

MAURITIUS

A competitive, well-diversified and broad-based economy

One of the least developed countries in Africa at its independence in 1968, Mauritius has risen to be one of the continent's wealthiest and is now home to thriving industries

Recognized around the world as a leading tourism destination, Mauritius is much more than a tropical paradise in the Indian Ocean. Over the years, the island nation has demonstrated an openness to innovation and economic diversification, transforming from a centuries-old trading post into one of the wealthiest countries in Africa.

In 1968 when it gained its independence from the UK, the archipelago was reliant on its sugar industry. Now, it boasts a broad-based competitive economy. Financial services are the largest contributor to that economy, generating around 14% of the country's gross domestic product. Tourism is close behind, with Mauritius having welcomed nearly 1.4 million visitors in 2024. Other strong industries include textiles, fishing, information and communication technologies, education, real estate, business process outsourcing and, increasingly, pharmaceuticals and renewable energy.

This diversity has made the economy resilient. Although the country's real GDP contracted during the COVID-19 pandemic, the rebound was quick — it expanded by 5.6% in 2023 and Statistics Mauritius is forecasting a further 5.1% for 2024, based on the economy's performance in the first nine months of the year. The International Monetary Fund predicts that it will continue growing by about 3.5% a year over the medium term, which is in line with the average annual rise it recorded between 2001 and the pandemic. The international body also calculates that the country's 1.3-million-strong population enjoyed a GDP per capita of \$12,600 in 2024, the second-highest level in Africa after the Seychelles.

Mauritius has capitalized on its advantages to cultivate this successful economy. Firstly, it has strategic location at the crossroads of Africa, Europe, the Middle East and Asia, and has amassed free trade agreements that cover nearly 70% of the global population. That market access has made the country an excellent base for export-centric manufacturing and service businesses.

Secondly, Mauritius is one of most developed and stable countries in Africa, which has allowed it to position itself as a secure gateway for investment into the rest of the fast-growing continent. The foundation of the nation's stability is its strong multi-party democracy. Governmental elections are held every five years, with the most recent taking place in November 2024. As a result of that poll, Navin Ramgoolam has been given a clear mandate to lead the country as Prime Minister for the fourth, non-consecutive, time.

Not only is Mauritius politically and socially stable, so is its business environment. Public institutions are robust, as is the nation's legal system. Furthermore, successive governments have modernized regulations and private sector investment policies to adjust to shifts in the global economy. Investing in infrastructure, healthcare and education has also been a priority for all governments. According to the Organisation for Economic Co-operation and Development's 2024 Invest-



Mauritius' stunning ocean and inland natural environments have made it a renowned tourism destination

ment Policy Review, "Changes to Mauritius' domestic framework and other investment climate improvements over the years have made it one of the world's most business-friendly jurisdictions."

Dynamic financial hub

Mauritius' flourishing financial services sector is a prime example of the country's forward-thinking approach to economic development. Around 35 years ago, the government launched a strategy aimed at turning this industry into a new pillar of the economy. Thanks to reforms introduced over the following decades, Mauritius is now a premier international financial center for investors seeking security, transparency and fiscal efficiency.

Commenting on the sector's transformation, Thierry Hebraud, CEO of Mauritius Commercial Bank, a leading local banking institution, says: "The decision to position Mauritius as a financial center was visionary. Today, Mauritius is a key international financial center in Africa, alongside Dubai. Mauritius has built a complete ecosystem around financial services — not just banking, but legal, tax advisory and management services. Initially focused on trade with India, it has evolved into a major gateway for Africa. Mauritius remains a trusted financial hub, with a solid investment-grade rating and a comprehensive financial sector that supports growth in Africa."

Legislations and regulations for the sector are constantly reviewed and augmented to include

innovative products and services, enabling it to adapt quickly to market demands. This agility has put the country at the forefront of digital innovation in financial services. With the assistance of the United Nations Economic Commission for Africa, the authorities are now implementing a plan to make the nation a regional platform for fintech. Mauritius was an early mover in this area and its business and regulatory frameworks

Changes to Mauritius' domestic framework and other investment climate improvements over the years have made it one of the world's most business-friendly jurisdictions.

covering fintech have been revamped in recent years. Among other initiatives, the central bank has launched an innovation hub that is fostering the development of cutting-edge solutions for the financial, banking and regulatory sectors.

