

Mauritius

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Mauritius	
Sanctions:	None
FATF list of AML Deficient Countries	No
Higher Risk Areas:	Not on EU White list equivalent jurisdictions Offshore Finance Centre
Medium Risk Areas:	Non - Compliance with FATF 40 + 9 Recommendations Corruption Index (Transparency International & W.G.I.) Failed States Index (Political Issues)(Average Score)
<p>Major Investment Areas:</p> <p>Agriculture - products: sugarcane, tea, corn, potatoes, bananas, pulses; cattle, goats; fish</p> <p>Industries: food processing (largely sugar milling), textiles, clothing, mining, chemicals, metal products, transport equipment, nonelectrical machinery, tourism</p> <p>Exports - commodities: clothing and textiles, sugar, cut flowers, molasses, fish</p> <p>Exports - partners: UK 18.7%, France 16.4%, US 10.4%, South Africa 9.7%, Spain 7.6%, Italy 7.1%, Madagascar 6.7% (2012)</p> <p>Imports - commodities: manufactured goods, capital equipment, foodstuffs, petroleum products, chemicals</p> <p>Imports - partners: India 23.7%, China 15.3%, France 8.9%, South Africa 6.3% (2012)</p>	
Investment Restrictions:	

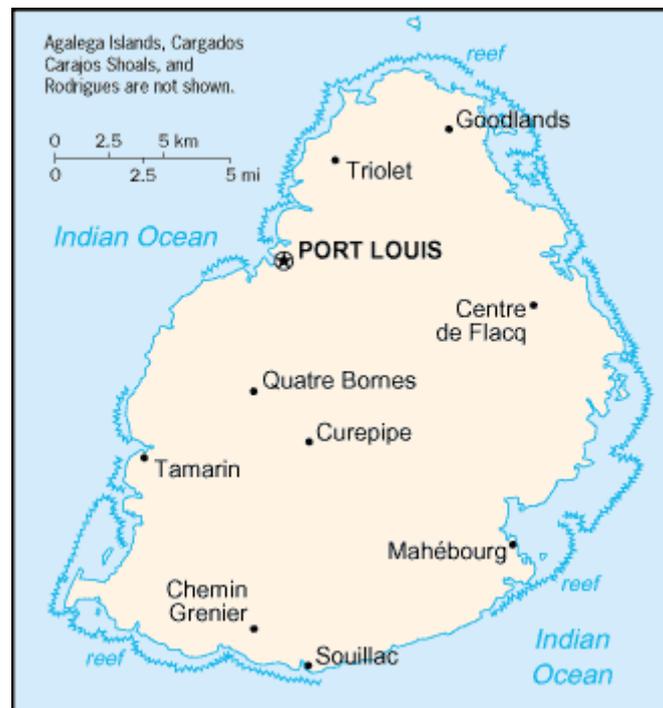
Of the 33 economic sectors looked at in the World Bank report, 32 are fully open to foreign investment in Mauritius. The only exception is television broadcasting, where foreign capital participation in a company must be less than 20%. However, the World Bank report draws attention to the difficulties of investing in certain sectors in Mauritius such as electricity generation and distribution as well as port and airport management, due to their monopolistic market structure and domination by a state-owned enterprise.

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Section 1 - Background

Although known to Arab and Malay sailors as early as the 10th century, Mauritius was first explored by the Portuguese in the 16th century and subsequently settled by the Dutch - who named it in honor of Prince Maurits van NASSAU - in the 17th century. The French assumed control in 1715, developing the island into an important naval base overseeing Indian Ocean trade, and establishing a plantation economy of sugar cane. The British captured the island in 1810, during the Napoleonic Wars. Mauritius remained a strategically important British naval base, and later an air station, playing an important role during World War II for anti-submarine and convoy operations, as well as the collection of signals intelligence. Independence from the UK was attained in 1968. A stable democracy with regular free elections and a positive human rights record, the country has attracted considerable foreign investment and has earned one of Africa's highest per capita incomes.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Mauritius is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Mauritius was undertaken by the Financial Action Task Force (FATF) in 2009. According to that Evaluation, Mauritius was deemed Compliant for 5 and Largely Compliant for 18 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 3 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Report (2009):

It was apparent to the mission that significant steps have been taken by the Mauritian authorities in recent years to enhance the AML/CFT framework. These steps mean that Mauritius is well placed to capitalize on its national strategy to diversify its economy into global financial services by taking advantage of its linkages with both African and long standing arrangements with the larger Asian economies. Additionally, the Republic of Mauritius intends to offer new products in Islamic financial services and wealth management. In this dynamic environment, it will be important to conduct a review of the AML/CFT risks associated with such global business.

In recent years, a National Committee for Anti-Money Laundering and Combating the Financing of Terrorism has been formed, chaired by a senior representative from the Ministry of Finance and Economic Development. In addition, the FIU's functions were revised and the Bank of Mauritius' functions have been enhanced, and the Financial Services Commission (FSC) and the Independent Commission Against Corruption (ICAC) have been established. Now that the legislative and institutional framework is in place, it will be important for these and other key stakeholders to focus on implementing the framework. A key element in this also will be greater coordination and cooperation among the various national authorities. The recently established Bank of Mauritius and FSC Coordination Committee is one example of the necessary integrated approach to AML/CFT.

Areas of further coordination and cooperation would include: more rapid filing of suspicious transaction reports (STRs) by reporting entities; improved quality of information provided in STRs; and more rapid exchange of information between intelligence, evidence gathering, and prosecution services. Extensive and targeted training will assist in achieving a more integrated national system.

Mauritius was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Although Mauritius has developed a reputation as a well-regulated financial jurisdiction, its regulatory and enforcement scheme has some limitations. A new government came to power in Mauritius after general elections in December 2014, announcing its intention to curb fraud and corruption and promote good governance. Yet investigations thus far have centered on members of the former government and its financiers. Opposition parties and the media have criticized some of these actions as being politically motivated.

The major sources of laundered funds in Mauritius are crimes involving drug trafficking (mainly heroin and the prescription drug subutex), as well as theft of goods, conspiracy, forgery, swindling, Ponzi schemes, and corruption. Media reports indicate money laundering occurs in the banking system, the offshore financial sector, and the non-bank financial sector. Criminal proceeds are derived from both domestic and foreign criminal activities. There is no known black market for smuggled goods in Mauritius.

Mauritius is a significant foreign investment route into the Asian sub-continent and, increasingly, into mainland Africa. As of the end of October 2015, there were 21,606 global business companies (GBCs) registered in Mauritius, including 942 licensed global funds. The Financial Service Commission (FSC) licenses the management companies that provide professional services to GBCs. Shell companies and bearer shares are not allowed in the Mauritian GBC sector, nor are nominee or anonymous directors or trustees.

The Government of Mauritius established the Mauritius Freeport, a free-trade zone (FTZ), to promote the country as a regional FTZ center for Eastern and Southern Africa and the Indian Ocean rim. As of November 20, 2015, 231 companies operate in the Freeport. For the period January 1 – November 20, 2015 Freeport turnover was approximately \$1.3 billion.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes

Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES KYC

covered entities: Banks, insurance companies, securities dealers, money changers, foreign exchange dealers, accountants, lawyers, notaries, chartered secretaries, gaming centers, jewelry dealers, property developers and promoters, and estate agents

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 173 in 2014

Number of CTRs received and time frame: Not applicable

STR covered entities: Banks, insurance companies, securities dealers, money changers, foreign exchange dealers, accountants, lawyers, notaries, chartered secretaries, gaming centers, jewelry dealers, property developers and promoters, and estate agents

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 19: January 1 - November 12, 2015

Convictions: 9: January 1 - November 12, 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES

With other governments/jurisdictions: YES

Mauritius is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

Against the current backdrop, Mauritius' AML/CFT regime has a number of limitations. First, the limited capacity of the judiciary and the Independent Commission against Corruption compromises Mauritius' ability to successfully combat various forms of money laundering. Although international law enforcement coordination is possible through the 2003 Mutual Assistance in Criminal and Related Matters Act, sharing of information is a lengthy and uncertain process. Domestically, timely access to financial documents is also a problem.

