Investing in Mauritius

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An economic miracle interrupted

Post-Covid, progress requires the island to reinvent itself yet again, writes *David Pilling*

In 2020, the World Bank classified Mauritius as a "high income country" after its annual per capita earnings hit $12,500 — quite something for an island nation which, at independence in 1968, had been a monocrop sugar producer with average incomes per person of roughly $200.

In the half century since, the way Mauritius has diversified its economy and climbed the value chain by moving into textiles, manufacturing, tourism, banking and financial services has been textbook development.

But if Mauritius, a functional democracy with a minimum wage and free education and healthcare, has become the closest thing Africa has to an economic miracle, it is one that has been rudely interrupted.

As the World Bank was announcing Mauritius' admission to the high-income club — based on 2019 figures — the island was grappling with its worst crisis since independence.

For an economy that depends on the free inflow of tourists, goods and capital, the Covid-19 pandemic proved devastating. The economy shrank 15 per cent in 2020. Per capita income collapsed to about $8,600. "For eight months, we were a high-income country," says Rama Sithanen, a former finance minister. "Now, we have gone back to where we were 10 years ago."

As the pandemic struck, the government adopted what amounted to a zero-Covid policy. That was partly dictated by the 1.3mn population's high incidence of diabetes and cardiovascular disease — a byproduct of increasing affluence — comorbidities that made Mauritians particularly vulnerable to Covid. The official death toll has been limited to 786.

Business not-as usual: the pandemic proved devastating, the economy shrinking 15 per cent in 2020 — Ben Birchall/PA

The authorities screened people arriving from China from January 2020. In March, just after the government announced the first three Covid cases, it adopted measures such as sending tourists back to their home countries and severely restricting movement outdoors of its own people.

"By July, there was no Covid, but there were also no tourists," says Azim Currimjee, a managing director at the Currimjee telecoms-to-beverages conglomerate. Arrivals went from an annual 1.4mn to practically zero, as tourism — the island's biggest employer, accounting for more than 100,000 jobs and at least one-fifth of gross domestic product — tipped into paralysis.

Then, in July 2020, the MV Wakashio, a Japanese bulk carrier, ran aground on a coral reef close to an ecologically sensitive part of the island's south-eastern shore — although away from big tourist resorts. It leaked an estimated 1,000 tonnes of oil, in what some called the island's worst environmental disaster. Tens of thousands of people demonstrated in Port Louis, the capital, accusing the government of incompetence.

As for efforts to prop up the Covid-stricken economy, the government responded with one of the most ambitious stimulus packages on the continent, including generous wage support. With the help of 80bn rupees from the central bank, it established the Mauritius Investment Corporation (MIC) to lend money to some of the biggest companies in struggling sectors such as tourism. In return, employers were prohibited from laying off staff.

"We threw the textbook out of the window," says Currimjee. "The policy was, first, to make sure we stay alive and, second, to make sure there is no economic damage."

Since October, tourists have returned. The IMF expects growth of 6.7 per cent in 2022, with some private sector economists putting it slightly lower. But government opponents have criticised how emergency funds were distributed. "Lack of transparency has fuelled a lot of suspicion," says former President Ameenah Gurib-Fakim, who herself lost office over a financial scandal in 2018.

"We went on a spending spree and, today, we are facing the consequences of our giveaway," says Arvin Boolell, a former leader of the opposition Labour party. The central bank, he adds, has lost its credibility through what he deems accounting tricks in creating the funds to give to the MIC.

"The adjustment is taking place via the rupee at the expense of the poor," Boolell says of the central bank's tolerance of a sliding currency and the resulting imported inflation.

Renganaden Padayachy, finance minister, and Harvesh Kumar Seegolam, central bank governor, did not agree to

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Inside

You've had the spending, now the reckoning

Economy

After an effective stimulus package, there's the deficit and rising debt to tame, reports *David Pilling*

Mauritius threw the kitchen sink at the Covid crisis. Now, it has to deal with the broken crockery.

When the pandemic struck in early 2020, the government prioritised public health. The decision meant closing off from the world an island economy that is highly dependent on tourism.

That left it with no choice but to pump in huge amounts of cash to keep businesses afloat. It did exactly that, spending 28 per cent of gross domestic product according to IMF estimates, comparable with many advanced countries. The Mauritian state supported wages for the employed and self-employed, especially in the devastated tourism and hospitality industries, at a cost of Rs18bn, or $400mn at present rates.

A further Rs9bn went to national airline Air Mauritius after it fell into receivership in April 2020. Slimmed to half its previous number of planes, the airline is back up and running.

To help pay for all this largesse, the central bank transferred Rs60bn to the government by issuing "instruments" tied to rupee liquidity. It made available Rs80bn from foreign reserves for the Mauritius Investment Corporation, a subsidiary of the bank established in June 2020 to help pump money into struggling companies.

