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M. Ganapathi

OBSERVER RESEARCH FOUNDATION

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About the Author

Mr. M. Ganapathi joined the Indian Foreign Service in 1975. He served in Moscow - Soviet Union, Sofia, Singapore, London, Belgrade, Moscow - Russian Federation (as Minister and Deputy Chief of Mission) and Sydney (as Consul General). He served as Ambassador to Kuwait (2006-08) and High Commissioner to Mauritius (2008-11). At Headquarters, he served as Private Secretary to Minister of State for External Affairs and Minister of State for Finance; Joint Secretary, Foreign Service Institute; and Joint Secretary (East Europe). He served as Secretary (West), Ministry of External Affairs during 2011-12, overseeing India's relations with countries in Africa, Europe, Latin America and the Caribbean, besides Canada. He retired from the Foreign Service in December 2012.

Modi in Mauritius: Renewing a Special Relationship

On the eve of Prime Minister Narendra Modi's visit, M. Ganapathi, former High Commissioner of India to Mauritius, analyses the broad relationship between the two countries and suggests areas of cooperation to further strengthen ties.

Indian Prime Minister Narendra Modi's forthcoming visit to Mauritius and other countries in the Indian Ocean Region holds not only strategic significance but symbolic importance as well. The last prime ministerial visit to Mauritius was in 2005 when Dr. Manmohan Singh visited the island. In 2013, President Pranab Mukherjee was invited as Chief Guest during the celebrations commemorating Mauritius's 45th Anniversary of Independence. It would be pertinent to note here that the incumbent Prime Minister's first visit to any member country of the African Union includes Mauritius in the Indian Ocean. The visit will also allow Prime Minister Modi to establish a working and personal relationship with the newly elected government in Mauritius.

Leaders of the South Asian Association for Regional Cooperation (SAARC) countries were invited on 26 May 2014 for Modi's oath-taking ceremony upon his election to office. In addition to SAARC leaders, the Prime Minister of Mauritius was also invited. This was in recognition of the special relationship between India and Mauritius. The mass media, whose entire focus was on our immediate neighbours, largely ignored his presence. Similarly, when the pre-term yet important general elections

were held in Mauritius in December 2014, most of the Indian mass media passed over the development with only brief print and electronic news reports.

Relations between India and Mauritius are longstanding, based on a shared civilisational heritage and common kinship and culture. These relations are categorised as "unique and special." They have also been called "sacred and umbilical."¹ Indian prime ministers have seen India as a privileged partner in the overall economic development of Mauritius. During his visit to Mauritius in March 2013, President Pranab Mukherjee termed the relations between the two countries as "a strategic partnership."¹ This is premised on the multi-faceted nature of our interaction and cooperation. Mauritian prime ministers have stressed the overwhelming importance of India to their nation.

Indo-Mauritian relations are mutually beneficial. Our interests intersect. Our cooperation is comprehensive in nature and extensive in scope. It includes political understanding of each other's interests; a strong trade, economic and financial interaction; strategic cooperation in the field of defence and security; energy-related cooperation; cooperation in the area of blue economy; exchanges in the fields of education, science and technology and culture, among others. The two countries work closely in various international and regional fora, including the United Nations and the Indian Ocean Rim Association.

Upon the invitation of the Mauritian government, Prime Minister Modi is expected to visit Mauritius on 12 March 2015 as Chief Guest during the 47th Anniversary celebrations of the country's Independence Day. The date is significant: The Father of the Mauritian nation and its first Prime Minister, Sir Seewoosagur Ramgoolam, had decided on this date

as it commemorated the commencement of the Dandi Salt March by Mahatma Gandhi. Mahatma Gandhi had stopped by Mauritius in November 1901 on his way back from South Africa. He is highly revered in Mauritius.

The strength of bilateral political relations between India and Mauritius has also been reflected in the fact that all prime ministers of Mauritius have included India as the destination for their first overseas visit after their being sworn into office. The only exception was Prime Minister Navinchandra Ramgoolam, who was unable to include India on his first overseas tour after being re-elected to office in 2010. Prime Minister Modi has conveyed an invitation to the recently elected Prime Minister Sir Anerood Jugnauth to visit India.

From the Indian side, nearly all prime ministers have visited Mauritius. Bilateral visits at the level of presidents and vice presidents have been frequent and regular.

The last senior visit from India to Mauritius was that of External Affairs Minister Sushma Swaraj in November 2014 as Chief Guest at the 180th Anniversary of Aapravasi Divas, commemorating the landing on Mauritian shores of the first Indians on 2 November 1834. From the Mauritian side, Vice Prime Minister and Minister of Lands and Housing Showkutally Soodhun participated in the 13th Pravasi Bharatiya Divas at Gandhinagar in January 2015.

Mauritius: Recent Internal Developments

The internal dynamics of Mauritius politics sees a deeply entrenched caste system among its leadership wherein all its three Indian-origin

prime ministers have been from the Vaish community. From this perspective, Paul Berenger's term in office from 2003-05 was perhaps an extraordinary situation. Nearly 68 percent of Mauritius's population is of Indian origin, comprising Hindus predominantly, and followed by Muslims, Tamils, Telugus and Marathis, besides others. From a religious point of view—which is uniquely Mauritian—Tamils, Telugus and Marathis are not considered Hindus but as separate religious communities.

