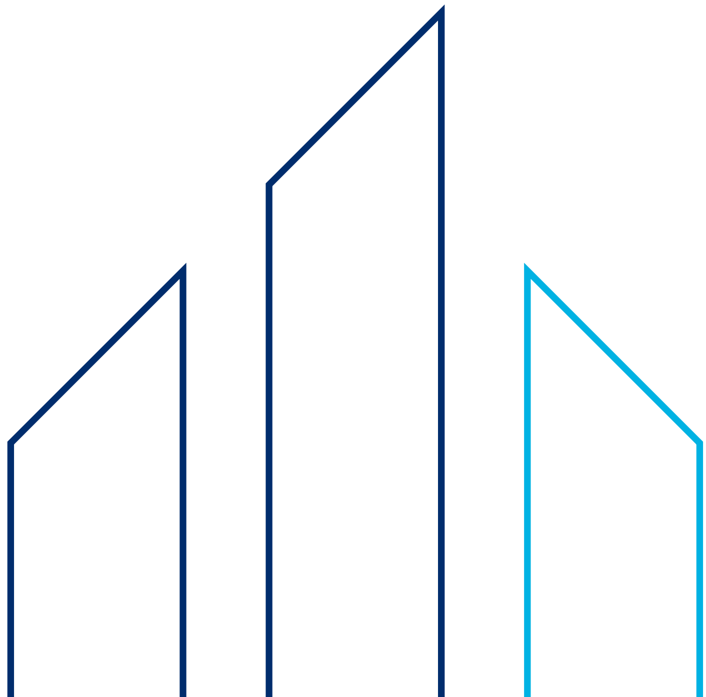
SBM insights

Economic Update

October 2025 | No. 18



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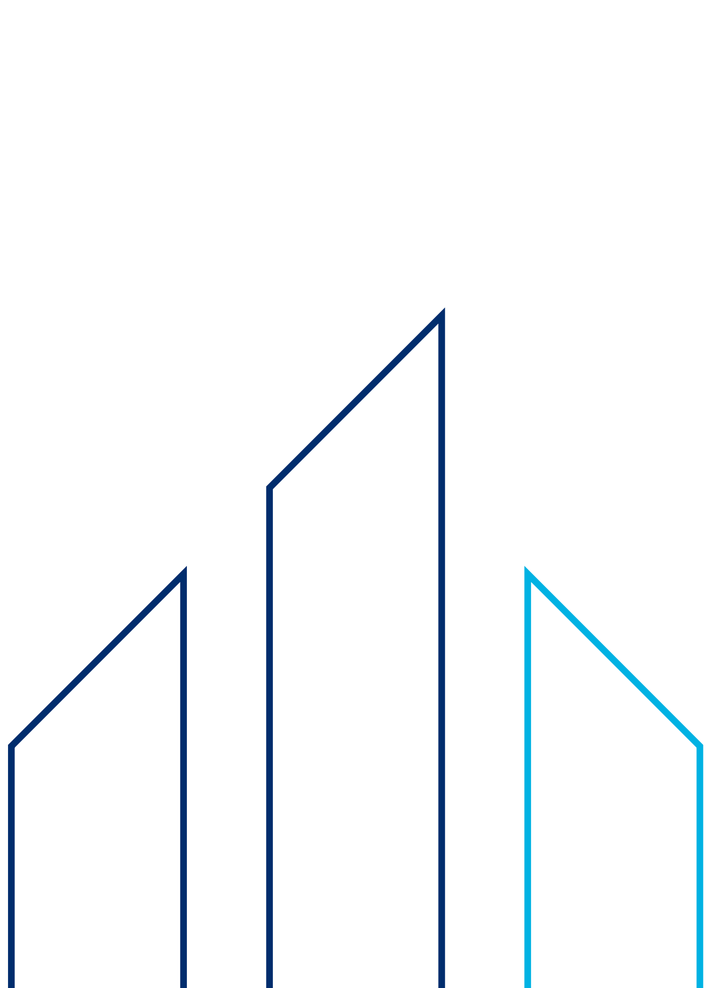


The global context

The global context

Key remarks

In its latest World Economic Outlook, the IMF highlighted that, while the short-term projections have been revised upward, growth on the international scale remains subdued and is exposed to a volatile environment. As per the IMF, whereas the global economy has shown resilience to trade policy shocks, trade tensions continue to cast a shadow over the economic climate. Trade policy uncertainty remains elevated in the absence of clear, transparent and durable agreements among trading partners, and with attention starting to shift from the eventual level of tariffs to their impact on prices, investment and consumption. Furthermore, the IMF underscored the following: *"As the global economy slides into a more fragmented landscape, risks to the outlook increase. The tactics that keep activity seemingly resilient in the short term, such as trade diversion and rerouting, are costly. Suboptimal reallocation of productive resources, technological decoupling, and limitations on knowledge diffusion are bound to restrain growth over the longer term. More restrictive stances on the cross-border flow of labor add to pressure on countries already facing challenges from aging populations."* In this context, the IMF urged policymakers to adopt credible, transparent and sustainable policies, while pairing trade diplomacy with macroeconomic adjustment, rebuilding fiscal buffers and redoubling efforts on structural reforms.

Economic prospects

Global growth held up in the first half of the year, with the year-over-year quarterly annualised growth rate standing at about 3.5%. On a full-year basis however, growth is projected to slow from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026. The risks to the global growth outlook are tilted to the downside, with potential threats including prolonged uncertainty and protectionism on the trade front, labour supply shocks, fiscal vulnerabilities and financial market corrections. Advanced economies are anticipated to expand by around 1.6% and emerging market and developing economies at just above 4% in the short term. With regard specifically to sub-Saharan Africa, growth is expected to remain unchanged in 2025 from the 4.1% posted in 2024 and to edge up to 4.4% in 2026. As per the IMF, whereas growth in Nigeria has been revised upward on account of supportive domestic factors – including higher oil production, improved investor confidence, a favourable fiscal stance and given the country's relatively limited exposure to higher US tariffs – many other economies are witnessing significant downward revisions on account of the changing international trade and official aid landscape. Strikingly, the IMF has stressed the following: *"Many low-income countries in sub-Saharan Africa benefited from preferential access to the US market under the African Growth and Opportunity Act, which expired in September. Halting this preferential access is expected to have sizable negative effects, particularly on Lesotho and Madagascar."* At another level, inflation is forecasted to decline to 4.2% globally in 2025 and to 3.7% in 2026, with notable variations being observed across countries and regions.

Selected indicators	Key international trends and developments in 2025
Commodity prices	
Oil prices	While remaining in a volatile zone, oil prices have broadly declined during the year (ranging between USD 60 – 70 mostly), except for a temporary price hike at around mid-June due to exacerbated geopolitical tensions. Downward pressures on oil prices have, as per the IMF, emanated from tepid global demand, partly attributable to US tariff announcements that impacted market conditions, and strong supply growth from both OPEC+ and non-OPEC+.
Gold prices	Gold surged above USD 4,000 an ounce for the first time ever on October 8 and rose further in recent weeks to above USD 4,200, while outperforming major asset classes. Whereas experts are anticipating future market corrections, the rally for gold has been underpinned by the weakened greenback and reduced real yields in the US amidst interest rate cut expectations, investor appetite for safe haven bets in the wake of geopolitical uncertainties and trade-related conflicts globally, and Central Banks increasing their gold reserves.
Agricultural commodity prices	After strengthening at the beginning of the year, agricultural commodity prices fell on the back of ample supplies and the effects of trade tariff impositions. From March to August 2025, the IMF's food and beverages price index fell by 4.8%, led by sharp declines in coffee, cereal and sugar prices, on the heels of favourable harvests and weakened demand.
Currency markets	
US Dollar	The US dollar depreciated by a non-negligible margin during the year (while, for example, losing around 12% against the euro from January to mid-October 2025), on the back of hedging demand by non-US investors, interest rate cut expectations and market corrections.
Euro	The euro firmed up during various parts of the year, while achieving a four-year high against the US dollar, notably due to capital flowing into euro-denominated assets amidst import tariffs announced by the US. The euro has also been bolstered by fiscal policy shifts in the euro zone, economic uncertainty in the US and build-up of speculative investor positions.
Pound Sterling	In the wake of general US dollar weakness, the pound sterling has gained some 7% against the latter currency so far this year. In recent weeks however, the pound sterling has lost some grounds, amidst tempered macroeconomic data release and fragile investor confidence.
Japanese Yen	The yen strengthened against several key currencies in 2025 (especially against the greenback), mainly driven by its appeal as a safe haven in the current global landscape, generally favourable, albeit mixed, domestic data, interest rate hike and dollar weakness.
Benchmark interest rates	
US Federal Funds Rate	Through most of 2025, the Fed left the federal funds rate unchanged at 4.25% – 4.50%, on the back notably of persisting inflation pressures and the adoption of a cautious stance in view of evolving geopolitical, fiscal and global risks. At its September 2025 meeting, the Federal Reserve, for the first time this year, lowered the target range by 25 bps to 4.00% – 4.25%, in view of worsening concerns about the US labour market and higher inflation levels.
European Central Bank Deposit Facility Rate	The European Central Bank (ECB) cut its reference rate by 25 bps at each of its first four Monetary Policy Committee meetings in 2025, with the rate eventually dropping to 2.00% during the period, on account mainly of the disinflation path in the euro area and the lingering headwinds to growth. In its July 2025 and September 2025 meetings, the ECB held its rates unchanged at 2.00%, in light of updated data on inflation, the labour market, etc.
Bank of England Bank Rate	The Bank of England held six Monetary Policy Committee meetings so far this year. It cut the bank rate by 25 bps during each of its February, May and August meetings, and held the rate unchanged in March, June and September. The Central Bank is maintaining a gradual and careful approach to the further withdrawal of monetary policy restraint, alongside upholding focus on bringing inflation sustainably back to the 2% target in the medium term.

Update on the Mauritian economy

Economic growth outlook

Recent performance

In a context of sustained, complex and multi-layered global headwinds, the Mauritian economy has performed encouragingly well so far this year, with quarterly real GDP growth rates standing at 4.1% and 3.6% in the first and second quarters of 2025 respectively. These growth figures underscore the country's idiosyncratic resilience, notwithstanding domestic challenges warranting continued attention.

Prospects for 2025

After factoring in latest trends and dynamics on the domestic and international fronts, we have maintained our economic growth forecast for this year. As such, real GDP growth is anticipated to stand at 3.2% in 2025. Alongside slightly overshooting the latest estimate by Statistics Mauritius, our growth outlook is broadly aligned with recent pronouncements by the Bank of Mauritius, which had indicated that the figure would edge closer to the lower end of its forecast range of between 3.0% to 3.5%.

