Bridging Continents: Assessing Indo-Mauritian Trade and Cultural Dynamics

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Abstract

India, the 'Asian Economic behemoth', and Mauritius, the 'African economic miracle' have strong, long-standing bilateral trade relations. There exists undeniable cultural proximity between India and Mauritius caused by the Indian origin of the current Mauritian population. From being import-dependent on India, the exports of Mauritius to India are gradually gaining traction over time. Nonetheless, to the best of our knowledge, there is limited evidence on studies exploring the nuances of the bilateral trade dynamics of the two countries, and its association with the shared cultural context. In this connection, the current study probes into the trade competition–complementarity nexus in a common cultural framework existing between Mauritius of sub-Saharan Africa and India of South Asia and investigates the strengths and weaknesses of the relationship using secondary data from 2001 to 2022. Select trade indicators have been applied to identify and analyse the uncharted bilateral trade potential in the diaspora context. The study finds significant cultural similarity and trade complementarity between India and Mauritius.

Keywords

International trade dynamics, trade competition–complementarity nexus, cultural proximity, South Asia, sub-Saharan Africa

Introduction

The trade literature is very extensive starting with the theory of absolute and comparative advantage (Ricardo, 1817; Smith & Rogers, 1776), classical trade

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theories of free trade (Mill, 1848), the neo-classical trade theories (Heckscher, 1919; Ohlin, 1934; Samuelson, 1948) to new trade theories of Krugman (1981, 1990, 1994) and Helpman (2006) to name a few. These theories postulate factors like economies of scale, intra-industry trade through product differentiation, new technologies, innovations and knowledge amongst others to explain trade. The global economic integration, introduced post–Second World War and revolutionized post digitization, has magnified the relevance of the study of trade dynamics across countries (Arribas et al., 2009; Borchert & Yotov, 2017). Through greater trade integration, economic interdependence, burgeoning preferential trade agreements, and innovations and spillovers, economies are found to benefit substantially (Akcigit & Melitz, 2022).

Cultural convergence and divergence, cross-cultural diversity and change in culture are considered as important contributing factors in determining the success of international business and trade among countries (Agbanyo & Wang, 2022; Guiso, Sapienza & Zingales, 2004, 2006; Leung et al., 2005; Sen, 2010; Tabellini, 2010). The study of Tadesse and White (2008a, 2008b) suggests that cultural dissimilarity can cause an economically significant and consistently negative impact on the trade flows between nations, while Ashraf and Galor (2007) find that cultural traits themselves do not necessarily have any different impact on development. The variation in the relative strengths of the forces of cultural assimilation and cultural diffusion, which together determine the heterogeneity of these traits, is crucial for comparative economic development. Studies by Cyrus (2012), Maystre et al. (2014) and Franco and Maggioni (2022) assessed the impact of trade on cultural distance. The trade and cultural ties nexus, therefore, is found to run in both directions from cultural ties to the promotion of higher trade levels and to trade enhancing cultural diversity.

Mauritius has a history of cultural similarity with India due to their common past as European colonies and the Indian origin of the current population. Indian diaspora constitutes almost 65% of the current Mauritian population. After the abolition of slavery in 1835, the Great Experiment of introducing a new indentured labour system by the British government led to the immigration of half a million immigrants from India between 1830 and 1920 to work on the sugar plantations. Later, during the mid-2000s, skilled labour emigrated from India to support the burgeoning domestic financial services sector of Mauritius (Central Intelligence Agency 2023).

The Indo-Mauritian trade relationship attained newer heights since the economic liberalization of India in 1990–1991. From 2001 to 2021, India accounted for the maximum Mauritian imports of 17.08% on aggregate. China stood at the second position by accounting for 13.23% of the total imports of Mauritius. However, since 2019, China has become the leading exporter to Mauritius, pushing India to the second position as the second largest source of Mauritian imports. The volume of exports to India is negligible as compared to the volume of imports from India, resulting in the creation of a huge trade deficit for Mauritius. Currently, South Africa and France are the top two export destinations of Mauritius. Nonetheless, India has entered the list of top 10 export destinations of Mauritius for the first time by reaching the 11th rank in 2021. India is one of the biggest importers of

medical devices from Mauritius and has the potential to appear as an emerging market for Mauritian jewellery and financial services (International Trade Centre, 2016; UNCTAD, 2019).

