

BALANCE OF PAYMENTS DEVELOPMENTS: 4th QUARTER 2012 AND CALENDAR YEAR 2012 (Including cross-border transactions of GBC1s)

I. 4TH Quarter 2012

I.1 Current Account

Provisional estimates indicate that the current account recorded a deficit of Rs11,703 million in the fourth quarter of 2012. Year-on-year, the current account deficit fell as a result of higher net invisibles surplus which more than offset the slightly higher merchandise trade deficit. The current account deficit moderated to 12.3 per cent of GDP at market prices compared to 15.2 per cent in the corresponding quarter of 2011.

On a balance of payments basis, during the fourth quarter of 2012, year-on-year, the expansion in exports of 11.0 per cent outpaced the growth in nominal imports, *fob*, of 5.6 per cent. However, in absolute terms, imports, *fob*, witnessed a higher increase relative to exports. The merchandise trade deficit amounted to Rs20,652 million, 0.5 per cent higher than the deficit of Rs20,543 million registered in the fourth quarter of 2011.

The trade in services surplus reached Rs7,419 million, slightly lower than the Rs7,633 million recorded in the fourth quarter of 2011. Transportation recorded higher net payments of Rs1,942 million, while net 'other services' registered lower deficit of Rs253 million in the fourth quarter of 2012. These were coupled by lower net travel receipts of Rs9,614 million in the last quarter of 2012 relative to Rs9,875 million registered in the corresponding period last year.

The income deficit went down from Rs1,767 million recorded in the fourth quarter of 2011 to Rs561 million in the fourth quarter of 2012. In terms of functional categories, the fall was largely attributed to higher net inflows on other investment income which more than offset the expansion in net outflows of direct investment income and portfolio investment income.

The surplus on the current transfers increased from Rs1,193 million in the fourth quarter of 2011 to Rs2,091 million in the last three months of 2012, as a result of the lower net outflows on private transfers.

1.2 Capital and Financial Account

The capital and financial account, inclusive of reserve assets, recorded higher net inflows of Rs13,495 million during the fourth quarter of 2012 compared to net inflows of Rs8,038 million in the fourth quarter of 2011.

Direct investment, inclusive of GBC1s cross-border transactions, recorded net inflows of Rs21,095 million in the fourth quarter of 2012. Excluding cross-border transactions of GBC1s, non-residents' direct investment in Mauritius, net of repatriation, amounted to Rs6,226 million during the fourth quarter of 2012, up from Rs1,291 million registered in the corresponding period last year. Residents' direct investment abroad, net of repatriation, and excluding cross-border transactions of GBC1s, went up to Rs807 million in the fourth quarter of 2012.

Portfolio investment, inclusive of GBC1s cross-border transactions, posted higher net inflows of Rs71,772 million in the fourth quarter of 2012 from net inflows of Rs66,056 million registered during the corresponding quarter of 2011.

Other investment recorded significant higher net outflows of Rs75,708 million in the fourth quarter of 2012 as compared to net outflows of Rs32,588 million registered in the same quarter last year.

The overall balance of payments for the fourth quarter of 2012, excluding valuation changes, posted a surplus of Rs3,580 million compared to Rs1,560 million recorded in the fourth quarter of 2011.

II. Calendar Year 2012

II.1 Current Account

Provisional estimates of the balance of payments show that the current account deficit in the year 2012 improved to Rs35,550 million. As a percentage of GDP at market prices, the current account deficit in 2012 stood at 10.3 per cent compared to 13.3 per cent in 2011.

The merchandise trade deficit worsened significantly from Rs67,585 million in 2011 to Rs73,098 million. On a balance of payments basis, in 2012 nominal exports grew, year-on-year, by 9.2 per cent from Rs73,586 million to Rs80,359 million, while imports, *fob*, increased by 8.7 per cent from Rs141,171 million to Rs153,457 million.

The surplus on the services account stood at Rs28,986 million in 2012, up from Rs22,869 million in 2011. The increase in net inflows within the services account in 2012 was mostly on account of higher net travel receipts of Rs33,382 million and a surplus of Rs1,921 million in net 'other services'.

The income account, inclusive of GBC1s, posted a surplus of Rs4,303 million in 2012, a turnaround from a deficit of Rs1,845 million registered in 2011. The current transfers account recorded a higher surplus of Rs4,260 million in 2012.

II.2 Capital and Financial Account

The capital and financial account, inclusive of reserve assets, recorded net inflows of Rs37,916 million in 2012 up from net inflows of Rs35,193 million registered in 2011.

Direct investment, inclusive of GBC1s cross-border transactions posted net outflows of Rs17,318 million in 2012. Excluding cross-border transactions of GBC1s, non-residents' direct investment flows in Mauritius, net of repatriation, amounted to Rs10,846 million in 2012, up from Rs7,848 million registered last year. Residents' direct investment abroad, net of repatriation, and excluding cross-border transactions of GBC1s, also went up from Rs2,542 million in 2011 to Rs2,660 million in 2012.

During 2012, portfolio investment, inclusive of GBC1s cross-border transactions, posted higher net inflows of Rs305,241 million, a substantial rise from net inflows of Rs256,972 million registered in 2011. Other investment recorded significant higher net outflows of Rs243,726 million compared to net outflows of Rs184,866 million last year.

The overall balance of payments for 2012, excluding valuation changes, posted a surplus of Rs6,041 million compared to Rs5,247 million recorded in 2011.