The growth forecast for 2025, which is, in various respects, being underpinned by dedicated policies and value-adding endeavours being adopted by the public and private sectors, reflects the country's generally healthy fundamentals in the face of a demanding and volatile operating landscape, with implications for the real, fiscal, financial and external sectors. Indeed, the country is contending with (i) delicate and ambiguous economic and trade environments internationally, with high uncertainty levels consistently lingering around; (ii) adverse domestic occurrences in the form of prolonged droughts for some parts of the year and the preeminence of the climate change phenomenon (with non-negligible impacts on consumer prices, production and trade); and (iii) short-term, albeit manageable, challenges associated with the implementation of the fiscal consolidation agenda, with some impacts on aggregate demand. Conspicuously, the Mauritian economy is being impacted by the testing conditions confronting our main trading partners which are mired in sluggish growth, with subsequent inhibiting effects on our exports of goods and services. For instance, France grew by meagre rates of 0.1% and 0.3% in the first and second quarters of 2025, to some extent explained by stagnant household spending and declining investment. As for the euro area, GDP growth was close to zero in the second quarter of 2025, largely attributable to the effects of increased tariffs and the uncertainty caused by changes in the US trade policy. On another note, it is worth highlighting that the risks to the GDP growth outlook of Mauritius are mainly tilted to the downside, with potential threats including escalating tariff wars globally, higher-than-anticipated commodity prices and further-dampened climate change conditions locally, with effects on tourism activity, infrastructure levels and consumer prices.

Underpinnings and challenges

Tourism

The country's growth performance in 2025 would be notably supported by the favourable performance of the tourism industry, with positive spillover effects on other sectors such as food, trade and transportation. Whilst beginning the year on a relatively slow note, tourist arrivals have picked up thereafter. Indeed, after declining by 5.8% during the first quarter of the year compared to the same period in 2024, tourist arrivals posted a year-on-year growth of 9.0% during the April to September 2025 period. As the situation stands, the tourism sector is being confronted by non-negligible challenges, including a demanding market environment amidst the sluggishness of private demand in our main source markets, rising operating costs, labour supply constraints, a broadening of the tax base and currency movements. On the other hand, the growth trajectory of the tourism sector is being underpinned by (i) its long-standing competitiveness levels and dependable business models; (ii) dedicated marketing campaigns being spearheaded by public and private sectors; and (iii) the ability to tap into various markets that appear to be preferring the Mauritian destination on the back of geopolitical tensions being witnessed and felt in other parts of the world. While the country welcomed 1,382,177 tourists in 2024, Statistics Mauritius expects tourist arrivals to oscillate around 1,425,000 in 2025. Yet, should the current growth momentum be sustained, the latter figure could even be surpassed by the end of the year.

Broad-based sectorial and investment prospects

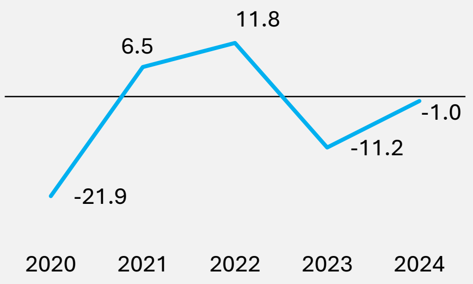
For this year, real GDP growth would also be underpinned by the appreciable performances of financial and insurance activities as well as professional and business services, which would benefit from their generally healthy business models, sustained headway being realised in terms of market expansion and deepening as well as the supportive domestic economic environment. Conspicuously, the Mauritius International Financial Centre is maintaining its status as a trustworthy and competitive jurisdiction, in line with efforts deployed by the authorities and the business community to uphold its credentials while adhering to advocated international standards and enriching the depth of its value proposition. Tellingly, as per the latest Global Financial Centres Index Report, Mauritius is considered as the most competitive financial hub in Africa. It has also gained six spots from the previous year and reached the 52nd position on the international scale. Furthermore, the ICT sector should continue to fare well on the back of its competitiveness and diversified business activities. Of note also, reflecting efforts made to spearhead the development of entrepreneurship and the local economy as well as to boost import substitution, the non-sugar agriculture and domestic oriented manufacturing sectors are expected to witness comforting growth rates this year, in spite of pressures on the cost of living as well as higher input prices and production costs in some instances. On the other hand, GDP growth would be hindered by the expected tepid expansion of textile manufacturing. While the latter has contracted during the past two years, it is forecasted to decline further in 2025, in view of (i) the dimmed global trade landscape and associated vulnerabilities, especially given the persisting uncertainty about the renewal of the African Growth and Opportunity Act, after its expiry on 30 September 2025; and (ii) subdued private demand in key export markets. Regarding construction, notwithstanding ongoing/upcoming public and private sector projects in various fields, it is anticipated to post a slight decline in value added this year, after making allowance for (i) the statistical impact of the past two years' elevated growth rates; and (ii) the current delicate fiscal ratios, with effects on capital spending by the Government.

From an expenditure perspective, the country's gross fixed capital formation is – on the heels of the above-mentioned outlook for the construction sector – foreseen to contract this year, thus leading to a decline in the national investment ratio to underneath the 20% of GDP mark. Whilst being conscious of financial imperatives and resource adequacies, this outcome calls for accelerated efforts from both the public and private sectors to propel higher investment levels, as a *sine qua non* to achieve solid medium-term socio-economic progress. As for the exports of goods and services, they are expected to grow at a persistently subdued pace this year, partly reflecting the testing global trade conjuncture and the competitiveness challenges to which several industries and operators are exposed. From a strategic viewpoint, the country's external trade performance, as witnessed for quite some time now, warrants close policy consideration. Noticeably, the net exports of goods and services stood in a deficit zone in 2024. This imbalance represented 11.2% of GDP at market prices last year, with a corresponding annual ratio of 9.0% being posted over the past decade. Official data on Export Oriented Enterprises (EOE) depict subdued trends regarding key performance indicators such as growth patterns, the share in the national economy, export levels, the number of enterprises and the employment base. When measured as a share of the country's Gross Value Added, the significance of EOE in the Mauritian economy is seen as having declined to eventually attain 3.7% in 2024, compared to 6.0% in 2015 and 6.3% in 2010. In terms of its value added, the EOE sector (i) contracted by 3.1% on an average annual basis during the past decade, with the negative figure for textile establishments even worse at 5.1%; and (ii) contracted by 2.5% and 1.0% in the first and second quarters of 2025 respectively. These figures are a cause for concern given the importance of exports as a chief growth engine. As per empirical evidence, international trade has, over the past decades, helped developing countries to (i) boost investment and productivity, while allowing for economies of scale and fast innovation spread; (ii) spur growth and poverty alleviation; and (iii) reduce the development gap vis-à-vis advanced economies.

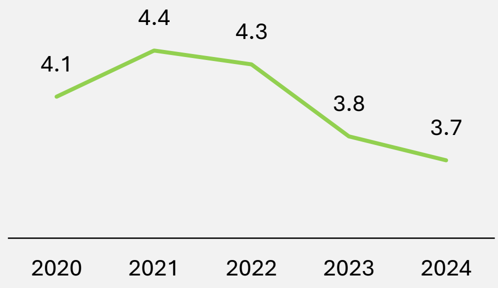
Box 1. Focus on the challenging trends characterising the export oriented sector

The EOE sector has registered subdued real growth rates in recent years, while its relative significance in the Mauritian economy has dwindled by a non-negligible margin over time.

Annual real growth rate (%)

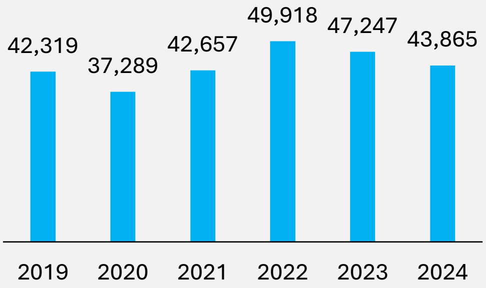


Share of Gross Value Added (%)

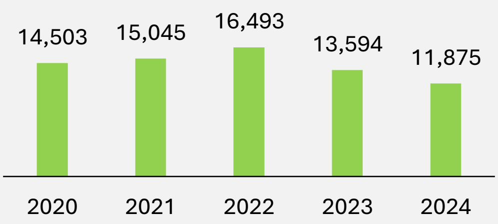


The exports of goods by the EOE sector have continued to evolve at a relatively sub-par pace over the years, with major declines being specifically posted by articles of apparel and clothing.

Overall exports* (Rs million)



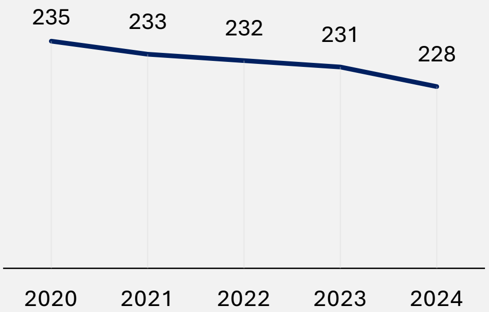
Exports of articles of apparel and clothing (Rs million)



** f.o.b., excluding sales to Freeport*

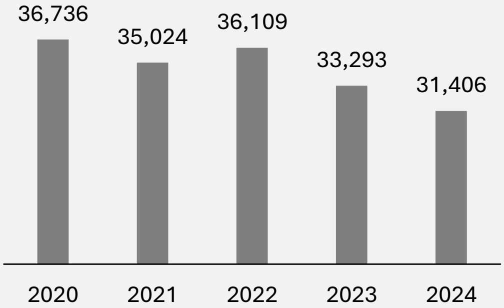
The performance depicted by the EOE sector can, in addition, be reflected by the gradual decline in the number of enterprises and the fall in the overall employment base.

No. of enterprises as at December



As at Jun-25: 224

Employment as at December



As at Jun-25: 28,732

Sources: Export Oriented Enterprises, External Trade and National Accounts, Statistics Mauritius

Key medium-term strategic imperatives

Background

In its June 2025 Article IV Consultation Paper, the IMF commended Mauritius for its economic resilience and favourable growth outlook. It has also highlighted that *"Mauritius is facing fiscal and structural challenges from high public debt, significant public investment needs for climate, low productivity, and an ageing society. Structural reforms remain important to promote competitiveness and private sector-led growth. Priorities include strengthening workers' skills through better education and narrowing gender gaps as well as advancing climate adaptation efforts to support economic resilience."*

Medium-term economic growth perspectives

Growth objectives and the official reform agenda

Moving forward, the Government projects growth to shore up and attain 3.7% in FY 2025/26, while the objective is to achieve a real GDP growth path of 4% to 5% over the medium term. Towards this end, it is – in view of the testing global landscape and current domestic macroeconomic indicators – comforting to take cognizance of the Government's intentions and current initiatives to improve the country's fundamentals as well as boost the business environment and investor confidence, alongside tackling the structural challenges facing the economy. Emphasis is, in the context of the transitioning to a New Economic Model, being laid on structural reforms that are geared towards bolstering the country's productive potential, complemented by a re-focusing on investment and exports as growth levers. As for the National Budget 2025 – 2026, it had earmarked measures aimed at building a resilient economy and society for all, while capitalising on economic renewal, fiscal consolidation and a new social order. Specifically, the Government has set forward to (i) further diversify the economy, with the development of the renewable energy sector, waste-to-wealth initiatives, the blue economy and the creative industries; (ii) incentivise investment and boost productivity in various sectors of the economy along with reinforcing export promotion; and (iii) harness the investment and export opportunities from trade agreements, i.e. the African Continental Free Trade Area, the Comprehensive Economic Cooperation and Partnership Agreement with India and the Free Trade Agreement with China.