With the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) contracted between the two countries, trade flows between India and Mauritius are expected to grow further (Government of India, 2021). Mauritius will benefit from preferential market access into India for 615 products and 310 Indian products will benefit from greater market access in Mauritius. Moreover, with the COVID-19 pandemic having important negative social and economic consequences, the Indo-Mauritian trade relation can serve as an important channel to carve out a potent future trajectory for mutual benefits for both countries in the post-COVID era.

Though there are strong trade movements, cultural connects and economic cooperation between India and Mauritius, there is scant evidence of any comprehensive study on the dynamics of a bilateral trade relation between them. A complementary impact creates a win-win situation for both the interacting economies while a competitive impact might cause displacement of the relevant factors of production in the less competitive economy (Chakrabarti & Dickinson, 2014). To the best of our knowledge, there is no previous study exploring the peculiarities or the strength of the competition–complementarity nexus of the Indo-Mauritian trade relationship leveraging the cultural connect existing between them. Hence, this article aims to bridge the current knowledge gap by attempting to identify the characteristics of the bilateral trade relation and cultural association existing between India and Mauritius by computing and analysing select key trade and cultural indicators for understanding the trade cointegration between the countries. In the process, the study also endeavours to trace the changing dynamics of this bilateral relationship during the period of 2001 to 2022.

The article is structured as follows. The second section reviews the existing literature on the link between trade and cultural ties, and trade competition–complementarity nexus. The third section probes into the methods and data used. The fourth section discusses the Indo-Mauritian trade situation and the findings. The fifth section concludes by indicating the limitations and future scope of the study.

Literature Review

Trade represents an integral part of the international economic system and is a major catalyst for economic development. The international trade architecture (Helpman et al., 2008), geographical proximity (Anderson & Van Wincoop, 2003; Batra, 2006; Bergstrand, 1985), cultural affinity with the trading partner (Acheson & Christopher, 2006; Agbanyo & Wang, 2022; Ashraf & Galor, 2007; Bisin & Verdier, 2001, 2014; Cyrus, 2012) and pro-trade national policies (Balassa, 1965) promote trade flows across countries. A transparent, broad, effective and enabling policy environment for trade and sound economic relations between countries may contribute positively to enhance bilateral trade flows.

Attitude towards trade varies across countries depending on both economic and non-economic factors. As a consequence of imbalanced power equations, the advanced economies through intergovernmental interference and multilateral institutions preach and shove free trade to the developing and poor economies, but themselves prefer to follow strategic trade to their benefits (Sen 2010). A high level of education, one's relative and perceived social status and cosmopolitanism can be associated with the pro-trade stance of individuals. Low level of human capital, association with sectors with revealed comparative disadvantage, sense of nationalism and strong neighbourhood attachment, in contrast, tend to make people take a trade-protectionist stance (Mayda & Rodrik, 2005). There is, however, literature emphasizing the role of trade in creating global divergence (Ashraf & Galor, 2007; Olivier et al., 2008; Williamson, 2008). The spillover effects of trade due to its exchange with other associated factors have the potential to create an even greater impact (Keller et al., 2020).

Classical and neo-classical trade theories identify factor endowments and technological sophistication to be the prime reasons for international trade (Heckscher, 1919; Mill, 1848; Ohlin, 1934; Samuelson, 1948). Modern trade literature additionally identifies history, ethnic structure, culture and climate to be important factors influencing the movement of goods and services, capital and humans between countries (Helpman, 2006; Krugman, 1981, 1990, 1994). Hofstede (1983) gave due cognizance to national culture identified through values, belief systems and behavioural patterns of national groups. Franco and Maggioni (2022) underlined four elements, namely legal origin, genetic proximity, religion and migration, to be the facilitators of cultural proximity between two countries. Guiso et al. (2006) find that higher degrees of trust induced by cultural determinants induce higher degrees of trade exchanges between the countries. Tadesse and White (2008a, 2008b) suggest that cultural dissimilarity can cause economically significant and consistently negative impacts on the trade flows between nations. However, the empirical literature on such association is still inadequate.

