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# The Platform State

Mauritius as a Trusted, Neutral and Stable Hub in a Volatile Indian Ocean —  
Opportunity, Exposure and the Domestic Conditions for Strategic Resilience



Friday, 24 April 2026

Dear Reader,

We are pleased to share with you our strategic study, *The Platform State: Mauritius as a Trusted, Neutral and Stable Hub in a Volatile Indian Ocean — Opportunity, Exposure and the Domestic Conditions for Strategic Resilience*. We believe the report matters now because Mauritius is entering a more demanding operating environment: the Indian Ocean is becoming more central to trade, energy, data and strategic competition at precisely the moment when its main corridors are becoming less predictable. In this corridor age, the relevant question for Mauritius is no longer simply how to grow, but how to remain orderly, credible and useful while the region around it becomes more expensive, more insured, more contested and less forgiving.

The study is written for senior public officials, regulators, central-bank and treasury leaders, corporate executives, port and logistics operators, financial institutions, tourism leaders and strategic planners whose decisions now sit at the intersection of external volatility and domestic stability. Its purpose is not to dramatise risk or to inflate Mauritius' strategic importance. On the contrary, the paper starts from a sober proposition: Mauritius is unlikely to face direct military destabilisation, but it is increasingly exposed to second-order instability through fuel, freight, insurance, food, exchange rates, aviation and confidence. For a small open economy, that distinction is not semantic. A country may be far from the gunfire and still close to the invoice.

We have constructed the report as an integrated piece of decision support rather than a narrow forecast. It combines geopolitical analysis, political economy, balance-of-payments exposure, currency and energy-security logic, sectoral assessment and policy design. It relies on public data, institutional reporting and market-relevant indicators, and it keeps a clear discipline between facts, assumptions, inferences and scenarios. The aim is not to guess the future with false precision. It is to help decision-makers think more clearly about transmission channels, trade-offs, sequencing and institutional ownership before external stress becomes domestic disorder.

Several themes run through the study. The first is that Mauritius is not a chokepoint, but a platform candidate: a stable, rules-based jurisdiction inside a maritime system whose economic importance is rising even as its security reliability declines. That distinction matters. The island does not control Hormuz, Suez, Malacca or the Cape route. Its value lies elsewhere: in legal credibility, financial and professional services, political moderation, tourism reputation, diplomatic restraint and the capacity to reduce friction for others in a more volatile region.

The second is that any credible platform strategy begins at home. Cost-of-living stability is not treated in the report as a social footnote; it is treated as a strategic variable. Imported energy dependence, food-import exposure, freight and insurance costs, currency sensitivity and the psychology of household fairness all shape whether Mauritius can preserve the composure it hopes to sell abroad. A distressed Mauritius cannot convincingly market itself as a calm operating room for the Indian Ocean.

The third is that the opportunity is real, but only under conditions of discipline. The report identifies scope for Mauritius to monetise stability through finance, law, arbitration, compliance, insurance and political-risk structuring, maritime and port-adjacent services, energy-risk advisory, blue-economy governance, cyber and data resilience, and diplomatic convening. But it is careful on one point: this is not



a branding exercise. Trust is not a slogan. It is the market's belief that rules will remain predictable, compliance serious, public finances credible, and institutions competent when pressure rises.

The fourth is that neutrality must be handled as a service standard, not as theatre. Mauritius does not need to become anti-Western, anti-China, anti-India or theatrically non-aligned. It needs to remain lawful, predictable, commercially credible and regionally useful. The Chagos–Diego Garcia question makes this more delicate, not less. The study therefore treats sovereignty, security and justice together, and argues for a serious institutional governance unit rather than improvised handling of a file that is legally significant, strategically sensitive and morally exposed.

The fifth is that sequencing is everything. The study's practical conclusion is simple enough to remember and difficult enough to implement: protect the home base, then monetise stability. That means safeguarding fuel and food continuity, preserving reserve and fiscal credibility, avoiding opaque pricing and indiscriminate subsidies, strengthening public communication, and only then pushing more assertively into higher-value platform services.

We hope you will read the report in that spirit: not as a descriptive document to be acknowledged and shelved, but as a working tool for cross-institutional discussion. Its usefulness will depend on whether ministries, regulators, central-bank and treasury teams, port and logistics operators, financial institutions and private-sector leaders are prepared to use it as a common frame for practical choices under pressure.

Thank you for your attention. This study is not an exercise in predicting the future. It is an attempt to govern more precisely under uncertainty. We offer it as a contribution to the shared task of keeping Mauritius a useful island in a harder Indian Ocean environment.

*Bramston & Associates*



# Executive Summary



This study argues that Mauritius is entering a more demanding strategic environment in which geography matters more, but not in the old way. The Indian Ocean is becoming more central to global trade, energy flows, shipping, data traffic and geopolitical signalling at the same time as its main corridors are becoming less predictable. Mauritius is not at the centre of those conflicts. It is, however, increasingly at the centre of their consequences. That is the strategic problem the study addresses.

## Core paradox and central question

The study describes the present period as the **corridor age**. That phrase is not meant as fashionable shorthand. It captures a harder reality: the world economy is becoming more dependent on Indian Ocean routes while becoming less confident in their security and reliability. Hormuz remains central to Gulf energy, Bab el-Mandeb and Suez shape Europe–Asia trade, Malacca remains the Asian absorption corridor, the Cape of Good Hope is the relief route when northern passages are distrusted, the Black Sea continues to affect grain, fertiliser and energy risk, and undersea cables carry the digital traffic on which payments, bookings, cloud services and finance depend. The old assumption that these are separate theatres is no longer convincing. Markets increasingly price them together. Mauritius is not a chokepoint in the sense that Singapore, Suez or Hormuz are chokepoints. It does not control a narrow passage through which the system must pass. Its opportunity lies elsewhere. It is a stable, neutral and institutionally credible jurisdiction situated inside an increasingly unstable corridor. That is why the study treats Mauritius not as a route controller but as a **platform candidate**. The 2025 Chagos–Diego Garcia agreement sharpens this position. It increases Mauritius’ strategic relevance by adding sovereign legitimacy and geopolitical visibility, but it also increases sensitivity by tying the island more directly to a U.S.–UK security reality that it does not fully control. The study’s central question is therefore deliberately narrow and practical: **can Mauritius become a trusted platform of the Indian Ocean age without being weakened by the domestic consequences of that same unstable corridor?** In plainer terms, can the country monetise trust, continuity and neutrality while protecting itself from imported inflation, shipping disruption, currency stress and cost-of-living pressure? That question runs through the whole report.

## External system: the Indian Ocean as a stressed connector

The Indian Ocean is treated in the study not as a passive sea space, but as a connected geopolitical-economic system. Gulf energy, Asian manufacturing, African resources, European consumption, maritime insurance, logistics contracts, naval presence, digital connectivity and climate exposure are all threaded through the same corridor. The key point is not only that these routes matter. It is that they now matter under conditions of heightened fragility. Disruption in one part of the system increasingly affects the others. A warning in Hormuz, an attack in the Red Sea, higher insurance rates in London, congestion near Singapore, a strike on Black Sea energy infrastructure or a cable cut can all reach small open economies as higher cost, longer delivery times, weaker schedule reliability and tighter policy room.

For a small island, corridor stress arrives through mechanisms rather than headlines. Shipping rerouting lengthens voyage times and increases bunker consumption. Higher war-risk premia increase freight costs even when routes are formally open. Fuel and fertiliser prices feed into electricity, transport and food. Freight rates and schedule reliability affect inventory, working capital and price formation. Undersea-cable disruption affects bookings, payment systems, cloud services and operational continuity. The study's analytical shift is to treat these not as separate sectoral issues but as one transmission chain. Mauritius does not need to be near a chokepoint to pay its premium. It is enough to be connected to the system that uses it.

## Mauritius' strategic position: assets and exposures

Mauritius' strategic value lies in what the study calls **institutional geography**. Its assets are not coercive. They are legal, financial, political and reputational. The island offers political stability, a comparatively credible legal system, a functioning financial-services base, a tourism brand with international familiarity, a large maritime jurisdiction relative to land size, diplomatic moderation, and a reputation as a compliant and rules-based jurisdiction. It also offers something that is becoming more valuable in a volatile corridor: a jurisdiction that can plausibly present itself as orderly, solvent, predictable and usable. In that sense, Mauritius' comparative advantage is not control. It is composure.

The study is equally clear about the country's vulnerabilities. Mauritius remains heavily dependent on imported energy, including petroleum products and coal. It is materially exposed to food imports. It carries an external current-account deficit, a high public-debt burden and limited fiscal space for indiscriminate cushioning. Tourism is an asset, but also a concentration risk through airlift, European household demand and fuel-sensitive long-haul travel. The household economy is especially vulnerable because food, transport and utilities absorb large shares of consumption. Small and medium-sized enterprises face similar pressure through diesel, freight, inventory and financing costs. None of this makes Mauritius fragile by default. It does mean that the island's stability premium rests on a narrower domestic base than diplomatic language sometimes suggests. One of the study's most important judgements is that **stability is not a natural resource**. It is not guaranteed by past performance, island geography or pleasant reputation. It is a discipline. It depends on policy competence, institutional continuity, social fairness, macro-financial credibility and public communication. It can be weakened not only by large shocks, but by smaller policy mistakes: opaque pricing, improvised subsidies, poor communication, reputational shortcuts, institutional drift and perceived unfairness. The report repeatedly warns against confusing visibility with control or reputation with permanence.

## Domestic exposure and macro-financial resilience

The study's domestic chapters are blunt. Mauritius' main vulnerability is not invasion or direct military spillover. It is imported cost pressure entering the domestic economy through fuel, electricity, food, freight, insurance, exchange rates and expectations. External shocks become domestic policy through the petrol station, the supermarket, the electricity tariff, the bus fare, the freight invoice, the hotel booking engine and the foreign-exchange counter. A country can be far from the gunfire and still close to the invoice.

The strongest message of the cost-of-living analysis is that **cost-of-living instability is Mauritius' real security vulnerability**. The risk is not merely statistical inflation. It is the loss of domestic composure when households and firms feel that the burden is unfair, opaque or badly managed. Households react not only to the level of prices, but to the credibility of the explanation. A price increase that is clearly communicated, visibly shared and narrowly targeted is politically different from one that appears opaque, arbitrary or cushioned for some and not others. In that sense, social trust is part of macroeconomic transmission. The study therefore treats household affordability and perceived fairness not as social footnotes, but as strategic variables.

The macro-financial picture is mixed rather than weak. Mauritius has genuine buffers: a reserve stock that remains large by import-cover standards, a functioning banking sector, a diversified services economy and institutional machinery capable of acting under stress. But it also has clear constraints: a structurally sensitive current account, high public debt, limited fiscal room for broad subsidies, dependence on imported energy and food, and a currency exposed to hard-currency pricing of fuel, freight and commodities. The study's conclusion is not that Mauritius lacks resilience. It is that resilience must be husbanded carefully. Reserves are a buffer, not a substitute for discipline. Banks can absorb stress, but they cannot neutralise external cost shocks. Subsidies can cushion pain, but only within fiscal limits.

## Platform opportunity: monetising stability and neutrality

The study uses the term **platform state** in a very specific sense. It does not mean a state projecting power. It means a state that becomes useful to others because it offers trust, legal certainty, neutral convening and high-integrity services. A platform state reduces friction in a region where friction is rising. It helps others structure transactions, settle disputes, route capital, insure risk, manage compliance, price uncertainty and meet without theatrical alignment. It sells usefulness, not volume of opinion.

On that definition, Mauritius has several realistic opportunities. The study identifies financial and legal services, arbitration and dispute resolution, insurance and political-risk structuring, maritime and port-adjacent services, energy-risk advisory, blue-economy governance, cyber and data resilience, and diplomatic convening as the main areas where instability elsewhere increases the value of trust locally. The opportunity is not to imitate Singapore's scale or Dubai's profile. It is to specialise in higher-trust, higher-margin functions that become more valuable when the wider corridor becomes noisier.

A crucial condition runs through all of these opportunities: neutrality must be treated as a **service standard**. The study rejects both equidistance theatre and disguised alignment. Neutrality, in this framework, means lawful, predictable, sanctions-aware, commercially clean, non-belligerent and regionally useful conduct. It is not a moral pose. It is an operating discipline. That is what allows Mauritius to be open to multiple partners while remaining trusted by serious clients and counterparties.

## Strategic neutrality and Diego Garcia

The study treats Chagos and Diego Garcia with unusual seriousness because the issue sits at the junction of sovereignty, security and justice. The Chagos settlement offers a sovereignty dividend: legal legitimacy, national dignity and diplomatic weight. But it also creates a security constraint because Diego Garcia remains a major U.S.–UK military facility, and the treaty architecture preserves that operational reality over a very long horizon. The report is clear that this cannot be handled as either a sentimental decolonisation slogan or a narrow base-access matter. It is both, and more besides.

The study adds a second layer that is often mishandled in political debate: justice for Chagossians. A sovereignty settlement that weakens the moral position of the Chagossians would, in the report's phrasing, give Mauritius a flag while taking away some of its argument. That is why the study recommends a serious governance unit rather than ad hoc politics: a Chagos–Diego Garcia Strategic Governance Unit with legal, diplomatic, environmental, security-liaison, Chagossian-affairs and economic expertise. The issue is too large, too technical and too exposed to great-power misreading to be managed through improvisation.

The same disciplined approach shapes the neutrality doctrine. Mauritius should maintain constructive relations with India, China, France, the United Kingdom, the United States, Gulf actors and African partners without trying to look larger than it is. The study explicitly warns against anti-Western, anti-China, anti-India or theatrically non-aligned postures. Mauritius' role is not to become a loud strategic actor, but a useful one. That means functional pluralism: work with different partners for different reasons while preserving legal consistency, sanctions discipline and diplomatic restraint.

## Scenario range and stress-test logic

The study's scenario work is designed to replace single-point forecasting with trigger-based discipline. It does not ask Mauritian policymakers to bet on one future. It tests the country across three horizons: five weeks, six months and three years. The five-week horizon focuses on operational stress: Hormuz instability, Red Sea fragility, shipping insurance, oil, jet fuel, freight and immediate domestic pass-through. The six-month horizon focuses on contract and balance-sheet effects: freight clauses, tourism pricing, food inflation, rupee pressure, subsidy costs and margin compression. The three-year horizon focuses on structural change: a more militarised Indian Ocean corridor in which Diego Garcia, India-China competition, Gulf rebalancing, East Africa, Malacca and Suez all matter more to Mauritius' operating environment.

These scenarios are not narrative exercises. They are stress tests. They test the country's energy-import dependence, foreign-exchange reserves, current-account sensitivity, tourism exposure, cost-of-living stability and domestic confidence under different combinations of corridor normalisation, prolonged expensive stability and renewed disruption. The study's own judgement is that the five-week base case is expensive stability under operational stress; the six-month base case is price and margin transmission; and the three-year opportunity is a platform dividend, but only if domestic composure and strategic discipline are maintained. The study's most important scenario warning is that **expensive stability and domestic distress are not opposites**. The first can become the second through policy error.

## Policy architecture: protect the home base, then monetise stability

The study's core strategic judgement can be stated plainly: **Mauritius must first protect domestic composure, then deliberately monetise stability.** The sequence matters. Cost of living, fuel and food security, foreign-exchange buffers, fiscal credibility and social cohesion are not side issues to platform strategy. They are its preconditions. Only a Mauritius that remains domestically orderly can credibly market itself as a trusted legal, financial and diplomatic platform in the Indian Ocean.

The policy architecture is grouped around five broad areas. First, a **cost-of-living and social-stability shield**: targeted support for public transport, essential logistics, low-income households and food distribution, alongside transparent pricing and better landed-cost visibility. Secondly, **macro-financial resilience**: preserve reserves for orderly markets and essential imports, protect the credibility of the rupee, and avoid treating exchange-rate policy as political theatre. Thirdly, **energy and**

**supply security**: accelerate renewables, storage, efficiency and strategic fuel planning, while treating energy transition as national security rather than decorative climate policy. Fourthly, **strategic neutrality and Diego Garcia governance**: codify a neutrality doctrine, institutionalise Chagos management, and treat sovereignty, security and justice as linked rather than separate files. Fifthly, **platform-economy development**: build arbitration, compliance, risk finance, maritime services, blue-economy governance, cyber resilience and Indian Ocean convening capacity.

The report is unusually explicit about what it rejects. Universal subsidies, opaque pricing, improvised smoothing, reputational shortcuts and performative geopolitics are identified as risks, not solutions. The preferred tools are targeted support, transparent communication, macro-financial discipline, institutional clarity and credible sequencing. Mauritius, in other words, should not try to buy stability by hiding arithmetic. It should protect stability by managing it honestly.

### Closing message

The final judgement of the study is restrained but unmistakable. Mauritius is unlikely to become unstable because of direct military spillover. That is not the main risk. The more relevant danger is quieter and more dangerous: imported inflation, subsidy errors, currency pressure, social frustration and a failure to convert strategic geography into disciplined economic policy. Mauritius should therefore not seek to be a loud strategic actor, but a useful one. Its comparative advantage is credibility under pressure. Cabinet should treat that credibility as a national asset to be protected through domestic discipline. Regulators should treat it as a trust premium that depends on compliance, not slogans. Boards should treat it as an economic opportunity that can only be sold abroad if it is preserved at home. That is what "selling stability" means in practice.

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## Core thesis of the study

Mauritius sits inside a paradox. The Indian Ocean is becoming more central to global trade, energy, security and financial flows, while also becoming more unstable. The region now contains the world's most sensitive maritime risk chain: Hormuz, Bab el-Mandeb, the Red Sea, Suez, the Cape route, Malacca, the Gulf energy system, East African approaches, and the Chagos–Diego Garcia strategic node.

The EIA identifies Hormuz and Malacca as the world's two most important oil transit chokepoints by volume, and notes that chokepoint disruptions can add thousands of miles to alternative routes and affect oil and gas prices. This means Mauritius is not peripheral. It is not a chokepoint in the Singapore or Suez sense, but it is a **stable island platform inside an unstable corridor**.

The 2025 UK–Mauritius Chagos agreement sharpened this reality. The agreement states that Mauritius is sovereign over the Chagos Archipelago, including Diego Garcia, while authorising the United Kingdom to exercise the rights needed for the long-term secure operation of the base; the UK may also authorise the United States to operate the base jointly. That gives Mauritius a rare position: sovereign legitimacy, strategic proximity, diplomatic sensitivity and reputational leverage — but also exposure to great-power attention.

The opportunity is real. Mauritius can position itself as a neutral platform for Indian Ocean finance, arbitration, maritime services, insurance, compliance, energy-risk management, blue economy governance, diplomatic convening, cyber/data services, and regional resilience planning.

The danger is also real. Mauritius' imported-energy dependency, cost-of-living exposure and fiscal constraints could turn external geopolitical volatility into internal social pressure. In 2024, 90.9% of Mauritius' primary energy requirement came from imported fossil fuels, including petroleum products and coal. The IMF also notes that Mauritius faces downside risks from global uncertainty, higher fuel and food prices, high public debt, structural constraints and external-account sensitivity.

So the study's core question should be:

Can Mauritius become the trusted platform of the Indian Ocean age without being weakened by the domestic consequences of that same unstable corridor?

## Preface / Acknowledgements

This paper is written for senior public officials, corporate executives, financial institutions, port and logistics operators, tourism leaders, strategic planners and other decision-makers whose responsibilities now extend beyond the ordinary management of a small open economy. Its purpose is not to dramatise risk, nor to turn Mauritius into a theatre of imagined danger. Mauritius is not facing imminent direct destabilisation in the military or security sense. It is not a frontline state, a belligerent, or a natural target in the present maritime tensions. That distinction matters.

Yet it would be equally mistaken to conclude that Mauritius is insulated. The Indian Ocean is becoming more central to the international economy at precisely the moment when its principal corridors are becoming less predictable. Hormuz, the Red Sea, Suez, the Cape route, Malacca, Diego Garcia and the wider Indo-Pacific security architecture are no longer distant items of diplomatic interest. They are increasingly part of the operating environment of Mauritian households, firms, banks, hotels, importers and public institutions.

The argument of this study is therefore deliberately sober. Mauritius is exposed not primarily to direct conflict, but to **second-order instability**: higher fuel prices, uncertain shipping schedules, rising insurance premia, tighter freight conditions, food-import pressures, currency volatility, aviation risk, fiscal strain and shifts in domestic confidence. These are less spectacular than military escalation, but they are often more relevant to the stability of a small island economy. A country may be far from the gunfire and still close to the invoice.

This paper treats Mauritius as a potential **trusted, neutral and stable platform in a volatile corridor**. That is both an opportunity and a constraint. Stability is becoming an economic asset in the Indian Ocean. Rule of law, institutional credibility, financial sophistication, diplomatic restraint, maritime awareness and social cohesion can be converted into strategic value. But that conversion is only possible if the home base remains steady. A Mauritius distressed by cost-of-living pressure, weak

communication, improvised subsidies, avoidable currency stress or policy inconsistency would find it harder to offer stability to others. The first requirement of a platform state is not ambition. It is composure.

The study is intended to support practical decision-making. It does not assume that Mauritius can control the great-power rivalries, energy politics or maritime disruptions now shaping the Indian Ocean. It assumes something more modest, and more useful: that Mauritius can control its preparedness, its policy sequencing, its institutional discipline and the way it presents itself to the region. The issue is not whether Mauritius can dominate events. It cannot. The issue is whether it can reduce avoidable vulnerability and monetise credibility in a world where credibility is becoming scarce.

The paper draws on public data, institutional reporting and market-relevant indicators from Mauritian authorities, international organisations and reputable sectoral sources. It is also informed by the practical logic of small-state economics: import dependence, balance-of-payments exposure, fuel-price pass-through, tourism sensitivity, foreign-exchange management and the political economy of household affordability. Where uncertainty exists, it is stated plainly. False precision is a poor substitute for judgement.

Acknowledgement is due to the institutions whose published work allows serious analysis to be conducted: Statistics Mauritius, the Bank of Mauritius, the State Trading Corporation, the Central Electricity Board, the Mauritius Ports Authority, the Ministry responsible for energy and public utilities, the International Monetary Fund, the World Bank, the International Energy Agency, the U.S. Energy Information Administration, UNCTAD and other specialised bodies monitoring trade, shipping, energy and macro-financial developments. Their data do not remove uncertainty, but they prevent conjecture from becoming policy.

The intended spirit of this paper is institutional rather than partisan. It is written for readers who

must make choices under pressure: whether to cushion or pass through prices; whether to preserve reserves or smooth currency volatility; whether to subsidise broadly or target support; whether to treat energy transition as climate policy or as national security; whether to speak loudly in geopolitical forums or quietly build trust as a convening jurisdiction. These choices are not abstract. They will shape Mauritius' resilience in the next shock as much as in the present one.

The central proposition is simple. Mauritius is unlikely to be destabilised by direct conflict in the Indian Ocean. It could, however, be weakened by the domestic mismanagement of the economic consequences of that conflict. Conversely, if it protects social stability, preserves macro-financial credibility and deepens its reputation for neutrality and competence, Mauritius can turn a difficult regional environment into a strategic opening.

**In a volatile corridor, stability is not a passive condition. It is a discipline.**

## Methodological Note

This report adopts an integrated method because the subject itself is integrated. Mauritius' strategic position in the Indian Ocean cannot be understood through geopolitics alone, nor through macroeconomics alone, nor through a narrow sectoral reading of fuel, tourism, shipping or financial services. The country's exposure sits at the intersection of maritime security, energy flows, imported inflation, currency management, domestic confidence, institutional credibility and regional positioning. A single-discipline analysis would therefore be tidy, but misleading.

The approach combines seven analytical lenses.

First, it uses **geopolitical analysis** to map the external environment in which Mauritius now operates. This includes the strategic importance of the Indian Ocean, the relevance of Hormuz, Bab el-Mandeb, the Red Sea, Suez, Malacca, the Cape route, Diego Garcia and the wider Indo-Pacific security architecture. The aim is not to inflate Mauritius' importance, but to locate the country accurately within a more contested maritime system. Mauritius does not control the main chokepoints. It is not a great power. Its value lies elsewhere: in stability, jurisdictional credibility, neutrality, regional access and institutional trust.

Second, the report applies **political economy** to examine how external shocks are transmitted into domestic pressures. Energy prices, food costs, freight rates and insurance premia are not merely market indicators. In a small island economy, they become political facts. They affect household confidence, wage expectations, subsidy demands, business margins and the perceived competence of government. The report therefore treats cost-of-living pressure not as a social afterthought, but as a core strategic variable.

Third, it uses **balance-of-payments analysis** to assess Mauritius' external resilience. The country's imported energy and food dependence, its tourism receipts, its import bill, its foreign-exchange reserves and its current-account position are analysed as a

connected system. This is essential because Mauritius' ability to remain stable during corridor stress depends not only on whether goods arrive, but on whether they can be financed, priced and distributed without undermining confidence in the rupee or the fiscal position.

Fourth, the report incorporates **currency analysis**. The Mauritian rupee is treated as both a price signal and a confidence mechanism. Imported fuel, freight, food commodities and insurance are heavily exposed to hard-currency pricing, particularly the U.S. dollar. At the same time, tourism income is significantly linked to euro and sterling source markets. This creates a structural currency mismatch. The report therefore considers not only depreciation risk, but also the policy trade-off between exchange-rate smoothing, reserve preservation, inflation control and external competitiveness.

Fifth, the report uses **energy-security modelling** in a practical rather than theoretical sense. The analysis focuses on petroleum products, diesel, heavy fuel oil, aviation fuel, LPG, coal, electricity generation, stock cover, procurement risk, price pass-through and the Price Stabilisation Account. The purpose is to identify which energy inputs are systemically important, which are politically sensitive, and which would become binding constraints under stress. In this framework, diesel is not simply a transport fuel; it is part of the nervous system of the economy.

Sixth, the study includes **sectoral impact assessment**. It examines how corridor instability affects tourism, aviation, ports, logistics, food distribution, banking, insurance, construction, fisheries, manufacturing, utilities and households. Each sector is treated differently because each has a different exposure profile. Some sectors mainly suffer from higher costs. Others may gain from Mauritius' role as a trusted platform for finance, arbitration, compliance, maritime services, regional headquarters and strategic convening.

Seventh, the report concludes with **policy design**. The objective is not merely to describe vulnerability,

but to convert it into choices. The policy recommendations distinguish between immediate stabilisation, short-term cushioning and medium-term structural resilience. They also distinguish between what the state should do, what private firms should do, and what requires joint action. Particular attention is given to sequencing, because the right measure taken at the wrong time can become expensive theatre.

A central discipline of the report is the separation between **facts, assumptions, inferences and scenarios**.

**Facts** refer to verifiable information: official statistics, government publications, institutional reports, central-bank data, energy balances, trade figures, fuel-price notices, shipping data and established legal or diplomatic documents. Where possible, the report relies on primary sources such as Mauritian public institutions, international organisations and recognised energy or trade agencies.

**Assumptions** are stated working premises used to structure the analysis where the future is uncertain. For example, the report may assume that Indian Ocean corridor instability remains elevated over the next several months, or that Mauritius continues to rely heavily on imported petroleum products and coal during the immediate planning horizon. Assumptions are not presented as facts. They are operating conditions for judgement.

**Inferences** are reasoned conclusions drawn from facts and assumptions. For instance, if Mauritius imports most of its energy, if diesel prices rise, and if diesel is essential to logistics and public transport, then it is reasonable to infer that a sustained diesel shock would affect food distribution, transport costs and household pressure. Such conclusions are analytical, not speculative guesswork.

**Scenarios** are structured possibilities, not predictions dressed as certainty. The report uses scenarios to test how Mauritius would perform under different external conditions: commercial normalisation of key corridors, prolonged expensive stability, renewed disruption, or deeper domestic

distress. Each scenario is designed to identify triggers, vulnerabilities, policy options and early-warning indicators. The purpose is preparedness, not clairvoyance.

The report is therefore intentionally probabilistic. It does not claim to know exactly how the Hormuz crisis, Red Sea risk, Suez traffic, Malacca stress, Ukraine-related commodity disruptions or Diego Garcia diplomacy will evolve. It instead asks: **what would each plausible development mean for Mauritius, and what should the country do before the answer becomes obvious?**

This distinction is important. In strategic policy, waiting for certainty is often another way of choosing passivity. The better standard is not perfect foresight, but disciplined readiness.

The report also avoids two common errors.

The first error is **strategic exaggeration**. Mauritius should not imagine itself as controlling the Indian Ocean. It does not. It is not a military power, a maritime chokepoint or a great-power arbiter. Overstatement would weaken credibility. Mauritius' advantage is subtler: it can act as a trusted, neutral, stable platform in a region where trust, neutrality and stability are becoming scarcer.

The second error is **economic underestimation**. Because Mauritius is unlikely to face direct military destabilisation, there is a temptation to assume the country is safe. That would be wrong. For a small island economy, the most serious shocks often arrive through prices, shipping delays, insurance costs, exchange rates, food bills and domestic confidence. A country may be geographically distant from conflict and still economically close to it.

The analytical standard of the report is therefore restrained but alert. It seeks neither alarmism nor complacency. It treats Mauritius as a capable state with real assets, but also with real constraints. Its assets include political stability, legal credibility, financial infrastructure, tourism reputation, diplomatic moderation and Indian Ocean legitimacy. Its constraints include imported-energy dependence, food-import exposure, fiscal limits,

currency sensitivity, limited domestic scale and vulnerability to cost-of-living pressure.

The guiding question throughout is:

**How can Mauritius convert stability into strategic value without allowing external instability to become domestic fragility?**

That question gives the report its structure. It begins with the external corridor system, then examines Mauritius' exposure, then assesses macro-financial and sectoral consequences, then evaluates the

platform opportunity, and finally proposes policy architecture. The method is deliberately sequential: understand the world; understand the transmission channels; understand the domestic vulnerabilities; then design the response.

In short, this is not a forecast paper alone. It is a resilience and positioning paper. It asks how Mauritius should think, prepare and act in an Indian Ocean economy that is becoming more important, more contested and less forgiving.

# 1. The Central Question: Mauritius in the Corridor Age

## Opening thesis

Mauritius is not at the centre of the present conflicts. It is, however, increasingly at the centre of their consequences. That is the strategic problem.

The country remains, in formal terms, a small island economy of roughly 1.25 million people, with a 2024 gross domestic product of US\$14.94 billion and gross domestic product per capita of US\$11,990.8 [World Bank Data, Mauritius 2024]. ([World Bank Open Data](#)) Yet that description is becoming insufficient. Mauritius is also a stable jurisdiction inside a maritime system whose economic importance is rising and whose security reliability is declining. It is not a chokepoint like Singapore, Suez or Hormuz. It is not a naval power. It does not command the sea lanes. But it sits in the Indian Ocean at a time when the Indian Ocean is becoming the world's most consequential corridor of exposure.

The international economy is not simply “moving to the Indian Ocean”. That formulation is too neat. The more accurate and more dangerous proposition is that the world economy is becoming more dependent on Indian Ocean routes while losing confidence in the security of those routes. The

difference matters. A rising region creates opportunity. A rising but unstable corridor creates opportunity only for those countries that can sell trust, continuity, legal credibility and operational calm.

**Mauritius can be one of those countries. But only if it protects the home base.**

The central question of this study is therefore not whether Mauritius can become a great power. It cannot, and should not pretend otherwise. The question is whether Mauritius can become a **trusted, neutral and stable platform in a volatile corridor**, without allowing imported inflation, shipping disruption, currency stress, food-price pressure or policy errors to weaken domestic legitimacy. That is a more precise ambition — less glamorous than power, but more profitable.

**“Distance is no longer geography; it is geoeconomics.”**

— *Rebeca Grynspan, Secretary-General of United Nations Trade and Development, quoted in Reuters, September 2025. (Reuters)*

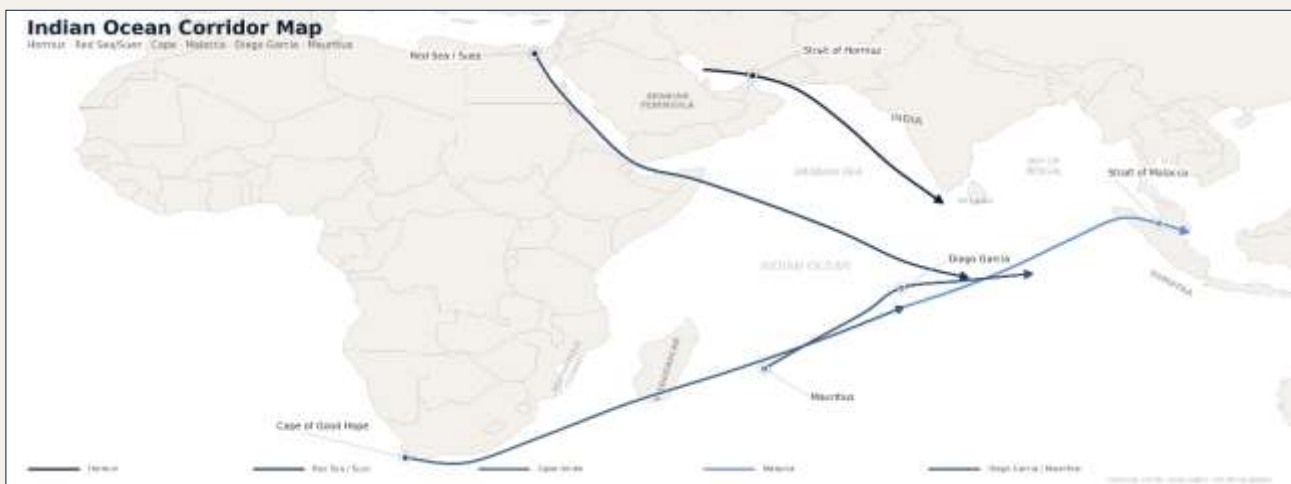


Figure 1 Indian Ocean Corridor Map

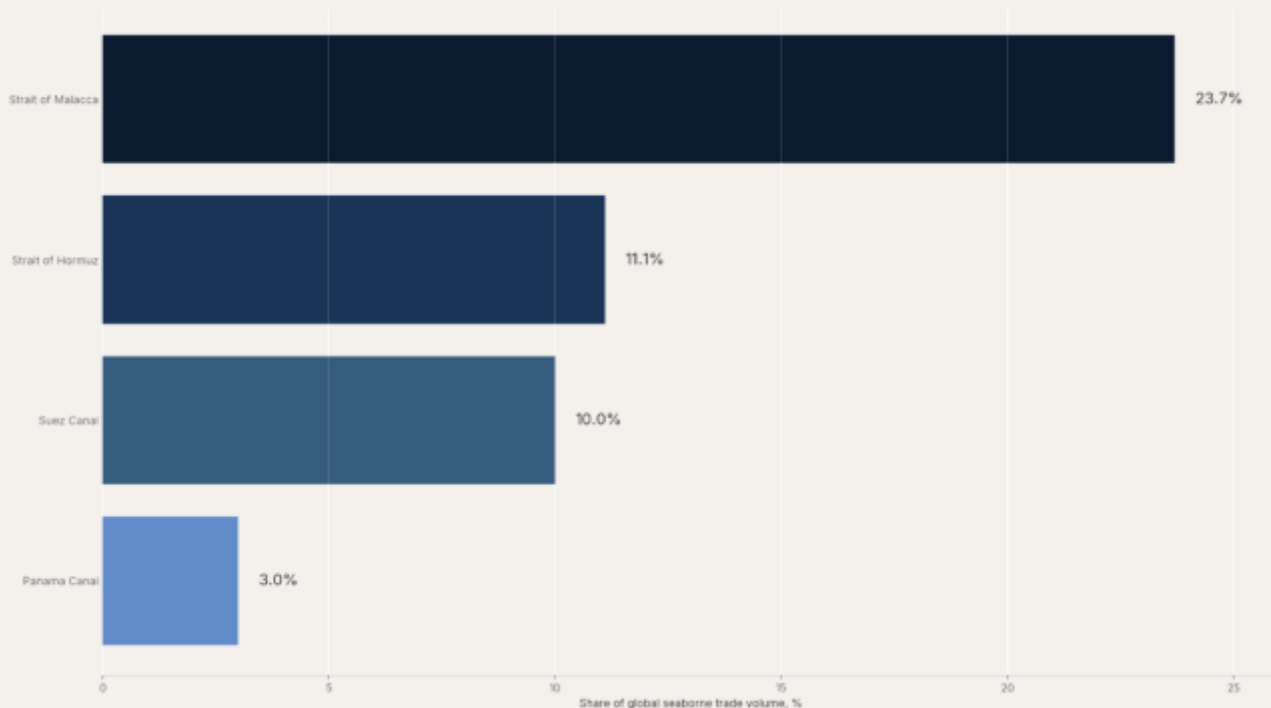


Figure 2 Share of global seaborne trade volume passing through selected maritime corridors.

Source: United Nations Trade and Development, *Review of Maritime Transport 2024*, Table I.8. The chart shows why the Indian Ocean system cannot be treated as peripheral: Malacca, Hormuz and Suez are not isolated routes, but parts of the same corridor architecture. (UN Trade and Development (UNCTAD))

## 1.1 The corridor age is not a slogan

The useful starting point is not geopolitics, but logistics. United Nations Trade and Development (UNCTAD) notes that maritime transport carries over 80% of goods traded worldwide by volume [UNCTAD Seaborne Trade Statistics 2025]. (UN Trade and Development (UNCTAD)) This is a brutal little statistic. It reminds us that globalisation, for all its digital language, still travels by ship.

The second fact is that the corridors carrying this trade are under pressure. In its *Review of Maritime Transport 2024*, UNCTAD warned that chokepoints such as Suez, Panama and the Red Sea are increasingly exposed to geopolitical tension, conflict and climate risk; it also noted that disruptions extend routes, strain supply chains, raise costs and hit vulnerable economies, especially Small Island Developing States and Least Developed Countries, hardest [UNCTAD Review of Maritime Transport 2024]. (UN Trade and Development (UNCTAD))

The 2025 update was even sharper. UNCTAD cut its 2025 maritime trade growth forecast to 0.5%, with containerised trade expected to grow by only 1.4%, and reported that average maritime haul distance increased from 4,831 miles in 2018 to 5,245 miles in

2024. That is not just a shipping statistic. It is a tax on trade, an inflation channel and a working-capital problem for import-dependent states [UNCTAD / Reuters, *Maritime Trade 2025*]. (Reuters)

Mauritius sits precisely in this world. It is not a large cargo origin, nor a dominant transshipment centre. But it is an Indian Ocean jurisdiction whose prosperity depends on the smooth functioning of fuel imports, aviation routes, tourism flows, food supply, shipping schedules, insurance markets and foreign-exchange liquidity. When maritime distance lengthens, Mauritius does not merely observe it. It pays for it.

There is an old temptation in small economies to treat such matters as “external shocks”, as though the phrase itself were a policy. It is not. An external shock becomes domestic policy through the fuel bill, the supermarket shelf, the electricity tariff, the hotel booking engine, the freight invoice and the exchange-rate screen. A country can be distant from the gunfire and still close to the invoice.

## 1.2 The Indian Ocean has become the connector under stress

The Indian Ocean connects four strategic systems.

First, it connects Gulf energy to Asia, Europe and Africa. The Strait of Hormuz remains the most important oil chokepoint in the world. The United States Energy Information Administration (EIA) estimates that oil flows through Hormuz averaged 20 million barrels per day in 2024, equivalent to about 20% of global petroleum liquids consumption. The EIA also states that Hormuz flows represented more than one-quarter of global seaborne oil trade and that around one-fifth of global liquefied natural gas trade also transited the strait, primarily from Qatar [EIA, Strait of Hormuz 2025]. ([U.S. Energy Information Administration](#))

Secondly, the Indian Ocean connects Asia to Europe through Bab el-Mandeb, the Red Sea and Suez. This corridor is no longer a simple canal equation. The EIA reported that oil trade through Bab el-Mandeb fell from 8.7 million barrels per day in 2023 to 4.0 million barrels per day in the first eight months of 2024, while flows around the Cape of Good Hope rose from 6.0 million barrels per day in 2023 to 9.2 million barrels per day over the same 2024 period [EIA, Red Sea 2024]. ([U.S. Energy Information Administration](#)) That is the corridor system visibly re-routing itself.

Thirdly, the Indian Ocean connects to East Asia through the Strait of Malacca. UNCTAD's 2024

chokepoint table places Malacca's share of global seaborne trade volume at 23.7% in 2023, far above Hormuz at 11.1%, Bab el-Mandeb at 8.7% and Suez at around 10% of global trade volume [UNCTAD Review of Maritime Transport 2024, Table I.8]. ([UN Trade and Development \(UNCTAD\)](#)) Malacca is not Mauritius' direct vulnerability in the same way as imported fuel, but it is a system amplifier. If Asian routing, bunkering, insurance or energy procurement tightens, the Indian Ocean does not remain calm simply because Port Louis is not Shanghai.

Fourthly, the Indian Ocean now sits against the background of the Ukraine war and Black Sea disruption. UNCTAD notes that maritime navigation in the Black Sea has been complicated by Russia's war in Ukraine, while Middle East conflict has pushed vessels around the Cape of Good Hope after Red Sea disruption [UNCTAD / Reuters, Maritime Trade 2025]. ([Reuters](#)) This matters because fuel, grain, fertiliser, freight, insurance and currency markets do not respect diplomatic compartments. A shock in the Gulf may be priced together with risk in the Red Sea, uncertainty in the Black Sea and congestion in Asia.

This is the "corridor age": not simply the rise of the Indian Ocean, but the fusion of trade corridors, energy chokepoints, naval signalling, insurance premia and domestic inflation.

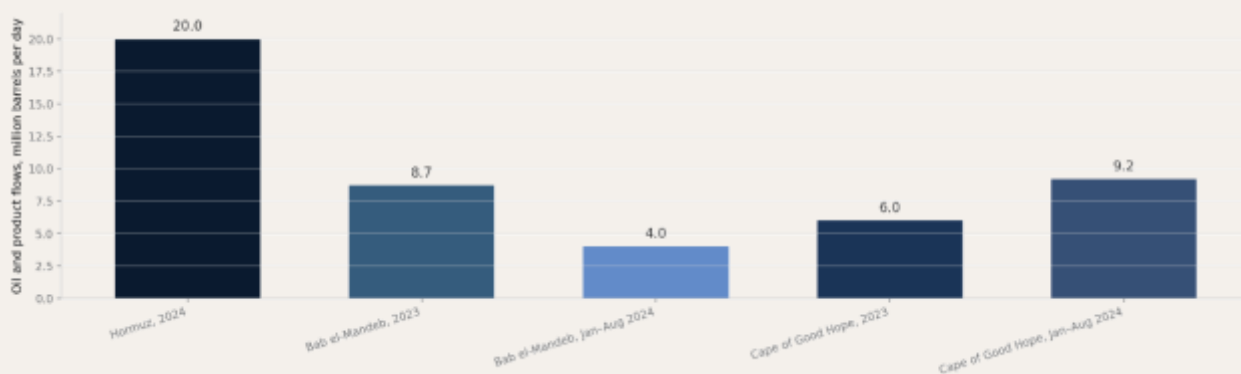


Figure 3 Oil and petroleum-product route stress: Hormuz, Bab El-Mandeb and the Cape rerouting effect.

Source: United States Energy Information Administration. Hormuz remains the dominant oil chokepoint, but the Red Sea shock has already shown how quickly flows move towards the Cape of Good Hope when commercial confidence collapses. ([U.S. Energy Information Administration](#))

### 1.3 Mauritius is not a chokepoint; it is a platform candidate

Mauritius should not overstate its strategic geography. It does not control Hormuz. It does not control Suez. It does not control Malacca. It is not Singapore. It is not Djibouti. It is not a naval gatekeeper. The country's opportunity lies elsewhere.

Mauritius' comparative advantage is institutional geography: rule of law, financial services, political moderation, bilingual and bicultural familiarity, tourism reputation, African and Asian connectivity, and a long record of functioning as an externally oriented economy. The Bertelsmann Transformation Index (BTI) 2026 describes Mauritius as a stable multiparty parliamentary democracy and records that, under French rule, the island developed as an important base for Indian Ocean trade and was described as “the star and the key of the Indian Ocean” [BTI Mauritius Country Report 2026]. [\(BTI 2026\)](#)

That historical phrase is worth keeping, but not romanticising. The old Indian Ocean economy used Mauritius as a relay. The new Indian Ocean economy may use Mauritius as a platform — if the country is disciplined enough to offer what the corridor lacks: trust.

A platform state is not a loud state. It is a useful one. It offers arbitration, banking, compliance, insurance, registry services, maritime intelligence, regional headquarters, diplomatic convening, private capital structuring, energy-risk advisory, blue-economy governance and high-integrity professional services. It does not need to control the route. It needs to be trusted by those using the route.

This is where Mauritius has a plausible opening. The same BTI report notes that Mauritius has built credibility as a reliable and safe jurisdiction for foreign investment, has implemented transparency and governance measures in the financial sector, and has been rated “Compliant” by the Global Forum on Transparency and Exchange of Information for Tax Purposes [BTI Mauritius Country Report 2026]. [\(BTI 2026\)](#) Its legal system also offers a hybrid of French and British traditions, with appeal routes to the Judicial Committee of the Privy Council, a feature

that still matters to international investors who prefer legal predictability to legal theatre [BTI Mauritius Country Report 2026]. [\(BTI 2026\)](#)

The opportunity, then, is not to sell Mauritius as a military node. That would be both implausible and dangerous. The opportunity is to sell Mauritius as a high-trust jurisdiction in a low-trust maritime region.

That is a more subtle proposition, but a better one.

## 1.4 But stability is not a natural resource

The danger is to assume that stability simply exists because Mauritius has had it before. It does not. Stability is a compound asset: part institution, part habit, part social contract, part balance sheet, part food price, part fuel price, part faith that tomorrow will not be absurd.

Mauritius’ macroeconomic position is respectable but not invulnerable. The International Monetary Fund (IMF) recorded real growth of 4.7% in 2024, after 5.0% in 2023, but also noted that the external current-account deficit widened to 6.5% of gross domestic product in 2024, largely because of higher imports and freight costs. Gross foreign reserves reached US\$8.5 billion by end-2024, almost twelve months of import cover, but public-sector debt was projected at around 88% of gross domestic product by end-June 2025 [IMF Article IV Mauritius 2025]. (IMF)

Those figures describe both strength and constraint. The reserves are a genuine buffer. The current-account deficit and public-debt burden are genuine limits. Mauritius can cushion shocks. It cannot smother them indefinitely.

The energy position is more exposed. In 2024, 90.9% of Mauritius’ primary energy requirement was

imported, including petroleum products at 61.1% and coal at 29.8%. Local sources accounted for only 9.1% [International Trade Administration, Mauritius Energy 2026]. (Trade.gov) The same source reports that in 2024 electricity generation was still 81.8% non-renewable and only 18.2% renewable. (Trade.gov) That is not a moral criticism; it is a balance-of-payments fact. Imported energy is imported vulnerability.

Tourism, meanwhile, is both a resilience asset and a concentration risk. Statistics Mauritius reported 1,436,250 tourist arrivals in 2025, up 3.9% from 2024, with air arrivals rising 4.7%. The usual main markets accounted for 68.4% of total arrivals: France alone supplied 337,502 visitors, followed by the United Kingdom at 154,990, Réunion at 145,029, Germany at 122,166 and South Africa at 110,287 [Statistics Mauritius, International Travel and Tourism 2025]. (Stats Mauritius)

This is a strong tourism base. It is also an exposure to European household confidence, aviation fuel costs, airline capacity and currency movements. A European long-haul tourist does not cancel a trip because of a shipping chart. He cancels it because the fare rises, the household budget tightens, or the mood turns sour. Markets often transmit geopolitics through psychology before they transmit it through accounting.

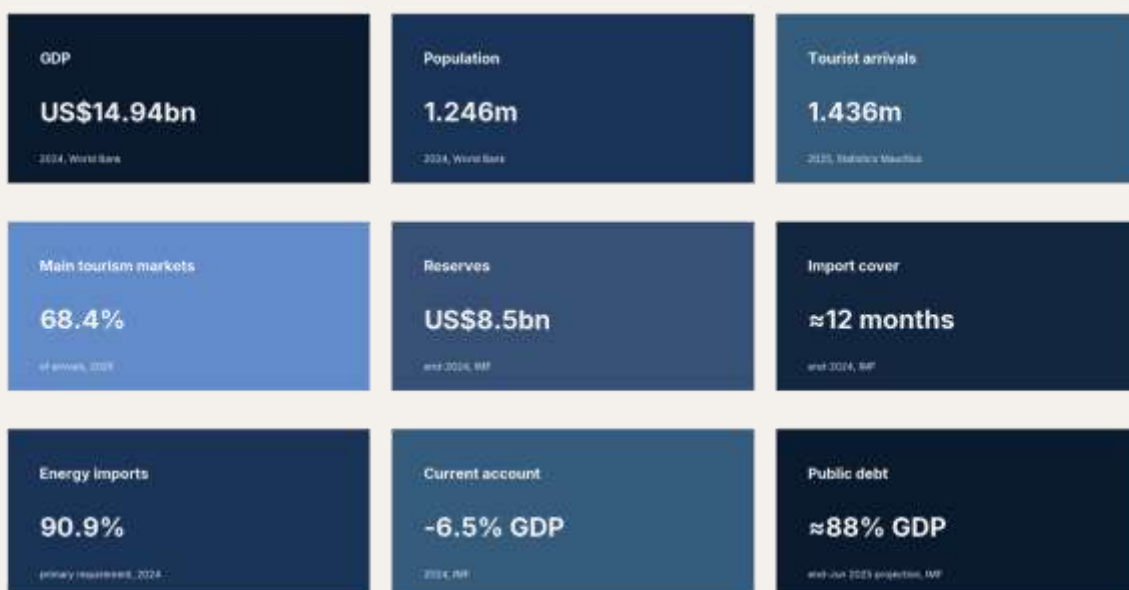


Figure 4 Mauritius’ platform assets and exposure indicators.

Source: World Bank, IMF, Statistics Mauritius and International Trade Administration. The dashboard shows the central duality of the Mauritius position: respectable macro-institutional buffers, but high exposure to imported energy, external demand and corridor-linked costs. (World Bank Open Data)



## 1.5 Diego Garcia makes the platform question more delicate

Diego Garcia is not a footnote. It changes the strategic temperature around Mauritius.

The Chagos question links sovereignty, law, decolonisation, military utility, United States–United Kingdom relations, Chagossian rights and Indian Ocean security. The UK–Mauritius agreement concerning the Chagos Archipelago, including Diego Garcia, was presented to the United Kingdom Parliament in May 2025 [UK Foreign, Commonwealth & Development Office, 2025]. ([GOV.UK](#)) The Office of the United Nations High Commissioner for Human Rights subsequently noted that the bilateral agreement signed on 22 May 2025 provided for the transfer of sovereignty over the Chagos Archipelago to Mauritius, but had not entered into force and remained pending domestic ratification [OHCHR, 2025]. ([OHCHR](#))

The strategic logic is plain. Diego Garcia is one of the most important U.S.–UK military facilities in the Indian Ocean. Reuters reported in April 2026 that Britain had put the Chagos sovereignty deal on hold after U.S. opposition, and that under the deal Britain would retain control of the strategically important Diego Garcia base under a 99-year lease preserving U.S. operations [Reuters, Chagos, April 2026]. ([Reuters](#))

For Mauritius, this creates a rare but uncomfortable equation. Sovereignty over Chagos, if finalised and managed well, strengthens national dignity, legal

standing and Indian Ocean relevance. But Diego Garcia also pulls Mauritius into the strategic imagination of larger powers. It is possible to possess sovereignty and still be constrained by security realities. Indeed, that is often what sovereignty means in a hard neighbourhood.

The policy question is therefore not whether Mauritius should “use” Diego Garcia in some crude bargaining sense. That would be foolish. The question is whether Mauritius can manage the Chagos–Diego Garcia file with enough legal seriousness, diplomatic restraint and domestic legitimacy that it becomes a sovereign asset rather than a strategic irritant.

There are at least three risks. The first is external: Mauritius may be seen by some actors as aligned with the U.S.–UK security architecture because of Diego Garcia, even if it maintains a broader neutral posture. The second is internal: the Chagossian rights question remains morally and politically sensitive, and OHCHR has raised concerns that the agreement may prevent return to Diego Garcia while allowing resettlement elsewhere in the archipelago [OHCHR, 2025]. ([OHCHR](#)) The third is reputational: if Mauritius overplays the sovereignty card, it may unsettle partners; if it underplays it, it may disappoint its own citizens and the Chagossian cause.

The correct posture is difficult but not impossible: legal clarity, diplomatic coolness, moral seriousness and no grandstanding. Mauritius should not try to sound like a naval power. It should behave like a serious jurisdiction.

## 1.6 The central vulnerability: price-taker under stress

The risk is not that Mauritius becomes directly destabilised by war in the Indian Ocean. That is a low-probability scenario. The more serious risk is second-order instability: imported inflation, fiscal strain, currency pressure, shipping delays, food-price stress and loss of domestic confidence.

The IMF has already identified the relevant risk family. Its 2025 Article IV consultation states that risks to Mauritius' outlook are on the downside and include global uncertainty, tariff wars, higher-than-anticipated fuel and food prices, and extreme climate shocks [IMF Article IV Mauritius 2025]. (IMF) That is almost a checklist for the present corridor age.

The economic danger is compounded because Mauritius' strengths are also transmission channels. Tourism brings foreign exchange, but depends on airlift and external household demand. Financial services bring jurisdictional value, but depend on reputation and compliance discipline. Imports sustain a high standard of living, but expose households to global freight and currency movements. Public transfers support social stability, but narrow fiscal room if used indiscriminately.

This is why the phrase "trusted platform" must not be confused with branding. Trust is not a logo. It is the market's belief that Mauritius will remain orderly, solvent, lawful, predictable and socially calm when the corridor around it becomes noisy.

BTI's 2026 country report is helpful precisely because it is not a postcard. It records Mauritius' political stability and institutional strengths, but also notes deterioration in freedom of expression and civil liberties during the review period, concerns from V-Dem about rapid autocratisation, and Afrobarometer evidence of low trust in several national institutions [BTI Mauritius Country Report 2026]. (BTI 2026) That nuance is essential. Mauritius is stable, but stability is not beyond maintenance. It can be eroded by complacency, arrogance, opaque policy and household economic distress.

This is the unpleasant but useful lesson: the country's external platform strategy begins at the supermarket, the petrol station, the bus stop and the exchange-rate counter. A jurisdiction cannot sell reliability abroad if citizens experience disorder at home.



## 1.7 Can Mauritius monetise stability?

Yes, but not automatically.

The opportunity is to turn neutrality and stability into economic services. In a more volatile Indian



Ocean, firms and states will require neutral venues, credible courts, arbitration facilities, compliance expertise, political-risk structuring, insurance and reinsurance services, maritime due-diligence support, sanctions-screening capability, family-office jurisdictional stability, energy-risk advisory, blue-economy governance, regional headquarters and trusted convening.

Mauritius already has part of the operating system for this. It has legal and financial infrastructure, an offshore and international financial centre, professional services, English-French legal-cultural familiarity, air links, a tourism reputation that supports executive convening, and a history of dealing with Africa, India, Europe and China without needing theatrical alignment.

But monetising stability requires three forms of discipline.

The first is **jurisdictional discipline**. Mauritius cannot afford reputational shortcuts. In a world of sanctions, beneficial-ownership scrutiny, tax transparency and geopolitical compliance, the platform state must be cleaner than its competitors. The old offshore game — if one may be slightly blunt — is over. The new game is substance, compliance, arbitration, asset protection with legitimacy, and risk structuring that survives scrutiny.

The second is **macro-financial discipline**. Foreign investors and regional actors will not treat Mauritius as a stability platform if fiscal policy is improvised, if subsidies become open-ended, if the rupee becomes a political ornament, or if public accounts lose credibility. The IMF's warning on rebuilding fiscal space is therefore not merely an accountant's note. It is strategic advice [IMF Article IV Mauritius 2025]. ([IMF](#))

The third is **domestic discipline**. Imported inflation must be cushioned selectively, not denied. The vulnerable should be protected. Essential services should be prioritised. But universal subsidies that benefit affluent consumption as much as vulnerable households are not social policy; they are political anaesthetic. They soothe briefly and leave the patient heavier.

Mauritius can monetise stability if it recognises that stability must first be funded, protected and governed.

## 1.8 Can neutrality remain credible under great-power pressure?

Neutrality is useful only if it is credible. Credibility, in turn, requires predictability.

Mauritius' strategic neighbourhood includes India, China, France, the United Kingdom, the United States, Gulf states, East Africa, South Africa, the Indian Ocean Commission, the Southern African Development Community and the broader Indo-Pacific security conversation. Diego Garcia brings the U.S.–UK security architecture directly into Mauritius' sovereignty debate. India's security and development role in the western Indian Ocean is material. China's economic weight is unavoidable. France is a resident Indian Ocean power through Réunion and Mayotte. The Gulf matters through energy, finance and aviation. Europe matters through tourism and regulation.

The mistake would be to define neutrality as equidistance. Equidistance is geometry, not foreign policy. Mauritius should instead define neutrality as a service standard: lawful, predictable, commercially open, sanctions-aware, non-belligerent, diplomatically restrained and available for serious business with all legitimate partners.

There will be pressure to choose sides more loudly. Mauritius should resist this where possible. Loud neutrality is usually just disguised alignment with better manners. The country's value lies in being trusted by multiple sides because it does not behave impulsively.

That does not mean moral emptiness. It means legalism, restraint and institutional consistency. Mauritius should support international law, freedom of navigation, peaceful dispute resolution and sovereign equality. But it should avoid becoming an amplifier of great-power slogans. Small states lose leverage when they rent out their voice too cheaply.

## 1.9 Can domestic legitimacy survive imported inflation?

This is the least glamorous and most important question.

A platform state cannot rest on external reputation alone. Domestic legitimacy is the keel. If fuel, food, transport and utility costs rise sharply while policy communication is poor, Mauritius' stability premium can narrow. Not collapse; narrow. Markets notice the difference before politicians do.

Cost-of-living stress is politically different from ordinary inflation. Ordinary inflation is statistical. Cost-of-living stress is intimate. It is the weekly argument over groceries, the bus fare, the school run, the electricity bill, the price of cooking gas, the decision to delay a repair, the small business owner paying suppliers before paying herself. It is not solved by telling people that the shock is imported. They know it is imported. They still live locally.

This creates a clear policy hierarchy. Mauritius should protect domestic legitimacy by cushioning essentials, communicating honestly, preserving fiscal credibility, avoiding indiscriminate subsidies and acting visibly on energy efficiency. Households will tolerate pain more readily if they believe the burden is shared, the numbers are honest and the state is not wasting money elsewhere.

There is a small behavioural truth here. People do not only react to price increases. They react to unfairness. A fuel shock can be endured. A fuel shock combined with opaque pricing, perceived profiteering, sloppy communication and visible waste becomes grievance.

The platform opportunity therefore depends on a domestic social contract. Mauritius' first export, in the corridor age, is not financial engineering. It is calm.

## 1.10 Can Diego Garcia be a sovereign asset without becoming a strategic liability?

It can, but only if handled with almost excessive seriousness.

The Chagos–Diego Garcia file has three layers: sovereignty, security and justice. Sovereignty concerns Mauritius’ territorial claim and decolonisation. Security concerns the continued operation of a major U.S.–UK base. Justice concerns Chagossian rights, return, compensation, dignity and cultural preservation. Weak handling of any one layer will contaminate the other two.

The practical answer is institutionalisation. Mauritius should not manage this file through ad hoc political statements or personality diplomacy. It needs a standing Chagos–Diego Garcia Strategic Governance Unit staffed by legal, diplomatic, environmental, security-liaison, Chagossian affairs, maritime and economic specialists. The unit should not be theatrical. It should be boringly competent. That is the highest compliment in sovereign risk management.

The objective should be clear: maximise Mauritian sovereignty and legitimacy while avoiding unnecessary strategic alarm. The country should neither behave as a passive recipient of a settlement nor as a reckless claimant indifferent to security realities. It should behave as the lawful sovereign it seeks to be recognised as: deliberate, composed and precise.

Diego Garcia should not define Mauritius. But it will increasingly affect how Mauritius is read by others. That is enough to require a doctrine.

## 1.11 The opening policy judgement

The strategic problem for Mauritius in the corridor age can be stated as a three-part equation.

First, the Indian Ocean is becoming more important to the international economy. Secondly, the routes that make it important are becoming less reliable. Thirdly, Mauritius has a rare chance to sell stability, neutrality and institutional trust, but only if domestic cost-of-living pressure and policy mistakes do not erode that stability from within.

This requires a change in policy imagination. Mauritius should stop thinking of itself merely as an economy seeking growth, and start thinking of itself as a jurisdiction selling continuity in a discontinuous region. That does not mean abandoning growth. It means recognising that future growth may come from the monetisation of trust: dispute resolution, financial services, compliance, energy-risk management, maritime services, regional convening, blue-economy governance and resilient tourism.

But the sequence matters. Protect the home base first. Then monetise stability.

A Mauritius distressed by fuel prices, food inflation, currency anxiety and erratic subsidies cannot credibly present itself as the calm operating room of the Indian Ocean. A Mauritius that manages those pressures with discipline can.

### The opening thesis therefore stands

Mauritius is not at the centre of the conflict — but it is increasingly at the centre of its consequences. Its opportunity is to sell stability to a region running short of it. Its first duty is to remain stable at home.



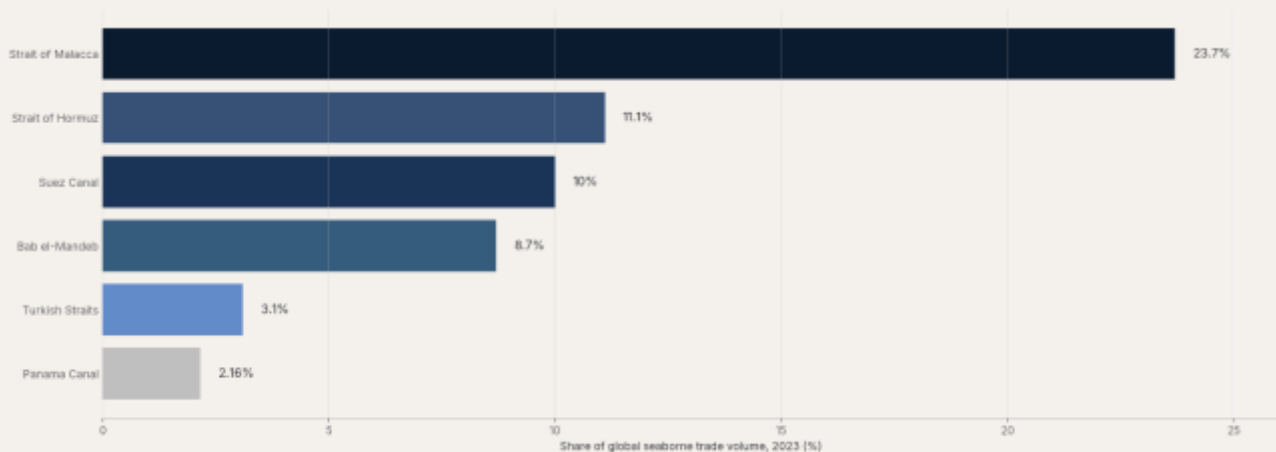
## 2. The Indian Ocean System: From Trade Route to Strategic Theatre

The Indian Ocean should no longer be described as a sea between more important places. That vocabulary belongs to another age. It is now a connected geopolitical-economic system: Gulf energy, Asian manufacturing, African resources, European consumption, submarine cables, naval power, food routes, insurance markets and global finance are all threaded through the same maritime space. Its instability is systemic because shocks no longer remain local. A missile warning off Yemen, a tanker insurance repricing in London, a drone strike on a Russian oil terminal, a congestion problem near Singapore, or a cable cut in the Red Sea can all arrive in small island economies as the same thing: higher cost, lower predictability and tighter policy room.

This is the core analytical shift. The Indian Ocean is not simply becoming more important. It is becoming more important while becoming less trusted. That is a more consequential proposition. Stable jurisdictions inside unstable corridors become valuable, but only if they understand the corridor as a whole. Mauritius’ opportunity depends on this understanding. Its danger is to read each disturbance separately — Hormuz as energy, Suez as shipping, Malacca as Asia, Ukraine as Europe, Diego Garcia as security — when the market increasingly prices them together.

**“Building sustainable and resilient maritime transport and future-proofing global supply chains is not just an option – it’s a strategic necessity.”**

— *Rebeca Grynspan, Secretary-General, United Nations Trade and Development [UNCTAD Review of Maritime Transport 2024]. (UN Trade and Development (UNCTAD))*



Source: UNCTAD, Review of Maritime Transport 2024, Table I.8.

Figure 5 Share of global seaborne trade volume passing through selected maritime corridors, 2023.

Source: United Nations Trade and Development, Review of Maritime Transport 2024, Table I.8. Malacca, Hormuz, Suez and Bab el-Mandeb together show why the Indian Ocean system should be treated as core infrastructure rather than maritime background. (UN Trade and Development (UNCTAD))

## 2.1 The Indo-Pacific shift and the relative decline of the Atlantic-only mental map

For much of the post-war period, international economic thinking retained an Atlantic bias. Financial power sat in New York and London, consumer demand in North America and Europe, and strategic attention moved between the North Atlantic, the Mediterranean and, later, the Pacific. That map is no longer wrong, but it is incomplete. The real economy has become more Indo-Pacific and more Indian Ocean-dependent, not because old centres have disappeared, but because the supply, energy and manufacturing circuits that sustain them now run through southern maritime arteries.

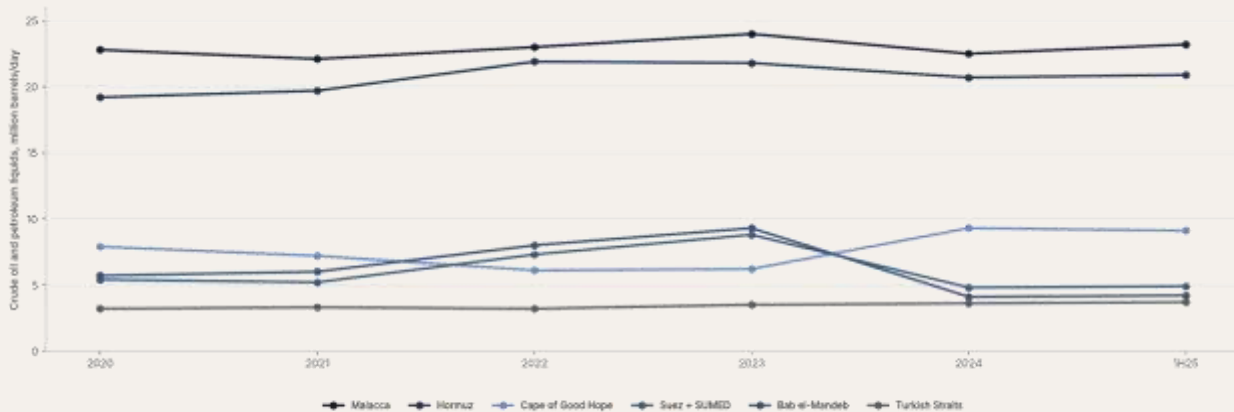
United Nations Trade and Development (UNCTAD) reminds us that over 80% of world trade volume is carried by sea. The same report warns that chokepoints such as Suez, the Red Sea and Panama are increasingly vulnerable to geopolitical tensions, conflict and climate shocks, with consequences for food security, energy supplies and the global economy [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#)) This matters because the Indian Ocean is where several of the most exposed corridors meet. Hormuz carries Gulf energy into the world system. Bab el-Mandeb and Suez connect Asia and Europe. Malacca links the Indian and Pacific Oceans. The Cape of Good Hope becomes the reluctant alternative when the Red Sea is no longer trusted. The Black Sea and Ukraine sit just outside the Indian Ocean basin but feed directly into commodity and energy risk. Submarine cables beneath these waters carry digital traffic, cloud services and financial messaging. The map is no longer a map of routes; it is a map of dependencies.

The hard numbers are striking. UNCTAD's 2024 chokepoint table estimates that the Strait of Malacca accounted for 23.7% of global seaborne trade volume in 2023, the Strait of Hormuz for 11.1%, the Suez Canal for around 10%, Bab el-Mandeb for 8.7%, and the Turkish Straits for 3.1% [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#)) The same table gives Suez

22% of global container traffic measured by twenty-foot equivalent units, and shows Hormuz carrying 39% of seaborne crude oil volumes, 31% of propane, 20% of oil products and 19% of natural gas by commodity share [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#)) These are not peripheral routes. They are the architecture of modern prices.

The Indo-Pacific shift, therefore, is not a slogan about Asia rising. It is a shift in the geography of economic fragility. The Atlantic world still matters greatly, especially in finance, regulation, defence and consumption. But the functioning of Atlantic economies now depends heavily on Indian Ocean corridors that are not controlled by Atlantic actors alone. That is the quiet strategic demotion: the old centres still issue invoices, sanctions, insurance contracts and reserve currencies, but the physical system they rely on runs through contested waters.

The policy implication for Mauritius is straightforward. A small island in the western Indian Ocean should not think of itself only through the lenses of tourism, finance and domestic growth. It sits near the secondary routing system of world trade at a time when primary corridors are becoming less reliable. This does not make Mauritius a great power. It does make Mauritius a potential service platform for a region in which reliability is becoming scarce.



Source: U.S. Energy Information Administration, World Oil Transit Chokepoints, March 2026.

Figure 6 Crude oil and petroleum liquids through major maritime corridors, 2020–first half 2025.

Source: United States Energy Information Administration, World Oil Transit Chokepoints, March 2026. Malacca and Hormuz dominate by volume; the Cape of Good Hope rises sharply when Red Sea confidence deteriorates. (U.S. Energy Information Administration)

## 2.2 Hormuz as energy valve

Hormuz is the most immediate reminder that geography can reprice the world before diplomacy catches up. The United States Energy Information Administration (EIA) describes chokepoints as narrow channels critical to energy trade and notes that even temporary blockage of a major chokepoint can produce supply delays, higher shipping costs and higher world energy prices [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) Hormuz is the clearest case because there is no full substitute for it.

In the first half of 2025, total oil flows through the Strait of Hormuz averaged 20.9 million barrels per day, equivalent to about 20% of global petroleum liquids consumption and one-quarter of total global maritime traded oil [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) The same EIA dataset places Hormuz oil flows at 20.7 million barrels per day in 2024, after 21.8 million barrels per day in 2023, and records liquefied natural gas flows through Hormuz at 10.5 billion cubic feet per day in 2024 and 11.4 billion cubic feet per day in the first half of 2025 [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) In plain English: one narrow passage links the Gulf's oil and gas complex to Asia, Europe, Africa and the wider price system.

The usual reassurance is that Hormuz has alternatives. This is only partly true. EIA notes that

pipelines in Saudi Arabia, the United Arab Emirates and Iran provide some bypass options, but Saudi Aramco's East-West pipeline and the United Arab Emirates' Abu Dhabi pipeline together provide about 4.7 million barrels per day of bypass capacity, while Iran's Goreh-Jask pipeline has an effective capacity of around 0.3 million barrels per day [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) That leaves a large gap between normal seaborne flow and practical redundancy. A spreadsheet may call this "alternative capacity". A trader calls it insufficient.

The direction of flows is just as important as the volume. EIA estimates that 89% of crude oil and condensate moving through Hormuz went to Asian markets in the first half of 2025, with China, India, Japan and South Korea accounting for a combined 74% of those flows [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) This means Hormuz is not simply a Gulf-Western problem. It is an Asian industrial problem, a global inflation problem and a maritime-insurance problem. Mauritius should read Hormuz through that chain, not through headlines about Iran alone.

The March–April 2026 crisis has already shown how quickly the shock propagates. UNCTAD's rapid assessment in March 2026 stated that Hormuz carried around a quarter of global seaborne oil trade and significant volumes of liquefied natural gas and fertilisers, while warning that higher energy,

fertiliser, transport, bunker fuel and insurance costs could intensify cost-of-living pressures, especially in vulnerable economies [UNCTAD Hormuz Assessment, 2026]. ([UN Trade and Development \(UNCTAD\)](#)) By 1 April 2026, UNCTAD's update said transits through the Strait had fallen from around 130 per day in February to just 6 in March, describing the corridor as “practically closed” and warning of energy, trade, inflation and financial stress [UNCTAD Hormuz Update, 2026]. ([UN Trade and Development \(UNCTAD\)](#)) The precise operational status may change from week to week; the structural lesson does not.

For Mauritius, Hormuz is less about direct sourcing than global price formation. The island imports refined products, coal, food and manufactured goods; it sells services, tourism and jurisdictional reliability. Hormuz affects the island through bunker fuel, diesel, jet fuel, freight, insurance, fertiliser, food prices and foreign-exchange demand. If this sounds indirect, it is. That is exactly why it is dangerous. Indirect channels are often mispriced until they are already inside the domestic economy.

## 2.3 Bab el-Mandeb, Red Sea and Suez as Europe–Asia cost multipliers

The Red Sea–Suez corridor is where the Indian Ocean becomes a European cost problem. Suez is not just a canal. It is a time-saving device embedded into the price of European imports, Asian exports, container schedules, automotive supply chains, energy shipments and supermarket goods. When it becomes less trusted, global shipping does not stop; it lengthens.

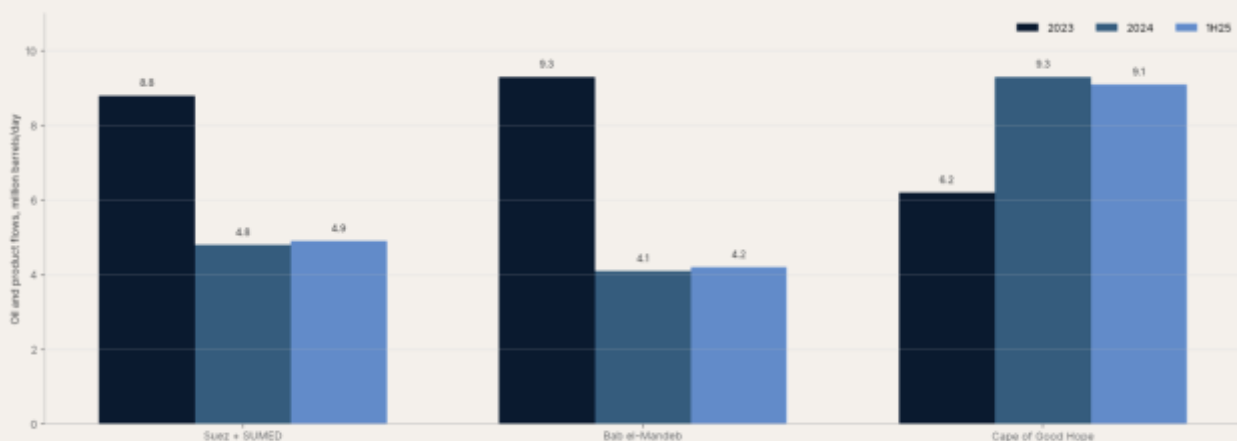
UNCTAD states that since mid-November 2023, disruption along the Red Sea route led major shipping players to suspend Suez Canal transits, with significant shares of ships on Asia–Europe and Asia–Atlantic lanes diverting around the Cape of Good Hope [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#)) The same report notes that Europe is exposed to escalating costs because of its reliance on Asian imports, and that disruptions have affected developing regions such as East Africa through shortages of perishable goods and standard containers caused by longer delivery times [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#)) For Mauritius, that East African point is not decorative. It shows how a maritime security problem becomes a regional logistics problem even where ships are not physically attacked.

The EIA's oil-flow data confirms the scale of rerouting. Oil and petroleum-product flows through the Suez Canal and the SUMED pipeline fell from 8.8 million barrels per day in 2023 to 4.8 million barrels per day in 2024 and 4.9 million barrels per day in the first half of 2025. Bab el-Mandeb flows fell from 9.3 million barrels per day in 2023 to 4.1 million in 2024 and 4.2 million in the first half of 2025 [EIA World Oil Transit Chokepoints, 2026]. ([U.S. Energy Information Administration](#)) LNG flows via Bab el-Mandeb fell to zero in 2024 and remained zero in the first half of 2025; EIA states that LNG flows through Suez and Bab el-Mandeb declined sharply as ships avoided the route because of security concerns and high insurance rates [EIA World Oil Transit

Chokepoints, 2026]. ([U.S. Energy Information Administration](#))

At the same time, the Cape of Good Hope absorbed displaced flows. EIA estimates that oil and petroleum products around the Cape increased from 6.2 million barrels per day in 2023 to 9.3 million in 2024 and 9.1 million in the first half of 2025. LNG around the Cape rose from 2.1 billion cubic feet per day in 2023 to 7.8 billion in 2024 and 5.7 billion in the first half of 2025 [EIA World Oil Transit Chokepoints, 2026]. ([U.S. Energy Information Administration](#)) The Cape is not a chokepoint in the narrow legal-geographic sense. It is, however, the relief valve of the Indian Ocean system.

The insurance evidence is less comforting. Reuters reported in January 2024 that Red Sea war-risk premiums had risen to around 1% of a ship's value and that quotes were shortening, with 24-hour terms becoming the norm in some cases [Reuters, Red Sea Insurance, January 2024]. ([Reuters](#)) In September 2024, Reuters reported premiums quoted up to 2% of vessel value for a single Red Sea transit, with some smaller insurers no longer prepared to underwrite Red Sea war coverage [Reuters, Red Sea Insurance, September 2024]. ([Reuters](#)) In July 2025, after renewed attacks and sinkings, Reuters again reported that Red Sea insurance costs had more than doubled and that some underwriters were pausing



Source: U.S. Energy Information Administration, World Oil Transit Chokepoints, March 2026.

Figure 7 Red Sea–Suez contraction and Cape of Good Hope rerouting, 2023–first half 2025.

Source: United States Energy Information Administration, World Oil Transit Chokepoints, March 2026. The collapse in Bab el-Mandeb and Suez/SUMED flows was not a footnote; it pushed volumes into the southern Indian Ocean and hardened the economics of the Cape route. (U.S. Energy Information Administration)

Suez traffic has shown partial recovery, but partial recovery is not normalisation. Reuters reported that Suez Canal revenues rose 14.2% year-on-year between July and October 2025, with 4,405 vessels carrying 185 million metric tonnes passing through the canal compared with 4,332 vessels carrying 167.6 million tonnes in the same period a year earlier [Reuters, Suez Canal, November 2025]. ([Reuters](#)) Ahram Online, citing Suez Canal Authority statements, reported a 24.5% revenue increase, a 9% rise in vessel traffic and a 24.2% increase in cargo tonnage in the final quarter of 2025, with January 2026 revenue up 18% from January 2025 [Ahram Online / Suez Canal Authority, February 2026]. ([Ahram Online](#)) Those figures are positive. They are not a guarantee. Shipowners return to corridors gradually, and confidence can be lost faster than it is rebuilt.

cover [Reuters, Red Sea Insurance, July 2025]. ([Reuters](#)) This is how corridor stress travels through the private sector. A waterway may remain legally open while becoming commercially unattractive.

The policy relevance for Mauritius is direct. A Red Sea shock raises the cost of Europe–Asia trade, changes vessel availability, affects container repositioning, increases bunker consumption and can weaken schedule reliability. Mauritius may not be the main destination on those routes, but it is priced by the same shipping system. The island economy lives off the assumption that ships, containers, fuel and air links arrive on time and at tolerable cost. Red Sea–Suez stress weakens that assumption.

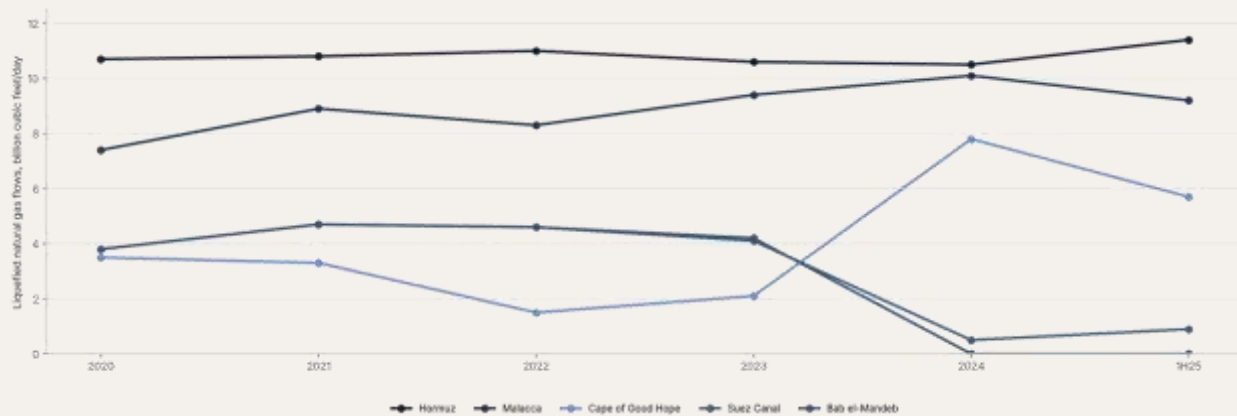


Figure 8 Liquefied natural gas flows through key corridors, 2020–first half 2025.

Source: United States Energy Information Administration, *World Oil Transit Chokepoints*, March 2026. Hormuz and Malacca dominate LNG transit, while Suez and Bab el-Mandeb were sharply impaired after the Red Sea crisis; the Cape became a larger relief route. (U.S. Energy Information Administration)

## 2.4 Malacca and Singapore as Asia’s absorption corridor

If Hormuz is the Gulf valve, Malacca is Asia’s absorption corridor. This distinction matters. Hormuz determines whether large volumes of Gulf energy can leave the basin. Malacca determines how much of that energy, and associated trade, can be absorbed into East and Southeast Asian industrial systems. Singapore, sitting at the mouth of that system, adds bunkering, finance, shipping services, refining, storage, arbitration, insurance and command-centre functions. It is the sort of platform Mauritius should study carefully, not imitate blindly.

EIA states that the Strait of Malacca links the Indian Ocean and the Pacific Ocean and is the shortest sea route between Middle Eastern oil and gas suppliers and growing East and Southeast Asian markets [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) In the first half of 2025, Malacca handled an estimated 23.2 million barrels per day of oil flow, equivalent to 29% of total maritime oil flows, making it the world’s largest oil chokepoint by transit volume [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) EIA also records LNG flows through Malacca at 9.2 billion cubic feet per day in the first half of 2025, after 10.1 billion in 2024 [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration)

The Malacca system is not merely a China story, although China is central. EIA reports that China

accounted for 48% of crude-oil import volumes passing through Malacca in the first half of 2025, while key Persian Gulf producers — Saudi Arabia, the United Arab Emirates, Kuwait and Iraq — transported nearly 60% of crude oil going through the strait [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) It also notes that Qatar-to-China LNG flows through Malacca more than doubled as a share of total LNG flows through the strait, from 14% in 2020 to 28% in the first half of 2025 [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) This is the energy geography beneath the diplomatic language of the Indo-Pacific.