In this overall spirit, the Honourable Prime Minister has, following his recent State visit to India, listed a series of projects and assistance to be provided by India to Mauritius in terms of grants and lines of credit in strategic sectors, under a Special Economic Package of USD 680 million. He emphasised that, under a line of credit of USD 440 million, four projects will be implemented, comprising the construction of a new Air Traffic Control Tower at the SSR International Airport, development of Motorway M4, construction of Ring Road Phase II and acquisition of port equipment by the Cargo Handling Corporation Ltd. Under a USD 215 million grant, four specific projects will be implemented, namely a new Sir Seewoosagur Ramgoolam National Hospital, an AYUSH Centre of Excellence, a Veterinary

School and Animal Hospital as well as the provision of helicopters to Mauritius. A budgetary assistance of USD 25 million will also be extended to Mauritius. Moreover, discussions revolved around the advantages to invest in Mauritius and use the country as a hub to invest in Africa. At another level, the country is also likely to benefit from the official relaunching of the Regional Cooperation and Integration Council (RCIC) whose main objective is to promote regional cooperation projects and facilitate exchanges between partner countries and the private sector. Provided the discussions unfold in a timely and productive manner, this initiative should assist in boosting economic integration and regional cooperation, alongside spearheading projects that can be developed at regional and continental levels.

Challenges and key success factors

That said, the ability of the country to resolutely sustain its economic impetus and drive a higher growth trajectory over the medium term will depend on several factors. Firstly, the international landscape warrants close scrutiny insofar as it can hamper domestic growth in case of any deterioration, especially given lingering trade and geopolitical tensions. Secondly, the impact of economic reforms on nationwide productivity and sectorial value generation will be shaped up by the pace at which infrastructure and socio-economic projects are realised. Thirdly, medium-term growth will depend on the comprehensive and well-calibrated implementation of the Government's announced fiscal consolidation agenda, mindful of current execution capabilities and pressures linked to prevailing macroeconomic ratios. Fourthly, achieving growth targets will largely hinge on adopting a holistic and all-encompassing approach as far as the structural reform agenda is concerned. In fact, while the Government has identified several reforms to further boost the business environment and uplift investment, the country is still grappling with long-standing structural and supply-side challenges that could potentially impede growth in the medium term if not effectively managed. These mainly pertain to (i) labour supply and participation; (ii) a sizeable balance of trade deficit; (iii) sectorial productivity; (iv) the stretch and depth of the nationwide economic space; (v) the public infrastructure setup (notably in terms of the reliability, affordability and consistency of energy supply, water retention, treatment and distribution, and seaport competitiveness); (vi) climate change and green economy imperatives; and (vii) demographic trends. Addressing such challenges warrants close-knit and target-based synergies between the public and private sectors. It is nonetheless worth acknowledging that the national economic transformation agenda could take time to materialise due to (i) the far-reaching and politically sensitive nature of several reforms; (ii) the complexity and financial requirements of specific policy initiatives; and (iii) the time taken to meaningfully shore up capabilities in terms of policy implementation. At another level, it is, in light of specific developments, essential for the Mauritian IFC and jurisdiction to preserve the White Listing status assigned to it, in different respects, by the OECD, European Union and Financial Action Task Force. This implies continuously reassuring the latter stakeholders on the country's committed initiatives – notably from governance, regulatory and enforcement perspectives – to combat money laundering risks, boost institutional strength, ensure compliance with international codes and standards, and promote the transparency of the business environment.

Effectively execute the fiscal consolidation agenda, while managing trade-offs

Recent trends warranting attention

As per official figures, the country's budget deficit and debt levels have risen by non-negligible margins over the years. Public sector gross debt as a percentage of GDP is estimated at 86.4% as at end June 2025, which represents a major worsening from the 59.4% figure depicted as at end December 2014. As per recent estimates, the budget deficit stood at 9.8% of GDP in FY 2024/25, compared to 3.2% a decade ago. As per the IMF, *"Current spending (excluding interest) is relatively high in Mauritius, accounting for 85 percent of total fiscal spending - which is about 20 and 13 percentage points higher than the sub-Saharan Africa and Caribbean islands average, respectively."* Spending on social benefits, which predominantly includes national pensions outlays, witnessed a consistent and marked uptrend over the years to reach 37.1% of total recurrent expenditure and 11.7% of GDP in FY 2024/25.

Official approach and endeavours

Against this backdrop and towards upholding the country's investment grade credit rating, the Government has set out to implement a multi-faceted fiscal consolidation agenda with a view to bringing the budget deficit, the borrowing requirement and public sector debt to sustainable levels within the next three years. In fact, the Government projects the budget deficit to decline and to stand at 1.3% of GDP in FY 2027/28, compared to 9.8% in FY 2024/25. At the same time, the plan is to achieve a primary surplus of 1.8% of GDP and to reduce the Central Government debt to around 73% of GDP, backed by the gradual reduction of recurrent expenditure as a share of national income. As for the public sector gross debt, it is, as per the authorities, anticipated to move down to 79.7% of GDP in FY 2027/28.

Overall, while protecting the vulnerable segments of the population and safeguarding necessary infrastructure spending, efforts are being made to implement a growth-friendly fiscal programme aimed at rebuilding fiscal space and boosting policy buffers (which should, expectedly, assist in addressing macroeconomic challenges faced by the country in terms of productive capacities, infrastructure gaps, climate change management and the ageing population), thus mitigating debt sustainability concerns. Eventually, this should contribute to bolster the country's resilience against potential shocks and fuel medium-term GDP growth, alongside preserving macroeconomic stability. Specific initiatives being deployed by the authorities include the following: (i) the gradual and phased reform of the pension system; (ii) the restructuring of the revenue system and tax architecture, with a broadening of the tax base (with revenue-enhancing measures including the imposition of new taxes such as an alternative minimum tax and the lowering of tax payment thresholds); (iii) promotion of greater spending efficiency and rationalisation of social transfers in some areas; and (iv) the setting up of social support mechanisms to help the vulnerable social groups. Besides, legislative reforms have been brought about to safeguard fiscal sustainability, strengthen fiscal transparency and discipline, and modernise public financial management. The Public Debt Management Act has been amended to (i) establish the statutory target for public sector gross debt to 75% of GDP by June 2030 and to 60% by June 2035;

and (ii) reintroduce the requirement for the Minister of Finance to consider the debt ceiling before issuing Government guarantees and set an annual limit on guarantees extended to public sector entities.

Key success factors

As the country moves forward and while upholding the need to achieve social welfare imperatives, the key success factors for the fiscal consolidation plan to reap the desired results for Mauritius are as follows: (i) implementing the programme in a progressive and calculated fashion within the wider context of a clear, coherent and credible medium-term policy agenda; (ii) designing the programme in a fitting way to foster broad-based stakeholder acceptability (i.e. amongst households, businesses, private sector institutions and social partners), complemented by well-defined social transfers aimed at alleviating the potential impacts on affected groups, with timely, temporary and targeted support to communities and businesses where appropriate; (iii) securing political ownership and commitment to enhance the credibility of reforms and build broad-based stakeholder consensus, backed by a robust governance setup and smart communication strategies; (iv) preserving the integrity and transparency of set fiscal rules along with maintaining fiscal discipline; (v) strengthening capabilities in terms of public financial management and revenue administration; (vi) prioritising public expenditures, promoting proper cost management and enhancing spending efficiency, while allowing automatic stabilisers to function properly; (vii) securing the predictability, simplicity and attractiveness of the income tax regime, in support of investment; and (viii) reinforcing multi-year fiscal planning and macroeconomic forecasting to allow for realistic evaluations of the effects of fiscal measures on socio-economic growth. Importantly, Mauritius is called upon to manage potential policy trade-offs by balancing the need to curtail public debt without compromising short-term growth, generate buffers against an uncertain global economic landscape and accommodate spending pressures amidst growth and social welfare necessities, while being tailored to the country's circumstances and economic conditions. In its Fiscal Monitor released in April 2025, the IMF has argued that *"Fiscal policy should, together with other structural policies, aim at improving potential growth, thereby easing policy trade-offs. Otherwise, trade-offs become even starker and push governments into painful choices. That can be seen by considering a policy trilemma. The trilemma is created by the difficulty in reconciling three elements: first, financial stability and public debt sustainability; second, spending pressures; and third, political red lines on taxation. Importantly, the trilemma becomes less binding when growth improves. That is why taking a long view is so important."*

Furthermore, given its wide-ranging scale and expected socio-political implications, the real percussion of the fiscal consolidation agenda would be largely driven by the pace and breadth of its implementation, after addressing potential hurdles in terms of policy articulation and dissemination. As per Moody's in its post-Budget Issuer Comment on Mauritius, *"Delivering on the outlined fiscal consolidation plan would be credit positive. However, the scale of the adjustment requirement – targeting an 8.5% of GDP improvement in the primary balance over three years – creates substantial execution risk."* Also, the country's GDP growth performance would be an important factor in underpinning the success of fiscal consolidation measures. Any deceleration in the growth pattern, possibly due to global headwinds and domestic factors, could challenge revenue targets and provoke delays in debt reduction.

Reform the pension system, alongside addressing social welfare imperatives

The context

Bearing in mind the gradual ageing of the Mauritian population and the significant fiscal challenges currently being faced, the reform of the national pension system is viewed as essential in the context of efforts aimed at supporting fiscal sustainability and promoting the country's long-term progress.

Recent trends and official endeavours

It can be noted that Basic Retirement Pension spending by the Government has risen significantly over the years, reaching close to 8% of GDP and 25% of recurrent expenditure in FY 2024/25. As people live longer, the birth rate declines and the old-age dependency ratio consistently increases over time, the country is, on a no-policy-change scenario, likely to, in the years ahead, be confronted by a fast-growing pension bill, higher health and social welfare spending, and, consequently, by exacerbating pressures on public finances. Therefore, as an ambitious endeavour, the Government has embarked upon a major reform of the country's pension system with the underlying aspiration to support its long-term viability and sustainability. Noticeably, the Government has set out to gradually raise the eligibility age of the old age pension from 60 to 65 years over five years. Concurrently, it has decided to provide a monthly Income Support of Rs 10,000, including an end-of-year bonus for the month of December, to eligible persons reaching the age of 60 years as from 1 September 2025, and who would become ineligible for the Basic Retirement Pension. Also, the Government has set up a Commission of Experts, which is mandated to make recommendations aimed at reforming the various pillars of the pension system. In view of defining a long-term strategy for the financial sustainability of the pension system, this Commission will undertake a review of the Portable Retirement Gratuity Fund, the National Savings Fund, the Statutory Bodies Pension Funds, the Civil Service Defined Benefits and Defined Contribution Pension Schemes, the Family Protection Schemes as well as pension schemes for public officials.