Mauritius is a leader in sustainable financing too. In 2021, its Financial Services Commission implemented a green bond framework for private issuers, while the central bank issued a sustainable framework for sovereign bonds and opened

a Climate Change Center. The center is focused on integrating climate-related and environmental financial risks into the bank's regulatory, supervisory and monetary policies, and supporting the wider development of sustainable finance.

Mauritius' financial services sector and the rest of its diverse economy are attracting an increasing number of investors. In the first nine months of 2024, total foreign direct investment inflows amounted to \$534 million, 7% more than over the same period in 2023. Investment from the US rose 37% year-on-year to reach \$15 million.

In 2024, US Ambassador to Mauritius Henry Jardine gave a speech at a high-level US business summit in the African nation in which he revealed why he was optimistic that the two countries' economic ties will continue to grow. "Mauritius has all the conditions for cultivating successful business endeavors. Today, more than 100 American companies and brands currently are invested or have a local presence in Mauritius. These companies are leaders across sectors, including financial services, telecommunications, information technology, logistics, food processing, fishing, clothing, education and consumer goods."

Jardine concluded his speech by asserting that "more U.S. companies will see Mauritius as the golden opportunity it is — both in terms of business expansion, and high quality of living, economic prosperity, and its strong social and democratic foundations."

The beginning of a new era for the island nation

Ramgoolam's election as Prime Minister and his vision for the future reinforce Mauritius' status as a beacon of stability and economic diversification

In November 2024, Mauritians headed to the polls to elect a government for the 12th time since the democratic nation gained its independence. The result was a convincing victory for a coalition of opposition parties, Alliance of Change (ADC), which is headed by Navin Ramgoolam. "The court of the people has delivered its verdict and a new Mauritius awakes," proclaimed Ramgoolam once it had been confirmed that he would become the country's next Prime Minister.

The new government plans to introduce initiatives that aim to turn the country into a center of excellence for research and development in strategic areas like the digital and ocean economies.

An estimated 80% of the population voted, with ADC securing 62.6% of their ballots and 60 of the 62 electable seats in the National Assembly. In line with the country's constitution, the impartial Electoral Supervisory Commission can allocate a further eight seats to losing parties, thereby ensuring all citizens are represented.

Despite the nation's strong post-COVID economic growth levels, rising cost of living was a major element in the previous government's defeat. The year-on-year headline inflation rate had fallen to 2.9% by December 2024, but it averaged 7% during 2023, driven by increasing global commodity prices and depreciation of the Mauritian currency.

Another factor was concern that governance standards had started to slip. Mauritius ranks second in Africa in the Ibrahim index of good governance, however a scandal in the lead up to the election demonstrated that transparency and accountability could be improved. This saw some politicians' telephone calls being leaked online, which the then-government reacted to by temporarily blocking all access to social media, a decision that was punished by the electorate.

In common with Mauritius' previous elections, the 2024 ballot was free, fair, peaceful and well organized, according to International Electoral Observation Mission observers. The transfer of power from the old to the new administration was also smooth.

Although Mauritius has a new government, it is being led by experience. Ramgoolam served as Prime Minister between 1995 and 2000, as well as from 2005 to 2014, and he is widely credited with having introduced many



Navin Ramgoolam
Prime Minister

of the reforms to the country's business environment that have made Mauritius a gateway to Africa for investors. Those credentials will reassure international investors that the nation will remain a business-friendly beacon of stability on the continent.

Furthermore, the Mauritian economy will continue to diversify under Ramgoolam's oversight. His goal is to create a new economic model for the nation by launching reforms, investment incentives and other measures that can help make Mauritius a hub for high-tech and sustainable sectors. These include the green economy and renewable energies, the blue economy, advanced technologies, ecotourism and fintech.

Ramgoolam's strategy for development is also focused on consolidating and modernizing established industries, such as agriculture, fish-

ing, textiles and financial services. In addition, the new government plans to introduce initiatives that can turn the country into a center of excellence for research and development in strategic areas like the digital and ocean economies, pharmaceuticals and agribusiness.

