

MEDIUM TERM MACROECONOMIC FRAMEWORK

	2012	2013	2014	2015	2016
<u>WORLD ECONOMY¹</u>					
World Output Growth Rate (%)	3.2	2.9	3.6	4.0	4.1
Euro Area Output Growth Rate (%)	-0.6	-0.4	1.0	1.4	1.5
<u>MAURITIAN ECONOMY</u>					
<u>Output and Prices</u>					
Real GDP Growth Rate (%)	3.4	3.2	3.8	4.4	5.0
Inflation Rate (%)	3.9	3.6	4.5	5.0	5.0
Gross Domestic Fixed Capital Formation (as % of GDP)	23.0	21.2	21.5	21.8	22.2
<u>Public Finance (as % of GDP)</u>					
Transactions Affecting Net Worth					
Revenue	21.5	21.3	21.5	20.7	20.6
o/w Taxes	18.9	18.5	18.5	18.5	18.8
Grants	0.7	0.4	0.6	0.5	0.1
Expense	20.4	21.6	21.7	20.9	20.1
Gross Operating Balance	1.0	-0.3	-0.1	-0.2	0.5
Transactions in Non-Financial Assets					
Net Acquisition of Non-Financial Assets	2.8	3.4	3.0	2.7	3.0
Budget Balance - Surplus (+)/Deficit (-)	-1.8	-3.7	-3.2	-2.9	-2.5
Primary Balance - Surplus (+)/Deficit (-)	1.2	-1.1	-0.4	-0.3	0.2
Borrowing Requirements	2.1	5.1	3.5	3.6	2.8
Total Government Debt (End of period)					
Domestic	40.9	40.8	38.5	36.3	34.9
Foreign	10.2	12.4	13.8	15.1	14.9
Total Public Sector Debt (End of period)					
Domestic	44.2	43.1	40.9	38.4	36.7
Foreign	13.4	15.4	16.9	17.8	17.2
Total Public Sector Debt for the Purpose of Debt Ceiling	53.1	54.8	54.0	52.9	51.1
<u>External Sector² (as % of GDP)</u>					
Current Account - Surplus (+)/Deficit (-)	-10.3	-9.9	-9.1	-7.4	-7.0
Exports of Goods and Services	54.8	53.4	52.6	51.1	50.2
Imports of Goods and Services	-66.7	-64.7	-63.4	-60.2	-58.7
Gross Official International Reserves (Rs bn)	93.0	102.4	108.4	112.8	115.2
Gross Official International Reserves (USD mn) ³	3,046	3,372	3,569	3,714	3,793

¹ World Economic Outlook, October 2013, International Monetary Fund

² 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)

³ Projections are based on exchange rate prevailing on 8 November 2013

The Macroeconomic Framework

The Framework has been worked out on the basis of the revised economic outlook for 2013 and assumptions for global and domestic economic prospects for the period 2014-2016 as at October 2013. It takes also into account the likely impact of measures announced in the 2014 Budget Speech.

Revised Economic Outlook for 2013

All sectors of the economy, except construction, are expected to register positive growth in 2013. Overall GDP is projected to grow by 3.2%. The investment rate (GDFCF as percentage of GDP) is estimated at 21.2%.

The unemployment rate is likely to be around 8.3%, whilst the inflation rate is expected to edge down to 3.6%. The current account deficit is projected to drop to below 10% of GDP.

As regards Budgetary Central Government, the deficit for fiscal year 2013 is expected to be around 3.7% of GDP. Discounted public sector debt is projected to reach 54.8% of GDP by December this year.

Main Assumptions for Global and Domestic Economic Prospects for 2014-2016

The main assumptions of the Framework for the medium term are as follows:

Global Economy

- Improved prospects in the near term with higher growth in the US, continued recovery in Euro Area and moderated growth in major developing countries, albeit some downside risks, in line with the prognosis of the October 2013 World Economic Outlook of the International Monetary Fund.

Domestic Economy

- Normal production for the agriculture sector, with sugar output averaging 410,000 T annually.
- Sustained growth in manufacturing sector driven by recovery in demand from traditional markets and diversification of markets for textiles and other products, as well as expansion in the seafood sector.
- Increase in the number of tourist arrivals in the range of 5-7% annually over the period 2014-2016 based on new incentive package for regional markets, additional flights to destinations such as China and Russia, sustained recovery in traditional markets and aggressive marketing campaigns.
- Sustained growth in sectors such as Information and Communication, Financial and Insurance Activities, and Wholesale and Retail Trade.
- Improvement in implementation rate of projects under the Public Sector Investment Programme.
- Operationalisation of measures announced in the 2014 Budget Speech.
- A pick up in private investment, sustained over 2015 and 2016.
- For the purpose of the Framework, the combined effect of weakening nominal exchange rate of the rupee against major international currencies and changes in international prices of commodities has been assumed to be in the range of 1.5-3% over the period 2014-2016.