One of the widely accepted economic models of trade, the gravity model, was conceptualized by Tinbergen from the Newtonian 'law of gravity' (Tinbergen, 1962). The fundamental proposition of the gravity approach of trade is that the economic magnetism (proxied by trade) between two nations depends upon the economic mass (measured by gross domestic product) and the geographical distance between them. Various extensions to the basic gravity equation, such as the generalized gravity models (Anderson & Van Wincoop, 2003), intra-industry trade models (Bergstrand, 1985; Helpman, 1987), homogeneous and heterogeneous products models (Chaney, 2008; Helpman et al., 2008) and structural gravity models (Bergstrand et al., 2013), were subsequently proposed and empirically tested. To capture the variegated effects of different sets of macroeconomic variables on the volume of trade, the gravity model equation was extended by eminent economists (Bergstrand, 1985; Kabir et al., 2017; Kubendran, 2020; Lohani, 2020; Rai et al., 2021).

The relations between two countries may be either competitive or complementary. For instance, Blazquez-Lidoy et al. (2006) establish a complementary trade relation between China and Latin American countries, while Nowbutsing

and Ramsohok (2012) observe the existence of a strong competitive trade relation existing between China and Mauritius due to a similar export structure of both the nations.

The existing studies on Mauritius' economic relations across countries have focussed mainly on the Sino-Mauritian linkages. Ancharaz and Tandrayen-Ragoobur (2013) identify that though Mauritius imports a substantial volume of goods and services from China, the European Union remains the prime export destination for Mauritius. The Chinese market remains beyond the reach of the Mauritian exporters. However, the rise of China might benefit Mauritius as development assistance from China in terms of construction and infrastructure projects in Mauritius remains a strategic architecture of China for probing into the African market (Ancharaz, 2009). There is evidence of South–South trade being favourable for Mauritius for diversifying its markets from the traditional US and European markets. Mauritius should strengthen its ties with China, India and Africa for improved trade performance (Tandrayen-Ragoobur et al., 2021). Data and observations of Ancharaz (2011) establish that China outperforms India in their trade relations existing with Mauritius.

It is a well-accepted fact that the volume of trade between the Asian giants, namely China and India, with Africa has been increasing over time, primarily because of the promotion of South–South cooperation and diplomatic relations clubbing trade with development aids (Dash, 2016; Government of India, 2016; Nowak, 2016). Lunogelo (2015) argues that while Africa exports unprocessed commodities, it imports processed merchandise from India, subsequently leading to trade deficits in the African markets. There is evidence of a wide variety of studies conducted on the multifarious implications of trade flows on African economies, but studies specific to Indo-Mauritian trade led by cultural proximity are rather scant. Country-by-country analysis, specifically concerning Indo-Mauritian connections, could not be found. Hence, this study attempts to address this theoretical and empirical gap to understand in-depth the nuances of the trade and cultural exchanges taking place between India and Mauritius.

Data and Methods

The study uses secondary data from the AfroBarometer, the World Bank (2023), the International Trade Centre (ITC) Trade Map and the Quality of Government database of the Department of Political Science at the University of Gothenburg from 2001 to 2022. The aggregated two-digit harmonized system (HS) code is used to classify trade products. A set of indicators has been computed to portray the evolution of the bilateral trade relationship between Mauritius and India.

