



BALANCE OF PAYMENTS FISCAL YEAR 2007-08 REVIEW

The balance of payments recorded an overall surplus of Rs9,110 million in the fiscal year 2007-08.

Current account

Preliminary estimates for the fiscal year 2007-08 indicate that the current account of the balance of payments recorded a higher deficit of Rs21,964 million compared to Rs17,404 million registered in the previous fiscal period 2006-07. Excluding the purchase of aircrafts, the current account deficit for the fiscal year 2007-08 stood at Rs19,234 million compared to Rs10,704 million in 2006-07. As a percentage of GDP, the current account deficit, including the purchase of aircraft, stood at 8.9 per cent in 2007-08 compared to 7.9 per cent in 2006-07.

The surpluses recorded on the services, income and current transfers accounts partly offset the widening deficit on the merchandise account.

The worsening of the merchandise account has been rapid in the fiscal year 2007-08, with a deficit of Rs55,272 million compared to Rs38,007 million in 2006-07, essentially resulting from a sharp acceleration in growth of nominal imports as against a decline in nominal exports. However, it may be noted that the significant appreciation of the rupee vis-à-vis major trading currencies in the fiscal year 2007-08 compared to the last fiscal year have mitigated the nominal increase of imports.

On a balance of payments basis, total nominal imports (fob) increased by 11.1 per cent from Rs110,847 million in the fiscal year 2006-07 to Rs123,116 million in 2007-08. Excluding the purchase of aircrafts, total imports increased by 15.6 per cent from Rs104,147 million in 2006-07 to Rs120,386 million in 2007-08. Total exports (fob) decreased by 6.9 per cent, from Rs72,840 million in 2006-07 to Rs67,844 million in 2007-08.

The surplus on the services account increased by 47.4 per cent, from Rs14,079 million in the fiscal year 2006-07 to Rs20,753 million in the fiscal year 2007-08. The improvement was largely due to higher gross tourist earnings, which went up by 18.9 per cent, from Rs36,243 million in 2006-07 to Rs43,106 million in 2007-08.

The income account posted a net inflow of Rs8,774 million in 2007-08. The surplus on the current transfers account increased from Rs3,025 million in 2006-07 to Rs3,781 million in 2007-08.

Capital and Financial Account

The capital and financial account of the balance of payments, inclusive of reserve assets, recorded higher net inflows of Rs12,571 million during the fiscal year 2007-08 compared to Rs6,212 million in 2006-07. The major contributor to this improvement has been the significant increase in other investment account and net inflows of direct investment, which have more than offset net outflows on portfolio investment.

Foreign direct investment in Mauritius recorded net inflows of Rs6,211 million during the fiscal year 2007-08 compared to Rs7,084 registered in 2006-07. Foreign direct investment in Mauritius, net of repatriation, amounted to Rs8,597 million during the fiscal year 2007-08 compared to Rs7,851 million in 2006-07. Direct investment abroad, net of repatriation, stood at Rs2,386 million compared to Rs767 million in 2006-07.

Portfolio investment during the fiscal year 2007-08 recorded a net outflow of Rs3,220 million as against a net inflow of Rs2,949 million in 2006-07, mainly on account of maturing money market instruments held by non-residents, which were non-subsequently renewed as a result of declining yield.

Net inflows in the other investment account increased significantly to Rs18,739 million during the fiscal year 2007-08 from a net inflow of Rs2,832 million in fiscal year 2006-07.

It may be noted that the data on certain components of the 'other investment' account (namely, bank's assets, bank's liabilities and other short term assets and other short term

liabilities) for the fiscal year 2007-08 are not strictly comparable to 2006-07 given that banks' assets and liabilities have been derived using the Depository Corporations Survey.

