

Revised External Sector Statistics: Calendar Year 2017

I. Background

1. **Section 51A of the Bank of Mauritius Act (2004) confers upon the Bank the preparation of the balance of payment accounts and the external assets and liabilities position of Mauritius.**

To that effect, the Bank relies on a number of data sources, including specifically designed statistical returns and annual surveys notably the Foreign Assets and Liabilities Survey (FALS) and the Global Business Corporations Holding Category 1 (GBC1S) License¹ Survey.

2. **The FALS collects information from a sample of representative resident enterprises on their transaction and position data as well as other related income variables with regards to their claims on and liabilities to non-residents, while the GBC1 Survey collects similar information on GBC1 companies.** To date, the Bank has conducted 9 annual FALS and 9 annual GBC1 surveys, with the first survey treated as exploratory. While the FALS is conducted solely by the Bank, the GBC1 Survey is conducted in collaboration with the Financial Services Commission (FSC) and Statistics Mauritius (SM). The incorporation of the results of these two surveys reflects the Bank's ongoing effort to continuously improve the quality of external sector statistics produced. The revision cycle² of the ESS data hinges upon the finalization of both surveys.

3. **The FALS 2018 targeted around 650 enterprises and preliminary results have been compiled based on a response rate of about 65 per cent.** Table 1 provides the preliminary summary results of FALS2018 for calendar year 2017. The stock of gross foreign assets of resident enterprises increased by Rs0.6 billion or 1.3 per cent, from Rs43.3 billion as at end-2016 to Rs43.9 billion as at end-2017. The stock of gross foreign liabilities of resident enterprises, however, declined by Rs0.8 billion or 1.1 per cent, from Rs66.7 billion to Rs65.9 billion over the same period. As a result, the net liability position of resident enterprises fell by Rs1.3 billion, from Rs23.3 billion as at end-2016 to Rs22.0 billion as at end-2017.

4. **The 2018 GBC1 survey covered the whole population of GBC1 for the first time – that is, the 11,495 GBC1s administered by 181 management companies.** Total foreign assets of GBC1s increased by Rs0.5 trillion from Rs14.9 trillion as at end-December 2016 to Rs15.4 trillion as at end-December 2017. Total foreign liabilities of GBC1s declined from Rs14.8 trillion to Rs14.5 trillion over the same period.

¹ By definition, global business companies are residents of Mauritius.

² Please see Annex on the revision policy for ESS.

Table 1: Foreign assets and liabilities, 2017, Rs million

		End-2016	Net Transaction	Other Changes ¹	End-2017
I.	Assets	43,315	532	23	43,870
	Equity	30,155	55	(0.1)	30,210
	Outward Direct Investment (Equity)	15,363	54	-	15,417
	Portfolio Investment	14,792	1	(0.1)	14,793
	Other Assets	13,160	477	23	13,660
	Held with affiliates ²	6,715	786	7	7,507
	Held with unaffiliates ⁴	6,445	-308	16	6,153
	Long-Term	997	-16	0	981
	Short-Term	5,448	-292	16	5,172
II.	Liabilities	66,662	-894	139	65,908
	Equity	34,255	-318	39	33,977
	Foreign Direct Investment (Equity)	26,807	89	-	26,896
	Portfolio Investment	7,448	-407	39	7,080
	Other Liabilities	32,407	-576	100	31,931
	Due to affiliates ³	15,180	2,343	19	17,542
	Due to unaffiliates ⁵	17,227	-2,918	81	14,389
	Long-Term	10,961	-1,129	26	9,857
	Short-Term	6,266	-1,789	55	4,532
III.	NET ASSETS (I - II) - Rs million	-23,347	1,426	-116	-22,038
IV.	NET ASSETS - USD million	-697	42	12	-643

¹ Include valuation change and other changes in volume. 'Other changes in volume' pertain to neither transactions nor valuation and may include items like cancellations/write-offs or movements across functional categories.

² Include long-term lending to foreign-related parties and fellow enterprises as well as reverse investment transactions with

³ Include long-term borrowing from foreign-related parties and fellow enterprises as well as reverse investment transactions

⁴ Include lending to unrelated nonresidents pertaining to debt securities and other foreign assets (e.g., loans, trade credit,

⁵ Include borrowing from unrelated nonresidents pertaining to debt securities and other foreign assets (e.g., loans, trade credit, advances, etc.)