In Mauritius' version of "too big to fail", Harvesh Seegolam, central bank governor, explained that MIC funds would "assist systemically large, important and viable companies" that would otherwise struggle to meet their debt obligations and risk tipping the banking system into crisis.

Even with the help of such unorthodox monetary policy — likened to turning the central bank into a "magical money tree" by Rakesh Seesurn, head of risk at Port Louis-based AfrAsia Bank — conventional government spending still pushed the budget deficit in 2020 to 20 per cent of GDP.

The economy contracted by 15 per cent that year and grew just 5 per cent in 2021. Unemployment rose from 6.7 per cent in 2019 to 9.2 per cent post-crisis.

Last year, the IMF stressed that it was time to rein in what it called "quasi-fiscal activities" in the Mauritian economy. It recommended outlawing further such transfers and said the central bank should relinquish ownership of the MIC, which should be financed through the normal budget.

This amounted to a warning that unorthodox policies, if extended, could erode both the central bank's independence and its credibility.

Although stimulus should not be withdrawn too quickly, the IMF said, once the economy had "fully emerged from the pandemic", fiscal consolidation would be required to stabilise public debt that has risen from 66 per cent of GDP before the crisis to nearly 100 per cent now.

Sushil Khushiram, a former minister of financial services, has accused the authorities of populist spending that they cannot afford: "Chickens are now coming home to roost with all the macroeconomic indicators flashing red — unsustainable public debt, widening external deficit, continued rupee depreciation, worsening inflation and weak growth recovery."

Rama Sithanen, a former finance minister for the opposition Labour party, is critical of aspects of the government's response, though he defends the basic strategy: "We were in a perfect storm, so they put in all the firepower in terms of fiscal policy, financial support, and monetary policy to mitigate the impact on the economy of the pandemic." He adds that this will now need to be unwound.

Harvesh Seegolam, governor of the central bank

The government says the stimulus was within its means. "There was so much spare cash in Mauritius that, basically, we mopped it up and put it back in," says Azim Currimjee, a former vice-president of the Economic Development Board of Mauritius, an investment promotion agency.

"Mauritius is a stable country," adds Ken Poonoosamy, the EDB's chief executive. "We have probably been one of the few countries that over 30-40 years has had consecutive positive growth. There has never been a contraction in our GDP apart from during Covid."

Still, the government will have to work hard to keep its macroeconomic fundamentals on an even keel. Moody's has Mauritius' long-term credit on a below-investment-grade rating of Baa2 with a negative outlook. It has also warned of further deterioration in debt metrics and rising inflationary pressures, a result of a sharply deteriorating rupee: from Rs32.5 to the dollar in March 2020 to Rs44 two years later.

But there are signs that, as the economy opens up, Mauritius is clawing its way back to normality. The budget deficit more than halved to 8.6 per cent in 2021. It is expected to fall again to 5.6 per cent this year, says the IMF.

Although the current account balance may widen further this year, to minus 15.6 per cent, it is projected to snap back to minus 6.8 per cent next year, as tourist and airline revenues normalise. Exports, including tourism income from hotel beds and airline seats, will benefit from a weaker rupee.

A longer term fiscal problem could be looming, though. Mauritius has a median age of 38, comparable with Europe. Its fertility rate of 1.4 is well below the 2.1 needed to keep a population stable. As its workforce ages, plans for a more generous basic pension will bite, increasing government spending on pensions to more than 8 per cent of GDP in 2023/24 against 4.5 per cent of GDP in 2018/19, the IMF calculates.

Such problems must be addressed, says Sithanen, through a combination of robust growth and fiscal prudence. "It's time that we managed our deficit . . . It's not sustainable."

Much cherished democracy comes under strain

Politics

Perception of too much power in too few hands leaves voters dissatisfied, reports *David Pilling*

Mauritians take their democratic rights seriously.

When a former attorney-general and government critic was briefly arrested at his home last May for organising a pro-Palestinian rally — of about 100 people who were said to have contravened Covid measures — the Mauritius Bar Association vigorously protested, calling it "objectionable police practice".

Likewise, the media and civil society pushed back strongly against a proposal last year by the government's Information and Communication Technologies Authority to monitor and decrypt all social media content.

The courts, meanwhile, are still hearing petitions against alleged irregularities in the 2019 election that confirmed Pravind Jugnauth as prime minister.

Jugnauth assumed the position in 2017, as his father Sir Anerood Jugnauth resigned because of ill health. The younger Jugnauth's poll victory in 2019 was built on policies from his first years in office, including the introduction of a minimum wage and the completion of a light railway linking five towns.

