

Mauritius: Selected Issues and Statistical Appendix

This Selected Issues paper and Statistical Appendix for **Mauritius** was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **June 5, 2003**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of **Mauritius** or the Executive Board of the IMF.

The policy of publication of staff reports and other documents by the IMF allows for the deletion of market-sensitive information.

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to publicationpolicy@imf.org.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623 7430 • Telefax: (202) 623 7201
E-mail: publications@imf.org • Internet: <http://www.imf.org>

Price: \$15.00 a copy

**International Monetary Fund
Washington, D.C.**

INTERNATIONAL MONETARY FUND

MAURITIUS

Selected Issues and Statistical Appendix

Prepared by a staff team consisting of Mr. Calvin McDonald (head),
Mr. Benoit Anne, Mr. Holger Floerkemeier,
Mr. Pierre Laporte, and Mr. James Y. Yao (all AFR)

Approved by the African Department

June 5, 2003

	Page
Social and Demographic Indicators.....	3
I. Mauritius: Unemployment and the Role of Institutions: A Simple Analytical Framework ...	4
A. Introduction.....	4
B. Literature Survey	6
C. Mauritian Labor Market Institutions and Education System.....	7
D. An Analytical Model.....	9
E. Concluding Remarks and Policy Recommendations.....	16
References.....	17
Figures	
1. Real GDP Growth, Employment Growth and Unemployment Rate 1982–2002	5
2. Domestic Employment of Sectors 1 and 2, Foreign Employment of Sector 1 and Total Unemployment	11
3. Average Wages and Skill Premium of Sectors 1 and 2	13
4. Unemployment and Structural Change.....	16
Statistical Appendix Tables	
1. GDP Real Growth Rates by Industrial Origin, 1998–2002	19
2. GDP at Current Prices by Industrial Origin, 1998–2002	20
3. Real Growth Rates of Expenditure on GDP, 1998–2002	21
4. Expenditure on GDP at Current Prices, 1998–2002	22
5. Real Growth Rates of Gross Domestic Fixed Capital Formation, 1998–2002.....	23
6. Composition of Gross Domestic Fixed Capital Formation at Current Prices, 1998–2002.....	24
7. Sugar Cultivation, Yields, and Output, 1998–2002.....	25

8.	Sugar Exports, 1997/98–2001/02.....	26
9.	Ex-Syndicate Sugar Prices, 1997/98–2001/02.....	27
10.	Revenue and Expenditure of Sugar Estates with Factories, 1998–2002	28
11.	Nonsugar Agricultural Production, 1998–2002.....	30
12.	Export Processing Zone (EPZ) Activity, 1998–2002	31
13.	Electricity Production and Consumption, 1998–2002.....	32
14.	Building Permits Issued, 1998–2002.....	33
15.	Tourist Arrivals, Capacity, and Earnings, 1998–2002.....	34
16.	Estimated Labor Force and Employment, 1998–2002	35
17.	Average Earnings by Sector—Monthly Paid Employees, 1998–2002.....	37
18.	Labor Costs and Productivity in Manufacturing, 1998–2002.....	38
19.	Cost Structure and Prices of Petroleum Products, 1997/98–2001/02.....	39
20.	Consumer Price Indices by Major Commodity Groups, January 2000–December 2002.....	40
21.	Summary of Government Finances, 1997/98–2001/02	41
22.	Revenue and Grants, Budgetary Central Government, 1997/98–2001/02	42
23.	Functional Classification of Expenditure and Net Lending, Consolidated Central Government, 1997/98–2001/02.....	43
24.	Transfers and Subsidies by Budgetary Central Government, 1997/98–2001/02.....	44
25.	Income and Expenditure of the National Pension Fund, 1997/98–2001/02	45
26.	State Trading Corporation—Ration Rice and Flour Transactions, 1997/98–2001/02	46
27.	Financing of Central Government Deficit, 1997/98–2001/02	47
28.	Government Domestic Nonbank Debt Outstanding by Holder, 1997/98–2001/02	48
29.	External Debt of Central Government—Disbursements, 1997/98–2001/02	49
30.	Consolidated Monetary Survey, June 1998–December 2002.....	51
31.	Summary Accounts of the Bank of Mauritius, June 1998–December 2002.....	52
32.	Summary Accounts of Commercial Banks, June 1998–December 2002.....	53
33.	Summary Accounts of Offshore Banks, 1998–2002	54
34.	Principal Interest Rates, 1998–2002	55
35.	Balance of Payments, 1997/98–2001/02.....	56
36.	Principal Merchandise Trade, Price Indices, and Terms of Trade, 1998–2002.....	57
37.	Pattern of Trade and Direction of Exports of the Export Processing Zone (EPZ), 1998–2002.....	58
38.	Medium- and Long-Term External Debt, June 1998–December 2002	59
39.	External Debt—Service Payments, 1997/98–2001/02	60
40.	Effective Exchange Rate Indices, 1990–2002	61
41.	Summary of the Tax System as of March 31, 2003.....	62

Mauritius: Social and Demographic Indicators ¹

Population		Education	
Population (thousands; 2000)	1,186	Adult illiteracy rate (percent; 1995)	15
Annual rate of growth (percent; ave. 1991-2000)	1.0	Female	19
Population under age 15 (percent; 1999)	26	Male	12
Density (per square km.; 1999)	584	Gross primary school enrollment (percent; 1999) 2/	105
Land area (square km.)	2,040	Gross secondary school enrollment (percent; 1999) 2/	58
Population characteristics		Income	
Life expectancy at birth (years; 1999)	72	GDP per capita (U.S. dollars; 2002/2002) 3/	3,870
Male	68	Poverty	
Female	76	Head count index (percent of population; 1989-94)	5
Infant mortality (per thousand; 1999)	16	Health	
Crude birth rate (per thousand; 1999)	17	Health care access (percent of population; 1991)	99
Crude death rate (per thousand; 1999)	7	Immunization for measles (percent of population less than 12 months; 1995)	79
Fertility rate (births per woman; 1998)	2	Population per physician (1999)	1,107
Labor force		Population per hospital bed (1999)	294
Total (thousands, including foreigners; 1999)	512	Safe water access (percent of population; 1993)	100
Of which: female (percent; 1999)	33	Sanitation access (percent of population; 1993)	100
Annual growth rate (percent; average 1995-99)	2		
Sugar workers (percent of total employment; 1999)	7		
Export processing zone workers (percent of total employment; 1999)	18		

Sources: Central Statistical Office; IMF, *International Financial Statistics*; World Bank, *World Development Indicators* database; 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. MAURITIUS: UNEMPLOYMENT AND THE ROLE OF INSTITUTIONS—A SIMPLE ANALYTICAL FRAMEWORK¹

A. Introduction

The Mauritian economy has experienced profound structural changes during the last two decades. The rapid development of manufacturing in the 1980s led to job creation, largely through the growth of export processing zone (EPZ) enterprises.² Since the early 1990s, the financial services and tourism industries have emerged as new growth sectors, requiring higher-skilled workers. The demand for high-skilled workers is expected to solidify in coming years as the government moves forward to actively promote the development of an information communications technology sector and free port activities.

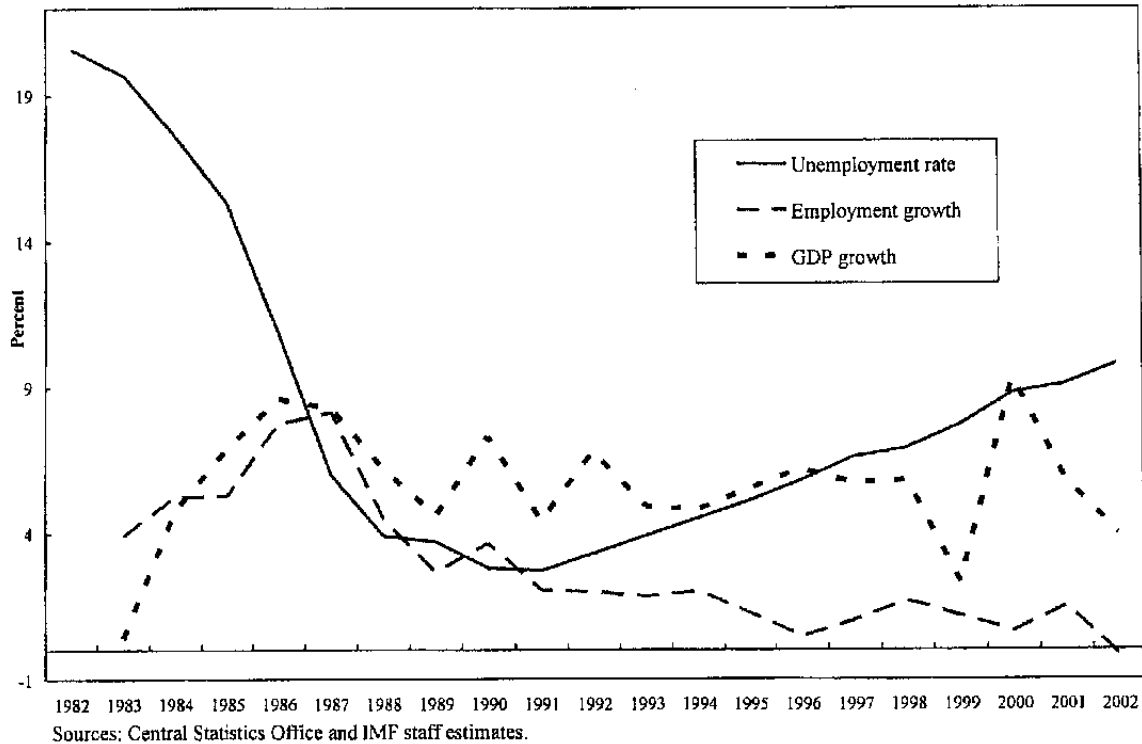
Despite strong economic growth, averaging just below 6 percent per year over the last two decades, a “U”-curve phenomenon of Mauritian unemployment can be observed (Figure 1). The unemployment rate plunged from about 21 percent to less than 4 percent from the early 1980s to the early 1990s. Notwithstanding sustained economic growth averaging 5½ percent per annum between 1991 and 2002, the declining trend in unemployment was reversed, and the rate steadily increased, reaching approximately 10 percent by end-2002. According to the 2000 census, a majority of the unemployed were young, had never held a job, had failed primary or secondary education, had no technical or vocational training, and were single and family supported. Despite the rising unemployment rate, two paradoxical facts about the 1990s can be noted: (i) the EPZ was crippled by labor shortages, and was compelled to import foreign workers, mainly from China; and (ii) the number of unfilled skilled-job vacancies, especially in the financial service sector, increased over that decade.³ These phenomena constitute a so-called Mauritian unemployment puzzle.

¹ This paper was prepared by Calvin McDonald and James Y. Yao.

² The majority of enterprises in the EPZ are textile firms.

³ In its 2002 report, the Bank of Mauritius states that “while vacancies advertised have been principally for skilled and management jobs, the vast majority of persons seeking jobs do not have the necessary training, reflecting the mismatch between available labor and skills required.”

Figure 1. Mauritius: Real GDP Growth, Employment Growth and Unemployment Rate 1982-2002



There is little consensus in Mauritius as to the exact nature and causes of the unemployment problem.⁴ In addition, there is a lack of an analysis of the possible linkages between labor market institutions and unemployment. While it is easy to blame “labor market rigidities” for the problem, a more rigorous analytical framework of the role of labor market institutions would be useful to facilitate dialogue among Mauritian social partners. Therefore, the purposes of this paper are twofold. The first is to outline a simple analytical model to explain the unemployment puzzle, especially the U-curve phenomenon. The second is to identify the central institutional imperfections that characterize the existing Mauritian labor market and suggest possible reforms. The model developed in this paper has its roots in the literature on

⁴ Mauritian unemployment figures are derived from incomplete data, reflecting in the main, conditions in “large establishments.” The Mauritian Central Statistics Office is of the view that there is a tendency for people to falsely declare themselves as unemployed. The false responses to questions regarding employment and income might be explained by the respondents’ hope of receiving some current or potential unemployment benefit. In the case of people engaged in the informal sector, they may not wish to acknowledge their employment and income, because of fear that the questionnaire may be used for tax collection purposes. This view is shared by some policymakers (see Coe and other (2002)).

technological revolutions and wage and income inequality. In the next section, we survey this literature. Section C then describes Mauritian labor market institutions and some observations about the education system. Section D presents the analytical model, and Section E provides concluding remarks and policy recommendations.

B. Literature Survey

Starting in the early 1970s, income and wage inequality has been rising in the United States. To explain this phenomenon, there has been a growing recognition of the significant role of skill-biased technical change. The information technology revolution has been the prime candidate accounting for this technical change. The original papers in the skill-biased technical change literature, such as Katz and Murphy (1992) and Juhn, Murphy and Pierce (1993), are based on a simple model of technological revolutions. Skill-biased technical change should increase the relative demand for skilled labor, which should lead to higher relative wages. If labor supply curves for the different kinds of labor are upward sloping, then the employment of skilled labor relative to unskilled labor will rise. However, the simple labor demand-and-supply model fails to provide a detailed mechanism to explain the wage inequality or skill premium.

Caselli's (1999) paper focuses on the impact of technological revolutions. A technology is defined as a combination of capital of a certain type and workers who have the corresponding skills. A technological revolution is the introduction of new types of machines. The productivity of new capital is higher than preexisting capital, but workers who have developed a set of capital-specific skills can only be suitable for that capital. The acquisition of new skills that are appropriate for the emerging technology is costly, and the labor force is heterogeneous in the cost of learning these skills. The wage gap (or skill premium) between workers with the traditional capital and workers with the new capital becomes increasingly large. Workers with low learning costs start using the new capital as the skill premium is greater than their learning cost, while high-learning-cost individuals remain attached to the traditional capital with less advanced technology. Given an assumption of constant saving, new investment diverges from workers in low-skilled capital industries and toward those in the high-skilled capital sectors. With a lower capital-labor ratio, high-learning-cost workers could experience an absolute decline in their wages. This is the so-called working poor phenomenon. Because they work with new capital with more advanced technology, and because they subsequently have a higher capital-labor ratio, low-learning-cost workers see their wages rise. Therefore, wage inequality increases during the introduction stage of the technology revolution.

After the initial phase of the technology revolution, however, Caselli (1999) discusses the further evolution of the skill premium. An ever-widening skill premium and limited learning cost will draw an increasing number of workers in each generation into the skilled capital sector, thereby reducing wage inequality after at least one generation. Nevertheless, decreasing marginal returns to capital accumulation may lead the economy toward a steady state in which the labor market remains split between skilled workers with high wages and unskilled workers with low wages.

Caselli's (1999) model, however, abstracts from unemployment and focuses mainly on wage movements. Although these models can provide an explanation for an increase in skill premium and wage inequality in the United States since the early 1970s, they do not offer a unifying explanation for higher unemployment in continental Europe during the same period. It is likely that continental Europe has experienced the same technological revolution since the early 1970s; however, the consequence has been rising structural unemployment, rather than increasing wage inequality.⁵ In addition, models like that of Caselli (1999) abstract from any labor market institution and education system that might constrain the response of wages or employment to clear the labor market under skill-biased technology changes. For example, a flexible labor market institution can allow a substantial differential between the wages of skilled and unskilled workers (referred to here as the "skill premium").

The importance of labor market institutions for growth has increasingly been recognized. (see IMF, 2003). The major innovation of the simple model we present below is to introduce the role of labor market institutions into Caselli's basic framework. In particular, a centralized wage-bargaining system can limit the development of the skill premium, resulting in two negative consequences: (i) the wages of unskilled workers would grow faster and destroy the job opportunities in the traditional unskilled sector; and (ii) the supply of skilled workers would be inadequate, given the learning and education costs. As the wages in the traditional unskilled sector go up, the job losses may not be sufficiently offset by the job creation in the high-skilled new sector. Therefore, the overall unemployment rate is likely to rise, at least at the beginning of the period of structural and technological change.

Based on this simple analytical framework, we argue that rising unemployment is largely structural in nature, spurred by the skill-biased technological changes taking place in the economy and the centralized wage-bargaining system. We consider that the Mauritian authorities' current educational reforms are important to increase the labor supply of skilled workers and reduce the mismatch between labor demand and skill availability. The authorities should also address the rigidities on the labor demand side through revision of wage-setting institutions and laws. Overall, we consider that both the supply-side and demand-side reforms will increase labor market flexibility, reduce the unemployment rate, and help sustain growth at the relatively high levels Mauritius has enjoyed during the past two decades.

C. Mauritian Labor Market Institutions and Education System

Key wage-determining institutions at the national level are the Tripartite Committee, the National Remuneration Board (NRB), and the Pay Research Bureau (PRB). The Tripartite

⁵ Under skill-neutral technical changes, higher unemployment may be primarily a short-term phenomenon because the main issue is the reallocation of labor from contracting to expanding sectors rather than skill mismatch.

Committee is responsible for the determination of wages at the national level through consultations involving the government, trade unions, and representatives of the private sector. These wage agreements of the Tripartite Committee are legally binding on the economy. The NRB sets minimum wages by worker category for 29 sectors in the private sector. There are more than 400 of these minimum wages, and changes to them are not made uniformly (some of them are a decade old). Also, the NRB stipulates the conditions of work associated with specific pay levels. The PRB makes recommendations regarding salaries in the public sector. Pay disputes can be referred to two arbitration tribunals—the Permanent Arbitration Tribunal for the private sector, and the Civil Service Arbitration Tribunal for the public sector. These tribunals typically hand down awards that take little account of productivity levels or the need to safeguard external competitiveness.

The determination of wages by the centralized bargaining system discourages sector-specific competitive wage setting, resulting in a strong relationship between the wages of the traditional sectors and those of the emerging sectors. While the new sectors create demand for skilled workers and, thus, increase the wages in these sectors, wage increases typically follow in the traditional sectors, leading to a loose relationship between wages and productivity in the traditional sectors. The trend rise of wages in the traditional sectors reduces domestic demand for unskilled workers and tends to increase the unemployment rate of these workers. From the labor supply side, skill premium, expressed by the wage differential between the two sectors, is constrained by this stable relationship, resulting in fewer incentives for the young to invest in education, and to supply skilled labor for the new sectors.

There is segmentation between the domestic and foreign labor force in the EPZ in that legal minimum wages are not applied to foreign contract workers.⁶ Therefore, wage increases for domestic EPZ workers do not necessarily lead to increases in the wages of foreign EPZ workers. In addition, employers have greater flexibility in discharging foreign workers in the EPZ. For example, no severance allowances have to be paid before retrenching foreign workers, and advance notification of retrenchment to the statutory body (Termination of Contract of Services Board) is not required.

Even though working conditions in the EPZ are better for domestic workers than foreign workers, there is an observed unwillingness of the former to offer their services in the EPZ. This is because domestic job seekers consider EPZ employment as unattractive on account of its low pay and high insecurity, compared with employment in the rest of the economy.⁷

⁶ The foreign workers are predominantly contract workers from China. Mostly women, these workers typically come to Mauritius on three-year contracts, with backgrounds that include three years of vocational training and a few years of work experience in the textile industry.

