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MAURITIUS NATIONAL BUDGET

Budget Brief 2026/27

Economic & Fiscal Analysis

Confidential

Executive Summary

MAURITIUS BUDGET 2026 / 27 · AXYS RESEARCH

The Mauritius Budget 2026/27 is ultimately a budget about discipline, resilience and economic repositioning. While previous budgets often relied on a combination of stimulus, transfers and sector-specific support, this year's budget reflects a more difficult reality, that Mauritius can no longer rely on consumption-led growth and rising public expenditure as its primary economic strategy.

Government enters this budget cycle facing a set of well-known structural challenges. Public debt remains elevated, fiscal space is constrained, imported inflation continues to weigh on households, and investment remains concentrated in sectors that do not always generate the productivity gains required to sustain long-term growth. Against this backdrop, the Budget attempts to strike a delicate balance between restoring fiscal sustainability and maintaining social cohesion.

3.7%
Targeted fiscal deficit, FY2026/27 (from est. 6.0% in FY2025/26)

Rs 16,555
Standard State Age Pension at 65, replacing the BRP from 1 Jan 2027

No VAT rise
Largely targeted TAX mesures to increase revenue

The centrepiece of the Budget is fiscal consolidation. Government is targeting a reduction in the fiscal deficit from an estimated 6.0% of GDP in FY2025/26 to 3.7% of GDP in FY2026/27, while committing to a gradual reduction in public debt over the medium term. Whether these targets are ultimately achieved remains to be seen, but the direction of travel is clear, the era of postponing difficult fiscal decisions appears to be coming to an end.

The most consequential reform is the introduction of the State Age Pension (SAP), replacing the existing Basic Retirement Pension framework and introducing means testing. While unlikely to be the most popular measure announced, it is arguably the most important from a fiscal perspective. Demographics are stubborn things, and unlike budget speeches, they cannot be amended every year. The reform represents a meaningful attempt to address one of the largest long-term liabilities facing the public finances.

Beyond fiscal consolidation, the Budget places considerable emphasis on economic transformation. The Government's ambition to position Mauritius as a regional hub for artificial intelligence, digital services and technology-enabled investment is reflected through AI training initiatives, digital infrastructure projects and the creation of the Côte d'Or AI and Digital Technology Special Economic Zone. If successful, these initiatives could help address one of the country's most persistent challenges, improving productivity rather than simply increasing expenditure.

The financial services sector also emerges as a major beneficiary. Measures relating to stablecoins, tokenisation, Open Banking and asset management reforms demonstrate a willingness to modernise the regulatory framework and ensure that Mauritius remains relevant in an increasingly digital financial landscape. For an International Financial Centre operating in a highly competitive environment, standing still is rarely an option.

The Budget also seeks to strengthen economic resilience through targeted investments in food security, renewable energy, water infrastructure and logistics. These measures directly address concerns around imported inflation, external vulnerabilities and supply-side constraints. In many respects, the Budget acknowledges a simple economic truth, a small island economy cannot control global shocks, but it can improve its preparedness for them.

Importantly, Government has chosen largely targeted revenue measures rather than broad-based taxation. While higher income earners, insurers and selected industries will face additional tax burdens, the decision to leave VAT unchanged signals a desire to protect household purchasing power at a time when living costs remain a key concern.

Taken as a whole, Budget 2026/27 is less about headline-grabbing announcements and more about repositioning the Mauritian economy for the next decade. It recognises the constraints facing the country while attempting to create new sources of growth. The challenge now moves from policy design to execution. The success of this Budget will not be judged by the magnitude of its allocations, but by its ability to translate ambition into measurable outcomes. In that respect, the Government has presented a roadmap; the next test will be whether it can successfully navigate the journey.

Measures Announced in the Budget

● Headline measures ○ Supporting / technical measures

Financial Services & Fintech

- ● Stablecoin regulatory framework
- ● Tokenisation of real-world assets framework
- ● Open Banking framework
- ● New Banking Bill & new Bank of Mauritius Bill
- ○ Expanded partial exemption regime for asset managers & investment advisers
- ○ Captive insurance tax holiday extended by five years
- ○ OECD Crypto-Asset Reporting Framework adopted
- ○ Clarification of Global Business Entity definition

AI, Technology & Digital Economy

- ● AI training for 50,000 Mauritians
- ● National AI Learning Platform
- ● AI adoption in government services
- ● Launch of Côte d'Or AI & Digital Technology SEZ
- ○ 45% investment tax credit for AI solutions, patents & machinery
- ○ 10-year tax holiday for eligible start-ups
- ○ 100% foreign ownership in SEZ projects; special data-centre electricity tariffs

Tourism

- ● Rs 1 billion tourism support package
- ● Rs 490 million tourism promotion programme
- ● E-Visa system
- ● Eco-, cultural & wellness tourism strategy
- ○ Annual allowance for hotels reduced from 30% to 15%
- ○ Removal of 150% deduction on hotel renovation expenses
- ○ Hotels to remit 50% of VAT collected in foreign currency

Taxation

- ● No increase in VAT
- ● New PIT rates: 20% on Rs 1m–Rs 12m; 35% above Rs 12m
- ● 5% Insurance Premium Tax
- ○ Fair Share Contribution on chargeable income above Rs 24m
- ○ Non-resident software providers become taxable in Mauritius
- ○ E-books exempt & common salt zero-rated; solar PV remains VAT-exempt

Pension Reform

- ● State Age Pension (SAP) replaces BRP from 1 Jan 2027
- ● Means-tested pension system introduced
- ● CSG retirement benefits integrated into SAP
- ● Retirement Savings Bond offering up to 6%
- ○ Previous increase in pension age to 65 discontinued
- ○ Detailed transitional arrangements for persons aged 60–65

