

Services snapshot

Mauritius



KEY SERVICES DATA¹, 2013

Services² share of industry value added: **80%**
 Services share of employment: **75%**
 Trade in services³ contribution to GDP: **51%**
 Services share of exports: **57%**
 Services export composition: **other commercial services (49%), travel (40%), transportation (11%)**
 Services import composition: **other commercial services (61%), transportation (22%), travel (17%)**
 Services exports: **US\$ 3.3 billion**
 Services imports: **US\$ 2.6 billion**
 Services trade surplus: **US\$ 667 million**

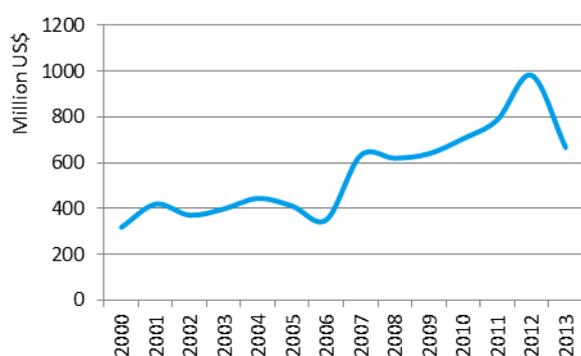
SERVICES AT A GLANCE

Mauritius is an island economy classified as upper-middle income country with a gradually increasing GDP per capita of US\$ 9,210 in 2013.⁴ In 2013 GDP annual growth was 3%, expected to increase to 4% by 2016⁵ driven by strong performance in financial services and a recovery in tourism.⁶

The economy is services-based: the services sector is the main contributor to GDP and the main employer (accounting for 75% of employment in 2013).⁷ In value-added terms, the sector accounted for 80% of GDP in 2013.⁸

Trade in services is very important, accounting for 51% of GDP. Services exports constitute over 55% of total exports, composed of 49% of other commercial services and 40% travel services. Within the category of other commercial services, other business services, in particular miscellaneous business, professional and technical services, bulk large in services export composition at 34% and also in services import composition at 42%. Travel services is becoming less important in export composition.⁹

Figure 1. Services trade surplus



There is a net services trade surplus which was on an upward path, reaching US\$ 982 million in 2012 before plummeting by 32% in 2013 to US\$ 667 million (see Figure 1). The trade surplus is largely generated by travel services trade surplus (US\$ 886 million) and its drop between 2012 and 2013 was mostly due to a decrease of travel services trade surplus.⁹

SERVICES SUBSECTORS

Financial services

The financial sector is well-developed and banks are well-capitalised. Mauritius' financial sector is ranked first within Sub-Saharan Africa and 39th out of 144 economies in the Global Competitiveness Report 2014-2015.^{10,11}

In 2013, insurance and financial services accounted for 8% of services exports and 12% of services imports. Both shares have been increasing (see Figure 2). The sector is traditionally in trade deficit; in 2013 the trade deficit was US\$ 55 million.⁹

The 20 commercial banks hold almost 33% of total deposits.¹² The two most important local banks, Mauritius Commercial Bank Ltd and the State Bank of Mauritius have an established presence in the Indian Ocean region.¹³ The State Bank of Mauritius set up mobile banking services with Orange and Emtel and these services are increasing in importance. The insurance sector, though becoming more competitive, is nevertheless highly concentrated with the three largest insurance groups accounting for two-thirds of total industry assets. In 2011, Islamic finance products and services were introduced.¹²

Communication services

Trade in communication services has been solidly in surplus since 2007. The largest trade surplus was reached in 2012 at US\$ 49 million. In 2013, both exports and imports decreased and the trade surplus recorded was US\$ 38 million. Communication

Figure 2. Financial services share in services trade

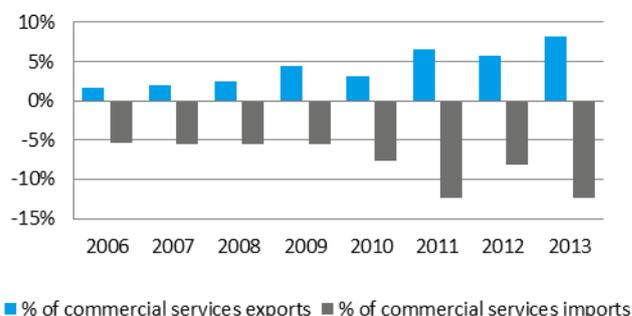


Figure 3. Communication services share in services trade

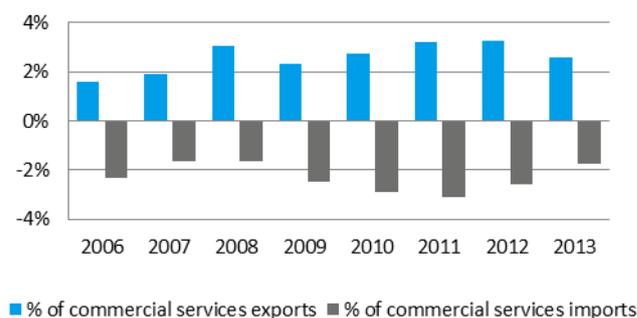
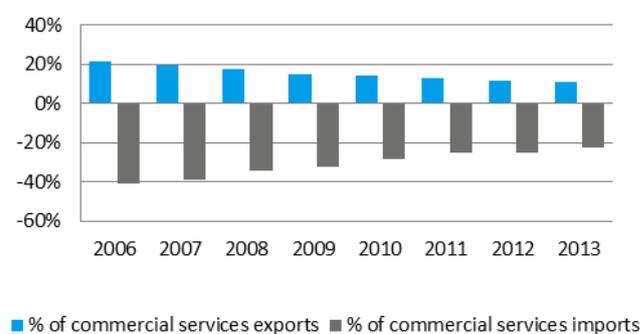