As developed by Kojima (1964) and Drysdale (1969), the trade intensity index (TII) identifies the proportion of a nation's trade with another nation as a ratio of the latter's share of global trade. The study calculates the TII, which has been bifurcated into two parts: the export intensity index (EII) and the import intensity index (III). EII can be expressed as follows:

$$EII_{ij} = \frac{x_{ij}/X_i}{m_j/(M_w - m_i)}, \tag{1}$$

where EII_{ij} = EII of country i with country j,
$\quad x_{ij}$ = Country i's export to country j,
$\quad X_i$ = Total export of country i,
$\quad m_j$ = Total import of country j,
$\quad M_w$ = Total global imports and
$\quad m_i$ = Total import of country i.

Similarly, the III can be expressed as follows:

$$III_{ij} = \frac{m_{ij}/M_i}{x_j/(X_w - x_i)}, \tag{2}$$

where III_{ij} = III of country i with country j,
$\quad m_{ij}$ = Country i's import from country j,
$\quad M_i$ = Total import of country i,
$\quad x_j$ = Total export of country j,
$\quad X_{wt}$ = Total global exports and
$\quad x_i$ = Total export of country i.

The revealed comparative advantage (RCA) of a set of a few selected products (Balassa, 1965) has been computed to assess the countries' export potential. It compares the share of a product or service in a country's total exports with the share of the same product or service in total global exports. When the share of a specific product or service in the nation's total exports is comparatively bigger than the share of the product or service in total global exports, the country is believed to have a comparative advantage in that specific product or service. Such index values may range from 0 to infinity. Values ranging from 0 to 1 signify that the country has a comparative disadvantage in a given product or service, while values exceeding 1 signify that the country has a comparative advantage in the same:

$$RCA_{ip} = \frac{x_{ip}/X_{iw}}{x_{pw}/X_w}, \tag{3}$$

where RCA_{ip} = The RCA of product p for country i,
$\quad x_{ip}$ = The value of exports of product p for country i,
$\quad X_{iw}$ = The value of total exports of country i,
$\quad x_{pw}$ = The value of global exports of product p and
$\quad X_w$ = The value of total global exports.

The export similarity index (ESI) (Finger & Kreinin, 1979; Xu & Song, 2000) has been calculated to understand how similar are the exporting patterns of Mauritius and India to the five common biggest export destinations of both the countries and the world at large. The ESI ranges from 0 to 100. A higher value of the ESI signifies a similar export pattern of the countries in relation to the commodity or group of commodities chosen, and vice versa. It is formulated as follows:

$$XS_{ij,k} = \left\{ \sum_l \min\left(\frac{x_{ik}^p}{x_{ik}}, \frac{x_{jk}^p}{x_{jk}} \right) \right\} \times 100, \tag{4}$$

where $XS_{ij,k}$ = The ESI of country i and j to country k,

$\dfrac{x_{ik}^p}{x_{ik}}$ = The share of commodity p in the export of country i's export to country k,

$\dfrac{x_{jk}^p}{x_{jk}}$ = The share of commodity p in the export of country j's export to country k.

Additionally, the coefficient of specialization (CS) and the coefficient of conformity (CC) have been assessed to examine the degree of trade competition between India and Mauritius. The greater the values of CS and CC, similar the export structures of both the countries, and the lower the values of CS and CC, divergent the exporting structures of the economies (Nowbutsing & Ramsohok, 2012; Qureshi & Wan, 2008).

$$CS_{ij} = 1 - \frac{\sum_l |x_{li} - x_{lj}|}{2}, \tag{5}$$

$$CC_{ij} = \frac{\sum_l x_{li} x_{lj}}{\sqrt{\sum(x_{lj})^2 - \sum_l (x_{li})^2}} \tag{6}$$

where CS_{ij} = Coefficient of specialization,
$\quad CC_{ij}$ = Coefficient of conformity,
$\quad\quad x_{li}$ = Share of export of commodity l in total exports of country i,
$\quad\quad x_{ij}$ = Share of export of commodity l in total exports of country j.