Tax Enforcement & Compliance

- ○ CEB & CWA to report customers paying more than Rs 100,000 annually
- ○ Insurers to report vehicles insured above Rs 2 million
- ○ MRA access to Civil Status database
- ○ 1% TDS on software & ICT service payments above Rs 300,000
- ○ 5% TDS on social-media influencers & digital marketers
- ○ Enhanced customs & tax reporting requirements

Pension Reform: From BRP to the State Age Pension

One of the major reforms in this Budget is the replacement of the Basic Retirement Pension (BRP) by the State Age Pension (SAP). As from **1 January 2027**, eligibility will be based on age rather than employment status, with individuals able to elect to start receiving their pension at any time between the ages of 60 and 70.

The pension reform introduced in 2025, which gradually increased the eligibility age from 60 to 65, will be discontinued as from 31 December 2026. However, transitional arrangements will apply to individuals reaching age 60 between September 2026 and August 2029.

A key feature of the new system is flexibility. Individuals may choose the age at which they begin drawing their pension. This election is **irrevocable** and determines the pension amount payable for life.

PENSION ADJUSTMENT MECHANISM

The SAP is based on a standard pension amount of **Rs 16,555 per month at age 65**. Individuals drawing earlier receive a reduced pension; those who defer receive a higher pension.

- **Early election:** reduction of 0.5% per month (6% per year) for each month taken before the applicable pension age.
- **Deferred election:** increase of 0.5% per month up to age 65, and 0.75% per month thereafter, up to age 70.
- For individuals in the transition period (Sep 2026 – Aug 2029), the adjustment is calculated relative to their applicable pension age under the transitional schedule rather than automatically age 65.

Illustrative SAP amounts (before means test)

Age pension starts	Monthly SAP (Rs)
60	11,589
61	12,582
62	13,575
63	14,568
64	15,562
65 (standard)	**16,555**
66	18,045
67	19,535
68	21,025
69	22,515
70	24,005

SAP payable by monthly taxable income (age 60)

Monthly taxable income	SAP payable (Rs)
Less than Rs 14,000	11,589
Rs 20,000	8,589
Rs 25,000	6,089
Rs 30,000	3,589
Rs 43,110 – 50,000	1,000

The Means Test

- Full SAP where monthly taxable income is below Rs 14,000.
- Reduced by 50 cents for every rupee earned above Rs 14,000.
- Minimum SAP payment of Rs 1,000 applies.
- Effectively eliminated once income exceeds the applicable ceiling.

GDP & Industries

Measured in real USD terms, the Mauritian economy contracted broadly between 2019 and 2025, likely exacerbated by currency depreciation. Real GDP shrank from USD 18,291M in 2019 to USD 16,222M in 2025, a CAGR of **-2.0%**, with almost every single industry recording negative growth.

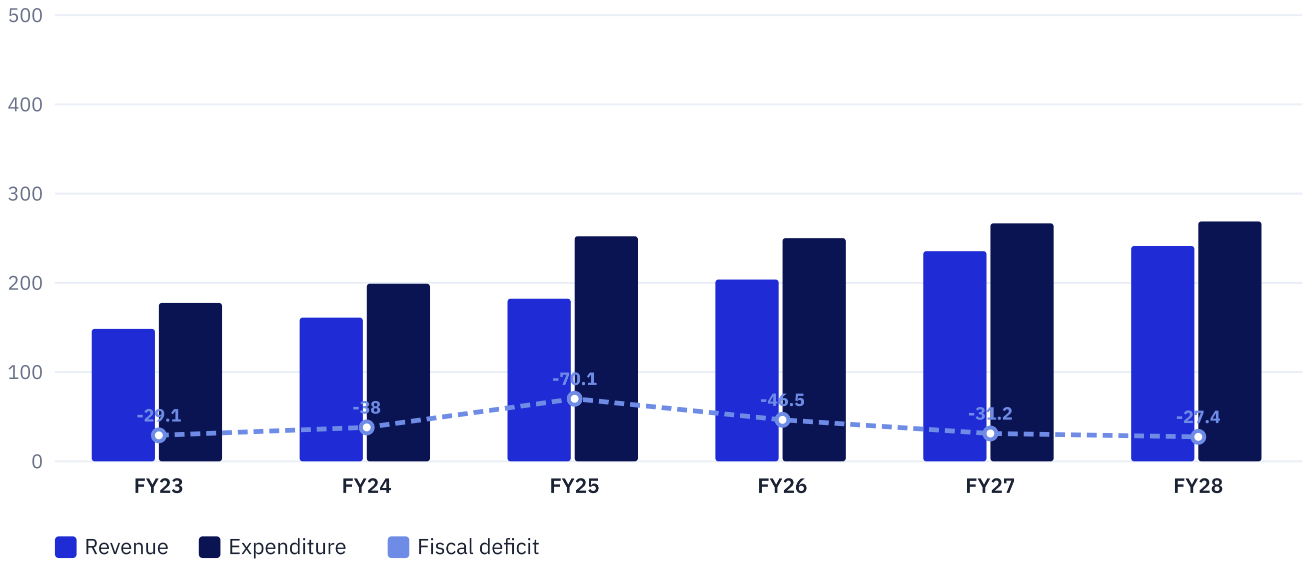
Industry	GVA share 2026 (%)	2019 Real GVA (USD M)	2025 Real GVA (USD M)	CAGR
Agriculture, forestry & fishing	5.4	488.1	748.9	7.4%
Mining & quarrying	0.4	56.9	53.1	-1.1%
Manufacturing	12.8	1,896.8	1,822.4	-0.7%
Electricity, gas, steam & AC supply	1.3	234.7	183.8	-4.0%
Water, sewerage & waste mgmt	0.2	57.4	35.7	-7.6%
Construction	5.4	803.3	774.2	-0.6%
Wholesale & retail trade	11.3	1,924.9	1,574.3	-3.3%
Transportation & storage	5.7	1,011.2	770.7	-4.4%
Accommodation & food service	7.6	1,116.6	1,062.3	-0.8%
Information & communication	4.2	682.6	594.7	-2.3%
Financial & insurance activities	12.4	2,117.5	1,734.6	-3.3%
Real estate activities	4.6	906.8	668.7	-4.9%
Professional, scientific & technical	5.9	960.7	821.7	-2.6%
Administrative & support service	2.8	481.9	391.5	-3.4%
Public admin & defence	6.2	967.7	862.1	-1.9%
Education	4.5	733.5	628.3	-2.5%
Human health & social work	4.9	714.9	676.4	-0.9%
Arts, entertainment & recreation	2.9	554.9	391.5	-5.6%
Other service activities	1.3	243.3	184.5	-4.5%
Real GDP	**100.0**	**18,291**	**16,222**	**-2.0%**

