MAURITIUS

Mauritius’s economic freedom score is 73.0, making its economy the 25th freest in the 2019 Index. Its overall score has decreased by 2.1 points, with sharp declines in government integrity, judicial effectiveness, and labor freedom, overwhelming improvements in scores for business freedom and the tax burden. Mauritius is ranked 1st among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Mauritius remains among the Sub-Saharan Africa region’s most business-friendly countries, with solid economic policies and prudent banking practices. Its global trade and investment outreach has increased exports of goods and services and tourism, and low oil prices have kept inflation low. An efficient and transparent regulatory regime supports broad-based economic development, and competitive tax rates and a flexible labor code facilitate private-sector growth. A sound legal framework protects property rights. The pace of reform has slipped, suggesting a deterioration in competitiveness.

BACKGROUND: Mauritius gained independence from the United Kingdom in 1968. Former President Sir Anerood Jugnauth became prime minister for the third time in 2014 but resigned in 2017 in favor of his son Pravind, creating resentment within both the ruling coalition and the opposition. Mauritius has undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper-middle-income country that has attracted considerable foreign investment and has one of the Africa region’s highest per capita GDPs. The government is trying to modernize the sugar and textile industries while promoting diversification into such other areas as information technology and financial and business services. Services and tourism remain important economic drivers, and maritime security is a priority.

ECONOMIC FREEDOM SCORE

REGIONAL AVERAGE (SUB-SAHARAN AFRICA REGION) 54.2
WORLD AVERAGE 60.8

HISTORICAL INDEX SCORE CHANGE (SINCE 1999): +4.5

RELATIVE STRENGTHS: Tax Burden and Trade Freedom

CONCERNS: Government Integrity and Labor Freedom

Quick Facts

POPULATION: 1.3 million
GDP (PPP): $27.5 billion
3.9% growth in 2017
5-year compound annual growth 3.6%
$21,640 per capita

INFLATION (CPI): 3.7%
FDI INFLOW: $292.7 million
PUBLIC DEBT: 60.2% of GDP

UNEMPLOYMENT: 7.1%

2017 data unless otherwise noted. Data compiled as of September 2018.
Property rights are respected, but enforcement of intellectual property laws is relatively weak. In 2018, property transfers were simplified by the elimination of transfer taxes and registration duties. The judiciary has maintained its independence. The government prosecutes corruption, albeit inconsistently. The president resigned in March 2018 after a scandal involving improper credit card use.

The personal income and corporate tax rates are a flat 15 percent. Other taxes include a value-added tax. The overall tax burden equals 18.4 percent of total domestic income. Over the past three years, government spending has amounted to 25.6 percent of the country’s output (GDP), and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 60.2 percent of GDP.

An efficient and transparent business environment supports relatively broad-based economic development in Mauritius. In recent years, the overall regulatory framework has undergone a series of reforms aimed at facilitating entrepreneurial activity. Labor regulations are relatively flexible. Subsidies to state-owned enterprises, poorly targeted welfare benefits, and price controls on petroleum, gas, wheat, rice, and bread continue to consume fiscal resources.

The combined value of exports and imports is equal to 97.1 percent of GDP. The average applied tariff rate is 0.8 percent. As of June 30, 2018, according to the WTO, Mauritius had 12 nontariff measures in force. The open trade and investment regime is underpinned by a nondiscriminatory legal system. Private banks dominate the financial sector, and about 92 percent of adult Mauritians have access to an account with a formal banking institution.