

# BALANCE OF PAYMENTS (BoP) DEVELOPMENTS<sup>1</sup>:



## Third Quarter 2020 (2020Q3)

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1. The external current account deficit has been estimated at about Rs14.8 billion (equivalent to USD370 million or 13.8 per cent of GDP) for 2020Q3 compared to Rs7.9 billion (equivalent to USD219 million or 6.4 per cent of GDP) for 2019Q3. Reflecting the fallout of the COVID-19 pandemic on the economy, the higher current account deficit emanated from a deficit in the services account and lower surplus in the primary income account.
2. The goods account deficit improved significantly, reflecting a marked contraction in nominal imports relative to nominal exports. The goods account deficit shrank to Rs17.7 billion (equivalent to USD443 million or 16.5 per cent of GDP) in 2020Q3, from Rs28.4 billion (equivalent to USD789 million or 23.0 per cent of GDP) in 2019Q3.
3. Exports of goods (f.o.b.) dropped by 3.0 per cent, from Rs20.2 billion (equivalent to USD560 million or 16.4 per cent of GDP) in 2019Q3 to Rs19.6 billion (equivalent to USD489 million or 18.3 per cent of GDP) in 2020Q3, driven mostly by a significant contraction of 45.4 per cent in '*ship stores and bunkers*'.
4. Imports of goods (c.i.f.) declined by 21.6 per cent, from Rs51.3 billion (equivalent to USD1,427 million or 41.7 per cent of GDP) in 2019Q3 to Rs40.3 billion (equivalent USD1,007 million or 37.6 per cent of GDP) in 2020Q3, mainly on account of lower imports of '*refined petroleum products*' and '*machinery & transport equipment*'.
5. The services account remained in deficit for the second consecutive quarter of 2020, impacted by travel restrictions imposed due to COVID-19 pandemic. The services account deficit amounted to Rs2.6 billion (equivalent to USD66 million) in 2020Q3 compared to a surplus of Rs6.2 billion (equivalent to USD173 million) in 2019Q3. Tourism earnings declined substantially from Rs14.1 billion in 2019Q3 to Rs0.8 billion in 2020Q3. Export of transport services contracted sharply, from Rs3.5 billion to Rs0.5 billion over the same period.
6. Inclusive of Global Business License Holders (GBLHs) flows, the primary income account has been estimated at Rs8.1 billion (equivalent to USD202 million) in 2020Q3, significantly lower compared to Rs16.6 billion (equivalent to USD460 million) in 2019Q3. Exclusive of GBLHs flows, the primary income account posted a deficit of Rs1.2 billion in 2020Q3 as against a surplus of Rs1.3 billion recorded in 2019Q3.

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<sup>1</sup> Including estimates of transactions of Global Business License Holders (GBLHs).

7. The deficit on the secondary income account has been estimated at Rs2.5 billion (equivalent to USD63 million) in 2020Q3 slightly higher compared to Rs2.3 billion (equivalent to USD64 million) in 2019Q3. Exclusive of GBLHs flows, the secondary income account posted a deficit of Rs0.4 billion as against a surplus of Rs1.7 billion over the same period.
8. Net borrowing on the financial account, inclusive of reserve assets, has been estimated at Rs13.2 billion (equivalent to USD331 million) in 2020Q3, compared to Rs5.1 billion (equivalent to USD142 million) in 2019Q3.
9. The direct investment account, inclusive of GBLH's flows, is estimated to have recorded net inflows of Rs37.0 billion (equivalent to USD925 million) in 2020Q3. Excluding GBLH's flows, non-residents' direct investment in Mauritius, net of repatriation, amounted to Rs2.3 billion (equivalent to USD58.0 million) in 2020Q3 lower compared to Rs4.2 billion (equivalent to USD118 million) recorded in 2019Q3. A net repatriation of direct investment from abroad amounting to Rs45 million (equivalent to USD1 million) was recorded in 2020Q3 as against net outflows of Rs450 million (equivalent to USD13 million) in 2019Q3.
10. The portfolio investment account is estimated to have posted net outflows of Rs57.5 billion (equivalent to USD1,438 million) in 2020Q3. Exclusive of GBLH's flows, the portfolio investment account recorded net outflows amounting to Rs23.1 billion (equivalent to USD578 million) in 2020Q3, higher compared to Rs22.2 billion (equivalent to USD618 million) in 2019Q3. Net disinvestment by non-residents on the Stock Exchange of Mauritius amounted to Rs615 million (equivalent to USD15 million) in 2020Q3, higher compared to Rs564 million (equivalent to USD16 million) recorded in 2019Q3.
11. The other investment account is estimated to have recorded net inflows of Rs27.8 billion (equivalent to USD695 million) in 2020Q3. The other investment account, excluding GBLHs flows, recorded net outflows of Rs34.3 billion (equivalent to USD857 million) in 2020Q3. Government received a net disbursement of external loans amounting to Rs13.6 billion (equivalent to USD341 million) during the quarter, as against a net loan repayment of Rs1.3 billion (equivalent to USD37 million) in 2019Q3.
12. The country recorded an overall balance of payments deficit of Rs6.9 billion (equivalent to USD173 million) in 2020Q3, as against a surplus of Rs2.5 billion (equivalent to USD71 million) in 2019Q3, mainly reflecting the Bank's intervention on the domestic foreign exchange market.

Tables 1 and 2 provide details on the balance of payments in Mauritian rupees and the equivalent in US dollars, respectively.

**23 December 2020**

**Economic Analysis & Research and Statistics Department**