The pre-term, snap elections of 10 December 2014, the 10th general elections in Mauritius, were in the nature of a referendum on the proposal of then Prime Minister Navinchandra Ramgoolam seeking a Constitutional Amendment for the setting up of a presidential form of government through a Second Republic. His Labour Party formed an alliance with opposition leader Paul Berenger's Mauritian Militant Movement (MMM) in the run-up to the election. This alliance was supremely confident that it would sweep the elections, 60-0. (The Mauritius electorate sends 62 MPs to its 70-member National Assembly through the first past the post system with eight others being elected through a unique Mauritian disposition of the Best Loser System to balance communities and parties in the National Assembly. 60 MPs are elected from the main island of Mauritius and two from the Island of Rodrigues.) The Labour-MMM alliance not only lost the elections badly but saw many of its stalwarts, including Navinchandra Ramgoolam, lose their seats. Only one minister was re-elected to the Assembly, while 10 ministers lost their seats. It was a crushing blow to the Labour-MMM alliance, which had taken people for granted and lost touch with ground reality. Those who had deserted Sir Anerood Jugnauth's Mauritian Militant Socialist Movement (MSM) Party and jumped ship to join the Labour Party after the Labour-MSM breakup in July 2011 were forced to

taste defeat. On its side, the MSM-Parti Mauricien Socialiste Democrate (PMSD)'s L'Alliance Lepep (Alliance of the People in Creole), led by Sir Anerood Jugnauth saw all its leading candidates, barring one, re-elected.

The final results saw the incoming alliance secure 51 of the 69 seats in the 70-member National Assembly.³ The losing Labour-MMM alliance won a total of 17 seats.⁴ This was a reversal of expectations. Labour-MMM had sought a three-fourth majority to bring about the Constitutional Amendment. It was, however, L'Alliance Lepep which managed to secure this majority in the National Assembly. L'Alliance Lepep leaders were themselves surprised over this unexpected bonanza, far beyond their wildest expectations. They were not even sure that they would secure a simple majority, let alone a landslide. The Alliance thus had many first timers in its slate of candidates. This in itself not only seemed to be a bold step but also positively helpful in getting unknown but supposedly untainted members elected into the National Assembly. The Labour-MMM alliance could have been singed in the electoral heat for this very reason. Supreme confidence proved to be their absolute undoing.

Navinchandra Ramgoolam's loss in the elections could be premised on his insistence to usher in a Second Republic modelled on the French Republican system. Mauritius follows the Westminster form of governance. The Labour-MMM proposal—with Paul Berenger as the Prime Minister on Ramgoolam's taking over the presidency—was anathema to a major percentage of the Mauritian population. They were against a more powerful presidency with unfettered authority, and disfavoured Berenger as a prime ministerial nominee. Slow growth and unemployment were other factors in the loss of the Labour-MMM alliance. L'Alliance Lepep's slogan was "Time for change is here."⁵

Following his election victory, Sir Anerood Jugnauth told Mauritians: "You have rejected the Second Republic which they wanted to impose on you."⁶ He also said, "The electorate is intelligent and has made a choice."⁷ In an indirect criticism of the Ramgoolam government, the media noted that the Jugnauth administration's order of the day will be thus: "Better governance, less arrogance, more positive running of the government."⁸ To add insult to injury, following his election defeat, Navinchandra Ramgoolam was arrested on 7 February 2015 on charges of "conspiracy" and "money laundering."⁹ He spent a night in prison before being granted bail. This was the first time in the country's history that a former prime minister had to spend time in prison.

Sir Anerood Jugnauth was sworn into office as Prime Minister on 17 December 2014. His Cabinet of Ministers is relatively inexperienced, with 12 of the 24 ministers holding office for the first time.

While the Mauritian economy continues to rely on its traditional anchors of sugar, textiles, tourism and financial services, it has also undergone a gradual diversification. The economy "has weathered the global slowdown relatively well in spite of its exposure to the euro area which accounts for nearly 60 percent of its exports and tourists."¹⁰ The Mauritian economy has consistently achieved annual growth rates of more than three percent over the last decade. The economy grew by 3.2 percent in 2012 and 2013. It is expected to rise to 3.5 percent in 2014 and 4.1 percent in 2015. The country enjoys the best business environment in Africa, ranking first on the continent for ease of doing business.¹¹ Possible areas of growth include the financial services sector, the ICT sector and tourism—areas of emphasis in the Government Programme 2015-2019.

Sir Anerood Jugnauth has considerable administrative acumen, having been the longest serving prime minister with a cumulative total of over 16 years of experience and as the president for over eight years. He is a tough taskmaster and demands results. He is a strong nationalist. The Government Programme 2015-2019 bears his unmistakable imprint.