Ensuring the successful implementation of the reform agenda

As it is usually the case worldwide with such reforms, the review of the pension system in Mauritius remains a sensitive and complex matter, which therefore requires that we tread carefully and cautiously, alongside striking a fitting balance between fiscal considerations and the support to the elderly and the vulnerable sections of society. Mindful of these considerations, the country is, as always, called upon to make choices and take decisions that are in its best collective and long-term interests.

Looking forward, while the mobilisation of expert views is seen as primordial, the success of the pension system reform in Mauritius will largely hinge on the necessary, albeit often challenging, endeavours to boost stakeholder trust and buy-in, the display of sustained political commitment that reinforces the credibility of the reform plan (supported by strengthened governance, institutional and data analytics capabilities across the public sector), and the progressive build-up of a healthy consensus amongst the population. This can be supported by clear, transparent and impactful strategic communication. In addition to correcting any public misconceptions, judicious communication will help to (i) enhance financial literacy and ensure that people are adequately knowledgeable about the functioning and intricacies of the pension system and its rules; (ii) emphasise the holistic and long-term benefits of reforms; and (iii) underscore the latter's significance in attaining durable socio-economic progress, as part of a wider national reform drive. As per the IMF in an article released last year on the keys to advancing pro-growth reforms, *"Support for economic reforms hinges on communication, engagement and trust. Perceptions of distribution and fairness are also critical. Lack of trust can also fuel opposition to reforms. People who say they oppose reforms, even if their concerns were to be adequately addressed by additional measures, mostly cite general distrust of the parties involved and doubts about the government's ability to implement policy changes and mitigate any harms. Policymakers need to enhance their toolkit to build on this strategy and make reforms more acceptable to people."*

Box 2. Communication and trust in support of economic reforms as per the IMF

Main messages

As per the IMF, effective communication, civic engagement and earning the public's trust are the keys to advance pro-growth reforms. To build trust and public support, policymakers need to improve communication, engage the public when designing reforms and recognise that some people may need support if reforms hurt them. Public forums, pilot programs, and opinion surveys can help inform a two-way dialogue with citizens. Large-scale surveys, focus groups, and other participatory tools can identify concerns, craft adequate mitigations, and build consensus for reforms. New civic technologies, such as digital community engagement platforms, should help more citizens participate.

Strategies and tools to boost support

Information: Effective communication is at the core of a successful reform strategy. This goes beyond advertising the reforms. Policymakers must convincingly explain the need for change, the expected effects, and how they might be achieved. Providing clear and nonpartisan information that corrects misperceptions significantly increases public support. For instance, it led to more than 40% of those who were opposed to migrant integration policies in the IMF survey to change their mind.

Engagement: Dialogue between officials and the public should be two-way. Allowing people to help shape policies and voice out concerns fosters a sense of community ownership over reforms, making individuals more likely to support proposed changes.

Mitigation: Acknowledging that reforms may hurt some groups and addressing those concerns with tailored mitigating measures is essential to gaining public support. And it should be grounded in the previous pillars. Mitigations like temporary cash support or training programs should be informed by two-way dialogues between officials and citizens.

Trust: The critical pillar on which all three above rely upon is trust. Effective communication requires confidence in both the message and the messenger. To build trust in the process, the engagement with citizens needs to start early, in the policy design stage. And reform design mechanisms should reassure the public that the government will deliver on mitigating commitments when reforms are done. Establishing credible and independent government bodies to conduct and validate policy analysis can be particularly helpful. First-generation reforms to address corruption and improve governance are fundamental to restoring faith in institutions.

Source: IMF Blog Article "Support for Economic Reforms Hinges on Communication, Engagement, and Trust", 16 October 2024

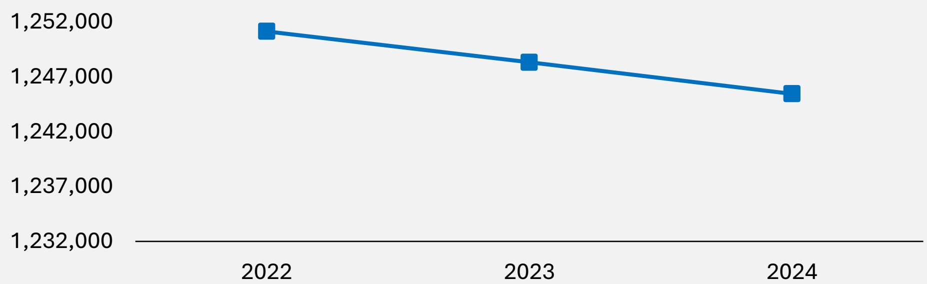
Box 3. The ageing population in Mauritius: Main trends and likely implications

The ageing population dynamics in Mauritius

Recent evolution and main explanations

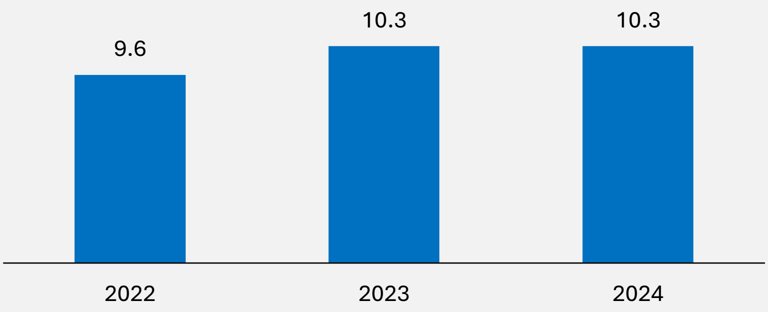
In Mauritius, the ageing population process warrants our attention given the potential implications in terms of economic growth, productivity levels, social policies and fiscal imperatives over time. The ageing of the population is being, notably, triggered by declining fertility metrics amidst evolving socio-economic realities, thus resulting in a decreasing share of young people in the total population. Latest figures show that the crude birth rate, which is the number of live births per 1,000 population, fell over time to attain 10.3 in 2024. As per Statistics Mauritius, the number of births per 1,000 population has decreased by 75% over the past 60 years. Of note, this situation has contributed to the country's overall population to continuously contract in recent years. Moreover, the ageing of the population is attributable to increased longevity, which has led to a gradual rise in the proportion of older people in the total population. Rising life expectancy rates have, in general, been spurred by improved living conditions and headway realised in terms of nutrition, healthcare and education.

Population*



* Mid-year population excluding Agalega & St. Brandon. Population estimates for years 2012 to 2024 have been revised based on the 2022 Population Census

Crude birth rate (%)



Description of the ageing population process

The ageing population phenomenon can be illustrated in several inter-related ways. Firstly, the population age structure, as depicted by a **population pyramid**, has been reshaped. The pyramid has shifted from having a wide base to showing a shrinking base due to falling fertility causing a declining trend observed with respect to the proportion of the population aged 0-14 years, while the thickening of the upper body is explained by the rise in the share of population aged 65 years and above amidst rising longevity. Secondly, reflecting the population ageing process, the **median age** in the country – defined as the age which divides the population into two equal size groups, one of which is younger and the other older than the median – has incessantly increased over the past decades, rising from 19.0 years in 1972 to 38.4 years in 2023, following the shifting of the age structure of the population towards the upper end of the age distribution. Thirdly, pursuant to the population pyramid being reshaped, the country's **dependency ratio** – defined as the combined child population (under 15 years) and population aged 65 years and above per 1,000 population of intermediate age (15-64 years) in a particular year – has risen to 431.7 in 2024, as compared to 410.0 back in 2014. As per empirical reports, this metric warrants targeted policy directions. The United Nations mentioned that "*Dependency ratios indicate the potential effects of changes in population age structures for social and economic development, pointing out broad trends in social support needs*." Fourthly, there has been a **progressive ageing of the older population** itself. In fact, the 'oldest, old people' (which is defined as the population aged 80 years and above) has been increasing more rapidly than any other age groups within the elderly population.

Projections by Statistics Mauritius

As per analyses by Statistics Mauritius, the afore-mentioned trends are likely to accentuate in the decades ahead, thus leading to a higher share of the old population and the further ageing of the overall population, following the expected decline in fertility rates and the foreseen rise in life expectancy.

Indicators	2023	2043	2063
Share of young population (%)	16.0	13.7	12.0
Share of old population (%)	13.6	21.2	27.4
Median age (years)	38.4	45.4	50.7
Dependency ratio	420.9	535.5	650.0

Main implications and challenges linked to population ageing

Population ageing has both short- and longer-run implications in terms of the scope, range and depth of socio-economic policies, fiscal management, pension schemes and social security benefits, health care facilities and services, public infrastructures as well as housing and transportation. As per the IMF, "*Population aging can have significant macroeconomic implications. For those countries where fewer workers are available and labour force participation rates drop, economic output is bound to fall. However, the size of the decline depends, among other things, on how households and firms react to the changing demographic landscape. The prospect of a declining labour force could induce firms to invest in new, productivity-enhancing, technologies. Aging would also exert pressure on public finances as outlays for pensions and health care increase*." The IMF added that "*Policymakers can deploy a set of policies to address the challenges posed by aging, with an emphasis on raising labour market participation and productivity. Labor market reforms to increase participation by older workers and women can directly counter the decline in the workforce*." As per the United Nations Department of Economic and Social Affairs, "*As fertility begins to decline, the size of the working-age population will increase in relative terms. This temporary shift towards a more favourable age structure can result in accelerated economic growth, a process referred to as the demographic dividend. Whether a country is able to harness this demographic window of opportunity depends on its ability to provide quality education and employment for its growing labour force, and to make productive investments*."

Sources: Population and Vital Statistics & Digest of Demographic Statistics, Statistics Mauritius; SBM Staff Estimates

Uphold the investment grade credit rating of Mauritius

Main underpinnings of the country's rating profile

Over the years, a key enabler of the economic growth of Mauritius has been the investment grade credit rating assigned to it by Moody's (currently standing at Baa3, with a negative outlook). As per Moody's, Mauritius' credit profile reflects a balance between high and stable growth, economic diversification, and political stability, and challenges such as a high debt burden, small economic size, and vulnerability to external shocks due to trade openness. Moody's added that the negative outlook reflects uncertainty about the Government's ability to reverse recent fiscal deterioration given the significant fiscal adjustments that this would entail. Moving forward, upholding this investment grade credit rating is a major objective to be pursued in order to underpin the sustained development of the Mauritius IFC and attract solid foreign capital flows, alongside boosting investor and business confidence in the country's macroeconomic fundamentals and policy credibility. This should eventually help to buttress nationwide economic growth and job creation. Of note also, this rating usually paves the way for relatively favourable borrowing costs, thus encouraging public and private stakeholders to more readily invest in key projects that should propel the transformation and competitiveness of the Mauritian economy.