However, the Prime Minister believes his first job in office is to get the current economy "back on track," he said in an address to the nation in January. "2025 will be a year of hope and reconstruction."

Challenges his administration is now addressing include reducing the cost of living by lowering the price consumers pay on some core goods, bolstering governance mechanisms and their transparency, and improving financial management systems. Ramgoolam considers the latter to be so important that he has appointed himself as Minister of Finance and Dr. Rama Krishna Sithanen as Governor of the central bank.

Sithanen previously served as the country's Minister of Finance from 1991 to 1995 and 2005 to 2010, and his financial reforms during those terms were instrumental in establishing Mauritius as an international financial services center and making it a leading platform for investors in the continent. Some of the veteran economist's initial priorities are to stabilize the national currency, reduce public debt and implement a new Fiscal Responsibility Act.

US Ambassador to Mauritius Henry Jardine was among the first foreign dignitaries to reach out to Ramgoolam after his win. "I extend warm congratulations to the newly elected government of Mauritius and to all Mauritians for their dedication to the democratic process," he said in a statement. "Together, we can continue building on the strong foundation of cooperation and friendship between our two nations."

TOP TEN REASONS TO INVEST IN MAURITIUS

- A strategic location between Africa, Asia, the Middle East and Europe
- Mauritius is currently part of **10** free trade agreements
- 2nd** in Africa and **23rd** in the world — Ibrahim Index of African Governance
- A wide network of **54** Double Taxation Avoidance Agreements
- 15%** corporate income tax and free repatriation of profits, dividends and capital
- Investment opportunities in over **15** sectors
- 1st** in Africa and **13th** in the world — World Bank's Ease of Doing Business
- A well-educated population, trilingual in English, French and the native Creole
- Fully compliant with the Financial Action Task Force (FATF) recommendations
- A vast network of **46** Investment Promotion and Protection Agreements

A world-class tourism offering for every type of traveler

By improving connectivity, promoting its wealth of sustainable attractions and strengthening its infrastructure, the country intends to welcome a growing number of tourists in the years ahead

Mauritius may be famous for its sapphire waters and powder-white sand, however, there is so much more to the island than just its beaches. The premier vacation destination offers a unique blend of breathtaking landscapes, rich authentic culture, luxury and warm hospitality, making it a haven for any traveler.

It is no surprise that tourism has been a key pillar of Mauritius' economy for more than 50 years and, over those decades, careful planning has ensured that the sector has grown sustainably to prevent overtourism and maintain the island's pristine environments.

Prior to the COVID-19 pandemic, tourism contributed 8% to the country's gross domestic product directly, and 19% when travel's broader economic impacts are factored in. In 2019, the island received nearly 1.4 million visitors, but the number plummeted when the pandemic hit. Mauritius kept its borders closed longer than many other countries as the crisis eased, because the authorities prioritized the implementation of effective health protocols to protect the population and tourists, a strategy that was praised by institutions like the World Bank and the International Monetary Fund.

The premier vacation destination offers a unique blend of breathtaking landscapes, rich authentic culture, luxury and warm hospitality, making it a haven for any traveler.

The sector surged back in 2023 with 1.3 million arrivals and the country welcomed almost 1.4 million visitors last year. Furthermore, 2023's tourism revenues surpassed the previous record set in 2019 to reach \$1.9 billion, and the latest official estimates suggest the sector's earnings exceeded that figure by about 8% in 2024.

One reason for Mauritius' ongoing popularity is that it is an ideal destination at any time of the year, thanks to a constantly balmy climate that rarely drops below 68°F. In addition, the country covers just 1,261 square miles, which means that all its diverse attractions are within easy reach.

Many of those attractions are found on the coast. Mauritius is lined by nearly 100 miles of fabulous beaches, clear blue lagoons and the world's third-largest coral reef that encircles the island. Beyond this is the wide-open Indian Ocean and dozens of islets, some of which are protected nature reserves.