⁷ The Survey on the “Attitudes of the Unemployed Towards Accepting Employment in the Export Processing Zone of Mauritius” (Center for Applied Social Research, 2001) finds that wages and working conditions are unanimously agreed to be “bad” in EPZ enterprises. Long

(continued)

The education system plays a key role in supplying skilled labor. Although Mauritius has a comparatively high level of literacy, it is weak in secondary and technical education, especially in natural sciences, engineering, and vocational subjects. A large proportion of the young are unable to access secondary education because of the very competitive system for moving from primary to secondary schools, and are thus failing to supply the needed skilled labor. Currently, almost 35 percent of students fail to pass the completion of primary education examination and drop out of the school system at the age of 12 and 13. This high failure rate is partly indicative of the inadequate availability of secondary educational facilities. Thus, the cost of acquiring secondary education is much higher than it would be with greater access. Consequently, skilled-labor demand in the emerging sectors is largely constrained by skilled labor supply—a situation that has a dampening impact on labor demand growth.

D. An Analytical Model

Assume an economy has two development stages. In the first stage, the economy has only one traditional sector. The traditional sector is low skilled. At a certain time, there is a significant technological change, driven by substitution between types of capital that differ in the set of skills required of the workers who use them. After the technological change, a new sector emerges that requires high-skilled labor. In Mauritius, we assume the traditional sector to consist of sugar and textiles, while the emerging sector is represented by financial services and high-end tourism. In our framework, we consider these two activities to be “high-skilled” because they require more advanced educational training (that is, at least secondary) than the traditional sector and are less labor intensive.

Following Caselli (1999), we use a simple overlapping-generations framework to describe demographics. Each generation of workers live for two periods and is composed of a continuum of agents with aggregate measure 1. Suppose individual workers are heterogeneous in terms of their ability to acquire education. In the first period, individual workers can decide whether they want to acquire higher education and work or not, while in the second period, they retire and consume their savings. Workers are endowed with one unit of unskilled labor, which they can supply inelastically to the traditional sector. Individuals can choose to become skilled workers by acquiring higher education at a cost $c + \sigma(I)$, where c is the fixed educational cost and $\sigma(I)$ the learning costs. As mentioned above, c is higher mainly because of the low level of access to the secondary education. The individual learning-cost distribution of $\sigma(i)$ is uniform on $(0, \sigma)$. While domestic labor markets for the traditional sector and the new technology sector are perfectly competitive, there is no labor

working hours, poor remuneration, limited career prospects, job insecurity, and the risk of not receiving severance pay in the event of job loss are listed as the most unattractive features of these jobs.

reallocation from the traditional sector to the new sector.⁸ In addition, the capital market is not perfectly competitive so that there are interest rate differentials across the two sectors and one sector can enjoy all the investment. There is no capital depreciation.

Unemployment in the traditional sector before technological change

The aggregate production function of sector 1 can be expressed as the following:

$$Y_1(t) = (K_t^1)^\alpha (L_t^1)^{1-\alpha}, \quad (1)$$

where $Y_1(t)$, K_t^1 and L_t^1 are output, capital stock, and the unskilled labor force of sector 1 at time t , respectively. Labor demand in sector 1 is

$$L_t^1 = (1-\alpha)^{\frac{1}{\alpha}} (w_t^1)^{-\frac{1}{\alpha}} K_t^1. \quad (2)$$

The labor market in sector 1 is segmented between domestic workers and foreign workers, whereby foreign workers are assumed to be mainly from low-income countries. Hence, the foreign labor supply in sector 1 is inelastic, which means that foreign workers can fill the shortage of the domestic labor force. However, the wage of foreign workers in sector 1 is the same as that of the international wage level, $w_t^f = \bar{w}_1$. The wage of domestic workers is determined by a central bargaining system at the national level, in which sector 1 is the only sector. The wage of domestic workers is competitive but higher than that of foreign workers. Hence, $w_t^d = \bar{w}_1 + f$, where w_t^d is the domestic wage in sector 1 and f is the additional benefit the domestic workers enjoy. Given the capital stock K_t^1 , domestic employment in sector 1 is

$$L_t^1 = (1-\alpha)^{\frac{1}{\alpha}} (\bar{w}_1 + f)^{-\frac{1}{\alpha}} K_t^1. \quad (3)$$

Unemployment during the pre-structural-change period is the following:

$$U_t = 1 - L_t^1. \quad (4)$$

As the capital stock in sector 1 increases, the unemployment of the economy declines because sector 1 absorbs more surplus labor in the economy. The foreign labor force fills the labor demand gap generated by the higher domestic wage relative to the international wage:

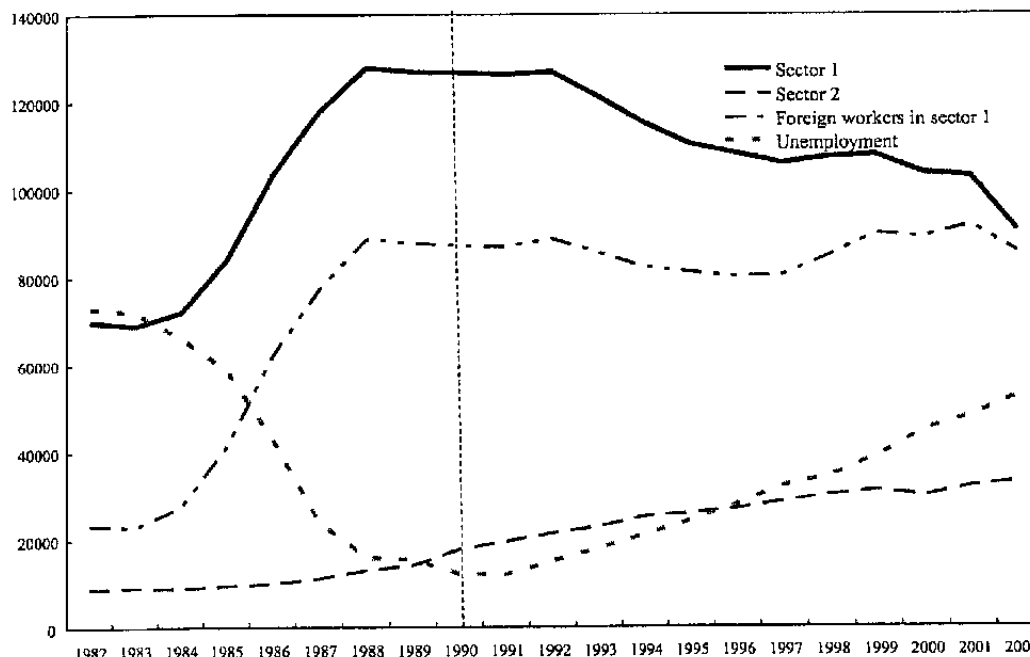
⁸ In their cross-country study, Dowrick and Gemmell (1991) find that the speed of labor transfer from traditional to modern sectors has been slow in less-developed countries.

$$M_t^1 = (1 - \alpha)^{\frac{1}{\alpha}} K_t^1 \left[(\bar{w}_1)^{-\frac{1}{\alpha}} - (\bar{w}_1 + f)^{-\frac{1}{\alpha}} \right], \quad (5)$$

where M_t^1 is the foreign labor force in sector 1.

The predictions above broadly match the Mauritian employment experience in the 1980s. During the 1980s, the two traditional pillars (the sugar and textile sectors) of the economy were able to create sufficient job opportunities for the unskilled labor force, and, therefore, the unemployment rate declined. At the same time, there was an inflow of foreign workers to these two traditional sectors, especially in the EPZ. As shown by Figure 2, domestic and foreign employment in sector 1 increased sharply during the 1980s, and the corresponding unemployment rate declined substantially during the same period.

Figure 2. Mauritius: Domestic Employment of Sectors 1 and 2, Foreign Employment of Sector 1 and Total Unemployment
(In numbers of people)



Sources: Central Statistics Office and IMF staff estimates

If there were no structural or technological changes, this economy would converge to the standard steady state of the Solow (1956) neoclassical economy. Let an overline denote the value of a variable in the steady state of the one-sector economy. For T large enough, the economy will find itself in the neighborhood of this steady state when the structural change occurs. Hence, there is no loss of generality in assuming $K_t^1 = \bar{K}^1$ and

$$\bar{L}_1 = (1 - \alpha)^{\frac{1}{\alpha}} (\bar{w}_1 + f)^{-\frac{1}{\alpha}} \bar{K}_1, \quad (6)$$

where \bar{L}_1 is the maximum domestic labor force sector 1 can employ.

Development of a new technology sector

At time T , a sufficiently large injection of technology capital occurs, and a new technology sector, sector 2, is developed.⁹ Given an imperfect capital market, a skill-biased technical change would induce investment to immediately move from the traditional sector toward the new technology sector, thereby preventing the capital-unskilled labor ratio in sector 1 from further increasing. Subsequently, a complete switch of investment from low-cost to high-cost learning workers reduce the relative wages of the former. As a result, sector 1's demand for unskilled labor will remain constant, and, given that the supply of foreign labor in sector 1 is perfectly inelastic, the employment levels of unskilled labor will remain constant as well. Suppose the aggregate production function of sector 2 can be expressed as

$$Y_2 = A(K_t^2)^\alpha (L_t^2)^{1-\alpha}, \quad (7)$$

where $A > 1$ is an exogenous parameter, and K_t^2 and L_t^2 are new technology capital stock and skilled labor force, respectively. The specification in (7) captures the progressive nature of the new technology, which says that the newly introduced skill-type, capital-type pair is more productive than the old technology used in sector 1, for given quantities of inputs. The wage of sector 2 is

$$w_t^2 = (1 - \alpha)A(K_t^2)^\alpha (L_t^2)^{1-\alpha}. \quad (8)$$

The ratio of the wages of sector 2 to sector 1 is given by

$$\frac{w_t^2}{w_1} = A \left(\frac{K_t^2 / L_t^2}{\bar{K}_1 / \bar{L}_1} \right)^\alpha \geq 1.$$

This equation means that a rising capital-skilled labor ratio, K_t^2 / L_t^2 , raises the wage of sector 2. One major channel of influence between the traditional sector and the technology sector is the central wage-bargaining system, which creates an institutionally formed

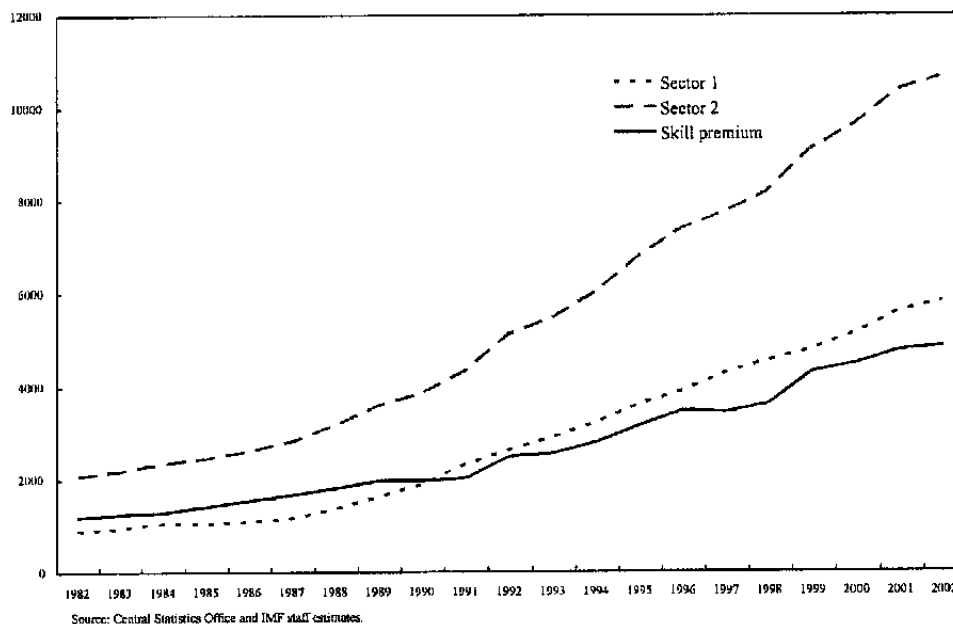
⁹ The injection of the technology capital can be done by government capital expenditure or foreign direct investment. Two new pillars (the financial services and high-end tourism sectors) were developed during the 1990s.

relationship between the average wage of sector 1, $w_{1,t}^d$ and the average wage in sector 2.¹⁰ To keep the story simple, we would like to ensure that $w_{1,t}^d$ rises and falls with the technology sector wage, w_t^2 , given that the wage of foreign workers in sector 1, w_1 , is constant. Hence, we get

$$w_{1,t}^d = \lambda w_t^2, \quad (9)$$

where λ is an exogenous parameter. Figure 3 shows that the wage of sector 1 does rise with the wage of sector 2 in Mauritius. However, the skill premium, defined as the wage differential between the two sectors, increases over time.

Figure 3. Mauritius: Average Wages and Skill Premium of Sectors 1 and 2
(In Mauritian rupces)



Skilled-labor demand in sector 2 can be expressed as the following:

$$L_t^2 = A^{\frac{1}{\alpha}} (1-\alpha)^{\frac{1}{\alpha}} (w_t^2)^{-\frac{1}{\alpha}} K_t^2. \quad (10)$$

¹⁰ w_t^m can also be explained as the workers' reservation wage. This partially explains the observed unwillingness of some workers in Mauritius to offer their services in the textile sector.

However, the skilled-labor supply of sector 2 is determined by two factors: the wage differential between the two sectors and the educational cost for individual workers to learn the skills required by sector 2. Skilled-labor supply can be expressed as

$$L_t^2 = \frac{w_t^2 - w_{1,t}^d}{c + \sigma} = \frac{(1 - \lambda)w_t^2}{c + \sigma}, \quad (11)$$

where c is the fixed educational cost while σ is the individual learning cost. The sum of these two items represents the educational cost. Equation (11) implies that all workers for whom the educational cost is less than the wage differential will join the technology sector, while those for whom the wage differential is not enough to pay for the educational cost will have to take a job in sector 1, if there is a vacancy, or stay unemployed. From sector 2's skilled-labor-supply equation, each increase in the wage of sector 2 pulls more workers into the technology sector 2:

$$L_t^2 = \left[\frac{(1 - \lambda)(1 - \alpha)A}{c + \sigma} \right]^{\frac{1}{1 + \alpha}} (K_t^2)^{\frac{\alpha}{1 + \alpha}}. \quad (12)$$

Equation (12) implies that the skill-biased structural change should increase the relative demand for skilled labor, which should lead to higher relative wages. Since the skilled labor supply curve for sector 2 is upward sloping, then the employment of skilled labor in sector 2 relative to unskilled labor in sector 1 will rise. Given that the total labor force is constant, the unskilled labor demand in sector 1 can be expressed as a function of the capital stock of sector 2:

$$L_t^1 = \lambda^{\frac{1}{\alpha}} \left[\frac{(1 - \alpha)}{(c + \sigma)(1 - \lambda)} \right]^{\frac{1}{1 + \alpha}} K_1 (K_t^2)^{-\frac{1}{1 + \alpha}}. \quad (13)$$

Skill-biased structural change creates jobs in sector 2. Owing to a rising wage determined by the central wage-bargaining system, however, domestic employment in sector 1 declines, and the international labor force, therefore, fills the demand-supply gap. The domestic job destruction is equal to the foreign labor force in sector 1, which can be expressed as

$$U_t = M_t = \bar{L}_1 - L_t^1 = (1 - \alpha)^{\frac{1}{\alpha}} K_1 \left[\frac{1}{\alpha \sqrt{w_1}} - \frac{1}{\alpha \sqrt{\lambda w_2}} \right]. \quad (14)$$

Equation (14) shows that the institutional relationship between sector 1 and sector 2 ends up damaging employment opportunities for domestic unskilled labor in sector 1. Furthermore, the increase in unemployment coincides with an influx of foreign workers M_t to sector 1. Total unemployment of the two-sector economy is

$$U_t = 1 - L_t^1 - L_t^2 = 1 - B_1(K_t^2)^{\frac{1}{1+\alpha}} - B_2(K_t^2)^{\frac{\alpha}{1+\alpha}}, \quad (15)$$

$$\text{where } B_1 = \lambda^{\frac{1}{\alpha}} \left[\frac{(1-\alpha)}{(c+\sigma)(1-\lambda)} \right]^{\frac{1}{1+\alpha}} \bar{K}_1 \text{ and } B_2 = \left[\frac{(1-\lambda)(1-\alpha)A}{c+\sigma} \right]^{\frac{1}{1+\alpha}}.$$

Although sector 2 provides more job opportunities for skilled workers as the capital stock of sector 2 deepens, this increase can be offset or even outweighed by the job destruction for the unskilled in sector 1. As a result, the unemployment rate would increase at least for some time, which can be proved below. The first-order condition of function (15) is

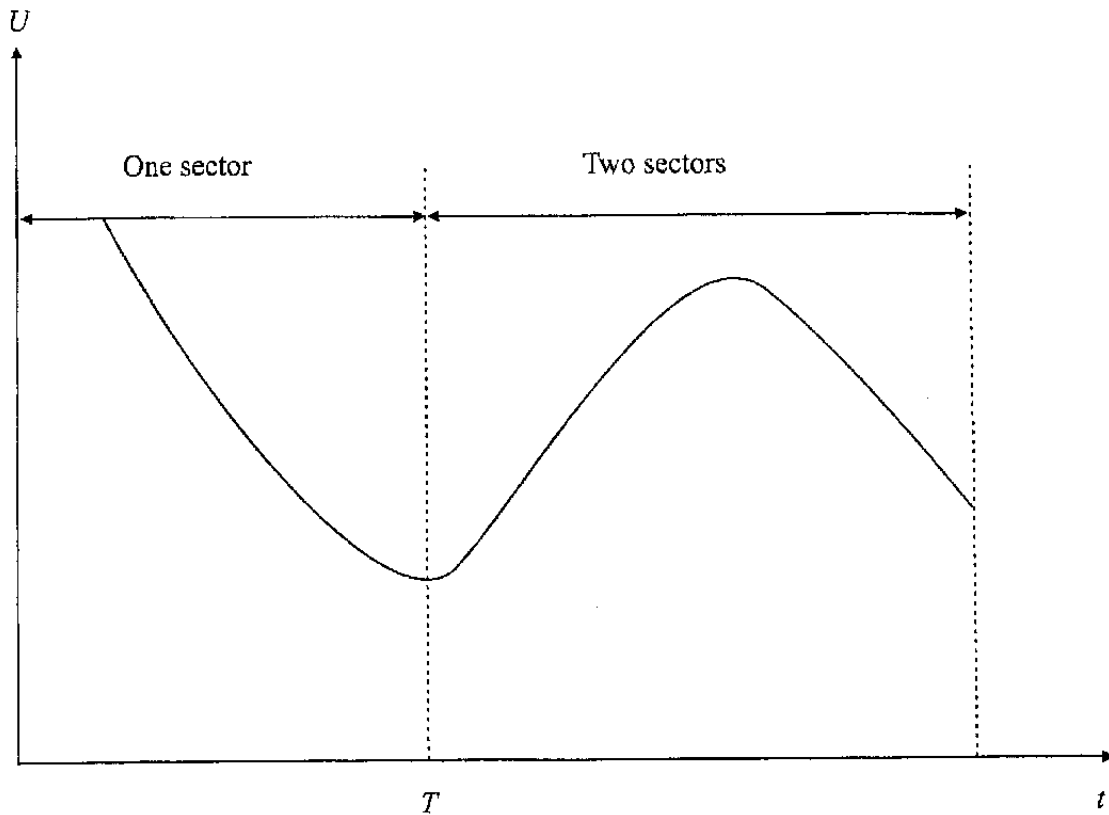
$$\frac{dU_t}{dK_t^2} = \left(-\frac{1}{1+\alpha} \right) B_1 (K_t^2)^{\frac{2+\alpha}{1+\alpha}} - \left(\frac{\alpha}{1+\alpha} \right) B_2 (K_t^2)^{\frac{1}{1+\alpha}} = 0. \quad (16)$$

After some simplification, we get the value of the capital stock in sector 2 for the maximum unemployment in the economy:

$$K_2^* = \alpha \frac{B_2}{B_1} = \alpha A^{\frac{1}{1+\alpha}} (1-\lambda)^{\frac{2}{1+\alpha}} \lambda^{-\frac{1}{\alpha}}. \quad (17)$$

Therefore, equation (15) implies a U curve for the unemployment rate of the economy as a result of the structural change (Figure 4).

