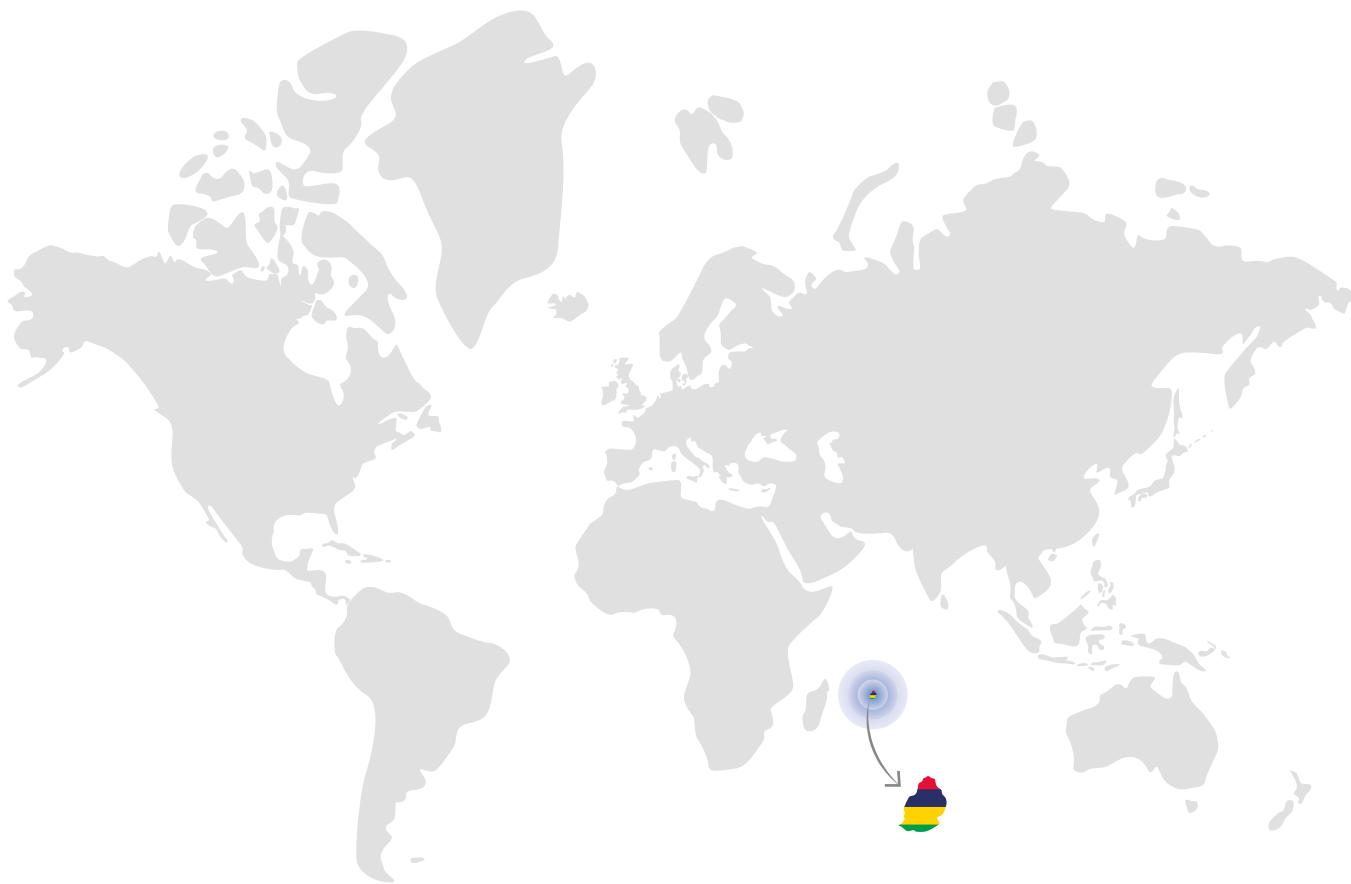


TOURISM DOING BUSINESS  
**INVESTING IN**



MAURITIUS

A large, bold word "MAURITIUS" is formed by a collage of various scenic images from Mauritius. Each letter of the word contains a different photograph, showcasing the island's natural beauty, including lush green landscapes, a waterfall, a sunset over the ocean, and a tropical beach.



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# TOURISM DOING BUSINESS INVESTING IN MAURITIUS

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The design, infographics, and typesetting were done by Gerson Cayo Bustamante.

We wish to extend our gratitude to the Ministry of Tourism and the Economic Development Board of Mauritius and to every stakeholder who has contributed to the development of this report.



# Hon. Louis Steven Obeegadoo

DEPUTY PRIME MINISTER, MINISTER OF HOUSING  
AND LAND USE PLANNING, MINISTER OF TOURISM

Mauritius is one of the most attractive places to invest in Africa. According to the World Bank, Mauritius is the most business-friendly country in Sub-Saharan Africa, as a result of its proactive approach to facilitating investment, political stability, good governance, and independent judiciary. The development path of the island has been impressive, transforming from a low-income country with sugar cane as its sole resource at independence in 1968, to a diversified economy that is on the verge of graduating to High Income Status and with social indicators that match advanced OECD economies.

The World Economic Forum ranks Mauritius as the most competitive market in Africa. The country ranks 13th internationally, and first in Africa in the World Bank's 2020 Doing Business report for the ease of doing business. Moreover, Mauritius ranked first in Africa and 52nd as the most competitive nation in the world out of 141 countries in the 2019 Global Competitiveness Report published by the World Economic Forum. Mauritius is the top African country on the Human Development Index and is the only African country to be in the Very High Human Development category. With only 0.3 percent of the population below the World Bank poverty line, Mauritius has the 5th lowest poverty head count as measured by the World Bank and ahead of all European countries except for Belgium, Denmark and Finland.

Mauritius is compliant with global best practices in terms of transparency, governance, and ethics, and those looking to establish operations in Mauritius can take comfort in its diversified and growing economy, business-friendly legislation, and stable democracy. As with all advanced economies, Mauritius' biggest sector is services which accounts for three quarters of GDP with financial services, tourism and ICT as the main contributors. Manufacturing accounts for about 20 percent and Agriculture for just under 5 percent of GDP.

With a robust and dynamic communications infrastructure, Mauritius is emerging as Africa's FinTech hub. The country has also benefitted from foreign investment in real estate following a relaxation of the laws relating to buying property on the island. The threshold for obtaining a 10-year residency was lowered to \$500,000 for obtaining residency on the island for a 10-year period.

While maintaining its favourable tax regime, the country is now moving into a new phase, away from tax-centric services and towards adding real value-added services like cross-border investment, corporate banking and

finance and private wealth management. The country's Budget 2023-2024 provides more incentives to enhance the ease of doing business by streamlining the licensing process and promoting greater use of online processes. With a view to diversify markets and enhance the visibility of the Mauritius tourism offerings, the tourism promotion budget was increased by 25% and a target was set to certify Mauritius as a green destination by 2030. To support foreign investment, Mauritius has 22 Double Taxation Agreements [DTAs] and 23 Investment Promotion and Protection Agreements [IPPPAs] signed with African states. Nevertheless, more than 40% of the total investment from Mauritius into Africa is directed towards countries with which Mauritius does not have a tax treaty. The Government aims to expand the tax and investment agreements to these countries.

Mauritius is a well-established tourist destination with the sea and pristine beaches as its most renowned attractions. There is now an emphasis to diversify the tourism offering by encouraging tourists to interact with the multicultural society, and enjoy the island's numerous natural assets including waterfalls, mountains, and other natural features. History has also left Mauritius with some wonderful heritage sites around the island, of which two have been declared as UNESCO World Heritage Sites.

Mauritius received nearly 1.4 million tourists providing estimated earnings of around USD 1.8 billion in 2019. With support from the World Bank, the Ministry of Tourism is working on a 10-year Blueprint to increase the contribution of Tourism to the economy. The resulting policy recommendations should pave the way for innovative ideas and investment to support the planned diversification of the tourist offering.

More tourism needs to be accompanied with greater sustainability and resilience to Climate Change. Targets have been set for 2030 in terms of energy production, carbon emission and ban on single-use plastic. Emphasis is also being placed on the diverse inland beauty of the island. The history of Mauritius, its pro-investment policies and a focus on a more sustainable and resilient tourism sector with more diversified products offers exciting opportunities for foreign investors.

**Hon. Louis Steven Obeegadoo**  
Deputy Prime Minister, Minister of Housing and  
Land Use Planning, Minister of Tourism



# Zurab Pololikashvili

SECRETARY-GENERAL  
WORLD TOURISM ORGANIZATION (UNWTO)



As part of our growing collection of 'Tourism Doing Business' reports, the World Tourism Organization [UNWTO] presents this comprehensive analysis developed in collaboration with the Ministry of Tourism and the Economic Development Board of Mauritius. This publication has been crafted to offer a comprehensive insight into the promising investment landscape and the growing tourism sector of the Republic of Mauritius.

Mauritius is not only renowned for its breathtaking landscapes, turquoise waters, and rich biodiversity but also for its economic resilience and innovation. With an average growth rate of around 5% from 1980 to 2009 and then 4% from 2010 to 2019, Mauritius stands out as one of the most dynamic economies in Africa. In 2022, the country recorded a growth in GDP of 7.2%, a testament to its strong economy and sound policies.

Mauritius's commitment to diversifying its economy is evident in its shift away from a dependence on agriculture towards other sectors, including tourism. According to UNWTO, the wider tourism value chain accounted for 39% of total

exports in 2019. With tourism contributing a significant quota to the nation's GDP, Mauritius offers evidence of the symbiotic relationship between an attractive business environment, a strong tourism sector, and growth-focused sustainable development.

This report highlights the multifaceted investment opportunities that lie within Mauritius's tourism sector. Mauritius is positioned as a promising destination for investors, thanks to its strategic location, modern infrastructure, and a Government committed to bolstering foreign direct investment. This conducive environment has been instrumental in Mauritius's growth and development.

I am confident that this publication will serve as a guide for potential investors. In the spirit of collaboration, we extend our gratitude to every stakeholder who has contributed to the development of this report. We are optimistic that the synergies formed will translate into a future where Mauritius is not just a tourist destination but a global model for sustainable tourism and investment.

**Zurab Pololikashvili**  
Secretary-General  
World Tourism Organization [UNWTO]



# Natalia Bayona

EXECUTIVE DIRECTOR  
WORLD TOURISM ORGANIZATION (UNWTO)



As the Executive Director of the UNWTO, I am delighted to present this in-depth report which offers a detailed exploration of the vibrant investment opportunities and the thriving tourism sector in the Republic of Mauritius. It succinctly captures the island's ascent as a prominent investment hub, notably in its flourishing tourism industry.

The report provides a meticulous analysis, painting a vivid picture of Mauritius as a jewel of the Indian Ocean, swiftly rising as a stronghold for investments. It underscores the dynamic and expansive growth within the tourism sector, attesting to the island's global appeal and economic vitality.

The evidence of Mauritius' prominence as a distinguished and premier tourism destination is well-documented, with a consistent increase in international tourist arrivals observed since 2010. Despite the setback caused by the global pandemic, the tourism sector made a commendable recovery, with arrivals surging to one million in 2022 from 180,000 the previous year. While these figures are yet to return to the pre-pandemic total of 1.38 million, they nonetheless affirm the resilience and the ongoing global appeal of Mauritius as a prime tourism destination.

This resilience exemplifies the island's unique value proposition and its attractiveness to international visitors. Its blend of its natural beauty, vibrant cultural heritage, and luxury offerings continues to draw tourists from around the world, underscoring the island's position as a preferred global destination that caters to all tastes and preferences. The island's esteemed ranking - first

in Africa and 62nd worldwide on the 2021 Travel and Tourism Development Index - attests to its prominent stature in the international tourism landscape.

Beyond this allure, this report provides a comprehensive exploration of Mauritius' economic environment. The nation has carved its niche as a model of sustainable economic growth and an appealing hub for investments, owing to well-crafted policies and incentives aimed at boosting the tourism sector. In 2022, the tourism industry made a significant contribution of 7.4% to the GDP, with expectations of this number climbing to 8% in this year.

As the global economy navigates the complexities of the post-pandemic era, Mauritius' continued ability to attract and nurture investments is a testament to its strategic geographical location, robust policy frameworks, and commitment to sustainable development. Mauritius stands as a beacon of resilience and potential. Its capacity to transform challenges into opportunities is not just commendable but serves as a blueprint for nations aspiring towards sustainable prosperity.

I extend an invitation to the global investment community and stakeholders alike to delve into the pages of this report. Beyond the data and analyses lies an unfolding story of a nation where partnership, growth, and sustainable prosperity are not just aspirational goals but tangible realities meticulously crafted and ardently pursued.

**Natalia Bayona**  
Executive Director  
World Tourism Organization [UNWTO]

## Introduction

*Tourism Doing Business – Investing in Mauritius* highlights the favourable business environment of Mauritius to attract foreign direct investment (FDI), particularly in tourism. The island has developed into one of the most prosperous countries in Africa. It offers a marvelous blend of unique attractions for travellers and a remarkable business environment characterized by long-lasting economic stability, high growth rates and a strategic geographic location that positions Mauritius as a regional business hub that bridges two continents. This report outlines the impressive economic performance of the island, the quality of life of its population and its position as a trustworthy destination for investors and travellers. With an average growth rate of around 5% from 1980 to 2009 and 4% from 2010 to 2019, Mauritius has become one of the most dynamic and richest countries in the region. It describes how the sound economy of the country led to an impressive recovery after the COVID-19 pandemic maintaining good expectations for the following years. The report also shows social and economic indications that reinforce the attractiveness of the country such as employment, inflation, levels of investment, public financing and insights about the contribution of the tourism sector to GDP. Provided that the thriving economy of Mauritius cannot be understood without international trade, this report describes the regulation and policies that have positioned it as an export-oriented country. It includes statistics on international trade that

demonstrate that miscellaneous manufactured articles, food and life stock, manufactured goods and tourism remain one of the largest export sectors in the country. According to UNWTO, the larger tourism value chain accounts for 39% of total exports in 2019.

The second chapter develops on Mauritius' performance in terms of FDI and explains its robust and favourable investment environment. It highlights the impressive rebound in FDI inflows after the pandemic, with 2022 showing figures even above any pre-pandemic peak. FDI inflows by sectors are displayed in which investments in real estate tourism-related schemes, accommodation, and food service activities stand out among the main FDI recipients. Specifically vis-à-vis FDI inflows in tourism, figures are shown according to the development phases of the sector. In Phase 3: Maturity and outward expansion [2010–2018], tourism positions itself as the third most significant sector receiving FDI inflows. Tourism has maintained its contribution to total FDI, reaching an average of 7.5% between 2010 and 2022, while the importance of the gross fixed capital formation (GFCF) of this sector has been growing in the last decade. In addition, this chapter includes insights into greenfield investments in Mauritius compared to its neighbours in the Indian Ocean, as well as investments in innovation and startups ecosystems. Chapter 3 describes the main reasons to invest in Mauritius, highlighting its



diversified economy and solid environment for investment and business, as well as its strategic location and well-developed infrastructure, which make Mauritius an international trade hub and a gate to the huge markets of Eastern and Southern Africa. The chapter further explains how Mauritius' natural resources, biodiversity and commitment to sustainability allowed the island to not only be the second most visited islands in the Indian Ocean, but also become a source of mechanisms to tackle climate change. Moreover, Mauritius offers a variety of incentive schemes to investors in the country and a well-defined legal and regulatory framework that provide a solid business environment. The chapter describes the available incentives provided by Mauritius to investors, starting with an overview of tax regimes and the main tax incentives such as the so-called investment certificate, which is applicable to many sectors and granted by the Economic Development Board (EDB) of Mauritius. There is also a detailed summary of several incentive schemes related to tourism, such as the Property Development Scheme, Silver Economy incentives, the Invest Hotel Scheme, Smart City scheme, and Hotel Development Scheme, among others.

Finally, this report portraits the outstanding position of Mauritius as a regional benchmark in economic and social indicators, at both the regional and global level. The country's high ranking on various development indexes parallels its exceptional performance regarding the Human Development Index and the African Governance ranking. Moreover, the performance of Mauritius' tourism sector is compared with other countries by using the Travel and Tourism Development Index 2021, in which the island ranks at the top compared to other African countries. The benchmark is complemented by a detailed description of the country's tourism cluster, statistics on tourist arrivals and the full country profile regarding tourism.



# Reasons to invest in Mauritius

1



## NATURAL RESOURCES AND BIODIVERSITY

Mauritius is a volcanic island, boasting diverse ecosystems including forests, lagoons, coral reefs and nature reserves. With over 150 km of pristine beaches, the country showcases an abundant biodiversity, including 691 native plant species (273 endemic) and 150 native plant species in Rodrigues (47 endemic). Its extensive coral reefs spanning 150 km attract diverse and vast marine life. Tourism contributes 8% to Mauritius' GDP, making it the second most visited island in the Indian Ocean. These characteristics offer investment opportunities in ecotourism, wildlife conservation and sustainable agriculture.

2



## POLITICAL AND ECONOMIC STABILITY

Mauritius boasts strong political and economic stability, supported by a stable democratic government and a consistently growing economy. The country's favourable investment environment is evidenced by its high performance on several benchmark indexes, including being the top country in the Sub-Saharan Africa region among 47 countries and 30th globally in the 2022 Index of Economic Freedom by the Heritage Foundation. Furthermore, Mauritius has held consecutive first-place positions in the Global Innovation Index Report for Sub-Saharan Africa. These achievements highlight the country's successful implementation of favourable policies for foreign investment and a robust legal and regulatory framework that protects property rights and ensures investor security.



3



### ATTRACTIVE INCENTIVE SCHEMES TO INVEST

Mauritius offers a range of differentiated incentive schemes aimed at promoting tourism and attracting investment. These schemes, such as the Property Development Scheme, Invest Hotel Scheme, Smart City Scheme, National Regeneration Programme, and the Premium Investor Certificate, amongst others, provide attractive opportunities for investors across various sectors. With 46 investment promotion and protection agreements in place, Mauritius presents a favourable environment for investment.

4



### STRATEGIC LOCATION AND INFRASTRUCTURE

Mauritius, strategically located in the Indian Ocean off the Eastern coast of Africa, boasts a well-developed infrastructure that includes an extensive road network spanning 2,772 km. The country also benefits from efficient seaports, encompassing 29 commercial harbours, and two well-connected airports. The former offers flights to numerous global destinations through 16 airlines. With its impressive connectivity and enticing incentives for international trade-related sectors, Mauritius emerges as a prime destination for business expansion and investment.



# Overview of Mauritius

With a population of 1.3 million, Mauritius stands out for its strong economic performance and business environment. Mauritius ranks first in Sub-Saharan Africa in the Index of Economic Freedom and holds a top position in the Global Innovation Index.

## A tropical paradise in the Indian Ocean

As an idyllic island, Mauritius is known for its stunning beaches, crystal-clear waters and vibrant culture. With its mesmerizing natural beauty, luxurious accommodations, and diverse cultural offerings, Mauritius provides a unique blend of attractions to suit all preferences.

**Gross domestic product (GDP) growth rate 2022:** 8.8%

**Projected GDP 2023:** 4.6%

**Inflation 2022:** 10.8%

**Projected inflation 2023:** 10%

## Mauritius has a diverse and sustainable economy

Diversifying its economy away from a dependence on agriculture, Mauritius has established a robust presence in diverse sectors and solidified its economy as an attractive prospect for investors. The country has implemented a variety of attractive incentive schemes to further entice investors in these sectors.

**Table I.1 Projected sectoral growth in Mauritius for 2023**

	Accommodation and food service activities (Tourism)	<b>30.0%</b>
	Agriculture, forestry and fishing	<b>4.0%</b>
	Financial and insurance activities	<b>3.7%</b>
	Public administration and defence; compulsory social security	<b>2.0%</b>
	Manufacturing	<b>1.5%</b>
	Construction	<b>1.1%</b>

**Note:** Growth rates based on past [pre-pandemic] trends.

**Source:** Statistics Mauritius (2023)





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## Acronyms and abbreviations

**AfCFTA** = African Continental Free Trade Area

**BOI** = Board of Investment

**CBRD** = Companies Division Business Registration

**COMESA** = Common Market for Eastern and Southern Africa

**CPIT** = Corruption Perception Index

**DTA** = Double Taxation Avoidance Treaties

**EDB** = Economic Development Board

**EPA** = Economic Partnership Agreement

**EPZs** = Export Processing Zones

**EU** = European Union

**FDI** = Foreign Direct Investment

**FSC** = Financial Services Commission

**FTAs** = Free Trade Agreements

**GDIF** = Gross Direct Investment Flows

**GDP** = Gross Domestic Product

**GSP** = Generalised System of Preferences

**GFCF** = Gross Fixed Capital Formation

**GHG** = Greenhouse Gas

**HDS** = Hotel Development Scheme

**ICT** = Information and Communications Technology

**IFC** = International Financial Centre

**IHS** = Invest Hotel Scheme

**IMF** = International Monetary Fund

**IPA** = Investment Promotion Act

**IRS** = Integrated Resort Scheme

**MICE** = Incentives, Conventions, and Exhibitions

**MRA** = Mauritius Revenue Authority

**NRP** = The National Regeneration Programme

**PDS** = Property Development Scheme

**RES** = Real Estate Scheme

**SADC** = Southern African Development Community

**SCS** = Smart City Scheme

**SDGs** = Sustainable Development Goals

**SEZs** = Special Economic Zones

**SIDS** = Small Island Developing States

**SMEs** = Small and Medium Enterprises

**TTDI** = Travel and Tourism Development Index

**UNCTAD** = United Nations Conference on Trade and Development

**UNDP** = United Nations Development Programme

**UNWTO** = World Tourism Organization

**VAT** = Value Added Tax

**WEF** = World Economic Forum

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# 01

## ECONOMIC OUTLOOK

Mauritius, a picturesque island nestled in the Indian Ocean, has become a sought-after destination for travellers worldwide. Renowned for its pristine beaches, turquoise waters, and vibrant cultural heritage, this tropical paradise positions itself as an ideal choice for an unforgettable vacation experience. With its breathtaking natural beauty, luxurious accommodations and rich cultural tapestry, Mauritius offers a unique blend of attractions that cater to all tastes and preferences.

Beyond its allure as a tourist destination, Mauritius has also emerged as a beacon of economic development and social progress. With a reputation for stability and a favourable business environment, the island has transformed into one of Africa's most prosperous countries. Mauritius' remarkable journey is underscored by its ability to diversify its economy, maintain steady growth amidst global challenges, and establish itself as a regional business hub. This has attracted

domestic and international investors seeking opportunities in sectors such as tourism, financial services, textiles, information and communication technology (ICT) and real estate. Mauritius' commitment to sustainable economic development has resulted in impressive growth rates and positioned it as an attractive investment destination with promising prospects for continued prosperity.

Indeed, as Mauritius' tourism sector thrives on its irresistible combination of natural beauty, luxury offerings and rich cultural experiences, its economic transformation and stability have positioned the island as an attractive investment destination. From stunning beaches and diverse attractions to favourable business conditions and political stability, Mauritius continues to captivate travellers and investors alike, promising unforgettable experiences and lucrative opportunities for those fortunate to engage with this tropical paradise.



## 1.1 Economic growth

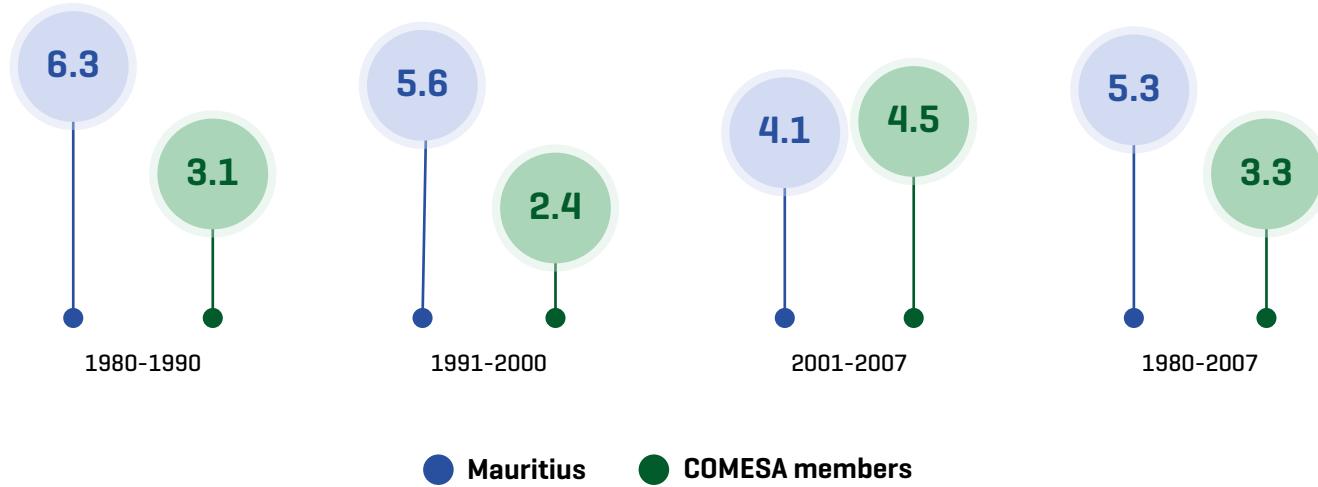
Mauritius' journey of economic transformation has been nothing short of impressive, demonstrating economic success and social progress and making Mauritius' business environment, governance, and quality of life one of the best ranked in Africa. Indeed, progressive reforms and strategic improvements in reducing poverty and building strong institutions over the past decades have led to lower inequality and higher gross domestic product (GDP) per capita growth in comparison to regional standards and peer upper middle-income countries.

After gaining independence from the United Kingdom in March 1968, Mauritius' growth rates quickly accelerated. From 1977 to 2009, despite facing external shocks that introduced volatility, Mauritius achieved an average annual real GDP growth rate of 5.1%, surpassing the 3.2% average for Sub-Saharan Africa. Particularly in the 1980s,

the implementation of sound macroeconomic reforms and a well-managed economic regime resulted in higher growth rates. Indeed, the island's remarkable economic development and continuous growth can be attributed to key factors such as fiscal discipline, prudent monetary management to maintain low inflation, preferential trading deals, and an exchange rate policy that prioritized flexibility and competitiveness. In other words, these reforms led to a steady growth trajectory, accompanied by low inflation rates and increased employment opportunities.<sup>1</sup> Notably, Mauritius experienced a remarkable rise in GDP per capita, from 1976 to 2008, which grew nearly sevenfold from less than USD 1,000 to almost USD 7,000 in 2008.<sup>2</sup>

**Table 1.1 Mauritius – comparative gross domestic product (GDP) growth rates, 1980–2007**

[%]

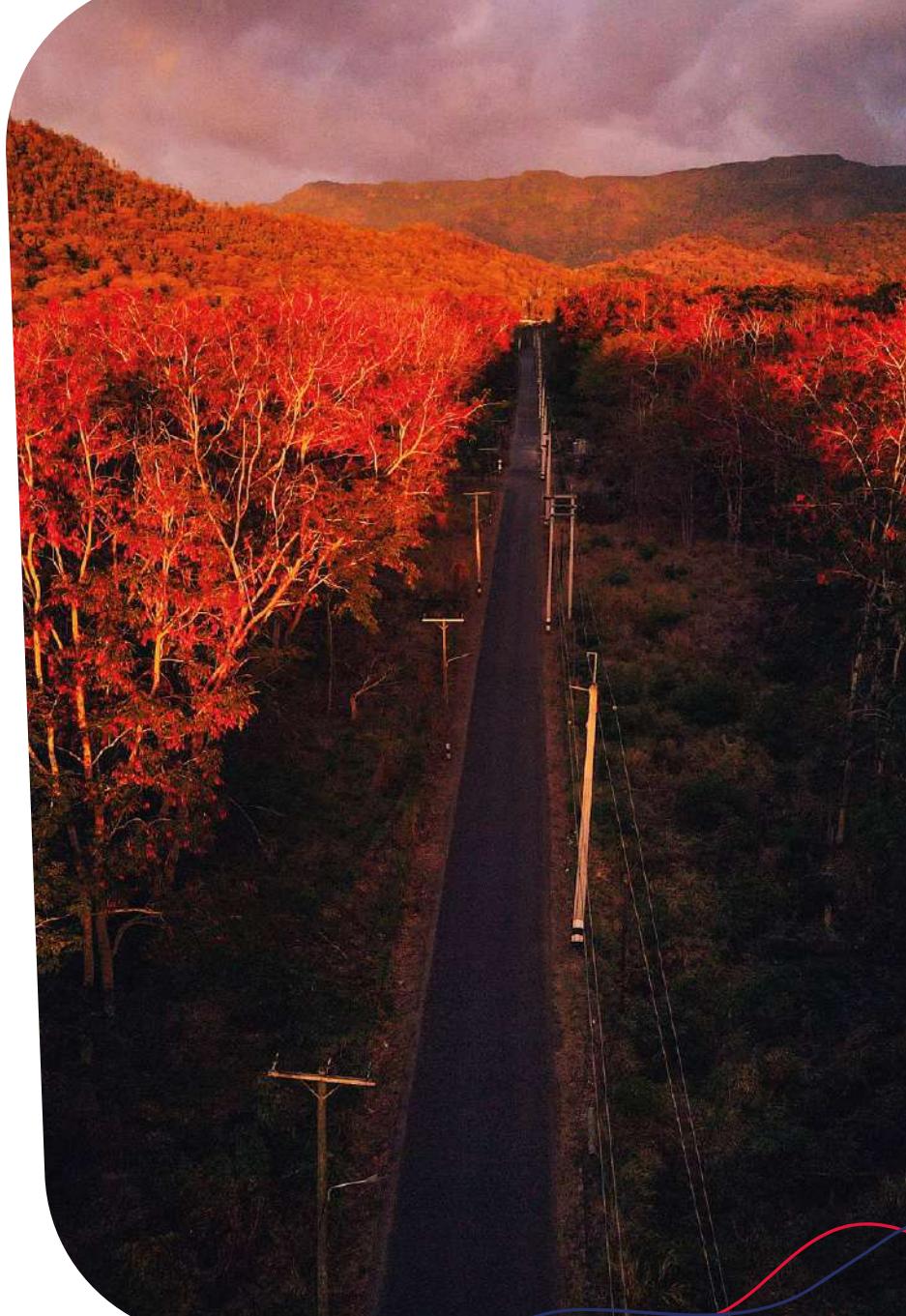


**Note:** Common Market for Eastern and Southern Africa (COMESA) is the largest regional economic organization in Africa with 19 member states: Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia, and Zimbabwe.