Table 2: GBC1 Assets/Liabilities vis-à-vis Nonresidents, 2017, Rs million

	Opening Stock 2017	Net Transaction	Other Changes ¹	Closing Stock 2017
Assets	14,945,736	-788,853	1,199,271	15,356,155
Direct Investment	8,622,558	-76,655	367,756	8,913,660
Equity	6,522,565	-270,236	473,039	6,725,368
Other Capital	2,099,993	193,581	-105,283	2,188,292
Portfolio Investment	3,949,349	395,270	335,729	4,680,347
Equity	3,673,189	286,164	352,977	4,312,330
Debt	276,160	109,106	-17,248	368,017
Other Investment	1,524,930	-440,029	604,140	1,689,040
Financial Derivatives	848,900	-667,439	-108,354	73,108
Liabilities	14,811,663	566,662	-852,595	14,525,730
Direct Investment	10,403,469	776,563	-565,557	10,614,475
Equity	6,362,937	439,305	-449,844	6,352,397
Other Capital	4,040,531	337,259	-115,712	4,262,078
Portfolio Investment	1,026,065	237,066	-61,235	1,201,896
Equity	639,059	116,699	-17,445	738,314
Debt	387,006	120,366	-43,790	463,582
Other Investment	2,543,872	174,109	-105,872	2,612,109
Financial Derivatives	838,257	-621,077	-119,931	97,250

¹ Include valuation change and other changes in volume. 'Other changes in volume' pertain to neither transactions nor valuation and may include items like cancellations/write-offs or movements across functional categories.

II. Revision of External Sector Statistics

Preliminary results from the FALS and GBC1S have been derived and the Bank is revising the following data categories falling under external sector statistics for calendar year 2017:

- 1) balance of payments (BoP);
- 2) international investment position (IIP);
- 3) coordinated portfolio investment survey (CPIS);
- 4) coordinated direct investment survey (CDIS);
- 5) gross direct investment flows (gross DI); and
- 6) private sector gross external debt (GED).

1. Balance of payments

The balance of payments, which capture transactions between residents and non-residents, have been revised by incorporating the preliminary results of the FALS and GBC1 Survey³; and revisions from other data sources. The FALS data supplement both the primary income account and the financial account of the balance of payments. The GBC1 Survey results complement both the primary income and secondary income accounts of the current account and the financial account of the balance of payments. The inclusion of GBC1 transactions constitutes the major share of the revision of the statistics given their nature and size. As a result,

- (i) the goods account deteriorated further given that Statistics Mauritius revised down both exports and imports of goods data, with the magnitude of the downward revision in exports exceeding that of imports.
- (ii) The revision in the services account reflected mainly amended data submitted by banks through their ITRS reporting.
- (iii) The major part of the revision on the primary income account related to the investment income sub-account arising from actual data from both surveys. The GBC1 Survey results have been incorporated in the '*direct investment income*', '*portfolio investment income*' and '*other investment income*' sub-accounts. The FALS results supplemented both the '*direct investment income*' and '*other investment income*' sub-accounts.
- (iv) The incorporation of the results of the GBC1 Survey in the secondary income account reflected a lower *current transfers* account deficit. Private current transfers posted lower outflows, essentially due to lower tax payments by GBC1s to foreign governments than initially estimated.
- (v) The direct investment, portfolio investment and other investment accounts of the financial account have been revised to include the results of both the FALS and GBC1 Survey. Consequently, the direct investment account pointed to higher net inflows; both the portfolio investment and the other investment accounts posted higher net outflows. Overall, the financial account, excluding reserve assets, posted lower net inflows.

Following these revisions, the current account deficit for 2017 improved from Rs25.8 billion (equivalent to USD749 million) to Rs19.7 billion (equivalent to USD574 million). The lower current account deficit emanated from a lower deficit in the secondary income account coupled with higher surpluses on both the services and income accounts. As a percentage to GDP, the current account deficit declined to 4.3 per cent in 2017, from the preliminary estimate of 5.6 per cent. The

³ Preliminary estimates for GBC1s were previously included in the balance of payments statistics.

capital and financial account posted lower net inflows of Rs14.8 billion compared to preliminary estimates of Rs21.2 billion. Table 3 provides details in the income account entries for GBC1s. Table 4 compares the preliminary and revised estimates for the balance of payments for 2017.