Figure 4. Mauritius: Unemployment and Structural Change



This process is likely to continue for some time in Mauritius, as sector 2 is expanded to encompass the information communications technology sector, another high-skilled, capital-intensive industry. Nonetheless, the model predicts that the unemployment rate might go down after a number of generations because job creation in sector 2 would be larger than the job destruction in sector 1 as an increasing skill premium would induce more and more workers to acquire skills and join sector 2. Owing to the diminishing returns of capital accumulation, however, the unemployment rate may not be able to fall to previous levels and, thus, may remain at a high level. The prediction of the model is also affected by the possibility of “multiple” technological revolutions over time, which may indefinitely prolong the unemployment problem.

E. Concluding Remarks and Policy Recommendations

The rapid structural changes during the 1990s have increased demand for skilled workers in the financial services and tourism sectors relative to the low-skilled textile and sugar sectors. Against this background of profound structural change and strong growth performance, the unemployment rate in Mauritius has been steadily rising. In this paper, we argue that there are two main causes for rising unemployment. First, the highly centralized wage determination system in Mauritius limits the skill premium, resulting in job destruction in the

traditional sector and insufficient job creation in the new technology sector. Second, the Mauritian education system has failed to impart to the low-skill-based labor force the higher skills that are needed by the emerging sectors, resulting in a skill mismatch problem.

We consider that both supply-side and demand-side reforms will engender increased labor market flexibility, reduce the unemployment rate, and help sustain growth at the relatively high levels that Mauritius has enjoyed during the past two decades. On the supply side, the government is already upgrading its education system. The government's education reforms aim to increase the years of compulsory schooling from nine to eleven years by 2005; improve and increase access to primary and secondary schools; introduce information communications technology in primary and secondary schools; review the quality and relevance of the curricula; and reform the examination system at the primary level. To accompany these reforms, the government has significantly increased capital spending in the sector. These reforms will need to be aggressively pursued to reduce the skill mismatch in the economy.

The institutions governing the labor market in Mauritius are rigid and complex. It is recognized that the current institutions reflect a "social contract" that has been built up over many years. However, while these institutions may have served the economy well in the past, all parties—including workers and employers—are likely to experience welfare losses under the current framework. To preserve some element of the "social contract," the reforms could seek to establish a simplified, two-tier wage determination system. At the first-tier level, a national body consisting of government, employers and workers could be maintained, but would be limited to setting indicative nonbinding wage guidelines. At the second-tier or firm level, collective bargaining should be encouraged. Such firm-level collective bargaining would allow firm- and sector-specific factors to be taken into account, including productivity levels.

References

- Caselli, Francesco, 1999, "Technological Revolutions," *American Economic Review*, Vol. 89 (March), pp.78-102.
- Dowrick, Steve, and Norman Gemmell, 1991, "Industrialization, Catching Up and Economic Growth: A Comparative Study Across the World's Capitalist Economies," *Economic Journal*, Vol. 101 (March), pp. 263-75.
- Coe, David T, 2002, *Mauritius—Selected Issues and Statistical Appendix*, IMF Staff Country Report No. 02/144 (Washington: International Monetary Fund).
- International Monetary Fund, 2003, *World Economic Outlook, April 2003: Growth and Institutions* Washington: (IMF).

Juhn, Chinhui Kevin M., Murphy, K. M. and Brooks Pierce, 1993, "Wage Inequality and the Rise in Returns to Skill," *Journal of Political Economy*," Vol. 101 (June), pp. 410-42.

Katz, Lawrence, and Kevin M. Murphy, 1992, "Changes in Relative Wages, 1963-1987: Supply and Demand Factors," *Quarterly Journal of Economics*, Vol. 107 (February),pp. 35-78.

Solow, Robert. M. 1956, "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics*, Vol. 70 (February), pp. 65-94.

Table 1. Mauritius: GDP Real Growth Rates by Industrial Origin, 1998-2002

(Annual change in percent)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
Agriculture, forestry, hunting, and fishing	-1.5	-25.8	33.3	9.1	-9.6
Sugarcane growing	2.5	-43.9	64.5	13.4	-16.4
Other agriculture	-7.1	3.1	9.4	4.3	-1.0
Mining and quarrying	3.0	3.0	3.0	3.0	-50.0
Manufacturing	6.2	2.0	7.9	4.6	2.2
Sugar milling	2.5	-45.0	64.5	13.5	-16.4
Export processing zone	6.9	6.0	6.0	4.4	2.0
Other manufacturing	5.9	5.1	7.0	4.1	4.0
Electricity, gas, and water	11.7	8.6	23.2	11.2	6.3
Construction	6.0	8.5	7.5	1.5	8.5
Wholesale and retail trade and other retail services	4.6	5.1	3.2	3.2	3.3
Wholesale and retail trade	4.5	5.0	3.0	3.0	3.0
Other retail services	8.0	7.7	8.0	8.0	8.0
Hotels and restaurants	6.0	4.0	13.5	1.0	3.0
Transport, storage, and communications	11.7	7.4	11.4	9.5	8.3
Financial intermediation	8.3	10.3	14.6	11.0	8.3
Insurance	6.5	6.0	5.0	10.0	5.0
Banking and other (including offshore)	9.2	12.2	18.5	11.4	9.2
Real estate, renting, and business activities	5.6	6.2	6.4	7.0	7.2
Ownership of dwellings	3.2	3.2	3.1	3.6	3.0
Other	8.5	9.7	9.9	10.4	10.9
Public administration, defense, and social security	3.6	3.6	4.5	4.0	4.5
Education	6.0	6.4	8.8	4.1	5.6
Health and social work	6.0	7.8	6.1	5.7	5.2
Other services	6.5	7.0	5.3	6.0	8.0
Imputed bank service charges	9.2	12.2	18.5	7.0	9.2
GDP at factor cost	5.8	2.3	9.3	5.8	4.0
Net indirect taxes	7.9	6.0	3.9	-5.8	3.0
GDP at market prices	6.1	2.4	8.6	5.4	3.9

Source: Central Statistics Office, *National Accounts of Mauritius*

Table 2. Mauritius: GDP at Current Prices by Industrial Origin, 1998-2002

(In millions of Mauritian rupees)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
Agriculture, forestry, hunting, and fishing	7,888	5,613	7,144	8,494	7,987
Sugarcane growing	4,842	2,433	3,742	4,704	4,214
Other agriculture	3,046	3,180	3,402	3,790	3,773
Mining and quarrying	125	134	142	150	75
Manufacturing	21,044	22,432	24,702	27,016	28,187
Sugar milling	1,475	546	840	1,057	947
Export processing zone	10,510	11,697	12,523	13,659	13,860
Other manufacturing	9,059	10,189	11,339	12,300	13,380
Electricity, gas, and water	1,485	1,412	1,820	2,634	3,039
Construction	4,982	5,620	6,225	6,540	7,285
Wholesale and retail trade and other retail services	11,330	12,312	13,009	13,779	14,716
Wholesale and retail trade	10,925	11,842	12,464	13,159	14,001
Other retail services	405	470	545	620	715
Hotels and restaurants	4,861	5,630	5,860	7,510	7,418
Transport, storage, and communications	10,241	11,314	13,577	15,251	17,326
Financial intermediation	6,536	7,607	9,556	11,477	11,903
Insurance	2,030	2,220	2,400	2,851	3,252
Banking and other (including offshore)	4,506	5,387	7,156	8,625	8,651
Real estate, renting, and business activities	7,507	8,431	9,372	10,534	11,850
Ownership of dwellings	4,060	4,358	4,672	5,034	5,403
Other	3,447	4,073	4,700	5,500	6,447
Public administration, defense, and social security	5,792	6,402	6,867	7,292	7,892
Education	3,790	4,300	4,833	5,201	5,647
Health and social work	2,378	2,754	3,032	3,310	3,721
Other services	3,318	3,723	4,085	4,500	5,098
Imputed bank service charges	-3,496	-4,356	-5,707	-6,290	-6,967
GDP at factor cost	87,781	93,328	104,517	117,397	125,178
Sugar	6,317	2,979	4,582	5,761	5,161
Nonsugar	81,464	90,349	99,935	111,636	120,018
Net indirect taxes	12,109	14,116	15,012	14,498	16,949
GDP at market prices	99,890	107,444	119,529	131,895	142,127

Source: Central Statistics Office, *National Accounts of Mauritius*

Table 3. Mauritius: Real Growth Rates of Expenditure on GDP, 1998-2002

(Annual change in percent)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
Consumption	5.7	4.2	4.0	3.2	3.2
Private	6.2	3.9	3.5	2.8	2.8
Government	3.5	5.6	6.5	4.8	5.1
Gross fixed capital formation	-6.7	22.1	-8.2	2.7	1.4
Private 1/	-9.1	25.3	-11.5	-2.7	1.4
Government	0.9	13.0	2.3	16.8	1.3
Exports	8.3	1.4	4.0	17.4	-6.6
Goods excluding Freeport activities, f.o.b.	4.0	-3.7	0.1	11.7	-3.6
Freeport activities, f.o.b.	90.3	-18.0	35.5	46.2	-13.1
Nonfactor services	8.8	13.9	6.3	20.6	-9.1
Imports	7.3	4.7	-2.2	6.3	-3.2
Goods excluding Freeport activities, f.o.b.	2.8	9.3	-7.5	1.4	-0.6
Freeport activities, f.o.b.	54.5	-21.4	35.7	46.8	-23.1
Nonfactor services	14.8	-3.1	8.8	12.2	-5.0
GDP at market prices	6.1	2.4	8.6	5.4	2.6

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

1/ Includes purchases of ships and/or aircraft in 1999 and 2001.

Table 4. Mauritius: Expenditure on GDP at Current Prices, 1998-2002

(In millions of Mauritian rupees)

	1998	1999	2000	2001 Rev. Est.
Consumption	75,084	79,903	89,521	96,785
Private	62,436	65,710	73,939	80,112
Government	12,648	14,193	15,582	16,673
Gross fixed capital formation	23,082	29,676	28,069	29,378
Private 1/	17,083	22,540	20,552	20,870
Government	5,999	7,136	7,517	8,508
Increase in stocks	2,556	-1,373	2,611	-1,805
Net exports	-832	-3,762	-672	7,477
Exports	65,711	69,099	73,841	90,463
Goods, f.o.b.	43,711	43,140	45,707	54,846
Nonfactor services	22,000	25,959	28,134	35,617
Imports	66,543	72,861	74,513	82,986
Goods, f.o.b.	49,316	55,498	54,483	59,435
Nonfactor services	17,227	17,363	20,030	23,551
GDP at market prices	99,890	104,444	119,529	131,835
Memorandum items:				
Domestic savings	24,806	24,541	30,008	35,050
Domestic investment	25,638	28,303	30,680	27,573
Resource gap	832	3,762	672	-7,477

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

1/ Includes purchases of ships and/or aircraft in 1999 and 2001.

Table 5. Mauritius: Real Growth Rates of Gross Domestic Fixed Capital Formation, 1998-2002

(Annual change in percent)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
By type of capital goods	-6.7	22.1	-8.2	1.2	1.6
Residential building	5.0	3.3	7.3	5.0	0.4
Nonresidential building	0.4	25.9	11.2	-5.7	30.5
Other construction and works	11.3	-4.8	6.0	10.0	-5.3
Transport equipment					
Passenger cars	7.8	-2.7	-2.5	-2.4	6.9
Other equipment 1/	-69.2	191.0	-65.1	103.0	-45.9
Machinery and other equipment	11.0	17.9	-8.1	-14.3	2.9
By industrial sector	-6.7	22.1	-8.2	12.0	1.6
Agriculture, forestry, hunting, and fishing	10.9	4.1	-22.2	-12.7	6.7
Manufacturing	24.0	5.6	0.0	-9.9	0.3
<i>Of which: export processing zone</i>	8.2	13.0	-5.8	-4.2	-5.0
Electricity, gas and water	42.9	11.7	-28.8	-16.5	2.3
Construction	1.8	-4.2	8.0	-33.1	9.8
Wholesale and retail trade	2.0	9.7	13.7	-9.2	9.0
Restaurants and hotels	17.2	64.1	-0.2	-3.4	12.1
Transport, storage, and communications 1/	-46.1	86.0	-39.9	35.2	-32.5
Financial intermediation	33.5	-6.9	-16.0	76.5	-9.5
Real estate, renting, and business activities	8.0	4.4	8.4	0.3	3.8
Ownership of dwellings	5.0	3.3	7.3	5.0	0.4
Other	39.6	12.9	15.9	-30.5	37.2
Public administration, defense, and compulsory social security	-38.1	36.6	-3.7	-13.0	32.2
Education	-33.3	-16.6	9.7	-2.4	212.5
Health and social work	-4.6	-28.3	45.8	-23.3	49.3
Other services	3.9	-31.9	147.4	-6.6	10.6

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

1/ Includes purchases of ships and/or aircraft in 1999 and 2001.

Table 6. Mauritius: Composition of Gross Domestic Fixed Capital Formation at Current Prices, 1998-2002

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
(In millions of Mauritian rupees)					
By type of capital goods	23,082	29,676	28,069	30,280	30,575
Residential building	5,080	5,460	6,035	6,250	6,685
Nonresidential building	3,870	5,066	5,802	6,210	7,560
Other construction and works	3,080	3,050	3,330	3,680	3,680
Transport equipment	2,665	5,417	2,792	4,540	3,160
Passenger cars	1,295	1,310	1,316	1,340	1,450
Other equipment 1/	1,370	4,107	1,476	3,200	1,710
Machinery and other equipment	8,387	10,683	10,110	9,600	9,550
By industrial sector	23,082	29,676	28,069	30,280	30,575
Agriculture, forestry, hunting, and fishing	790	864	692	655	685
Manufacturing	3,832	4,332	4,464	4,390	4,305
Of which: export processing zone	1,445	1,755	1,702	1,610	1,655
Electricity, gas and water	2,202	2,616	1,918	1,890	1,740
Construction	533	545	606	565	475
Wholesale and retail trade	1,681	1,932	2,263	2,420	2,365
Restaurants and hotels	1,646	2,837	2,915	2,460	3,230
Transport, storage, and communications 1/	3,745	7,321	4,533	6,265	4,400
Financial intermediation	635	629	544	595	925
Real estate, renting, and business activities	5,723	6,239	6,941	6,985	7,600
Ownership of dwellings	5,080	5,460	6,035	6,250	6,685
Other	643	759	906	735	915
Public administration, defense, and compulsory social security	901	1,288	1,278	1,415	1,535
Education	499	440	497	1,255	1,600
Health and social work	307	235	353	350	430
Other services	588	418	1,065	1,035	1,165
(In percent of total)					
By type of capital goods	100.0	100.0	100.0	100.0	100.0
Residential building	22.0	18.4	21.5	20.6	21.9
Nonresidential building	16.8	17.1	20.7	20.5	24.5
Other construction and works	13.3	10.3	11.9	12.2	12.0
Transport equipment	11.5	18.3	9.9	15.0	10.3
Passenger cars	5.6	4.4	4.7	4.4	4.7
Other equipment 1/	5.9	13.8	5.3	10.6	5.6
Machinery and other equipment	36.2	36.0	36.0	31.7	31.2
By industrial sector	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, hunting, and fishing	3.4	2.9	2.5	2.2	2.2
Manufacturing	16.6	14.6	15.9	14.5	14.1
Of which: export processing zone	6.3	5.9	6.1	5.3	5.4
Electricity, gas and water	9.5	8.8	6.8	6.2	5.7
Construction	2.3	1.8	2.2	1.9	1.6
Wholesale and retail trade	7.3	6.5	8.1	8.0	7.7
Restaurants and hotels	7.1	9.6	10.4	8.1	10.9
Transport, storage, and communications 1/	16.2	24.7	16.1	20.7	14.4
Financial intermediation	2.8	2.1	1.9	2.0	3.0
Real estate, renting, and business activities	24.8	21.0	24.7	23.1	24.9
Ownership of dwellings	22.0	18.4	21.5	20.6	21.9
Other	2.8	2.6	3.2	2.4	3.0
Public administration, defense, and compulsory social security	3.9	4.3	4.6	4.7	5.1
Education	2.2	1.5	1.8	4.1	5.2
Health and social work	1.3	0.8	1.3	1.2	1.4
Other services	2.5	1.4	3.8	3.4	3.8

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

1/ Includes purchases of ships and/or aircraft in 1999 and 2001.