In July 2015 the government established a commission to review drug trafficking in Mauritius, investigating links to money laundering, terrorist financing, and other crimes. The National Assembly passed the Good Governance and Integrity Reporting Bill in December 2015. The stated purpose of the bill is to combat unexplained wealth and illicit enrichment. However, opposition parties, the media, and the National Bar Council have criticized controversial elements in the bill, such as the presumption of guilt and the retroactive nature of the law.

In February 2015 police arrested former Prime Minister Navin Ramgoolam on suspicion of conspiracy and money laundering. The courts released Ramgoolam on bail, and the investigation is ongoing. In April 2015 the police launched an investigation into alleged fraud relating to the sale of insurance products through the British American Insurance company (BAI), part of a business conglomerate owned by an individual with close ties to the former PM. The government claims the fraud involved approximately \$537 million affecting 26,000 policyholders. This investigation is also ongoing.

While Mauritius has a legal framework enabling it to freeze terrorist-related assets without delay, its ability to do so at this time is subject to compliance with judicial proceedings. Under the 2012 Asset Recovery Act (ARA), the enforcement authority can make an urgent application to a judge to freeze terrorist assets without delay. In 2015, the Asset Recovery Unit of the Director of Public Prosecutions Office has recovered property with a value of \$1,650. The government may also ask a court to issue a restraining order to freeze assets.

Between January and November 2015, the courts had restrained \$1.7 million in assets. An application for final orders to forfeit these assets will be made once the court adjudicates the underlying criminal cases.

The Government of Mauritius should strengthen collaboration among government stakeholders, in particular with regard to information sharing and should examine the over-consolidation of authority within one agency – the Ministry of Financial Services, Good Governance, and Institutional Reforms.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Mauritius does not conform with regard to the following government legislation: -

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

EU White list of Equivalent Jurisdictions

Mauritius is not on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Mauritius is considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2012 (introduction):

Mauritius is not a major producer or exporter of illegal drugs, or a transit route for drug trafficking. While Mauritius is not a significant transshipment location on a global scale, the island state is increasingly seen as a regional hub for heroin distribution, often intended for onward movement into Europe and even the United States. Cannabis is the only illicit drug that is locally cultivated in large quantities, primarily by small groups or individuals for local consumption and is not exported. Other illicit drugs, primarily heroin and the prescription drug, Subutex (a brand name for buprenorphine, an opiate used to treat heroin dependence, which is illegal in Mauritius), are brought into Mauritius for consumption with a small amount going for transshipment to other markets.

Mauritius's Anti Drug Smuggling Unit (ADSU) of the Mauritius Police Force works closely with other law enforcement and health agencies on drug control and treatment programs throughout the country, and cooperates with U.S. Government agencies. The ADSU continues to look for ways to improve its resources and capacity. Mauritius is a party to the 1988 UN Drug Convention. Mauritius is also a party to the UN Convention against Corruption and to the UN Convention against Transnational Organized Crime.

The ADSU appears, to be on track to record a similar level, or slight increase in, seizures and cases involving illegal drugs in 2011 compared to 2010. The ADSU credits the increase in illicit drug seizures and arrests in recent years to its ongoing operations with various intelligence units of the police force and its proactive approach to regional co-operation. The strategic location of Mauritius in the Indian Ocean encourages drug trafficking/transit. The increasing number of shipping containers arriving in Mauritius, and a new wave of synthetic drugs, plus a lack of shared intelligence with other countries has complicated enforcement efforts. Mauritius has limited resources to patrol its shores and territorial waterways.

Mauritius has several agencies working on drug control issues, over the gamut from law enforcement, to public health initiatives. NGOs also are engaged in treatment and prevention efforts. The Mauritian government collaborates with the U.S. Drug Enforcement Administration, United Nations Office of Drugs and Crime, and the International Narcotics Control Board.

Based on narcotic seizures, arrests, and drug treatment/rehabilitation program participation, cannabis followed by heroin and Subutex are the most commonly abused drugs in Mauritius. Heroin abuse is a serious problem in Mauritius, with a reported two percent of the population abusing the drug (by far the highest reported prevalence in Africa). Treatment NGO's report approximately 20,000 abusers but the figures are disputed by the police as being nearer 12,000. Neither of these figures can be confirmed, and abuse might be more than either. Mauritius does have dedicated drug treatment facilities and has in recent years introduced methadone maintenance for addicts in treatment and a needle exchange program. NGO's provide counseling and treatment options. Government health facilities, managed by health professionals, are also available for drug treatment cases.

The Government of Mauritius has clearly indicated that drug traffickers and those involved in drug trafficking at all levels will not be tolerated. The present policies have not completely stopped the flow of illegal drugs, but the forfeiture of assets applied to narcotics offenders is beginning to take effect. No evidence has emerged to suggest that any government officials are involved in the production or trafficking of drugs, nor does the government facilitate drug trafficking as a matter of policy.

The U.S. government provides training assistance to Mauritian law enforcement agencies, including the ADSU, through the International Law Enforcement Academies in Botswana, New Mexico, and Africa Command (AFRICOM) efforts, including the efforts of NCIS. It is U.S. policy to help Mauritius increase its capacity to enforce its narcotics laws and to work with Mauritian enforcement to resolve cases where there is a U.S. nexus to drug trafficking. The 1931 UK-U.S. Extradition Treaty is the treaty in force between the United States and Mauritius, but we have no history of extradition cases with Mauritius pursuant to the treaty.

US State Dept Trafficking in Persons Report 2016 (introduction):

Mauritius is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Mauritius is a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking. Girls from all areas of the country are induced or sold into sex trafficking, often by their peers, family members, or by businessmen offering other forms of employment. Taxi drivers allegedly introduce child sex traffickers to victims with whom they engage in commercial sex acts. Girls and boys whose mothers engage in prostitution reportedly are vulnerable to sex trafficking at a young age. Small numbers of Mauritian adults have been identified as labor trafficking victims in the UK, Belgium, and Canada. Malagasy women transit Mauritius en route to employment as domestic workers in the Middle East, where many are subjected to forced labor and sex trafficking. In previous reporting periods, Cambodian fishermen were subjected to forced labor on foreign fishing boats in Mauritius' territorial waters. Mauritius' manufacturing and construction sectors employ approximately 37,000 foreign migrant workers from India, China, Bangladesh, Sri Lanka, and Madagascar, some of whom are subjected to forced labor.

The Government of Mauritius does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. During the reporting period, the government increased efforts to investigate potential trafficking crimes, including launching its first potential labor trafficking investigation. The government increased efforts to identify and provide protective services for adult and child trafficking victims, including adult migrant workers. The government established an inter-ministerial committee on human trafficking, under the attorney general, and the police reestablished a steering committee on human trafficking. The government also continued to conduct public awareness campaigns and train front-line officers. However, coordination between law enforcement and prosecutors remained weak and the judicial process was slow. Law enforcement officers and prosecutors generally did not screen adult women in prostitution for trafficking indicators. Although the government increased the number of inspectors within the Ministry of Labor's (MOL) Special

Migrant Workers Unit, the number of inspections remained severely inadequate. There were no specialized shelters for adult trafficking victims, nor was there systematic provision of medical, psychological, or financial assistance for adult victims.

US State Dept Terrorism Report

No report available

International Sanctions

None applicable

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	50
World Governance Indicator – Control of Corruption	65

Corruption and Government Transparency - Report by US State Dept

Mauritius is a signatory member of the UN Anticorruption Convention and was assessed on Chapters 3 and 4 of said Convention in 2012.

Mauritius placed 52nd out of 177 countries in the 2013 Corruption Perceptions Index published by Transparency International. Although Mauritius remains among the least corrupt countries in Africa, perceptions of probity levels in the country are worsening, following some recent high-profile arrests for alleged corruption.

In 2013, Mauritius placed 1st out of 52 African countries on the Mo Ibrahim Index of African Governance. With 82.9 points out of 100, Mauritius topped the list of Africa's best-governed nations for the seventh consecutive year. The average score for the African continent is 51.6 points.