**Source:** Zafar, A. (2016), Mauritius: An Economic Success Story, United Nations, available at: <https://www.un.org/esa/socdev/egms/docs/2016/AliZafar.pdf>

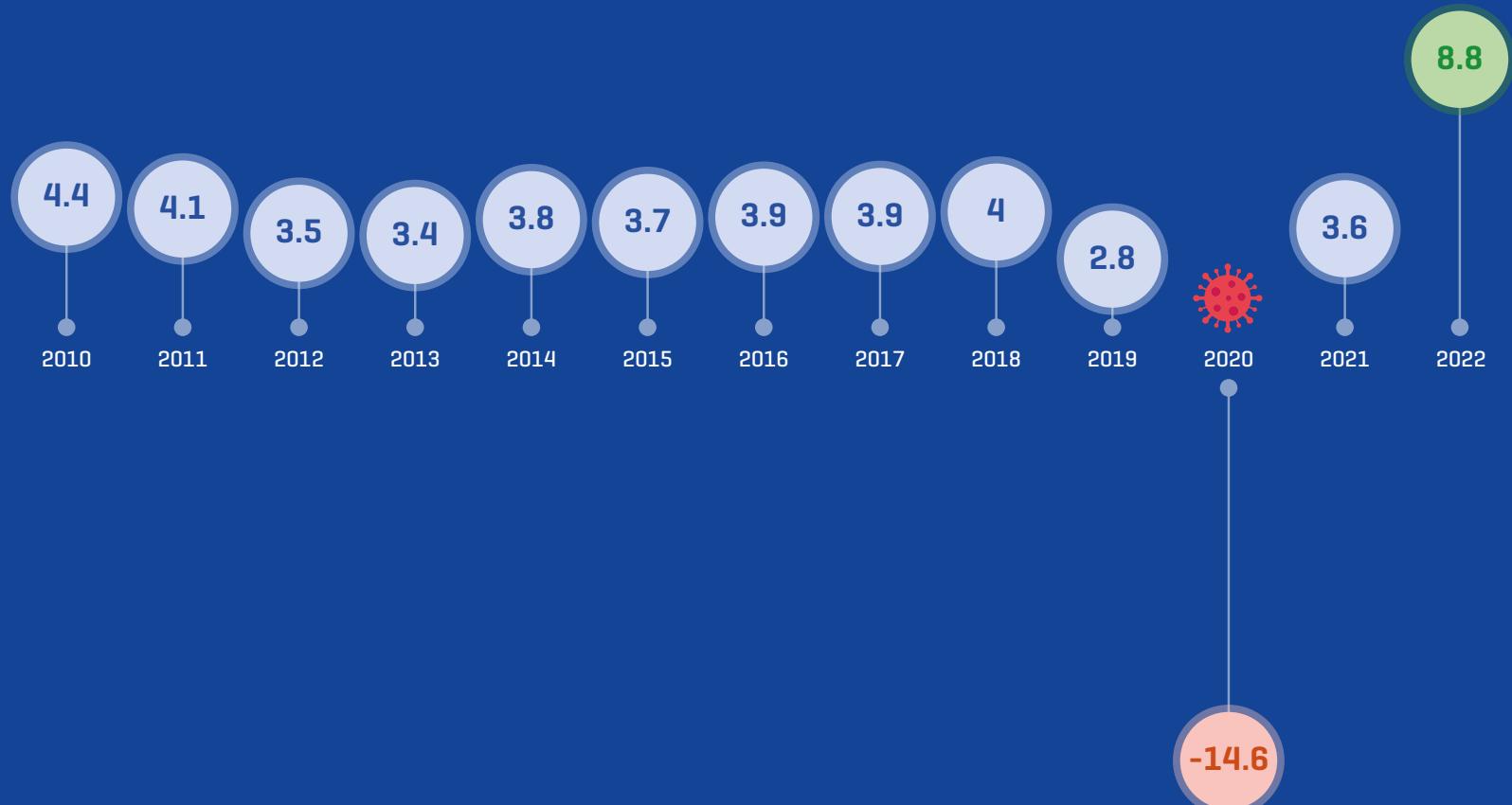
In the last decade, Mauritius' annual GDP growth rate averaged 3.76% from 2010 to 2019. In the same period – supported by the island's steady economic growth – the country's GDP per capita increased by USD 3,465 [MUR 158,222], demonstrating an increase of 64% in GDP per capita within just nine years.<sup>3</sup> With this said, with a GDP per capita of USD 8,858 [MUR 404,509] in 2019, Mauritius is one of the most dynamic and richest countries in Africa with the second highest GDP per capita after the Seychelles.<sup>4</sup>

As in many other examples, the COVID-19 pandemic presented a severe shock on the Mauritian economy with GDP decreasing by almost 15% in 2020.<sup>5</sup> With a tourism sector that contributes on average 8% to the country's economy including significant spillover effects on the whole economy, this drop can largely be attributed to the severe setback of the global tourism value chain. Strict travel restrictions around the world led to plummeted numbers of international tourist arrivals to Mauritius by 77.5%,<sup>6</sup> losing over 17 percentage points of growth. The following year, GDP growth bounced back to 3.6% and GDP per capita grew back from USD 7,821 [MUR 357,156] to USD 8,309 [MUR 379,450].<sup>7</sup> This growth in 2021 was largely supported by the rebound in construction and manufacturing while the tourism sector still experienced a setback in international tourist arrivals.



**Figure 1.1 Mauritius – gross domestic product (GDP) annual growth, 2010–2022**

[%]

**Source:** World Tourism Organization [2023], based on Economic Development Board Mauritius [2023]

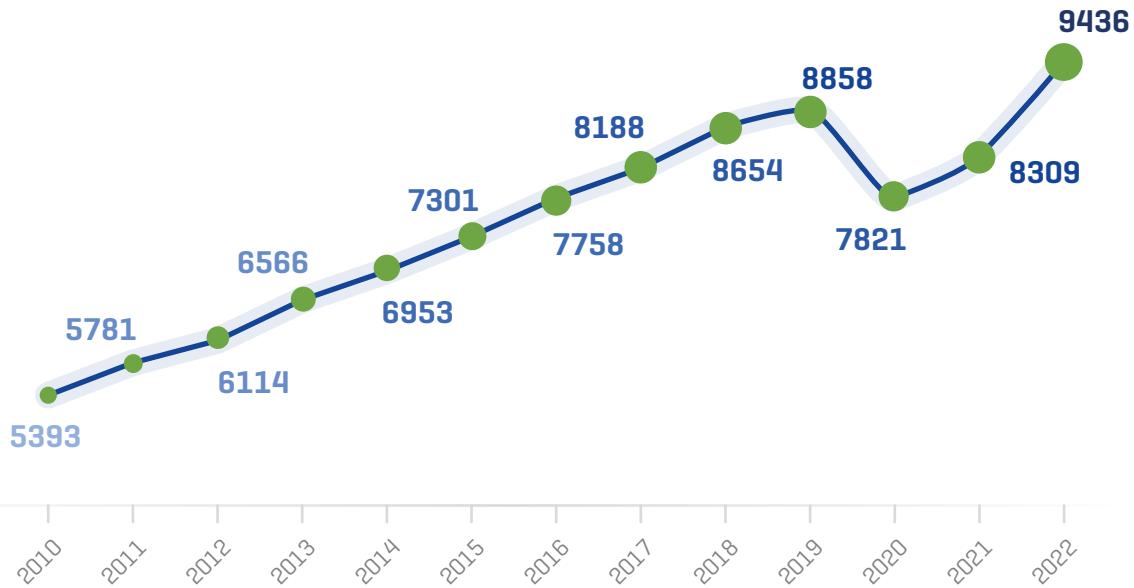
2022 was a strong year for Mauritius' economy. With a GDP growth rate of 8.8%, the country witnessed a notable period of recovery.<sup>8</sup> The latter was driven by the revival of tourism with 456% more international tourist visiting the island in 2022 compared to 2021.<sup>9</sup> The recovery of the tourism sector also created a multiplier effect on various other sectors in the economy.<sup>10</sup> Moreover, despite the setback due to the global health crisis, Mauritius' economy came back stronger observing remarkable record values of GDP and GDP per capita two years following, amounting to USD 11.9 billion and USD 9,436 respectively.<sup>11</sup>

Looking into 2023, the International Monetary Fund (IMF) anticipates that Mauritius' GDP will experience a 4.6% growth in the upcoming projections of 2023, driven by the return of the tourism sector to its pre-pandemic performance levels.<sup>12</sup> Exceeding expectations, Statistics Mauritius recorded a GDP at market prices increase by 5.5% during the first quarter of 2023.<sup>13</sup> Nevertheless, the Mauritian economy continues to remain subject to uncertainties tied to global political and inflationary pressures. Mauritius is dependent on energy and food imports which makes it vulnerable to recent global price surges for these goods.<sup>14</sup>



Figure 1.2 Mauritius – gross domestic product (GDP) per capita, 2010–2022

[USD]



**Note:** 1 USD = 45.666 MUR (as of 15 June 2023) based on Treasury-UN Operational Rates of Exchange

**Source:** World Tourism Organization (2023), based on Economic Development Board Mauritius (2023)



## 1.2 Macroeconomic context

Mauritius is a small island nation located in the Indian Ocean 1930 km off the South-East of the African coast and spanning 2,030 km<sup>2</sup> in size. With its capital in Port Louis, Mauritius is home to a total population of 1.3 million inhabitants.<sup>15</sup> Despite its size, Mauritius has become an exemplary model of economic success, strong institutions, and social progress in the region. As a result of effective macroeconomic policies, prudent fiscal policies, low inflation rates and smart export management, Mauritius has consistently outperformed other Sub-Saharan African economies in terms of GDP growth and social development.

Defining all odds after independence, Mauritius managed to grow steadily and exceed the growth performance of most countries in Africa. Indeed, from 1977 to 2009, Mauritius's GDP grew on average by 5.1% each year<sup>16</sup>. Around the same time, inequality measured by the Gini coefficient fell from 45.7 to 38.9 between 1980 and 2006.<sup>17</sup>

As demonstrated in figure 1.3, Mauritius' GDP has also steadily increased since then, reaching a value of USD 11,212 million [MUR 511,991 million] in 2019, up by 66.3% compared to 2010.<sup>18</sup> Concurrently, the unemployment rate fell by almost 10 percentage point, from 7.6% to 6.7%. Nevertheless, despite demonstrating an impressive economic development for several decades, the COVID-19 pandemic strongly affected Mauritius' economy. In 2020 GDP plummeted by over 7% from USD 11,212 million [MUR 511,991 million] to USD 9,821 million [MUR 448,495 million]. At the same time, unemployment rates took a strong hit, increasing by 2.5 percentage points to 9.2% in 2020.<sup>19</sup> This shock can largely be explained by the setback of the country's tourism sector which employs over 13% of total employment on the island.<sup>20</sup>

However, in the face of all, Mauritius reached a record high GDP output two years following the shock with a total GDP of USD 11,914 million [MUR 544,043 million] in 2022. Unemployment rates are expected to fall back to 7.8% with a full recovery of tourist arrivals and receipts.<sup>21</sup>

**Figure 1.3 Mauritius – gross domestic product (GDP), 2010–2022**

[USD billion]



**Note:** 1 USD = 45.666 MUR [as of 15 June 2023] based on Treasury-UN Operational Rates of Exchange

**Source:** World Tourism Organization [2023], based on Economic Development Board Mauritius [2023]

Figure 1.4: Macroeconomic competitive context Mauritius



**Note:** [F] Forecast by Statistics Mauritius

**Note:** Exchange Rate: USD 1=45.666 MAD [15-06-2023] based on Treasury-UN Operational Rates of Exchange

**Sources:** World Tourism Organization [2023], based on

a] Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius [online], available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

b] The World Bank Group, Doing Business 2020: Comparing Business Regulation in 190 Economies, The World Bank Group, Washington D.C. [online], available at: <https://archive.doingbusiness.org/en/reports/global-reports/doing-business-reports> [22-06-2023].

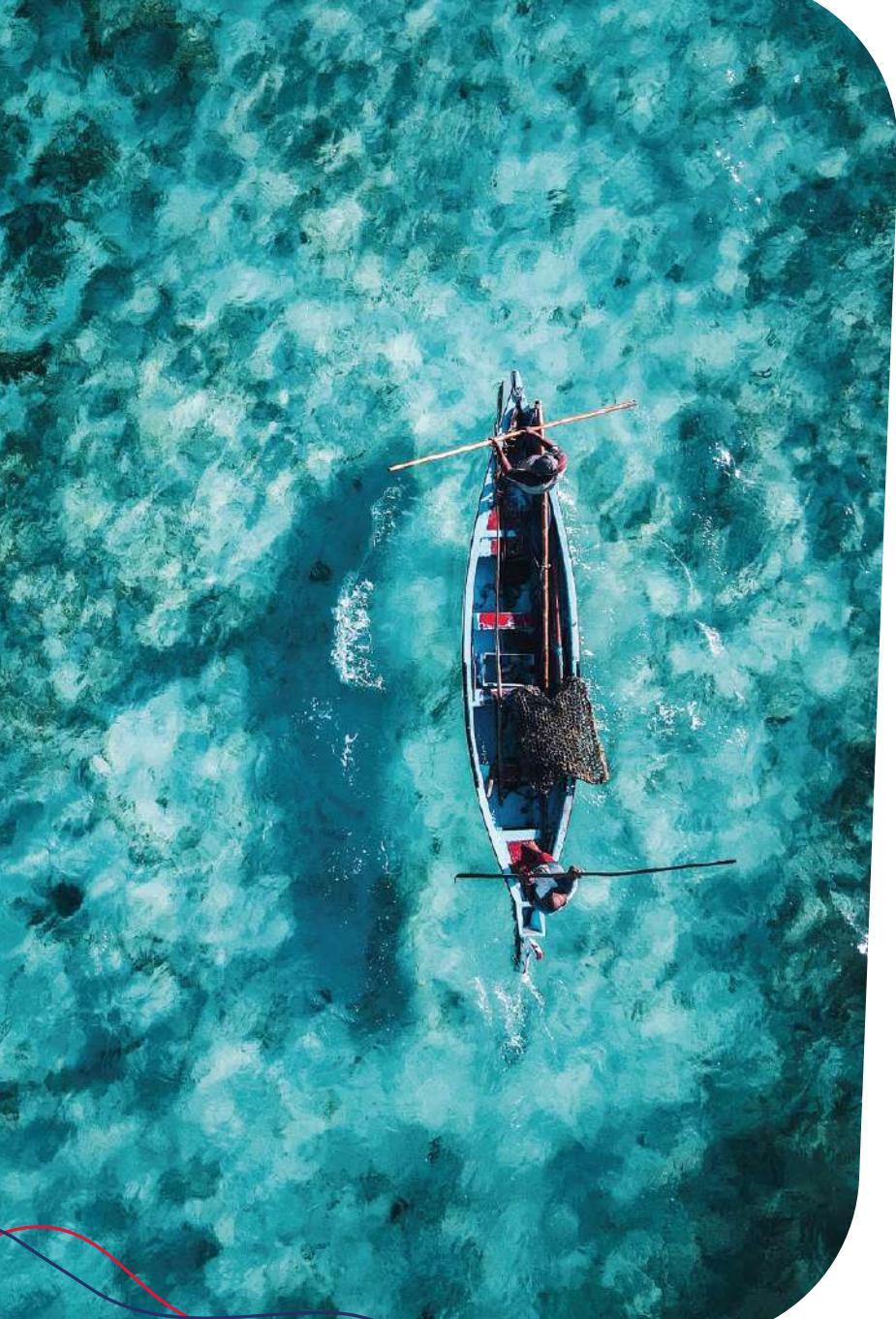
c] Ministry of Finance, Economic Planning and Development Statistics Mauritius [2022], Mauritius in Figures 2021, Statistics Mauritius [online], available at: <https://statsmauritius.govmu.org/SitePages/Index.aspx> [22-06-2023].

d] PricewaterhouseCoopers [2022], Price pressures to remain high in 2023 while the country's performance softens, PWC [online], available at: <https://www.pwc.com/mu/en/about-us/press-room/Discover-and-invest-article.html> [22-06-2023].

e] Ministry of Finance, Economic Planning and Development [2023]

f] Schwab, K. [2019], Global Competitiveness Report 2019, World Economic Forum, Geneva [online], available at: <https://www.weforum.org/reports/global-competitiveness-report-2019/> [22-06-2023].

g] World Tourism Organization [2023], UNWTO Tourism Barometer, UNWTO, Madrid



The country has progressively been reducing its debt-to-GDP ratio in recent years, although the support measures put in place to mitigate the impact of the COVID-19 pandemic weighed on public finances.<sup>22</sup> Considering the years 2016 to 2019, public sector debt as a percentage to GDP averaged 64.5%. However, in less than a year public sector debt to GDP increased by 18 percentage points to a weight of 84.2% in December 2020. This ratio further exacerbated to 92.6% in March 2021.<sup>23</sup> Indeed, Mauritius' rigid health protocol during the pandemic left the country with a low infection rate and few deaths. However, the prolonged closure of its borders and quarantining new arrivals came at a great economic cost.

Moreover, because of global travel restrictions, the country's tourism-dependent economy contracted by almost 15%.<sup>24</sup> The country's increase in public expenditure aimed at social and economic safety nets, led to a doubling of the fiscal deficit from 3.2% to about 8% in 2020. This was accompanied by lower tax receipts due to the economic downturn. Furthermore, the current account deficit also widened to 12.9% due to declines in exports and tourism revenue and further worsened in 2021 to 15.3%. The latter can be explained that the service sector which normally contributed positively to the current account prior to COVID-19 moved into deficit from 6% of GDP in 2019 to -2% in 2021.<sup>25</sup> Nevertheless, according to the Ministry of Foreign Affairs, Regional Integration and International Trade of Mauritius, public debt and current account deficit are expected to follow the downward trend.<sup>26</sup> In March of 2023, public sector debt to GDP decreased from 87.6% to 81.9% year on year comparison.<sup>27</sup> Similarly, the budget deficit is expected to decrease from -6.1% in 2021/22 to -4.9% in 2022/23.<sup>28</sup>

**Table 1.2 Macroeconomic indicators and projections, 2017–2023**

 <b>Economic activity</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Population [Mid-Year]	1,264,613	1,265,303	1,265,711	1,255,740	1,266,334	1,262,523
Unemployment rate [%]	7.1	6.9	6.7	9.2	9.1	7.7
GDP growth at market prices [%]	3.9	4	2.8	-14.6	3.6	8.8
GDP [USD million]	10,355	10,950	11,212	9,821	10,522	12,747
GDP per capita [USD]	8,188	8,654	8,858	7,821	8,309	9,436

 <b>Inflation</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Consumer Price Index [CPI]	3.7	3.2	0.5	2.5	4	10.8

 <b>Investments</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Total investment [USD million]	1,741	1,976	2,140	1,684	2,054	2,310
Private sector investments [USD million]	1,327	1,497	1,557	1,281	1,621	1,827


**Balance of payments**

	2017	2018	2019	2020	2021	2022
Total exports [USD million]	1,767	1,759	1,726	1,538	1,795	2,227
Total imports [USD million]	3,961	4,214	4,350	3,629	4,705	6,404
Trade balance [USD million]	-2,194	-2,455	-2,624	-2,091	-2,901	-4,178
Current account balance, calendar year [USD million]	- 461	- 416	- 562	- 869	- 1,372	-1,528
Exports of goods and services [% GDP]	53	52	52	47	54	


**Public financing**

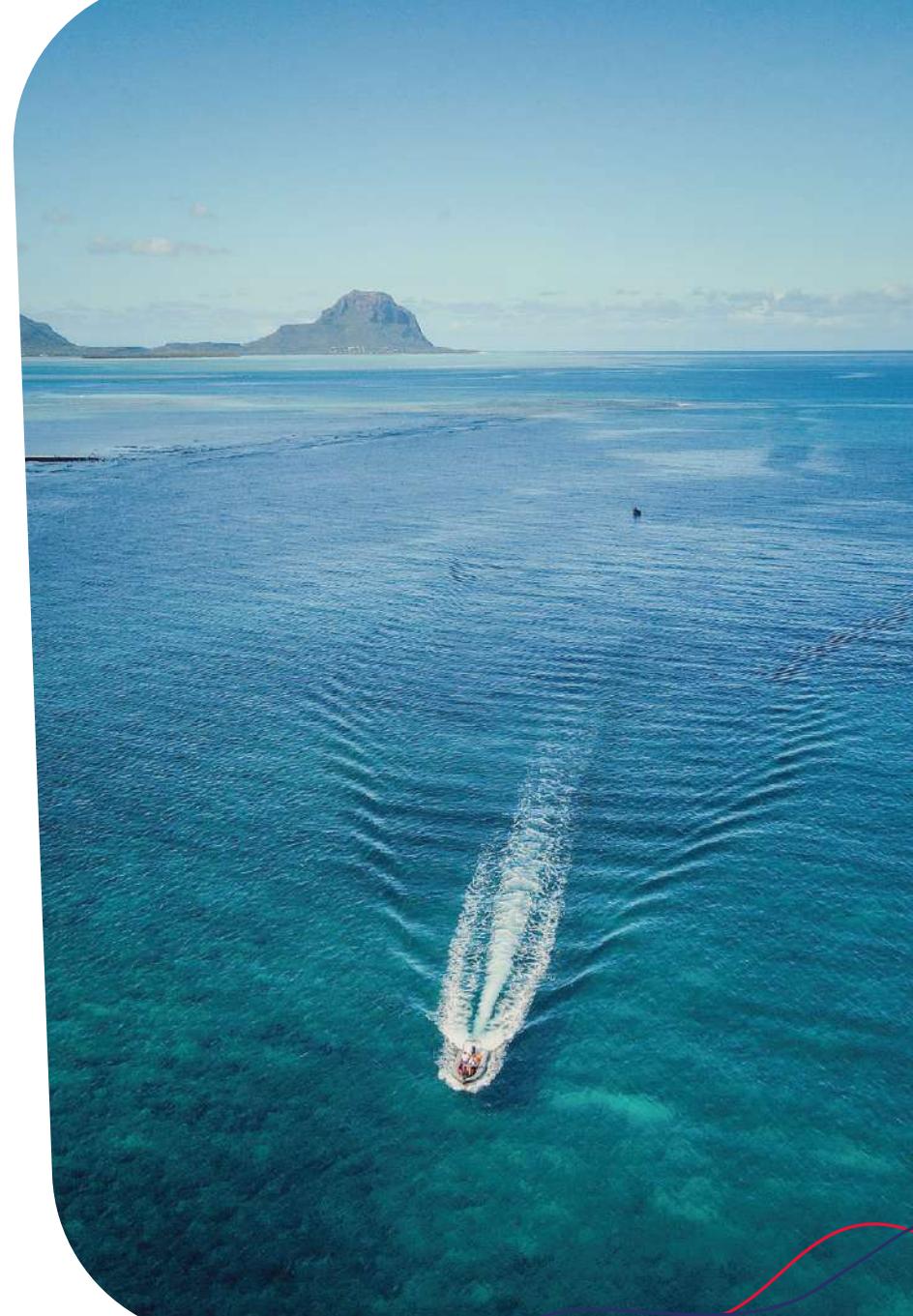
	2017	2018	2019	2020	2021	2022
Public sector investment [USD million]	414.01	478.00	583.21	403.76	433.08	702.51
Total public sector debt, March [% GDP]	65.4	63.0	65.3	66.2	92.6	87.6

**Note:** 1 USD = 45.666 MUR (as of 15 June 2023) based on Treasury-UN Operational Rates of Exchange

**Source:** World Tourism Organization (2023), based on Economic Development Board Mauritius (EDB), Ministry of Finance, Economic Planning and Development, Mauritius Statistics, and International Monetary Fund (IMF).

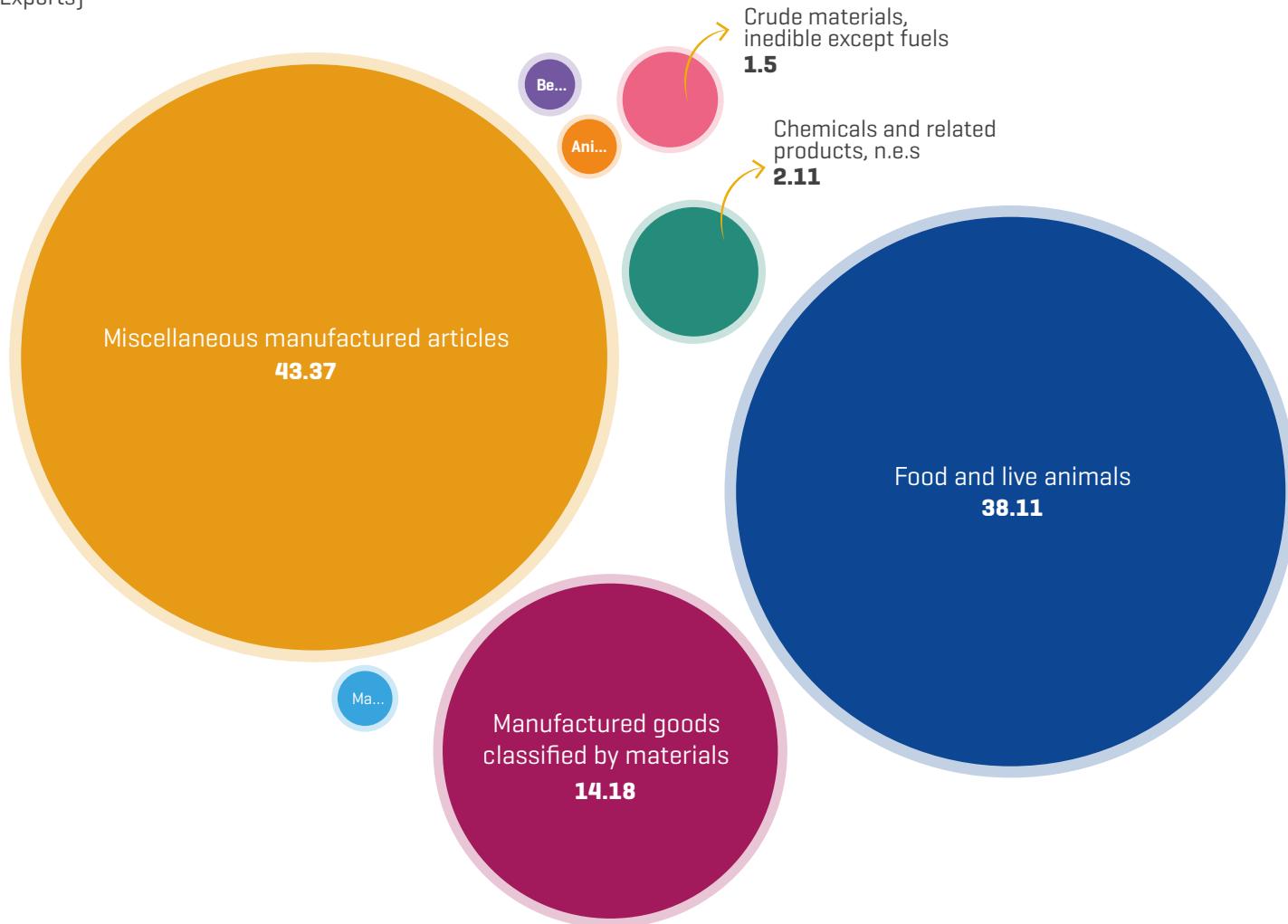
Today, Mauritius has a liberal economic and trade policy with a trade-to-GDP ratio of 98%.<sup>29</sup> Through the implementation of bold economic reforms, a strong commitment to international trade and investment, and strategic utilization of trade preferences in significant markets like the European Union (EU), Africa, and North America, Mauritius has accomplished an exceptional economic transformation since attaining independence.<sup>30</sup> The country's focus on international trade has played a crucial role in its remarkable growth. Mauritius has enjoyed preferential access to trading partners, particularly the EU, in sectors like sugar, textiles, and clothing, which have resulted in export subsidies and valuable foreign exchange earnings. This preferential trade arrangement has contributed to significant growth in Mauritius' total exports from the 1970s to the 1990s. Additionally, Mauritius has effectively leveraged export processing zones (EPZs).

Mauritius strategically positioned itself as an export-oriented textile industry hub, leveraging its small size and geographical location. The Export Processing Zone Act of 1970 provided attractive incentives to manufacturers targeting foreign markets, and the EPZs encompassed the entire island, streamlining administrative procedures. Through these strategies, Mauritius has effectively harnessed international trade to drive its economic success.<sup>31</sup>



**Figure 1.5 Contributions of main export sectors, 2017–2021**

[% Exports]



Source: World Tourism Organization (2023), based on Ministry of Finance, Economic Planning and Development Statistics Mauritius (2023).

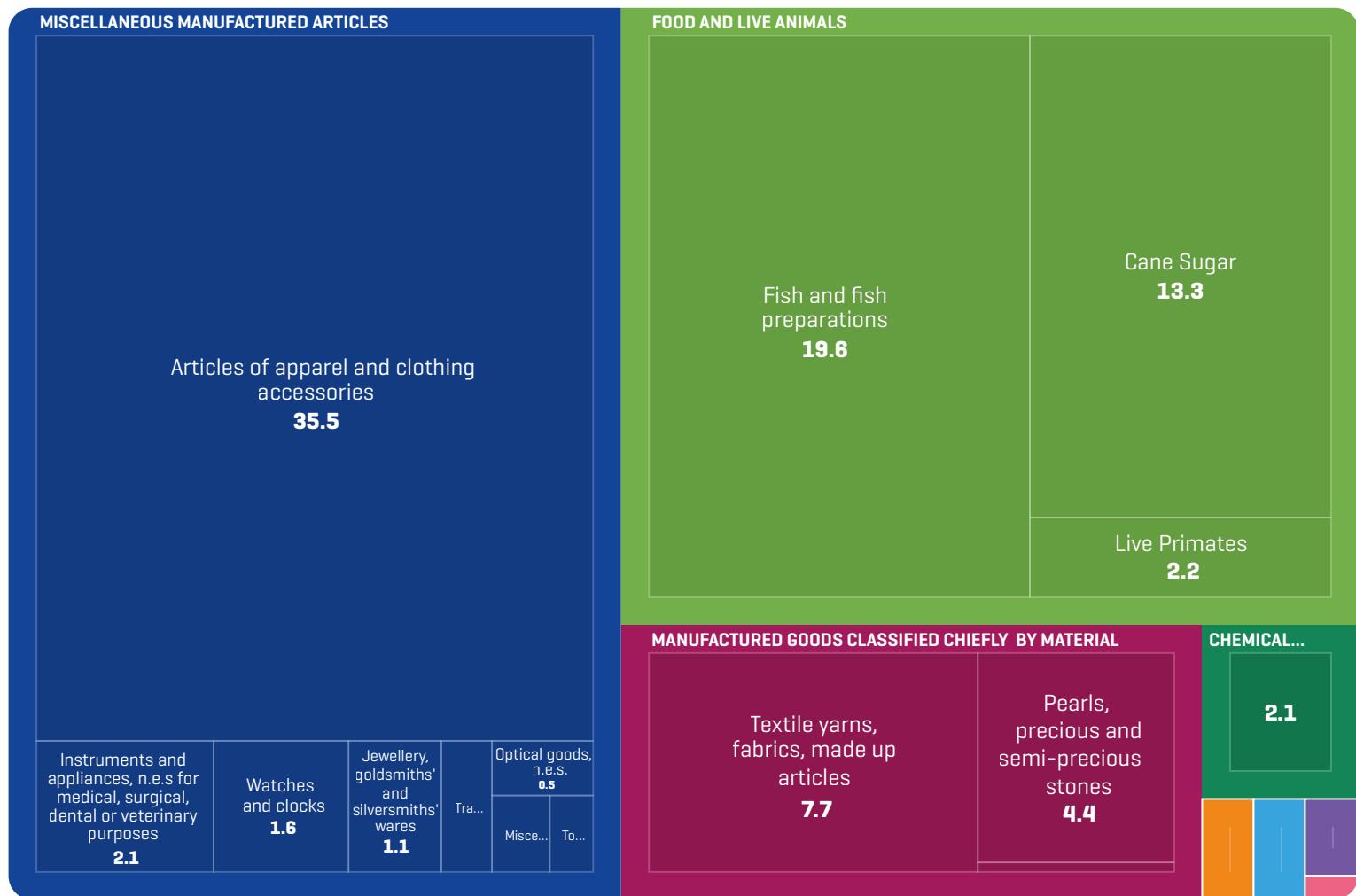
Considering the years 2017 to 2021, Mauritius' exports were led by miscellaneous manufactured articles and food and live animals. These sectors represented 43.4% and 38.1% of total export value respectively. Additionally, manufactured goods including textile yarns and fabrics accounted for the third largest export sector with a share of 14.1% of total exports.<sup>32</sup>

Looking at Mauritius' export profile more in detail across different products and services, miscellaneous manufactured articles of apparel and clothing accessories dominated with a share of 35.5% of total exports. In addition, food products such as fish as well as cane sugar are significant export goods, accounting for 19.6% and 13.3% respectively.<sup>33</sup>



Figure 1.6 Contributions of sub-sectors to export, 2017–2021

(% Export)

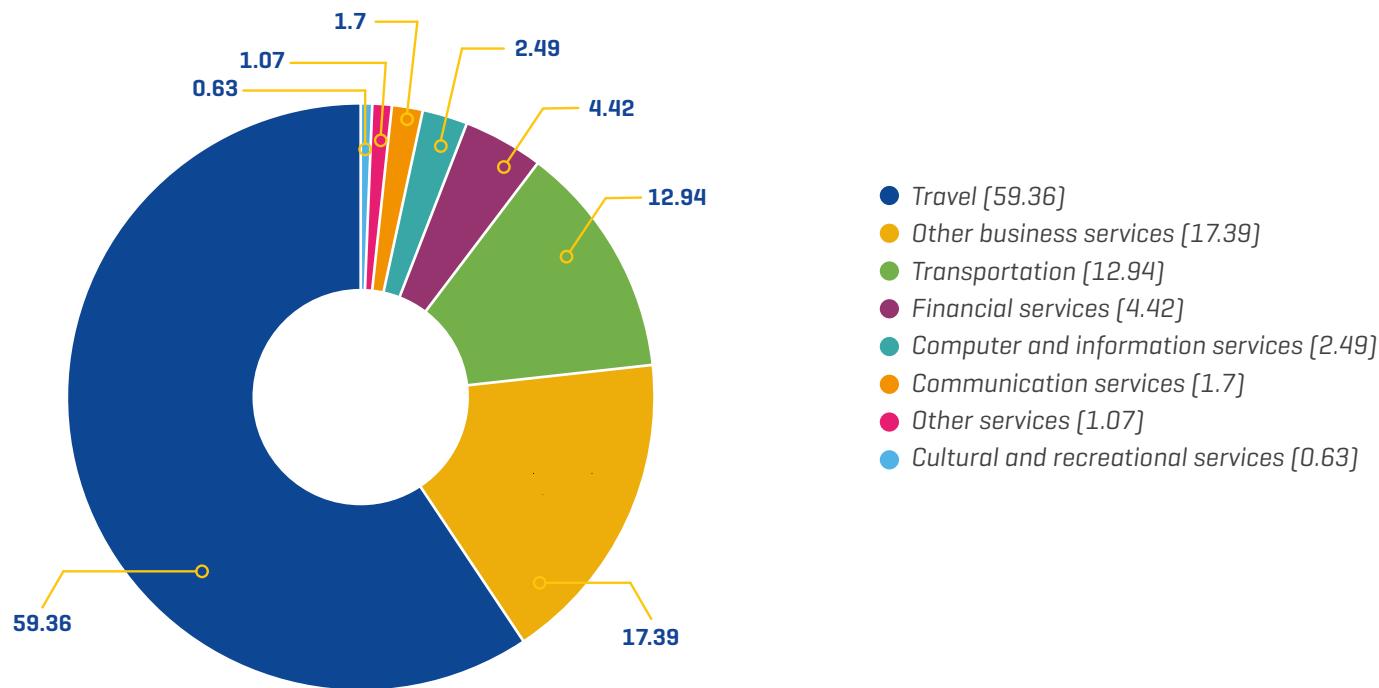


Source: World Tourism Organization (2023), based on Statistics Mauritius (2022).