Government's Programme for the period 2015-2019¹²: “Achieving Meaningful Change”

When Sir Anerood Jugnauth first took office as Prime Minister in 1982, he was credited for bringing about an economic miracle in Mauritius. His election to office in December 2014 saw analysts commenting on the possibility of a second economic miracle to re-energise the economy. The new Government Programme 2015-2019, announced through the Presidential Address in the National Assembly on 27 January 2015, underlines the government's objective "to transform Mauritius into a truly forward looking, environmentally sustainable, economically vibrant and innovative country with modern infrastructure, global connectivity, high skills and technology." The 300-paragraph document is heavily focused on providing for economic growth and social welfare. A medium to "long term Marshall Plan" is to be elaborated to combat poverty and social exclusion. A "healthy business climate" is being promised. There is emphasis on commitment to conducting business on the principles of discipline, transparency, accountability and exemplary governance. The programme asks Mauritians "to join forces together, recreate history through a second socio-economic miracle and contribute to the making of a better future for the nation."

Foreign policy did not occupy much space in the election campaign. The Government Programme 2015-2019 lays emphasis on the conduct of an

"economy-driven" and "people-focused diplomacy." The only country-specific reference is to the "high priority" being accorded "to the establishment of an Embassy in Saudi Arabia." From a regional and multilateral perspective, references are made to relations with Africa as a whole and regional arrangements of which Mauritius is a member—COMESA, SADC and EAC,¹³ among others.

India and Mauritius's Commercial and Economic Cooperation

The India-Mauritius Joint Commission on Economic, Technical and Cultural Cooperation (JMC) oversees bilateral commercial and economic cooperation between the two countries. Ten meetings of the JMC have been held so far. The 11th session, which should have taken place in 2008, continues to be held in abeyance. Progress in the India-Mauritius Double Taxation Avoidance Convention (DTAC) discussions could decide the exact dates of the 11th JMC.

According to India's Ministry of Commerce, Indian exports to Mauritius for the financial year 2013-2014 stood at a little over \$1 billion with imports at \$20.79 million.¹⁴ India was Mauritius's largest import source. The import basket largely comprised of petroleum products. The fall in international petroleum prices contributed in some way to a fall of 23.7 percent in the value of Indian exports to Mauritius during 2013-2014 in comparison to the previous year.

Mauritius had proposed the establishment of a Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with India in November 2003. A Joint Study Group (JSG) was constituted in November 2003 to chart out the modalities towards establishing the CECPA.¹⁵ The JSG report was submitted to the two prime ministers in

April 2005 and an Empowered Committee led by ministers was set up to take the process forward. After ten rounds of negotiations, the text of a Chapter on Trade in Goods has been finalised. However, the Chapters on Trade in Services and Trade in Investments await finalisation. While ministers have agreed to fast-track the Preferential Trade Agreement,¹⁶ movement forward would also be premised on the course of negotiations on modifying/amending the DTAC.

The entire petroleum requirements of Mauritius are met through the import of petroleum products from India.¹⁷ Mangalore Refinery and Petrochemicals Limited (MRPL) entered into a one-year agreement with the State Trading Corporation, Mauritius (STCM) in August 2006 for the supply of automotive gasoline and diesel, fuel oils, marine diesel and jet fuel. The agreement was thereafter renewed for three-year periods in 2007, 2010 and 2013. The current agreement provides for the supply of 1.3 million metric tonnes per annum of petroleum products by MRPL to STCM until 31 July 2016.

MRPL entered into a Memorandum of Understanding with the STCM and the Indian Oil Corporation to set up a petroleum terminal at Mauritius. The terminal will be constructed with an investment of around \$130 million. It will "facilitate re-export of petroleum products from Mauritius to Indian Ocean Islands and Mainland Africa, thereby making Mauritius into a petroleum hub, besides enhancing the oil supply security status of Mauritius."¹⁸

Over the years, the Government of India has provided Mauritius with lines of credit to develop various iconic projects. These include the following: Mahatma Gandhi Institute; Upadhyaya Training Centre; Jawaharlal Nehru Hospital; Subramania Bharati Eye Centre; Rajiv

Gandhi Science Centre; Rabindranath Tagore Institute; the Cyber Tower; and the Swami Vivekananda International Conference Centre.

India was to have provided a line of credit for a 25-km light rail project in Mauritius.¹⁹ An additional sum was to be provided by the EXIM Bank of India. The contract to execute the project had been awarded in October 2014 to an Indo-Spanish consortium, the Afcons Infrastructure of India (belonging to the Shapoorji Pallonji Group) and CAF (the Spanish rolling stock manufacturer).²⁰ Singapore Cooperation Enterprise was the consultant to the project. The incoming government of Sir Anerood Jugnauth has conveyed to the Government of India that the "light rail project is not a priority for the new Government who is working on how to spend the line of credit provided by India in a productive manner."²¹ The Government Programme 2015-2019 similarly mentions "shelving for the time being on economic grounds of the light railway project initiated by the Ramgoolam Government."²²

India-Mauritius Double Taxation Avoidance Convention

The India-Mauritius DTAC has been discussed at length between the governments of the two countries and has been a subject of considerable debate, analysis and criticism in business circles, among analysts and in the mass media. The DTAC has been in force since 6 December 1983.²³ It was initially agreed upon to support and encourage mutual investments. Since the economic liberalisation in India, the DTAC has been the leading vehicle for movement of funds through Mauritius to India. An important facilitator has been Article 13 of the Convention, relating to tax on capital gains. There is no capital gains tax in Mauritius.