The trade complementarity index (TCI) has been computed for evaluating the prospects of bilateral trade agreements between the countries (Armstrong et al., 2008; Blazquez-Lidoy et al., 2006; Michaely 2009). The higher the index value, the higher the match between the export of one country with the import of the other country, and vice versa. According to Michaely (1996), mathematically, TCI is computed as follows:

$$XC_{ij} = 1 - \frac{\sum_i |m_{pi} - x_{pj}|}{2}, \tag{7}$$

where XC_{ij} = Complementarity index of country *i*'s imports with country *j*'s exports,

m_{pi} = Share of commodity *p* in total imports of country *i*,

x_{pj} = Share of commodity *p* in total exports of country *j*.

Finally, the study attempts to identify the interdependence, if any, between cultural proximity and the trade performance of India and Mauritius by correlating the ethnic fractionalization index (EFI) (Greenberg, 1956; Teorell, 2024) of Mauritius with the calculated trade indices. EFI explains the pattern of ethnic diversity across countries over time (Drazanova, 2020; Montalvo & Reynal-Querol, 2013). The index for a country in a given year ranges from 0, where all individuals in the society are members of the same ethnic group signifying no ethnic fractionalization, to 1, where each individual in the country belongs to his or her own ethnic group.

Indo-Mauritian Trade Relationship

In the opinion of Franco and Maggioni (2022), cultural proximity between two countries is influenced by four elements: migration, genetic proximity, legal origin and religion. Guo (2004) and Acheson and Christopher (2006) argue that cultural affinity in the form of race, religion, ethnicity, language, inheritance, ideology and artistic interests, whether practised voluntarily or as a mandate, influences economic activities like trade. Two-thirds of the current Mauritian population originates from India (Central Intelligence Agency, 2023). Hence, there is a likelihood of inheritance of and proximity to Indian culture in Mauritius due to the historic immigration of about 500,000 indentured labourers from India. Mauritius being a 'plantation colony with no pre-colonial population' (Eisenlohr, 2006, p. 5), Indian ancestral cultures and languages have set the benchmark for default cultural citizenship in the island of Mauritius by contributing significantly towards the successful post-colonial journey of the people of the country. Mauritius is called 'Little India' where Hindu Mauritians are 'the largest and politically dominant ethnic community' (Eisenlohr, 2006, p. 5) who have empowered themselves through their variegated ancestral traditions and cultures.

AfroBarometer conducted two studies in 2020 and 2022, respectively. According to the study conducted in 2022, 76% of the Mauritians recognized that India exerts the greatest positive economic and political influence on Mauritius, even more than China, France, Japan and the USA. Excerpts from their survey of 1,200 Mauritian respondents on the perceived economic and political influence of India on Mauritius have been documented in Table 1 (AfroBarometer, 2021, 2022).

The Indo-Mauritian community dynamically engages with India through the materiality of their living and consecrated spaces, and the use of native languages at their homes and workspaces. The most widely spoken language of Mauritius

Table 1. Perceived Economic and Political Influence of India on Mauritius.

	Parameters	Standalone Percentage of Respondents Having Association with India (N = 1,200)	Overall Percentage of Respondents Having Association with India (N = 1,200)
Race	South Asian origin (Indian/Pakistani, etc.)	–	71.2%
Religion	Hindu	54.1	71.2
	Muslim	17.2	
Ethnic community or cultural group	Hindou	48.3	72.5
	Muslim	18	
	Marathi	1	
	Tamoul	3.7	
	Telegou	1.5	
Association with ethnic group	Associate only with ethnic group	4.4	70.1
	Associate more with ethnic group than national identity	12.5	
	Associate equally with ethnic group and national identity	53	
Ethnic orientation of the family	Same ethnic group as mother	92.6	–
	Same ethnic group as father	94.5	
	Children belonging to mother's side	10.8	
	Children belonging to father's side	9.3	
	Children belonging to both the parents' side	77.4	

Source: AfroBarometer (2022).

is Creole; nonetheless, the majority of the Mauritians can understand and speak two Indian languages, namely, Hindi and Bhojpuri. The diaspora believes India to be their homeland, and they have created an appropriate religious tradition for their community in this home away from home (Sambajee, 2015; Younger, 2009). Most of the institutions of cultural eminence and popularity in Mauritius have been set up in collaboration with India to promote and patronize the practice of Indian languages, art, tradition and culture in the country.