In 2002, the government adopted the Prevention of Corruption Act, which led to the establishment of an Independent Commission Against Corruption (ICAC). ICAC has the power to investigate corruption and money laundering offenses and can also seize the proceeds of corruption and money laundering.

Section 3 - Economy

Since independence in 1968, Mauritius has undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper middle-income economy with growing industrial, financial, and tourist sectors. Mauritius has achieved steady growth over the last several decades, resulting in more equitable income distribution, increased life expectancy, lowered infant mortality, and a much-improved infrastructure.

The economy currently rests on sugar, tourism, textiles and apparel, and financial services, but is expanding into fish processing, information and communications technology, and hospitality and property development. Sugarcane is grown on about 90% of the cultivated land area and accounts for 15% of export earnings. The government's development strategy centres on creating vertical and horizontal clusters of development in these sectors. Mauritius has attracted more than 32,000 offshore entities, many aimed at commerce in India, South Africa, and China. Investment in the banking sector alone has reached over \$1 billion. Mauritius' textile sector has taken advantage of the Africa Growth and Opportunity Act, a preferential trade program that allows duty free access to the US market, with Mauritian exports to the US growing by 40% from 2000 to 2014.

Mauritius' sound economic policies and prudent banking practices helped to mitigate negative effects of the global financial crisis in 2008-09. GDP grew in the 3-4% per year range in 2010-14, and the country continues to expand its trade and investment outreach around the globe. Growth in the US and Europe fostered goods and services exports, including tourism, while lower oil prices kept inflation low in 2015.

Agriculture - products:

sugarcane, tea, corn, potatoes, bananas, pulses; cattle, goats; fish

Industries:

food processing (largely sugar milling), textiles, clothing, mining, chemicals, metal products, transport equipment, nonelectrical machinery, tourism

Exports - commodities:

clothing and textiles, sugar, cut flowers, molasses, fish, primates (for research)

Exports - partners:

UK 13.2%, UAE 12.4%, France 11.9%, US 10.7%, South Africa 8.6%, Madagascar 6.5%, Italy 5.4%, Spain 4.4% (2015)

Imports - commodities:

manufactured goods, capital equipment, foodstuffs, petroleum products, chemicals

Imports - partners:

India 18.7%, China 17.8%, France 7.1%, South Africa 6.5%, Vietnam 4.4% (2015)

Banking

Mauritius has a relatively sophisticated banking sector with 19 banks currently licensed to undertake banking business. The Banking Act of 2004 provides for banking business to be conducted under a single banking license regime. Accordingly, all banks are free to conduct business in all currencies, including the Mauritian rupee. There are also several non-bank financial institutions, which are authorized to conduct deposit-taking business.

The banking system is highly concentrated with two long-established domestic and two international banking groups dominating, holding between them 70 percent of all banking assets. Foreign banks present in Mauritius include the Hong Kong and Shanghai Banking Corporation (HSBC), Barclays Bank, Bank of Baroda, Habib Bank, Banque des Mascareignes, PT Bank International Indonesia, Deutsche Bank, Standard Bank, Standard Chartered Bank, and Investec Bank.

The banks focus mostly on trade financing and on provision of working capital. Accounts may be opened in all major currencies as well as the Mauritian rupee. Several commercial banks offer card-payment services, such as credit and debit cards and direct debits. Other facilities, including phone banking, home banking, internet banking, and PC banking, are also provided by some banks. Commercial banks offer spot and forward transactions in all major currencies.

Commercial banks have diversified into non-banking business through subsidiaries and affiliates. Banks are engaged in the provision of leasing, stock brokering, asset and fund management, investment and private banking business, insurance agency, and portfolio and custodial management.

The Bank of Mauritius, the Central Bank, carries out the supervision and regulation of banks as well as non-bank financial institutions authorized to accept deposits. A new Bank of Mauritius Act, which strengthened the central bank's institutional framework as well as its supervisory powers, was enacted in October 2004. It also has the power to establish prudential safety and soundness standards and regulations, and does so primarily by issue of Guidelines/Guidance Notes. The Central Bank has endorsed the Core Principles for Effective Banking Supervision as set out by the Basel Committee on Banking Supervision.

Stock Exchange

The Stock Exchange of Mauritius (SEM) has done quite well in terms of the volume of transactions, the number of listed companies, market capitalization, and the fairness and efficiency of its operations since its launch in 1989. In December 2010, the Stock Exchange of Mauritius had 37 companies listed on the Official Market and 57 companies on the Development and Enterprise Market, which is designed for small and medium enterprises. Market capitalization grew from USD 92 million in 1989 to USD 5.5 billion in December 2010. The SEM is a member of the World Federation of Exchanges, which reports that the SEM adheres to industry business standards.

In November 2007, the SEM was included in the new Morgan Stanley Capital International (MSCI) Frontier Markets Indices, which are designed to track the performance of a range of equity markets that are now more accessible to global investors. Mauritius was among four countries in Africa to be included in the new indices. The SEM has also been included in the DOW Jones SAFE 100 Index, which was launched in March 2009 by the South Asian Federation of Exchanges (SAFE). The DOW Jones SAFE 100 Index measures the performance of the 50 largest stocks trading in India and the 50 largest stocks trading in four other countries, including Mauritius. The SEM's daily data is also tracked live on Bloomberg since 2008.

The Mauritius stock market was opened to foreign investors following the lifting of the foreign exchange controls in 1994. No approval is required for the trading of shares by foreign investors unless investment is for the purpose of legal and management control of a Mauritian company or for the holding of more than 15 percent in a sugar company. Incentives to foreign investors include free repatriation of revenue from the sale of shares and exemption from tax on dividends and capital gains.

The Global Board of Trade (GBOT), the first multi-asset derivatives exchange of its kind in Africa, started operating in Mauritius in October 2010. GBOT offers a basket of commodities and currency derivative products on its electronic exchange platform, including metals, energy, agricultural commodities, and currency futures.

Section 4 - Investment Climate

Executive Summary

Mauritius is an island nation with a population of 1.3 million people. Its land area of only 2,040 square kilometers understates its importance to the Indian Ocean region as it controls a maritime zone of approximately 2 million square kilometers, one of the largest in the world. Mauritius has a stable and competitive economy, with a GDP of USD 11.6 billion and per capita GDP over USD 9,218 in 2015. The economy grew by 3.4 percent in 2015 and IMF estimates it will continue to grow at a moderate rate of 3.8 to 4 percent in the medium term. Inflation remains low (1.5 percent in 2015), reflecting in part declining oil prices and shipping costs. Unemployment hovers around 8 percent, although it is higher among women and youth. According to the World Bank's 2016 Ease of Doing Business Index, Mauritius ranks first in Africa and 32d worldwide (out of 189 countries).

Since achieving independence in 1968, Mauritius has made a remarkable economic transformation from a mono-crop economy based on sugar production to a diversified economy driven by export-oriented manufacturing (mainly textiles), tourism, and financial and business services. With sluggish growth in the past several years, the government of Mauritius has announced plans to stimulate economic growth in four areas: serving as a gateway for investment into Africa, moving the country towards renewable energy, facilitating the development of smart cities, and developing economic activities related to the country's vast oceanic resources.

Government policy in Mauritius is firmly centered on promoting foreign and domestic investment, having signed Double Taxation Avoidance Agreements with more than 40 countries and maintaining a legal and regulatory framework that keeps Mauritius highly-ranked on "ease of doing business" and good governance indices. In recent years Mauritius has been especially intent on attracting foreign direct investment from emerging economies. In support of this, the government highlights its democratic tradition and good governance. However, following the Central Bank's revocation of the banking license of Bramer Bank in 2015, the Government of Mauritius (GOM) nationalized the bank's assets. There is an ongoing lawsuit alleging that this was an illegal appropriation of assets.