Table 7. Mauritius: Sugar Cultivation, Yields, and Output, 1998-2002

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

	1998	1999	2000 Rev.	2001 Rev. Est.	2002 Prov.
Area under cultivation	184.8	187.1	182.3	181.2	...
Miller-planters 2/	96.9	86.6	91.9	91.6	...
Planters	87.9	100.5	90.4	89.6	...
Area harvested 3/	175.3	171.7	173.1	173.4	171.2
Miller-planters 2/	88.4	78.7	85.0	84.1	70.2
Planters	86.9	93.0	88.1	89.3	101.0
Percent harvested	94.9	91.8	95.0	95.7	...
Miller-planters 2/	91.2	90.9	92.5	91.8	...
Planters	98.9	92.5	97.5	99.7	...
Cane yield	33.0	22.6	29.5	33.4	28.5
Miller-planters 2/	36.4	28.0	33.9	37.3	32.7
Planters	29.0	18.1	25.3	39.7	25.6
Cane production	5,781.0	3,882.0	5,109.0	5,792.0	4,874.0
Miller-planters 2/	3,221.0	2,203.0	2,878.0	3,139.0	2,293.0
Planters	2,560.0	1,679.0	2,231.0	2,653.0	2,581.0
Commercial sugar recovered (percent of cane)	10.87	9.62	11.14	11.15	10.68
Sugar yield	3.59	2.17	3.29	3.72	3.04
Sugar production	628.5	373.4	569.3	645.0	645.0
White	4.3	2.4	3.1	5.0	5.0
Raw	624.2	371.0	566.2	640.0	640.0
Sugar accruals 4/	628.6	373.3	569.3	645.6	520.7
Planters	...	...	...	...	...
Miller-planters 5/	...	...	...	...	...
Millers	...	...	...	...	...
Molasses production	168.5	124.7	144.0	174.0	140.8
Memorandum items:					
Sugar production by fiscal year 5/ 6/	620.2	619.1	389.0	583.9	615.3
Of which: local consumption 5/ 7/	3.4	3.7	0.0	0.0	26.4

Sources: Mauritius Chamber of Agriculture; Central Statistics Office; and IMF staff estimates.

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 2001/02, 17,050 tons of sugar were imported for local consumption.

Imports for the 2002/03 period are estimated at 32,000 tons.

Table 8. Mauritius: Sugar Exports, 1997/98-2001/02 1/

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
(in thousands of metric tons)					
Volume shipped	606.0	628.5	378.5	565.0	589.9
European Union	511.8	524.8	368.8	540.0	520.0
United States	22.9	18.5	6.0	5.0	19.8
World market	5.4	4.5	3.7	6.0	6.5
Special Preferential Sugar Agreement 2/	65.9	80.7	0.0	14.0	43.6
(Mauritian rupees per metric ton)					
Unit value	13,348	14,691	14,267	12,844	14,657
European Union	13,875	15,166	14,284	12,900	14,877
United States	10,480	12,703	16,167	17,600	13,333
World market	8,704	9,111	9,459	9,667	10,769
Special Preferential Sugar Agreement 2/	10,637	12,367	0	10,357	13,211
(In millions of Mauritian rupees)					
Value, f.o.b.	8,089	9,233	5,400	7,257	8,646
European Union	7,101	7,959	5,268	6,966	7,736
United States	240	235	97	88	264
World market	47	41	35	58	70
Special Preferential Sugar Agreement 2/	701	998	0	145	576
(U.S. dollars per metric ton)					
Unit value	590.8	591.9	559.2	465.5	487.0
European Union	614.1	611.1	559.9	467.6	494.3
United States	463.8	511.8	633.7	637.9	443.0
World market	385.2	367.1	370.8	350.4	357.8
Special Preferential Sugar Agreement 2/	470.8	498.3	...	375.4	439.0
(In millions of U.S. dollars)					
Value, f.o.b.	358.0	372.0	211.7	263.0	287.3
European Union	314.3	320.7	206.5	252.5	257.1
United States	10.6	9.5	3.8	3.2	8.8
World market	2.1	1.7	1.4	2.1	2.3
Special Preferential Sugar Agreement 2/	31.0	40.2	...	5.3	19.1
(Mauritian rupees per U.S. dollars)					
Conversion factor	22.595	24.819	25.512	27.591	30.095

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 tons of sugar.

Table 9. Mauritius: Ex-Syndicate Sugar Prices, 1997/98-2001/02 1/

(Mauritian rupees per ton)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
Average sugar prices (ex-millers)	11,907	13,250	12,374	11,570	12,835
Average price, after taxes and crop insurance premiums	10,846	12,064	12,374	11,570	12,835
Memorandum items:					
Average SIFB insurance premiums	1,061	1,166	1,797	1,048	1,123
Bagasse proceeds 2/	64	66	120	97	89

Source: Mauritius Sugar Syndicate.

1/ Marketing years.

2/ Paid to planters but not to millers.

Table 10. Mauritius: Revenue and Expenditure of Sugar Estates with Factories, 1998-2002 1/ 2/

(In millions of Mauritian rupees, unless otherwise indicated)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
Production and prices	(Production in thousands of metric tons; and prices in Mauritian rupees per metric ton)				
Sugar output (at 98.5 polarization)					
National total	629	374	569	646	521
Estates with factories	431	266	396	444	367
Sugar price, ex-syndicate 3/	13,254	12,460	11,602	12,740	14,250
Molasses output					
National total	169	127	146	176	141
Estates with factories	99	79	90	109	87
Molasses price	230	145	436	901	500
	(In millions of Mauritian rupees)				
Revenue	6,234	4,991	5,097	6,009	6,032
Sugar 3/	5,709	3,291	4,597	5,652	5,230
Molasses	23	12	39	98	44
Electricity, white sugar, and by-products	266	186	267	252	270
Crop insurance compensation	236	1,502	194	7	488
Operating expenditure	5,384	4,974	5,542	5,828	4,935
Wages and salaries	2,853	2,622	3,042	3,130	2,532
Agricultural workers	1,484	1,367	1,582	1,628	1,317
Nonagricultural workers	799	690	791	876	658
Administrative staff	571	565	669	626	557
Supplies and other charges	2,048	1,914	2,071	2,214	1,932
Supplies	922	759	806	846	773
Interest	246	371	461	530	367
Other charges	881	784	804	838	792
Crop insurance premium and levy	483	438	429	484	471
Operating surplus/deficit (-)	850	17	-445	181	1,096
Depreciation per accounts (-)	-488	-492	-475	-500	-505
Profit/loss (-) on sugar	362	-475	-920	-319	591
Net nonsugar income 4/	934	1,104	632	1,031	900
Receipts	1,300	1,329	905	1,375	1,200
Payments (-)	-366	-225	-273	-344	-300
Overall profit/loss (-)	1,296	629	-288	712	1,491

Table 10. Mauritius: Revenue and Expenditure of Sugar Estates with Factories,
1998-2002 1/ 2/ (concluded)

Table 10. Mauritius: Revenue and Expenditure of Sugar Estates with Factories,
1998-2002 1/ 2/ (concluded)

(In millions of Mauritian rupees, unless otherwise indicated)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
	(In millions of Mauritian rupees, unless otherwise indicated)				
Transfer to modernization and agricultural diversification reserve 5/	-175	0	0	0	0
Special levy 6/	0	0	0	0	0
Memorandum items:					
Income taxes	0	0	0	0	0
Depreciation 7/	712	0	0	0	0
Excess over accounts	252	0	0	0	0
Additions to fixed assets 8/	...	0	0	0	0

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/ 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.
- 4/ Income on other crops and nonagricultural activities.
- 5/ Producers are requested to credit an aggregate amount of MUR 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.
- 6/ The Finance Act of 1996 placed a special levy on the 1996 sugar companies' accounts. The Finance Act of 1997 replaced this by a special contribution.
- 7/ 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).
- 8/ Excluding power station at the Flacq United Estates, Ltd. (FUEL) sugar mill.

Table 11. Mauritius: Nonsugar Agricultural Production, 1998-2002

(In thousands of metric tons, unless otherwise indicated)

	1998	1999	2000 Rev. Est.	2001 Prov.	2002 Proj.
Tea					
Area harvested (in thousands of arpents) 1/	1.6	1.6	1.6	1.6	1.6
Production	8.8	8.5	7.6	8.9	8.4
Green leaf processed	7.3	7.0	6.3	7.4	7.0
Manufactured tea	1.5	1.5	1.3	1.5	1.4
Green leaf yields (tons per hectare)	10.8	10.6	9.5	11.3	11.0
Food crops					
Area harvested (in thousands of arpents) 1/	16.6	14.3	17.4	18.9	18.0
Production	91.6	85.7	114.5	133.5	125.0
Potatoes	15.1	15.7	14.5	18.8	17.6
Irish	14.6	15.3	13.8	18.3	17.0
Sweet	0.5	0.4	0.7	0.5	0.6
Tomatoes	10.7	8.0	9.7	11.7	11.0
Eggplant (brinjal)	2.2	1.7	2.2	2.7	2.5
Bananas	9.3	7.6	8.5	10.1	7.0
Pineapples	1.5	1.0	3.4	6.0	6.0
Groundnuts	0.6	0.3	0.4	0.3	0.4
Maize 2/	0.3	0.2	0.6	0.4	0.4
Manioc	0.2	0.1	0.2	0.2	0.2
Ginger	0.4	0.1	0.5	0.9	1.0
Other 3/	51.3	51.0	74.5	82.4	78.9

Sources: Mauritius Chamber of Agriculture; and Ministry of Agriculture, Food Technology, 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, 1998-2002

	1998	1999	2000 Rev.	2001 Rev.	2002 Prov.
	(Numbers)				
Total firms 1/	495	512	518	522	506
Textiles	275	285	286	286	274
Other	220	227	232	236	232
Total employees 1/	90,116	91,374	90,652	87,607	87,204
Textiles	79,640	80,960	80,001	77,003	76,570
Other	10,476	10,414	10,651	10,604	10,634
	(In millions of Mauritian rupees)				
EPZ investments	1,445	1,755	1,702	1,694	1,655
Plant and machinery	1,355	1,635	1,557	1,380	1,570
Buildings	90	120	145	314	85
EPZ value added					
Current factor cost	10,510	11,697	12,523	13,659	14,346
Factor cost at constant 1992 prices	7,050	7,474	7,922	8,271	8,436

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

1/ As at December.

Table 13. Mauritius: Electricity Production and Consumption, 1998-2002

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
	(In megawatts)				
Plant effective capacity	396.7	425.7	497.9	513.5	513.5
	(In percent of total)				
Hydroelectric effective capacity	13.7	12.8	10.9	10.9	10.9
<i>Of which</i> : purchases 1/	0.1	0.1	0.1	0.1	0.1
Thermal effective capacity	86.3	87.2	89.1	89.1	89.1
<i>Of which</i> : purchases 1/	22.7	21.2	27.2	27.2	27.2
	(In millions of kilowatt-hours)				
Energy generated	1,364.8	1,422.6	1,564.9	1,657.1	1,715.1
Hydroelectric	104.2	29.6	95.3	70.4	85.6
Thermal	1,260.6	1,393.0	1,469.6	1,586.6	1,629.5
Energy purchased from sugar and other factories	256.0	343.8	601.2	710.2	746.6
Energy sold	1,176.4	1,229.3	1,358.5	1,450.0	1,502.0
	(Annual growth in percent, unless otherwise indicated)				
Energy generated	9.0	4.2	10.0	5.9	3.5
Energy purchased from sugar and other factories	72.6	34.3	74.9	18.1	5.1
Energy sold	9.4	4.5	10.5	6.7	3.6
Consumers at year's end (numbers)	293,887	304,029	313,963	321,000	330,323
<i>Of which</i> : domestic (percent of total)	89.1	89.2	89.1	89.6	89.2
Annual percentage increase of consumers	3.3	3.5	3.3	2.2	2.9
Average selling prices (Mauritian cents per kilowatt-hour)	214.0	211.0	230.0	276.0	304.1
	(In millions of Mauritian rupees, unless otherwise indicated)				
Central Electricity Board indicators					
Revenue	2,564.1	2,659.0	3,185.7	4,156.0	4,758.0
Current expenditure	3,533.2	2,839.5	3,469.6	4,040.0	4,575.9
Persons employed (number)	1,816	1,854	1,836	1,807	1,820

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

1/ From sugar mills and other factories generating electricity.

Table 14. Mauritius: Building Permits Issued, 1998-2002 1/

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
Permits issued	(Numbers)				
Total	8,771	8,817	8,867	9,495	9,004
By building type					
Residential	8,302	8,280	8,331	8,999	8,671
New buildings	4,667	4,657	4,538	4,459	4,167
Additions	3,635	3,623	3,793	4,540	4,504
Nonresidential	469	537	536	496	333
By location					
Urban	4,516	4,437	3,856	3,903	3,689
Rural	4,255	4,380	5,011	5,592	5,365
Floor area	(Thousands of square meters)				
Total	1,480	1,546	1,510	1,504	1,539
By building type					
Residential	1,204	1,244	1,170	1,256	1,219
New buildings	839	865	785	794	755
Additions	365	379	385	462	464
Nonresidential	276	302	340	248	320
By location					
Urban	716	731	592	646	651
Rural	764	815	918	858	891

Source: Central Statistics Office.

1/ Includes new buildings and additions for which permits have been issued by municipalities and the central government.

Table 15. Mauritius: Tourist Arrivals, Capacity, and Earnings, 1998-2002

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
Arrivals by country of residence					
Africa	156,864	150,366	163,921	168,522	172,641
Kenya	1,684	1,655	1,801	1,734	1,507
Madagascar	9,213	7,880	7,057	6,674	9,417
Reunion (France)	83,966	83,749	86,945	91,140	96,375
Seychelles	8,529	7,893	9,229	10,687	13,468
South Africa	49,676	46,583	48,683	47,882	42,685
Zimbabwe	3,796	2,606	3,435	3,860	3,185
Other Africa	6,271	5,948	6,771	6,545	6,004
Europe	352,530	378,741	439,989	437,305	451,504
Belgium	8,365	9,586	10,998	10,398	10,579
France	162,775	175,431	198,423	197,595	202,869
Germany	43,826	45,206	52,869	50,866	53,762
Italy	36,614	36,675	39,000	37,343	38,263
Switzerland	16,178	16,281	20,473	18,427	17,371
United Kingdom	52,299	58,683	74,488	77,888	80,667
Other Europe	32,473	36,879	43,738	44,788	47,993
Other	42,530	43,030	52,543	54,491	57,503
Australia	8,913	8,076	8,771	8,790	8,387
India	12,629	13,583	17,241	18,890	20,898
Japan	2,505	2,324	2,389	1,589	1,958
Singapore	3,515	3,661	4,104	3,431	3,114
United States	3,158	3,345	3,704	3,923	4,116
Other	11,810	12,041	16,334	17,868	19,030
All countries	558,195	578,085	656,453	660,318	681,648
Tourism capacity, occupancy, activity, and earnings					
Hotels	90	92	95	95	95
Rooms	7,267	8,255	8,657	9,024	9,623
Beds	14,995	16,947	17,776	18,350	19,597
Occupancy rates for all hotels (percent)					
Room	...	...	...	66	67
Bed	...	...	...	58	59
Nights spent (thousands)	5,568	5,729	6,413	6,528	6,750
Average stay (nights)	10	10	10	10	10
Gross earnings					
In millions of Mauritian rupees	11,890	13,668	14,234	18,166	18,328
In millions of U.S. dollars	496	543	542	624	611
Average earnings per tourist					
In Mauritian rupees	21,301	23,644	21,683	27,511	26,888
In U.S. dollars	888	939	826	944	897

Source: Central Statistics Office.

Table 16. Mauritius: Estimated Labor Force and Employment, 1998-2002 1/

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
(In thousands of persons)					
Population aged 12+ years 2/	911	925.9	937.6	951.2	963.7
Female	461	469.1	475.7	482.8	489.4
Male	450	456.8	461.9	468.4	474.3
Labor force	509.4	519.5	528.6	538.5	541.1
Female	171.9	177.1	181.4	186.4	187.4
Mauritian	165.6	168.6	171.8	175.7	176.8
Foreign	6.3	8.5	9.6	10.7	10.6
Male	337.5	342.4	347.2	352.1	353.7
Mauritian	333.8	338.0	342.2	346.3	347.3
Foreign	3.7	4.4	5.0	5.8	6.4
Employment 3/	475.0	480.5	483.6	490.3	490.0
Large establishments 4/	294.7	297.4	297.7	300.5	296.2
Of which: foreign	10.0	12.9	14.6	16.5	17.0
Female	108.3	109.7	110.5	112.5	108.3
Male	186.4	187.7	187.2	188.0	187.9
Other firms and self	180.3	183.1	185.9	189.8	193.8
Female	49.6	52.2	54.4	56.2	57.6
Male	130.7	130.9	131.5	133.6	136.2
Employment in large establishments by economic activity 4/ 5/	292.8	297.7	297.0	301.2	294.6
Agriculture, forestry, and fishing	...	34.3	32.7	31.3	25.3
Of which: sugar	...	25.9	24.8	23.5	17.6
Mining and quarrying	...	0.2	0.2	0.2	0.2
Manufacturing	...	115.6	115.0	117.0	111.0
Of which: sugar	...	3.9	3.4	3.2	3.1
Of which: EPZ 6/	...	88.9	88.2	90.8	84.5
Electricity, gas, and water	...	3.1	3.0	3.0	3.0
Construction	...	13.6	13.5	13.3	13.0
Wholesale and retail trade	...	16.4	16.5	16.5	17.0
Hotels and restaurants	...	13.0	14.5	16.3	17.1
Transport, storage, and communications	...	16.4	16.1	16.6	17.5
Financial intermediation	...	6.6	6.7	7.1	7.0
Real estate, renting, and business activities	...	8.3	8.9	8.9	8.7
Public administration and defense	...	34.8	34.9	35.7	37.8
Education	...	17.9	17.8	18.3	18.9
Health and social work	...	11.4	11.3	11.0	11.0
Other community, social, and personal service	...	6.2	6.0	6.2	7.1
Unemployment	34.4	39.0	45.0	48.2	51.1
Female	14.0	15.2	16.5	17.7	21.5
Male	20.4	23.8	28.5	30.5	29.6

Table 16. Mauritius: Estimated Labor Force and Employment, 1998-2002 1/ (concluded)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
	(In percent)				
Labor force participation rate	54.8	54.7	54.8	54.9	54.4
Female	36.0	35.9	36.1	36.4	36.1
Male	74.2	74.0	74.1	73.9	73.2
Unemployment rate	6.9	7.7	8.8	9.2	9.8
Female	8.5	9.0	9.6	10.1	12.2
Male	6.1	7.0	8.3	8.8	8.5
Employment growth rate	1.7	1.2	0.6	1.4	-0.1
Female	3.7	2.5	1.9	2.3	-1.7
Male	0.7	0.5	0.0	0.9	0.8

Source: Central Statistics Office, *Survey of Employment and Earnings and Digest of Labour Statistics*.

1/ Data are for the islands of Mauritius and Rodrigues. 2000 and 2001 figures for unemployment and for employment outside large establishments are based on the 2000 Population Census. For 1998-1999 these figures are based on the 1995 Labor Force Sample Survey.

2/ Excludes foreigners.

3/ Average of March and September survey results.

4/ Covers large establishments, i.e., nonagricultural establishments with ten or more employees, all government, sugar plantations of ten hectares or more, tea plantations of two hectares 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 foreign workers. Because of variations in response rates and coverage, some short-term fluctuations are not significant.

5/ At March of each year.

6/ Excludes nonmanufacturing EPZ establishments.