The DTAC provides that capital gains of any resident of Mauritius shall be taxable only in Mauritius according to local laws and not liable to tax in India. This effectively exempts investments flowing through Mauritius into India from the capital gains tax. The Mauritius Offshore Business Activities Act of 1992 allows companies to register in Mauritius and they are treated as residents of Mauritius. These companies are barred from conducting any business in Mauritius and have no physical presence on the island. In the absence of economic substance, Indian tax authorities have been seriously concerned over treaty shopping and round tripping. Another irritant had been the lack of effective and timely exchange of information with Mauritius. Until recently, Mauritius had been the largest source of FDI into India.

The Convention does not have a review clause, as in other standard treaties and documents. Thus, changes in the Convention framework can be brought about only through mutual consent. Discussions have taken place between Indian and Mauritian authorities to amend/modify certain provisions of the DTAC. A Joint Working Group has been set up for the purpose. Ten meetings of the Working Group have taken place so far.

Mauritian leaders have repeatedly conveyed that they will ensure that the provisions of the DTAC are not misused. The financial services sector is supposed to contribute to over 10 percent to the Mauritian GDP. In turn, Indian leaders have responded that India will not take any steps that would hurt the Mauritian economy, particularly its financial services sector.

There had been suggestions for India to provide compensation to Mauritius for any revenue loss due to amendments in the DTAC. This

was spelt out in the Rajya Sabha on 14 July 2009 by then Finance Minister Pranab Mukherjee, who said:

We want to amend the relevant clauses of the particular Agreement which was entered into with Mauritius in the early '80s. The Mauritius Government pointed out that they are building up their country as a financial hub. I have no problem in it because Mauritius is a very friendly country to us. Most of the population of Mauritius is of the Indian origin, and all the Indian rituals, customs and systems are being practised there. Therefore, we have very close relations with Mauritius, and we would not like to disturb them. So, I have offered that let us calculate the financial losses which we will have, deemed losses even, and we are prepared to compensate that by providing through other means, including the bilateral assistance which the Government of India is in a position today to do. We provide around three to four billion US dollar worth bilateral assistance to other countries. But, we would like to amend this. So, talks are going on. It is difficult for me to give more details on this issue.²⁴

Mauritius did not agree to the revenue compensation. There have been differences in the views of the two countries in terms of revenue loss on either side and the method of its computation. Mauritius had argued against amendment to the DTAC and sought Indian assistance in making Mauritius an International Financial Services Centre. India has seen this as an unrelated idea and reiterated that its concerns on revisiting the provisions of the DTAC should be addressed. Mauritian leaders have also expressed concern over the General Anti-Avoidance Rules.

Exchange of information has been a point of contention. Mauritius had cited confidentiality provisions and the need to ensure that there was "no fishing expedition for details." To allow greater direct interaction between the relevant tax authorities, the Government of India posted an Indian Revenue Service officer in its High Commission in Mauritius in 2010. This has led to some forward movement in exchange of information.

During her visit to Mauritius in November 2014, External Affairs Minister Sushma Swaraj is supposed to have conveyed to Mauritian leaders that India will not take any decisions that will "adversely impact" bilateral relations while reassuring the country that amendments to the bilateral tax treaty would be made only after considering the legitimate interests of both sides.²⁵ Finance Minister Arun Jaitley told the Rajya Sabha on 9 December 2014 that "India has made certain proposals for revision of DTAC...to end round tripping and other aspects. Mauritius is yet to agree to such revision."²⁶

India has proposed Limitation of Benefits in the DTAC. Then Finance Minister P. Chidambaram informed the Rajya Sabha in August 2013: "In April 2013, Government of Mauritius sent another proposal on Limitation of Benefit (LOB) Article to Government of India. India has examined the Mauritius proposal and has sent detailed comments in May 2013. Response of Government of Mauritius is awaited."²⁷ In an earlier statement in April 2013, Chidambaram had noted that Tax Residency Certificates issued by a foreign government, including Mauritius, would be accepted as proof of residency.²⁸

The Chairman of the Mauritius Financial Services Commission told PTI in Mumbai in December 2013: "Mauritius and India have agreed on the

principle of including a limitation of benefits (LOB) clause in the treaty...This LOB clause will have the effect of bringing even more substance to companies which want to be tax resident in Mauritius."²⁹ After his meeting with Prime Minister Narendra Modi in May 2014, then Mauritian Prime Minister Navinchandra Ramgoolam told the media that Mauritius has proposed a stringent limitation of benefit clause that will make it mandatory for investors to show economic substance if they wish to invest in India using it as a base.³⁰

Government ministers and the National Assembly in Mauritius have reacted to criticism on the subject of DTAC. Mauritius chafes at the idea of being labelled a tax haven. It has responded that its jurisdiction is OECD compliant and that OECD had moved Mauritius from its Grey List to the White List. In response to an OECD study of information exchange and transparency of tax and investment rules in Mauritius, then Vice Prime Minister and Minister of Finance Mr. Pravind Jugnauth told PTI: "I completely disagree with the criticism that black money is routed through our country into India. The whole criticism is just a matter of perception."³¹

In an interview to the Mauritian daily *Le Matinal* during his state visit to Mauritius in March 2013, President Pranab Mukherjee said:

The Joint Working Group (JWG) on the Double Taxation Avoidance Convention (DTAC) has met twice in the last one year which has provided an opportunity for both sides to discuss the means forward to a mutually acceptable and beneficial outcome—a win-win situation for both... The DTAC cannot be seen in isolation, separate from the many strands that weave the tapestry of

our relationship. Our continued efforts should remain focused on realisation of the full potential of our relationship.³²

Mauritius's then Vice Prime Minister and Minister of Finance and Economic Development Xavier Luc Duval (Deputy Prime Minister in the current Government) told PTI in May 2013: "Mauritius is willing to take even further steps to resolve any pending issues and reach a "win-win situation" for both the countries."³³

In response to a question on 10 February 2015, the Minister of Financial Services Sudarshan Bhadain informed the National Assembly that

[d]iscussions on the India Double Taxation Avoidance Treaty have been ongoing for a number of years to address concerns raised on the operations of the current tax treaty. I understand that in May 2014, Mauritius had proposed the setting up of special cells both in Mauritius and in India to fast-track the renegotiation of the DTA. As a follow-up, the then Secretary to Cabinet led a delegation to India for the renegotiation. The DTA is an instrument of critical importance for both Mauritius and India and has meaningfully served the interest of both countries. We will shortly resume the renegotiation process in a spirit of fairness, equity and transparency and in line with all principles of good governance, whilst also taking into consideration the long-term economic interests of both countries. We will create the appropriate conducive environment for the further development of Mauritius as an International Financial Services Centre.

The renegotiation of the DTA with India is now being seen as an opportunity rather than a threat. The forthcoming visit of His Excellency the Prime Minister of India will certainly facilitate this process.

It will be important for India and Mauritius to arrive at a meaningful resolution of the differences to allow for a "win-win situation" as repeatedly stated by the leaders of the two countries. There has been movement forward in narrowing differences in the Joint Working Group discussions. Prime Minister Modi's visit in March 2015 could see further forward momentum in addressing Indian concerns, while at the same time ensuring that there is no adverse effect on the Mauritian economy. The two Prime Ministers could direct the Joint Working Group to commence discussions towards a mutually satisfactory agreement.

Human Resource Development

India has provided considerable assistance to Mauritius in the area of human resource development. It has participated in capacity building for the development of knowledge-based industries. Indian universities and institutions have set up affiliated or supported institutions in Mauritius in the areas of engineering, medical and management studies. However, while there is a desire in Mauritius to set up as many institutions as possible to become the education hub of Africa, there should be no compromise on quality and no shortcuts in procedures. This could undermine India's entire effort towards providing greater synergies in India-Mauritius cooperation in the area of human resource development.

Mauritius is also keen to benefit from Indian management and professional experience to make the island a wellness hub. The Fortis

and Apollo Groups have joined hands with Mauritian partners to set up excellent medical facilities. Here again, planning and agreements have to be carefully executed.

The Indian Technical and Economic Cooperation (ITEC) programme has been an important vehicle towards assisting Mauritius in the field of human resource development and capacity building. Training slots for Mauritius have been increased to 170 for civilian programmes and 100 for defence-related programmes. Mauritius has also availed of 100 educational scholarships annually. The utilisation rate by Mauritius of the ITEC offers has been highly satisfactory.

The Government Programme 2015-2019 provides for the formulation of a "National Technology, Communication and Innovation Strategic Plan 2015-2020 to pave the way for an Intelligent and Smart Mauritius; setting up the appropriate ecosystem and a comprehensive, secure ICT infrastructure to protect Mauritius from internal and external cyber threats and attacks." This should provide opportunities for greater cooperation in the ICT sector between India and Mauritius.

The Diaspora

Mauritius is perhaps the only country in the world with a majority of its population being Persons of Indian Origin (PIO)—68 percent of the population is of Indian origin. During her visit to Mauritius in 1970, then Prime Minister Indira Gandhi had called Mauritius "Bharat Chota Sa!" Many in Mauritius still look towards "Bharat Ma." Indian cultural and religious practices are adhered to with a great sense of belief and purpose.

Mauritius has been a regular participant with composite delegations at the Pravasi Bharatiya Divas (PBD) organised by the Ministry of Overseas Indian Affairs. Its leaders have been conferred Pravasi Bharatiya Samman Awards. Mauritius hosted the mini-PBD in October 2012. It has also hosted World Conferences on Bhojpuri, Hindi, Tamil, Telugu and Marathi languages.

The World Hindi Secretariat is located in Mauritius. The construction of the Secretariat Headquarters will be entirely funded by the Government of India.

Mauritius sees considerable benefits accruing to it by its participation in the PBDs and its interactions with PIOs.

Mauritius has sought visa-free entry for its citizens in response to its decision to allow Indian nationals visa-free entry into Mauritius. The Mauritian authorities should have been gladdened by Finance Minister Arun Jaitley's budget proposal on a visa on arrival facility to 150 countries. For their part, Mauritians have welcomed the change in procedures that discarded the difference between the PIO and Overseas Citizen of India Cards.