But there had been worrying irregularities at the elections, according to Roukaya Kasenally, associate professor at the University of Mauritius. These included, she says, a significant number of people being unable to vote and marked ballot papers found, after voting time, outside counting centres.

Sheila Bunwaree, Mauritius university professor of sociology, contrasts what she sees as judicial foot-dragging in Mauritius with decisive court intervention in Kenya and Malawi, after similar allegations of irregularities. "I don't think we can call ourselves a model of democracy any more," she says.

Mauritius is regularly ranked Africa's most robust democracy by such organisations as the Mo Ibrahim Foundation and Freedom House. The latter's freedom index score for Mauritius, of 86, is above South Korea and Poland and just three marks below France.

It is regarded by some, however, as a democracy in retreat in terms of room for dissent from the opposition, the media and civil society. The V-Dem Institute, which aims to measure the quality of democracy, put Mauritius among its "top 10 autocratising countries" in its 2021 rankings.

Mauritians, too, are nervous that their cherished democracy is under threat. An Afrobarometer poll last year showed 45 per cent of respondents as "not very satisfied" or "not at all satisfied" with the state of democracy in the country — compared with 27 per cent in 2012.

Yet their support for the concept of democracy remained among the strongest in Africa, Afrobarometer said. Mauritians "overwhelmingly reject authoritarian alternatives to democratic governance", with a 95 per cent disapproval rating for one-party rule, higher than in some western democracies.

Mauritius has a history of regular democratic transfers of power since independence and a record of competent policymaking reflected in its impressive — and reasonably egalitarian — economic progress. Yet, politics has been dominated by two families, the Rangoolams and the Jugnauths, both from the Indo-Mauritian community that comprises about two-thirds of the population. In the 54 years since independence, only when Paul Bérenger served from 2003-05 has a prime minister carried a different surname.

The younger Jugnauth's 2017 accession to the top job — as his father passed him the baton without having to hold a general election — earned him the nickname "son of dad".

Arvin Boolell, a former leader of the opposition Labour party, says power — economic and political — is concentrated in too few hands. Political primacy has bounced between two families and economic clout, particularly land ownership, has remained with a handful of Franco-Mauritian families that comprise about 2 per cent of the population.

Skewed political and economic influence has somehow not led to stark inequality, though. Mauritius' Gini coefficient, an inequality measure, was 36.8 in 2017 according to the World Bank, better than the US, though signalling that the island was marginally more unequal than the UK.

Pravind Jugnauth (pictured) became prime minister in 2017, when his father resigned for health reasons

Many social activists report widening income divisions in recent years. There are perennial complaints that plum public-sector and quasi-public-sector jobs go to those with connections, not the requisite skills and experience.

Nor have some top politicians been free from scandal. Former prime minister Navinchandra Rangoolam was arrested, though never prosecuted, on suspicion of conspiracy and money laundering, after quantities of cash were found in suitcases in his house during a 2015 police raid.

In the same year, the present prime minister was convicted for a conflict of interest over a property deal. The verdict was overturned on appeal.

Bunwaree sees the first-past-the-post electoral system as a problem, making it difficult for minorities to win representation — particularly so-called Mauritian Creoles of African descent — about 28 per cent of the population. "We have a winner-takes-all syndrome," Bunwaree says.

"We've long been asking for electoral reform with a dose of proportional representation," she adds, "but that has never happened."

Finance Few in the industry are under any illusions about the need to keep up with the regulatory frontier, *writes Joseph Cotterill*

Offshore watchdogs sniff close to home

In 2020, the "grey" listing of Mauritius by the Financial Action Task Force, and a tougher blacklisting by the European Union, both on anti-money laundering grounds, represented the greatest threat to island's status as Africa's offshore centre of choice.

The warnings — one from a leading watchdog tasked with sniffing out illicit finance, the other from the world's biggest economic bloc — caused investors to worry about an offshore centre that, in the same year, was home to more than $500bn in business assets. They also struck the economy just as another critical sector, tourism, ground to a halt amid the pandemic.

But, since then, efforts by the Mauritian government to clear its name have paid off. This year, the EU dropped the island from its blacklist. And the FATF judged six months ago that the country merited coming off its grey list, thanks to progress in ending specific money-laundering weaknesses.

Such developments demonstrate "the commitment of Mauritius to improve its legal, regulatory and enforcement measures in the fight against money laundering, terrorist financing and proliferation financing," says the Financial Services Commission — the Mauritian financial regulator.

Mauritian reforms to meet FATF recommendations have strengthened the country's oversight of the potential facilitators of corrupt and illicit flows outside the core banking system — from accountants and lawyers to non-profits and trust companies. At the same time, they have left few in the island's financial services industry are under any illusions about how quickly the image of Mauritius as an offshore centre can suffer, if it does not keep up with the regulatory frontier.