Table 17. Mauritius: Average Earnings by Sector — Monthly Paid Employees, 1998-2002 1/

(Mauritian rupees per employee per month)

	1998	1999	2000	2001	2002
		March			
Agriculture, forestry, and fishing	...	6,146	6,818	7,910	8,927
<i>Of which: sugar</i>	...	5,625	6,268	7,116	7,753
Mining and quarrying	...	10,905	11,427	12,822	13,396
Manufacturing	...	7,105	7,703	8,127	8,566
<i>Of which: export processing zone (EPZ)</i>	...	6,423	6,944	7,194	7,821
Electricity, gas, and water	...	12,157	13,569	15,696	17,819
Construction	...	8,884	10,232	10,278	11,218
Wholesale and retail trade	...	9,098	9,787	11,035	10,958
Hotels and restaurants	...	7,099	7,437	7,819	8,056
Transport, storage, and communications	...	10,508	12,021	12,508	13,377
Financial intermediation	...	13,515	14,814	16,538	17,230
Real estate, renting, and business activities	...	9,937	11,321	12,301	12,499
Public administration and defense	...	9,608	10,208	10,684	11,022
Education	...	10,608	11,256	11,235	11,682
Health and social work	...	10,137	11,290	12,396	12,128
Other community, social, and personal service	...	8,287	8,364	8,683	8,315
Total, large establishments	8,080	8,777	9,579	10,236	10,686
<i>Of which: EPZ</i>	6,395	6,428	6,955	7,242	7,850
Memorandum items:					
Daily paid employees 2/	4,628	4,810	5,174	5,460	5,668
<i>Of which: EPZ 2/</i>	3,770	3,926	4,134	4,498	4,628

Source: Central Statistics Office, *Survey of Employment and Earnings in 'large' establishments*.

1/ Covers large establishments. Employees paid monthly account for approximately two-thirds of such employment and four-fifths of earnings reported. Some short-term fluctuations are not significant due to varying response rates.

2/ Daily earnings converted to a monthly basis by assuming 26 working days in a month.

Table 18. Mauritius: Labor Costs and Productivity, 1998-2002 1/

(Indices, 1982=100)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
Labor cost (1)	785.2	859.9	937.2	1,011.0	1,082.6
Real output (2)	242.6	248.2	271.3	287.0	298.5
Employment (3) 2/	170.9	173.1	169.3	170.6	171.8
Consumer price index (4)	295.0	315.3	328.5	346.3	368.5
Unit labor cost (5) = (1)/(2)	323.6	346.4	345.5	352.2	362.7
Average real wage 3/ (6) = (1)/[(3)*(4)]	155.7	157.5	168.5	171.1	171.0
Labor productivity (7) = (2)/(3)	141.9	143.3	160.2	168.2	173.7

Source: Central Statistics Office, *Digest of Productivity and Competitiveness Statistics* .

1/ Total economy.

2/ Number of persons.

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, 1997/98-2001/02 1/

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

	1997/98	1998/99	1999/00	2000/01	2001/02 Prov.
Premium gasoline					
Import cost, c.i.f.	27.6	25.1	49.4	37.0	27.8
Distribution costs and overheads	1.9	1.9	3.6	5.6	3.6
Taxes	58.7	55.2	109.5	63.0	41.5
Profits (loss -)	11.8	-5.7	-62.5	-5.7	27.1
STC sales price (Mauritian rupees per liter)	11.8	16.6	10.5	16.6	16.6
Retail price (Mauritian rupees per liter)	14.15 2/	14.15 2/	12.80 3/	19.50 4/	19.85 5/
Imports for inland trade (in metric tons)	87,024	93,754	90,101	86,936	95,000
Diesel					
Import cost, c.i.f.	53.0	43.4	85.7	65.8	54.0
Distribution costs and overheads	3.9	3.6	5.6	9.1	5.9
Taxes	34.9	32.4	64.5	25.9	13.3
Profits (loss -)	8.2	20.6	-55.8	-0.8	26.8
STC sales price (Mauritian rupees per liter)	6.0	5.8	5.0	9.3	9.3
Retail price (Mauritian rupees per liter)	7.65 2/	7.65 2/	6.65 3/	11.40 4/	11.60 5/
Imports for inland trade (in metric tons)	139,393	166,377	178,503	196,940	212,000
Kerosene					
Import cost, c.i.f.	68.1	62.1	135.8	93.4	64.8
Distribution costs and overheads	0.7	0.4	5.2	12.0	5.3
Taxes	0.0	0.0	0.0	0.0	0.0
Profits (loss -)	31.3	37.4	-41.0	-5.4	29.8
STC sales price (Mauritian rupees per liter)	4.6	4.6	3.5	7.7	7.7
Retail price (Mauritian rupees per liter)	5.65 2/	5.65 2/	4.55 3/	8.75 4/	8.75 5/
Imports for inland trade (in metric tons)	56,728	54,119	29,186	13,159	30,000
Fuel oil					
Import cost, c.i.f.	60.2	55.4	103.4	118.3	53.2
Distribution costs and overheads	0.8	0.5	1.1	12.2	3.5
Taxes	37.5	42.9	74.3	78.0	34.5
Profits (loss -)	1.4	1.2	-78.7	-108.4	8.8
STC sales price (Mauritian rupees per liter)	3.7	3.7	3.7	3.7	8.2
Imports for inland trade (in metric tons)	125,410	119,042	121,185	95,244	90,000

Source: State Trading Corporation.

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

2/ Effective December 21, 1996.

3/ Effective June 15, 1999.

4/ Effective September 30, 2000.

5/ Effective September 31, 2001.

Table 20. Mauritius: Consumer Price Indices by Major Commodity Groups, January 2000-December 2002 1/

	Weights	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year (Avg.)
(July 1996-June 1997=100)														
2000														
Food and nonalcoholic beverages	36.4	118.6	117.7	118.2	117.7	118.2	118.1	118.1	118.4	118.9	119.4	119.8	120.7	118.6
Alcoholic beverages and tobacco	8.7	153.3	153.3	154.6	154.5	154.7	154.3	155.9	159.1	159.2	159.2	159.2	159.2	156.4
Clothing and footwear	7.9	114.2	114.3	114.3	114.6	114.5	114.8	114.8	115.1	115.5	115.5	115.6	115.6	114.9
Fuel and light	4.4	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0	122.5	121.9	121.9	106.3
Housing and household operations	13.2	112.6	119.2	119.6	119.6	119.7	119.1	120.0	120.0	120.0	118.9	118.9	119.2	118.9
Medical care and health expenses	3.8	122.5	123.5	123.8	123.9	122.5	122.4	123.2	122.9	122.7	123.5	123.6	123.6	123.2
Transport and communications	14.2	117.7	117.5	117.4	117.3	116.9	117.3	117.3	117.3	117.3	129.0	129.3	129.7	120.3
Recreation, entertainment, education, and cultural services	6.0	124.3	124.4	124.6	124.6	125.1	125.0	124.9	124.8	124.7	124.7	124.6	124.6	124.7
Miscellaneous goods and services	5.4	117.0	118.5	119.3	119.7	120.0	120.0	121.1	121.1	121.6	121.9	122.0	122.1	120.4
Total	100.0	120.0	120.6	121.0	120.9	121.0	120.9	121.3	121.7	121.9	124.6	124.8	125.2	122.0
Core inflation (excluding fuel)														
Noncore inflation (fuel)														
Average for fiscal year ended June 30								119.7						
2001														
Food and nonalcoholic beverages	36.4	120.9	121.3	120.8	121.2	121.6	123.4	124.0	124.4	124.6	125.2	126.3	127.3	123.4
Alcoholic beverages and tobacco	8.7	160.3	161.3	161.7	161.7	161.9	166.6	173.0	173.4	173.6	174.0	174.0	176.0	168.1
Clothing and footwear	7.9	115.6	115.7	115.7	115.7	115.7	115.8	116.8	116.8	116.8	116.9	117.1	117.4	116.3
Fuel and light	4.4	121.9	121.9	121.9	121.9	121.9	121.9	121.9	121.9	121.9	121.9	123.8	125.5	122.4
Housing and household operations	13.2	119.3	120.8	121.1	121.1	121.3	121.5	123.0	123.1	123.2	123.6	123.8	124.1	122.2
Medical care and health expenses	3.8	124.6	124.7	125.0	125.4	126.2	127.0	127.4	127.6	127.9	129.4	129.6	130.2	127.1
Transport and communications	14.2	130.7	130.6	130.1	130.5	130.6	130.1	135.2	135.5	135.6	136.1	136.2	136.3	133.1
Recreation, entertainment, education, and cultural services	6.0	129.3	131.6	132.0	132.1	132.5	132.5	132.6	132.6	132.8	132.8	132.8	132.8	132.2
Miscellaneous goods and services	5.4	123.0	123.1	122.8	122.5	122.4	122.1	123.2	123.5	124.1	124.1	124.4	124.6	123.3
Total	100.0	125.9	126.5	126.3	126.5	126.8	127.8	129.7	129.9	130.1	130.5	131.1	131.8	128.6
Average for fiscal year ended June 30								124.9						
2002														
Food and nonalcoholic beverages	36.4	129.2	131.4	133.2	133.8	134.1	133.9							
Alcoholic beverages and tobacco	8.7	176.0	176.0	176.0	176.1	176.1	176.1							
Clothing and footwear	7.9	117.5	117.5	117.7	117.8	117.8	117.8							
Fuel and light	4.4	135.8	135.8	135.8	135.8	135.8	135.8							
Housing and household operations	13.2	126.2	126.5	126.9	127.0	127.1	127.3							
Medical care and health expenses	3.8	130.4	132.1	132.3	132.7	133.4	133.6							
Transport and communication	14.2	136.0	135.7	135.8	135.6	135.7	136.1							
Recreation, entertainment, education, and cultural services	6.0	135.4	140.2	140.3	140.3	140.3	140.3							
Miscellaneous goods and services	5.4	126.8	127.2	127.4	127.7	127.9	128.1							
Total	100.0	133.5	134.7	135.4	135.7	135.9	137.8		139.3	139.6	140.4	140.7	140.7	
(July 2001-June 2002=100)														
	Weights													
Food and nonalcoholic beverages	29.9							103.2	103.2	103.8	103.8	103.6	103.2	
Alcoholic beverages and tobacco	8.6							104.5	104.1	104.6	104.8	104.7	106.2	
Clothing and footwear	6							101.9	102.1	102.1	102.3	102.4	102.5	
Housing, water, electricity, gas and other fuel	9.6							101.8	103.7	103.7	103.7	103.7	103.7	
Furnishings, household equipment and routine household maintenance	8							103.7	103.4	104.2	104.0	104.3	103.6	
Health	2.8							103.8	105.5	105.9	106.8	107.2	107.7	
Transport	13.9							103.4	105.8	105.9	106.3	105.5	105.4	
Communication	3.1							101.2	101.2	101.1	122.6	122.6	121.2	
Recreation and culture	5.3							102.5	102.5	102.5	103.6	103.0	103.6	
Education	2.4							101.7	101.7	101.7	101.7	101.7	101.7	
Restaurants and hotels	5							102.9	103.3	103.5	103.9	105.4	105.6	
Miscellaneous goods and services	5.4							104.2	104.4	104.70	108.1	107.9	107.8	
	100							103.1	103.6	104.00	105.0	104.9	104.8	

Source: Central Statistics Office.

1/ As from July 2002, a new series of the Consumer Price Index (CPI) has been introduced. A new basket of goods and services is used for the computation of this index following the 2001/02 Household Budget Survey.

The commodities in the basket are classified according to the UN CCEP (Classification of Consumption Expenditure according to Purpose).

Table 21. Mauritius: Summary of Government Finances, 1997/98-2001/02 1/

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
(In millions of Mauritian rupees)					
Total revenue and grants	18,501	21,329	23,500	22,707	25,286
Tax revenue	15,686	17,900	20,373	20,189	21,519
Nontax revenue	2,599	3,294	2,966	2,318	3,451
External grants	217	135	161	199	317
Total expenditure and net lending	22,125	24,851	27,810	29,846	33,438
Current expenditure	19,264	21,847	23,379	26,786	27,888
Wages and salaries	6,508	7,457	7,763	8,181	8,787
Other goods and services	1,920	2,180	2,354	2,735	2,984
Interest payments	3,503	3,626	3,856	5,527	4,541
External interest	512	501	453	401	207
Domestic interest	2,992	3,125	3,403	5,125	4,334
Current transfers and subsidies	7,333	8,584	9,406	10,342	11,576
Capital expenditure and net lending 2/	2,761	2,129	3,548	2,325	5,551
Expenditure by the Privatization Fund	100	875	883	735	0
Overall balance after grants	-3,623	-3,522	-4,310	-7,139	-8,152
Financing	3,623	3,522	4,310	7,139	8,152
External (net)	-275	-1,170	-510	-3,584	1,070
Disbursements	531	464	410	349	1,778
Amortization	-805	-1,634	-920	-3,932	-708
Domestic	4,911	4,009	3,547	5,606	7,082
Banking system (net)	1,631	-1,571	2,579	-959	1,314
Nonbank	3,280	5,580	968	6,565	5,768
Sale of equity in state-owned enterprises and residual 3/	-1,013	684	1,274	5,117	0
(Annual change in percent)					
Total revenue and grants	12.3	15.3	10.2	-3.4	11.4
Total expenditure and net lending	-2.2	12.3	11.9	7.3	12.0
(In percent of GDP)					
Total revenue and grants	19.6	20.1	20.9	18.1	18.4
Of which: tax revenue	16.7	16.9	18.1	16.1	15.7
Total expenditure and net lending	23.5	23.4	24.7	23.9	24.4
Current expenditure	20.5	20.6	20.7	21.4	20.3
Capital expenditure and net lending 2/	2.9	2.0	3.1	1.9	4.0
Overall balance after grants	-3.8	-3.3	-3.8	-5.7	-5.9
Overall balance, excluding exceptional factors 4/	-3.7	-4.6	-4.3	-7.1	-6.5
External financing	-0.3	-1.1	-0.5	-2.9	0.8
Domestic financing	5.2	3.8	3.1	4.5	5.2
Of which: banking system	1.7	-1.5	2.3	-0.8	1.0
Sale of equity in state-owned enterprises and residual 3/	-1.1	0.6	1.1	4.1	0.0

Sources: Ministry of Finance; and Bank of Mauritius.

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

2/ From 1996/97 to 1997/98, net lending includes the on-lending of the proceeds from an international floating rate note (FRN) issue of US\$150 million. In 1998/99, it includes the repayment of the FRN on-lending equivalent to 0.8 percent of GDP.

3/ Includes proceeds from the sale of government equity in state-owned enterprises equivalent to 0.9 percent of GDP in 1996/97, and 5.7 percent of GDP in 2000/01.

4/ Exceptional factors include the on-lending of the proceeds from the FRN equivalent to 2.2 percent of GDP in 1996/97; and to 0.1 percent of GDP in 1997/98. They also include the repayment of the FRN on-lending equivalent to 0.8 percent of GDP in 1998/99, and 1.4 percent of GDP in 2000/01, as well as the proceeds from the sale of fixed assets equivalent to 0.5 percent of GDP in 1998/99 and 0.4 percent of GDP in 1999/2000.

Table 22. Mauritius: Revenue and Grants, Budgetary Central Government,
1997/98-2001/02 1/

(In millions of Mauritian rupees)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
Tax revenue	15,686	17,900	20,373	20,189	21,519
Taxes on net income and profits	2,409	2,700	2,881	3,039	3,494
Individuals	1,238	1,363	1,540	1,518	1,619
Corporate	1,171	1,337	1,341	1,521	1,875
Taxes on property	1,102	1,209	1,206	1,324	1,299
Land and real estate	182	213	218	279	250
Financial transactions	919	996	988	1,045	1,049
Registration fees	908	982	960	1,017	1,028
Incorporation and lodging fees	10	10	19	20	12
Mortgages	1	5	9	8	10
Taxes on domestic goods and services	6,007	8,005	9,339	9,466	10,821
Selective excises	1,529	1,776	2,160	2,107	2,299
Alcoholic beverages	682	769	946	927	996
Tobacco	832	1,006	1,213	1,178	1,302
Other	16	1	1	1	1
Taxes on services	1,326	1,136	1,099	957	979
Gambling and lottery profits	705	765	892	859	891
Tourism	620	371	206	98	87
Taxes on use of goods	428	455	476	477	490
Business licenses	135	141	143	126	112
Motor vehicles	292	314	334	351	378
Sales tax on goods/value-added tax	2,724	4,639	5,604	5,925	7,053
Taxes on international trade	6,157	5,973	6,935	6,349	5,893
Import duties	6,157	5,973	6,935	6,349	5,893
Customs duties	6,156	5,972	6,924	6,349	5,893
Stamp duties	2	1	11	0	0
Export duties	0	0	0	0	0
Other tax revenue (stamp duty)	12	13	12	11	13
Nontax revenue	2,599	3,294	2,966	2,318	3,451
Property income	2,074	2,246	1,862	1,660	1,783
Bank of Mauritius	800	825	800	800	1,200
Interest and royalties	537	585	448	351	294
Dividends	441	592	543	426	196
Operating surpluses	252	194	5	12	9
Rent and other	44	50	66	71	85
Other nontax revenue	525	548	604	658	1,059
Fees, charges, and sales	369	385	409	450	591
Fines and forfeits	54	46	65	76	97
Government pension fund	101	114	120	123	131
Miscellaneous	1	4	10	8	240
Total revenue	18,285	21,194	23,339	22,507	24,970
Foreign grants	217	135	161	199	317
Total revenue and grants	18,501	21,329	23,500	22,707	25,286

Source: Ministry of Finance.

1/ Fiscal year from July to June.

Table 23. Mauritius: Functional Classification of Expenditure and Net Lending,
Consolidated Central Government, 1997/98-2001/02 1/

(In millions of Mauritian rupees)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
Total expenditure	21,873	25,556	27,643	31,420	32,941
Public administration and security	4,115	4,608	4,767	5,363	5,722
General public services	2,260	2,384	2,524	2,917	2,906
Defense	189	216	239	253	269
Public order and safety	1,666	2,008	2,004	2,193	2,546
Social services	11,097	12,860	13,951	15,494	18,029
Education	3,507	3,866	3,987	4,357	4,742
Health and sanitation	1,768	2,132	2,256	2,547	2,872
Social security and welfare	4,237	5,140	5,563	6,160	6,670
Housing and community amenities 2/	1,251	1,298	1,704	2,023	3,254
Recreational, cultural, and religious	334	424	441	408	492
Economic services	2,492	3,649	4,192	4,175	3,734
Fuel and energy	11	23	25	23	44
Agriculture, forestry, and fishing	1,052	1,389	1,260	1,329	1,269
Mining, manufacturing, and construction	140	155	174	198	157
Transport and communications	366	1,051	1,102	1,855	881
Other economic services	923	1,031	1,631	770	1,383
Other purposes	4,169	4,439	4,733	6,388	5,456
Public debt interest	3,503	3,626	3,856	5,527	4,541
Transfers to local governments	666	813	877	861	914
Other	0	0	0	0	0
Lending minus repayments 3/	252	-705	167	-1,574	490
Total expenditure and net lending	22,125	24,851	27,810	29,846	33,430

Sources: Ministry of Finance; and Central Statistics Office.

