MEDIUM TERM MACROECONOMIC PROJECTIONS

	2011	2012	2013	2014	2015
Output and Prices					
Real GDP Growth Rate (%)	3.6	3.4	4.0	4.4	5.5
Inflation Rate (%)	6.5	4.1	6.0	5.0	5.0
Gross Domestic Fixed Capital Formation (as % of GDP)	23.8	22.8	23.8	24.4	23.3
Public Finance (as % of GDP)					
Transactions Affecting Net Worth					
Revenue	21.5	21.5	21.9	21.1	19.7
Taxes	18.4	18.8	18.7	18.2	17.9
Grants	0.7	0.8	0.6	0.5	0.4
Expense	22.0	21.0	21.1	20.2	19.3
Gross Operating Balance	-0.5	0.6	0.8	0.8	0.5
Transactions in Non-Financial Assets					
Net Acquisition of Non-Financial Assets	2.7	3.0	3.1	2.5	2.2
Net Lending (+)/Borrowing (-) = (Overall Balance)	**-3.2**	**-2.5**	**-2.2**	**-1.7**	**-1.7**
Primary Surplus (+)/Deficit (-)	-0.2	0.6	0.7	1.4	1.3
Total Government Debt (End of period)	50.9	51.0	50.6	50.8	49.9
Domestic	42.6	41.2	39.0	36.9	35.6
Foreign	8.4	9.9	11.7	13.9	14.3
Total Public Sector Debt (End of period)	57.5	57.0	56.5	55.8	54.1
Domestic	45.6	43.9	41.8	39.2	37.5
Foreign	11.9	13.1	14.8	16.6	16.6
Total Public Sector Debt for the Purpose of Debt Ceiling	54.4	54.2	53.7	53.5	52.2
External Sector[1] - as a % of GDP					
Current Account Deficit (-)/Surplus (+)	-13.3	-11.1	-11.6	-12.6	-9.5
Exports of Goods and Services	53.5	54.9	54.7	54.6	54.2
Imports of Goods and Services	-66.5	-67.2	-67.3	-68.3	-65.1
Gross Official International Reserves (Rs bn)	81.5	90.7	91.9	92.1	98.4
Gross Official International Reserves (USD mn)[2]	2,778	2,945	2,984	2,991	3,194

(1). Treatment of exports and imports of services and net primary income from abroad are same as in National Accounts. They differ from the Bank of Mauritius figures due to difference in treatment of Financial Intermediation Services Indirectly Measured (FISIM)

(2). Projections are based on exchange rate prevailing on 9 November 2012

The Macroeconomic Framework

Revised Outlook for 2012

Based on the latest trends, real GDP is expected to grow by 3.4% this year with much better growth expectations in the seafood, tourism and textiles sectors than foreseen during the last quarter. Gross Domestic Fixed Capital Formation is estimated at 22.8% of GDP while the unemployment rate is likely to remain stable at around 8%. The inflation rate is expected to drop to 4.1%.

On the fiscal side, the Budgetary Central Government is expected to close the financial year with a deficit of around 2.5% of GDP, while the discounted public sector debt is projected to drop to 54.2% of GDP. The gross official international reserves are projected to increase to Rs 91 billion by end of this year.

Main assumptions for 2013-2015

The Medium Term Macroeconomic Framework has been based on the current global economic outlook and measures taken in the 2013 budget to, inter-alia, encourage private investment, expand market share in emerging economies, consolidate traditional sectors and stimulate growth in emerging sectors. It is based on the following main assumptions:

Global economy

- Pickup in the global economy as from next year, in line with the latest October 2012 Outlook of the International Monetary Fund.

Domestic economy

- Normal production year for agriculture with sugar production averaging 410,000 T per annum
- Growth in manufacturing sector driven by recovery in demand from traditional markets, market diversification as well as expansion in the seafood sector
- Increase in the number of flights to new destinations such as China, Russia and Africa and increase in number of tourist arrivals by around 5%-8% during the period 2013-2015
- Improvement in the implementation rate for projects under the PSIP
- 100% implementation of measures as per the time frame set out in the budget
- Crude oil price of USD 105/barrel throughout the period
- For the purpose of the projection, nominal exchange rate of the rupee has been assumed to weaken against major international currencies by an average of around 3.5% annually.
- Annual inflation rate of 6% in 2013, 5% in 2014 and 5% in 2015