

National Accounts Estimates (2015 – 2018)
June 2018 issue

1. INTRODUCTION

This issue of Economic and Social Indicators presents National Accounts estimates for the period 2015 to 2018. Concepts and definitions used in the computation of estimates are given at section 6.3.

2. MAIN AGGREGATES

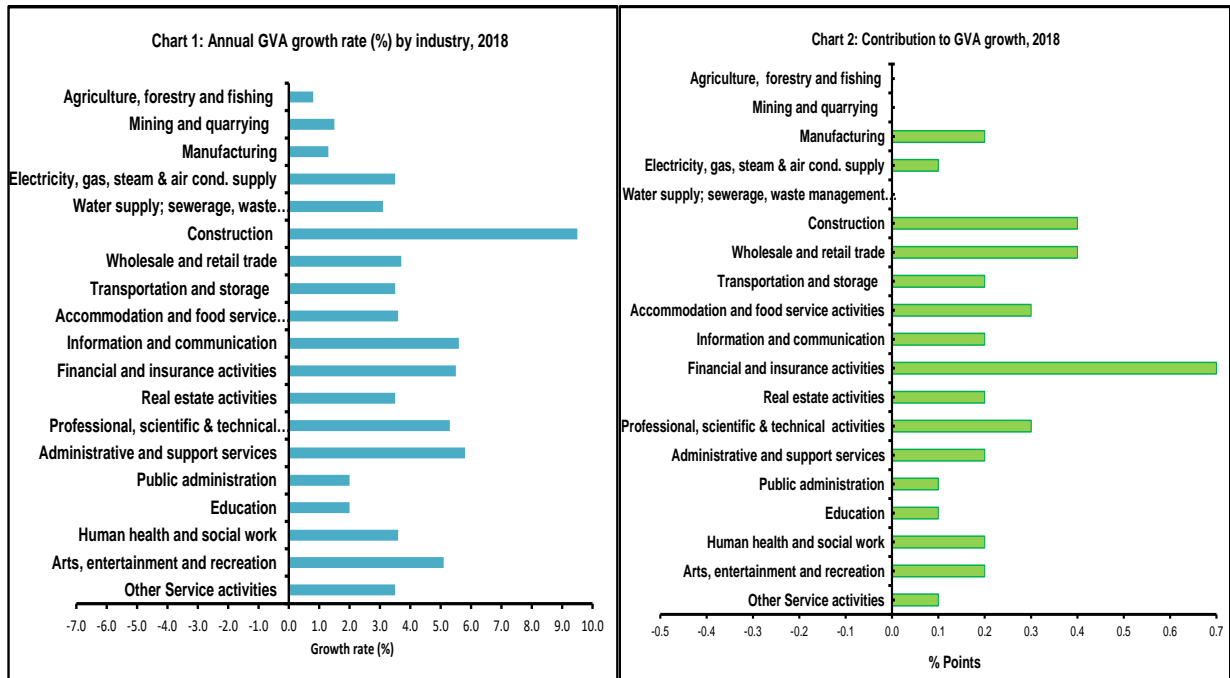
	2017 ¹	2018 ²
(i) GDP at current market prices (R billion)	459.6	488.5
(ii) GVA at current basic prices (R billion)	405.4	428.9
(iii) GDP growth rate at market prices (%)	+3.8	+3.9
(iv) GVA growth rate at basic prices (%)	+3.6	+3.8
(v) Investment (GFCF) growth rate (%)	+4.7	+2.9
<i>Exclusive of aircraft and marine vessel</i>	+5.6	+4.4
(vi) Investment (GFCF) as a % of GDP at current market prices	17.3	17.2
<i>Exclusive of aircraft and marine vessel</i>	17.1	17.2
(vii) Public sector investment as a % of GDP at market prices	4.1	4.9
<i>Exclusive of aircraft and marine vessel</i>	3.9	4.9
(viii) Private sector investment as a % of GDP at market prices	13.2	12.3
<i>Exclusive of aircraft and marine vessel</i>	13.2	12.3
(ix) Public sector investment as a % of investment (GFCF)	23.7	28.5
<i>Exclusive of aircraft and marine vessel</i>	22.9	28.5
(x) Private sector investment as a % of investment (GFCF)	76.3	71.5
<i>Exclusive of aircraft and marine vessel</i>	77.1	71.5
(xi) Growth rate of final consumption expenditure (%)	+2.8	+3.2
(xii) Gross Domestic Saving as a % of GDP at market prices	10.6	10.4
(xiii) Gross National Saving as a % of GNDI (Excl. GBC)	11.9	12.4
(xiv) Net exports of goods and services as a % of GDP	-12.9	-12.7