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

2/ Includes water supply.

3/ From 1996/97 to 1997/98, net lending includes the on-lending of the proceeds from an international floating rate note (FRN) issue of US\$150 million. In 1998/99, it includes the repayment of the FRN on-lending equivalent to 0.8 percent of GDP.

Table 24. Mauritius: Transfers and Subsidies by Budgetary Central Government,
1997/98-2001/02 1/

(In millions of Mauritian rupees)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
Subsidies and other current transfers	7,333	8,585	9,406	10,342	11,330
Local governments	666	741	762	790	861
Education	1,521	1,887	1,966	2,143	2,269
Secondary schools	851	1,004	1,047	1,116	1,148
University of Mauritius	360	430	194	208	0
Education Institute	0	0	80	78	0
Gandhi Institute	0	0	103	110	0
College of the Air	0	0	47	55	0
Block grant	127	148	137	142	0
Examination Syndicate	54	69	69	74	0
Other	129	236	290	361	1,121
Public service pensions	1,192	1,362	1,595	1,724	1,797
National Pension Fund	2,508	2,932	3,177	3,507	3,750
Rice and wheat flour	371	369	443	339	400
Domestic crops	55	99	53	64	85
Unemployment fund	0	0	0	1	0
Outdoor relief	26	41	0	0	0
Development Works Corporation (DWC) 2/	103	90	122	115	134
Other current transfers	891	1,063	1,287	1,660	2,034
Capital transfers	773	1,009	1,398	1,737	1,629
Local governments	1	1	0	0	65
Public financial institutions	72	222	191	225	178
Nonfinancial public enterprises	680	777	1,199	1,501	1,373
Aviation, PTT, 3/ and sewerage	257	344	687	851	695
Other	423	433	512	650	679
International organizations	13	2	2	8	9
Other	7	7	7	3	4
Total subsidies and transfers	8,106	9,593	10,804	12,080	12,959

Source: Ministry of Finance.

1/ Fiscal year from July to June.

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

3/ PTT is the postal and telecommunications enterprise.

Table 25. Mauritius: Income and Expenditure of the National Pension Fund,
1996/97-2000/01 1/

(In millions of Mauritian rupees)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
Income	5,245	5,457	6,117	6,887	6,140
Government grant	2,514	2,941	3,267	3,606	3,741
Contributions from employers and employees	846	893	984	1,004	986
Investment income	1,045	1,405	1,718	2,071	1,253
Other income	840	218	148	206	160
Expenditure	2,821	3,271	3,662	4,107	4,236
Noncontributory (basic) pensions	2,506	2,929	3,262	3,598	3,728
Food aid allowance	8	11	6	16	12
Contributory and industrial injury pensions	211	242	280	342	382
Administration and other costs	96	89	114	151	114
Excess of income over expenditure	2,424	2,186	2,455	2,780	1,904
Balance in fund at end of year 2/	14,258	16,444	18,899	21,679	23,583

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, 1997/98-2001/02 1/

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
(In millions of Mauritian rupees)					
Sales revenue	517	528	544	534	533
Ration rice	189	187	195	187	172
Flour	328	341	350	347	361
Total cost	850	875	872	875	932
Ration rice	324	340	369	349	319
Flour	525	535	504	527	613
Purchasing cost	759	828	788	804	857
Ration rice	272	310	320	305	274
Flour	487	519	467	498	583
Other charges	90	46	85	72	75
Ration rice	52	30	48	43	45
Flour	38	17	37	28	31
Balance (deficit = -)	-333	-347	-328	-341	-399
Ration rice	-135	-152	-174	-162	-146
Flour	-198	-194	-154	-180	-253
Financing	333	347	328	341	399
Budgetary transfers	350	347	328	321	0
Other financing 2/	-17	0	0	21	399
Memorandum items: (In metric tons)					
Sales volume					
Ration rice	42,589	40,854	43,778	42,242	39,000
Flour	79,716	83,029	85,279	84,670	88,000
(In Mauritian rupees per metric ton)					
Rice unit values					
Fixed price, initial	4,420	4,420	4,420	4,420	4,420
Fixed price, final	4,420	4,420	4,420	4,420	4,420
Revenue	4,442	4,582	4,449	4,427	4,421
Cost	7,615	8,314	8,420	8,250	8,172
Subsidy	3,172	3,732	3,970	3,823	3,751
Flour unit values					
Fixed price, initial	4,100	4,100	4,100	4,100	4,100
Fixed price, final	4,100	4,100	4,100	4,100	4,100
Revenue	4,111	4,103	4,101	4,098	4,100
Cost	6,590	6,446	5,909	6,219	6,970
Subsidy	2,479	2,342	1,808	2,121	2,870
(Annual change in percent)					
Sales volume					
Ration rice	-18.6	-4.1	7.2	-3.5	-7.7
Flour	1.3	4.2	2.7	-0.7	3.9
(In percent)					
Revenue/total cost ratio	60.8	60.3	62.4	61.0	57.2
Ration rice revenue/cost	58.3	55.1	52.8	53.7	54.1
Flour revenue/cost	62.4	63.7	69.4	65.9	58.8

Source: State Trading Corporation.

1/ Fiscal year from July to June. Ration rice is a variety of rice.

2/ Residual; reflects extrabudgetary financing (overdrafts and acceptances, net of deposits) and timing discrepancies.

Table 27. Mauritius: Financing of Central Government Deficit,
1997/98-2001/02 1/

(In millions of Mauritian rupees)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
External financing (net)	-274	-1,170	-509	-3,584	1,197
Eurocurrency (net)	0	0	0	0	0
Other external (net)	-274	-1,170	-509	-3,584	-1,197
Disbursements by purpose	531	464	411	348	1,925
Nonproject loans	0	0	0	0	1,200
Project loans	531	464	411	348	725
Mixed project and suppliers' credits	0	0	5	34	47
Electric power	2	3	13	46	210
Water and irrigation	100	80	74	182	152
Other agriculture	25	18	0	0	0
Roads, highways, and bridges	21	0	0	0	0
Telecommunications	0	0	0	0	0
Housing projects	31	69	0	0	0
Urban development	0	0	0	0	0
Education	100	94	0	0	21
Environment	183	95	295	67	279
Other projects	68	105	25	20	16
Disbursements by source	531	464	411	368	1,925
Bilateral lenders	227	180	61	184	479
Multilateral agencies	304	284	350	184	1,446
Miscellaneous	0	0	0	0	0
Repayments (-)	-805	-1,634	-920	-3,932	-728
Eurocurrency	0	0	0	0	0
Other loans 2/	-805	-1,634	-920	-3,932	-728
Domestic financing (net)	4,911	4,009	3,546	5,607	7,495
Banking system	1,631	-1,571	2,579	-958	2,500
Bank of Mauritius	1,669	1,893	-1,496	-651	0
Commercial banks	-38	-3,464	4,075	-307	0
Nonbank	3,280	5,580	968	6,565	4,995
Short-term instruments	1,764	6,145	1,605	7,051	0
Long-term instruments	1,516	-565	-638	-486	0
Residual 3/	-1,013	684	1,274	5,117	0
Total financing	3,623	3,522	4,310	7,139	8,152

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

1/ Fiscal year from July to June.

2/ Includes the partial repayment of US\$33 million of the floating rate note in 1998/99.

3/ Reflects differences of coverage and valuation, as well as timing; includes proceeds from the sale of government equity in state-owned enterprises equivalent to 5.7 percent of GDP in 2000/01.

Table 28. Mauritius: Government Domestic Nonbank Debt Outstanding by Holder, 1997/98-2001/02 1/

(In millions of Mauritian rupees; end of period)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
National Pension Fund	5,896	8,385	8,535	12,820	14,707
Short term	1,421	4,166	4,418	6,937	8,885
Long term	4,474	4,219	4,117	5,883	5,822
Post Office Savings Bank	180	173	160	236	403
Short term	14	36	24	112	279
Long term	166	137	137	124	124
State Insurance Corporation of Mauritius (SICOM)	1,282	1,355	2,081	3,620	4,620
Short term	231	629	1,391	2,272	3,358
Long term	1,051	726	690	1,348	1,262
Insurance companies	904	940	679	1,489	2,143
Short term	626	695	494	1,298	1,990
Long term	278	245	185	191	153
Sugar Insurance Fund Board (SIFB) 2/	131	400	385	874	1,297
Short term	131	400	385	874	1,297
Long term	0	0	0	0	0
National Savings Fund (NSF) 3/	621	969	989	2,092	2,486
Short term	494	842	862	1,738	2,132
Long term	127	127	127	354	354
Employees' Welfare Fund (EWF) 3/	127	379	372	516	495
Short term	104	356	349	493	472
Long term	23	23	23	23	23
Independence and Republic bonds 4/	2,375	2,375	2,079	0	0
Short term	0	0	0	0	0
Long term	2,375	2,375	2,079	0	0
Consolidated Sinking Fund (CSF) 5/	1,441	2,018	2,074	323	558
Short term	0	500	700	0	0
Long term	1,441	1,518	1,375	323	558
Others	2,753	4,294	4,901	6,850	6,915
Short term	2,706	4,246	4,853	6,802	6,823
Long term	48	48	48	48	92
Total	15,708	21,287	22,255	28,820	33,624
Short term	5,725	11,870	13,475	20,526	25,236
Long term	9,983	9,417	8,780	8,294	8,388
Memorandum items:					
Changes during year (total)	3,280	5,580	968	6,565	4,804
Short term	1,764	6,145	1,605	7,051	4,710
Long term	1,516	-565	-638	-486	94

Sources: Ministry of Finance; and IMF staff estimates.

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, subscribe to the Independence and Republic bonds.

5/ Fund for payment of government debt.

Table 29. Mauritius: External Debt of Central Government — Disbursements,
1997/98-2001/02 1/

(In millions of Mauritian rupees)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
All bilateral lenders	226.9	179.7	60.6	184.3	473.0
Governments	221.9	176.9	34.5	46.3	192.0
People's Republic of China	50.6	2.4	0.0	0.0	0.0
Flacq hospital	0.0	0.0	0.0	0.0	0.0
Housing	30.8	2.4	0.0	0.0	0.0
Recreation center	19.8	0.0	0.0	0.0	0.0
France	69.4	107.0	18.0	3.4	109.0
Small-scale irrigation project	0.0	0.0	0.0	0.0	0.0
Goodlands district water supply	51.6	49.8	0.0	0.0	0.0
Hotel catering school	9.3	0.0	0.0	0.0	0.0
Lycee Polytechnique, Rose Hill	7.0	30.0	0.0	0.0	21.0
Northern Plain irrigation project	1.4	22.2	15.5	0.8	10.0
Grand Baei sewerage project	0.0	5.0	2.5	2.6	78.0
India (lines of credit for development projects and supplies)	0.5	0.0	5.1	32.1	43.0
Japan	101.6	67.5	11.4	10.8	40.0
Telecommunications	0.0	0.0	0.0	0.0	0.0
La Butte drainage and soil consolidation project	101.6	67.5	11.4	10.8	40.0
Other bilateral agencies	4.9	2.8	26.1	138.0	281.0
Kuwait Fund	4.9	2.8	26.1	49.1	6.0
Water project	2.5	0.0	13.6	39.9	6.0
Fort George power station	2.4	2.8	12.5	9.2	0.0
Other	0.0	0.0	0.0	0.0	0.0

Table 29. Mauritius: External Debt of Central Government — Disbursements,
1997/98-2001/2002 1/ (concluded)

(In millions of Mauritian rupees)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
Multilateral agencies	303.8	284.2	349.9	161.8	238.0
Arab Bank for Economic Development in Africa	0.0	66.8	177.9	89.1	76.0
Industrial credit	0.0	0.0	0.0	0.0	0.0
Housing rehabilitation	0.0	66.8	133.4	0.0	5.0
Water works	0.0	0.0	44.5	23.7	6.0
Midlands dam	0.0	0.0	0.0	65.4	65.0
African Development Bank/Fund	34.0	0.0	0.0	0.0	0.0
Bridge project	0.0	0.0	0.0	0.0	0.0
Rose Belle rehabilitation	12.7	0.0	0.0	0.0	0.0
Third highway project	21.3	0.0	0.0	0.0	0.0
Education project	0.0	0.0	0.0	0.0	0.0
Mauritius and Rodrigues sewerage	0.0	0.0	0.0	0.0	0.0
European Development Fund	44.8	8.7	118.2	0.0	130.0
Prime Minister's rock removal scheme	0.0	0.0	0.0	0.0	0.0
Agricultural and industrial credits	0.0	0.0	0.0	0.0	0.0
Water projects	44.4	8.3	0.0	0.0	0.0
Regional meteorological project	0.5	0.4	0.5	0.0	0.0
Baei du Tombeau sewerage project	0.0	0.0	117.7	0.0	130.0
International Bank for Reconstruction and Development	169.2	202.7	53.8	72.7	32.0
Environmental program	24.6	5.3	0.0	0.0	0.0
Debt and liquidity management improvement project	0.0	0.0	0.0	0.3	0.0
Agricultural management services	12.4	18.0	0.0	0.0	0.0
Sugar (bagasse) energy development project	0.0	0.0	0.0	0.0	0.0
Third education project	50.8	46.0	0.0	0.0	0.0
Vocational training	10.4	1.4	0.0	0.0	0.0
Technology development project	27.0	23.3	9.8	0.0	0.0
Higher- and technical education project	22.1	16.5	0.0	0.0	0.0
Freeport project	21.2	80.8	14.4	19.3	7.0
Sewerage and sanitation	0.8	11.4	29.6	53.1	25.0
Nordic Investment Bank/Development Fund	55.9	6.0	0.0	0.0	0.0
Environmental program	55.9	6.0	0.0	0.0	0.0
Fort George power station	0.0	0.0	0.0	0.0	0.0
Miscellaneous sources (international floating rate note)	0.0	0.0	0.0	2.2	0.0
Total disbursements	530.7	463.9	410.5	348.3	711.0

Source: Ministry of Finance.

1/ Fiscal year from July to June.

Table 30. Mauritius: Consolidated Monetary Survey, June 1998-December 2002

	1998	1999	2000		2001		2002	
	June	June	June	Dec.	June	Dec.	June	Dec.
(In millions of Mauritian rupees)								
Net foreign assets	21,359	22,556	25,204	33,535	31,748	35,754	40,531	44,027
Monetary authorities	15,109	15,784	17,950	25,347	23,077	25,763	30,469	36,178
Commercial banks	6,249	6,772	7,254	8,188	8,671	9,992	10,062	7,850
Domestic credit	68,280	77,541	88,128	85,972	92,821	98,689	100,323	105,634
Claims on government (net)	17,495	15,924	18,503	13,586	17,544	19,515	18,858	20,764
Monetary authorities	2,583	4,476	2,980	-1,225	2,329	1,453	-3,227	-7,650
Commercial banks	14,912	11,448	15,522	14,810	15,215	18,062	22,085	28,414
Claims on private sector 1/	50,785	61,618	69,626	72,387	75,277	79,175	81,465	84,871
Broad money (M2)	70,836	80,172	88,910	94,871	97,720	105,241	110,440	118,357
Money (M1)	10,150	10,905	11,065	13,297	12,711	15,452	15,131	18,157
Quasi money	60,686	69,267	77,846	81,574	85,009	89,789	95,308	100,200
Money market instruments	0	0	0	0	0	0	0	0
Other items (net)	18,802	19,925	24,421	24,636	26,849	29,202	30,414	31,305
(Annual change in percent)								
Domestic credit	28.3	13.6	13.7	4.8	5.3	14.8	8.1	7.0
Claims on government (net)	10.3	-9.0	16.2	-23.3	-5.2	43.6	7.5	6.4
Claims on private sector 1/	35.9	21.3	13.0	12.6	8.1	9.4	8.2	7.2
Broad money (M2)	17.4	13.2	10.9	9.2	9.9	10.9	13.0	12.5
Money (M1)	14.4	7.4	1.5	10.8	14.9	16.2	19.0	17.5
Quasi money	17.9	14.1	12.4	9.0	9.2	10.1	12.1	11.6
(Annual change in percent of beginning-of-period broad money)								
Net foreign assets	-0.1	1.7	3.3	8.6	7.4	2.3	9.0	7.9
Domestic credit	24.9	13.1	13.2	4.6	5.3	13.4	7.7	6.6
Claims on government (net)	2.7	-2.2	3.2	-4.8	-1.1	6.2	1.3	1.2
Claims on private sector 1/	22.2	15.3	10.0	9.3	6.4	7.2	6.3	5.4
Broad money (M2)	17.4	13.2	10.9	9.2	9.9	10.9	13.0	12.5
Velocity (GDP/M2)	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2

Sources: Bank of Mauritius; and IMF staff estimates.

1/ Including claims on public enterprises.

Table 31. Mauritius: Summary Accounts of the Bank of Mauritius, June 1998-December 2002

(In millions of Mauritian rupees; end of period)

	1998	1999	2000		2001		2002	
	June	June	June	Dec.	June	Dec.	June	Dec.
Net foreign assets	14,871	15,296	17,445	24,821	22,550	25,210	29,892	35,603
Foreign assets	14,897	15,314	17,455	24,840	22,561	25,220	29,917	35,621
Foreign liabilities	-26	-19	-11	-19	-11	-10	-25	-18
Claims on government (net)	2,451	4,576	3,079	-1,128	2,427	1,548	-3,135	-7,557
Treasury bills	745	1,320	1,852	1,441	1,350	994	1,172	1,225
Government securities	161	3	47	46	984	1,178	770	479
Advances	1,458	3,162	1,089	671	0	0	0	0
Other 1/	134	134	134	134	134	134	134	134
Government deposits	-47	-42	-43	-3,421	-42	-758	-5,211	-9,394
							0	0
Claims on commercial banks	250	250	623	250	253	660	1,875	2,171
Reserve money	8,580	10,344	9,765	11,764	11,342	12,990	12,920	14,921
Currency outside banks	4,651	4,876	5,172	6,648	5,735	7,329	6,467	8,286
Currency with banks	1,384	2,000	1,557	2,506	1,727	3,063	2,067	3,182
Bankers' deposits	2,556	3,448	3,024	2,524	3,790	2,450	4,240	3,342
<i>Of which: non-interest-bearing deposits</i>	0	0	0	0	0	0	0	0
Banks' holdings of Bank of Mauritius bills	0	0	0	0	0	0	0	0
Private sector demand deposits	9	21	12	86	90	148	147	112
Money market instruments	0	0	0	0	0	0	0	0
Other items (net)	8,992	9,777	11,382	12,180	13,888	14,428	15,711	15,296
Memorandum items:								
Monetary authorities								
Reserve position with the Fund	238	488	505	526	527	553	577	575
Claims on government (net) 2/	2,583	4,476	2,980	-1,225	2,329	1,453	-3,227	-7,650

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 1998-December 2002

(In millions of Mauritian rupees; end of period)

	1998	1999	2000		2001		2002	
			June	Dec.	June	Dec.	June	Dec.
Net foreign assets	6,249	6,772	7,254	8,188	8,671	9,992	10,062	7,850
Reserves	3,920	5,448	4,582	5,030	5,516	5,513	6,307	6,523
<i>Of which: holdings of Bank of Mauritius bills</i>	0	0	0	0	0	0	0	0
Claims on government (net)	14,912	11,448	15,522	14,810	15,215	18,062	22,085	28,414
Government securities	3,835	3,883	3,422	3,034	2,503	2,037	1,946	2,183
Treasury bills	11,368	7,959	12,706	11,967	13,063	16,121	20,566	26,465
Loans and advances	0	0	0	0	0	0	0	0
State Trading Corporation rice and flour credit	153	83	1	0	98	129	0	0
Government deposits	-444	-477	-606	-191	-449	-225	-426	-234
Claims on private sector	49,941	60,106	67,272	70,570	74,016	77,892	79,976	83,977
Sugar industry	3,077	3,437	4,035	4,536	5,130	...	...	...
Export processing zone	5,859	5,958	6,037	6,292	6,713	...	...	...
Other industries	7,157	7,433	7,902	8,577	8,110	...	...	...
Personal, professional, and housing	10,726	12,955	13,413	13,993	14,527	...	...	...
Traders	8,490	9,815	8,990	9,285	9,778	...	...	...
Others	14,633	20,508	26,894	27,888	29,757	...	...	...
Claims on other banklike institutions	844	1,511	2,354	1,817	1,261	1,283	1,489	894
Demand deposits	5,490	5,293	5,881	6,564	6,885	7,975	8,518	9,759
Time and savings deposits	60,686	69,267	77,846	81,574	85,009	89,789	95,308	100,200
Credit from the Bank of Mauritius	250	250	623	250	253	660	1,875	2,171
Other items (net)	9,441	9,760	12,633	12,027	12,531	14,316	14,219	15,527

Source: Bank of Mauritius.