Manufacturing, Financial & insurance activities and Wholesale & retail trade, all major contributors, saw their real USD value decline, with wholesale and retail trade taking a particularly hard hit (-3.3% CAGR). Real estate, despite absorbing the lion's share of FDI, shrank by a concerning -4.9% CAGR. This reinforces the narrative that while volume may be recovering, the real value captured per unit of activity is dropping in USD terms.

Fiscal Deficit

There is a clear structural deterioration in Mauritius' fiscal balance, with the budget deficit widening from Rs 38Bn in FY24 to a peak of Rs 70Bn in FY25, around 9.8% of GDP. Stringent fiscal measures curbed the deficit to Rs 46.5Bn (-6.0%), and through its consolidation programme the Government has set a deficit target of around -3% by FY28.

Government revenue, expenditure & fiscal deficit (Rs Bn)



Revenue

Total revenue is projected to grow to Rs 235.5Bn in FY2026/27, a **+15.6%** increase over the revised FY2025/26 estimate of Rs 203.7Bn and a **+26.9%** increase over FY2024/25 actuals of Rs 185.6Bn. Taxation remains the bedrock of the budget, making up 84.8% of total revenue.

- **VAT** remains the single largest revenue engine, projected at Rs 65.85Bn (from Rs 62.3Bn revised and Rs 59.9Bn in FY2024/25).
- **Specific taxes on goods** are expected to pull in Rs 29.7Bn, Tobacco (Rs 9.98Bn) and Spirits/Alcohol (Rs 8.45Bn) remain reliable, while the Sugar Content Tax rises rapidly from Rs 1.06Bn to Rs 2.66Bn.
- **Corporate income tax** is budgeted at Rs 44.28Bn (+48.5% vs FY2024/25); individual income tax rises to Rs 18.07Bn.
- **Property income** reveals a new fiscal anchor: the Chagos Archipelago is targeted for Rs 10.6Bn, an exceptional structural cushion to the non-tax base.
- The **Corporate Climate Responsibility Levy** rises to Rs 7.4Bn, and the **Special Levy on Banks** to Rs 2.0Bn.

Expenditure

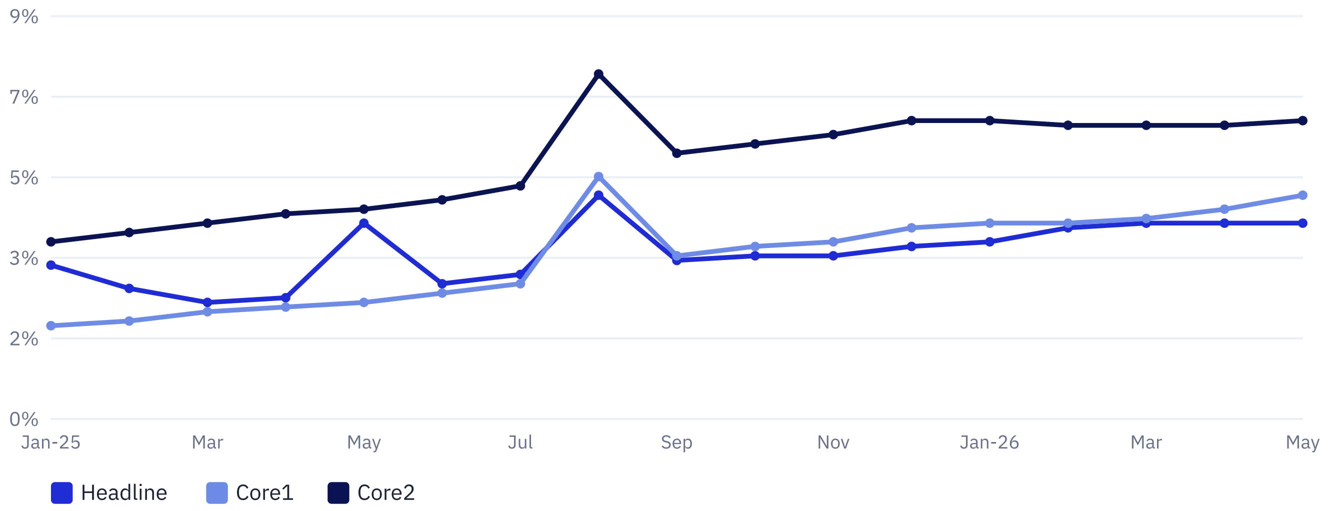
Total expenditure is projected to grow to Rs 266.66Bn in FY2026/27, a **+6.6%** increase over the revised FY2025/26 estimate of Rs 250.13Bn. Social Protection remains the bedrock of spending at 33.5% of the total.