Figure 4. Transport services share in services trade



services accounted for 3% of services exports and 2% of services imports in 2013 (see Figure 3).⁹

Despite its geographically isolated position, the country is among the leaders in the region with regard to Information and Communications Technology (ICT). In 2013, 29 fixed-telephone subscriptions and 123 mobile-cellular subscriptions per 100 inhabitants were recorded. Almost 50% of households had a computer and 45% had Internet access at home. Also, 39% of the population used Internet, making Mauritius one of the African countries with the highest percentage of individuals using Internet.¹⁴

Transport services

Compared to other Sub-Saharan African countries, transport infrastructure in Mauritius is good. The island-state has no railway system although a network linking the major towns has been considered. The 2,000 km of paved roads form a good road system but road congestion is becoming a serious obstacle. The international airport is state-owned and served by 16 airlines among which Air France, British Airways and Emirates are the most frequent operators. The position of Port Louis on the main Indian Ocean shipping routes makes it the second largest container port in Sub-Saharan Africa.¹³

Trade in transport services is traditionally in deficit; in 2013 the trade deficit was US\$ 230 million. Both exports and imports have been gradually decreasing since 2003; in 2013 transport services accounted for 11% of services exports and 22% of services imports (see Figure 4).⁹

Tourism

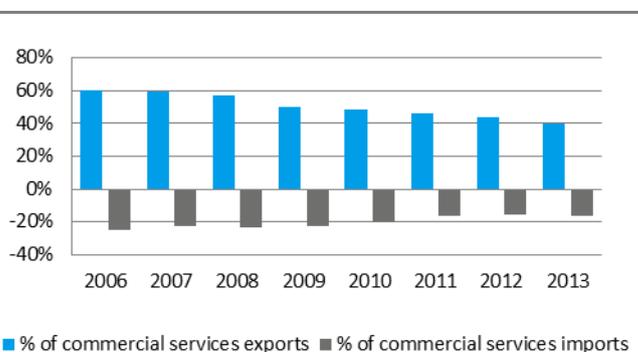
Tourism is one of the key economic sectors with destination attractions based around the country's unique biodiversity, cultural richness and wide maritime environment. In 2010, the "Vanilla Islands initiative" was introduced with the idea of uniting the seven Indian Ocean islands – Comoros, Réunion,

Madagascar, Maldives, Mayotte, Mauritius and Seychelles – under one tourism brand. This led three years later to the formation of the Vanilla Islands Tourism Organization, backed by the member governments and supported by the United Nations World Tourism Organization (UNWTO).

In 2013, the total contribution of Travel and Tourism to GDP was 25% and is expected to rise. Tourism's contribution to employment was 24% and also forecast to rise. This includes employment by hotels, travel agents, airlines and other passenger transportation services and the activities of the restaurant and leisure industries directly supported by tourists. More than half of tourism is leisure travel and more than two thirds of earnings are generated by foreign visitor spending.¹⁵

The traditional surplus on trade in travel services is one of the main drivers of Mauritius' overall services trade surplus. In 2013, travel services accounted for 40% of services exports and 17% of services imports (see Figure 5). The trade surplus was US\$ 887 million.⁹

Figure 5. Travel services share in services trade



FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI have been steadily increasing since 2006. The upward trend lasted until 2013 when net FDI inflows decreased by 56%, dropping to US\$ 259 million.¹⁶ Mauritius is among the highest per capita FDI recipients, according to a 2010 World Bank report "Investing Across Borders". For the 10th consecutive year, the World Bank Ease of Doing Business index ranks Mauritius first among African economies. In 2014, the country was ranked 29th worldwide.¹⁷

The main leading investors were France, China and South Africa.⁶ France and South Africa are investing in the ICT sector, BPO activities, call centres, disaster recovery and business continuity centres, and software development. China investment, partly directed to manufacturing, is also focussed on the services sectors: ICT, tourism, leisure and health.¹³

FOOTNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT – LFS – Continuous Multi-Purpose Household Survey, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – Country Overview, Mauritius.
5. World Bank – Global Economic Prospects.
6. African Development Bank - African Economic Outlook, Mauritius (2014).
7. ILOSTAT – LFS – Continuous Multi-Purpose Household Survey.
8. UN Comtrade and UN ServiceTrade.
9. ITC Trade Map.
10. The Global Competitiveness Report defines competitiveness as "the set of institutions, policies and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be earned by an economy." The Global Competitiveness Index is composed by 12 pillars capturing the different aspects of competitiveness, where the first pillar is the set of institutions, followed by infrastructure (2nd pillar), macroeconomic environment (3rd), health and primary education (4th), higher education and training (5th), goods market efficiency (6th), labour market efficiency (7th), financial market development (8th), technological readiness (9th), market size (10th), business sophistication (11th), innovation (12th).
11. World Economic Forum – The Global Competitiveness Report 2014-2015.
12. Making Finance Work for Africa – Mauritius: Financial Sector Profile. Available online at: <http://www.mfw4a.org/mauritius/financial-sector-profile.html#c11061>
13. KPMG Africa Region 2012/2013, Country profile, Mauritius (2014).
14. ITU, Country Profile, Mauritius (2013).
15. World Travel and Tourism Council. Travel and Tourism, Economic Impact, Mauritius (2014).
16. World Bank – World Development Indicators.
17. World Bank Group – Doing Business Index.



For additional information

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