Table 3: Income received or paid by GBC1s, 2017

	USD million	Rs million
Income Received	11,192	385,936
Dividend	7,989	275,474
<i>Affiliates</i>	6,881	237,275
<i>Unaffiliates</i>	1,108	38,199
Interest	3,203	110,462
<i>Affiliates</i>	2,083	71,838
<i>Unaffiliates</i>	1,120	38,624
Income Paid	10,026	345,710
Dividend	7,700	265,497
<i>Affiliates</i>	6,846	236,055
<i>Unaffiliates</i>	854	29,443
Interest	2,326	80,212
<i>Affiliates</i>	1,329	45,843
<i>Unaffiliates</i>	997	34,369

Table 4: Revised Balance of Payments: Calendar Year 2017, Rs million

		Preliminary Estimates	Revised Estimates
I.	CURRENT ACCOUNT	-25,845	-19,745
A.	Goods and Services	-61,630	-61,085
	Goods	-90,646	-91,100
	Services	29,016	30,015
B.	Primary Income	49,925	50,708
	Compensation of Employees	-237	-237
	Direct Investment Income	-4,481	23,472
	Portfolio Investment Income	17,595	7,233
	Other Investment Income	37,048	20,240
C.	Secondary Income	-14,140	-9,368
	Private	-15,916	-11,144
	Government	1,776	1,776
II.	CAPITAL AND FINANCIAL ACCOUNT	21,214	14,835
D.	Capital Account	-96	-96
E.	Financial Account	21,310	14,931
	Direct Investment	176,642	865,542
	<i>Abroad</i>	189,361	73,705
	<i>In Mauritius</i>	-12,720	791,837
	Portfolio Investment	-48,143	-173,539
	<i>Equity Securities</i>	-39,238	-183,211
	<i>Debt Securities</i>	-8,905	9,672
	Other Investment	-78,873	-648,756
	<i>General Government</i>	-6,290	-6,290
	<i>Monetary Authorities</i>	12	12
	<i>Banks</i>	-4,676	-4,676
	<i>Other Sectors: Long-term</i>	-75,883	-645,766
	<i>Other Sectors: Short-term</i>	7,964	7,964
	Reserve Assets	-28,316	-28,316
III.	NET ERRORS AND OMISSIONS	4,632	4,910

Note: Figures may not add up to totals due to rounding.

2. International Investment Position (IIP)

The IIP has been revised on account of the inclusion of preliminary results of both FALS and GBC1S. Both total claims on non-residents and total liabilities owed to non-residents have been revised down by USD1.7 billion, mainly on account of reclassification of some of the position data of GBC1s vis-à-vis non-residents. Net claims on non-residents, excluding the GBC1 sector, stood at USD11.7 billion as at end-2017 with their claims on and liabilities to non-residents amounting to USD31.5 billion and USD19.9 billion, respectively. The foreign exchange reserves of the country increased by USD1.0 billion, from USD5.0 billion as at end-2016 to USD6.0 billion as at end-2017. GBC1s' net foreign assets stood at USD15.6 billion as at end-2017 with GBC1s' total claims on and total liabilities to non-residents amounting to USD458.6 billion and USD443.0 billion, respectively.

Table 5: Preliminary and Revised International Investment Position, end-December 2017, USD million