- **Old Age pensions** are the largest single item (16.0% of the budget), though modelled to drop to Rs 42.79Bn from Rs 65.99Bn, a reclassification largely absorbed by **Social Protection**, which jumps to Rs 31.68Bn (11.9%) from Rs 11.26Bn.
- **Public Debt Transactions** account for 11.3% (Rs 30.10Bn), **Education** 9.7% (Rs 25.94Bn) and **Health** 7.7% (Rs 20.59Bn, +11.8%).
- **Economic Affairs** rises to Rs 18.75Bn (+47.2% vs FY2024/25); **Water Supply** expands sharply from Rs 1.35Bn to Rs 3.58Bn.

Inflation

12-month inflation has spiked since April 2025 and remained on a rising trend since. The rise has been driven by **core** inflation rather than volatile food prices; Core2 inflation has remained above 6% since November 2025.

Headline vs core inflation (% YoY)



The main drivers of sticky core inflation remain Transport (+11.4% YoY, following excise duties on road vehicles in June 2025) and Restaurants & Food Services (+11.5% YoY). Health was the third-highest contributor (+6.5% YoY), principally led by higher clinic fees (+13.9%).

Key contributors · % change in price (May-25 → May-26)

Item	Δ price
Bread	42.8%
Cooking gas	31.5%
Road tax & transport svc	26.1%
Soft drinks	24.8%
Other prepared foods	18.5%
Mutton	17.9%
Workman’s wages	16.7%
Electricity	14.4%
Whisky (locally bottled)	14.2%
Clinic fees	13.9%
Prepared food in restaurant	13.8%
Personal transport	13.5%
Expenditure in snacks	12.0%
Beer	11.0%
Vehicle insurance	10.4%
Overall index (all divisions)	**4.3%**

Key detractors · % change in price (May-25 → May-26)

Item	Δ price
Rice	-42.5%
Powdered milk (full cream)	-23.0%
Cooking oil	-20.3%
Frozen veg. food	-12.1%
Television licence	-12.0%
Personal care – babies	-11.8%
Ginger	-10.1%
Fresh vegetables	-7.0%
Mortgage interest (housing)	-5.0%
Pulses	-4.4%
Preserved vegetables	-2.4%

Personal transport and electricity led price increases, while fresh vegetables were the main detractor, falling by -7%.

Population & Labour Force

A declining population

In 2022, Mauritius recorded its first-ever population decline, a trend that has persisted ever since, driven by a low birth rate, an ageing population and rising emigration.

Change in population	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Resident pop. (beginning)	1,265,201	1,265,756	1,263,614	1,249,140	1,246,987	1,244,147
Live births	13,465	12,982	12,096	12,872	12,853	13,250
Deaths	11,060	13,274	12,938	11,839	12,507	12,685
Natural increase	2,405	(292)	(842)	1,033	346	565
Net international migration	(1,850)	(1,850)	(1,850)	(3,186)	(3,186)	(3,186)
Resident pop. (year-end)	**1,265,756**	**1,263,614**	**1,260,922**	**1,246,987**	**1,244,147**	**1,241,526**

Low fertility. As of 2024 the Total Fertility Rate stood at 1.44, well below the 2.10 replacement level, and below the UK (1.55), Australia (1.64) and France (1.64). It has been below 2.1 since 1997.

Ageing. Absent a reversal, the population is expected to contract by -25.3% by 2064, while the proportion of retirees rises from 14.2% to 24.8%, worrying for a country whose largest expenditure item is Social Protection.

Population projection

	2024	2034	2044	2054	2064	% fall
Total population	1.244m	1.201m	1.119m	1.025m	0.931m	-25.3%
Working age 16–64	853,576	780,199	713,825	643,926	560,961	-34.3%
Aged 65+	176,758	222,796	228,414	227,748	230,756	+30.5%
% retirees	14.2%	18.6%	20.4%	22.2%	24.8%	—

Rising emigration. Around 3,186 Mauritians emigrate annually; UN data put Mauritian emigrants at 114,314 in 2024 (9.2% of population, vs a 3.7% global average). Rising living costs and low salaries (the average Mauritian earns just USD 812 per month) are key drivers. By contrast, immigrants numbered 29,142 in 2024, dominated by workers from India and Bangladesh (60% combined), mostly employed in Manufacturing (59%) and Construction (21%).

Labour force

Unemployment stands at 5.4%, a 30-year low. However, youth unemployment remains high at 18.4% (up from 17.7% in 2024). Mirroring the population decline, the labour force shrank by -0.57% to 592,700 in 2025.