¹Revised ² Forecast

3. HIGHLIGHTS

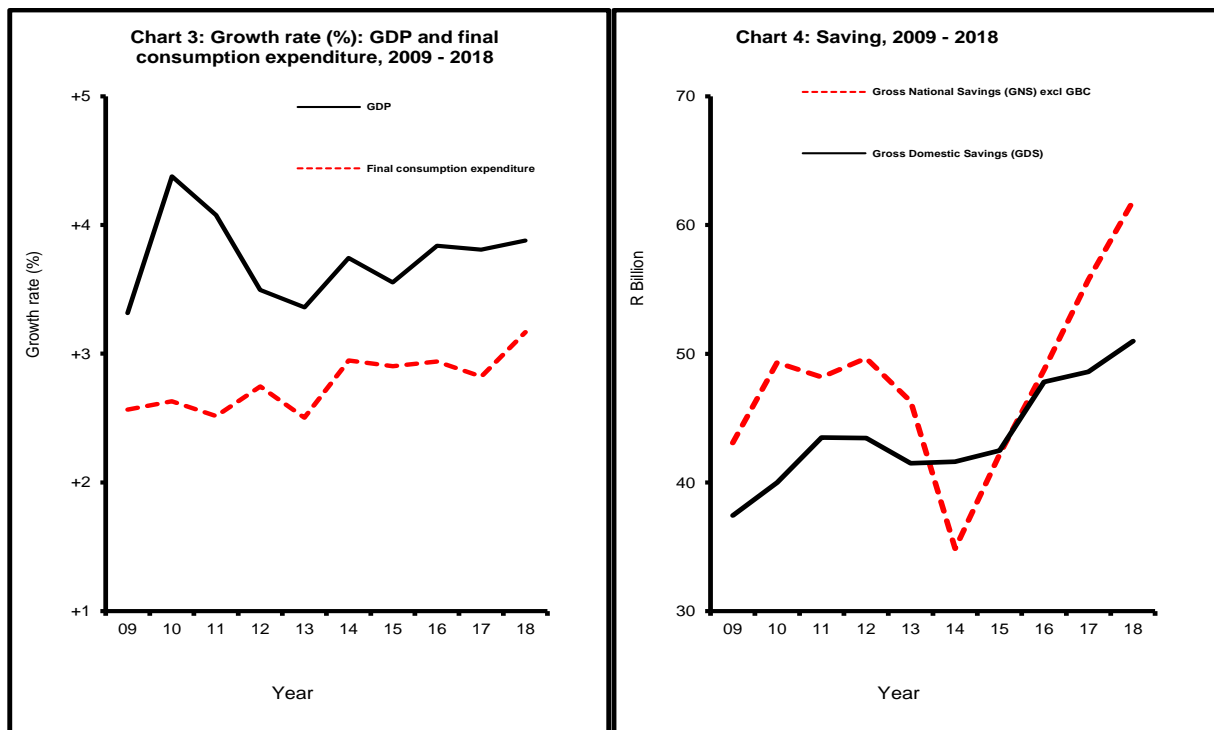
3.1 Gross Domestic Product - 2017 and 2018

- (i) **GDP at market prices in 2017 grew by 3.8%** and **GVA at basic prices by 3.6%**, same as in 2016. Excluding sugar, the GVA growth rate was 3.7%, higher than the rate of 3.6% in 2016.
- (ii) On the basis of information gathered on key sectors of the economy and taking into consideration policy measures announced in the budget 2018/2019:
 - **GDP at market prices in 2018 is forecasted to grow by 3.9%, higher than the 3.8% growth in 2017.**
 - **GVA at basic prices in 2018 is expected to grow by 3.8%, higher than the 3.6% growth in 2017.** Exclusive of sugar, the rate would remain at 3.8%.
- (iii) Main contributors to the 3.8% growth in GVA at basic prices would be: **“Financial and insurance activities” (0.7 percentage point), “Construction” and “Wholesale & retail trade; repair of motor vehicles and motorcycles” each contributing 0.4 percentage point, and “Accommodation and food service activities” and “Professional, scientific and technical activities” each contributing 0.3 percentage point.** (Chart 2).