Although corruption in Mauritius is low by regional standards, its generally positive reputation for transparency and accountability has been affected by recent allegations of corruption involving high-level government officials.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	53 of 168	transparency.org/cpi2015
World Bank's Doing Business	2016	32 of 189	doingbusiness.org/rankings

Report "Ease of Doing Business"			
Global Innovation Index	2015	49 of 141	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	46,552	www.bom.mu
World Bank GNI per capita	2014	\$9,630	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude Toward Foreign Direct Investment

Mauritius actively seeks foreign investment. The Board of Investment (BOI) is the government agency responsible for promoting investment in Mauritius, and it also helps guide investors through legal and regulatory requirements.

According to a number of surveys and metrics, Mauritius is among the freest and most business-friendly countries in Africa. For the eighth consecutive year, the World Bank's 2016 Doing Business report ranks Mauritius first among African economies (32nd worldwide) in terms of overall ease of doing business.

Other Investment Policy Reviews

In July 2014, the Government of Mauritius conducted an investment policy review with the Organization for Economic Cooperation and Development (<http://www.oecd.org/investment/countryreviews.htm>). This review concluded that policies and legislation in Mauritius support private sector development, but also identify certain structural challenges that must be addressed. In October 2014, the authorities also conducted a trade policy review with the World Trade Organization (http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm).

Laws/Regulations Relating to Foreign Direct Investment

The Investment Promotion Act of 2000 governs investment in Mauritius and the Companies Act of 2001 contains the regulations governing incorporation of businesses. The Corporate and Business Registration Department (CBRD) of the Ministry of Finance and Economic Development administers the Companies Act 2001, the Business Registration Act 2002, the Insolvency Act 2009, the Limited Partnerships Act 2011, and the Foundations Act 2012. The CBRD's website is <http://companies.govmu.org/English/Pages/default.aspx>.

The above-mentioned Acts and all the laws and regulations related to foreign investment can be downloaded from the Board of Investment's website at www.investmauritius.com/downloads.

The Mauritian judiciary is independent and the legal system is generally non-discriminatory and transparent. The Embassy is not aware of any cases of government or other interference in the court system affecting foreign investors.

Business Registration

The incorporation of companies and registration of business activities fall under the provisions of the [Companies Act 2001](#) and the [Business Registration Act 2002](#). All businesses must register with the Registrar of Companies. A company incorporated in Mauritius can be 100% foreign-owned with no minimum capital. According to the World Bank 2016 Doing Business report, while registration of a company takes two days, actually starting a business takes 6 days.

After the Registrar of Companies issues a certificate of incorporation, companies must register their business activities with the Board of Investment (BOI). The company can then apply for occupation permits (work and residence permits) and incentives offered to investors. BOI's investment facilitation services are available to all investors, domestic as well as foreign.

In partnership with the Corporate and Business Registration Department, the Mauritius Network Services (MNS) has implemented the Companies and Business Registration Integrated System (CBRIS), a web-based portal that allows businesses to incorporate, file statutory returns, pay yearly fees, register businesses, and search for business information. Applicants should register with MNS at <http://mns.mu/cbris-companies.php>.

Industrial Strategy

As the investment promotion authority in Mauritius, BOI promotes investment in a number of sectors:

- Ocean Economy
- Renewable Energy
- Smart Cities
- Information and Communication Technology/Business Process Outsourcing (ICT/BPO)
- Financial Services
- Education
- Healthcare
- Life Sciences
- Water Management
- Fishing, Seafood Processing and Aquaculture
- Hospitality and Property Development
- Film Industry

- Agro-Industry
- Manufacturing
- Logistics

More detailed information on these opportunities is available online on the Board of Investment's website: <http://www.investmauritius.com/investment-opportunities.aspx>. The Embassy believes the best opportunities for U.S. firms and investors are in ocean-related industries, renewable energy, water management, healthcare, ICT-BPO, and education.

Limits on Foreign Control and Right to Private Ownership and Establishment

A non-citizen can only hold, purchase or acquire real property with Government of Mauritius approval under the Non-Citizens (Property Restriction) Act. Either the Prime Minister's Office or the Board of Investment may grant approval. More information is available at www.investmauritius.com/media/327.

Regarding business activities, the Government of Mauritius generally does not discriminate between local and foreign investment. There are, however, some business activities where foreign involvement is restricted such as television broadcasting, sugar production, and certain operations in the tourism sector. In television broadcasting, the Independent Broadcasting Authority will not grant a license to a foreign company or to a company more than 20% owned or controlled by foreign nationals. Similarly, in the sugar sector, no foreign investor is allowed to make an investment that would result in 15 percent or more of the voting capital of a Mauritian sugar company being held by foreign investors. Finally, in the tourism sector, there are certain conditions for investment by non-citizens in the following activities: (i) guesthouse/tourist accommodation, (ii) pleasure crafts, (iii) scuba diving, and (iv) tour operator business. Generally, the limitations refer to a minimum investment amount, number of rooms, or a maximum equity participation depending on the business activity.

Details of the restrictions are available from BOI at www.investmauritius.com.

Privatization Program

The government has no specific privatization program. However, in 2016 the GOM announced it was considering a proposal by Dubai Ports World to operate the container terminal in Port Louis under a management contract or form a strategic partnership with the Cargo Handling Corporation Limited (CHCL), a parastatal body operating in Port Louis harbor. There was no public tender, and unions have stated they will oppose this privatization effort. The government also signed an agreement with the World Bank to prepare a road map for a Public Private Partnership transaction and accompanying reforms for the water utility, the Central Water Authority.

Screening of FDI

The BOI screens foreign investment proposals and also provides a range of services to potential investors. BOI is a useful resource for investors exploring business opportunities in Mauritius and provides assistance with occupation permits, licenses and clearances by coordinating with relevant local authorities. We have had no negative comments from U.S. businesses on the screening mechanism.

BOI reviews proposals for economic benefit, environmental impact, and any relation to national security. BOI will then advise the potential investor on specific permits or licenses required, depending on the nature of the business. Foreign investors can also apply through the BOI for Occupation Permits, a combined work and residence permit (<http://op.investmauritius.com/guidelines/Default.aspx>).

In the event that an investment fails review, the prospective investor may appeal the decision within BOI or to the relevant government ministry. Details on specific business activities restricted by law can be found at [http:// www.investmauritius.com](http://www.investmauritius.com).

Competition Law

The Competition Commission of Mauritius (CCM) is a statutory body established in 2009 to enforce the Competition Act 2007. This Act established a competition regime in Mauritius, under which the CCM can investigate possible anticompetitive behavior by businesses in the Mauritian market. Since it began operations, the Competition Commission has undertaken 28 investigations, out of which 20 have been completed and 8 are still ongoing. The results of completed investigations are available on CCM's website at www.ccm.mu.

2. Conversion and Transfer Policies

Foreign Exchange

The GOM abolished foreign exchange controls in 1994. Consequently, no approval is required for converting, transferring, or repatriating profits, dividends, or capital gains earned by a foreign investor in Mauritius. Funds associated with any form of investment can be freely converted into any world currency.

The exchange rate is market-determined, but a small number of institutions dominate the market with the Bank of Mauritius, the central bank, occasionally intervening. Between February 2015 and February 2016, the Mauritian rupee depreciated against the U.S. dollar and British Pound Sterling by 13.2 percent and 6.9 percent, respectively, but appreciated by 1.9 percent against the Euro.

Remittance Policies

There are no time or quantity limits on remittance of capital, profits, dividends, and capital gains earned by a foreign investor in Mauritius. Mauritius has a well-developed and modern banking system. There is no legal parallel market in Mauritius for investment remittances. The Embassy is unaware of any proposed changes by the government to its investment remittance policies.

The Embassy is not aware of any GOM currency manipulation tactics. Mauritius remains committed to transparency and adherence to best practices as set by leading institutions including the OECD, IMF and other standards-setting bodies. OECD Global Forum recognizes Mauritius as a largely compliant jurisdiction. In December 2013, Mauritius signed a Tax Information Exchange Agreement (TIEA) and an Inter-Governmental Agreement (IGA) with the United States to implement the Foreign Account Tax Compliance Act (FATCA).