Vis-à-vis total services exported, Travel was by far the largest export sector accounting for almost 60% of total services exported in 2018. Broken down, personal and business travel represented 40.3% and 19.05% respectively to total services exported. Travel was shortly followed by Other business services and Transportation, reporting each a share of 17.39% and 12.94% respectively to total services exported.<sup>34</sup>

**Figure 1.7 Share of services to exports, 2018**

(% Services exports)



Source: World Tourism Organization [2023], based on Ministry of Foreign Affairs Mauritius [2023].

Regarding estimates by the World Tourism Organization (UNWTO), Mauritius' larger tourism value chain contributed over 28% to total export in the same time frame. In comparison, the average share of tourism to export in Africa is approximately 3.04%. Moreover, in 2019, the sector contributed 38.5% to total exports but as a consequence of the pandemic, tourism's share to exports fell to only 12.3% in 2020.<sup>35</sup>

South Africa and France are Mauritius' largest export partners. Last year, Mauritius sold 27.40% of its exports alone to France and South Africa. The main suppliers to Mauritius are China, India, and United Arab Emirates, supplying 17.8%, 15.6% and 8.6% of total imports respectively. Overall, petroleum oils build the largest product category imported by Mauritius.<sup>36</sup>

**Table 1.3 Mauritius' main trading partners, 2022**

<b>Main Customers</b> [% of Exports]		<b>Main Suppliers</b> [% of Imports]			
South Africa		<b>13.90%</b>	China		<b>17.80%</b>
France		<b>13.50%</b>	India		<b>15.60%</b>
United Kingdom		<b>9.10%</b>	United Arab Emirates		<b>8.60%</b>
United States		<b>8.10%</b>	South Africa		<b>8.00%</b>
Madagascar		<b>7.70%</b>	France		<b>6.70%</b>
<b>Other</b>		<b>47.60%</b>	<b>Other</b>		<b>43.30%</b>

**Source:** World Tourism Organization (2023), based on Ministry of Foreign Affairs Mauritius (2023).



### 1.3. Contribution of different sectors to the GDP.

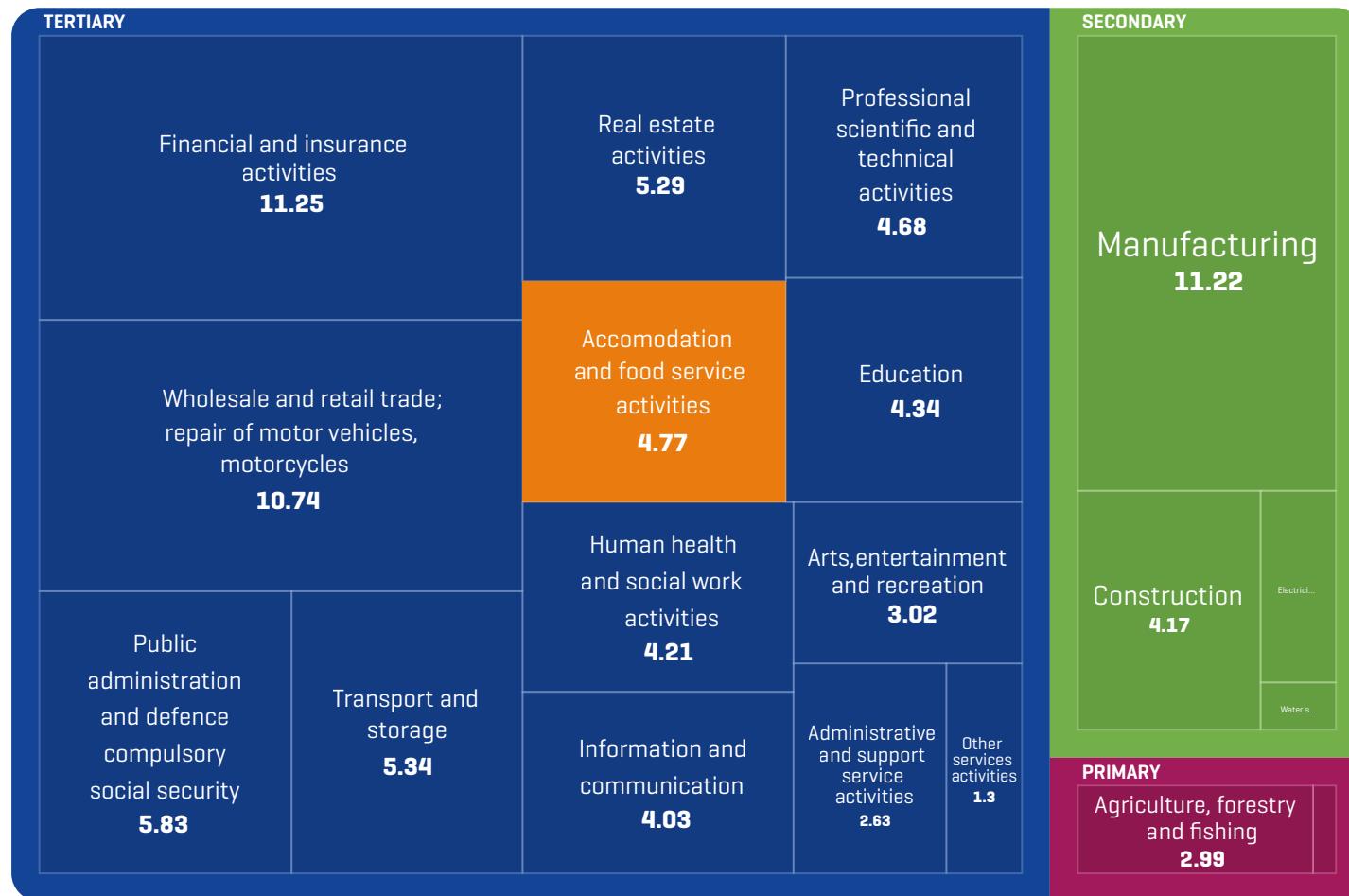
Over time, the sectoral composition of the Mauritian economy has changed profoundly. Windfalls from sugar and textile exports have been used wisely to help promote diversification and boost growth. From a mainly goods-based economy driven by the sugar and garment sectors, Mauritius has progressively shifted towards a service-oriented economy with higher value addition. The country has had remarkable success in developing its service sector, boosting economic growth, and diversifying its economy.<sup>37</sup> Tourism and financial and insurance activities are now one of the major contributors to GDP, and the share of services in value addition has increased steadily, reaching 67.43% for the period 2017–2021.<sup>38</sup>

From 1976 to 2010, the primary-sector production's share in the overall economy declined from 23% to 6%, while the secondary sector,

encompassing manufacturing, electricity, water, and certain construction activities, increased from around 23% to 28%, with manufacturing experiencing even more substantial growth. Manufacturing output witnessed an increase in the 1980s due to the presence of EPZs but faced stagnation during the 1990s and 2000s due to sectoral adjustments. Notably, the sugar industry, which represented over 20% of Mauritius' GDP in 1976, accounted for only about 4% in 2009. Concurrently with a decline in sugar production, financial services and real estate increased their weight to total GDP, strengthening the importance of the service sector. By the 2000s, the service sector had become the dominant contributor to the economy's output.<sup>39</sup>

## 1.8 Sectoral contribution to GDP, 2017–2021

(% GDP)



Source: World Tourism Organization (2023), based on Ministry of Finance, Economic Planning and Development Statistics Mauritius (2022).

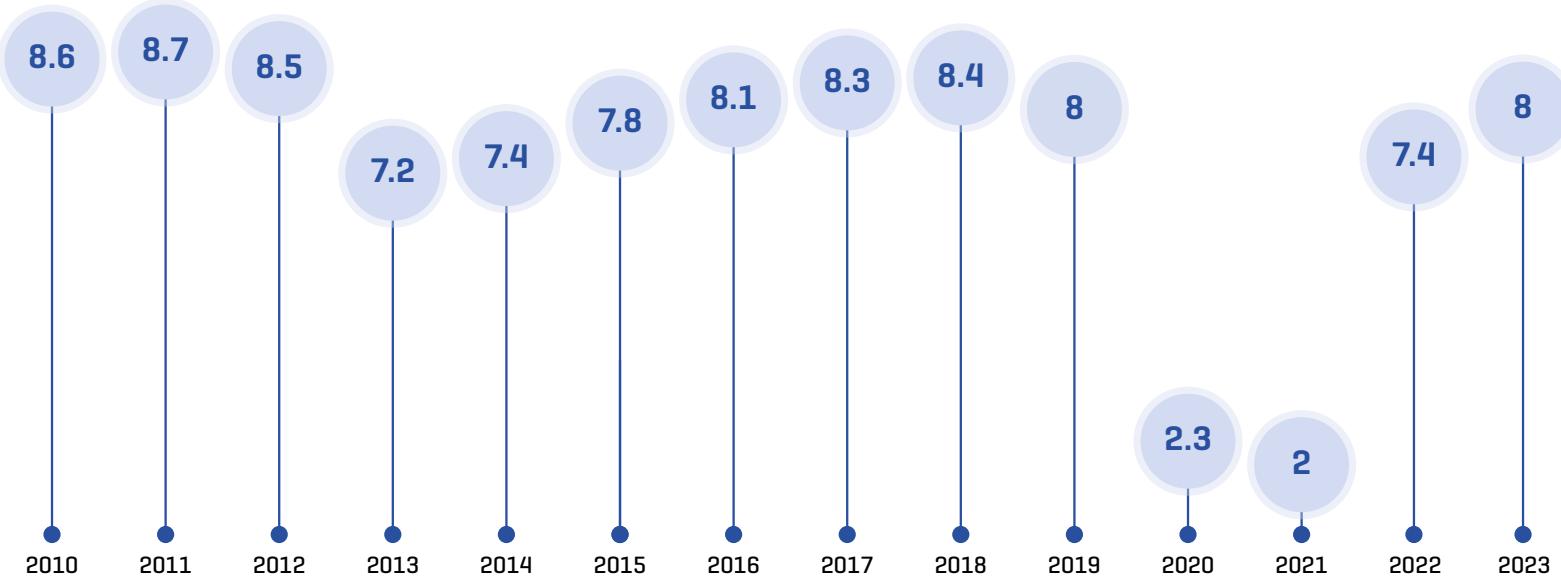
Considering the years 2017 to 2021, the agricultural sector accounts for 3.28% of GDP<sup>40</sup> and 6% of the total workforce.<sup>41</sup> The majority of the country's arable land is dedicated to the production of sugar cane, which is the largest crop produced on the island with a output of approximately 2.7 million tons per year and cultivated on a total area of 41,897 hectares.<sup>42</sup> On the other hand, the manufacturing sector contributes 17.11% and 24%<sup>43</sup> to Mauritius' GDP and workforce respectively.<sup>44</sup> Traditionally dominated by textiles and sugar production, the sector evolved over time to a textile hub in Southern Eastern Africa.

The service sector builds the biggest share of the country's GDP and contributes almost 68% [67.43%] to the Mauritian economy<sup>45</sup> and employs 70% of the country's workforce.<sup>46</sup> The financial and insurance services sector [including financial intermediation, insurance leasing and other credit-granting activities] is the biggest component of the economy, accounting for 11.25% to the GDP. Financial and insurance activities were also among the few sectors that did not record a negative growth rate from 2019 to 2020.<sup>47</sup>



**Figure 1.9 Tourism contribution to GDP, 2010–2023**

[% GDP]

**Note:** Forecasted value for 2023**Source:** World Tourism Organization [2023], based on National Accounts by Statistics Mauritius [2023].

In addition, the tourism sector also builds a pivotal sector of the Mauritian economy. Prior to the pandemic Mauritius' tourism sector witnessed average growth rates of 4.7% per year. In 2019, the island welcomed 1.4 million tourists<sup>48</sup> with the tourism contributing 8% to GDP and employing 13.3% of the island's total workforce. Consequences of COVID-19 decreased tourism's share to GDP by a dramatic 6 percentage points from 8% in 2019 down to 2% in 2021.

Also, according to Statistics Mauritius, the GDP value contribution of accommodation and food service activities decreased by 67% from USD 694 million [MUR 31,714 million] in 2019 to USD 232 million [MUR 10,574 million] in 2021. Nevertheless, 2022 observed a strong comeback of the Mauritius' tourism sector and the share of the sector is expected to come back to the same level as 2019 with a GDP contribution of 8%.<sup>49</sup>



## 02

# INVESTMENT OUTLOOK

## 2.1. Foreign direct investment (FDI) flows in Mauritius.

As a result of Mauritius' strategic geographic position bridging Sub-Saharan Africa and Asia, which makes the island one of the most preferred destinations to invest in the region, it is one of the most thriving economies in Africa. The country is also well-known for its firm commitment to investment and entrepreneurship, offering very attractive incentive schemes for foreign investments. Attractive incentive schemes exist for foreign investment in more than a dozen sectors including, international trade (finance and insurance), research and development, software, and manufacturing, and tourism development. According to the Economic Development Board (EDB) of Mauritius, the country's investment environment has been characterized by innovative regulatory frameworks, transparency, and political and economic stability.

The United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2022 positions Mauritius among the top five recipients of foreign direct investment (FDI) among the small island developing states (SIDS) alongside Maldives, Fiji, the Bahamas, and Trinidad and Tobago.<sup>50</sup> The report notes that these SIDS have accounted for 56% of FDI flows to this group. In retrospect, the trend of FDI inflows in Mauritius has been consistently on the rise since

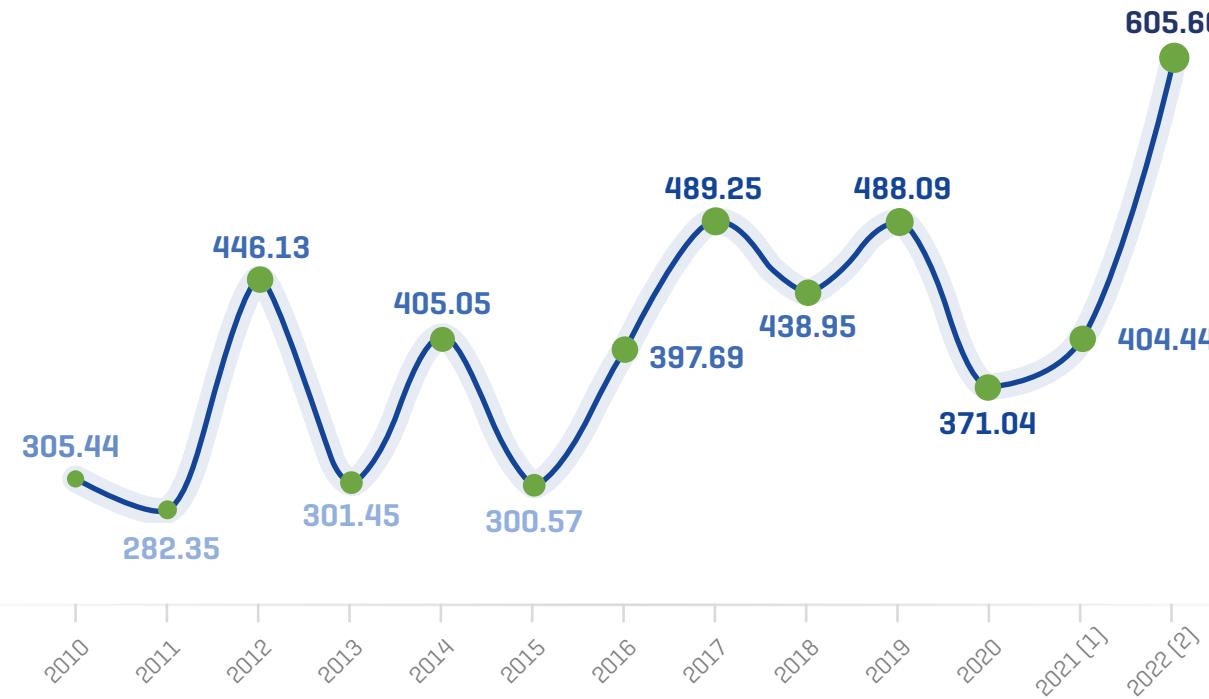
2010, with occasional fluctuations in between. According to Figure 2.1, FDI inflows increased from USD 305.4 million (MUR 13,948.1 million) in 2010 to USD 605.7 million (MUR 27,658 million) in 2022.

The COVID-19 pandemic caused a sharp decrease of 24% in FDI inflows in 2020, from USD 488.1 million in 2019 to USD 371.0 million in 2020. During the post-pandemic period, there was a swift rebound in FDI inflows, marked by a slight increase in 2021 to USD 404.4 million. However, the real highlight came in 2022, when Mauritius experienced an unprecedented surge in FDI inflows, reaching a historic peak. This remarkable increase amounted to 49.8% in comparison to the previous year.<sup>51</sup>

These statistics reflect the robust and favourable business and investment climate provided by Mauritius. Despite the pandemic-induced uncertainties that may have affected investors, the decline in FDI within the country represented the lowest point during the analysis period of 2010–2022. However, as previously mentioned, the upward trend persisted.

**Figure 2.1 Mauritius – total foreign direct investment (FDI) inflow into all sectors, 2010–2022**

[USD million]



**Notes:**

[i] 1 USD = 45.666 MUR [as of 15 June 2023] based on Treasury-UN Operational Rates of Exchange

[ii] Sector is according to ISIC 1 digit. The data are in line with the structure of the fourth revision of the UN's International Standard Industrial Classification (ISIC Rev. 4). Details on ISIC Rev.4 are available on the United Nations Statistics Division website at [https://unstats.un.org/unsd/publication/SeriesM/seriesm\\_4rev4e.pdf](https://unstats.un.org/unsd/publication/SeriesM/seriesm_4rev4e.pdf).

[iii] The data for 2014 to 2021 have been supplemented with the results from the annual Foreign Assets and Liabilities Survey (FALS) and therefore also include reinvested earnings and shareholders' loans.

1 Revised estimates.

2 Preliminary estimates.

3 IRS/RES/IHS/PDS/SCS: Integrated Resort Scheme/Real Estate Scheme/Invest Hotel Scheme/Property Development Scheme/Smart City Scheme.

4 The data for 2022 include the Bank's estimates for gross direct investment based on past FALS data.

**Source:** Provided by Authorities based on the Economic Development Board of Mauritius [2023].

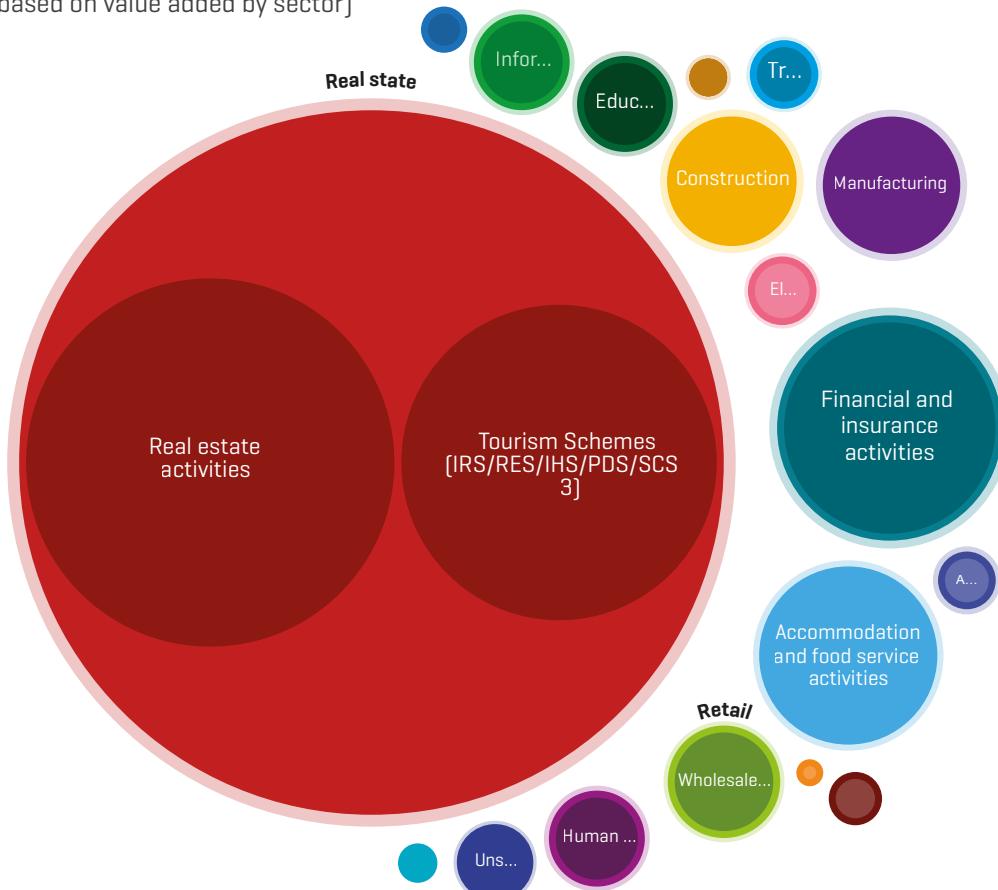
Between 2010 and 2022, FDI inflows in Mauritius were distributed across various sectors. However, it is noteworthy that only five sectors accounted for over 80% of total FDI. These sectors include real estate activities [48%], financial and insurance activities [16%], tourism – accommodation and food services [10%], manufacturing [5%], and construction [5%]. It is worth noting that more than 35% from the real estate sector's activities are related to tourism schemes including: Integrated Resort Scheme [IRS], Real Estate Scheme [RES], Invest Hotel Scheme [IHS], Property Development Scheme [PDS], Smart City Scheme [SCS]. Therefore, it can be said that the tourism related activities contribute around 23% to Mauritius' FDI. Among these sectors, real estate and tourism were the most significantly impacted industries by the pandemic, experiencing declines of 43% and 32% in terms of FDI, respectively. Conversely, the financial and insurance, manufacturing, and construction sectors displayed some degree of improvement in 2020, as per data provided by the EDB.<sup>52</sup>

Looking into the historical evolution of FDI inflows between 2010 and 2022, the real estate sector is the largest contributor to FDI, receiving a total of USD 2.5 billion in FDI inflows [MUR 115,151 million]. Similarly, the accommodation and food service activities have been marked by a consistent flow of investment, with 2014 marking an exceptional year for the sector. In that particular year, the sector received USD 131 million [MUR 5,986 million], which significantly surpassed the average for the entire period [USD 38.1 million].<sup>53</sup>



## Figure 2.2 Mauritius – total foreign direct investment [FDI] by sectors, 2010–2022

[Weighted average data based on value added by sector]



### Notes:

[i] Sector is according to ISIC 1 digit. The data are in line with the structure of the fourth revision of the UN's International Standard Industrial Classification [ISIC Rev. 4]. Details on ISIC Rev.4 are available on the United Nations Statistics Division website at [https://unstats.un.org/unsd/publication/SeriesM/seriesm\\_4rev4e.pdf](https://unstats.un.org/unsd/publication/SeriesM/seriesm_4rev4e.pdf).

[ii] The data for 2014 to 2021 have been supplemented with the results from the annual Foreign Assets and Liabilities Survey [FALS] and therefore also include reinvested earnings and shareholders' loans.

[iii] IRS/RES/IHS/PDS/SCS: Integrated Resort Scheme/Real Estate Scheme/Invest Hotel Scheme/Property Development Scheme/Smart City Scheme.

Source: Provided by Authorities based on the Economic Development Board of Mauritius [2023].

During the period of 2006 to 2022, six countries emerged as major contributors to FDI in Mauritius, collectively accounting for over 66% of the total FDI inflows. The top contributor was France, providing 24% of the total FDI inflows, amounting to USD 1,437.9 million. Following closely were the United Kingdom and South Africa, each contributing around 13% of the total. Additionally, China, India, and the United Arab Emirates [UAE] also made notable contributions, each accounting for more than 5% of the FDI inflows. According to the UNCTAD 2022 World Investment Report, a recent noteworthy investment by the French company Decathlon was made in Mauritius to fund the construction of its fourth global warehouse, valued at USD 17 million.<sup>54</sup>

This trend is further supported by examining the data supplied by the EDB covering the years 2014 to 2022. To this end, the top five countries taking the lead in investment origin are as follows: France, contributing USD 1,032 million [26.5%]; South Africa, contributing USD 506 million [12.9%]; the United Kingdom, contributing USD 319.93 million [8.2%]; China, contributing USD 274.23 million [7.0%]; and the UAE, contributing USD 204.27 million [5.24%]. These figures reflect a diverse range of FDI sources originating from different continents.<sup>55</sup>



**Figure 2.3 Top 5 leading countries investing in Mauritius, 2014–2022**

Country	FDI value [USD million]	Share (%)	Aggregated (%)
France	1,032.89	26.48	
South Africa	506.39	12.98	
United Kingdom	319.93	8.20	59.93
China	274.23	7.03	
United Arab Emirates	204.27	5.24	
Remaining countries/regions	1,563.04	40.07	40.07
<b>Total</b>	<b>3,900.76</b>	<b>100.00</b>	<b>100</b>

**Notes:**

[i] 1 USD = 45.666 MUR (as of 15 June 2023) based on Treasury-UN Operational Rates of Exchange

[ii] The data for 2014 to 2021 have been supplemented with the results from the Foreign Assets and Liabilities Survey (FALS) and therefore also include reinvested earnings and shareholders' loans.

3 From 2020, United Kingdom is not part of European Union 27, and the data has been adjusted accordingly.

4 The data for 2022 include the Bank's estimates for gross direct investment, based on past FALS and other unspecified data.

**Source:** Provided by Authorities based on the Economic Development Board of Mauritius (2023).



## 2.2. Tourism investment in Mauritius.

According to a World Bank study, the history of Mauritius' tourism sector can be divided into three phases.