"The hit in our reputation as a nation has been tremendous — indeed, and it is true that we shall carry some scars for some time ahead," said L Clensy Appavoo, chief executive of business services group HLB Mauritius, as a result of the island's period on the FATF list.

Mauritius competes against other offshore centres for the attention of investors. For example, shortly before it listed in New York last year, IHS Towers, Africa's biggest independent mobile phone tower operator, moved domicile from Mauritius to the Cayman Islands in order to woo US investors used to offshore centres closer to home.

Analysts say the Mauritian authorities have work ahead of them to bolster the island's international reputation. "Yes, they have complied with the recommendations of the FATF, but there is more to it," says Richard Chelin, organised crime and corruption researcher for South Africa's Institute for Security Studies. "Passing legislation is not enough."

It has been made more difficult by some offshore organisations domiciled on the island playing a part in recent regional corruption scandals.

In Zimbabwe, Mauritian trusts and shell companies were critical to how Kudakwashe Tagwirei, an adviser to President Emmerson Mnangagwa (who has been accused of cornering access to state resources), disguised control of an offshore business empire, according to documents seen by the Financial Times.

Downtown Port Louis: Mauritius competes against other offshore centres for the attention of investors
Aliaksandr Lobach/Alamy

In Namibia's "Fishrot" scandal, a Mauritian shell company — and alleged abuse of a double taxation treaty — have featured in accusations that Samherji, an Icelandic fishery, secured fishing rights in the country's waters in return for kickbacks.

The Icelandic company has denied criminal wrongdoing, but has admitted "there was a lot of chaos" in how it did business in Namibia.

Mauritius is far from the only offshore haven to be enmeshed in international scandals. In recent years, however, there has been a spotlight on domestic graft that has shown why transparency in the running of the island's financial centre has to go beyond regulatory checklists.

Despite its reputation as one of Africa's best-governed countries, Mauritius has in the past had to deal with corruption, but "over the past couple of years, some of the scandals that have come out have dwarfed [former examples]", said Chelin.

In 2020, Mauritius was embarrassed when the African Development Bank debarred Scandinavian contractor Burmeister and Wain, which it said had "financially rewarded members of the Mauritian administration and others" to win a contract to develop a power station in Port Louis, the capital.

'It is true that we shall carry some scars for some time ahead'

Burmeister and Wain alerted the AfDB and accepted a 21-month debarment from work with the bank after its own investigation, prompted by a whistleblower, found what it called "unacceptable" behaviour.

Also in 2020, a contractor who appeared to be about to expose corruption in Covid-related procurement was found dead in a suspected murder.

Both matters have underlined the importance of whistleblower protection in corruption cases. But Mauritius does not have dedicated legislation to help whistleblowers — beyond giving them legal immunity.

Such instances show broader reform and cultural change are needed to restore trust in Mauritius as a financial centre, Chelin says. "The government needs to be commended for the work it is doing in addressing concerns — but I think there is more work to be done."

Economic miracle interrupted

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be interviewed for this report. However, the government argues that its extraordinary measures were prudent.

It points to the appointment of an outsider — Lord MeghnadDesai, professor emeritus of the London School of Economics — as the first chair of the MIC as evidence of good governance. "As long as the money is spent judiciously and on the main purpose for which it was designed — save the jobs, save the affected companies, give them some breathing space — I am not particularly concerned," Desai has said.

"The fact that Mauritius is a middle-income prosperous country, and well run by-and-large, will help it ride out the pandemic relatively well," he added.

Mauritius' longer-term task is to continue its upward trajectory. Pravind Jugnauth, the prime minister re-elected for a second term in late 2019, has set the island's sights on emulating Singapore, albeit the Asian city state's GDP per capita is about six times that of Mauritius.

Government supporters point to Mauritius' sophistication as an offshore financial centre — including as a conduit for investment to Africa and India — as evidence that it can continue to move up the value chain.

A decision by the intergovernmental Financial Action Task Force (FATF) last year to remove Mauritius from its "grey list" should also alleviate some concerns about the island's reputation as a secretive tax haven. "There have been a few cases that have hit the headlines," says Sithanen, now chair in Mauritius of Sanne Group, a UK-listed asset management company, "We sat down with FATF and addressed the deficiencies."

Financial services aside, officials highlight the completion of infrastructure projects — notably a light railway linking Port Louis with the inland town of Curepipe — and the development of niche high-value-added businesses in medical devices and pharmaceuticals.

$12,500 Pre-pandemic annual per capita earnings

$8,600 Annual per capita earnings after the pandemic had hit

In addition, they foresee the expansion of education and the so-called blue economy — sustainable use of ocean resources from rare-earth mining to tuna processing. Politicians, meanwhile, say the country should do more to protect and sustainably exploit its exclusive economic zone ranging across 2.3mn square kilometres.