Malacca’s risk profile differs from Hormuz. It is not currently an active war corridor in the same way, but it is congested, strategically sensitive and exposed to piracy, maritime accidents and great-power rivalry. EIA notes that piracy, attempted theft and hijackings remain a threat to tankers in the Strait of Malacca, with attacks increasing after 2023, especially around Singapore [EIA World Oil Transit Chokepoints, 2026]. (U.S. Energy Information Administration) Alternative routes exist through the Sunda and Lombok Straits or around the Indonesian archipelago, but they add distance and cost. The point is not that Malacca is about to close. The point is that any stress at Malacca interacts with stress at Hormuz and Suez. Asian refiners, shipowners, insurers and commodity traders do not manage these as separate academic chapters.

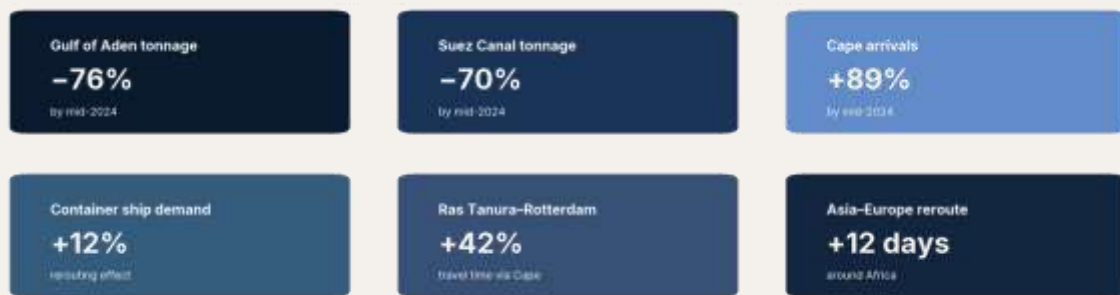


Figure 9 Selected operational effects of Red Sea–Suez disruption and Cape rerouting.

Source: United Nations Trade and Development, *Review of Maritime Transport 2024* and *Review of Maritime Transport 2025*. The figures show that rerouting is not just a map change; it is a time, vessel-capacity, fuel and cost shock. (UN Trade and Development (UNCTAD))

For Mauritius, Malacca is a second-order but real transmission channel. Much of Mauritius' imported manufactured consumption is connected to Asian production and shipping networks. If Malacca-Singapore conditions tighten through congestion, security risk, higher bunkering costs or Asian energy competition, the effects can feed into freight rates, shipment schedules and replacement cargo costs across the Indian Ocean. Mauritius does not need to be physically near Malacca to pay a Malacca premium. That is how networked logistics works. It is mildly unfair, but markets are not famous for sympathy.

## 2.5 Cape of Good Hope routes and the relevance of southern Indian Ocean positioning

The Cape of Good Hope is usually discussed as an alternative route. That understates its importance. In a disrupted world, alternatives become the market. The Cape is the route that absorbs distrust in Suez, Red Sea, Bab el-Mandeb and, in some cases, canal constraints elsewhere. It is slower, longer and more expensive; but it is not optional when insurers, crews and charterers lose confidence in northern corridors.

UNCTAD's 2024 Review records that by mid-2024, ship capacity crossing the Gulf of Aden had fallen by 76%, tonnage transiting the Suez Canal had been cut by 70%, and arrivals at the Cape of Good Hope had surged by 89% [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#)) It also notes that longer routes raised global vessel ton-mile demand by 3% and container-ship demand by 12% [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#)) UNCTAD further states that redirecting oil tankers from Ras Tanura to Rotterdam via the Cape of Good Hope resulted in a 42% increase in travel time, and that a ship travelling from Asia to Europe takes an additional 12 days when rerouting around Africa [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#))

This is where the southern Indian Ocean becomes more relevant. Mauritius is not Cape Town and is not a large bunkering or transshipment giant. But it sits within the extended southern route ecology: Southern Africa, Madagascar, Réunion, Mauritius,

East Africa, the Mozambique Channel and onward Asian lanes. When Red Sea risk persists, the southern ocean becomes more important for route planning, crew changes, bunkering strategies, maintenance, maritime surveillance, insurance assessment and logistics intelligence. The opportunity is not to pretend that Port Louis can become Singapore next year. It cannot. The opportunity is to build specialised services around a more southern and risk-aware Indian Ocean.

The EIA's 2026 data gives the Cape's energy relevance. Around 9.1 million barrels per day of seaborne-traded crude oil and petroleum products went around the Cape in both directions in the first half of 2025, equal to 11% of seaborne-traded oil, and up by 3 million barrels per day from 2022 [EIA World Oil Transit Chokepoints, 2026]. ([U.S. Energy Information Administration](#)) LNG flows around the Cape were 7.8 billion cubic feet per day in 2024 and 5.7 billion in the first half of 2025, compared with only 2.1 billion in 2023 [EIA World Oil Transit Chokepoints, 2026]. ([U.S. Energy Information Administration](#)) That is not a temporary detour in the old sense. It is a change in route economics large enough to affect investment decisions.

The relevance for Mauritius should be read in two layers. The defensive layer is cost exposure: longer voyages raise bunker fuel consumption, time-charter costs, working capital tied up in inventory, insurance costs and schedule uncertainty. The offensive layer is platform opportunity: a trusted Indian Ocean jurisdiction can offer risk analytics, arbitration, compliance, ship finance support, insurance structuring, maritime data services, port-adjacent logistics planning and regional convening. The island should not chase every shipping dream; it should choose the high-trust, high-margin parts of the chain. The worst strategic error would be to confuse route proximity with automatic opportunity. Geography does not monetise itself. Singapore monetised location through law, port performance, finance, planning and ruthless administrative competence. Mauritius' path would necessarily be smaller and more specialised. But the basic lesson holds: location becomes strategy only when institutions make it useful.

## 2.6 Ukraine and the Black Sea as background commodity shock multipliers

Ukraine is geographically outside the Indian Ocean, but economically inside the same stress system. That is the point often missed. Black Sea disruption affects grain, fertiliser, oil logistics, tanker allocation, sanctions enforcement, insurance pricing and commodity-market psychology. When Middle East energy stress and Black Sea uncertainty coexist, import-dependent countries do not receive two separate shocks; they receive a composite price.

UNCTAD's early analysis of the Ukraine war emphasised that the Russian Federation is a major global supplier of fuel and fertiliser and that disruptions in those markets can lower grain yields and raise prices, with serious consequences for food security in vulnerable food-importing economies [UNCTAD, Maritime Trade Disrupted, 2022]. ([UN Trade and Development \(UNCTAD\)](#)) In its 2024 maritime review, UNCTAD also identified the Turkish Straits as crucial for oil and grain transport from the Black Sea region, with 3.1% of global seaborne trade volume in 2023 passing through them [UNCTAD Review of Maritime Transport 2024]. ([UN Trade and Development \(UNCTAD\)](#))

The EIA's 2026 chokepoint data shows why the Black Sea remains relevant to energy as well as grain. The Turkish Straits carried an estimated 3.7 million barrels per day of crude oil and petroleum products in the first half of 2025, equivalent to 5% of global maritime trade; the EIA notes that Black Sea ports are a primary export route for crude oil and oil products from Russia and other Eurasian countries, including Azerbaijan and Kazakhstan [EIA World Oil Transit Chokepoints, 2026]. ([U.S. Energy Information Administration](#)) It also records that Danish Straits volumes rose sharply after 2021 because of the shift in Russian trade flows following the start of the war in Ukraine and subsequent sanctions [EIA World Oil Transit Chokepoints, 2026]. ([U.S. Energy Information Administration](#))

The current phase has added a second energy risk: strikes on Russian oil infrastructure. Reuters reported on 13 April 2026 that Rosneft was diverting

oil supplies to Tuapse after the Novorossiysk terminal — which handles roughly 14% of Russia's crude exports — was heavily damaged in a drone attack, damaging two main berths and forcing export halts from the port [Reuters, Novorossiysk, April 2026]. ([Reuters](#)) On 18 April 2026, Reuters reported further Ukrainian drone strikes against Russian oil facilities, including refineries in Samara, a Crimea oil depot and a Baltic Sea port exporting fuel oil, naphtha, diesel and vacuum gas oil [Reuters, Russian Oil Infrastructure, April 2026]. ([Reuters](#))

This matters for Mauritius because the country's vulnerability is to the global price and logistics complex, not merely to one corridor. If fertiliser rises because of gas and Middle East disruption, if Black Sea grain risk pushes cereal prices, if Russian fuel exports are impaired, and if Red Sea rerouting increases freight, the Mauritian household experiences the blended outcome as food and transport pressure. The origin story may be complicated. The bill is simple.

The World Bank's March 2026 Food Security Update makes the food channel explicit. It states that the Middle East conflict is raising new risks by disrupting oil and fertiliser flows through Hormuz, and that urea prices surged by nearly 46% month-on-month between February and March 2026; it also reports that wheat, maize and rice prices had closed 13%, 4% and 5% higher respectively since the previous update [World Bank Food Security Update, March 2026]. ([World Bank](#)) The Food and Agriculture Organization also reported in April 2026 that its Cereal Price Index rose 1.5% month-on-month in March, with world wheat prices up 4.3% [FAO Food Price Index, March 2026]. ([FAOHome](#)) For a small food-importing island, this is not background noise.

The policy lesson is that Mauritius should not maintain separate mental files marked "Ukraine", "Hormuz", "Suez" and "food". It should maintain a single commodity-risk dashboard. The economy pays consolidated prices; the state should analyse consolidated risk.

## 2.7 Why corridor stress now travels faster through insurance than through armies

The modern maritime system has a quiet governor: insurance. Naval power still matters greatly, but commercial decisions often move before states do. If underwriters widen exclusions, raise additional war-risk premia, shorten cover periods or pause underwriting, the route can become commercially impaired without being physically closed. The private market can turn danger into cost faster than any communiqué.

The Red Sea case is instructive. Reuters reported in January 2024 that war-risk premiums for Red Sea shipments had risen to around 1% of a vessel's value and that some insurance terms had shortened to 24-hour periods [Reuters, Red Sea Insurance, January 2024]. ([Reuters](#)) In September 2024, premiums were quoted up to 2% of vessel value for a single Red Sea transit, with some smaller insurers refusing cover [Reuters, Red Sea Insurance, September 2024]. ([Reuters](#)) In July 2025, after renewed Houthi attacks, sources told Reuters that Red Sea insurance costs had more than doubled, with rates for a seven-day voyage quoted up to 1% of vessel value [Reuters, Red Sea Insurance, July 2025]. ([Reuters](#)) The arithmetic is crude but decisive: on a US\$100 million hull, one percentage point is US\$1 million before freight, fuel, delays and uncertainty.

UNCTAD's 2025 freight chapter records the wider market effect. It states that Red Sea disruptions forced carriers to reroute around the Cape of Good Hope, increasing voyage distances, vessel demand, delays, frequency problems and operating costs; it estimates that global ton-miles rose by 17% in 2024 and that time-charter and fuel costs increased materially [UNCTAD Review of Maritime Transport 2025]. It also records that the Shanghai Containerized Freight Index averaged 2,496 points in 2024, about 149% above the 2023 average, peaked around 3,600 points in mid-2024, and remained around 93% above its December 2023 level by December 2024 [UNCTAD Review of Maritime Transport 2025]. Drewry's April 2026 World Container Index commentary shows the mechanism

continuing in real time: its index had spiked after late-February Middle East conflict pushed bunker-fuel prices higher, and Drewry warned that failure of negotiations around Hormuz would mean lower schedule reliability, possible port omissions, longer

working capital. Working capital affects bank facilities. Bank facilities affect importers. Importers affect prices. Prices affect households. Households affect politics. This is how a maritime event becomes domestic stability risk.



Figure 10 Corridor stress transmission map.

Source: Analytical synthesis using EIA, UNCTAD, World Bank, Reuters and telecommunications-cable evidence. The map shows why Indian Ocean instability should be treated as a system: energy, freight, insurance, food, finance and digital continuity reinforce one another.

lead times and upward freight pressure [Drewry World Container Index, 16 April 2026]. (Drewry)

Insurance also links physical and digital corridors. Reuters reported in September 2025 that undersea cable outages in the Red Sea affected internet connectivity across countries including India and Pakistan; Microsoft said Azure users could experience increased latency because of multiple undersea fibre cuts in the Red Sea, while traffic was rerouted through alternative paths [Reuters, Red Sea Cable Cuts, September 2025]. (Reuters) The United States Federal Communications Commission stated in November 2024 that more than 400 subsea cables handle over 98% of international internet traffic and that such facilities were becoming a target amid incidents in the Baltic, Taiwan Strait and Red Sea [Reuters / FCC, Subsea Cable Rules, November 2024]. (Reuters) This is not a telecoms footnote. Finance, tourism bookings, cloud services, payments, port systems and compliance workflows are digital dependencies sitting on physical seabed routes.

The deeper point is that corridor stress is now transmitted through five private-sector mechanisms before many governments have issued their second statement: insurance, freight rates, bunkering, schedule reliability and credit terms. A ship delayed by two weeks affects inventory. Inventory affects

## 2.8 Implications for Mauritius: the system one pays for

Mauritius should draw three conclusions from this corridor map.

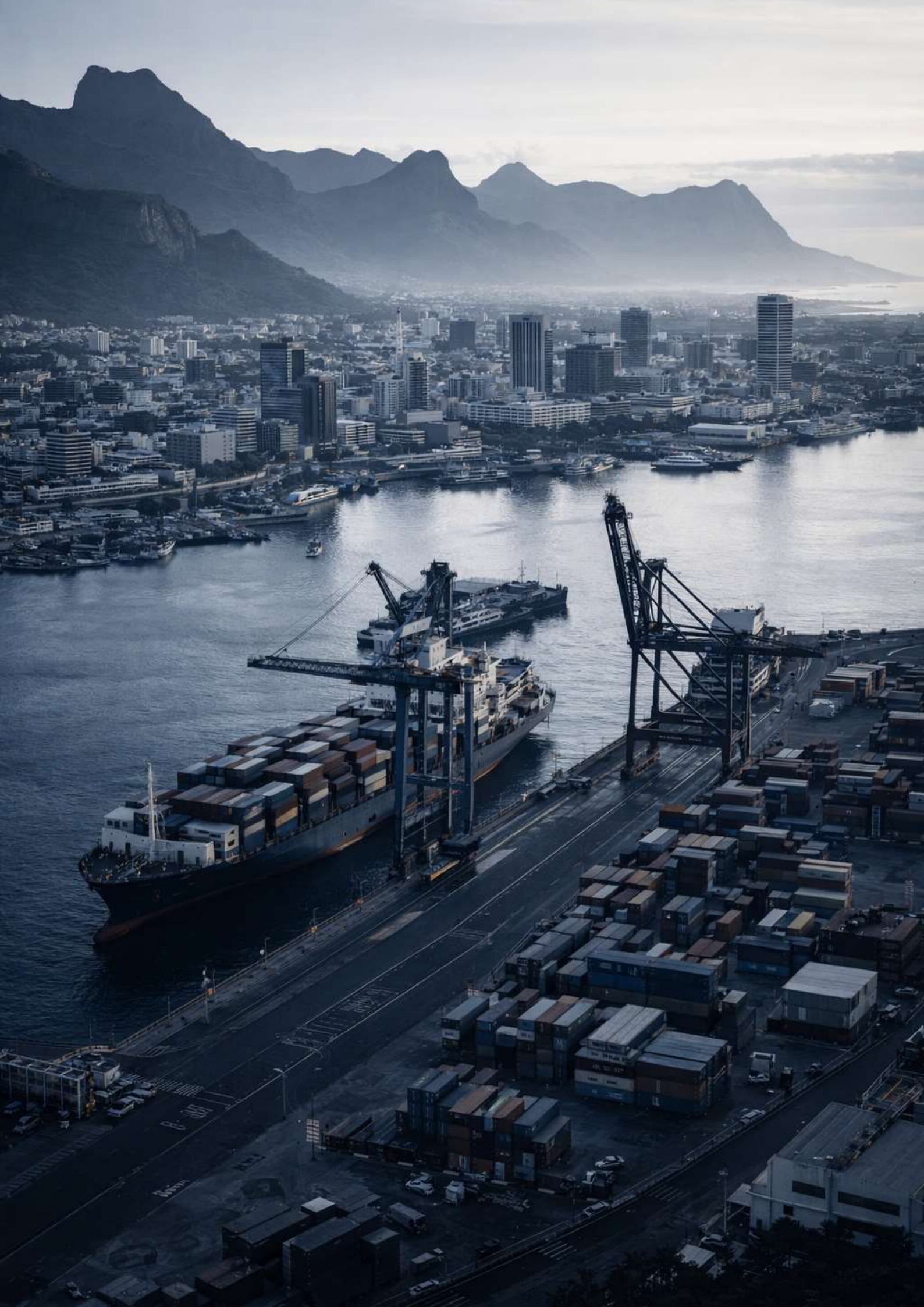
First, the relevant exposure is not one chokepoint. It is the interaction between chokepoints. A Hormuz disturbance raises energy and fertiliser risk; a Red Sea disturbance raises freight and insurance costs; a Suez disturbance changes Europe–Asia economics; a Malacca disturbance would hit Asian absorption and manufacturing flows; Cape rerouting changes southern Indian Ocean relevance; Ukraine and the Black Sea affect grain, oil and sanctions-linked shipping; submarine-cable stress adds digital fragility. The island pays a blended premium.

Secondly, the country’s opportunity lies in being a trusted platform, not a route controller. Mauritius cannot secure Hormuz, Suez, Bab el-Mandeb or Malacca. It can, however, offer legal credibility, financial services, arbitration, compliance, risk structuring, maritime intelligence, regional headquarters functions, blue-economy governance, and neutral convening. The region is not short of rhetoric. It is short of institutions that can be trusted when prices move sharply and politics becomes untidy.

Thirdly, the home front is strategic. Imported inflation, food costs, fuel stress, rupee pressure and weak communication would undermine the very stability Mauritius needs to monetise. A distressed Mauritius cannot credibly sell calm. This is not a moral observation. It is a commercial one. Jurisdictional trust is an asset; cost-of-living instability is asset impairment.

### Conclusion

The blunt conclusion is that the Indian Ocean has moved from backdrop to balance sheet. It is no longer merely the sea around Mauritius. It is part of Mauritius’ macroeconomic operating system.



### 3. Mauritius' Strategic Geography: Not a Chokepoint, but a Platform

Mauritius must be careful with its own mythology. The phrase “Star and Key of the Indian Ocean” has historical resonance, and the Bertelsmann Transformation Index records that, under French rule, the Isle de France became a commercial entrepôt in the western Indian Ocean and was described in precisely those terms [BTI Mauritius Country Report 2026]. (BTI 2026) The phrase is useful, but only if read intelligently. Mauritius is not today the key to the Indian Ocean in the hard, coercive sense. It does not control Hormuz, Suez, Bab el-Mandeb, Malacca, or the Cape route. It is not Singapore. It is not Djibouti. It is not a naval gatekeeper.

Its strategic value lies elsewhere. Mauritius is a small, open, legally sophisticated, service-heavy island jurisdiction situated inside a maritime system that is becoming more contested. Its value is not **coercive geography**; it is **institutional geography**. The country offers rule of law, political moderation, financial infrastructure, bilingual and bicultural familiarity, tourism credibility, Indian Ocean legitimacy, African access, and distance from immediate conflict zones. These are not soft assets in the pejorative sense. In a region where risk is increasingly priced through insurance, compliance, currency, arbitration and reputation, they are hard commercial assets.

The strategic task is therefore to position Mauritius neither as a power centre nor as a passive island. The correct positioning is more exacting: Mauritius should market itself as the reliable operating room of a volatile region.



Figure 11 Mauritius' land surface area and Exclusive Economic Zone.

Source: World Bank surface-area data and United Nations Development Programme marine conservation and blue economy profile. The visual shows the paradox of Mauritian geography: a small land economy with a very large maritime jurisdiction. The chart uses a logarithmic scale. [World Bank Data; UNDP Marine Conservation and Blue Economy]. (World Bank Open Data)

#### 3.1 Historical role: colonial relay, naval logistics and trade positioning

Mauritius' history is best understood as a sequence of external uses of an island that later became a sovereign state. Its modern economic instincts — outward orientation, legal hybridity, commercial adaptation, multilingual ease, and sensitivity to maritime routes — did not emerge from nowhere.

They were produced by a long history of relay functions in the Indian Ocean.

The island was successively colonised by the Dutch, French and British before independence in 1968. The Bertelsmann Transformation Index notes that the island's lack of an indigenous population and its layered colonisation produced an externally oriented development pattern from an early date. Under

French colonisation, from 1715 to 1810, the island became a strategic port of call on the route to India; initially run by the French East India Company and later by the French Crown, it developed into an important base from which to oversee Indian Ocean trade [BTI Mauritius Country Report 2026]. ([BTI 2026](#))

This colonial history should not be romanticised. The same period involved slavery, plantation economics and, later, indentured labour after abolition. Mauritius' successful post-independence development sits on a complex social foundation, not on a neat commercial fairy tale. But the maritime lesson remains: the island has long been more valuable as a relay, service and governance point than as a large producer of raw power.

The British takeover in 1810 did not remove that logic; it altered its imperial owner. The island became part of a British maritime-commercial system in which sugar, imperial preference, shipping, labour migration and naval geography were intertwined. Mauritius' transition from colonial sugar economy to independent services economy was therefore not a move from geography to abstraction. It was a change in the way geography was monetised.

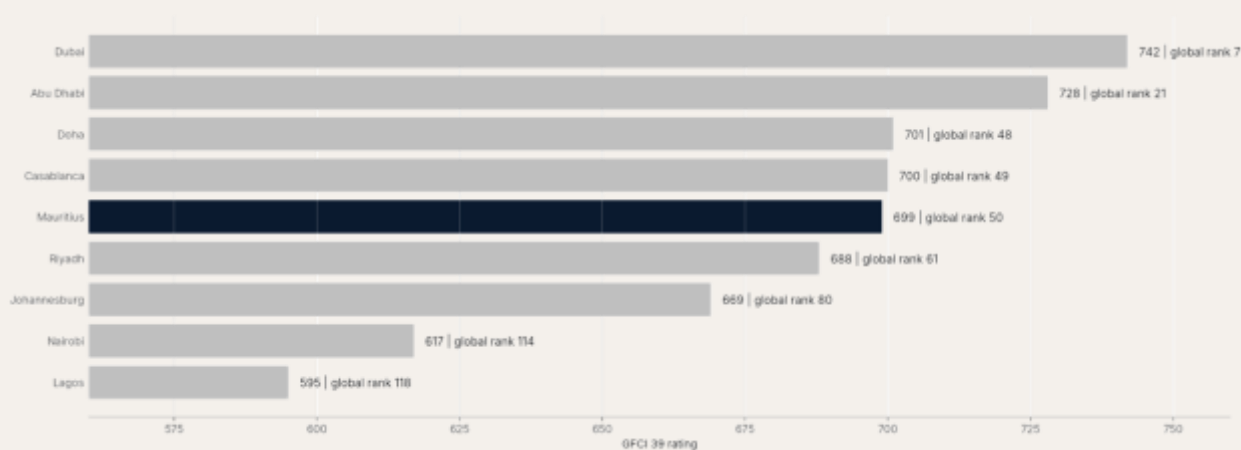
That is still the issue today. The old relay was physical: ships, sugar, labour, naval movement. The new relay is institutional: finance, law, compliance, tourism, arbitration, risk structuring, data, reputation and diplomatic convening. The geography has not disappeared; it has moved up the value chain.

## 3.2 Modern role: jurisdiction, services, tourism, finance, maritime zone and diplomatic platform

Modern Mauritius is not large, but it is institutionally dense. The World Bank records a 2024 population of 1,245,779, gross domestic product of US\$14.94 billion, gross domestic product per capita of US\$11,990.8, and annual gross domestic product growth of 4.9% [World Bank Data, Mauritius 2024]. ([World Bank Open Data](#)) These numbers describe a small state by scale, but not a fragile one by default. Mauritius has built a real operating platform: tourism, financial services, professional services, trade, transport, public administration, education, health, and a relatively sophisticated legal and regulatory ecosystem.

The economy is services-led. World Bank data show services value added at 64.4% of gross domestic product in 2024 [World Bank World Development Indicators, Services Value Added]. ([World Bank Open Data](#)) This matters for strategic positioning. Mauritius does not need to become a bulk port or military logistics giant to benefit from the Indian Ocean shift. Its plausible advantage is in higher-value services that attach themselves to trade, capital and risk: fund structuring, insurance, compliance, arbitration, regional headquarters, maritime advisory, blue-economy finance, environmental governance and neutral convening.

Tourism gives Mauritius a second platform asset: international familiarity. Statistics Mauritius recorded 1,436,250 tourist arrivals in 2025, up 3.9% from 2024, with air arrivals rising by 4.7% to 1,411,791. The usual main markets — France, the United Kingdom, Réunion, Germany, South Africa, India and Switzerland — accounted for 68.4% of arrivals [Statistics Mauritius, International Travel and Tourism 2025]. ([Stats Mauritius](#)) Tourism is often treated as a sector. Strategically, it is also an infrastructure of reputation. It gives the country air connectivity, brand recognition, hospitality capacity, and a setting for executive convening. A jurisdiction that people already trust with their families can more easily ask to be trusted with their capital,



Source: Z/Yen and China Development Institute, Global Financial Centres Index 39, March 2026.

Figure 12 Mauritius in the Global Financial Centres Index 39, Middle East and Africa grouping.

Source: Z/Yen and China Development Institute, Global Financial Centres Index 39, March 2026. Mauritius' position is not that of a global leader; it is that of a credible regional platform. The distinction is strategically important. [GFCI 39, 2026].

disputes and regional meetings. Slightly crude, but true.

Finance is the third platform pillar. The Global Financial Centres Index 39, published in March 2026 by Z/Yen and the China Development Institute, ranked Mauritius 50th globally, with a rating of 699, behind Dubai, Abu Dhabi, Doha and Casablanca in the Middle East and Africa grouping, and ahead of Riyadh, Bahrain, Johannesburg, Nairobi and Lagos [Global Financial Centres Index 39, March 2026]. This does not make Mauritius a global financial capital. It does make it a credible regional financial centre with a role to play if it remains clean, predictable and substance-based.

The maritime zone gives Mauritius a fourth asset, though one that is easier to overstate. The United Nations Development Programme notes that Mauritius' Exclusive Economic Zone covers approximately 2.3 million square kilometres [UNDP Marine Conservation and Blue Economy]. (UNDP) A large Exclusive Economic Zone is not the same as maritime power. It is a claim, a responsibility, and a platform for ocean governance, fisheries, marine conservation, surveillance cooperation and blue-economy investment. Without enforcement, data, partnerships and finance, maritime space is mostly an expensive map. With those elements, it can become a strategic asset.

Diplomatically, Mauritius also has a platform role because it is connected without being overbearing.

BTI records membership in the World Trade Organization, Commonwealth, Francophonie, African Union, Southern African Development Community, Common Market for Eastern and Southern Africa, Indian Ocean Commission and Indian Ocean Rim Association, and notes that Mauritius has signed double-taxation avoidance agreements with 46 countries [BTI Mauritius Country Report 2026]. (BTI 2026) That network is useful if used with restraint. Mauritius should not try to sound larger than it is. It should try to be the room where larger actors can speak without losing face.

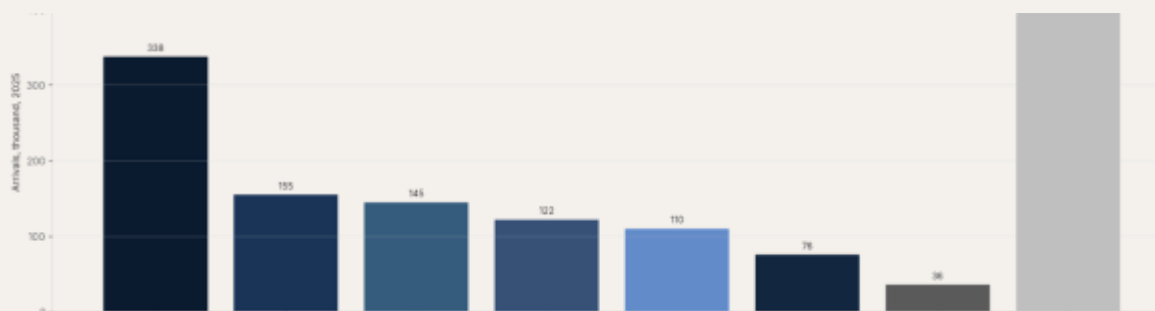


Figure 13 Mauritius tourism source-market concentration, 2025.

Source: Statistics Mauritius, *International Travel and Tourism 2025*. Tourism is not only a sector; it is a reputational and connectivity platform. The concentration in European and regional markets is an asset in normal times and a transmission channel in stress. [Statistics Mauritius, 2025]. (Stats Mauritius)

### 3.3 The distinction between “control” and “platform advantage”

The mistake Mauritius must avoid is confusing strategic visibility with strategic control. The country is visible in the Indian Ocean system. It is not in control of that system. This distinction is not academic; it determines the appropriate policy posture.

Control belongs to chokepoints, navies, canal authorities, energy exporters, shipping alliances, insurers and reserve-currency systems. Platform advantage belongs to jurisdictions that reduce friction for others. Mauritius is in the second category. It cannot force vessels through Hormuz. It cannot guarantee Suez. It cannot make Malacca safer. It cannot neutralise Red Sea missile risk. But it can reduce legal, financial, reputational, tax, compliance, arbitration and convening friction for firms and states operating across the Indian Ocean.

Singapore is the unavoidable comparison, but it should be handled carefully. Singapore combines hard location, world-class port operations, air connectivity, regulatory excellence, state capacity, financial depth, defence capability and proximity to Malacca. Mauritius cannot replicate this model at scale. Attempting to do so would be vanity with a feasibility study attached. What Mauritius can emulate is not Singapore’s size, but its discipline: the habit of turning geography into services through institutions.

Suez and Hormuz illustrate the opposite category. Their value is coercive geography. They matter because physical flows must pass through narrow spaces. Mauritius’ value is different. It matters, or

can matter, because actors operating in a difficult region may want a neutral, legally credible, politically stable platform to structure transactions, settle disputes, hold meetings, finance projects, manage risk and coordinate regional activity.

The trade-off is obvious. A chokepoint earns rents from location even when institutions are imperfect. A platform state earns rents only if institutions remain trusted. That is both Mauritius’ opportunity and its discipline. The island cannot live indefinitely off scenic beauty, legacy tax structures and historical goodwill. It must remain administratively serious.

This is why overclaiming strategic importance is dangerous. If Mauritius tells the world it controls the Indian Ocean, nobody serious will believe it. If it tells the world it can offer a reliable legal, financial and diplomatic operating environment inside the Indian Ocean, the claim is more modest — and far more credible.

### 3.4 Why stability is now a tradable strategic asset

Stability is often treated as a domestic blessing. In the corridor age, it becomes a tradable asset. Investors, insurers, shipowners, banks, family offices, energy traders, logistics firms and diplomatic actors all pay for predictable environments. Sometimes they pay directly through fees. More often they pay indirectly through where they incorporate, arbitrate, insure, bank, convene, domicile funds, route capital and place regional functions.

Mauritius has a meaningful stability premium. The Institute for Economics and Peace ranked Mauritius 26th out of 163 countries in the 2025 Global Peace Index, with a score of 1.586, making it the most peaceful country in sub-Saharan Africa [Global Peace Index 2025]. ([Vision of Humanity](#)) BTI likewise describes Mauritius as a stable multiparty parliamentary democracy, with elections held every five years and the most recent in November 2024 [BTI Mauritius Country Report 2026]. ([BTI 2026](#))

The legal system adds to that platform value. BTI describes Mauritius' judicial system as a hybrid of French and British systems, derived from the French Napoleonic Code and British criminal law, and notes that Mauritius ranked 46th out of 142 jurisdictions in the World Justice Project Rule of Law Index 2024 and third in sub-Saharan Africa [BTI Mauritius Country Report 2026]. ([BTI 2026](#)) Hybrid legal systems are sometimes untidy. In Mauritius' case, the hybridity can be an advantage: it gives comfort to investors familiar with common-law reasoning while retaining civil-law familiarity for French-speaking

and continental actors. The key is not the elegance of the mix. It is predictability.

Financial credibility is also part of the stability premium. BTI records that Mauritius has built a reputation as a reliable and safe jurisdiction for foreign investment and notes its compliance record on anti-money-laundering and transparency standards, including "Compliant" or "Largely Compliant" assessments with all 40 Financial Action Task Force recommendations and an overall "Compliant" rating from the Global Forum on Transparency and Exchange of Information for Tax Purposes [BTI Mauritius Country Report 2026]. ([BTI 2026](#)) That matters because the platform opportunity is no longer the old offshore proposition. The old game was tax efficiency with polite paperwork. The new game is substance, compliance, sanctions awareness, beneficial-ownership clarity, credible dispute resolution and reputational durability. The market has become less forgiving; so should Mauritius.

The macro-financial base is also relevant, though it carries warning signs. The International Monetary Fund recorded real gross domestic product growth of 4.7% in 2024, a current-account deficit of 6.5% of gross domestic product, gross foreign reserves of US\$8.5 billion at end-2024 covering almost twelve months of imports, and projected public-sector debt of around 88% of gross domestic product by end-June 2025 [IMF Article IV Mauritius 2025]. ([IMF](#)) These figures are not disastrous. They are not comfortable either. A platform state must look fiscally sane. Open-ended subsidies, weak public investment discipline, opaque contingent liabilities

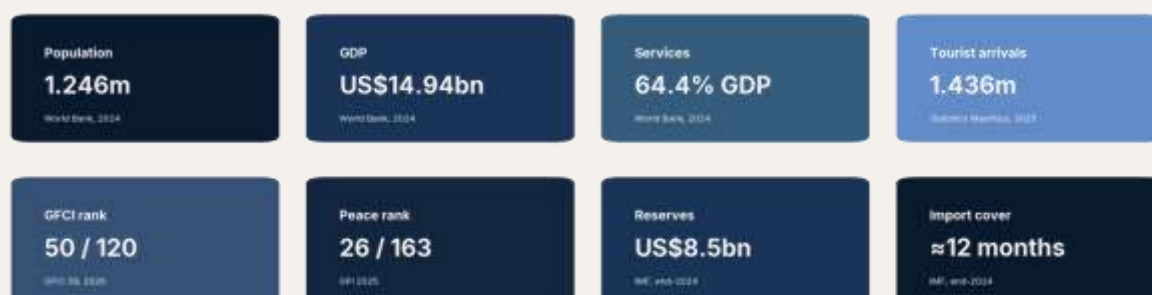


Figure 14 Mauritius' platform assets and constraints

Source: World Bank, Statistics Mauritius, Global Financial Centres Index 39, Global Peace Index 2025 and IMF Article IV 2025. The dashboard captures the duality of the Mauritius position: strong platform credentials, but limited scale and meaningful macro-fiscal constraints. [World Bank Data; IMF Article IV 2025; Statistics Mauritius; GFCI 39; Global Peace Index 2025]. (World Bank Open Data)

or currency theatre would erode the very premium Mauritius is trying to sell.

There is a behavioural point here. In volatile regions, people do not only buy low taxes or good weather. They buy the expectation that tomorrow's rules will not be absurd. Stability is boring until it becomes scarce. Then it becomes expensive.

### 3.5 The danger of overclaiming strategic importance

The most seductive mistake for a small state is to confuse relevance with indispensability. Mauritius is relevant. It is not indispensable. The distinction protects policy from vanity.

There are five dangers in overclaiming.

The first is diplomatic irritation. Larger powers tolerate small-state confidence; they are less patient with small-state theatre. Mauritius will have to manage India, China, France, the United Kingdom, the United States, Gulf states, African partners and multilateral institutions. Its advantage is to be trusted by all, not applauded by one camp for annoying another.

The second is strategic mispricing. If Mauritius imagines itself as a hard-security actor, it may prioritise symbolic gestures over practical capabilities. The practical capabilities are less glamorous: maritime domain awareness, cyber resilience, legal predictability, sanctions compliance, insurance intelligence, port efficiency, arbitration capacity, blue-economy governance and emergency import planning. None of these make good slogans. All of them matter.

The third is domestic complacency. A country can talk itself into believing that geography will compensate for policy errors. It will not. BTI is generous about Mauritius' stability, but it is not blind. It records deterioration in freedom of expression and civil liberties in the review period, low popular trust in several national institutions, concerns about political dynasties and clientelism, and the danger that fiscal burdens may remain a major challenge after expensive electoral promises [BTI Mauritius Country Report 2026]. [\(BTI 2026\)](#) A platform state cannot afford institutional drift. Trust lost at home eventually becomes spread widening abroad.

The fourth is economic illusion. Mauritius has a credible financial centre, but financial credibility can evaporate quickly if compliance standards soften, beneficial-ownership scrutiny weakens, or reputational risks are tolerated for short-term

business. The Financial Action Task Force and global tax-transparency environment have made one thing clear: the next stage of offshore finance belongs to jurisdictions that are clean, substantive and boringly reliable. “Boringly reliable” is not an insult. It is the preferred adjective of serious money.

The fifth is underinvestment in the basics. The World Bank’s 2026 Country Climate and Development Report notes that Mauritius faces outsized climate risks as a Small Island Developing State, with rising sea levels, heatwaves, flash floods and cyclones threatening key job sectors such as tourism and fisheries and exposing one-third of the population living in coastal areas [World Bank Mauritius Country Climate and Development Report 2026]. ([World Bank](#)) It also estimates that delivering resilience recommendations will require

US\$5.6 billion in additional investment over 25 years, with an annual gap of US\$213 million [World Bank Mauritius Country Climate and Development Report 2026]. ([World Bank](#)) This is not peripheral to strategic geography. If the platform is physically vulnerable, water-stressed, energy-dependent and fiscally stretched, its strategic value weakens.

The uncomfortable judgement is that Mauritius’ main threat is not that it will be invaded or directly destabilised by the Indian Ocean contest. That remains a low-probability scenario. The more realistic threat is that Mauritius overestimates its strategic leverage while underinvesting in the domestic foundations of platform credibility. That would be a very Mauritian form of danger: polite, gradual, and visible only after the cost has compounded.

#### Positioning statement

Mauritius should not market itself as a power centre. It should market itself as the reliable operating room of a volatile region.

That means a narrow but valuable proposition: a neutral jurisdiction where Indian Ocean business can be structured, disputes can be settled, risk can be priced, capital can be routed, maritime and blue-economy initiatives can be governed, and regional actors can meet without theatrical alignment.

The country’s comparative advantage is not control. It is composure. It does not own the corridor. It can help make the corridor more usable.



## 4. Diego Garcia, Chagos and the Sovereignty–Security Equation

Diego Garcia is the one subject in this study that cannot be treated as either a sentimental decolonisation question or a narrow military-access question. It is both, and more besides. It joins law, sovereignty, strategic geography, U.S.–UK military planning, Chagossian rights, environmental stewardship, public finance, diplomatic credibility and Mauritius’ desired role as a neutral platform in the Indian Ocean.

The Chagos settlement, if managed wisely, can strengthen Mauritius’ sovereignty credentials and strategic relevance. If managed clumsily, it can expose the country to polarised great-power expectations, domestic controversy and reputational risk. That is the sovereignty–security equation: Mauritius may gain legal dignity and strategic weight, but it also inherits a file that larger powers will not allow to be treated as merely symbolic.

As of 19 April 2026, the settlement is politically unsettled. The United Kingdom and Mauritius signed the agreement on 22 May 2025, and the treaty text was formally presented to the United Kingdom Parliament in May 2025 [UK/Mauritius Agreement concerning the Chagos Archipelago including Diego Garcia, 2025]. ([GOV.UK](#)) But Reuters reported on 11 April 2026 that Britain had put the deal on hold after U.S. opposition, with the UK saying it would proceed only if it had U.S. support [Reuters, 11 April 2026]. ([Reuters](#)) This is not a minor procedural delay. It reveals the real structure of the issue: sovereignty is negotiated bilaterally between London and Port Louis, but the strategic veto lives partly in Washington.

The chapter therefore proceeds from a simple premise: Diego Garcia can enhance Mauritius’ strategic standing only if the country avoids three errors — legal triumphalism, security naivety, and moral under-management of the Chagossian question.

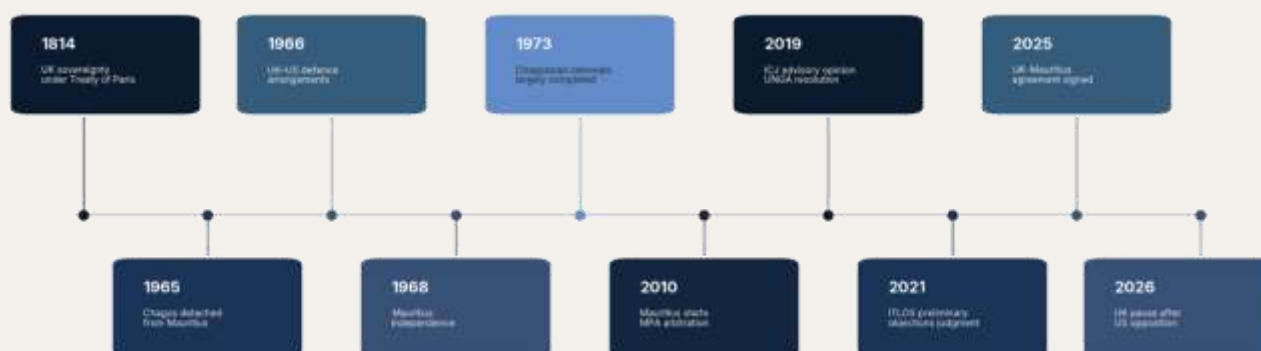


Figure 15 Chagos and Diego Garcia: legal, diplomatic and security milestones.

Source: House of Lords Library, House of Lords International Agreements Committee, International Court of Justice / United Nations record, Office of the United Nations High Commissioner for Human Rights, and Reuters. The timeline shows why Chagos is not a single dispute, but a layered legal-security process.

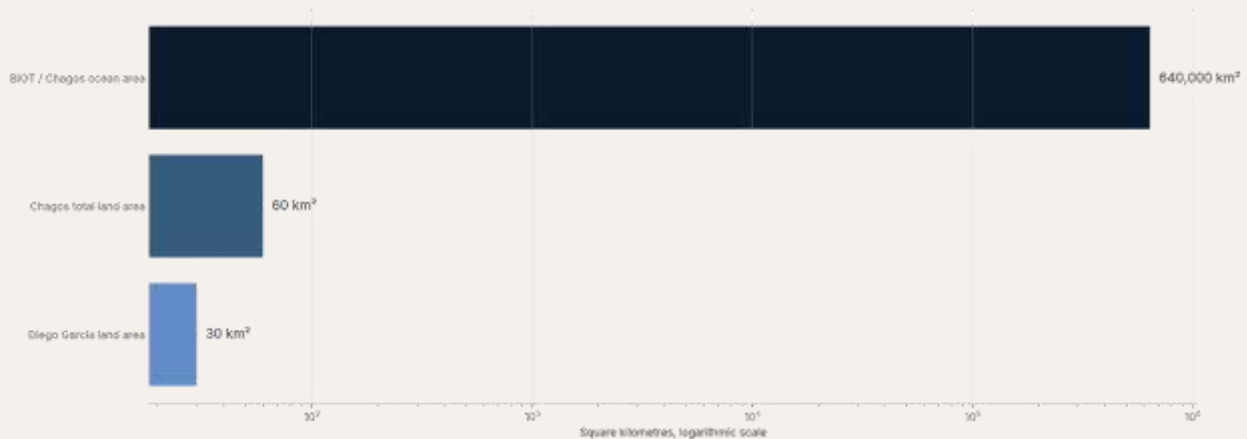
## 4.1 The legal and diplomatic significance of the 2025 UK–Mauritius agreement

The 2025 agreement is significant because it converts a long-running legal and diplomatic campaign into a treaty architecture. Its first article is deliberately direct: Mauritius is sovereign over the Chagos Archipelago in its entirety, including Diego Garcia [UK–Mauritius Agreement, Article 1]. That sentence is short, but strategically heavy. It attempts to settle the formal sovereignty question while preserving the operational utility of the base through a long authorisation to the United Kingdom.

The background matters. The Chagos Archipelago was detached from Mauritius in 1965, before Mauritius’ independence in 1968. The International Court of Justice (ICJ) issued an Advisory Opinion in 2019 finding that the Chagos Archipelago had been unlawfully detached from Mauritius and that the United Kingdom was under an obligation to bring its administration of the British Indian Ocean Territory to an end. The House of Lords International Agreements Committee described the ICJ opinion as non-binding but “highly authoritative” and noted that it had been followed by other international courts and bodies recognising Mauritian sovereignty after 2019 [House of Lords International Agreements Committee, 2025]. ([UK Parliament](#))

The United Nations General Assembly (UNGA) then adopted Resolution 73/295 in 2019, by 116 votes in favour, six against and 56 abstentions, welcoming the ICJ opinion and calling on specialised agencies to recognise that the Chagos Archipelago forms an integral part of Mauritius. The House of Lords Library records that the UK government’s own explanatory memorandum considered these developments to have had “meaningful real-world impact” on the sustainability of UK sovereignty and operation of the base [House of Lords Library, 2025]. ([Parliament Research Briefings](#))

The legal pressure was not merely academic. The Permanent Court of Arbitration records that Mauritius had already instituted arbitration proceedings in 2010 against the United Kingdom concerning the Marine Protected Area around the Chagos Archipelago [Permanent Court of Arbitration, Chagos Marine Protected Area Arbitration]. ([PCA-CPA](#)) The International Tribunal for the Law of the Sea (ITLOS) Special Chamber also proceeded with the Mauritius–Maldives maritime-boundary case after preliminary objections, with its press release recording that it found jurisdiction and admissibility in January 2021 [ITLOS Mauritius/Maldives Preliminary Objections]. ([ITLOS](#)) The legal trend was therefore running against the long-term sustainability of the British position, even if each forum had a different procedural posture.



Source: House of Lords Library briefing, Diego Garcia Military Base and British Indian Ocean Territory Bill, 30 October 2025.

Figure 16 Chagos physical scale: ocean area, land area and Diego Garcia

Source: House of Lords Library briefing, Diego Garcia Military Base and British Indian Ocean Territory Bill, 30 October 2025. The chart uses a logarithmic scale. The strategic value of Chagos is not land mass; it is location, ocean space, and base utility. ([Parliament Research Briefings](#))

The treaty attempts a compromise. It states sovereignty in Mauritian terms, but authorises the United Kingdom to exercise the rights and authorities of Mauritius with respect to Diego Garcia for the secure and effective operation of the base [UK–Mauritius Agreement, Article 2]. The House of Lords Committee summarised the bargain as a transfer of sovereignty to Mauritius while giving the UK a wide-ranging but time-limited authorisation for continued operation of the joint UK–U.S. base, initially for 99 years, with a possible 40-year extension and later rights of refusal [House of Lords International Agreements Committee, 2025]. ([UK Parliament](#))

That is the legal-diplomatic significance. Mauritius does not merely obtain an abstract recognition. It obtains a treaty-recognised sovereign title — but one immediately encumbered by security authorisations. This is sovereignty, but not simple sovereignty. It is sovereignty subject to a strategic leasehold logic.

## 4.2 Diego Garcia as a U.S.–UK strategic base in the Indian Ocean

Diego Garcia is the military centre of gravity of the file. The Chagos Archipelago is legally important; Diego Garcia is strategically irreplaceable for the United States and the United Kingdom. The House of Lords Library notes that the British Indian Ocean Territory comprises about 640,000 square kilometres of ocean around the Chagos islands in the central Indian Ocean, approximately halfway between Tanzania and Indonesia; Diego Garcia is the largest island, accounting for roughly half of the archipelago’s total land area of 60 square kilometres, and hosts a joint UK–U.S. military facility [House of Lords Library, 2025]. ([Parliament Research Briefings](#))

The United Kingdom’s own 2025 public explanation is unusually explicit for a defence matter. The UK government described Diego Garcia as a strategically critical UK–U.S. military base, with a deep-water port, airfield, advanced communications and surveillance capabilities, and roles across the Middle East, East Africa and South Asia [UK Ministry of Defence / Foreign, Commonwealth & Development Office, 2025]. ([GOV.UK](#)) The Prime Minister’s remarks on 22 May 2025 went further, stating that the base supports rapid deployment across the Middle East, East Africa and South Asia, has airfield and deep-water port facilities, supports the worldwide operation of GPS, helps monitor objects in Earth orbit, and supports monitoring of the nuclear test ban treaty [UK Prime Minister’s Office, 22 May 2025]. ([GOV.UK](#))

This gives Mauritius an uncomfortable proximity to high strategy. Diego Garcia is not merely a base for local maritime policing. It is part of a U.S.–UK power-projection architecture covering the Middle East, East Africa, South Asia and the Indo-Pacific. In a period of instability around Hormuz, the Red Sea, Suez, Ukraine, Malacca and the wider Indo-Pacific, that makes the base more valuable, not less.

The treaty recognises this. Under Article 3, the parties agree not to undermine, prejudice or otherwise interfere with the long-term, secure and effective operation of the base, and the United Kingdom is given full responsibility for the defence

and security of Diego Garcia [UK–Mauritius Agreement, Article 3]. The House of Lords Committee summarised Annex 1 as granting the UK rights including basing and overflight rights for UK and U.S. aircraft and vessels, control over the conduct and deployment of armed operations and lethal capabilities, control of the electromagnetic spectrum, and the right to use and develop land, waters and seabed for defence purposes [House of Lords International Agreements Committee, 2025].

That is why the April 2026 pause matters. Reuters reported that Britain put the agreement on hold after U.S. opposition, with the UK indicating that it would proceed only with U.S. support [Reuters, 11 April 2026]. (Reuters) The treaty may be bilateral on paper, but the base is triadic in reality: Mauritius, the UK and the U.S. all matter, and the U.S. is not merely an interested observer.

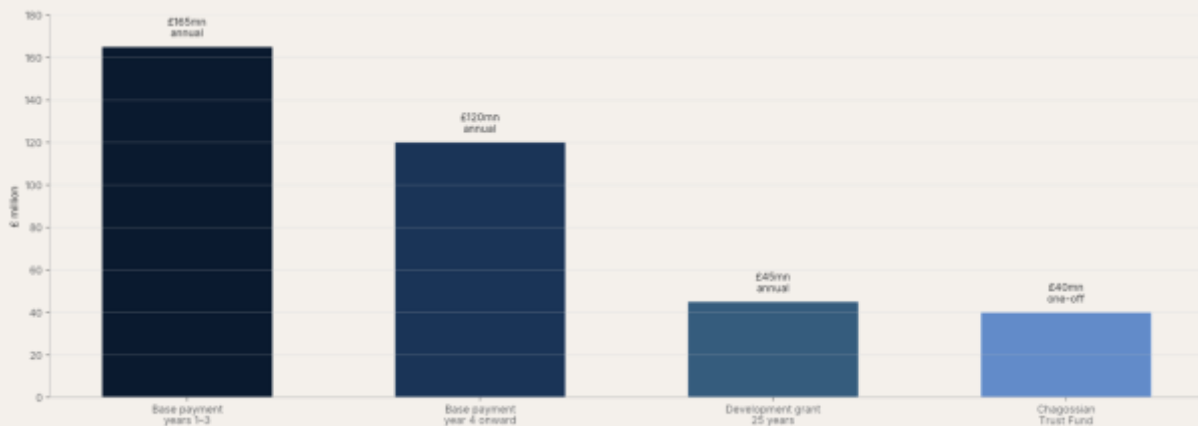
For Mauritius, the implication is sober. Sovereignty over Chagos increases diplomatic weight, but it also brings Mauritius closer to the operating perimeter of U.S.–UK strategic planning. That proximity should not be exaggerated into danger, but nor should it be treated as decorative.

### 4.3 The sovereignty dividend: legitimacy, dignity and diplomatic weight

The sovereignty dividend is real. Mauritius has spent decades arguing that decolonisation was incomplete. The 2025 agreement, whatever its current procedural uncertainty, validates the core Mauritian legal proposition in treaty language. Article 1 recognises Mauritian sovereignty over the entire Chagos Archipelago, including Diego Garcia [UK–Mauritius Agreement, Article 1]. The House of Lords International Agreements Committee similarly described the agreement as giving effect to a change in sovereignty by stating that Mauritius is the sovereign power [House of Lords International Agreements Committee, 2025].

This matters beyond symbolism. In international relations, legal legitimacy compounds. Mauritius’ long campaign before courts, tribunals and the United Nations has already built diplomatic capital. The ICJ opinion, UNGA resolution, ITLOS proceedings and eventual UK negotiation make Mauritius look less like a small state complaining from the margins and more like a state that used international law with patience and precision. That enhances its credibility as a rules-based Indian Ocean actor.

There is also an African and small-state dimension. Chagos gives Mauritius an unusually strong decolonisation credential. In African Union, Commonwealth, Indian Ocean Rim and small-island



Source: UK House of Lords International Agreements Committee, UK–Mauritius Agreement on the Chagos Archipelago including Diego Garcia, 25 June 2025.

Figure 17 Treaty financial architecture under the 2025 agreement.

Source House of Lords International Agreements Committee, UK–Mauritius Agreement on the Chagos Archipelago including Diego Garcia, 25 June 2025. The figures are treaty-linked payment streams, not ordinary fiscal revenue. They require governance, ring-fencing and public legitimacy.

diplomacy, such credentials matter. They help Mauritius speak about sovereignty, maritime governance, climate justice, small-state rights and blue-economy equity without sounding like a mere service jurisdiction selling tax structures and beaches.

But the sovereignty dividend must not be confused with unrestricted policy autonomy. The treaty also constitutes, under Article 11, a “full and final settlement” of all claims by Mauritius in relation to the Chagos Archipelago, with payments and development arrangements to be agreed separately [UK–Mauritius Agreement, Article 11]. The House of Lords Committee reports the financial architecture as an annual sum of £165 million for the first three years in respect of the base, decreasing to £120 million annually thereafter and adjusting for inflation after year 14; a £40 million Trust Fund for Chagossians; and an annual £45 million grant for 25 years to support projects promoting the ongoing development and welfare of Mauritius and its people. The Committee also records the UK Government’s estimate of £101 million per year on average over the initial 99-year period, amounting to £3.4 billion in net present value terms [House of Lords International Agreements Committee, 2025].

This is a meaningful sum for a small economy, but it must not be treated as free strategic income. Such payments would come with diplomatic, reputational and governance obligations. If managed poorly, the money could become a domestic quarrel over distribution. If managed well, it could strengthen resilience, blue-economy governance, climate adaptation, institutional capacity and Chagossian justice mechanisms.

The dividend is therefore not the payment itself. The dividend is the ability to convert sovereignty into legitimacy, legitimacy into trust, and trust into platform value.

## 4.4 The security constraint: obligations not to undermine the base

The security constraint is equally real. Mauritius would be sovereign, but the treaty places Diego Garcia inside a highly controlled security regime. Article 2 authorises the UK, as required for the long-term secure and effective operation of the base, to exercise rights and authorities of Mauritius with respect to Diego Garcia [UK–Mauritius Agreement, Article 2]. Article 3 requires both parties not to undermine, prejudice or otherwise interfere with the long-term secure and effective operation of the base [UK–Mauritius Agreement, Article 3].

The House of Lords Committee’s summary makes the operational reality plain. In Diego Garcia, the UK’s rights would include basing and overflight rights for UK and U.S. aircraft and vessels, control of armed operations and lethal capabilities, control of the electromagnetic spectrum, and rights to use and develop land, waters and seabed for defence purposes. On the outer islands, the UK and U.S. would have unrestricted rights of overflight, navigation and undersea access, while management of the electromagnetic spectrum beyond Diego Garcia and construction of maritime installations within the 12–24 nautical-mile zone around Diego Garcia would require a joint decision [House of Lords International Agreements Committee, 2025].

The duration is also unusually long. The treaty provides an initial 99-year period and a possible 40-year extension if the parties agree [UK–Mauritius Agreement, Article 13]. The House of Lords Committee further records that if the agreement is terminated after the initial 99-year term, the UK has a right of first refusal for the next 40 years if Mauritius were to offer use of the base to another state; Mauritius may not terminate the agreement unless the UK fails to make required financial payments or launches a military attack on Mauritius [House of Lords International Agreements Committee, 2025]. ([UK Parliament](#))

This is not a standard landlord-tenant arrangement. It is a strategic authorisation designed to preserve uninterrupted base operations. Mauritius would gain

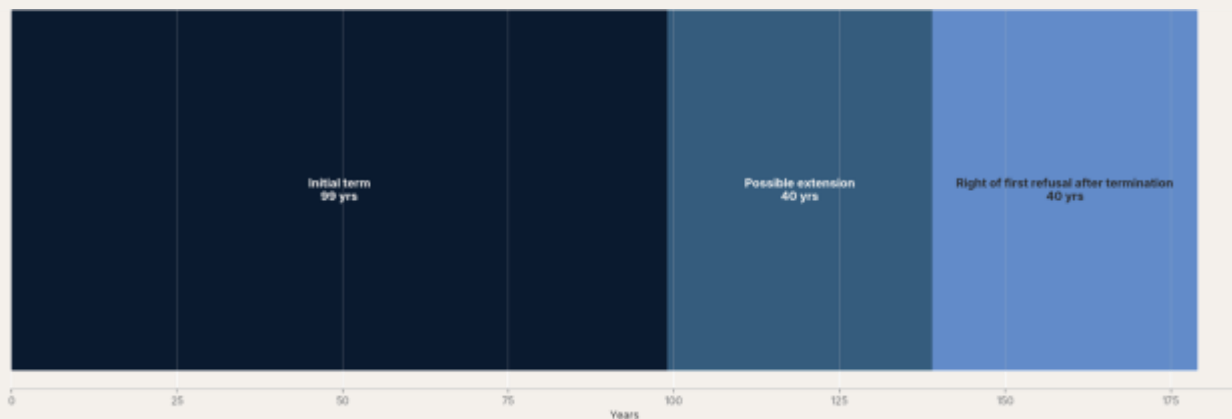


Figure 18 Duration architecture: initial term, possible extension and right of first refusal.

Source 2025 UK–Mauritius Agreement and House of Lords International Agreements Committee summary. The time horizon is strategic, not electoral. Mauritius needs institutional continuity over generations, not improvisation by Cabinet cycle.

sovereign title, but it would not gain ordinary operational discretion over the most strategic island in the archipelago. The phrase “sovereign but constrained” is inelegant, but accurate.

This has three implications. First, Mauritius should not sell the agreement domestically as though it gives full practical control over Diego Garcia. It does not. Secondly, Mauritius should not publicly threaten base operations as a bargaining tactic. That would invite immediate great-power reaction and undermine its platform-state brand. Thirdly, Mauritius must build administrative capacity to understand the treaty’s security interface. A sovereign state cannot outsource understanding of its own constraints.

## 4.5 Chagossian resettlement, environmental governance and moral credibility

The Chagossian question is the moral centre of the file. It is also a strategic issue, because a sovereignty settlement that is perceived to marginalise Chagossians may weaken Mauritius’ legitimacy precisely where it seeks to strengthen it.

The record is painful. The House of Lords Library states that the archipelago’s civilian population, estimated at between 1,400 and 1,700 Chagossians, was removed to Mauritius or Seychelles and prohibited from returning after the joint UK–U.S. base was constructed on Diego Garcia [House of Lords Library, 2025]. ([Parliament Research Briefings](#)) Reuters similarly reported that Britain forcibly displaced up to 2,000 indigenous Chagossians in the late 1960s and 1970s to establish the base [Reuters, 11 April 2026]. ([Reuters](#))

The 2025 treaty allows Mauritius to implement a programme of resettlement on islands of the Chagos Archipelago other than Diego Garcia [UK–Mauritius Agreement, Article 6]. That exclusion is strategically understandable from a base-security perspective, but politically and morally combustible. The Office of the United Nations High Commissioner for Human Rights (OHCHR) reported in December 2025 that the United Nations Committee on the Elimination of Racial Discrimination was deeply concerned that the agreement explicitly prevents the return of Chagossians to Diego Garcia, despite allowing resettlement elsewhere in the archipelago [OHCHR

/ CERD, December 2025]. (OHCHR) UN experts had already warned in June 2025 that the agreement failed to guarantee Chagossians’ rights to return to Diego Garcia, effective remedy, reparations and cultural rights, and questioned whether the £40 million Trust Fund would comply with standards for adequate and effective reparation [OHCHR Special Procedures, June 2025]. (OHCHR)

This creates a reputational test for Mauritius. The country’s legal case has been grounded in decolonisation and sovereignty. If, after securing sovereign recognition, it is seen as insufficiently responsive to displaced Chagossians, the moral basis of the campaign becomes vulnerable. The risk is not simply criticism from activists. It is erosion of the distinction between a sovereign dignity claim and a state-to-state bargain that leaves affected people as an afterthought.

Environmental governance is the second moral and practical test. Article 5 of the agreement requires the UK to exercise rights under Article 2 in accordance with applicable international environmental law and with due regard to Mauritian environmental laws; it also commits the UK to support Mauritius in establishing and managing a Marine Protected Area in the Chagos Archipelago and to cooperate on environmental protection, including oil and other spills and illegal, unreported and unregulated fishing [UK–Mauritius Agreement, Article 5]. The House of Lords Committee notes that Mauritius would take responsibility for a globally significant Marine Protected Area, but that the agreement did not yet specify the detailed support arrangements required for Mauritius to discharge that responsibility [House of Lords International Agreements Committee, 2025]. (UK Parliament)

This is where Mauritius must avoid a familiar small-state trap: accepting jurisdiction faster than it builds capacity. Marine protection over a remote archipelago requires surveillance, science, vessels, satellite monitoring, environmental law, fisheries governance, spill response, enforcement cooperation, financing and transparent decision-making. A beautiful map without operating capacity is not sovereignty; it is exposure.

The right policy is to join the Chagossian and environmental files rather than treat them separately. Resettlement, cultural access, ecological management, fisheries, environmental monitoring and heritage protection should be governed through one integrated legitimacy framework. The words “trust fund” should not be allowed to do the moral work of justice.

**A sovereignty settlement that weakens the moral position of the Chagossians would give Mauritius a flag and remove some of its argument.**



Figure 19 The sovereignty–security bargain and stakeholder structure.

Source Analytical synthesis of the 2025 treaty text, House of Lords scrutiny, OHCHR/CERD statements and Reuters reporting. The agreement is not bilateral in practical effect: Chagossians, the United States and the international legal system all shape its legitimacy and durability.

## 4.6 How Mauritius can remain neutral while hosting a strategic reality it does not fully control

Mauritius' neutrality doctrine becomes more complicated once Chagos is placed at the centre of the Indian Ocean security map. The country can remain neutral in diplomatic posture, but it cannot pretend that Diego Garcia is neutral infrastructure. It is a U.S.–UK military facility of major strategic value.

That distinction must be handled with discipline. Neutrality is not the absence of strategic facts. It is a way of behaving around them. Mauritius' task is not to deny Diego Garcia's purpose, nor to become a vocal participant in U.S.–UK military signalling. It is to preserve sovereign dignity while maintaining a legal, predictable and non-provocative posture.

The treaty itself points towards this discipline. Article 12 establishes a Joint Commission to facilitate implementation of the agreement, with functions set out in Annex 3 [UK–Mauritius Agreement, Article 12]. Annex 3 provides that the United States shall have the right to introduce issues for discussion in the Joint Commission and designate a representative to attend meetings to provide views and advice on matters concerning the long-term, secure and effective operation of the base; all Joint Commission decisions require agreement of both parties [UK–Mauritius Agreement, Annex 3].

This is not a purely symbolic body. It is the mechanism through which sovereignty, security and dispute management are likely to meet. Mauritius should treat it as a strategic operating forum, not as a diplomatic calendar item.

The difficulty is that neutrality will be judged by different audiences in different ways. The U.S. and UK will judge Mauritius by whether it preserves base continuity. India will watch whether the arrangement affects Indian Ocean balance and external influence. China will read it as evidence of Mauritius' proximity to Western security infrastructure, even if Mauritius remains economically open to China. African and small-island partners will watch the decolonisation and

Chagossian-rights dimensions. Domestic audiences will watch sovereignty, money and dignity. Chagossians will watch whether they remain excluded.

There is no slogan capable of satisfying all these audiences. Mauritius needs a doctrine, not a phrase. The doctrine should be narrow: Mauritius recognises its sovereign responsibilities, supports lawful peaceful use of the Indian Ocean, honours treaty commitments, does not undermine base operations, does not host foreign security forces on outer islands beyond agreed frameworks, and maintains open commercial and diplomatic relations with all lawful partners. That is not glamorous. It is the point. A stable platform should not speak like a revolutionary pamphlet or a military headquarters.

The country should also separate three modes of neutrality. **Legal neutrality** means acting within treaty and international-law commitments.

**Commercial neutrality** means preserving access for legitimate investment, finance and arbitration without sanctions exposure or reputational shortcuts. **Strategic neutrality** means avoiding unnecessary alignment rhetoric while accepting that Diego Garcia's continued operation is a treaty reality. Confusing these modes would produce needless trouble.

The hardest part will be domestic communication. The public must be told, clearly and without theatrical flourish, that sovereignty over Chagos does not equal unilateral control over Diego Garcia's military operations. Better to say this early than to let disappointment metastasise later.

## 4.7 Risk of being seen as aligned without receiving the full benefits of alignment

The principal strategic risk for Mauritius is not formal alignment. It is **perceived alignment without commensurate protection**.

This is a subtle but important point. If the agreement proceeds, Mauritius may be read by some external actors as the sovereign state enabling continued U.S.–UK military presence at Diego Garcia. Yet Mauritius would not necessarily receive the full security guarantees, intelligence privileges, defence umbrella, procurement benefits or strategic compensation that a formal ally might expect. It could therefore carry reputational and diplomatic costs without full alliance dividends.

The April 2026 pause illustrates this asymmetry. Reuters reported that the UK would only proceed with the agreement if it had U.S. support, and that the pause followed criticism from President Trump, who had called the deal a “big mistake” [Reuters, 11 April 2026]. ([Reuters](#)) For Mauritius, this shows that the agreement’s fate can be affected by U.S.–UK political dynamics over which Port Louis has limited control. In other words, Mauritius is part of the equation, but not the equation’s strongest variable.

The risk has several layers.

First, there is a **great-power perception risk**. China and other non-Western actors may see the agreement as locking Mauritius deeper into Western security architecture, even if Mauritius remains formally neutral. This does not mean Mauritius should reject the agreement. It does mean Mauritius must manage its wider diplomatic portfolio carefully, especially with India, China, France, the Gulf, African partners and Indian Ocean institutions.

Secondly, there is a **domestic political risk**. If payments are seen as compensation for constrained sovereignty, or if the Chagossian Trust Fund is viewed as inadequate or opaque, the settlement may

be attacked as a bargain made over people’s heads. The House of Lords Committee itself noted that the agreement contains limited provisions relating to the Chagossian community, does not provide a clear route to resettlement, and leaves governance arrangements for the £40 million Trust Fund unclear [House of Lords International Agreements Committee, 2025]. ([UK Parliament](#))

Thirdly, there is a **legal-expectations risk**. Mauritius has won moral and legal capital through the argument that decolonisation must be completed. If implementation appears to reproduce exclusion or opacity, the country may be criticised not by colonial defenders but by human-rights and decolonisation actors. That is more damaging, because it attacks the settlement from within its own claimed moral logic.

Fourthly, there is a **financial-governance risk**. Treaty-linked payments and development grants can strengthen Mauritius if they are transparently managed and strategically invested. They can weaken it if they become a patronage pool, budget plug, or source of opaque project finance. The House of Lords Committee explicitly called for clarity on oversight and accountability mechanisms for equitable and effective allocation of funds, including how Chagossians will be consulted in the Trust Fund’s administration [House of Lords International Agreements Committee, 2025]. Mauritius should take that warning seriously, not defensively.

Fifthly, there is a **policy-distraction risk**. Chagos can absorb elite attention. Yet Mauritius’ more immediate stability risks remain cost of living, energy import dependence, currency pressure, food import exposure, climate resilience, tourism airlift and fiscal credibility. Diego Garcia increases the country’s strategic profile; it does not replace the need to govern petrol prices, electricity, public debt or the rupee. A country can win sovereignty and lose the week’s shopping bill. Citizens will notice the latter first.



Figure 20 Proposed Chagos–Diego Garcia Strategic Governance Unit.

Source Author's institutional design based on treaty obligations, House of Lords scrutiny, OHCHR/CERD concerns and the sovereignty–security risk structure. This is a proposed governance model, not a statement of current Mauritian administrative structure.

### Policy recommendation: create a Chagos–Diego Garcia Strategic Governance Unit

Mauritius should create a dedicated **Chagos–Diego Garcia Strategic Governance Unit**. This should not be a ceremonial desk within a ministry. It should be a permanent, technically staffed unit reporting at Cabinet level, with a clear mandate to manage sovereignty implementation, treaty compliance, defence liaison, Chagossian rights, environmental governance, economic transparency and strategic communication.

The unit should combine six capabilities.

First, it needs **legal and treaty expertise**. The agreement is technical, long-duration and security-sensitive. Mauritius must maintain its own internal understanding of Articles 1–13, Annex 1 security arrangements, Annex 3 Joint Commission rules, dispute procedures, environmental obligations and jurisdictional boundaries. The state should not depend on external counsel for routine interpretation of its sovereign file.

Secondly, it needs **diplomatic and alliance liaison capacity**. The unit should manage working contact with the UK, U.S., India, France, African Union, Commonwealth, Indian Ocean Commission and relevant United Nations bodies. The aim is not to broadcast policy, but to reduce misreadings. In great-power files, ambiguity is not always sophistication. Sometimes it is just an invitation to be misquoted.

Thirdly, it needs a **defence and security interface**. Mauritius does not need to become a military actor, but it needs officials who understand base operations, maritime-domain awareness, flight and overflight rights, communications spectrum, undersea access, emergency procedures and outer-island development constraints. Sovereignty without technical literacy is a thin comfort.

Fourthly, it needs a **Chagossian rights and consultation arm**. This should have standing mechanisms for Chagossian consultation in Mauritius, the United Kingdom and Seychelles. It should not be limited to compensation administration. It should cover cultural heritage, possible access arrangements, resettlement planning outside Diego Garcia, memorialisation, education, archival work and grievance-handling.

Fifthly, it needs **environmental and marine governance capacity**. The Marine Protected Area is not a decorative environmental asset; it is a remote governance task. The unit should coordinate scientific monitoring, fisheries enforcement, illegal, unreported and unregulated fishing response, spill preparedness, climate adaptation, conservation finance and partnerships with credible marine institutions.

Sixthly, it needs **economic and fund-governance expertise**. Any treaty-linked payments, development grants and trust-fund arrangements should be governed transparently, preferably with independent audit, published allocation criteria, parliamentary reporting and clear ring-fencing. Mauritius' reputation as a platform state would be damaged more by opaque handling of sovereignty-linked funds than by any hostile op-ed abroad.

The unit should also prepare a classified and unclassified version of a **Chagos–Diego Garcia National Interest Framework**. The classified version would handle security liaison and sensitive treaty implementation. The public version would state principles: sovereignty, treaty compliance, Chagossian dignity, environmental stewardship, transparency, neutrality, and non-interference with base operations under agreed terms.

This is the central institutional point. Diego Garcia is too important to be managed through improvisation, ministerial personality or press-cycle diplomacy. It requires an operating system.

### Section judgement

The Chagos settlement offers Mauritius a rare chance to transform legal victory into strategic relevance. But the chance is not risk-free. The agreement, if revived and ratified, would recognise Mauritian sovereignty over the entire Chagos Archipelago, including Diego Garcia. It would also bind that sovereignty to a long-duration U.S.–UK base arrangement, significant security authorisations, restricted resettlement on Diego Garcia, environmental responsibilities, financial flows and great-power sensitivities.

The correct Mauritian posture is therefore neither celebration nor rejection. It is disciplined statecraft.

Mauritius should treat Chagos as a sovereign asset; Diego Garcia as a strategic constraint; Chagossian rights as a moral obligation; the Marine Protected Area as a governance test; and treaty-linked payments as public-trust funds, not fiscal loose change.

The positioning statement for this chapter is deliberately austere:

**Mauritius should not turn Diego Garcia into a slogan. It should turn Chagos into a disciplined sovereign file — legally serious, morally defensible, environmentally credible and strategically calm.**

## 5. The Domestic Exposure Map: Energy, Food, Freight and Imported Inflation

Mauritius’ central vulnerability in the present corridor age is not invasion. It is not, in the first instance, military spillover from the Gulf, the Red Sea, Diego Garcia, the Black Sea or Malacca. Its vulnerability is more prosaic, and for that reason more politically dangerous: imported cost pressure entering the domestic economy through fuel, electricity, food, freight, insurance, currency and household expectations.

This is the part of the analysis where romance should be put firmly aside. Mauritius may become a trusted platform in a volatile Indian Ocean, but platform credibility is not built on diplomatic language alone. It is built on the state’s ability to prevent external shocks from becoming domestic disorder. A country cannot credibly sell stability to others while its households, small and medium-sized enterprises, importers, hotels, hauliers and public finances are all being squeezed at once.

The strategic question is therefore not simply whether Mauritius can benefit from its Indian Ocean position. It is whether Mauritius can protect domestic affordability while the region around it becomes more expensive to trade through. The island’s principal security risk is not the arrival of warships; it is the compounding of everyday bills.

**“Countries should balance short-term urgent interventions with longer-term resilience efforts as they respond to the crisis.”**

— World Bank, *Food Security Update*, March 2026. ([World Bank Food Security Update 2026] ([World Bank](#)))



Figure 21 Corridor stress to domestic pressure: the Mauritius transmission chain.

Source analytical synthesis for Mauritius, drawing on energy, food, freight, insurance, currency and fiscal transmission channels discussed in this section.

### 5.1 Imported energy dependency

Mauritius begins from a hard energy fact: the economy is overwhelmingly import-dependent. Statistics Mauritius’ 2024 environmental data, hosted by the United Nations Statistics Division, place total primary energy requirement at 1,614.9 thousand tonnes of oil equivalent in 2024, 5.0% higher than in 2023. Of that requirement, 90.9%, or 1,468 thousand tonnes of oil equivalent, came from

imported fossil fuels — petroleum products and coal — while only 9.1%, or 147 thousand tonnes of oil equivalent, came from local renewable sources such as hydro, wind, landfill gas, photovoltaic, bagasse, fuelwood and charcoal [Statistics Mauritius Environment Statistics 2024].

This is not an energy-sector inconvenience. It is a national balance-sheet condition. Imported energy enters transport, electricity, food distribution,

aviation, hotels, manufacturing, fisheries, construction, supermarkets, schools, hospitals and public administration. When international fuel, coal, freight or currency prices move, the whole economy receives the message. Some sectors hear it first. Others hear it later. But almost nobody is outside the room.

The composition matters. In 2024, energy supply from imported fossil fuels increased by 5.8%, from 1,387 to 1,468 thousand tonnes of oil equivalent. Petroleum-product supply rose marginally, from 983 to 986 thousand tonnes of oil equivalent, while coal supply rose by 19.3%, from 404 to 482 thousand tonnes of oil equivalent [Statistics Mauritius Environment Statistics 2024]. Coal is sometimes treated as yesterday’s problem. In Mauritius, it remains part of today’s electricity and balance-of-payments problem.

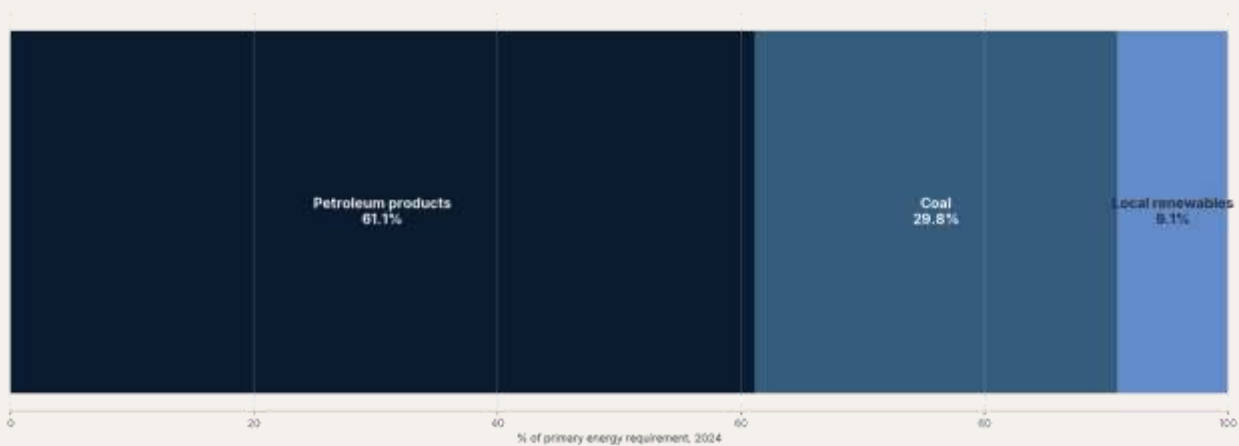
The policy implication is stark. A country with this level of energy import dependency cannot treat geopolitical risk as a foreign-affairs matter. It is an energy-security matter, a fiscal matter and a social-stability matter. The right comparison is not with a large economy that can absorb a fuel shock through domestic production, diversified pipelines or strategic depth. Mauritius is closer to a finely run household that imports almost all the ingredients, pays in foreign currency, and then wonders why the supermarket bill has become foreign policy.

## 5.2 Petroleum products, coal and electricity generation

Electricity is where the imported-energy issue becomes more deeply embedded. Statistics Mauritius reports that total electricity generated increased by 4.7%, from 3,266 GWh in 2023 to 3,418 GWh in 2024. The generation mix remained heavily fossil-based: 42.5% from diesel and fuel oil, 39.1% from coal, and 18.2% from renewable sources [Statistics Mauritius Environment Statistics 2024].

That 18.2% renewable share is progress, but it is not yet resilience. It means more than four-fifths of electricity generation still depends on imported combustible energy. Put differently, Mauritius’ electricity system is partly a global logistics system with wires attached. When petroleum products or coal move sharply, the pressure does not stay in the State Trading Corporation’s ledger or the Central Electricity Board’s procurement office. It enters electricity cost, tariff debate, public-sector accounts and investment capacity.

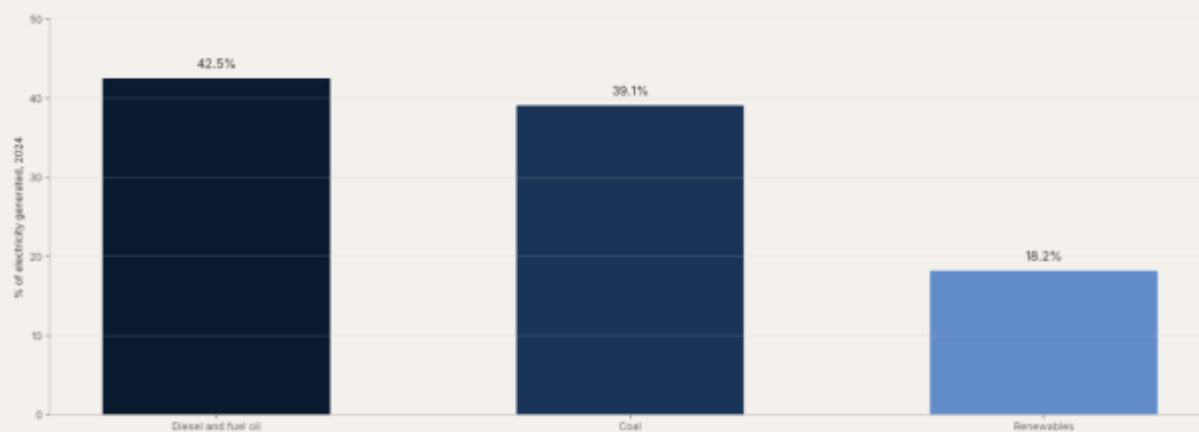
The Central Electricity Board’s own operational data for financial year 2023/2024 show the same structure from another angle. Total energy generated or purchased stood at 3,325.74 GWh; thermal fuel oil and Jet A1 represented 1,417.11 GWh, or 42.61% of units generated, while purchases from Independent Power Producers using coal, bagasse and cane trash represented 1,598.76 GWh, or 48.07% [Central Electricity Board Production Facts and Figures 2023/24]. (CEB) The Board’s production overview also states that, as at 30 June 2024, Mauritius had



Source: Statistics Mauritius, Environment Statistics 2024, hosted by UN Statistics Division.

Figure 22 Mauritius’ primary energy requirement by source, 2024.

Source: Statistics Mauritius, Environment Statistics 2024, hosted by United Nations Statistics Division. Petroleum products and coal together accounted for 90.9% of primary energy requirement.



Source: Statistics Mauritius, Environment Statistics 2024, hosted by UN Statistics Division.

Figure 23 Mauritius electricity generation mix, 2024.

Source: Statistics Mauritius, Environment Statistics 2024, hosted by United Nations Statistics Division. Diesel and fuel oil accounted for 42.5%, coal for 39.1%, and renewables for 18.2% of generation.

nominal installed capacity of 881.56 MW, split between 512.72 MW of CEB generating units and 368.84 MW from private power producers and distributed generators [Central Electricity Board Production Overview 2024]. ([CEB](#))

The vulnerability here is not simply price. It is operational sequencing. Electricity systems need reliable fuel arrival, storage, dispatch, reserve capacity, tariff revenue and maintenance spending. A fuel-price shock absorbed too long by tariffs can weaken utility balance sheets. A tariff shock passed too abruptly can weaken households and small firms. The choice is not between pain and no pain; it is between transparent, sequenced pain and hidden, accumulated pain.

This is why the energy transition cannot be discussed only as climate policy. It is balance-of-payments policy. It is cost-of-living policy. It is fiscal-risk policy. Every megawatt-hour generated from domestic renewable energy is not a moral slogan; it is one less unit of imported vulnerability, subject to grid constraints and storage economics. The limitation is equally clear: solar panels do not replace diesel logistics overnight. Energy transition is necessary, but it is not an emergency fuel shipment. Serious policy should stop pretending it is either magical or irrelevant.

### 5.3 Diesel as the hidden nervous system of the economy

Gas oil — diesel in ordinary language — deserves separate treatment. Petrol is politically visible. Diesel is economically systemic.

In Mauritius, diesel touches public transport, goods transport, construction equipment, fisheries, agriculture, cold chains, port operations, emergency services, backup generation, hotel logistics, food distribution and a large share of small-business mobility. A petrol increase irritates motorists. A diesel shock reprices the domestic supply chain.