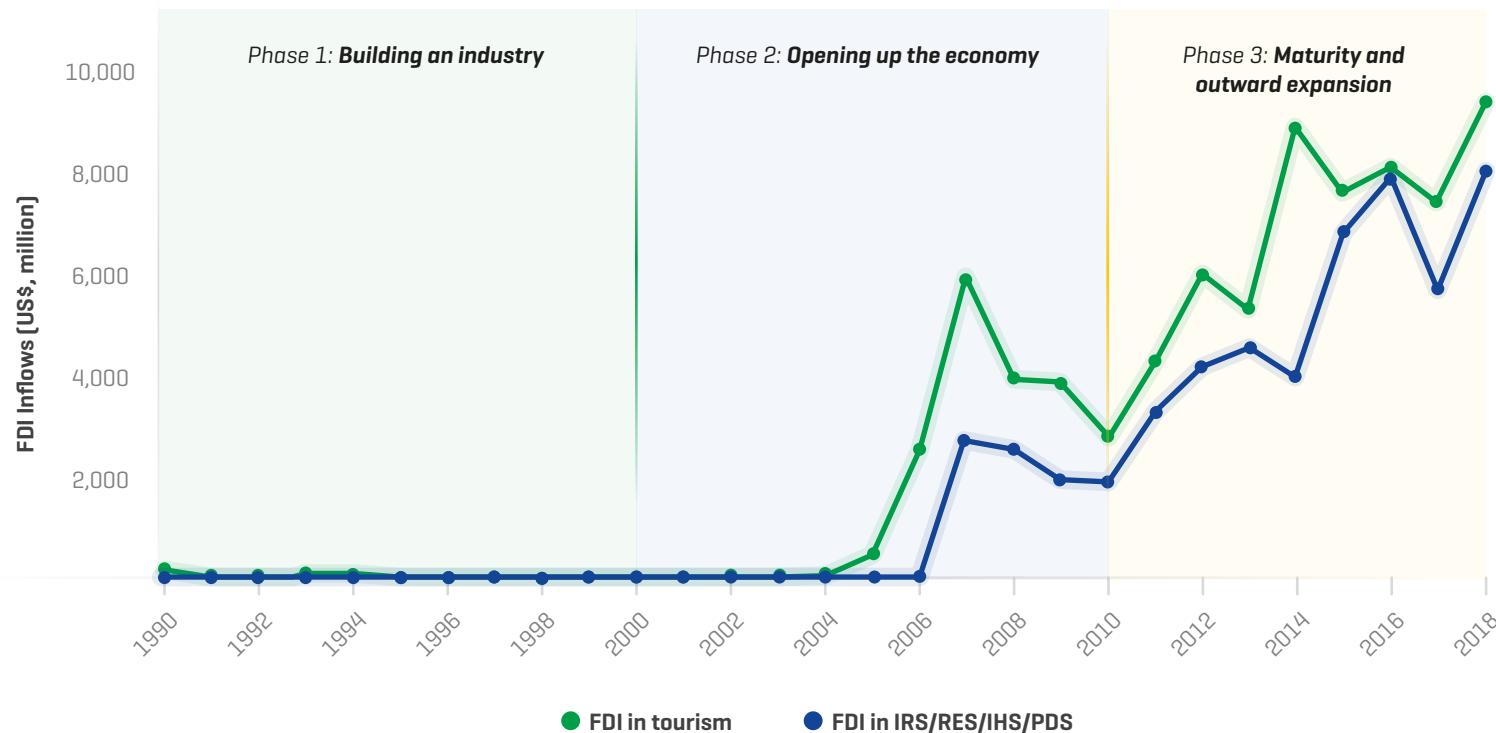
**Phase 1** [late 1970s to early 2000s]: The growth of Mauritius' tourism industry primarily relied on domestic capital that was channeled from the sugar sector.<sup>56</sup>

**Phase 2** [early 2000s to late 2000s]: The significance of FDI in the form of direct capital flows became evident as gradual liberalization took place and specialized programs were introduced to attract foreign investors to engage in real estate and resort development. This led to substantial inflows of FDI from the mid-2000s onwards. Three schemes were introduced to enable foreign individuals and companies to acquire real estate properties: the Invest-Hotel Scheme (IHS) in 2002, the Integrated Resort Scheme (IRS) in 2002, and the Real Estate Scheme (RES) in 2007. In the subsequent chapter, we will expand upon these current schemes and discuss their further expansion.<sup>57</sup>

**Phase 3** [from the late 2000s onward]: The growth of FDI and exports persisted, with particular emphasis on the expanding role of hotel management contracts, contributing to further advancements. Additionally, domestic hotel groups ventured into outward investments, aiding in the overall upgrade of the industry. In the 2000s, the Mauritian government initiated a process of liberalization and proactive promotion of FDI to foster industry development. As a significant step, the EDB was established in 2017, taking over from the previously established Board of Investment in 2000, signalling a heightened focus on attracting FDI to drive the growth of the Mauritian economy.<sup>58</sup>

Apart from embracing openness, the government of Mauritius took a significant step in 2002 by establishing the Mauritius Tourism Authority. This organization was primarily tasked with promoting the sustainable growth and development of the tourism sector. Therefore, other tourism segments such as tour operators also gradually began to be liberalized, leading to exports almost doubling between 2000 and 2010, from USD 542 million to USD 1.29 billion.<sup>59</sup>

**Figure 2.4 Mauritius – evolution of foreign direct investment (FDI) in tourism, 1990–2018**



**Note:** From 1994 to 2006, the Bank of Mauritius in its sector specific FDI data included a specific “tourism” category. From 2007 onward, to categorize FDI inflows, the government of Mauritius has used the International Standard Industrial Classification, which does not list tourism as a category, so the category “accommodation and food services” is used as a proxy for FDI in tourism. More detailed tourism FDI comes from four government schemes [IRS, RES, IHS, and PDS]. FDI in travel agencies or tour operators is not included. FDI data for 2018 are preliminary estimates. FDI = foreign direct investment; IHS = Invest-Hotel Scheme; IRS = Investment Resort Scheme; RES = Real Estate Scheme; PDS = Property Development Scheme [which replaced the IRS and RES in 2015].

**Source:** Eltgen, M. and Steenbergen, V., [2021], Mauritius – Partnering with foreign firms to upgrade the tourism industry, An Investment Perspective on Global Value Chains, volume 1, June 2021, pp. 300–323, DOI [https://doi.org/10.1596/978-1-4648-1683-3\\_ch9](https://doi.org/10.1596/978-1-4648-1683-3_ch9) [02-06-2023].

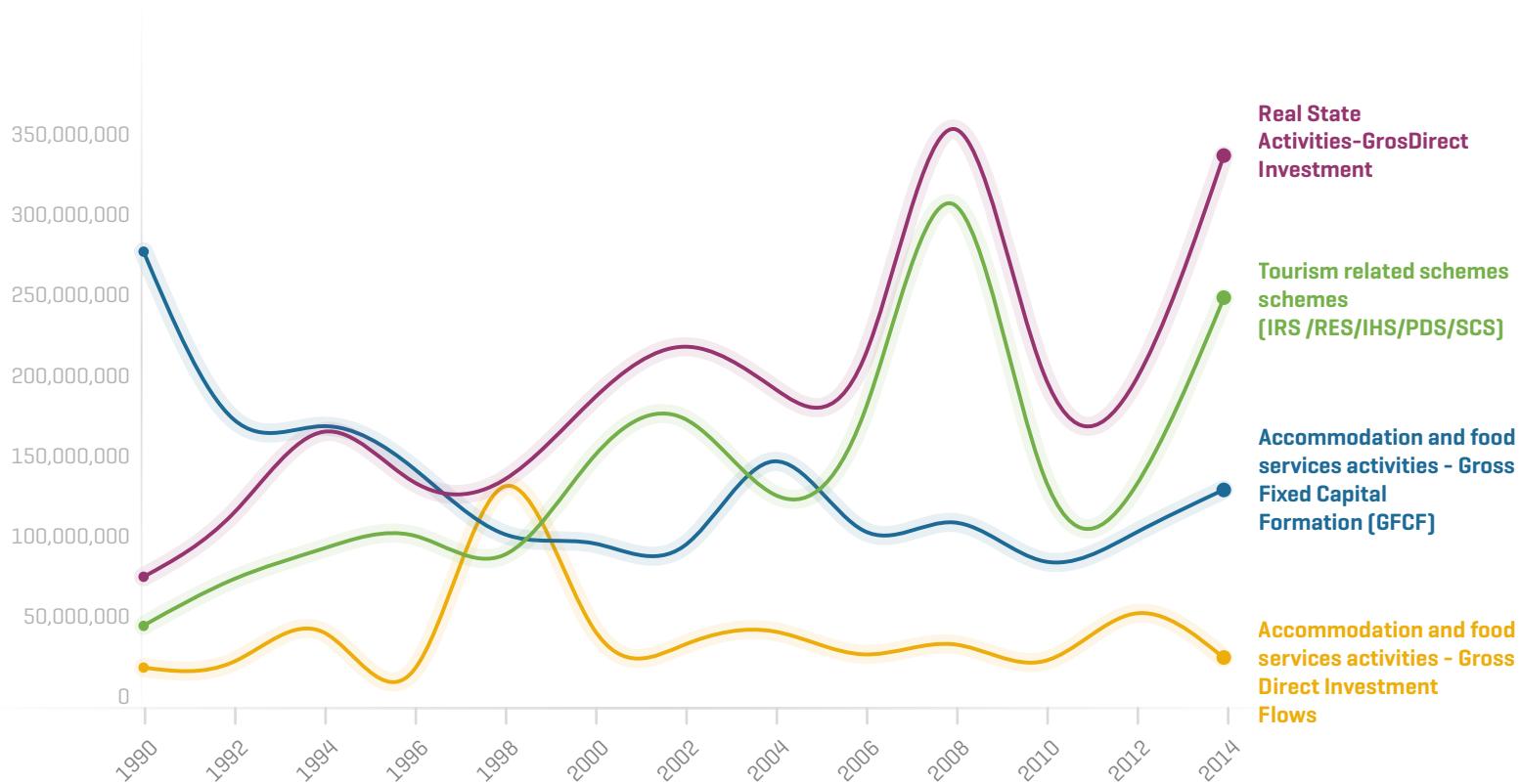


Currently, tourism - accommodation and food services - stands as the third most significant sector in terms of receiving FDI inflows. Since 2010, the tourism sector in Mauritius has accounted for approximately 10% of the total FDI inflows on average. However, there has been a slight downward trend in recent years, starting from 2015. Nevertheless, this trend is expected to change as the impact of the pandemic gradually diminishes and Mauritius continues to take significant measures to enhance its investment climate. Tourism has always been a highly specialized and prioritized sector for the country, and it is now entering a mature phase.<sup>60</sup>

According to the EDB, the accommodation and food service activities contribution to total investments in Mauritius has been constant with 7.5% on average over the total of investments for the periods of 2010 to 2022, representing around USD 133 million per year. It is worth noticing that this figure was determined based on the total of gross fixed capital formation (GFCF) for the accommodation and food service activities. To this end, this GFCF represents around 71% more than the gross direct investment flows (GDIF) for the same sector. In other words, FDI in the accommodation and food service sector represented on average USD 38.5 million between the period 2010 and 2022. This is in contrast with the USD 133 million generated in GFCF, showing the multiplayer effect of the investments in the tourism value chain in the country. The following figure 2.5 shows the importance of the GFCF on the tourism sector which has been growing steady in the last decade, especially when comparing this amount with the average of total FDI for real estate which reached an average of USD 194 million for the 2010 to 2022 period.<sup>61</sup>

The transition to this new phase may require the implementation of fresh measures to adapt to the post-COVID-19 era. It entails embracing digitalization and sustainability while promoting the acquisition of skills, managerial expertise, and technology that align with emerging behaviors and demands. Additionally, it is crucial to consolidate a robust tourism cluster that has been expanding alongside the maturation of the tourism sector and its value chain [figure 2.5].<sup>62</sup>

**Figure 2.5 Mauritius – gross fixed capital formation (GFCF) on accommodation and food service activities, 2010–2022**  
 [USD]



**Note:** 1 USD = 45.666 MUR [as of 15 June 2023] based on Treasury-UN Operational Rates of Exchange  
**Source:** Provided by Authorities based on the Economic Development Board of Mauritius [2023].



## 2.3. Greenfield investment trends in tourism.

Mauritius has implemented a well-defined vision and coordinated approach in its tourism strategy. The government's commitment to establishing itself as a high-end destination has driven a range of initiatives, including the implementation of investment schemes that will be further detailed in this report. To this end, the country's efforts to maintain a sustainable and exclusive image have been acknowledged internationally. The liberalization of the tourism and aviation sectors, coupled with the implementation of tourism related incentive schemes, played a vital role in attracting FDI and fueling the tourism growth.

At present, Mauritius boasts a multitude of globally renowned hotel brands that have established their presence on the island, including Marriott, Hilton, Four Seasons, and Club Med, among others. Mauritius' liberalization and strong investment schemes in the tourism related activities has led to capture value by domestic investors. For example, the Shangri-La's Le Touessrok Resort & Spa and One&Only Le Saint Géran, have local ownership and management structures. In addition to the several domestic hotel groups, such as: Beachcomber, Constance, and Sun Resorts.<sup>63</sup> Therefore, greenfield investments are recent in Mauritius investment portfolio; considering that the country's tourism sector has been developed through the balancing of

the domestic investment and the country's strategic capabilities to attract FDI projects, particularly in the subsector of accommodation by promoting the settlement of large luxury hotels. Over the years, specific FDI projects have emerged as significant milestones, with France and Germany emerging as the primary investors since 2004 in terms of the number of projects, as indicated by data from fDi Intelligence, a division of The Financial Times Ltd.<sup>64</sup>

In this context and to better assess Mauritius' greenfield investments more accurately in the tourism sector, this guideline benchmarked destinations in the Indian Ocean to understand trends regarding the capital formation of similar countries. To explore this, 5 countries were analyzed in addition to Mauritius. Among the African countries analyzed were Seychelles, Madagascar, and Tanzania, with a particular focus on the Zanzibar archipelago. From Asia, the countries included were Maldives and Sri Lanka. Furthermore, Cabo Verde was included in the analysis due to its similar offerings and growing stature, despite not being in the Indian Ocean.<sup>65</sup>

Between January 2003 and May 2023, a total of 91 tourism greenfield FDI projects were announced, among the six destinations in the Indian Ocean [excludes Cabo Verde]. These projects represented a total capital investment of USD 8.08 billion, which is an average investment of USD 88.80 million per project. According to data from fDi Markets by the Financial Times, the largest number of announced greenfield FDI projects in one year among the six destinations was 14 projects in 2018.<sup>66</sup>

Furthermore, Mauritius recorded a total of 8 tourism greenfield investment projects during the same period. This represented approximately USD 504 million in capital formation. Half of these projects were announced between 2004 and 2008, once the country opened to foreign investors. Notably, there was an upward trend in project announcements between 2018 and 2019 before the onset of the COVID-19 pandemic.<sup>67</sup> The potential for future investments in Mauritius is clear, especially when considering the size of its growing demand for international tourist and the strong business environment and climate. These factors have positioned the country for growth and maturity.



**Table 2.1 Benchmarking of 7 destinations based on emerging demand, 2003-2023**

Country	Region	# Greenfield FDI	International Tourist Arrivals	International Tourism Receipts (USD)
 Sri Lanka	Asia	17	1,914,000	3,607,000
 Maldives	Asia	38	1,703,000	3,157,000
 Tanzania [Zanzibar] <sup>1</sup>	Africa	7	1,443,000	2,605,000
 <b>Mauritius</b>	<b>Africa</b>	<b>8</b>	<b>1,383,000</b>	<b>1,779,000</b>
 Seychelles	Africa	8	384,000	590,000
 Madagascar	Africa	1	384,000	747,000
 Cabo Verde <sup>2</sup>	Africa	1	758,000	502,000

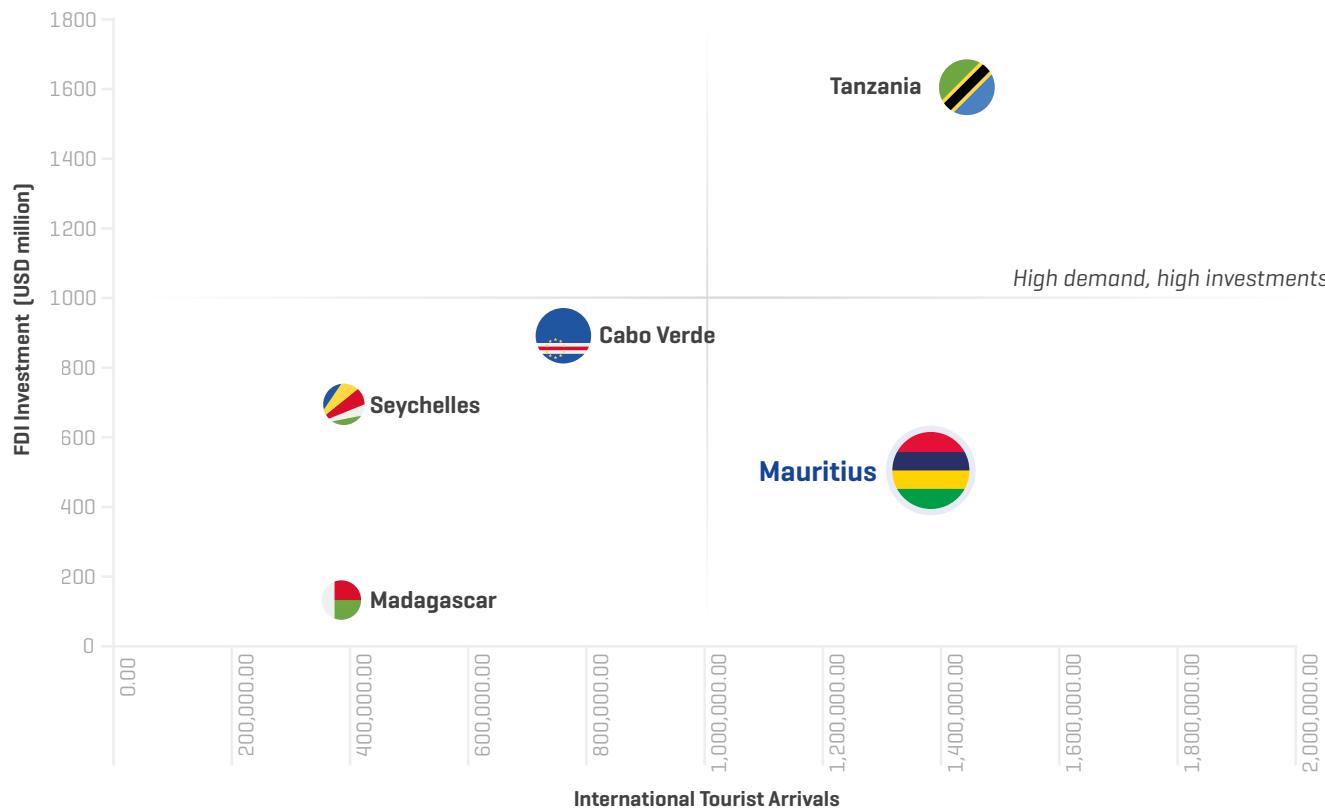
**Disclaimer:** The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of UNWTO or that of the United Nations concerning the legal status of any country, territory, city, or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The report/results do not constitute any form of advice, recommendation, representation, or endorsement and is not intended to be relied on in making (or refraining from making) any specific investment or other decisions.

**Notes:** [1] Zanzibar archipelago has similar characteristics to the destinations analyzed. [2] Cape Verde is located in the Atlantic Ocean but has become an emerging destination with similar characteristics.

**Source:** World Tourism Organization (2023), based on fDi Intelligence from The Financial Times Ltd and UNWTO Barometer Volume 21 · Issue 2 · May 2023.

## Figure 2.6 Greenfield foreign direct investment [FDI] trends by country of destination, 2003-2023

[Weighted based on demand volume and capital formation]



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**Notes:** [1] Zanzibar archipelago has similar characteristics to the destinations analyzed. [2] Cape Verde is located in the Atlantic Ocean but has become an emerging destination with similar characteristics.

**Source:** World Tourism Organization (2023), based on fDi Intelligence from The Financial Times Ltd and UNWTO Barometer Volume 21 · Issue 2 · May 2023.



Here is a list of some major hotel projects under implementation or which have just opened:

**Table 2.2 Mauritius - tourism investment projects track record**

# Merville Ltd (LUX\* Grand Bay)

 **In operation**

**Location**

Grand Baie, Riviere Du Rempart

**Project Description**

The redevelopment of existing three-star Merville Beach Hotel into a 119-key five-star Luxury hotel rebranded as LUX\* Grand Bay. The project comprises hotel suites, villas, international branded restaurants and a spa and wellness centre.

**Type of Investment**

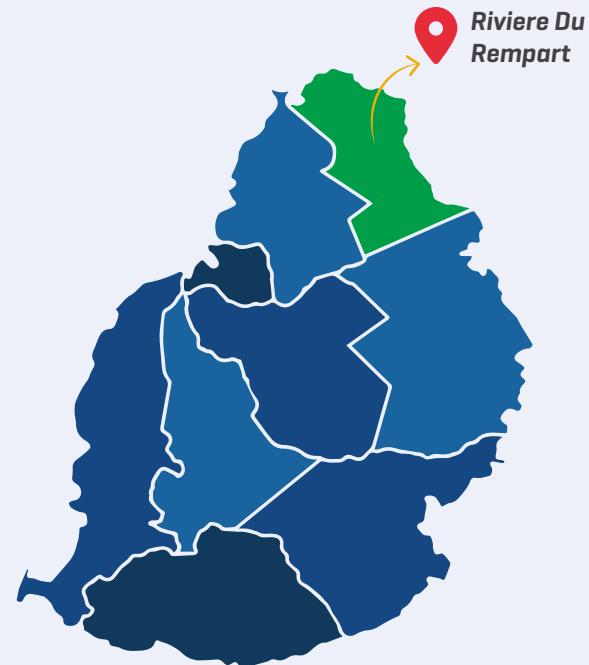
Local

**Status**

Operational since Jan 2022

**Estimated Total Investment (USD)**

**61 million**



# Sharma Ltd [Ocean's Creek Beach Hotel by Shanti Collection]

● In operation

## Location

Le Goulet, Pamplemousses

## Project Description

The development of a 136-key four-star hotel with restaurants, shops, a spa and wellness centre, a kids club, and a conference room.

## Type of Investment

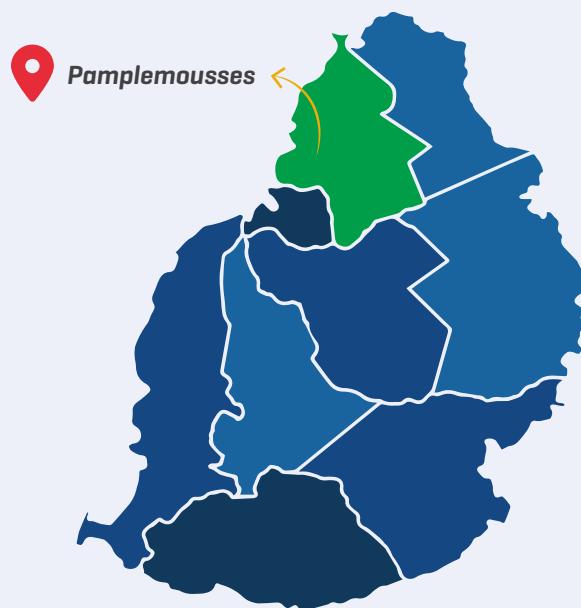
Foreign

## Status

Operational since May 2023

## Estimated Total Investment [USD]

27 million



# B59 Ltd (Sunrise Attitude Hotel)

● In operation

## Location

Belle Mare, Flacq

## Project Description

The development of a 92-key four-star hotel comprising 84 rooms, 8 villas, restaurants and bars, shops and a spa.

## Type of Investment

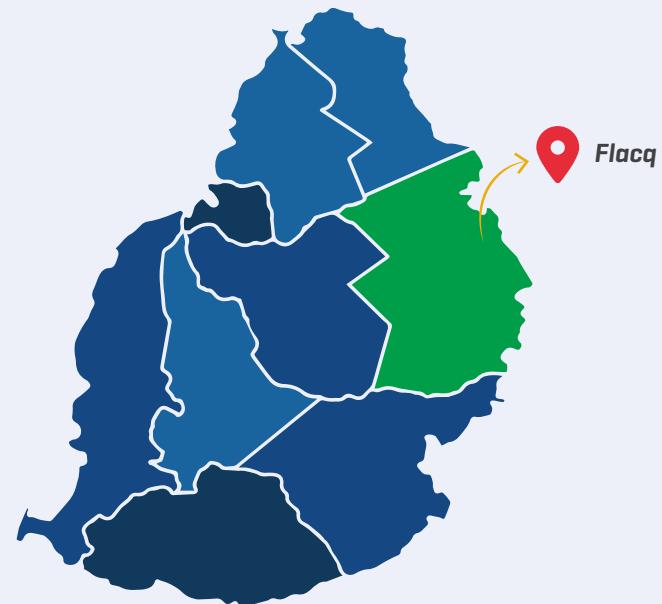
Local

## Status

Operational since October 2021

## Estimated Total Investment (USD)

11 million



# RIU Le Morne Ltd (RIU HOTELS)

## ● Under Implementation

### Location

Le Morne, Black River

### Project Description

A complete redevelopment of the existing two RIU Hotels into a new hotel site of 700 keys comprising a 400-key four-star and a 300-key five-star resort. The project will include suites with private pool, family rooms & double rooms as well as 8 restaurants, 8 pools, a Spa and a Wellness centre as well as a kids centre, a Sports and Lobby bar and a Water park.

### Type of Investment

Foreign

### Status

Under Implementation

### Estimated Total Investment (USD)

125 million



# Stella Di Mare [Mauritius] Ltd [Stella Di Mare Resorts]

● Under Implementation

## Location

Les Salines Koenig, Black River

## Project Description

A five-star hotel comprising 165 rooms, 16 villas, a spa, a fitness centre, and 3 restaurants.

## Type of Investment

Foreign

## Status

Under Implementation

## Estimated Total Investment (USD)

45 million



# Ebene Square Ltd (Hilton Garden Inn)

## ● Under Implementation

### Location

Phoenix, Plaine Wilhems

### Project Description

A four-star Hotel/ Aparthotel of 135 keys comprising a bar, restaurants, a conference room, a co-working space, meeting rooms, a gym, a wellness and health centre, a heated swimming pool and a spa.

### Type of Investment

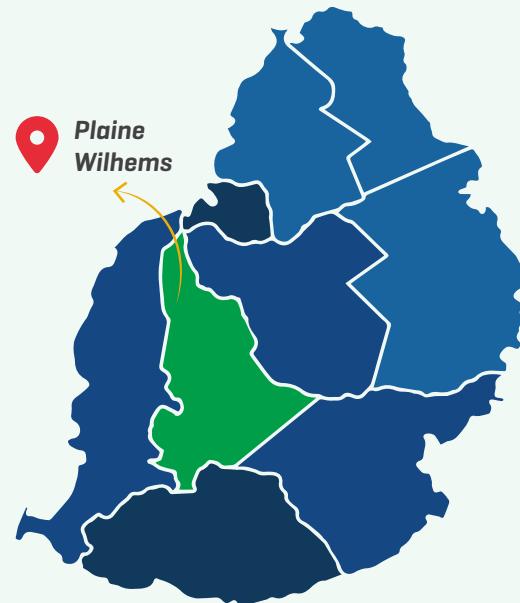
Foreign/Local

### Status

Under Implementation

### Estimated Total Investment (USD)

29 million



Source: World Tourism Organization (2023), provided by Authorities



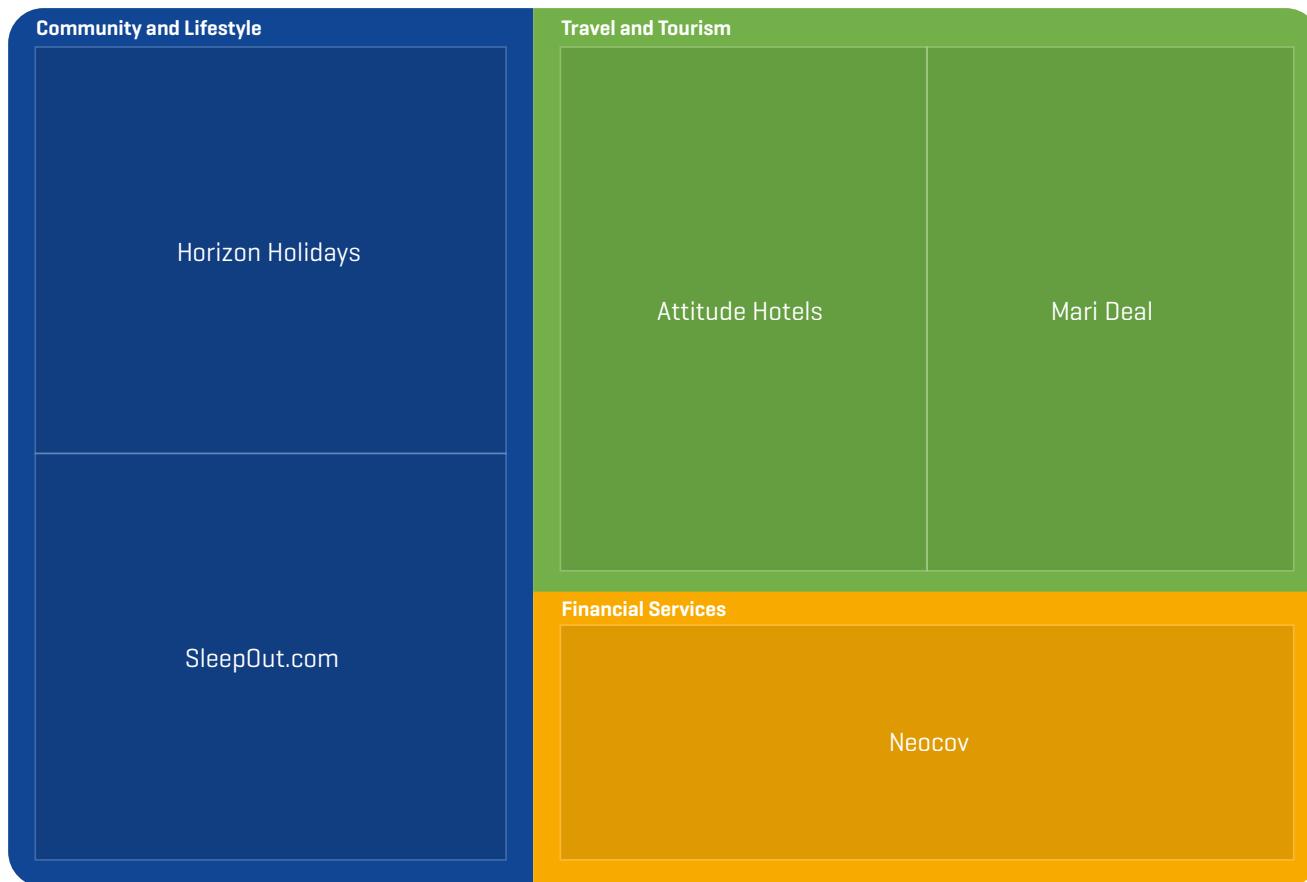
## 2.4. Investments in innovation and start-up ecosystems.

Mauritius has embarked on a journey to cultivate a thriving start-up ecosystem as part of its economic diversification strategy. By leveraging the combined efforts of the public and private sectors, the country aims to move beyond its traditional sectors while concurrently leveraging its experience in strategic sectors such as the financial sector, agriculture and logistic. Therefore, Mauritius' innovation and start-up ecosystem has seen a strong governmental support with a strong regulatory framework, infrastructure investments, various funding opportunities and several incubators and accelerators in the country. These underscore the island's commitment to nurturing an innovation-driven economy and offer insights into the challenges and opportunities that lie ahead.

According to UNWTO data from 2000–2023, Mauritius registered more than 380 start-ups in different sectors. Here, start-ups in financial services are the most prominent sector. However, there are other popular sectors such as, cybersecurity, health, agriculture, and travel tech.<sup>68</sup> Based on “The African Tech Start-ups Funding Report”, three start-ups in Mauritius raised around USD 1,680,000 in 2022. In the same year the whole African continent observed a total of 633 African tech start-ups raise a combined value of over USD 3 billion. Hence, the year 2022 recorded a record high in both number of African start-ups receiving investment as well as in total investment value received.<sup>69</sup> The following figure shows some examples of Mauritian travel tech start-ups which have received investments.

## Figure 2.7: Mauritius – travel tech and tourism start-up cases, 2000-2023

[Weighted data based on number by industry]



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**Source:** World Tourism Organization (2023), based on Crunchbase selected companies created after 2000, considering travel tech and tourism sectors, accessed [28-06-2023].

As mentioned above, the government of Mauritius displays a strong commitment in supporting the development of its innovation ecosystem through promoting various initiatives and institutions for start-ups and SMEs.<sup>70</sup> For instance, the Mauritius Research and Innovation Council [MRIC] offers several programs to boost creativity, innovation, and research within Mauritian companies. Funds have been earmarked to finance innovative ventures and grow innovative ideas. Some of these initiatives include:

- *The National Research and Innovation Fund*
- *The National SME Incubator Scheme*
- *The Technology and Innovation Fund*

Moreover, the Government provides several financial, such as tax breaks vis-á-vis the development and support of micro-, small and medium-sized enterprises [MSMEs]. In addition to these incentives, Mauritius boasts a reliable and modern ICT infrastructure, including high-speed internet connectivity, advanced telecommunications networks, and data centers. These investments have facilitated the growth of technology-driven start-ups and attracted international companies seeking to establish operations in the country. Furthermore, Mauritius' participation in regional initiatives like the African Continental Free Trade Area [AfCFTA] strengthens its position as a bridge between Africa and Asia, fostering cross-border collaboration and trade.