3.2 Final consumption expenditure, 2018

Final consumption expenditure would grow by 3.2% in 2018 compared to 2.8% in 2017 (Chart 3).



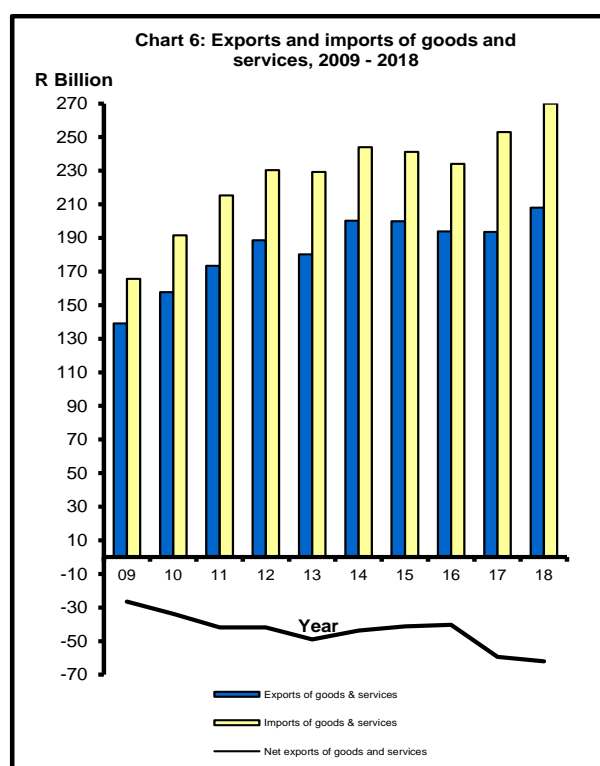
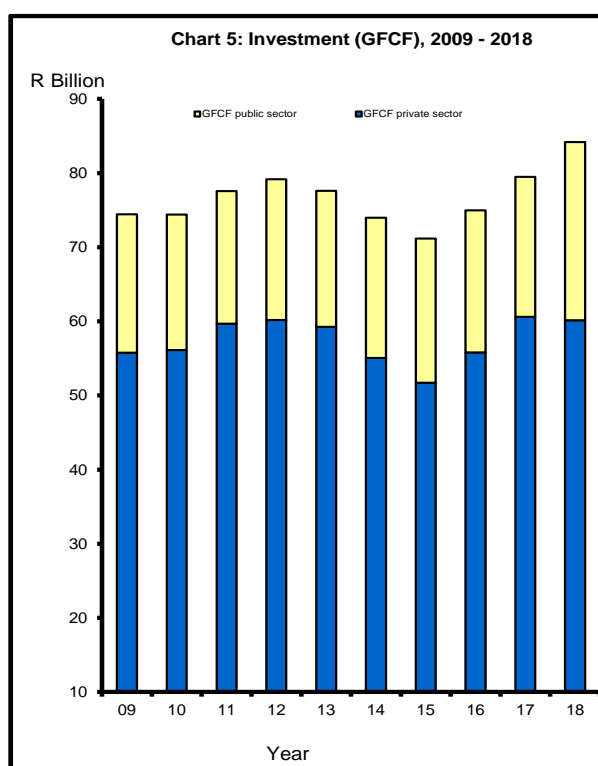
3.3 Saving, 2018

Gross Domestic Saving (GDS) as a percentage of GDP at market prices for 2018 would be 10.4 compared to 10.6 in 2017. Gross National Saving (GNS)¹ as a % of Gross National Disposable Income (GNDI)¹ would be 12.4 in 2018, higher than the figure of 11.9 in 2017 (Table 11).