Indranarain Ramlall, associate economics professor at the University of Mauritius, argues that the island's success has been continually to reinvent itself but, recently, it has failed to embrace new industries such as IT and robotics. "We badly need to develop another sector," he says. "Things are changing fast, so we need to adapt in order to survive."

Sensitive jurisdiction aims to shed its 'haven' image

Tax

International pressure prompts overhaul of laws, reports *Emma Agyemang*

For three decades, Mauritius positioned itself as the low-tax jurisdiction of choice for international businesses investing in Africa and Asia — particularly, India.

In the past five years, however, there has been an overhaul of the island nation's tax laws. Sensitive to pressure from international regulators demanding greater scrutiny of offshore centres, Mauritius has dropped several elements of its previous tax system.

Indeed, the country has worked to overturn its image as a tax haven. In October, it backed an international agreement to introduce a global minimum effective corporate tax rate and force multinationals to declare profits and pay more tax in the countries where they carry out business.

Mauritius' efforts to reinvent itself have been boosted by other measures, too. In October, the Financial Action Task Force, the global money laundering watchdog, removed the island from its list of jurisdictions under increased monitoring. In January, the EU similarly took Mauritius off its list of countries needing close monitoring for money laundering and terrorism financing.

According to official Indian data, there has also been a substantial drop in inflows of foreign direct investment to India from Mauritius since a change to a double-tax treaty between the two countries, in 2017. Tax advisers in Mauritius corroborate the data.

That treaty allowed Mauritius-based companies to avoid paying Indian capital gains tax when they sold Indian assets. It led to a boom in multinationals seeking to enter the Indian market, routing funds via Mauritius.

But, having been top of the list of countries making FDI into India, in 2020-21 Mauritius dropped to third, after Singapore and the US. Its inflows fell nearly 32 per cent to $5.6bn, compared with $8.2bn in 2019-2020.

Some have expressed concern that, without some of these low-tax attractions, businesses will leave Mauritius. However, others are more sanguine.

"There has been a flight" of some businesses, says Caoilfhionn van der Walt, managing partner of Regan van Rooy, an Africa-focused international tax and financial planning company, with offices in Mauritius and South Africa. "But it's the kind of business that Mauritius doesn't want anyway." She believes the government has calculated that the departure of such businesses is "not really a loss to Mauritius", as they were not creating jobs or paying tax.

Fazeel Soyfoo, partner at accountants Andersen in Mauritius, is of the opinion that "there hasn't been an exodus by any means." The country's tax system retains plus points, such as being relatively simple to understand and having no withholding or capital-gains taxes.

Mauritius' headline corporate tax rate of 15 per cent is also low compared with most other African countries. They typically have rates of between 25 and 35 per cent.

And its network of double-tax avoidance treaties with 45 countries — to stop a company or individual having to pay tax in two places, if both countries have a claim to the income — means multinationals often use the country as a "one-stop shop" for investing across Africa, adds Robert Mwanyumba, Africa regional advocacy co-ordinator at anti-corruption campaigning group Transparency International.

The appeal of Mauritius to business will remain, Mwanyumba says. However, while welcoming its tax reforms, he remains sceptical about its level of transparency. Mauritius' efforts, he suggests, have been mostly a "check box exercise" to get back into the international good books. "Mauritius has strategically positioned itself to do what it needs to do," says Mwanyumba, "to continue with the status quo".

Even the international tax deal — agreed last year and backed by Mauritius — that seeks to curtail low-tax jurisdictions, is unlikely to affect substantially Mauritius' attractiveness, says Alexander Ezenagu, an assistant professor specialising in international tax law, with a focus on the developing world, at Hamad bin Khalifa University in Qatar.

"I think Mauritius will remain a tax haven and will still be attractive," he says. The annual turnover thresholds at which the global tax agreement starts targeting businesses — from €750mn — are too high to affect most businesses operating in, or via, Mauritius, and so will have "little impact", he predicts.

Soyfoo agrees that the vast majority of businesses operating in Mauritius will not be affected. Overall, he thinks that — although "the Mauritian government cannot afford to rest on their laurels" — the recent reforms will attract more businesses to the island. "The fact is, Mauritius is a jurisdiction of substance."

He reports that most of his clients have remained, despite the loss of any previous tax benefits, because of other advantages the country offers.

These include a strong banking infrastructure, currency flexibility, lack of exchange controls and the island's well-educated population fluent in English and French.

More Mauritius online

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Textiles were once the basis of prosperity but rising labour costs show the need for more high-tech products
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Tourism Authorities bank on swift recovery of an industry vital to the economy, writes *David Pilling*

Hard hit resorts flicker back to life

In the main restaurant of the Trou aux Biches Beachcomber hotel on the northern tip of Mauritius, guests are dining alfresco by the Indian Ocean.