Lastly, the Small and Medium Enterprise Development Authority and the Mauritius Research and Innovation Council offer crucial support, mentorship, and financial assistance to start-ups. Also, the Business Facilitation Act has streamlined business establishment procedures, ensuring a conducive environment for start-ups to thrive.







03

# VALUE PROPOSITION

## **3.1. Reasons to invest in Mauritius.**

Nestled in the glistening waters of the Indian Ocean, Mauritius, a small island nation, has emerged as an example of economic development and social progress over the past decade. With a reputation for stability and a favourable business environment, this tropical paradise has transformed into one of Africa's most prosperous countries. Beyond its allure as a tourist destination, Mauritius has established itself as a regional business hub. Its advantageous regulatory environment, low tax rates, favourable business climate, robust financial services sector and a track record of political stability, contribute to Mauritius being recognised as an enticing investment opportunity for discerning entrepreneurs and forward-thinking corporations.

# 01

## Diversified economy and solid environment for investment and business



Mauritius is known for its strong economic performance and social development and having outperformed most countries in Africa in terms of its conducive business environment and export competitiveness. Indeed, as observed in figure 3.2, Mauritius impressively positions itself at the top of various rankings today, highlighting the island's commitment to providing a positive and reliable investment environment. Moreover, Mauritius has consistently been recognized as one of the most economically free and business-friendly nations in Africa, according to various surveys and metrics. For instance, the Heritage Foundation's 2023 Index of Economic Freedom ranks Mauritius as the top country in Sub-Saharan Africa and 26th globally among 176 other countries.<sup>71</sup> Furthermore, Mauritius holds the first position in Sub-Saharan Africa for two consecutive years in the Global Innovation Index Report 2021, placing 52nd out of 132 countries overall.<sup>72</sup>

The island has successfully transitioned from its traditional agricultural roots, which primarily focused on sugar cane and tea, to a thriving export-oriented textile industry and popular tourism holiday destination. Strategic preferential trade arrangements and effectively leveraged export processing zones (EPZs) have contributed to Mauritius' significant growth.<sup>73</sup> Moreover, the country has effectively diversified its economy across multiple sectors, including tourism, manufacturing, financial services, technology and innovation, and so forth. These sectors are expected to experience exciting growth during 2023. The government has also developed a well-designed set of incentive schemes to promote such a diverse group of sectors, attending the needs of investors.

On the other hand, it is important to highlight that Mauritius' GDP growth rate is progressively recovering from previous years. According to Statistics Mauritius, the country achieved an annual GDP growth rate of 3.6% in 2021<sup>74</sup> and looking ahead to 2023, it is estimated that the GDP will experience a further growth of 4.6%,<sup>75</sup> signaling a positive outlook for the country's economic expansion.

**Table 3.1 Mauritius – projected sectoral growth, 2023**

	<b>Accommodation and food service activities [Tourism]</b>	<b>30.0%</b>
	<b>Agriculture, forestry and fishing</b>	<b>4.0%</b>
	<b>Financial and insurance activities</b>	<b>3.7%</b>
	<b>Public administration and defence; compulsory social security</b>	<b>2.0%</b>
	<b>Manufacturing</b>	<b>1.5%</b>
	<b>Construction</b>	<b>1.5%</b>

**Note:** Growth rates based on pre-pandemic trends.

**Source:** World Tourism Organization [2023], based on Statistics Mauritius National Accounts, online available at: [https://statsmauritius.govmu.org/Pages/Statistics/ESI-National\\_Accounts/NA/NAE\\_Dec22.aspx](https://statsmauritius.govmu.org/Pages/Statistics/ESI-National_Accounts/NA/NAE_Dec22.aspx)



**Table 3.2 Mauritius' rank on international indexes**

<b>Economic Freedom of the World</b> [Fraser Institute]	<b>1st in Africa</b> , 9th globally [2022]	
<b>Global Free Zones of the Year</b> [FDI Intelligence]	<b>1st in Africa</b> , 2nd globally [2021]	
<b>Ease of Doing Business</b> [World Bank]	<b>1st in Africa</b> , 13th globally [2020]	
<b>Index of African Governance</b> [Mo Ibrahim Foundation]	<b>1st in Africa</b> [2020]	
<b>Global Innovation Index</b> [World Intellectual Property Organization]	<b>1st in Africa</b> , 52nd globally [2020]	
<b>Global Competitiveness Index</b> [World Economic Forum]	<b>1st in Africa</b> , 52nd globally [2019]	
<b>Forbes Survey of Best Countries for Business</b> [Forbes]	<b>1st in Africa</b> , 39th globally [2019]	
<b>The Travel and Tourism Competitiveness</b> [World Economic Forum]	<b>1st in Africa</b> , 54th globally [2019]	

**Source:** Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

# 02

## Strategic location and infrastructure



The Government policy in Mauritius is pro-trade and investment, ensuring to be one of the freest and most business-friendly countries in Africa.<sup>76</sup> Situated strategically in the Indian Ocean, Mauritius acts as a vital link bridging markets in Africa, Asia, and the Middle East.

The country claims a well-developed road network, with a length of 2,772 kilometers.<sup>77</sup> Even though it is a relatively small island, the country counts two well connected airports, Sir Seewoosagur Ramgoolam International Airport and Sir Charles Gaetan Duval Airport, the former offering regular flights to numerous global destinations through the operation of 16 airlines.<sup>78</sup> Moreover, there are 29 commercial harbours operating along the coastline of Mauritius<sup>79</sup> and two seaports, Port Louis Harbour, which is the main harbor of the country, and the Port Mathurin located in Isla Rodrigues. Due to the increased South-South trade, former has become a favoured port for ships travelling along crucial maritime routes to Asia, Africa, and Latin America. The Mauritius Port Authority [MPA] adopts an efficient "one-stop-shop" approach to cater to its clients' requirements, allowing vessels to make the most of their time spent at Port Louis.<sup>80</sup> In terms of information and communication technologies [ICT], Mauritius reached an internet penetration rate of 68.3% by 2020.<sup>81</sup>

**Table 3.3 Mauritius – travel infrastructure**
**Characteristics of  
Port Mauritius**


- 19 Free Port Zones with specialized logistics infrastructure.
- Port Louis Harbour is a crucial contributor to the national economy, managing around 99% of foreign trade volume.
- The Freeport platform spans over 500,000 m<sup>2</sup> of modern facilities, including warehouses and industrial units [around 7.5million tons of cargo annually].
- It is home to over 220 registered Freeport operators, providing employment to 4,000 people.
- The port serves as a transit point for significant commodities like petroleum, sugar, textiles, and more.
- Port Mauritius connects Europe and Asia via the southern tip of Africa, facilitating trade and transportation.

**Characteristics of  
Airports of Mauritius**


- Sir Seewoosagur Ramgoolam (SSR) International Airport has been awarded Best Airport in Africa for two consecutive years [2021-2022]
- Ownership: Sir Seewoosagur Ramgoolam International Airport is publicly owned.
- Air Cargo and Logistics Area: The airport encompasses a dedicated 60-hectare air cargo and logistics area, enabling efficient movement of goods.
- Mauritius is served by more than 20 airlines, with connections to over 150 destinations worldwide.
- The country has direct flight routes to 9 out of the top 15 airport hubs in the world.
- With a capacity to handle up to 4 million passengers annually

**Source:** World Tourism Organization (2023), based on The Economic Development Board Mauritius (2023), Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023] and Mauritius Airport, online available at: <https://mauritius-airport.atol.aero> [22-06-2023].

This extensive connectivity plays a pivotal role in facilitating regional and international trade and fostering business expansion opportunities. According to the platform Mauritius Trade Easy, the country offers preferential access to markets of Eastern and Southern Africa, representing around 425 million consumers and an import potential of USD 100 billion, through its membership of two regional blocs, namely the Common Market for Eastern and Southern Africa (COMESA), and the Southern African Development Community (SADC).<sup>82</sup>

It is worth mentioning that besides COMESA and SADC, Mauritius has joined numerus multilateral and bilateral trade agreements that make the country an important gate for other markets such as Europe (under the EU-East Africa Interim Economic Partnership Agreement – EPA), the United States of America (under AGOA), and the United Kingdom (under the United Kingdom – Southern Africa agreement post Brexit). It also reaches specific countries through the generalized system of preferences (GSP) and bilateral trade agreements with, for instance, Japan, Norway, Switzerland, Türkiye, Pakistan, and China.<sup>83</sup>



# 03

## Impressive natural resources, biodiversity, and sustainability



Mauritius, well-known for its volcanic origins, has more than 150 kilometers of beautiful sand beaches and enjoys a pleasant weather along the year. The island is embellished with a translucent lagoon, surrounded by 150 km of coral reefs.<sup>84</sup>

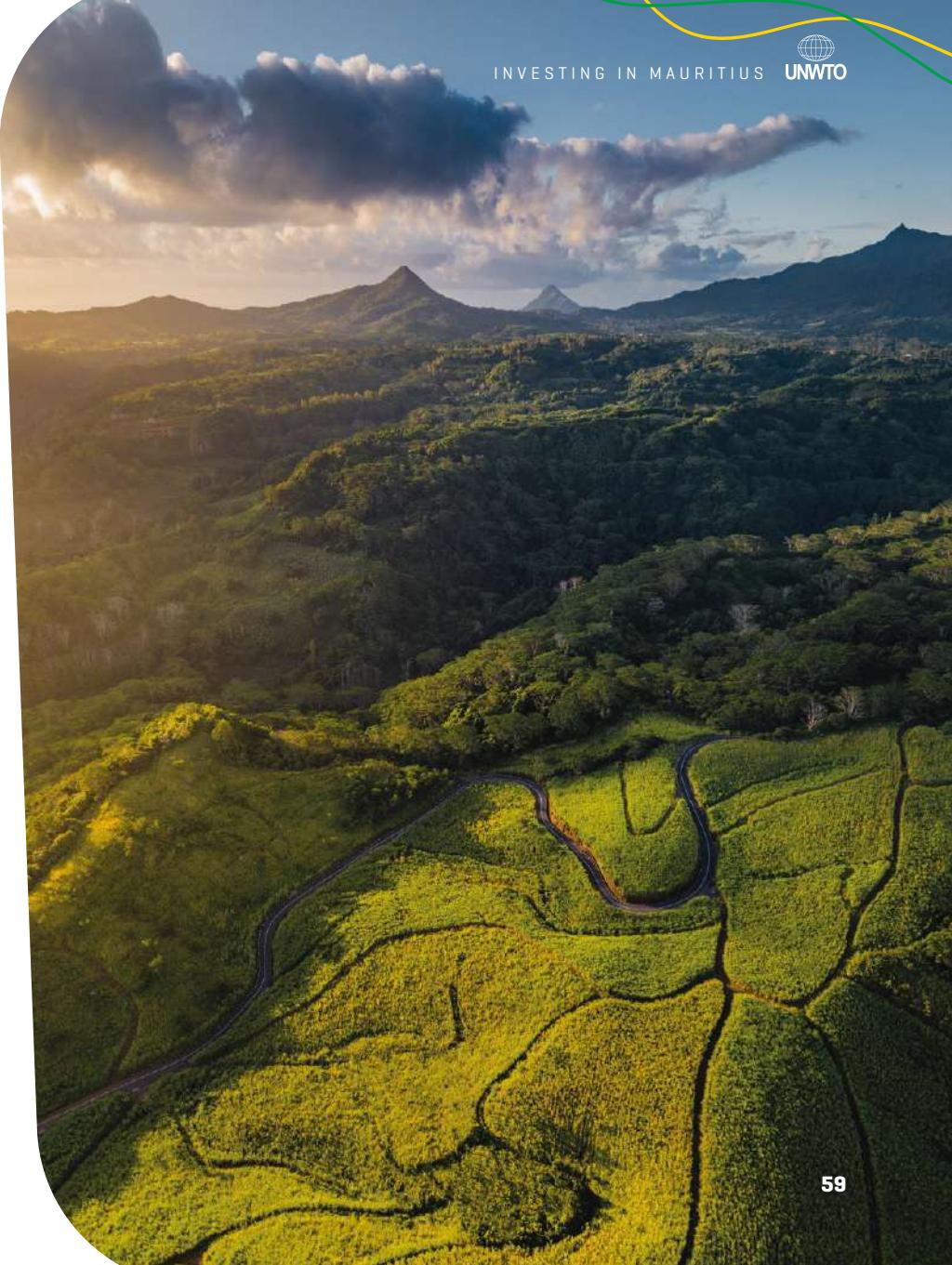
Furthermore, Mauritius' natural diversity lends itself to an extraordinary array of flora and fauna. From dense rainforests to coastal wetlands and stunning coral reefs, the island's varied habitats provide a sanctuary for a wide range of plant and animal species. Moreover, Mauritius is a hotspot for biodiversity with approximately 25% of its land area covered by forests. The island's unique location and varied topography have resulted in a relatively high level of endemic plant and animal diversity. Mauritius has 691 native plant species, including 273 endemic ones to a single island, while Rodrigues has 150 native plant species, with 47 being endemic to the island.<sup>85</sup>

Moreover, Mauritius is home to a rich marine life and impressive coral reefs, hosting a variety of colorful fish species, while dolphins, turtles, and other marine mammals are their usual guests. As highlighted by the United Nations Development Programme (UNDP), coral reefs are regarded as the rainforest of the ocean with their potential to tackle climate change by being net sinks for carbon. In addition, coral reefs contribute to the island's economy by being a source of food and medicine. The reefs also generate income through many sea-recreational activities that offer tourists the opportunity to witness the rich marine ecosystem up close.<sup>86</sup>

Coral reefs globally accounted for USD 2.7 trillion per year in ecosystem service value and, at least, for USD 3,500 per square kilometer derived from economic activities associated to them.<sup>87</sup>

For these reasons, Mauritius has been the second most visited islands in the Indian Ocean – only after Maldives – in the last year,<sup>88</sup> which also makes the country an attractive destination for tourism investors as well. Tourism accounted for around 8% of Mauritius' GDP in 2023.<sup>89</sup>

Related to the ideal of sustainable development and the promotion of the Sustainable Development Goals (SDGs), Mauritius has firmly committed to the conservation of the nature. In this regard, the Government of Mauritius, in partnership with the United Nations Development Programme (UNDP), has recently launched the so-called SDG Investor Map-Mauritius 2022. This strategic instrument establishes 17 Investment Opportunity Areas across six sectors (Renewable Resources and Alternative Energy, Infrastructure, Services, Education, Healthcare, Food and Beverages), with a high potential to advance Mauritius' Vision 2030 through a strong private sector-led economy founded on the principles of inclusivity and sustainability.<sup>90</sup>



# 04

## Solid business environment for strong investment schemes



Mauritius is recognized as one of the leading countries in Africa, known for its strong economic performance. It ranks among the top twenty nations for ease of conducting international business. Moreover, Mauritius' impressive rankings in various areas highlight its commitment to providing a positive and reliable investment environment.

Mauritius offers a range of investment schemes and incentives to more than a dozen sectors to attract both local and foreign investors [these schemes will be explored in detail in the further sections]. The following are key investment schemes available in Mauritius:<sup>91</sup>

### Investment Promotion Act:

The Investment Promotion Act (IPA) serves as the primary legislation governing investment promotion in Mauritius. It provides a framework to facilitate investment activities and offers a range of incentives to eligible investors. The IPA works through the Economic Development Board (EDB) as Board of Investment (BOI) serving as the primary agency responsible for investment promotion and facilitation. The EDB assists investors in setting up their businesses, provides guidance on investment procedures, and offers various fiscal and non-fiscal incentives.

### Free Trade Agreements:

Mauritius has signed several free trade agreements (FTAs) with countries and regional blocs worldwide. These agreements enhance market access, reduce trade barriers, and create favourable conditions for foreign investors. Notable FTAs include the African Continental Free Trade Area (AfCFTA), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), and bilateral agreements with India, China, and Pakistan, among others.



### Double Taxation Avoidance Treaties:

Mauritius has an extensive network of Double Taxation Avoidance Treaties (DTAs) with over 50 countries. These treaties aim to eliminate or minimize double taxation of income earned in both Mauritius and the treaty partner country. The DTAs provide benefits such as reduced withholding tax rates on dividends, interest, and royalties, as well as capital gains tax exemptions under certain conditions. This makes Mauritius an attractive jurisdiction for international tax planning and structuring.

### Special Economic Zones (SEZs):

Mauritius has established Special Economic Zones (SEZs) to attract targeted industries and encourage export-oriented activities. SEZs provide a range of benefits, including tax incentives, streamlined administrative procedures, and dedicated infrastructure facilities. The SEZs in Mauritius include the Mauritius International Financial Centre (IFC), the Freeport, the Cybercity, and the Agro-Industrial Parks. These zones offer specific incentives tailored to the respective sectors, creating an investor-friendly environment.

### Financial Services:

Mauritius has positioned itself as a leading international financial center. The country offers a wide range of financial services, including banking, insurance, fund management, global business activities, and capital market services. Mauritius has a strong regulatory framework, including the Financial Services Commission (FSC), which ensures compliance with international standards and best practices. The financial services sector benefits from a favourable tax regime, access to a global network of treaties, and a skilled workforce, making it an attractive destination for financial investments.

### Tourism Related Schemes:

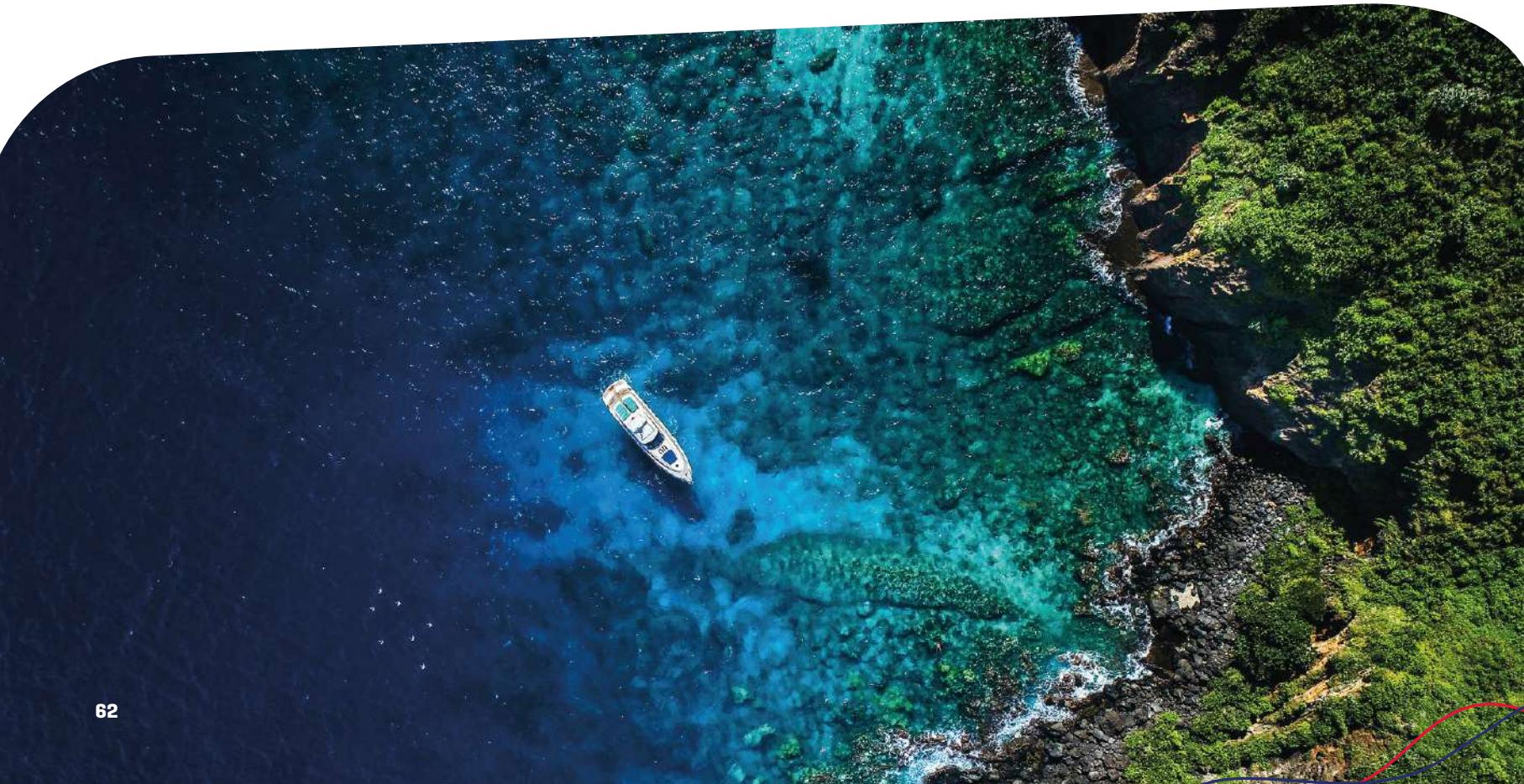
Mauritius has implemented various schemes and incentives specifically designed to promote and support investments in the tourism sector. These initiatives aim to enhance the country's attractiveness as a tourist destination, encourage the development of high-quality tourism infrastructure, and stimulate job creation in the sector. Here are some key tourism-related schemes in Mauritius: VAT Refund schemes for Meetings, Congresses, Conventions and Incentives (MCCI), Property Development Scheme (PDS), Hotel Development Scheme (HDS), Invest Hotel Scheme (IHS), Smart City Scheme, The National Regeneration Programme (NRP), Acquisition schemes, residential property, and silver economy, among others.

These investment schemes and incentives contribute to Mauritius' overall attractiveness as an investment destination. They provide favourable conditions for both local and foreign investors, supporting economic growth, job creation, and the diversification of industries.

## 3.2 Incentives for investing in Mauritius.

To foster investment, Mauritius offers a range of attractive fiscal and regulatory advantages for any investor. Additionally, it has entered into significant multilateral and bilateral trade agreements. These agreements have resulted in 46 investment promotion and protection agreements. According to the UNCTAD 2022 World Investment Report, Mauritius has recently introduced several new tax incentives for

investments, including a double tax deduction on expenditure in research and development and the acquisition of specialized software and systems, 10 years carry-forward of unrelieved investment tax credit for manufacturing companies and an 8-year tax holiday for new companies in specific sectors and activities.<sup>92</sup>



### 3.2.1 Tax Overview

The main taxes charged to economic activities in Mauritius are the Corporate Income Tax [CIT] (applicable to companies, trusts, foundations and non-resident partnerships among others), Personal Income Tax when the net income exceeds the income exemption threshold per year, value added tax [VAT], Land Transfer Tax, and Tax on registration of land lease agreement.

**Table 3.4 Mauritius – summary of taxes**

#### Corporate Income Tax

##### Tax rate

15% in general

Companies engaged in export of goods are charged 3% [under certain conditions]

Partial exemption of 80% for income derived from certain activities:<sup>93</sup>

- Foreign dividend derived by a company.
- Interest derived by a company other than a bank.
- Income derived by ship/aircraft leasing.
- Income attributable to permanent establishment
- Reinsurance brokering
- Leasing and provision of international fibre capacity, among others.



#### Personal Income Tax

##### Tax rate

10% for income that does not exceed USD 15,328 [MUR 700,000]

12.5% for income between USD 15,328 and USD 21,351 [MUR 700,000 – MUR 975,000]

15% for income exceeding USD 21,351 [MUR 975,000]



#### Land Transfer Tax

##### Tax rate

5%

It also applies to the transfer of shares of a company that owns immovable properties.



#### VAT

##### Tax rate

15% as a standard rate

Registration for VAT purposes is mandatory when annual turnover is more than USD 131,189 [MUR 6 million]



#### Tax on registration of land lease agreement

##### Tax rate

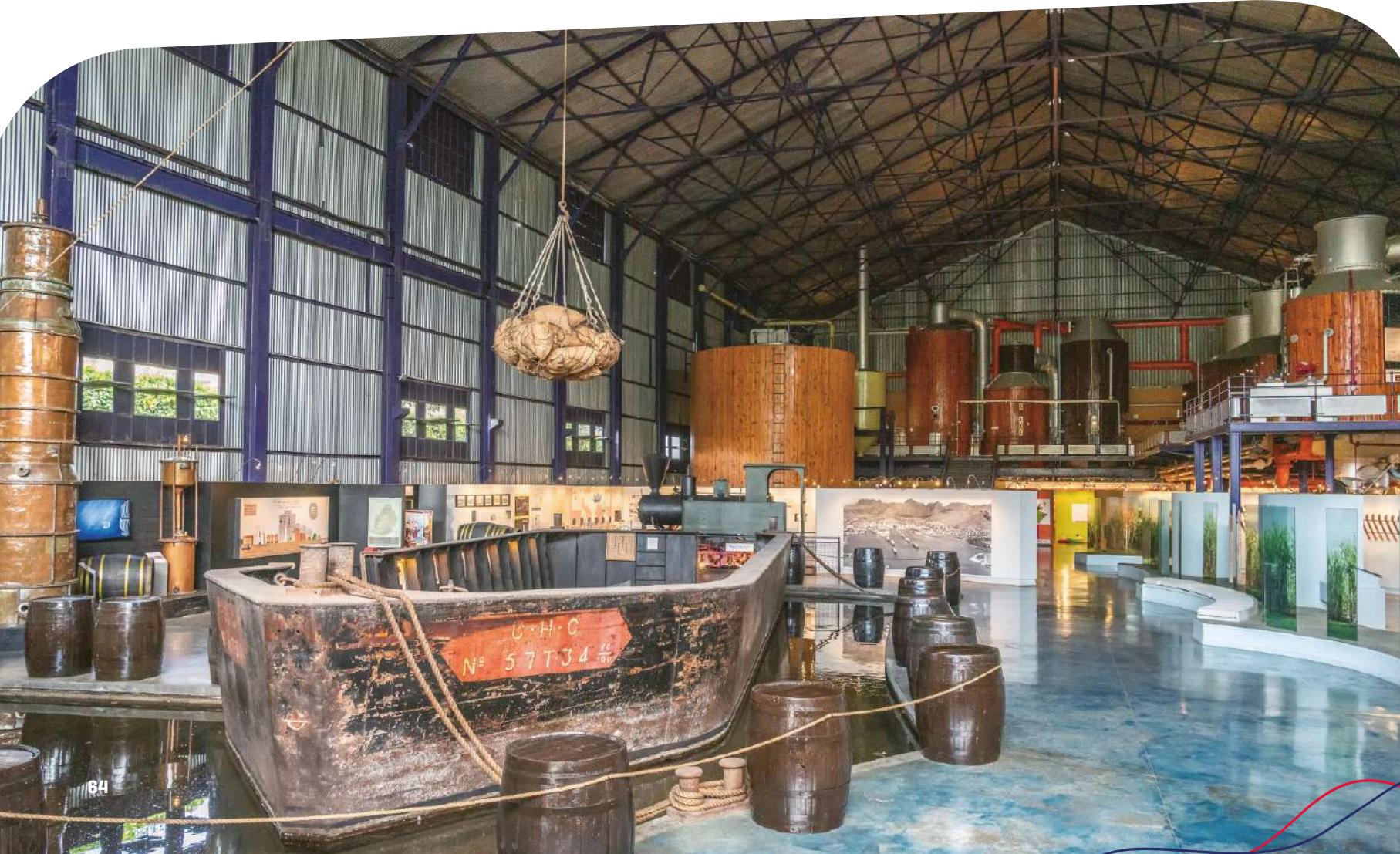
1.25% on the rent and the value of any other charges for the duration of the lease or for the first 10 years, whatever is shorter.



**Source:** World Tourism Organization (2023), based on The Economic Development Board Mauritius (2023), Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

It is worth highlighting that differentiated incentive schemes have been implemented based on productive sectors. Manufacturing, agriculture, hospitality, and construction are among the sectors that

enjoy substantial incentives. In particular, there are two tax holiday schemes for certain sectors and activities, as shown in table 3.5, while the range of incentives schemes by sector is summarized in table 3.6.



**Table 3.5 Mauritius – main tax incentives by sectors and activities****Scope**

8-year-tax holiday

**For holders of an investment certificate granted by the EDB**

**Sectors/activities**

- Applicable to the following sectors:
  - Manufacturing and high-tech products
  - Food processing and industry
  - Agro processing
  - Seed production
  - Industrial fishing
  - Aquaculture
  - Marina
  - Digital, technology and innovation
  - Education
  - Healthcare services
  - Biotechnology and lifesciences
  - Pharmaceutical and medical devices manufacturing
- Global headquarters administration
- Smart city company
- Sustainable agriculture scheme
- Food processing scheme
- Nutraceutical
- Bio farming scheme
- Integrated modern agricultural scheme
- Deep ocean water applications.

**Scope**

5-year-tax holiday

**Sectors/activities**

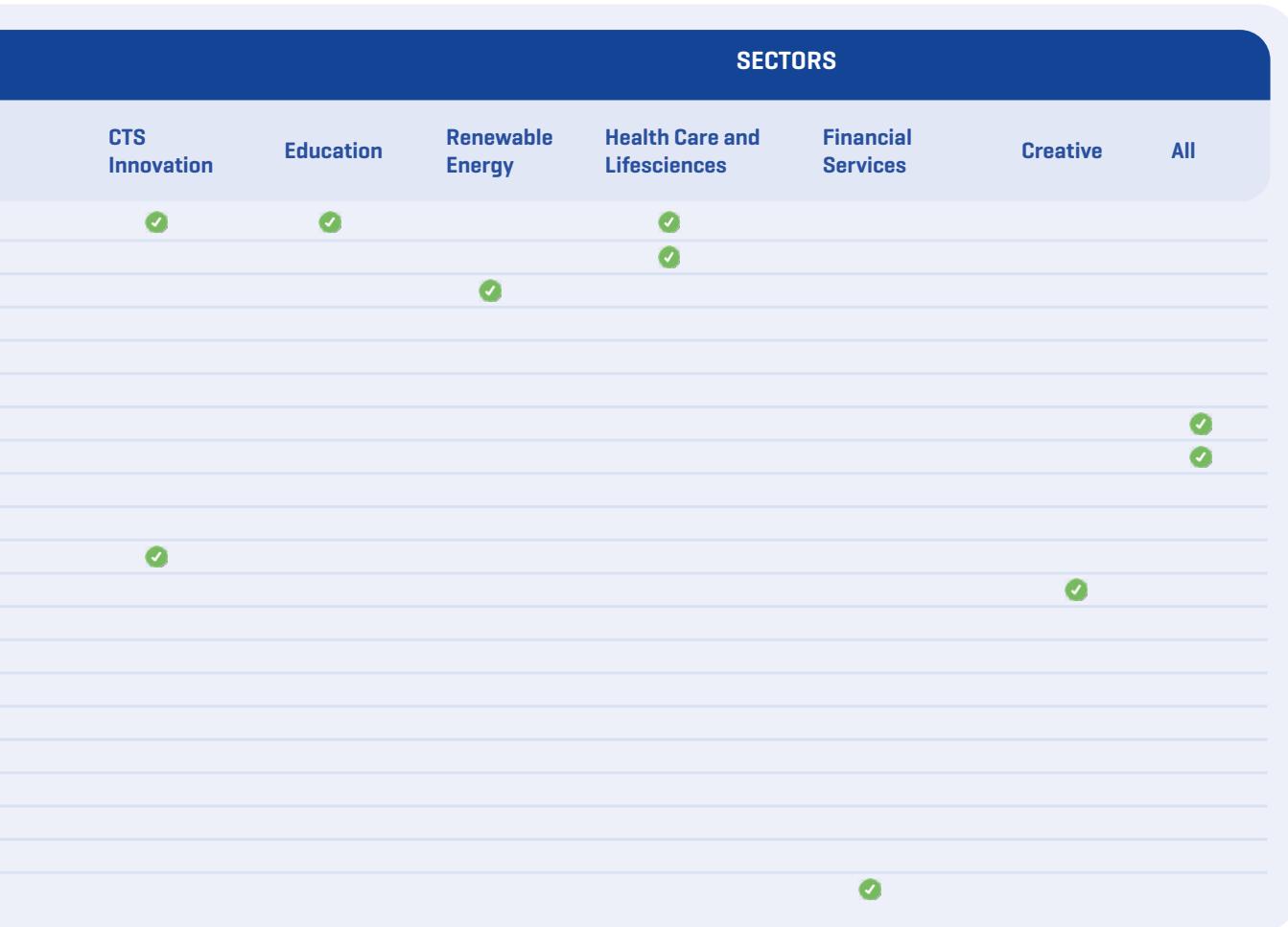
- Global treasure activities
- Global legal advisory services licence
- Overseas family office (single) licence
- Overseas family (multiple) licence
- PDS for senior living
- Ecommerce scheme

**Source:** World Tourism Organization (2023), based on The Economic Development Board Mauritius (2023), Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

**Table 3.6 Mauritius – schemes and incentives for foreign direct investment (FDI)**

Scheme	SECTORS			
	Manufacturing	Real Estate, Hospitality and Construction	Agro Industry	Ocean Economy
Premium Investor Certificate	✓		✓	✓
Investment Certificate	✓		✓	✓
Export Development Certificate	✓		✓	✓
Export Credit Guarantee Insurance Scheme	✓			
Freight Rebate Scheme	✓		✓	
Trade Promotion @ Marketing Scheme	✓		✓	
International Fairs SME Refund Scheme				
Regulatory Sandbox License [RSL]				
The Africa Warehousing Scheme [AWS]	✓		✓	
VAT Refund Scheme [MICE]		✓		
E-commerce Scheme				
Film Rebate Scheme				
Property Development Scheme		✓		
PDS for Senior Living		✓		
The Invest Hotel Scheme		✓		
Smart City Scheme		✓		
National Regeneration Programme		✓		
Registration Certificate [Food Processing] Integrated Modern Agriculture	✓			
Marcellement Scheme			✓	
Sustainable Agriculture			✓	
Mauritius Diaspora Scheme				

**Source:** World Tourism Organization [2023], based on The Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].



Mauritius also offers investors a variety of incentive schemes addressed to the development of several sectors, under certain conditions. Table 3.7 summarizes some of the main transversal schemes.