	Preliminary Estimates	Revised Estimates		Preliminary Estimates	Revised Estimates
Claims on Non-residents	491,777	490,121	Liabilities to Non-residents	464,619	462,868
Direct Investment	268,454	266,995	Direct Investment	333,281	331,260
o/w: Non-GBCs	770	786	o/w: Non-GBCs	4,970	5,058
GBC1s	267,684	266,208	GBC1s	328,311	326,202
Portfolio Investment	145,765	145,060	Portfolio Investment	37,801	36,932
o/w: Non-GBCs	5,280	5,280	o/w: Non-GBCs	1,037	1,037
GBC1s	140,485	139,779	GBC1s	36,764	35,895
Other Investment	65,322	65,978	Other Investment	86,683	87,817
o/w: Non-GBCs	15,538	15,535	o/w: Non-GBCs	9,867	9,805
GBC1s	49,784	50,444	GBC1s	76,816	78,011
Financial Derivatives	6,253	6,105	Financial Derivatives	6,854	6,860
o/w: Non-GBCs	3,921	3,921	o/w: Non-GBCs	3,956	3,956
GBC1s	2,331	2,183	GBC1s	2,899	2,904
Reserve Assets	5,983	5,983			

Note: Figures may not add up to totals due to rounding.

Table 6: Net International Investment Position as at end-December 2017, USD million

	Claims on Non-Residents	Liabilities to Non-Residents	Net International Investment Position
Total	490,121	462,868	27,253
o/w: Non-GBCs	31,506	19,856	11,650
GBC1s	458,614	443,012	15,602

3. Coordinated Direct Investment Survey

The direct investment liability position has been revised downward from Rs11.2 billion to Rs11.1 billion as at end-December 2017 mainly on account of a decline in the stock of equity for GBC1s (Table 7). The stock of direct investment assets declined slightly to Rs8.9 billion from the preliminary estimate of Rs9.0 billion (Table 8).

Table 7: Revised stock of direct investment liabilities, end-December 2017, Rs billion

	Preliminary Estimates	Revised Estimates
Total Inward Direct Investment (DI)	11,159	11,092
Equity (Inward-Net)	6,905	6,812
<i>Non-GBC</i>	155	152
<i>GBC1s</i>	6,750	6,660
Debt (Inward -Net)	4,255	4,280
<i>Non-GBC</i>	12	18
<i>GBC1s</i>	4,243	4,262

Table 8: Revised stock of direct investment assets, end-December 2017, Rs billion

	Preliminary Estimates	Revised Estimates
Total Outward Direct Investment (DI)	8,989	8,940
Equity (Outward-Net)	6,789	6,744
<i>Non-GBC</i>	18	19
<i>GBC1s</i>	6,771	6,725
Debt (Outward -Net)	2,200	2,196
<i>Non-GBC</i>	8	8
<i>GBC1s</i>	2,192	2,188

4. Coordinated Portfolio Investment Survey

Mauritius' portfolio investment assets as at end-December 2017 have been revised up to Rs4,857 billion, based on the results of the FALS 2018 and the GBC1 survey, from an initial estimate of Rs4,669 billion (Table 9). The GBC1's stock of portfolio investment asset abroad as at end-December 2017 amounted to Rs4,680 billion compared to the previous estimate of at Rs4,492 billion, while the total portfolio assets of non-GBC was unchanged.

Table 9: Revised stock of portfolio investment assets, end-December 2017, Rs billion

	Preliminary Estimates	Revised Estimates
Portfolio Investment Assets	4,669	4,857
Equity	4,253	4,344
Non-GBC	32	32
GBC1s	4,221	4,312
Debt Securities	416	513
Non-GBC	145	145
GBC1s	271	368
Long-term	327	359
Non-GBC	91	91
GBC1s	237	269
Short-term	88	154
Non-GBC	54	54
GBC1s	34	99

5. Gross Direct Investment Flows⁴

The Bank is also revising up gross direct investment flows for calendar year 2017 to incorporate the results of FALS 2018. FALS collects data on equity and intra-company loans separately, which cannot be collected from banking records and other administrative sources. Data on retained or reinvested earnings can only be collected through surveys and financial statements of entities.

Gross direct investment flows in Mauritius totaled to Rs21,242 million in 2017, of which Rs3,751 million was supplemented by the outcome of FALS 2018. Gross direct investment outflows stood at Rs4,237 million in 2017 (Table 10). FALS contributed some Rs1,684 million in 2017, representing about 40 per cent of total gross direct investment outflows. The FALS contribution was mainly in the form of equity, retained earnings and shareholders loan. Tables 11a and 12a provide details on gross direct investment flows by sector in Mauritius and abroad, respectively. Tables 11b and 12b provide details on gross direct investment flows by geographical origin and destination, respectively.