Defence and Security

The geostrategic importance of the Indian Ocean to India was emphasised by India's first Prime Minister, Pandit Jawaharlal Nehru, when he noted in March 1958:

I ponder over our close links with the sea and how the sea has brought us together. From time immemorial the

people of India have had very intimate connections with the sea...We cannot afford to be weak at sea...history has shown that whatever power controls the Indian Ocean has, in the first instance, India's seaborne trade at her mercy, and in the second, India's very independence itself.³⁴

Situated as it is on the important sea lanes of the Indian Ocean, the geostrategic importance of Mauritius cannot be overemphasised. India has had a close, extensive cooperation with Mauritius in providing for its defence and security. This has been reiterated repeatedly by Indian leaders and appreciated by Mauritian ministers. During his visit to Mauritius in March 2013, President Pranab Mukherjee reiterated this by saying, "We are ready to assist the government and the people of Mauritius, on security-related issues, in accordance with the requirements and priorities of the Government of Mauritius."³⁵ Meanwhile, during her visit to Mauritius in November 2014 onboard the Western Naval Fleet, External Affairs Minister Sushma Swaraj emphasised:

Maritime security is of vital significance for an island nation like Mauritius as well as for a country with a vast coastline like India. A large part of our trade passes through the vast expanse of the Indian Ocean. Safety and security of the sea-lanes is thus indispensable for our territorial, economic and energy security. The Indian Navy is committed to ensuring the safety and security of these sea-lanes in cooperation with the National Coast Guard of Mauritius. This is important for safeguarding our common national interests.³⁶

Mauritius does not have a standing army or navy. The Police Commissioner combines the role of Head of the Police forces, overseeing law and order, and is in overall charge of national defence and security, with the Mauritius National Coast Guard (MNCG) and the Mauritius Police Helicopter Squadrons (MPHS) reporting to him. The Commissioner reports directly to the Prime Minister, who is also the Home and Defence Minister.

On the basis of a request from Mauritius, an agreement was concluded in 1974, whereby Indian Naval and Air Force officers have been posted in Mauritius. An Indian Naval officer commands the MNCG. A mixed team of Naval and Coast Guard officers are seconded to the MNCG. The Head of the MPHS is an officer of the Indian Air Force. He is assisted by a couple of Air Force officers. A team of Marine Commandos officers has also helped the MNCG with commando and deep sea diving training. Indian Army officers have been deputed to Mauritius under India's ITEC programme to assist in setting up defence infrastructure. An Indian officer has advised the Mauritius government on national security.

India has supplied defence equipment to Mauritius through its aid and assistance programmes. India gifted *INS Amar* following the 1974 Agreement. An interceptor patrol boat *CGS Observer* was given to Mauritius on a free lease. India has also assisted Mauritius in the repair and servicing of its Coast Guard vessels. A Dornier maritime aircraft was delivered to the Mauritius Government in April 2004. A Chetak helicopter was on long lease with the PHS.

The list goes on. A Dhruv Advanced Light Helicopter was supplied to Mauritius in September 2009 through a Government of India grant. An

additional grant element provided for Indian assistance in the setting up and commissioning of a Coastal Surveillance Radar System in April 2011. India has supplied an Offshore Patrol Vessel (OPV) to Mauritius through a mix of a grant and line of credit. The OPV was designed and constructed by Kolkata-based Garden Reach Shipbuilders and Engineers Ltd (GRSE). It has been christened the *MCGS Barracuda*. The OPV adds to the teeth and muscle of the MNCG. Mauritius has placed orders with the GRSE for construction of two Fast Attack Crafts and 10 Fast Interceptor Crafts.

Personnel from the Mauritian Police Force have been trained annually in Indian Defence Training Establishments under the ITEC-II programme.

On Mauritius's request, Indian Naval ships and Coast Guard ships have regularly undertaken surveillance and joint patrolling of the vast Exclusive Economic Zone (EEZ) of Mauritius with a view to deter ongoing piracy and illegal fishing activities in the region. Besides EEZ surveillance and antipiracy patrolling, these ships have also transported personnel, carried out PASSEX, transported supplies and medicines to the Outer Islands and conducted medical camps there. Indian assets have also been deployed in Search and Rescue operations around Mauritius.

Occasionally, ships from the Western Naval Fleet have paid goodwill visits to Mauritius. Recent visits by Chiefs of Naval Staffs (CNS) include those by Admiral Suresh Mehta in March 2007, Admiral Devendra Kumar Joshi in February 2013, and by the current CNS Admiral Robin Dhowan in January 2015. During Admiral Dhowan's visit, "data flow of the Information Exchange on white shipping (merchant marine) for

greater Maritime Domain Awareness to the mutual benefit of both maritime nations was inaugurated."³⁷

India has also assisted Mauritius in the field of hydrography since 2005. Extensive hydrographic work has been conducted by Indian Naval Survey Ships around the main island of Mauritius and the Outer Islands and channels. As a result of these surveys, Mauritius has been able to lay claim to, and secure, additional area of EEZ. India has also helped in the training and setting up of a hydrography office in Mauritius. An Inshore Survey Vessel Pathfinder was handed over by Admiral Joshi to the Mauritian side during his visit in February 2013. India and Mauritius have an agreement on the sale of the survey maps on a revenue sharing basis.

