



BALANCE OF PAYMENTS DEVELOPMENTS: 4th QUARTER 2011 AND CALENDAR YEAR 2011 (Excluding cross-border transactions of GBC1s)

I. 4TH Quarter 2011

I.1 Current Account

Provisional estimates indicate that the current account recorded a deficit of Rs11,216 million in the fourth quarter of 2011. Year-on-year, the current account deficit has widened as a result of higher merchandise trade deficit and lower net invisibles surplus. The current account deficit equates 12.2 per cent of GDP at market prices compared to 7.4 per cent in the corresponding quarter of 2010.

On a balance of payments basis, during the fourth quarter of 2011, the growth of nominal imports, *fob*, of 8.4 per cent, year-on-year, was accompanied by a contraction in exports of 3.2 per cent. This led to a significant deterioration in the merchandise trade deficit to Rs20,705 million, 22.4 per cent higher from the deficit of Rs16,914 million registered in the fourth quarter of 2010.

The trade in services surplus reached Rs7,727 million, slightly higher than Rs7,585 million recorded in the fourth quarter of 2010. Although net services receipts were fairly stable, there were considerable movements in the components. Transportation recorded higher net payments while net 'other services' shifted from a surplus in the fourth quarter of 2010 to a deficit in the last three months of 2011. These were largely offset by significant net travel receipts of Rs10,003 million in the last quarter of 2011 relative to Rs8,611 million registered in the corresponding period last year.

The income surplus went down from Rs619 million recorded in the fourth quarter of 2010 to Rs486 million in the fourth quarter of 2011. The decrease, year-on-year, was driven by a rise in income payments (debits) of Rs1,097 million combined with a lower increase in income receipts (credits) of Rs964 million. In terms of functional categories, the decline was largely attributed to higher net outflows on direct investment income which outpaced the expansion in net other investment income.

The surplus on the current transfers decreased from Rs2,434 million in the fourth quarter of 2010 to Rs1,276 million in the fourth quarter of 2011, as a result of the larger net outflows on private transfers.

I.2 Capital and Financial Account

The capital and financial account, inclusive of reserve assets, recorded higher net inflows of Rs5,484 million during the fourth quarter of 2011 compared to net inflows of Rs2,045 million in the fourth quarter of 2010.

Direct investment in the fourth quarter of 2011 recorded net inflows of Rs830 million. Non-residents' direct investment in Mauritius, net of repatriation, amounted to Rs1,291 million during the fourth quarter of 2011 significantly down from Rs4,622 million registered in the corresponding period of last year. Residents' direct investment abroad, net of repatriation, increased to Rs461 million in the fourth quarter of 2011.

Portfolio investment recorded net outflows of Rs240 million in the fourth quarter of 2011, a turnaround from net inflows of Rs910 million registered in the fourth quarter of 2010. Other investment posted higher net inflows of Rs6,465 million, a substantial rise from net inflows of Rs674 million registered during the last quarter of 2010.

II. Calendar Year 2011

II.1 Current Account

Provisional estimates of the balance of payments show that the current account deficit in the year 2011 deteriorated to Rs33,393 million, mainly as a result of a marked increase in the merchandise trade deficit coupled with lower surplus on both the income and current transfers accounts, which were to some extent mitigated by a higher surplus registered on the services account. As a percentage of GDP at market prices, the current account deficit in 2011 widened to 10.3 per cent from 8.2 per cent in 2010.

The merchandise trade deficit worsened significantly from Rs58,289 million in 2010 to Rs65,488 million. On a balance of payments basis, nominal exports grew, year-on-year, by 9.2 per cent while imports, *fob*, increased at a higher pace of 10.6 per cent in 2011.

The surplus on the services account stood at Rs22,966 million in 2011, up from Rs21,948 million in 2010. The 4.6 per cent increase in net inflows within the services account in 2011 was mostly on account of 15.2 per cent growth in net travel receipts, which was however offset to some extent by a deficit in net 'other services'. Net travel receipts increased from Rs27,222 million in 2010 to Rs31,362 million in 2011.

The surplus on the income account went down slightly from Rs6,203 million in 2010 to Rs5,334 million in 2011 as a result of lower direct investment income receipts and lower net income drawn by banks. The current transfers account posted a lower surplus of Rs3,795 million in 2011.

II.2 Capital and Financial Account

The capital and financial account, inclusive of reserve assets, recorded substantial net inflows from Rs19,703 million recorded in 2010 to Rs27,030 million in 2011.

Direct investment net inflows declined from Rs9,274 million in 2010 to Rs5,306 million in 2011. Non-residents' direct investment flows in Mauritius, net of repatriation, slowed to Rs7,848 million in 2011 from Rs13,236 million in 2010. Residents' investment abroad, net of repatriation, also went down from Rs3,962 million in 2010 to Rs2,542 million in 2011.

During 2011, portfolio investment recorded net inflows of Rs1,988 million as against net outflows of Rs5,729 million in 2010. Other investment posted net inflows of Rs25,036 million, up from Rs22,483 million registered in 2010.

Statistics Division

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