It is a balmy Sunday night in February, summer in the southern hemisphere. The hotel — the island's largest five-star, set in manicured tropical gardens and with a secluded beach — has put on a Mauritian buffet for its 600 mainly European guests.

There's a whole roast pig, sundry grilled meats, local fish and several dishes representing the Indian, French, African and Chinese influences on the Mauritian palate.

A man, sporting blue rubber gloves in deference to Covid protocols, rolls fluffy lentil pancakes and a woman is churning out hot chapattis to go with pea, potato and lamb curries. A troupe of female dancers in the wooden-decked bar area perform the Sega, brought to the islands by African slaves.

A few months ago, none of this would have been happening. For 18 months, hotels were practically empty — catering only to staycationers, returning residents subject to strict quarantine rules, and the odd remote worker who had wangled lockdown in paradise 1,800 miles off the coast of south-east Africa.

At the One&Only Le Saint Géran hotel on the east coast, the 500 staff came in on rotation to ensure that the 143 rooms were maintained to their customary standard, even in the absence of guests.

"A hotel that's not lived in needs a lot of TLC," observes Roman Goetsch, the general manager.

Only since October, when Mauritius opened its borders after double-vaccinating nearly 80 per cent of its population, has the island's tourism industry flickered back to life. "It is a candle at the end of the tunnel," says Jean-Louis Pismont, chief operations officer of Beachcomber Resorts & Hotels.

Weeks after Mauritius reopened, Omicron's appearance in South Africa led to a temporary ban on travel to and from southern Africa, including Mauritius. That put a damper on the normally peak Christmas and New Year season. Russia's invasion of Ukraine has since disrupted the small but lucrative market of eastern European tourists and, with higher oil prices, pushed up the likely cost of long-haul flights.

"We are in convalescence," says Pismont. The Beachcomber group includes Trou aux Biches and properties such as the Royal Palm, at Grand Baie in the island's north west.

Still, he adds, the luxury end of the market has sprung back to life faster than expected. "Some people couldn't wait to get back," he says. "The French have returned en masse . . . but, for the small three-star operators, it's tough."

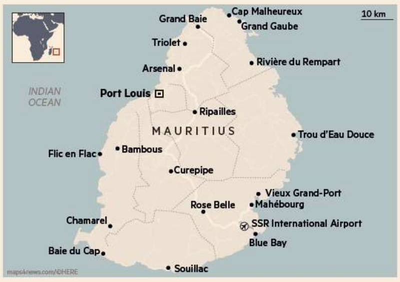
Government wage-support schemes and cash injections into some operators kept the tourist industry on life support during the pandemic. At the pleasantly sleepy national Botanic Garden — founded in 1770 — in the north-west district of Pamplemousses, Stellio, a guide, says: "For a small country like Mauritius, the government helped a lot."

The authorities are banking on the swift recovery of an industry that makes up at least one-fifth of the economy. This year, they are projecting 1mn tourists, below the 1.4mn in 2019 but, if achieved, enough to breathe life back into the sector. Sceptical opposition politicians describe it as a 'stretch target'.

Demand from Europe, the island's tourist mainstay — especially France, the UK and Germany — has recovered strongly, say officials.

Arvind Bundhun, director of the island's tourism promotion authority, says visitors are spending more per day than before Covid-19 — a trend accentuated by the weaker rupee. They are also staying longer, he adds, typically 14 days compared with nine pre-pandemic.

Much depends on airline routes. A resuscitated Air Mauritius flies daily to Paris, and three times a week to the UK. It has daily routes to South Africa and Réunion, important markets. Emirates has a daily flight from Dubai, operating an Airbus A380-800 for about 600 passengers.



Bundhun hopes that, as health restrictions ease further, more routes will follow: "The most difficult part is behind us."

At the One&Only Le Saint Géran, it seems that way, according to Goetsch. "Since reopening, it's been extremely positive, much more than any of us could have hoped," he says, noting that one guest had visited the hotel 44 years in a row, a habit broken only by the lockdown. "We literally had guests thanking us for reopening."

Le Saint Géran is the kind of hotel that offers helicopter transfers from the airport, in order to spare guests the one-hour road trip. It is located on a private peninsula with views of both the crashing ocean and a tranquil lagoon.

Stretch target?: Opposition politicians are sceptical about the number of tourists the authorities say are expected
Rupert Peace

As well as the generally near-perfect climate and beauty of the ocean, Groetsch attributes Mauritian tourism success to the island's hospitality. Bilingual in English and French, Mauritian staff are so sought after that cruise line operators hire local agencies to poach them from hotels.