Mauritius, India and Africa

Mauritius is proud to see itself as a gateway, springboard or platform for entry of business and investment into Africa. Its membership to COMESA, SADC and EAC are seen as providing an attractive opportunity in this regard. It also sees its rankings in the World Competitive Index and the Ease of Doing Business parameters as positive determinants. The new Government Programme 2015-2019 suggests provision of "the right incentives" to position Mauritius as the "virtual office" of Africa; actively pursue the idea of Mauritius becoming recognised as an important economic gateway to Africa; and encourage investors to make use of the Mauritian jurisdiction for their investments into and out of Africa.³⁸

This Mauritian view has been acknowledged by India. In response to Mauritius's assertions, External Affairs Minister Sushma Swaraj, while

delivering the keynote address at a Business Meet during her visit to Port Louis in November 2014, noted:

We view our relationship with Mauritius not just through the prism of bilateral engagement but also as our gateway to the Indian Ocean region and Africa. Co-operation and partnership with Africa is an integral component of India's foreign policy and remains a priority of the Government of India. India has embarked on a broad-based and vibrant policy of economic interaction with the African continent. Naturally, this makes Mauritius, with its advantageous membership of regional arrangements such as SADC (Southern African Development Community) and COMESA (Common Market for Eastern and Southern Africa), a vital platform in India's business agenda with Africa. This is especially true in the case of sectors like infrastructure development, ICT, capacity building, agriculture and other related activities.³⁹

These statements have to be actively translated into action on the ground by both government and business.

Mauritius has been a keen participant in the India-Africa Forum Summit outcomes with a desire to get more institutions and arrangements located in Mauritius. Mauritius was among the first countries to have all the three nodes (VVIP, telemedicine and tele-education) of the Pan African e-Network Project fully operational.

Indian Ocean Region and the Indian Ocean Rim Association

India and Mauritius are among the founding members of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), rechristened in 2013 as the Indian Ocean Rim Association (IORA). The headquarters of the organisation is based in Mauritius. The Secretary General of the IORA is a former senior Indian diplomat. Mauritius's important geographical location in the Indian Ocean needs no overemphasis.

The organisation, which had been dormant to a significant degree, was revitalised when India assumed its chairmanship in 2011. At the 2011 meeting of the organisation, ministers agreed to six priority areas of cooperation. The IORA is today witnessing the emergence of a new architecture in sustainable development in the Indian Ocean region, while harnessing the immense potential for economic engagement. The recently acquired dynamism in the organisation should be consolidated towards delivery of a result-oriented action plan.

Mauritius has been once again actively engaging itself in the IORA deliberations. For example, it has taken an important initiative towards the ocean economy by creating a new Ministry of Ocean Economy, Marine Resources, Fisheries, Shipping and Outer Islands. Mauritius is hosting the First IORA Conference on the Blue Economy in September 2015. It has sought technical expertise of the Indian government to help develop the ocean economy and make of it a major pillar of the economy, given its vast EEZ.

India has supported Mauritius for the restoration of its sovereignty over the Chagos Archipelago. In response to a question in the National

Assembly on 26 February 2015 on Chagos as to "[w]hether it is the intention of Government to seek once more India's support when the Prime Minister of India visits Mauritius in a few days," Prime Minister Anerood Jugnauth replied that "India has always been supporting us. I will certainly raise the matter with it."⁴⁰

Multilateral Cooperation

Mauritius's support to India on the subject of the United Nations Security Council expansion and counterterrorism has been constant, unambiguous and unwavering.

Mauritius: External Relations

Mauritian foreign policy orientation has been conditioned by its strategic location in the Southwestern Indian Ocean, its colonial history, its ethnic and cultural linkages with Asia, Africa and Europe, the fact that the majority of its population is of Indian origin, as well as its keenness to overcome the problems posed by its being a Small Island State. The foreign policy of Mauritius has been largely pragmatic and well balanced. Colonial history and legacy has bound Mauritius closely with the former colonial powers of France and the United Kingdom. With the dynamics of global power shifting eastwards, Mauritius has tended to react suitably by paying attention to Africa and Asia, while at the same time maintaining its relations with Europe. The US has of late started playing an important role from a security perspective, particularly considering the situation relating to piracy. Mauritius was among the small group of countries which signed agreements with the EU and the UK to accept suspected pirates from Somalia for prosecution and trial. Mauritius's relations with China have progressed exceptionally well.

Mauritius-China Relations

The first Chinese arrival in Mauritius is supposed to date back to the mid-1800s. Persons of Chinese origin comprise three percent of the population of Mauritius, numbering around 40,000. They have been active in retail business and trade and other professional activities. They are the second wealthiest group in Mauritius after the Franco-Mauritians.

Mauritius and China established diplomatic relations in 1972. Since then, China has been active on the economic front in Mauritius. Important projects completed by China in Mauritius have included: the Airport Terminal; housing projects; road projects; the Mauritius Broadcasting Corporation's Headquarters; CCTVs at important tourist locations; primary schools; and sewerage projects. The scale of activities has been considerable. There have been, however, an equal number of adverse comments on the quality of the end product.

Mauritius feels that its engagement with China is largely beneficial for its economic transition process. Besides direct investment in Mauritius, China has also been routing its investments into Africa through the Mauritian offshore sector. However, there have been recent reports of China possibly bypassing Mauritius and directly dealing with African countries in the promotion of trade and investments.