3. Expropriation and Compensation

The constitution includes a guarantee against nationalization, but the Insurance (Amendment) Act passed in April 2015 enables the GOM's Financial Services Commission (FSC) to appoint "special administrators" where there is evidence that the liabilities of an insurer and its related companies exceed assets by MUR 1 billion (USD 28 million) and that such a situation "is likely to jeopardize the stability and soundness of the financial system of Mauritius." The special administrators are empowered to seize and sell assets. The GOM enacted this law in the immediate aftermath of the financial scandal explained below.

In April 2015 the Bank of Mauritius (the Central Bank) revoked the banking license of Bramer Bank, the banking arm of Mauritian conglomerate BAI Group, citing an inadequate capital reserve ratio. As a result Bramer Bank entered receivership and by May 2015 the receiver had transferred the assets and liabilities of Bramer Bank to a newly created state-owned bank, the National Commercial Bank Ltd, thus effectively nationalizing Bramer Bank. In January 2016, the GOM merged the National Commercial Bank Ltd with another government-owned bank resulting in Maubank, a new bank dedicated mainly to small and medium enterprises.

The GOM subsequently took over much of Bramer's parent, the BAI Group. The Financial Services Commission placed the BAI Group in conservatorship, alleging fraud and corporate mismanagement in BAI's insurance business. Following passage of the Insurance (Amendment) Act in April 2015, the FSC created the National Insurance Company, which took over the BAI Group's core insurance business, and the National Property Fund, which took over other BAI Group assets, including a hospital and several retail outlets.

In November 2015 BAI's former chairman filed a dispute against the GOM with the United Nations Commission on International Trade Law alleging that the government illegally appropriated BAI's assets. That dispute is ongoing.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Mauritian legal system is a unique mixture of traditions. Mauritius draws legal principles from both French civil law and British common law traditions; its procedures are largely derived from the English system, while its substance is based in the Napoleon Code of 1804. Commercial and contractual law is also based on the civil code. However, some specialized areas of law are comparable to other jurisdictions. For example, its company law is practically identical to that of New Zealand. Mauritian courts often resolve legal disputes by drawing on current legislation, the local legal tradition, and by means of a comparative approach utilizing various legal systems.

The highest court of appeal is the judicial committee of the Privy Council of England. Mauritius is a member of the International Court of Justice. Mauritius established a Commercial Court in 2009 to expedite the settlement of commercial disputes. Contracts are legally enforceable and binding on the parties signing the contracts. Ownership of property is enforced with the registration of the title deed with the Registrar-General and payment of the registration duty. Mauritian courts have the jurisdiction to hear intellectual property claims, both civil and criminal. The judiciary is independent and the domestic legal system is generally non-discriminatory and transparent.

Bankruptcy

Bankruptcy is not criminalized in Mauritius. The Insolvency Act of 2009 amended and consolidated the law relating to insolvency of individuals and companies and the distribution of assets in the case of insolvency and related matters. Most notably, the Act introduced administration procedures, providing creditors the option of a more orderly reorganization or restructuring of a business than in liquidation. A bankrupt individual is automatically discharged from bankruptcy 3 years after adjudication, but may apply to be discharged earlier. The Act draws on the Model Law on Cross-Border Insolvency adopted by the United Nations Commission on International Trade Law on 30 May 1997. The Act can be accessed through the Board of Investment's website: <http://www.investmauritius.com/downloads/legislations.aspx>. According to the World Bank's 2016 Doing Business report, Mauritius ranks 39th out of 189 countries on "Resolving Insolvency".

Investment Disputes

The Embassy is unaware of any investment dispute involving U.S. investors. However, as explained above, the former chairman of BAI has filed a dispute against the GOM with the United Nations Commission on International Trade Law alleging that the government illegally appropriated BAI's assets. Other disputes involving foreign investor include a suit by a local firm (which had bought out its foreign partner) alleging unfair competitive practices by Mauritius Telecom, and a foreign power company's suit challenging the government's decision to cancel a proposed energy project.

International Arbitration

In July 2011, the Government of Mauritius, the London Court of International Arbitration (LCIA), and the Mauritius International Arbitration Center (MIAC) established a new arbitration center in Mauritius, the LCIA-MIAC Arbitration Center. LCIA-MIAC (www.lcia-miac.org) offers all the services offered by the LCIA in the U.K.

In addition, the Mauritius Chamber of Commerce and Industry's Arbitration and Mediation Center (MARC) is an internationally recognized institution for commercial dispute settlement. MARC's arbitration and mediation rules are also based on international standards, and it is a member of the International Federation of Commercial Arbitration Institutions. MARC has entered into cooperation agreements with arbitration centers in the United States (American Arbitration Association), Germany, France, Australia, India, and Kenya. More information is available at www.mcci.org/arbitration.aspx.

ICSID Convention and New York Convention

Mauritius is a member of the International Center for the Settlement of Investment Disputes and a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards Act. Mauritius is also a member of the Multilateral Investment Guarantee Agency of the World Bank.

Duration of Dispute Resolution

Despite the establishment of the Commercial Court in 2009, Mauritian courts are slow, with the time for dispute resolution in courts ranging from five to ten years. The Mauritius International Arbitration Center (MIAC) aspires to the same efficient administration as the London Court of International Arbitration (LCIA) in London, where approximately half of all

cases conclude within 12 months and over three quarters of the cases conclude within 18 months. The Mauritius Chamber of Commerce and Industry's Arbitration and Mediation Center (MARC) sets a maximum of six months for settlement of disputes.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Mauritius has not notified the WTO of any measures that are inconsistent with its commitments under the Agreement on Trade Related Investment Measures (TRIMS).

Investment Incentives

Mauritius applies investment incentives uniformly to both domestic and foreign investors. The incentives are outlined in the Income Tax Act, the Customs Act, and the Value Added Tax Act.

Mauritius offers a low-tax jurisdiction and a number of other fiscal incentives, including the following: flat corporate and income tax rate of 15 percent; 100% foreign ownership permitted; no minimum foreign capital required; no tax on dividends or capital gains; free repatriation of profits, dividends, and capital; accelerated depreciation on acquisition of plant, machinery and equipment; exemption from customs duty on imported equipment; direct cash incentives for employers recruiting and training young talent; and access to an extensive network of Double Taxation Avoidance treaties (as of March 2016, Mauritius had such treaties with 43 countries).

Additionally, the government established the Integrated Resorts Scheme (IRS) to attract high net worth non-citizens who want to acquire real estate valued over USD 500,000 for their personal residence. The Real Estate Scheme (RES) introduced in 2007 also allows non-citizens to acquire a residence, but there is no minimum purchase price. Under either of these schemes, an investor and his/her spouse and dependents can acquire residence permits if the property exceeds USD 500,000. IRS/RES programs are managed by Board of Investment and more detailed information on investment incentives is available on BOI's website: www.investmauritius.com.

Research and Development

The government of Mauritius established the Mauritius Research Council (MRC) in 1992 to promote and coordinate government investment in research and development. The MRC is the government's central advisory body on science and technology issues. The MRC influences the direction of technological innovation by funding research projects in areas of national priority and encouraging strategic partnerships. Foreign firms may participate in research projects funded by MRC (www.mrc.org.mu).

Performance Requirements

Mauritius does not mandate local employment, impose conditions on permission to invest, or maintain excessively onerous visa, residence, or work permits.

A foreign investor, a non-national professional under a contract of employment, or a self-employed non-national may apply for an Occupation Permit, which allows the applicant to

both reside and work in Mauritius. For an Occupation Permit, a number of conditions apply, such as salary minimum salary and/or investment. Once an Occupation Permit is issued by the GOM, the permittee may purchase certain types of property.

As a holder of an Occupation Permit, a foreign national is eligible to apply for a 10-year Residence Permit (RP), subject to certain conditions such as minimum business turnover or annual salary. The RP is valid for 10 years and RP holders can acquire properties in his/her own name.

Details on these programs are available at www.investmauritius.com/downloads/guidelines.aspx

Data Storage

The Government of Mauritius established the Data Protection Office (www.dataprotection.govmu.org) in February 2009. The Data Protection Commissioner is responsible for upholding the rights of individuals set forth in the Data Protection Act, and for enforcing the obligations imposed upon data controllers. The Act may be accessed at <http://www.wipo.int/wipolex/en/details.jsp?id=7256>. The government does not force foreign investors to use domestic content in goods or technology. There is also no requirement for foreign IT providers to turn over source code or provide access to surveillance.