Table 33. Mauritius: Summary Accounts of Offshore Banks, 1998-2002

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

	1998	1999	2000	2001	2002
Assets	1,780.7	3,121.1	4,024.8	3,710.4	4,320.6
Amounts due from banks	1,249.7	2,127.1	2,107.1	1,951.1	2,040.0
Loans and advances	462.5	883.5	1,688.0	1,468.0	2,062.6
Fixed assets	1.0	1.4	1.4	1.3	1.9
Other assets	67.5	109.1	228.3	290.0	216.1
Liabilities	1,780.7	3,121.1	4,024.8	3,710.4	4,320.6
Capital/paid-up capital	98.5	140.0	156.8	119.3	136.4
Nonbank deposits	882.9	1,334.3	1,693.0	1,586.2	2,030.5
Deposits and balances of other banks	568.8	1,287.7	1,687.6	1,681.3	1,794.9
Other liabilities	230.4	359.0	487.4	323.6	358.8
Contingent liabilities	155.9	282.9	373.3	448.4	477.1

Source: Bank of Mauritius.

Table 34. Mauritius: Principal Interest Rates, 1998-2002

(In percent per annum)

	June 1998		June 1999		June 2000		June 2001		June 2002	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Lending rates										
Bank of Mauritius										
Bank rate	9.02	9.18	12.55	12.66	9.41	10.65	...	11.14	...	10.12
Rediscount facilities	...	...	...	...	...	...	...	...	0.00	...
Lombard rate	...	...	...	...	...	11.50	...	12.00	...	11.50
Commercial banks										
Mauritius Sugar Syndicate	11.00	13.00	12.00	13.50	9.50	12.50	10.00	11.50	10.00	16.00
Sugar industry	11.25	18.00	10.00	18.00	9.63	17.50	10.25	17.50	10.00	21.00
Other agriculture	11.50	19.50	11.25	19.50	10.00	18.50	10.50	18.75	10.00	21.00
Export processing zone	11.50	18.50	10.00	20.00	10.00	18.50	10.00	18.50	9.00	21.00
Development certificates	11.50	17.50	11.75	17.00	10.00	17.00	10.50	17.00	10.00	14.75
Small-scale industries	11.50	19.50	12.50	20.00	10.00	20.00	10.50	20.00	10.00	21.00
Transport	12.25	19.50	11.00	19.50	11.00	19.50	11.00	19.50	10.00	21.00
Hotels	12.50	18.00	12.50	18.50	11.00	18.00	10.50	17.50	9.25	21.00
Other industries and manufacturers	12.50	19.50	10.75	20.50	10.00	19.50	10.50	19.50	8.50	21.00
Statutory and parastatal bodies	13.00	16.50	12.50	16.50	11.25	15.50	11.50	16.50	10.75	21.00
Housing	11.50	19.50	12.00	20.50	10.00	20.50	10.50	20.50	10.00	20.75
Traders	14.00	21.00	10.00	20.50	10.00	20.50	10.00	20.50	10.00	21.50
Stockbrokers	16.00	17.50	11.00	18.50	13.75	16.50	14.50	16.50	10.75	15.50
Financial institutions	16.00	17.50	12.00	18.50	12.00	17.00	11.00	16.50	10.00	21.00
Personal and professional	13.50	19.50	10.00	24.00	10.00	20.50	10.50	20.50	10.00	21.50
Other customers	14.50	19.50	10.00	20.50	10.00	20.50	11.00	20.50	10.00	21.00
Deposit rates										
Savings	8.00	8.00	9.00	9.00	6.50	8.50	...	7.00	6.50	6.50
Seven days' notice	8.00	9.00	8.25	10.00	5.75	9.25	7.00	9.00	6.50	10.00
Fixed deposits										
Up to 3 months	8.00	10.00	9.00	11.50	6.50	9.87	7.00	8.75	6.50	9.50
Exceeding 3 and up to 6 months	8.00	10.00	9.00	11.25	6.50	9.75	7.13	9.30	6.50	9.50
Exceeding 6 and up to 12 months	8.25	10.00	9.00	12.00	6.88	10.75	7.25	11.40	6.50	11.50
Exceeding 12 and up to 18 months	8.37	10.00	9.50	12.00	7.50	10.00	7.38	11.00	6.50	11.50
Exceeding 18 and up to 24 months	8.50	10.00	9.38	11.50	7.50	10.50	7.50	11.00	7.00	12.00
Exceeding 24 and up to 36 months	8.25	10.00	9.63	12.00	8.00	11.00	7.63	11.25	6.75	13.00
Exceeding 36 and up to 48 months	9.00	11.00	9.63	12.00	8.00	11.25	7.75	11.50	7.25	13.50
Over 48 months	9.00	14.00	9.75	11.25	8.75	10.00	8.00	11.50	7.25	13.25
Treasury bill rate 1/										
3 month	9.15		12.77		8.93		9.44		8.98	
6 month	9.04		12.98		10.25		9.99		9.54	
12 month	9.02		13.10		10.55		11.65		10.61	

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, 1997/98-2001/02 1/

(In millions of Mauritian rupees)

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
Current account	-2,617	-1,620	-1,753	4,257	7,169
Goods	-9,274	-9,071	-12,344	-6,977	-6,596
Exports, f.o.b.	36,277	41,702	38,845	45,222	47,636
Sugar	8,089	9,226	5,446	7,529	8,810
Export processing zone (EPZ)	24,121	28,179	29,879	32,476	33,273
Other	4,067	4,297	3,520	5,217	5,553
Imports, f.o.b.	-45,551	-50,773	-51,189	-52,199	-54,232
Imports, c.i.f.	-49,322	-54,076	-55,049	-56,204	-58,139
Rice and flour	-1,187	-1,106	-1,245	-1,167	-1,339
Petroleum	-2,833	-2,700	-4,528	-5,891	-5,547
EPZ	-15,563	-16,175	-15,836	-16,771	-16,785
Other	-29,739	-34,095	-33,440	-32,375	-34,468
Of which: aircraft and ships	-2,473	-2,700	0	-398	-1,575
Services (net)	4,364	5,771	9,037	9,159	12,038
Transportation	-1,893	-1,006	-1,095	-1,003	-400
Credit	4,688	5,060	5,335	6,401	7,238
Debit	-6,581	-6,066	-6,430	-7,404	-7,638
Travel	6,956	8,127	9,605	10,691	12,379
Credit	11,026	12,764	14,344	15,527	19,045
Debit	-4,070	-4,637	-4,739	-4,836	-6,666
Other services	-699	-1,350	527	-529	59
Credit	4,682	6,211	7,947	9,360	9,396
Debit	-5,381	-7,561	-7,420	-9,889	-9,337
Income	-416	-589	-895	336	-248
Credit	1,127	967	776	2,018	1,808
Debit	-1,543	-1,556	-1,671	-1,682	-2,056
Current transfers (net)	2,709	2,269	2,449	1,739	1,975
Capital and financial account	1,667	291	-2,643	-2,639	-7,759
Capital account	-15	-16	-12	-40	-30
Financial account	1,682	307	-2,631	-2,599	-7,729
Direct investment	1,012	466	323	5,443	1,458
Abroad	-221	-292	-300	-129	-44
In Mauritius	1,233	758	623	5,572	1,502
Portfolio investment (net)	-636	714	-590	-3,834	-600
Other investment	-950	-198	-198	919	-1,195
Assets	-2,530	-2,799	1,499	492	-302
Liabilities	1,580	2,601	-1,697	427	-893
Long-term liabilities	1,314	552	-1,824	492	-1,121
Government (net)	-275	-372	-510	-458	1,070
Other public sector (net)	1,851	1,354	-1,081	1,026	-1,554
Other long-term liabilities	-262	-430	-233	-76	-637
Short-term liabilities	266	2,049	127	-65	228
Reserve assets (increase -)	2,256	-675	-2,166	-5,127	-7,392
Net errors and omissions	950	1,329	4,396	-1,618	590

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, 1998-2002

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
(In millions of Mauritian rupees)					
Total exports, f.o.b.	39,329	39,160	39,072	45,622	52,520
Sugar	8,907	7,602	5,544	8,557	8,528
Export processing zone (EPZ)	26,075	29,131	30,961	33,695	33,502
Cut flowers (non-EPZ)	136	124	133	139	120
Chemicals (non-EPZ)	203	242	311	289	260
Other	2,441	606	660	996	1,104
Reexports ^{1/}	1,567	1,455	1,463	1,946	9,006
Total imports, c.i.f.	49,742	53,929	54,928	57,835	64,891
Food and live animals	6,826	6,761	6,948	8,237	11,223
Beverages and tobacco	312	527	369	302	490
Crude materials, except fuels	1,931	1,667	1,654	1,787	1,813
Mineral fuels, lubricants, etc.	3,145	4,046	6,450	6,504	6,709
Animal and vegetable oils and fats	594	569	455	472	627
Chemicals	3,890	3,882	4,260	4,780	5,005
Manufactured goods	17,251	17,036	17,570	17,616	18,722
Machinery and transport equipment	11,369	14,445	12,427	13,004	13,799
Miscellaneous manufactures	4,233	4,842	4,710	5,000	6,338
Other	191	154	85	133	165
(Index, 1992=100; in Mauritian rupees)					
Price indices					
Unit value of exports	160	158	157	160	...
Unit value of imports	146	156	161	173	...
Terms of trade	109	101	97	92	...
(In millions of Mauritian rupees)					
Memorandum items:					
Ships' stores and bunkers					
Exports, f.o.b.	722	865	1,810	1,937	2,184
Imports, c.i.f.	0	0	0	0	0

Source: Central Statistics Office.

^{1/} As from 2002 Mauritian trade statistics include transactions of the Mauritius Freeport under "Other exports".

Table 37. Mauritius: Pattern of Trade and Direction of Exports of the
Export Processing Zone (EPZ), 1998-2002

(In millions of Mauritian rupees)

	1998	1999	2000	2001 Rev. Est.	2002 Prov.
Total EPZ exports by commodities, f.o.b.	26,075	29,131	30,961	26,747	33,503
Clothing	21,121	23,003	24,590	18,668	25,657
Other textiles	1,062	1,829	1,914	2,473	1,289
Pearls and precious stones	446	624	822	853	1,028
Watches and clocks	508	585	498	407	333
Optical goods	206	204	178	196	154
Toys, games, and sporting goods	78	165	179	177	187
Jewelry, gold, and silver goods	327	361	443	578	864
Fish and fish preparations	939	952	945	1,800	2,021
Other	1,388	1,408	1,392	1,595	1,970
Total EPZ exports by direction of exports, f.o.b.	26,075	29,131	30,961	33,795	33,502
European Union (EU) countries	17,690	19,214	19,845	21,041	20,915
Belgium	647	833	809	7,972	7,752
France	6,259	6,911	7,510	643	733
Germany	1,922	1,567	1,339	1,463	1,147
Netherlands	784	886	602	173	113
Sweden	134	108	155	7,169	7,843
United Kingdom	5,488	6,289	6,622	744	756
Other	2,456	2,620	2,808	2,877	2,571
Non-EU countries	8,385	9,917	11,116	12,754	12,587
Hong Kong S.A.R.	87	98	124	85	109
United States	6,053	6,824	7,715	8,804	9,866
Other	2,245	2,995	3,277	3,865	2,612
Total EPZ imports by commodities, c.i.f.	16,179	15,735	16,399	17,140	16,977
Materials	14,693	13,891	14,700	15,637	15,319
Yarn and fabrics	8,888	8,931	9,313	9,319	8,598
Other	5,805	4,960	5,387	6,318	6,721
Machinery	1,486	1,844	1,699	1,503	1,658

Source: Central Statistics Office.

Table 38. Mauritius: Medium- and Long-Term External Debt, June 1998-December 2002 1/

(In millions of Mauritian rupees; end of period)

	1998	1999	2000		2001		2002	
	June	June	June	Dec.	June	Dec.	June	Dec. Prov.
Total	29,694	30,454	28,767	27,989	28,056	28,466	29,634	29,242
Public sector	25,748	26,938	25,483	24,687	24,848	25,649	27,062	26,935
Central government	10,751	10,037	9,891	6,795	6,816	6,998	8,465	8,338
International agencies	4,332	4,284	4,197	4,176	4,186	4,165	5,515	5,462
IMF credit	0	0	0	0	0	0	0	0
Other	4,332	4,284	4,197	4,176	4,186	4,165	5,515	5,462
Governments	2,673	2,701	2,541	2,538	2,547	2,750	2,871	2,801
Other lenders	3,746	3,052	3,153	81	83	83	79	75
Parastatal bodies	14,997	16,901	15,592	17,892	18,032	18,651	18,597	18,597
International agencies	1,629	1,953	1,899	1,940	1,996	1,978	1,665	1,537
Governments	5,889	5,846	5,159	5,234	5,019	4,946	4,997	4,903
Other lenders	7,479	9,102	8,534	10,718	11,017	11,727	11,935	10,842
Private sector	3,946	3,516	3,284	3,302	3,208	2,817	2,572	2,307

Source: Ministry of Finance.

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

Table 39. Mauritius: External Debt-Service Payments, 1997/98-2001/02 1/

	1997/98	1998/99	1999/00	2000/01 Rev. Est.	2001/02 Prov.
(In millions of Mauritian rupees)					
Government loans (1)	1,334	2,147	1,385	4,351	949
Principal	805	1,634	920	3,932	708
Interest and other charges	529	513	465	419	241
Parastatal bodies (2)	2,169	2,318	3,574	2,659	4,945
Principal	1,452	1,500	2,670	1,703	4,002
Interest and other charges	717	818	904	956	943
Total public debt (1+2)	3,503	4,465	4,959	7,010	5,894
Principal	2,257	3,134	3,590	5,635	4,710
Interest and other charges	1,246	1,331	1,369	1,375	1,184
Private sector debt (3)	470	505	264	505	1,170
Principal	422	469	256	490	1,152
Interest and other charges	48	36	8	15	18
Debt service, excluding IMF (1+2+3)	3,973	4,970	5,223	7,515	7,064
Principal	2,679	3,603	3,846	6,125	5,862
Interest and other charges	1,294	1,367	1,377	1,390	1,202
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)	3,973	4,970	5,223	7,515	7,064
Principal	2,679	3,603	3,846	6,125	5,862
Interest and other charges	1,294	1,367	1,377	1,390	1,202
(In percent of exports of goods and services)					
Debt-service ratios					
Total debt service (including IMF)	7.0	7.6	7.9	9.8	8.5
Principal	4.7	5.5	5.8	8.0	7.0
Interest and other charges	2.3	2.1	2.1	1.8	1.4
(In millions of Mauritian rupees)					
Memorandum item:					
Exports of goods and services	56,673	65,737	66,471	76,510	83,315

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, 1990-2002

(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	150.1	120.4
1997	79.0	99.2	160.3	125.5
1998	72.7	95.5	171.2	131.5
1999	70.3	97.8	183.0	139.1
2000	73.2	104.0	190.7	141.9
2001	69.3	101.6	201.0	146.5
2002	66.4	102.4	212.7	154.2
1998 I	0.0	98.7	165.7	128.1
1998 II	0.0	95.7	169.6	130.5
1998 III	0.0	95.8	172.6	132.3
1998 IV	98.4	92.0	177.1	135.3
1999 I	69.3	94.9	179.4	136.9
1999 II	71.1	98.5	182.0	138.6
1999 III	70.7	99.1	184.6	140.2
1999 IV	70.2	98.8	186.2	140.7
2000 I	71.6	101.2	188.1	141.2
2000 II	73.6	104.2	189.5	141.5
2000 III	74.2	104.6	190.1	141.0
2000 IV	73.4	105.8	195.3	144.0
2001 I	70.0	101.1	197.3	144.4
2001 II	71.2	103.2	198.6	145.0
2001 III	68.5	101.2	203.1	147.6
2001 IV	67.6	100.9	205.0	149.1
2002 I	69.1	104.7	210.3	151.5
2002 II	66.8	102.1	212.4	152.8
2002 III	64.9	100.8	216.6	155.2
2002 IV	64.9	102.2	...	157.4
2001 January	69.7	100.5	196.8	144.2
2001 February	69.9	101.1	197.8	144.6
2001 March	70.3	101.6	197.4	144.4
2001 April	71.2	103.1	197.8	144.6
2001 May	71.1	103.0	198.2	144.9
2001 June	71.2	103.5	199.8	145.4
2001 July	70.3	103.6	202.8	147.4
2001 August	68.1	100.5	203.1	147.5
2001 September	67.2	99.3	203.4	147.8
2001 October	67.2	99.7	204.0	148.4
2001 November	67.5	100.5	205.0	149.0
2001 December	68.2	102.4	206.0	150.0
2002 January	68.9	103.8	208.7	150.7
2002 February	69.4	105.1	210.6	151.5
2002 March	69.0	105.1	211.7	152.2
2002 April	68.4	104.5	212.1	152.6
2002 May	66.6	102.0	212.5	153.1
2002 June	65.4	99.7	212.5	152.5
2002 July	64.1	98.8	215.4	154.0
2002 August	65.3	101.5	217.8	155.4
2002 September	65.4	102.2	...	156.2
2002 October	65.6	102.8	...	156.7
2002 November	65.1	102.5	...	157.4
2002 December	64.1	101.3	...	158.0

Source: IMF, Information Notice System.