Key metric	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Population aged 16+	1,001,700	1,008,400	1,011,000	1,015,000	1,018,500	991,800
Labour force	570,100	532,800	562,800	592,800	596,100	592,700
Unemployment rate	9.2%	9.1%	7.7%	6.3%	6.0%	5.4%
Youth unemployment	26.2%	27.8%	25.3%	18.3%	17.7%	18.4%
Median income (Rs)	16,000	16,000	18,000	22,000	25,000	28,000
Average salary (Rs)	21,500	22,800	23,400	29,800	32,800	37,200
Average salary (USD)	549	551	534	663	710	812

Sector (large estab.)	2019	2025	Δ
Manufacturing	65,576	47,927	-26.9%
Public admin & defence	44,281	46,120	+4.2%
Wholesale & retail trade	30,236	31,692	+4.8%
Accommodation & food	28,477	26,504	-6.9%
Education	27,406	25,695	-6.2%
Admin & support service	19,191	19,341	+0.8%
Human health & social work	18,095	18,405	+1.7%
Financial & insurance	14,054	16,824	+19.7%
Transportation & storage	15,303	15,189	-0.7%
Construction	17,158	14,060	-18.1%
Information & communication	11,902	13,479	+13.2%
Professional & technical	10,830	12,060	+11.4%
Agriculture, forestry & fishing	9,905	8,263	-16.6%
Total	**325,315**	**308,169**	**-5.3%**

Employment by large establishments

Overall contraction. Total employment in large establishments fell by 5.3%, reflecting demographic constraints and a tightening labour force.

Deindustrialisation. Labour-intensive industries saw severe attrition: Manufacturing (-26.9%), Construction (-18.1%) and Agriculture (-16.6%).

Knowledge economy. Growth pivoted to high-value sectors: Financial & Insurance (+19.7%), Information & Communication (+13.2%) and Professional/Technical Services (+11.4%).

Hospitality remains 6.9% below its 2019 employment capacity.

High dropout rate

Mauritius also faces a high secondary-school dropout rate. Tracking a single cohort from primary to secondary illustrates the severe attrition in the education pipeline.

Cohort milestone	Year	Students
Primary I enrolment	2012	16,967
Primary VI enrolment	2017	16,422
PSAC examined	2017	15,994
PSAC passed	2017	12,985
Secondary Grade 7	2018	14,490
Secondary Grade 11	2023	16,228
SC examined	2023	12,917
SC passed	2023	9,522
Grade 13 enrolment	2025	6,813
HSC examined	2025	5,794
HSC passed	**2025**	**4,576**

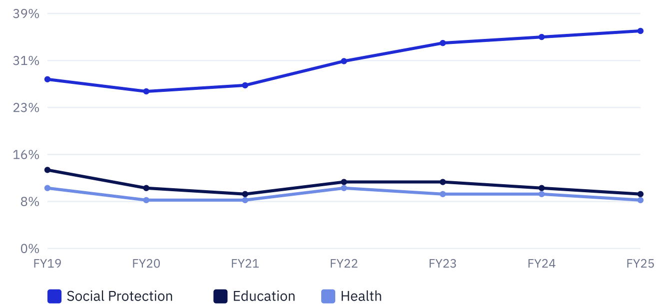
Of the 16,967 students who began primary school in 2012, only 5,794 sat the HSC exam in 2025 and 4,576 passed, meaning just **27.0%** of the original cohort completed full secondary education. This is a persistent trend (pass-through historically 25–40%), with the bulk of dropouts occurring at Grade 11 (the SC exams), cumulating in over 6,800 dropouts. The HSC-pass to SC-pass ratio remains very low at 48%.

Flight to private primary education. Private non-aided schools now make up 22% of primary students, up from 14% in 2019, a classic indicator of declining confidence in the public schooling framework.

Primary enrolment by school type

Year	Govt	Aided	Non-aided	Total
2019	55,098	18,848	11,784	85,730
2020	52,043	18,441	12,030	82,514
2021/22	52,830	18,862	12,437	84,129
2023	54,392	19,595	15,014	89,001
2024	48,966	19,163	16,401	84,530
2025	46,730	18,147	18,097	82,974
% change	**-15.2%**	**-3.7%**	**+53.6%**	**-3.2%**

Govt spending share: Health, Education vs Social Protection

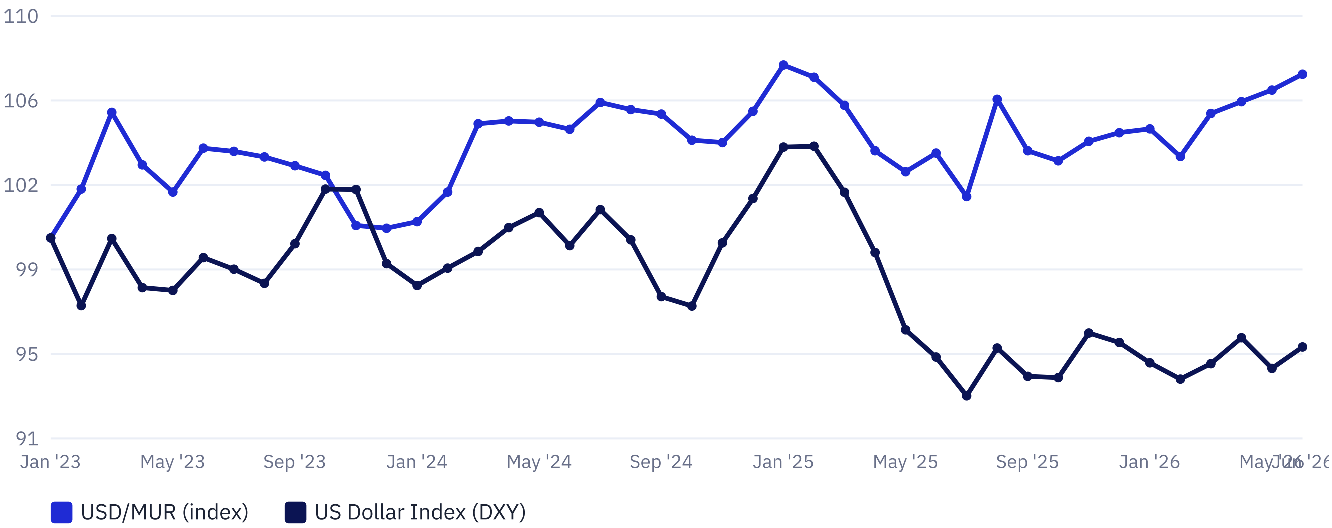


Despite an ageing population and high dropout rates, budget priorities have shifted away from human-capital investment. From FY19 to FY25 the education share of expenditure fell from 13% to 9%, and health also saw a real-term reduction, with resources overwhelmingly redirected toward social protection.