6 Protection of Property Rights

Real Property

Real property rights are respected in Mauritius. Ownership of property is memorialized with the registration of the title deed with the Registrar-General and payment of the registration duty. The recording system of mortgages and liens is reliable. Traditional use rights are not an issue in Mauritius as there were no indigenous peoples present at the time of European colonization. According to the World Bank's 2016 Doing Business Report, Mauritius ranks 99th out of 189 countries in "Registering Property."

Intellectual Property Rights

The government published its Intellectual Property Development Plan (IPDP) in 2009. As a first step in implementing the IPDP, the National Assembly passed a Copyright Act in 2014. An Industrial Property Bill, currently being finalized, will cover trademarks and patents. It will also protect industrial designs, plant breeders' rights, geographical indications, and layout designs of integrated circuits and utility models, which are not covered by existing legislation. The government also intends to strengthen the institutional framework governing IPRs.

Mauritius is a member of the World Intellectual Property Organization (WIPO) and party to the Paris and Bern Conventions for the protection of industrial property and the Universal Copyright Convention. The trademark and patent laws comply with the WTO's Trade Related Aspects of Industrial Property Rights (TRIPS) agreement. Also, current law protects well-known international trademarks, whether or not they are registered in Mauritius. A trademark is initially registered for 10 years and may be renewed for successive periods of 10 years. A patent is granted for 20 years and cannot be renewed.

While the IP legislation is in line with international norms, enforcement is relatively weak. In January 2016, following street protests by local artists against the sale of pirated CDs of local music by street vendors, the GOM set up a committee to consider amendments to the Copyright Act and other measures to better protect the rights of local artists. As of March 2016, the Committee had not submitted its report.

According to a leading IPR law firm, the police will normally only take action against IPR infringements in cases where the IPR owner has an official representative in Mauritius because the courts require a representative to testify that the products seized are counterfeit. The Customs Department also requires rights holders or authorized users to register their trademarks and copyrights with its office in order to seize suspicious goods at the port. Application forms for registration can be downloaded from the Mauritius Revenue Authority/Customs' website, <http://mra.gov.mu>

The Customs Department keeps record of counterfeit goods seized. In 2015 the Customs Department carried out 61 seizures of a total of 13,670 goods valued at USD 33,154. The rights holder is responsible for paying for the storage and/or destruction of the counterfeit goods. Customs has ex-officio as well as de-minimis authority to seize and destroy counterfeit goods.

Mauritius is not listed in USTR's Special 301 report or in State's notorious market report.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Contact at Embassy Port Louis:

Shariff Jathoonia
Economic/Commercial Specialist
PHONE: +230 202-4464
EMAIL: jathoonix@state.gov

Paul Gormley
Economic Officer
PHONE: +230 2024465
EMAIL: GormleyPJ@state.gov

A lawyer's list is available at <http://Mauritius.usembassy.gov/attorneys.html>

Other Resources:

Mauritius Industrial Property Office
Ranjive Beergonaut
Acting Controller
PHONE: +230 210 2085714
EMAIL: rbeergonaut@govmu.org

Mauritius Rights Management Society
Julien George
Executive Chairman

PHONE: +230 454 0706

EMAIL: copyrightsoc@intnet.mu

Mauritius Chamber of Commerce & Industry

Raju Jaddoo

Secretary-General

PHONE: +230 2083301

EMAIL: mcci@intnet.mu

7. Transparency of the Regulatory System

Since 2006, the government has brought major reforms to trade, investment, tariffs, and income tax regulations to simplify the framework for doing business. Trade licenses and many other bureaucratic hurdles have been reduced or abolished. With a well-developed legal and commercial infrastructure and a tradition of both entrepreneurship and representative government, Mauritius is one of Africa's most successful economies. Business Mauritius (formerly the Joint Economic Council), the coordinating body of the Mauritian private sector, participates in discussions with and presents papers to the authorities on laws and regulations affecting the private sector.

Regulatory agencies do not request comments on proposed bills from the general public. Notice of the introduction of a government bill and a copy of the bill are both distributed to every member of the Legislative Assembly, and published in the Government Gazette before they can be enacted. Bills with a "certificate of urgency" can be enacted with summary process. All proposed regulations are published on the Legislative Assembly's website <http://mauritiusassembly.govmu.org/English/bills/Pages/default.aspx>, which can be accessed by the public.

Companies in Mauritius are regulated by the Companies Act of 2001, which incorporates international best practices and promotes accountability, openness, and fairness. In order to combat corruption, money laundering and terrorist financing, the government also enacted the Prevention of Corruption Act, the Prevention of Terrorism Act, and the Financial Intelligence and Anti-Money Laundering Act. The establishment of the Competition Commission of Mauritius in 2009 followed passage of the Competition Act in 2007. A Central Procurement Board, established under the Public Procurement Act 2006, oversees all forms of procurement by public bodies. Mauritius does not have a Freedom of Information Act.

8. Efficient Capital Markets and Portfolio Investment

The government welcomes foreign portfolio investment. The Stock Exchange of Mauritius (SEM) was opened to foreign investors following the lifting of the foreign exchange controls in 1994. Foreign investors do not need approval to trade shares, except for the holding of more than 15% in a sugar company. Incentives to foreign investors include free repatriation of revenue from the sale of shares and exemption from tax on dividends and capital gains.

The SEM currently operates two markets: the Official Market and the Development & Enterprise Market (DEM). Currently, there are 51 companies listed on the Official Market representing a market capitalization of nearly USD 5.6 billion as of February 29, 2016. The DEM was launched in August 2006 and there are currently 43 companies listed on this market with a market capitalization of nearly USD 1.2 billion as of February 29, 2016. SEM can list, trade

and settle equity and debt products in U.S. dollars, Euros, pounds sterling, South African Rand, as well as Mauritian Rupees. The stock market attracted strong foreign investor interest particularly over the last decade, generating positive investment inflows on many listed companies. Foreign investors currently account for 40- 45% of the daily trading volumes on the Exchange. Standard & Poors, Morgan Stanley, Dow Jones and FTSE have included the Mauritius stock market in a number of their stock indices.

Since 2005, SEM has been a member of the World Federation of Exchanges (WFE), a central reference point and standards setter for exchanges and the securities industry in the world.

Money and Banking System, Hostile Takeovers

Mauritius has a relatively sophisticated banking sector with 23 banks currently licensed to undertake banking business. According to the Banking Act of 2004, all banks are free to conduct business in all currencies, including the Mauritian rupee. There are also several non-bank financial institutions authorized to take deposits, as well as foreign exchange dealers. There are no official government restrictions on foreigners opening bank accounts in Mauritius, nor are there restrictions on payments or transfers for current international transactions, but some banks may require letters of reference or proof of residence for their own due diligence.

The banking system is dominated by two, long-established domestic groups, Mauritius Commercial Bank (MCB) and State Bank of Mauritius (SBM), which hold a combined 65 percent of all Mauritian banking assets. Foreign banks present in Mauritius include HSBC, Barclays Bank, Bank of Baroda, Habib Bank, Banque des Mascareignes, PT Bank Maybank Indonesia, Deutsche Bank, Standard Bank, Standard Chartered Bank, State Bank of India, and Investec Bank. However, on March 1, 2016, Barclays announced plans to reduce its investment in Africa, and it is unclear how this will affect its operations in Mauritius. In March 2016, the Bank of China obtained a banking license to operate in Mauritius. It is expected to start operations before the end of 2016. As of January 31, 2016, commercial banks' total assets amounted to USD 33.7 billion.

According to the IMF, bank lending built up significantly over the past decade, increasing from around 70 percent of GDP in 2004 to 110 percent in 2013 but contracting to 100 percent in 2015. The credit boom has led to a rise in non-performing loans from 3.3 percent of gross loans in 2009 to 5 percent in 2015, mainly for the construction sector but also for trading, manufacturing and individuals.