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(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	Corporate tax is applicable to companies, unit trust schemes, trusts, and nonresident <i>sociétés</i> .	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 on the construction of industrial premises or on the acquisition of new plant and machinery, computer software, or a new bus of seating capacity of not less than 30. Previous year's losses; expenditure on repair of premises or plant; donations to approved charitable institutions up to a certain maximum; contributions to the National Pension Fund and Employee Share Scheme; and 100 percent investment allowance on the acquisition of new plant and machinery for investments in Rodrigues are all deductible.	<u>Item</u>	<u>Rate</u>
	Chargeable income includes distributed dividends that are not subject to income tax in the hands of the recipient.	Additional investment allowance of 25 percent is granted on capital expenditure incurred by manufacturing companies on the acquisition of state-of-the-art technological equipment and by ICT companies on the acquisition of new plant and machinery or computer software.	General rate	25 percent
	Nonresident <i>sociétés</i> are liable to income tax as if they were companies.		Incentive rate (under the Development Incentives Act, the Industrial Expansion Act 1993, etc.), as well as authorized mutual fund investment trust companies, trustees of unit trust and companies engaged in agricultural manufacturing, and tourism sectors, which do not hold an incentive certificate.	15 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.		Unit trusts	15 percent

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate						
		<p>The following deductions are also available in respect of:</p> <p>(a) investment in start-up companies for a period of three years;</p> <p>(b) expenditure incurred by companies in the setting up of approved social infrastructure for the benefit of the community; and</p> <p>(c) contributions made by companies towards the provision of national ambulance services.</p> <p>Exemptions are granted for</p> <p>(a) royalties payable to nonresidents by offshore corporations; and</p> <p>(b) for dividends from resident companies.</p>	<p>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.</p>						
1.2 Individuals	<p>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.</p>	<p>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).</p> <p>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 percent (maximum 75,000) of the amount subscribed to share capital of tax incentive or stock exchange companies.</p>	<table border="1"> <thead> <tr> <th data-bbox="1394 870 1591 891"><u>Chargeable income</u></th> <th data-bbox="1797 870 1850 891"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="1394 906 1520 927">First 25,000</td> <td data-bbox="1797 906 1906 927">15 percent</td> </tr> <tr> <td data-bbox="1394 946 1507 967">Remainder</td> <td data-bbox="1797 946 1906 967">25 percent</td> </tr> </tbody> </table>	<u>Chargeable income</u>	<u>Rate</u>	First 25,000	15 percent	Remainder	25 percent
<u>Chargeable income</u>	<u>Rate</u>								
First 25,000	15 percent								
Remainder	25 percent								

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		<p>Personal and family deductions are the following:</p> <p>for personal, 75,000; for dependent spouse, 60,000; and for children (maximum of three)</p> <p>(a) 25,000 per child under 18,</p> <p>(b) 30,000 per child attending vocational training (local),</p> <p>(c) maximum 8,000 per dependent child for education,</p> <p>(d) 50,000 per child at university (local), and</p> <p>(e) 100,000 per child at university (abroad), plus</p> <p>(f) an additional 50,000 per dependent handicapped child.</p> <p>Additional deductions include:</p> <p>50 percent of net medical expenses; premiums on life insurance up to 80,000; premiums on personal pension schemes; on retirement annuity and contribution to medical schemes up to 20 percent of net income; interest relief on secured loans for purchase of land for construction or improvement of residence or to finance tertiary education of dependent children up to 250,000; and relief for investment in savings plan up to 50,000. Investment relief in prescribed Retirement Savings Scheme up to 50,000; 40 percent of investment in tax incentive companies or companies listed on the stock exchange up to 50,000; and donations to charitable institutions up to 20,000.</p>	

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
2. Taxes on property			
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 Industry Efficiency Act 2001:</p> <p>on certain conditions:</p> <p>(a) where land under cane cultivation is transferred, registration duty at 2 percent and no surcharge is payable;</p> <p>(b) where land is transferred to the Sugar Investment Trust or a body controlled by it; or by the Sugar Investment Trust or a body controlled by it to a shareholder of the Sugar Investment Trust or a body controlled by it or a co-operative credit society registered under the Co-operative Societies Act registration duty at 2 percent and no surcharge is payable.</p> <p>(c) Where land is transferred to an occupier of a former sugar estate company owned by a planter of a miller; or an employee who has voluntarily terminated his contract of employment in the context of a factory closure taking place after July 1, 1997, pursuant to section 24 of the Cane Planters and Millers Arbitration and Control Board Act, or the Voluntary Retirement Scheme pursuant to section 23 of the Act.</p> <p>(d) Where land is converted by sale or otherwise acquired pursuant to the Act by a specified entity.</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, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		<p>Under Act 25 of 1993 as amended by Act 18 of 1999, 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 100,000;</p> <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 of residential property, registration duty is reduced by 100,000;</p> <p>(c) where a residential lot in a building that has been subject to a duly registered and transcribed deed witnessing a "<i>règlement 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 duty is reduced by 110,000.</p>	

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		Under Act 25 of 1994, where immovable property is transferred to a company holding a housing development certificate, duty is reduced by 75 percent.	
		Registration of a deed witnessing the purchase of an immovable property from a company holding an investment certificate in respect of a project under the Integrated Resort Scheme prescribed under the Investment Promotion Act	
		(a) in the case of a non-citizen	<u>U.S. \$ 70,000</u>
		(b) in the case of a citizen or company incorporated under Companies Act of 2001	Equivalent <u>U.S. \$70,000</u>
		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	12.5 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

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate	
			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
		No duty is applied where a property is transferred		
		(a) by an ascendant to a 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;		
		(d) to a charitable trust under the Trust Act 2001;		
		(e) to a religious body under the Registration Duty Act; and		
		(f) by the Sugar Industry Labor Welfare Fund to a worker who is duly certified as such in the deed of transfer.		
		Under Act 19 of 1986:		
		on certain conditions specified in 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, total exemption of registration duty.		
2.2 Land transfer tax	This tax is payable on the transfer of immovable property based on the value of the property transferred.	Where the last transfer was affected prior to July 16, 1984, the value of 75,000 is exempted.	<u>On value of immovable property</u>	<u>Rate</u>
			If held five years or more	5 percent
			If held less than five years	10 percent

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		<p>Under the Sugar Industry Efficiency Act of 2001 total exemption of land transfer tax is granted.</p> <p>on certain conditions:</p> <p>(a) where land under cane cultivation is transferred;</p> <p>(b) where land is transferred by a planter to a metayer;</p> <p>(c) where land is transferred to the Sugar Investment Trust or a body controlled by it; or by the Sugar Investment Trust or a body controlled by it to a shareholder of the trust or a body controlled by it or a co-operative credit society registered under the Co-operative Societies Act;</p> <p>(d) where land is transferred to an occupier of a former sugar estate company owned by a planter or a miller; or an employee who has voluntarily terminated his contract of employment in the context of a factory closure taking place after July 1, 1997, pursuant to section 24 of the Cane Planters and Millers Arbitration and Control Board Act, or the Voluntary Retirement Scheme pursuant to section 23 of the Act; and</p> <p>(e) where land is converted by sale or otherwise acquired pursuant to the Act by a Specified Entity.</p>	

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		<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) by an ascendant to a descendant or the latter's spouse or surviving spouse;</p> <p>(b) to a charitable trust under the Trust Act of 2001;</p> <p>(c) to a religious body under the Registration Duty Act;</p> <p>(d) by the Sugar Industry Labor Welfare Fund to a worker who is duly certified as such in the deed of transfer;</p> <p>(e) by a company holding a housing development certificate;</p> <p>(f) between spouses;</p> <p>(g) in respect of a right to construct a building on top of an existing building (<i>droit de surélévation</i>), together with a fraction of the ownership of the ground, and where certain conditions under Section 45 A (2) are fulfilled;</p> <p>and</p>	

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		(h) 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.	
2.3 <i>Morcellement</i> fee	This fee is levied on any lot of land parceled out.	Exemptions include land under sugar cane cultivation (up to 25 acres).	For residential, commercial, or industrial purposes Per sq. meter 6.00 For agricultural purposes Per sq. meter 2.50
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 <i>campement</i> site tax	This tax is levied on campement sites.	Under the Campement Site Tax (Exemption) Regulations of 1985, 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 Per sq. meter 2.00–6.00

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions		Tax Rate
2.6 Campement tax	This tax is levied on campements	Exemption is granted to an owner who uses the campement as his sole residence and the market value of which is less than 5,000,000	<u>on value of campement (including value of campement site)</u>	0.5 percent less Campement site tax and general rate under Local Government Act.
2.7 Capital gains (morcellement) tax	This tax is imposed on the 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 Sugar Industry Efficiency Act 2001 total exemption of capital gain tax On certain conditions: (a) where land under cane cultivation is transferred; (b) where land is transferred by a planter to a metayer; (c) where land is transferred to the Sugar Investment Trust or a body controlled by it, by the Sugar Investment Trust or a body controlled by it to a shareholder of the Sugar Investment Trust or a body controlled by it or a co-operative credit society registered under the Co-operative Societies Act;	<u>Surcharge</u> Between the selling price and the purchase price	<u>Rate</u> 20-30 percent plus 20 percent surcharge

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		<p>(d) where land is transferred to an occupier of a former sugar estate company owned by a planter or a miller; or an employee who has voluntarily terminated his contract of employment in the context of a factory closure taking place after July 1, 1997, pursuant to section 24 of the Cane Planters and Millers Arbitration and Control Board Act or the Voluntary Retirement Scheme pursuant to section 23 of the Act; and</p> <p>(e) where land is converted by sale or otherwise acquired pursuant to the Act by a Specified Entity.</p> <p>Under Act 19 of 1986, on certain conditions specified in the Act, 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) by an ascendant to a descendant or the latter's spouse or surviving spouse;</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>	

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupces, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
2.7 Taxes on transfer of leasehold rights in state land	This tax is levied on the transfer of lease contracts for state land from one lessee to another.	(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. Under Act 9 of 1997 (Tax on Transfer of Leasehold Rights in State Land), no tax is applied where a property is transferred (a) by an ascendant to a 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) to a charitable trust under the Trusts Act 1989; or (d) to a religious body under the Registration Duty Act.	General rate on the value of the leasehold rights being transferred 20 percent
3. Taxes on domestic goods and services 3.1 Value-added tax (VAT)	VAT was introduced in Mauritius as from September 7, 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.	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. No input tax is allowed as credit in respect of goods or services used to make an exempt supply. Goods and services exempted from VAT include basic foodstuffs,	Single rate of 15 percent.

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		<p>unprocessed agricultural products, milk, journals and periodicals, 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, the sale of land, and the sale or transfer of buildings for residential purposes, financial services except (a) services provided to merchants accepting a credit card or debit card as payment for the supply of goods or services (merchant discount), (b) services in respect of safe deposit lockers, issue and renewal of credit cards and debit cards; and (c) services for keeping and maintaining customers' accounts (other than transactions involving the primary dealer system) – these banking services were subject to VAT as from January 1, 2003.</p>	
		<p>Persons in business whose annual turnover of taxable goods and services exceed MUR 3 million are required to register for VAT. A person or business may also apply for registration to the Commissioner of VAT in case the annual turnover is below MUR 3 million. As from October 1, 2002, the MUR 3 million threshold would not apply to any person engaged in profession/business such as: Accountant and/or auditor,</p>	

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate								
		<p>advertising agent, adviser, architect and or draughtsman, attorney and/or solicitor, barrister, clearing and forwarding agent, consultant, customs house broker, engineer, estate agent, land surveyor, marine surveyor, motor surveyor, notary, optician, project manager, property valuer, quality surveyor, sworn auctioneer, tour operator, and travel agent.</p>									
		<p>A person dealing exclusively in zero-rated supplies may choose not to register even if his turnover exceeds MUR 3 million. Input VAT allowable is apportioned between taxable and exempt supplies.</p>									
		<p>Since October 2000, electricity and water for household, and for agricultural irrigation are zero rated.</p>									
3.2 Excise taxes											
3.2.1 Tobacco & cigarettes	Cigarettes are taxed ad valorem.		<table border="1"> <thead> <tr> <th data-bbox="1398 928 1451 953"><u>Item</u></th> <th data-bbox="1686 928 1738 953"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="1398 967 1503 992">Cigarettes</td> <td></td> </tr> <tr> <td data-bbox="1423 1006 1644 1031">locally manufactured</td> <td data-bbox="1686 1006 1944 1060">210 percent plus 210 per 1000 cigarettes</td> </tr> <tr> <td data-bbox="1423 1075 1520 1099">imported</td> <td data-bbox="1686 1075 1944 1128">360 percent plus 360 per 1000 cigarettes</td> </tr> </tbody> </table>	<u>Item</u>	<u>Rate</u>	Cigarettes		locally manufactured	210 percent plus 210 per 1000 cigarettes	imported	360 percent plus 360 per 1000 cigarettes
<u>Item</u>	<u>Rate</u>										
Cigarettes											
locally manufactured	210 percent plus 210 per 1000 cigarettes										
imported	360 percent plus 360 per 1000 cigarettes										
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.									

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		<u>Item</u>	<u>Rate</u>
		Alcohol compounded, spirits, and rum	
		Per volume percentage per liter	1.22
		Wine and country liquor, whichever is higher	
		Per liter	4.40
		Ad valorem	30 percent
		Other liquors admixed	
		Spirits, gin, etc.	
		Per liter	120.00
		Aperitif, liquor per liter	30.00
		Spirits (whiskies) per liter	200.00
		Beer and stout per liter	12.10
		Shandy per liter	2.40
		Alcohol for perfumes and cosmetics per liter	5.50
			17-157 percent
3.2.3 Automobiles	This tax is chargeable on any car manufactured locally, depending on engine capacity.		
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	Up to 50 percent
		Horse racing sweepstakes	
		Amount collected	15 percent
		Amount payable as winnings	2 percent

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003
(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate	
		Bookmaker	Fixed duty of	
		Per race meeting	9,000–18,000	
		Amount payable on winnings	12 percent	
		Amount payable on winnings	2 percent	
		Totalizator		
		Amount collected on win and place bets	14 percent	
		Amount collected on other bets	16 percent	
		Pool betting		
		Pool promoter		
		Stake money collected	15 percent	
		Amount payable as winnings	2 percent	
		Agent of foreign pool promoter		
		Amount of stake money	15 percent	
3.4 Incorporation fee	Includes search duty for every file; incorporation of private and public companies; registration of Commercial Partnerships; issue of certificates by the Registrar, certifying any copy or extract of any document; photocopy of documents pertaining to:		<u>Within due date</u>	<u>After due date</u>
	(a) small private company at time of corporation;		2,000	3,000
	(b) company holding a Category 2 Global Business license at time of corporation;		US\$65	US\$100
	(c) foreign company at time of registration;		9,000	13,000

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
	(d) dormant company;	2,000	3,000
	(e) public company at time of incorporation;	9,000	13,000
	(f) any other company at time of incorporation; and	2,000	9,000
	(g) commercial partnerships at time of registration.	6,000	9,000
3.5 Company and Annual Registration Fees	Annual registration fees for:		
	(a) small private company;	2,000	3,000
	(b) company holding a Category 2 Global Business licence;	\$65	\$100
	(c) foreign company;	9,000	13,000
	(d) dormant company;	2,000	3,000
	(e) public company;	9,000	13,000
	(f) any other company;	2,000	9,000
	(g) commercial partnerships.	6,000	9,000
		<u>Gaming house</u>	<u>Annual fee</u>
		For casino license	500,000
		For license A	400,000
		For license B	100,000
		For license C	10,000
		Per coin-operated gaming machine	20,000
		Totalizator (annual)	2,000
		Pari-mutuel organizer (half-yearly)	1,000
		Local pool promoter (annual)	3,630

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003
(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate	
			Agent for foreign pool promoter (annual)	3,630
			Collector (annual)	151
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. Local Authorities, parastatal bodies and other institutions which by virtue of the Act constituting them are exempted	<u>Item</u>	<u>Rate</u>
			Private automobiles	3,500–8,000
			Taxis	1,800–4,000
			Contract cars	4,500–10,000
			Contract buses	3,000–5,000
			Lorries	1,800–13,200
			Motorcycles	600–1000
			Autocycles	1,000
			Any motor car belonging to a person on a temporary visit of not less than one week (per month)	500

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
4. Taxes on international trade			
4.1 Taxes on imports			
4.1.1 Customs tariff	<p>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 10 percent of import duties are leviable on all imports from nonpreferential countries and which attract import customs duties at the rate of 55 percent or over, i.e., generally other than from the Commonwealth, the European Union, and the United States. Import customs duties are in general ad valorem on c.i.f. values.</p> <p>Goods originating from the following COMESA member states and covered by a proper certificate of origin are allowed duty free: Djibouti, Egypt, Kenya, Madagascar, Malawi, Sudan, Zambia and Zimbabwe. However, goods originating from the other COMESA member states attract duty at the rate of 10 percent of the national tariff schedule, wherever applicable.</p> <p>Goods originating in Madagascar are allowed 100% remission of import duties under the "Protocole sur les Regles d'Origine des Produits</p>	<p>Exemptions include most food items, agricultural capital goods and specialized spare parts, fertilizers, sporting goods, machinery for the textile, leather, furniture, jewelry and printing industries; most primary and crude products used as raw materials (such as sheets, sections, and profiles of plastics, rubber, or metal) essential oils, plywood and particle boards; medical and laboratory equipment; energy-saving equipment, protective masks, burglar alarm and surveillance systems, fire-fighting equipment, lifts and escalators, vending machines, generators, electric drills, automatic data processing machines and their peripheral units, etc. Imports by factories operating under the EPZ, FSZ, 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>Import customs duties consist of nine tax rates: 0, 5, 10, 15, 20, 30, 40, 55, and 80 percent, respectively.</p>

Table 41. Mauritius: Summary of the Tax System, as of March 31, 2003

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
	Echanges Entre les Etats Membres de la Commission de l'Océan Indien ¹ .		
4.1.2 Import excise duty	Excise is levied on alcoholic beverages, spirits, tobacco products, petroleum products, motor cars, and furniture, and payable on customs clearance.	Exemptions are granted for returning residents and manufacturers of motor cars; exemptions or concessions are also granted for taxis, tour operators, and civil servants, as well as vegetable growers and religious bodies.	On c.i.f. value 15-400 percent
5. Other taxes			
5.1 Stamp duty	Documents presented for registration with the Registrar-General or deposited with the Conservator of Mortgages for transcription, inscription, or erasure of inscription are taxed.		15 per sheet.
6. Environment protection fee	Tax is levied on the monthly turnover of hotels and boarding houses. Tax is also levied on monthly turnover of enterprises engaged in stone crushing and in the manufacture or processing of aggregates, concrete, blocks, precast units, coral sand, rocksand, and basalt sand.		On monthly turnover 0.75 percent

Source: Ministry of Finance.