The April 2026 pricing decision makes this visible. The State Trading Corporation (STC) reported that the Petroleum Pricing Committee recommended raising mogas from Rs 58.45 to Rs 64.25 per litre and gas oil from Rs 64.80 to Rs 71.25 per litre, effective 16 April 2026. More important than the visible 10% pump increase is the underlying calculated increase: STC stated that the new reference price and exchange rate implied an increase of 20.29% for mogas and 34.44% for gas oil, but retail increases were capped at 10% because the Price Stabilisation Account balance was negative [State Trading Corporation Press Release, 15 April 2026]. ([STC](#))

The internal price structure confirms the heavier diesel shock. STC's 15 April 2026 price structure used an exchange rate of Rs 46.7014 per U.S. dollar. The Cost, Insurance and Freight component was Rs 35.8200 per litre for mogas and Rs 56.5461 per litre

for gas oil. In other words, before local taxes, contributions, margins and Value Added Tax were added, diesel already carried a far higher rupee import-cost component [State Trading Corporation Price Structure, 15 April 2026]. ([STC](#))

That difference matters for policy. Mauritius should not think of gas oil as merely another fuel product in a pricing table. It is the lubricant of the real economy. The country’s first emergency fuel-planning priority in a corridor-stress scenario should be gas oil continuity for essential services: public transport, food logistics, port activity, emergency services, fisheries, hospitals, and electricity backup where relevant. This is not an argument for crude rationing. It is an argument for knowing, before the queues form, which litres matter most.

The political sensitivity is also different. A diesel shock tends to become a food-price shock, a bus-cost shock, a school-cost shock, a construction-cost shock and an SME-margin shock. It does not remain in the forecourt. It travels by lorry.

## 5.4 Food import dependency and social sensitivity

Food is the social transmission channel. Fuel and freight shocks become politically acute when they enter rice, flour, edible oils, milk powder, poultry, fish, pulses, animal feed, school lunches and supermarket baskets. A population may accept that shipping is more expensive; it will not accept, for long, that the cost of ordinary life is drifting beyond wages.

Mauritius is structurally food import-dependent. The International Trade Administration describes the country as a net food importer, with an overall food self-sufficiency ratio of approximately 25%. It reports that agricultural imports amounted to US\$1.6 billion in 2024, representing 24.4% of total Mauritian imports, and lists imported products including rice, meat and fish, fruits, pulses, milk and dairy products, vegetables, coffee, tea, spices, cereals, oil, beverages, wheat and food preparations [International Trade Administration, Mauritius Agricultural Sectors 2026]. ([Trade.gov](#))

Domestic production is not negligible. Statistics Mauritius reported that total food-crop production rose by 11.6%, from 169,700.8 tonnes in 2024 to 189,372.1 tonnes in 2025; poultry production rose by 5.8%, from 53,900 tonnes to 57,000 tonnes; and fish production fell by 1.3%, from 38,445 tonnes to 37,928 tonnes [Statistics Mauritius Agricultural and Fish Production 2025]. These are useful buffers, not food sovereignty in the strict sense. Mauritius can produce more fresh food locally; it cannot produce



Source: State Trading Corporation, retail price table, accessed 19 April 2026.

Figure 24 Mauritius retail prices of mogas and gas oil, May 2022–April 2026.

Source State Trading Corporation retail-price table. The April 2026 move is important not because it returns prices to the 2022 peak, but because it arrives with a larger calculated formula increase hidden behind a capped retail adjustment. (STC)

the full import basket on which its current consumption pattern depends.

The global backdrop is turning less forgiving. The World Bank’s March 2026 Food Security Update states that the Middle East conflict is raising new risks by disrupting oil and fertiliser flows through Hormuz; it reports that urea prices surged by nearly 46% month-on-month between February and March 2026, while wheat, maize and rice prices closed 13%, 4% and 5% higher respectively since the previous update [World Bank Food Security Update, March 2026]. (World Bank) That is precisely the combination Mauritius does not want: energy, fertiliser, cereal and freight pressures arriving together.

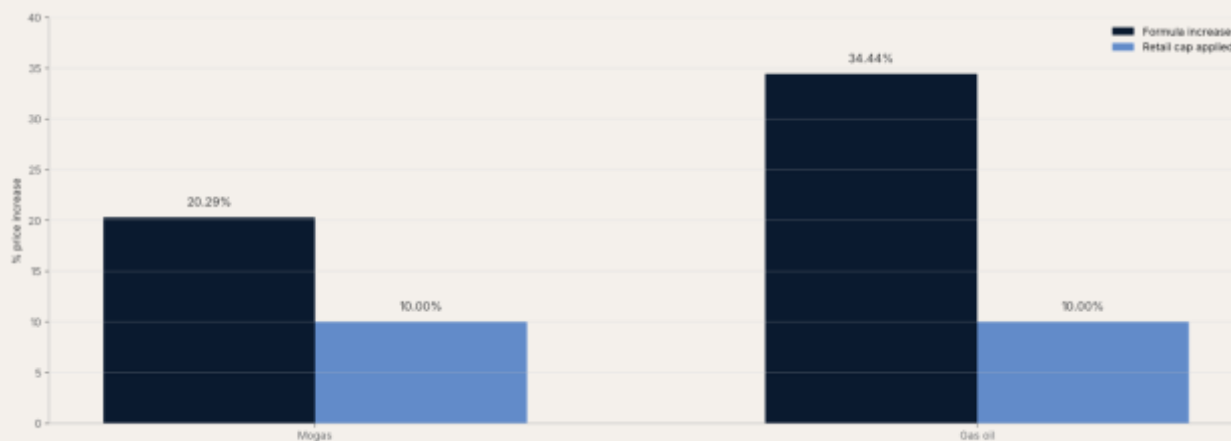
The social sensitivity lies in perception as much as arithmetic. Households distinguish badly between imported cost and local margin. If prices rise across several essentials at once, the natural suspicion is profiteering, even where some pass-through is genuine. The state therefore needs more than subsidies. It needs landed-cost transparency, margin monitoring, targeted relief and credible communication. Price controls without supply logic are usually a tidy way of producing untidy outcomes. But cost transparency can prevent the worst form of domestic contagion: the belief that everybody is taking advantage of everybody else.

## 5.5 Freight, insurance and the island premium

The island premium is not one cost. It is a stack: shipping distance, container availability, small-market scale, storage limits, insurance premia, port schedules, inventory financing, foreign-exchange settlement, and the inability to substitute domestic production quickly when external supply is disrupted.

Mauritius’ import bill is large relative to its economic scale. The Mauritius Chamber of Commerce and Industry (MCCI) reports that imports surged by 10.6% in 2024 to reach MUR 314 billion, with China, the United Arab Emirates and India as the main import markets. MCCI also records petroleum oils as the leading import product at MUR 60.811 billion, or 19% of imports; motor vehicles followed at MUR 22.789 billion; frozen fish at MUR 9.134 billion; medicaments at MUR 7.926 billion; cellular phones at MUR 7.242 billion; coal at MUR 4.362 billion; rice at MUR 3.303 billion; petroleum gases at MUR 3.235 billion; and food preparations at MUR 2.955 billion [MCCI Economic & Trade Data 2024/25].

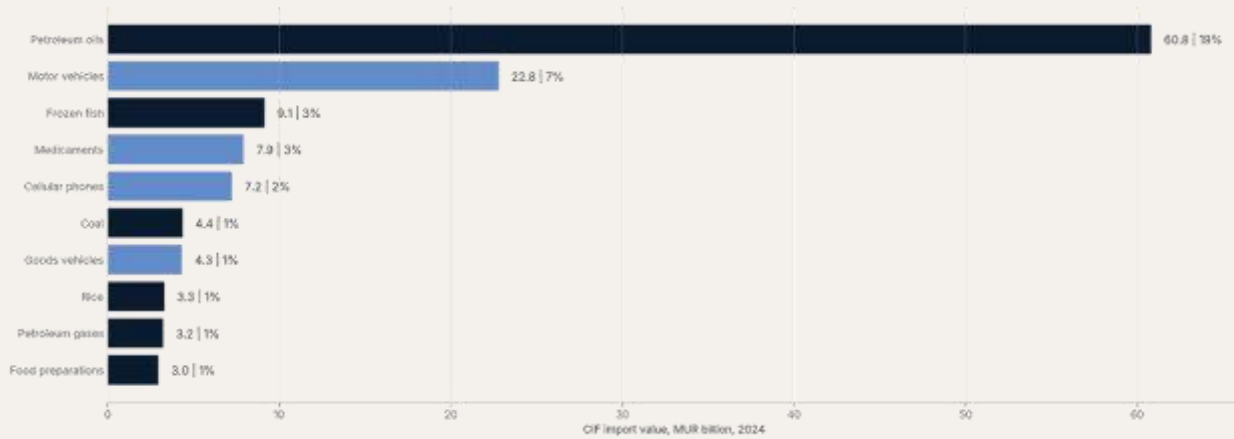
This import composition explains why corridor stress matters. It is not simply that fuel becomes more expensive. The import basket itself is fuel-heavy, food-relevant and logistics-sensitive. Petroleum oils, coal, rice, petroleum gases, frozen fish and food preparations all sit in the top ten import products. Mauritius imports the things that



Source: State Trading Corporation press release, Petroleum Pricing Committee decision, 15 April 2025.

Figure 25 Mauritius food-dependency indicators.

Sources International Trade Administration, Mauritius Agricultural Sectors, 2026; Statistics Mauritius, Agricultural and Fish Production 2025. The domestic production figures are meaningful, but they sit inside a wider import-dependent food system. (Trade.gov)



Source: Mauritius Chamber of Commerce and Industry, Economic & Trade Data 2024/25, based on Statistics Mauritius.

Figure 26 Mauritius' top ten import products, 2024.

Source: Mauritius Chamber of Commerce and Industry, Economic & Trade Data 2024/25, based on Statistics Mauritius. Petroleum oils alone represented 19% of imports; the wider top-ten basket includes coal, rice, petroleum gases, frozen fish and food preparations.

make the domestic economy move, eat, generate and distribute.

Freight volatility has also become more structural. UNCTAD's 2025 maritime review states that freight-rate volatility is becoming "the new normal", driven by geopolitical tensions, trade policy shifts, regulatory developments and supply-demand imbalances. It notes that Red Sea disruptions forced vessels around the Cape of Good Hope, increasing voyage distances, vessel demand, delays, frequency problems and operating costs; global ton-miles rose by an estimated 17% in 2024, while time-charter and fuel costs rose materially [UNCTAD Review of Maritime Transport 2025].

The same UNCTAD chapter reports that the Shanghai Containerized Freight Index averaged 2,496 points in 2024, approximately 149% above the 2023 average, peaked around 3,600 points in mid-2024, and still stood around 93% above its December 2023 level by December 2024 [UNCTAD Review of Maritime Transport 2025]. This is not a small deviation. It is the cost structure of global goods being re-marked.

Insurance adds another layer. Reuters reported in July 2025 that the cost of shipping goods through the Red Sea had more than doubled after Houthi attacks and sinkings, with war-risk premiums rising to around 0.7% of vessel value from around 0.3% the previous week, and rates quoted up to 1% for a typical seven-day voyage period [Reuters, Red Sea Insurance, July 2025]. (Reuters) Insurance does not

wait for a ministry to declare a crisis. It prices risk first and lets households discover the consequences later.

For Mauritius, this means freight and insurance should be treated as macroeconomic indicators, not operational trivia. The Ministry of Finance, the Bank of Mauritius, importers, insurers, banks and large retailers should watch freight rates, war-risk premia, bunker adjustment factors and blank sailings as closely as they watch Brent. A small island is not priced only by oil; it is priced by the ship that brings the oil, the insurer that covers the ship, the dollar that pays the invoice and the bank facility that finances the stock.

## 5.6 Fuel-price smoothing and the Price Stabilisation Account

The Price Stabilisation Account is designed to smooth fuel-price volatility. In normal conditions, this is sensible. In abnormal conditions, it can become the place where the political system hides arithmetic.

The April 2026 STC release is unusually revealing. It says the Petroleum Pricing Committee considered an estimated Rs 3.2 billion deficit in the Price Stabilisation Account. It also says the calculated price increase was Rs 11.8610 per litre for mogas, or 20.29%, and Rs 22.3195 per litre for gas oil, or 34.44%. Because the calculated increases exceeded 4% and the PSA balances were negative, both retail prices were increased by a maximum of 10% under the pricing rules [State Trading Corporation Press Release, 15 April 2026]. (STC)

This means the pump price is not the economic price. It is a regulated price after smoothing, deferral and adjustment. The difference may be justified, especially in a shock. But it must not be ignored. The hidden portion of the price has to go somewhere: into the PSA deficit, future pump-price adjustments, fiscal transfers, foregone investment, or some other public balance-sheet mechanism.

The price structure itself shows the smoothing mechanism in action. STC's April 2026 structure includes an "Adjustment" of negative Rs 5.2704 per litre for mogas and negative Rs 13.7996 per litre for gas oil, alongside a Rs 7.2000 per litre contribution to subsidy on Liquefied Petroleum Gas, flour and rice for both products [State Trading Corporation

Price Structure, 15 April 2026]. (STC) This is not merely fuel pricing; it is a cross-subsidy architecture tying mobility, cooking gas and staple foods together.

That design creates three policy dilemmas.

First, smoothing helps households today but can increase tomorrow's adjustment if external prices remain high. Secondly, cross-subsidies protect politically sensitive goods, but they make fuel pricing harder to explain and easier to distrust. Thirdly, a negative PSA balance narrows room for manoeuvre precisely when the public expects protection. There is a mild absurdity here: the mechanism designed to calm volatility becomes most politically pressured when it is least financially comfortable.

The proper response is not to abolish smoothing. That would be economically pure and socially unwise. The proper response is to publish clearer stress paths: what happens to the PSA if oil, diesel, freight and the rupee remain at current levels for one month, three months and six months? How much of the burden is being carried by pump prices, how much by the account, and how much by the budget? Senior people can handle arithmetic. So can citizens, if not patronised.



Figure 27 Calculated fuel-price increase versus retail cap, April 2026.

Source State Trading Corporation press release, 15 April 2026. The chart shows the difference between formula pressure and the capped retail adjustment. This gap is not free; it is deferred through the pricing and stabilisation system. (STC)

## 5.7 The political economy of delayed pass-through

Delayed pass-through is not inherently bad. In fact, it is often necessary. A small island economy should not transmit every external price spike instantly into households, buses, fishermen, food distributors and small firms. That would be socially harsh and economically destabilising. The problem is not delay. The problem is delay without a strategy.

The International Monetary Fund's 2025 Article IV consultation gives the relevant macro-fiscal frame. It recorded Mauritius' economy growing by 4.7% in 2024, but also noted that the external current-account deficit widened to 6.5% of gross domestic product, mostly reflecting higher imports and freight costs. Gross foreign reserves reached US\$8.5 billion at end-2024, covering almost twelve months of imports, while public-sector debt was projected at around 88% of gross domestic product at end-June 2025. The IMF warned that risks were tilted to the downside, including global uncertainty, higher-than-anticipated fuel and food prices, and extreme climate shocks [IMF Article IV Mauritius 2025].

[\(IMF\)](#)

That is a strong but constrained starting point. Mauritius has reserves. It has institutional credibility. It has a functioning financial system. But high public debt, import dependence and a current-account deficit limit the capacity to socialise every external shock. If delayed pass-through becomes open-ended, it becomes either debt, inflation, currency pressure, underinvestment, or hidden arrears by another name.

The Bank of Mauritius rate screen reminds us of the currency channel. On 17 April 2026, consolidated indicative rates showed the U.S. dollar selling at Rs 46.7371, the euro at Rs 55.3404 and sterling at Rs 63.5191 [Bank of Mauritius Indicative Exchange Rates, 17 April 2026]. [\(Bank of Mauritius\)](#) Fuel, freight, insurance, fertiliser and many food commodities are heavily dollar-linked. Tourism receipts are more diversified, with significant euro and sterling exposure. A rupee under pressure therefore does not affect all sides of the national balance sheet symmetrically.

The political economy is awkward. If the state passes through fuel prices quickly, households blame government. If the state delays pass-through too long, public finances and credibility suffer. If the central bank leans too hard against currency pressure, reserves are used to cushion consumption. If it lets the exchange rate move too freely, imported inflation rises. None of the choices are comfortable. Policy maturity consists in choosing the least damaging sequence, not pretending there is no trade-off.

A practical hierarchy is needed. Protect essential consumption first: public transport, low-income households, food logistics, basic staples, emergency services and productive small firms. Do not subsidise every litre equally. A litre used to move food to market is not the same economic object as a litre used for avoidable private mileage. This distinction is politically difficult; it is also the difference between social policy and fiscal anaesthesia.

## 5.8 Why cost-of-living instability is Mauritius' real security risk

Mauritius is unlikely to become unstable because of direct military conflict in the Indian Ocean. The more credible risk is internal stress generated by imported inflation and policy error. This is not a softer risk. It is the risk that actually reaches voters.

The February 2026 Consumer Price Index (CPI) data from Statistics Mauritius showed year-on-year inflation at 3.5%, headline inflation at 4.1% for the twelve months ending February, year-on-year CORE1 inflation at 4.2%, and year-on-year CORE2 inflation at 5.5%. Statistics Mauritius also reported that the CPI increased from 109.1 in January to 109.5 in February, with vegetables, other food products, prepared foods and other goods and services contributing to the monthly rise [Statistics Mauritius CPI February 2026]. Secondary market data later indicated that the CPI rose further to 109.6 in March 2026, but the latest directly accessible Statistics Mauritius PDF retrieved for this section is February 2026; the Statistics Mauritius publication programme confirms that March 2026 and first-quarter 2026 CPI releases were scheduled online in April [Statistics Mauritius Publication Programme 2026]. ([Trading Economics](#))

The immediate inflation numbers are not yet alarming by the standards of 2022. That is precisely why policy should not be complacent. Cost-of-living instability rarely begins as a statistical emergency. It begins as margin compression. A haulier delays maintenance. A restaurant trims portions. A retailer raises prices quietly. A small contractor reprices quotations. A household cancels discretionary spending. A worker asks for an allowance. A bank tightens a line of credit. The whole system remains open, but it has less air.

For Mauritius, cost-of-living risk has six domestic channels.

The first is **food**. Mauritius imports much of the essential food basket, and global energy, fertiliser and freight shocks can enter food prices with a lag. This is the most socially sensitive channel because it touches all households and is hard to explain away.

The second is **transport**. Diesel and petrol enter commuting, buses, taxis, delivery costs and school logistics. Transport inflation is visible, repetitive and psychologically powerful.

The third is **electricity and utilities**. If imported fuel and coal costs remain elevated, someone must eventually absorb the pressure: the utility, the budget, the tariff, or future investment.

The fourth is **small-business margins**. Small and medium-sized enterprises often lack sophisticated hedging, foreign-exchange buffers or inventory finance. They cannot always pass through costs without losing customers, and they cannot always absorb costs without weakening their own balance sheets.

The fifth is **wages and expectations**. Once households expect repeated price shocks, wage demands and price setting become more defensive. That is how a temporary imported shock risks becoming a domestic inflation process.

The sixth is **trust**. If public communication is opaque, if the pricing mechanism is poorly understood, or if support is seen as unfair, an external price shock becomes a legitimacy shock.

This is why the domestic exposure map belongs at the centre of the Mauritius platform-state strategy. A distressed Mauritius cannot sell stability. A government that mishandles the cost of living may still have good diplomatic language, but its platform premium will erode. Investors, lenders, airlines, insurers and regional partners are not sentimental. They read stability in fuel availability, price discipline, fiscal credibility, currency management and social calm.

The blunt policy judgement is that Mauritius should treat cost-of-living stability as national security. Not by declaring an emergency at every price increase, but by building the machinery to manage shocks: stock monitoring, targeted subsidies, landed-cost transparency, freight and insurance tracking, diesel-priority planning, CPI decomposition, rupee stress analysis, and honest communication. There is nothing glamorous about this. That is why it matters.

The corridor age has turned the household basket into a strategic indicator. Mauritius' first line of defence is not a frigate. It is competent domestic price management.

### Section judgement

Mauritius' strategic ambition is constrained by domestic affordability. The country can become a trusted platform in the Indian Ocean, but only if it prevents imported shocks from becoming domestic distress. The energy system is heavily import-dependent. Electricity remains fossil-intensive. Diesel is a systemic input. Food dependence is real. Freight and insurance volatility widen the island premium. Fuel-price smoothing buys time but creates hidden liabilities. Delayed pass-through is useful only if it is transparent, targeted and finite.

The correct policy posture is not panic. It is disciplined realism. Mauritius should not attempt to suppress every external price movement. It should protect essential functions, publish clearer cost and subsidy data, preserve fiscal and currency credibility, monitor freight and insurance as macro indicators, and accelerate practical energy and food resilience.

The positioning statement for this chapter is deliberately direct:

**Mauritius will not be destabilised by the Indian Ocean itself. It could be destabilised by the domestic mismanagement of Indian Ocean prices.**

## 6. Macro-Financial Resilience: Rupee, Reserves, Debt and Confidence

Mauritius enters the corridor-stress period with meaningful macro-financial buffers, but not with excess comfort. That distinction is essential. The country has reserves, a functioning central bank, a mature banking sector, a tourism engine that earns foreign exchange, and a policy framework capable of absorbing shocks. Yet it also has a structural current-account deficit, high public debt, a small and shallow foreign-exchange market, heavy import dependence, and the political difficulty of passing external prices through to households and firms.

The question is not whether Mauritius can survive a corridor shock. It can. The question is whether it can absorb one without eroding the very confidence on which its platform-state ambition depends. A country aspiring to be a trusted jurisdiction in the Indian Ocean must look calm not only in diplomatic language, but in its balance of payments, currency management, fiscal arithmetic, banking supervision and public communication.

The main finding of this chapter is therefore restrained but firm: Mauritius has shock absorbers; it does not have shock immunity. Reserves buy time. They do not cancel imported inflation. Banks hold capital. That does not protect every small business. The rupee can move. That does not make depreciation costless. Subsidies can cushion households. That does not make universal subsidies prudent.

**“The external current account deficit widened in 2024 to 6.5 percent of GDP, mostly reflecting higher imports and freight costs.”**

— *International Monetary Fund, Mauritius: 2025 Article IV Consultation [IMF Article IV Mauritius 2025]. (IMF)*



Figure 28 Mauritius’ macro-financial buffers and constraints.

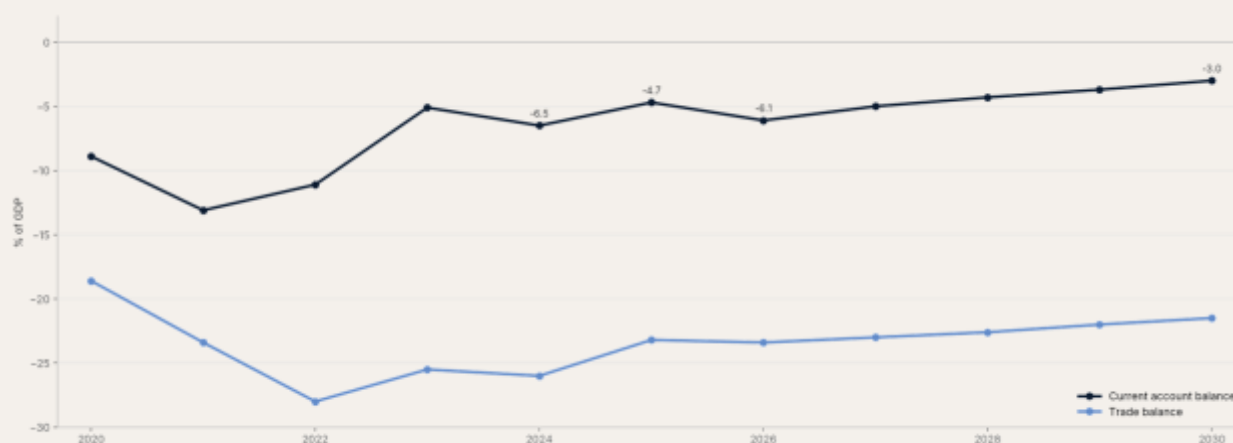
Sources: *International Monetary Fund, Bank of Mauritius and Statistics Mauritius. The dashboard deliberately places buffers and constraints together: the country has reserves and tourism receipts, but also current-account, inflation, debt and import-price exposure.*

### 6.1 Balance-of-payments exposure

The balance of payments is Mauritius’ first macro-financial exposure under corridor stress. Fuel, freight, food, insurance and intermediate goods must be paid for in foreign currency. Tourism, financial services, exports and capital inflows bring foreign exchange in. When the import bill rises faster than service receipts or capital inflows, the pressure shows

up in the current account, the rupee, reserves, interest rates, banking liquidity or domestic prices.

The IMF’s latest Article IV baseline records Mauritius’ current-account deficit widening to 6.5% of gross domestic product in 2024, mostly because of higher imports and freight costs. It then projected the deficit to narrow to 4.7% of gross domestic product in 2025, before increasing again in 2026



Source: IMF Article IV Mauritius 2025, staff report balance-of-payments table, 2025 onward are IMF projections.

Figure 29 Mauritius current-account balance and goods trade balance, 2020–2030.

Source: International Monetary Fund, Mauritius: 2025 Article IV Consultation. Figures from 2025 onward are IMF projections. The chart shows the central external vulnerability: services help, but the goods deficit remains structurally large.

because of subdued exports [IMF Article IV Mauritius 2025]. (IMF) The more detailed IMF balance-of-payments table gives the same vulnerability in sequence: the current-account balance stood at -6.5% of gross domestic product in 2024, was projected at -4.7% in 2025, and at -6.1% in 2026; the goods trade deficit was projected to remain above 23% of gross domestic product through 2026 [IMF Article IV Mauritius 2025]. (IMF)

Those figures are manageable in normal conditions. They are less comfortable in a world where Hormuz, Suez, the Red Sea, Malacca, the Cape route and Ukraine-related commodity shocks can all affect the same import bill. Mauritius is not a commodity producer with an automatic hedge. Higher oil prices do not bring the Treasury a windfall. Higher shipping costs do not boost domestic production. A stronger dollar does not make food cheaper. The balance-of-payments exposure is therefore asymmetric: bad news abroad enters the import bill quickly; good news abroad enters tourism and services earnings with more uncertainty and lag.

The traditional Mauritian comfort has been services. Tourism, financial services and other service exports have often offset part of the goods deficit. That model still works, but corridor stress tests it. Tourism depends on airlift, European household confidence, aviation fuel and exchange rates. Financial services depend on reputation, compliance and global risk appetite. In a global risk-off episode,

the same shock that raises imports may also soften external demand.

The balance-of-payments issue is not a crisis signal by itself. It is an early-warning device. A current-account deficit funded by durable inflows is one thing. A deficit widened by fuel, freight and food shocks, financed through reserve drawdown or volatile flows, is another. Mauritius needs to know which one it is facing before markets start guessing.

## 6.2 Current-account deficit and import-bill sensitivity

The import bill is the hinge between external corridor stress and domestic macro-financial policy. In a small island economy, a fuel or freight shock is not simply a private-sector inconvenience; it becomes a foreign-exchange event. Importers need dollars. Banks intermediate that demand. The central bank watches market conditions. The Ministry of Finance sees subsidy and tax implications. Households eventually see the price.

Mauritius' current-account position is sensitive because its import basket contains items that are hard to compress quickly: petroleum products, coal, food, medicine, vehicles, equipment, manufactured goods and inputs for tourism and construction. When global prices rise, demand cannot fall in proportion without hurting economic activity. The country may reduce discretionary imports at the margin, but diesel, aviation fuel, food and electricity inputs are not luxuries.

The IMF's projected 2026 deterioration in the current account is important because it was made before the full implications of a prolonged compound corridor shock could be known. A base case of a -6.1% current-account deficit in 2026 is not a disaster. But it leaves less room for a surprise in oil, freight, insurance or tourism. If a Hormuz or Red Sea shock raises the cost of essential imports while European travel demand weakens, the deficit could widen through both sides of the ledger: higher goods imports and weaker services receipts.

Tourism helps, and materially so. Bank of Mauritius data show gross tourism earnings of Rs 103,351 billion in 2025, up from Rs 93,574 billion in 2024 [Bank of Mauritius Gross Tourism Earnings, December 2025]. But this cushion is not risk-free. The same Bank of Mauritius note states that gross tourism earnings are estimated from returns submitted by commercial banks, money-changers and foreign-exchange dealers, and that receipts may not occur in the same month tourists visit, creating leads and lags [Bank of Mauritius Gross Tourism Earnings, December 2025]. In practical terms, tourism receipts are not a perfect real-time hedge

against an import shock. They are a strong seasonal foreign-exchange inflow, not a sovereign wealth fund.

The policy implication is that Mauritius should construct an **import-bill sensitivity table** around four variables: Brent or refined-product benchmarks, freight and war-risk premia, the U.S. dollar / Mauritian rupee exchange rate, and tourism receipts. The Ministry of Finance should not wait for annual current-account data. It should monitor essential-import settlement pressure monthly, and under stress weekly.



Source: Bank of Mauritius, Gross Official International Reserves, March 2026 release.

Figure 30 Gross Official International Reserves and import cover, December 2025–March 2026.

Source Bank of Mauritius, Gross Official International Reserves, March 2026 release. The level is strong, but the March decline from February is a reminder that reserves are a buffer, not a permanent absorber.

## 6.3 Foreign reserves: strength, but not a licence for complacency

Foreign reserves are the strongest visible buffer in the Mauritian macro-financial position. The IMF recorded gross foreign reserves at US\$8.5 billion at end-2024, covering almost twelve months of imports [IMF Article IV Mauritius 2025]. (IMF) The Bank of Mauritius' March 2026 release puts Gross Official International Reserves at US\$9.8085 billion, or 13.6 months of imports, on a provisional March 2026 basis; February 2026 had stood at US\$10.4223 billion and 14.3 months of import cover [Bank of Mauritius GOIR, March 2026].

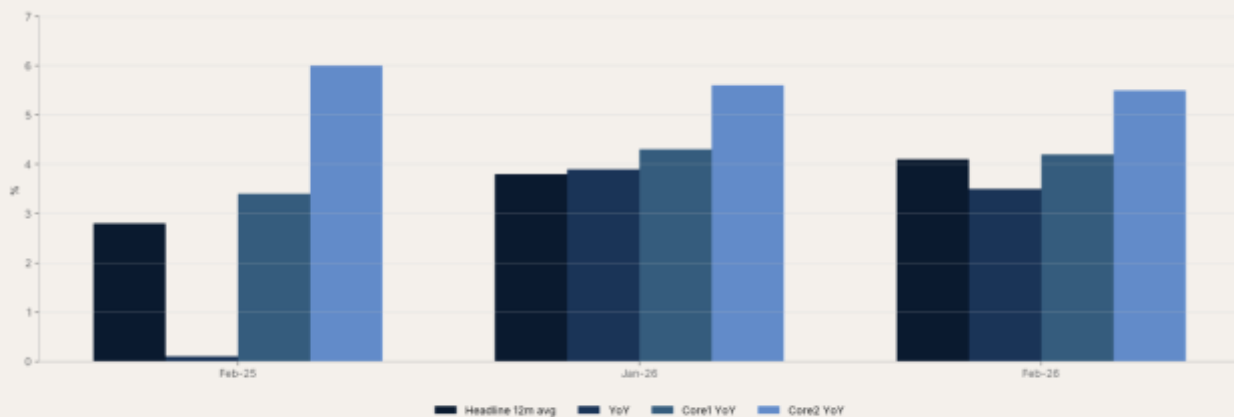
This is a real strength. It gives the authorities room to preserve orderly foreign-exchange conditions, meet essential import needs, and avoid disorderly market behaviour. It also supports confidence among banks, importers, rating agencies and foreign investors.

But reserve strength should not be misread. Reserves are liquidity, not income. They can smooth stress, but they cannot permanently subsidise consumption, defend an arbitrary exchange rate, finance open-ended fuel smoothing, and backstop confidence all at once. The more functions assigned to reserves, the faster their reassurance value falls.

The IMF's reserve adequacy analysis is useful here. It states that Gross Official International Reserves stood at US\$8.5 billion at end-2024, about 11.9 months of imports, 56.6% of gross domestic product,

356.2% of exports and 80% of short-term external debt. It also assessed reserves at 108.2% of the adjusted IMF Assessing Reserve Adequacy metric, above the adequacy level [IMF Article IV Mauritius 2025]. (IMF) That is comforting, but not a blank cheque. The same IMF analysis notes Mauritius-specific risks linked to the large and complex Global Business Company sector and the relatively shallow foreign-exchange market [IMF Article IV Mauritius 2025]. (IMF)

The correct reserve policy under corridor stress should be **orderly-market intervention, not price denial**. If the rupee market becomes disorderly, intervention may be justified. If essential importers cannot access currency at reasonable spreads, intervention may be justified. If a short-term panic emerges, intervention may be justified. But using reserves to pretend imported fuel and freight have not become more expensive would be poor economics with good public relations for about a fortnight.



Source: Statistics Mauritius, Consumer Price Index for February 2026.

Figure 31 Mauritius inflation measures: February 2025, January 2026 and February 2026.

Source: Statistics Mauritius, Consumer Price Index for February 2026. The concern is not current inflation alone, but the risk that fuel, freight and food shocks pass into core prices and expectations.

## 6.4 Rupee risk: dollar costs, euro and sterling tourism receipts

The rupee is the price at which the external world enters Mauritius. During corridor stress, it becomes both a shock absorber and a political symbol. That is dangerous, because currencies are poor symbols. They are better treated as prices.

On 17 April 2026, Bank of Mauritius consolidated indicative rates showed the U.S. dollar selling at Rs 46.7371, the euro at Rs 55.3404, and sterling at Rs 63.5191 [Bank of Mauritius Indicative Exchange Rates, 17 April 2026]. ([Bank of Mauritius](#)) The same Bank of Mauritius page recorded a Key Rate of 4.50% as at 11 February 2026 [Bank of Mauritius Indicative Exchange Rates, 17 April 2026]. ([Bank of Mauritius](#))

The currency mismatch is the issue. Fuel, freight, insurance, fertiliser, some food commodities and many imported intermediate goods are dollar-linked. Tourism receipts are more diversified: euro, sterling, South African rand, Indian rupee and other currencies matter, but European markets remain central. Gross tourism earnings help the foreign-exchange position, but they do not perfectly offset dollar import pressure. In a bad scenario, Mauritius could face higher dollar-linked imports and softer euro/sterling demand from tourists at the same time.

The rupee should not be artificially rigid in such an environment. Some movement can help absorb external shocks and preserve reserves. But excessive

depreciation feeds imported inflation, fuel prices, debt-service anxiety and household expectations. The balance is delicate. A small economy with a shallow foreign-exchange market cannot afford either free-fall romanticism or heroic defence of a cosmetic level.

There is also a behavioural dimension. Households and firms may not follow current-account tables, but they understand the rupee. A visible depreciation can trigger defensive behaviour: importers accelerate purchases, households shift savings, firms raise prices pre-emptively, and banks become more selective with working-capital lines. That is why currency communication matters. The Bank of Mauritius and Ministry of Finance should avoid both theatrical reassurance and alarming ambiguity. The message should be functional: the rupee will reflect fundamentals, reserves will be used to preserve orderly conditions, and essential-import financing will be monitored.

## 6.5 Inflation and monetary-policy dilemmas

Mauritius' inflation position is neither benign nor alarming. That is precisely why the policy choice is difficult.

Statistics Mauritius reported year-on-year inflation of 3.5% in February 2026, down from 3.9% in January 2026, while headline inflation for the twelve months ending February stood at 4.1%. CORE1 year-on-year inflation was 4.2%, and CORE2 year-on-year inflation was 5.5% [Statistics Mauritius CPI February 2026]. The same release showed food and non-alcoholic beverages rising by 0.8% month-on-month between January and February 2026 [Statistics Mauritius CPI February 2026].

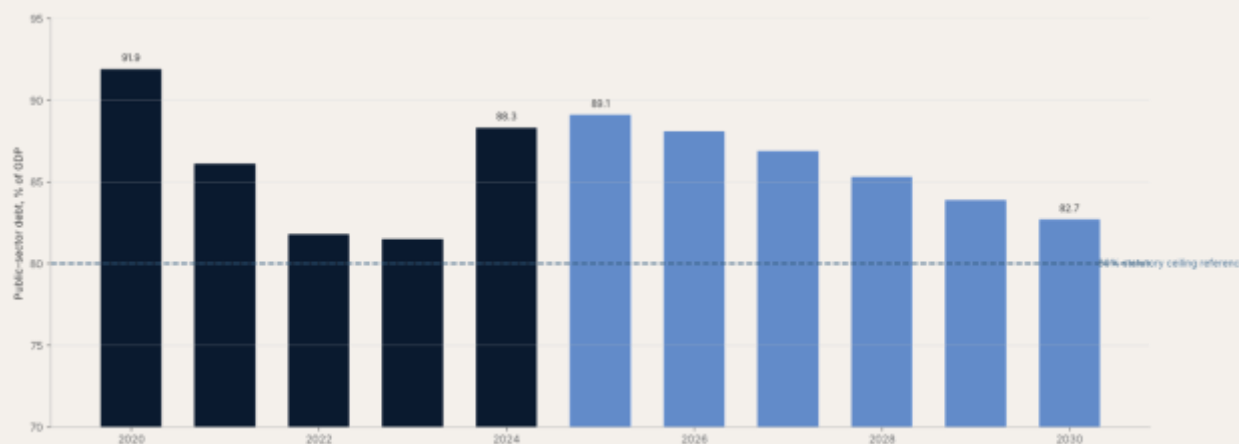
The inflation question is not whether February 2026 was already dangerous. It was not. The question is what happens after the April fuel-price adjustment, potential food-price pressure, freight volatility and exchange-rate effects enter the consumption basket. Imported-energy shocks are initially relative-price shocks. Monetary policy cannot produce cheaper diesel in the Gulf or lower war-risk premia in the Red Sea. But if imported price shocks feed into expectations, wages, mark-ups and core inflation, monetary policy must take them seriously.

The Bank of Mauritius' monetary-policy framework is relevant here. Its May 2025 Monetary Policy Report states that section 4(1) of the Bank of Mauritius Act 2004 gives the Bank the primary object of maintaining price stability and promoting orderly and balanced economic development, and that the framework in effect since 16 January 2023 is a flexible inflation-targeting framework centred on price stability [Bank of Mauritius Monetary Policy Report, May 2025]. Flexible inflation targeting is the right framework for a small open economy, but the word "flexible" must not be abused. It allows the Bank to distinguish first-round shocks from second-round pressures; it does not allow inflation credibility to be spent casually.

The dilemma is classic. Tightening policy into an imported supply shock may hurt credit-sensitive sectors without reducing the fuel bill. Failing to respond to second-round inflation may allow

expectations to drift. The best course is data-dependent, but the reaction function should be stated in advance: tolerate first-round imported price shocks where necessary, resist broad second-round pass-through, watch wage settlements, monitor food and transport categories, and act if core inflation or expectations detach from the target range.

A central bank gains credibility not by sounding stern in every shock, but by showing that it knows which shock it is facing.



Source: IMF Article IV Mauritius 2025, staff report, 2025 onward are IMF projections.

Figure 33 Mauritius public-sector debt path, 2020–2030.

Source: International Monetary Fund, Mauritius: 2025 Article IV Consultation. Figures from 2025 onward are IMF projections. The debt path leaves room for selective cushioning, not for fiscal anaesthesia

## 6.6 Fiscal space and the danger of universal subsidies

Fiscal space is where the corridor shock becomes political. Citizens expect protection from imported price spikes. Businesses expect continuity. Public transport, food distribution, electricity and fuel pricing all generate demands for intervention. The temptation is universal cushioning. That is the wrong default.

The IMF's fiscal assessment is clear. Public-sector debt was projected at around 88% of gross domestic product at end-June 2025, and the primary fiscal deficit excluding grants for financial year 2024/25 was projected to worsen to 6.5% of gross domestic product, driven mainly by higher compensation of employees, social benefits, grants and transfers [IMF Article IV Mauritius 2025]. (IMF) The detailed staff report records public-sector debt at 87% of gross domestic product at end-2024, above the statutory ceiling of 80%, and notes that Moody's kept Mauritius at investment grade, Baa3, but downgraded the outlook to negative from stable in January 2025 [IMF Article IV Mauritius 2025]. (IMF)

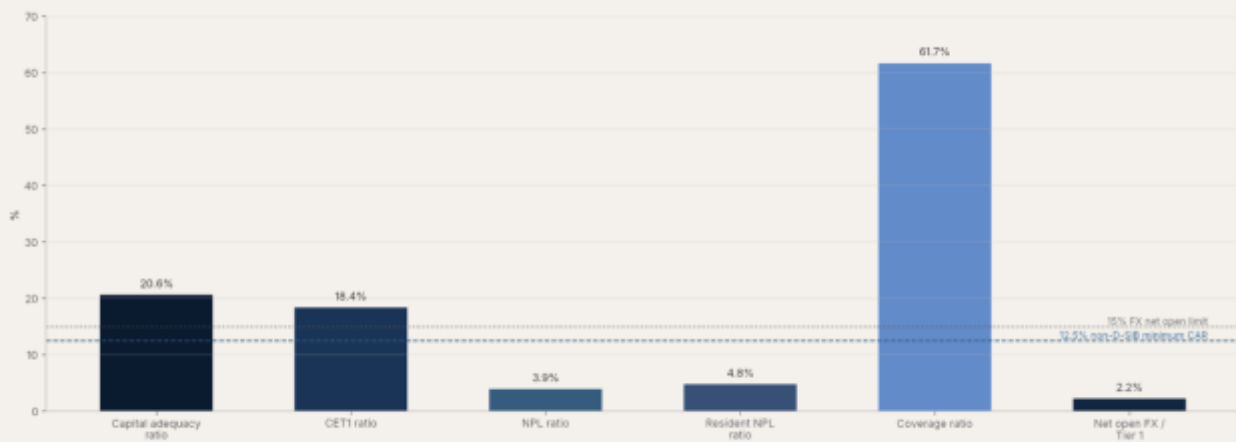
This is not the fiscal profile of a country that should subsidise everything. It is the profile of a country that should subsidise carefully.

Universal subsidies are politically attractive because they are administratively simple and socially visible. They are also regressive if wealthier households

consume more of the subsidised good. Fuel subsidies are the obvious case. A blanket reduction in pump prices supports the poor, but also supports larger cars, discretionary driving, inefficient logistics and higher-income consumption. It is social policy with a luxury leakage problem.

The better approach is targeted cushioning. Public transport, essential food logistics, low-income households, emergency services, fisheries and viable small businesses under temporary cost shock have a stronger claim than indiscriminate consumption. Electricity tariffs, fuel prices and staple support should be sequenced, not frozen by reflex. A freeze is not a policy if nobody can say how it will be financed.

The fiscal issue is also reputational. Mauritius wants to market itself as a trusted platform. That requires fiscal credibility. Investors, banks and rating agencies do not expect a small island economy to avoid all shocks; they do expect it to account for them. Hidden subsidies, opaque stabilisation accounts, off-balance-sheet liabilities and politically convenient arrears would be corrosive. The corridor age rewards countries that can tell the truth about cost.



Source: Bank of Mauritius, Financial Stability Report December 2025.

Figure 34 Selected banking-sector resilience indicators, June 2025.

Source: Bank of Mauritius, Financial Stability Report December 2025. The banking system has capital and liquidity buffers, but rising domestic non-performing loans and sectoral concentration require closer surveillance under corridor stress.

## 6.7 Banking-sector exposure to SMEs, importers, hotels and construction

The banking system is a genuine strength, but it is not detached from the domestic economy. Under corridor stress, the first banking risks are unlikely to appear as a sudden systemic crisis. They are more likely to appear as working-capital pressure, delayed supplier payments, higher overdraft use, foreign-exchange mismatches, margin compression and rising arrears in exposed sectors.

The Bank of Mauritius' December 2025 Financial Stability Report assessed the banking system as resilient, supported by robust capital and liquidity buffers, and stated that stress tests showed sufficient capacity to absorb plausible risks [Bank of Mauritius Financial Stability Report, December 2025]. It reported that the banking sector comprised 18 banks in June 2025, with domestic-owned banks holding nearly 66% of total assets, and four institutions classified as Domestic-Systemically Important Banks since May 2024 [Bank of Mauritius Financial Stability Report, December 2025].

The headline resilience indicators are strong but not static. The aggregate non-performing loan ratio rose by 0.5 percentage point during the first semester of 2025 to 3.9% in June 2025; the resident-segment non-performing loan ratio rose to 4.8%, while the non-resident portfolio improved to 3.0% [Bank of

Mauritius Financial Stability Report, December 2025]. The Bank's Annual Report likewise notes that total non-performing advances increased from Rs 37.4 billion, or 3.5%, in June 2024 to Rs 44.4 billion, or 3.9%, in June 2025; non-performing advances in Mauritius increased from Rs 20.6 billion, or 3.9%, to Rs 28.7 billion, or 4.8% [Bank of Mauritius Annual Report 2025].

Sectorally, the warning is not abstract. The Bank of Mauritius Annual Report states that the increase in non-performing loans extended in Mauritius was mainly attributable to "Accommodation and food service activities" and "Real estate", while the household sector non-performing loan ratio remained unchanged at 1.8% at end-June 2025 [Bank of Mauritius Annual Report 2025]. The Monetary Policy Committee minutes of 12 November 2025 reported that the corporate non-performing loan ratio remained at 6.1%, with household and corporate debt serviceability assessed as adequate, though household vulnerabilities had edged up [Bank of Mauritius MPC Minutes, November 2025]. ([Bank of Mauritius](#))

This matters for corridor stress because hotels, construction, importers and small businesses are precisely the sectors most exposed to fuel, food, freight, labour and financing costs. Hotels face energy, food and wage pressure while depending on airlift and European demand. Construction faces imported materials, diesel, interest rates and real-estate absorption risk. Importers face inventory

financing, dollar settlement and pass-through constraints. SMEs face all of the above, with fewer hedges and less bargaining power.

The capital position gives comfort. The Bank of Mauritius reported a capital adequacy ratio of 20.6% in June 2025, well above the 12.5% minimum for non-Domestic-Systemically Important Banks, and a Common Equity Tier 1 ratio of 18.4% [Bank of Mauritius Financial Stability Report, December 2025]. FX risk in the banking sector was also described as well contained, with the net open position in foreign exchange to Tier 1 capital at 2.2%, well below the 15% maximum limit; FX-denominated loans represented 63.8% of total loans, and FX-denominated liabilities 68.2% of total liabilities in June 2025 [Bank of Mauritius Financial Stability Report, December 2025].

The correct policy response is not alarm. It is early credit surveillance. Banks should be asked, discreetly and systematically, to report stress in working-capital utilisation, arrears, foreign-exchange payables, hotel-sector cash-flow indicators, construction exposure, importer inventory lines and SME overdraft demand. In a small economy, a banking problem often starts as a supplier-payment problem. It is better to catch it there.

## 6.8 Confidence as a macroeconomic variable

Confidence is not a sentiment add-on. In a small open economy, it is a macroeconomic variable. It shapes the timing of imports, the demand for foreign exchange, the willingness of banks to extend credit, the speed of price pass-through, the credibility of subsidies, the behaviour of savers and the confidence of tourists, investors and rating agencies.

Confidence can be lost through numbers. It can also be lost through tone. If government says “everything is under control” while fuel prices rise, the Price Stabilisation Account is under pressure, freight costs move and the rupee is watched nervously, the public hears evasion. Better communication is less comforting and more precise: here are reserves; here is import cover; here is the fuel-pricing gap; here is the essential-import position; here is what will be protected; here is what cannot be protected indefinitely.

The IMF’s 2025 Article IV consultation implicitly supports this discipline. It calls for recalibrating the macroeconomic policy mix, rebuilding fiscal space, and protecting the most vulnerable while preserving credibility [IMF Article IV Mauritius 2025]. [\(IMF\)](#) That is the correct balance. Credibility and compassion should not be treated as opposites. The task is to protect the vulnerable without pretending that the public balance sheet is infinite.

The proposed institutional response is a **Rupee and Essential Imports Stress Dashboard**, jointly maintained by the Ministry of Finance and the Bank of Mauritius, with inputs from Statistics Mauritius, the State Trading Corporation, commercial banks, port and logistics operators, large importers, tourism bodies and energy-sector entities. Its purpose would not be to create another committee. Mauritius has enough of those. Its purpose would be to produce a disciplined weekly view of six variables: foreign-exchange pressure, essential-import cover, inflation pulse, fiscal smoothing, banking stress and confidence signals.

The dashboard should have a confidential operational layer and a public summary layer. The confidential layer would include bank-level foreign-

exchange demand, import settlement timing, fuel stock cover, letters of credit, freight delays, war-risk premia, SME arrears and sector credit stress. The public layer would publish enough information to prevent rumours: reserve cover, fuel and food import status in broad terms, inflation categories under pressure, policy measures taken and the principles guiding subsidy decisions.

The aim is not to make the public love higher prices. That would be asking too much. The aim is to make the public believe the authorities know what is happening, are not hiding the arithmetic, and will protect the essentials without losing the national balance sheet.



Figure 35 Proposed Rupee and Essential Imports Stress Dashboard.

Source proposed institutional design for the Ministry of Finance and Bank of Mauritius. The dashboard should combine foreign-exchange, import, inflation, fiscal, banking and confidence indicators.

### Policy recommendation: establish a Rupee and Essential Imports Stress Dashboard

Mauritius should establish a joint **Rupee and Essential Imports Stress Dashboard** within thirty days of any corridor-stress escalation, chaired technically by the Ministry of Finance and the Bank of Mauritius. It should be small, data-driven and operational. The purpose is not public theatre; it is early detection and disciplined response.

The dashboard should track:

- ▶ **Foreign-exchange pressure:** Daily U.S. dollar, euro and sterling rates; bid-ask spreads; Bank of Mauritius intervention; essential-import settlement demand; commercial-bank FX queues; forward-market availability; and large importer exposure.
- ▶ **Essential imports:** Fuel, Liquefied Petroleum Gas, flour, rice, wheat, edible oils, medicines, fertiliser, animal feed, aviation fuel and key industrial inputs. The dashboard should monitor stock cover, shipment estimated time of arrival, insurance status and payment risk.
- ▶ **Inflation pulse:** Food, transport, utilities, administered prices, core inflation, wage settlements, freight-related pass-through and inflation-expectation signals.
- ▶ **Fiscal smoothing:** Price Stabilisation Account position, fuel-pricing gaps, tariff arrears, subsidy commitments, contingent liabilities and the fiscal cost of any temporary relief package.
- ▶ **Banking stress:** SME overdraft utilisation, hotel-sector cash flow, construction arrears, importer working-capital stress, foreign-currency loan serviceability and sectoral non-performing loan changes.
- ▶ **Confidence signals:** Tourism forward bookings, deposit shifts, cash demand, press sentiment, consumer complaints, panic buying indicators and major corporate pricing announcements.

This dashboard should be linked to pre-agreed triggers. For example, a defined deterioration in import cover, a sharp increase in dollar demand for fuel settlements, a rise in SME arrears, a jump in food inflation, or a widening of fuel-price smoothing losses should trigger predefined actions. The advantage of triggers is that they reduce improvisation. They also reduce the temptation for political delay. The dashboard should not become a price-control machine. It should become a decision machine.

## Judgement

Mauritius has enough macro-financial resilience to manage corridor stress, but not enough to ignore it. Foreign reserves are strong, but finite. The rupee is manageable, but exposed. Inflation is contained, but vulnerable to fuel, freight and food pass-through. Banks are well capitalised, but domestic credit stress is already visible in accommodation, food services and real estate. Public debt is high enough to make universal subsidies dangerous.

The right macro-financial posture is therefore selective absorption. Preserve reserves for orderly markets and essential imports. Allow the rupee to reflect fundamentals without permitting disorder. Protect vulnerable households and essential economic functions, not every consumption pattern. Keep the banking system under close sectoral surveillance. Tell the public enough truth to preserve confidence.

The positioning statement for this chapter is blunt:

**Mauritius has buffers. It must not spend them defending illusions.**



RECEIPT

ITEM	QUANTITY	PRICE
Onions	1 kg	1.50
Water	1 bottle	0.50
Atta	1 kg	1.00
Oil	1 liter	2.00
Nestlé	1 jar	1.00
Nestlé	1 pack	1.00
Bread	1 loaf	1.00
Flour	1 kg	1.00
Can	1	0.50
<b>TOTAL</b>		<b>10.00</b>

## 7. The Cost-of-Living Stability Test

Mauritius’ most plausible destabilisation risk is not war arriving on its shores. It is the quieter but more corrosive process by which imported prices, freight delays, fuel adjustments, currency anxiety and subsidy politics enter household life. The country’s strategic ambition as a trusted platform in the Indian Ocean rests on a domestic precondition: the home base must remain socially calm, fiscally credible and administratively trusted.

This is not a sentimental point. It is a market point. A jurisdiction that wishes to sell stability must first demonstrate that it can manage stress without losing policy discipline. International investors, banks, insurers, airlines, hotel groups, shipping agents and family offices do not ask whether a country has avoided all shocks. No serious country has. They ask whether its institutions can absorb shocks without panic, opacity or improvisation.

Mauritius is not starting from weakness. The labour market remains relatively resilient, unemployment is contained, tourism earnings have recovered, and the economy retains functioning fiscal and monetary institutions. Yet the household budget is already exposed. According to the 2023 Household Budget Survey, food and non-alcoholic beverages accounted for 25.0% of average monthly household consumption expenditure, transport for 15.9%, housing, water, electricity, gas and other fuels for 10.0%, and information and communication for 7.0%. Between 2017 and 2023, average monthly household consumption expenditure increased from Rs 28,750 to Rs 41,870, while spending on transport rose by 56.7%, food and non-alcoholic beverages by 46.4%, and health by 88.1% [Statistics Mauritius Household Budget Survey 2023].

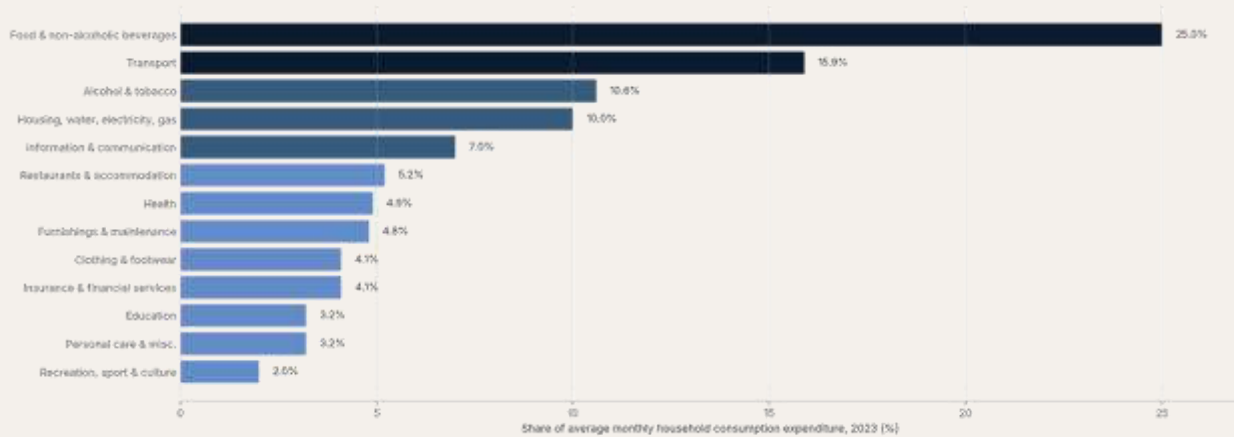
This means a fuel, food and freight shock does not land on a blank page. It lands on a household balance sheet already reorganised around higher nominal spending. That is the central issue of this chapter.

**Mauritius will not be destabilised by the Indian Ocean itself. It could be destabilised by the domestic mismanagement of Indian Ocean prices.**



Figure 36 From external shock to domestic confidence: the cost-of-living stability chain.

Source analytical synthesis. Corridor shocks become domestic stability risks through the household basket, behavioural adjustment, wage expectations, subsidy pressure and confidence.



Source: Statistics Mauritius, Household Budget Survey 2023 preliminary results, Table 5.

Figure 37 Household consumption expenditure by category, 2023.

Source: Statistics Mauritius, Household Budget Survey 2023 preliminary results. Food and transport together accounted for around 41% of average monthly household consumption expenditure, which explains why fuel and food shocks are socially sensitive.

## 7.1 Fuel prices and household psychology

Fuel prices are politically powerful because they are visible, repeated and easy to understand. A household may not read the balance of payments, but it knows the pump price. The State Trading Corporation's retail price table shows mogas at Rs 64.25 per litre and gas oil at Rs 71.25 per litre from 16 April 2026, up from Rs 58.45 and Rs 64.80 respectively on 25 March 2026 [State Trading Corporation Retail Prices, April 2026]. ([stcmu.com](http://stcmu.com))

The more important psychological point is that the applied increase does not fully reflect the underlying pressure. The Petroleum Pricing Committee's 15 April 2026 release stated that the calculated increase was 20.29% for mogas and 34.44% for gas oil, while the retail adjustment was capped at 10%; it also noted an estimated Rs 3.2 billion deficit in the Price Stabilisation Account (PSA) [State Trading Corporation Press Release, 15 April 2026]. ([stcmu.com](http://stcmu.com))

That gap matters politically. Consumers see a 10% increase and feel squeezed. The state sees a larger formula increase and knows part of the shock has been delayed. Businesses see both and start to price uncertainty. This is where trust becomes fragile. If citizens believe the pricing system is opaque, they assume either incompetence or manipulation. Sometimes they are wrong. But perception is an economic variable in small states.

The best way to manage fuel-price psychology is not to promise stable prices. That promise cannot be kept in a corridor crisis. The better promise is procedural honesty: clear explanation of formula pressure, PSA balance, subsidy element, expected adjustment path and conditions under which further increases would be avoided or required. A household can tolerate bad news better than patronising news. The Mauritian public is not stupid; it is merely tired of discovering the bill after the decision.

## 7.2 Food prices and perceived fairness

Food is the channel through which an external shock becomes intimate. Fuel can be discussed as geopolitics; food cannot. It is the supermarket, the school lunch, the pensioner’s basket, the family gathering and the small restaurant’s margin. This is why food inflation creates sharper perceptions of unfairness than many other forms of inflation.

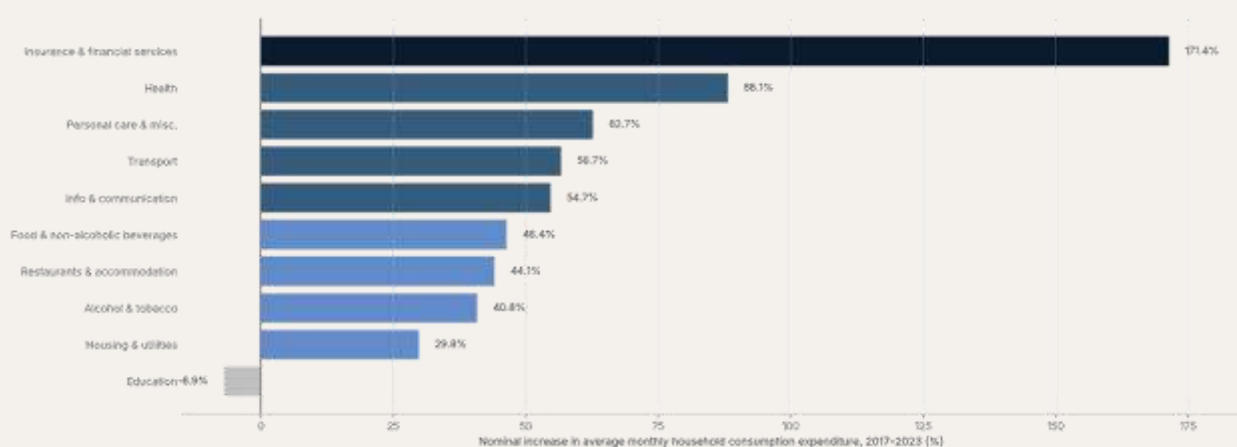
Statistics Mauritius’ February 2026 Consumer Price Index (CPI) release showed that food and non-alcoholic beverages rose by 0.8% between January and February, while restaurants and accommodation services rose by 0.9% and personal care, social protection and miscellaneous goods and services rose by 1.4%. Year-on-year inflation stood at 3.5%, headline inflation at 4.1% for the twelve months ending February, CORE1 at 4.2% and CORE2 at 5.5% year-on-year [Statistics Mauritius CPI February 2026].

The figures are not alarming in isolation. The risk is interaction. If diesel rises, food distribution costs rise. If the rupee weakens against the U.S. dollar, imported staples become more expensive. If global fertiliser prices rise, animal feed and agricultural inputs are affected. If freight rates rise, landed costs rise. If retailers widen margins defensively, the public perceives profiteering. If the state responds with blunt price controls, shortages or quality

degradation can follow. None of these steps requires a dramatic crisis; each is a small addition to mistrust.

The 2023 Household Budget Survey shows why this matters. Average monthly expenditure on food and non-alcoholic beverages rose from Rs 7,160 in 2017 to Rs 10,480 in 2023, an increase of 46.4%; transport rose from Rs 4,230 to Rs 6,630, an increase of 56.7%. These two categories alone explain much of the social sensitivity around corridor shocks [Statistics Mauritius Household Budget Survey 2023].

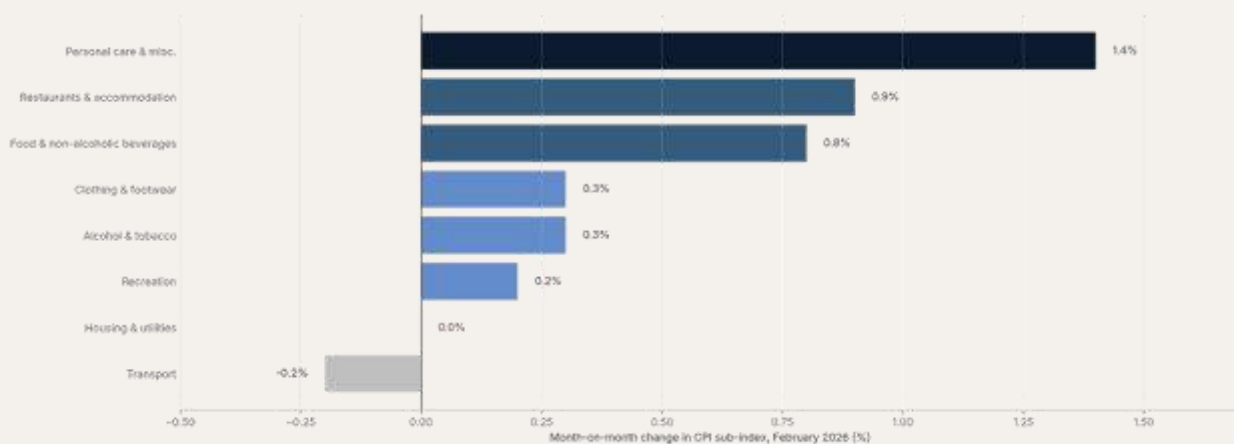
The policy lesson is simple. Food-price management should not rely only on subsidies or controls. It needs landed-cost transparency, inventory visibility, margin monitoring and targeted support. Mauritius should identify a strategic essential-food basket — rice, flour, edible oils, milk powder, pulses, poultry, eggs, animal feed and basic frozen proteins — and monitor landed cost, wholesale price, retail price and stock cover. A government that can show the price chain is less likely to be accused of hiding it.



Source: Statistics Mauritius, Household Budget Survey 2023 preliminary results, Table 5.

Figure 38 Nominal increase in average monthly household consumption expenditure, 2017–2023.

Source Statistics Mauritius, Household Budget Survey 2023 preliminary results. The increase in spending on health, transport, food and insurance/financial services shows that cost-of-living vulnerability is broader than fuel alone.



Source: Statistics Mauritius, Consumer Price Index for February 2026.

Figure 39 Selected CPI sub-index changes, February 2026.

Source: Statistics Mauritius, Consumer Price Index for February 2026. The monthly rise in food, restaurants and personal care categories matters because these are felt frequently by households.

### 7.3 Transport, school costs and working-class pressure

Transport is where fuel becomes daily life. It affects bus operators, taxis, delivery firms, commuting households, school travel, construction sites, hotel supply chains, fisheries, port movements and supermarket replenishment. In the Household Budget Survey, transport accounted for 15.9% of average monthly household consumption expenditure in 2023, second only to food and non-alcoholic beverages [Statistics Mauritius Household Budget Survey 2023].

This category is particularly sensitive because it is difficult to substitute in the short run. A household can delay buying clothing. It cannot easily delay going to work. A small trader can reduce stock variety. He cannot teleport goods to customers. A hotel can adjust menus. It cannot ask guests to arrive without aircraft. Transport is therefore a pass-through category with a social face.

The labour-market data show that the island has a functioning employment base, which is a stabilising factor. In the fourth quarter of 2025, employment stood at 560,900, unemployment at 31,800, and the unemployment rate at 5.4%; the activity rate was 59.8%, youth unemployment 16.8%, and female unemployment 7.1% [Statistics Mauritius Labour Force Q4 2025].

Those numbers are not crisis numbers. But they contain fragility. Youth unemployment at 16.8% and

female unemployment at 7.1% mean that a cost-of-living shock will not be evenly absorbed. Working households with stable formal employment cope differently from households with young jobseekers, informal income, variable hours or dependants. The danger is not that the entire labour market collapses. The danger is that pockets of pressure turn into a broader narrative of unfairness.

Transport policy in this environment should be targeted. Public transport support has a stronger claim than universal fuel relief. School transport, essential worker mobility, food logistics and fisheries diesel deserve priority over discretionary private consumption. This is politically harder than a blanket subsidy, but economically cleaner. Blanket subsidies look fair because everyone receives them. They are often unfair because high-consumption households receive more.



## 7.4 Small and medium-sized enterprises and margin compression

Small and Medium-sized Enterprises (SMEs) are where inflation pressure often becomes financial stress before it becomes statistical stress. A large importer or hotel group may have better access to foreign exchange, supplier credit, inventory planning and bank facilities. A small restaurant, school transport operator, shop, contractor, fisherman or distributor is often caught between rising input costs and customers who resist price increases.

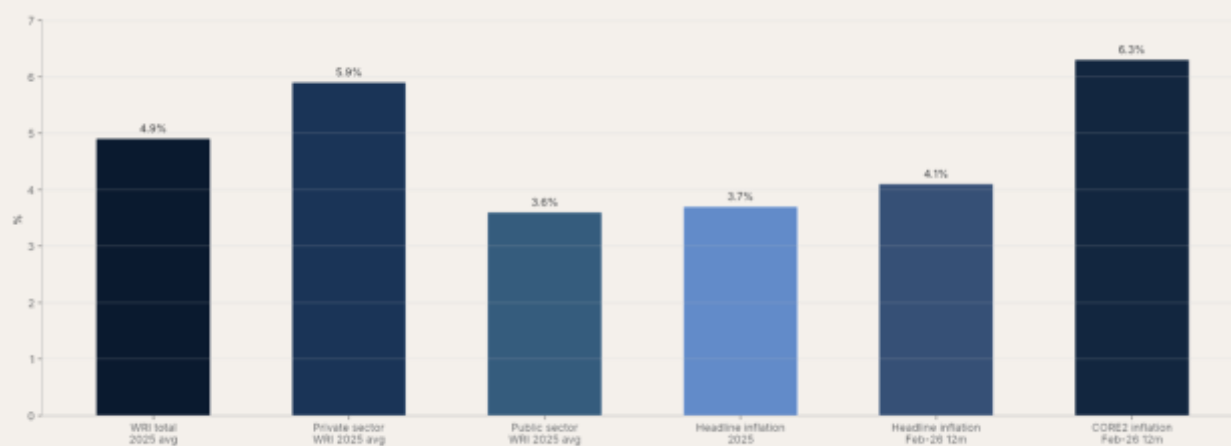
This is why cost-of-living analysis should not stop at households. Household stress and SME stress reinforce each other. If businesses pass through costs too quickly, households cut consumption. If businesses do not pass through costs, margins collapse. If margins collapse, wages, employment and loan performance come under pressure. If banks then tighten credit, the stress becomes self-reinforcing.

The Bank of Mauritius has already flagged relevant sectoral exposure. Its 2025 Annual Report recorded

that total non-performing advances rose from Rs 37.4 billion, or 3.5%, in June 2024 to Rs 44.4 billion, or 3.9%, in June 2025, while non-performing advances in Mauritius rose from Rs 20.6 billion, or 3.9%, to Rs 28.7 billion, or 4.8%; the increase in domestic non-performing loans was mainly attributable to accommodation and food service activities and real estate [Bank of Mauritius Annual Report 2025].

For this chapter, the implication is not that the banking system is weak. It is that the cost-of-living shock has a credit channel. Hotels, restaurants, construction-linked firms, importers and service SMEs sit close to the pressure points: wages, diesel, food, imported materials, interest rates and tourism confidence. Monitoring household prices without monitoring SME arrears would be like checking the patient's temperature while ignoring the pulse.

The policy answer is not indiscriminate credit forbearance. That merely delays recognition. The better tool is early sector surveillance: working-capital utilisation, overdraft stress, supplier-payment delays, tax arrears, foreign-currency payables and arrears by sector. If the authorities wait until distress is visible in unemployment, they will have waited too long.



Sources: Statistics Mauritius, Wage Rate Index Q4 and Year 2025; CPI Year 2025; CPI February 2026.

Figure 40 Wage-rate and inflation indicators.

Sources: Statistics Mauritius, Wage Rate Index Q4 and Year 2025; CPI Year 2025; CPI February 2026. The chart shows why wage expectations deserve close monitoring: wage growth, headline inflation and core pressures are not moving in isolation. (Stats Mauritius)

## 7.5 Wage demands and inflation expectations

Wages are the bridge between temporary price shock and persistent inflation. If households believe fuel, food and transport costs will keep rising, wage claims become defensive. If firms expect wages to rise, they raise prices in advance. This is how an imported shock becomes domestic inflation.

Statistics Mauritius' Wage Rate Index (WRI) for the fourth quarter and year 2025 shows that the overall index increased by 4.9% in 2025. The private-sector index rose by 5.9%, the public-sector index by 3.6%, and the General Government index by 2.7%. In the fourth quarter of 2025, the total Wage Rate Index increased by 3.3% compared with the fourth quarter of 2024, while the private-sector index increased by 4.0% year-on-year [Statistics Mauritius Wage Rate Index 2025]. (Stats Mauritius)

These increases are not excessive in isolation. The tension lies in their relationship with inflation and expectations. Headline inflation worked out to 3.7% for 2025, while the February 2026 twelve-month headline rate was 4.1% and CORE2 inflation for the twelve months ending February 2026 was 6.3% [Statistics Mauritius CPI Year 2025; Statistics Mauritius CPI February 2026].

The difference between headline and core measures matters. If households feel that their personal inflation is higher than the headline figure, they will not care that aggregate inflation is inside a neat

range. A household with commuting costs, school expenses, food purchases, clinic bills and loan payments experiences a basket, not an average. The policy conversation should recognise this. Telling people inflation is moderate when their felt cost is not moderate is a quick way to sound technically correct and politically deaf.

A wage-price spiral is not yet the base case. But a defensive wage-price process is plausible if external shocks persist, communication is poor and support is seen as unfair. The state should therefore separate two tasks: protect the vulnerable directly, and avoid generalised wage indexation that embeds temporary imported shocks into the domestic cost base. That is an unpopular sentence. It is also correct.

## 7.6 Temporary pain versus social grievance

Not all economic pain becomes grievance. This is important. Households can tolerate temporary price increases if they believe three things: the shock is real, the burden is fairly shared, and the authorities are competent. Grievance emerges when one or more of those beliefs breaks down.

The first belief — that the shock is real — requires transparent data. If fuel prices rise, the public should see the international price assumptions, exchange-rate assumptions, PSA position and subsidy element in digestible form. If food prices rise, the public should see whether the increase is driven by landed cost, freight, currency, wholesale margins or retail margins. People do not need every invoice; they need enough evidence to know they are not being played.

The second belief — that the burden is fairly shared — requires targeted policy. Universal subsidies are often defended as fair because everyone benefits. In reality, they often benefit high-consumption groups more. Targeted support is administratively harder but ethically stronger. Mauritius should protect public transport users, low-income households, essential food logistics, fisheries, vulnerable pensioners and productive SMEs more than discretionary fuel consumption.

The third belief — that the authorities are competent — requires regular communication. “Everything is under control” is not communication. It is a sedative, and not a very good one. A better weekly message would say: fuel stocks are adequate for X weeks; essential food imports are expected on

Y dates; the PSA deficit is Z; the rupee market is orderly; support will be targeted to A, B and C; and these are the conditions under which policy will change. That is not exciting. It is useful.

The World Bank’s latest Macro Poverty Outlook for Mauritius underlines why this matters. It projects real GDP growth to decelerate to 2.5% in 2026, with price pressures expected to widen the current-account deficit to 7.0% of GDP and inflation projected at 3.9%. It also projects the fiscal deficit at 7.1% of GDP and public debt at 90.5% of GDP in 2026, while poverty under the upper-middle-income line is estimated at 12.0% in 2026 [World Bank Macro Poverty Outlook Mauritius, April 2026]. ([thedocs.worldbank.org](https://thedocs.worldbank.org))

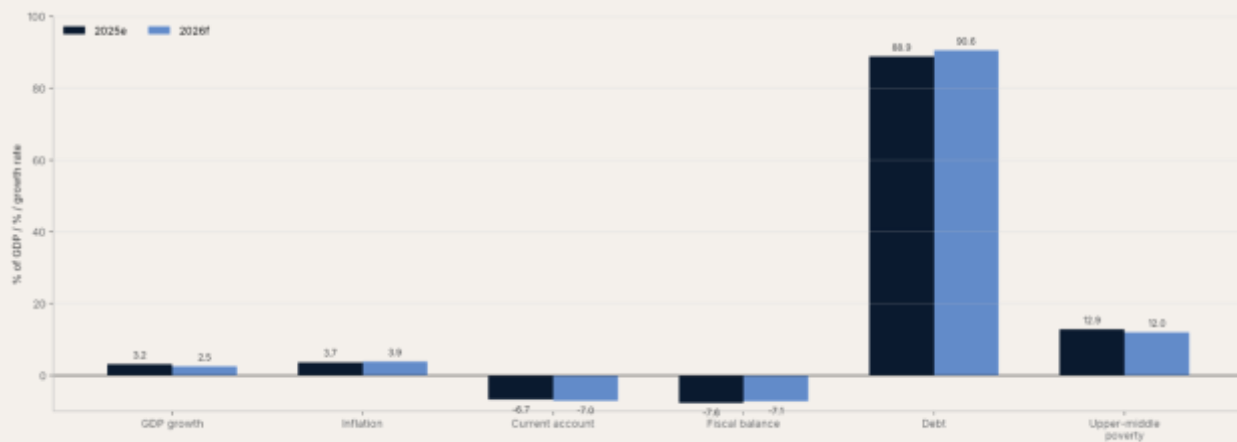
The same World Bank outlook warns that a prolonged Middle East conflict could weaken external demand, dampen investor sentiment, raise airfares and production costs, erode export competitiveness, add inflationary pressure and offset earlier gains in poverty reduction [World Bank Macro Poverty Outlook Mauritius, April 2026]. ([thedocs.worldbank.org](https://thedocs.worldbank.org))

This is the cost-of-living stability test in one sentence: can Mauritius protect enough households and firms to preserve legitimacy without exhausting the fiscal and currency buffers that preserve confidence?



Figure 41 Labour-market stability indicators, fourth quarter 2025.

Source Statistics Mauritius, Labour Force, Employment and Unemployment, Q4 2025. Employment is a stabilising factor, but youth and female unemployment remain sensitive pressure points.



Source: World Bank Macro Poverty Outlook for Mauritius, April 2026. Poverty shown is the upper-middle-income poverty line, US\$8.30/day in 2021 PPP.

Figure 42 Mauritius 2025–2026 social and macro indicators.

Source: World Bank, Macro Poverty Outlook for Mauritius, April 2026. The 2026 outlook combines slower growth, higher public debt, a wider current-account deficit and still-material poverty under the upper-middle-income line. (thedocs.worldbank.org)

## 7.7 Policy errors that convert price shocks into legitimacy shocks

The most dangerous policy mistakes in a cost-of-living shock are rarely dramatic. They are plausible, popular and wrong.

The first is to overuse broad subsidies. They feel generous, but they are blunt. They weaken fiscal space, encourage excess consumption, delay adjustment and often benefit higher-income groups disproportionately. Broad fuel subsidies are especially treacherous because they reward consumption volume. A country with high public debt should not subsidise traffic jams more generously than food delivery, buses or fishing boats.

The second is to suppress price signals for too long. A temporary smoothing mechanism is useful. A permanent denial of cost is dangerous. If households, businesses and public entities never see the true cost of energy, they do not conserve, invest or adapt. The shock is not eliminated; it is stored.

The third is to rely on price controls without supply discipline. Price controls can be justified for a narrow basket of essentials in exceptional circumstances, but they should be paired with stock monitoring, landed-cost data, import incentives and enforcement. Otherwise, the country gets the worst of both worlds: controlled prices and uncontrolled scarcity.

The fourth is to communicate late. In a small society, rumours beat press releases. If government waits until a price decision is final before explaining the underlying pressure, it has already lost part of the trust contest.

The fifth is to ignore SMEs. A cost-of-living crisis is also a margin crisis. If small firms are crushed between input costs and weak purchasing power, the eventual social cost appears in employment, arrears, tax compliance and local service quality.

The sixth is to confuse social protection with electoral cushioning. The purpose of support is to protect vulnerable households and essential economic functions, not to remove all discomfort from the middle class. The middle class should be supported through credibility, inflation control, public transport reliability, fair competition and transparent pricing — not necessarily through permanent subsidy of every litre and every tariff.

This is where Mauritius must be a little less sentimental and a little more adult. A state that tries to shield everyone equally often ends up protecting no one sustainably.

## 7.8 Communication failures: why “everything is under control” often backfires

In a cost-of-living shock, language can stabilise or inflame. The phrase “everything is under control” is usually meant to reassure. It often does the opposite, because citizens can see that not everything is under control. Prices have moved. Freight is uncertain. The rupee is watched. Support measures are debated. The world is untidy. Pretending otherwise insults the audience.

A better communication doctrine has four principles.

First, state what is known. Fuel prices, stocks, arrival schedules, exchange-rate assumptions, CPI categories and subsidy costs should be communicated in simplified but accurate form.

Secondly, state what is uncertain. Shipping, insurance, oil prices, airfares and global food prices cannot be controlled by Mauritius. Saying so is not weakness; it is honesty.

Thirdly, state what will be protected. Public transport, essential food logistics, vulnerable households, essential medicines, fuel for emergency services and strategic import cover should be explicitly prioritised.

Fourthly, state what will not be protected indefinitely. Universal fuel subsidies, tariff freezes and open-ended smoothing cannot be promised without damaging credibility.

The behavioural insight is mundane but powerful: people are calmer when they know the rules of the game, even if the game is unpleasant. Uncertainty plus silence is more destabilising than bad news plus a credible plan.

### Policy recommendation: create a Cost-of-Living Stability Index

Mauritius should create a **Cost-of-Living Stability Index** as an internal policy dashboard, with a public summary during corridor stress. It should not replace the Consumer Price Index. The CPI measures price levels and inflation. The proposed index would measure **social pressure risk**.

The index should combine six modules.

The first module should be **fuel**: mogas, gas oil, Liquefied Petroleum Gas, diesel formula pressure, Price Stabilisation Account position and fuel-stock cover.

The second should be **food**: rice, flour, edible oils, milk powder, poultry, eggs, animal feed, pulses, frozen fish and wholesale-retail margin spreads.

The third should be **transport**: public transport cost, taxi and delivery costs, school commuting exposure, freight surcharges and diesel-sensitive logistics.

The fourth should be **wages and labour**: Wage Rate Index, wage claims, youth unemployment, female unemployment, sectoral employment and labour-force participation.

The fifth should be **SMEs and household finance**: overdraft use, arrears, utility-payment delays, consumer complaints, bank restructuring requests and supplier-payment delays.

The sixth should be **trust**: communication clarity, panic buying indicators, media sentiment, transparency of pricing decisions and perceived fairness of support.

The index should produce three operating statuses: **green**, where ordinary monitoring is sufficient; **amber**, where targeted intervention is required; and **red**, where Cabinet-level cost-of-living stabilisation measures are needed. The point is not to create another bureaucratic dashboard for dashboards' sake. Mauritius has enough paper. The point is to force early warning before household stress becomes political stress.

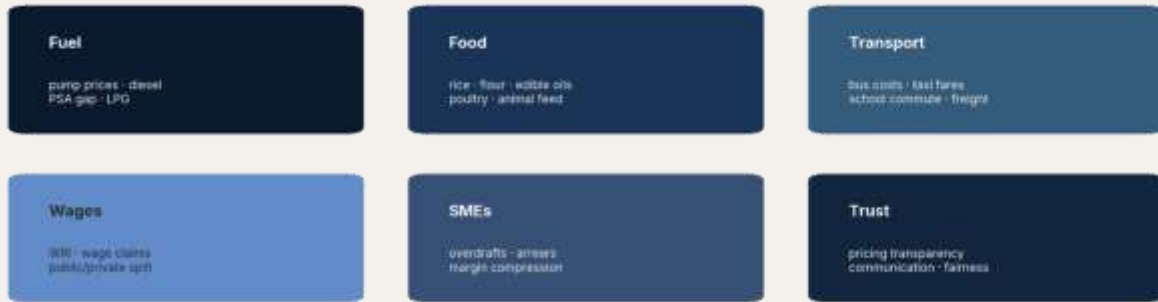


Figure 43 Proposed Cost-of-Living Stability Index modules

Source proposed policy design. The index should complement the CPI by tracking social-pressure risk rather than prices alone.