**Table 3.7 Transversal incentive schemes**

**Incentive scheme**

***Investment certificate granted by the EDB***



**Benefits and conditions**

- 8-year tax holiday.
- Exemption from payment of Registration Duty and Land Transfer Tax for purchase of immovable property for business purposes.
- Payment of VAT on plant, machinery and equipment, and construction of purpose-built building, plant and equipment.
- 5% tax credit over 3 years in respect of capital expenditure incurred on new plant and machinery [manufacturing company only].

**Sectors**

- Aquaculture
- Industrial fishing
- Seafood processing
- High tech manufacturing
- Pharmaceutical research and manufacturing
- Food processing
- Agro processing
- Healthcare, biotechnology and lifesciences
- Nursing and residential care
- Digital technology and innovation
- Marina
- Tertiary education
- Seeds production

**Incentive scheme****Digital technology and innovation****Benefits and conditions**

- Advantages provided by the country:
  - Activities in Mauritius
  - Access to innovative talent
  - Government commitment to ICT leadership
  - Strong track record in ICT
  - Collaborative business environment
  - Enabling legal framework
  - Competitive cost and quality
  - Reliable international connectivity
  - Premium certificate.
- Investment certificate

**Incentive scheme****Energy and sustainability****Benefits and conditions**

- Solar energy investment allowance
- Concessional loans
- Capital expenditure incurred on
- Buy back guarantee. No restriction on production site
- Income and excise duty exemption
- Premium investor certificate

**Source:** World Tourism Organization [2023], based on The Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].



### **3.3. Tourism related schemes.**

Mauritius has implemented various schemes and incentives specifically designed to promote and support investments in the tourism sector. These initiatives aim to enhance the country's attractiveness as a tourist destination, encourage the development of high-quality tourism infrastructure, and stimulate job creation in the sector. Here are some key tourism-related schemes in Mauritius:

#### **3.3.1 VAT Refund Scheme Meetings, Incentives, Conventions and Exhibitions (MICE)**

An event organizer having registered a qualifying event with the EDB may claim for refund of VAT in respect of accommodation cost (excluding alcoholic drinks) incurred by visitors attending the event. The VAT Refund Scheme has been introduced to encourage the business and entertainment event industry to anchor major international events in Mauritius.

**Table 3.8 VAT Refund Scheme MICE**

### Definitions

- A "qualifying event" means a business meeting, conference or wedding attended by 50 or more visitors staying for a minimum of 3 nights in a hotel in Mauritius.
- A "visitor" means a person holding, a foreign passport, and a valid ticket for travel by air or sea to a foreign airport or port.
- "Accommodation costs" are hotel room charges incurred by the visitor [alcoholic drinks are not included].

### Eligibility

To qualify for VAT refund on such accommodation costs, the following conditions should be met:

- the event is attended by 50 or more visitors
- visitors stay for a minimum of 3 nights in a hotel in Mauritius.

To qualify for VAT refund, the accommodation costs must have actually been incurred by the visitor during his stay for the purpose of attending the event in Mauritius. In addition, the visitor must have discharged all their liability at the time the claim for refund is made.

### Application process

#### I. Prior to Event

The event organizer is required to register the specific event before the date of the event on the website of the EDB at [www.edbmauritius.org](http://www.edbmauritius.org)

#### II. After Event

Following the event, the organizer is required to submit to the EDB, not later than 60 days from the end of the event, a duly filled in application form [downloadable from the website of Mauritius Revenue Authority (MRA) at [www.mra.mu](http://www.mra.mu)] and the following documents:

- List of visitors who attended the event, including details on nationality, passport number and check in/out dates
- Letter from hotel to confirm that the visitors in the list provided have resided at the hotel
- VAT invoice/s issued by the hotel for accommodation costs in respect of the visitors/group
- Details on the event and event organizer.

Relevant documents can be submitted via email on [micregister@edbmauritius.org](mailto:micregister@edbmauritius.org).

After assessment by EDB and upon satisfactory compliance to set criteria and conditions as per requirements of Section 65BA of the VAT Act, the application is recommended to the MRA for refund of VAT [15%] on qualifying accommodation costs.

**Source:** World Tourism Organization [2023], based on The Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

### 3.3.2 The Property Development Scheme

The Property Development Scheme (PDS) promotes the development of a wide variety of residential properties that are available for sale to non-citizens, citizens, and members of the Mauritian diaspora. Projects that are developed under this scheme consist of outstanding

luxury residential properties of high international standards which include but are not limited to high-class leisure and recreational facilities and day-to-day management services. This scheme offers the following benefits and opportunities, under certain conditions.

**Table 3.9 Property development scheme**

#### **Conditions**

The PDS provides the following:

- The development of luxurious residential units on freehold land of an extent of at least 0.4220 hectare [1 arpent]
- The development of at least six [6] residential properties of high standing
- High quality public spaces as well as high-class leisure, commercial amenities and facilities
- Day-to-day management services to residents including security, maintenance, gardening, solid waste disposal and household services
- Social contribution in terms of social amenities, community development and other facilities for the benefit of the community.

#### **Application process**

- Incorporation of the PDS company at the Companies Division Business Registration [CBRD].
- Finalization of land requirement by the PDS company, which includes the location and site extent of the land, negotiation on price acquisition and conditions, and the signature of a pre-sale agreement.
- Finalization of masterplan: site location characteristics, site neighbourhood and context plans, utilities requirement, and so on.
- Application for permits and licenses.
- Obtention of the PDS Certificate from EBD.
- Start of construction works.

**Source:** World Tourism Organization (2023), based on The Economic Development Board Mauritius (2023), Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

### 3.3.3 Silver Economy

The growing global elderly population provides Mauritius with an opportunity to enhance the tourism sector through the development of the silver economy. By attracting international retirees and businesses specializing in products and services for older adults,

Mauritius can boost its tourism industry while offering tailored experiences for senior travellers. This brings economic growth, job creation, and an enriched tourism landscape. The government of Mauritius has issued certain schemes to promote projects within the silver economy.



**Table 3.10 Promotion of the silver economy**

Provides	Projects	Incentives	Application process
<b>Senior residences</b>	<p>Senior residence projects under PDS related to Senior Living.</p> <p>Opportunities to partner/ Joint Venture with local developers to manage and operate retirement village/ senior facilities.</p>	<ul style="list-style-type: none"> <li>Income derived by a developer is exempt from income tax for a period of 5 years.</li> <li>Recover VAT on building and capital goods.</li> <li>Customs Duty Exemption on any dutiable goods, other than furniture, to be used in infrastructure works and construction of buildings.</li> </ul>	<ul style="list-style-type: none"> <li>Incorporation of the PDS for senior living company: Incorporation of the company at the CBRD.</li> <li>Finalisation of land requirement by the PDS for senior living company: determination of the exact location and site extent of land, negotiate on price acquisition and conditions, and the signature of a pre-sale agreement.</li> <li>Finalisation of masterplan: site location characteristics, site neighbourhood and context plans, utilities requirement, concept design, interior design, and so on.</li> <li>Application for a PDS certificate to the EDB.</li> <li>Application for relevant clearances/ permits and licenses and banking facilities [where applicable].</li> <li>Obtention of PDS certificate for senior living from EDB.</li> <li>Start of construction works.</li> </ul>
<b>Attracting seniors from abroad</b>	<p>Who are looking to either live independently in a peer environment or to live in retirement homes with specialised care and housing tailored to the special needs of non-citizens.</p>	<ul style="list-style-type: none"> <li>A retired non-citizen who has acquired a residential unit from a PDS project relating to senior living is eligible to apply for a residence permit for himself and his spouse or common law partner.</li> <li>Their income derived from outside Mauritius during the five [5] succeeding income years is exempt from income tax.</li> </ul>	

**Healthcare**

With more retirees taking residence in Mauritius, medical care services as well as nursing schools are poised at the frontier of emerging investment opportunities.

**Wellness**

The ecosystem also provides opportunities to develop theatres, museums, art galleries and entrepreneurs' clubs. It also provides opportunities for the organisation of events.

**Use of Technology**

Attract entrepreneurs interested in building start-ups that create products and services for the over-50 market.

**Source:** World Tourism Organization (2023), based on The Economic Development Board Mauritius (2023), Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].



### 3.3.4 Invest Hotel Scheme

This scheme allows a non-citizen to become an owner of exclusive hotel units and enables developers to fund hotel projects through the sale of units within a new or an existing hotel in Mauritius. The unit owner or any person on their behalf can use that unit for a maximum

180 days in any period of 12 months. The aforementioned also allows the owner to earn an income through the lease back model as well as facilitates the financing of hotel renovations, reconstructions, and enhancements.

**Table 3.11 Conditions to apply to the Invest Hotel Scheme**

#### Conditions

- For the development of a hotel on either freehold or leasehold land of more than 1 hectare where units, villas, or suites of the hotel can be sold.
- The buyer of a unit has to enter into a lease agreement by which the property is leased back to the seller.
- The unit leased to the seller may be used and occupied by the unit owner or any person on his behalf for a total of not more than 45 days in any period of 12 months.

#### Application process for IHS project

*(Existing or new hotel under IHS)*

- Incorporation of the IHS company at the CBRD.
- Finalisation of masterplan: site location characteristics, site neighbourhood and context plans, utilities requirement, concept design, interior design, and so on.
- Finalisation of land requirement by the company, which includes the location and site extent of the land, negotiation on price acquisition and conditions, and the signature of a pre-sale agreement.
- Application for permits and licenses.
- Obtention of IHS certificate from EDB.
- Start of construction works.

**Source:** World Tourism Organization (2023), based on The Economic Development Board Mauritius (2023), Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

### 3.3.5 Smart City Projects

Smart cities, centered on the concept of work, live and play, are large-scale, mixed-use developments in cosmopolitan areas. At their core, these cities embody smart technologies and breakthrough innovations designed to revolutionize urban life. Residential developments in these cities are strategically integrated into a comprehensive master plan that promotes a sustainable and enhanced quality of life. These integrated communities provide ample space and diverse opportunities for innovation-driven businesses, as well as a variety of recreational amenities.

It is worth noting that non-citizens can now participate in the purchase of residential units such as townhouses, villas, apartments, penthouses, or duplexes in Smart Cities. However, approval from the EDB must be obtained before the purchase is completed. In addition, people who hold a residence permit, occupation permit or permanent residence permit can purchase service lots with a maximum area of 2,100 square meters for residential purposes within the smart city. The EDB has already granted approval to 15 projects and issued Smart City Certificates that highlight compliance with established standards of excellence and innovation.

In addition, both non-citizens and their dependents (spouse and children under 25) can apply for a residence permit when purchasing residential property or units under approved schemes such as the Integrated Resort Development (IRD), Real Estate Scheme (RES), Invest Hotel Scheme (IHS) and Smart City Scheme (SCS). The residence permit is valid as long as the non-citizen owns the property.

Lastly, residence permit holders can obtain tax citizen status in Mauritius and are not subject to any restrictions on repatriation of funds or income from the sale, rental, or lease of property. This advantageous financial flexibility increases the attractiveness of investing and residing in these smart cities.



**Table 3.12 Incentives for smart cities development**

Projects	Projects
Incentives	Application process
<p><b>Smart City company and a Smart City developer, under a specific submission process</b></p> <ul style="list-style-type: none"> <li>● Tax holiday of 8 years on specific activities.</li> <li>● Recover VAT on building and capital goods [buildings and infrastructure].</li> <li>● No customs duty on any dutiable goods except furniture [for infrastructure and buildings].</li> <li>● No customs duty on furniture provided that value addition of at least 20% of the CIF value at import is carried out locally.</li> <li>● Accelerated annual allowance of 50% on energy-efficient equipment, noise control devices, water-efficient plant/ machinery, rainwater harvesting equipment and system and so on.</li> <li>● Accelerated depreciation of 50% on machinery, equipment and construction of industrial premises dedicated to manufacturing activities.</li> </ul>	<p><b>Smart City company and a Smart City developer, under a specific submission process</b></p> <ul style="list-style-type: none"> <li>● Land identification, which includes the location and site extent of the land, negotiation on price acquisition and conditions, and the signature of a pre-sale agreement.</li> <li>● Submission of development proposal to EDB.</li> <li>● Obtention of a letter of comfort valid for 1 year.</li> <li>● Incorporation of company for development of smart city project at the CBRD.</li> <li>● Submit application to EDB for a letter of intent.</li> <li>● Detailed technical appraisal of application by technical committee.</li> <li>● Issue of letter of intent after the approval of EDB and ministry of finance and economic planning and development.</li> <li>● Application for permits, licenses and clearances as per letter of intent: Land conversion permit, EIA report, Land drainage impact assessment report.</li> <li>● EDB issues a smart city certificate after smart city company complying to all requirements of letter of intent.</li> <li>● Start of construction of project and sales of units/land within the smart city.</li> </ul>

## Projects

### Initial outcomes

#### Smart City company and a Smart City developer, under a specific submission process

- At least 15 smart city projects have been approved and land is available for sale or lease for specific business purpose. In addition, smart cities may provide customized facilities.
- Business parks being developed across the island provide facilities for logistics and warehousing manufacturing pharmaceuticals, textile etc.

**Source:** **Source:** World Tourism Organization [2023], based on The Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

### 3.3.6 Commercial Developments

Mauritius allows investors to acquire land and buildings for retailing purposes, both for commercial purposes (offices, manufacturing, tourist accommodation, and so on) and hotel development (e.g. tourism accommodation), making it an interesting opportunity to promote investments.

**Table 3.13 Conditions for commercial developments**

#### *Process for acquiring an immovable property for commercial use*

- Identification of property: determination of the exact location, negotiation on price acquisition and conditions, and the signature of a pre-sale agreement.
- Application for authorisation to acquire land/building: site plan, valuation report, proof of funds for acquisitions, business plan, letter of intent, among other aspects.
- Authorisation from the EDB under non-citizens (property-restriction) act to acquire the immovable property.

**Source:** World Tourism Organization [2023], based on The Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

### 3.3.7 Hotel Developments

Mauritius has committed to attracting over 2 million tourists by 2030. To achieve this goal new strategies to promote the tourism and hospitality sector have been launched opening a variety of investment opportunities.

**Table 3.14 Hotel developments scheme**

#### ***Scope of investment opportunities***

- Development of branded hotels and serviced apartments.
- In health tourism, heritage and culture, theme parks, new hotel sites and the event industry.
- For investors who can convert few existing hotels into health and wellness resorts.
- To implement a full-fledged commercial marina.
- To set up of a world-class theme park.
- For hosting major international events (conferences and exhibitions) annually under the MICE Scheme.

#### ***Process for hotel development***

- Acquisition of land, which includes the location and site extent of the land, negotiation on price acquisition and conditions, and the signature of a pre-sale agreement.
- Finalisation of master plan: site location characteristics, site neighbourhood and context plans, utilities requirement, concept design, interior design, and so on.
- Incorporation of a company at CBRD.
- Application for permits and licenses: Land conversion permit, EIA report, and Land drainage impact assessment report.
- Application to Ministry of Tourism/tourism authority for hotel component, with a full business plan.
- Application for building and land use permit.
- Start of construction works.

**Source:** World Tourism Organization (2023), based on The Economic Development Board Mauritius (2023), Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

### 3.3.8 National Regeneration Program

This program aims to restore and enhance both public and private infrastructure and to breathe new life into urban spaces. This program is managed under the Smart City Scheme. Mauritius provides the following incentives to support this endeavor.

**Table 3.15 National Regeneration Program**

#### ***Incentives***

- VAT recovery on buildings and capital goods for 2 years.
- Tax credit for capital expenditure in 2 subsequent income years.
- Customs duty exemption on imported goods for infrastructure and construction.
- Deduction of capital expenditure for approved renovation and beautification.
- Repayment of input tax for buildings and capital goods.
- Income tax exemption for smart parking activities.
- Customs duty exemption on imported furniture with value addition.
- Income tax exemption for smart parking activities for 5 years.

#### ***Process for Registration as a National Regeneration Programme Developer***

- Company registration and the obtention of Business Registration Number.
- Identification of special development area: detailed masterplan and a brief on how the project fits within the approved area regeneration plan.
- Application for a registration certificate as NRP developer.
- Application for relevant permits and licenses [where applicable].
- Start of construction work.

**Source:** World Tourism Organization [2023], based on The Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].

### 3.3.9 Participation in International Fairs SME Refund Scheme

In order to promote and facilitate international business, Mauritius has established the small and medium-sized enterprises [SMEs] Participation Refund Scheme for participation in international fairs. The table below [table 3.16] highlights the benefits available:

**Table 3.16 International Fairs SME Refund Scheme**

#### **Eligible SMEs**

Registered SMEs with registration in the Corporate and Business Registration Department [CBRD] and annual turnover below USD 2.2 million [MUR 100 million].

#### **Refund amount**

An SME can benefit up USD 4,380 [MUR 200,000] per year.

They can claim multiple refunds within this limit, with no carryover to the next year.

One representative, either a Director or senior employee, can claim the refund on behalf of the SME.

#### **Types of eligible events**

- SMEs participating as exhibitors in international fairs outside Mauritius, whether independently or led by an institution such as EDB or SME Mauritius.
- SMEs participating in fairs under a Mauritian pavilion.
- SMEs participating in buyer-seller meets.

#### **Conditions**

Eligible sectors include agriculture, creative industries, freeport operations, healthcare services, Information and Communications Technologies [ICT], knowledge services, life sciences, and manufacturing.

Eligible items:

- Cost of stand/ participation fee
- Registration fee
- Rental of bare stand
- Travelling expenses
- Accommodation.

**Source:** World Tourism Organization [2023], based on The Economic Development Board Mauritius [2023], Investment Guides, EDB Mauritius, online available at: <https://heyzine.com/flip-book/0681ca80f1.html> [22-06-2023].





04

# COMPETITIVE OUTLOOK

## 4.1. Attractiveness and positioning.

The Republic of Mauritius has positioned itself as an outstanding success story throughout Africa, excelling in areas such as good governance and fostering a favourable business and investment climate. The country has undergone a remarkable transformation from its agricultural and textile-based economy in the 1980s and 1990s to a more open and service-oriented one<sup>94</sup>. With its strategic location serving as a trade hub and major financial center bridging Europe, Africa, and Asia, Mauritius has strategically positioned itself in the global marketplace.

Despite facing initial challenges such as high unemployment, racial inequality, and rapid population growth at the time of independence, Mauritius has achieved outstanding economic progress. It has capitalized on privileged access to international markets and pursued sustainable and equitable development, distinguishing itself from others in the region. From 1977 to 2008, Mauritius maintained an impressive average GDP growth rate of 4.6%, surpassing the Sub-Saharan Africa average of 2.9%. Moreover, its GDP per capita averaged USD 2,921 [constant USD 2,000], significantly higher than the sub-continent average of USD 540. Presently, Mauritius holds the

second position among the top 10 African countries with the highest GDP per capita, closely aligning with the GDP per capita of Seychelles. Furthermore, household expenditure in Mauritius witnessed substantial growth between 1990 and 2008, setting it apart from its regional counterparts. Over the years, measures have been taken to reduce inequality, as reflected in the decline of the Gini coefficient from 45.7 to 38.9 between 1980 and 2006.<sup>95</sup>

Mauritius' impressive progress can be attributed to the presence of strong institutions that have supported its development strategy. These institutions ensure that the benefits derived from international markets are reinvested in strategic and productive sectors. Additionally, they have fostered a well-regulated and well-capitalized banking and financial system, contributing to the country's overall economic stability and growth.<sup>96</sup> In addition, with its rich natural and cultural offer, Mauritius' tourism sector builds an important economic component and major source of its trade services and foreign exchange revenues. Tourism contributed around 8.4% to GDP<sup>97</sup> and 59% to services exports in 2018.<sup>98</sup>

The country's success story serves as an inspiration for other nations, demonstrating the significant impact that effective governance, strategic positioning, and institutional support can have in achieving sustainable development and equitable progress.

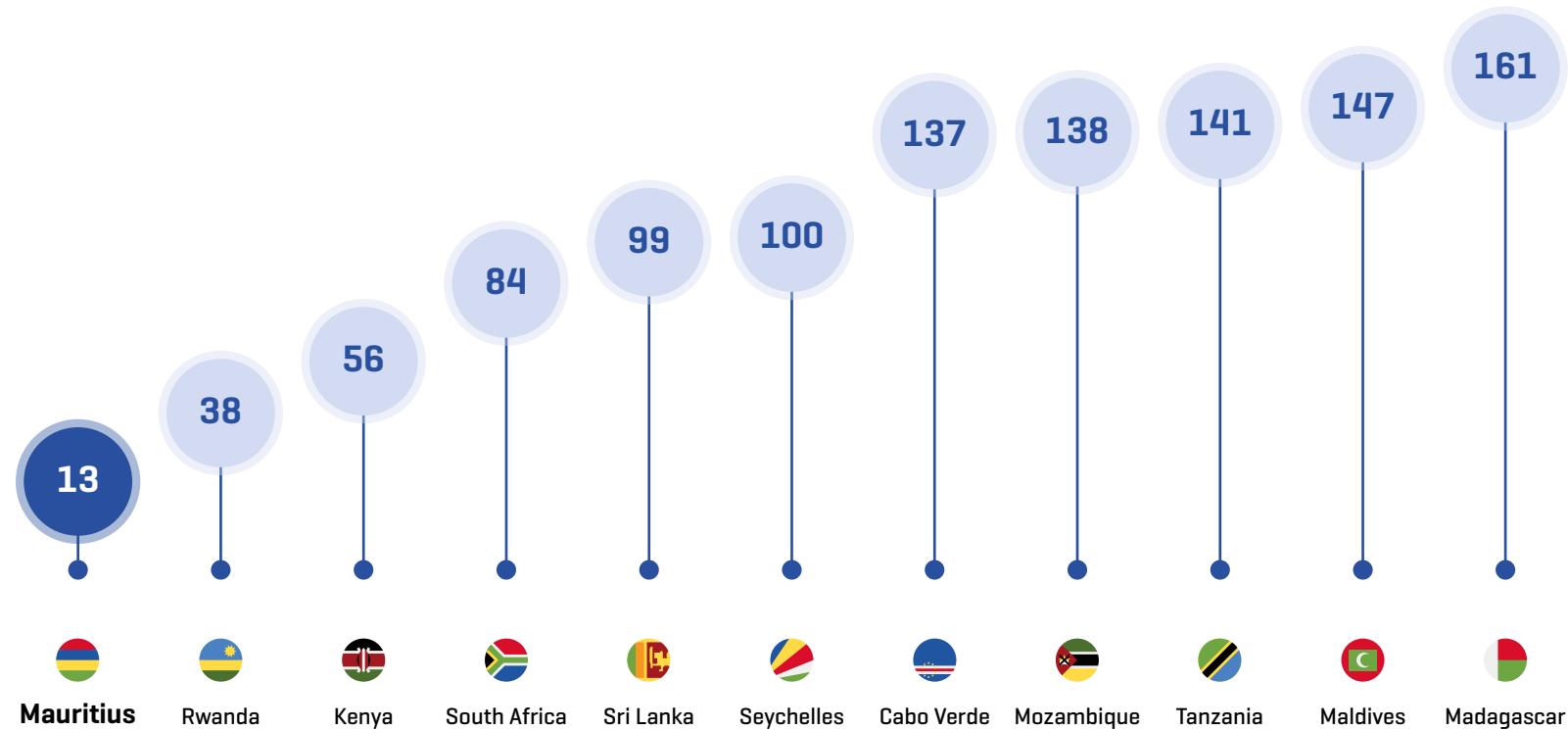
To benchmark Mauritius' business environment on a global and regional level, the World Bank's Doing Business Report will strongly support our analysis. According to the renowned ranking which benchmarks 190 countries among ten pillars, Mauritius remains the

strongest performer on Doing Business indicators in Africa since over a decade. Many African countries look at Mauritius as an example of good practices for reforms. According to the 2020 Doing Business report, Mauritius held first place in Africa and 13th in the world vis-à-vis its business environment. Furthermore, the island nation ranks today among the 20 best places to do business worldwide, positioning Mauritius as the only country in Africa to rank as one of the 30 best countries in terms of its business environment globally. By contrast, Rwanda secures the 38th spot worldwide when comparing African countries in the ranking. Moreover, comparing Mauritius' Doing Business environment from 2020 to 2019, we can observe a remarkable progress in the island's business climate. The 2020 report registered impressive improvements in four out of the ten indicators, moving Mauritius up by 7 ranks on the global scale. Governmental reforms especially improved the pillars on Registering Property, Dealing with Construction Permits, Enforcing of Contract, and Resolving Insolvency and moving each pillar up by eleven, eight, and seven ranks respectively. Overall, the country performs best in the parameters of Paying taxes [5th] and Dealing with Construction Permits [8th] and shows the lowest performance in Trading across Borders [72nd], and Getting Credit [67st].<sup>99</sup>

In addition, Mauritius is among the best 20 countries worldwide around the globe in terms of the procedures and costs necessary to start a business. The country strongly outperforms the regional averages in Sub-Saharan Africa which records 7.4 number of procedures, 21.5 days and 36.3% of income per capita in cost incurred needed to open a business. In contrast, Mauritius requires only 4 procedures, 4.5 days and 0.8% of income per capita to register a firm.<sup>100</sup>

**Figure 4.1 Mauritius' ranking for the Ease of Doing Business, 2020**

[Rank 1-190]

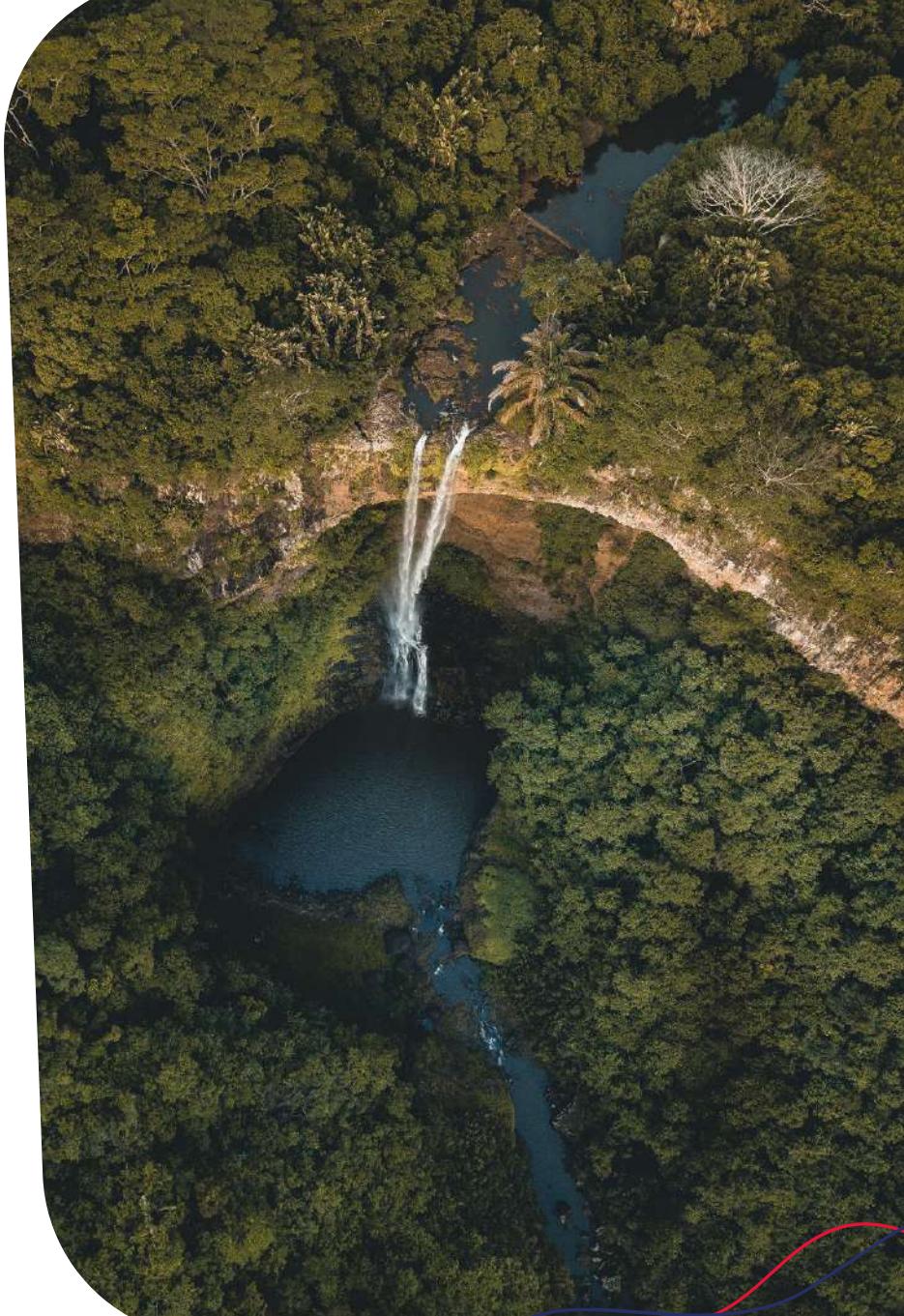
**Source:** Source: World Tourism Organization [2023], based on The World Bank Group [2019].