Striving to preserve the country's investment grade credit rating status

Whereas public finances have deteriorated in the recent past, the fiscal consolidation and structural reform measures being put in place by the authorities are deemed as primordial to guard against any pressures on the sovereign rating, by contributing to improve debt metrics and bolster resilience against potential shocks. Towards this end, it is important (i) that such measures be implemented in a timely and judicious manner, conscious of the execution challenges that could be instigated by their politically sensitive nature; and (ii) to avert any untoward repercussions of such measures on GDP growth, supported by a balanced strategy to uphold the current economic impetus. As mentioned by Moody's in its August 2025 Credit Opinion report, *"Delays in fiscal consolidation that lead to persistently large fiscal deficits, causing debt to stabilize at high levels, would be likely to result in a rating downgrade. An increase in borrowing costs amid larger financing needs that weaken debt affordability would also lead to increasing negative pressure on the rating."* On the other hand, the agency mentioned that *"We could return Mauritius' outlook to stable if the country implements a comprehensive fiscal consolidation package that offers the prospect of reversing the rise in government debt without materially weakening economic growth. However, tighter fiscal policy could backfire and slow growth more than anticipated. If growth falls short of projections, it could undermine revenue targets and slow fiscal consolidation."*

Other macroeconomic indicators

Labour market

- As per latest official estimates, the country's unemployment rate improved to 5.9% in the second quarter of 2025, compared to 6.1% in the corresponding quarter of last year. Though gradually improving on the back of dedicated measures implemented by the authorities, labour statistics still reflect market inadequacies at some levels and restrained job creation in specific industries, thus calling for continued structural reforms to address skills mismatches and increase female labour participation, in support of high and sustained economic growth. As a matter demanding the attention of both public and private stakeholders, the female unemployment rate remained relatively high at 7.9% during the period under review, while youth unemployment rate stayed elevated at 20.1%, with the rates for men and women standing at 18.2% and 22.3% respectively. The labour activity rate in the country – which is calculated as the ratio of the labour force to the population aged 16 years and above – stood at 58.8%, with the corresponding rate for women (at 48.8%) deserving policy focus, bearing in mind the necessity to speed up the labour supply in the economy and thus gear up GDP growth prospects. In the same vein, the population aged 15 to 64 years – a basic, yet broad, indicator for employment – has declined in recent years and reached 1,243,741 as at 1 July 2025. Overall, these trends deserve policy scrutiny since they could *ceteris paribus* represent a non-negligible challenge for Mauritius if not properly addressed, insofar as sustained pressures on labour force participation could impact economic output over the medium to long term.

- Furthermore, the level of labour underutilisation – which refers to mismatches between labour supply and demand – requires close examination, as it is, according to the International Labour Organization, a key measure of the extent to which an economy (i) is fully utilising its available human resources; or (ii) provides opportunities to employ its population to its full potential. While updated figures for 2025 are being awaited for an assessment of current dynamics, the level of labour underutilisation prevailing within the Mauritian economy – comprising the unemployed, the potential labour force and people found in skills-related and time-related underemployment – stood at 135,600 in 2024 (while marginally improving compared to 2023), which represented 13.3% of the population aged 16 years and above and 22.7% of the labour force, thus calling for continued initiatives to further boost human capital and productivity in favour of GDP growth.

Notes:

1. Potential labour force represents persons not in employment and who were not actively looking but were available for work or those who were actively looking but were not available for work.

2. Skills-related underemployed are those who are in employment and having tertiary qualifications and are engaged in occupations such as clerical support workers, service and sales workers, skilled agricultural workers, plant and machine operators and elementary occupations.

3. Time-related underemployed are those who are in employment and are available for extra work.

Inflation

- For two years, headline inflation has continuously declined on the back of a favourable statistical base effect, downward pressures on commodity prices, domestic price movements and monetary policy orientations. As such, headline inflation edged down to 2.5% as at March 2025 before resuming an upward trend to stand at 3.4% as at September 2025. Whereas the evolution in oil prices has remained contained in recent months, the rise in inflation has been partly triggered by (i) the increase in the rates of excise duty on alcoholic and tobacco products; (ii) the revision of excise duties with respect to motor vehicles; and (iii) higher nominal wages at some levels.

- As per our reviewed baseline projections, headline inflation in Mauritius is expected to sustain its upward trajectory in the coming months and is anticipated to hover around 3.8% in December 2025. The uptrend in inflation in the periods ahead would be partly explained by statistical base effects, while, to some extent, catering for recent fiscal changes brought about by the authorities, including the higher excise duty on the sugar content in sweetened products. On the other hand, the evolution of domestic consumer prices would be somewhat tempered by several factors, including (i) the establishment of a Price Stabilisation Fund of Rs 10 billion by the Government to cushion the impact of price fluctuations on essential goods; (ii) the likely contained evolution of international oil and other commodity prices; and (iii) downward pressures on global freight rates, owing to subdued trade dynamics and overcapacity with respect to container vessels. Figures as at mid-October 2025 show that the Drewry World Container Index (WCI), the global benchmark for index-linked contracts, fell for the 17th consecutive week and reached the lowest level since January 2024.

- As the situation stands, our inflation outlook for the short and medium terms is exposed to several upside risks. Potential pressures on consumer prices could include the following: (i) worse-than-expected global trade dynamics, amidst higher-than-anticipated levels of protectionism and tariffs, which could affect even more the prices of imported goods and lead to spillover effects on the prices of other consumer goods; (ii) heightened pressures on global commodity prices, in the event of accentuating wars in specific regions and any extreme weather occurrences; (iii) climate-related disruptions domestically, with adverse effects on agricultural prices; and (iv) rising unit labour costs, after being adjusted for productivity increases, thus triggering added strains on consumer prices.

Current account balance

- The current account deficit deteriorated and attained 7.0% of GDP in 2024, mainly as a result of the widening balance of trade deficit (reaching Rs 207.8 billion for the year), which outweighed the surpluses in the services account (essentially due to higher gross tourism earnings) and primary income account (amidst a higher interest rate environment). As per latest estimates from the Bank of Mauritius, the current account deficit as a ratio to GDP stood at 5.1% in the first quarter of 2025, from 4.8% in the corresponding quarter of last year, and further widened to 7.3% in the second quarter of this year, mostly explained by (i) a higher trade deficit, partly attributable to the surge in vehicle imports; and, to some extent, by (ii) the deficit observed in the secondary income account. While significantly impacting the current account balance, the balance of trade deficit worsened to Rs 101.8 billion in the first half of 2025, compared to Rs 92.7 billion for the corresponding period of last year. This performance can be visualised in a context of timid growth in total exports. Whereas notable improvements in revenue generated by ship's stores and bunkers and in re-exports were witnessed, domestic exports declined by 7.3% over the period, mainly attributable to decreases with respect to articles of apparel and clothing (-14.1%) – owing to the uncertain environment, tepid foreign market conditions and heightened competitive pressures on the global scale – and cane sugar (-20.3%). Total imports rose by 6.7% in the first half of 2025, essentially led by broad-based increases at the level of food products, refined petroleum products and road vehicles.

- For 2025 as a whole, the current account deficit is, as per the Bank of Mauritius, anticipated to improve to 6.2% of GDP, from a deficit of 7.0% of GDP in 2024, with higher surpluses in the services and primary income accounts likely to mitigate the impact of the widening trade deficit. In fact, despite export-boosting measures being deployed by the authorities, the latter deficit is foreseen to further deteriorate on account of (i) the still-challenging global environment, including subdued private demand in key export markets, enduring trade tensions and the rise in protectionism, and other factors; and (ii) higher import spending to support nationwide growth, investment projects and business development endeavours. The value of imports will also be dependent on the international prices of commodities, while the momentum gained by the domestic renewable energy sector and the evolution of global freight rates could, in their respective capacities, also weigh in the balance.

Balance of payments and official reserves

- In spite of the elevated current account deficit, the balance of payments registered a surplus of Rs 36.4 billion in the first semester of 2025, predominantly spurred by net inflows at the level of the financial account and portfolio investment, with the latter metric benefitting mainly from repatriation of banks' foreign debt securities investments as well as increases in GBCs' portfolio investment liabilities. As per the Bank of Mauritius, an overall balance of payments surplus of Rs 9.3 billion is expected in 2025. The Central Bank added that *"The Mauritius IFC continues to attract healthy financial flows as global cross-border investment activities remain resilient despite the challenging global conditions brought about by the growing global uncertainty amid US new tariff policy."*

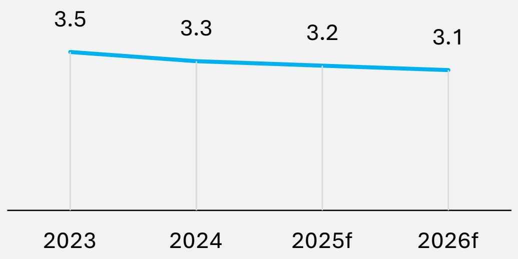
- In light of the above trends and while reflecting international movements, the effective exchange rate of the rupee appreciated during the first quarter of 2025, but resumed a downtrend during the second and third quarters. For the year ended 30 September 2025, latest estimates show that the rupee depreciated by 3.7% against the euro, whilst appreciating by 0.6% and 0.9% against the US dollar and the pound sterling respectively. In another respect, the Mauritian economy maintained its resilience and soundness, as gauged by its gross official international reserves rising to USD 9.6 billion as at September 2025, which represents 13.1 months of imports for the country.