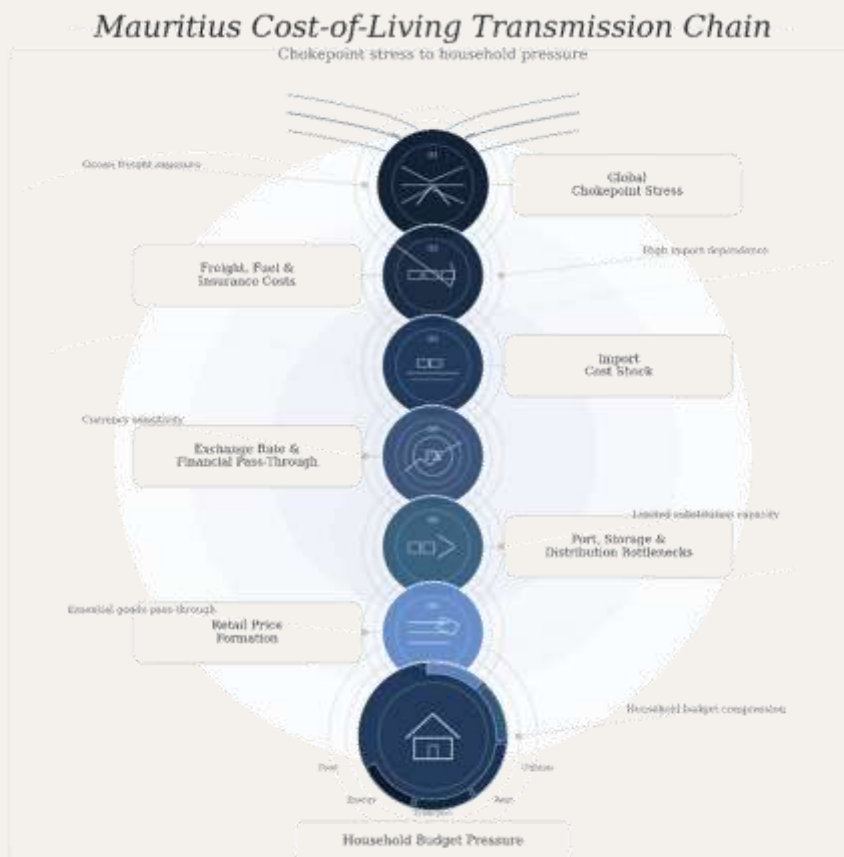
### Section judgement

The domestic cost-of-living test is the hinge between Mauritius’ external opportunity and internal stability. The country can become a trusted platform in the Indian Ocean only if it remains credible at home. That requires more than fuel stocks and foreign reserves. It requires fair burden-sharing, targeted support, careful wage management, SME surveillance, transparent price communication and fiscal discipline.

The data show a country with resilience but limited room for complacency. Food and transport dominate household exposure. Wage growth is present but not limitless. Inflation is contained but vulnerable to second-round effects. The labour market is reasonably strong, but youth and female unemployment remain pressure points. World Bank projections for 2026 point to slower growth, a wider current-account deficit, high debt and still-material upper-middle-income poverty. None of this implies panic. All of it argues against improvisation.

The positioning statement for this chapter is deliberately practical:

**Mauritius’ first strategic asset is not Diego Garcia, finance or tourism. It is domestic composure. Lose that, and the platform story becomes decorative.**





## 8. The Platform Opportunity: Finance, Law, Maritime Services and Regional Trust

The Indian Ocean’s instability is not only a threat to Mauritius. It is also a market signal. When corridors become less predictable, the demand for trusted jurisdictions rises. Trade disputes multiply. Insurance becomes more specialised. Compliance work becomes more valuable. Families and firms seek legal certainty. Commodity, energy and freight contracts require better risk language. Shipping actors need intelligence, documentation and dispute resolution. Blue-economy claims require verification rather than slogans. Governments need neutral rooms where difficult conversations can occur without diplomatic theatre.

This is the platform opportunity. Mauritius should not pretend to become a Singapore, a Dubai, a Suez, or a Diego Garcia. It should become more deliberately itself: a high-trust Indian Ocean jurisdiction offering finance, law, risk management, compliance, arbitration, maritime services, environmental governance and regional convening. In a noisier region, the commercial premium is not for noise. It is for seriousness.

The opportunity is real, but it is not automatic. Mauritius has assets: a services-led economy, legal credibility, a recognised financial centre, a strong tourism brand, a large maritime zone, a functioning banking system and a habit of diplomatic moderation. It also has weaknesses: limited scale, execution delays, reputational sensitivity, dependence on imported costs, and the need to maintain compliance discipline under far tougher global scrutiny. Stability can be monetised, but only if it is operationally convincing.

**“The most important factor was predictability, followed by the speed of regulatory response, flexibility, and the quality of regulation. Cost was identified as the least important aspect.”**

— *Global Financial Centres Index 39, on regulatory factors for financial centres [GFCI 39, 2026].*

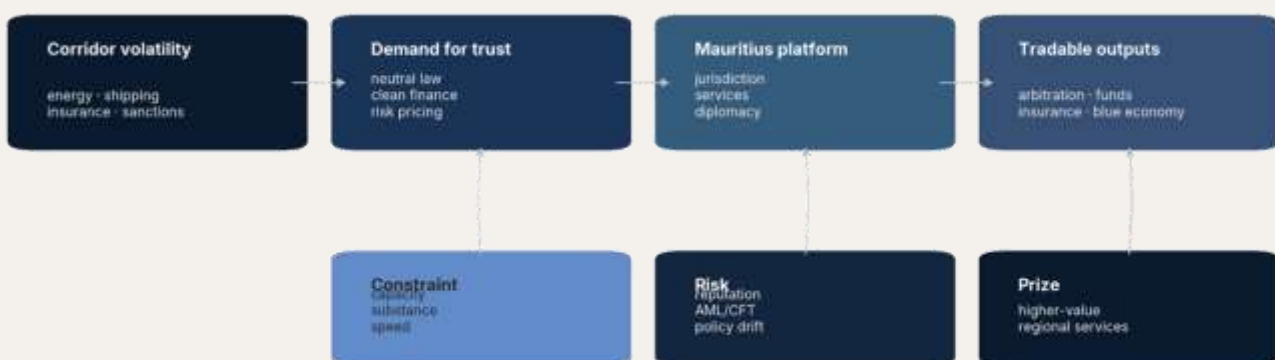


Figure 44 Indian Ocean volatility and the demand for trusted platforms.

Source analytical synthesis. Corridor volatility raises the value of neutral law, clean finance, risk pricing, arbitration, compliance and regional convening.

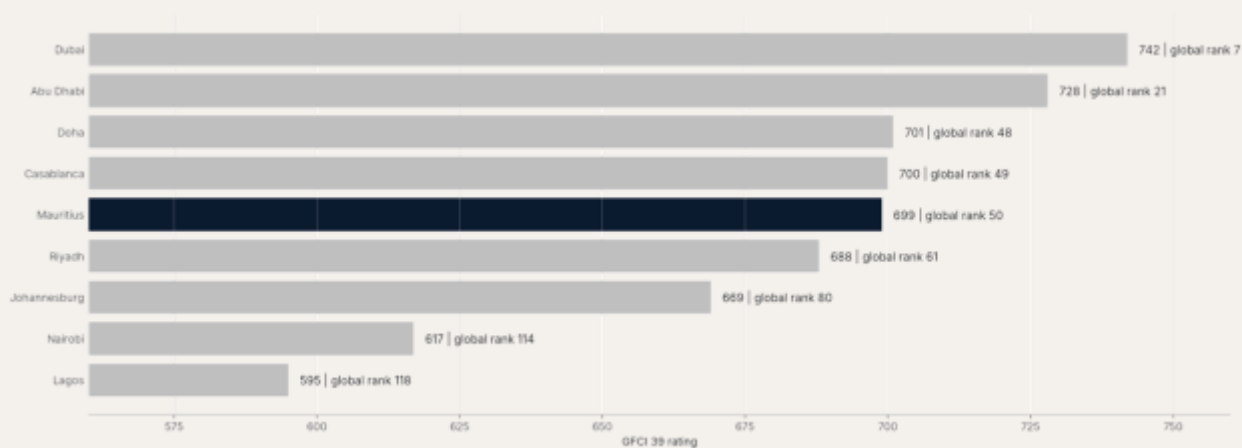


Figure 45 Mauritius in the Global Financial Centres Index 39, Middle East and Africa comparison.

Source Z/Yen and China Development Institute, Global Financial Centres Index 39, March 2026. Mauritius' position is credible, but not dominant. That is exactly why the strategy should be disciplined rather than boastful. (Long Finance)

## 8.1 Mauritius as a neutral legal and financial jurisdiction

Mauritius' first platform asset is jurisdictional credibility. This is not a soft compliment. It is an investable attribute. In the financial-centre business, capital does not move only towards low tax or sunshine. It moves towards places where documentation is enforceable, regulators are predictable, courts are not erratic, professionals are competent, and the risk of embarrassment is manageable.

The Global Financial Centres Index 39, published in March 2026, ranked Mauritius 50th out of 120 centres, with a rating of 699. Within the Middle East and Africa grouping, Mauritius stood behind Dubai, Abu Dhabi, Doha and Casablanca, and ahead of Riyadh, Bahrain, Johannesburg, Nairobi and Lagos. The report also categorised Mauritius among “Global Contenders” in its financial-centre profile table, which is a useful description: Mauritius is not yet a broad and deep global leader, but it has a credible platform position [GFCI 39, 2026].

That ranking should be read neither triumphantly nor dismissively. Mauritius is not competing with New York or London as a universal capital market. Nor should it. Its more realistic competitors are niche and regional centres: Dubai for Gulf-Africa flows, Casablanca for North and West Africa positioning, Kigali for institutional ambition, Seychelles for island wealth structuring, and Singapore for the gold standard in Asian platform

discipline. Mauritius' advantage lies in the Africa–India–Europe–Indian Ocean intersection, not in pretending to be all things to all capital.

The domestic economic base supports the platform logic. Statistics Mauritius' March 2026 national accounts estimate financial and insurance activities at Rs 79.469 billion of gross value added in 2025, or 12.4% of gross value added at current basic prices. Within that, monetary intermediation accounted for Rs 42.613 billion, insurance, reinsurance and pension for Rs 12.147 billion, and other financial activities for Rs 20.633 billion [Statistics Mauritius National Accounts Estimates, March 2026].

The wider services base is also material. World Bank data show services value added at 64.4% of gross domestic product in 2024, while Statistics Mauritius records tourism, global business, information and communication technology, professional services, transport and finance as sizeable selected activities or industry groups [World Bank WDI; Statistics Mauritius National Accounts Estimates]. ([World Bank Open Data](#))

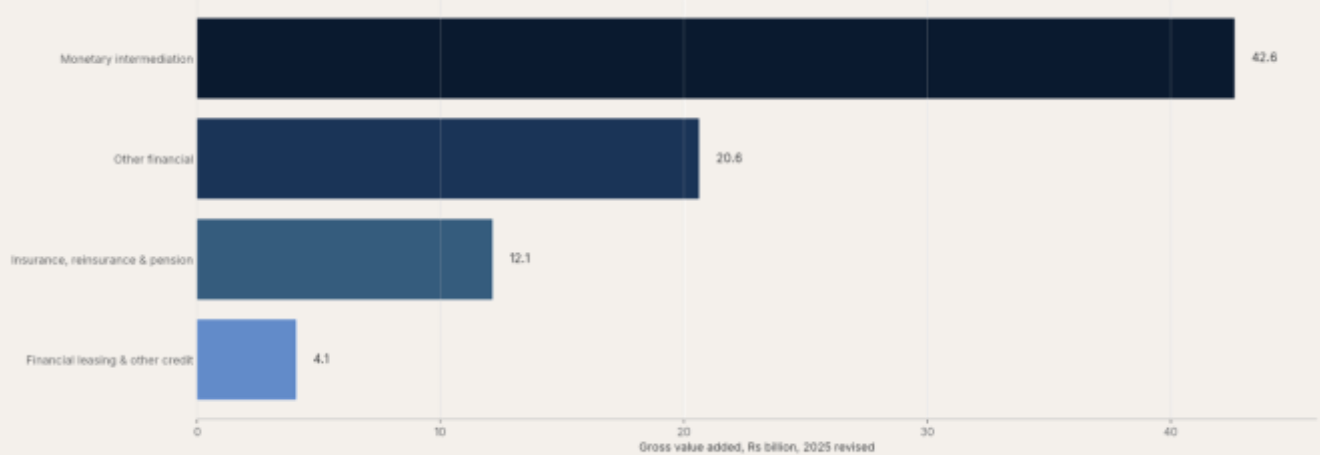
The platform opportunity therefore does not require Mauritius to invent a new economy from scratch. It requires the country to upgrade what it already does: financial services, professional services, tourism-linked convening, dispute resolution, compliance and cross-border structuring. The hard part is not imagination. The hard part is execution.

## 8.2 Arbitration and dispute resolution for Indian Ocean commerce

A more unstable Indian Ocean will generate more disputes. Freight contracts, energy supply, port delays, insurance exclusions, sanctions clauses, force majeure, charterparty disputes, infrastructure projects, hotel developments, shareholder agreements, construction claims and commodity contracts all become more litigious when uncertainty rises. Arbitration and mediation are therefore not legal ornaments. They are risk infrastructure.

registered 362 referrals in 2024, including 318 arbitrations under LCIA Rules; 95% of its cases were international, involving parties from 101 jurisdictions, with transport and commodities the most active sector at 29% of cases [LCIA Annual Casework Report 2024]. ([LCIA](#))

The leading seats remain hard to dislodge. The 2025 Queen Mary University of London and White & Case International Arbitration Survey found London, Singapore, Hong Kong, Beijing and Paris to be the five most preferred seats globally, with London and Singapore ranking among the top five in every region surveyed [QMUL / White & Case International Arbitration Survey 2025]. This is a



Source: Statistics Mauritius, National Accounts Estimates March 2026, Table 3.

Figure 46 Composition of Mauritius' financial and insurance activities, 2025

Source: Statistics Mauritius, National Accounts Estimates March 2026, Table 3. The financial platform is already sizeable; the question is whether it can move up the risk-management and regional-services value chain.

Mauritius already has an arbitration base. The Mauritius International Arbitration Centre (MIAC) states that it operated from 2011 to 2018 as part of the LCIA-MIAC Arbitration Centre and has operated as an independent arbitration centre since 27 July 2018. MIAC also states that the Secretary-General of the Permanent Court of Arbitration serves as appointing authority under its 2018 Arbitration Rules [MIAC]. ([MIAC](#))

The market opportunity is visible globally. The International Chamber of Commerce (ICC) reported 831 new arbitration cases under ICC Rules in 2024, with 1,789 cases pending at year-end and US\$354 billion in total caseload value pending at year-end [ICC Dispute Resolution Statistics 2024]. ([ICC - International Chamber of Commerce](#)) The London Court of International Arbitration (LCIA)

warning to Mauritius. It should not claim to be a top global arbitration seat before users behave as though it is one. The credible ambition is narrower: become a respected Indian Ocean and Africa-Asia seat for mid-market commercial disputes, project contracts, shareholder disputes, construction claims, maritime and logistics disputes, and African investment transactions requiring a neutral, bilingual, enforceable and lower-friction forum.

Mauritius should build the arbitration opportunity through specialisation. The island does not need to compete with London for every billion-dollar energy dispute. It should compete where neutrality, cost, African familiarity, Indian Ocean geography and common/civil-law hybridity matter. A useful starting point would be model clauses for Indian Ocean shipping, logistics, energy-services, hotel-



development, port-services and blue-economy contracts, supported by a published panel of arbitrators with sector expertise. That is less glamorous than declaring Mauritius a “world arbitration hub”. It is also more likely to work.

The policy requirement is to strengthen the whole dispute-resolution ecosystem: judicial support, enforceability, hearing facilities, arbitrator training, bilingual procedural capacity, sector expertise, emergency arbitration, mediation, and predictable court handling of arbitral challenges. International arbitration is a reputation business. A single badly reasoned court intervention can cost more than a marketing roadshow can repair.

### 8.3 Insurance, reinsurance and political-risk structuring

The insurance opportunity follows directly from corridor instability. When freight routes become uncertain, when war-risk premia move, when sanctions affect trade, and when climate risk rises, insurance becomes part of the strategic operating system. The opportunity for Mauritius is not to become a global reinsurer overnight. That would be fantasy. The opportunity is to build a specialised Indian Ocean risk-services niche: captive insurance, reinsurance intermediation, political-risk structuring, marine-risk advisory, parametric products, catastrophe-risk finance, and insurance-linked services connected to Africa, islands and maritime trade.

The global market context supports this. The International Association of Insurance Supervisors (IAIS) warns that geoeconomic fragmentation affects insurers through financial-market volatility, inflationary pressures and supply-chain disruptions, with potential effects on asset valuations, solvency, claims inflation and non-life lines [IAIS Global Insurance Market Report 2025]. The IAIS also reports that global net insurance premiums covered by its monitoring framework were about US\$5.5 trillion in 2024, and that net reinsurance premiums were about US\$1.2 trillion, with reinsurance accounting for about 22% of global net insurance premiums covered by the framework [IAIS GIMAR 2025].

Mauritius should not chase volume for its own sake. Insurance centres fail when they become thinly capitalised booking locations with inadequate risk supervision. The wiser route is quality: captives for African groups, regional catastrophe-risk pools, parametric cyclone and flood products, blue-economy insurance, marine professional liability, cargo-delay risk, political-risk advisory, and reinsurance structures with transparent capital and substance.

This would require regulatory discipline. The Financial Services Commission and the Bank of Mauritius would need to coordinate with the insurance industry, banks, actuaries, reinsurers and international partners. The country should avoid lightly regulated experimentation in politically fashionable products. In a high-trust platform, innovation is not deregulation with a nicer suit. It is supervised experimentation with clear capital, governance, disclosure and resolution rules.

The strongest opportunity lies in linking insurance to climate, maritime and food security. Mauritius and other island states face cyclone, coastal erosion, coral degradation, fisheries and food-import exposure. Regional risk-pooling and parametric insurance can support resilience, but only if products are understandable, payouts are timely and pricing is credible. The island can become a testbed for serious island-risk finance. That is worth more than another generic fund brochure.

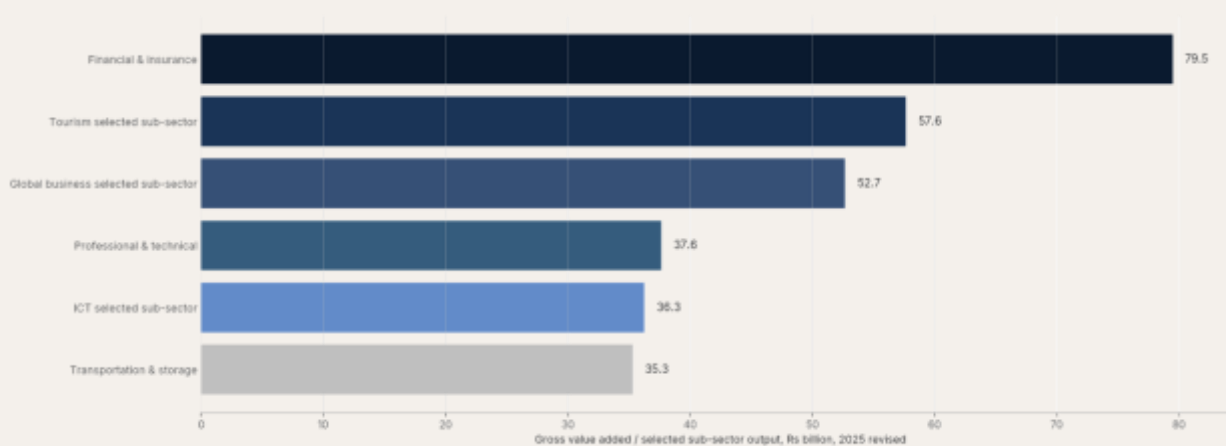
## 8.4 Maritime services: registry, compliance, crewing, bunkering intelligence and logistics coordination

Mauritius is not a major ship registry or transshipment centre. This should be said plainly. The world's largest ship registries are Liberia, Panama and the Marshall Islands; UNCTAD data show Liberia at 424 million deadweight tonnes, Panama at 371 million and the Marshall Islands at 305 million at the start of 2025 [UNCTAD Data Hub, Maritime Transport]. ([UNCTAD Data Hub](#)) Mauritius is not in that league. Nor should it try to become a cheap flag of convenience. That would undermine the high-trust positioning.

The maritime services opportunity is more specialised. UNCTAD reports that freight-rate volatility has become “the new normal” across shipping segments, with container, bulk and tanker rates elevated and volatile in 2024 and 2025 amid geopolitical tensions, trade-policy shifts and supply-demand imbalances. It also reports that the Shanghai Containerized Freight Index averaged 2,496 points in 2024, up 149% from 2023, and that tanker markets spiked in June 2025 amid increased risks in the Strait of Hormuz [UNCTAD Review of Maritime Transport 2025]. ([UN Trade and Development \(UNCTAD\)](#))

In that environment, maritime services become more valuable. Mauritius can build around documentation, legal support, ship finance administration, sanctions screening, cargo-risk advisory, port-delay analytics, crewing services, classification liaison, marine environmental compliance, incident-response coordination and insurance documentation. It can also provide an Indian Ocean risk-intelligence product for importers, banks, hotels, shipping agents and insurers: route risk, war-risk premia, freight indices, port congestion, fuel prices, bunkering conditions, shipping schedules and insurance exclusions.

There is also a logistics-convening role. When the Cape route becomes more important, when Red Sea and Suez confidence weakens, and when Indian Ocean shipping becomes more risk-sensitive,



Source: Statistics Mauritius, National Accounts Estimates March 2026, Tables 3 and selected sub-sectors. Selected sub-sector series are not additive with the industry rows.

Figure 47 Selected Mauritius platform-economy components, 2025.

Source: Statistics Mauritius, National Accounts Estimates March 2026, Tables 3 and selected sub-sectors. Selected sub-sector series are not additive with the industry rows, but they show the existing platform base: finance, tourism, global business, professional services, information and communication technology, and transport.

Mauritius can serve as a neutral information and service platform for the southern Indian Ocean. It does not need to capture the physical cargo to capture some of the professional services around the cargo. This is the old platform lesson in modern clothes: the money is not always in the goods; sometimes it is in the paperwork, the dispute clause, the insurance schedule and the trusted signature.

The trade-off is capacity. Maritime services require specialists, not slogans. Lawyers need shipping expertise. Banks need trade-finance and sanctions capacity. Insurers need marine-risk capability. Port actors need data. Customs and logistics firms need speed. Training institutions need to produce maritime professionals. Mauritius can do this, but not if maritime strategy is treated as a ribbon-cutting exercise.

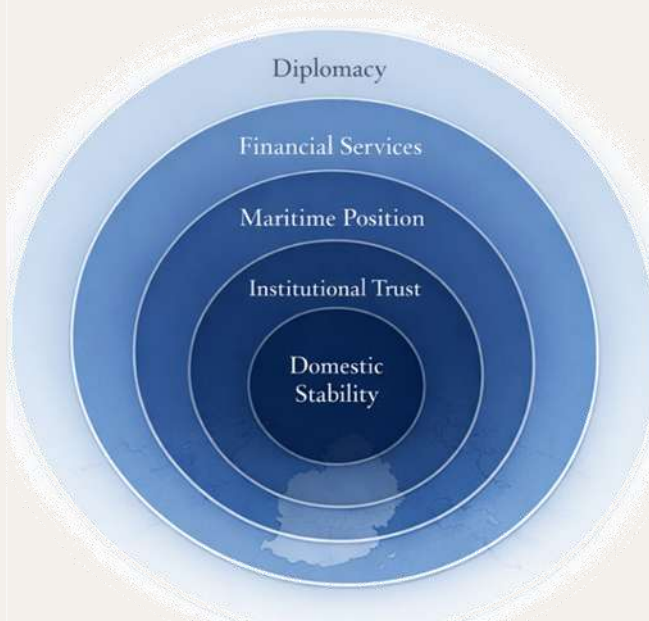
## 8.5 Energy-risk management and hedging advisory

Energy-risk management should be treated as a business line, not only a government function. Corridor instability makes fuel procurement, price pass-through, foreign-exchange exposure, shipping insurance and working-capital planning materially more complex. Importers, hotel groups, transport operators, airlines, food distributors and industrial users all face some combination of commodity-price, currency, freight and credit risk. Most are not equipped to manage that risk well.

Mauritius can build an energy-risk advisory ecosystem around banks, brokers, auditors, lawyers, insurers and logistics firms. The aim would not be speculative trading. It would be disciplined risk management: hedging policies, forward contracts where appropriate, fuel-price pass-through clauses, freight-adjustment clauses, currency hedging, inventory finance, credit insurance, supplier diversification and scenario modelling.

This opportunity should be handled cautiously. Hedging is often sold as sophistication and later discovered to be leverage. The country should not encourage firms to enter derivative contracts they do not understand. Banks and advisers should operate under suitability, disclosure and stress-testing standards. The right product is not a clever trade; it is a board-approved risk policy.

## Mauritius as a Platform State



For government and public entities, energy-risk management should include transparent procurement assumptions, sensitivity tables and fiscal stress paths. A national economy should not be surprised every time diesel rises. A professional platform state should know its exposure before the invoice arrives.

There is also a role for education. Mauritius should develop executive training for chief financial officers, treasury managers, hotel finance teams, importers and public-sector procurement officers on fuel, freight and currency risk. This is less exciting than a new exchange. It is also far more useful. In a corridor crisis, a trained treasurer is worth several speeches.

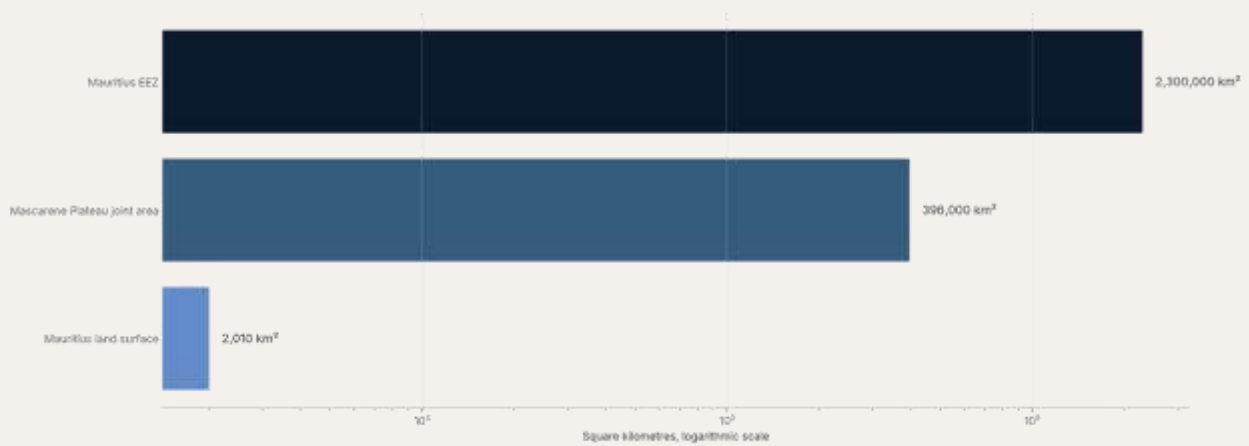
## 8.6 Blue economy governance and marine environmental credibility

The blue economy is one of Mauritius' most natural platform opportunities, but it must be rescued from vagueness. "Blue economy" can mean almost anything: fisheries, tourism, marine conservation, seabed governance, port services, offshore energy, aquaculture, carbon markets, ocean data, marine biotechnology, shipping emissions and coastal resilience. If it means everything, it risks meaning nothing.

Mauritius has the spatial basis for a blue-economy platform. The United Nations Development Programme (UNDP) notes that Mauritius and Seychelles derive significant value from marine ecosystems and ocean-based industries for economic growth, food security and climate resilience; it also highlights marine conservation, blue-economy initiatives and the joint Mauritius–Seychelles management of the Mascarene Plateau as a major ocean-governance project [UNDP Marine Conservation and Blue Economy]. (UNDP) Mauritius' Exclusive Economic Zone is commonly cited at approximately 2.3 million square kilometres, vastly larger than its land surface. That is not power by itself. It is responsibility plus optionality.

The credible opportunity is governance and verification. Indian Ocean investors will increasingly need trusted environmental, social and governance verification; marine protected area monitoring; fisheries traceability; coral and coastal-risk science; blue-bond and sustainability-linked finance; port decarbonisation verification; and climate-adaptation project assurance. Mauritius can become a regional centre for such work if it combines legal credibility, scientific partnerships, finance and transparent monitoring.

The Chagos settlement, if implemented, would intensify this responsibility. The treaty framework discussed earlier would place Mauritius in a more visible role in relation to a globally significant marine area. That could strengthen its blue-economy credentials, but only if it is managed with real capacity. A marine protected area is not protected



Sources: World Bank surface-area data; UNDP Mauritius–Seychelles blue economy profile. Joint management area shown as approximate community cluster Mascarene Plateau figure.

Figure 48 Mauritius’ blue-economy spatial scale.

Sources World Bank surface-area data; UNDP Mauritius–Seychelles blue economy profile. The chart uses a logarithmic scale. The strategic point is not that maritime space automatically creates value; it is that governance capacity can turn maritime space into a platform asset. (UNDP)

by being drawn on a map. It requires surveillance, science, enforcement, funding and political patience.

The private sector has a role. Banks can develop blue-finance products. Insurers can develop coastal and fisheries risk products. Auditors can build ESG verification practices. Universities can train marine data analysts. Hotels can support reef and lagoon monitoring. Law firms can structure conservation finance and ocean-use agreements. The government’s role is to coordinate the platform, not monopolise the market.

## 8.7 Diplomatic convening: Mauritius as neutral table, not loud actor

Mauritius’ diplomatic opportunity is to become a neutral table, not a loud actor. The distinction is crucial. Small states gain influence by being useful, not by performing importance. In a region where India, China, France, the United Kingdom, the United States, Gulf states, African partners and island states all have overlapping interests, a jurisdiction that can host serious, discreet and well-prepared conversations has value.

The island’s tourism and hospitality infrastructure supports this. Statistics Mauritius recorded 1,436,250 tourist arrivals in 2025, up 3.9% from 2024, with air arrivals rising to 1,411,791 [Statistics Mauritius Tourism 2025]. Tourism is not diplomacy, but it gives Mauritius practical convening capacity: hotels, meeting rooms, air access, security familiarity and a



Figure 49 Mauritius trust and compliance dashboard.

Source Global Financial Centres Index 39; World Justice Project Rule of Law Index 2025; Financial Action Task Force follow-up material; OECD Base Erosion and Profit Shifting Action 5 review; World Bank. The platform opportunity depends on compliance credibility, not merely market positioning.

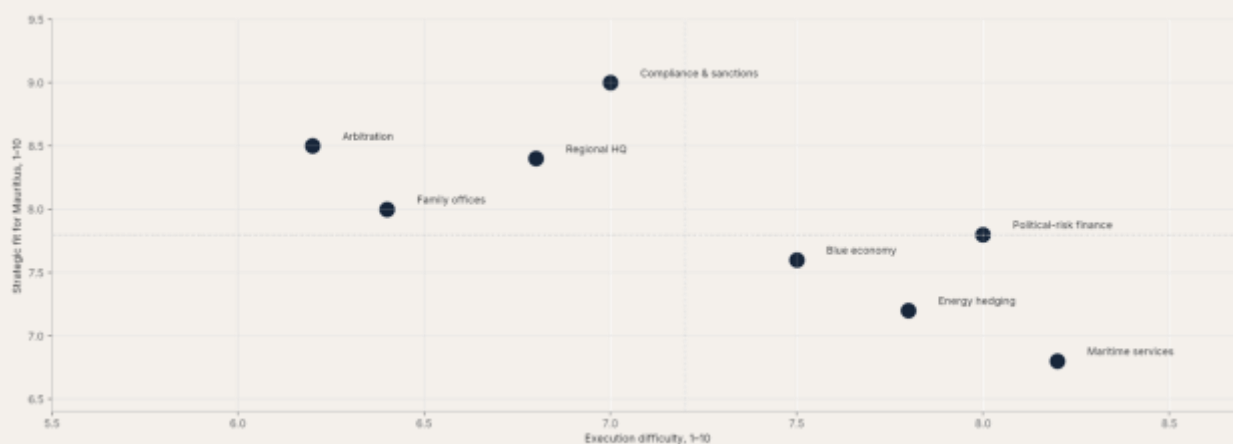
reputation for comfort. Serious people are often more willing to have difficult conversations in a place where logistics are easy and the tone is civil.

The convening opportunity should focus on specific themes: Indian Ocean shipping resilience, small-state energy security, blue finance, climate-risk insurance, maritime-law capacity, sanctions compliance, arbitration, food-security logistics and disaster-risk finance. Mauritius should avoid becoming a stage for broad geopolitical declarations. Those attract attention and little else. The country should convene working groups where practical problems are solved: model clauses, insurance pools,

## 8.8 Why trust is more profitable than noise

The Indian Ocean platform opportunity is ultimately a trust trade. Mauritius' value is not that it can shout louder than larger powers. It cannot. Nor is its value that it can undercut every rival on cost. That strategy is old, fragile and reputation-destroying. Its value is that it can offer a legally credible, financially literate, diplomatically moderate and regionally legitimate operating environment.

The evidence supports this direction. The World



Source: Author assessment. Scores are analytical judgements based on Mauritius' institutional assets, market demand and execution constraints; they are not official statistics.

Figure 50 Platform opportunity matrix: strategic fit versus execution difficulty.

Source: author assessment. Scores are analytical judgements based on Mauritius' institutional assets, market demand and execution constraints; they are not official statistics. The practical lesson is that the highest-value opportunities are not always the easiest ones.

procurement frameworks, data-sharing protocols, dispute-resolution rules, blue-finance standards and training programmes.

There is also a reputational benefit. A country that convenes well becomes associated with competence. That matters for financial services, arbitration, investment promotion and diplomacy. But convening must be curated. If every conference is branded as historic, none is. The platform state should be selective, quiet and useful.

Justice Project ranked Mauritius 47th out of 143 countries globally in the 2025 Rule of Law Index, and 3rd out of 34 countries in Sub-Saharan Africa; it also ranked Mauritius 36th globally for regulatory enforcement, 43rd for civil justice and 49th for absence of corruption [World Justice Project Rule of Law Index 2025]. FATF states that Mauritius has made progress in addressing technical-compliance deficiencies and that Recommendation 15 was re-rated to Largely Compliant, while Mauritius remains in enhanced follow-up [FATF Follow-up Report 2023]. (FATF) The OECD's 2025 peer-review publication on tax-ruling transparency confirms that Mauritius remains inside the Base Erosion and Profit Shifting Action 5 review architecture [OECD BEPS Action 5 Peer Review 2025]. (OECD)

These are not marketing details. They are the foundation of platform economics. In the new

environment, high-value clients want a jurisdiction that can survive scrutiny: anti-money-laundering, counter-terrorist-financing, beneficial ownership, sanctions, substance, tax transparency, fit-and-proper oversight, cybersecurity and data protection. The market for opacity still exists, of course. It always will. Mauritius should not want it. Cheap opacity is a trap: profitable in the quarter, expensive over the decade.

The platform strategy must therefore choose trust over volume. Better fewer, cleaner structures than a flood of weak business. Better serious arbitration than promotional claims. Better supervised innovation than lightly regulated novelty. Better a high-quality blue-finance pipeline than a pile of greenwashed memoranda. Better quiet convening than a calendar full of ceremonial conferences.

**This is not moralism. It is margin discipline. Trust commands better margins than noise.**

### Policy recommendation: Mauritius Indian Ocean Platform Strategy

Mauritius should establish a **Mauritius Indian Ocean Platform Strategy**, led jointly by the Economic Development Board, the Ministry of Foreign Affairs, the financial regulator, port authorities, the legal sector and private banks. The strategy should not be another branding exercise. It should be a three-year execution programme with measurable outputs.

The strategy should have seven pillars.

First, legal and arbitration capability. Mauritius should strengthen MIAC and MARC, train more sector-specialist arbitrators, promote model Indian Ocean contract clauses, develop maritime and logistics arbitration expertise, and publish an annual arbitration and mediation report. The goal should be credibility, not inflated claims.

Secondly, compliance and sanctions excellence. Mauritius should create an Indian Ocean Compliance Academy for banks, law firms, corporate-service providers, insurers, shipping agents and family offices. The curriculum should cover sanctions, beneficial ownership, anti-money-laundering and counter-terrorist-financing, trade finance, shipping documentation and politically exposed persons. This is dull work. Dull work is where reputation is protected.

Thirdly, risk finance and insurance structuring. The strategy should develop captives, parametric climate products, cargo-delay risk, political-risk advisory, catastrophe-risk pooling and marine insurance documentation. The objective is to connect Mauritius' financial centre to real Indian Ocean risks rather than merely booking passive structures.

Fourthly, **maritime services**. Mauritius should build a narrow but high-quality maritime services cluster around documentation, ship-finance administration, legal support, sanctions screening, port-delay analytics, bunker-price intelligence, cargo claims and environmental compliance. It should avoid trying to become a high-volume low-standard flag.

Fifthly, **energy and currency-risk advisory**. Banks and advisers should offer board-level risk frameworks for fuel, freight and foreign-exchange exposure, especially for hotels, importers, food distributors, public entities and logistics firms. The country should not wait for each crisis to discover that companies lack hedging policies.

Sixthly, **blue-economy governance and verification**. Mauritius should become a credible centre for blue-finance verification, marine environmental monitoring, fisheries traceability, reef and coastal-risk analytics, and conservation-finance structuring. This should be science-led and audit-ready.

Seventhly, **neutral convening**. Mauritius should host a small number of high-quality annual forums on Indian Ocean corridor resilience, maritime insurance, energy security, blue finance and dispute resolution. The test of

success should not be attendance photographs. It should be model clauses, standards, training outputs, transactions and follow-up mechanisms.

The strategy should report annually against measurable indicators: arbitration cases seated or administered in Mauritius; compliance professionals trained; number of captives or risk-finance structures established; maritime-service mandates won; blue-finance transactions verified; regional headquarters attracted; and dispute-resolution clauses adopting Mauritius as seat or forum.



Figure 51 Proposed governance structure for the Mauritius Indian Ocean Platform Strategy.

Source proposed institutional architecture. The strategy should be jointly owned by public institutions and private professional capacity; a platform cannot be built by government press releases alone.

## Judgement

Mauritius can gain from the Indian Ocean shift, but only by choosing the right kind of ambition. It should not seek to become a hard-power actor, a high-volume flag of convenience, a lightly regulated offshore refuge, or a noisy diplomatic stage. Those routes either do not fit Mauritius or would damage its comparative advantage.

The country’s real opportunity is to become a high-trust jurisdiction for activities that become more valuable in a volatile corridor: arbitration, compliance, risk finance, insurance structuring, family offices, maritime services, energy contracting, blue-economy governance, ESG verification, and regional headquarters. The necessary condition is credibility. The sufficient condition is execution.

The positioning statement for this chapter is therefore deliberately restrained:

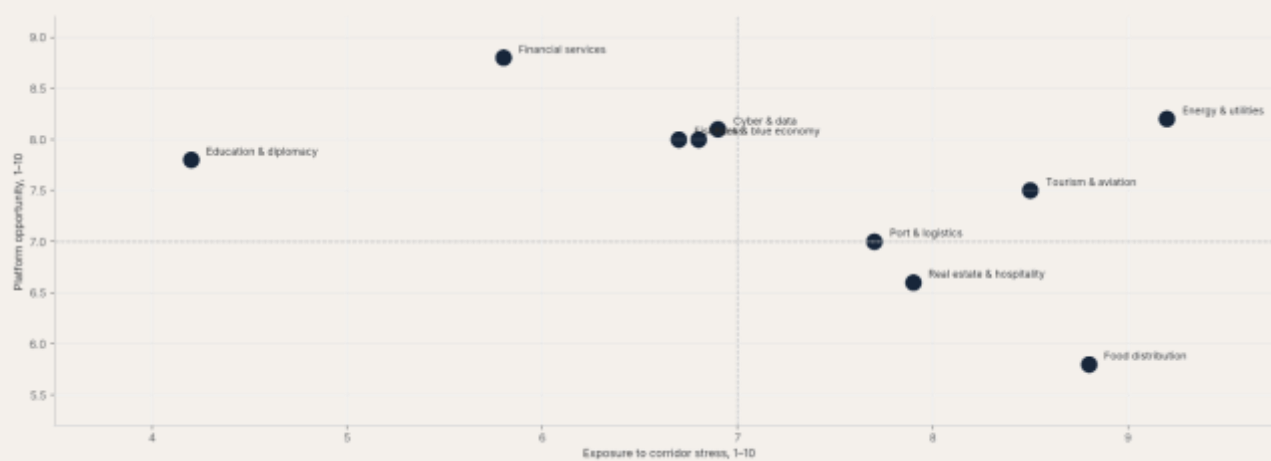
**Mauritius should not sell importance. It should sell trust. In the Indian Ocean age, trust is the product with the best margin.**

## 9. Sectoral Consequences and Opportunities

The Indian Ocean shift does not affect the Mauritian economy evenly. Some sectors are exposed mainly to cost pressure. Others can convert volatility into demand for higher-value services. The policy task is therefore not simply to “support the economy” in the abstract. It is to distinguish between sectors that require cushioning, sectors that must reprice honestly, sectors that should be hardened, and sectors that can be built into exportable platform capabilities.

This is where Mauritius must avoid a common small-state error: treating every sector as equally strategic because every sector has a lobby. They are not equally strategic. Tourism, food distribution, public transport, fuel, utilities and banking continuity are stability sectors. Finance, arbitration, insurance, compliance, maritime services, blue-economy governance, education and cyber resilience are platform sectors. Some sectors sit in both camps. The best policy response is not to flatten these differences, but to manage them.

UNCTAD’s 2025 maritime review captures the wider operating environment in one useful phrase: **“freight-rate volatility has become the new normal”** [UNCTAD Review of Maritime Transport 2025]. ([unctad.org](https://unctad.org)) That is the context in which Mauritian sectors now operate. The island is not merely absorbing a one-off shock. It is adapting to a world in which shipping, energy, insurance, currency and geopolitical risk will remain less predictable than in the previous period.



Source: Author assessment based on sectoral exposure, Mauritius data and Indian Ocean corridor-risk channels. Scores are analytical judgements, not official statistics.

Figure 52 Sector heat map: exposure to corridor stress versus platform opportunity.

Source author assessment based on sectoral exposure, Mauritius data and Indian Ocean corridor-risk channels. Scores are analytical judgements, not official statistics.

### 9.1 Tourism and aviation: premium resilience, airlift vulnerability

Tourism remains Mauritius’ most visible foreign-exchange engine and one of its strongest reputational assets. Statistics Mauritius recorded 1,436,250 tourist arrivals in 2025, up 3.9% from 2024. Air arrivals rose by 4.7%, from 1,348,400 in 2024 to 1,411,791 in 2025, while arrivals by sea fell by 27.6% to

24,459 [Statistics Mauritius, International Travel and Tourism 2025]. ([statsmauritius.govmu.org](https://statsmauritius.govmu.org)) Bank of Mauritius data show gross tourism earnings of Rs 103,351 billion in 2025, with the central bank noting that such earnings are compiled from returns by commercial banks, money changers and foreign-exchange dealers, and that receipts may not occur in the same month as travel [Bank of Mauritius Gross Tourism Earnings, February 2026]. ([bom.mu](https://bom.mu))

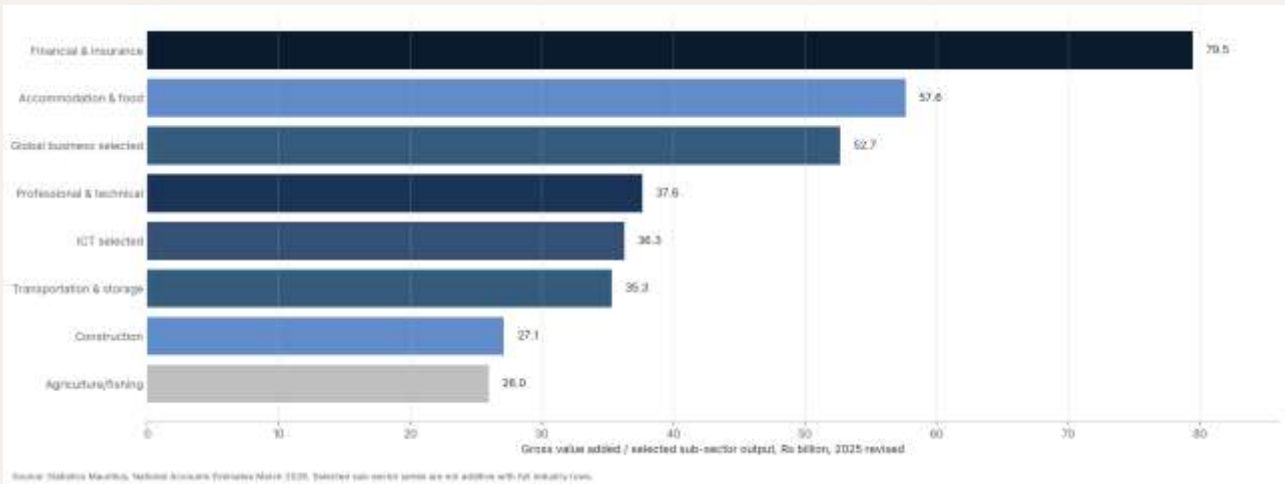


Figure 53 Selected Mauritius sector and platform-economy components, 2025

Source Statistics Mauritius, National Accounts Estimates March 2026. Selected sub-sector series are not additive with full industry rows. The chart is intended to show platform relevance rather than build a national-accounts total. (statsmauritius.govmu.org)

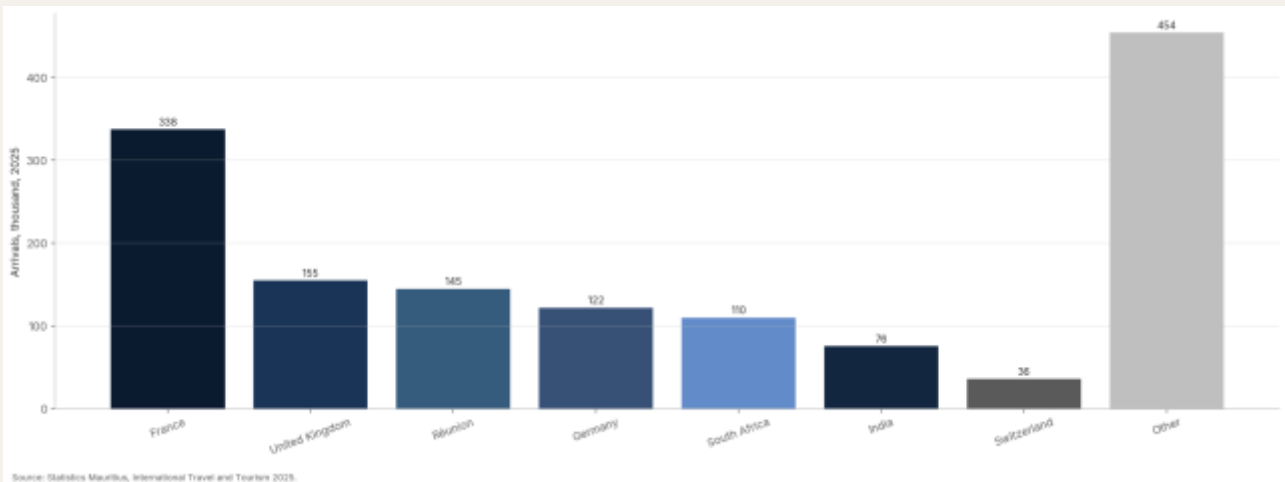


Figure 54 Mauritius tourism source markets, 2025.

Source Statistics Mauritius, International Travel and Tourism 2025. The source-market concentration is an asset in normal conditions and a transmission channel when Europe or aviation is under stress. (statsmauritius.govmu.org)

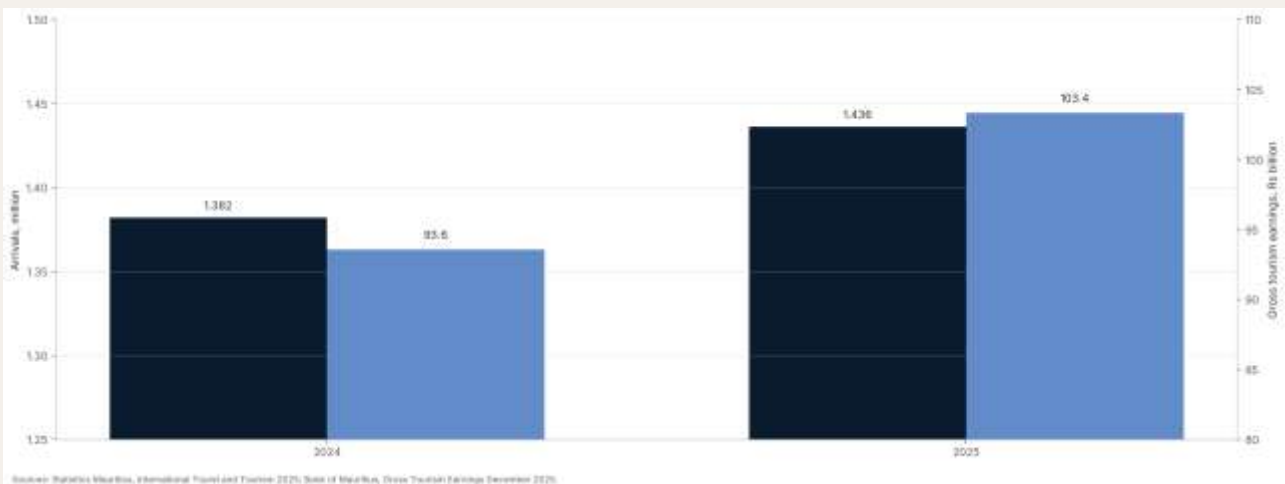
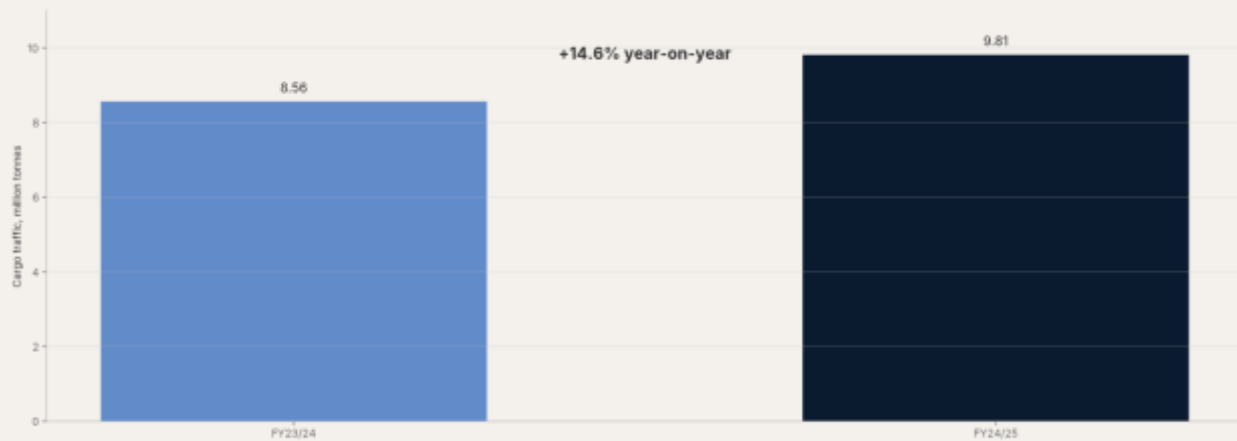


Figure 55 Tourist arrivals and gross tourism earnings, 2024-2025.

Sources Statistics Mauritius, International Travel and Tourism 2025; Bank of Mauritius, Gross Tourism Earnings February 2026. Tourism remains a foreign-exchange stabiliser, but not a perfect real-time hedge against imported cost shocks. (bom.mu)



Source: Mauritius Ports Authority, Port Trade Performance FY23/24 versus FY24/25.

Figure 56 Mauritius cargo traffic, FY23/24 versus FY24/25.

Source: Mauritius Ports Authority, Port Trade Performance FY23/24 versus FY24/25. Cargo growth matters, but resilience depends on service quality, redundancy, clearance speed and documentation integrity. ([mauport.com](http://mauport.com))

Mauritius is a long-haul air destination with concentrated source markets. France, the United Kingdom, Réunion, Germany and South Africa remain key, and the usual main markets accounted for 68.4% of total arrivals in 2025 [Statistics Mauritius, International Travel and Tourism 2025]. ([statsmauritius.govmu.org/Pages/Statistics/ESI/Tourism/Tourism\\_Yr25.aspx](http://statsmauritius.govmu.org/Pages/Statistics/ESI/Tourism/Tourism_Yr25.aspx)) If aviation fuel rises, if European household confidence weakens, if airlines rationalise long-haul capacity, or if insurance and operating costs rise, Mauritius can be hit even without any visible security event on the island.

The opportunity is to convert tourism from a pure leisure sector into a broader convening platform. Mauritius already has air links, hospitality standards, conference capacity, climate appeal and a high-trust brand. It should use those assets for premium tourism, family-office retreats, arbitration hearings, board offsites, Indian Ocean policy forums, blue-economy finance meetings and executive education. The sector should not merely sell beaches. It should sell safe, civilised access to a region that is becoming harder to navigate.

The trade-off is clear. If Mauritius tries to preserve volume at any cost, it risks discounting its brand and importing inflation through fuel-heavy air traffic. If it leans too far into premium positioning, it may weaken employment breadth. The sensible path is mixed: protect strategic airlift, strengthen high-value segments, and reduce energy intensity in hotels so that fuel shocks do not become margin shocks.

## 9.2 Port and logistics: limits of scale, opportunities in specialised services

Port and logistics are where Mauritius' platform ambition must remain disciplined. Port Louis is important for the island, but Mauritius should not pretend to be Singapore, Dubai or Durban. Scale is limited. Physical cargo capture will remain constrained by geography, vessel economics, market size, storage, hinterland absence and the structure of major shipping routes.

Yet the port remains strategically important for resilience. The Mauritius Ports Authority reported that cargo traffic reached 9,811,426 tonnes in financial year 2024/25, compared with 8,564,914 tonnes in financial year 2023/24 [Mauritius Ports Authority, Port Trade Performance FY23/24 versus FY24/25]. ([mauport.com](http://mauport.com)) That growth is encouraging, but the key question is not only volume. It is whether the port and logistics system can handle volatility: delayed shipments, rerouted cargo, fuel supply, cold-chain pressure, insurance documentation, customs speed, emergency stocks and schedule disruption.

The opportunity lies in specialised services, not grandiose transshipment dreams. Mauritius can build capabilities around maritime documentation, cargo claims, sanctions screening, marine insurance support, ship-finance administration, cold-chain reliability, route-risk intelligence, bunkering information, and regional logistics coordination for

the southern Indian Ocean. It should also develop a standing maritime-cost dashboard for importers and policymakers: freight rates, war-risk premia, bunker adjustments, container availability, port delay indicators and stock cover for essential imports.

The weakness is that logistics strategy often becomes infrastructure-heavy and service-light. A port upgrade is visible. A better documentation system, trained maritime lawyers, risk dashboards and faster clearance procedures are less photogenic. They are also more likely to produce returns.

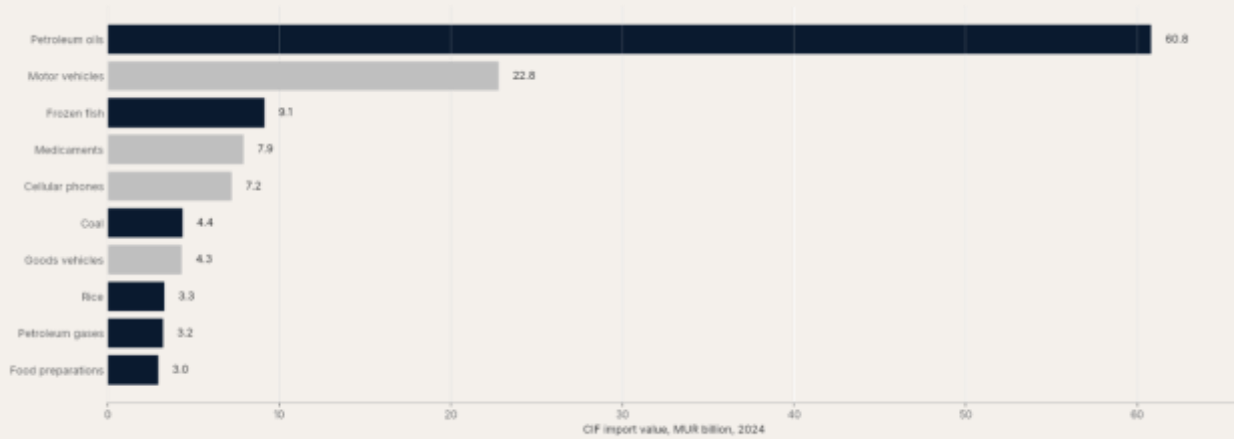
### 9.3 Financial services: compliance, substance and geopolitical risk advisory

Financial services are one of the sectors with the strongest platform upside. Statistics Mauritius estimated financial and insurance activities at Rs 79.469 billion of gross value added in 2025, equal to 12.4% of gross value added at current basic prices [Statistics Mauritius National Accounts Estimates, March 2026]. ([statsmauritius.govmu.org](https://statsmauritius.govmu.org)) The Global Financial Centres Index 39 ranked Mauritius 50th out of 120 financial centres, behind Dubai, Abu Dhabi, Doha and Casablanca in the Middle East and Africa group, but ahead of Riyadh, Johannesburg, Nairobi and Lagos [GFCI 39, 2026]. ([longfinance.net](https://longfinance.net))

The Indian Ocean shift creates demand for higher-quality financial services: sanctions-aware structuring, trade-finance advisory, political-risk finance, family offices, insurance-linked structures, blue finance, regional headquarters, escrow services, arbitration financing and treasury management. But the opportunity comes with a condition: Mauritius must choose compliance and substance over volume.

The old offshore proposition is not sufficient. The market now rewards jurisdictions that can withstand scrutiny from tax authorities, banks, beneficial-ownership registers, sanctions regimes, anti-money-laundering reviews and reputational due diligence. FATF has recorded progress in Mauritius' technical compliance, including re-rating Recommendation 15 to Largely Compliant, while Mauritius remains in enhanced follow-up [FATF Follow-up Report 2023]. ([fatf-gafi.org](https://fatf-gafi.org)) The correct reading is not complacency. It is that credibility is earned continuously.

Financial services should therefore move from passive structuring to active geopolitical risk advisory. Mauritian firms and banks should be able to advise on sanctions clauses, currency exposure, trade documentation, beneficial-ownership transparency, Africa-India flows, insurance wrappers, project-finance risk and dispute-resolution pathways. The sector must become less brochure and more operating manual.



Source: MCCI Economic & Trade Data 2024/25, based on Statistics Mauritius.

Figure 57 Mauritius' top ten import products, 2024.

Source: MCCI, Economic & Trade Data 2024/25, based on Statistics Mauritius. Petroleum oils represented 19% of imports, while frozen fish, coal, rice, petroleum gases and food preparations also sit inside the top-ten basket. (mcci.org)

## 9.4 Banks and currency risk: from passive lending to risk architecture

Mauritian banks are not merely lenders in this environment. They are risk translators. They sit between importers needing dollars, hotels receiving foreign-exchange income, SMEs needing working capital, public entities financing essential imports, and households vulnerable to interest rates and inflation.

The Bank of Mauritius' December 2025 Financial Stability Report judged the system resilient, supported by strong capital and liquidity buffers. The report recorded banking assets of Rs 2.7 trillion at end-June 2025, aggregate deposits of Rs 2.1 trillion, a capital adequacy ratio of 20.6%, and stress tests showing capacity to absorb plausible shocks [Bank of Mauritius Financial Stability Report, December 2025]. ([bom.mu](http://bom.mu)) The same report recorded a net open foreign-exchange position to Tier 1 capital of 2.2% in June 2025, well below the 15% maximum limit, while noting that foreign-exchange-denominated loans represented 63.8% of total loans and foreign-exchange liabilities 68.2% of total liabilities [Bank of Mauritius Financial Stability Report, December 2025]. ([bom.mu](http://bom.mu))

The risk is not a banking crisis. The risk is silent balance-sheet stress in clients. A hotel with euro receipts and dollar-linked energy costs has a currency problem. A food importer with dollar payables and rupee customers has a pass-through problem. A contractor with imported inputs and

fixed-price contracts has a margin problem. A fishing operator has a diesel problem. A small retailer has a working-capital problem.

Banks should respond by offering risk architecture, not merely credit. That means client-level currency mapping, hedging suitability assessments, stress tests on fuel and freight costs, early-warning indicators for SME arrears, inventory-finance discipline, letters of credit monitoring and sector-level reporting to regulators. In a corridor-stress world, the valuable bank is not the bank that lends the most. It is the bank that sees trouble earliest.

## 9.5 Energy and utilities: storage, renewables and strategic procurement

Energy and utilities face mostly cost pressure in the short run, but major strategic opportunity in the medium term. The data remain clear. In 2024, electricity generation increased by 4.7% to 3,418 GWh; 42.5% came from diesel and fuel oil, 39.1% from coal, and 18.2% from renewables [Statistics Mauritius Environment Statistics 2024]. ([unstats.un.org](https://unstats.un.org)) That means more than four-fifths of electricity generation remained non-renewable.

The sectoral consequence is immediate. Fuel, coal, freight, insurance and the rupee all affect electricity economics. If tariffs are held below cost for too long, the utility or the public balance sheet absorbs the shock. If tariffs are adjusted too abruptly, households and firms absorb it. Neither option is painless.

The opportunity is to treat storage, renewables, demand response and energy efficiency as strategic procurement, not climate decoration. The World Bank's 2026 Mauritius Country Climate and Development Report states that investing in renewable energy and sustainable ocean resources could generate up to 32,000 jobs by 2030, while a related World Bank commentary estimates an additional investment requirement of about US\$5.6 billion by 2050 and an annual climate-finance gap of US\$213 million [World Bank CCDR Mauritius 2026]. ([worldbank.org](https://worldbank.org))

The trade-off is execution. Renewable projects do not reduce imported fuel exposure unless the grid, storage, dispatch, tariffs, permitting, procurement and financing work. Mauritius needs less ceremony around energy transition and more engineering discipline: grid studies, battery procurement, rooftop solar aggregation, public-sector energy efficiency, smart metering, tariff design and transparent power-purchase frameworks.

## 9.6 Food importers and distributors: stock discipline and landed-cost transparency

Food importers and distributors are stability actors. They are not merely commercial intermediaries. In a corridor shock, they become the practical boundary between external volatility and household anxiety.

Mauritius' import basket shows why. MCCI data show imports rising by 10.6% in 2024 to MUR 314 billion, with major imported products including petroleum oils, motor vehicles and frozen fish. The top-ten import table records petroleum oils at MUR 60.811 billion, frozen fish at MUR 9.134 billion, coal at MUR 4.362 billion, rice at MUR 3.303 billion, petroleum gases at MUR 3.235 billion and food preparations at MUR 2.955 billion [MCCI Economic & Trade Data 2024/25]. ([mcci.org](https://mcci.org))

The food system therefore needs two things: stock discipline and transparency. Stock discipline means knowing, product by product, how many weeks of supply exist for rice, flour, edible oils, milk powder, pulses, animal feed, poultry inputs, frozen fish, basic medicines and Liquefied Petroleum Gas.

Transparency means separating genuine landed-cost increases from opportunistic margin expansion.

Price controls alone are a poor substitute for supply. They may be necessary for a narrow basket in a stress period, but without import incentives, stock visibility and margin monitoring, they can lead to shortage, quality reduction or informal repricing. The better approach is a landed-cost observatory, with confidential data from importers and a public summary sufficient to preserve trust.

The platform opportunity is modest but real: Mauritius can build regional food-security logistics expertise for island economies. This would include cold-chain management, strategic-stock modelling, import-risk dashboards, and emergency procurement protocols. It is not glamorous. It is exactly the sort of practical competence that makes a platform state credible.



Figure 58 Food and fisheries supply indicators.

Sources: Statistics Mauritius, *Agricultural and Fish Production 2025*; International Trade Administration, *Mauritius Agricultural Sectors*; MCCI, *Economic & Trade Data 2024/25*. Domestic production provides a buffer, not full food sovereignty. ([statsmauritius.govmu.org](https://statsmauritius.govmu.org))

## 9.7 Fisheries and blue economy: resource sovereignty and maritime monitoring

Fisheries and the blue economy sit at the intersection of food security, maritime sovereignty, environmental governance and platform opportunity. Statistics Mauritius reported that total fish production decreased by 1.3%, from 38,445 tonnes in 2024 to 37,928 tonnes in 2025. The decrease reflected a 2.4% fall in other catch, including tuna and bank fisheries, partly offset by a 24.8% increase in fresh coastal fish catch [Statistics Mauritius *Agricultural and Fish Production 2025*]. ([statsmauritius.govmu.org](https://statsmauritius.govmu.org))

At the same time, frozen fish was the third-largest import product in 2024, with a CIF value of MUR 9.134 billion [MCCI *Economic & Trade Data 2024/25*]. ([mcci.org](https://mcci.org)) That is the awkward duality: Mauritius has maritime space and fish production, yet remains materially exposed to imported fish and global seafood logistics.

The blue-economy opportunity is not simply “more fishing”. It is better governance: vessel monitoring, illegal, unreported and unregulated fishing enforcement, fisheries traceability, marine protected area management, ocean data, blue-finance verification, reef and lagoon monitoring, aquaculture where ecologically viable, and regional environmental services. UNDP’s marine conservation and blue-economy work for Mauritius and Seychelles highlights marine ecosystems, ocean-based industries, food security and climate resilience as core priorities [UNDP *Marine Conservation and Blue Economy*]. ([undp.org](https://undp.org))

The opportunity becomes stronger if Chagos responsibilities eventually increase Mauritius’ maritime governance profile. But here again the warning applies: a large maritime zone is not capability. It is a duty. The sector needs surveillance, science, enforcement, data sharing and financing.

## 9.8 Real estate and hospitality: cost pass-through, labour and energy efficiency

Real estate and hospitality are exposed to a difficult mix: imported construction inputs, labour costs, energy intensity, financing conditions, tourism demand, and confidence. Statistics Mauritius' March 2026 national accounts estimate that construction contracted by 2.1% in 2025, while accommodation and food service activities grew by 4.0%, supported by tourist arrivals of 1,436,250 and increased food-service activity [Statistics Mauritius National Accounts Estimates, March 2026].

([statsmauritius.govmu.org](https://statsmauritius.govmu.org))

For hospitality, the challenge is margin management. Hotels face food, energy, imported supplies, maintenance, wage and financing costs. Some can pass through higher costs to premium clients. Others cannot. The wrong response is indiscriminate discounting to preserve occupancy. That can weaken the brand and still fail to protect margins. The better response is energy efficiency, procurement discipline, menu engineering, supplier diversification, labour-productivity investment and clearer yield management.

Real estate faces a different risk. If input costs rise while buyer confidence or financing conditions weaken, projects can stall. The Bank of Mauritius has already identified accommodation and food service activities and real estate as contributors to the rise in domestic non-performing advances in 2025 [Bank of Mauritius Annual Report 2025, cited in Financial Stability context]. ([bom.mu](https://bom.mu)) This does not mean the sector is distressed. It means it should be watched carefully.

The opportunity is to reposition real estate and hospitality around resilience: lower energy intensity, solar integration, water efficiency, coastal-risk disclosure, insurance-ready design, and higher-value hospitality rather than pure volume. Climate-resilient tourism infrastructure is not only environmental policy. It is asset protection.

## 9.9 Education and diplomacy: Indian Ocean policy training hub

Mauritius has an underused opportunity in executive education and policy training. The Indian Ocean now needs people who understand maritime law, sanctions, shipping finance, cyber risk, energy procurement, blue finance, insurance, arbitration, crisis communication, food security and small-state macroeconomics. These are not abstract academic themes. They are operating skills.

The University of Mauritius already offers programmes in economics and finance, economics and law, business economics and investment analysis, actuarial studies, and statistics and data analytics in its 2025 intake material [University of Mauritius 2025 Intake]. ([uom.ac.mu](https://uom.ac.mu)) That base can be strengthened into an Indian Ocean Policy and Risk Academy, combining university capacity with banks, law firms, port authorities, insurers, hotels, energy actors and foreign-policy practitioners.

The offering should be practical: corridor-risk modelling, sanctions compliance, foreign-exchange management, maritime insurance, arbitration clauses, port resilience, food-stock planning, blue-economy governance, cyber resilience and crisis communication. Mauritius should train not only its own officials and executives, but also African, island and Indian Ocean professionals. That creates influence without grandstanding.

This is also a diplomatic tool. A country that trains regional professionals becomes more embedded in regional problem-solving. Quietly, this may be more useful than many speeches.

## 9.10 Cyber, data and submarine cable resilience

Cyber and data resilience are now part of maritime strategy. Submarine cables are the invisible infrastructure of finance, tourism, cloud services, payments, logistics, insurance, government systems and offshore services. Reuters reported that the U.S. Federal Communications Commission reviewed undersea cable regulations because more than 400 subsea cables handle more than 98% of international internet traffic [Reuters / FCC, 2024]. ([reuters.com](https://www.reuters.com))

Mauritius has multiple submarine-cable routes. Mauritius Telecom states that it uses an extensive subsea cable network featuring SAFE, LION/LION2, MARS and T3, all with points of presence in Mauritius, and that it also strengthens global connectivity through strategic partnerships

on routes including EIG, PEACE, SeaMeWe-5, WACS, SAT-3/WASC and EQUIANO [Mauritius Telecom Subsea Cable Connectivity]. ([myt.mu](https://myt.mu)) This is a strategic asset, but also a dependency. An island financial and services platform cannot afford digital fragility.

The policy implication is to treat cyber, cloud, payment systems and submarine-cable redundancy as economic-security infrastructure. Mauritius should conduct regular cyber exercises for banks, port systems, airlines, hotels, telecoms, utilities and government payment platforms. It should also require business continuity plans that assume partial cable disruption, degraded connectivity, cloud access problems and cyber incidents during geopolitical stress. The platform state cannot sell continuity if its own data plumbing is fragile.



Figure 59 Cyber, data and submarine-cable resilience modules.

Sources Mauritius Telecom subsea cable connectivity; TeleGeography submarine cable mapping; Reuters / FCC reporting on submarine cable infrastructure. Digital resilience is now part of maritime resilience. ([myt.mu](https://myt.mu))

### Policy posture: protect, reprice, build, harden

Mauritius should not apply one policy treatment to all sectors. It should use four sectoral postures.

**Protect** applies to sectors essential to social stability: public transport, food logistics, essential imports, vulnerable SMEs, fuel continuity and core tourism airlift. Protection should be targeted, temporary and transparent.

**Reprice** applies to sectors that must pass through external costs honestly: hotels, real estate, logistics, construction and import distribution. Hidden losses eventually become arrears, bad debt or fiscal pressure.

**Build** applies to platform sectors: finance, arbitration, compliance, insurance, blue-economy governance, risk advisory, education and regional convening. These require capability, not subsidy.

**Harden** applies to infrastructure sectors: energy, utilities, ports, cyber, telecoms and essential supply chains. Their priority is resilience, redundancy and stress-tested continuity.

This posture is more useful than a generic stimulus plan. It recognises that some sectors need shielding, some need price discipline, some need investment, and some need national-security treatment.

<b>Protect</b>	Tourism - airlift - food logistics - SMEs - transport	Use targeted support and cost transparency
<b>Reprice</b>	Hotels - real estate - freight-linked services	Pass-through honestly; avoid hidden losses
<b>Build</b>	Finance - arbitration - insurance - compliance - blue economy	Invest in capability and standards
<b>Harden</b>	Energy - utilities - cyber - ports	Prioritise resilience and redundancy

Source: Author policy synthesis. The matrix translates sector exposure into actionable posture rather than generic recommendations.

Figure 60 Sector policy posture matrix.

Source: author policy synthesis. The matrix translates sector exposure into actionable posture rather than generic recommendations.

## Judgement

Mauritius should not treat the Indian Ocean shift as either pure threat or pure opportunity. It is both, depending on the sector.

Tourism and aviation are resilient but airlift-sensitive. Ports and logistics are limited by scale but can build specialised services. Finance can gain if it chooses compliance and substance over volume. Banks must move from passive lending to risk architecture. Energy and utilities require storage, renewables and disciplined procurement. Food importers must become part of the national resilience system. Fisheries and blue-economy actors need monitoring, traceability and environmental credibility. Real estate and hospitality must manage cost pass-through, labour and energy efficiency. Education and diplomacy can turn Mauritius into a regional training table. Cyber and submarine-cable resilience must be treated as core infrastructure.

The final sectoral judgement is deliberately practical:

**Mauritius should protect the sectors that keep society calm, harden the systems that keep the island running, and build the services that let the country monetise trust.**



## 10. Strategic Neutrality: How Mauritius Should Behave Between Powers

Strategic neutrality is often misunderstood as distance. For Mauritius, that would be too passive and too vague. A small state in the Indian Ocean cannot afford the luxury of abstract neutrality. Its neutrality must be operational: lawful, predictable, commercially credible, diplomatically restrained and regionally useful. It should help Mauritius sell trust without selling its voice.

The central proposition is simple. Mauritius should be neither anti-Western, nor anti-China, nor anti-India, nor theatrically non-aligned. It should not perform neutrality as a slogan. It should practise neutrality as a service standard. That means partners should know what they will get from Mauritius: respect for international law, clean finance, treaty discipline, commercial openness, sanctions awareness, freedom of navigation, small-island solidarity, and no gratuitous geopolitical theatre.

Neutrality is not passivity. It is disciplined behaviour under pressure. The pressure is real. Mauritius imports heavily from China, the United Arab Emirates and India; exports materially to South Africa, Madagascar, the United States, France and the United Kingdom; depends on Europe and regional markets for tourism; hosts the unresolved Chagos–Diego Garcia file at the edge of U.S.–UK strategic planning; and must preserve compliance credibility in a financial system where reputational damage is expensive. MCCI data show 2024 imports of MUR 314 billion, with China, the United Arab Emirates and India as the main import markets, while exports fell to MUR 81 billion, with South Africa, Madagascar, the United States, France and the United Kingdom among the leading destinations [MCCI Economic & Trade Data 2024/25].

Mauritius’ neutrality doctrine should therefore begin with realism, not romance. The country is useful to different actors for different reasons. India sees proximity, shared history, security and energy fallback. China sees commercial access and African/Indian Ocean positioning. France sees Réunion, the Indian Ocean Commission, tourism and European strategic presence. The United Kingdom and United States see Chagos and Diego Garcia. The Gulf sees energy, aviation and finance. Africa sees legitimacy, services and a relatively stable island platform. The doctrine must manage all of these relationships without becoming captive to any one of them.

**“All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered.”**

— *United Nations Charter, Article 2(3).* ([United Nations](#))

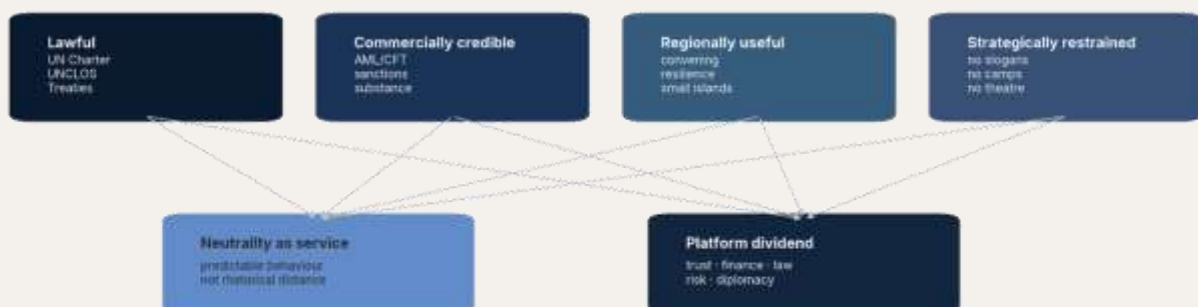


Figure 61 Strategic neutrality doctrine architecture.

Source author doctrine design. Neutrality is framed as a service standard: lawful, commercially credible, regionally useful and strategically restrained.

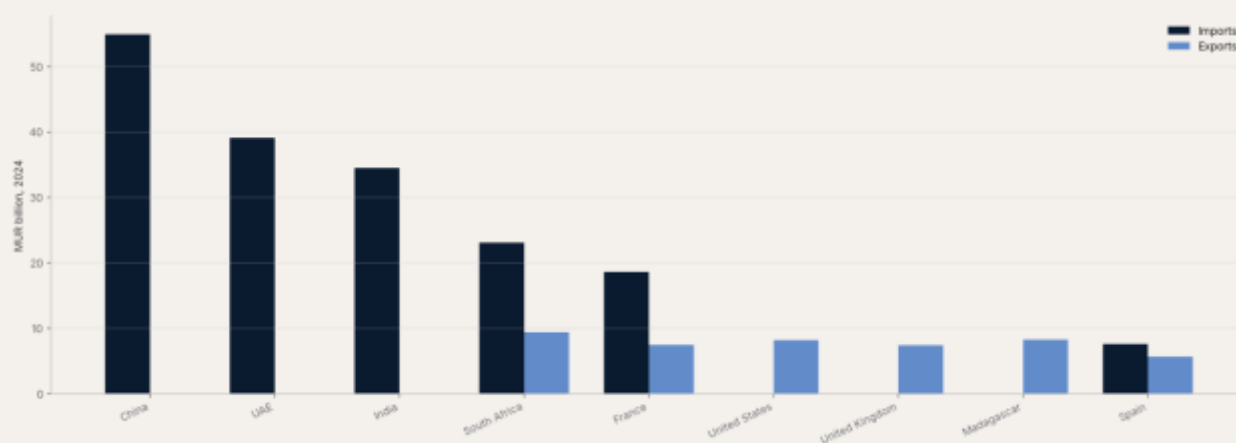
## 10.1 Neutrality as a service, not a slogan

Neutrality as a slogan is usually decorative. It is expressed in statements, communiqués and national-day speeches. Neutrality as a service is more demanding. It is expressed in how a country behaves when a sanctioned vessel seeks financial services, when a great power requests diplomatic language, when a neighbour seeks energy assistance, when a base agreement becomes politically awkward, or when domestic opinion demands theatrical defiance.

Mauritius should define neutrality as predictable

preference. It will cooperate with Western powers, China, India, Gulf states, African partners and multilateral institutions where cooperation serves Mauritian interests and respects international law. It will avoid becoming a platform for sanctioned activity, covert influence, money laundering, destabilising propaganda or symbolic great-power quarrels. It will not rent out its voice cheaply.

This is why neutrality is commercially valuable. A neutral jurisdiction is useful when different parties trust that it will apply rules consistently. In financial services, arbitration, insurance, maritime documentation, family offices and regional



Source: MCCI Economic & Trade Data 2024/25, based on Statistics Mauritius. Countries shown where they appear among top import or export markets.

Figure 62 Mauritius partner exposure through top import and export markets, 2024.

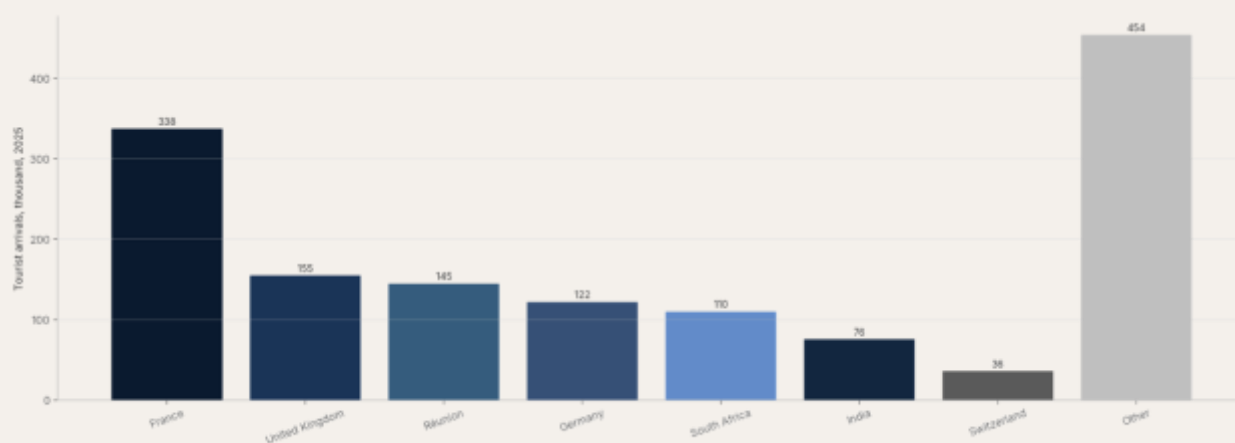
Source: MCCI, Economic & Trade Data 2024/25, based on Statistics Mauritius. Countries are shown where they appear among top import or export markets. The chart illustrates why Mauritius cannot afford bloc politics: its trade balance sheet is multipolar.

conduct, not equidistance. Equidistance is geometry. Statecraft is not geometry. Mauritius cannot be equally distant from all powers because its relationships are not equal in function. India is a security and development partner. China is a major import source and commercial actor. France is a neighbouring resident power through Réunion and a dominant tourism source. The United Kingdom and United States are bound into the Diego Garcia reality. The United Arab Emirates is a major import and energy-linked partner. South Africa, Madagascar and East Africa are export, regional and diplomatic partners. Treating all these relationships as identical would not be neutral; it would be lazy.

A more useful doctrine would say: Mauritius remains open to all lawful partners, aligned with none in a manner that compromises its sovereignty, and governed by law rather than ideological

headquarters, the market rewards jurisdictions that do not behave unpredictably. A neutral Mauritius should be a place where serious actors can transact, arbitrate, convene and structure risk without fearing that the jurisdiction will become a proxy battlefield.

There is a dry but important point here. Neutrality does not mean having no opinions. It means having fewer unnecessary opinions in public and better ones in private.



Source: Statistics Mauritius, International Travel and Tourism 2025. Tourism exposure is diplomatic exposure because source-market confidence matters.

Figure 63 Tourism source markets as diplomatic exposure, 2025.

Source: Statistics Mauritius, International Travel and Tourism 2025. Tourism is not only a sectoral issue; it is diplomatic exposure because source-market confidence, airlift and household demand matter to Mauritius' external stability. (Stats Mauritius)

## 10.2 Managing India, China, France, UK, US and Gulf relationships

Mauritius' foreign policy should be organised by function. Each major partner occupies a different strategic category. The objective is not to please all simultaneously. That is impossible. The objective is to prevent any one relationship from overwhelming the platform value of the whole.

India is the most intimate strategic partner. Its role combines history, people-to-people affinity, security assistance, development finance, maritime cooperation and energy fallback. Reuters reported in September 2025 that India pledged about US\$680 million in economic support for Mauritius, including healthcare, infrastructure and maritime-security elements; Reuters also reported in April 2026 that India was considering a Mauritian request for energy supplies during the Hormuz crisis. (Reuters) Mauritius should treat India as a strategic first call, but not as an exclusive anchor. The diplomatic discipline is to preserve deep Indian partnership without appearing to become an Indian client.

China is a commercial and manufacturing artery. MCCI data place China as Mauritius' leading import market in 2024, with MUR 54.9 billion of imports and a 17% share of total imports [MCCI Economic & Trade Data 2024/25]. Mauritius should remain commercially open to China, especially in

manufacturing supply chains, technology, infrastructure finance and Africa-facing business, while maintaining high standards of procurement transparency, data security, beneficial ownership and debt scrutiny. The sensible posture is neither Sinophilia nor Sinophobia. It is diligence.