Table 10: Gross direct investment flows supplemented by FALS in 2017, Rs million

	2017
Gross inward direct investment flows	21,242
Banking records and other administrative sources	17,491
FALS supplement	3,751
o/w: Equity ¹	539
Retained earnings	1,918
Shareholders' loan	1,294
Gross outward direct investment flows	4,237
Banking records and other administrative sources	2,553
FALS supplement	1,684
o/w: Equity ¹	82
Retained earnings	467
Shareholders' loan	1,135

¹ Refers to equity supplemented by FALS, that is, equity not captured from banking records and other administrative sources.

⁴ Excluding the global business sector.

Table 11a: Revised gross direct investment flows in Mauritius (Excluding Global Business) by sector, 2017, Rs million

Sector ¹	Description	2017
A	Agriculture, forestry and fishing	18
C	Manufacturing	913
D	Electricity, gas, steam and air conditioning supply	218
F	Construction	1,234
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	467
H	Transportation and storage	101
I	Accommodation and food service activities	1,679
J	Information and communication	349
K	Financial and insurance activities	6,744
L	Real estate activities	8,800
	<i>of which - IRS/RES/IHS/PDS/SCS ²</i>	5,775
M	Professional, scientific and technical activities	103
N	Administrative and support service activities	56
P	Education	279
Q	Human health and social work activities	126
R	Arts, entertainment and recreation	52
S	Other service activities	103
Total		21,242

¹ Sector according to ISIC 1 digit. The data are in line with the structure of the fourth revision of the UN's International Standard Industrial Classification (ISIC Rev. 4). Details on ISIC Rev.4 are available on the United Nations Statistics Division website at <http://unstats.un.org/unsd/cr/registry/isic-4.asp>.

² IRS/RES/IHS/PDS/SCS: Integrated Resort Scheme/Real Estate Scheme/Invest Hotel Scheme/Property Development Scheme/Smart City Scheme.

Table 11b: Revised gross direct investment flows in Mauritius (Excluding Global Business) by geographical origin, 2017, Rs million

Region /Economy	2017
Total world	21,242
Developed countries	14,624
Europe	14,457
European Union 27	10,626
Belgium	318
Luxembourg	3,328
France	5,354
Germany	281
United Kingdom	675
Switzerland	330
Other	3,501
North America	167
United States	136
Developing economies	6,618
Africa	2,760
Reunion	172
South Africa	2,120
Other	468
Latin America and the Caribbean	369
South America	-
Central America	369
Asia and Oceania	3,489
Asia	3,464
West Asia	879
United Arab Emirates	835
South and East Asia	2,585
South Asia	468
India	442
East Asia	2,117
China	1,227
Other	890
Oceania	25
Unspecified	-

Figures may not add up to totals due to rounding.

Table 12a: Revised gross direct investment flows abroad (Excluding Global Business) by sector, 2017, Rs million

Sector	Description	2017
A	Agriculture, forestry and fishing	370
C	Manufacturing	1,355
D	Electricity, gas, steam and air conditioning supply	-
E	Water supply; sewerage, waste management and remediation activities	-
F	Construction	-
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	19
H	Transportation and storage	35
I	Accommodation and food service activities	513
J	Information and communication	84
K	Financial and insurance activities	1,162
L	Real estate activities	587
M	Professional, scientific and technical activities	35
N	Administrative and support service activities	1
P	Education	-
Q	Human health and social work activities	-
R	Arts, entertainment and recreation	3
S	Other service activities	73
Total		4,237

¹ Sector according to ISIC 1 digit. The data are in line with the structure of the fourth revision of the UN's International Standard Industrial Classification (ISIC Rev. 4). Details on ISIC Rev.4 are available on the United Nations Statistics Division website at <http://unstats.un.org/unsd/cr/registry/isic-4.asp>.