¹ Excluding net primary income and net transfer of Global Business Companies (GBC) from the rest of the world

3.4 Investment (GFCF), 2018

- (i) **Investment would grow by 2.9% in 2018, after a growth of 4.7% in 2017.** Exclusive of aircraft and marine vessel, investment would grow by 4.4% compared to 5.6% in 2017.
- (ii) **Private sector investment is expected to decline by 3.6% in 2018** compared to the 7.3% growth in 2017. Exclusive of aircraft and marine vessel, private sector investment would drop by 3.0% compared to the 7.3% growth in 2017.
- (iii) **Public sector investment would rebound by 23.7% in 2018, after a contraction of 2.9% in 2017.** Exclusive of aircraft and marine vessel, public sector investment is expected to grow by 29.6% in 2018 after a growth of 0.3% in 2017.
- (iv) **Investment rate, defined as the ratio of GFCF to GDP at market prices would slightly decrease to 17.2% in 2018,** from 17.3% in 2017. Exclusive of aircraft and marine vessel, the rate would be 17.2% compared to 17.1% in 2017.
- (v) **Private investment rate would decrease to 12.3% in 2018** from 13.2% in 2017 while **public investment rate would increase to 4.9% in 2018** from 4.1% in 2017. Exclusive of aircraft and marine vessel, private investment rate in 2018 would be 12.3% and that of public sector would be 4.9%.
- (vi) **The share of private sector investment in GFCF is expected to decrease to 71.5% in 2018** from 76.3% in 2017 while that **of the public sector would increase to 28.5%** from 23.7% in 2017. Exclusive of aircraft and marine vessel, the share of private sector investment in 2018 would be 71.5% and that of the public sector, 28.5%.



3.5 Net exports of goods and services, 2018

- (i) **Imports of goods and services would grow by 5.8% in 2018** compared to 2.8% in 2017 and **exports of goods and services would rebound by 5.3%** after a drop of 2.0% in 2017.
- (ii) Net exports of goods and services would result in a **deficit representing 12.7% of GDP at market prices**, lower than the figure of 12.9% registered in 2017. Exclusive of aircraft and marine vessel, the deficit would be 12.7%, same as in 2017.

4. REVISIONS IN THIS ISSUE

The GDP growth rate at market prices for 2018 would be 3.9%, same as forecasted in March 2018. Based on performance observed in the first quarter of 2018, the GVA growth rate at basic prices is reviewed slightly downward to 3.8% from 3.9% as forecasted in March 2018.

At industry level, the main changes compared to the forecast made in March 2018 are:

- (i) **Agriculture, forestry and fishing:** a growth of 0.8% instead of 1.1%, mainly explained by an expected decline in sugarcane (-1.6% instead of 0.0%) based on a revised forecast of local sugar production (350,000 tonnes instead of 355,000 tonnes),
- (ii) **Electricity, gas, steam and air conditioning supply:** a growth of 3.5% instead of 3.8%, due to lower than expected production of electricity by CEB observed in the first quarter of 2018,
- (iii) **Wholesale & retail trade; repair of motor vehicles and motorcycles:** A higher growth rate (3.7% instead of 3.6%) based on higher than expected margins on imports for the first quarter of 2018,
- (iv) **Accommodation and food service activities:** to grow by 3.6% instead of 4.1%, due to a downward revision in the expected number of tourist arrivals (1,395,000 instead of 1,410,000),
- (v) **Professional, scientific and technical activities:** A lower growth rate (5.3% instead of 5.8%), mostly explained by lower than expected activities of legal and accounting for the first quarter of 2018, and
- (vi) **Public administration and defence; compulsory social securities:** to grow by 2.0% instead of 2.3%, resulting from the recruitment of new officers to replace those who are retiring as observed during the first quarter of 2018.

5. FORECAST - YEAR 2018

5.1 Gross Domestic Product

5.1.1 Production

GVA at current basic prices, which comprises the sum of value added of all industry groups, is expected to reach R 428,868 million compared to R 405,402 million in 2017, representing a nominal increase of 5.8%. Around 75.9% of GVA in 2018 would be generated by the tertiary sector comprising the services industries compared to 20.5% by the secondary sector. The remaining 3.6% would be attributed to the primary sector which consists mainly of agricultural activities.

Taxes on products (net of subsidies) are expected to rise by 10.0% to reach around R 59,601 million from R 54,203 million in 2017.

GDP at current market prices, which is equal to GVA at current basic prices plus taxes on products (net of subsidies), would reach R 488,469 million, 6.3% higher than the figure of R 459,605 million in 2017.

Per capita GDP, defined as the ratio of GDP at current market prices to population, is projected to increase by 6.2% to attain R 385,922 from R 363,356 in 2017 (Table 1).

5.1.2 Growth rate

After removing the price effect estimated at 2.3% (known as the GDP deflator), **GDP at market prices is forecasted to grow by around 3.9% in 2018**, higher than the 3.8% growth in 2017.