The Bank of Mauritius, the country's central bank, carries out the supervision and regulation of banks as well as non-bank financial institutions authorized to accept deposits. The Bank of Mauritius has endorsed the Core Principles for Effective Banking Supervision as set out by the Basel Committee on Banking Supervision. As explained in Section 3 above, in April 2015, the central bank revoked the banking license of Bramer Bank, a subsidiary of BAI Group, for failure to meet the minimum cash reserves ratio.

9. Competition from State-Owned Enterprises

The government's stated policy is to act as a facilitator to business, leaving production to the private sector. The government, however, still controls key services directly or through parastatal companies in the following industries:

- Utilities: power and water
- Media and Entertainment: television broadcasting
- Services: postal services

The government has controlling shares in the State Bank of Mauritius, Air Mauritius (the national airline), and Mauritius Telecom. These state-controlled companies have Boards of Directors on which seats are allocated to senior government officials. The government nominates the chairperson of each board. The government also invests in a wide variety of Mauritian businesses through its investment arm, the State Investment Corporation. The GOM is also the owner of Maubank, Ltd. Maubank is the bank that resulted from the merger of National Commercial Bank Ltd (the successor to Bramer Bank after its license was revoked) and Mauritius Post and Cooperative Bank. At its inception on January 4, 2016, Maubank had 36 branches and assets of just under USD 1 billion.

Two parastatal entities are involved in the importation of agricultural products: the Agricultural Marketing Board (AMB) and the State Trading Corporation (STC). The AMB's role is to ensure that the supply of certain basic food products is constant and their prices remain affordable. The STC is the only authorized importer of petroleum products, liquefied petroleum gas and flour. SOEs purchase from or supply goods and services to private sector/foreign firms.

Mauritius is not a party to the Government Procurement Agreement within the framework of the WTO.

OECD Guidelines on Corporate Governance of SOEs

There are two ways in which the GOM exercises its ownership of enterprises. A number of enterprises, e.g. Central Water Authority and Central Electricity Board, are parastatal bodies that are regulated by their own acts of parliament. The government owns other enterprises through public, limited liability, companies. In some of these companies, other state-owned enterprises may hold shares. Additionally, in a number of companies, there are minority non-governmental shareholders. Two companies where the government has effective control, Air Mauritius and State Bank of Mauritius, are listed on the Stock Exchange of Mauritius.

Mauritius is a member of the OECD Network on Corporate Governance of State-Owned Enterprises in Southern Africa. The state-owned companies in Mauritius are required by law to publish an annual report and to submit their books to independent audit. They also are subject to the same corporate social responsibility rules as private firms.

Sovereign Wealth Funds

In the 2015-16 National Budget, the Minister of Finance announced that government would establish a Legacy Sovereign Fund to invest for future generations. One percent of total government revenue collected would be credited to the fund each year, as would all proceeds from the sale of government properties. At the time of drafting this report, the Embassy has been unable to confirm whether the GOM has yet established the fund.

10. Responsible Business Conduct

The National Committee for Corporate Governance was established under Section 63 of the Financial Reporting Act (2004) and is the coordinating body responsible for all matters pertaining to corporate governance in Mauritius. The purpose of the Committee is to: (a) establish principles and practices of corporate governance; (b) promote the highest standards of corporate governance; (c) promote public awareness about corporate governance principles and practices; and (d) act as the national coordinating body responsible for all matters pertaining to corporate governance.

The Government of Mauritius has established a Corporate Social Responsibility (CSR) policy whereby all profitable firms (local or foreign-owned) are required to spend two percent of their taxable income of the preceding year on activities or programs that contribute to socioeconomic or environmental development in Mauritius.

11. Political Violence

Mauritius has a long tradition of political and social stability. Civil unrest and political violence are uncommon. Inter-ethnic tensions, however, led to four days of rioting in February 1999, following the death in police custody of a popular singer from the "Creole" (African) Mauritian community. Governments since then have sought to calm ethnic tensions and stress national unity. Free and fair elections are held every five years with the last general elections held in December 2014, which took place without incident.

12. Corruption

Corruption in Mauritius is low by regional standards but graft and nepotism nevertheless remain concerns and are a source of public frustration. The arrest of the former prime minister in February 2015 on money-laundering charges has reinforced the perception that corruption exists at the highest political levels. Also in 2015, a senior minister resigned when he was found guilty of conflict of interest in a government procurement contract, and the appeal of that judgment is ongoing. More recently, in March 2016 a minister of the current government stepped down as a result of allegations of bribery.

In 2002, the government adopted the Prevention of Corruption Act, which led to the establishment of an Independent Commission Against Corruption (ICAC). ICAC has the power to investigate corruption and money laundering offenses and can also seize the proceeds of corruption and money laundering.

In 2015, the government enacted new laws relating to corruption: (i) the Asset Recovery Bill, which transfers enforcement authority in asset recovery cases from the Director of Public Prosecutions to the Financial Intelligence Unit; and (ii) the Good Governance and Integrity Reporting Bill, which aims to disclose malpractices and recover unexplained wealth. Critics of the Good Governance Bill dislike its presumption of guilt, requiring the accused to demonstrate a legal source of questionable assets, as well as the application of the law retroactively for seven years.

In its 2015 Corruption Perceptions Index, Transparency International ranked Mauritius 53rd out of 168 countries. Also, the 2015 Mo Ibrahim Index of African Governance ranked Mauritius first among 52 countries for the ninth consecutive year. Although Mauritius' generally positive reputation for transparency and accountability has been hurt by the recent high-profile

scandals, U.S. investors have not identified corruption as an obstacle in conversations with Embassy personnel.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Mauritius has signed and ratified the UN Anticorruption Convention. It is not a signatory of the OECD Convention on Combatting Bribery.

Resources to Report Corruption

Mr. Kaushik Goburdhun
Acting Director-General
Independent Commission Against Corruption
Reduit Triangle, Moka, Mauritius
PHONE: +230 402 6600
EMAIL: icacoffice@intnet.mu

Mr. Rajen Bablee
Director
Transparency Mauritius
4th Floor, Fon Sing Building, 12 Edith Cavell Street, Port Louis, Mauritius
PHONE: +230 213 0796
EMAIL: transparency.mauritius@gmail.com

13. Bilateral Investment Agreements

In September 2006, Mauritius and the United States signed a Trade and Investment Framework Agreement (TIFA), aimed at strengthening and expanding trade and investment ties between the two countries. The United States has not signed a Bilateral Investment Treaty or a Free Trade Agreement with Mauritius.

Mauritius has signed Investment Promotion and Protection Agreements with the following 39 countries: Barbados, Belgium/Luxemburg Economic Union, Benin, Burundi, Cameroon, Chad, China, Comoros, Czech Republic, Finland, India, Indonesia, France, Germany, Ghana, Guinea, Madagascar, Mauritania, Mozambique, Nepal, Pakistan, Portugal, Republic of Korea, Romania, Rwanda, Senegal, Singapore, South Africa, Swaziland, Sweden, Switzerland, U.K., Zimbabwe, Tanzania, Kenya, the Republic of Congo, Turkey, Kuwait and Gabon.

Bilateral Tax Treaties

In December 2013, Mauritius signed a Tax Information Exchange Agreement (TIEA) and an Inter-Governmental Agreement (IGA) with the United States to implement the Foreign Account Tax Compliance Act (FATCA). Mauritius has also signed TIEAs with Australia, Denmark, Finland, Norway, Guernsey, Faroe Islands, Greenland, and Iceland.