Concerns have on occasion been expressed in Mauritius over the large-scale ingress of Chinese workers at the expense of Mauritian labour. According to the Government of Mauritius, there are currently 3,114 Chinese foreign workers in Mauritius. The Building and Civil Engineering Contractors Association told a Business Forum in 2009 that

"[t]he employment of Mauritians is threatened considering the number of foreign workers, especially Chinese nationals, now working in the sector... The government should stop bringing in Chinese employees as this is creating frustration in the local population which may, in the future, result in social unrest."⁴¹

One of the most important and high-profile Chinese economic activities in Mauritius has been the Mauritius-Jinfei Economic Trade and Cooperation Zone (JETCZ). This was one of five economic processing zones announced by President Hu Jintao at the Forum on China Africa Cooperation. The Chinese choice of Mauritius surprised many observers as "the island has no natural resources to extract, the country does not have a cheap and readily exploitable labour force, and by Chinese standards, the nation's small population hardly provides a significant domestic market."⁴² The reason was more strategic than economic. Because of the absence of proper economic viability studies, there have been considerable delays in the implementation of the project. While the project was inaugurated in 2009 with considerable fanfare, it has not advanced in any big way, let alone reach completion. Besides economic and investment-related issues, another point of difference between the Chinese promoters and the Mauritius government was the lack of possibility for Mauritian labour and investor participation in the project.⁴³

The current Minister of Finance and Economic Development, Seetannah Lutchmeenaraidoo, informed the National Assembly on 10 February 2015:

The Jinfei project is yet another failure of the previous Government. Ever since the lease agreement was signed

in 2009, there has been very little development so much so...a strategic location has turned into a ghost town. During the last electoral campaign, we took the commitment to revive this project and give it a new impulse... The Prime Minister took the opportunity of the visit of the Vice-Minister for State Administration of the People's Republic of China in January to convey his disappointment regarding the execution of the Jinfei project. Furthermore, the Prime Minister emphasised on the failure of the promoters of Jinfei to execute the project according to the agreed schedule. Subsequently... several meetings were held where Government expressed its strong discontent on the state of affairs and I personally expressed Government intention of taking back the land... We are now awaiting their response before deciding on the way forward... During the present discussions, the new Government is, however, taking care not to disturb the excellent diplomatic relations that exist between our two countries.⁴⁴

Interestingly, on the same day as this statement to the National Assembly, the Finance Minister signed two agreements relating to a grant and an interest-free loan from China. He stated: "China remains a strategic partner to Mauritius for having always extended both technical and financial support for the economic development of the country...the ongoing negotiations with regards to the Jinfei project...a consensus will be reached shortly for the mutual benefit of both countries."⁴⁵

With the fate of JETCZ hanging in the balance, the construction of four other mega-infrastructure projects in Mauritius with Chinese assistance and signed by the previous government could be affected.

A Double Taxation Avoidance Agreement between Mauritius and China was signed on 1 August 1994. This was amended on 5 September 2006, bringing changes in the Capital Gains and Exchange of Information Articles.

There has been considerable interest on the activities of the Chinese Navy in the Indian Ocean Region. However, there is currently no possibility of enhanced defence and security-related interaction between China and Mauritius. But this will need constant monitoring. Annual visits by a Chinese deep-sea research vessel have taken place to undertake research in the Indian Ocean region. The vessel would have prospected for polymetallic nodules.

Conclusion

The visit of Prime Minister Narendra Modi to Mauritius is an excellent opportunity to establish contact with the new government of Sir Anerood Jugnauth after it would have settled down in office. It will allow the governments of both countries to move their ties forward in various sectors to mutual benefit.

Some of the issues that could be touched upon in formal meetings and margins could include: Further consolidation of political relations with a return visit by Prime Minister Anerood Jugnauth; enhancement of commercial and economic cooperation; greater Indian investments in Mauritius; use of Mauritius as a springboard for India's engagement with

Africa; the next steps in the DTAC discussions towards a final solution; upgradation of infrastructure in the main island of Mauritius and in Rodrigues and the Outer Islands; participation in the Mauritius ICT agenda following the formulation of the National Technology, Communication And Innovation Strategic Plan 2015-2020; assisting Mauritius in "setting up the appropriate ecosystem and a comprehensive, secure ICT infrastructure to protect Mauritius from internal and external cyber threats and attacks";⁴⁶ exchange of ideas on Make in India programme with particular relevance to Mauritius's desire to provide for a "Made in Mauritius" label for greater acceptance of its products in new and emerging markets;⁴⁷ Mauritius seeking advice on inputs in the introduction of legislation relating to Financing of Political Parties, Freedom of Information Act, and Whistleblowers Bill;⁴⁸ continuation of pro-active defence and security cooperation through men and assets "to ensure that the rights, territorial integrity and sovereignty as well as security interests of Mauritius are fully respected and safeguarded";⁴⁹ and enhancement of cooperation in the Indian Ocean region/IORA.

The Prime Minister can be assured of an extraordinarily warm and enthusiastic welcome in Mauritius. There will be an overwhelming desire among Mauritians to meet him. Besides his official engagements, his civic reception address will keenly heard. Prime Minister Modi's visit is expected to be a resounding success.

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20, Rouse Avenue, New Delhi-110 002
Email: orf@orfonline.org
Phone: +91-11-43520020 Fax: +91-11-43520003
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