Having been ghostly for much of the pandemic, Le Saint Géran appears back to normal, save for mandatory mask-wearing in public areas. The sommelier is recommending wine pairings for the cod with miso at the Tapasake ocean-side fusion restaurant, the spa has resumed bookings for an array of treatments, and the tennis instructor puts guests through their sweaty paces.

Groetsch says the only difference is that people are not booking a year in advance as they once routinely did. "There's a lot of pent-up demand for a vacation," he says. "But these days nobody really plans ahead any more."

Wakashio oil spill highlights fragile ecology

Environment Expert opinion says accident shows need to manage island's resources for both economic return and sustainability, writes *David Pilling*

Clean up: about 1,000 tonnes of oil spread along the south-east coast
Daren Mauree/AFP/Getty Images

In August 2020, thousands of people — some estimates went as high as 100,000 — marched through the streets of Port Louis, the Mauritian capital. It was a remarkable turnout for an island with a population of less than 1.3mn.

One of many placards carried by protesters read: "I've seen better cabinets at Ikea." But the crowds had not turned out for a narrowly political cause. Animating them were matters ecological.

A month before, on the afternoon of July 25, the MV Wakashio, a Japanese-owned, Panama-flagged bulk carrier, had run aground on a coral reef about a mile offshore.

A little under a fortnight later, the ship, which had 3,900 tonnes of fuel oil on board, began to leak its contents into the ocean. Although the authorities had siphoned off some of the oil, approximately 1,000 tonnes spread along 15km of what is an internationally recognised biodiversity hotspot.

Mauritian waters contain 1,700 species, including 786 kinds of fish, 17 of marine mammals and two of turtles, according to the Convention on Biodiversity Diversity.

Gangs of volunteers quickly mobilised. They made improvised booms to protect the coastline, using materials including sugar cane leaves, empty bottles, and even human hair. Wildlife threatened by the spill included an endangered pink pigeon, endemic to the island, and dolphins, some of which washed up on the coastline in subsequent days.

Although much of the oil was kept away from the shore, it still blackened beaches, coated rocks and damaged lagoons, rare sea grasses and mangroves. Fish in the affected area were found with high levels of arsenic, which prevented local fishermen from selling their catch. Two weeks after the initial accident, the government declared a national emergency.

The incident highlighted something essential about Mauritius: its delicate ecosystem is central to its wellbeing. Nearly 40 per cent of plants and 80 per cent of non-marine birds and reptiles are endemic. But only 2 per cent of the island, vast tracts of which were turned over to sugar production in the 19th century, is native forest. And its wetlands are under pressure from tourism.

"The cultural identity of Mauritians is strongly tied to the sea," wrote Khalil Cassimally, a prominent environmental campaigner, at the time of the Wakashio oil spill. "We are taught early in school that Mauritius is born of the sea — a powerful volcano erupted millions of years ago creating a small island in a vast expanse of blue."

Climate change also threatens Mauritius in various ways, though its own carbon emissions are insignificant. The rising ocean has reduced some beach areas and sand bags have been placed on a few stretches to combat coastal erosion.

Acidification threatens the coral reef that surrounds the island and changing weather patterns may bring fiercer and more frequent cyclones. Overfishing, often by foreign fleets supposedly limited to line fishing — but sometimes equipped with vast dragnets — has depleted fish stocks.

"There is a growing consciousness about the needs of environment," comments Sheila Bunwaree, an academic and campaigner.

The government says it did all it could to minimise the damage from the oil spill. "It was very well managed and we have to thank other states who helped us with the clean-up," says Arvind Bundhun, director of the tourism promotion authority — referring to teams from France, Japan, the UK and the UN, among others.

"Today, there's absolutely no trace of the spill any more," he says, adding that the accident occurred in the south-east of the island, well away from most of the big tourist resorts.

> 'We are taught early in school that Mauritius is born of the sea'

Chris Reddy, a senior scientist at the Woods Hole Oceanographic Institution, Massachusetts, says his analysis suggests the spillage from the Wakashio was low-sulphur fuel oil, meaning it probably dissipated quickly. "It was a relatively small amount of oil," he says, suggesting that the long-term impact could be limited.

Demonstrators in Port Louis suspect otherwise, though. They accuse the government of dithering in its response and of being less than transparent about the extent of the damage.

"This was the biggest ecological disaster in our history," says Ameenah Gurib-Fakim, a biodiversity expert and former president of Mauritius. "We still do not know the impact on our marine flora and fauna," she says. "There's never been a proper scientific survey."

Gurib-Fakim says the island's radar system was found wanting. Even in recent months, other ships have gone aground in stormy weather, she says, suggesting the Wakashio may not have been a freak incident.