In general, Mauritius positions itself as a top performer within the region and ranks on various benchmarks among the best five countries. Indeed, the country developed the manufacturing sector soon after independence (1968) and has since managed well to respond to external shocks and establish good policies. Good policies include among others, managing sound diplomacy vis-à-vis trade preferences, investing in education, avoiding currency overvaluation as well as building a strong business environment and creating a well-managed export processing zone (EPZ). As a result, Mauritius demonstrated an average GDP per capita growth rate of 5.4% over the period from 1970 to 2010, during which most countries in Africa observed a corresponding growth rate of about 1%.<sup>101</sup>

Mauritius' performance on the Human Development Index, which draws on data on income, education, and health, has been exceptional not only by comparison with Sub-Saharan Africa but also by comparison with international standards. Strong institutions have helped maintain the country's competitiveness, economic resilience, and stability.<sup>102</sup>

The Mo Ibrahim Foundation provides an annual ranking of African Governance that measures the governance performance and quality in African countries across 5 pillars and 20 sub-indicators. Mauritius takes the number one spot in the latest ranking, showcasing the country as an exceptional model of good governance and as a gold standard across Africa. With its robust performance across the five pillars of assessment—Security & Rule of Law, Participation, Rights & Inclusion, Public Perception of Overall Governance, Foundation for Economic Opportunity, and Human Development.<sup>103</sup>

The country's commitment to transparency, inclusivity, and creating an environment conducive to economic growth, investment, and human development distinguishes it from others in the region.



**Table 4.1 Benchmark of Mauritius against other African countries**

Country	Index of African Governance Rankings, 2022 [Mo Ibrahim Foundation] <sup>a</sup>	GDP per capita, 2019 (USD) <sup>b</sup>	UN Human Development Ranking Africa, 2021 <sup>c</sup>	Corruption Perception Index, 2022 <sup>d</sup>	KPMG Africa Good Life Index Ranking <sup>e</sup>
 <b>Mauritius</b>	<b>1</b>	<b>11,406</b>	<b>1</b>	<b>5</b>	<b>1</b>
 Seychelles	2	17,254	2	1	2
 Tunisia	3	3,478	5	13	5
 Cabo Verde	4	3,435	11	3	6
 Botswana	5	6,679	9	2	3
 South Africa	6	6,689	7	10	8
 Ghana	7	2,168	12	8	7
 Namibia	8	5,126	13	6	4
 Senegal	9	1,462	30	9	9
 Morocco	10	3,499	10	15	12

**Sources:** World Tourism Organization [2023], based on

a] Mo Ibrahim Foundation [2023], 2022 Ibrahim Index of African Governance – Index Report, online available at: <https://mo.ibrahim.foundation/sites/default/files/2023-01/2022-index-report.pdf> [10-06-2023].

b] World Bank Group [2023], World Development Indicators, WBG, online available at: <https://databank.worldbank.org/source/world-development-indicators> [10-06-2023].

c] United Nations Development Programme [2022], Human Development Report 2021/2022, UNDP, New York, online available at: [https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf\\_1.pdf](https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf) [10-06-2023].

d] Transparency International [2023], Corruption Perception Index – 2020, online available at: [www.transparency.org/en/cpi/2022](http://www.transparency.org/en/cpi/2022) [10-06-2023].

e] KPMG, [2016], How good is life in Africa? Digging deeper than GDP – KPMG Africa Good Life Index, online available at: <https://assets.kpmg.com/content/dam/kpmg/za/pdf/2016/10/How-good-is-life-in-Africa.pdf> [10-06-2023].

Additionally, Transparency International's Corruption Perception Index (CPI) serves as a vital tool to benchmark Mauritius' business and investment climate. The CPI ranks countries by their perceived levels of public sector corruption which ultimately impacts overall costs, uncertainty and risk for investors and business owners. The CPI of 2022 ranks Mauritius 57th out of 180 countries and 5th on the African continent. Only the Seychelles, Botswana, Cabo Verde, and Rwanda precede Mauritius in the global ranking.<sup>104</sup> This recognition further highlights Mauritius' dedication to maintaining stability, combating corruption, and providing a favourable environment for businesses and investors.

Lastly, supporting the above, the KPMG Africa Good Life Index also ranks Mauritius as a top performer regarding the country's quality of life from an African perspective. The values rank from 0 [low] to 1 [high]. This said, Mauritius is among the only four countries that

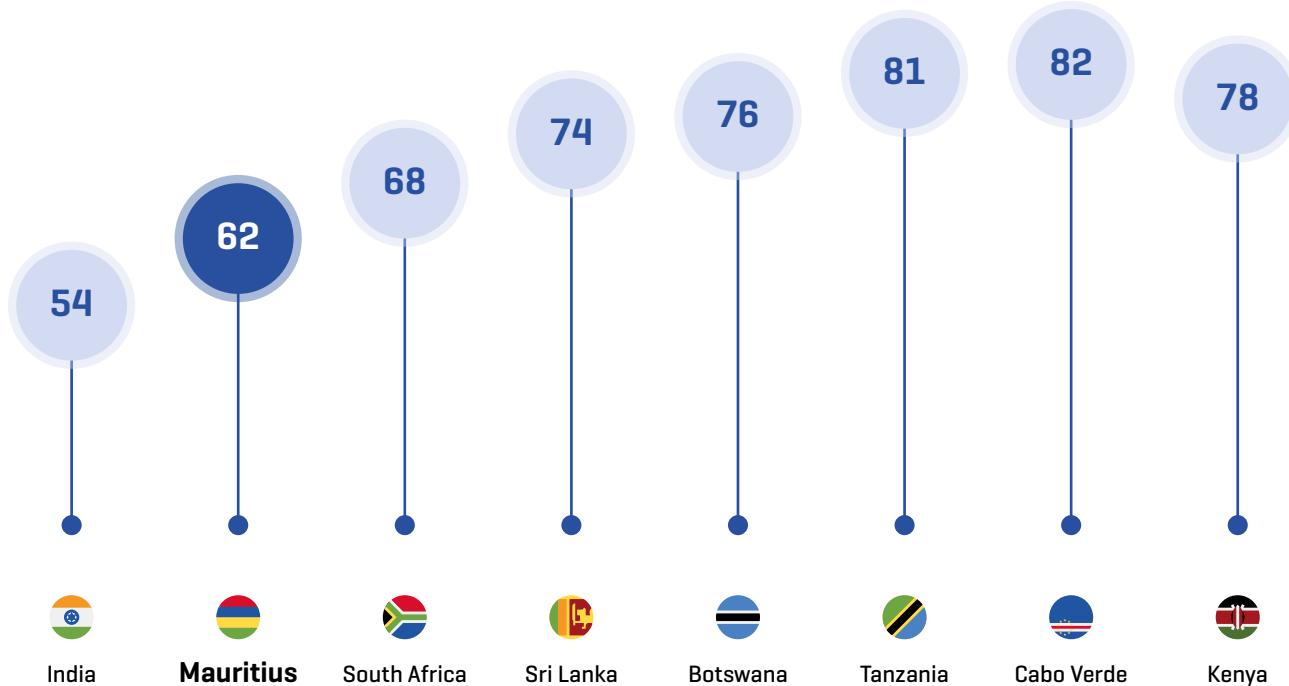
reached an overall index value of above 0.7, indicating a high quality of life via good socio-economic conditions, good environment, and good governance.<sup>105</sup>

When evaluating the performance of Mauritius' tourism sector in comparison to other countries, the Travel and Tourism Development Index (TTDI) by the World Economic Forum (WEF) emerges as the most valuable tool at our disposal. The TTDI evaluates and assesses a range of factors and policies that support the sustainable and resilient growth of the Travel & Tourism (T&T) industry, thereby contributing to the overall progress of a nation. Each country's performance is evaluated based on 17 pillars and 113 individual indicators, which are divided into five main themes: 'Enabling Environment', 'Travel and Tourism Policy and Enabling Conditions', 'Infrastructure', 'Travel and Tourism Demand Drivers', and 'Travel and Tourism Sustainability'.<sup>106</sup>



**Figure 4.2 Mauritius' ranking for the Travel and Tourism Development Index, 2021**

[Rank 1-117]



**Source:** World Tourism Organization [2023], based on World Economic Forum [2022], Travel & Tourism Development Index 2021: Rebuilding for a Sustainable and Resilient Future; WEF, Geneva [online], available at: <https://www.weforum.org/reports/travel-and-tourism-development-index-2021/in-full> [20-06-2023].

According to the latest TTDI index, Mauritius ranks the highest in the African region and takes the 62nd spot among 117 countries on a global level.<sup>107</sup> The pillar in which Mauritius ranks the highest is Prioritization of Travel and Tourism [7th] which evaluates the degree to which government and investors actively support and allocate resources towards the advancement of the T&T sector. Mauritius also performs well in T&T Demand Pressure and Impact [16th], which evaluates factors that may indicate the existence of, or risk related to overcrowding and demand volatility, as well as the quality and impact of T&T as well as in Business Environment [32nd] and Safety and Security [37th].<sup>108</sup>

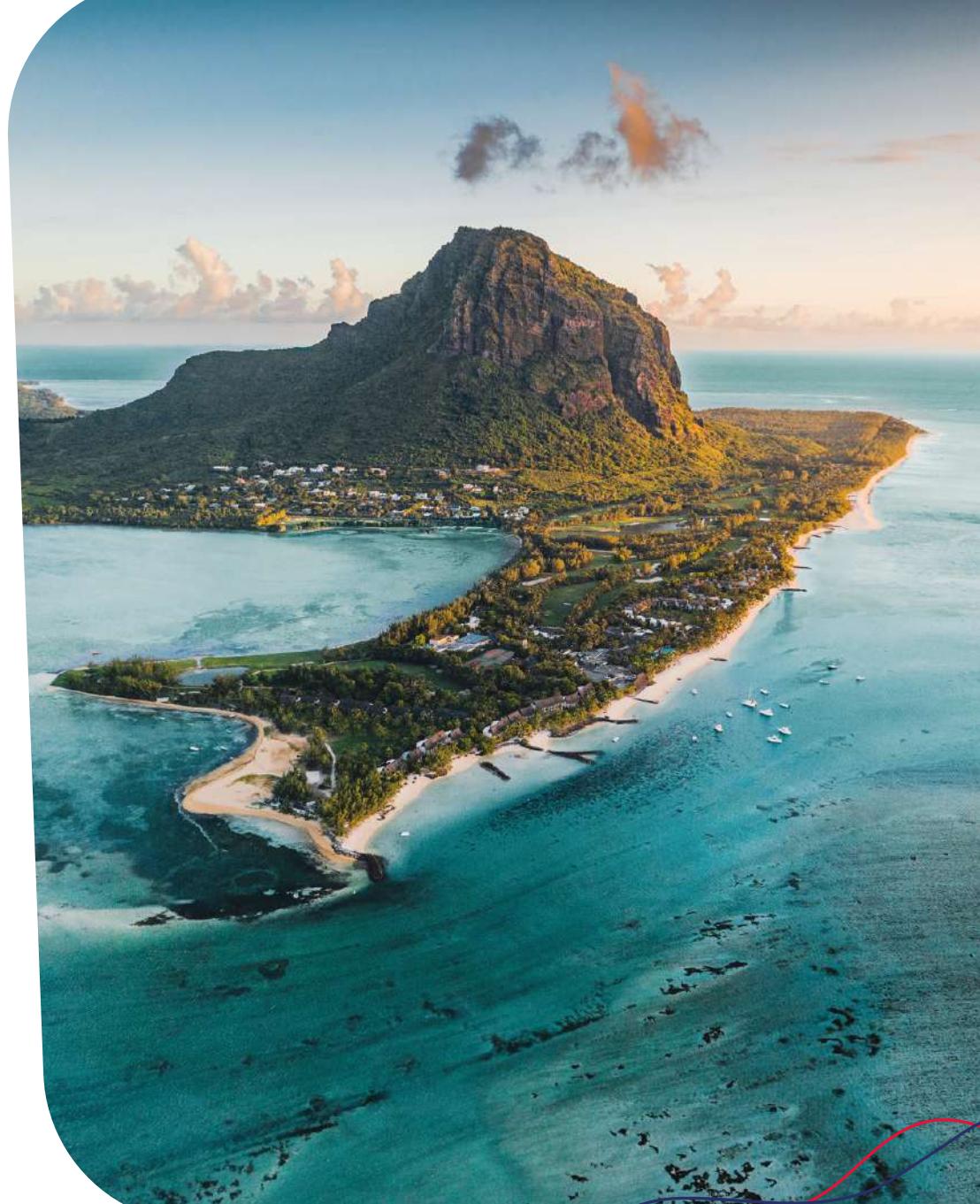
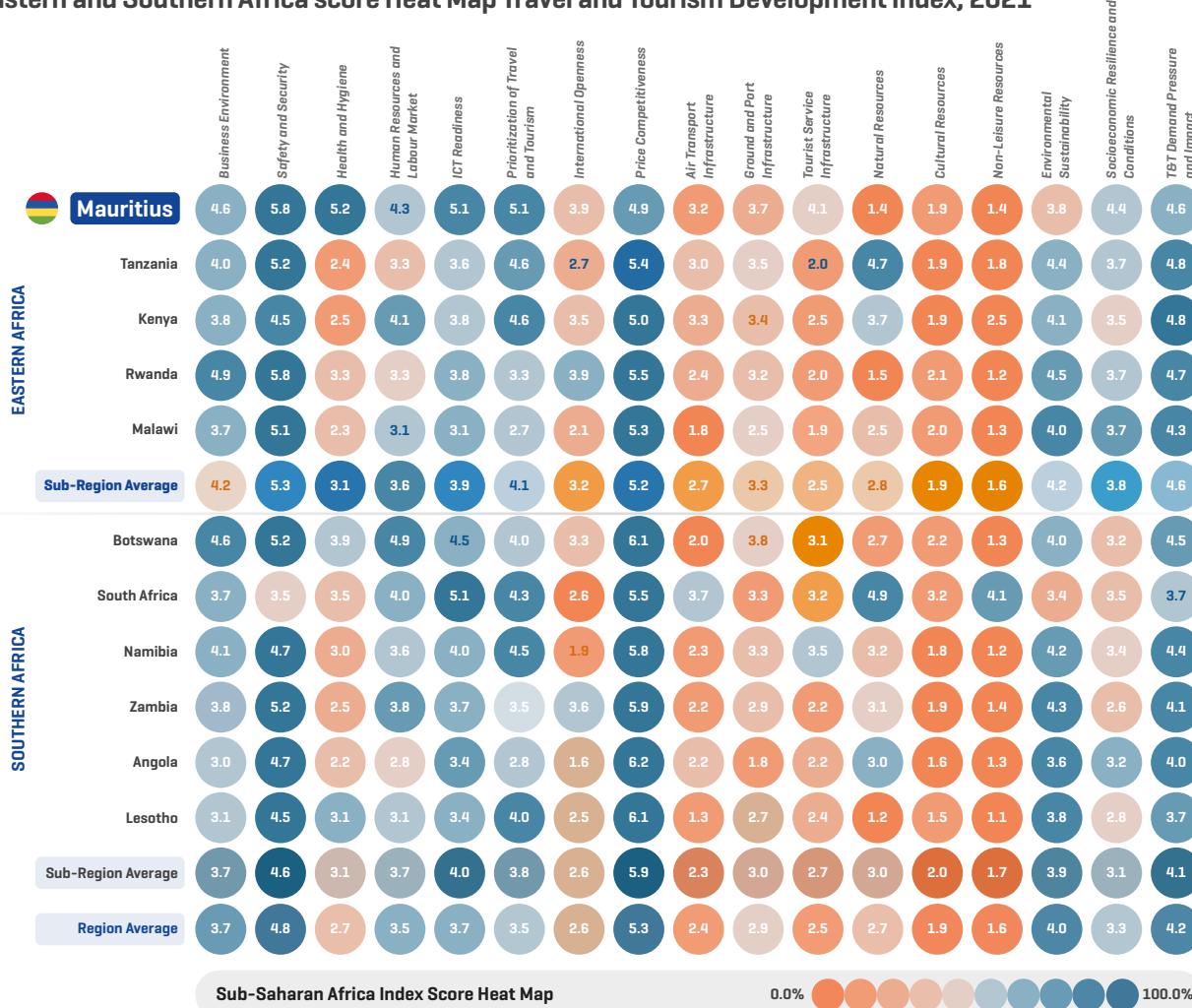


Figure 4.3 Eastern and Southern Africa score Heat Map Travel and Tourism Development Index, 2021



**Source:** World Tourism Organization [2023], based on World Economic Forum [2022], Travel & Tourism Development Index 2021: Rebuilding for a Sustainable and Resilient Future; WEF, Geneva [online], available at: <https://www.weforum.org/reports/travel-and-tourism-development-index-2021/in-full> [20-06-2023].



## 4.2. Tourism cluster overview.

Mauritius is a volcanic island located in the southwest of the Indian Ocean, characterized by coral reefs, peaceful lagoons, and white coral sand beaches. It experiences a maritime climate with trade winds blowing from the southeast, occasional cyclonic disturbances, and temperatures ranging from 19°C in winter to 30°C in summer. A captivating tropical haven celebrated for its awe-inspiring landscapes, rich cultural diversity, and welcoming atmosphere. Geographically aligned with the esteemed Mascarene Islands and positioned approximately 2000 km from the east coast of Africa<sup>109</sup>, this alluring destination harbours immense potential for growth and prosperity in the tourism industry. The capital city of Port Louis serves as a

commercial and industrial hub, and the Sir Seewoosagur Ramgoolam International Airport [MRU] resides 48 km southeast of Port Louis. After gaining independence from the United Kingdom in 1968 and becoming a republic in 1992<sup>110</sup>, the island nation has embraced a prudent approach to investment and is a promising location, beckoning an untapped potential and promising an attractive landscape for discerning investors in its radiant tourism sector. Consequently, the tourism sector in Mauritius has emerged as a key generator of revenue and a gateway to myriad opportunities for the nation.

#### 4.2.1 Tourism Cluster

The tourism sector in Mauritius reigns as an economic heavyweight, serving as an exemplary cornerstone of the nation's economy. This industry's vital contribution to the country's GDP cannot be overstated, accounting for 7.4% in 2022 and expected to rise to 8% in 2023, returning to its pre-pandemic level of the same percentage in 2019. Moreover, the national accounts by Statistics Mauritius from 2019 show that the sector contributed a total of 13.3% to the overall share of employment in the country, employing a total of 582,200 workers.<sup>111</sup>

In the year 2018, Mauritius exported a substantial USD 3.2 billion worth of services, with a noteworthy 59.36% derived from travel services, thereby accentuating the exceptional value proposition offered by the robust Mauritian tourism industry.<sup>112</sup> Within this impressive percentage, a significant 40.30% of services exports were attributed to personal travel, serving as an acute testament to the country's stature as a premier destination for leisure and recreational pursuits.<sup>113</sup> In addition to this, between 2010 and 2022 tourism on average accounted for 28.56% of exports in Mauritius and 3.04% of total exports across Africa.<sup>114</sup> Hence, the sector's resilience and unwavering performance have firmly established it as a pivotal source of employment, foreign exchange earnings, and infrastructural development. This unequivocally underscores its indispensable importance, remarkable value proposition, and unparalleled allure to prospective investors in pursuit of prosperous opportunities within this sector.

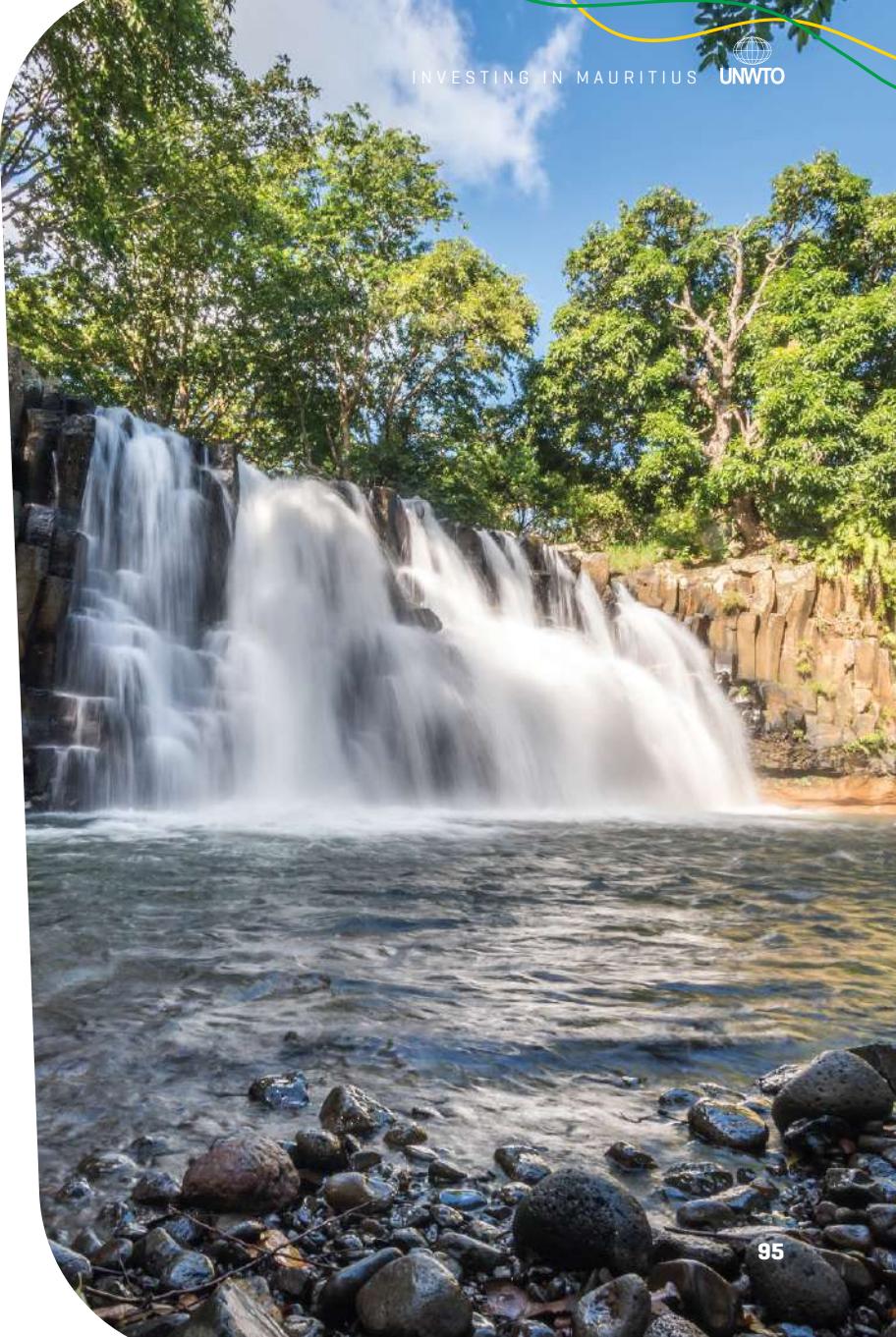
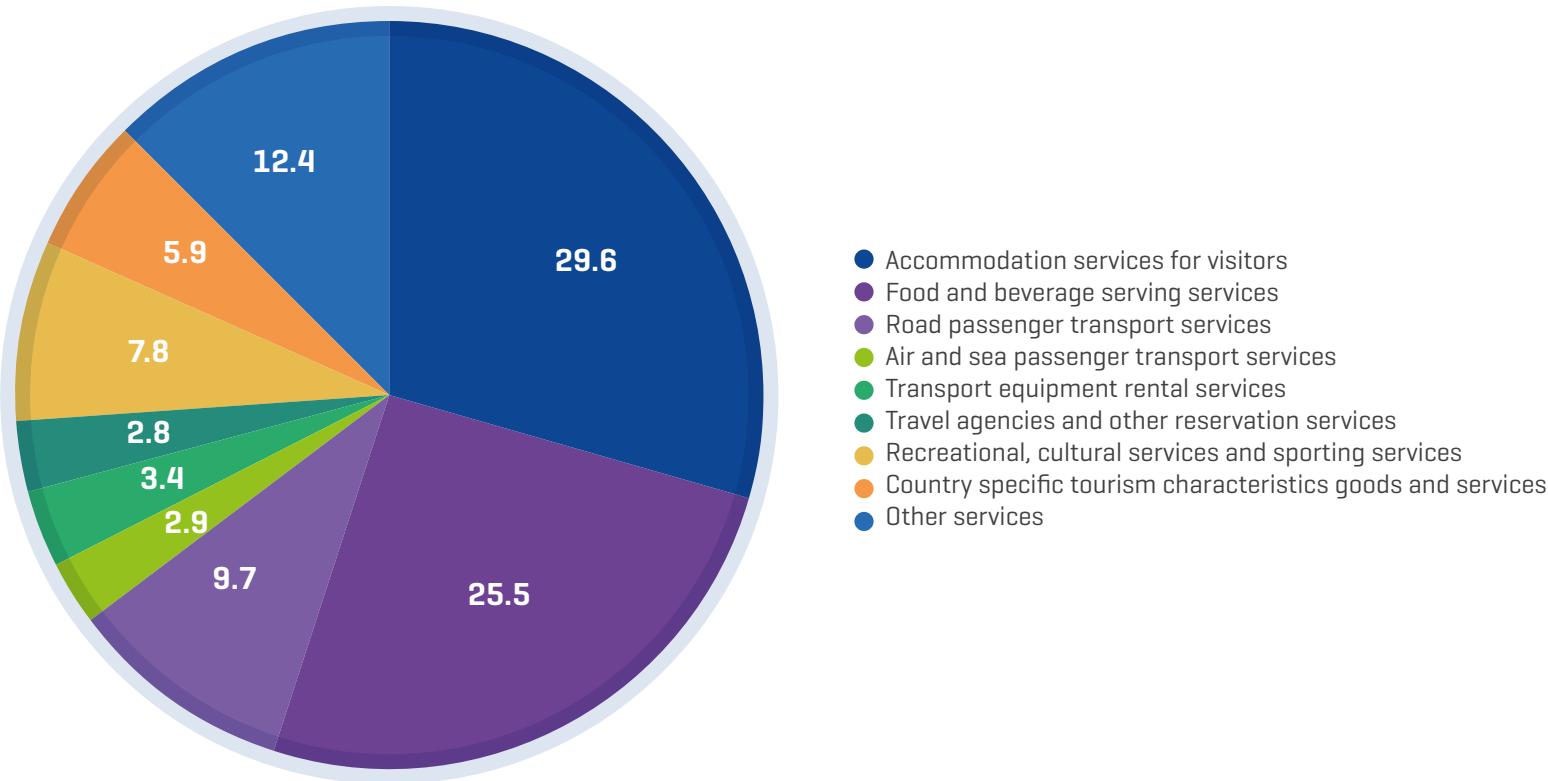


Figure 4.4 Mauritius – estimated direct employment in the tourism industry, 2019



Source: Statistics Mauritius, provided by Authorities [2023].

Given the significant role tourism assumes in the Mauritian economy, the employment opportunities it generates are vital. According to Statistics Mauritius, data from 2019 revealed the most noteworthy direct employment prospects originated from accommodation services, comprising a notable 29.6% share in 2019, closely followed by food and beverage serving services, accounting for 25.6% of the total.<sup>115</sup>

From 2010 to 2019, the sector experienced a consistent year on year increase in tourist arrivals, rising from 0.93 to 1.38 million international tourists.<sup>116</sup> Further, international tourist receipts amounted to USD 1.8 billion in 2019 compared to USD 1.3 billion in 2010 [Table 4.2]. Overall, this period showed a 40.8% increase in international arrivals and a 38.46% increase in tourism receipts, evidencing sectoral growth and Mauritius as an attractive destination for tourism.



**Table 4.2 Benchmark of Mauritius' average receipts per arrival, 2017 – 2022**

<b>Global Average Receipts per Arrival, 2017-2022</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Global [USD]</b>	988.52	1'017.03	1'000.72	1'351.13	1'375.26	1'050.59
<b>Mauritius [USD]</b>	1'302.00	1'348.00	1'286.00	1'453.00	2'035.00	1'472.00

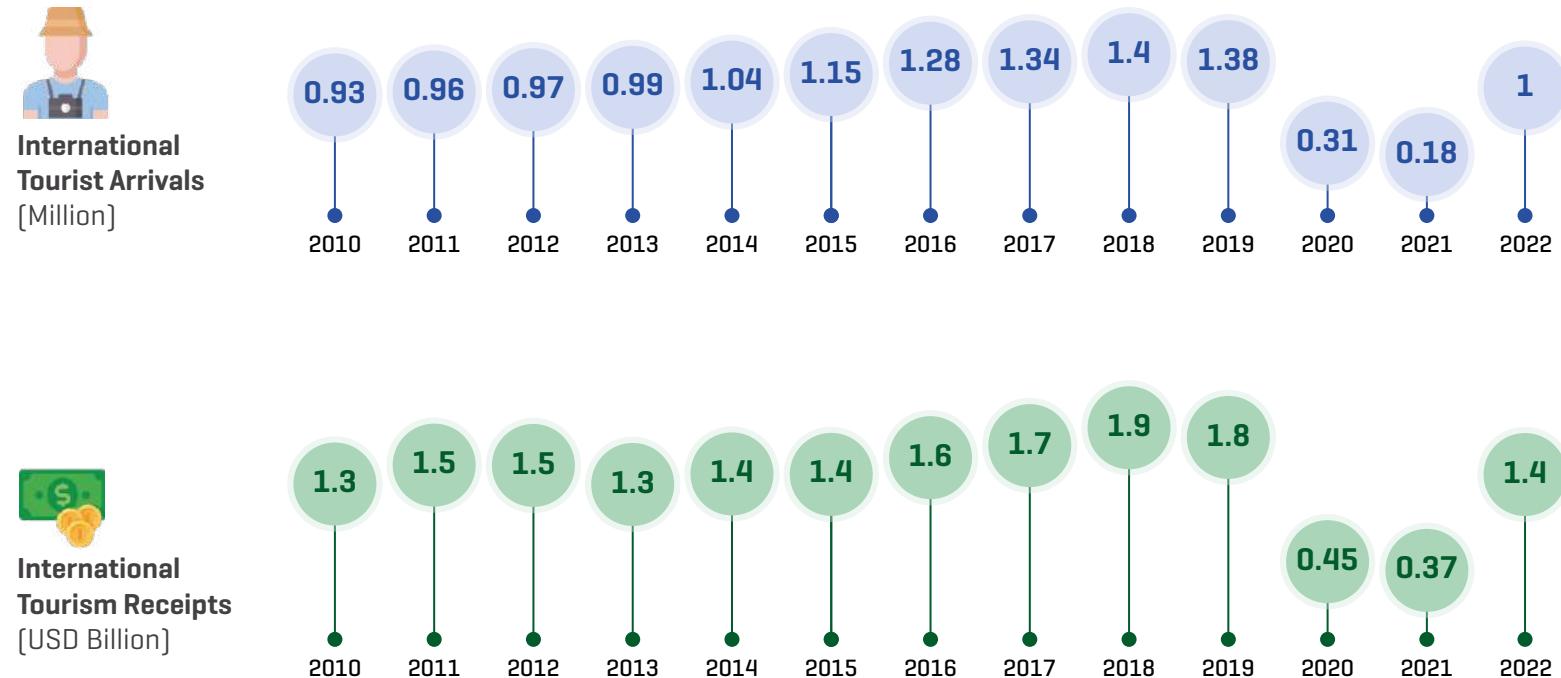
**Source:** World Tourism Organization [2023].