That idyllic ocean environment makes the country an exceptional destination for either relaxing or enjoying water sports, such as kayaking, paddleboarding, kite surfing, dolphin and whale watching, and deep-sea fishing. Divers and snorkelers who want to explore a plethora of fish, turtles, sharks and other marine life are also well catered for in Mauritius. Numerous dive sites open up adventures around reefs and shipwrecks, while the country's diving schools are dedicated to ensuring the safety of both guests and the natural environment.

The island's lush inland landscapes are just as enticing and provide endless opportunities for outdoor activities and relaxation. For example, ecotourists can hike or follow trails on electric bikes through stunningly preserved tropical forests, zipline through a national park, climb mountains, or visit the oldest botanical garden in the southern hemisphere that is teeming with indigenous flora. One highlight for those wanting to reconnect with nature is Black River Gorges National Park, home to century-old trees, dramatic waterfalls, rivers, canyons and mountains, as well as protected species of birds and other wildlife that are unique to the island. Two others are the Seven Colored Earths Geopark, where natural minerals in the soil have given rise to rainbow-hued sand dunes, and La Vanille Nature Park, which boasts one of the world's largest colonies of giant tortoises.

Mauritius also contains plenty of physical reminders of its fascinating history. The Dutch were the first to settle in the country, where they established its sugar industry in the mid-1600s. From 1715 to 1810, France controlled the island and further developed its sugar sector, as well as turning the capital Port Louis into a prominent colonial city and naval base. The European nation then ceded Mauritius to the UK, which governed the country until it gained its independence in 1968.

One of its most evocative historical locations commemorates the African slaves who were brought to Mauritius to work on sugar plantations before the British abolished slavery in 1835. Over the years, many escaped and built communities on Le Morne mountain, which is now a UNESCO World Heritage Site. After slavery was banned, planters employed almost 500,000 indentured Indian laborers, whose experiences are brought to life at the country's second World Heritage Site, Port Louis' original immigration depot Aapravasi Ghat.

The 1800s also saw a large quantity of Chinese traders arriving on the island and, today, the Mauritian population is a well-integrated mix of the European, African, Indian and Chinese descendants of the different communities who have settled on the island over the centuries. That diverse heritage has made Mauritius a melting pot of cultural richness. The country's religious traditions are a good illustration of this, with churches sitting alongside temples, mosques and pagodas in peaceful harmony.

Excellent places to explore the country's wealth of culture include authentic fishing and

countryside villages, and the colorful capital. Mauritius also offers a year-round program of events and festivals that celebrate different aspects of its culture.

A standout example is the Kreol International Festival, which is held in December and shines a light on the Creole language, crafts, cuisine, arts, music and dances that originated with African slaves. One of this community's art forms is listed as an Intangible Cultural Heritage of Humanity by UNESCO: Sega Tipik, which involves songs rooted in the issues of slavery that are played on traditional instruments and accompanied by vibrant dance performances. Also on the same UNESCO list is Geet Gawai, an opening ritual for Indian weddings that includes prayers, songs and dances.

In addition, the island's multicultural heritage has resulted in an incredible cuisine that fuses elements of Indian, Chinese, African and European gastronomy. This can be enjoyed at street stalls, simple restaurants and fine-dining establishments, all of which make the most of locally harvested seafood, meats, vegetables, tropical fruits and spices. Sampling sugar, tea and rum at Mauritius plantations and distilleries are further experiences that should not be missed.

Mauritius also offers travelers world-class hospitality options, including luxurious villas, ecolodges, hotels and resorts. Those facilities, coupled with the country's renowned spas and healthcare services, have helped put Mauritius on the global map for wellness, medical and recuperation tourism.

Increasing flight connectivity

Beyond the diversity of Mauritius' tourism offering, the continued expansion of its tourism sector has been supported by its increasing flight accessibility. In 2024, over 97% of visitors flew into Sir Seewoosagur Ramgoolam International Airport, with the remainder arriving on cruises and other marine vessels.

The country's authorities have established 60 bilateral air service agreements to date and there are long-standing partnerships with operators



Hiking to the top of Le Morne mountain is an exhilarating experience



Mauritius is an idyllic destination for water-sport enthusiasts

such as Air Austral, Air France, British Airways, Condor, Corsair, Kenya Airways, Lufthansa Group, Saudia, Emirates, Turkish Airlines and South African Airways. Mauritius has recently attracted more direct flights, with two examples being a new Mumbai service from the Tata-Singapore Airlines venture Vistara and a Bangalore service from Indigo, India's largest airline. Mauritius has also seen more flights arriving from strategic connection hubs, which include Paris, London, Dubai and Johannesburg.