France and the European Union are partly neighbours, partly markets, partly regulators. France is not merely a European country in this equation; through Réunion, it is an Indian Ocean resident. France also remains Mauritius' largest tourism source market, with Statistics Mauritius recording 337,502 French arrivals in 2025; the United Kingdom, Réunion and Germany also sit among the main source markets [Statistics Mauritius Tourism 2025]. (Stats Mauritius) Mauritius should keep European relations strong because tourism, aviation, financial regulation, trade standards, environmental governance and rule-of-law reputation are deeply connected to Europe. The trade-off is that Europe's regulatory expectations may be demanding. That is not necessarily a burden. For a high-trust platform, regulatory discipline is part of the product.

The United Kingdom and United States occupy the Diego Garcia layer. The 2025 UK–Mauritius agreement recognises Mauritius as sovereign over the Chagos Archipelago, including Diego Garcia, while authorising the United Kingdom to exercise rights needed for the long-term, secure and effective operation of the base [UK–Mauritius Agreement, Articles 1–2]. (GOV.UK) The House of Lords International Agreements Committee summarised

the agreement as providing a wide-ranging but time-limited UK authorisation for continued joint UK–US base operations, initially for 99 years, with a possible 40-year extension [House of Lords International Agreements Committee, 2025]. (Parliament Publications) Mauritius’ doctrine must therefore acknowledge a blunt fact: neutrality cannot pretend Diego Garcia is neutral infrastructure. It is a U.S.–UK military facility. The task is not denial; it is disciplined legal management.

The Gulf relationship is principally energy, aviation, logistics and finance. MCCI data show the United Arab Emirates as Mauritius’ second-largest import market in 2024, with MUR 39.1 billion and a 12% import share [MCCI Economic & Trade Data 2024/25]. Mauritius should cultivate Gulf ties because energy security, aviation connectivity, capital flows and Islamic finance can all matter in a volatile corridor. But Gulf engagement should be commercially professional and sanctions-aware. Energy dependence must not become political dependency.

The practical doctrine is therefore one of **functional pluralism**: India for strategic depth; China for commercial reach; France and Europe for tourism, standards and Indian Ocean proximity; the UK and U.S. for Chagos and security reality; the Gulf for energy and aviation; Africa for legitimacy, exports and regional platform value. None should own the Mauritian position.

### 10.3 Diego Garcia and the limits of neutrality

Diego Garcia is the hard limit of Mauritian neutrality. It does not make Mauritius a belligerent. It does, however, make pure rhetorical neutrality implausible if handled badly.

The treaty text creates a duality. Mauritius is recognised as sovereign over the entire Chagos Archipelago, including Diego Garcia, but it authorises the United Kingdom to exercise rights and authorities required for the long-term, secure and effective operation of the base [UK–Mauritius Agreement, Articles 1–2]. (GOV.UK) The House of Lords Committee notes that the agreement protects continued operation of the joint UK–US military base on Diego Garcia, described as a vital UK national-security asset, for an initial 99 years with possible extension [House of Lords International Agreements Committee, 2025]. (Parliament Publications) Reuters reported on 11 April 2026 that the United Kingdom had put the Chagos deal on hold after U.S. opposition, and that London said it would proceed only with U.S. support. (Reuters)

The implication is unavoidable: Mauritius’ sovereignty file is entangled with U.S.–UK strategic calculations. This does not mean Mauritius should abandon neutrality. It means neutrality must be legalistic and operational, not sentimental.

A proper doctrine should say three things. First, Mauritius will honour lawful treaty commitments concerning Chagos and Diego Garcia, once validly in force. Secondly, Mauritius will not present Diego Garcia as a lever for short-term diplomatic theatre. Thirdly, Mauritius will manage Chagosian rights,



Figure 64 Relationship roles, not ideological camps

Source author synthesis from trade, tourism, Chagos, energy and institutional-risk evidence. The doctrine should treat partners by function, not by bloc identity.



environmental obligations and security liaison through dedicated institutional capacity rather than ad hoc politics.

The Chagossian dimension is not peripheral. The Office of the United Nations High Commissioner for Human Rights reported that the UN Committee on the Elimination of Racial Discrimination was concerned that the agreement prevents Chagossians from returning to Diego Garcia, even while allowing resettlement elsewhere in the archipelago. (OHCHR) Mauritius' strategic neutrality would be weakened if its sovereignty claim appeared morally indifferent to displaced people. A neutral platform must be legally serious and morally literate. Otherwise, it becomes merely convenient.

The harder diplomatic point is that Mauritius may be perceived as aligned with Western security interests without receiving full alliance benefits. That is the asymmetry. The country could bear reputational costs in some non-Western eyes because of Diego Garcia, while not receiving the defence or intelligence privileges of a formal ally. This is why Mauritius must manage the base file with restraint. Overplaying it risks great-power irritation. Under-explaining it risks domestic disappointment. The country needs a doctrine and a standing Chagos–Diego Garcia governance unit, not a succession of reactive statements.

## 10.4 Avoiding sanctions exposure and reputational contamination

Mauritius' strategic neutrality will be judged heavily through its financial system. In today's environment, a small financial centre does not need to choose a geopolitical camp to become exposed. It only needs to onboard the wrong client, process the wrong structure, ignore the wrong beneficial owner, misread a sanctions nexus, or accept a shipping-linked transaction without understanding the vessel, cargo, insurer, flag, owner and payment chain.

This is the point at which neutrality becomes compliance. Mauritius must remain open, but not porous.

FATF's February 2026 list of jurisdictions under increased monitoring does not include Mauritius; it lists countries such as Algeria, Angola, Bolivia, Bulgaria, Côte d'Ivoire, Kenya, Kuwait, Lebanon, Monaco, Namibia, Nepal, Vietnam and others [FATF Jurisdictions under Increased Monitoring, February 2026]. (FATF) FATF also recorded in 2023 that Mauritius had made progress in addressing technical-compliance deficiencies, with Recommendation 15 re-rated from Partially Compliant to Largely Compliant, although Mauritius remained in enhanced follow-up and was expected to continue reporting to ESAAMLG on



Figure 65 Diego Garcia and the limits of neutrality.

Sources UK–Mauritius Chagos Agreement 2025; House of Lords International Agreements Committee; Reuters; OHCHR/CERD. Diego Garcia does not cancel Mauritian neutrality, but it makes naïve neutrality impossible. (GOV.UK)



Figure 66 Compliance and trust dashboard.

Sources FATF 2026 and 2023 materials; World Justice Project 2025; Global Peace Index 2025; OECD BEPS Action 5 peer review. The visual shows why Mauritius' neutrality must be compliance-heavy; reputation is the balance sheet of the platform state. (FATF)

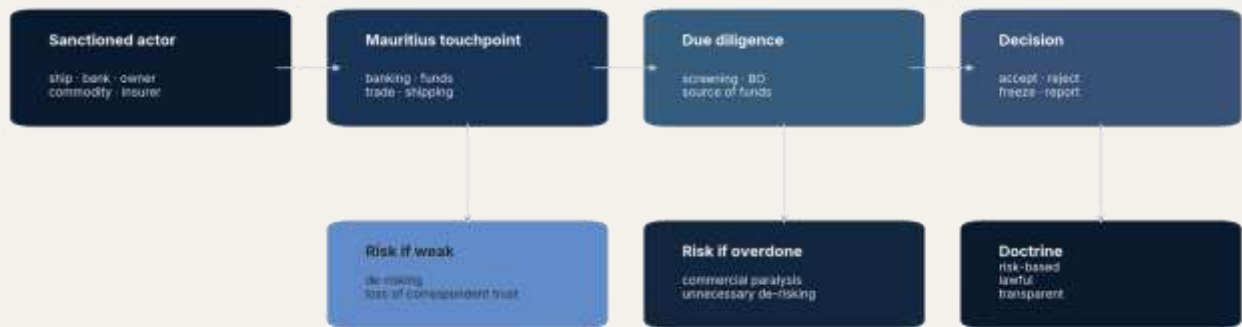


Figure 67 Sanctions exposure flow for a neutral financial and maritime platform.

Source author sanctions-control architecture drawing on FATF risk-based principles. The point is to prevent both recklessness and excessive de-risking.

AML/CFT effectiveness [FATF Follow-up Report, 2023]. (FATF)

Those facts should produce neither fear nor complacency. They should produce discipline. For a platform state, Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), sanctions screening, tax transparency, beneficial-ownership controls and correspondent-banking trust are not back-office functions. They are national strategic infrastructure.

OECD's 2025 peer-review publication on tax rulings confirms that Mauritius remains within the Base Erosion and Profit Shifting (BEPS) Action 5 transparency architecture [OECD BEPS Action 5 Peer Review, 2025]. (OECD) This reinforces a basic point: Mauritius' financial-centre future is not the old offshore model. It must be substance-based, transparent enough to survive scrutiny, and commercially useful enough to justify its fees.

The sanctions doctrine should be risk-based. Mauritius should not engage in indiscriminate de-risking that paralyses legitimate trade, humanitarian finance, remittances or lawful African business. FATF itself warns against cutting off entire classes of customers and calls for a risk-based approach [FATF Jurisdictions under Increased Monitoring, February 2026]. (FATF) But risk-based does not mean relaxed. It means knowing the risk precisely enough not to be either reckless or cowardly.

The immediate policy requirement is a **National Sanctions and Geopolitical Risk Cell** linking the financial regulator, Bank of Mauritius, customs, port authorities, banks, insurers, corporate-service providers and legal professionals. The cell should not be a political body. It should maintain watchlists, advisories, shipping-risk notes, typologies and training for sectors exposed to Iran, Russia, Red Sea, Gulf, dual-use goods, opaque shipping ownership and high-risk financial flows.



Figure 68 Rules-based positioning without moral theatre.

Sources United Nations Charter; United Nations Convention on the Law of the Sea; FATF risk-based approach. Rules should be operating guardrails, not decorative references. (United Nations)

## 10.5 Rules-based positioning without moral theatre

Mauritius should base its neutrality on rules, not moods. The United Nations (UN) Charter, United Nations Convention on the Law of the Sea (UNCLOS), treaty performance, peaceful dispute settlement, freedom of navigation, non-use of force, human rights seriousness, AML/CFT discipline and sanctions compliance should be the backbone of its public positioning.

This is not moral theatre. It is practical insurance. Small states do not gain security by improvising moral language case by case. They gain security by invoking rules that also protect them.

The UN Charter provides the core language. Article 2(3) requires members to settle disputes by peaceful means, while Article 2(4) requires members to refrain from the threat or use of force against the territorial integrity or political independence of any state [UN Charter]. (United Nations) UNCLOS Article 87 states that the high seas are open to all states, coastal or landlocked, and includes freedom

of navigation among high-seas freedoms [UNCLOS Part VII]. (United Nations)

Mauritius should therefore say less, but say it more consistently. It should support peaceful dispute settlement, freedom of navigation, protection of civilian shipping, respect for sovereignty, lawful sanctions implementation, humanitarian exemptions where applicable, and rules-based maritime governance. It should avoid dramatic condemnations unless there is a clear legal basis, strong evidence, and a direct interest in speaking. Silence can be a policy. So can a narrow statement. Not every crisis requires Mauritius to audition as a global conscience.

This is not cowardice. It is precision. Larger powers can afford rhetorical excess. Small states pay for it.

A rules-based doctrine also helps Mauritius manage contradictory relationships. It can cooperate with India without becoming anti-China. It can maintain Chagos treaty discipline without becoming anti-Russia or anti-Iran. It can preserve Gulf energy ties without ignoring sanctions risk. It can work with Europe while not importing every European political posture. The rule is the anchor; the partner is the circumstance.



Figure 69 Mauritius as neutral convenor: practical agenda modules.

## 10.6 Mauritius as convenor for small island and Indian Ocean resilience

Mauritius' best diplomatic role is convening. Not performative convening, where declarations are drafted before participants arrive. Useful convening: bringing together actors who need a neutral, competent, comfortable and legally credible place to solve Indian Ocean problems.

The country's platform assets support this. Tourism gives meeting infrastructure and air connectivity. Financial services give professional capacity. Its legal system gives arbitration and contractual credibility. Its island status gives legitimacy among Small Island Developing States. Its Indian Ocean location gives regional relevance. Its peace profile helps: the Global Peace Index 2025 described Mauritius as the most peaceful country in sub-Saharan Africa for the eighteenth consecutive year and the only country in the region not involved in internal or external conflicts over the past six years [Global Peace Index 2025].

Mauritius should convene on practical themes where small-state competence matters: maritime insurance, fuel and food import resilience, cyber and submarine-cable continuity, blue finance, fisheries monitoring, arbitration clauses, port disruption, climate-risk insurance, regional emergency procurement, and sanctions-safe trade finance.

The aim is not to issue grand geopolitical declarations. The aim is to produce model clauses, shared dashboards, training curricula, insurance templates, policy protocols, and public-private networks that still matter after the conference badge has been recycled. Mauritius should be the room where the Indian Ocean becomes slightly more governable.

There is also a commercial dividend. Convening creates deal flow. Deal flow supports legal services, banking, insurance, arbitration, hospitality, education and professional services. A useful diplomatic table becomes an economic platform. This is influence without swagger.

## 10.7 Strategic communication: calm, narrow, precise

Strategic neutrality requires a communication doctrine. The worst communication style for Mauritius would be reactive moralisation: long statements, excessive adjectives, unnecessary alignment signals, or vague claims of importance. The second-worst would be silence where market confidence requires clarity.

Mauritius should communicate in three registers.

The first register is legal. On major crises, state the relevant rule: peaceful settlement, non-use of force, freedom of navigation, treaty compliance, humanitarian protection, and support for lawful multilateral mechanisms. Keep the language narrow.

The second register is operational. When corridor stress affects Mauritius — fuel, food, freight, airlift, currency, tourism, port traffic — communicate the domestic management facts. What is stocked? What is being monitored? What is uncertain? What is protected? What is not promised?

The third register is diplomatic. Use private channels for relationship management. India, China, France, the UK, the U.S., the Gulf and African partners should not learn Mauritius' real position through a press quote. The public statement should be sober; the private conversation should be detailed.

The doctrine should also avoid “strategic adjectives” unless needed. Words such as historic, unprecedented, unwavering, grave, categorical and total should be rationed. Overstatement narrows flexibility. A small state should not spend optionality for applause.

This is not a plea for blandness. It is a plea for professional tone. Mauritius should sound like a jurisdiction, not a megaphone.

## 10.8 The danger of trying to look important

The most dangerous temptation for a small state in a contested region is to confuse visibility with influence. Mauritius is becoming more visible because of the Indian Ocean shift and Chagos. That does not mean it should try to look more powerful than it is.

Trying to look important creates four risks.

The first is partner fatigue. Larger powers dislike being lectured by small states unless the small state has moral clarity, technical expertise, or direct relevance. Mauritius has direct relevance in Chagos, small-island resilience and Indian Ocean services. It does not have direct relevance in every global quarrel.

The second is credibility loss. If Mauritius overclaims, serious actors will discount its

statements. Platform states must be precise. Precision is more valuable than volume.

The third is domestic distraction. Chasing geopolitical visibility can absorb leadership time while the real stability issues — fuel prices, food costs, rupee pressure, public debt, tourism airlift, SMEs and energy transition — remain under-managed.

The fourth is reputational contamination. Loud neutrality can sound like disguised alignment. Theatrical non-alignment can irritate all sides while reassuring none. Mauritius should not be anti-Western, anti-China, anti-India, or anti-Gulf. It should be pro-Mauritius, pro-law, pro-commerce, pro-stability and pro-small-state resilience.

The right model is not heroic neutrality. It is sober usefulness. When in doubt, Mauritius should ask: does this statement, meeting, agreement or initiative make the country more trusted, more useful and more resilient? If not, it is probably noise.



Figure 70 Overclaiming risk matrix.

## Draft Mauritius Strategic Neutrality Doctrine

This draft is designed for adaptation into foreign-policy language. It is intentionally concise, legalistic and operational.

Article	Topic	Doctrine
I	<b>National interest and strategic restraint</b>	Mauritius shall conduct its external relations in a manner that protects its sovereignty, territorial integrity, economic stability, financial credibility, maritime interests and social cohesion. Strategic neutrality shall be understood as disciplined, lawful and predictable conduct, not political passivity.
II	<b>No hostile bloc posture</b>	Mauritius shall not define its foreign policy by hostility to any lawful partner or by rhetorical alignment with any geopolitical bloc. It shall maintain constructive relations with India, China, France, the United Kingdom, the United States, Gulf states, African partners, regional organisations and multilateral institutions, according to Mauritian interests and applicable law.
III	<b>Rules-based conduct</b>	Mauritius shall support peaceful settlement of disputes, non-use of force, freedom of navigation, respect for sovereignty, treaty performance, humanitarian protection and lawful maritime governance. Public statements shall be grounded in verifiable facts and recognised legal principles
IV	<b>Commercial neutrality and clean finance</b>	Mauritius shall remain open to legitimate capital, trade, investment, arbitration, insurance and professional services from all lawful partners. It shall not allow neutrality to become a cover for sanctions evasion, money laundering, terrorist financing, proliferation financing, opaque beneficial ownership or reputationally contaminated activity.
V	<b>Diego Garcia and Chagos realism</b>	Mauritius shall manage the Chagos and Diego Garcia file as a sovereign, legal and strategic matter requiring institutional discipline. Sovereignty shall be pursued with dignity; base-related obligations shall be handled through lawful treaty mechanisms; Chagossian rights and environmental responsibilities shall be treated as matters of national legitimacy.
VI	<b>India, China and major-power balance</b>	Mauritius shall deepen strategic cooperation with India, preserve commercial openness with China, maintain strong European and French ties, manage the UK–US security reality, and engage the Gulf and Africa through energy, finance, trade and maritime resilience. No relationship shall be allowed to compromise Mauritius' platform credibility.
VII	<b>Sanctions and risk-based compliance</b>	Mauritius shall implement a risk-based compliance framework consistent with international standards. It shall avoid both recklessness and indiscriminate de-risking. Legitimate trade, humanitarian flows and lawful financial activity shall be protected, while high-risk transactions shall receive enhanced scrutiny.
VIII	<b>Regional usefulness</b>	Mauritius shall act as a neutral convenor for Indian Ocean and small-island resilience, including maritime security, shipping insurance, energy security, food resilience, blue finance, arbitration, cyber continuity, climate adaptation and crisis governance.
IX	<b>Strategic communication</b>	Mauritius shall communicate with calm, precision and restraint. Public statements shall avoid unnecessary adjectives, theatrical alignment, speculative commentary and symbolic escalation. Where domestic economic exposure exists, communication shall be factual, timely and operational.
X	<b>Domestic stability as strategic credibility</b>	Mauritius recognises that its external platform value depends on domestic composure. Cost-of-living stability, macro-financial credibility, rule of law, institutional trust, and social cohesion are components of national security.



Figure 71 Draft Mauritius Strategic Neutrality Doctrine — summary principles.

Source proposed doctrine for adaptation into policy language.

## Judgement

Mauritius should not try to become a louder country. It should become a more useful one.

Its strategic neutrality should be legalistic, commercially credible and operational. It should avoid ideological camps, preserve deep Indian partnership, remain open to China, maintain strong French and European ties, manage the UK–US Diego Garcia reality, cultivate Gulf energy and aviation links, and remain anchored in African and small-island legitimacy. It should implement sanctions and AML/CFT discipline with seriousness. It should convene practical Indian Ocean resilience work. It should communicate with restraint.

The final positioning statement is this:

**Mauritius should not perform neutrality. It should operationalise it. Its value between powers is not that it refuses to choose anything; it is that it chooses law, trust, usefulness and composure.**

# 11. Scenario Range: Five Weeks, Six Months, Three Years

Mauritius should not plan around one forecast. Forecasts are tidy; the Indian Ocean is not. The correct planning method is trigger-based: identify the signals that matter, pre-assign policy responses, and distinguish between short-term operational disruption, medium-term price transmission, and structural changes in the maritime system.

The present environment is not a single-crisis environment. Hormuz remains unstable; the Red Sea and Suez corridor remains fragile; Malacca and Singapore matter as Asia’s absorption route; the Cape of Good Hope has become a more important relief route; Ukraine and the Black Sea continue to affect energy, grain, insurance and shipping expectations; and Diego Garcia places Mauritius adjacent to a strategic-security file larger than itself. EIA’s 2026 chokepoint analysis identifies Malacca and Hormuz as the two most important oil chokepoints by transit volume, with Malacca handling 23.2 million barrels per day and Hormuz 20.9 million barrels per day in the first half of 2025 [EIA World Oil Transit Chokepoints 2026]. [\(U.S. Energy Information Administration\)](#)

The section therefore uses scenarios not as prediction theatre, but as planning discipline. A scenario is useful only if it tells decision-makers what to watch and what to do. Mauritius does not need clairvoyance. It needs triggers.

## “Freight rate volatility has become the new normal.”

— United Nations Trade and Development, Review of Maritime Transport 2025 [UNCTAD Review of Maritime Transport 2025]. [\(UN Trade and Development \(UNCTAD\)\)](#)

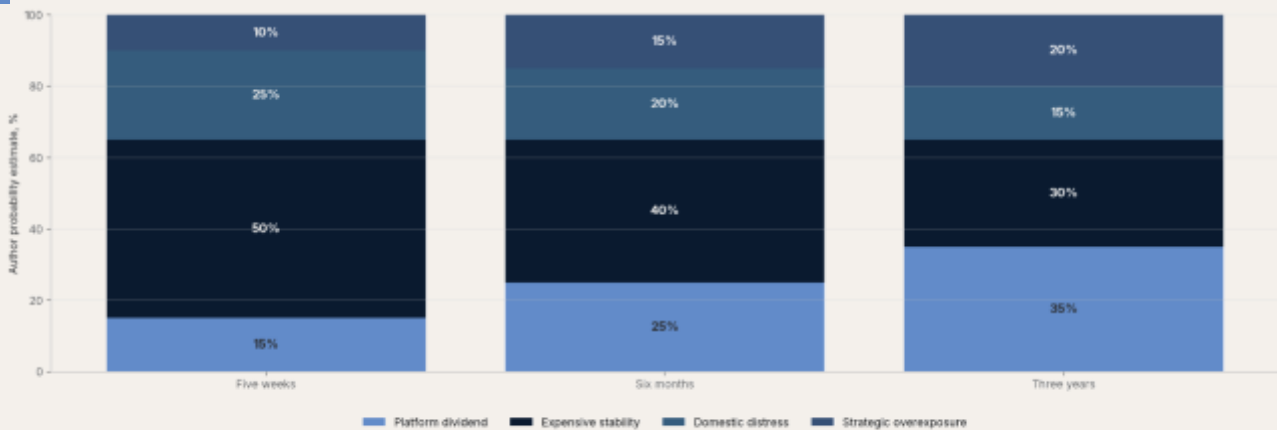


Figure 72 Probability-weighted scenario range by horizon.

Source author estimates calibrated against EIA/UNCTAD corridor stress, IMF/World Bank macro baselines and current Hormuz/Red Sea uncertainty. The probabilities are planning estimates, not statistical forecasts.



Figure 73 Three-horizon scenario planning architecture.

Source author planning architecture. The purpose is to convert predictive history into trigger-based discipline.

## 11.1 Why scenario planning must replace single-point forecasting

Mauritius' exposure is too networked for a single forecast. A narrow forecast might ask whether the Strait of Hormuz reopens. A serious scenario model asks a different set of questions: does commercial insurance return; do shipowners trust the corridor; do jet-fuel markets normalise; do European airlines preserve long-haul capacity; does the rupee remain orderly; does the Price Stabilisation Account absorb or transmit the shock; do households believe the burden is fairly shared; does Chagos become a managed sovereign file or a polarising strategic argument?

Those questions are not academic. Reuters reported on 20 April 2026 that shipping traffic through Hormuz had again come close to a standstill after warning shots and a U.S. seizure of an Iranian cargo ship, with only three ships recorded moving through the passage in a twelve-hour period compared with the usual 130 daily crossings; the same report cited war-insurance premiums rising to 3% of vessel value and oil prices rising 5% [Reuters, Hormuz traffic, 20 April 2026]. (Reuters) That is the exact environment in which forecast precision becomes a false comfort.

A five-week forecast must therefore be operational. A six-month forecast must be economic. A three-year forecast must be structural. The first asks whether Mauritius can keep fuel, food, airlift, FX and confidence stable. The second asks whether price pressure becomes embedded in contracts, wages, margins and fiscal accounts. The third asks whether Mauritius can convert strategic visibility into platform value without becoming overexposed.

The central planning judgement is this: the base case is not collapse, but expensive stability. Mauritius is more likely to face persistent imported-cost

pressure, margin compression and fiscal trade-offs than sudden systemic breakdown. That is not reassuring. Slow pressure can be politically more dangerous than visible emergency because it allows policy drift.

## 11.2 Five-week horizon: operational stability under corridor stress

The five-week horizon is about physical flow, market confidence and domestic communication. It is too short for structural reform and too long for improvisation. In this window, the state’s job is not to solve the Indian Ocean. It is to prevent external disorder from entering Mauritius through fuel uncertainty, food anxiety, rupee speculation, airline disruption, and public confusion.

The main external triggers are clear. First, Hormuz traffic must be watched daily, not interpreted only through diplomatic statements. A strait may be politically “open” while commercially unreliable. Secondly, war-risk insurance must be monitored because insurance reprices risk faster than governments explain it. Thirdly, oil, diesel, Liquefied Petroleum Gas, jet fuel and bunker fuel must be tracked separately; Brent is useful, but it is not a Mauritian invoice. Fourthly, the Red Sea–Suez corridor must remain in the dashboard because freight uncertainty can persist even if Hormuz temporarily improves. Drewry’s 16 April 2026 World Container Index still stood at US\$2,246 per 40-foot container, after a conflict-driven bunker-fuel rally earlier in the period [Drewry World Container Index, 16 April 2026]. ([Drewry](#))

The domestic triggers are equally important. Gas oil was priced at Rs 71.25 per litre from 16 April 2026, while mogas was priced at Rs 64.25 per litre [STC Retail Prices, April 2026]. ([STC State Trading Corporation](#)) The issue is not only the pump price. It is whether diesel pressure moves into logistics, food distribution, bus economics, fisheries and small-

business margins. The same applies to foreign-exchange demand. Bank of Mauritius reported Gross Official International Reserves of US\$9.8085 billion at end-March 2026, equivalent to 13.6 months of imports, which is a strong buffer but not a substitute for disciplined import management [Bank of Mauritius GOIR, March 2026]. ([Bank of Mauritius](#))

The five-week policy posture should be operational vigilance. Mauritius should run a daily essential-imports and FX monitoring cell, verify fuel and staple-food stock cover, prepare diesel-priority protocols for essential services, monitor airline seat capacity, and communicate weekly in plain language. The point is not to alarm the public. The point is to avoid the more expensive problem of the public realising that no one has a coherent picture.

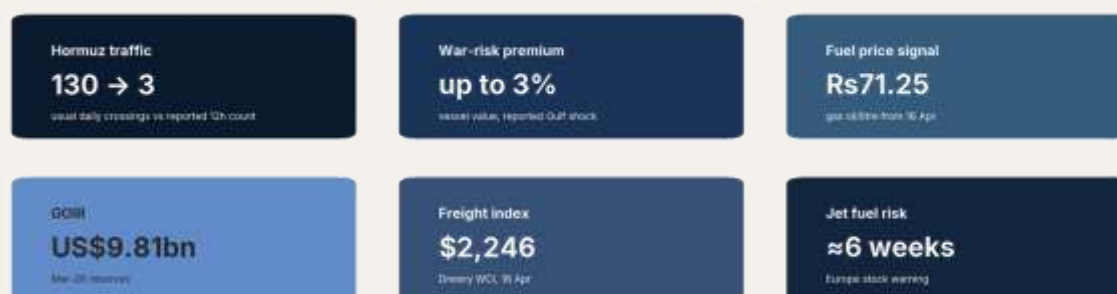


Figure 74 Five-week operational trigger dashboard.

Sources Reuters/AP shipping and jet-fuel reporting; State Trading Corporation retail fuel prices; Bank of Mauritius Gross Official International Reserves; Drewry World Container Index. Some indicators are crisis-period market reports, not official statistics.

### 11.3 Six-month horizon: the price shock becomes a balance-sheet problem

The six-month horizon is where shocks stop being headlines and become contracts. Freight surcharges are renegotiated. Hotel packages are repriced. Food importers adjust landed costs. Banks reassess working-capital lines. Households change consumption. Wage expectations harden. Public subsidies become budget numbers rather than temporary promises.

World Bank’s April 2026 Macro Poverty Outlook projects Mauritius’ growth at 2.5% in 2026, inflation at 3.9%, current-account deficit at 7.0% of gross domestic product, fiscal deficit at 7.1% of gross

This is the period when policy errors compound. A broad fuel subsidy feels sensible in week two and dangerous in month five. A price cap looks tidy until shortages or hidden liabilities appear. A central bank can smooth FX liquidity, but not make imported energy cheap. A government can reassure the public, but only if it is prepared to share enough facts.

The correct six-month posture is targeted absorption. Protect essentials, not every cost. Publish landed-cost and subsidy information in simplified form. Track SME arrears and hotel cash-flow pressure. Use reserves to preserve orderly markets, not cosmetic exchange-rate levels. Accelerate energy-efficiency measures with immediate payback. Keep the PSA visible. Hidden smoothing is still smoothing; it is simply less honest.



Figure 75 Six-month transmission map: from corridor stress to contracts and balance sheets. Source author scenario model. The horizon is where corridor stress becomes contract, price, margin, currency and subsidy stress.

domestic product, public debt at 90.6% of gross domestic product, and upper-middle-income poverty at 12.0% [World Bank Macro Poverty Outlook Mauritius, April 2026]. ([The World Bank Docs](#)) These are not catastrophe numbers. They are constraint numbers. They say, in effect: Mauritius has room to act, but not room to be casual.

The six-month scenario risk is that Mauritius avoids acute crisis while losing margin everywhere. That is expensive stability. Fuel arrives, but at a higher landed cost. Food imports continue, but the basket is dearer. Tourism remains active, but airline costs and European household caution press on bookings. The rupee remains orderly, but dollar demand rises. Subsidies remain politically useful, but fiscally awkward. Banks remain sound, but SMEs become more fragile.

## 11.4 Three-year horizon: the Indian Ocean as a militarised economic corridor

The three-year horizon is not about one crisis. It is about regime change in the Indian Ocean. The region is moving from an assumed trade corridor to a contested operating environment. Energy chokepoints are militarised. The Red Sea has shown that a non-state or quasi-state actor can alter global shipping economics. Malacca remains the largest oil transit chokepoint by volume. Diego Garcia remains central to U.S.–UK Indian Ocean posture. India–China competition sits in the background. East Africa becomes more relevant. The Gulf is rebalancing around energy, security and finance. Suez remains a cost multiplier for Europe–Asia trade.

UNCTAD's 2025 maritime reporting states that trade growth is expected to stall, that freight-rate volatility has become the new normal, and that container, bulk and tanker rates remained elevated and volatile in 2024 and 2025 because of geopolitical tensions, trade-policy shifts and supply-demand imbalances [UNCTAD Review of Maritime Transport 2025]. ([UN Trade and Development \(UNCTAD\)](#)) EIA's 2026 chokepoint data show why this matters structurally: Malacca handled 23.2 million barrels per day of oil and petroleum liquids in the first half of 2025, Hormuz 20.9 million, the Cape of Good Hope 9.1 million, Suez plus SUMED 4.9 million and Bab el-Mandeb 4.2 million [EIA World Oil Transit Chokepoints 2026]. ([U.S. Energy Information Administration](#))

For Mauritius, the three-year question is whether it becomes a stable platform in a riskier corridor or merely a price-taker in a more expensive world. The answer depends on domestic policy. If Mauritius manages affordability, accelerates energy resilience, deepens compliance, professionalises arbitration and risk finance, and handles Diego Garcia with legal seriousness, it can capture a platform dividend. If it mismanages subsidies, Chagos rhetoric, sanctions exposure, or cost-of-living pressure, it may remain peaceful but less trusted.

The three-year posture should therefore be institutional. Build a Mauritius Indian Ocean Platform Strategy. Create a Chagos–Diego Garcia Strategic Governance Unit. Establish a Cost-of-Living Stability Index. Build a Rupee and Essential Imports Stress Dashboard. Deepen arbitration, compliance, marine-risk insurance, blue-economy verification and energy-risk advisory. Treat cyber and submarine-cable resilience as part of economic security. This is not an emergency package. It is a state-capacity agenda.

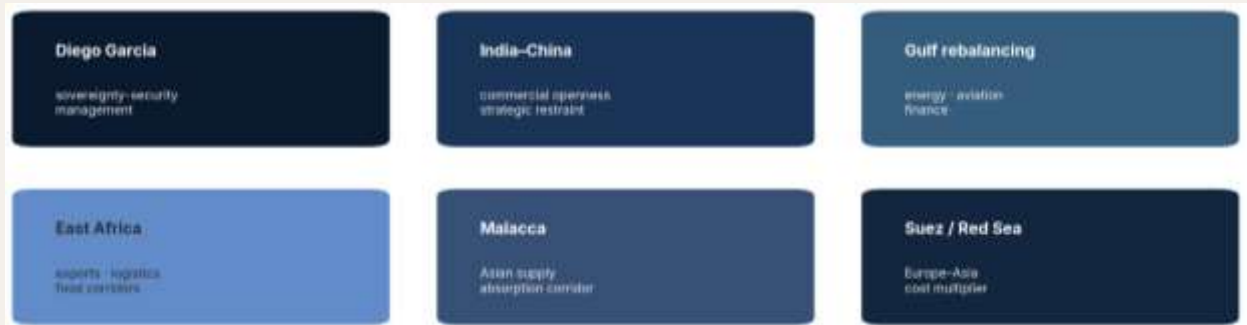
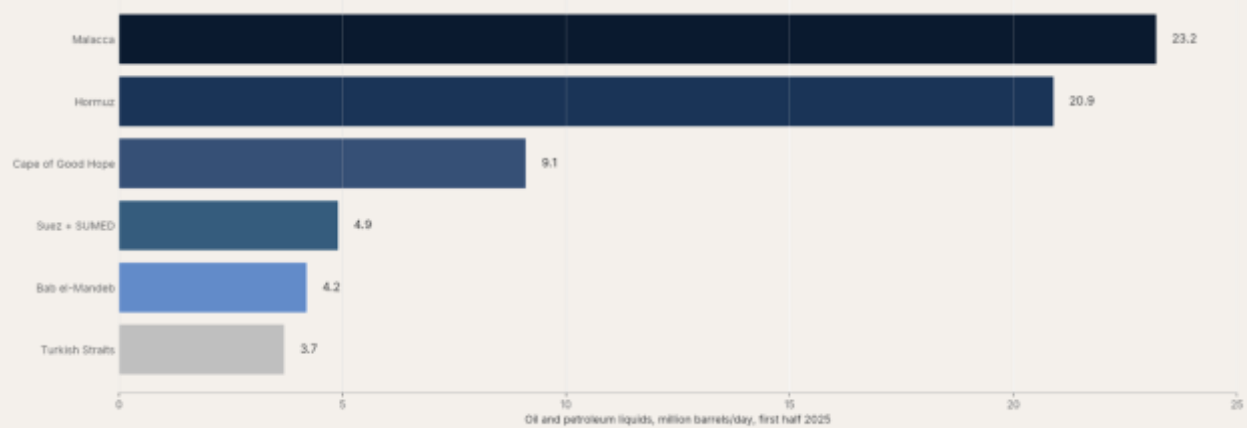


Figure 76 Three-year structural map: Indian Ocean as militarised economic corridor.

Source author structural-risk map. Three-year planning treats the Indian Ocean as a militarised economic corridor, not a temporary crisis zone.



Source: U.S. Energy Information Administration, World Oil Transit Chokepoints, March 2026.

Figure 77 Oil and petroleum-liquids flows through major chokepoints, first half 2025.

Source United States Energy Information Administration, World Oil Transit Chokepoints, March 2026. This is the physical basis for the scenario model: Mauritius' domestic prices are exposed to corridors it does not control. (U.S. Energy Information Administration)



Figure 78 Mauritius macro constraints relevant to the scenario range.

Sources International Monetary Fund Article IV 2025; World Bank Macro Poverty Outlook Mauritius, April 2026; Bank of Mauritius Gross Official International Reserves, March 2026. The dashboard shows why Mauritius can cushion shocks, but not indefinitely.

## 11.5 Scenario A — Platform dividend

*Probability estimate: 15% over five weeks, 25% over six months, 35% over three years.*

Scenario A is not the most likely short-term case, but it is the best strategic destination. In this scenario, Mauritius remains domestically stable, manages cost-of-living pressure credibly, improves energy resilience and attracts higher-value regional services. The country does not “benefit from war” in a crude sense. It benefits from becoming a trusted jurisdiction when other parts of the corridor become less trusted.

The trigger for Scenario A is not a miracle in Hormuz. It is competent domestic sequencing. Fuel shocks are cushioned selectively. Food-import risks are monitored transparently. The rupee remains orderly. Tourism airlift is protected without panic subsidies. The Chagos–Diego Garcia file is handled through legal discipline rather than public improvisation. Financial services move up the value chain into compliance, risk structuring, arbitration, insurance and family-office substance. Energy policy shifts from aspiration to procurement discipline.

Indicators of Scenario A would include stabilising retail fuel pressure, declining war-risk premia, no disorderly FX queueing, stable hotel forward bookings, improved public communication, controlled PSA exposure, and increased demand for Mauritius-based legal, financial, insurance and regional-convening services.

The policy response under Scenario A should be to reinvest relief. This is the scenario in which governments often relax too early. Mauritius should do the opposite: rebuild buffers, repair stabilisation accounts, accelerate solar and storage, strengthen port and essential-import dashboards, and market Mauritius internationally as a serious Indian Ocean risk platform.

The danger in Scenario A is vanity. If Mauritius over-markets itself as a strategic power, the platform dividend will be diluted. The platform state wins by being useful, not noisy.

## 11.6 Scenario B — Expensive stability

*Probability estimate: 50% over five weeks, 40% over six months, 30% over three years.*

Scenario B is the base case. Mauritius avoids acute crisis but absorbs persistent imported inflation, lower margins and fiscal pressure. Ships continue to arrive. Tourism continues. Banks remain sound. The rupee remains orderly. But nearly everything costs more to operate. This is the dull scenario, and therefore the one most likely to be underestimated.

External conditions under Scenario B are mixed. Hormuz remains unstable but not fully shut. Red Sea and Suez remain fragile. Freight rates move around rather than collapse. Jet fuel remains a concern for Europe. Oil prices are volatile but not permanently panic-priced. Asia adjusts around Malacca and alternative energy procurement. The Cape route remains more relevant than before.

Domestically, the stress appears in increments: higher import costs, food-price pressure, diesel-sensitive logistics, household complaints, SME working-capital strain, hotel margin pressure, and a continuing debate over how much price smoothing the state can afford. Inflation remains manageable, but core measures and wage expectations deserve close attention. Statistics Mauritius recorded year-on-year inflation at 3.5% in February 2026, with CORE2 year-on-year inflation at 5.5% and CORE2 annual-average inflation at 6.3% [Statistics Mauritius CPI February 2026]. ([Stats Mauritius](#))

The policy response is targeted protection and transparent arithmetic. Mauritius should avoid full pass-through shock therapy, but it should also avoid broad subsidies pretending to be social justice. Public transport, essential logistics, food distribution, low-income households and viable SMEs deserve priority. Discretionary consumption does not.

Scenario B is not failure. It is expensive governance. The test is whether Mauritius can keep the public calm and the balance sheet credible at the same time. That is the sort of unglamorous work on which strategic reputations are built.

## 11.7 Scenario C — Domestic distress

*Probability estimate: 25% over five weeks, 20% over six months, 15% over three years.*

Scenario C is not a forecast of social breakdown. It is a forecast of avoidable stress. Fuel, food and currency pressures combine with weak communication and broad subsidies, producing political dissatisfaction, macro-fiscal strain and reputational erosion. The external trigger could be a further Hormuz interruption, a tanker casualty, renewed Red Sea attacks, a spike in jet-fuel prices, or a fresh commodity shock from Ukraine or the Black Sea. The internal trigger is more important: poorly sequenced policy. If the PSA gap widens, if fuel prices are capped without explanation, if food prices rise without landed-cost transparency, if the rupee becomes a rumour market, and if broad subsidies accumulate without a fiscal plan, distress becomes more likely. The World Bank's April 2026 outlook projects public debt at 90.6% of GDP in 2026 and fiscal deficit at 7.1% of GDP [World Bank Macro Poverty Outlook Mauritius, April 2026]. ([The World Bank Docs](#)) That does not remove the need for social protection. It changes its design. The state must protect people, not every price.

Indicators of Scenario C include widening fuel-price formula gaps, accelerating food CPI, rising wage claims, visible SME arrears, declining hotel forward bookings, importers reporting FX settlement delays, panic buying, or a communication vacuum filled by rumours. The first line of defence is a Cost-of-Living Stability Index with amber, red and black triggers.

The policy response should be explicit triage. Diesel for essential services, targeted food and transport support, temporary SME working-capital relief, tighter scrutiny of margins, and public communication that explains what is protected and what cannot be protected indefinitely. The state must be compassionate, but it must not become mathematically evasive.

The danger in Scenario C is that the government may spend heavily and still lose trust. That happens when support is broad, opaque and late.

## 11.8 Scenario D — Strategic overexposure

*Probability estimate: 10% over five weeks, 15% over six months, 20% over three years.*

Scenario D is different. It is not primarily about prices. It is about Mauritius mismanaging its strategic profile. The country becomes more visible because of Diego Garcia, Chagos, Indian Ocean corridor stress, and its platform ambitions. Visibility then becomes exposure because the language, institutions or compliance controls are not strong enough. The triggers could include a breakdown or politicisation of the Chagos–Diego Garcia process, a public dispute around Chagossian rights, perceived alignment with the U.S.–UK base without adequate diplomatic balancing, careless rhetoric towards China or India, sanctions-linked financial activity, or over-promising Mauritius' role in the Indian Ocean. Reuters reported on 11 April 2026 that the UK paused the Chagos plan after U.S. opposition, illustrating how much the file depends on great-power calculations beyond Port Louis [Reuters, Chagos, April 2026]. The risk is not that Mauritius suddenly becomes a military target. The risk is more subtle: reputational ambiguity. Some partners may see Mauritius as too close to Western security architecture because of Diego Garcia. Others may see it as insufficiently firm on Chagossian rights. Investors may worry about treaty instability. Financial counterparties may worry about sanctions controls. Domestic audiences may feel sovereignty has been over-sold.

The policy response is institutional seriousness. Mauritius needs a Chagos–Diego Garcia Strategic Governance Unit, a Strategic Neutrality Doctrine, and a National Sanctions and Geopolitical Risk Cell. It must communicate in narrow legal language, not in emotional slogans. It must reassure India, China, France, the UK, the U.S., Gulf partners and African states that Mauritius is lawful, predictable and useful.

Scenario D becomes more likely over three years because strategic files mature slowly. Price shocks can fade. Reputational errors linger.

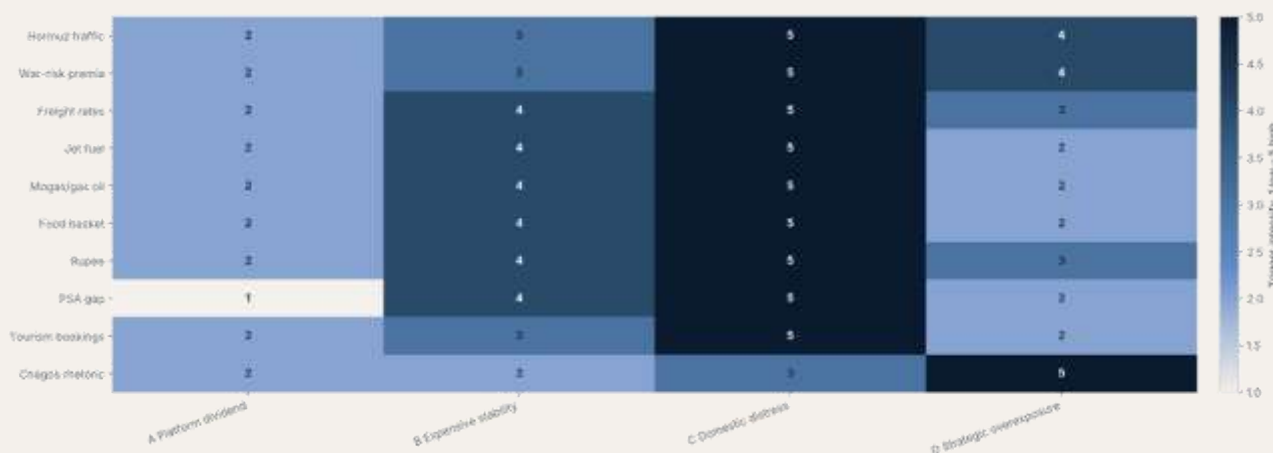


Figure 79 Early-warning heat map by scenario.

Source author early-warning framework. Scores are planning judgements: they indicate which indicators should light up first under each scenario.



Figure 80 Scenario-specific policy-response matrix.

Source author response matrix. Each scenario has a different policy posture; a one-size-fits-all response would be expensive and weak.

## 11.9 Probability-weighted scenario matrix

The following matrix converts the four scenarios into triggers, indicators and policy responses. It should be reviewed weekly during acute corridor stress and monthly under normal conditions.

Scenario	Probability, five weeks	Probability, six months	Probability, three years	Main trigger	Early indicators	Policy response
A — Platform dividend	15%	25%	35%	Mauritius manages domestic price pressure and builds platform services while corridor risk remains elevated	stable rupee, controlled fuel pass-through, no panic buying, resilient tourism, rising demand for legal/financial/risk services	rebuild buffers, accelerate energy resilience, market Mauritius as high-trust platform, expand arbitration/compliance/risk finance
B — Expensive stability	50%	40%	30%	Corridor risk persists but does not trigger local crisis	higher freight, elevated diesel, food pressure, stable but pressured rupee, margin compression	targeted cushioning, landed-cost transparency, reserve discipline, SME monitoring, honest communication
C — Domestic distress	25%	20%	15%	fuel, food and FX pressure combine with broad subsidies and	PSA gap widening, CPI food/transport rising, wage claims, SME arrears, FX	emergency cost-of-living package, diesel prioritisation, targeted food support, fiscal

Scenario	Probability, five weeks	Probability, six months	Probability, three years	Main trigger	Early indicators	Policy response
D — Strategic overexposure	10%	15%	20%	weak communication Diego Garcia, Chagos or great-power positioning damages neutral-platform credibility	rumours, household frustration partner unease, Chagos rhetoric, sanctions concern, financial de-risking, reputational criticism	triage, public price-chain disclosure Chagos governance unit, sanctions cell, strategic neutrality doctrine, narrow public language, partner reassurance

The most important feature of the matrix is that Scenario B and Scenario C are not opposites. Scenario B can become Scenario C if the government mishandles price communication, subsidies, FX liquidity or household fairness. Scenario D can coexist with B or C if strategic language becomes careless while domestic stress rises. A country can have expensive stability and reputational overexposure at the same time. Unfortunately, history is rarely kind enough to give risks one at a time.



Figure 81 Cost-of-Living Stability Index trigger ladder.

Source proposed trigger ladder. The thresholds should be calibrated with actual fuel, CPI, wage, arrears and stock data.

## 11.10 Triggers that should force policy action

Mauritius should define policy triggers in advance. The point is not to automate Cabinet decisions; it is to reduce delay and improvisation.

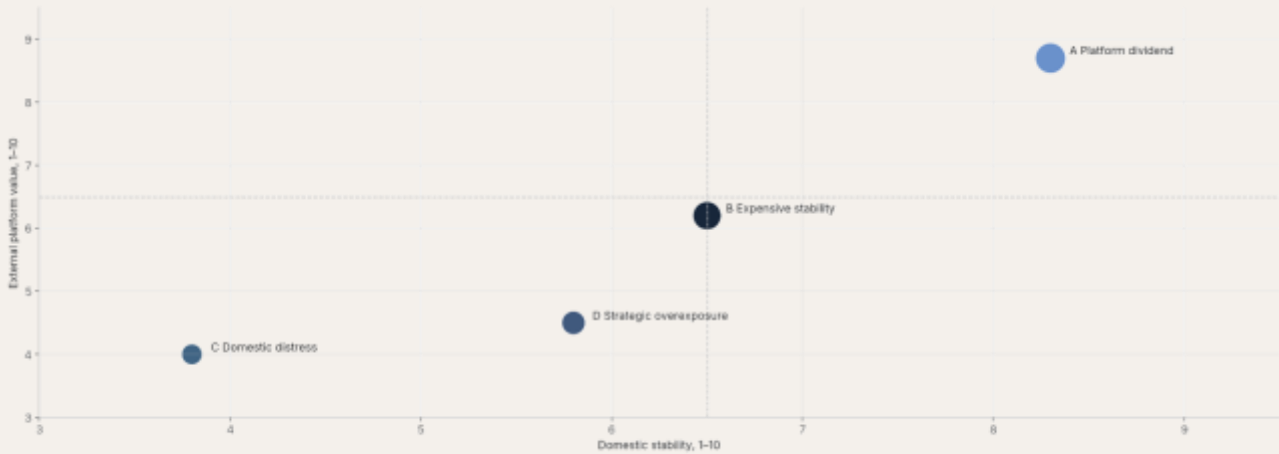
A green condition means corridor stress is being monitored but pass-through remains contained. Fuel prices are elevated but stable, food CPI is manageable, freight costs are not disrupting supply, the rupee market is orderly, and there is no visible panic behaviour.

An amber condition means targeted support should begin. Diesel and food prices are pressing, freight or insurance costs are rising, SMEs report margin compression, and the PSA gap is widening. In amber, the state should not wait for political anger. It should move quietly and precisely.

A red condition means Cabinet-level stabilisation is needed. Indicators would include a material deterioration in the PSA, rising food and transport CPI, wage claims spreading, arrears in exposed SMEs, FX queues for essential imports, or airline capacity stress. In red, support should be temporary, targeted and funded transparently.

A black condition means confidence defence. This is not simply higher prices. It is disorder: shortages, panic buying, rupee instability, disorderly FX conditions, port disruption, severe airline cancellations, or visible loss of faith in the pricing system. In black, the government must communicate daily, prioritise essential imports, and use reserves and fiscal support only for core stability functions.

The policy discipline is to define these thresholds before political pressure peaks. A trigger agreed in calm is governance. A trigger invented in panic is improvisation.



Source: Author scenario assessment. Bubble size reflects three-year probability estimate; axes reflect the chapter's core trade-off.

Figure 82 Scenario pathways: domestic stability versus external platform value.

Source author scenario assessment. Bubble size reflects the three-year probability estimate; axes reflect the chapter's core trade-off.

### 11.11 Strategic interpretation across horizons

Across five weeks, Mauritius should assume operational fragility. The priority is fuel, food, freight, FX, tourism airlift and communication. This is the wrong moment for grand strategy and the right moment for dashboards.

Across six months, Mauritius should assume balance-sheet transmission. The priority is price pass-through, subsidies, wages, SME credit, hotel margins, food baskets, rupee management and reserve discipline. This is where complacency usually becomes expensive.

Across three years, Mauritius should assume corridor regime change. The priority is platform strategy, energy resilience, Chagos governance, compliance credibility, cyber resilience, blue-economy verification, arbitration and Indian Ocean convening. This is where opportunity lies.

The strongest scenario is Scenario A, but it is not the easiest. Platform dividend requires discipline before reward. Scenario B is most likely in the near term because the system can absorb a great deal of cost before it visibly breaks. Scenario C is the avoidable danger. Scenario D is the strategic trap: wanting to look important before building the machinery that makes importance useful.

There is no scenario in which Mauritius benefits from being vague. The country must know what it is protecting, what it is building, what it is refusing, and what it will not pretend to control.

Trigger family	Early indicators	Mauritius response
Maritime	Maritime/Sea traffic - sea risk profile - freight index	essential import distribution - shipping alternatives
Energy	oil - diesel terminals - jet fuel - LPG	targeted fuel support - stocks - procurement advisory
Currency	USD demand - bid ask spreads - reserve drawdown	priority FX support - import prioritization
Social	food CPI - wage claims - arrests - complaints	Cost of Living Index - targeted relief
Strategic	Stage 2/3a/3b metrics - partner pressure - sanctions cases	neutrality doctrine - Chagos withdrawal - compliance call

Figure 83 Trigger, indicator and response framework.

Source author trigger-response framework. This is intended as an operational table for a scenario-monitoring cell.

## Judgement

Mauritius' strategic planning should move from prediction to preparedness. The country should not ask, "What will happen?" as if one answer exists. It should ask, "Which triggers are moving, which scenario is becoming more probable, and which policy response is now justified?"

The five-week base case is expensive stability under operational stress. The six-month base case is price and margin transmission. The three-year opportunity is a platform dividend, but only if Mauritius remains domestically composed and strategically disciplined. The two main avoidable risks are domestic distress through cost-of-living mismanagement, and strategic overexposure through Chagos, Diego Garcia or careless neutrality.

The final positioning statement is deliberately spare:

**Mauritius should not forecast the corridor. It should instrument it. The country that sees the trigger first pays less for the shock.**

## 12. Policy Architecture: Protect the Home Base, Then Monetise Stability

Mauritius must do two things at once. It must reduce domestic fragility and build external platform value. Doing only one is insufficient. A distressed Mauritius cannot credibly sell stability to the Indian Ocean. A stable Mauritius that fails to monetise its legal, financial, diplomatic and maritime position misses a generational opening.

The policy architecture proposed here is therefore deliberately dual: **protect the home base, then monetise stability**. The first task is defensive: fuel, food, freight, foreign exchange, inflation, subsidies, household confidence and public trust. The second is offensive: arbitration, compliance, risk finance, maritime services, blue-economy governance, neutral convening, Chagos management and regional platform positioning. These are not separate agendas. The credibility of the second depends on the success of the first.

The macroeconomic constraints are real. The International Monetary Fund (IMF) recorded Mauritius' 2024 current-account deficit at 6.5% of gross domestic product, with reserves at US\$8.5 billion by end-2024 and public-sector debt projected around 88% of gross domestic product by end-June 2025 [IMF Article IV Mauritius 2025]. (IMF) The World Bank's April 2026 Macro Poverty Outlook projects 2026 growth at 2.5%, inflation at 3.9%, current-account deficit at 7.0% of gross domestic product, public debt at 90.6% of gross domestic product and upper-middle-income poverty at 12.0% [World Bank Macro Poverty Outlook Mauritius 2026]. (The World Bank Docs) These figures do not counsel panic. They counsel discrimination. Mauritius can cushion, but not everything. It can invest, but not everywhere. It can use reserves, but not for theatre.

**“Fiscal policy should pursue frontloaded growth-friendly consolidation to shore up fiscal credibility, helping rebuild fiscal space while protecting the most vulnerable.”**

— *International Monetary Fund, Mauritius: 2025 Article IV Consultation [IMF Article IV Mauritius 2025]. (IMF)*



Figure 84 Protect the home base, then monetise stability.

Source author policy architecture. The framework deliberately links domestic resilience with external platform value.

## 12.1 The seven-pillar architecture

Mauritius should adopt a seven-pillar policy architecture. Each pillar must be owned institutionally, measured with indicators, and reviewed through triggers rather than mood. The purpose is not to create a new layer of bureaucracy. The purpose is to stop treating connected risks as separate files.

The seven pillars are:

1. **Cost-of-living shield** — targeted support for fuel, food, public transport, essential logistics, vulnerable households and food distribution.
2. **Energy sovereignty** — renewables, storage, demand response, public-sector efficiency and strategic fuel stocks.
3. **Foreign-exchange and fiscal credibility** — reserves for orderly markets and essential imports, not exchange-rate theatre.
4. **Strategic neutrality doctrine** — codified engagement with India, China, France, the United Kingdom, the United States, Gulf states and African partners.
5. **Platform-state economic strategy** — arbitration, compliance, risk finance, maritime services, blue-economy governance and Indian Ocean convening.
6. **Diego Garcia governance** — specialised management of sovereignty, security liaison, environmental obligations, Chagossian issues and strategic communication.
7. **Public trust and communication** — regular, factual essential-imports, fuel, price and confidence communication during corridor stress.

Each pillar is useful alone. Together, they form a state-capacity programme. This matters because corridor shocks arrive in clusters: fuel becomes food; food becomes inflation; inflation becomes wages; wages become subsidies; subsidies become debt; debt becomes confidence; confidence becomes currency. Policy must be equally connected.

## 12.2 Pillar 1 — Cost-of-living shield

The cost-of-living shield should be targeted, temporary and transparent. Mauritius should not attempt to suppress all imported price movements. That would be fiscally expensive, economically distorting and ultimately dishonest. The country should instead protect essential functions and vulnerable households while allowing non-essential consumption to face more realistic prices.

The data justify this approach. The 2023 Household Budget Survey found that food and non-alcoholic beverages accounted for 25% of household consumption expenditure, followed by transport at about 16% [Statistics Mauritius Household Budget Survey 2023]. ([Maurice Info](#)) These two categories alone make households vulnerable to fuel, freight, food and currency shocks. Statistics Mauritius' February 2026 Consumer Price Index (CPI) release reported headline inflation at 4.1% for the twelve months ending February 2026 and CORE2 inflation at 6.3% over the same period [Statistics Mauritius CPI February 2026]. ([Stats Mauritius](#)) The problem is not only aggregate inflation. It is the household perception that essential categories are moving faster than incomes.

The fuel-pricing mechanism already shows the cost of smoothing. The State Trading Corporation reported that the Petroleum Pricing Committee considered an estimated Rs 3.2 billion deficit in the Price Stabilisation Account in April 2026 and capped retail increases at 10% despite larger formula pressure [STC Press Release, 15 April 2026]. ([STC State Trading Corporation](#)) This is defensible as temporary cushioning. It is dangerous if it becomes a habit without a financing path.

The shield should therefore work through four instruments. First, public transport and essential logistics should receive priority relief when diesel pressure rises. Secondly, a narrow food basket should be monitored for landed cost, stock cover, wholesale margins and retail pass-through. Thirdly, low-income households should receive targeted cash or voucher support rather than indirect support through all litres of fuel consumed in the economy. Fourthly,

SMEs performing essential functions — food distribution, public transport, cold chains, fisheries, essential repairs — should have access to temporary working-capital relief under strict sunset terms.

A universal subsidy feels kinder. It is often less fair. It spends scarce fiscal space on the consumption patterns of the comfortable while claiming to protect the vulnerable. Mauritius should be honest enough to say that not every litre, fare, tariff or margin deserves equal protection.

## 12.3 Pillar 2 — Energy sovereignty

Energy transition should be reframed as national security. The climate argument remains valid. The balance-of-payments argument is more immediate.

Statistics Mauritius' 2024 environmental data show that 90.9% of Mauritius' primary energy requirement came from imported fossil fuels, with petroleum products and coal dominating; electricity generation in 2024 was 42.5% diesel and fuel oil, 39.1% coal and 18.2% renewables [Statistics Mauritius Environment Statistics 2024]. ([UNSD](#)) In other words, the electricity system is still mostly an imported-energy system. It is exposed to oil, coal, freight, insurance, storage and the rupee.

The policy package should include five practical measures.

First, Mauritius should accelerate grid-ready renewable generation, especially projects that can be connected, financed and dispatched without years of litigation or procurement drift. Secondly, storage should be treated as system infrastructure, not a luxury add-on. Solar without storage helps; solar plus storage changes imported-fuel exposure more seriously. Thirdly, public-sector energy efficiency should be mandatory: government buildings, hospitals, schools, municipal facilities and public fleets should be required to report measurable demand reduction. Fourthly, strategic fuel stocks should be reviewed product by product: gas oil, heavy fuel oil, aviation fuel, Liquefied Petroleum Gas (LPG) and petrol are not interchangeable. Fifthly, public procurement should assess lifecycle cost and fuel exposure, not merely purchase price.

The World Bank's 2026 Mauritius Country Climate and Development Report argues that renewable energy and sustainable ocean-resource investment could generate up to 32,000 jobs by 2030, while also supporting resilience [World Bank CCDR Mauritius 2026]. ([World Bank](#)) That is useful, but the policy should not be sold only as job creation. It should be sold as reducing the number of ways in which foreign shocks can enter Mauritian bills.



Figure 85 Seven policy pillars for Mauritius under Indian Ocean corridor stress.

Source author policy design. The pillars are mutually reinforcing; failure in one weakens the others.

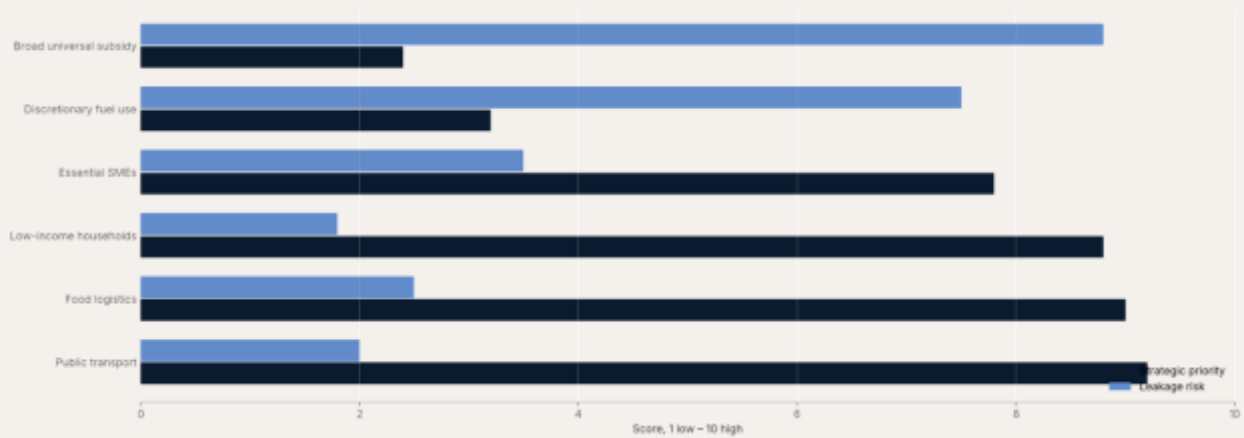


Figure 86 Cost-of-living shield: targeted protection versus leakage.

Source author policy design, using household expenditure and fuel-pricing evidence. The purpose is to protect essentials without subsidising every consumption pattern.

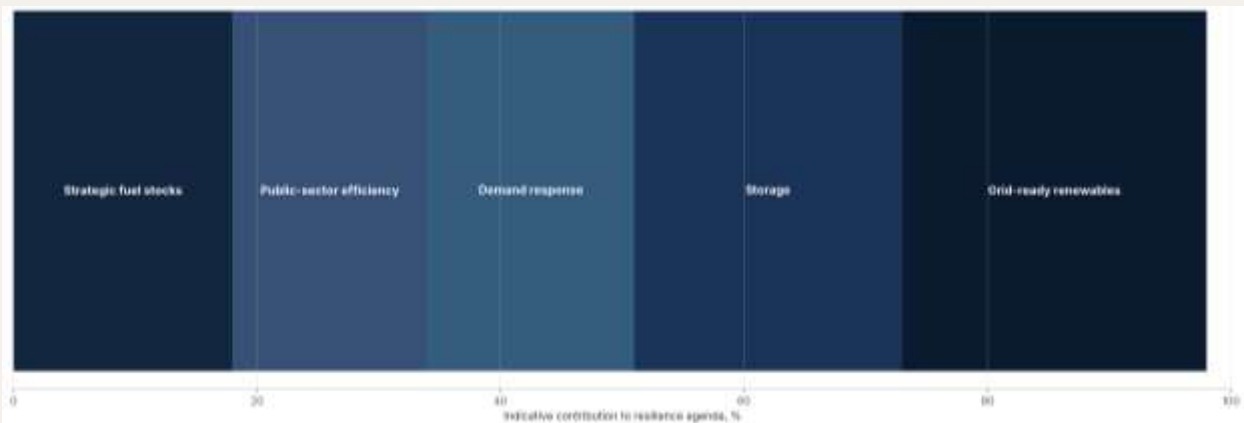


Figure 87 Energy sovereignty action stack

Source author policy design, based on Statistics Mauritius energy data and World Bank climate-development findings.



Figure 88 Figure 12.5. FX and fiscal credibility guardrails.

Source author policy design, using IMF, World Bank and Bank of Mauritius reserve evidence.

## 12.4 Pillar 3 — Foreign-exchange and fiscal credibility

Foreign-exchange and fiscal credibility are the spine of the architecture. Without them, targeted support becomes panic spending, and energy resilience becomes unfunded aspiration.

The Bank of Mauritius reported Gross Official International Reserves of US\$9.8085 billion at end-March 2026, equivalent to 13.6 months of imports [Bank of Mauritius GOIR, March 2026]. ([Bank of Mauritius](#)) This is a strong buffer. But a buffer is not a subsidy account. Reserves should preserve orderly market conditions and essential import settlement. They should not be used to defend a politically convenient exchange-rate level against fundamentals.

The exchange-rate doctrine should be simple: intervene against disorder, not against reality. If the rupee market becomes illiquid, if essential importers face settlement difficulty, or if bid-ask spreads become destabilising, the central bank can act. But if global fuel, freight and food costs rise, the rupee should not be forced to pretend otherwise. Currency denial is usually expensive and short-lived.

Fiscal policy requires the same discipline. The IMF called for rebuilding fiscal space while protecting the most vulnerable [IMF Article IV Mauritius 2025]. ([IMF](#)) The World Bank's 2026 outlook places public debt above 90% of GDP [World Bank MPO Mauritius 2026]. ([The World Bank Docs](#)) That profile permits targeted relief and priority investment. It does not permit unlimited broad subsidies, opaque off-budget cushioning or political pricing of every shock.

Mauritius should publish a corridor-stress fiscal note when external pressure rises. It should quantify: fuel-price smoothing exposure, PSA position, food-support costs, electricity tariff pressure, foreign-exchange support operations, and contingent liabilities. This need not reveal commercially sensitive procurement details. It should reveal enough to prevent rumours and to discipline political promises.

The ugly truth is that markets forgive pain more readily than concealment. They understand external shocks. They dislike hidden bills.

## 12.5 Pillar 4 — Strategic neutrality doctrine

Mauritius needs a codified strategic neutrality doctrine. Not a slogan. A doctrine.

The doctrine should state that Mauritius maintains constructive relations with India, China, France, the United Kingdom, the United States, Gulf states, African partners and multilateral institutions; that it supports peaceful dispute settlement, non-use of force and freedom of navigation; that it applies sanctions and financial-crime controls rigorously; and that it will not allow its jurisdiction to become a platform for evasion, covert influence or reputational contamination.

This is especially important because Mauritius' economic exposure is multipolar. MCCI data show China, the United Arab Emirates and India as leading import partners in 2024, while South Africa, Madagascar, the United States, France and the United Kingdom were leading export markets [MCCI Economic & Trade Data 2024/25]. (MCCI) Tourism exposure is also geographically diverse, with France, the United Kingdom, Réunion, Germany and South Africa among the main source markets [Statistics Mauritius Tourism 2025, cited in prior sections]. Mauritius therefore cannot afford bloc politics. Its balance sheet is already multipolar.

The neutrality doctrine should be anchored in law. The UN Charter requires peaceful settlement of disputes and prohibits the threat or use of force against the territorial integrity or political independence of states [UN Charter, Articles 2(3) and 2(4)]. UNCLOS protects freedom of navigation on the high seas. Mauritius should use those principles consistently, not selectively.

A good neutrality doctrine will disappoint people who want louder language. That is a virtue. Small states should not spend optionality on rhetorical applause. Mauritius' comparative advantage is not indignation. It is predictability.

## 12.6 Pillar 5 — Platform-state economic strategy

Mauritius should develop a formal **Indian Ocean Platform Strategy**. This should not be a branding project. It should be a three-year programme with measurable outputs in arbitration, compliance, risk finance, maritime services, blue-economy governance, family offices, regional headquarters and policy convening.

The rationale is clear. UNCTAD states that freight-rate volatility has become the new normal and that container, bulk and tanker freight rates remained elevated and volatile in 2024–2025 because of geopolitical tensions, trade-policy shifts and supply-demand imbalances [UNCTAD Review of Maritime Transport 2025]. ([UN Trade and Development \(UNCTAD\)](#)) Volatility creates demand for contract drafting, dispute resolution, insurance, hedging, sanctions screening, political-risk finance, trade documentation and neutral forums. Mauritius should capture some of that value.

The strategy should be led jointly by the Economic Development Board, the Ministry of Foreign Affairs, the financial regulator, port authorities, the legal sector and private banks. It should have six measurable targets over three years:

First, increase the number of Mauritius-seated or Mauritius-administered arbitrations and mediations in maritime, logistics, energy, construction and investment disputes. Secondly, train a critical mass of sanctions, AML/CFT, beneficial-ownership and trade-finance compliance professionals. Thirdly, develop risk-finance products: captives, parametric insurance, climate-risk instruments, political-risk wrappers and marine-risk advisory. Fourthly, build maritime professional services: documentation, cargo claims, shipping-risk intelligence, port-delay analytics and marine environmental compliance. Fifthly, position Mauritius as a blue-economy verification centre for marine protection, fisheries traceability and climate-resilience finance. Sixthly, host a small number of serious annual Indian Ocean resilience forums producing model clauses, risk protocols and financing structures.

The key word is serious. Mauritius does not need more speeches about becoming a hub. It needs transactions, clauses, trained professionals, cases, policies and audited outcomes.

## 12.7 Pillar 6 — Diego Garcia governance

Diego Garcia requires its own governance architecture. It is too important to be managed through periodic political statements. The 2025 UK–Mauritius agreement recognises Mauritius as sovereign over the Chagos Archipelago, including Diego Garcia, while authorising the United Kingdom to exercise rights necessary for the long-term secure and effective operation of the base [UK–Mauritius Agreement, 2025]. ([GOV.UK](#)) The House of Lords Library summarises the arrangement as transferring sovereignty while preserving UK authority over Diego Garcia for the continued operation of the joint UK–US military base for an initial 99-year period [House of Lords Library, 2025]. ([House of Lords Library](#)). The issue is not only legal. It is strategic and moral. OHCHR has reported concerns from the UN Committee on the Elimination of Racial Discrimination that the agreement could perpetuate rights violations, including by preventing Chagossians from returning to Diego Garcia [OHCHR / CERD, 2025]. ([Reuters](#)) This places Mauritius under a dual obligation: preserve sovereign dignity and security realism, while not appearing indifferent to Chagossian rights. The recommended institution is a **Chagos–Diego Garcia Strategic Governance Unit**. It should combine legal, diplomatic, environmental, defence-liaison, Chagossian affairs and economic expertise. It should report at Cabinet level, with a classified operational layer and a public accountability layer.

Its tasks should include treaty interpretation, Joint Commission preparation, security liaison, Chagossian consultation, environmental and marine governance, resettlement planning where lawful, trust-fund oversight, communication discipline and partner management. This is not a file for improvisation. It is a generational sovereignty-management challenge.

The danger is overclaiming. Mauritius should not present Diego Garcia as an instrument it can freely wield. Nor should it behave as a passive recipient of decisions made elsewhere. The correct posture is sovereign seriousness: calm, legally literate, morally attentive and strategically restrained.

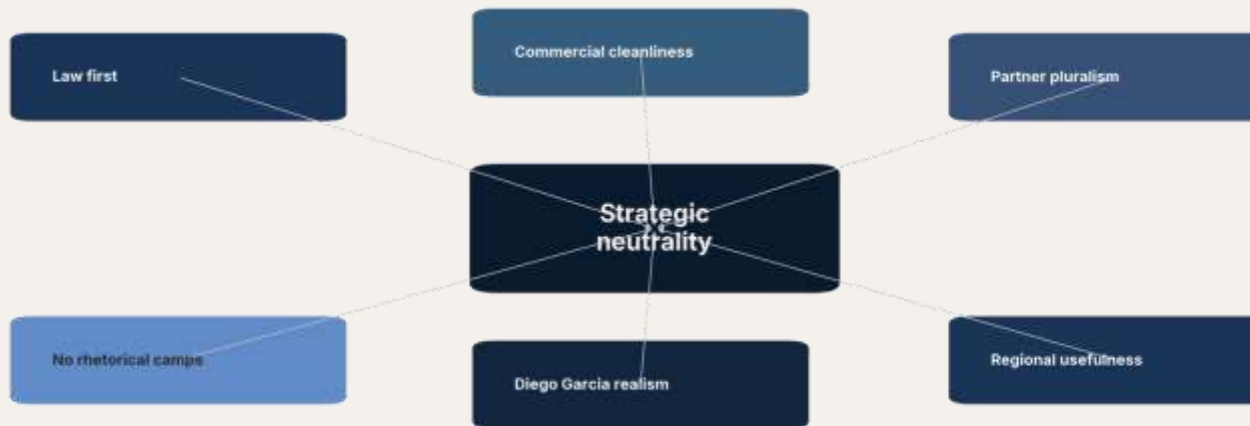


Figure 89 Strategic neutrality operating model.

Source author doctrine design. Neutrality is treated as lawful, commercially clean and regionally useful conduct.

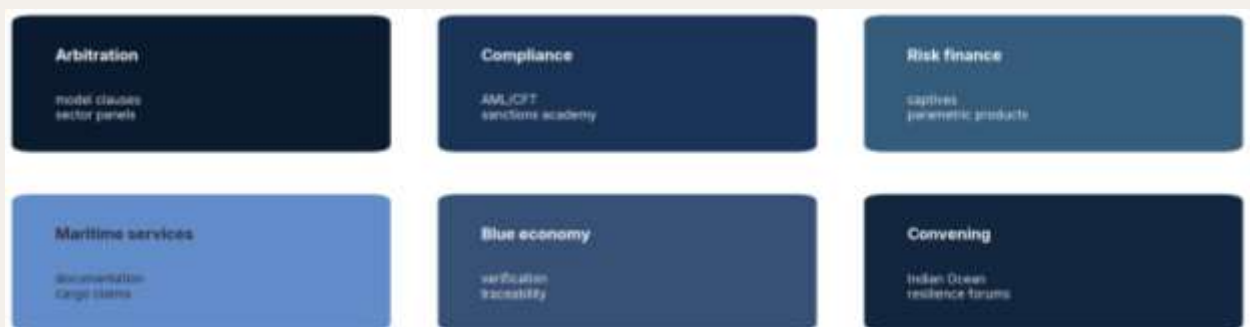


Figure 90 Indian Ocean Platform Strategy

Source author policy design, based on platform sectors identified in Sections 8 and 9.



Figure 91 Proposed Chagos-Diego Garcia Strategic Governance Unit.

Source author institutional design based on the 2025 treaty architecture, House of Lords scrutiny and OHCHR/CERD concerns.

## 12.8 Pillar 7 — Public trust and communication

Public trust is not a communications accessory. It is a macroeconomic stabiliser. When trust is weak, households hoard, importers front-load, banks tighten, firms reprice defensively, and rumours become part of the price system. When trust is strong, pain is still painful, but less destabilising.

Mauritius should adopt a weekly public communication protocol during corridor stress. The weekly note should cover fuel-stock comfort in broad terms, essential food import status, freight and insurance pressure, fuel-price smoothing exposure, inflation categories under pressure, rupee-market condition, tourism airlift risks and the specific support measures being applied. It should also state what is uncertain. This is not weakness; it is grown-up communication.

The public note should avoid two phrases: “everything is under control” and “there is no cause for concern”. Both are bad phrases because people can see that there is cause for concern. The better message is: “Here is what is under control, here is what is being monitored, here is what we cannot control, and here is what will trigger action.”

The state should also communicate the difference between **price smoothing** and **price denial**. Smoothing is legitimate. Denial is expensive. A population can understand this if the numbers are explained. The alternative is suspicion — and suspicion has a remarkable talent for making every policy more expensive.

## 12.9 Implementation timetable: 30 days, 90 days, 12 months, three years

The seven pillars must become a timetable. Without sequencing, architecture becomes wallpaper.

In the first **30 days**, Mauritius should focus on operational visibility: essential-import dashboard, fuel-stock mapping, rupee and import-settlement monitoring, public communication protocol, diesel-priority planning, and a landed-cost observatory for essential foods. This is the period for dashboards, not grand reforms.

Within **90 days**, the government and private sector should activate targeted support mechanisms, publish a fuel-price smoothing stress note, create the Cost-of-Living Stability Index, formalise the Chagos–Diego Garcia unit, establish a sanctions and geopolitical-risk cell, and begin energy-efficiency measures in the public sector.

Within **12 months**, Mauritius should produce an Indian Ocean Platform Strategy, issue model arbitration and maritime clauses, develop risk-finance products, accelerate storage and renewable procurement, improve essential-food stock policy, and create a standing annual Indian Ocean Resilience Forum with concrete outputs.

Over **three years**, Mauritius should aim to become visibly more resilient and commercially more valuable: lower imported-energy intensity, stronger grid flexibility, more credible arbitration and compliance capability, better blue-economy verification, stronger sanctions screening, deeper maritime professional services, and a disciplined Chagos governance record.

The sequence matters. Protect first. Build while protecting. Monetise only after credibility is visible.

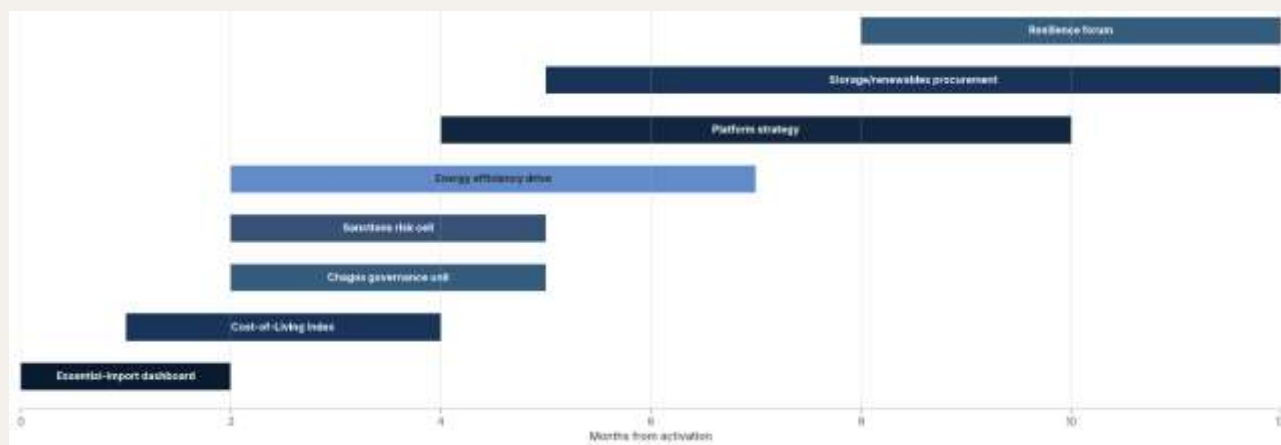


Figure 92 Implementation timetable: 30 days, 90 days, 12 months and three years.

Source author implementation design. The architecture must be sequenced; not every reform belongs in the first month.

### 12.10 Priority action matrix

Priority	Action	Lead institutions	Timeframe	Main trade-off	Success indicator
1	Establish Rupee and Essential Imports Stress Dashboard	Ministry of Finance, Bank of Mauritius, Statistics Mauritius, major importers, banks	30 days	Data-sharing sensitivity	Weekly dashboard operating with fuel, food, freight and FX indicators
2	Launch Cost-of-Living Stability Index	Statistics Mauritius, Ministry of Finance, Consumer Affairs, banks	30–60 days	Risk of politicisation	Green/amber/red triggers adopted and reviewed weekly
3	Prepare diesel-priority protocol	Energy, Transport, port operators, public transport, emergency services	30 days	Perception of rationing	Priority users mapped before stress escalates
4	Publish fuel-price smoothing stress note	Ministry of Finance, STC, independent technical review	60 days	Exposes fiscal pressure	PSA path publicly explained under scenarios
5	Launch public-sector energy reduction programme	Energy, public administration, CEB, municipalities	90 days	Enforcement fatigue	Measurable reduction in public-sector demand
6	Accelerate renewable/storage procurement	Energy, CEB, regulator, private developers	12 months	Grid and procurement constraints	Storage and grid-ready renewable capacity contracted
7	Create Chagos–Diego Garcia Strategic Governance Unit	Prime Minister’s Office / Foreign Affairs / legal and technical experts	90 days	Political sensitivity	Unit operational with public and confidential workstreams
8	Establish National Sanctions and Geopolitical Risk Cell	Financial regulator, Bank of Mauritius, customs, banks, port, legal sector	90 days	Over-de-risking risk	Sector advisories issued and training begun
9	Build Indian Ocean Platform Strategy	Economic Development Board, Foreign Affairs, regulators, port, law firms, banks	12 months	Branding without execution	Targets set for arbitration, compliance, risk finance and blue economy
10	Convene annual Indian Ocean Resilience Forum	Foreign Affairs, EDB, private sector, regional partners	12–18 months	Conference inflation	Outputs include model clauses, policy protocols and financing structures

Priority	Action	Lead	Timeframe
1	Rupee & Essential Imports Dashboard	Finance / BoM	30 days
2	Cost-of-Living Stability Index	Statistics / Finance	30-60 days
3	Diesel-priority protocol	Energy / Transport	30 days
4	PSA stress note	Finance / STC	60 days
5	Chagos governance unit	PMO / Foreign Affairs	90 days
6	Platform-state strategy	EDB / regulators / private sector	12 months

Figure 93 Priority action matrix.

Source author policy synthesis. The matrix converts strategic analysis into accountable institutional action.

### 12.11 Governance model: who should own what

The policy architecture should not sit in one ministry. It should be governed through a compact structure with clear ownership.

The **Prime Minister’s Office** should own the overall strategic risk register, Chagos governance and inter-ministerial discipline. The **Ministry of Finance** and **Bank of Mauritius** should own the rupee, reserves, fiscal-smoothing and essential-import dashboard. **Statistics Mauritius** should own the statistical integrity of the Cost-of-Living Stability Index. **Energy and utility bodies** should own fuel security, electricity resilience, renewables, storage and public-sector efficiency. The **financial regulator** and **Bank of Mauritius** should own sanctions, AML/CFT and geopolitical-risk coordination. The **Economic Development Board** should own the platform-state economic strategy with the private sector. **Port and logistics actors** should own maritime-risk intelligence and continuity planning. The **legal sector** should own arbitration and dispute-resolution capability. **Private banks** should own client-level FX, working-capital and risk-advisory capacity. **Tourism operators and airlines** should own airlift and premium-market resilience.

This is not an invitation to create a large committee. It is an invitation to create a small number of disciplined operating cells. Mauritius should resist the instinct to solve every problem with a council, a strategy and a press conference. The useful test is simple: can the proposed institution make a decision, receive data, and trigger action? If not, it is decoration.