Currency Depreciation

A primary issue facing the country is Rupee depreciation. The US Dollar stands near its all-time high of Rs 47.90. Between January 2023 and 2026 the MUR depreciated by **8.8%** (from 44.00 to 47.90 against the USD), even as global dollar strength *declined*, with the DXY dropping -4.12%.

USD/MUR vs US Dollar Index (DXY), rebased to 100 at Jan 2023



The correlation between the two over this period is a weak 0.18, suggesting MUR depreciation is acting independently of global dollar trends, implying weakness driven by internal domestic pressures. As a highly import-dependent nation, Mauritius constantly requires more foreign exchange to buy goods than it earns from exports, underscoring the importance of addressing the current account deficit. Moreover, FDI, a source of foreign currency, is skewed toward real estate rather than productive, export-oriented sectors, meaning it fails to support the currency's value long-term.

Current Account Deficit & Import Dependency

Mauritius remains heavily dependent on imports, food, petroleum, machinery, vehicles, pharmaceuticals and consumer products. In recent years higher imports have widened the trade deficit, pushing the current account deficit to **Rs 53Bn in 2025**.

Current account deficit breakdown (Rs M)

	2023	2024	2025
Balance of goods	(163,175)	(180,681)	(188,893)
Balance of services	48,249	88,898	115,512
Goods & services	(114,926)	(91,783)	(73,381)
Primary income	111,103	84,930	73,505
Secondary income	(25,803)	(37,891)	(53,185)
Current account deficit	**(29,626)**	**(44,744)**	**(53,061)**

Imports & exports breakdown (Rs M)

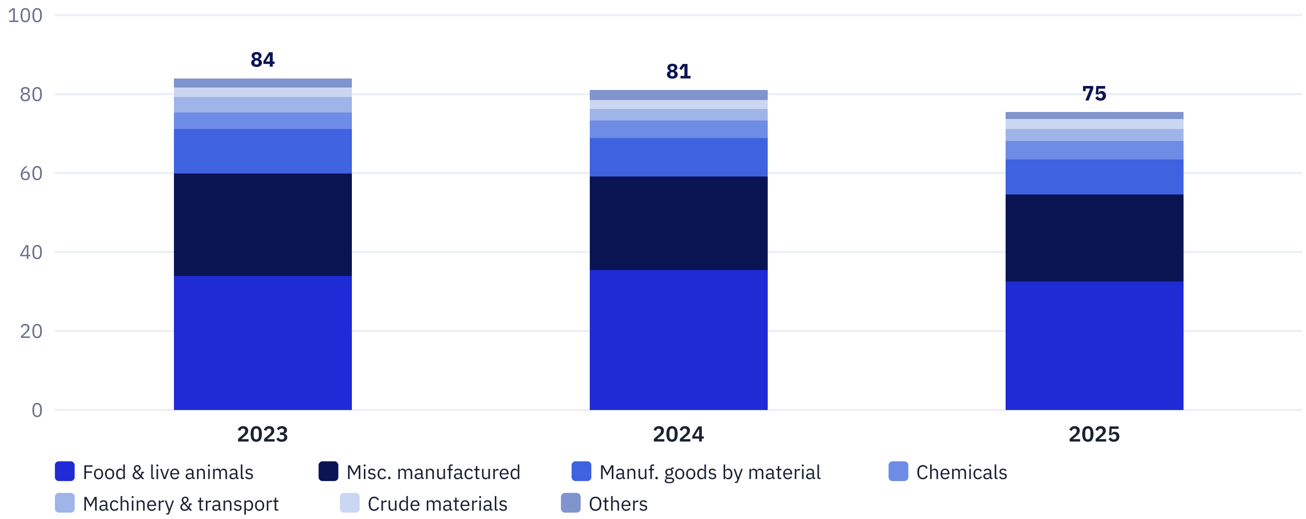
	2023	2024	2025
Exports of goods (FOB)	83,936	80,615	75,385
Domestic exports	60,712	60,172	56,084
Re-exports	23,224	20,443	19,301
Ship's stores & bunkers	20,145	29,350	32,318
A. Total exports (FOB)	**104,081**	**109,965**	**107,703**
B. Total imports (CIF)	**284,348**	**317,802**	**318,962**
Balance of visible trade	**(180,267)**	**(207,837)**	**(211,259)**

Although the deficit in goods and services has improved since 2023, largely due to stronger tourism and financial-services exports, it remains significant at Rs 73Bn in 2025. The main culprit is the deterioration of the Balance of Visible Trade, driven by stagnating exports and rising imports.

Stagnating exports

Exports declined by -6.9% in 2025 and have fallen steadily since 2023, largely driven by the continued contraction in textile exports. Aside from live primates, no major export sector has recorded growth, and fish exports have stagnated despite a maritime EEZ of almost 2 million km².