Statistics Division

19 September 2008

Balance of Payments - Fiscal Year 2007- 08

(Rs million)

	2007-08 ²	2007 ¹		2008 ²	
		3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
I. CURRENT ACCOUNT	-21,964	-4,777	-4,450	-5,206	-7,531
A. Goods and Services	-34,519	-8,283	-7,168	-8,226	-10,842
Goods	-55,272	-11,873	-14,297	-14,613	-14,489
Exports	67,844	17,580	20,036	14,311	15,917
Imports	-123,116	-29,453	-34,333	-28,924	-30,406
General Merchandise	-58,906	-12,573	-15,036	-15,151	-16,146
Credit	60,951	16,161	18,453	12,924	13,413
Debit	-119,857	-28,734	-33,489	-28,075	-29,559
Goods procured in Ports by Carriers	3,634	700	739	538	1,657
Credit	6,893	1,419	1,583	1,387	2,504
Debit	-3,259	-719	-844	-849	-847
Non-monetary Gold	-377	-105	-109	-79	-84
Services	20,753	3,590	7,129	6,387	3,647
Credit	72,856	15,542	20,787	19,002	17,525
Transportation	13,180	3,202	3,823	3,675	2,480
<i>Passenger</i>	10,957	2,694	3,198	3,121	1,944
<i>Freight</i>	855	208	274	193	180
<i>Other</i>	1,368	300	351	361	356
Travel	43,106	8,653	12,282	11,951	10,220
<i>Business</i>	15,054	2,636	4,056	4,235	4,127
<i>Personal</i>	28,052	6,017	8,226	7,716	6,093
Other Services	16,570	3,687	4,682	3,376	4,825
<i>Private</i>	16,306	3,609	4,646	3,315	4,736
<i>Government</i>	264	78	36	61	89
Debit	-52,103	-11,952	-13,658	-12,615	-13,878
Transportation	-18,284	-4,421	-5,035	-4,668	-4,160
<i>Passenger</i>	-947	-230	-241	-188	-288
<i>Freight</i>	-9,444	-2,312	-2,610	-2,345	-2,177
<i>Other</i>	-7,893	-1,879	-2,184	-2,135	-1,695
Travel	-12,006	-2,775	-3,112	-3,089	-3,030
<i>Business</i>	-1,121	-187	-355	-250	-329
<i>Personal</i>	-10,885	-2,588	-2,757	-2,839	-2,701
Other Services	-21,813	-4,756	-5,511	-4,858	-6,688
<i>Private</i>	-21,547	-4,712	-5,430	-4,794	-6,611
<i>Government</i>	-266	-44	-81	-64	-77
B. Income	8,774	2,407	1,815	2,390	2,162
Credit	26,049	6,718	6,835	6,402	6,094
Compensation of Employees	21	5	6	5	5
Direct Investment Income	211	41	30	48	92
Portfolio Investment Income	346	128	56	19	143
Other Investment Income	25,471	6,544	6,743	6,330	5,854
<i>Monetary Authorities</i>	2,672	828	779	752	313
<i>General Government</i>	0	0	0	0	0
<i>Other</i>	22,799	5,716	5,964	5,578	5,541

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(Rs million)