Annex:
Official macroeconomic figures and trends

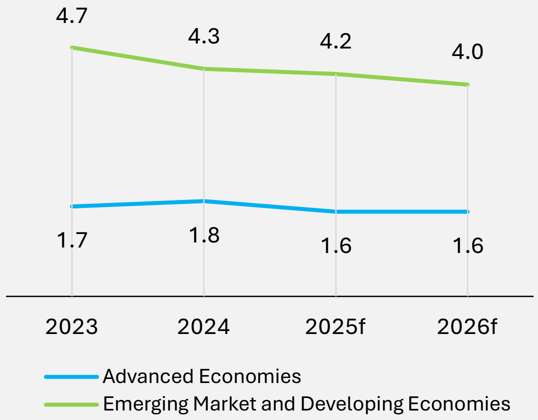
International economy

Illustration 1. Performance of the world economy

Real GDP growth – World economy (%)



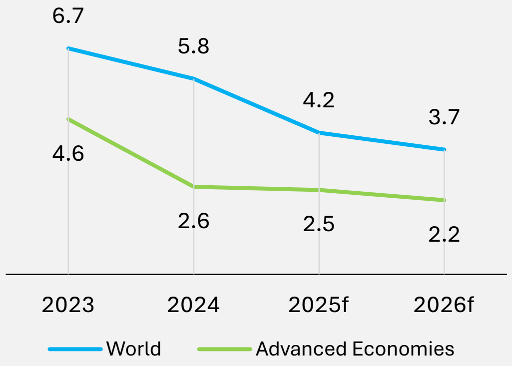
Real GDP growth – Key economies (%)



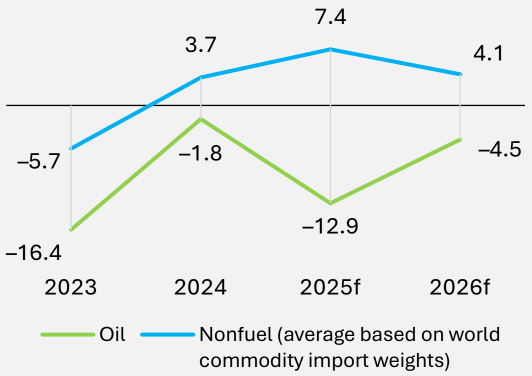
Real GDP growth (quarter-on-quarter % change)

	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25
United States	2.9	2.5	4.7	3.4	0.8	3.6	3.3	1.9	-0.6	3.8
Euro area	-0.1	0.2	0.0	0.0	0.3	0.2	0.4	0.4	0.6	0.1
United Kingdom	0.1	0.0	-0.2	-0.3	0.8	0.6	0.2	0.2	0.7	0.3

Inflation (%)



Commodity prices (year-on-year % change)



Sources: IMF World Economic Outlook (October 2025); US Bureau of Economic Analysis; Eurostat; Office for National Statistics (UK)

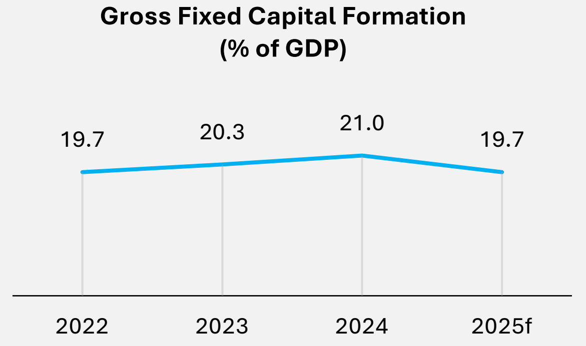
The real sector

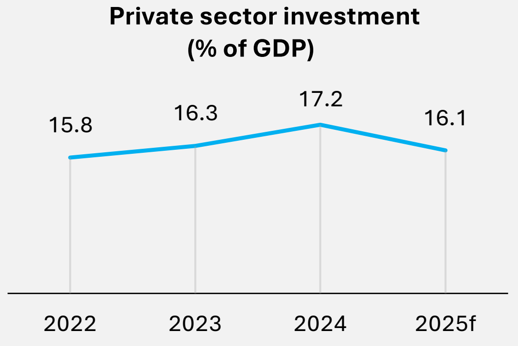
Illustration 2. Sectorial real growth rates as per Statistics Mauritius

	2023	2024	2025f
	% over previous year		
Agriculture, forestry and fishing	+13.9	+6.6	+8.1
Mining and quarrying	-6.6	+6.8	+2.1
Manufacturing	+1.9	+1.5	+1.6
Sugar	*+2.5*	*-7.8*	*-2.4*
Food (excluding sugar)	*+4.2*	*+3.1*	*+3.5*
Textile	*-10.0*	*-6.0*	*-0.2*
Other	*+6.6*	*+4.2*	*+0.5*
Electricity, gas, steam and air conditioning supply	+5.4	+3.4	+4.3
Water supply; sewerage, waste management and remediation activities	+2.6	+2.8	+1.9
Construction	+9.1	+13.3	-2.1
Wholesale & retail trade; repair of motor vehicles and motorcycles	+3.1	+3.2	+3.3
Transportation and storage	+7.3	+4.9	+5.1
Accommodation and food service activities	+25.7	+5.6	+3.0
Information and communication	+4.0	+4.5	+5.0
Financial and insurance activities	+3.0	+4.9	+4.6
Monetary intermediation	*+4.3*	*+5.7*	*+4.9*
Financial leasing and other credit granting	*+3.3*	*+4.1*	*+5.5*
Insurance, reinsurance and pension	*+4.6*	*+3.9*	*+4.0*
Other financial activities	*-0.5*	*+3.9*	*+4.1*
Real estate activities	+1.9	+2.0	+1.8
Professional, scientific and technical activities	+0.3	+3.8	+3.7
Administrative and support service activities	+4.0	+3.9	+3.9
Public administration and defence; compulsory social security	-0.9	+7.2	+2.1
Education	+1.1	+6.0	+1.7
Human health and social work activities	-1.0	+5.9	+2.6
Arts, entertainment and recreation	+4.3	+4.7	+4.6
Other service activities	+4.3	+2.0	+2.1
Memorandum items			
Export oriented enterprises	-11.2	-1.0	-0.5
Seafood	-1.4	-0.6	+3.1
Freeport	+2.9	+3.6	+3.6
Tourism	+24.7	+5.7	+2.8
ICT	+3.6	+4.0	+4.2
Global business	0.0	+3.2	+3.8
Gross Domestic Product (GDP) at market prices	+4.7	+4.9	+3.1

Source: National Accounts, Statistics Mauritius

Illustration 3. National investment



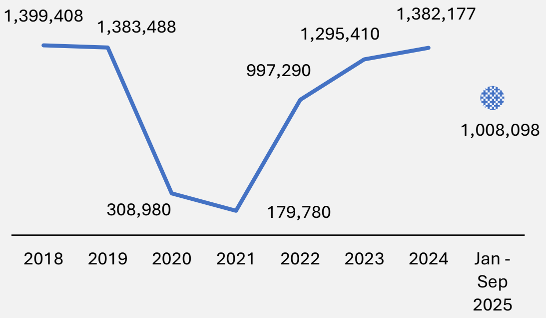


Source: National Accounts, Statistics Mauritius

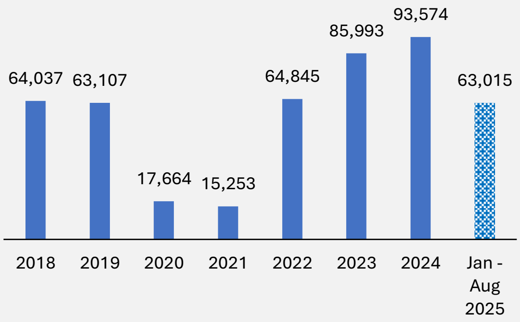
Illustration 4: Recent developments in the tourism sector

Performance of the tourism industry

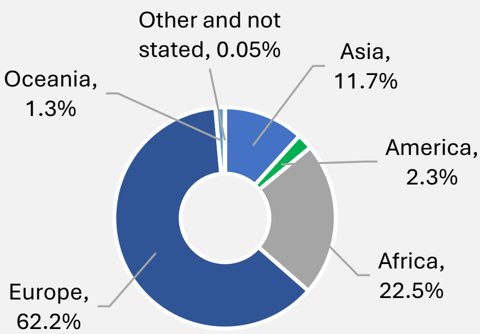
Tourist arrivals



Gross tourism earnings (Rs million)



Distribution and evolution of tourist arrivals in the first semester of 2025



Top 10 sources of tourist arrivals

Country	2024H1	2025H1	Change
France	156,135	151,797	-2.8%
United Kingdom	68,784	71,382	3.8%
Reunion Island	64,155	66,892	4.3%
Germany	61,712	53,117	-13.9%
South Africa, Rep. of	48,038	48,436	0.8%
India	28,741	37,501	30.5%
Russian Federation	19,003	16,307	-14.2%
Italy	12,517	14,996	19.8%
Switzerland	14,681	14,528	-1.0%
Czech Republic	8,675	11,144	28.5%

Further tourism statistics

Average length of stay

Nights	
2025H1	11.3
2024H1	11.6
2023H1	11.4

Occupancy rate

Room	
2025H1	70%
2024H1	69%
2023H1	73%

Bed	
2025H1	63%
2024H1	62%
2023H1	65%

Employment* (large establishments)

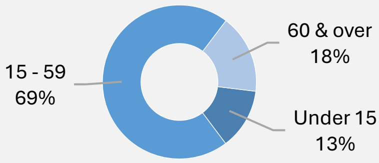
... at end-March	
2025	26,504
2024	25,962
2023	25,703

* the employment figures relate to the industrial group ‘Accommodation and food service activities’

Tourist arrivals by main purpose of visit

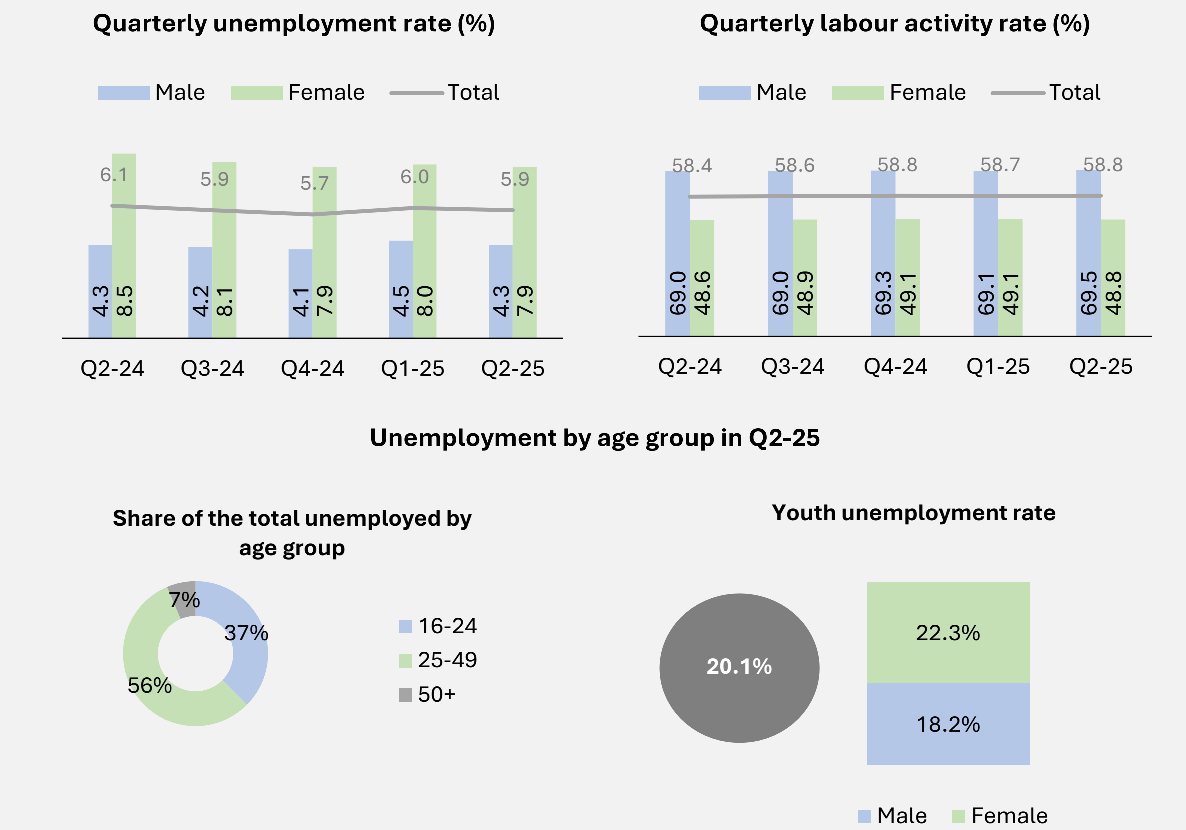
	2024H1	2025H1	% change
Holiday	608,758	625,300	2.7
Business	17,379	18,068	4.0
Transit	17,087	13,189	-22.8
Conference	1,163	917	-21.2
Sports	570	792	38.9
Others	592	643	8.6