As of March 2016, Mauritius had signed Double Taxation Avoidance Treaties (DTATs) with 43 countries as follows: Australia, Belgium, Botswana, China, Croatia, Cyprus, France, Germany, India, Italy, Kuwait, Lesotho, Luxembourg, Madagascar, Malaysia, Mozambique, Namibia, Nepal, Oman, Pakistan, Russia, Rwanda, Senegal, Singapore, Sri Lanka, South Africa, Swaziland, Sweden, Thailand, United Kingdom, Zimbabwe, Uganda, Barbados, Seychelles,

United Arab Emirates, Tunisia, Qatar, Bangladesh, Republic of Congo, Zambia, Kenya, Nigeria, Egypt, Monaco, Gabon, Guernsey, Malta, Qatar, and Monaco

14. Foreign Trade Zones/Free Ports/Trade Facilitation

The Mauritius Freeport (free trade zone) established in 1992 is a customs-free zone for goods destined for re-export. The government's objective is to promote the country as a regional warehousing, distribution, marketing, and logistics center for eastern and southern Africa and the Indian Ocean rim. Through its membership in the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), and the Indian Ocean Commission (IOC), Mauritius offers preferential access to a market of over 400 million consumers, representing an import potential of USD 100 billion. Companies operating in the Freeport are exempt from corporate tax. Foreign-owned firms operating in the freeport have the same investment incentives and opportunities as local entities.

Situated on 52 hectares of land adjacent to the port facilities and a modern container terminal, the Freeport offers 120,000 square meters of infrastructure, including cold rooms, dry storage, an international trade exhibition center, processing units, office space for transshipment, consolidation, and storage, and processing activities. Freeport facilities are also available at the airport. Activities carried out in the Freeport include warehousing and storage, breaking bulk, sorting, grading, cleaning and mixing, labeling, packing and re-packing, minor processing, transshipment, export-oriented port based activities, export-oriented airport based activities, freight forwarding, express courier services, mail order, simple assembly, reshipment, and quality control and inspection services.

The government of Mauritius, in collaboration with the private sector, has also been promoting the Freeport as a seafood hub, in particular focusing on the transshipment, processing, storage, distribution, and re-exportation of high value-added seafood products using the modern port and Freeport facilities and logistics. The government set up a "one-stop shop" in the port area to help facilitate administrative clearances related to the seafood industry

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$11,618	2015	\$11,567	http://www.imf.org/external/pubs/ft/weo/2015/02/weodata/index.aspx
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other

U.S. FDI in partner country (\$M USD, stock positions)	2014	N/A	2014	\$46,552	http://cds.imf.org
Host country's FDI in the United States (\$M USD, stock positions)	2014	N/A	2014	\$5,337	http://cds.imf.org
Total inbound stock of FDI as % host GDP	2014	N/A	2014	39.5	http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf

* Statistics Mauritius

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	297,248	100%	Total Outward	229,933	100%
United States	46,552	15.6%	India	108,312	47%
Cayman Islands	34,771	11.7%	Singapore	25,184	11%
India	26,167	8.8%	China	14,375	6.2%
United Kingdom	24,259	8.1%	United States	5,337	2.3%
Hong Kong	11,809	4%	South Africa	4,949	2.1%

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	142,700	100%	All Countries	134,800	100%	All Countries	7,900	100%
India	113,200	579%	India	108,700	80.6%	India	4,500	57%
United States	5,000	3.5%	United States	4,700	3.5%	United States	300	3.8%

China	3,300	2.3%	China	3,300	2.4%	China	0	0%
Indonesia	3,300	2.3%	Indonesia	3,300	2.4%	Indonesia	0	0%
Hong Kong	2,200	1.5%	Hong Kong	2,100	1.5%	Hong Kong	100	1.2%

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Civil legal system based on French civil law with some elements of English common law

International organization participation:

ACP, AfDB, AOSIS, AU, C, CD, COMESA, CPLP (associate), FAO, G-77, IAEA, IBRD, ICAO, ICC (NGOs), ICRM, IDA, IFAD, IFC, IFRCs, IHO, ILO, IMF, IMO, IMSO, InOC, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NAM, OIF, OPCW, PCA, SAARC (observer), SADC, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

There is no exchange control in Mauritius

Treaty and non-treaty withholding tax rates

Mauritius has signed **49 agreements** (41 DTC and 8 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Australia	TIEA	8 Dec 2010	1 Jan 2011	Yes	Yes	
Bangladesh	DTC	21 Dec 2009	not yet in force	Unreviewed	No	
Barbados	DTC	28 Sep 2004	28 Jan 2005	Yes	No	
Belgium	DTC	4 Jul 1995	28 Jan 1999	Yes	No	
Botswana	DTC	26 Sep 1995	16 Mar 1996	No	No	
China	DTC	1 Aug 1994	4 May 1995	Yes	Yes	
Croatia	DTC	6 Sep 2002	9 Aug 2003	Unreviewed	No	
Cyprus	DTC	21 Jan 2000	12 Jun 2000	Yes	No	
Denmark	TIEA	1 Dec 2011	1 Jun 2012	Yes	Yes	
Faroe Islands	TIEA	1 Dec 2011	not yet in force	Yes	Yes	
Finland	TIEA	1 Dec 2011	6 Jul 2012	Yes	Yes	
France	DTC	11 Dec 1980	17 Sep 1982	Yes	Yes	
Germany	DTC	7 Oct 2011	7 Dec 2012	Yes	Yes	
Greenland	TIEA	1 Dec 2011	not yet in force	Unreviewed	Yes	
Guernsey	TIEA	6 Feb 2013	5 Jul 2013	Yes	Yes	
Iceland	TIEA	1 Dec 2011	not yet in force	Yes	Yes	
India	DTC	24 Aug 1982	11 Jun 1985	Yes	No	
Italy	DTC	9 Mar 1990	28 Apr 1995	Yes	Yes	
Kenya	DTC	7 May 2012	not yet in force	Yes	Yes	
Kuwait	DTC	24 Mar 1997	1 Sep 1998	Unreviewed	No	
Lesotho	DTC	29 Aug 1997	9 Sep 2004	Unreviewed	No	
Luxembourg	DTC	15 Feb 1995	12 Sep 1996	No	No	
Madagascar	DTC	30 Aug 1994	4 Dec 1995	Unreviewed	No	
Malaysia	DTC	23 Aug 1992	19 Aug 1993	No	No	
Monaco	DTC	13 Apr 2013	8 Aug 2013	Unreviewed	Yes	
Mozambique	DTC	14 Feb 1997	8 May 1999	Unreviewed	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Namibia	DTC	4 Mar 1995	25 Jul 1996	Unreviewed	No	
Nepal	DTC	3 Aug 1999	11 Nov 1999	Unreviewed	No	
Nigeria	DTC	10 Aug 2012	not yet in force	Yes	No	
Norway	TIEA	1 Dec 2011	18 May 2012	Yes	Yes	
Oman	DTC	30 Mar 1998	20 Jul 1998	Unreviewed	No	
Pakistan	DTC	3 Sep 1994	19 May 1995	Unreviewed	No	
Qatar	DTC	28 Jul 2008	28 Jul 2009	Yes	No	
Russian Federation	DTC	24 Aug 1995	not yet in force	Yes	No	
Rwanda	DTC	30 Jul 2001	14 Apr 2003	Unreviewed	No	
Senegal	DTC	17 Apr 2002	15 Sep 2004	Unreviewed	No	
Seychelles	DTC	11 Mar 2005	22 Jun 2005	Yes	No	
Seychelles	DTC Protocol	3 Mar 2011	not yet in force	Yes	Yes	
Singapore	DTC	19 Aug 1995	7 Jun 1996	No	No	
South Africa	DTC	5 Jul 1996	20 Jun 1997	Yes	No	
Sri Lanka	DTC	12 Mar 1996	2 May 1997	Unreviewed	No	
Swaziland	DTC	29 Jun 1994	8 Nov 1994	Unreviewed	No	
Sweden	DTC	1 Dec 2011	31 Dec 2012	Yes	Yes	
Thailand	DTC	1 Oct 1997	10 Jun 1998	Unreviewed	No	
Tunisia	DTC	12 Feb 2008	28 Oct 2008	Unreviewed	No	
Uganda	DTC	19 Sep 2003	21 Jul 2004	Unreviewed	No	
United Arab Emirates	DTC	18 Sep 2006	31 Jul 2007	Yes	No	
United Kingdom	DTC	11 Feb 1981	26 Oct 1987	Yes	Yes	
Zambia	DTC	26 Jan 2011	4 Jun 2012	Unreviewed	No	
Zimbabwe	DTC	6 Mar 1992	5 Nov 1992	Unreviewed	No	

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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