In addition, Mauritius exhibits an impressive global standing with regards to tourism receipts per arrival, boasting one of the highest averages in the world, ranking 26th. In 2022, Mauritius saw an average of USD 1,472.00 in receipts per arrival, boasting an impressive sum that was 40.11% higher than the global average. To this end, the island nation occupies the 4th position in Africa in terms of expenditure per tourist, behind the Seychelles, Tanzania, and Belize.<sup>117</sup>

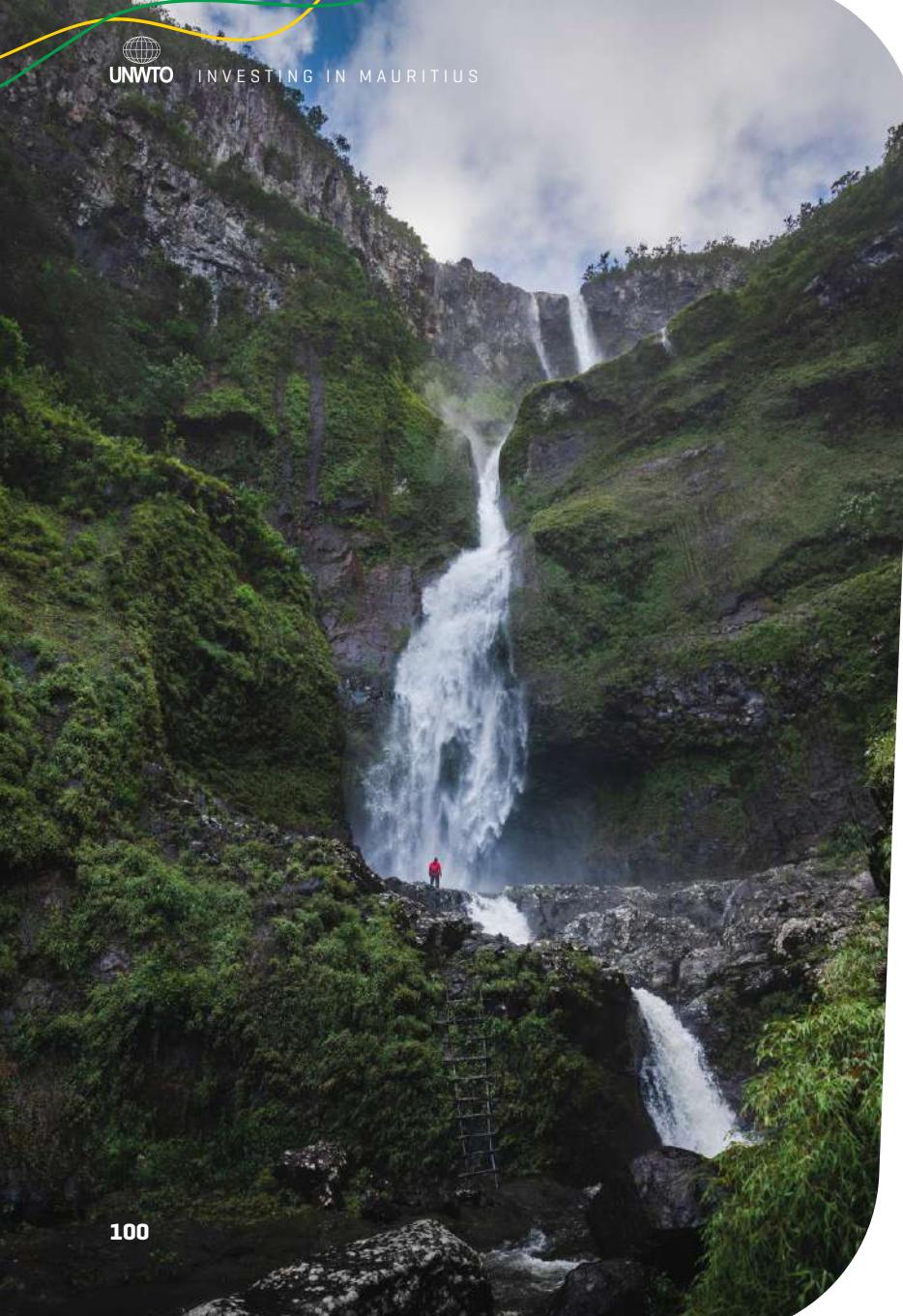
However, the Mauritian tourism sector underwent significant repercussions as a direct consequence of the unprecedented COVID-19 pandemic. The country's "zero-covid" policy that came into

effect in March 2020<sup>118</sup>, which efficiently dealt with the pandemic but prolonged the sector's recovery process. As previously mentioned, from 2010 to 2019 tourism arrivals and receipts showed robust and inspiring growth, however, 2020 saw a significant decline which continued into 2021. Tourism arrivals decreased by 77.53% in 2020 compared to 2019, from 1.38 million to 0.31 million. The year 2021 saw a further decline to 0.18 million in international tourism arrivals, shrinking a further 41.94%. In total, the pandemic catalyzed a total decline in international tourist arrivals of 88.96%, from 1.38 million in 2019 to 0.18 million in 2021.<sup>119</sup>

Figure 4.5 Mauritius – international tourist arrivals and tourism receipts, 2017 – 2022



Source: World Tourism Organization (2023).



The data reveals a slight disparity in the impact of tourism arrivals in Mauritius between 2019 and 2022 when compared to other Indian Ocean Island nations. While others recovered in 2021, with the Seychelles seeing a 63.63% increase and the Maldives experiencing a 135.60% increase in arrivals, respectively, Mauritius still faced setbacks.

As with tourism arrivals, international tourism receipts also suffered a sharp decline because of the pandemic. In 2020, Mauritius received a total of USD 0.45 billion in receipts, a significant 75% decrease from 2019. In parallel to tourism arrivals, the decline was further exacerbated in 2021, totaling USD 0.37 billion or a 17.78% decrease. Overall, international tourism receipts declined by 79.44% from 2019 to 2021.

Although the COVID-19 pandemic had an unprecedented impact on tourism arrivals and receipts, the island nation has showcased an extraordinary resurgence. Just one year after the easing of COVID-19 restrictions, the tourism sector experienced a remarkable upswing. In 2022, tourism receipts surged by a staggering 278.38% compared to 2021, while tourism arrivals skyrocketed by an astounding 445.6% in just one year. These impressive figures underscore the resilience and robustness of Mauritius' tourism sector, highlighting its diverse value proposition in the global tourism landscape. Such exceptional growth evinces a promising outlook for 2023 and beyond as the sector progressively recovers to pre-pandemic levels.<sup>120</sup>

## 4.2.2 Mauritius' Tourism Profile

Figure 4.6 Mauritius – exemplary tourist profile

(Share of total inbound tourism arrivals, %)



1] 2019

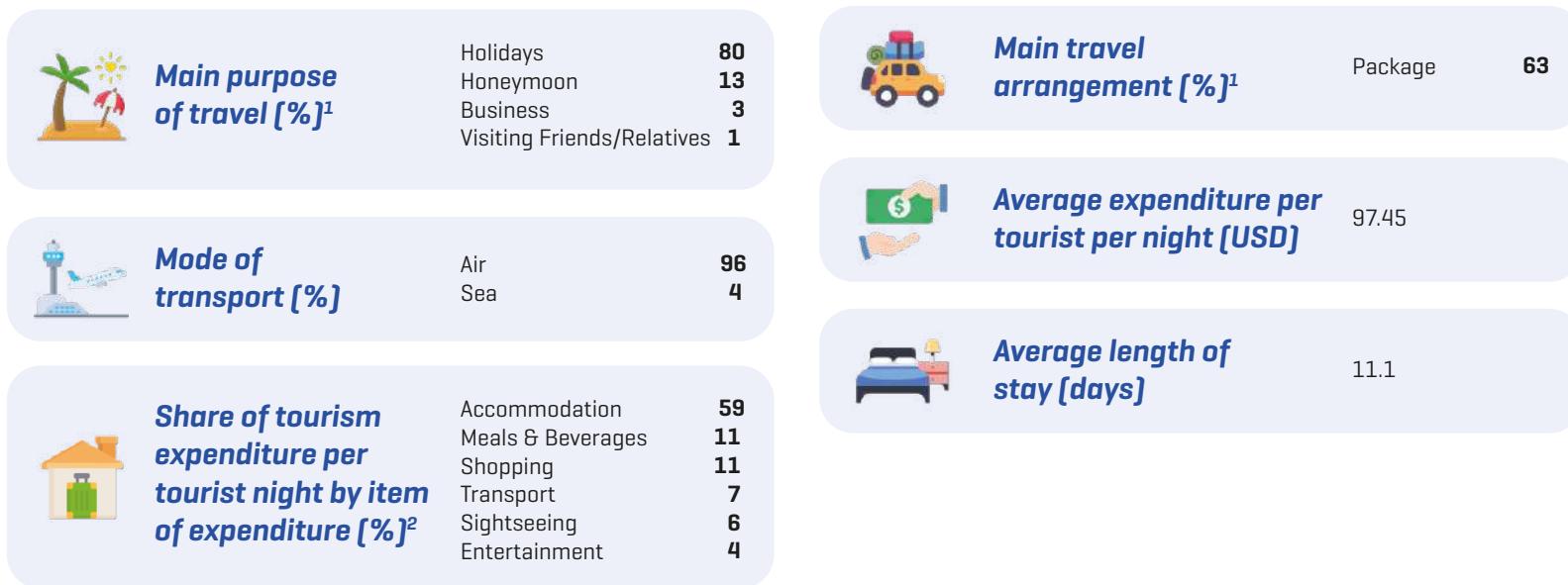
2] 2020–2021

3] 2018–2021

Source: Statistics Mauritius, provided by Authorities (2023).

## Figure 4.7 Mauritius – main tourist characteristics

[Share of total inbound tourism arrivals]



Note: 1 USD = 45.666 MUR (as of 15 June 2023) based on Treasury-UN Operational Rates of Exchange

1] 2018-2019

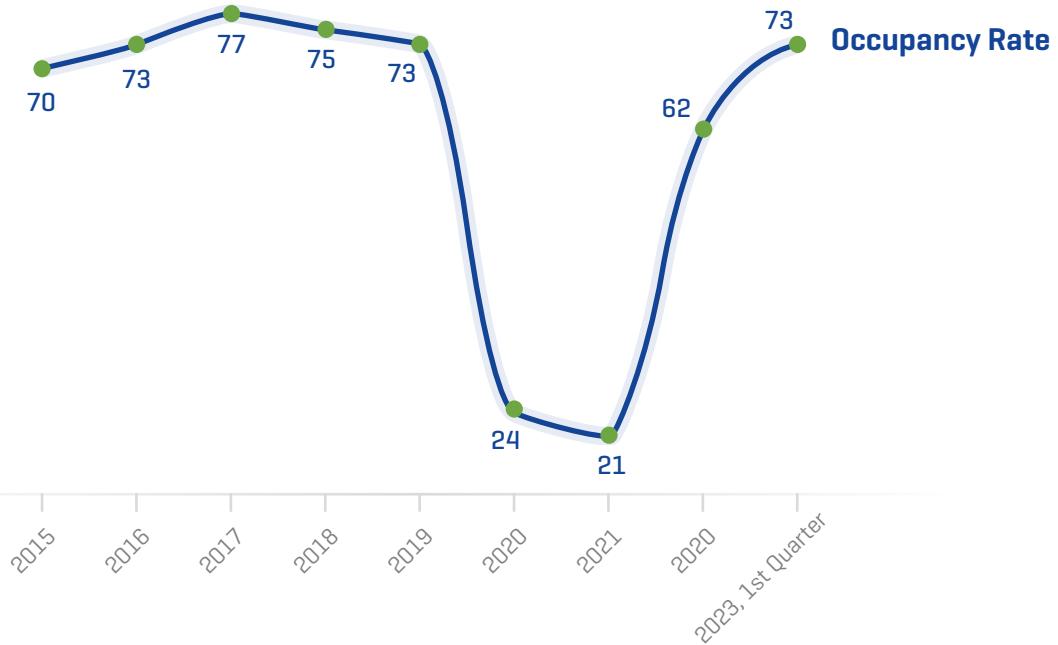
2] 2010-2018

Source: Statistics Mauritius, provided by Authorities (2023).

As presented in figure 4.8, the period spanning from 2015 to 2019 witnessed a commendable average hotel room occupancy rate of 73.6%. However, with the onset of the pandemic hotel room occupancy rates sharply declined in 2020, persisting through 2021, culminating in an occupancy rate of 21%. Nevertheless, the year 2022 exhibited a remarkable surge of 195.24%, aligning with the notable increase in

both tourism arrivals and receipts the same year. The upward trajectory of occupancy rates has persisted, reaching a noteworthy 73% during the first quarter of 2023. This surge during Q1 2023 aligns with data provided by Statistics Mauritius that reveals the first months of the year are a peak period for tourist arrivals to Mauritius, coinciding with the island's vibrant summer season.<sup>121</sup>

**Figure 4.8 Mauritius – hotel room occupancy rates, 2015 – Q1 2023**



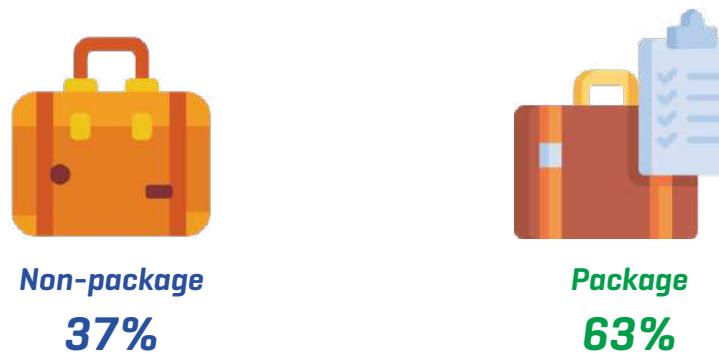
**Source:** World Tourism Organization [2023], based on Statistics Mauritius, provided by Authorities.

In addition to the previously mentioned insights into hotel occupancy rates, comprehensive data sheds light on the average length of stay per tourist. Visitors to Mauritius spend approximately 11.1 days enjoying the island's offerings, while tourists from China tend to stay the longest, averaging 18.4 days between 2010 and 2022.<sup>122</sup>

Vis-à-vis the way in which tourist book their stay in Mauritius' figure 4.9 shows that between 2018 and 2019, many tourists arrived in Mauritius on package travel arrangements, compared to only 37% arriving on non-package arrangements.

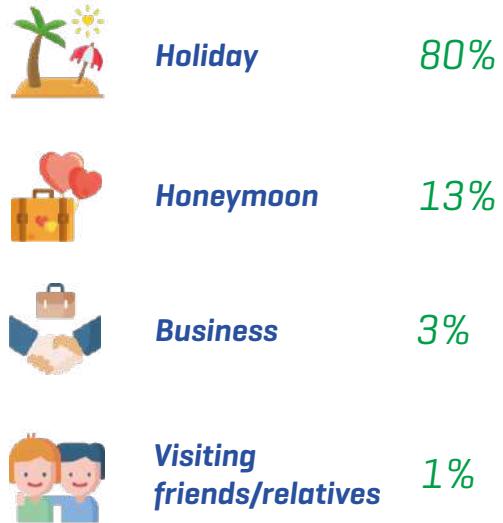
In addition, as shown in figure 4.10, a staggering 80% of tourists opt to visit the Indian Ocean Island primarily for leisure and holiday purposes. Additionally, 13% of visitors choose this captivating nation as their ideal honeymoon destination, accentuating its romantic allure and grand prospectus of luxury hotels and tourist activities. In sharp contrast, a mere 3% of tourists arrive with business intentions, underscoring the central role played by tourism as a pivotal sector.<sup>123</sup>

**Figure 4.9 Main travel arrangements of inbound tourism arrivals in Mauritius, 2018 -2019**



**Source:** World Tourism Organization (2023), based on Statistics Mauritius, provided by Authorities.

Figure 4.10 Main purpose of inbound tourism arrivals in Mauritius, 2018 -2019



Source: World Tourism Organization [2023], based on Statistics Mauritius, provided by Authorities.

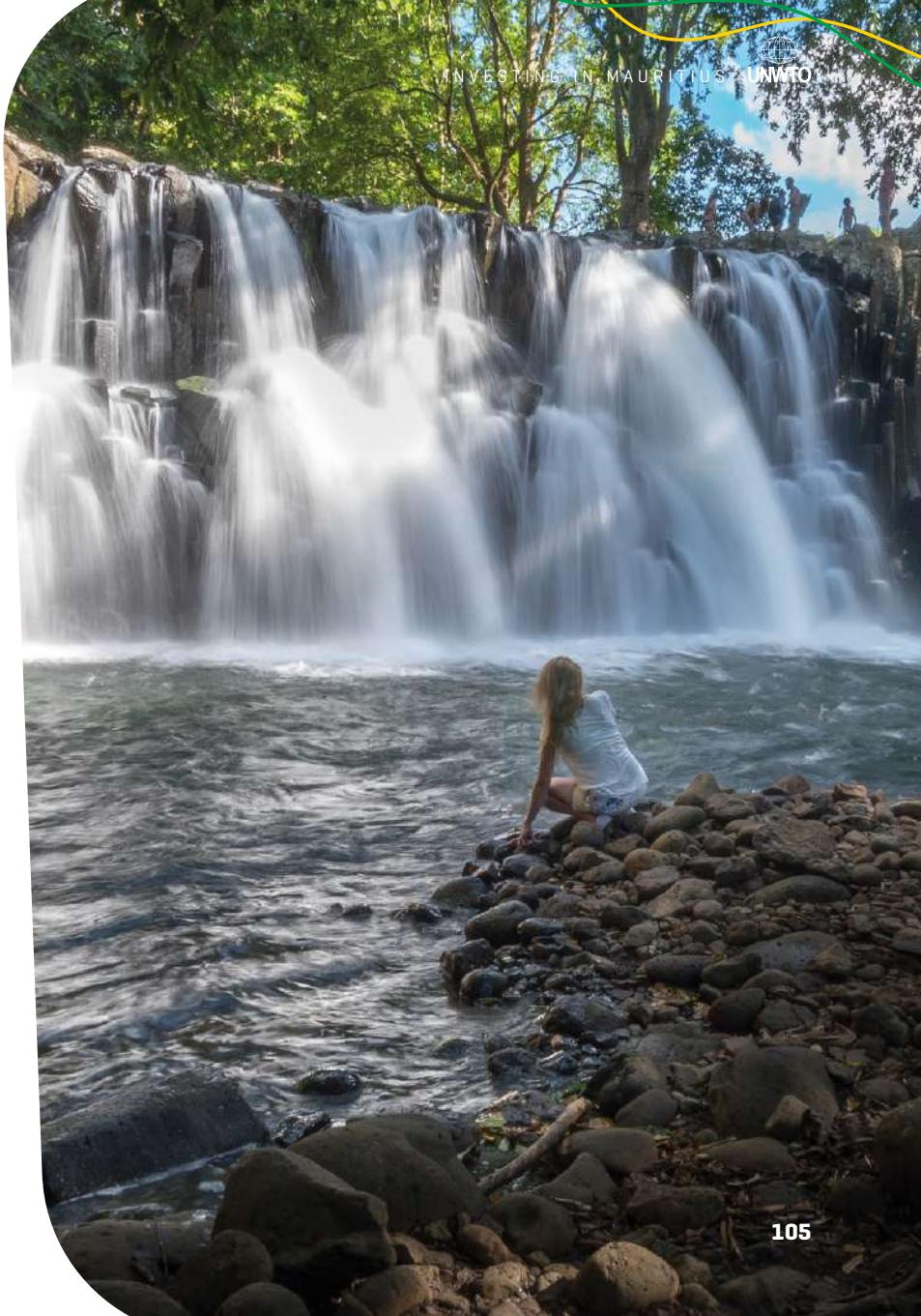


Figure 4.11 Mauritius – tourism demand by country of origin, 2011–2022

Country	Share of total number of tourist arrivals [%]	Share of total annual expenditure of tourists by country of residence [%]	Average length of stay [Days]
 France	23.9	24.1	12.1
 Reunion Island	11.6	6.8	7.8
 United Kingdom	10.8	12.2	12.4
 South Africa	8.8	7.2	9.1
 Germany	7.7	8.0	11.7

Source: World Tourism Organization [2023], based on Statistics Mauritius, provided by Authorities.

Lastly, looking at source countries of the most common tourists in Mauritius, data from Statistics Mauritius demonstrate that the top five countries of residence from which tourists arrive are: France [23.9%], Reunion Island [11.6%], the United Kingdom [U.K.] [10.8%], South Africa [8.8%] and Germany [7.7%].<sup>124</sup>

Furthermore, a detailed examination of the data from 2018 and 2019, reveals intriguing information concerning the average expenditure per tourist. On average, each visitor to Mauritius spends approximately USD 1,007.31 during their stay, which equates to an average expenditure of USD 97.45 per tourist per night. Notably, when considering the countries of origin, tourists from the United Arab

Emirates [UAE] emerge as the highest spenders, with an impressive average expenditure of USD 171.74 per tourist per night. Closely behind are tourists from China, who average an expenditure of USD 151.64.<sup>125</sup>

In contrast, when considering two of the countries in the top five for tourist arrivals, namely France and the United Kingdom, their average spending falls significantly lower compared to China and the UAE. Tourists from France have an average expenditure of USD 85.95, while visitors from the United Kingdom exhibit a slightly higher average expenditure of USD 94.71.<sup>126</sup>

#### 4.2.3 Mauritius' Tourism Offer

As illustrated in figure 4.12 and sourced from Statistics Mauritius, it is evident that the island hosts a significant presence of 5-star hotels [26] and 4-star hotels [21]. As of 2023, its 5-star hotels provide a generous offering of 4,849 hotel rooms, while their 4-star hotels feature 3,545 well-appointed rooms. Together, these upscale establishments comprise 63.5% of the total available rooms in

licensed hotels, highlighting the availability of luxury accommodations and the enticing opportunities they present to vacationers visiting Mauritius. In addition to luxury hotels, Mauritius offers a plethora of other licensed tourism accommodations, including 713 tourist residences, 185 guest houses, and 74 boathouses.<sup>127</sup>

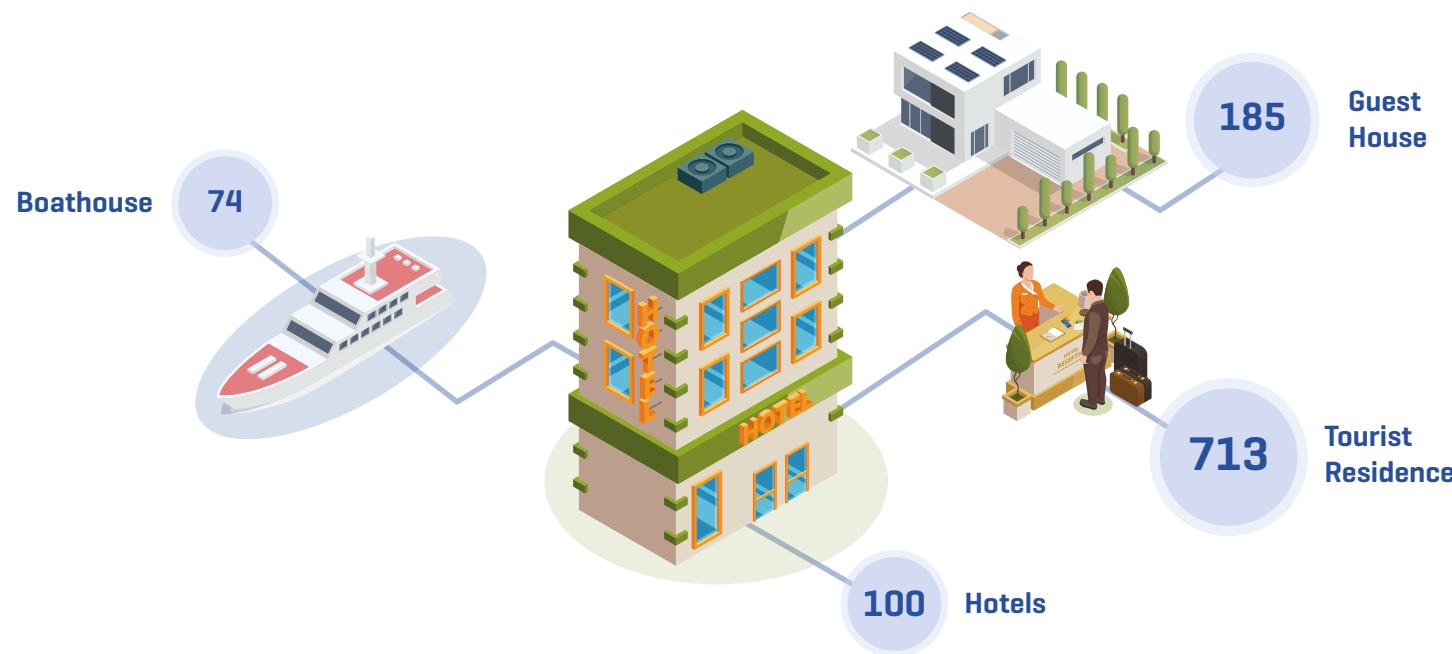
**Figure 4.12 Mauritius – number of licensed hotels with their number of rooms classified by star category, 2023**



**Source:** World Tourism Organization [2023], based on Statistics Mauritius, provided by Authorities.

**Figure 4.13 Mauritius – number of licensed tourism accommodation in the hotel and non-hotel sector, 2023**

[Number of establishments]



**Source:** World Tourism Organization [2023], based on Statistics Mauritius, provided by Authorities.

Nevertheless, records from Statistics Mauritius from 2010 to 2018 highlighted that in comparison to other types of accommodation 79.3% of tourists resided in hotels upon their arrival and 6.5% of international visitors live with friends and family [fig 4.14].



Figure 4.14 Mauritius – percentage distribution of inbound tourism arrivals by type of accommodation, 2010 – 2018



Source: World Tourism Organization [2023], based on Statistics Mauritius, provided by Authorities.

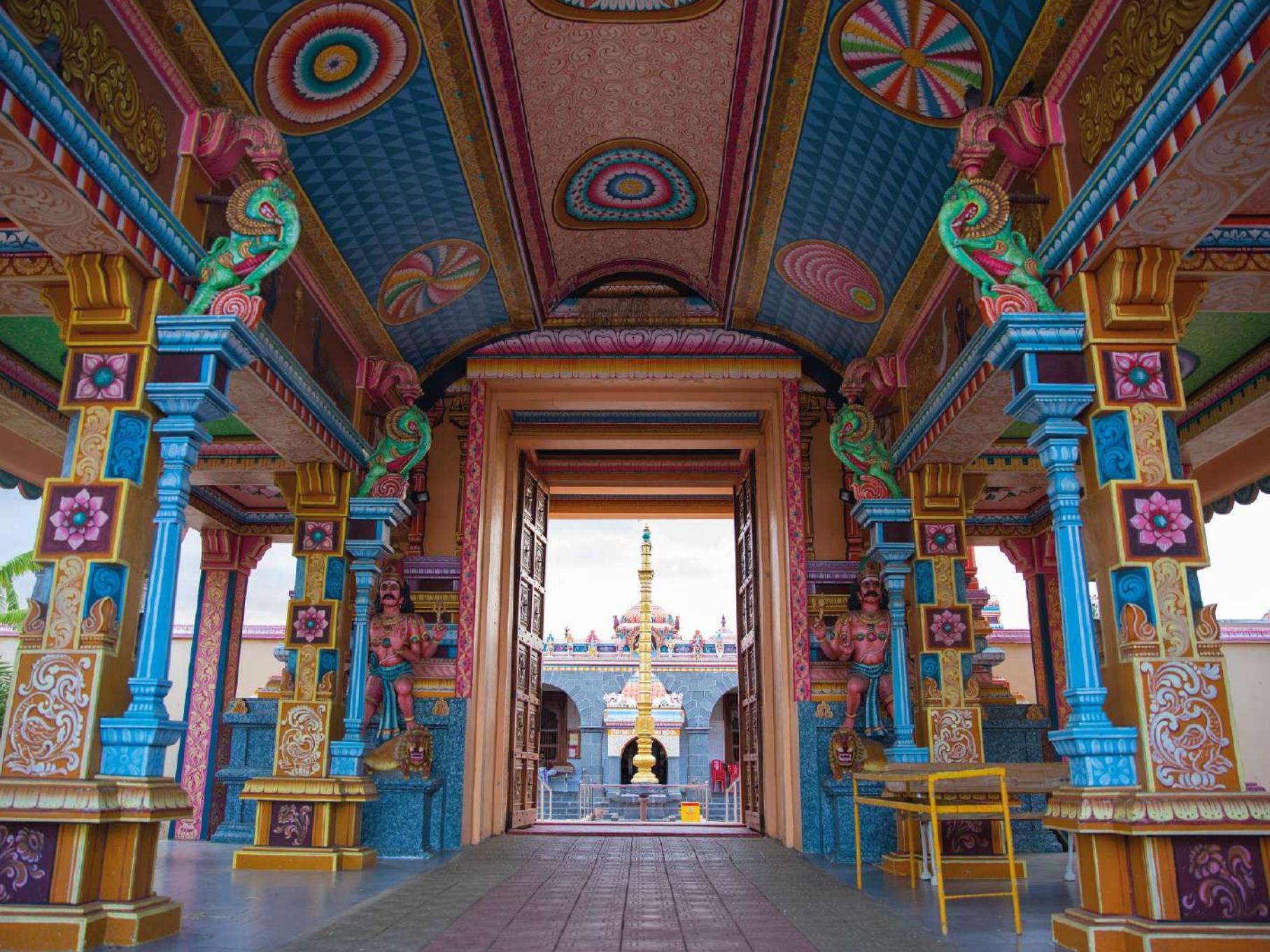
In addition to its expansive range of accommodations, Mauritius offers a diverse array of supplementary tourism services, comprising an extensive assortment of sub-sectors. These encompass professional tour operators providing immersive experiences, a plethora of distinguished restaurants offering gastronomic delights, and facilities for rentals such as bicycles, motorcycles, and quad bikes, catering to the adventurous explorers. Moreover, the island's idyllic coastal setting

allows for an abundance of non-motorized watersports, including the exhilarating pursuits of kitesurfing and windsurfing, further enhancing the diverse and captivating nature of the tourism sector. These main sub-sectors collectively contribute to Mauritius' multifaceted tourism landscape, catering to the diverse interests and preferences of visitors seeking memorable experiences on the island.<sup>128</sup>

Figure 4.15 Mauritius – tourism service providers, 2023



Source: World Tourism Organization (2023), based on Statistics Mauritius, provided by Authorities.



# 06

## CONCLUSION

This comprehensive report underscores Mauritius' remarkable resilience and growth in the tourism sector, positioning it as a prime tourist destination and investment hub. Despite the challenges posed by the global pandemic, Mauritius has demonstrated a commendable recovery, attributed to its strategic geographical location, robust policy frameworks, and unwavering commitment to sustainable development.

Mauritius offers the most attractive environment for FDI in Africa, drawing from a long-lasting economic stability, high growth rates during decades and a positive economic atmosphere. Its sound performance builds on its firm commitment to international trade, sustainability, nature, and economic diversification, reinforced by the strategic location of the island on the Indian Ocean bridging markets in Asia and Africa.

The island nation is not only a jewel of the Indian Ocean but also a model of sustainable economic growth, with tourism contributing significantly to the GDP. Beyond its attraction as a tourist destination, Mauritius has demonstrated an impressive economic development and social progress in the last decades, showcasing its ability to

transform challenges into opportunities. The nation's strategic initiatives and innovative approaches have fostered an environment conducive for business, investment, and tourism, making it a standout performer in the region.

The government's proactive policies, investment in infrastructure, and focus on diversifying the economy have further solidified Mauritius' position on the global stage. Its favorable business environment, transparency, and regulatory efficiency offer a promise of security and profitability for potential investors.

Lastly, Mauritius stands as a beacon of resilience, growth, and sustainable prosperity in the post-pandemic era. The nation's ongoing efforts to attract and nurture investments, coupled with its global appeal as a prime tourism destination, pave the way for a future marked by partnership, growth, and sustainable development.

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