Tourist arrivals by broad age group



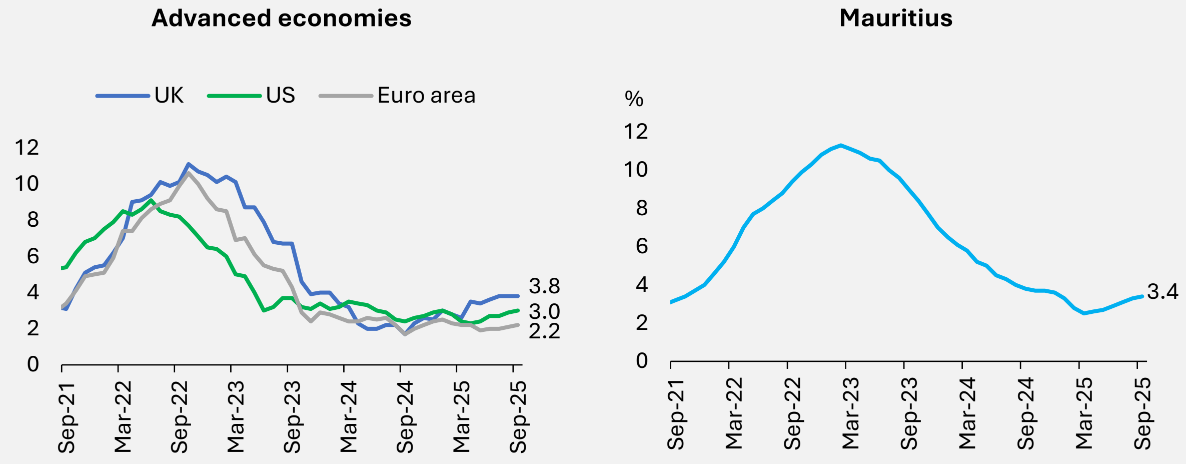
Sources: International Travel and Tourism and Labour, Statistics Mauritius; Bank of Mauritius

Illustration 5. Selected labour market statistics



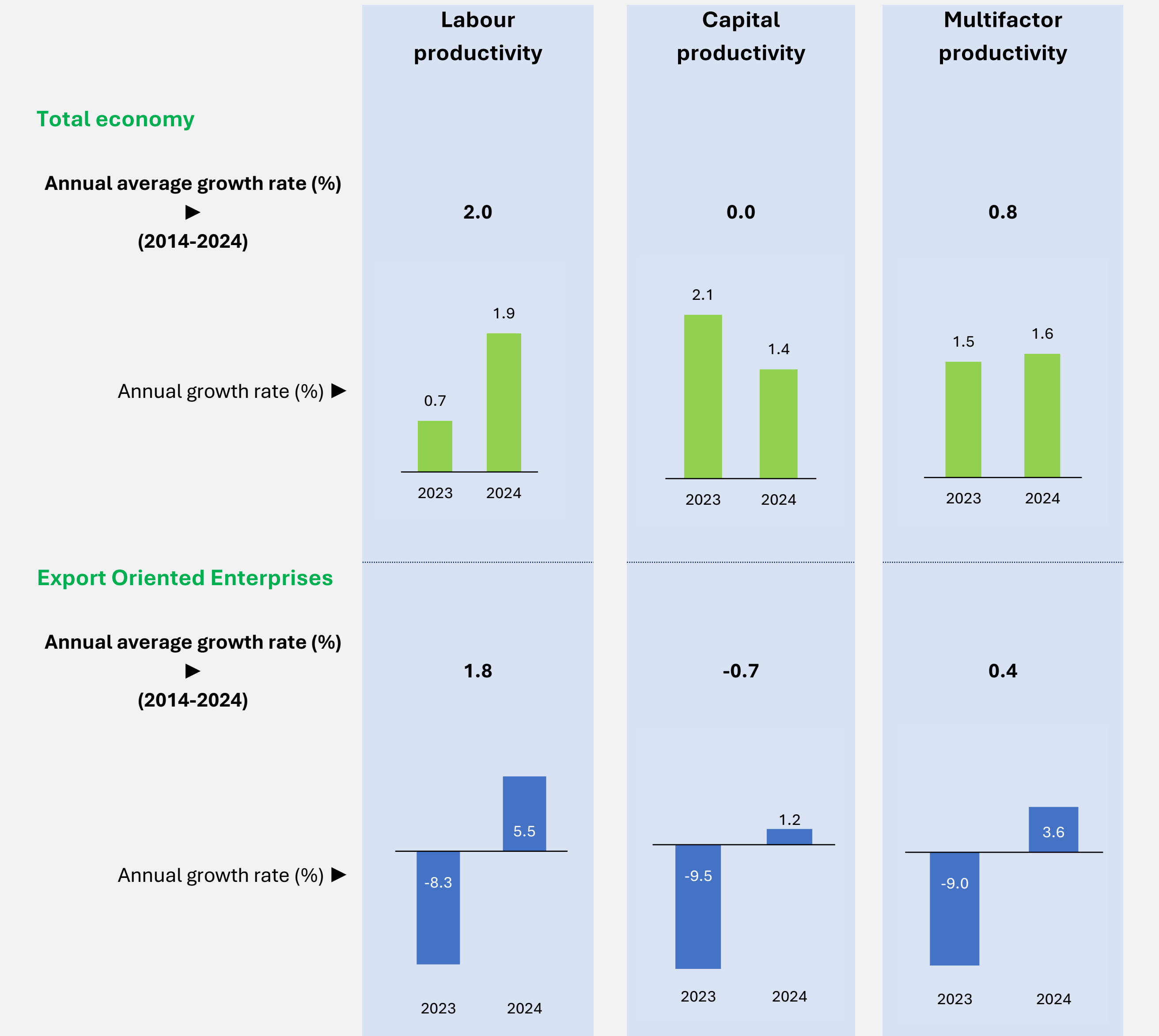
Source: Labour Force, Employment & Unemployment, Statistics Mauritius

Illustration 6. Evolution of headline inflation



Sources: Consumer Price Index, Statistics Mauritius; US Bureau of Labor Statistics; Eurostat; Office for National Statistics (UK)

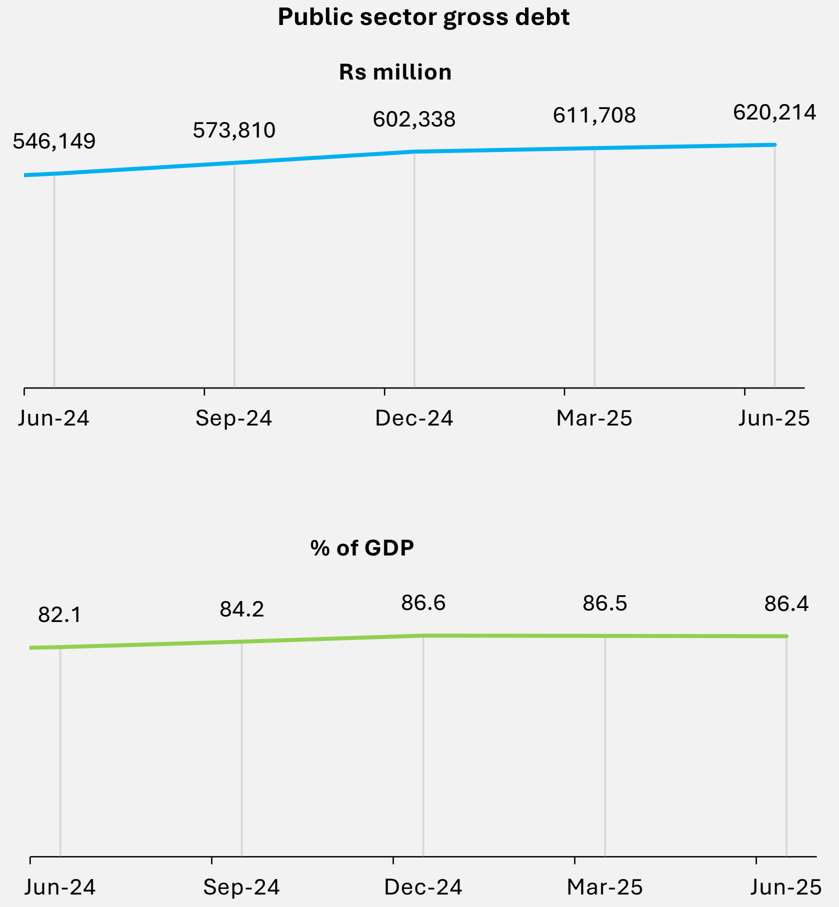
Illustration 7. The country's productivity trends



Source: Productivity & Competitiveness Indicators (2014-2024), Statistics Mauritius