Being a natural resource-deficient small island country, Mauritius is far more trade-dependent as compared to the resource-rich large peninsular country, India. Mauritius and India both consistently have a negative trade balance over the last 20 years. However, India had a huge positive invisible trade balance due to the information-technology boom since 2008. This helped to adjust the negative

merchandise trade balance and reduce the current account deficit. Mauritius had a positive invisible trade balance till 2019 and a negative invisible trade balance thereafter (World Development Indicators, 2023).

As trading partners, India had always been the favourite source of imports for Mauritius until China took the lead and shoved it to the second position in 2019. China is accountable for 17.72% of the total Mauritian imports, while India is at the second rank with a 15.6% share in 2022. During the last few years, India has gained prominence as an export destination of Mauritius. It became the 11th largest export destination of Mauritius with a share of 2.65% of the total Mauritian exports in 2021 and rose the ladder even further in 2022, reaching the ninth position with a share of 3.73% in 2022 (ITC Trade Map, 2023). The TII, which evaluates the degree of intensity of the trading relationship between the two countries vis-à-vis the world, empirically proves this fact (Ambrose & Raj, 2014; Chandran, 2011). During 2001–2022, the intensity of export (EII) from India to Mauritius and the intensity of import (III) of Mauritius from India both showed declining trends with seasonal fluctuations. The reason behind such weakening import dependence of Mauritius on India might either be the increasing self-reliance of Mauritius, the substitution of Indian goods with the cheap Chinese products, or a combination of both. The EII from Mauritius to India and the III of India from Mauritius have taken a steady leap from 2019 onwards (see Figures 1 and 2).

Not knitted or crocheted apparel and clothing accessories (HS Code 62), precious stones, gems and jewellery (HS Code 71), electrical equipment and sound recorders (HS Code 85) and cotton (HS Code 52) are the four common products in the list of the top-10 products exported across the world by India and Mauritius during 2001–2022 (see Table 2). A deeper scrutiny reveals that out of these four products, electrical equipment and sound recorders (HS Code 85) and cotton
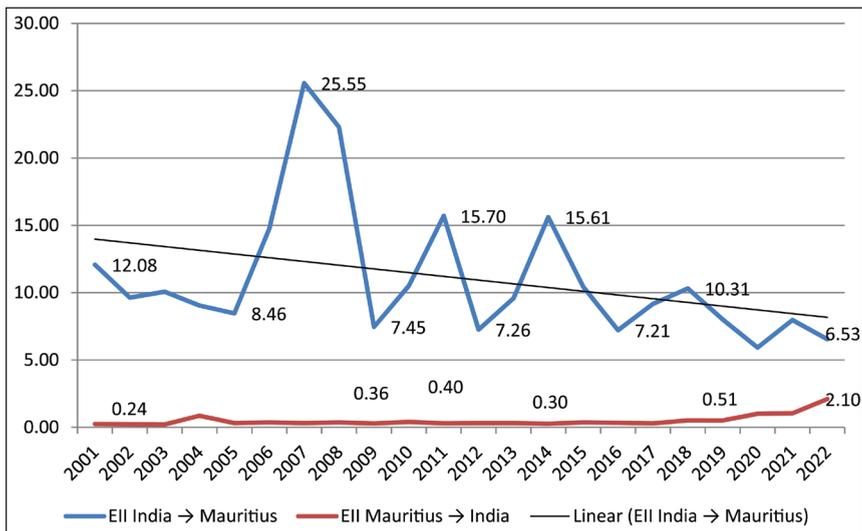