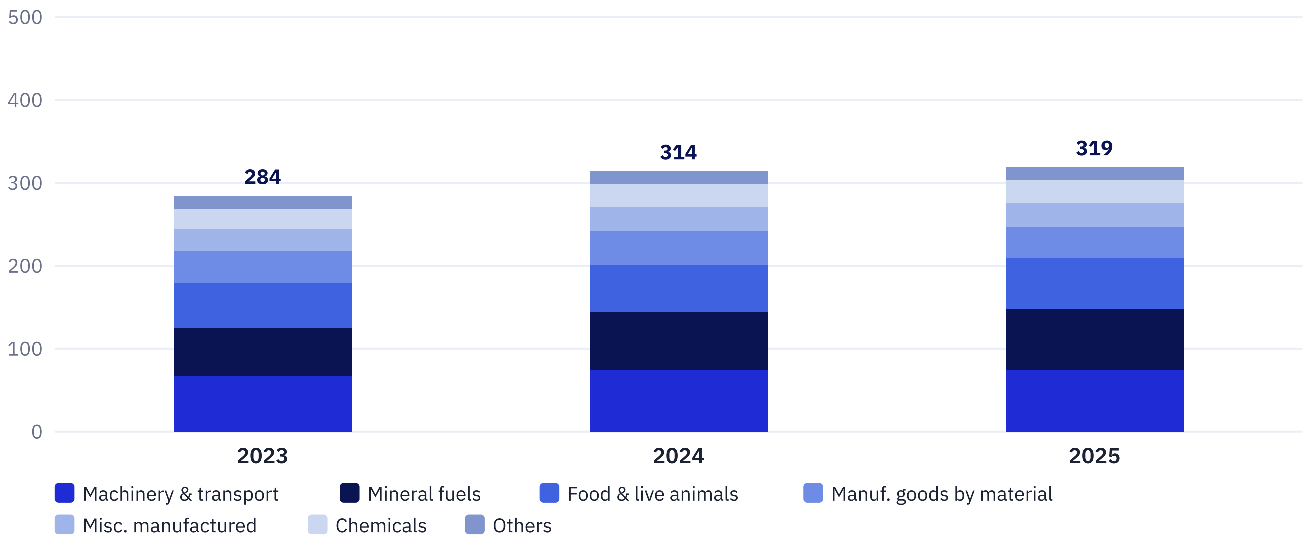
Exports of goods by category (Rs Bn)



Rising imports

Imports grew by +1.6% in 2025, a sharp slowdown after a +6.6% CAGR since 2015, triggered by lower fuel prices and stagnating vehicle imports after higher excise duties in June 2025. Since 2015 imports rose from Rs 168Bn to Rs 319Bn, lifting the visible-trade deficit from Rs 75Bn to Rs 211Bn.

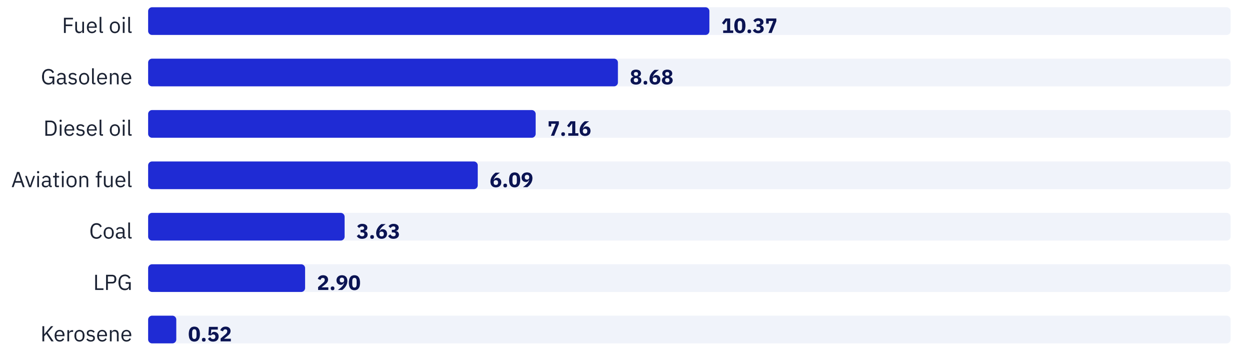
Imports by category (Rs Bn)



Energy imports

Three categories, Food & Live Animals (19% of import growth), Refined Petroleum Products (30.2%) and Road Vehicles, contributed around 64% of the growth in imports. About half of refined petroleum is used for bunkering; excluding this, local energy imports were around Rs 39.3Bn in 2025 (13.7% of total imports).

Local energy imports, 2025 (Rs Bn)



- **Fuel Oil** is the topmost energy import, mostly used as input for electricity generation by the CEB. Electricity from fuel oil represents 50.6% of total electricity (up from 37.8% in 2015), while renewable generation sits at an all-time low of 16.7% (down from a peak of 30% in 1990), underscoring the need to diversify toward renewables.
- **Gasolene** is the second-largest energy import, driven by higher prices since 2019 and higher import volumes (from 198MT in 2019 to 241MT in 2025).
- **Road Vehicles.** Registered vehicles rose from 486,144 (2015) to 746,961 (2025), lifting vehicle imports from Rs 9.3Bn to Rs 32.5Bn, the second-largest import item. Higher excise duties in June 2025 led to a -16% contraction in the last semester of 2025.

Biased FDI

While the headline figure of 13.9% annualised FDI growth since 2023 signals external confidence, a deeper look reveals an imbalance. More than **50%** of this FDI is absorbed by the real estate sector, driven predominantly by luxury residency frameworks such as the IRS and PDS.

> The fundamental objective of FDI is to expand a country's productive frontier, to facilitate technology transfer or generate high-skilled employment. Real-estate FDI fails to meet this threshold: it is largely a one-off capital injection whose multiplier effect is confined to the construction phase, yielding minimal ongoing GVA once completed.