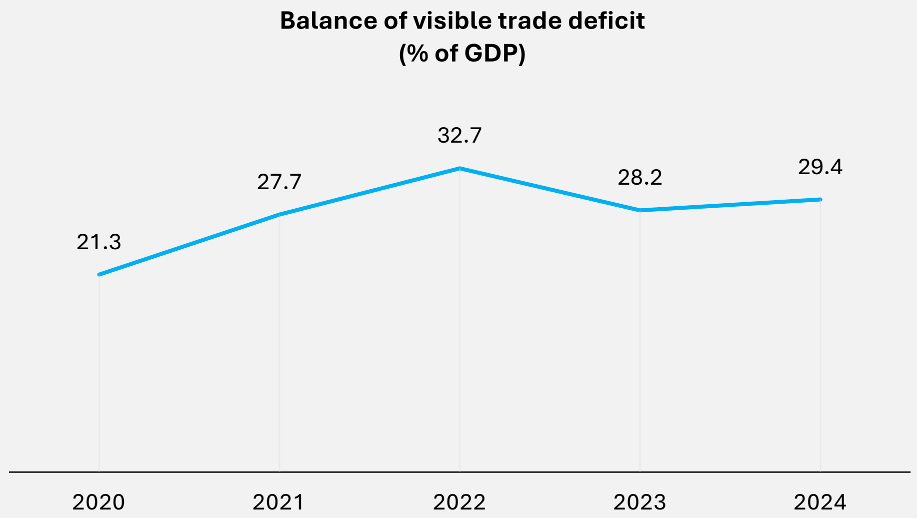
The fiscal sector

Illustration 8. Evolution of public debt



Source: Ministry of Finance

Illustration 9. Balance of visible trade

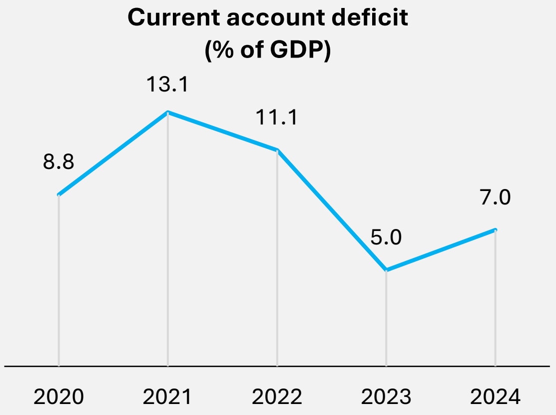


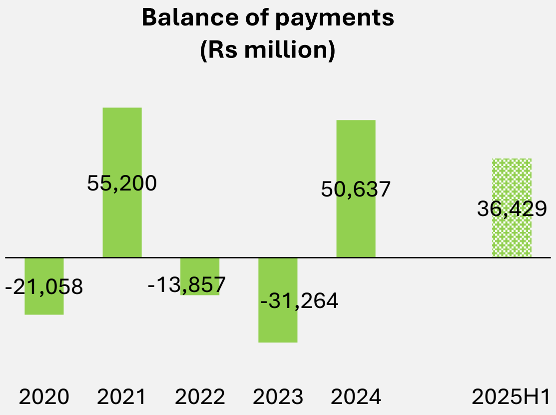
Balance of visible trade
(Rs million)

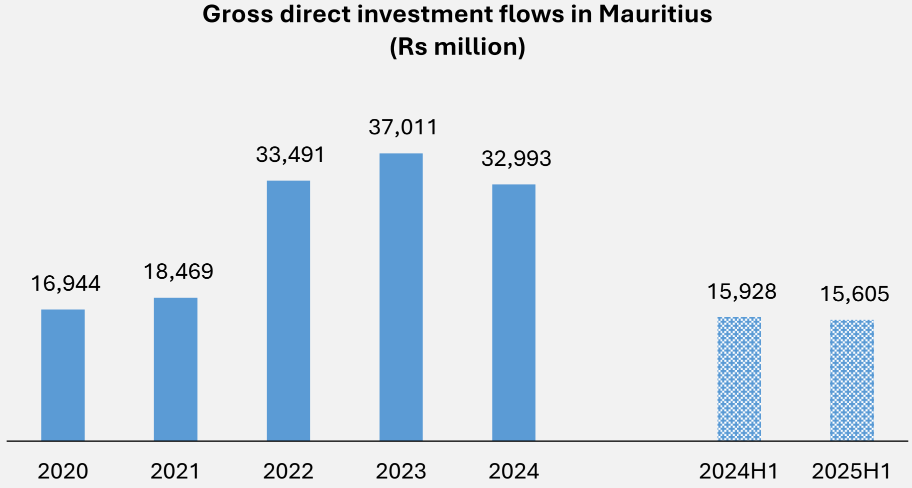
	2024H1	2025H1	Change
Exports of goods	38,584	37,380	-3.1%
Domestic exports	29,092	26,980	-7.3%
of which Food and live animals	*14,495*	*13,591*	*-6.2%*
of which Fish and fish preparations	*5,760*	*6,000*	*4.2%*
Miscellaneous manufactured articles	*8,913*	*7,962*	*-10.7%*
of which Articles of apparel & clothing accessories	*6,022*	*5,175*	*-14.1%*
Manufactured goods classified chiefly by material	*3,978*	*3,838*	*-3.5%*
of which Textile yarns, fabrics, made up articles	*2,966*	*2,978*	*0.4%*
Crude materials, inedible, except fuels	*657*	*612*	*-6.8%*
Chemicals and related products, n.e.s.	*598*	*602*	*0.7%*
Re-exports	9,492	10,400	9.6%
Ship's Stores and Bunkers	14,812	16,682	12.6%
A. Total exports (f.o.b.)	53,396	54,062	1.2%
B. Total imports (c.i.f.)	146,070	155,847	6.7%
of which Machinery & transport equipment	*34,238*	*37,437*	*9.3%*
Mineral fuels, lubricants, & related products	*36,436*	*37,870*	*3.9%*
Food and live animals	*25,822*	*29,563*	*14.5%*
Manufactured goods classified chiefly by material	*17,643*	*17,901*	*1.5%*
Miscellaneous manufactured articles	*12,237*	*13,100*	*7.1%*
Balance of visible trade (A-B)	**-92,674**	**-101,785**	**9.8%**

Source: External Trade and National Accounts, Statistics Mauritius

Illustration 10. External sector statistics

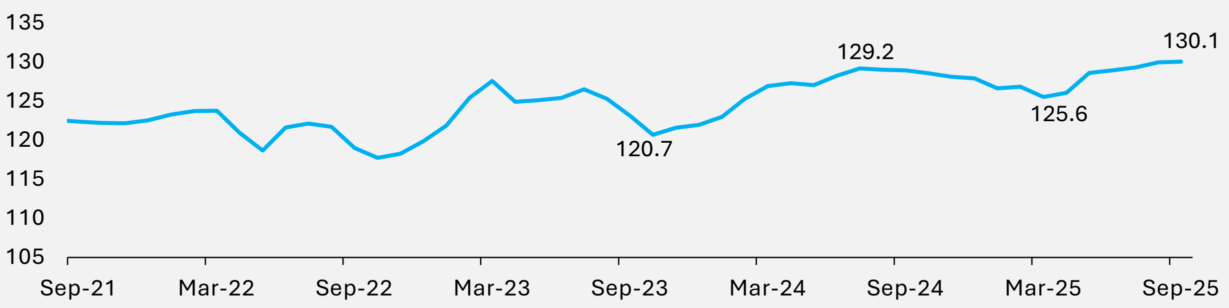






Sources: National Accounts, Statistics Mauritius; Balance of Payments & Direct Investment Flows, Bank of Mauritius

Illustration 11. Effective exchange rate of the Mauritian rupee (MERI2)



Notes:
(i) The Mauritius Exchange Rate Index (MERI), which is a weighted average of bilateral exchange rates for the Mauritian rupee, is a summary measure of the rupee's movements against the currencies of its important trading partners
(ii) MERI2 is based on the currency distribution of merchandise trade and tourism earnings
(iii) The base year of the MERI is January - December 2007 = 100
(iv) An increase (decrease) in the index indicates a depreciation (appreciation) of the rupee

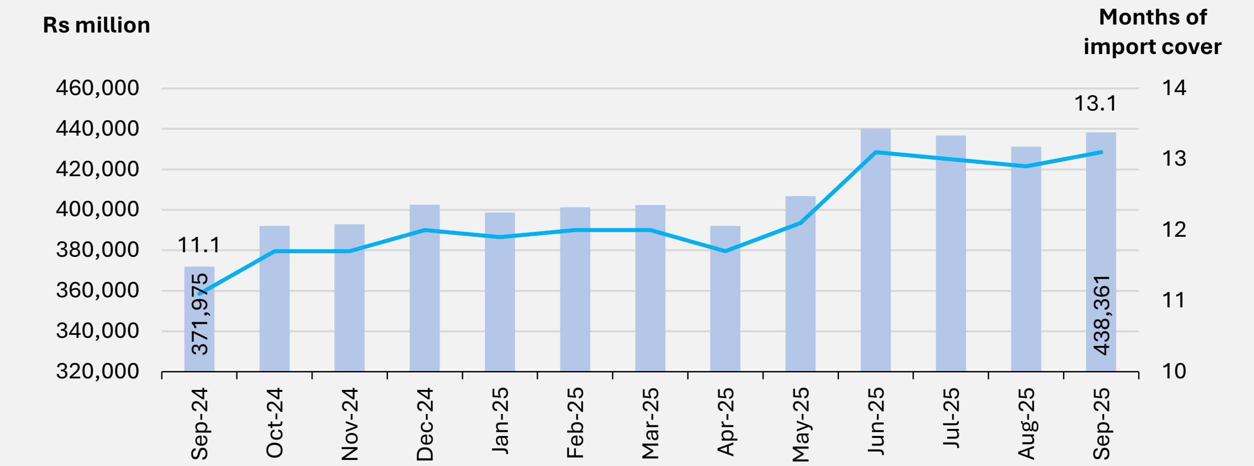
Source: Mauritius Exchange Rate Index, Bank of Mauritius

Illustration 12. Currency evolution

	Value				% point-to-point change		
	30 Sep-25	03 Jan-25	1 yr ago	5 yrs ago	YTD	1 yr ago	5 yrs ago
USDMUR	45.65	48.09	46.35	40.33	-4.2%	-0.6%	14.3%
EURMUR	52.15	49.66	52.36	47.44	9.3%	3.7%	14.4%
GBPMUR	61.41	60.02	62.75	51.92	3.6%	-0.9%	19.8%

Sources: Consolidated Indicative Exchange Rates, Bank of Mauritius; SBM Staff Estimates

Illustration 13. Gross official international reserves



Source: Bank of Mauritius

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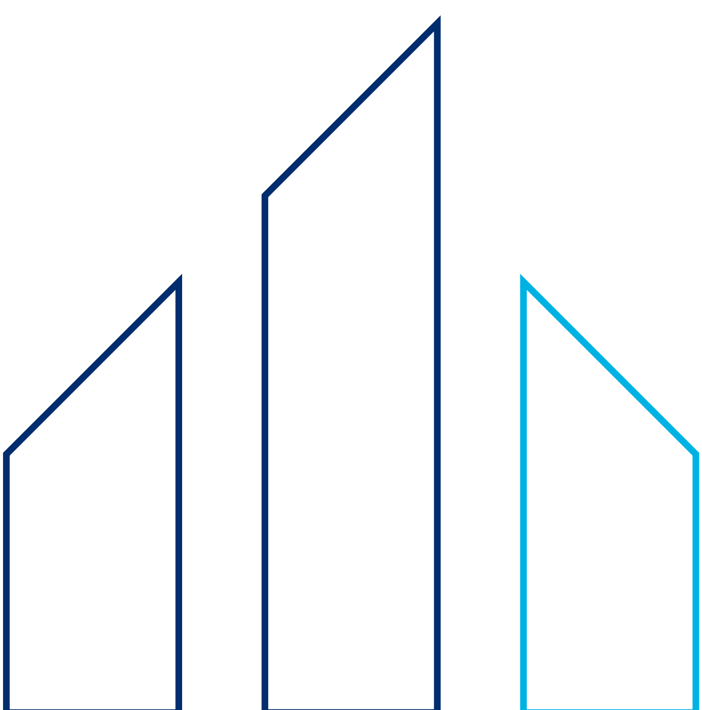

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