In light of information gathered on key sectors of the economy, performance observed in the first quarter of 2018 and policy measures announced in the budget 2018/2019, **GVA at basic prices is expected to grow by 3.8% in 2018**, higher than the 3.6% growth in 2017 (Tables 2 & 6).

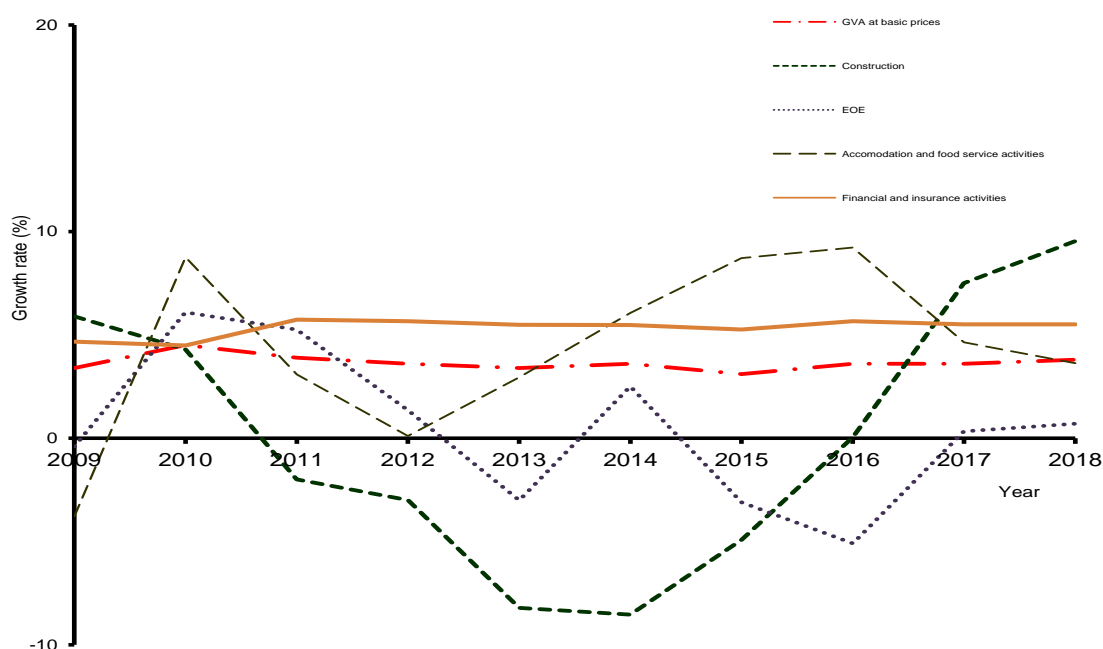
5.2 Growth rate by industry

The main assumptions used are as follows:

- a) **Agriculture, forestry and fishing:** to grow by 0.8% compared to a decline of 0.2% in 2017. Within the sector,
 - (i) "Sugarcane": a sugar production of 350,000 tonnes compared to 355,000 tonnes in 2017, resulting in a further drop of 1.6% after the contraction of 7.9% in 2017, and

- (ii) “Other agriculture”: to grow by 1.3% compared to 2.3% in 2017.
- b) **Manufacturing:** to grow at a rate of 1.3%, after a growth of 1.5% in 2017. The expected performances of its sub sectors are as follows:
- (i) “Sugar milling” to drop by 11.1% as opposed to a growth of 2.4% in 2017. This is explained by the fact that no raw sugar will be imported for refining in 2018 compared to the refining of 100,000 tonnes of imported raw sugar in 2017;
 - (ii) “Food processing” to grow by 2.0%, higher than the 0.5% growth in 2017;
 - (iii) “Textile manufacturing” to record a ‘no growth’ compared to a contraction of 0.7% observed in 2017; and
 - (iv) “Other manufacturing” to grow by 2.0%, lower than the 4.5% growth in 2017.
- Within the manufacturing sector, activities of **Export Oriented Enterprises (EOEs)** are expected to grow by 0.7%, higher than the 0.3% growth in 2017.
- c) **Construction:** to grow by 9.5%, higher than the 7.5% growth in 2017, assuming timely implementation of major public investment projects such as Metro Express and Côte d’Or Sports Complex.
- d) **Wholesale & retail trade; repair of motor vehicles and motorcycles:** to grow at a higher rate of 3.7% compared to 3.1% in 2017.
- e) **Transportation and storage:** to grow by 3.5%, lower than the 3.7% growth in 2017.
- f) **Accommodation and food service activities:** to grow by 3.6% compared to 4.6% in 2017, based on expected tourist arrivals of 1,395,000 in 2018 compared to 1,341,860 in 2017.
- g) **Information and communication:** to grow by 5.6%, higher than the 5.5% growth in 2017.
- h) **Financial and insurance activities:** to grow by around 5.5%, same as in 2017. This would be due to expected growths of 6.0% and 4.9% in “Monetary intermediation” and “Insurance” respectively.
- i) **Professional, scientific and technical activities:** to grow by 5.3%, same as in 2017.
- j) **Public administration and defence; compulsory social security:** to grow by 2.0% compared to 0.6% in 2017.
- k) **Other sectors:** growth rates based on recent past trends.