Figure 94 Governance ownership model for the seven-pillar architecture.

Source author institutional design. The architecture requires clear ownership; otherwise, “coordination” becomes a polite word for delay.

## Judgement

Mauritius is facing neither doom nor comfort. It is facing a more demanding version of its own model. The country has prospered by being open, service-oriented, stable and internationally connected. The same qualities now expose it to Indian Ocean volatility: fuel, food, freight, currency, insurance, airlift, compliance, Chagos, Diego Garcia and the credibility of its institutions.

The answer is not retreat. Mauritius should not close itself, over-subsidise itself, shout about neutrality, or pretend to be a great power. It should do something more difficult and more valuable: govern itself precisely.

The architecture is therefore a two-handed strategy. With one hand, Mauritius protects the home base: cost of living, fuel, food, FX, public trust, fiscal credibility and energy resilience. With the other, it monetises stability: arbitration, compliance, maritime services, risk finance, blue-economy governance, regional convening and neutral platform value.

The first hand must come first. A distressed Mauritius cannot be a trusted platform. But the second hand must not be forgotten. A stable Mauritius that fails to convert its position into higher-value services will merely remain a well-run price-taker in a more expensive ocean.

The report's final line is therefore not rhetorical. It is operational:

**Mauritius' opportunity is to sell stability to a region running short of it. Its first duty is therefore to remain stable at home.**

## Study Conclusion — The Useful Island

The study's judgement is restrained, but it is not ambiguous. Mauritius is unlikely to become unstable because of direct military spillover from the Indian Ocean's present disorder. It is not a frontline state in the Gulf, the Red Sea, Ukraine, Malacca or the Chagos security perimeter. It is not about to become a battlefield. That is not the risk that should keep senior policymakers awake.

The real risk is more prosaic, and therefore more dangerous. Mauritius can be weakened by imported inflation, subsidy errors, currency pressure, food and fuel stress, freight and insurance shocks, household frustration, and a failure to convert strategic geography into disciplined economic policy. The country's danger is not that the Indian Ocean arrives as war. It is that it arrives as a series of bills.

The international economy is becoming more dependent on the Indian Ocean while losing confidence in the security of its corridors. EIA data show the scale of the energy system: in the first half of 2025, the Strait of Malacca carried 23.2 million barrels per day of petroleum and other liquids, while the Strait of Hormuz carried 20.9 million barrels per day [EIA World Oil Transit Chokepoints 2026]. ([U.S. Energy Information Administration](#)) UNCTAD's 2025 maritime review states bluntly that freight-rate volatility has become "the new normal" across shipping segments, driven by geopolitics, trade-policy shifts, regulation and supply-demand imbalances [UNCTAD Review of Maritime Transport 2025]. ([UN Trade and Development \(UNCTAD\)](#))

Mauritius sits inside this system as a stable island jurisdiction, not a maritime power. That distinction should be kept. The country does not control Hormuz, Suez, Bab el-Mandeb, Malacca or the Cape route. It does not possess the hard geography of a chokepoint. What it has is institutional geography: legal credibility, financial services, democratic habit, tourism reputation, Indian Ocean legitimacy, African access, multilingual ease and a still-valuable peace profile. The World Justice Project ranked Mauritius 47th out of 143 countries globally and 3rd in Sub-Saharan Africa in the 2025 Rule of Law Index, while the Global Peace Index describes Mauritius as the most peaceful country in Sub-Saharan Africa for the eighteenth consecutive year [WJP Rule of Law Index 2025; Global Peace Index 2025]. ([World Justice Project](#))

That is the asset. But it is not self-maintaining.

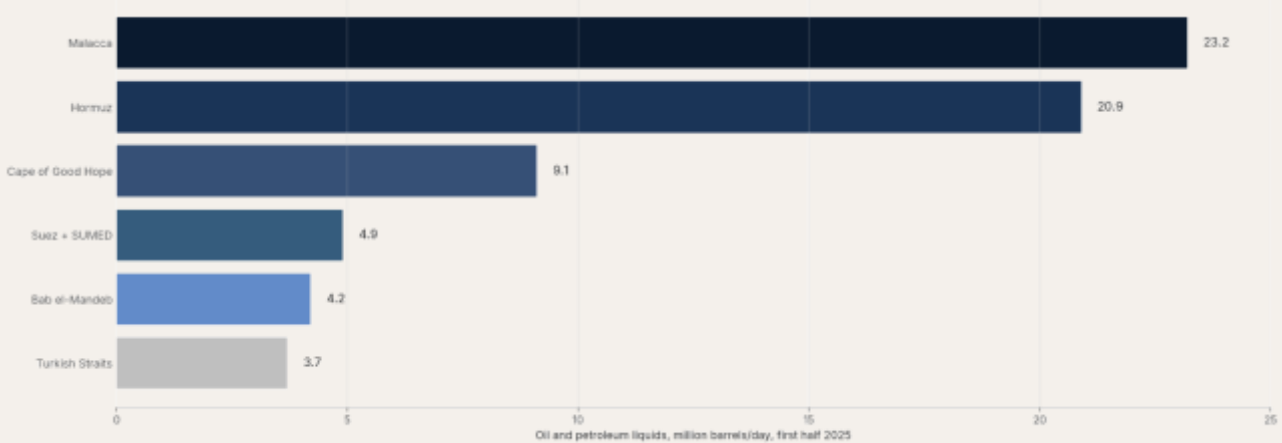


Figure 95 Final judgement architecture: low direct military risk, high indirect economic risk, real platform opportunity.

Mauritius' macro-financial position is strong enough to manage stress, but not strong enough to indulge policy illusions. The International Monetary Fund recorded growth of 4.7% in 2024, but also a current-account deficit of 6.5% of gross domestic product and high public debt; its Article IV report explicitly called for growth-friendly fiscal consolidation to rebuild credibility while protecting the most vulnerable [IMF Article IV Mauritius 2025]. ([IMF](#)) The Bank of Mauritius reported Gross Official International Reserves of US\$9.8085 billion in March 2026,

equivalent to 13.6 months of imports [Bank of Mauritius GOIR March 2026]. ([Bank of Mauritius](#)) This is a serious buffer. It is not a licence to use the rupee as theatre.

The domestic exposure is equally clear. Mauritius remains heavily energy-import dependent: 90.9% of its 2024 primary energy requirement came from imports, including petroleum products and coal [Statistics Mauritius Environment Statistics 2024; Mauritius Energy Country Guide 2026]. ([UNSD](#)) Household vulnerability is concentrated in exactly the categories most exposed to external shocks: the 2023 Household Budget Survey found food and non-alcoholic beverages to be the largest share of household consumption expenditure, at 25%, followed by transport at 16% [Statistics Mauritius Household Budget Survey 2023]. ([Maurice Info](#))



Source: U.S. Energy Information Administration, World Oil Transit Chokepoints, March 2026.

Figure 96 Oil and petroleum-liquids flows through major chokepoints, first half 2025.

Source United States Energy Information Administration, World Oil Transit Chokepoints, March 2026. The figures show why Mauritius' domestic prices are exposed to corridors it does not control. ([U.S. Energy Information Administration](#))

The study's most important practical conclusion is that Mauritius must stop treating external shocks as temporary embarrassments to be smoothed away. Some smoothing is necessary. The State Trading Corporation's April 2026 pricing note recorded an estimated Rs 3.2 billion deficit in the Price Stabilisation Account, and separate STC material explains the mechanics by which regulated fuel prices do not always fall when the Price Stabilisation Account is in deficit [STC Press Release, April 2026; STC Price Calculation Note]. ([STC State Trading Corporation](#)) Temporary smoothing is a tool. Permanent denial is a liability with a nicer name.

This is why the policy architecture must begin at home. The first priority is not international branding. It is domestic composure. A platform state cannot be built on household anxiety, opaque subsidies, avoidable rupee stress, or fragile SME balance sheets. The country should protect public transport, essential logistics, low-income households, food distribution, essential medicines and productive small firms. It should not subsidise every litre, every tariff and every consumption pattern equally. Universal subsidies are politically elegant and fiscally clumsy.

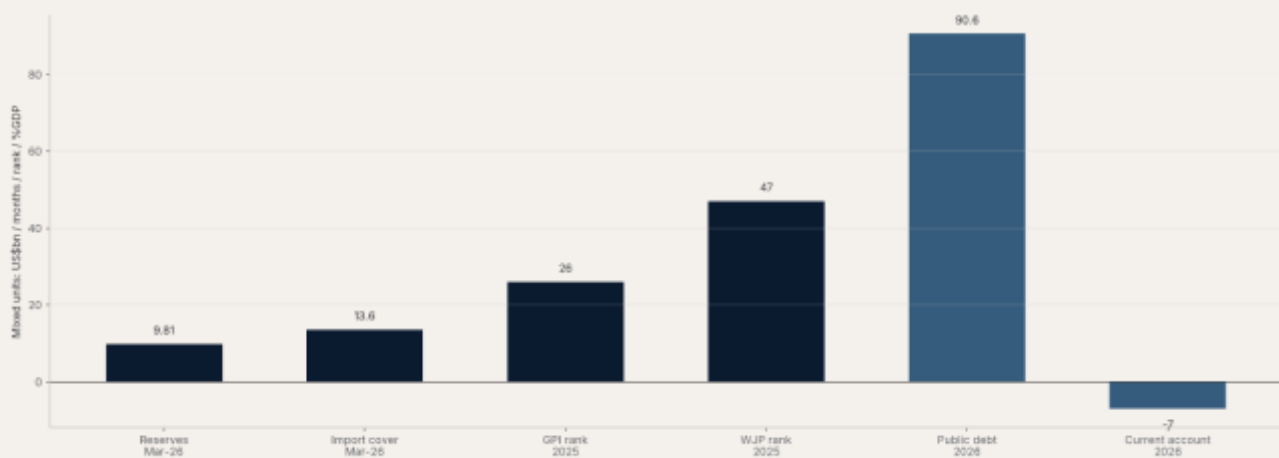


Figure 97 Mauritius domestic exposure dashboard.

Sources Statistics Mauritius, IMF and World Bank. The chart summarises why Mauritius' exposure is internal and economic before it is military.

Mauritius’ second priority is energy sovereignty. This does not mean autarky. It means reducing the share of national life that is priced by foreign fuel, freight, insurance and the dollar. The World Bank’s 2026 Country Climate and Development Report argues that decisive investment in renewable energy and sustainable ocean resources could generate up to 32,000 jobs by 2030 [World Bank CCDR Mauritius 2026]. ([World Bank](#)) That opportunity should be framed less as climate virtue and more as national insurance. Every kilowatt-hour not imported through a volatile corridor is a small act of sovereignty.

The third priority is foreign-exchange and fiscal credibility. Reserves should be used to keep markets orderly and to protect essential imports, not to defend a cosmetic exchange-rate level or hide the real cost of imported energy. The World Bank’s April 2026 Macro Poverty Outlook projects Mauritius’ 2026 growth at 2.5%, current-account deficit at 7.0% of gross domestic product and public debt at 90.6% of gross domestic product [World Bank Macro Poverty Outlook Mauritius 2026]. ([The World Bank Docs](#)) Those are not panic figures. They are discipline figures.



Sources: Bank of Mauritius QDR; Global Peace Index; World Justice Project; World Bank Macro Poverty Outlook. Mixed-unit dashboards, not a comparable scale.

Figure 98 Mauritius buffers and constraints.

Sources Bank of Mauritius, Global Peace Index, World Justice Project and World Bank. Mixed-unit dashboard, not a comparable scale.

The fourth priority is strategic neutrality. Mauritius should not be anti-Western, anti-China, anti-India, anti-Gulf or theatrically non-aligned. Neutrality should be practised as a service standard: lawful, predictable, commercially clean, regionally useful and strategically restrained. This is especially important because the country’s balance sheet is multipolar: its trade, tourism, finance, security relationships and diaspora links run through different centres of power. No single camp can carry Mauritius’ whole national interest.

Diego Garcia makes this more delicate. The UK–Mauritius Chagos agreement, signed in May 2025, recognises Mauritian sovereignty over the Chagos Archipelago while preserving the long-term operation of the Diego Garcia base under UK-authorized arrangements; subsequent reporting showed that the process remains exposed to U.S. political concerns [UK–Mauritius Agreement; Reuters Chagos coverage]. ([PublicNow](#)) This means Mauritius must be sober. Chagos is a sovereignty file. Diego Garcia is a security reality. Chagossian rights are a moral issue. None of these should be handled through slogans.

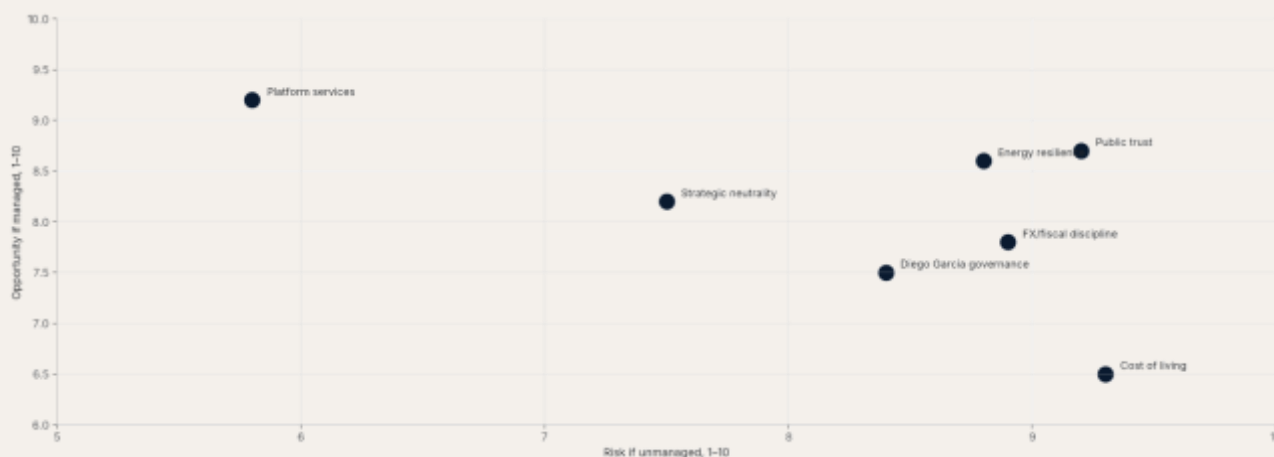


Figure 99 Risk if unmanaged versus opportunity if managed.

Source author synthesis. Scores are planning judgements derived from the report's evidence base.

The fifth priority is to monetise trust. Mauritius should not try to be a loud strategic actor. It should become a useful one. The Global Financial Centres Index 39, published in March 2026, evaluates 120 financial centres and records Mauritius' rise to 50th position [GFCI 39]. (Long Finance) This is not a reason for complacency. It is a signal that Mauritius has enough platform credibility to build on — but only if it chooses compliance, substance, arbitration, risk finance, insurance, maritime services, blue-economy verification and regional convening over low-quality volume.

The country's comparative advantage is not force. It is trust. Trust is slower to build than a subsidy and easier to lose than a port berth. It is created by courts that are credible, regulators that are predictable, banks that are clean, ministries that communicate honestly, public accounts that add up, and political leaders who do not overclaim. In the Indian Ocean age, trust may become one of the most valuable currencies left.

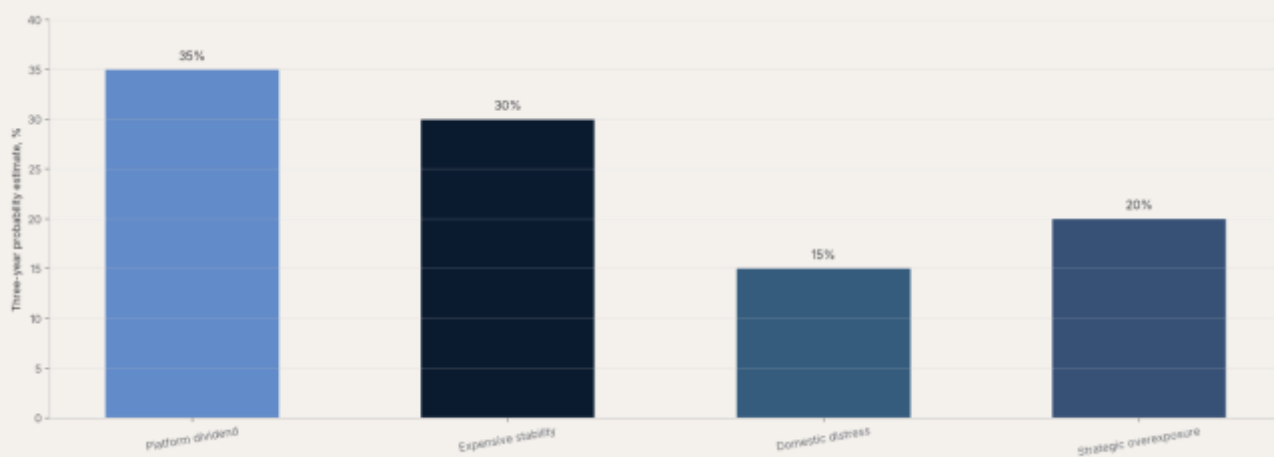


Figure 100 Scenario end-state probabilities over three years.

Source author scenario estimates from Section 11. Probabilities are planning estimates, not statistical forecasts.

The study's scenario analysis points to four possible end-states. The most desirable is the **Platform Dividend**: Mauritius remains stable, manages cost-of-living pressure, improves energy resilience and attracts higher-value regional services. The most likely near-term condition is **Expensive Stability**: Mauritius avoids crisis but absorbs persistent imported inflation, lower margins and fiscal pressure. The avoidable domestic danger is **Domestic Distress**: fuel, food and currency pressure combine with broad subsidies and weak communication. The strategic danger is **Overexposure**: Chagos, Diego Garcia or great-power positioning weakens the neutral-platform brand.

The policy lesson is not to predict which scenario will occur, but to instrument the triggers. Mauritius should monitor Hormuz traffic, Red Sea/Suez insurance, freight rates, jet fuel, diesel formula pressure, food CPI, the

rupee, the Price Stabilisation Account, tourism bookings, SME arrears and Chagos-related diplomatic signals. The country that sees the trigger first pays less for the shock.



Figure 101 Behavioural discipline: what not to do and what to do.  
 Source author policy judgement. The conclusion converts analysis into behavioural discipline.

The final policy architecture is therefore neither austerity nor ambition alone. It is sequenced dual action. First, protect the home base: cost of living, essential imports, diesel-sensitive logistics, the rupee, public communication, fiscal credibility and energy resilience. Then monetise stability: arbitration, compliance, insurance, risk finance, family offices, maritime services, blue-economy governance, Indian Ocean training and diplomatic convening.

This sequencing matters. A distressed Mauritius cannot become a trusted platform. But a stable Mauritius that fails to monetise its position will merely remain a well-run price-taker in a more expensive ocean. The correct ambition is not to become a power centre. The correct ambition is to become the region’s reliable operating room: the place where contracts can be structured, disputes settled, risks priced, capital routed, environmental claims verified, and difficult conversations held without unnecessary drama.

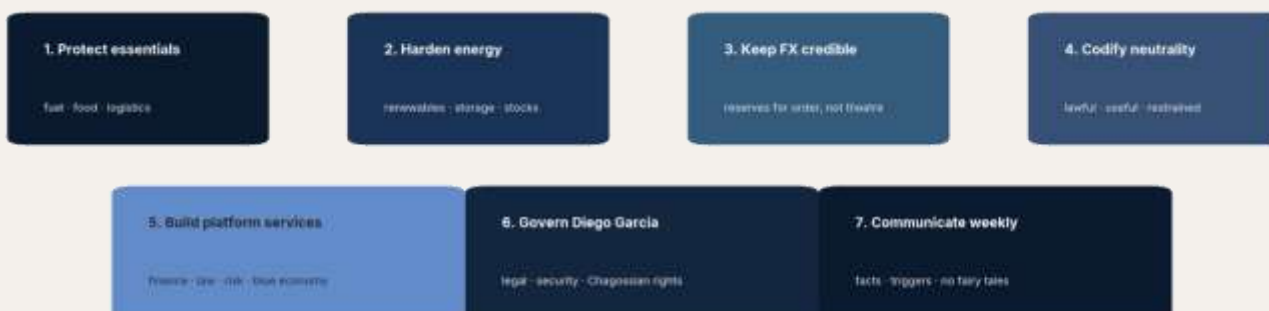


Figure 102 Final operating imperatives.

There is also a warning for the private sector. Boards cannot outsource this entire problem to government. Hotels must reduce energy intensity and protect airlift economics. Importers must improve stock discipline and landed-cost transparency. Banks must move from passive lending to client-level risk architecture. Insurers must build products for corridor risk, climate risk and logistics disruption. Law firms must deepen arbitration, sanctions and maritime capability. Port and logistics actors must professionalise route-risk intelligence. Family offices and professional-service firms must choose substance over optics.

In the corridor age, private-sector competence becomes public resilience. A sloppy importer, a poorly hedged hotel group, a weakly governed fund structure or an opaque fuel-pricing chain can become a national confidence problem. That may sound severe. It is merely the reality of a small economy.

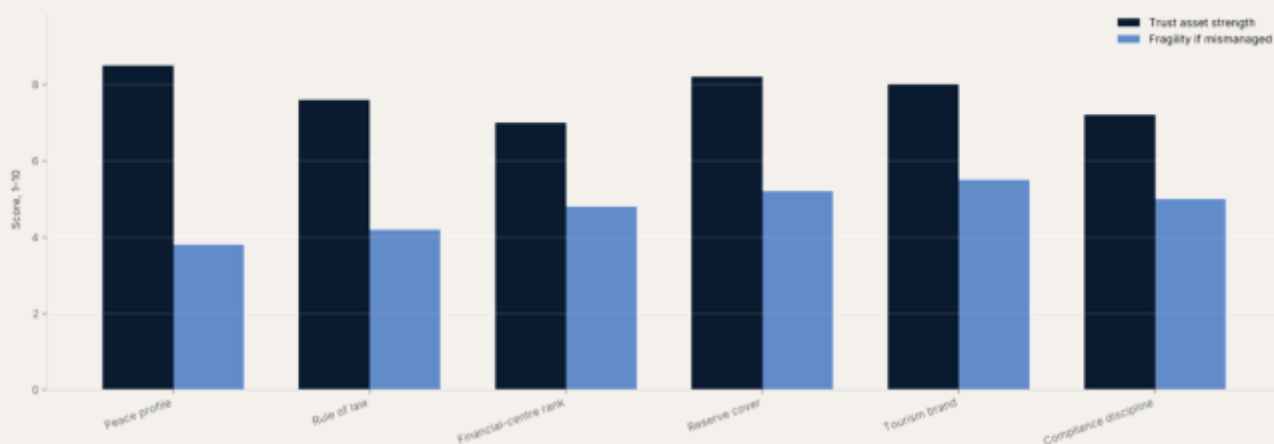


Figure 103 Trust as currency.

Source author synthesis. Trust is treated as a balance-sheet asset that can be strengthened or impaired.

The public communication doctrine should be equally plain. No panic; no fairy tales. Weekly communication during corridor stress should state what is known, what is uncertain, what is being protected, what cannot be protected indefinitely, and which indicators would trigger further action. The phrase “everything is under control” should be retired. It reassures nobody with a fuel receipt, a school run, a mortgage, a restaurant ledger or an import invoice.

Mauritius’ citizens do not need perfection from the state. They need seriousness. They need to see that essential imports are being monitored, that subsidies are not being hidden, that the rupee is not being treated as a political prop, that food prices are being decomposed, that Diego Garcia is being handled with discipline, and that the country’s strategic opportunity is not being wasted on speeches.

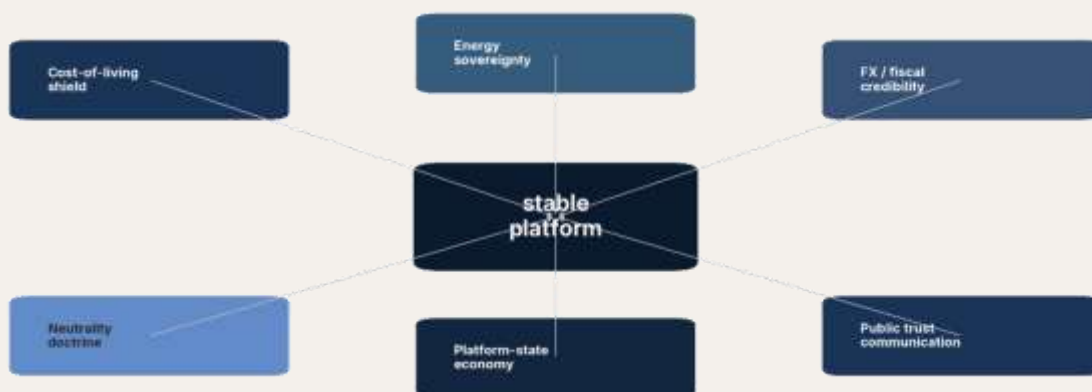


Figure 104 Final policy loop: domestic resilience and platform monetisation.

Source author final policy loop. Domestic resilience and platform monetisation reinforce each other.

This report has deliberately avoided two temptations. The first is alarmism. Mauritius is not facing imminent military destabilisation. The second is complacency. A country can remain peaceful and still become economically stressed, fiscally constrained and politically frustrated. The most dangerous shocks for small island economies often arrive without uniforms.

The Indian Ocean is entering a harder period. Its corridors are more important, more militarised, more insured, more surveilled, and more contested. Mauritius cannot control that ocean. It can control how much of that instability is allowed to enter its domestic economy unfiltered. It can control its policy discipline. It can control its communication. It can control whether it chooses trust over noise.

Not the main risk	direct military spillover
The real risk	imported inflation · subsidies · rupee · frustration
The wrong ambition	to be loud
The right ambition	to be useful
The scarce currency	trust

Figure 105 Closing sentence architecture.

Source author conclusion architecture. This visual is designed as the closing slide of the report.

The final judgement is therefore as follows.

Mauritius should not try to become a loud strategic actor. It should become a useful one. It should not market force it does not possess. It should market trust it can still deepen. It should not pretend that neutrality is distance. It should make neutrality useful. It should not suppress every imported price movement. It should protect essential life and productive capacity. It should not turn Chagos into theatre. It should turn Chagos into disciplined sovereign governance. It should not mistake stability for inertia. Stability is work.

In the Indian Ocean age, Mauritius' comparative advantage is not coercive power. It is credibility under pressure. That credibility is now an economic asset, a diplomatic asset, a financial asset and a domestic-security asset.

**Mauritius' opportunity is to sell stability  
to a region running short of it.**

Its first duty is therefore to remain stable at home.

Figure 106 Final line of the study.

# Appendixes

# Evidence Base

## Evidence base for Chapter 1

Indicator / fact	Latest available figure used	Strategic relevance	Source
Goods traded worldwide by sea	Over 80% by volume	Confirms maritime exposure of globalisation	[UNCTAD Seaborne Trade Statistics 2025] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Global maritime trade growth forecast	0.5% in 2025; containerised trade 1.4%	Shows weakening trade momentum under geopolitical and tariff stress	[UNCTAD / Reuters 2025] ( <a href="#">Reuters</a> )
Average maritime haul distance	4,831 miles in 2018; 5,245 miles in 2024	Longer routes mean higher costs, tighter vessel availability and working-capital pressure	[UNCTAD / Reuters 2025] ( <a href="#">Reuters</a> )
Strait of Hormuz oil flow	20 million barrels/day in 2024	Core energy chokepoint affecting global oil and LNG prices	[EIA Hormuz 2025] ( <a href="#">U.S. Energy Information Administration</a> )
Hormuz share of global petroleum liquids consumption	About 20%	Explains why even partial disruption reprices global energy	[EIA Hormuz 2025] ( <a href="#">U.S. Energy Information Administration</a> )
Hormuz share of global liquefied natural gas trade	Around one-fifth in 2024	Important for Asian energy pricing and global LNG substitution	[EIA Hormuz 2025] ( <a href="#">U.S. Energy Information Administration</a> )
Bab el-Mandeb oil trade	8.7 mb/d in 2023; 4.0 mb/d Jan–Aug 2024	Shows Red Sea disruption and corridor fragility	[EIA Red Sea 2024] ( <a href="#">U.S. Energy Information Administration</a> )
Cape of Good Hope oil/product flows	6.0 mb/d in 2023; 9.2 mb/d Jan–Aug 2024	Evidence of rerouting and higher voyage cost	[EIA Red Sea 2024] ( <a href="#">U.S. Energy Information Administration</a> )
Malacca share of global seaborne trade	23.7% in 2023	Asia's absorption corridor; system amplifier	[UNCTAD Review of Maritime Transport 2024] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Suez share of global trade volume	Around 10%; 22% of container traffic	Europe–Asia cost multiplier	[UNCTAD Review of Maritime Transport 2024] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Mauritius GDP	US\$14.94 billion in 2024	Scale of economy and policy capacity	[World Bank Data 2024] ( <a href="#">World Bank Open Data</a> )
Mauritius population	1,245,779 in 2024	Small domestic market, limited scale	[World Bank Data 2024] ( <a href="#">World Bank Open Data</a> )
Mauritius tourist arrivals	1,436,250 in 2025	External-income and airlift dependency	[Statistics Mauritius 2025] ( <a href="#">Stats Mauritius</a> )
Main tourism markets' share	68.4% of arrivals in 2025	Source-market concentration risk	[Statistics Mauritius 2025] ( <a href="#">Stats Mauritius</a> )
Mauritius energy import dependency	90.9% of primary energy requirement in 2024	Central imported-inflation and balance-of-payments risk	[International Trade Administration 2026] ( <a href="#">Trade.gov</a> )
Petroleum products and coal share	61.1% petroleum products; 29.8% coal	Imported fossil-fuel exposure	[International Trade Administration 2026] ( <a href="#">Trade.gov</a> )
Current-account deficit	6.5% of GDP in 2024	External financing and currency pressure	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )

Indicator / fact	Latest available figure used	Strategic relevance	Source
Gross foreign reserves	US\$8.5 billion at end-2024; nearly 12 months of imports	Shock absorber, but not a licence for complacency	[IMF Article IV Mauritius 2025] (IMF)
Public-sector debt	Around 88% of GDP projected at end-June 2025	Limits open-ended subsidy policy	[IMF Article IV Mauritius 2025] (IMF)
Chagos agreement status	Agreement signed May 2025; not yet in force per UN committee; UK paused process after U.S. opposition in April 2026	Diego Garcia creates sovereignty-security sensitivity	[OHCHR 2025; Reuters 2026] (OHCHR)

## Evidence base for Chapter 2

Evidence point	Figure / value	Why it matters	Source
World trade carried by sea	Over 80% by volume	Establishes maritime transport as the backbone of globalisation	[UNCTAD Review of Maritime Transport 2024] (UN Trade and Development (UNCTAD))
Malacca share of global seaborne trade	23.7% in 2023	Shows Asia's main absorption corridor	[UNCTAD Review of Maritime Transport 2024] (UN Trade and Development (UNCTAD))
Hormuz share of global seaborne trade	11.1% in 2023	Confirms Hormuz as both energy and trade chokepoint	[UNCTAD Review of Maritime Transport 2024] (UN Trade and Development (UNCTAD))
Suez share of global trade volume	Around 10%; 22% of global container traffic	Establishes Suez as Europe–Asia cost multiplier	[UNCTAD Review of Maritime Transport 2024] (UN Trade and Development (UNCTAD))
Bab el-Mandeb share of global seaborne trade	8.7% in 2023	Shows Red Sea–Indian Ocean corridor significance	[UNCTAD Review of Maritime Transport 2024] (UN Trade and Development (UNCTAD))
Malacca oil flows	23.2 million b/d in 1H25	Largest oil chokepoint by transit volume	[EIA World Oil Transit Chokepoints 2026] (U.S. Energy Information Administration)
Hormuz oil flows	20.9 million b/d in 1H25	Around 20% of global petroleum liquids consumption	[EIA World Oil Transit Chokepoints 2026] (U.S. Energy Information Administration)
Hormuz LNG flows	11.4 Bcf/d in 1H25	Key LNG corridor, primarily Qatar-linked	[EIA World Oil Transit Chokepoints 2026] (U.S. Energy Information Administration)
Hormuz Asian destination share	89% of crude and condensate to Asia in 1H25	Shows the crisis is Asian-industrial, not only Gulf-Western	[EIA World Oil Transit Chokepoints 2026] (U.S. Energy Information Administration)
Hormuz bypass capacity	Saudi and UAE pipelines about 4.7 million b/d; Iran effective Jask capacity around 0.3 million b/d	Shows alternatives cannot fully replace normal Hormuz flows	[EIA World Oil Transit Chokepoints 2026] (U.S. Energy Information Administration)

Evidence point	Figure / value	Why it matters	Source
Suez/SUMED oil flows	8.8 million b/d in 2023; 4.8 million in 2024; 4.9 million in 1H25	Quantifies Red Sea disruption	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
Bab el-Mandeb oil flows	9.3 million b/d in 2023; 4.1 million in 2024; 4.2 million in 1H25	Shows major contraction in southern Red Sea passage	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
Bab el-Mandeb LNG flows	4.2 Bcf/d in 2023; zero in 2024 and 1H25	Shows gas carriers avoided the corridor under security and insurance pressure	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
Cape oil/product flows	6.2 million b/d in 2023; 9.3 million in 2024; 9.1 million in 1H25	Demonstrates rerouting towards southern Indian Ocean	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
Cape LNG flows	2.1 Bcf/d in 2023; 7.8 Bcf/d in 2024; 5.7 Bcf/d in 1H25	Confirms Cape as gas relief route under Red Sea stress	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
Gulf of Aden tonnage	Down 76% by mid-2024	Shows commercial retreat from the corridor	[UNCTAD Review of Maritime Transport 2024] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Suez Canal tonnage	Down 70% by mid-2024	Shows canal disruption beyond normal volatility	[UNCTAD Review of Maritime Transport 2024] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Cape arrivals	Up 89% by mid-2024	Shows rerouting pressure on southern route	[UNCTAD Review of Maritime Transport 2024] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Asia–Europe Cape reroute	Additional 12 days	Converts security risk into working-capital and schedule risk	[UNCTAD Review of Maritime Transport 2024] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Ras Tanura–Rotterdam via Cape	42% increase in travel time	Demonstrates energy-shipping time penalty	[UNCTAD Review of Maritime Transport 2024] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
SCFI average	2,496 points in 2024, +149% versus 2023	Shows freight-rate repricing after Red Sea disruption	[UNCTAD Review of Maritime Transport 2025]
SCFI December 2024	93% above December 2023	Shows rates eased but remained elevated	[UNCTAD Review of Maritime Transport 2025]
Red Sea war-risk premium	Around 1% of vessel value in January 2024; up to 2% in September 2024	Insurance converts route risk into immediate cost	[Reuters, January and September 2024] ( <a href="#">Reuters</a> )
Red Sea renewed insurance spike	More than doubled in July 2025 after renewed attacks	Shows persistence of risk even after periods of calm	[Reuters, July 2025] ( <a href="#">Reuters</a> )
Subsea cables	Over 400 cables handle more than 98% of international internet traffic	Digital dependency sits under maritime geography	[Reuters / FCC, 2024] ( <a href="#">Reuters</a> )

Evidence point	Figure / value	Why it matters	Source
Red Sea cable cuts	Affected internet connectivity in India, Pakistan and UAE; Azure rerouted traffic	Shows digital corridor stress	[Reuters, September 2025] ( <a href="#">Reuters</a> )
World Bank food-security shock	Urea up nearly 46% month-on-month Feb–Mar 2026; wheat, maize and rice higher since prior update	Food and fertiliser channels link corridor stress to households	[World Bank Food Security Update 2026] ( <a href="#">World Bank</a> )
Russian oil infrastructure disruption	Novorossiysk terminal handles roughly 14% of Russian crude exports; drone damage forced diversions	Ukraine remains a commodity-risk multiplier	[Reuters, April 2026] ( <a href="#">Reuters</a> )

### Evidence base for Chapter 3

Evidence point	Latest figure or finding	Strategic relevance	Source
Population	1,245,779 in 2024	Small domestic scale; platform model cannot rely on domestic market size	[World Bank Data, Mauritius 2024] ( <a href="#">World Bank Open Data</a> )
Gross domestic product	US\$14.94 billion in 2024	Indicates national scale and fiscal capacity	[World Bank Data, Mauritius 2024] ( <a href="#">World Bank Open Data</a> )
Gross domestic product per capita	US\$11,990.8 in 2024	Shows upper-middle-income platform profile, though below high-income threshold	[World Bank Data, Mauritius 2024] ( <a href="#">World Bank Open Data</a> )
Services value added	64.4% of gross domestic product in 2024	Confirms services-led economy and relevance of platform strategy	[World Bank World Development Indicators] ( <a href="#">World Bank Open Data</a> )
Tourist arrivals	1,436,250 in 2025, up 3.9%	Tourism as reputation, connectivity and foreign-exchange platform	[Statistics Mauritius, International Travel and Tourism 2025] ( <a href="#">Stats Mauritius</a> )
Air tourist arrivals	1,411,791 in 2025, up 4.7%	Shows dependence on aviation connectivity	[Statistics Mauritius, International Travel and Tourism 2025] ( <a href="#">Stats Mauritius</a> )
Main tourism markets	68.4% of arrivals in 2025	Source-market concentration and reputational platform	[Statistics Mauritius, International Travel and Tourism 2025] ( <a href="#">Stats Mauritius</a> )
Exclusive Economic Zone	Approx. 2.3 million km <sup>2</sup>	Maritime governance asset, not automatic maritime power	[UNDP Marine Conservation and Blue Economy] ( <a href="#">UNDP</a> )
Global Financial Centres Index ranking	50th globally; rating 699 in GFCI 39	Credible regional financial platform	[GFCI 39, March 2026]

Evidence point	Latest figure or finding	Strategic relevance	Source
Middle East and Africa financial-centre position	Behind Dubai, Abu Dhabi, Doha and Casablanca; ahead of Riyadh, Bahrain, Johannesburg, Nairobi and Lagos	Shows regional competitiveness but not global leadership	[GFCI 39, March 2026]
Global Peace Index	26th out of 163 in 2025; score 1.586	Stability premium and continental peace leadership	[Global Peace Index 2025] ( <a href="#">Vision of Humanity</a> )
Rule of law	46th of 142 in WJP Rule of Law Index 2024; 3rd in sub-Saharan Africa	Legal credibility for arbitration, finance and platform services	[BTI Mauritius Country Report 2026] ( <a href="#">BTI 2026</a> )
Political system	Stable multiparty parliamentary democracy; most recent elections in November 2024	Institutional stability, but must be maintained	[BTI Mauritius Country Report 2026] ( <a href="#">BTI 2026</a> )
Historical role	Strategic port of call and commercial entrepôt in western Indian Ocean; “star and key of the Indian Ocean”	Historical basis for platform identity	[BTI Mauritius Country Report 2026] ( <a href="#">BTI 2026</a> )
Financial-sector compliance	Assessed “Compliant” or “Largely Compliant” with FATF recommendations; Global Forum rating “Compliant”	Platform credibility depends on clean compliance	[BTI Mauritius Country Report 2026] ( <a href="#">BTI 2026</a> )
Foreign-investment reputation	Described as a reliable and safe jurisdiction for foreign investment	Core institutional-geography asset	[BTI Mauritius Country Report 2026] ( <a href="#">BTI 2026</a> )
Foreign reserves	US\$8.5 billion at end-2024, almost 12 months of imports	Macro-financial buffer supporting platform confidence	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Current-account deficit	6.5% of gross domestic product in 2024	External vulnerability and currency-risk channel	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Public-sector debt	Around 88% of gross domestic product projected by end-June 2025	Limits room for open-ended subsidies or fiscal drift	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Climate and coastal exposure	One-third of population lives in coastal areas; resilience investment gap estimated at US\$213 million annually	Platform credibility requires physical resilience	[World Bank CCDR Mauritius 2026] ( <a href="#">World Bank</a> )

## Evidence base for Chapter 4

Evidence point	Latest figure or finding	Strategic relevance	Source
UK–Mauritius agreement publication	Treaty presented to UK Parliament in May 2025	Formal treaty basis for sovereignty-security bargain	[GOV.UK Treaty Page, 2025] ( <a href="#">GOV.UK</a> )
Article 1 sovereignty clause	Mauritius is sovereign over the entire Chagos Archipelago, including Diego Garcia	Core sovereignty dividend	[UK–Mauritius Agreement, 2025]
Article 2 authorisation	Mauritius authorises the UK to exercise rights and authorities with respect to Diego Garcia	Converts sovereignty into constrained strategic authorisation	[UK–Mauritius Agreement, 2025]
Article 3 defence and security	Parties must not undermine base operations; UK has full responsibility for defence and security of Diego Garcia	Defines security constraint	[UK–Mauritius Agreement, 2025]
Article 5 environment	UK to act with due regard to Mauritian environmental law; support Marine Protected Area; cooperate on spills and illegal fishing	Creates environmental-governance responsibilities	[UK–Mauritius Agreement, 2025]
Article 6 resettlement	Mauritius may implement resettlement on Chagos islands other than Diego Garcia	Opens resettlement path but excludes the strategic island	[UK–Mauritius Agreement, 2025]
Article 11 economic partnership	Annual sum, Chagossian Trust Fund and 25-year development funding framework	Creates sovereign-financial governance risk	[UK–Mauritius Agreement, 2025]
Article 13 duration	Initial 99 years, possible 40-year extension	Long-horizon strategic lock-in	[UK–Mauritius Agreement, 2025]
Joint Commission	U.S. may introduce issues for discussion and designate representative; decisions require both parties	Confirms practical triadic structure	[UK–Mauritius Agreement, Annex 3]
Chagos ocean area	640,000 sq km around the islands	Shows strategic maritime space relative to small land area	[House of Lords Library, 2025] ( <a href="#">Parliament Research Briefings</a> )
Chagos land area	About 60 sq km	Land mass is tiny; location and base utility are the strategic assets	[House of Lords Library, 2025] ( <a href="#">Parliament Research Briefings</a> )
Diego Garcia land share	Largest island, roughly half of total archipelago land area	Explains why Diego Garcia dominates the file	[House of Lords Library, 2025] ( <a href="#">Parliament Research Briefings</a> )
1965 detachment	UK detached Chagos from Mauritius before independence	Core legal-historical grievance	[House of Lords Library, 2025] ( <a href="#">Parliament Research Briefings</a> )

Evidence point	Latest figure or finding	Strategic relevance	Source
Chagossian removal	Estimated 1,400–1,700 removed to Mauritius or Seychelles; Reuters says up to 2,000 displaced	Moral and human-rights centre of the dispute	[House of Lords Library; Reuters] ( <a href="#">Parliament Research Briefings</a> )
2019 ICJ advisory opinion	Found unlawful detachment; UK under obligation to end administration	Legal foundation for sovereignty claim	[House of Lords International Agreements Committee, 2025] ( <a href="#">UK Parliament</a> )
2019 UNGA resolution	116 votes in favour, 6 against, 56 abstentions	Multilateral legitimacy for Mauritius' position	[House of Lords Library, 2025] ( <a href="#">Parliament Research Briefings</a> )
PCA arbitration	Mauritius initiated arbitration over Chagos Marine Protected Area in 2010	Shows long-running law-of-the-sea litigation pressure	[Permanent Court of Arbitration] ( <a href="#">PCA-CPA</a> )
ITLOS proceedings	ITLOS Special Chamber found jurisdiction and admissibility in Mauritius–Maldives preliminary objections	Reinforced practical consequences of post-ICJ legal position	[ITLOS, Case No. 28] ( <a href="#">ITLOS</a> )
UK national-security rationale	Base has deep-water port, airfield, communications and surveillance capabilities; supports Middle East, East Africa and South Asia operations	Explains why the base cannot be treated as symbolic	[UK Government, 2025] ( <a href="#">GOV.UK</a> )
Base capabilities	Airfield, deep-water port, GPS support, space-object monitoring and nuclear-test-ban monitoring	Operational basis of strategic value	[UK Prime Minister's Office, 2025] ( <a href="#">GOV.UK</a> )
Financial payments	£165m first three years; £120m thereafter; £40m Chagossian Trust Fund; £45m annual grant for 25 years; average annual cost £101m; NPV £3.4bn	Requires transparent governance and ring-fencing	[House of Lords International Agreements Committee, 2025]
OHCHR / CERD concern	Agreement not in force; CERD concerned it prevents return to Diego Garcia and lacks meaningful participation	Human-rights and reputational risk	[OHCHR / CERD, December 2025] ( <a href="#">OHCHR</a> )
UN Special Procedures concern	Agreement fails to guarantee Chagossian right of return, reparations and cultural rights	Moral legitimacy risk	[OHCHR Special Procedures, June 2025] ( <a href="#">OHCHR</a> )
April 2026 status	UK paused plan after U.S. opposition; UK says it will proceed only with U.S. support	Latest political constraint on implementation	[Reuters, 11 April 2026] ( <a href="#">Reuters</a> )

## Evidence base for Chapter 5

Evidence point	Latest figure or finding	Strategic relevance	Source
Total primary energy requirement	1,614.9 thousand tonnes of oil equivalent in 2024, up 5.0% from 2023	Defines energy scale of domestic exposure	[Statistics Mauritius Environment Statistics 2024]
Imported fossil-fuel share	90.9% of primary energy requirement in 2024	Core imported-energy vulnerability	[Statistics Mauritius Environment Statistics 2024]
Local renewable share	9.1% of primary energy requirement in 2024	Shows limited domestic energy buffer	[Statistics Mauritius Environment Statistics 2024]
Imported fossil-fuel supply	Up 5.8%, from 1,387 to 1,468 ktoe in 2024	Import dependence increased, not decreased	[Statistics Mauritius Environment Statistics 2024]
Petroleum-products supply	986 ktoe in 2024, up 0.3%	Petroleum remains dominant energy input	[Statistics Mauritius Environment Statistics 2024]
Coal supply	482 ktoe in 2024, up 19.3%	Coal remains a major electricity and import-cost exposure	[Statistics Mauritius Environment Statistics 2024]
Electricity generation	3,418 GWh in 2024, up 4.7%	Electricity demand and generation scale	[Statistics Mauritius Environment Statistics 2024]
Electricity mix	42.5% diesel and fuel oil; 39.1% coal; 18.2% renewables in 2024	Fossil-fuel intensity of electricity system	[Statistics Mauritius Environment Statistics 2024]
CEB generated/purchased electricity	3,325.74 GWh in FY2023/24	Operational confirmation of generation scale	[Central Electricity Board Production Facts and Figures] ( <a href="#">CEB</a> )
CEB thermal fuel oil and Jet A1	1,417.11 GWh, 42.61% of generated/purchased units in FY2023/24	Imported liquid-fuel exposure	[Central Electricity Board Production Facts and Figures] ( <a href="#">CEB</a> )
IPP coal, bagasse and cane trash purchases	1,598.76 GWh, 48.07% in FY2023/24	Private-power dependence and mixed coal/bagasse exposure	[Central Electricity Board Production Facts and Figures] ( <a href="#">CEB</a> )
Installed capacity	881.56 MW as at 30 June 2024	Generation-capacity baseline	[Central Electricity Board Production Overview] ( <a href="#">CEB</a> )
April 2026 mogas price	Rs 64.25/litre from 16 April 2026	Visible household and transport cost	[State Trading Corporation Retail Prices] ( <a href="#">STC</a> )
April 2026 gas oil price	Rs 71.25/litre from 16 April 2026	Diesel as systemic logistics input	[State Trading Corporation Retail Prices] ( <a href="#">STC</a> )
Calculated mogas increase	20.29%, capped to 10% retail increase	Hidden pass-through pressure	[State Trading Corporation Press Release] ( <a href="#">STC</a> )
Calculated gas oil increase	34.44%, capped to 10% retail increase	Larger diesel formula shock	[State Trading Corporation Press Release] ( <a href="#">STC</a> )
Price Stabilisation Account	Estimated Rs 3.2 billion deficit considered by PPC	Fiscal-smoothing constraint	[State Trading Corporation Press Release] ( <a href="#">STC</a> )
STC exchange-rate assumption	Rs 46.7014 per U.S. dollar	Currency link in domestic fuel pricing	[State Trading Corporation Price Structure] ( <a href="#">STC</a> )
CIF component, mogas	Rs 35.8200/litre	Import-cost component of petrol	[State Trading Corporation Price Structure] ( <a href="#">STC</a> )
CIF component, gas oil	Rs 56.5461/litre	Diesel carries heavier direct import-cost pressure	[State Trading Corporation Price Structure] ( <a href="#">STC</a> )

Evidence point	Latest figure or finding	Strategic relevance	Source
Contribution to LPG, flour and rice subsidy	Rs 7,2000/litre on both mogas and gas oil	Fuel pricing cross-subsidises household staples	[State Trading Corporation Price Structure] ( <a href="#">STC</a> )
Mauritius food self-sufficiency	Approx. 25% overall ratio	Food import dependence and social exposure	[International Trade Administration Agricultural Sectors] ( <a href="#">Trade.gov</a> )
Agricultural imports	US\$1.6 billion in 2024; 24.4% of total imports	Scale of food and agricultural import exposure	[International Trade Administration Agricultural Sectors] ( <a href="#">Trade.gov</a> )
Food-crop production	189,372.1 tonnes in 2025, up 11.6%	Domestic buffer, but not full food sovereignty	[Statistics Mauritius Agricultural and Fish Production 2025]
Poultry production	57,000 tonnes in 2025, up 5.8%	Domestic animal-protein buffer	[Statistics Mauritius Agricultural and Fish Production 2025]
Fish production	37,928 tonnes in 2025, down 1.3%	Domestic fish supply and import-pressure context	[Statistics Mauritius Agricultural and Fish Production 2025]
Imports of goods	MUR 314 billion in 2024, up 10.6%	Import-bill and freight exposure	[MCCI Economic & Trade Data 2024/25]
Petroleum oils import value	MUR 60.811 billion, 19% of imports in 2024	Largest goods-import category	[MCCI Economic & Trade Data 2024/25]
Coal import value	MUR 4.362 billion in 2024	Coal exposure within import basket	[MCCI Economic & Trade Data 2024/25]
Rice import value	MUR 3.303 billion in 2024	Staple-food import sensitivity	[MCCI Economic & Trade Data 2024/25]
Petroleum gases import value	MUR 3.235 billion in 2024	Liquefied petroleum gas and household-energy exposure	[MCCI Economic & Trade Data 2024/25]
CPI February 2026	CPI 109.5; year-on-year inflation 3.5%; headline 4.1%	Inflation starting point before full April fuel shock	[Statistics Mauritius CPI February 2026]
CORE1 and CORE2 inflation	Year-on-year CORE1 4.2%, CORE2 5.5% in February 2026	Underlying inflation pressure	[Statistics Mauritius CPI February 2026]
U.S. dollar selling rate	Rs 46,7371 on 17 April 2026	Dollar import-cost channel	[Bank of Mauritius Indicative Exchange Rates] ( <a href="#">Bank of Mauritius</a> )
Euro selling rate	Rs 55,3404 on 17 April 2026	Tourism and import-price currency mix	[Bank of Mauritius Indicative Exchange Rates] ( <a href="#">Bank of Mauritius</a> )
Sterling selling rate	Rs 63,5191 on 17 April 2026	Tourism and household-import currency mix	[Bank of Mauritius Indicative Exchange Rates] ( <a href="#">Bank of Mauritius</a> )
Current-account deficit	6.5% of GDP in 2024	Balance-of-payments vulnerability	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Gross foreign reserves	US\$8.5 billion at end-2024; almost 12 months of imports	Shock absorber, not unlimited subsidy capacity	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Public-sector debt	Around 88% of GDP projected at end-June 2025	Limits open-ended fiscal smoothing	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )

Evidence point	Latest figure or finding	Strategic relevance	Source
Freight volatility	UNCTAD says freight-rate volatility is becoming the new normal	Freight as macro risk for island economies	[UNCTAD Review of Maritime Transport 2025]
SCFI 2024 average	2,496 points, about 149% above 2023 average	Container-cost repricing	[UNCTAD Review of Maritime Transport 2025]
Red Sea insurance	War-risk premiums rose from around 0.3% to 0.7% of vessel value in July 2025; quotes up to 1%	Insurance as route-cost multiplier	[Reuters Red Sea Insurance 2025] ( <a href="#">Reuters</a> )
Urea price shock	Nearly 46% month-on-month rise Feb–Mar 2026	Fertiliser and food-price transmission	[World Bank Food Security Update 2026] ( <a href="#">World Bank</a> )
Cereal price movement	Wheat +13%, maize +4%, rice +5% since previous update	Food-price risk relevant to import-dependent Mauritius	[World Bank Food Security Update 2026] ( <a href="#">World Bank</a> )

### Evidence base for Chapter 6

Evidence point	Latest figure or finding	Strategic relevance	Source
Real GDP growth	4.7% in 2024, down from 5.0% in 2023	Growth provides resilience but is slowing	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Current-account deficit	6.5% of GDP in 2024	Main balance-of-payments vulnerability	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Current-account projection	-4.7% of GDP in 2025; -6.1% in 2026	Shows continuing external deficit under baseline	[IMF Staff Report Table] ( <a href="#">IMF</a> )
Goods trade balance	-26.0% of GDP in 2024; projected -23.2% in 2025 and -23.4% in 2026	Structural goods-import dependence	[IMF Staff Report Table] ( <a href="#">IMF</a> )
Gross foreign reserves, end-2024	US\$8.5bn, almost 12 months of imports	Core external buffer	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Gross Official International Reserves, March 2026	US\$9.8085bn; 13.6 months of imports	Latest reserve cushion	[Bank of Mauritius GOIR, March 2026]
Gross Official International Reserves, February 2026	US\$10.4223bn; 14.3 months of imports	Shows reserve level before March decline	[Bank of Mauritius GOIR, March 2026]
Reserve adequacy	108.2% of adjusted IMF ARA metric at end-2024	Reserves assessed above adequacy level	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
U.S. dollar exchange rate	Rs 46.7371 selling on 17 April 2026	Dollar import-cost channel	[Bank of Mauritius Indicative Rates] ( <a href="#">Bank of Mauritius</a> )
Euro exchange rate	Rs 55.3404 selling on 17 April 2026	Tourism and European-income channel	[Bank of Mauritius Indicative Rates] ( <a href="#">Bank of Mauritius</a> )

Evidence point	Latest figure or finding	Strategic relevance	Source
Sterling exchange rate	Rs 63,5191 selling on 17 April 2026	UK tourism and FX-receipt channel	[Bank of Mauritius Indicative Rates] ( <a href="#">Bank of Mauritius</a> )
Key Rate	4.50% as at 11 February 2026	Monetary-policy stance entering shock period	[Bank of Mauritius Indicative Rates page] ( <a href="#">Bank of Mauritius</a> )
Year-on-year inflation	3.5% in February 2026	Inflation starting point before full April fuel shock	[Statistics Mauritius CPI February 2026]
Headline inflation	4.1% for twelve months ending February 2026	Medium-term consumer-price pressure	[Statistics Mauritius CPI February 2026]
CORE1 inflation	4.2% year-on-year in February 2026	Underlying inflation pressure	[Statistics Mauritius CPI February 2026]
CORE2 inflation	5.5% year-on-year in February 2026	Services / underlying price-pressure signal	[Statistics Mauritius CPI February 2026]
Food and non-alcoholic beverages CPI	+0.8% month-on-month in February 2026	Socially sensitive price category	[Statistics Mauritius CPI February 2026]
Public-sector debt	Around 88% of GDP projected end-June 2025	Fiscal-space constraint	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Public debt relative to statutory ceiling	87% of GDP at end-2024, above 80% ceiling	Limits universal subsidies	[IMF Staff Report] ( <a href="#">IMF</a> )
Moody's outlook	Baa3 investment grade, outlook downgraded to negative in January 2025	Confidence and rating sensitivity	[IMF Staff Report] ( <a href="#">IMF</a> )
Gross tourism earnings	Rs 103.351bn in 2025, up from Rs 93.574bn in 2024	Foreign-exchange cushion	[Bank of Mauritius Tourism Earnings]
Tourism-earnings methodology	Estimated from returns by banks, money-changers and FX dealers; timing leads and lags may occur	Tourism receipts are not a perfect real-time hedge	[Bank of Mauritius Tourism Earnings]
Number of banks	18 banks in June 2025	Banking-sector scale	[Bank of Mauritius FSR Dec 2025]
Domestic-owned bank asset share	Nearly 66% of total banking assets in June 2025	Domestic banking-system importance	[Bank of Mauritius FSR Dec 2025]
Domestic-Systemically Important Banks	Four institutions classified since May 2024	Concentrated systemic importance	[Bank of Mauritius FSR Dec 2025]
Banking-sector NPL ratio	3.9% in June 2025, up 0.5 percentage point in first semester	Credit risk increased but remained manageable	[Bank of Mauritius FSR Dec 2025]
Resident NPL ratio	4.8% in June 2025	Domestic credit portfolio pressure	[Bank of Mauritius FSR Dec 2025]

Evidence point	Latest figure or finding	Strategic relevance	Source
Non-resident NPL ratio	3.0% in June 2025	Non-resident portfolio performing better	[Bank of Mauritius FSR Dec 2025]
Coverage ratio	61.7% in June 2025	Provisioning buffer	[Bank of Mauritius FSR Dec 2025]
Total non-performing advances	Rs44.4bn, 3.9%, in June 2025	Banking asset-quality signal	[Bank of Mauritius Annual Report 2025]
Non-performing advances in Mauritius	Rs28.7bn, 4.8%, in June 2025	Domestic asset-quality pressure	[Bank of Mauritius Annual Report 2025]
Main sectors contributing to NPL increase	Accommodation and food service activities; real estate	Corridor stress may hit already sensitive sectors	[Bank of Mauritius Annual Report 2025]
Household NPL ratio	1.8% at end-June 2025, unchanged	Household credit quality still contained	[Bank of Mauritius Annual Report 2025]
Corporate NPL ratio	6.1% in November 2025 MPC minutes	Corporate credit stress indicator	[Bank of Mauritius MPC Minutes] ( <a href="#">Bank of Mauritius</a> )
Capital adequacy ratio	20.6% in June 2025	Strong capital buffer	[Bank of Mauritius FSR Dec 2025]
Common Equity Tier 1 ratio	18.4% in June 2025	High-quality capital buffer	[Bank of Mauritius FSR Dec 2025]
Net open FX position / Tier 1 capital	2.2% in June 2025, below 15% maximum	Direct banking-sector FX risk contained	[Bank of Mauritius FSR Dec 2025]
FX-denominated loans	63.8% of total loans in June 2025	Balance-sheet currency structure to monitor	[Bank of Mauritius FSR Dec 2025]
FX-denominated liabilities	68.2% of total liabilities in June 2025	Funding currency structure to monitor	[Bank of Mauritius FSR Dec 2025]

## Evidence base for Chapter 7

Evidence point	Latest figure or finding	Strategic relevance	Source
Average monthly household consumption expenditure	Rs 41,870 in 2023, up from Rs 28,750 in 2017	Household budget baseline	[Statistics Mauritius Household Budget Survey 2023]
Real increase in household consumption expenditure	18.0% between 2017 and 2023 after inflation and household-size adjustment	Shows underlying consumption growth but also higher spending base	[Statistics Mauritius Household Budget Survey 2023]
Food and non-alcoholic beverages share	25.0% of household consumption expenditure in 2023	Food-price sensitivity	[Statistics Mauritius Household Budget Survey 2023]
Transport share	15.9% of household consumption expenditure in 2023	Fuel and mobility sensitivity	[Statistics Mauritius Household Budget Survey 2023]
Housing, water, electricity, gas and other fuels share	10.0% of household consumption expenditure in 2023	Utility and energy-cost sensitivity	[Statistics Mauritius Household Budget Survey 2023]
Food expenditure increase	+46.4% from 2017 to 2023	Staple-cost pressure already material	[Statistics Mauritius Household Budget Survey 2023]
Transport expenditure increase	+56.7% from 2017 to 2023	Mobility costs already rising before corridor shock	[Statistics Mauritius Household Budget Survey 2023]
Health expenditure increase	+88.1% from 2017 to 2023	Cost pressure beyond fuel and food	[Statistics Mauritius Household Budget Survey 2023]
CPI February 2026	109.5, up 0.4% from January	Latest official CPI point retrieved	[Statistics Mauritius CPI February 2026]
Year-on-year inflation	3.5% in February 2026	Inflation starting point	[Statistics Mauritius CPI February 2026]
Headline inflation	4.1% for twelve months ending February 2026	Medium-term cost pressure	[Statistics Mauritius CPI February 2026]
CORE <sub>1</sub> inflation	4.2% year-on-year in February 2026	Underlying inflation pressure	[Statistics Mauritius CPI February 2026]
CORE <sub>2</sub> inflation	5.5% year-on-year; 6.3% twelve-month average ending February 2026	Second-round pressure risk	[Statistics Mauritius CPI February 2026]
Food CPI monthly movement	+0.8% in February 2026	Socially sensitive category	[Statistics Mauritius CPI February 2026]
Restaurants and accommodation CPI monthly movement	+0.9% in February 2026	Food-service and tourism-linked pressure	[Statistics Mauritius CPI February 2026]

Evidence point	Latest figure or finding	Strategic relevance	Source
Personal care and miscellaneous CPI monthly movement	+1.4% in February 2026	Frequent household-cost category	[Statistics Mauritius CPI February 2026]
Wage Rate Index, year 2025	+4.9%	Wage-pressure baseline	[Statistics Mauritius Wage Rate Index 2025] ( <a href="#">Stats Mauritius</a> )
Private-sector Wage Rate Index, year 2025	+5.9%	Private wage pressure	[Statistics Mauritius Wage Rate Index 2025] ( <a href="#">Stats Mauritius</a> )
Public-sector Wage Rate Index, year 2025	+3.6%	Public wage dynamics	[Statistics Mauritius Wage Rate Index 2025] ( <a href="#">Stats Mauritius</a> )
Q4 2025 unemployment rate	5.4%	Labour-market stability indicator	[Statistics Mauritius Labour Force Q4 2025]
Q4 2025 youth unemployment rate	16.8%	Social-pressure risk among young people	[Statistics Mauritius Labour Force Q4 2025]
Q4 2025 female unemployment rate	7.1%	Gendered labour-market vulnerability	[Statistics Mauritius Labour Force Q4 2025]
Q4 2025 employment	560,900	Labour-market base	[Statistics Mauritius Labour Force Q4 2025]
World Bank 2026 GDP projection	2.5% real GDP growth	Slower growth during corridor stress	[World Bank Macro Poverty Outlook Mauritius 2026] ( <a href="#">thedocs.worldbank.org</a> )
World Bank 2026 inflation projection	3.9%	Price-pressure baseline	[World Bank Macro Poverty Outlook Mauritius 2026] ( <a href="#">thedocs.worldbank.org</a> )
World Bank 2026 current-account projection	-7.0% of GDP	External stress channel	[World Bank Macro Poverty Outlook Mauritius 2026] ( <a href="#">thedocs.worldbank.org</a> )
World Bank 2026 public debt projection	90.6% of GDP	Limits blanket subsidy policy	[World Bank Macro Poverty Outlook Mauritius 2026] ( <a href="#">thedocs.worldbank.org</a> )
Upper-middle-income poverty line projection	12.0% in 2026	Cost-of-living sensitivity and welfare baseline	[World Bank Macro Poverty Outlook Mauritius 2026] ( <a href="#">thedocs.worldbank.org</a> )
April 2026 retail fuel prices	Mogas Rs 64.25/litre; gas oil Rs 71.25/litre	Household and logistics pressure	[State Trading Corporation Retail Prices] ( <a href="#">stcmu.com</a> )
Formula fuel-price pressure	Mogas +20.29%; gas oil +34.44%; retail increase capped at 10%	Delayed pass-through and fiscal-smoothing risk	[State Trading Corporation Press Release] ( <a href="#">stcmu.com</a> )
Price Stabilisation Account	Estimated Rs 3.2bn deficit in April 2026	Hidden fiscal and pricing pressure	[State Trading Corporation Press Release] ( <a href="#">stcmu.com</a> )

## Evidence base for Chapter 8

Evidence point	Latest figure or finding	Strategic relevance	Source
Mauritius GFCI rank	50th of 120 centres in GFCI 39	Confirms credible but not dominant financial-centre position	[GFCI 39, 2026] ( <a href="#">Long Finance</a> )
Mauritius GFCI rating	699	Places Mauritius near Casablanca and Doha in MEA comparison	[GFCI 39, 2026] ( <a href="#">Long Finance</a> )
GFCI profile category	Mauritius listed as a “Global Contender”	Supports platform rather than global-leader positioning	[GFCI 39, 2026]
Regulatory factor priority	Predictability ranked most important; cost ranked least important	Supports high-trust regulatory strategy over low-cost positioning	[GFCI 39, 2026]
Financial and insurance GVA	Rs 79.469bn in 2025 revised	Scale of financial platform base	[Statistics Mauritius National Accounts, March 2026]
Financial and insurance share	12.4% of GVA in 2025 revised	Shows financial services as core economic activity	[Statistics Mauritius National Accounts, March 2026]
Monetary intermediation GVA	Rs 42.613bn in 2025 revised	Banking as platform anchor	[Statistics Mauritius National Accounts, March 2026]
Insurance, reinsurance and pension GVA	Rs 12.147bn in 2025 revised	Existing basis for insurance-risk platform	[Statistics Mauritius National Accounts, March 2026]
Other financial activities GVA	Rs 20.633bn in 2025 revised	Non-bank financial-services base	[Statistics Mauritius National Accounts, March 2026]
Services share of GDP	64.4% in 2024	Confirms services-led economic structure	[World Bank WDI] ( <a href="#">World Bank Open Data</a> )
WJP Rule of Law rank	47th of 143 globally in 2025	Legal credibility for platform strategy	[World Justice Project 2025]
WJP regional rank	3rd of 34 in Sub-Saharan Africa	Regional legal-strength signal	[World Justice Project 2025]
WJP regulatory enforcement	36th globally; 2nd regionally; 1st among income peers	Supports regulatory credibility claim	[World Justice Project 2025]
FATF progress	Recommendation 15 re-rated to Largely Compliant; Mauritius remains in enhanced follow-up	Compliance opportunity, but not complacency	[FATF Follow-up 2023] ( <a href="#">FATF</a> )

Evidence point	Latest figure or finding	Strategic relevance	Source
OECD Action 5 review	Mauritius included in 2024 peer-review report on exchange of information on tax rulings	Tax-transparency architecture matters for platform credibility	[OECD BEPS Action 5, 2025] ( <a href="#">OECD</a> )
ICC arbitration 2024	831 new arbitration cases; US\$354bn total caseload value pending at year-end	Dispute-resolution market is large and high-value	[ICC Dispute Resolution Statistics 2024] ( <a href="#">ICC - International Chamber of Commerce</a> )
ICC arbitration seats	107 cities across 62 countries or territories in 2024	Seat selection is diverse; opportunity exists outside legacy centres	[ICC Statistics 2024]
QMUL preferred seats	London, Singapore, Hong Kong, Beijing and Paris top five	Mauritius should specialise, not overclaim	[QMUL / White & Case 2025]
LCIA 2024 cases	362 referrals; 318 arbitrations; 95% international; 101 jurisdictions	Demonstrates globalisation of arbitration demand	[LCIA Annual Casework Report 2024] ( <a href="#">LCIA</a> )
LCIA sector mix	Transport and commodities most active sector at 29%	Corridor stress links naturally to dispute-resolution demand	[LCIA Annual Casework Report 2024] ( <a href="#">LCIA</a> )
MIAC institutional history	LCIA-MIAC 2011–2018; independent since 27 July 2018	Mauritius has existing arbitration infrastructure	[MIAC] ( <a href="#">MIAC</a> )
MIAC appointing authority	Secretary-General of Permanent Court of Arbitration serves as appointing authority under MIAC Rules 2018	Supports institutional credibility	[MIAC] ( <a href="#">MIAC</a> )
UNCTAD freight volatility	Freight-rate volatility “new normal”; SCFI averaged 2,496 points in 2024, +149% from 2023	Maritime services and risk advisory become more valuable	[UNCTAD Review of Maritime Transport 2025] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Global merchant fleet	Around 112,500 vessels at start of 2025	Maritime services market is large, but competitive	[UNCTAD Data Hub 2025] ( <a href="#">UNCTAD Data Hub</a> )
Largest registries	Liberia 424m dwt, Panama 371m, Marshall Islands 305m	Mauritius should avoid pretending to be a registry giant	[UNCTAD Data Hub 2025] ( <a href="#">UNCTAD Data Hub</a> )
IAIS geoeconomic fragmentation risk	Insurers exposed through market volatility, inflation, supply-chain disruption, solvency and claims inflation	Supports insurance and risk-finance strategy	[IAIS GIMAR 2025]
Global reinsurance scale	Net reinsurance premiums about US\$1.2tn; 22% of monitored global net insurance premiums	Reinsurance/risk finance is a major market, but requires discipline	[IAIS GIMAR 2025]

Evidence point	Latest figure or finding	Strategic relevance	Source
Blue economy value	UNDP highlights marine ecosystems and ocean industries for growth, food security and climate resilience	Supports blue-economy governance platform	[UNDP Marine Conservation and Blue Economy] ( <a href="#">UNDP</a> )
Mascarene Plateau governance	UNDP describes Mauritius–Seychelles co-management work on marine spatial planning and ocean governance	Regional blue-governance credibility	[UNDP Marine Conservation and Blue Economy] ( <a href="#">UNDP</a> )

### Evidence base for Chapter 9

Evidence point	Latest figure or finding	Sector relevance	Source
Tourist arrivals	1,436,250 in 2025, up 3.9%	Tourism resilience and airlift dependence	[Statistics Mauritius Tourism 2025] ( <a href="#">statsmauritius.govmu.org</a> )
Tourist arrivals by air	1,411,791 in 2025, up 4.7%	Aviation vulnerability	[Statistics Mauritius Tourism 2025] ( <a href="#">statsmauritius.govmu.org</a> )
Gross tourism earnings	Rs 103,351 billion in 2025	Foreign-exchange cushion	[Bank of Mauritius Tourism Earnings 2026] ( <a href="#">bom.mu</a> )
Port cargo traffic	9,811,426 tonnes in FY24/25 versus 8,564,914 tonnes in FY23/24	Port/logistics resilience	[Mauritius Ports Authority 2025] ( <a href="#">mauport.com</a> )
Financial and insurance GVA	Rs 79,469 billion in 2025	Financial platform base	[Statistics Mauritius National Accounts 2026] ( <a href="#">statsmauritius.govmu.org</a> )
Mauritius GFCI rank	50th of 120 centres in GFCI 39	Financial-centre positioning	[GFCI 39, 2026] ( <a href="#">longfinance.net</a> )
Banking capital adequacy ratio	20.6% in June 2025	Banking-sector resilience	[Bank of Mauritius FSR 2025] ( <a href="#">bom.mu</a> )
Banking net open FX position	2.2% of Tier 1 capital in June 2025	Direct bank FX-risk containment	[Bank of Mauritius FSR 2025] ( <a href="#">bom.mu</a> )
Electricity mix	42.5% diesel/fuel oil, 39.1% coal, 18.2% renewables in 2024	Energy and utility exposure	[Statistics Mauritius Environment 2024] ( <a href="#">unstats.un.org</a> )
Imports	MUR 314 billion in 2024, up 10.6%	Import and freight exposure	[MCCI Trade Data 2024/25] ( <a href="#">mcci.org</a> )
Petroleum oils import value	MUR 60.811 billion, 19% of imports	Fuel import sensitivity	[MCCI Trade Data 2024/25] ( <a href="#">mcci.org</a> )
Frozen fish import value	MUR 9.134 billion	Food/fisheries exposure	[MCCI Trade Data 2024/25] ( <a href="#">mcci.org</a> )
Food crop production	189,372.1 tonnes in 2025, up 11.6%	Domestic food buffer	[Statistics Mauritius Agriculture and Fish 2025] ( <a href="#">statsmauritius.govmu.org</a> )

Evidence point	Latest figure or finding	Sector relevance	Source
Fish production	37,928 tonnes in 2025, down 1.3%	Fisheries and food security	[Statistics Mauritius Agriculture and Fish 2025] ( <a href="https://statsmauritius.govmu.org">statsmauritius.govmu.org</a> )
Construction growth	-2.1% in 2025; forecast -1.0% in 2026	Real estate and construction pressure	[Statistics Mauritius National Accounts 2026] ( <a href="https://statsmauritius.govmu.org">statsmauritius.govmu.org</a> )
Accommodation and food service growth	4.0% in 2025; forecast 2.0% in 2026	Hospitality growth slowing after recovery	[Statistics Mauritius National Accounts 2026] ( <a href="https://statsmauritius.govmu.org">statsmauritius.govmu.org</a> )
Climate and ocean jobs potential	Up to 32,000 jobs by 2030	Energy/ocean/tourism transformation opportunity	[World Bank CCDR Mauritius 2026] ( <a href="https://worldbank.org">worldbank.org</a> )
ICT sector value added	Rs 36.174 billion in 2025; 5.7% of GVA	Cyber and digital platform base	[ICT Indicators Mauritius 2025] ( <a href="https://indicators.govmu.org">indicators.govmu.org</a> )
Mauritius subsea cables	SAFE, LION/LION2, MARS and T3 with points of presence in Mauritius	Digital resilience and platform continuity	[Mauritius Telecom Subsea Connectivity] ( <a href="https://myt.mu">myt.mu</a> )
Subsea cable global relevance	Over 400 subsea cables handle more than 98% of international internet traffic	Cyber/data infrastructure risk	[Reuters / FCC 2024] ( <a href="https://reuters.com">reuters.com</a> )

### Evidence base for Chapter 10

Evidence point	Latest figure or finding	Strategic relevance	Source
Imports of goods	MUR 314 billion in 2024, up 10.6%	Trade exposure and import-dependency context	[MCCI Economic & Trade Data 2024/25]
Exports of goods	MUR 81 billion in 2024, down 3.3%	Export-market exposure	[MCCI Economic & Trade Data 2024/25]
Main import markets	China, UAE and India	Multipolar commercial dependence	[MCCI Economic & Trade Data 2024/25]
China imports	MUR 54.9bn; 17% of imports in 2024	China as largest import source	[MCCI Economic & Trade Data 2024/25]
UAE imports	MUR 39.1bn; 12% of imports in 2024	Gulf energy and logistics exposure	[MCCI Economic & Trade Data 2024/25]
India imports	MUR 34.5bn; 11% of imports in 2024	India as major commercial and strategic partner	[MCCI Economic & Trade Data 2024/25]
Leading export markets	South Africa 12%; Madagascar 10%; U.S. 10%; France 9%; UK 9%	Exports are also multipolar	[MCCI Economic & Trade Data 2024/25]
Tourist arrivals	1,436,250 in 2025, up 3.9%	Tourism as foreign-exchange and diplomatic exposure	[Statistics Mauritius Tourism 2025] ( <a href="https://statsmauritius.govmu.org">Stats Mauritius</a> )
Tourist arrivals by air	1,411,791 in 2025, up 4.7%	Airlift vulnerability	[Statistics Mauritius Tourism 2025] ( <a href="https://statsmauritius.govmu.org">Stats Mauritius</a> )
France as source market	337,502 arrivals in 2025	France/EU exposure and Réunion-adjacent tourism geography	[Statistics Mauritius Tourism 2025] ( <a href="https://statsmauritius.govmu.org">Stats Mauritius</a> )

Evidence point	Latest figure or finding	Strategic relevance	Source
India energy support	India considering Mauritian request for energy supplies in April 2026	India as crisis fallback partner	[Reuters, April 2026] ( <a href="#">Reuters</a> )
India economic support	India pledged about US\$680mn in support in 2025	India as development and strategic partner	[Reuters, September 2025] ( <a href="#">Reuters</a> )
Chagos Article 1	Mauritius recognised as sovereign over entire Chagos Archipelago including Diego Garcia	Sovereignty layer	[UK–Mauritius Agreement 2025] ( <a href="#">GOV.UK</a> )
Chagos Article 2	Mauritius authorises UK to exercise required rights for base operation	Security constraint	[UK–Mauritius Agreement 2025] ( <a href="#">GOV.UK</a> )
Diego Garcia term	99 years initial term; possible 40-year extension	Long strategic lock-in	[House of Lords International Agreements Committee] ( <a href="#">Parliament Publications</a> )
Chagos implementation status	UK put deal on hold after U.S. opposition in April 2026	U.S. factor in bilateral treaty reality	[Reuters, April 2026] ( <a href="#">Reuters</a> )
Chagossian rights concern	UN committee concerned agreement prevents return to Diego Garcia	Moral and reputational constraint	[OHCHR / CERD 2025] ( <a href="#">OHCHR</a> )
FATF increased monitoring	Mauritius absent from February 2026 list	Compliance credibility, but continued vigilance required	[FATF 2026] ( <a href="#">FATE</a> )
FATF follow-up	Recommendation 15 re-rated to Largely Compliant; enhanced follow-up continues	AML/CFT discipline	[FATF Follow-up 2023] ( <a href="#">FATE</a> )
OECD Action 5	Mauritius in 2024 peer review on tax rulings	Tax-transparency architecture	[OECD BEPS Action 5, 2025] ( <a href="#">OECD</a> )
Rule of law rank	Mauritius 47th of 143 globally and 3rd regionally in 2025	Legal platform credibility	[World Justice Project 2025] ( <a href="#">World Justice Project</a> )
Peace profile	Mauritius most peaceful in sub-Saharan Africa for 18th consecutive year	Neutral convening asset	[Global Peace Index 2025]
UN Charter Article 2(3)	Members shall settle disputes peacefully	Rules-based neutrality anchor	[United Nations Charter] ( <a href="#">United Nations</a> )
UN Charter Article 2(4)	Members shall refrain from threat or use of force	Rules-based neutrality anchor	[United Nations Charter] ( <a href="#">United Nations</a> )
UNCLOS Article 87	High seas open to all states; freedom of navigation	Maritime neutrality and trade continuity	[UNCLOS Part VII]

### Evidence base for Chapter 11

Evidence point	Latest figure or finding	Scenario relevance	Source
Malacca oil flow	23.2 million barrels/day in first half 2025	Asia absorption corridor; largest oil chokepoint	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
Hormuz oil flow	20.9 million barrels/day in first half 2025	Main Gulf energy valve	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
Cape of Good Hope oil flow	9.1 million barrels/day in first half 2025	Rerouting and southern Indian Ocean relevance	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )

Evidence point	Latest figure or finding	Scenario relevance	Source
Suez + SUMED oil flow	4.9 million barrels/day in first half 2025	Europe–Asia cost multiplier	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
Bab el-Mandeb oil flow	4.2 million barrels/day in first half 2025	Red Sea fragility	[EIA World Oil Transit Chokepoints 2026] ( <a href="#">U.S. Energy Information Administration</a> )
UNCTAD freight assessment	Freight-rate volatility has become the new normal	Base assumption for six-month scenario	[UNCTAD Review of Maritime Transport 2025] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Drewry WCI	US\$2,246 per 40-foot container on 16 April 2026	Freight indicator for trigger dashboard	[Drewry WCI, 16 April 2026] ( <a href="#">Drewry</a> )
Hormuz traffic shock	Only three ships in 12 hours versus usual 130 daily crossings, Reuters report	Five-week acute trigger	[Reuters, 20 April 2026] ( <a href="#">Reuters</a> )
Gulf war-risk premium	Reported up to 3% of vessel value	Insurance as route-closure-by-price	[Reuters, 20 April 2026] ( <a href="#">Reuters</a> )
Europe jet-fuel risk	IEA head warned Europe may have about six weeks of jet fuel left	Tourism/airlift risk indicator	[AP, April 2026] ( <a href="#">AP News</a> )
Mauritius current account	-6.5% of GDP in 2024	External vulnerability	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Mauritius reserves	US\$8.5 billion at end-2024, almost twelve months of import cover	Macro buffer	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
GOIR March 2026	US\$9.8085 billion, 13.6 months import cover	Latest reserve buffer	[Bank of Mauritius GOIR, March 2026] ( <a href="#">Bank of Mauritius</a> )
World Bank 2026 growth	2.5% real GDP growth forecast	Six-month and three-year macro baseline	[World Bank MPO Mauritius, April 2026] ( <a href="#">The World Bank Docs</a> )
World Bank 2026 current account	-7.0% of GDP	Balance-of-payments stress baseline	[World Bank MPO Mauritius, April 2026] ( <a href="#">The World Bank Docs</a> )
World Bank 2026 public debt	90.6% of GDP	Fiscal constraint	[World Bank MPO Mauritius, April 2026] ( <a href="#">The World Bank Docs</a> )
STC retail fuel prices	Mogas Rs64.25/litre; gas oil Rs71.25/litre from 16 April 2026	Domestic price trigger	[STC Retail Prices] ( <a href="#">STC State Trading Corporation</a> )
CPI February 2026	Year-on-year inflation 3.5%; CORE2 y-o-y 5.5%; CORE2 12-month 6.3%	Inflation and expectations trigger	[Statistics Mauritius CPI February 2026] ( <a href="#">Stats Mauritius</a> )

### Evidence base for Chapter 12

Evidence point	Latest figure or finding	Policy relevance	Source
Current-account deficit	6.5% of GDP in 2024	External vulnerability and FX planning	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Gross reserves	US\$8.5bn at end-2024; almost 12 months import cover	Reserve buffer	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
Public-sector debt	Around 88% of GDP projected end-June 2025	Limits broad subsidies	[IMF Article IV Mauritius 2025] ( <a href="#">IMF</a> )
GOIR	US\$9.8085bn and 13.6 months import cover in March 2026	Latest FX buffer	[Bank of Mauritius GOIR March 2026] ( <a href="#">Bank of Mauritius</a> )

Evidence point	Latest figure or finding	Policy relevance	Source
World Bank 2026 growth	2.5%	Slower growth increases policy sensitivity	[World Bank MPO Mauritius 2026] ( <a href="#">The World Bank Docs</a> )
World Bank 2026 current account	-7.0% of GDP	Corridor stress can widen external vulnerability	[World Bank MPO Mauritius 2026] ( <a href="#">The World Bank Docs</a> )
World Bank 2026 debt	90.6% of GDP	Fiscal space constraint	[World Bank MPO Mauritius 2026] ( <a href="#">The World Bank Docs</a> )
Energy import dependency	90.9% of primary energy requirement from imported fossil fuels in 2024	Energy sovereignty pillar	[Statistics Mauritius Environment 2024] ( <a href="#">UNSD</a> )
Electricity generation mix	42.5% diesel/fuel oil, 39.1% coal, 18.2% renewables in 2024	Grid and utility vulnerability	[Statistics Mauritius Environment 2024] ( <a href="#">UNSD</a> )
Food and transport expenditure	Food 25%, transport 16% of household consumption expenditure in 2023	Cost-of-living shield design	[Statistics Mauritius HBS 2023] ( <a href="#">Maurice Info</a> )
CPI February 2026	Headline 4.1%, CORE2 6.3% over 12 months ending February	Inflation and communication risk	[Statistics Mauritius CPI February 2026] ( <a href="#">Stats Mauritius</a> )
Fuel-price smoothing pressure	Estimated Rs 3.2bn PSA deficit in April 2026; cap applied to larger formula pressure	Need for transparent smoothing policy	[STC April 2026] ( <a href="#">STC State Trading Corporation</a> )
Imports	MUR 314bn in 2024; exports MUR 81bn	Trade exposure and import-price vulnerability	[MCCI Economic & Trade Data 2024/25] ( <a href="#">MCCI</a> )
Freight volatility	UNCTAD says freight-rate volatility has become the new normal	Platform opportunity and import-risk monitoring	[UNCTAD Review of Maritime Transport 2025] ( <a href="#">UN Trade and Development (UNCTAD)</a> )
Chagos treaty	UK and Mauritius signed agreement in May 2025; sovereignty transfer plus Diego Garcia authorisation	Diego Garcia governance pillar	[UK–Mauritius Agreement 2025] ( <a href="#">GOV.UK</a> )
Diego Garcia term	Initial 99-year lease/authorisation structure	Long-term strategic governance need	[House of Lords Library 2025] ( <a href="#">House of Lords Library</a> )
Chagossian rights concern	UN body warned against ratification without addressing Chagossian rights concerns	Moral and reputational governance	[OHCHR/CERD via Reuters 2025] ( <a href="#">Reuters</a> )
Climate-development opportunity	Renewable energy and ocean-resource investment could generate up to 32,000 jobs by 2030	Energy sovereignty and platform opportunity	[World Bank CCDR Mauritius 2026] ( <a href="#">World Bank</a> )
FATF status	Mauritius not on February 2026 increased monitoring list; follow-up progress recorded	Compliance and sanctions-risk discipline	[FATF Mauritius / FATF increased monitoring] ( <a href="#">fatf-gafi.org</a> )





## Appendix B — Chokepoint Data Table

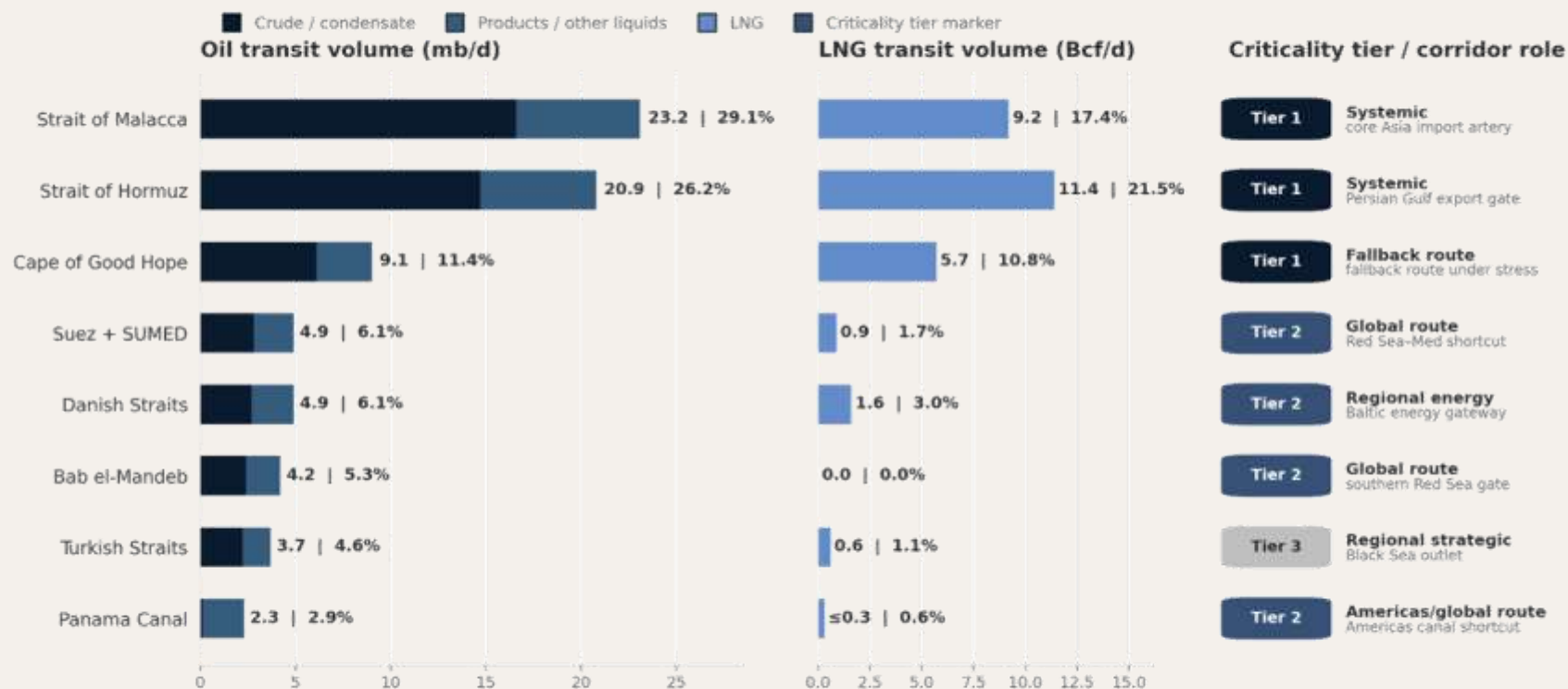
Corridor	Latest period	Oil total	LNG flow	Oil share of world maritime oil trade	LNG share of seaborne gas baseline	Exposure tier
Strait of Malacca	1H25	23.2 mb/d	9.2 Bcf/d	29.1%	17.4%	Tier 1 – systemic
Strait of Hormuz	1H25	20.9 mb/d	11.4 Bcf/d	26.2%	21.5%	Tier 1 – systemic
Suez Canal + SUMED Pipeline	1H25	4.9 mb/d	0.9 Bcf/d	6.1%	1.7%	Tier 2 – global route
Bab el-Mandeb	1H25	4.2 mb/d	0.0 Bcf/d	5.3%	0.0%	Tier 2 – global route
Danish Straits	1H25	4.9 mb/d	1.6 Bcf/d	6.1%	3.0%	Tier 2 – regional energy
Turkish Straits	1H25	3.7 mb/d	0.6 Bcf/d	4.6%	1.1%	Tier 3 – regional strategic
Panama Canal	FY2025	2.3 mb/d	≤0.3 Bcf/d	2.9%	≤0.6%	Tier 2 – Americas/global route
Cape of Good Hope	1H25	9.1 mb/d	5.7 Bcf/d	11.4%	10.8%	Tier 1 – fallback route

### Notes

- (1) Shipping-exposure notes are layered from UNCTAD and IEA/PortWatch references. UNCTAD reports that maritime shipping carries over 80% of world trade and that rerouting pushed ton-miles up sharply, with Suez Canal tonnage still 70% below 2023 levels by May 2025. IEA's Middle East Maritime Chokepoints Shipping Monitor draws on UN Global Platform and IMF PortWatch AIS data, and IEA's Hormuz analysis highlights the limited bypass capacity for oil and lack of alternative routes for much Gulf LNG.
- (2) A key caveat is that chokepoint rows are **not additive**: the same cargo can transit multiple corridors, especially Bab el-Mandeb and Suez, and the Cape of Good Hope is a fallback corridor rather than a narrow chokepoint.