	2007-08 ²	2007 ¹		2008 ²	
		3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
Debit	-17,275	-4,311	-5,020	-4,012	-3,932
Compensation to employees	-334	-77	-77	-84	-96
Direct Investment Income	-1,880	-61	-575	-466	-778
Portfolio Investment Income	-2,047	-592	-687	-359	-409
Other Investment Income	-13,014	-3,581	-3,681	-3,103	-2,649
<i>Monetary Authorities</i>	-6	-2	-2	-1	-1
<i>General Government</i>	-329	-71	-108	-74	-76
<i>Other</i>	-12,679	-3,508	-3,571	-3,028	-2,572
C. Current Transfers	3,781	1,099	903	630	1,149
Credit	8,694	2,032	2,144	1,867	2,651
Private	8,279	1,644	2,123	1,864	2,648
Government	415	388	21	3	3
Debit	-4,913	-933	-1,241	-1,237	-1,502
Private	-4,783	-885	-1,202	-1,217	-1,479
Government	-130	-48	-39	-20	-23
II. CAPITAL AND FINANCIAL ACCOUNT	12,571	129	-1,167	5,233	8,376
D. Capital Account	-49	-5	-15	-28	-1
<i>Migrants' Transfers</i>	-49	-5	-15	-28	-1
E. Financial Account	12,620	134	-1,152	5,261	8,377
Direct Investment	6,211	2,085	1,521	1,134	1,471
Abroad	-2,386	-597	-873	-518	-398
In Mauritius	8,597	2,682	2,394	1,652	1,869
Portfolio Investment	-3,220	1,258	-2,047	-1,266	-1,165
Assets	-3,230	-534	-1,325	-862	-509
Equity Securities	-3,230	-534	-1,325	-862	-509
Debt Securities	0	0	0	0	0
Liabilities	10	1,792	-722	-404	-656
Equity Securities	2,114	224	709	780	401
Debt Securities	-2,104	1,568	-1,431	-1,184	-1,057
Other Investment	18,739	-2,104	1,140	11,234	8,469
Assets	-39,698	-31,279	-26,888	-9,483	27,952
General Government	0	0	0	0	0
Banks	-39,486	-30,456	-26,089	-10,406	27,465
Other Sectors: Long-term	0	0	0	0	0
Other Sectors: Short-term	-212	-823	-799	923	487
Liabilities	58,437	29,175	28,028	20,717	-19,483
General Government	1,500	141	-338	-98	1,795
Banks	43,639	26,414	22,947	19,113	-24,835
Other Sectors: Long-term	557	-389	2,350	-979	-425
Other Sectors: Short-term	12,741	3,009	3,069	2,681	3,982
Reserve Assets	-9,110	-1,105	-1,766	-5,841	-398
Monetary Gold	0	0	0	0	0
Special Drawing Rights	-14	-2	-2	-9	-1
Reserve Position in the Fund	-4	0	0	40	-44
Foreign Exchange	-9,093	-1,103	-1,764	-5,872	-354
Other Claims	0	0	0	0	0
III. NET ERRORS AND OMISSIONS	9,393	4,648	5,617	-27	-845

Note: This table has been recast with a view to providing a more detailed classification of the Balance of Payments.

In line with the methodology laid down in the Fifth Edition of the IMF's Balance of Payments Manual, valuation changes are excluded from reserve assets transactions.

As from Quarter 3, 2005, 'Other Income' includes interest income of banks

As from Quarter 3, 2006, valuation changes are excluded from foreign assets and liabilities transactions of banks.

¹ Revised Estimates

Source: Statistics Division

² Provisional Estimates

Quarterly Balance of Payments - Fiscal Year 2007- 08

(USD million)