Chart 7: Growth rate (%) - GVA and selected industries, 2009 - 2018



5.3 Expenditure on Gross Domestic Product

5.3.1 Final Consumption Expenditure

Final consumption expenditure of households and general government, the major component of expenditure on GDP, is expected to increase by 6.4% to attain R 437,488 million in 2018 from R 411,003 million in 2017. The real growth rate would be 3.2%, higher than the 2.8% in 2017, mostly due to a higher expected growth in the final consumption expenditure of households. Final consumption expenditure of households would grow by 3.3%, higher than the 3.1% growth in 2017 while that of general government is expected to grow by 2.5% compared to 1.6% in 2017 (Tables 9 and 10).

5.3.2 Investment (GFCF)

Based on latest information gathered from stakeholders and taking into consideration measures announced in the budget 2018/2019, investment in 2018 would reach R 84,175 million, representing an increase of 5.9% in nominal terms over the 2017 figure of R 79,499 million (Tables 9 and 12). In real terms, it is expected to grow by 2.9% compared to 4.7% in 2017. Exclusive of aircraft and marine vessel, the growth would be 4.4% compared to 5.6% in 2017 (Table 13).

Investment rate would be 17.2% in 2018 compared to 17.3% in 2017. Exclusive of aircraft and marine vessel, investment rate would be 17.2%, higher than the rate of 17.1% recorded in 2017 (Table 2).

Investment by type

In real terms, investment in "Building and construction work" is expected to expand further by 9.8%, following a growth of 6.8% in 2017. Within this category, "Residential building" would decline further by 5.7% after a contraction of 0.9% in 2017. "Non-residential building" is expected to grow at a rate of 12.8%, after a high growth of 27.5% in 2017. "Other construction work" would grow by 37.7%, higher than the 5.9% growth registered in 2017.

Investment in "Machinery and equipment" is estimated to decline by 8.9% in 2018 compared to a growth of 1.3% in 2017. Excluding investment on aircraft and marine vessel, it would drop by 6.2% as opposed to a growth of 3.6% in 2017.

Investment by sector

Private sector investment would decrease by 0.8% in nominal terms to reach R 60,145 million in 2018 from R 60,624 million in 2017. In real terms, this represents a contraction of 3.6% compared to a high growth of 7.3% observed in 2017 (Tables 9 and 10).

Public sector investment is estimated at R 24,030 million in 2018, representing a nominal increase of 27.3% from R 18,875 million in 2017. After removing the price effect, public sector investment would rebound by 23.7% compared to a decline of 2.9% in 2017.

The share of private sector investment in GFCF is expected to reach 71.5% from 76.3% in 2017 and that of the public sector, to increase to 28.5% from 23.7%. Excluding aircraft and marine vessel, the share of private sector investment in GFCF would be 71.5% and that of the public sector, 28.5%.

5.3.3 Imports and exports of goods and services

Imports of goods and services are expected to reach R 269,937 million in 2018 from R 252,955 million in 2017, representing a nominal increase of 6.7% (Table 9). In real terms, a growth of 5.8% is expected after a growth of 2.8% in 2017. Imports of goods measured on an f.o.b. basis would grow by 6.3% after a growth of 1.8% in 2017 and imports of services, which include insurance and freight paid in respect of imported goods and imports of FISIM, would grow by 4.9% compared to 4.8% in 2017 (Table 10).