Channeling foreign capital into property schemes can also distort the housing market and drive up property prices. To ensure sustainable resilience, Mauritius must pivot its capital-attraction strategy away from static real estate toward high-multiplier, knowledge-based sectors.

Currently, innovation drivers like Professional, Scientific & Technical industries capture less than 1% of total FDI since 2023. Financial Services attracts larger volumes but these inflows are historically erratic, a fluctuating FDI share of 0.3% in 2023, 3.0% in 2024 and a sudden spike to 38.8% in 2025. Overcoming this volatility, persistent since 2014, is imperative: consistent investment in productive and technical sectors can foster localised expertise, drive technology transfer and compound long-term economic value.

Appendices

Appendix 1 · Top importing items (Rs M)

Importing item	2015	2025	CAGR	% imports
Refined petroleum products	20,408	66,007	12.5%	20.7%
Road vehicles	9,264	32,500	13.4%	10.2%
Fish & fish preparations	9,913	13,781	3.3%	4.3%
Other manufactured goods	6,041	10,757	5.9%	3.4%
General industrial machinery	4,304	10,543	9.4%	3.3%
Telecom & sound equipment	14,368	10,122	-3.4%	3.2%
Electrical machinery & appliances	5,296	9,709	6.2%	3.0%
Other misc. manufactured	4,209	9,018	7.9%	2.8%
Medicinal & pharmaceutical	4,171	8,533	7.4%	2.7%
Vegetables & fruits	3,468	7,923	8.6%	2.5%
Apparel & clothing	2,797	7,292	10.1%	2.3%
Dairy products & eggs	3,433	7,247	7.8%	2.3%
Manufactures of metal	4,089	7,193	5.8%	2.3%
Meat & meat preparations	2,588	5,357	7.5%	1.7%
Iron & steel	3,695	5,160	3.4%	1.6%
Office & data-processing machines	3,090	4,418	3.6%	1.4%
Cereal preparations	1,524	4,125	10.5%	1.3%
Industry-specific machinery	2,911	4,018	3.3%	1.3%
Beverages	1,421	3,636	9.9%	1.1%
Rice	1,722	3,475	7.3%	1.1%
Paper & paperboard	2,045	3,307	4.9%	1.0%
Articles of plastic	1,689	3,219	6.7%	1.0%
Tobacco & manufactures	2,147	2,989	3.4%	0.9%
Scientific instruments	1,321	2,904	8.2%	0.9%
Gas, natural & manufactured	2,863	2,903	0.1%	0.9%
Fixed vegetable oils & fats	1,214	2,851	8.9%	0.9%
Wheat	1,754	2,573	3.9%	0.8%
Plastics in primary forms	1,766	2,540	3.7%	0.8%
Power-generating machinery	1,170	2,483	7.8%	0.8%
Textile yarn	2,298	2,353	0.2%	0.7%
Footwear	1,342	2,290	5.5%	0.7%
Cement	1,669	2,113	2.4%	0.7%
Plastics, non-primary forms	1,075	1,873	5.7%	0.6%
Prefab buildings & fixtures	799	1,863	8.8%	0.6%
Textile fibres	2,494	1,858	-2.9%	0.6%
Dyeing & tanning materials	1,034	1,643	4.7%	0.5%
Watches, clocks & optical	998	1,545	4.5%	0.5%
Cotton fabrics	3,139	1,510	-7.1%	0.5%
Cork & wood	645	1,333	7.5%	0.4%
Aircraft, vessels & parts	612	886	3.8%	0.3%
Fertilisers	451	667	4.0%	0.2%
Pearls & precious stones	3,894	526	-18.1%	0.2%
Others	21,362	40,542	6.6%	12.7%
Total	**168,023**	**318,962**	**6.6%**	**100.0%**

Appendix 2 · CPI basket (top 50 sub-classes by weight)

#	Sub-class	Weight
1	Gasolene	6.4%
2	Cigarettes	4.9%
3	Personal transport	4.4%
4	Fresh vegetables	3.6%
5	Beer	3.0%
6	Mortgage interest (housing)	3.0%
7	Electricity	3.0%
8	Internet connection	2.9%
9	Expenditure in snacks	1.8%
10	Ready-made clothing (women)	1.7%
11	Air transport (international)	1.6%
12	Rice	1.5%
13	Fresh chicken	1.5%
14	Clinic fees	1.5%
15	Medical insurance	1.5%
16	Powdered milk (full cream)	1.3%
17	Ready-made clothing (men)	1.2%
18	University fees (private)	1.2%
19	House insurance	1.2%
20	Vehicle insurance	1.2%
21	Television licence	1.1%
22	International fast food	1.1%
23	Goods for personal hygiene	1.1%
24	Bread	1.0%
25	Fresh fruits (imported)	1.0%
26	Rent of dwelling	1.0%
27	Mobile telephone calls	1.0%
28	Other prepared foods	1.0%
29	Cooking oil	0.9%
30	Rum	0.9%
31	Workman’s wages	0.9%
32	Cooking gas	0.9%
33	Doctor’s fees	0.9%
34	TV & internet bundle	0.9%
35	Whisky (locally bottled)	0.8%
36	Furniture	0.8%
37	Prepared food in restaurant	0.8%
38	Fresh fish	0.7%
39	Biscuits	0.6%
40	Mutton	0.6%
41	Frozen fish	0.6%
42	Soft drinks	0.6%
43	Other washing materials	0.6%
44	Domestic services	0.6%
45	Bus fare	0.6%
46	University fees (public)	0.6%
47	Tutoring (secondary)	0.6%
48	Other food products	0.5%
49	Wine	0.5%
50	Men’s shoes	0.5%

References, Authors & Trading Team

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