The accident has highlighted the need to manage the island's resources for both economic return and sustainability, says Ravin Dajee, managing director of Absa Bank, Mauritius. "Wakashio was a great blow to us. There has been a lot of learning around this, especially in terms of crisis management."

Illustrating the point, he draws attention to Mauritius' exclusive economic zone of 2.3mn square km — the vast ocean part of which is viewed by the island as crucial to its further economic development. "We need the right balance between developing the country and an environmental strategy that makes sense," Dajee says.

"How do we protect our patrimony? Given that tourism is a big part of our economy, we need to do what it takes to protect our environment and the whole ecosystem to make sure that it is sustainable," he argues.

As for the much-heralded Mauritian blue economy — a concept that spans anything from deep-sea mining and sustainable fishing to tourism and selling blue conservation bonds — Dajee says: "I hope we get our act together soon to make it a real pillar of the economy."

Chagos islanders push to heal history's wounds

Sovereignty

UK's Cold War cession of Diego Garcia to US remains source of anguish and pain, reports *Joseph Cotterill*

Rosy Leveque's grandmother was about to get the boat home after giving birth in Mauritius in 1969 when she was told that Diego Garcia, the Indian Ocean island where she lived, had been given to the US military. She would never be allowed to return.

This is just one story among many of the exile that, over half a century ago, the UK forced on the inhabitants of Diego Garcia and other islands in the Chagos Archipelago.

The British government split the territory from Mauritius — the former UK colony hundreds of miles to the south-west — to make way for a US base on a long-term lease.

"She was stuck in Mauritius with a newborn, and nowhere to go," says Leveque, of her grandmother. Rosy's own upbringing in poor Mauritian neighbourhoods reflected the difficulty that Chagossians have had integrating into Mauritian society.

And the status of the Chagos islands, long contested between the UK and Mauritius, is in flux like never before.

Mauritius is now making assertions of sovereignty and even demanding that Google change its maps and mark the islands as Mauritian.

But Chagossians want to know how Mauritius envisages resettlement of the islands. They are also still fighting in the UK for British citizenship rights denied to them by their exile.

"We don't believe that Mauritius has the best interests of Chagossians at heart," Leveque says. "This is about self-determination."

In February, an official voyage — ostensibly a scientific mission to examine seabed demarcation — allowed Chagossians to set foot on the islands without UK supervision for the first time since exile.

"It was a very emotional moment," says Olivier Bancoult, chair of a Chagos refugee group and who was on the voyage. He and his parents were removed from the islands in 1972.

For some Chagossians, such assertions of Mauritian sovereignty contrast with the years of failure — amid expressions of regret from British governments — to secure their return to the islands. "They will always say they have deep regret," Bancoult comments, adding: "but what did they do to improve our condition of living?"

Other Chagossians tend to view the February trip as a publicity stunt for the Mauritian claim. It does little to clarify the British citizenship status of second and later generation Chagossians in Mauritius who want to live in the UK.

Leveque came to the UK after her mother sought citizenship under a 2002 British law that opened the door to first-generation children of the Chagos islanders, if they were born between 1969 and 1982.

Brought up in poor Mauritian areas, Rosy Leveque (pictured) had difficulties integrating

But many Chagossians, who left Mauritius to rejoin family members in the UK, lost rights to citizenship that they would have had if their grandparents had been allowed to remain on the Chagos as a British territory.

The path ahead for them is hardly simplified by recent British politics. Whether it be the Brexit debate, the Windrush scandal or even refugees fleeing Ukraine, much controversy still centres on questions of who can come to the UK — and with what rights.

"After fifty years, all we're asking for is to make these few hundred, potentially low thousands, children, British citizens," Leveque says.

But, at the same time, it was important for Chagossians to join the Mauritian voyage to the islands to assert their heritage, argues Bancoult. It shows clearly that there was life there, he says. "People need to know that."

As well as resettlement plans for the Chagos islands, questions loom about how the territory would be governed under Mauritian sovereignty — and about the geopolitics and military base usage, which were the root causes of the exile half a century ago.

As part of its overtures to the US to drop support for UK sovereignty, the Mauritian government has indicated that, if it did take over running the Chagos, it would renew the Diego Garcia lease, set to expire in 2036.

Chagossians "have never asked for closure of the US base," Bancoult says. "We have asked for cohabitation." When it comes to the future structure of island government, he is resolute: "Nothing is to be decided without the commitment of Chagossians."

Yet reservations about what their position would be under Mauritian sovereignty remain among many members of the Chagossian diaspora.

Some point to last year's amendment to the criminal code of Mauritius to prohibit speaking against its claims of territorial sovereignty.

For Leveque and others, the risk of resulting penalties casts a shadow over the prospect of returning to Mauritius. "I don't think we're safe," she says. "I have so many cousins in Mauritius . . . I haven't seen my family [there] in nearly 10 years."

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