Exports of goods and services would increase by 7.5% to R 207,973 million in 2018 from R 193,500 million in 2017. In real terms, this represents a growth of 5.3% compared to a decline of 2.0% in 2017. Exports of goods measured on an f.o.b. basis are expected to grow by 2.1% compared to a contraction of 4.4% in 2017 while exports of services (inclusive of FISIM exports) would rebound by 7.7% after a drop of 0.1% recorded in 2017 (Tables 9 and 10).

Net exports of goods and services would result in a deficit of R 61,964 million in 2018 after the R 59,455 million deficit of 2017. This represents 12.7% of GDP at market prices in 2018, lower than the figure of 12.9% in 2017 (Tables 1 and 2). Exclusive of aircraft and marine vessel, the deficit would be 12.7% same as in 2017.

5.4 GDP at market prices by category of income

'Compensation of employees' is forecasted at R 174,554 million in 2018, representing a nominal increase of 5.0% over the 2017 figure of R 166,197 million. Gross operating surplus which accounts for over half of GDP at market prices, would increase by 6.4% to reach R 251,139 million in 2018 from R 236,004 million in 2017. Taxes (net of subsidies) on production and imports would increase by around 9.4% to R 62,776 million from R 57,404 million in 2017 (Table 11).

5.5 Gross National Disposable Income and Saving

Gross National Disposable Income (GNDI)² is expected to reach R 499,342 million in 2018 compared to R 466,782 million in 2017, representing a nominal increase of 7.0%.

Gross Domestic Saving (GDS) in 2018 would reach R 50,980 million, 4.9% higher than the figure of R 48,601 million in 2017. GDS as a percentage of GDP at current market prices would be 10.4 compared to 10.6 in 2017.

Gross National Saving (GNS)² would reach R 61,853 million in 2018 from R 55,779 million in 2017. The saving rate as measured by the ratio of GNS² to GNDI² would be 12.4% compared to 11.9% in 2017.

² Excluding net primary income and net transfer of GBC from the rest of the world

6. TECHNICAL NOTE

6.1 Release of National Accounts data

Annual National Accounts aggregates are compiled and published in the “Economic and Social Indicators” in March, June, September and December according to an advance calendar posted on the website of Statistics Mauritius (<http://statsmauritius.govmu.org>). This issue covers the period 2015 to 2018 and will be updated as follows:

Issue	Date posted on website
September 2018	28 September 2018
December 2018	21 December 2018

6.2 Revisions policy

Benchmark data for the compilation of annual National Accounts estimates are obtained from the Census of Economic Activities (CEA) which is conducted every five years. For non-census years, the estimates are worked out based on results of quarterly and annual surveys as well as data from administrative sources. These are updated as and when additional information becomes available. Revisions to published series may therefore be made in subsequent issues of the publication.

There will also be occasional major revisions, such as rebasing on results of the quinquennial CEA, methodological changes and adoption of latest international recommendations. Users will be informed in advance of these major changes while comparable series will be worked out as far back as possible and published.

6.3 Definitions of main aggregates

(i) Gross Value Added (GVA) at current basic prices

Value added is obtained as the difference between output and intermediate consumption whereby output is valued at basic prices and intermediate consumption at purchasers' prices.

The basic price is the amount receivable by the producer exclusive of taxes on products and inclusive of subsidies on products. The equivalent for imported products is the c.i.f. value, i.e. the value at the border of the importing country. The purchasers' price is the amount payable by the purchaser exclusive of deductible taxes on products (e.g. deductible value added tax).

GVA at current basic prices comprises the sum of value added of each firm, government institution and producing households in a given country ($GVA = \sum \text{Value added}$).

(ii) Gross Domestic Product (GDP) at current market prices

GDP is the aggregate money value of all goods and services produced within a country out of economic activity during a specified period, usually a year, before provision for the consumption of fixed capital. It is a measure of the overall economic activity of a country.

GDP at current market prices is equal to GVA at current basic prices plus taxes (net of subsidies) on products (i.e. $GDP = \sum \text{Value added} + [\text{Taxes} - \text{Subsidies}] \text{ on products}$).

(iii) Primary sector

The primary sector comprises “Agriculture, forestry and fishing” and “Mining and quarrying”.

(iv) Secondary sector

The secondary sector includes “Manufacturing”, “Electricity, gas, steam and air conditioning supply”, “Water supply; sewerage, waste management and remediation activities” and “Construction”.