	2007-08 ²	2007 ¹		2008 ²	
		3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
I. CURRENT ACCOUNT	-763	-166	-155	-181	-262
A. Goods and Services	-1,200	-288	-249	-286	-377
Goods	-1,921	-413	-497	-508	-504
Exports	2,358	611	696	497	553
Imports	-4,279	-1,024	-1,193	-1,005	-1,057
General Merchandise	-2,047	-437	-523	-527	-561
Credit	2,118	562	641	449	466
Debit	-4,166	-999	-1,164	-976	-1,027
Goods procured in Ports by Carriers	126	24	26	19	58
Credit	240	49	55	48	87
Debit	-113	-25	-29	-30	-29
Non-monetary Gold	-13	-4	-4	-3	-3
Services	721	125	248	222	127
Credit	2,532	540	722	660	609
Transportation	458	111	133	128	86
<i>Passenger</i>	381	94	111	108	68
<i>Freight</i>	30	7	10	7	6
<i>Other</i>	48	10	12	13	12
Travel	1,498	301	427	415	355
<i>Business</i>	523	92	141	147	143
<i>Personal</i>	975	209	286	268	212
Other Services	576	128	163	117	168
<i>Private</i>	567	125	161	115	165
<i>Government</i>	9	3	1	2	3
Debit	-1,811	-415	-475	-438	-482
Transportation	-635	-154	-175	-162	-145
<i>Passenger</i>	-33	-8	-8	-7	-10
<i>Freight</i>	-328	-80	-91	-81	-76
<i>Other</i>	-274	-65	-76	-74	-59
Travel	-417	-96	-108	-107	-105
<i>Business</i>	-39	-6	-12	-9	-11
<i>Personal</i>	-378	-90	-96	-99	-94
Other Services	-758	-165	-192	-169	-232
<i>Private</i>	-749	-164	-189	-167	-230
<i>Government</i>	-9	-2	-3	-2	-3
B. Income	305	84	63	83	75
Credit	905	233	238	222	212
Compensation of Employees	1	0	0	0	0
Direct Investment Income	7	1	1	2	3
Portfolio Investment Income	12	4	2	1	5
Other Investment Income	885	227	234	220	203
<i>Monetary Authorities</i>	93	29	27	26	11
<i>General Government</i>	0	0	0	0	0
<i>Other</i>	792	199	207	194	193

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(USD million)

	2007-08 ²	2007 ¹		2008 ²	
		3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
Debit	-600	-150	-174	-139	-137
Compensation to employees	-12	-3	-3	-3	-3
Direct Investment Income	-65	-2	-20	-16	-27
Portfolio Investment Income	-71	-21	-24	-12	-14
Other Investment Income	-452	-124	-128	-108	-92
<i>Monetary Authorities</i>	0	0	0	0	0
<i>General Government</i>	-11	-2	-4	-3	-3
<i>Other</i>	-441	-122	-124	-105	-89
C. Current Transfers	131	38	31	22	40
Credit	302	71	75	65	92
Private	288	57	74	65	92
Government	14	13	1	0	0
Debit	-171	-32	-43	-43	-52
Private	-166	-31	-42	-42	-51
Government	-5	-2	-1	-1	-1
II. CAPITAL AND FINANCIAL ACCOUNT	437	4	-41	182	291
D. Capital Account	-2	0	-1	-1	0
<i>Migrants' Transfers</i>	-2	0	-1	-1	0
E. Financial Account	439	5	-40	183	291
Direct Investment	216	72	53	39	51
Abroad	-83	-21	-30	-18	-14
In Mauritius	299	93	83	57	65
Portfolio Investment	-112	44	-71	-44	-40
Assets	-112	-19	-46	-30	-18
Equity Securities	-112	-19	-46	-30	-18
Debt Securities	0	0	0	0	0
Liabilities	0	62	-25	-14	-23
Equity Securities	73	8	25	27	14
Debt Securities	-73	55	-50	-41	-37
Other Investment	651	-73	40	390	294
Assets	-1,380	-1,087	-934	-330	971
General Government	0	0	0	0	0
Banks	-1,372	-1,058	-907	-362	955
Other Sectors: Long-term	0	0	0	0	0
Other Sectors: Short-term	-7	-29	-28	32	17
Liabilities	2,031	1,014	974	720	-677
General Government	52	5	-12	-3	62
Banks	1,517	918	798	664	-863
Other Sectors: Long-term	19	-14	82	-34	-15
Other Sectors: Short-term	443	105	107	93	138
Reserve Assets	-317	-38	-61	-203	-14
Monetary Gold	0	0	0	0	0
Special Drawing Rights	0	0	0	0	0
Reserve Position in the Fund	0	0	0	1	-2
Foreign Exchange	-316	-38	-61	-204	-12
Other Claims	0	0	0	0	0
III. NET ERRORS AND OMISSIONS	326	162	195	-1	-29

Note: This table has been recast with a view to providing a more detailed classification of the Balance of Payments.

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