Table 12b: Revised gross direct investment flows abroad (Excluding Global Business), by geographical destination, 2017, Rs million

Region /Economy	2017
Total world	4,237
Developed countries	1,055
Europe	1,001
European Union 27	981
France	266
Switzerland	-
Other	6
North and Central America	54
United States	24
Developing economies	3,180
Africa	2,244
Comoros	-
Kenya	1,040
Madagascar	343
Mozambique	202
Reunion	92
Seychelles	281
South Africa	95
Other	191
Asia and Oceania	936
Asia	907
West Asia	25
United Arab Emirates	25
South and East Asia	882
South Asia	456
India	63
Other	393
East Asia	426
China	9
Other	417
Oceania	29
Unspecified	2

Figures may not add up to totals due to rounding.

6. Private Sector Gross External Debt⁵

Following the incorporation of the results of the FALS and GBC1 Survey, private sector gross external debt as at end-December 2017 has been revised upward. As at end-December 2017, external debt liabilities of Other Sectors totalled Rs7,362 billion, up from Rs7,306 billion. Long-term debt stock of GBC1s was also revised upward from Rs7,286 billion to Rs7,338 billion. Excluding the GBC1 sector, long-term debt rose to Rs20 billion, from Rs14 billion while short-term debt declined from Rs5.8 billion to Rs3.5 billion.

Table 13: Revised gross external debt for selected institutional sectors, end-December 2017, Rs million

	Preliminary Estimates	Revised Estimates
Monetary Authorities	338	338
Short-term	334	334
Long-term	4	4
Other Deposit-Taking Institutions	275,000	275,000
Short-term	170,009	170,009
Long-term	104,990	104,990
Other Sectors	7,305,779	7,361,487
Short-term	5,755	3,535
Long-term	7,300,024	7,357,952
o/w: Non-GBC	14,200	20,184
GBC1	7,285,824	7,337,769
Gross external debt⁵	7,581,116	7,636,825
Gross external debt⁵ excluding GBC1	295,292	299,056

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⁵ Excluding general government and public corporations other than central bank.

Annex: Revision Policy for External Sector Statistics (ESS)

External Sector Statistics (ESS) are fundamental economic indicators for policy analysis and formulation. Hence, it is imperative to adequately compile these statistics. The compilation of these statistics rests on a variety of data sources, which include surveys. In addition, the data for compiling ESS are available at varying frequencies. When the data from the sources are not available, they are estimated, thereby underlining the need for revision.

The Bank conducts two major surveys, notably a Foreign Assets and Liabilities Survey (FALS) and Global Business Corporations Holding Category 1 License* Survey (GBC1s). The FALS targets around 650 selected enterprises, while the GBC1S calls for data from the entire population. The surveys are typically launched in July and the first set of responses to the survey obtained by September. Non-respondents to the FALS are, then, chased in order to obtain an adequate response rate. The surveys then undergo the usual validation process and a preliminary set of results is obtained by the end of February of the following year. At the time the balance of payments statement is compiled, the results of these two surveys are not yet available. Accordingly, the contributions from these two surveys are estimated and projected.

Data revisions are a routine part of disseminating quality data and are made principally to incorporate changes in source data as well to reflect integration of new data sets. Major revisions to preliminary estimates may therefore come up with final estimates culled from surveys for previous years and revised estimates for latest period. There may also be occasional revisions on account of amended data obtained from other sources or changes in methodology due to adoption of latest international recommendations. Revisions to ESS can be generated by a number of factors which include:

1. to incorporate better source data - incorporation of survey data;
2. to capture routine recalculation - updating of the base period;
3. to reflect improved methodology - changes in statistical methods, concepts, definitions, and classifications; and
4. to correct errors.

Revisions are included within published output at the earliest possible opportunity, usually the next scheduled release date. In exceptional cases, the ESS may be re-released outside the scheduled timetable when revisions are received - or an error is discovered that have significant impact on the quality of the data. Revisions of ESS are accompanied with explanatory footnote and methodological note to inform users. In some instances, the underlying differences between preliminary and revised estimates are also highlighted.

In this respect, following the availability of preliminary results, the ESS dataset (BOPs, IIP, CDIS, CPIS and Private sector gross external debt will be first revised shortly after the release Q4 BOP data as per the Bank's Advance Release Calendar (ARC), which is posted on its website. A second revision, if need be, will be carried out in June following the release of Q1 BOP data, again as per the Bank's ARC.

**By definition, global business companies are residents of Mauritius.*