(v) Tertiary sector

The tertiary sector includes “Wholesale and retail trade; repair of motor vehicles and motorcycles”, “Transportation and storage”, “Accommodation and food service activities”, “Information and communication”, “Financial and insurance activities”, “Real estate activities”, “Professional, scientific and technical activities”, “Administrative and support service activities”, “Public administration and defence; compulsory social security”, “Education”, “Human health and social work”, “Arts, entertainment, recreation” and “Other services activities”.

(vi) Contribution to GVA growth

The contribution of an industry group to the annual GVA at basic prices growth is calculated by multiplying the annual growth rate of the group by its relative share of GVA in the previous year.

(vii) Financial intermediation services indirectly measured (FISIM)

In addition to charging customers directly for financial services, banks and similar institutions also generate service income by charging higher rates of interest to lenders than they pay to depositors. The margin earned by these financial institutions is treated as payment for FISIM.

It is calculated separately for loans and deposits using a reference rate. In more details, it is measured as the sum of FISIM on loans = [Interest received on loans – (Stock of loans x reference rate)] and FISIM on deposits = [(Stock of deposits x reference rate) – Interest paid on deposits].

As recommended by the SNA, it has been allocated to users as follows: intermediate consumption of businesses, final consumption of households and government and a component of exports of services.

(viii) Gross National Income (GNI)

GDP plus net primary income from abroad gives Gross National Income (GNI).

(ix) Gross National Disposable Income (GNDI)

Gross National Income (GNI) plus net of transfers from the rest of the world gives Gross National Disposable Income (GNDI).

(x) Per capita GDP at current market prices

Per capita GDP is the ratio of GDP at current market prices to population. It measures the level of economic development in comparison to other countries.

(xi) Consumption expenditure

Consumption expenditure is made up of final consumption expenditure of households and of government.

Government final consumption expenditure comprises the value of services produced and value of goods and services purchased from private producers for free distribution to households, and the output of the Central Bank. It is further disaggregated into *collective* and *individual* consumption expenditure.

Collective expenditure consists of the services which government provides to the community as a whole, for example, security and defence whereas *individual* expenditure is made up of expenses incurred in providing services which are mostly beneficial to individuals, mainly in respect of health and education.

(xii) Gross Domestic Saving (GDS)

Gross Domestic Product (GDP) at market prices less total consumption gives Gross Domestic Saving.

(xiii) Gross National Saving (GNS)

Gross National Disposable Income (GNDI) less total consumption gives Gross National Saving.

(xiv) Gross Fixed Capital Formation (GFCF)

GFCF is the net additions to the physical assets of the country in a year. These consist mainly of investment in buildings, plants, machinery and transport equipment, all valued at market prices.

(xv) Investment rate

Investment rate is the ratio of GFCF to GDP at current market prices.

(xvi) Exports and Imports of goods and services

In this publication, both exports and imports of goods are measured on an f.o.b. basis. Insurance and freight, which represent the difference between the c.i.f. and f.o.b. values of imports of goods, are recorded as import of services.

Exports and imports of goods are compiled according to the General Trade System, using the national boundary as the statistical frontier. All goods entering the country are recorded in imports and goods leaving the country in exports.

(xvii) Change in inventories

Change in inventories includes the value of the physical change in inventories of raw materials, work in progress, and finished goods held by producers.

(xviii) Export Oriented Enterprises (EOEs)

EOEs comprise manufacturing enterprises formerly operating with an export certificate and those export manufacturing enterprises holding a registration certificate issued by Board of Investment (BOI).

(xix) Seafood

The seafood sector covers mainly the activities of "Fishing" and "Fish processing".

(xx) Freeport

The Freeport sector covers "Wholesale and retail trade" and "Storage" activities of Freeport operators.

(xxi) Tourism

The tourism sector covers components of "Accommodation and food service activities", "Transport (incl. air travel)", "Recreational and leisure" and "Manufacturing", attributable to inbound tourism.

(xxii) ICT

The ICT sector covers components of "Manufacturing", "Wholesale and retail trade", "Information & communication" and "Call centres", related to ICT.

(xxiii) Global Business

The global business sector includes activities of GBCs and services purchased by GBCs from local enterprises (e.g. management, accounting, auditing, legal, advertising, real estate, banking, etc.).

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6.5 Inquiries

For further information about **National Accounts estimates and related statistics**, please contact

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To note that figures may not add up to totals due to rounding.

Statistics Mauritius

Ministry of Finance and Economic Development

Port Louis

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