# Maritime Chokepoint Exposure by Corridor

Latest EIA flow period: mostly 1H25; Panama Canal FY2025. Oil is split by crude/condensate and products; LNG shown separately.



**Method note**

Labels show flow volume and share of baseline trade. Oil share uses world maritime oil trade; LNG share uses seaborne gas trade baseline. Rows are not additive because a single cargo can cross multiple corridors; Cape of Good Hope is a fallback corridor rather than a narrow chokepoint.

Sources: EIA chokepoint flow table; underlying workbook; also layers-TEA, UNCTAD and PortWatch shipping-context references.

## Appendix C — Mauritius Energy Exposure Table

Basis: latest official 2024 energy data, with stockholding data updated from the Government Information Service release of 16 April 2026. Exposure score is analytical: 5 = systemic/critical, 4 = high, 3 = material.

Exposure block	Current Mauritius position	Exposure diagnosis	Main stress channels	Current buffers / policy levers	Exposure score
System-wide import dependence	Total primary energy requirement in 2024 was <b>1,614.9 ktoe</b> . Imported fossil fuels supplied <b>90.9%: petroleum products 986.0 ktoe / 61.1%</b> and <b>coal 481.6 ktoe / 29.8%</b> . Local renewables supplied <b>147.1 ktoe / 9.1%</b> .	Mauritius has a structurally import-dependent energy system. Petroleum and coal shocks transmit quickly into transport, electricity, inflation, public finances and external balances.	Oil/coal price spikes, freight costs, FX depreciation, tanker delays, regional conflict, port disruption, stock drawdown.	Renewable-energy diversification target of <b>60% renewable electricity by 2030</b> ; grid storage and renewable investment pipeline. ( <a href="#">Trade.gov</a> )	5 / Critical
Petroleum products	Petroleum products are the largest energy exposure: <b>61.1% of primary energy requirement</b> in 2024. Main components included <b>fuel oil 315.0 ktoe</b> , <b>diesel oil 228.2 ktoe</b> , <b>gasolene 216.5 ktoe</b> , <b>dual-purpose kerosene 120.8 ktoe</b> , <b>aviation fuel 117.8 ktoe</b> , and <b>LPG 105.5 ktoe</b> .	Petroleum exposure is economy-wide: power generation, road transport, aviation, household LPG, commercial activity and bunkering.	Mogas/diesel shortages, aviation-fuel disruption, heavy fuel oil shortages for power, LPG availability, international oil-price volatility.	STC is responsible for importing and supplying petroleum products for inland requirements; petroleum products are distributed via local oil companies and CEB storage in the port area. ( <a href="#">STC - State Trading Corporation</a> )	5 / Critical
Coal	Coal supplied <b>481.6 ktoe / 29.8%</b> of primary energy requirement in 2024. In electricity generation, coal produced <b>1,336.4 GWh / 39.1%</b> of output and represented <b>54.2%</b> of fuel input for electricity production.	Coal is the backbone exposure for baseload power and independent power producers. It reduces oil dependence but creates commodity, freight, supplier and transition-risk exposure.	Coal price/freight volatility, supplier concentration, port logistics, environmental regulation, coal phase-down pressure, bagasse seasonality.	Renewable substitution, biomass/bagasse, solar, wind and BESS expansion. Trade.gov notes Mauritius imports coal from South Africa and that IPPs produced <b>53%</b> of electricity in 2024. ( <a href="#">Trade.gov</a> )	4 / High

Exposure block	Current Mauritius position	Exposure diagnosis	Main stress channels	Current buffers / policy levers	Exposure score
Electricity generation	Electricity generation reached <b>3,417.6 GWh</b> in 2024. Generation mix: <b>42.5% diesel/fuel oil, 39.1% coal, 18.2% renewables</b> . Non-renewables therefore supplied about <b>81.8%</b> of electricity.	Power security is tightly linked to imported fuel availability and price. Electricity costs and reliability are exposed to oil and coal supply chains.	Fuel availability for power plants, peak-demand stress, summer load growth, IPP performance, fuel-oil delivery delays, ageing grid constraints.	Government's stated transition pathway includes renewable expansion, a second BESS, grid modernization and the 2030 renewable-energy target. ( <a href="#">Trade.gov</a> )	5 / <b>Critical</b>
Fuel input for electricity	In 2024, electricity fuel input was <b>846.3 ktoe: coal 458.9 ktoe / 54.2%, petroleum products 281.2 ktoe / 33.3%, and bagasse 106.2 ktoe / 12.6%</b> . Coal input rose from <b>383.5 ktoe in 2023 to 458.9 ktoe in 2024</b> .	Electricity-sector exposure is dual: coal provides volume, fuel oil/diesel provides dispatchable thermal generation. Any disruption in either affects grid reliability.	Heavy fuel oil shortage, coal delivery delay, bagasse crop variability, turbine outages, emergency diesel generation.	Bagasse remains a domestic seasonal buffer, but it is insufficient to offset fossil-fuel dependence. BESS and renewables reduce fuel-input exposure over time.	4.5 / <b>Very high</b>
Transport-sector energy use	Transport consumed <b>521.8 ktoe</b> in 2024, equal to <b>51.6%</b> of final energy consumption. Land transport used <b>394.0 ktoe</b> , mainly <b>gasolene 212.0 ktoe</b> and <b>diesel 178.4 ktoe</b> ; electricity in land transport was only <b>0.9 ktoe</b> . Air transport used <b>117.8 ktoe</b> of aviation fuel; sea transport used <b>9.9 ktoe</b> .	Transport is the largest final-energy exposure and remains overwhelmingly petroleum-based. Road mobility, logistics, commuting, tourism and aviation are directly exposed to fuel prices and availability.	Mogas/diesel price spikes, panic buying, public-transport costs, vehicle fleet growth, aviation fuel availability, tourism sensitivity.	EV incentives, electric buses, charging infrastructure and public-transport electrification are key exposure-reduction tools; registered vehicles reached over <b>705,000</b> by Oct. 2024. ( <a href="#">Trade.gov</a> )	5 / <b>Critical</b>
Fuel imports and procurement logistics	STC's annual petroleum product imports exceed <b>1.1 million metric tons</b> . Published 2025–26 contract quantities include <b>210,000 MT Mogas, 310,000 MT Jet A1, 50,000 MT Marine Gas Oil, 230,000 MT gasoil, and 340,000 MT fuel oils</b> . ( <a href="#">STC - State Trading Corporation</a> )	Fuel security depends on procurement timing, tanker arrivals, port discharge, shore tanks, and onward distribution. The logistics chain is concentrated around Port Louis and the receiving tanks of LOCs and CEB.	Delayed cargoes, supplier default, demurrage, port congestion, product-grade mismatch, tanker route disruption, storage constraints.	Open international bidding by STC, multiple local oil companies, port-area storage, and approximately <b>171 filling stations</b> for retail distribution. ( <a href="#">STC - State Trading Corporation</a> )	4 / <b>High</b>

Exposure block	Current Mauritius position	Exposure diagnosis	Main stress channels	Current buffers / policy levers	Exposure score
Stockholding policy and strategic storage	Current reserves reported on 16 April 2026: 39 days Mogas, 41 days diesel, 31 days Jet A1, 17 days Marine Gas Oil, 22–38 days fuel oil, and 49 days LPG. ( <a href="#">GIS Mauritius</a> )	Stockholding is a real buffer, but coverage varies sharply by product. Marine Gas Oil and some fuel-oil categories appear more exposed than Mogas, diesel or LPG.	Extended tanker delay, panic buying, faster-than-expected drawdown, emergency power demand, aviation/tourism rebound, Rodrigues resupply delays.	MOST added 25,000 MT storage capacity, including 15,000 MT Mogas and 10,000 MT gas oil; earlier parliamentary reporting said this raised stock levels from about 3 to 30 days for Mogas and 10 to 27 days for gas oil.	4 / High
Price, subsidy and fiscal exposure	On 16 April 2026, the Petroleum Pricing Committee recommended increasing Mogas from Rs 58.45 to Rs 64.25/litre and Gas Oil from Rs 64.80 to Rs 71.25/litre, citing global oil prices and an estimated Rs 3.2 billion deficit in the Price Stabilisation Account. ( <a href="#">GIS Mauritius</a> )	Energy exposure is not only physical supply risk; it is also fiscal and social-price risk. Holding prices down can protect households but transfers stress to the PSA, subsidies or public balance sheet.	Global oil prices, exchange rate, political pressure to cap prices, LPG/flour/rice subsidy cross-effects, inflation pass-through.	Petroleum Pricing Committee, Price Stabilisation Account, targeted subsidies and maximum mark-up controls. STC accounts for deficits/surpluses on Mogas and Gas Oil through the PSA.	4 / High

**Bottom line:** Mauritius’ energy exposure is concentrated in three linked nodes: imported petroleum products, imported coal for power, and petroleum-based transport demand. Stockholding provides a meaningful operational buffer, but the structural solution is reduced fossil-fuel intensity through renewables, storage, grid modernization, transport electrification and tighter demand-side efficiency.

## Appendix D — Fuel Price & PSA

### D.1 STC Price Structures

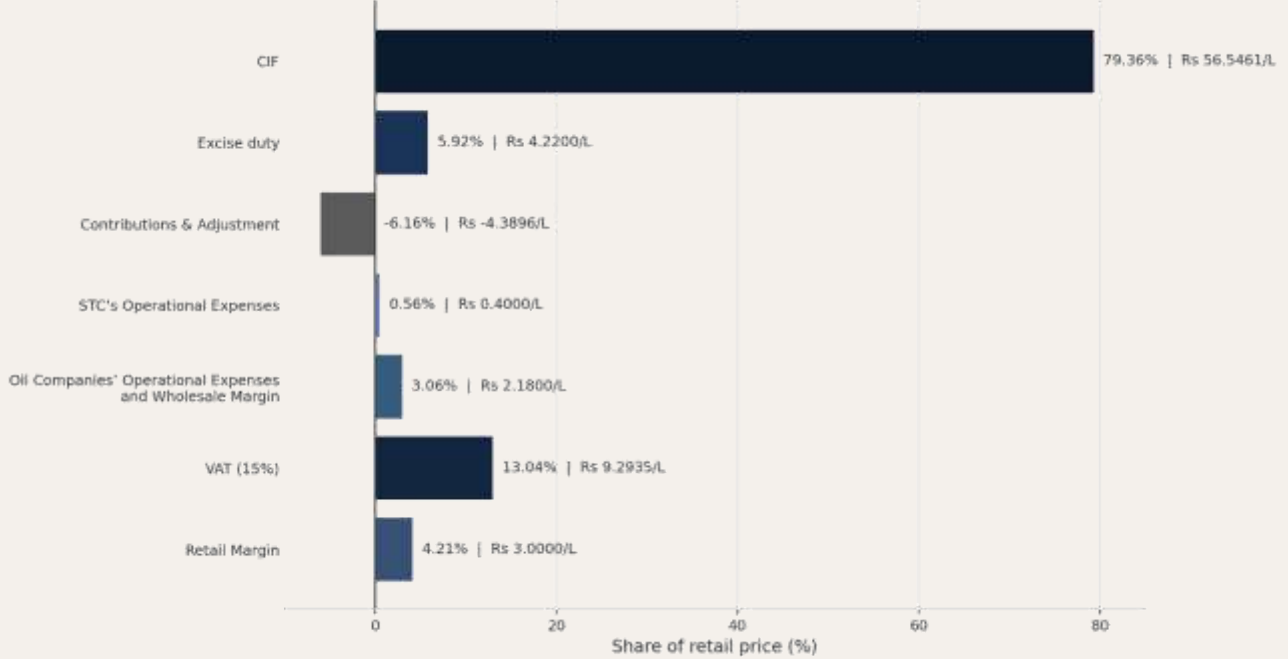
**Formula used:** item percentage = item amount ÷ retail price × 100.

Price-structure item	Mogas Rs/L	Mogas % of retail price	Gasoil Rs/L	Gasoil % of retail price
CIF	35.8200	55.75%	56.5461	79.36%
Excise duty	9.8700	15.36%	4.2200	5.92%
Contribution to Road Development Authority	1.8500	2.88%	1.7500	2.46%
Contribution to Rodrigues Transportation and Storage	0.4100	0.64%	0.4100	0.58%
Contribution to Construction of storage facilities for petroleum products	0.0500	0.08%	0.0500	0.07%
Contribution to Subsidy on LPG, Flour and Rice	7.2000	11.21%	7.2000	10.11%
STC's Operational Expenses	0.3500	0.54%	0.4000	0.56%
Adjustment	-5.2704	-8.20%	-13.7996	-19.37%
<b>Transfer price to oil companies</b>	<b>50.2796</b>	<b>78.26%</b>	<b>56.7765</b>	<b>79.69%</b>
Oil Companies' Operational Expenses and Wholesale Margin	2.5900	4.03%	2.1800	3.06%
VAT (15%)	8.3804	13.04%	9.2935	13.04%
<b>Wholesale price</b>	<b>61.2500</b>	<b>95.33%</b>	<b>68.2500</b>	<b>95.79%</b>
Retail Margin	3.0000	4.67%	3.0000	4.21%
<b>Retail price</b>	<b>64.2500</b>	<b>100.00%</b>	<b>71.2500</b>	<b>100.00%</b>

The rupee-per-litre values are taken from STC's published structure, including CIF, duties/contributions, adjustment, transfer price, oil company margin, VAT, wholesale price, retail margin, and retail price. ([STC - State Trading Corporation](#)) on 16 April 2026.

### Gas Oil Price Structure — Percentage of Retail Price

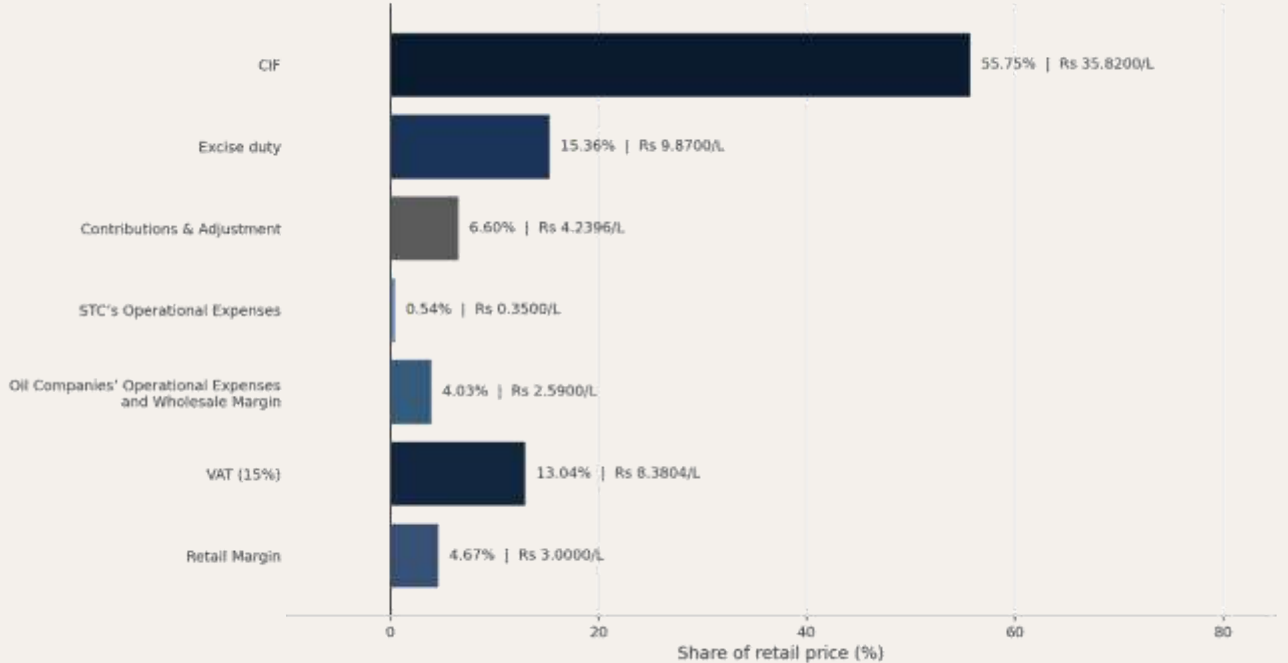
Retail price = Rs 71.25/L = 100% | Grouped structure excludes subtotal rows



Source: State Trading Corporation price structure, WEF 16 April 2026. Palette: Bramston colors. Background: white.

### Mogas Price Structure — Percentage of Retail Price

Retail price = Rs 64.25/L = 100% | Grouped structure excludes subtotal rows



Source: State Trading Corporation price structure, WEF 16 April 2026. Palette: Bramston colors. Background: white.

## D.2 Pump-Price History

### Interpretation note

- ⊕ "% variation" = (Retail – CIF) / CIF
- ⊕ This is not profit — it includes:
  - > excise
  - > subsidies cross-funding
  - > PSA adjustments
  - > margins & VAT
- ⊕ In other words: *this is the real "economic wedge" of the Mauritian fuel system*

### ► Mogas (Petrol)

Date	Retail (Rs/L)	CIF (Rs/L)	Spread (Rs)	Variation %
Jan 2023	74.10	~32.0*	42.1	+132%
May 2023	74.10	~32.0*	42.1	+132%
Jun 2023	69.00	~32.0*	37.0	+116%
Oct 2023	72.10	~32.0*	40.1	+125%
Oct 2023 (new)	69.00	~32.0*	37.0	+116%
Jan 2024	66.20	~33.0*	33.2	+101%
May 2024	66.20	~33.0*	33.2	+101%
Sep 2024	66.20	~33.0*	33.2	+101%
Dec 2024	61.20	~34.0*	27.2	+80%
Apr 2025	61.20	~34.0*	27.2	+80%
Aug 2025	61.20	~34.0*	27.2	+80%
Nov 2025	58.45	~35.05	23.4	+67%
Mar 2026	58.45	35.05	23.4	+67%

\*CIF approximated from STC structures prior to March 2026 (rule: last known used)

### ► Gas Oil (Diesel)

Date	Retail (Rs/L)	CIF (Rs/L)	Spread (Rs)	Variation %
Jan 2023	54.55	~48.0*	6.6	+14%
May 2023	54.55	~48.0*	6.6	+14%
Jun 2023	54.55	~48.0*	6.6	+14%
Oct 2023	60.00	~48.0*	12.0	+25%
Oct 2023 (new)	63.95	~48.0*	15.9	+33%
Jan 2024	63.95	~50.0*	13.9	+28%
May 2024	63.95	~50.0*	13.9	+28%

Date	Retail (Rs/L)	CIF (Rs/L)	Spread (Rs)	Variation %
Sep 2024	63.95	~50.0*	13.9	+28%
Dec 2024	58.95	~52.0*	6.9	+13%
Apr 2025	58.95	~52.0*	6.9	+13%
Aug 2025	58.95	~52.0*	6.9	+13%
Nov 2025	58.95	52.9I	6.0	+11%
Mar 2026	64.80	52.9I	11.9	+22%

► Key structural insight (this is the real story)

**Mogas (petrol)**

- Structural wedge: +65% → +130%
  - Strong fiscal loading + subsidy redistribution
  - PSA actively used to suppress volatility
- ➔ Mogas = fiscal + political product

**Gas Oil (diesel)**

- Structural wedge: +10% → +30%
  - Much closer to cost
  - Used as economic stabiliser (transport / logistics)
- ➔ Gas Oil = economic product

► What data actually proves (strategic reading)

1. Mauritius runs a dual pricing philosophy

- Petrol = taxation + redistribution engine
- Diesel = productivity protection tool

2. PSA acts asymmetrically

- Petrol → absorbs increases
- Diesel → passes increases faster

(confirmed in PPC logic) (STC - State Trading Corporation)

► The “real pass-through” is not CIF → retail

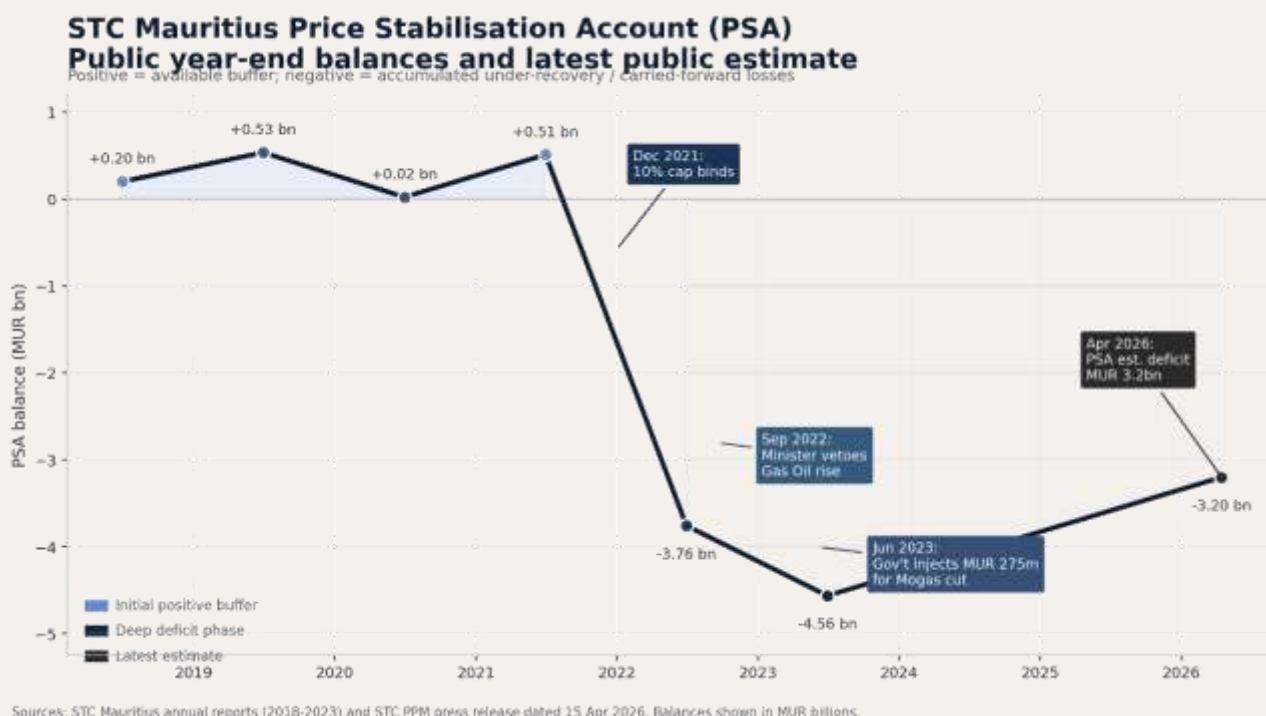
It is CIF → (tax + cross-subsidy + PSA smoothing + caps)

So the % table is effectively: “State-controlled economic margin”

**How to read it:**

- Mogas line sits structurally high → fiscal instrument
- Diesel line tracks closer to CIF → economic anchor
- 2022–2026 → divergence widens (PSA stress period)

### D.3 Price Stabilisation Account Movements & Pass-Through Assumptions



“Pass-through assumptions” are the rules and observed outcomes that determine how much of a calculated STC fuel-price change is actually passed to pump prices. STC says the PPM’s purpose is to mitigate world-price swings; it operates separate PSAs for Mogas and Gas Oil, with tanker-level surpluses/deficits and windfall gains/losses credited or debited to those accounts. The original 2011 framework used no-change bands of under 7% for decreases and under 5% for increases, with caps of 10% on decreases and 15% on increases; STC also says the reference-price window was shortened from 12 months to 6 months in November 2015. The current regulations show a 4% no-change band, 10% caps on larger moves, specific PSA-funded decrease rules, and, since 2022, a ministerial power to reject a PPC recommendation and keep pump prices unchanged. ([STC - State Trading Corporation](#))

Period	PSA balance / status (MUR bn)	Main disclosed movement
30 Jun 2018	+0.20	STC says MUR 350m was transferred to the PSA and the year-end balance stood at about MUR 200m.
30 Jun 2019	+0.53	Year-end PSA liability shown at MUR 534.7m.
30 Jun 2020	+0.02	Loss on tankers of MUR 512.5m reduced the PSA from MUR 534.7m to MUR 22.2m.
30 Jun 2021	+0.51	Loss on tankers MUR 312.3m; MUR 800m transferred into PSA; year-end balance MUR 509.9m.
30 Jun 2022	-3.76	Loss on tankers MUR 4.266bn turned the prior surplus into a deficit.
30 Jun 2023	-4.56	Further tanker losses of about MUR 1.1bn; Government injected MUR 275m into Mogas PSA to allow a price cut.

Period	PSA balance / status (MUR bn)	Main disclosed movement
15 Apr 2026	est. -3.20	STC said calculated increases were 20.29% for Mogas and 34.44% for Gas Oil, but both pump prices only rose 10%. ( <a href="#">STC - State Trading Corporation</a> )

Public balance data show a positive buffer through 2021, then a sharp swing into deficit in 2022-2023. STC's 2022-23 annual report explicitly says that, since December 2021, full increases were not passed through because of the 10% cap, which produced the large PSA deficit; STC was still reporting an estimated MUR 3.2bn deficit in April 2026.

Observed rule / episode	What to assume in a model
2011 original regime	Separate PSAs by product; no change if decrease was under 7% or increase was under 5%; caps of 10% down and 15% up. ( <a href="#">STC - State Trading Corporation</a> )
Post-Nov 2015 / current regime	Use a 6-month reference window; current pass-through is effectively 0% inside the $\pm 4\%$ band, capped at 10% for larger moves; price cuts can be PSA-funded when balances exceed thresholds; Minister can override PPC. ( <a href="#">STC - State Trading Corporation</a> )
1 Mar 2013 observed	Calculated increases of 8.92% (Mogas) and 9.47% (Gas Oil) became actual increases of 5.98% and 6.67% after hedging removal, implying roughly 67% Mogas and 70% Gas Oil pass-through. ( <a href="#">STC - State Trading Corporation</a> )
28 Dec 2021 observed	Calculated increases of 19.72% and 36.33% became actual increases of 9.96% and 9.92%, implying roughly 51% Mogas and 27% Gas Oil pass-through. ( <a href="#">STC - State Trading Corporation</a> )
13 Sep 2022 and 2 Jun 2023 observed	Ministerial veto can reduce Gas Oil pass-through to 0%; STC explicitly carried forward losses of Rs13.8471/L in Sep 2022 and Rs2.95/L in Jun 2023. ( <a href="#">STC - State Trading Corporation</a> )
15 Apr 2026 observed	With PSA negative, calculated increases of 20.29% and 34.44% were still limited to 10% and 10%, implying roughly 49% Mogas and 29% Gas Oil pass-through. ( <a href="#">STC - State Trading Corporation</a> )

## Appendix E — Cost-of-Living Risk Index

CURRENT READING	HIGHEST PRESSURE	LATEST INFLATION	LATEST FUEL PRICE
55/100 Elevated	Fuel 82/100	4.2% 12m to Mar-26	Rs 64.25 / 71.25 Mogas / Gas Oil



### ► Purpose and reading

This appendix builds a Mauritius Cost-of-Living Risk Index (M-COLRI) to combine price, income and external pass-through pressure into a single 0–100 dashboard. The current reading is 55/100, classified as Elevated.

### ► Interpretation

The score is elevated rather than severe because aggregate inflation and wage data are less stressed than the fuel shock. The risk mix is uneven: fuel and external import channels are the clearest near-term pressure points, while household resilience depends heavily on income distribution and the share of essentials in the monthly budget.

### ► Important limitation

M-COLRI is an analytical composite index, not an official Statistics Mauritius statistic. It should be refreshed as soon as new CPI, WRI, exchange-rate, fuel-price and HBS/microdata updates become available.

## 1. Methodology

The index uses nine sub-indices. Each sub-index is transformed onto a 0–100 pressure scale using a transparent linear scoring rule:  $\text{score} = \max(0, \min(100, 100 \times (\text{actual} - \text{low-risk threshold}) \div (\text{high-risk threshold} - \text{low-risk threshold})))$ . For wage pressure, the score is inverted because stronger wage growth relative to inflation reduces risk.

Thresholds are deliberately simple and auditable. They are not forecasts. They translate the latest observed data into a comparable risk scale and should be stress-tested by policymakers, firms or analysts using their own tolerance bands.

Component	Weight	Latest input	Score	Scoring note	Principal source
Inflation	15%	4.2 %	42	12-month headline inflation to Mar 2026	Statistics Mauritius CPI 1Q 2026
Food	15%	6.6 % annualized	53	Q1 food CPI annualized plus HBS food budget share	Statistics Mauritius CPI 1Q 2026; HBS 2023
Fuel	15%	9.9 % applied price shock	82	Apr 2026 retail increase, latent calculated price pressure and PSA deficit	STC retail prices and PPC release
Transport	10%	0.4 % annualized	49	Transport CPI, transport budget share and fuel pass-through	Statistics Mauritius CPI 1Q 2026; HBS 2023; STC
Utilities	10%	8.2 % annualized	54	Housing/utilities CPI, energy group CPI and HBS budget share	Statistics Mauritius CPI 1Q 2026; HBS 2023
Wages	10%	+0.7 pp wage-inflation gap	43	Risk after comparing aggregate WRI growth with latest inflation	Statistics Mauritius WRI 4Q 2025
Rupee	10%	46.74 Rs per USD	59	Latest BoM USD selling rate versus pressure band	Bank of Mauritius indicative rates
Freight	5%	37.6 % y/y	55	Container freight y/y pressure and WCI level	Drewry; Trading Economics; UNCTAD context
Household income	10%	75.3 %	51	Consumption-to-income ratio, essentials share and income distribution	Statistics Mauritius HBS 2023

Note scores are rounded for presentation. Full formulas are described in the methodology notes and can be reproduced from the source register.

## 2. Results: current pressure map

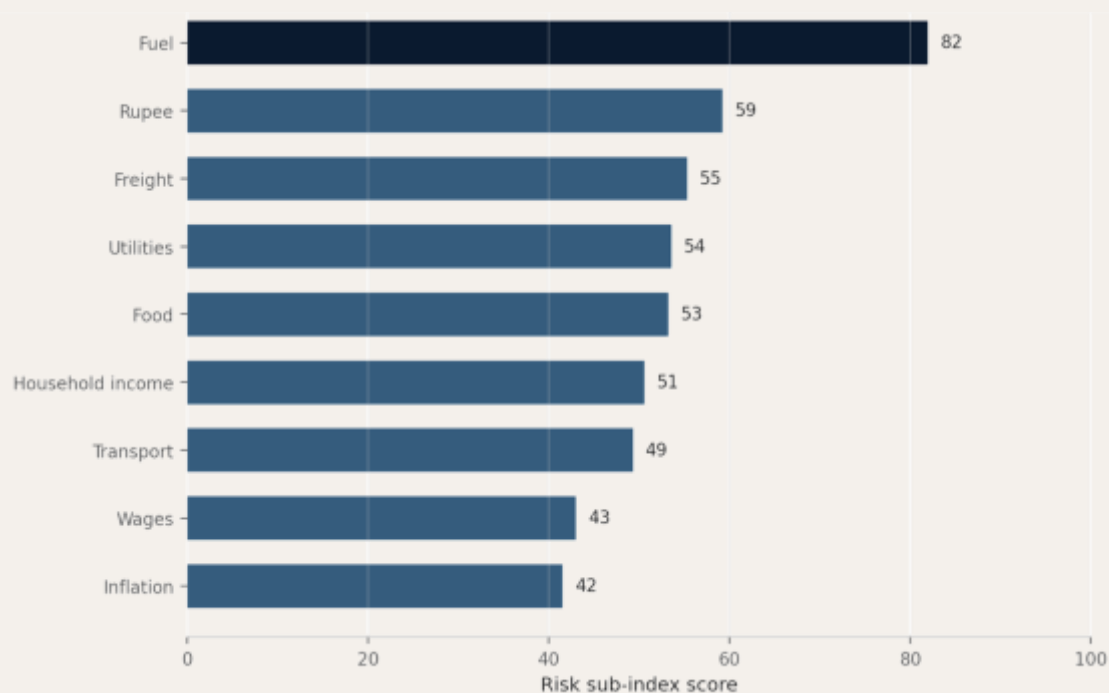


Figure 109 Component scores in M-COLRI : fuel remains the highest current pressure pocket

Note Fuel uses the 16 Apr 2026 retail price shock, calculated price pressure and PSA deficit. Inflation and CPI components use Statistics Mauritius CPI 1Q 2026. Household variables use HBS 2023.

**Fuel** is the leading risk pocket at 82/100. Applied pump prices increased by about 9.9% on average, but the PPC release indicated larger calculated price pressures before the regulatory 10% cap. This means current CPI may not yet reflect the full second-round transport and logistics pass-through.

**Food** and utilities are mid-range but material because they are high-frequency essentials. Food CPI rose 1.6% from Dec 2025 to Mar 2026 and the housing/water/electricity/gas/fuels division rose 2.0% over the same period. HBS weights give food a 25% household budget share and housing/utilities a 10% share.

**Household-income** pressure is structural. Average monthly disposable income was Rs 55,600 in 2023 and average monthly consumption expenditure was Rs 41,870, implying consumption of about 75.3% of average disposable income. Median monthly disposable income was lower at Rs 45,000.

### 3. Inflation, food, utilities and transport

**CPI division movement: Q1 2026 pressure concentrated outside transport CPI**

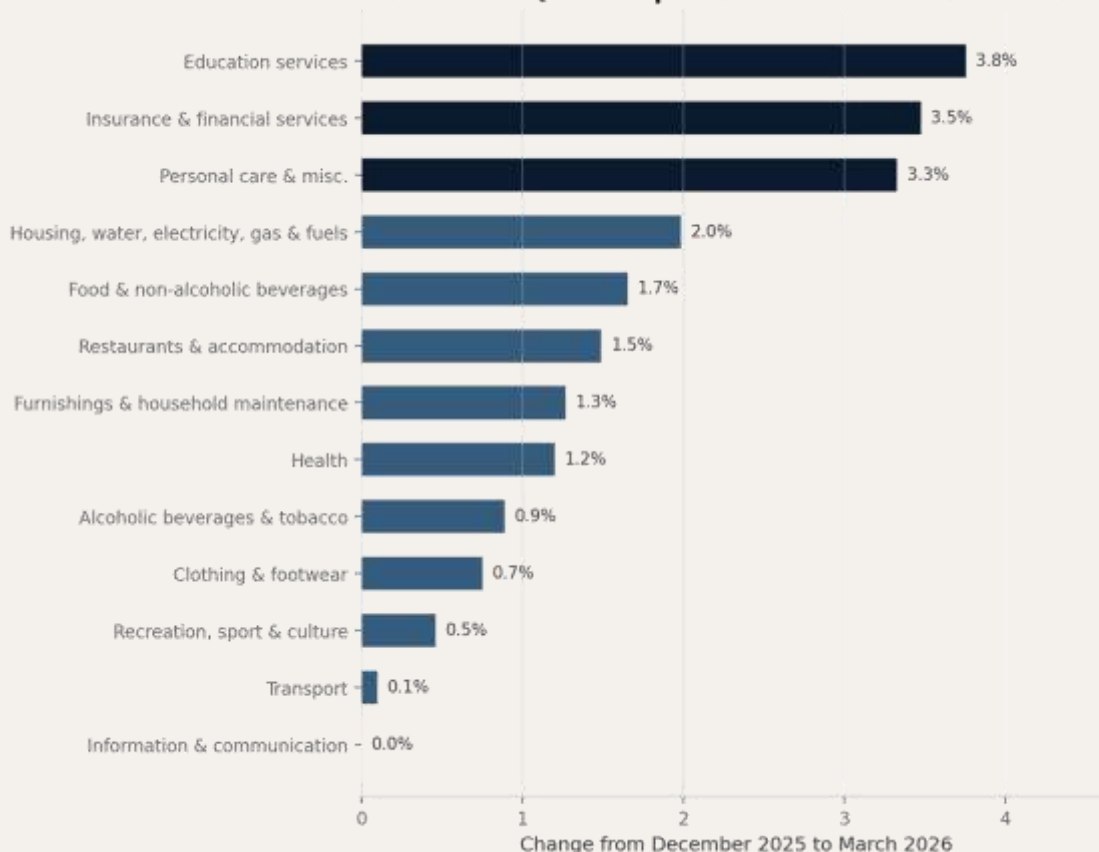


Figure 110 CPI division changes from Dec 2025 to Mar 2026, base Jan–Dec 2023=100.

Source Statistics Mauritius, Consumer Price Index, 1st Quarter 2026, Table 3/Table 4.

The Q1 2026 CPI pattern is mixed. Transport CPI was broadly flat in the official CPI release through March, but the 16 April 2026 fuel-price increase is later than the March CPI observation and should therefore be monitored as a forward pass-through risk rather than a backward-looking CPI fact.

Education, insurance/financial services and personal care posted the largest Q1 movements; however, food and housing/utilities matter more for household welfare because they have larger expenditure weights and are harder to defer.

#### 4. Fuel, rupee and freight channels

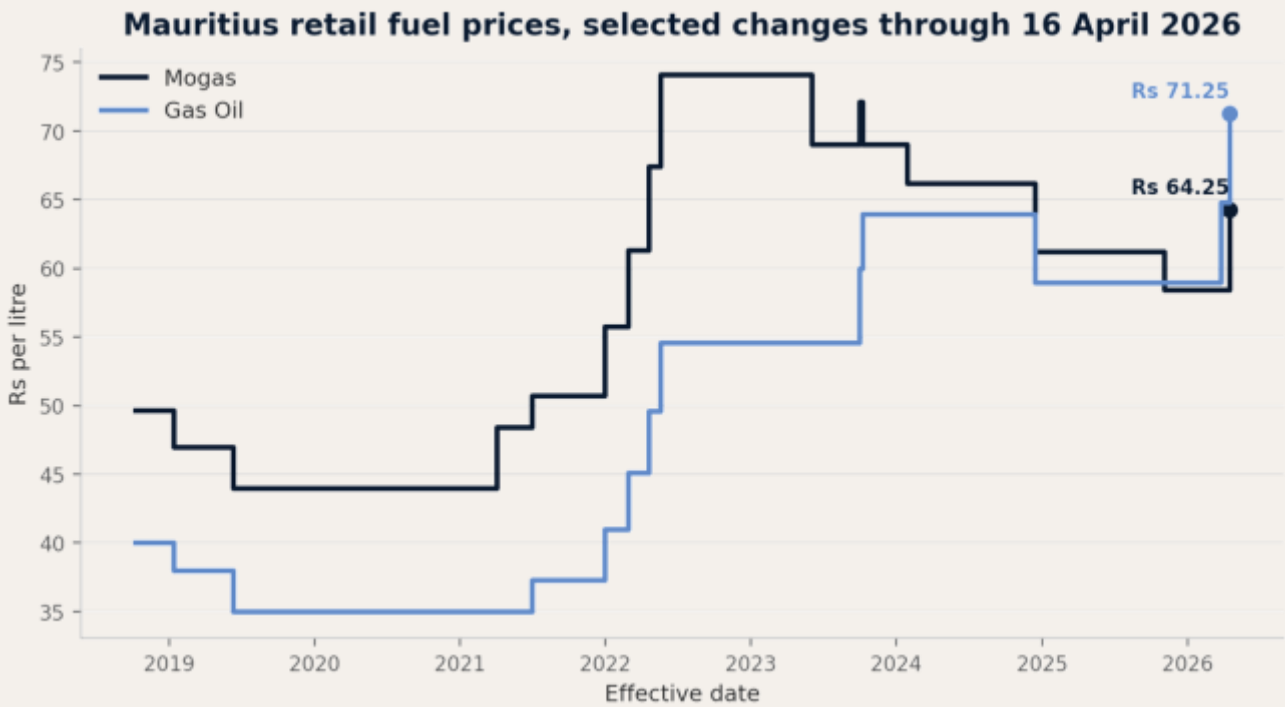


Figure 111 Selected retail prices of Mogas and Gas Oil, Rs/litre.  
 Source State Trading Corporation retail price table; latest effective date 16 Apr 2026.

The fuel channel is the sharpest near-term shock. The latest STC retail prices are Rs 64.25/litre for Mogas and Rs 71.25/litre for Gas Oil. The PPC release also reported an exchange rate of Rs 46.7014/US\$ in the pricing structure and a total estimated PSA deficit of Rs 3.206 billion.

STC’s price-calculation guide highlights the import-price chain: international petroleum price, USD/MUR conversion, cost/insurance/freight, taxes, contributions, STC costs and oil-company margins. That structure makes fuel prices sensitive to the rupee and freight as well as to crude/product prices.

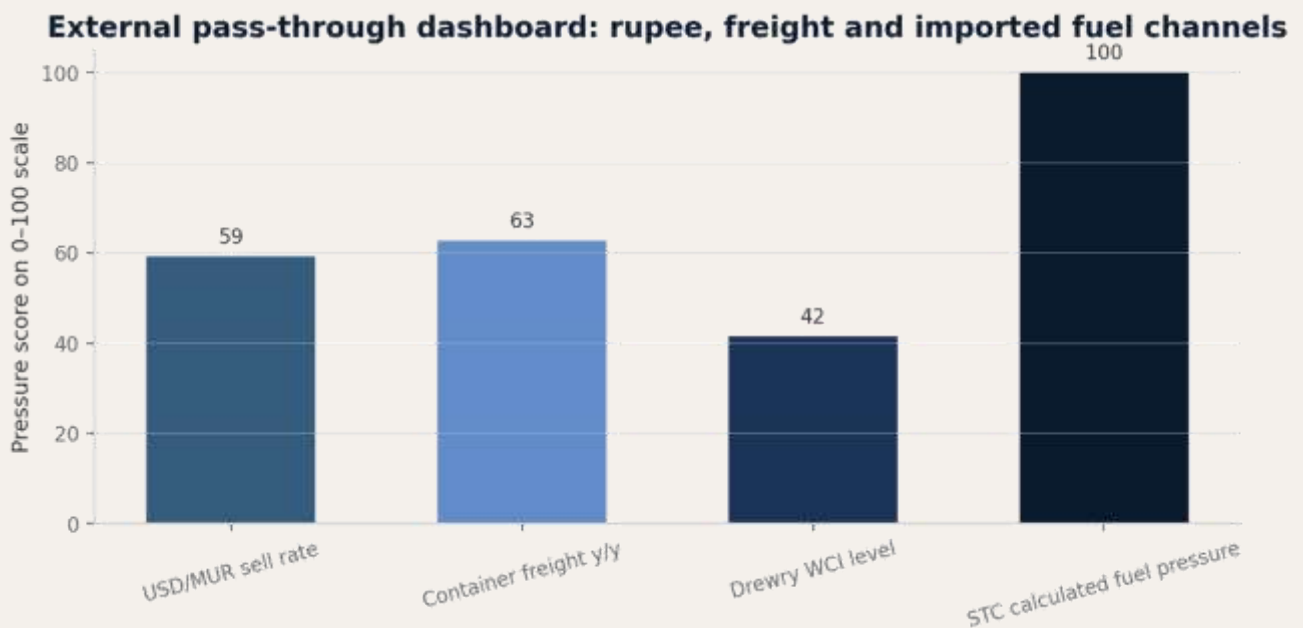


Figure 112 External driver pressure scores.  
 Sources Bank of Mauritius consolidated indicative exchange rates, Drewry World Container Index, Trading Economics Containerized Freight Index, STC PPC release.

The Bank of Mauritius indicative market rates on 17 Apr 2026 showed a USD sell rate of Rs 46.7371. Freight pressure is also material: Drewry reported WCI at US\$2,246/40ft on 16 Apr 2026, while the containerized freight benchmark tracked by Trading Economics was up 37.65% year-on-year on 17 Apr 2026. UNCTAD’s Review of Maritime Transport 2025 also flags persistent freight-rate volatility.

## 5. Wages and household income

### Aggregate wages have recently outpaced CPI, but household pressure remains uneven

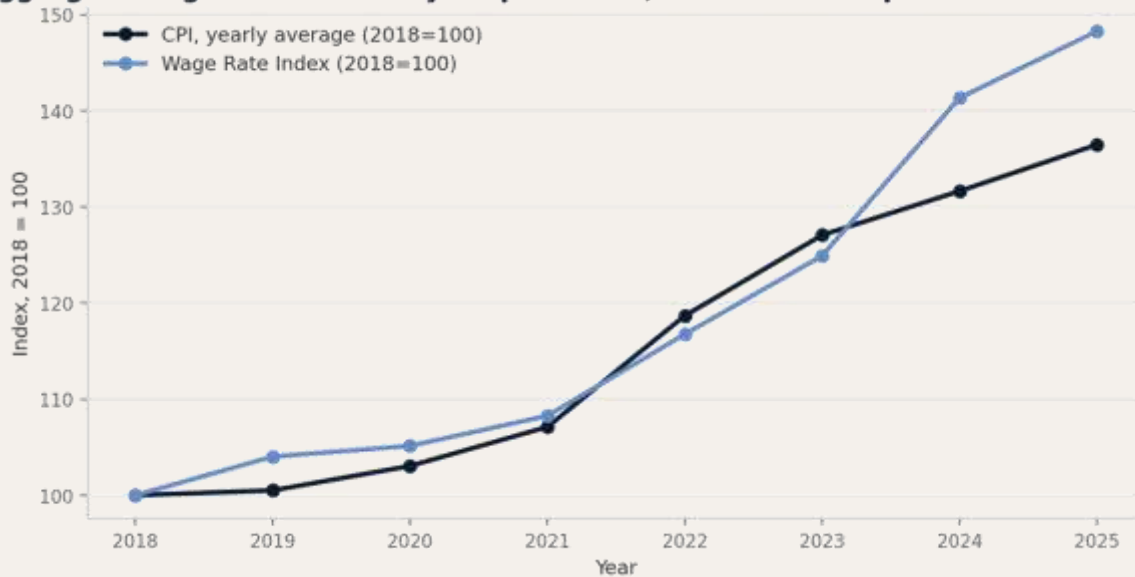


Figure 113 CPI yearly average and Wage Rate Index, each rebased to 2018=100 for visual comparison.

Sources: Statistics Mauritius CPI 1Q 2026 Table 1B; Statistics Mauritius WRI 4Q and Year 2025 Table 6.

Aggregate wage rates are a partial cushion. The Wage Rate Index average for 2025 was 4.9% above 2024, compared with headline inflation of 3.7% in calendar 2025 and 4.2% for the twelve months ending March 2026. The cushion is not uniform: WRI tracks wage rates, not total household income, hours worked, debt service, rent, informal incomes or distributional stress.

### Household budget survey: income and consumption levels rose sharply by 2023

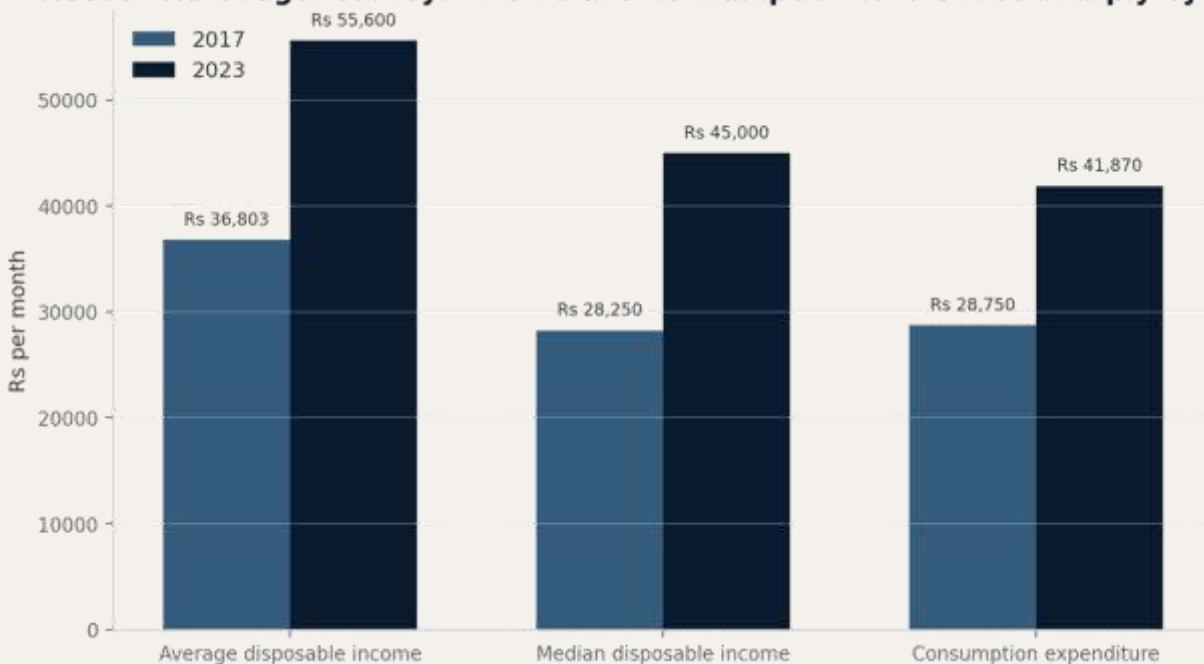


Figure 114 Monthly household income and consumption expenditure from HBS 2017 and HBS 2023.

Source: Statistics Mauritius, Household Budget Survey 2023 preliminary results.

### Essentials and import-sensitive categories absorb about half of household expenditure

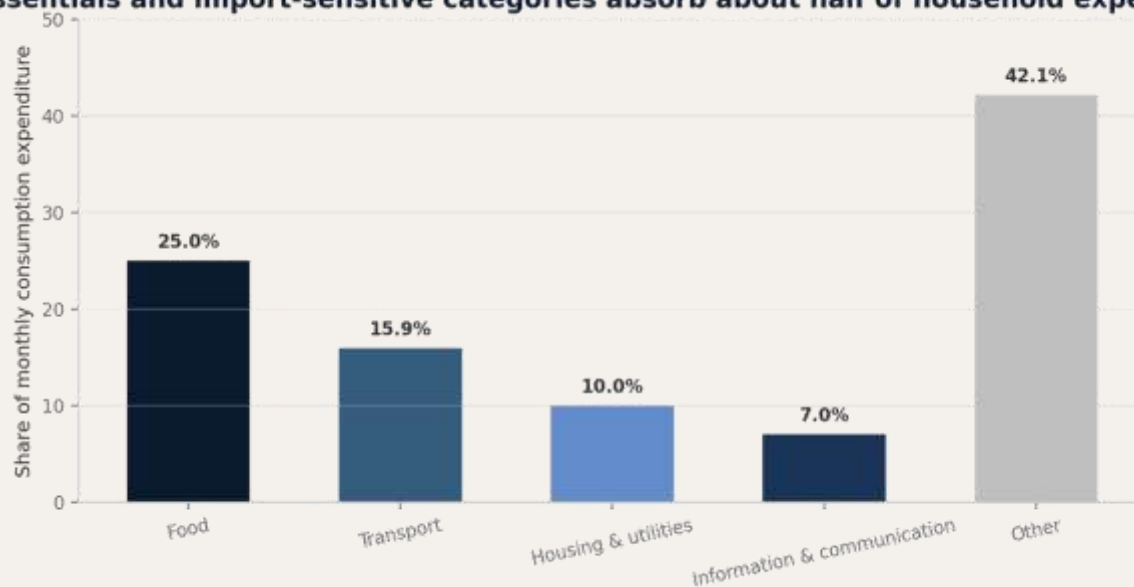


Figure 115 Household consumption expenditure shares, 2023. Food, transport and housing/utilities together represent 50.9% of monthly household consumption expenditure.

Source: Statistics Mauritius HBS 2023 preliminary results.

The income module should be interpreted as a resilience indicator. A household with low discretionary income is more exposed to the same CPI shock than an average household. This is why the index combines average consumption-to-income, essential budget share and income distribution rather than relying only on the national CPI.

## 6. Update protocol

Indicator block	Preferred update frequency	Primary source	Reason to update
CPI / food / utilities / transport	Monthly or quarterly	Statistics Mauritius CPI	Captures actual household price change
Fuel prices / PSA	At each PPC/STC price decision	State Trading Corporation	Captures sudden pass-through shocks
Wage Rate Index	Quarterly	Statistics Mauritius WRI	Measures wage-rate cushion or erosion
Rupee exchange rate	Daily/weekly for monitoring; monthly for index	Bank of Mauritius	Imports and fuel are USD-sensitive
Freight	Weekly/monthly	Drewry, Trading Economics, UNCTAD context	Mauritius is import-exposed; freight affects landed prices
Household income pressure	When HBS or microdata update is available	Statistics Mauritius HBS	Structural resilience changes more slowly

## 7. Detailed source register

Source	Release/page	Data used	URL
Statistics Mauritius	Consumer Price Index, 1st Quarter 2026, released 14 Apr 2026	Monthly CPI, headline inflation, division indices and weights	<a href="https://statsmauritius.govmu.org/Documents/Statistics/ESI/2026/ELI923/CPI_1Qtr26_140426.pdf">https://statsmauritius.govmu.org/Documents/Statistics/ESI/2026/ELI923/CPI_1Qtr26_140426.pdf</a>
Statistics Mauritius	Household Budget Survey 2023 – Preliminary results & updated CPI weights, released 30 Apr 2024	Income, consumption expenditure, expenditure shares and CPI weights	<a href="https://statsmauritius.govmu.org/Documents/Statistics/ESI/2024/ELI786/HBS23_300424.pdf">https://statsmauritius.govmu.org/Documents/Statistics/ESI/2024/ELI786/HBS23_300424.pdf</a>
Statistics Mauritius	Wage Rate Index, 4th Quarter and Year 2025, released 27 Mar 2026	Wage Rate Index annual/quarterly levels and growth rates	<a href="https://statsmauritius.govmu.org/Documents/Statistics/ESI/2024/ELI918/WRI_4Qtr25_270326.pdf">https://statsmauritius.govmu.org/Documents/Statistics/ESI/2024/ELI918/WRI_4Qtr25_270326.pdf</a>
State Trading Corporation	Retail prices of Mogas and Gas Oil	Retail pump price history, Rs/litre	<a href="https://www.stcmu.com/ppm/retail-prices">https://www.stcmu.com/ppm/retail-prices</a>
State Trading Corporation	Press Release (PPM) – 15 Apr 2026	Fuel price increase, reference prices, exchange rate, PSA deficit	<a href="https://www.stcmu.com/ppm/press-release">https://www.stcmu.com/ppm/press-release</a>
State Trading Corporation	Price calculation guide – 15 Apr 2026	Fuel price formula: international price, exchange rate, CIF, taxes, margins	<a href="https://www.stcmu.com/assets/pdf/archives/pt/2026/PriceCalculationStepByStep15Apr26.pdf">https://www.stcmu.com/assets/pdf/archives/pt/2026/PriceCalculationStepByStep15Apr26.pdf</a>
Bank of Mauritius	Consolidated Indicative Exchange Rates	USD/MUR buy and sell rates; latest source observation used: 17 Apr 2026	<a href="https://www.bom.mu/markets/foreign-exchange/consolidated-indicative-exchange-rates">https://www.bom.mu/markets/foreign-exchange/consolidated-indicative-exchange-rates</a>
Drewry	World Container Index – 16 Apr 2026	US\$/40ft benchmark and freight-rate narrative	<a href="https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry">https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry</a>
Trading Economics	Containerized Freight Index	Containerized freight level, month-on-month and year-on-year movement	<a href="https://tradingeconomics.com/commodity/containerized-freight-index">https://tradingeconomics.com/commodity/containerized-freight-index</a>
UNCTAD	Review of Maritime Transport 2025, Chapter 3	Freight volatility context and New ConTex/Baltic Dry context	<a href="https://unctad.org/system/files/official-document/rmt2025ch3_en.pdf">https://unctad.org/system/files/official-document/rmt2025ch3_en.pdf</a>

## 8. Reproducibility notes

- Headline inflation input: 4.2% for twelve months ending March 2026. Inflation score threshold: 1.5% to 8.0%.
- Food score: 70% weight on annualized Q1 food CPI movement (6.6%) and 30% on HBS food budget share (25.0%).
- Fuel score: 50% on applied April 2026 average pump-price shock (9.9%), 35% on calculated pre-cap price pressure (27.4%), and 15% on PSA deficit pressure (Rs 3,206bn).
- Utilities score: 60% on annualized housing/utilities CPI movement (8.2%), 20% on annualized electricity/gas/fuels CPI group movement (3.4%), and 20% on HBS housing/utilities budget share (10.0%).
- Wage score: 50 minus 10 × the wage-inflation gap. Latest wage input is 2025 average WRI growth (4.9%) versus latest headline inflation (4.2%).
- Household-income score: 40% on consumption-to-average-disposable-income (75.3%), 35% on essential budget share (50.9%), and 25% on the share of households below Rs 40,000 monthly disposable income (43.3%).

## Appendix F — Rupee and Balance-of-Payments Stress Test

This appendix provides an analytical first-round stress test for Mauritius external balances. It combines Bank of Mauritius, Statistics Mauritius and World Bank commodity-market data. The base year is 2025, with reserves and import-cover data through end-March 2026 and indicative exchange-rate inputs from April 2026. **The stress test is not an official forecast.**

Diagnostic	Base metric	Stress-test interpretation
2025 current-account balance	Rs -53.1bn / US\$ -1.154bn	A deficit of about 7.1% of 2025 GDP using the rupee-denominated GDP base.
Tourism receipts / travel credits	Rs 103,35bn	Major FX earner; model allocates receipts by arrivals-market proxy.
Mineral fuel imports	Rs 73.02bn	Equivalent to 22.9% of merchandise imports and 70.6% of tourism earnings.
GOIR buffer at end-Mar 2026	US\$ 9.809bn / 13.6 months	Large initial reserve cushion under BoM import-cover measure.
Combined severe scenario	External gap US\$ 1.53bn	Import cover falls to 10.7 months before policy responses and import compression.

Source Bank of Mauritius, Statistics Mauritius, World Bank Commodity Markets, and author calculations. Full source list appears at the end of the appendix.

### 1. Data base and exposure map

The base data point to a classic small-island external-balance exposure: tourism receipts help finance a large goods deficit, while fuel imports create a direct USD-linked drain on foreign exchange. The model therefore separates local-currency effects from external-financing effects. Rupee depreciation can lift the rupee cost of fuel even when the USD import volume is unchanged; reserve stress, however, is driven by lost FX receipts and higher USD import prices.

Table 1 Base inputs. Units are stated in the table; monetary values are not adjusted for inflation

Input	Value	Unit	Source / note
GDP at market prices, 2025	743,210	Rs million	Statistics Mauritius National Accounts, March 2026.
Current-account balance, 2025	-53,061	Rs million	Bank of Mauritius BoP, 2025.
Current-account balance, 2025	-1,154	US\$ million	Bank of Mauritius BoP, 2025.
Goods balance, 2025	-188,893	Rs million	Bank of Mauritius BoP, 2025.
Services balance, 2025	115,512	Rs million	Bank of Mauritius BoP, 2025.
Gross tourism earnings / travel credits, 2025	103,351	Rs million	Bank of Mauritius Gross Tourism Earnings, Dec 2025.
Tourist arrivals, 2025	1,436,250	Persons	Statistics Mauritius International Travel and Tourism, Year 2025.
Mineral fuels, lubricants and related products, 2025	73,015	Rs million	Statistics Mauritius External Trade, Q4 2025.
Total merchandise imports, 2025	318,962	Rs million	Statistics Mauritius External Trade, Q4 2025.

Input	Value	Unit	Source / note
Gross official international reserves, Mar 2026	9,808.5	US\$ million	Bank of Mauritius GOIR release, Mar 2026.
Import-cover metric, Mar 2026	13.6	Months of imports	BoM: imports of goods and services excluding GBCs for calendar year 2025.
Indicative exchange rates used	USD 46.74; EUR 55.34; GBP 63.52	MUR per foreign currency	Bank of Mauritius key-indicators exchange-rate series, April 2026.

### Selected external-sector exposure ratios

Tourism receipts and fuel imports are material relative to GDP and external trade.

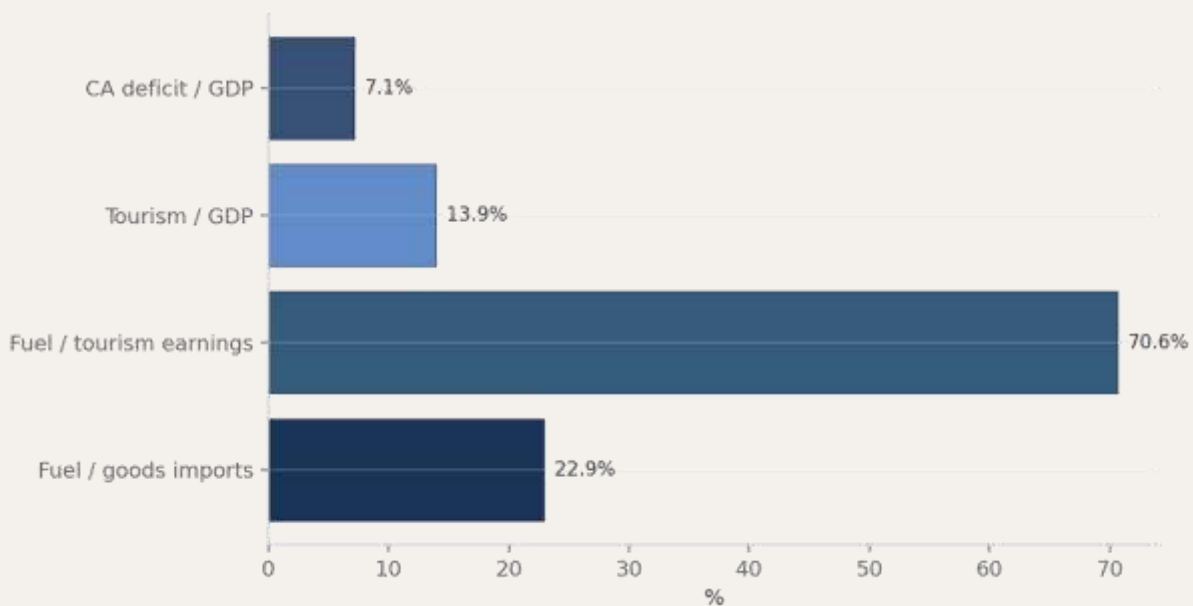


Figure 116 Selected exposure ratios used to interpret the stress-test channels.

### Balance of payments components, 2025

Goods deficit is largely offset by services and primary-income surpluses, but the current account remains in deficit.

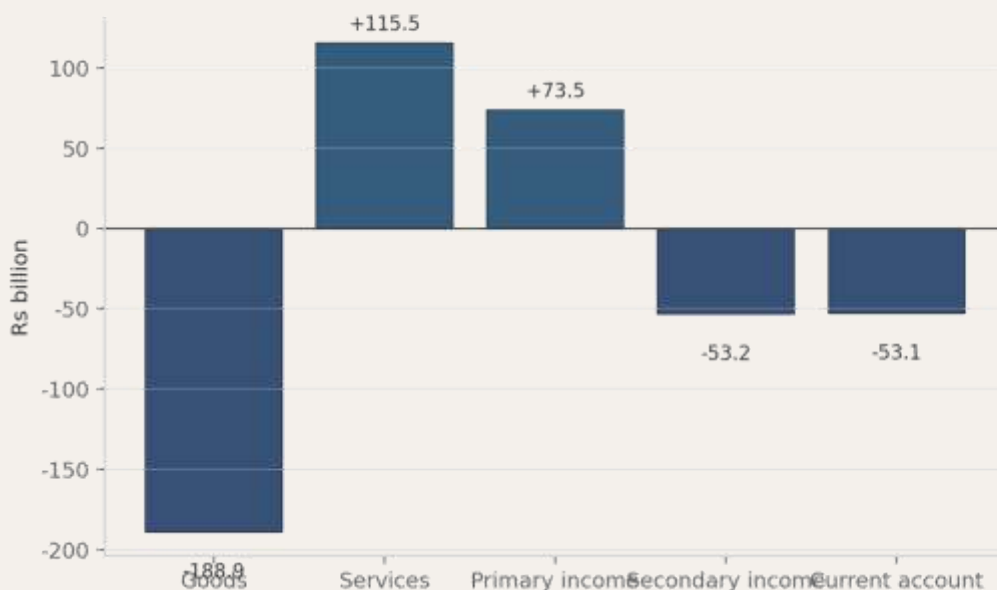


Figure 117 2025 BoP components show offsetting goods, services and income balances.

## 2. Stress-test mechanics

The test uses a transparent first-round accounting framework. It is designed to answer: how much incremental external financing pressure could arise from tourism and fuel shocks, and how much of the reserve import-cover buffer would be absorbed?

*Table 2 Model mechanics. All scenario outputs are approximate and should be read as directional sensitivity metrics.*

Model block	Treatment
Tourism currency proxy	2025 arrivals are grouped into EUR-linked markets (France, Reunion Island and Germany), GBP-linked market (United Kingdom), and other/USD-linked markets. This is a proxy for receipt exposure because official currency-invoicing data for tourism receipts are not published in the source releases used here.
Tourism FX conversion	EUR- and GBP-linked receipts are revalued into USD by the relative change in EUR/MUR or GBP/MUR versus USD/MUR. Tourism volume/spend shocks are then applied to each segment.
Fuel import bill	The external-financing gap uses the USD fuel-price shock applied to the 2025 fuel bill converted to USD. The rupee fuel-bill stress additionally includes USD/MUR depreciation.
Reserve draw	Post-shock reserves = Mar-2026 GOIR less the estimated external gap. This is a mechanical drawdown and does not assume any actual intervention rule.
Import cover	Post-shock import cover = post-shock GOIR divided by the BoM monthly import-denominator proxy, with the USD fuel-price increment spread across 12 months.
Current-account stress	CA after stress equals the official 2025 current-account balance less the estimated external gap. The % of GDP metric uses 2025 GDP and converts the USD gap to rupees at the base USD/MUR rate for scale.

**Core equations.** External gap = lost tourism receipts in USD + incremental USD fuel import bill. Import cover after stress = (GOIR - external gap) / (base monthly import denominator + incremental fuel USD bill / 12).

## 3. Scenario calibration

*Table 3 Scenario shocks. Positive currency shock means more MUR per unit of foreign currency, i.e. MUR depreciation versus that currency.*

Scenario	USD/MUR	EUR/MUR	GBP/MUR	USD fuel price	Tourism volume / spend
Baseline	+0%	+0%	+0%	+0%	EUR +0%; GBP +0%; Other +0%
USD / fuel stress	+10%	+0%	+0%	+20%	EUR -5%; GBP -5%; Other -5%
EUR tourism stress	+5%	-10%	+0%	+10%	EUR -15%; GBP +0%; Other +0%
GBP tourism stress	+5%	+0%	-10%	+10%	EUR +0%; GBP -20%; Other +0%
Combined severe	+20%	-15%	-15%	+40%	EUR -30%; GBP -30%; Other -30%

## 4. Scenario results

Table 4 First-round stress-test output. The baseline row is the starting point, not a forecast.

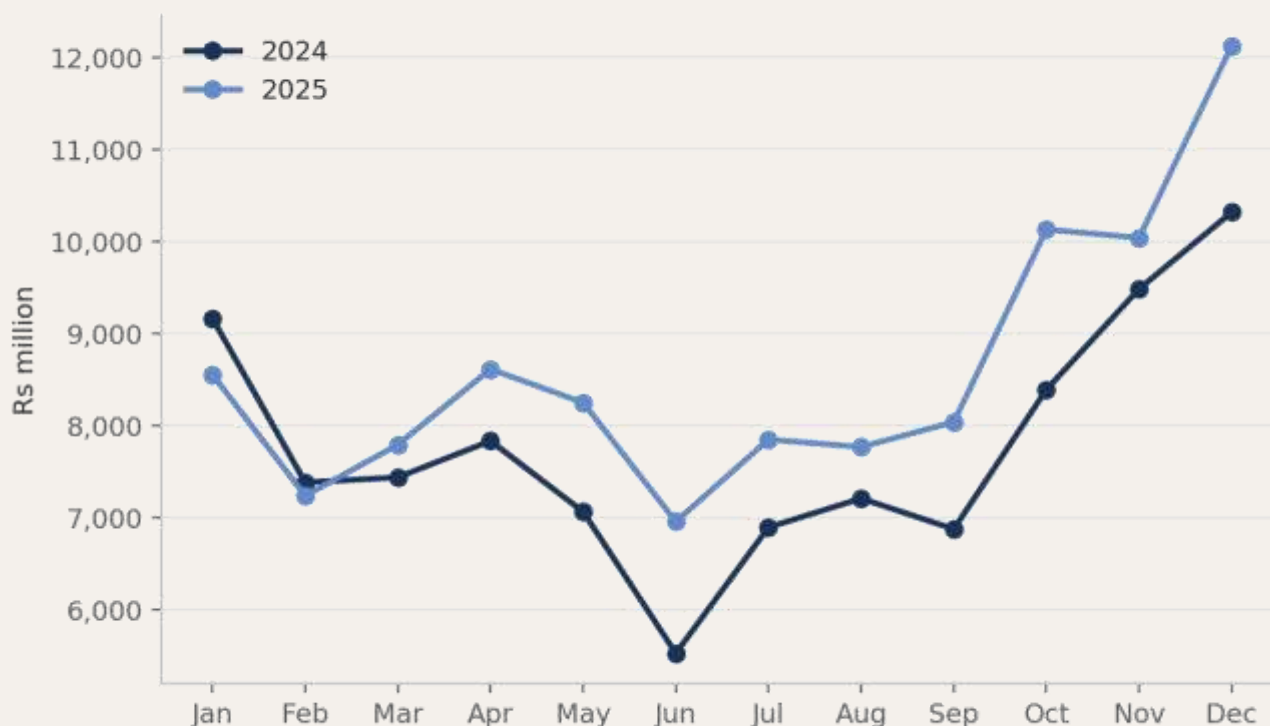
Scenario	External gap (US\$mn)	CA after stress (% GDP)	GOIR after stress (US\$bn)	Import cover (months)	Tourism receipts (Rs bn)	Fuel bill (Rs bn)	USD/EUR/GBP rates
Baseline	0	-7.1%	9.81	13.6	103.4	73.0	46.74 / 55.34 / 63.52
USD / fuel stress	524	-10.4%	9.28	12.4	102.8	96.4	51.41 / 55.34 / 63.52
EUR tourism stress	420	-9.8%	9.39	12.8	95.6	84.3	49.08 / 49.81 / 63.52
GBP tourism stress	276	-8.9%	9.53	13.0	102.7	84.3	49.08 / 55.34 / 57.17
Combined severe	1,527	-16.7%	8.28	10.7	73.4	122.7	56.09 / 47.04 / 53.99

### ► Reading the results

The combined severe case produces an estimated external gap of US\$1.53bn, equivalent to 15.6% of the March-2026 GOIR stock. Import cover remains above 10 months in this first-round framework, but the current-account stress metric widens sharply because fuel and tourism shocks hit the two most visible external-flow channels at the same time.

## Gross tourism earnings by month

2025 earnings reached Rs103.351bn, above Rs93.574bn in 2024.

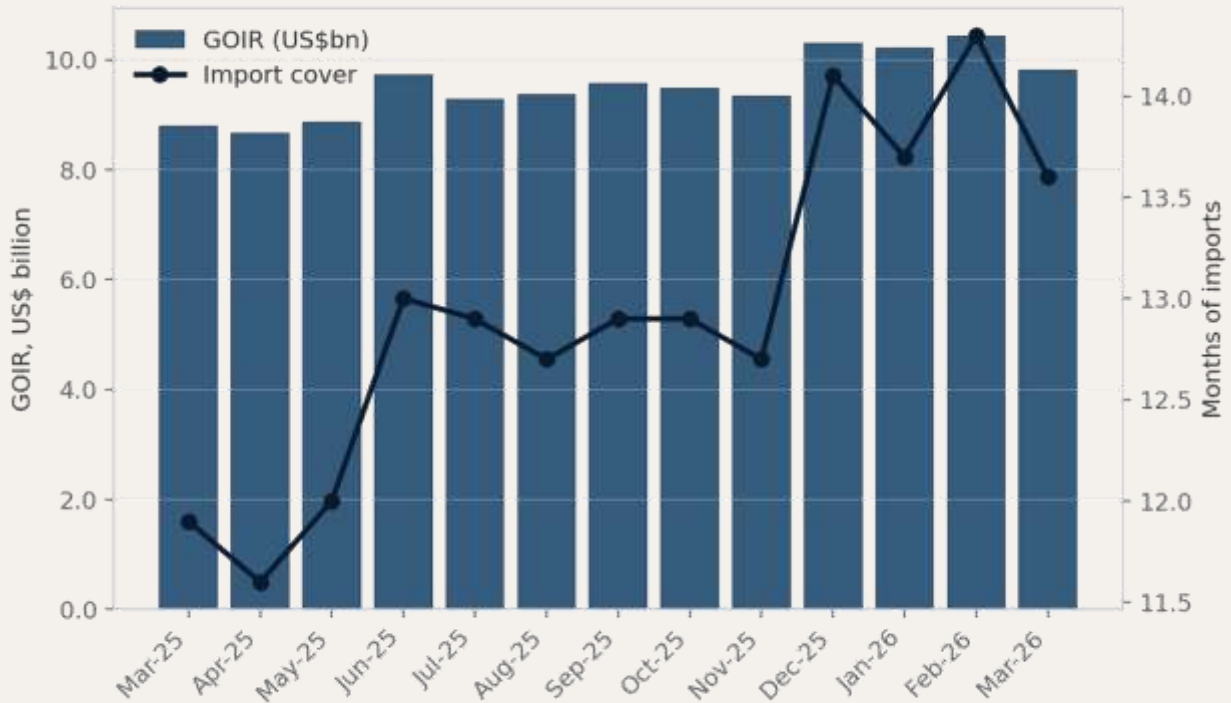


Source: Bank of Mauritius Gross Tourism Earnings, December 2025.

Figure 118 Monthly gross tourism earnings in 2024 and 2025.

### Foreign reserves and import-cover buffer

End-March 2026 GOIR was US\$9.809bn, equivalent to 13.6 months of imports.



Source: Bank of Mauritius GOIR, March 2026.

Figure 119 Gross official international reserves and import-cover buffer, Mar-2025 to Mar-2026.

### FX scenario rates used in the model

Base rates are Bank of Mauritius indicative rates around 17 April 2026; scenario rates are analytical shocks.

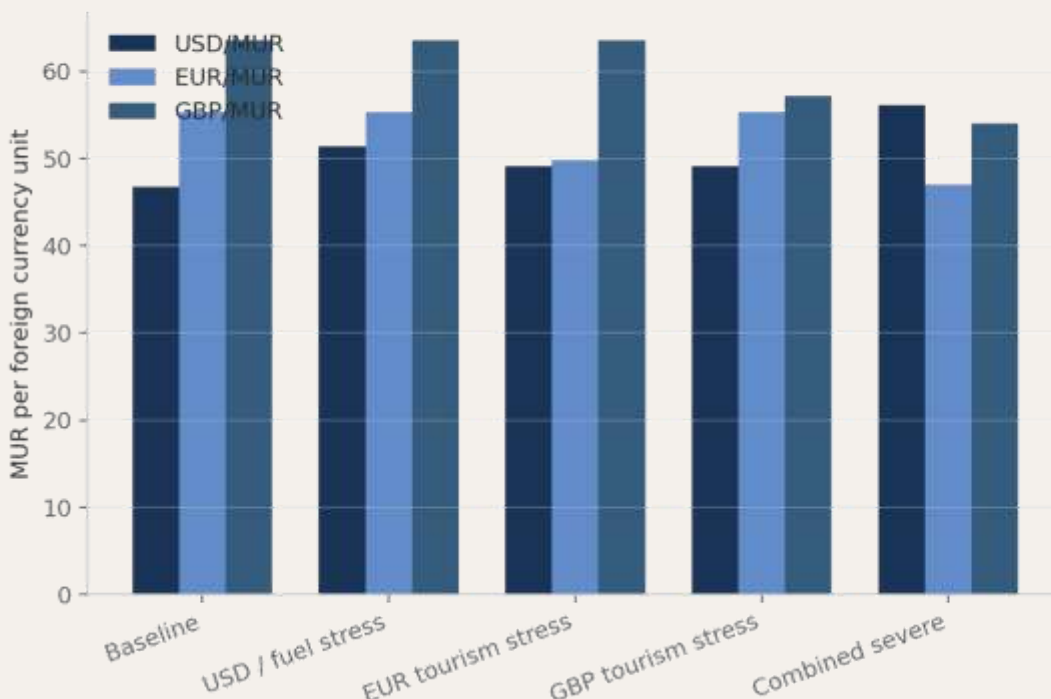


Figure 120 Indicative exchange rates and the currency shocks used in the scenarios.