About 45% of all flights to the island are operated by Air Mauritius, the national airline, which has implemented a series of reforms to revitalize its operations and redeploy its network. The airline's ambition is to grow its flight market share to 55% by expanding its services to key destinations in Europe, Africa, Asia and the Indian Ocean. To achieve that, it plans to significantly increase its fleet size within the next 10 years and modernize its existing fleet, which will

allow it to implement more sustainable practices that adhere to international environmental standards. Air Mauritius also aims to position Mauritius as a connecting hub between Africa, Southeast Asia and Australia in order to attract more transit passengers and enhance connectivity for travelers.

At present, around 64% of the island's tourists come from Europe, but its rising connectivity is encouraging more US travelers to visit. Most of them are incorporating Mauritius into a two-country vacation or opting for longer immersive stays on the island. However, some are setting up new homes, leveraging Mauritius' appeal as a stable democracy with a high quality of life, where it is easy to obtain permanent residency and do business.

In recent years, significant investments have been made in tourism infrastructure, such as hotels, restaurants, attractions and transport systems to accommodate the growing number of tourists and enhance the visitor experience. A key figure in these investments is Airport Holdings Ltd. (AHL), a public company with subsidiaries in sectors that include aviation, airport operations, hospitality and property development.

Ranked third among the top 100 companies in Mauritius with a turnover of \$728 million in 2023, AHL is striving to fill some of the service gaps in the country's tourism supply chain. For example, it has acquired Airbus helicopters for airport-to-hotel transfers and scenic tours, while duty-free shops are being revamped to offer exclusive luxury collections. The company is working on the creation of an "airport city" near the airport as well. This will include an international conference center and cement Mauritius' status as a leading business tourism destination.

AHL is also expanding the tourism offering on Rodrigues, an autonomous outer island of Mauritius, which has a population of fewer than 45,000 people and is home to a dramatic combination of mountains, valleys, lagoons and cave systems. Aiming to attract high-net-worth individuals to this unique, stress-free paradise, the company has renovated and expanded its luxury Cotton Bay Resort and Spa and plans to build ecofriendly villas.

The island's multicultural heritage has resulted in an incredible cuisine that fuses elements of Indian, Chinese, African and European gastronomy.

Another of its major projects involves the creation of a new green airport in Rodrigues that will be able to handle larger aircraft. The country has secured a \$184 million loan from the World Bank to fund this initiative, which will increase the island's cargo capacity, boost exports and foster sustainable tourism.

The sustainable island

In general, Mauritius works hard to ensure that tourism is integrated with the needs of the local population and that the island's precious natural resources are conserved. These efforts are overseen by the Mauritius Tourism Authority (MTA), the industry's regulatory body that is mandated to promote the sector's sustainable development. In 2018, MTA launched a sustainable tourism program with the support of the European Union. Since then, the authority has introduced numerous initiatives that have bolstered environmental protection, including strict regulations for whale-watching activities and measures that are encouraging operators to invest in inland tourism facilities and services, which are preventing overcrowding on the island's beaches.

MTA is also helping all operators in the sector to gain green certification from accredited bodies such as the World Travel and Tourism Council and the Global Sustainable Tourism Council (GSTC). As part of this, it has developed an innovative digital platform — horizon.eco — that operators can use to measure their consumption of water, electricity and other resources, as well as to monitor their carbon emissions. This tool has been such a success that other countries are keen to utilize it.

The authority's goal is for the whole country to be certified as a GSTC Green Destination by 2030, which is in line with new Prime Minister Navin Ramgoolam's pledge to put eco-sustainability at the heart of the Mauritian tourism sector's future development.



Traditional sega songs and dances are rooted in Mauritius' Creole heritage



Mauritius is lined by nearly 100 miles of fabulous beaches



The Seven Colored Earths Geopark is a natural phenomenon