### Scenario external financing gap

Estimated additional BoP pressure before policy responses, reserve sales or import compression.

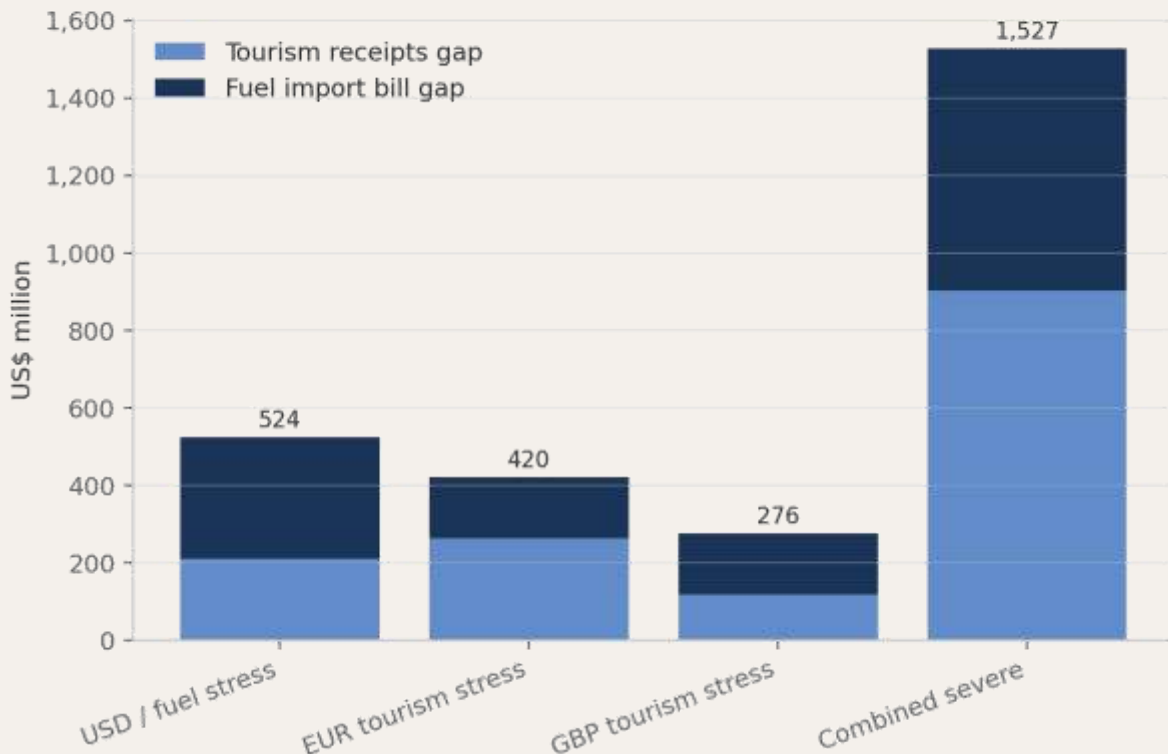


Figure 121 Scenario external-financing gap split between tourism receipts and fuel imports.

### Import-cover resilience by scenario

Even under the combined severe scenario, cover remains above 10 months before second-round effects.

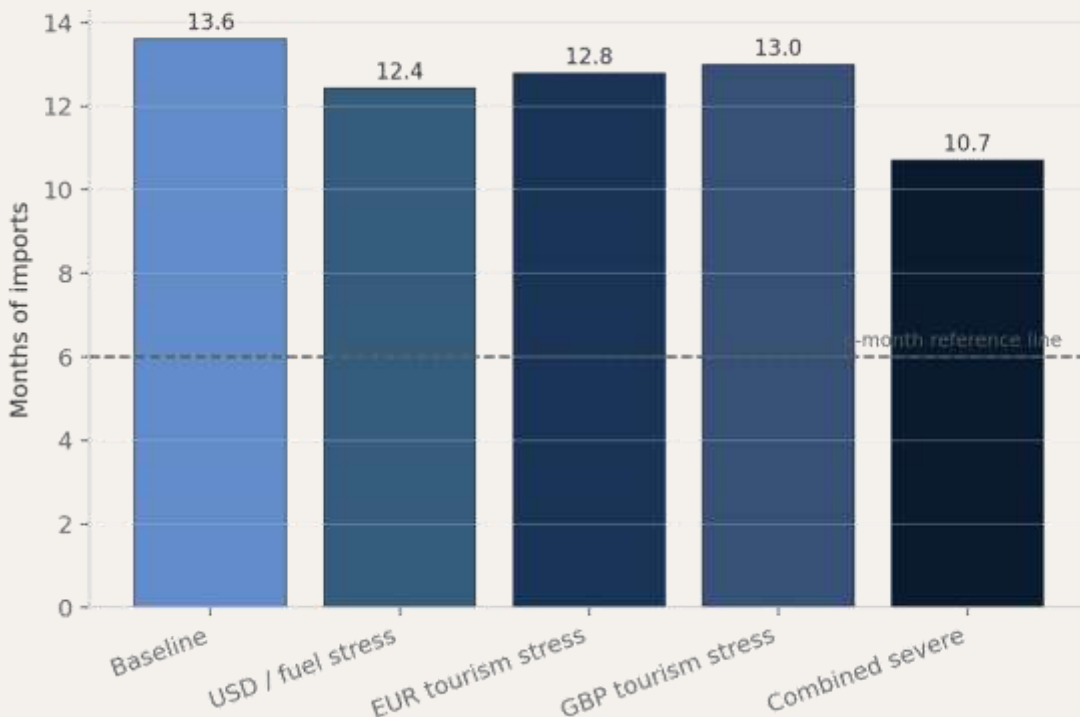


Figure 122 Import-cover resilience by scenario.

## Fuel import bill sensitivity

Table values are annual fuel import bill in rupees under simultaneous oil-price and USD/MUR shocks.



Figure 123 Fuel import-bill sensitivity to USD fuel-price and USD/MUR shocks.

## 5. Risk interpretation and policy read-through

### ► USD and fuel channel

Fuel is the most immediate cost-push channel. A USD fuel-price shock increases foreign-currency demand; USD/MUR depreciation amplifies the local-currency import bill, with possible second-round effects through transport, electricity, administered prices, inflation expectations and fiscal transfers.

### ► EUR and GBP tourism channel

EUR and GBP weakness matters because several core visitor markets are Europe- and UK-linked. Even when arrivals do not collapse, weaker source-market currencies can reduce USD-equivalent tourism receipts and compress hotel/operator margins once converted back to rupees.

### ► Reserves and import cover

The starting reserve buffer is sizeable, so the first-round severe scenario does not exhaust import cover. The residual vulnerability is not an immediate solvency signal; it is the possible feedback loop from confidence, exchange-rate pass-through, higher import prices, and additional capital-flow pressures not modelled here.

### ► Why the current account widens

The baseline current-account deficit is already material. The stress gap adds to the deficit before allowing for offsetting import compression, price substitution, higher interest income on reserves, fiscal measures, or monetary-policy reaction.

## 6. Limitations and extension points

Table 5 Limitations to consider before using the stress-test outputs in policy or investment decisions.

Limitation	Implication
Currency composition	Actual currency composition of tourism receipts and official reserves is not published in the sources used here; arrivals markets are used as a pragmatic proxy for receipts.
Balance-of-payments scope	The model focuses on tourism and fuel. It excludes non-fuel imports, financial-account rollover, portfolio flows, FDI, remittances, external debt service and reserve valuation effects.
Policy reaction	No policy response is assumed: no interest-rate reaction, fiscal fuel smoothing, reserve-management action, import control, or targeted tourism support.
Elasticities	Tourism volume/spend shocks are imposed directly rather than estimated from econometric price or income elasticities.
Data alignment	BoP, external trade and import-cover data use related but not identical coverage and valuation conventions. For example, external trade fuel imports are merchandise imports, while BoP goods are recorded under BPM6 principles.

## 7. Source register

Institution	Source / release	URL	Data used
Bank of Mauritius	Balance of Payments: Fourth Quarter of 2025 and Calendar Year 2025	<a href="https://www.bom.mu/sites/default/files/bmp6_25q4.pdf">https://www.bom.mu/sites/default/files/bmp6_25q4.pdf</a>	Current account, goods, services, travel credits/debits, primary and secondary income.
Bank of Mauritius	Gross Official International Reserves: March 2026	<a href="https://www.bom.mu/sites/default/files/gross_official_international_reserves-mar_2026.pdf">https://www.bom.mu/sites/default/files/gross_official_international_reserves-mar_2026.pdf</a>	GOIR stock in Rs and US\$, import-cover months, monthly reserve series.
Bank of Mauritius	Gross Tourism Earnings: December 2025	<a href="https://www.bom.mu/sites/default/files/gross_tourism_earnings_-_december_2025.pdf">https://www.bom.mu/sites/default/files/gross_tourism_earnings_-_december_2025.pdf</a>	Monthly gross tourism earnings and 2025 total.
Statistics Mauritius	International Travel and Tourism, Year 2025	<a href="https://statsmauritius.govmu.org/Pages/Statistics/ESI/Tourism/Tourism_Yr25.aspx">https://statsmauritius.govmu.org/Pages/Statistics/ESI/Tourism/Tourism_Yr25.aspx</a>	Tourist arrivals by country/market.
Statistics Mauritius	External Trade, Fourth Quarter 2025	<a href="https://statsmauritius.govmu.org/Documents/Statistics/By_Subject/External_Trade/SB_External_Trade_Q4_25.pdf">https://statsmauritius.govmu.org/Documents/Statistics/By_Subject/External_Trade/SB_External_Trade_Q4_25.pdf</a>	Total imports and mineral fuels/lubricants/related products.
Statistics Mauritius	National Accounts Estimates, March 2026	<a href="https://statsmauritius.govmu.org/Documents/Statistics/By_Subject/NAE/Year2026/NAE_Mar26.pdf">https://statsmauritius.govmu.org/Documents/Statistics/By_Subject/NAE/Year2026/NAE_Mar26.pdf</a>	2025 GDP at market prices and macro ratios.
Bank of Mauritius	Key Indicators / exchange rates	<a href="https://www.bom.mu/economic-research/statistics/key-indicators">https://www.bom.mu/economic-research/statistics/key-indicators</a>	Indicative USD/MUR, EUR/MUR and GBP/MUR rates used as base FX inputs.
World Bank	Commodity Markets	<a href="https://www.worldbank.org/en/research/commodity-markets">https://www.worldbank.org/en/research/commodity-markets</a>	Commodity-market context for oil-price stress design.

## Appendix G — Tourism and Airlift Exposure

Data cut: Statistics Mauritius 2024–2025 official tourism releases, AHRIM 2024/2025 airlift tables, FRED jet fuel history and IATA December 2025 industry outlook.

<b>2025 ARRIVALS</b> <b>1.436m</b> 1.412m by air (+4.7% y/y)	<b>TOURISM EARNINGS</b> <b>Rs 103.4bn</b> +10.4% vs 2024	<b>EUROPE FOOTPRINT</b> <b>64.4%</b> 66.5% of nights; 69.6% spend proxy	<b>2024 AIRLIFT</b> <b>2.33m seats</b> 75.6% LF; top 3 seat markets = 51.0%
--------------------------------------------------------------------	----------------------------------------------------------------	-------------------------------------------------------------------------------	-----------------------------------------------------------------------------------

### Key read-throughs

- Mauritius remained overwhelmingly air-dependent in 2025: 1.412m of 1.436m arrivals came by air, and Europe still supplied 911k visitors.
- Exposure is deeper than arrivals imply. Europe represented 64.4% of arrivals, but 66.5% of tourist nights and roughly 69.6% of a spend proxy.
- 2025 growth did not come from the traditional core: France, the UK and Germany all declined, while India, Italy, Poland, Réunion and South Africa offset the softness.
- Airlift and fuel risk are not identical: Réunion is the largest seat market, but France, Dubai and the UK dominate the long-haul seat-km proxy.

### Exposure footprint of Europe

Share of Mauritius tourism flows across demand layers

Market group	Arrivals	Nights	Spend
Europe	64.4%	66.5%	69.6% (proxy)
FR + UK + DE	42.8%	47.1%	41.6% (proxy)
FR + UK + DE + CH + IT	49.7%	51.8%	47.2% (proxy)

Proxy note: spend share applies 2024 spend/tourist ratios to 2025 arrival volumes.

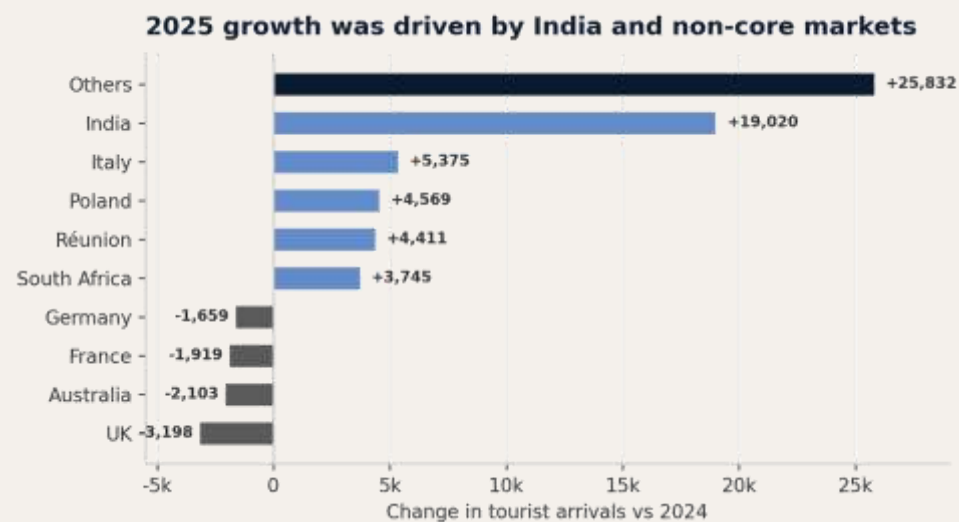
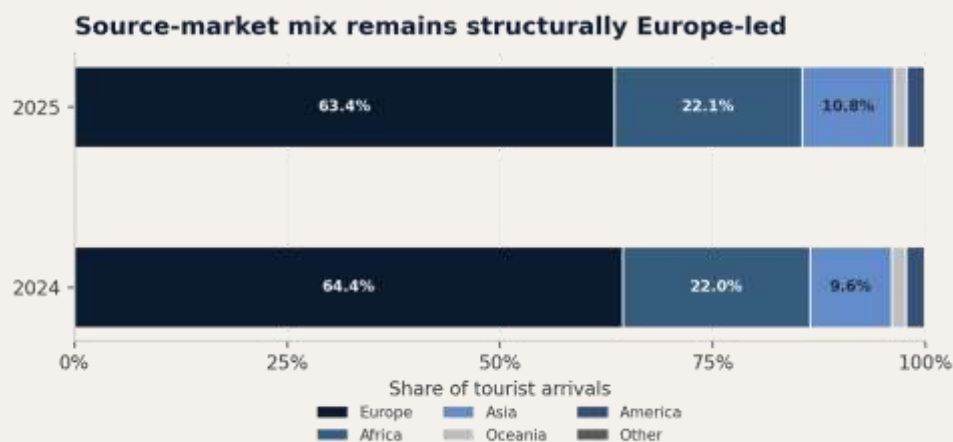
### Scenario anchor

A 10% fall in European arrivals implies ~91k fewer tourists, ~1.08m fewer nights and ~Rs 6.8bn of spend at risk using 2024 stay/spend ratios.

Source Statistics Mauritius 2025 annual tourism workbook (Tables 5, 8, 14); Statistics Mauritius Handbook of Statistical Data on Tourism 2024 (Tables 17, 19, 21, 23).

## G1. Source-market concentration

The destination remains Europe-led, but incremental 2025 growth shifted toward India and selected non-core markets.



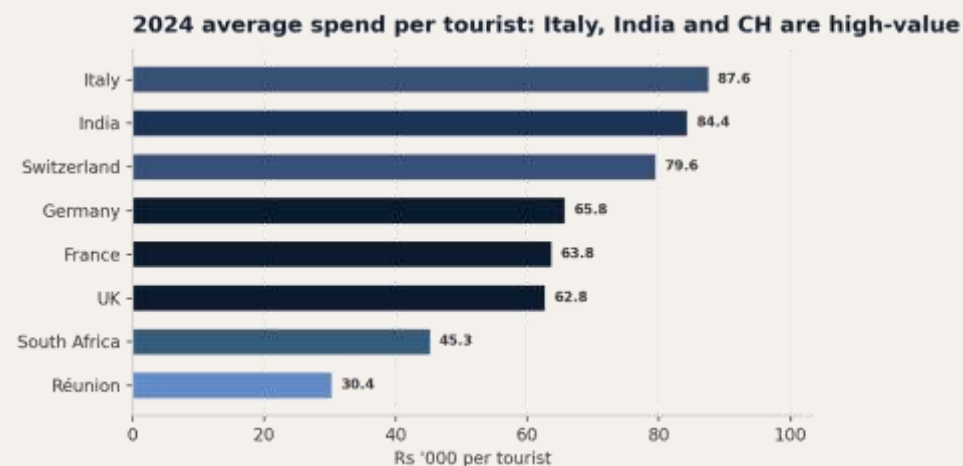
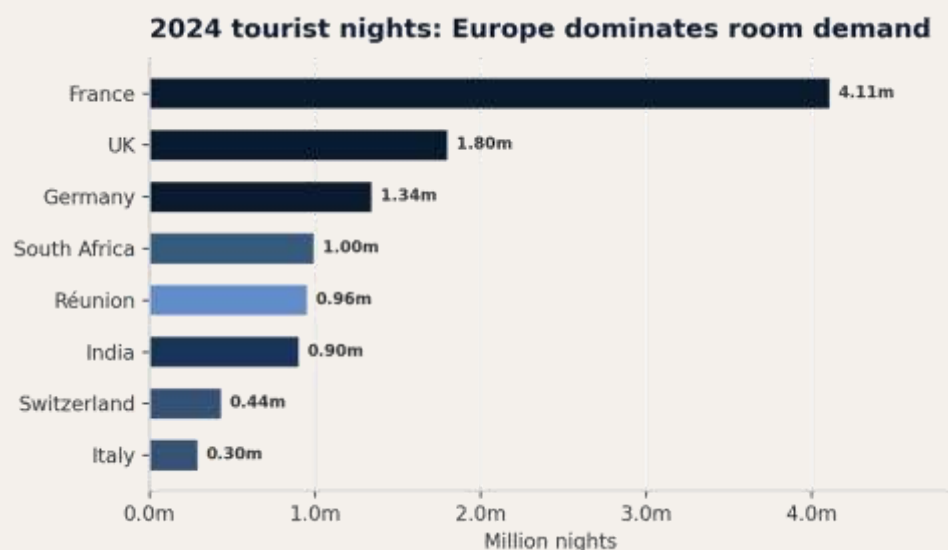
### Read-through

- Europe contributed 911,192 tourists in 2025, versus 317,077 from Africa and 155,101 from Asia.
- France, the UK and Germany still represented 42.8% of total arrivals, but together lost 6,776 tourists year on year.
- India (+19,020), Italy (+5,375), Poland (+4,569), Réunion (+4,411) and South Africa (+3,745) supplied the main offset.

Source Statistics Mauritius – International Travel and Tourism, Year 2025 (Table 5).

## G2. Demand quality: nights and spend

Exposure should be assessed across arrivals, length of stay and spend, not arrivals alone.



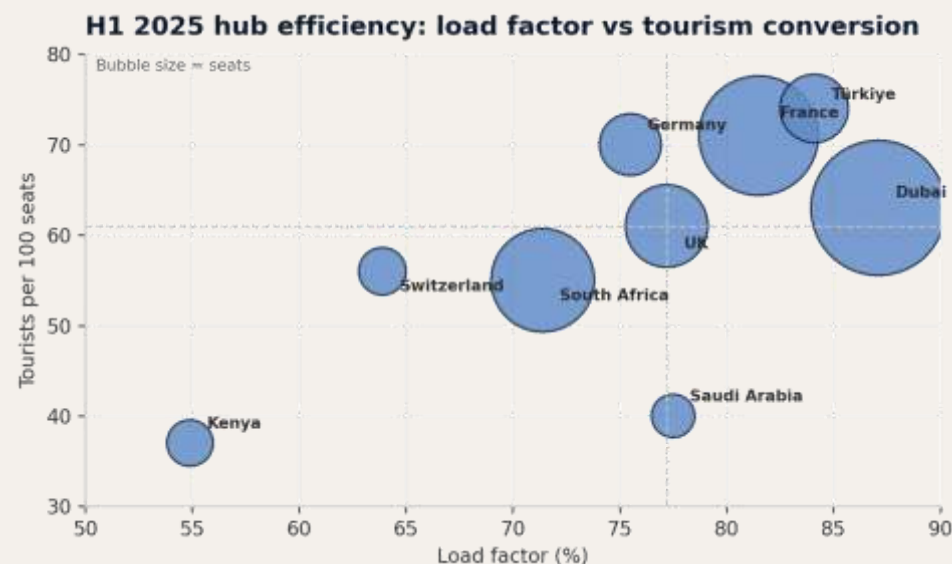
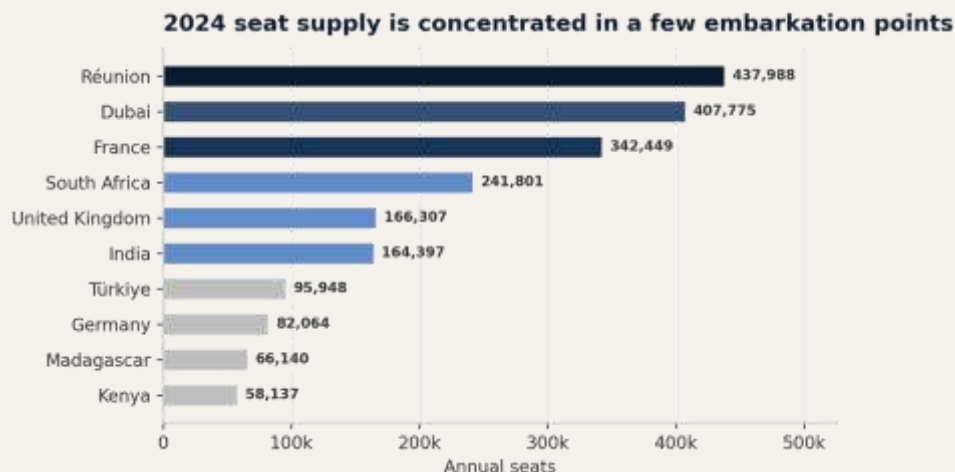
### Read-through

- European visitors represent a larger share of nights and spend than of arrivals, reflecting structurally longer stays.
- France remains the single largest earnings pool by market, even though Italy, Switzerland and India exhibit higher spend per tourist.
- India is strategically attractive because it combines long stays (16.7 nights) with high average spend (Rs 84.4k per tourist).

Source Statistics Mauritius Handbook of Statistical Data on Tourism, Year 2024 (Tables 17, 19, 21 and 23); Statistics Mauritius 2025 annual workbook (Table 14).

### G3. Airlift capacity concentration

Seat supply is concentrated in a handful of gateways, while utilisation improved in early 2025 despite flat capacity.



#### Read-through

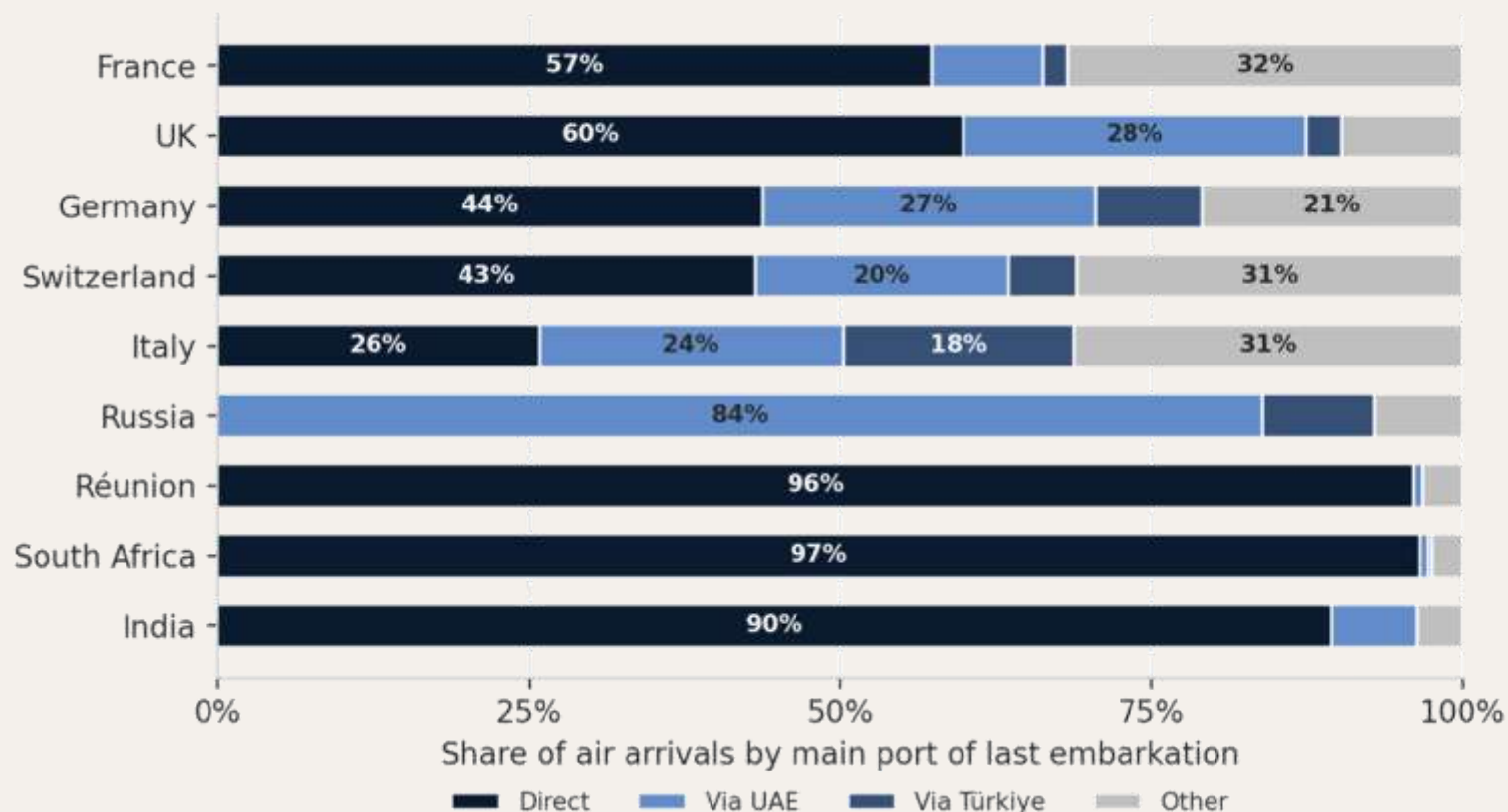
- 2024 airlift rose to 2.328m seats (+3.7% year on year) and 1.760m passengers (+8.3%), lifting load factor to 75.6%.
- Réunion, Dubai and France represented 51.0% of seats; adding South Africa and the UK lifts the top-five concentration to 68.6%.
- In H1 2025 seats were down 0.8% year on year, but passengers grew 4.5%, indicating firmer utilisation rather than pure volume-led growth.

Source AHRIM Annual Report 2024/2025 (Tables 1, 2 and 3B).

### A4. Connectivity and hub dependency

Direct connectivity is uneven across Europe, raising dependency on intermediary hubs for several source markets.

#### H1 2025 connectivity mix: core Europe is materially hub-dependent



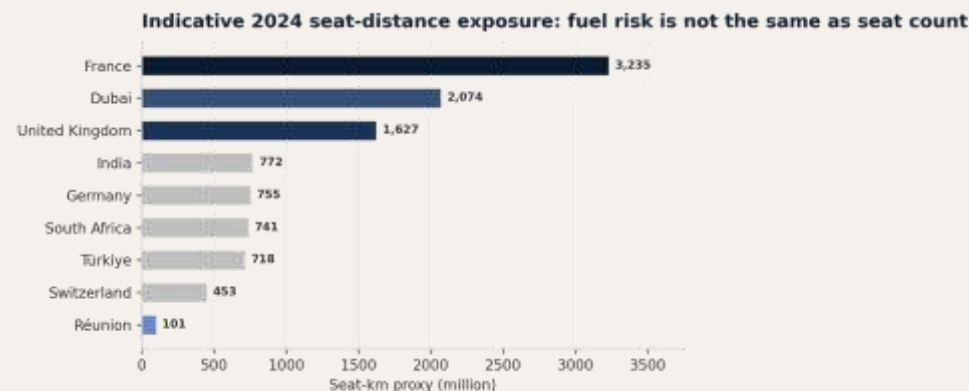
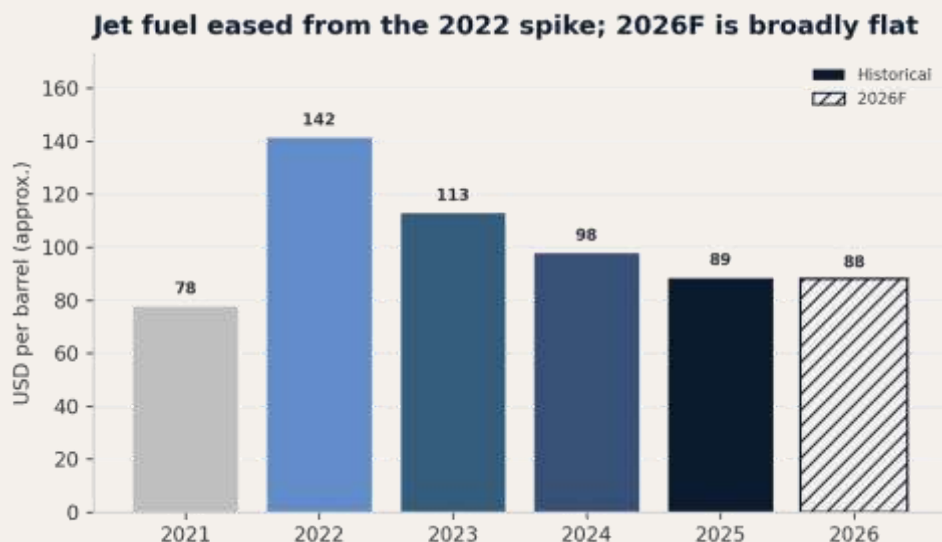
Mostly direct	Mixed direct / hub	More hub-dependent
<p><b>Réunion 96%</b>                      South Africa 97%                      India 90%</p>	<p><b>France 57%</b>                      UK 60%</p>	<p><b>Germany 44%</b>                      Switzerland 43%                      Italy 26%                      Russia 0% direct</p>

UAE and Türkiye are the dominant routing hubs for core Europe, while India, South Africa and Réunion remain predominantly direct.

Source: AHRIM Annual Report 2024/2025 (Table 11C).

## A5. Jet-fuel and long-haul exposure

Fuel exposure depends on both price and stage length; seat-distance is a better proxy than seats alone.



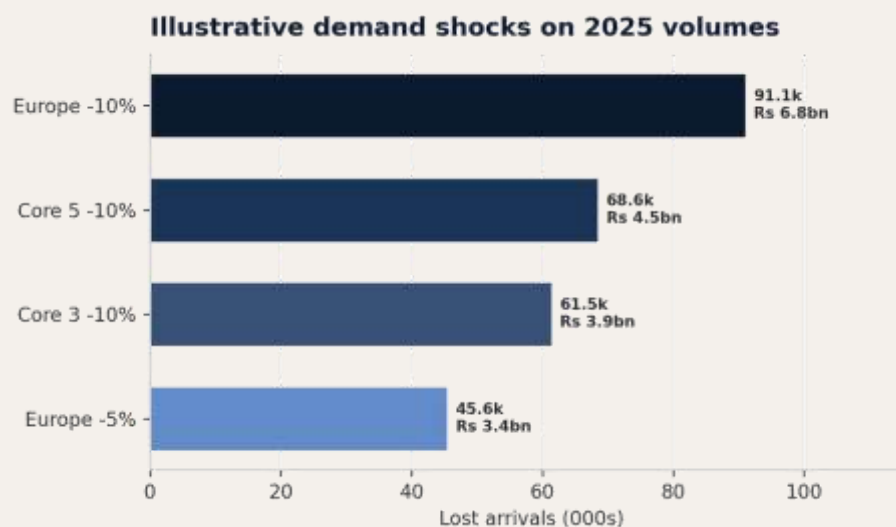
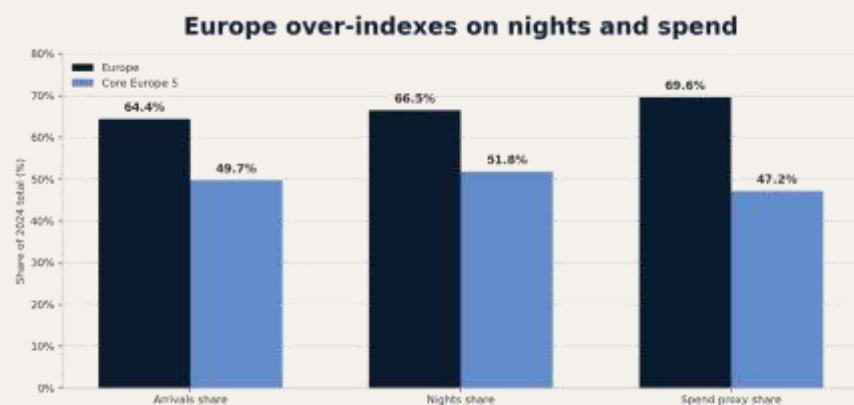
### Read-through

- Jet fuel averaged roughly \$141.7/bbl in 2022, easing to about \$98.2/bbl in 2024 and \$88.8/bbl in 2025; IATA's 2026 planning assumption is \$88/bbl.
- Even after the price decline, fuel remains a major cost line: 26.8% of airline operating costs in 2025 and 25.7% in 2026.
- France, Dubai and the UK account for 57.9% of the 2024 seat-km proxy; adding India and Germany lifts the top-five to 70.6%.

Source FRED DJFUELUSGULF annual averages (converted from USD/gal to USD/bbl); IATA Global Outlook for Air Transport – December 2025; OurAirports airport coordinates used for great-circle distance proxy.

## A6. European demand sensitivity

Europe matters disproportionately because it dominates arrivals, stays longer and carries more spend.



Shock scenario	Lost arrivals	Lost nights	Spend at risk	% of 2025 arrivals
Europe -5%	45,560	537,603	Rs 3.4bn	3.2%
Europe -10%	91,119	1,075,207	Rs 6.8bn	6.3%
Core 3 Europe -10%	61,466	733,543	Rs 3.9bn	4.3%
Core 5 Europe -10%	68,554	813,413	Rs 4.5bn	4.8%

Sensitivity mechanics: 2025 arrival volumes combined with 2024 average length of stay and 2024 spend per tourist. Scenarios isolate demand risk and do not incorporate pricing or supply feedback.

Source Statistics Mauritius 2025 annual workbook (Tables 5, 8 and 14); Statistics Mauritius Handbook of Statistical Data on Tourism, Year 2024 (Tables 19, 21 and 23).

## A7. Methodology, caveats and sources

Definitions and source mapping used to frame concentration, fuel and scenario risk.

### Methodology

- 2025 arrivals, continent mix, air/sea split, market growth, tourism earnings and average spend/tourist come from Statistics Mauritius annual tourism release.
- Market-level tourist nights, average length of stay and expenditure by source market come from the 2024 tourism handbook where 2025 market-level detail was not yet published.
- Seat-km is a directional proxy: 2024 AHRIM seats by embarkation country multiplied by great-circle distance between MRU and one representative gateway airport per market.
- Spend proxy = 2025 arrivals × 2024 average spend per tourist. It captures exposure, not a forecast of achieved receipts.

### Caveats

- AHRIM embarkation-country statistics reflect last point of uplift, not always final country of residence.
- Representative airports simplify multi-airport markets such as France, the UK and Italy; results are best read as relative rather than exact fuel burden.
- Connectivity splits are H1 2025 selected-market views, not a full-year route reconstruction.
- Official tourism earnings totals and summed market expenditure can differ modestly because of survey coverage, estimation methods and rounding.

### ► Source register

Source	Used for	Tables	URL
<b>Statistics Mauritius – International Travel and Tourism, Year 2025</b>	2025 arrivals, air/sea split, continent mix, market growth, tourism earnings, average spend/tourist	Tables 5, 8 and 14	<a href="https://statsmauritius.govmu.org/Documents/Statistics/ESI/2026/EI1910/Tourism_Yr25_270226.xlsx">https://statsmauritius.govmu.org/Documents/Statistics/ESI/2026/EI1910/Tourism_Yr25_270226.xlsx</a>
<b>Statistics Mauritius – Handbook of Statistical Data on Tourism, Year 2024</b>	2024 tourist nights, average length of stay, expenditure by market	Tables 17, 19, 21 and 23	<a href="https://tourism.govmu.org/Documents/Statistics/Handbook%20of%20Statistical%20Data%20on%20Tourism%2C%20Year%202024.pdf">https://tourism.govmu.org/Documents/Statistics/Handbook%20of%20Statistical%20Data%20on%20Tourism%2C%20Year%202024.pdf</a>
<b>AHRIM Annual Report 2024/2025</b>	Seats, passengers, load factor, hub efficiency, direct-vs-connecting mix	Tables 1, 2, 3B and 11C	<a href="https://www.ahrim.mu/wp-content/uploads/2025/10/AHRIM-AR-2024-2025_-WEB-SPREAD_2.pdf">https://www.ahrim.mu/wp-content/uploads/2025/10/AHRIM-AR-2024-2025_-WEB-SPREAD_2.pdf</a>
<b>IATA Global Outlook for Air Transport – December 2025</b>	2026 jet fuel forecast and airline fuel-cost share	Fuel price assumptions and operating-cost mix	<a href="https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport-december-2025/">https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport-december-2025/</a>
<b>FRED DJFUELUSGULF</b>	Historical Gulf Coast jet fuel spot prices (2021–2025), annual averages converted from USD/gal to USD/bbl	Series annualised and converted at 42 gal/bbl	<a href="https://fred.stlouisfed.org/series/DJFUELUSGULF">https://fred.stlouisfed.org/series/DJFUELUSGULF</a>
<b>OurAirports airports.csv</b>	Airport coordinates used for great-circle distance and seat-km proxy	Representative gateway airports	<a href="https://ourairports.com/airports.csv">https://ourairports.com/airports.csv</a>

**Source** All figures in this appendix use the official Mauritius data and public reference series listed above. Charts are stylised in the requested palette on a white background.

**Basis:** Latest official 2025 arrivals plus latest public H1-2025 airlift data. Statistics Mauritius reports **1,436,250 tourist arrivals in 2025**, up 3.9%, with **1,411,791 arriving by air**, up 4.7%. Main markets made up **68.4%** of arrivals, led by France, UK, Réunion, Germany, South Africa, India and Switzerland. ([Stats Mauritius](#))

For airlift, AHRIM's H1-2025 table shows **1.13m seats, 848k passengers**, and a **75% load factor** by country of last embarkation.

Exposure block	Demand signal	Airlift / capacity signal	Jet-fuel risk	European demand sensitivity	Exposure read
<b>France</b>	<b>151.8k H1-2025 arrivals, 23.0% share</b> , down slightly YoY; full-year 2025: <b>337.5k</b> , still Mauritius' largest market.	<b>158.6k H1 seats, ~82% LF</b> from France. Core direct route via Paris, supported by Air Mauritius, Air France and Corsair; also fed via Dubai and Türkiye.	<b>High</b> — long-haul leisure route; fuel surcharges can quickly affect package pricing.	<b>Very high</b> — France is the anchor market; even small demand softness matters.	Defend the French base with shoulder-season pricing, bundled air-hotel offers, and premium/luxury resilience.
<b>United Kingdom</b>	<b>71.4k H1 arrivals, 10.8% share</b> , modest YoY growth; full-year 2025: <b>155.0k</b> .	<b>75.6k H1 seats, 77% LF</b> from UK. Direct London Gatwick served by Air Mauritius and British Airways; significant UK flow also routes via Dubai.	<b>Very high</b> — Mauritius–London is one of the longest direct routes from MRU.	<b>High</b> — discretionary winter-sun and long-haul beach demand is price-sensitive.	Watch GBP purchasing power, APD/fuel-surcharge pass-through, and package holiday affordability.
<b>Germany</b>	<b>53.1k H1 arrivals, 8.1% share</b> , materially weaker YoY; full-year 2025: <b>122.2k</b> .	<b>42.5k H1 seats, 76% LF</b> from Germany. Direct Frankfurt capacity plus meaningful Dubai and Türkiye feed.	<b>High</b> — long-haul leisure, with some indirect routing adding fuel exposure.	<b>Very high</b> — Germany softness is the clearest European warning signal.	Rebuild German demand with tour-operator support, differentiated eco/nature positioning, and tactical winter capacity.
<b>Réunion Island</b>	<b>66.9k H1 arrivals, 10.2% share</b> , growing; full-year 2025: <b>145.0k</b> .	<b>207.6k H1 seats, 63% LF</b> from Réunion, the largest seat corridor by volume. Air Mauritius, Air Austral and Corsair operate the short-haul link.	<b>Low–medium</b> — short stage length limits fuel sensitivity, but low LF implies yield pressure.	<b>Medium</b> — French-linked but regional, short-haul and VFR/leisure driven.	High strategic value for volume smoothing; improve load factors through events, weekend breaks and inter-island packages.
<b>South Africa</b>	<b>48.3k H1 arrivals, 7.4% share</b> , broadly stable; full-year 2025: <b>110.3k</b> .	<b>118.5k H1 seats, 71% LF</b> from South Africa. Johannesburg and Cape Town links served by Air Mauritius, South African Airways and Safair.	<b>Medium–high</b> — medium-haul fuel exposure plus FX/income sensitivity.	<b>Low direct European sensitivity</b> ; more exposed to South African macro, rand and regional confidence.	Important non-European hedge; maintain family, wedding, golf and MICE segmentation.

Exposure block	Demand signal	Airlift / capacity signal	Jet-fuel risk	European demand sensitivity	Exposure read
<b>India</b>	37.5k H1 arrivals, 5.7% share, strong growth; full-year 2025: 75.8k, up 33.5%.	102.1k H1 seats, 71% LF from India. Direct Mumbai, Delhi, Chennai and Bengaluru links across Air Mauritius, Air India and IndiGo.	<b>Medium-high</b> — long enough for fuel cost to matter, but shorter than Europe and growth-led.	<b>Low</b> — key diversification market away from European cyclical.	Highest upside hedge: weddings, honeymoon, luxury family, diaspora and film/event tourism.
<b>Switzerland</b>	14.5k H1 arrivals, 2.2% share, broadly flat; full-year 2025: 36.0k.	24.9k H1 seats, 64% LF from Switzerland; direct seasonal capacity plus Dubai feed.	<b>High</b> — long-haul, premium leisure route; weaker LF raises route-risk.	<b>High, but premium-resilient</b> — smaller market with high spend, less volume but valuable yield.	Protect with high-end resorts, wellness, golf and privacy-led positioning rather than discounting.
<b>Italy</b>	15.0k H1 arrivals, 2.3% share, strong H1 growth.	6.1k H1 seats, 88% LF from Italy; much of the flow also comes via Dubai and Türkiye.	<b>High</b> — indirect routing increases exposure to fare/fuel pass-through.	<b>High</b> — European leisure market but less dependent on direct capacity.	Opportunity market: add tactical charter/direct capacity only where tour-operator demand is secured.
<b>Russia / CIS</b>	16.3k H1 arrivals, 2.5% share, down YoY.	Direct Russia capacity was not a major H1-2025 seat line; demand is more dependent on indirect routings, especially via Türkiye/Dubai.	<b>High</b> — indirect routings, geopolitical constraints and insurance/airspace risks.	<b>Medium</b> — not EU-driven, but highly exposed to geopolitics and air-access constraints.	Treat as opportunistic upside, not core planning capacity.
<b>Saudi Arabia / Gulf source</b>	9.7k H1 arrivals, 1.5% share, broadly stable.	20.7k H1 seats, 78% LF from Saudi Arabia; Dubai is a far larger connector corridor.	<b>Medium-high</b> — regional fuel/geopolitical shock can affect Gulf hubs quickly.	<b>Low direct European sensitivity.</b>	Useful diversification market; focus on family, halal-friendly luxury, shopping and villa products.
<b>Dubai / Emirates hub corridor</b>	Not a pure source market; it is a critical <b>last-embarkation hub</b> for Europe, India and other origins.	202.2k H1 seats, 87% LF, one of the most important air-access corridors; AHRIM shows Dubai feeding UK, France, Germany, Switzerland, Italy and India residents into MRU.	<b>High but scalable</b> — large widebody hub economics help, but fuel spikes can flow through fares fast.	<b>High indirect European sensitivity</b> because Dubai carries a material European-origin feed.	Critical resilience artery; monitor Emirates capacity, fare buckets and connection pricing.

Exposure block	Demand signal	Airlift / capacity signal	Jet-fuel risk	European demand sensitivity	Exposure read
<b>Türkiye / Turkish hub corridor</b>	Connector rather than source; supports European and CIS flows.	<b>51.8k H1 seats, 84% LF</b> ; notable feed from Germany, France, Italy and UK.	<b>High</b> — long routing plus geopolitical/airspace exposure.	<b>Medium–high indirect sensitivity.</b>	Valuable alternative to Dubai/Paris; keep as diversification but monitor geopolitical disruption.

**Data note:** Arrival shares above use H1-2025 country-of-residence data from AHRIM’s Table 7; seat and load-factor signals use H1-2025 country-of-last-embarkation data from AHRIM’s Table 2; hub-flow interpretation uses AHRIM’s Table 3B. Current route/airline references are from the MRU route map and airline listings, which show 25 nonstop destinations and 21 airlines, including direct Europe, Gulf, India, South Africa, Réunion and regional links. ([FlightConnections](#))

### Portfolio interpretation

Mauritius remains **structurally Europe-led**: Europe represented **63.5% of H1-2025 arrivals**, and the top ten markets represented **73.6%** of arrivals. That creates high exposure to European household confidence, airfare inflation and long-haul package pricing.

The most important airlift concentration risks are **Réunion, Dubai, France, South Africa and India**. Together, these corridors account for the bulk of H1-2025 seat supply, but they have very different risk profiles: Réunion is volume-heavy but lower LF; Dubai is high-LF and strategically critical; France is core demand; South Africa and India are diversification pillars.

Jet fuel is the main cost shock variable. IATA notes fuel is one of airlines’ largest cost lines and accounts for almost **30%** of airline operating expenses; its latest fuel monitor also shows the global average jet fuel price at **\$197.83/bbl** for the reported week, underscoring the need to refresh fuel assumptions weekly. ([IATA](#))

European demand is **resilient but price-sensitive**. ETC reported that **77% of Europeans planned to travel between June and November 2025**, yet affordability, price inflation and personal finances remain key travel concerns. For Mauritius, this means premium resorts may hold up better than mid-market long-haul packages when airfares rise. ([etc-corporate.org](#))

## Appendix H. Diego Garcia / Chagos Legal and Strategic Matrix

Position as at 19 April 2026

**Status anchor:** the UK–Mauritius Agreement was signed and presented to Parliament in May 2025, but it is **not yet in force**. The UK Government told Parliament on 13 April 2026 that the treaty cannot enter into force without US support and that, because a required update to the 1966 UK–US defence “Exchange of Notes” could not proceed on the expected timetable, the Diego Garcia Bill could not complete its passage in that parliamentary session. ([GOV.UK](#))

The matrix below therefore separates **current / transition risk** from the **treaty-in-force architecture**.

### 1. Core legal-strategic thesis

The proposed settlement is not a simple “handover and leaseback.” It is a **sovereignty-normalisation model** under which Mauritius is recognised as sovereign over the whole Chagos Archipelago, including Diego Garcia, while Mauritius gives the UK a very broad, time-limited authorisation to exercise the rights needed to keep the UK–US base operating. Article 1 states that Mauritius is sovereign over the Archipelago, and Article 2 authorises the UK to exercise Mauritian rights and authorities over Diego Garcia required for the long-term, secure and effective operation of the Base. ([GOV.UK Assets](#))

The strategic bargain is: **Mauritian sovereignty + UK/US operational control over Diego Garcia + tightly managed Mauritian retained rights + outer-island resettlement possibility + environmental co-governance + a long-term financial settlement.**

### 2. Holistic Diego Garcia / Chagos Legal and Strategic Matrix

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
<b>1. Sovereignty over the Chagos Archipelago</b>	Mauritius is stated to be sovereign over the Chagos Archipelago in its entirety, including Diego Garcia. The UK must respect Mauritian sovereignty while retaining the operational authorisations needed for the Base. ( <a href="#">GOV.UK Assets</a> )	Until entry into force, the UK-administered BIOT framework remains the operative domestic structure. The House of Lords report notes that since 1965 the Archipelago has been administered as BIOT, while the Agreement would give effect to a change in sovereignty by stating that Mauritius is sovereign. ( <a href="#">UK Parliament</a> )	Reframes Diego Garcia from a UK sovereign-territory base into a host-state-authorized UK/US base. This reduces international-law exposure but depends on treaty durability.	If the treaty fails, Mauritius is likely to resume litigation and diplomatic pressure; the House of Lords Committee concluded that future international adjudication would probably be unfavourable to the UK. ( <a href="#">UK Parliament</a> )

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
2. <b>International legal backdrop</b>	The treaty is designed to resolve the legal consequences of the Chagos detachment and continued UK administration.	The 2019 ICJ Advisory Opinion found that Mauritius' decolonisation was not lawfully completed, that the UK should end its administration as rapidly as possible, and that UN member states should cooperate in completing decolonisation. UNGA Resolution 73/295 then demanded that the UK end its administration and called on states and organisations to recognise Chagos as part of Mauritius. ( <a href="#">UK Parliament</a> )	The treaty converts an adverse international-law trajectory into a negotiated security settlement.	The UK legal position is contested, but the diplomatic and litigation trend is strongly against indefinite BIOT administration.
3. <b>Entry into force and ratification</b>	The treaty's 99-year term begins only on entry into force. It may be extended for 40 years by agreement, and then for further periods if agreed. ( <a href="#">GOV.UK Assets</a> )	UK implementation legislation, Mauritian ratification/implementation, and a revised UK–US defence arrangement are gating conditions. The UK Government stated in April 2026 that US political support had shifted and that a finalised UK–US text was ready at official level but could not proceed on the previously agreed timetable. ( <a href="#">Hansard</a> )	<b>Highest near-term strategic risk.</b> The text may be legally sophisticated, but the architecture is frozen without political clearance.	Control points: revived US sign-off, renewed UK Bill, synchronised UK–Mauritius instruments, updated UK–US arrangements, and clear entry-into-force notices.
4. <b>UK/US base authorisation</b>	Mauritius authorises the UK to exercise all rights and authorities needed for the Base, including Annex 1 defence/security powers and Annex 2 jurisdiction/control powers. The UK may authorise the US to operate the Base jointly with the UK. ( <a href="#">GOV.UK Assets</a> )	The existing UK–US base structure remains tied to the 1966 defence arrangements, which require updating for the new sovereignty model. ( <a href="#">Hansard</a> )	Preserves the UK–US base without requiring UK sovereignty over the entire Archipelago.	The core control document is not only the UK–Mauritius treaty but also the revised UK–US instrument and any SOFA-like arrangements governing US personnel, property, command, and claims.

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
<b>5. Diego Garcia operational freedom</b>	Annex 1 gives the UK unrestricted access, basing and overflight for UK and US aircraft and vessels; control of armed operations and lethal capabilities; control of fuels, weapons and hazardous materials; control over personnel, command, spectrum, communications systems, electronic systems, cables, policing and access. ( <a href="#">GOV.UK Assets</a> )	Current operations continue under existing arrangements, but future legal certainty depends on ratification.	The treaty is designed to preserve military freedom of action, including air, naval, logistics, communications, intelligence and strike support functions.	Need classified operating protocols for notification, armed operations, spectrum management, cyber/electronic systems, hazardous materials, and third-state access.
<b>6. Military action and notification</b>	The UK controls armed operations and lethal capabilities. It must expeditiously inform Mauritius of any armed attack on a third state directly emanating from Diego Garcia; this is framed as post-event notification, not advance consent. ( <a href="#">GOV.UK Assets</a> )	Political controversy may arise if operations from Diego Garcia affect third states or regional security.	Maintains operational discretion while giving Mauritius limited sovereign awareness.	Control: an agreed UK–Mauritius secure notification protocol defining timing, classification, recipients and crisis communications.
<b>7. Diego Garcia spatial zone and buffer</b>	“Diego Garcia” means the island plus a 12-nautical-mile zone, including airspace, seabed and subsoil. The UK may manage, use and develop land, surrounding waters and seabed for defence purposes, excluding artificial islands. Between 12 and 24 nautical miles, construction or emplacement of maritime installations, sensors, structures or artificial islands requires a joint decision.	This buffer regime is not live until the treaty enters into force.	Creates a protective maritime and electromagnetic security envelope around the Base.	Watch points: seabed sensors, cables, autonomous systems, maritime domain awareness, artificial islands, research platforms and dual-use installations.

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
<b>8. Chagos beyond Diego Garcia</b>	<p>UK and US vessels and aircraft have unrestricted overflight, navigation and undersea access beyond Diego Garcia. Mauritius and the UK jointly decide on electromagnetic spectrum use. Non-UK, non-US and non-Mauritian security forces require joint authorisation except in limited humanitarian or disaster situations. (<a href="#">GOV.UK Assets</a>)</p>	<p>No treaty-based outer-island development or resettlement regime is currently active.</p>	<p>Prevents third-state security penetration of the wider Archipelago while allowing Mauritian sovereignty and possible resettlement outside Diego Garcia.</p>	<p>Control: security-review rules for outer-island development, foreign personnel, port/airstrip works, telecoms, satellite infrastructure, research activity and humanitarian deployments.</p>
<b>9. Mauritian retained rights on Diego Garcia</b>	<p>Mauritius retains title over land, territorial sea, seabed and subsoil, plus rights not authorised to the UK, including civil/criminal jurisdiction as set out in Annex 2, coins, stamps, civil registration, postal services unrelated to the Base, natural resources including fisheries, environmental protection, and commercial regulation unrelated to the Base. (<a href="#">GOV.UK Assets</a>)</p>	<p>Mauritius cannot yet exercise these treaty-defined retained rights.</p>	<p>Gives Mauritius sovereign dignity and residual governance rights while ring-fencing Base operations.</p>	<p>Postal services, natural resources, environmental regulation and commercial regulation on Diego Garcia require Joint Commission decision-making, giving the UK an effective consent mechanism. (<a href="#">GOV.UK Assets</a>)</p>
<b>10. Joint Commission governance</b>	<p>The Joint Commission implements the treaty. Each party has a co-chair and representatives; the US may introduce issues and attend to give views/advice on Base matters; all Joint Commission decisions require both UK and Mauritian agreement. (<a href="#">GOV.UK Assets</a>)</p>	<p>The Commission does not exist until the treaty architecture is activated.</p>	<p>It is the operational “valve” between Mauritian sovereignty and UK/US base security.</p>	<p>Control: detailed Terms of Reference, classified annexes, decision timelines, emergency procedures, deadlock management, US participation rules and record-keeping.</p>

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
11. UK jurisdiction on Diego Garcia	<p>The UK has the prescriptive, enforcement and adjudicative criminal and civil jurisdiction necessary to administer and operate the Base and related activities. The UK may enter into arrangements with other states regarding their property, military/civilian personnel and persons subject to their military law. (<a href="#">GOV.UK Assets</a>)</p>	<p>Existing BIOT/UK/US arrangements remain the practical framework pending entry into force.</p>	<p>Enables a SOFA-like model for US personnel and protects command, discipline and operational security.</p>	<p>Control: updated UK–US personnel jurisdiction, contractor discipline, claims, evidence handling, immunities and access procedures.</p>
12. Mauritian criminal jurisdiction	<p>Mauritius has criminal jurisdiction on Diego Garcia over Mauritian nationals who are not UK forces or US personnel, and over persons not connected to Base operations, including offences involving unlicensed commercial fishing and arms or narcotics trafficking. Where concurrent with the UK, Mauritius has the primary right, subject to waiver mechanisms. (<a href="#">GOV.UK Assets</a>)</p>	<p>Not operative until entry into force.</p>	<p>Allows Mauritian sovereign law enforcement for non-base conduct while excluding UK/US operational personnel from ordinary Mauritian criminal jurisdiction.</p>	<p>Control: arrest, transfer, evidence, detention, prisoner-transfer, prosecution and waiver protocols.</p>
13. Civil jurisdiction and liability	<p>UK courts have jurisdiction over tort claims arising from acts or omissions on Diego Garcia. Mauritian courts have limited jurisdiction where Mauritian nationals or Mauritius are involved and the claim concerns injury or damage to them, but not where injury/damage arose from official Base duties. Base-related third-party civil harm is to be answered by the UK, and Mauritius is not liable. (<a href="#">GOV.UK Assets</a>)</p>	<p>Existing claims regime continues pending treaty entry.</p>	<p>Protects Base operations from broad Mauritian civil litigation and shields Mauritius from base-related liability.</p>	<p>Control: claims-handling agreement, contractor insurance, official-duty certification process, state-immunity position, worker injury protocols.</p>

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
<b>14. Migration, asylum and irregular arrivals</b>	Under the treaty model, migrants arriving in the Archipelago, including Diego Garcia, fall under Mauritian jurisdiction. The House of Lords report recorded the FCDO position that Mauritius would be responsible for asylum claims and bound by customary non-refoulement, although Mauritius is not party to the 1951 Refugee Convention. ( <a href="#">UK Parliament</a> )	Until entry into force, the current BIOT/UK position remains a sensitive and litigation-prone area.	Strategically, the UK views the treaty as closing a route to UK asylum claims.	Control: Mauritian asylum-processing law, transfer SOPs, reception conditions, non-refoulement screening, medical care, judicial review safeguards and cooperation with international organisations.
<b>15. Environmental governance and MPA</b>	The UK must exercise its Diego Garcia rights in accordance with international environmental law and with due regard to Mauritian environmental laws. The UK must support Mauritius in establishing and managing a Marine Protected Area through a separate written instrument and cooperate on spills and IUU fishing. ( <a href="#">GOV.UK Assets</a> )	Details of the future MPA support package remain unresolved. The House of Lords report warned that maintaining and enforcing a large MPA is resource-intensive and that Mauritius would face major capacity challenges. ( <a href="#">UK Parliament</a> )	Environmental governance becomes a legitimacy pillar of the settlement, not an optional side issue.	Control: ring-fenced MPA funding, patrol capacity, satellite monitoring, IUU prosecution, oil-spill plan, environmental impact assessments, reef/climate monitoring and data sharing.
<b>16. Legacy MPA litigation</b>	The treaty is meant to replace unilateral UK environmental governance with Mauritian-led, UK-supported environmental governance.	In the 2015 Chagos MPA arbitration, the tribunal held that the UK breached UNCLOS Articles 2(3), 56(2) and 194(4) when establishing the MPA, principally because it failed to consult and balance Mauritius' rights and interests properly. ( <a href="#">United Nations Legal Affairs</a> )	Environmental protection is legally safer when negotiated under a sovereignty umbrella rather than imposed unilaterally.	Control: consultation must be real, documented and capable of showing due regard to Mauritian rights and Chagossian resettlement interests.

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
17. Ramsar, ITU and technical international representation	Mauritius would represent the Archipelago at the ITU, while the UK and Mauritius must create special arrangements allowing the UK to register and maintain frequency assignments. For Ramsar, the UK would confirm that Chagos is part of Mauritius, while the UK retains responsibility for environmental protection of the Diego Garcia Ramsar site under the site management plan. ( <a href="#">GOV.UK Assets</a> )	These technical transitions are not completed while the treaty is stalled.	Protects communications, spectrum and environmental-site continuity while aligning international representation with Mauritian sovereignty.	Control: ITU filings, frequency coordination, Ramsar notifications, IOTC/fisheries status, hydrographic notices and CTBTO/monitoring-station responsibilities.
18. Natural resources and fisheries	Mauritius retains sovereignty over natural resources, including fisheries, subject to treaty limits around Diego Garcia and Joint Commission control for certain retained rights. ( <a href="#">GOV.UK Assets</a> )	The 2015 arbitration recognised binding UK undertakings on fishing rights, eventual return and minerals/oil benefits, and found breaches in the unilateral MPA process. ( <a href="#">United Nations Legal Affairs</a> )	Natural-resource sovereignty is allocated to Mauritius, but Base protection constrains exploitation around Diego Garcia.	Control: fisheries licensing, IUU enforcement, seabed-resource moratorium or rules, environmental review, continental-shelf coordination and revenue/benefit arrangements.
19. Chagossian resettlement	Mauritius is free to implement resettlement on Chagos islands <b>other than Diego Garcia</b> , in conformity with the treaty and Mauritian law. ( <a href="#">GOV.UK Assets</a> )	The treaty does not itself create a clear right of return or a mandatory resettlement programme. The House of Lords report called Article 6 largely declaratory and said the Agreement does not provide a clear route to Chagossian resettlement. ( <a href="#">UK Parliament</a> )	The political and moral legitimacy of the settlement depends heavily on whether outer-island resettlement becomes credible, funded and inclusive.	Control: Chagossian consultation, land/tenure rules, outer-island feasibility studies, health/water/power/transport, education, employment, cultural heritage, cemetery access and security-screening rules.
20. Diego Garcia exclusion for Chagossians	Resettlement is expressly limited to islands other than Diego Garcia. ( <a href="#">GOV.UK Assets</a> )	Lords debate in April 2026 recorded that, because the treaty was delayed, there was currently no treaty-based resettlement programme; it also raised questions about Chagossians on Peros Banhos and a BIOT Supreme Court right-of-abode ruling. ( <a href="#">Hansard</a> )	Diego Garcia's exclusion preserves base security but remains the most sensitive Chagossian-rights issue.	Control: meaningful alternatives: outer-island settlement, heritage visits, employment pathways, trust benefits, cultural protection and transparent reasons for Diego Garcia exclusion.

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
<b>21. Chagossian welfare and Trust Fund</b>	The UK must capitalise a Trust Fund for the benefit of Chagossians, to be established by Mauritius. ( <a href="#">GOV.UK Assets</a> )	Governance details are unclear. The House of Lords report called for clarity on oversight, accountability, allocation criteria and whether UK-based Chagossians would benefit. ( <a href="#">UK Parliament</a> )	The Trust Fund is both a reparative and legitimacy mechanism, but only if credible and inclusive.	Control: independent trustees, Chagossian representation, eligibility rules, audit, public reporting, appeals mechanism and separate treatment of welfare, resettlement and heritage funding.
<b>22. Mauritian employees and contractors</b>	The UK may freely select employees, contractors and suppliers for the Base, but suitably qualified Mauritian nationals and companies receive preference to the maximum extent practicable, consistent with applicable policies and laws. ( <a href="#">GOV.UK Assets</a> )	Not operative until entry into force.	Economic benefit flows to Mauritius while preserving UK/US procurement discretion.	Control: procurement security vetting, classified-contract rules, Chagossian employment preferences, anti-corruption controls and dispute procedures for rejected bidders.
<b>23. Financial settlement</b>	The UK must pay Mauritius an annual sum, capitalise a Chagossian Trust Fund and provide 25-year development funding. The treaty says it is the full and final settlement of all Mauritian claims in relation to Chagos. ( <a href="#">GOV.UK Assets</a> )	Financial obligations are politically controversial and tied to treaty entry.	Converts litigation exposure and base insecurity into a predictable long-term payment structure.	Control: inflation indexation, parliamentary scrutiny, audit, development-fund governance and separation of base-payment, development and Chagossian-welfare streams.
<b>24. Financial quantum</b>	The House of Lords report recorded annual payments of £165 million for the first three years, then £120 million annually with inflation adjustment after year 14; a £40 million Chagossian Trust Fund; and £45 million annually for 25 years in development grant funding. It also recorded the Government's £101 million average annual cost estimate and £3.4 billion net-present-value figure. ( <a href="#">UK Parliament</a> )	These figures remain politically salient while ratification is stalled.	The strategic question is whether that price is justified by 99-year-plus base certainty.	Control: transparent cost-benefit case, comparison with alternative basing options, contingency if treaty collapses, and fiscal audit of all side instruments.

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
<b>25. Termination</b>	Mauritius may terminate only for UK non-payment or a serious threat to its supreme national interests, defined as an armed attack or threat by the UK against Mauritius, or an armed attack on Mauritius directly emanating from the Base. ( <a href="#">GOV.UK Assets</a> )	Not operative until entry into force.	Strongly protects UK/US continuity; Mauritius does not have a broad convenience termination right.	Control: payment reliability, armed-operation deconfliction, PM-to-PM crisis channel, arbitration readiness.
<b>26. Dispute settlement</b>	The Joint Commission is the primary implementation and dispute forum. If Mauritius invokes termination and the UK disputes the grounds, the UK may refer the matter to arbitration. ( <a href="#">UK Parliament</a> )	Not operative until treaty entry.	Disputes are channelled politically first, legally only in the narrow termination context.	Control: escalation ladder, classified-evidence process, arbitral seat/rules, interim measures planning and parallel diplomacy.
<b>27. 99-year duration and extension</b>	The initial period is 99 years. A 40-year extension is possible only if both parties agree conditions before expiry; further extensions require agreement. ( <a href="#">GOV.UK Assets</a> )	Duration clock has not started.	Long but not perpetual base security.	Risk after 99 years: no automatic extension. Control: renewal diplomacy, right-of-first-refusal planning, infrastructure amortisation and long-term force posture alternatives.
<b>28. Strategic value of Diego Garcia</b>	Treaty design seeks to preserve a “vital” UK/US military asset. The House of Lords report described Diego Garcia as a critical logistic hub with irreplaceable capabilities, and noted its location gives coverage into the Gulf, Middle East, South Asia and East Africa. ( <a href="#">UK Parliament</a> )	The UK Government told Parliament that the status quo is legally insecure and that the treaty is the best means of protecting full base operation. ( <a href="#">Hansard</a> )	The base supports power projection, logistics, naval/air refuelling, intelligence, counterterrorism and regional deterrence.	Strategic risk is not only sovereignty; it is continuity of access, spectrum, cables, overflight, maritime security and US confidence.

Dimension	Treaty-in-force legal position	Current / transition issue	Strategic effect	Principal risks and controls
<b>29. Foreign influence / grey-zone risk</b>	Annex 1 and the Joint Commission restrict foreign security-force presence and development that could undermine the Base. ( <a href="#">GOV.UK Assets</a> )	If the treaty fails, there is no new agreed Mauritian-UK security-review architecture.	Prevents rival-state access through outer-island development, dual-use infrastructure or commercial cover.	Control: security-review criteria, beneficial-ownership checks, telecoms/vendor screening, port/airstrip controls, research-permit vetting and intelligence liaison.
<b>30. Overall strategic balance</b>	If ratified, the treaty gives Mauritius sovereignty while preserving UK/US military control over Diego Garcia for 99 years, subject to narrow termination rights and managed residual Mauritian powers.	If not ratified, UK administration continues but under sustained international-law, diplomatic and litigation pressure.	The treaty's value is legal certainty; its weakness is political dependency, especially US support and Chagossian legitimacy.	The decisive controls are: US agreement, UK legislation, Mauritian implementation, Chagossian settlement architecture, environmental instrument and robust Joint Commission design.

### 3. Risk Heat Map

Risk	Probability	Impact	Overall rating	Reason
<b>US political non-clearance / no updated UK–US Exchange of Notes</b>	High	Very high	<b>Critical</b>	UK ministers stated in April 2026 that changed US political support made the necessary update impossible on the expected timetable and stopped the Bill completing that session. ( <a href="#">Hansard</a> )
<b>Treaty non-ratification and renewed Mauritius litigation</b>	High	High	<b>High–Critical</b>	The House of Lords Committee said Mauritius would likely resume its international-court campaign if the treaty is not ratified and that the UK would be unlikely to prevail in future international adjudication. ( <a href="#">UK Parliament</a> )
<b>Base operational constraint if treaty enters force</b>	Low–Medium	Very high	<b>Medium</b>	The treaty grants broad UK/US operational rights, including armed operations, spectrum, access, basing and policing, but political notification and Joint Commission processes still require careful management. ( <a href="#">GOV.UK Assets</a> )
<b>Chagossian legitimacy and rights challenge</b>	High	High	<b>High</b>	Article 6 permits only non-Diego Garcia resettlement and does not itself secure a right to return; the House of Lords report found no clear route to resettlement. ( <a href="#">GOV.UK Assets</a> )

Risk	Probability	Impact	Overall rating	Reason
Environmental governance failure	Medium	High	Medium–High	The treaty requires UK support for a Mauritian MPA, but the support package is still to be agreed; past unilateral UK MPA governance was found inconsistent with UNCLOS obligations. ( <a href="#">GOV.UK Assets</a> )
Jurisdictional friction over workers, contractors, migrants or non-base persons	Medium	Medium–High	Medium	Annex 2 creates divided UK and Mauritian jurisdiction and requires cooperation on investigations, evidence, transfers, illegal migration and trafficking. ( <a href="#">GOV.UK Assets</a> )
Foreign influence / outer-island dual-use development	Medium	High	Medium–High	Annex 1's security-review and joint-decision rules are designed to manage outer-island and maritime-installation risks, but they depend on effective implementation. ( <a href="#">GOV.UK Assets</a> )
Financial and domestic-political backlash	High	Medium–High	High	The financial package is substantial, with the House of Lords report recording a £3.4 billion net-present-value estimate and multiple annual funding streams. ( <a href="#">UK Parliament</a> )

## 4. Implementation Checklist

### A. Ratification and transition

1. Secure US political approval for the updated UK–US defence arrangement.
2. Reintroduce or revive UK implementing legislation.
3. Complete Mauritian domestic implementation.
4. Align entry-into-force notices, BIOT transition instruments, nationality/immigration effects and international-organisation notifications.
5. Update UK–US arrangements on personnel, command, claims, security, classified information and facilities.

### B. Diego Garcia base governance

1. Classified operational protocol for armed operations and post-event notification.
2. Spectrum, cable, electronic systems and cyber/electromagnetic warfare annex.
3. Access-control protocol for personnel, contractors, vessels, aircraft and goods.
4. Hazardous materials, fuel, munitions and environmental safety regime.
5. Base-related civil-claims and contractor-liability framework.

### C. Joint Commission

1. Terms of Reference with urgent procedures and classified sessions.
2. Rules for US participation, agenda-setting and advice.
3. Deadlock rules for retained Mauritian rights.
4. Security-review procedure for outer-island development.
5. Decision register, confidentiality rules and review timetable.

#### D. Chagossian settlement package

1. Chagossian advisory council with UK, Mauritian and diaspora representation.
2. Outer-island feasibility assessment: water, power, health, education, transport, communications and climate resilience.
3. Land tenure and residence rules under Mauritian law.
4. Trust Fund governance with independent audit and Chagossian trustees.
5. Employment pathway for Chagossians, not only Mauritian nationals generally.
6. Heritage visits, cemetery access, cultural records and language/history preservation.

#### E. Environmental governance

1. Separate written MPA instrument with funding and enforcement commitments.
2. IUU fishing surveillance using patrols, satellite monitoring and prosecution cooperation.
3. Oil-spill and hazardous-material response plan.
4. EIA requirements for outer-island resettlement and infrastructure.
5. Ramsar site management plan and data-sharing regime.
6. Climate adaptation and reef-protection programme.

#### F. Jurisdiction, migration and law enforcement

1. UK–Mauritius criminal cooperation SOP.
2. Evidence, arrest, transfer and detention protocol.
3. Mauritian asylum-processing system for arrivals in Chagos, including non-refoulement screening.
4. Procedures for illegal fishing, arms/narcotics trafficking, people smuggling and irregular migration.
5. Civil-claims forum rules and official-duty certification process.

## 5. Bottom-line assessment

The proposed settlement is strategically coherent **if** the objective is to preserve the Diego Garcia base while reducing the UK's international-law exposure. Its strongest legal feature is the broad UK authorisation over Diego Garcia; its weakest political features are US dependency, Chagossian exclusion from Diego Garcia, unresolved resettlement implementation and the cost.

The decisive question is no longer only **“Who is sovereign?”** The treaty answers that in favour of Mauritius. The decisive operational question is whether the UK, US and Mauritius can make the delegated-authority model work in practice: **secure base control, credible Mauritian sovereignty, meaningful Chagossian remedy, and enforceable environmental governance.**

## Appendix I — Policy Action Matrix

### Purpose.

This appendix converts the report’s strategic argument into a phased action plan: immediate stabilisation, short-term buffering, medium-term resilience-building and three-year structural reform. It assumes Mauritius is exposed through four connected channels: maritime chokepoints, imported energy and food, tourism receipts, and rupee/foreign-exchange pressure.

### Policy Priority Grid

Urgency versus Strategic Payoff



Reading guide: the upper-right quadrant should receive immediate Cabinet-level attention; the lower-right quadrant belongs in the three-year resilience agenda.

### Policy Action Matrix

Time frame	Policy action	Lead institutions	Output / KPI	Main trade-offs
30 days	Establish a <b>National Maritime-Economic Resilience Cell</b> chaired at Cabinet level.	PMO / Cabinet Office; Ministry of Finance, Economic Planning and Development; Ministry of Foreign Affairs; Ministry of Energy and Public Utilities; Bank of Mauritius; STC; CEB; Mauritius Ports Authority; National Coast Guard.	Single weekly dashboard covering shipping, fuel, food, FX, tourism bookings and social-risk indicators.	Centralisation improves speed but may bypass line ministries; use a sunset clause and clear reporting lines.
	Complete an <b>essential-import stock and cargo visibility audit</b> .	STC; Ministry of Commerce and Consumer Protection; Ministry of Energy; CEB; Mauritius Ports Authority; private importers.	Stock-days for petroleum, LPG, rice, flour, coal, key medicines and major food staples; ETA list for cargoes exposed to Hormuz, Red Sea/Suez, Cape and Malacca routes.	Full disclosure can trigger hoarding; publish aggregated confidence indicators, not commercially sensitive cargo data.

Time frame	Policy action	Lead institutions	Output / KPI	Main trade-offs
	Launch a <b>Rupee Stress Dashboard</b> .	Bank of Mauritius; Ministry of Finance; Statistics Mauritius; STC; Ministry of Tourism; MTPA.	Weekly “import-cost pressure versus tourism-receipt cushion” view: USD/MUR, EUR/MUR, GBP/MUR, Brent, freight/insurance, tourism receipts and reserve/liquidity indicators.	FX intervention can calm markets but may deplete reserves; avoid signalling a hard currency target.
	Activate <b>targeted cost-of-living protection</b> and anti-hoarding enforcement.	Ministry of Finance; Ministry of Commerce and Consumer Protection; Ministry of Social Integration, Social Security and National Solidarity; Competition Commission; MRA.	Trigger-ready relief for vulnerable households; price-monitoring list for fuel-linked staples; hotline and enforcement protocol for hoarding or excessive margins.	Universal subsidies are politically simple but fiscally costly; targeted transfers are fairer but require better data.
	Issue a <b>strategic reassurance package</b> for households, investors and partners.	PMO; Government Information Service; Ministry of Foreign Affairs; Ministry of Tourism; EDB; FSC; BoM.	Public message: “no panic, managed exposure, trusted platform”; partner briefings to India, France/EU, UK, US, South Africa, SADC and IOC states.	Too much security messaging may make Mauritius look crisis-exposed; frame around resilience and reliability.
60 days	Negotiate <b>contingency procurement and routing options</b> .	STC; CEB; Ministry of Energy; Ministry of Commerce; Mauritius Ports Authority; private logistics firms.	Alternate supplier list; Cape-route cost scenarios; emergency procurement clauses; forward visibility on fuel, coal, LPG, rice and flour contracts.	Dual sourcing raises costs; over-reliance on spot markets raises price risk.
	Implement <b>demand-response and fuel-saving measures</b> .	CEB; Ministry of Energy; large industrial users; hotels; public sector facilities.	Peak-load reduction plan; voluntary curtailment/compensation for large users; public-building energy-saving protocol; hotel efficiency package.	Curtailed protects the grid but can reduce industrial and hotel output; compensation must be transparent.
	Prepare a <b>social-protection trigger pack</b> .	Ministry of Finance; Social Security Ministry; Statistics Mauritius; Commerce Ministry.	Pre-approved thresholds tied to fuel prices, food CPI, exchange-rate stress and utility-bill pressure.	Fast relief protects trust; poorly targeted support worsens fiscal strain and can entrench expectations.
	Manage <b>tourism source-market exposure</b> .	Ministry of Tourism; MTPA; Air Mauritius; Airports of Mauritius; AHRIM / private tourism sector.	Booking-risk heatmap by market; contingency campaigns in India, Gulf markets, South Africa and regional markets; air-seat monitoring.	Diversification improves resilience but may dilute premium positioning or require air-route incentives.
	Run <b>financial-sector and platform-state stress tests</b> .	Bank of Mauritius; FSC; EDB; Ministry of Finance; FIU / AML-CFT authorities.	Stress tests for banks, hotels, global business companies and strategic investors; protocol for sanctions, AML-CFT and reputational-risk screening.	More scrutiny protects trust but may slow investment approvals.

Time frame	Policy action	Lead institutions	Output / KPI	Main trade-offs
180 days	Accelerate <b>renewables, storage and grid-readiness procurement</b> .	Ministry of Energy; CEB; MARENA; Ministry of Finance; EDB; private IPPs.	Fast-track solar, battery storage, grid reinforcement and demand-management tenders.	Speed creates procurement and grid-integration risks; publish tender criteria and grid-capacity constraints.
	Create a <b>strategic reserve framework</b> .	STC; Ministry of Energy; Ministry of Commerce; CEB; Ministry of Finance; Mauritius Ports Authority.	Minimum stock-days and financing model for petroleum products, LPG, rice, flour and transition fuels.	Reserves improve security but carry storage, spoilage, interest and governance costs.
	Upgrade <b>Port Louis / Cape-route logistics readiness</b> .	Mauritius Ports Authority; MRA Customs; shipping agents; port operators; Ministry of Commerce.	Customs fast lanes for essential imports; berth-priority protocol; bunkering and cold-chain assessment; longer-route ETA planning.	Port resilience capex can be underused in normal conditions; use modular and scalable investments.
	Adopt a <b>public-sector FX risk-management policy</b> .	Bank of Mauritius; Ministry of Finance; STC; CEB; Air Mauritius; major public importers.	Rules for hedging, supplier-currency diversification and reporting of FX exposures.	Hedging reduces volatility but can create accounting losses and political criticism if prices move favourably.
	Build a <b>Cost-of-Living Observatory</b> .	Statistics Mauritius; Ministry of Finance; Commerce Ministry; Social Security Ministry; Competition Commission.	Monthly public note on food, fuel, freight, FX and household-pressure indicators.	Transparency builds trust but may expose policy gaps; pair publication with response measures.
	Develop a <b>Chagos / Diego Garcia benefit-risk framework</b> .	PMO; Ministry of Foreign Affairs; Ministry of Finance; Ministry of Environment; security agencies; community and legal stakeholders.	Framework for sovereignty benefits, environmental stewardship, Chagossian issues, security coordination and reputational safeguards.	Strategic rents can strengthen Mauritius' platform role; overexposure to great-power competition can damage neutrality.
Three years	Reduce <b>imported-fossil-fuel dependence</b> .	Ministry of Energy; CEB; MARENA; Ministry of Finance; EDB; private investors.	Higher renewable share, storage capacity, coal phase-down pathway, demand-response market and public-sector electrification.	Lower import exposure over time, but upfront debt, land-use conflict and technology dependence rise.
	Institutionalise Mauritius as a <b>trusted Indian Ocean platform state</b> .	PMO; Ministry of Foreign Affairs; EDB; FSC; BoM; Mauritius Ports Authority.	Integrated offer: maritime services, finance, arbitration, climate finance, logistics coordination and neutral diplomacy.	Platform status creates diplomatic leverage but also attracts scrutiny from competing powers.
	Build <b>strategic storage and regional supply compacts</b> .	STC; Ministry of Commerce; Ministry of Energy; Ministry of Foreign Affairs; MPA; private logistics investors.	Regional agreements for fuel, food staples and emergency logistics with India, South Africa, Gulf suppliers and African partners.	Security of supply improves, but Mauritius may become dependent on a small number of strategic counterparties.

Time frame	Policy action	Lead institutions	Output / KPI	Main trade-offs
	Rebalance the <b>tourism and air-connectivity portfolio</b> .	Ministry of Tourism; MTPA; Air Mauritius; Airports of Mauritius; private sector.	Lower dependence on top five markets; high-yield segments; stronger regional, Indian, Gulf and conference/event tourism.	Diversification improves resilience but may require route support and brand adaptation.
	Strengthen <b>rupee resilience and financial-services trust</b> .	Bank of Mauritius; Ministry of Finance; FSC; FIU; EDB; Statistics Mauritius.	Deeper FX inflow base, reserve-adequacy monitoring, high-standard AML-CFT compliance, sustainable-finance pipeline.	Tight credibility standards protect reputation but increase compliance costs for firms.

► **Institutional note.**

STC is central to essential-import policy because its official profile identifies it as the importer of petroleum products, LPG, rice and flour; CEB is the energy-system lead as a parastatal under the Ministry of Energy and Public Utilities; the Tourism Authority regulates and licenses tourism operators; and FSC is the integrated regulator for non-bank financial services and global business. ([STC - State Trading Corporation](#))

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Bramston is a strategic advisory and policy intelligence platform focused on the intersection of geopolitics, economic resilience, institutional trust and national competitiveness. Through evidence-led analysis, scenario planning and practical policy design, Bramston helps decision-makers interpret complex risks, anticipate strategic shifts and convert uncertainty into actionable choices. Its work brings together regional insight, global perspective and a disciplined understanding of state capacity, markets and diplomacy, with particular attention to how small and platform states can protect stability, strengthen credibility and create long-term strategic value in a more contested world.

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