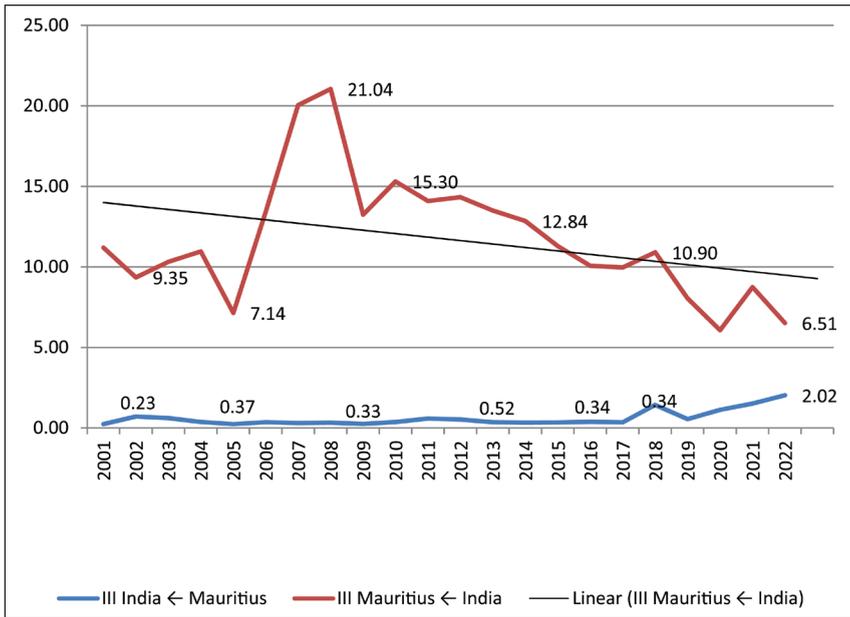**Figure 1.** EII of Mauritius and India (2001–2022).

Figure 2. Import Intensity Index of Mauritius and India (2001–2022).

(HS Code 52) are gradually losing their share and getting replaced from the list of top-10 export portfolios of Mauritius in recent years. Similarly, cotton (HS Code 52) is losing its importance in the export portfolio of India, reducing the export competition between India and Mauritius. Until 2021, nuclear reactors, boilers and machinery (HS Code 84) were one of the top 10 products exported globally by both Mauritius and India. It remains on the list of top-10 products exported by India, but its share in Mauritian exports has reduced over the last two years. The first ten products constitute 78.20% of total Mauritian exports during 2001–2022, while they account for only 49.68% of the total Indian exports from 2001 to 2021. This implies greater diversity and resilience of the Indian export portfolio as compared to Mauritius during the stated period.

Studies focusing on an economy's relative advantage or disadvantage in a given product or industry compute the RCA index (Ancharaz & Tandrayen-Ragoobur, 2013; Nowbutsing & Ramsohok, 2012; Zhang, 2021). Mauritius enjoys absolute RCA in not knitted or crocheted apparel and clothing accessories (HS Code 62) as compared to India. In the case of precious stones, gems and jewellery (HS Code 71), India has greater RCA than Mauritius. Mauritius and India, with limited RCA, take a competitive stance only in the case of cotton (HS Code 52), but its weightage in the export portfolio is gradually reducing for both countries. Notably, Mauritius and India have competitive disadvantage for electrical equipment and sound recorders (HS Code 85), despite it being one of the highly exported products of both countries (see Table 3).

Table 2. Export Structure of Mauritius and India (2001–2022).

		Mauritius			India	
Rank	HS Code	Product Label	Percentage of Total Global Exports (2001–2022)	HS Code	Product Label	Percentage of Total Global Exports (2001–2022)
1	61	Articles of apparel and clothing accessories, knitted or crocheted	21.11	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	12.12
2	62	**Articles of apparel and clothing accessories, not knitted or crocheted**	14.57	71	**Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin**	10.53
3	17	Sugars and sugar confectionery	13.00	84	Nuclear reactors, boilers; machinery, mechanical appliances, parts thereof	4.30
4	16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	10.80	29	Organic chemicals	3.89
5	71	**Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin**	5.15	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	3.70
6	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers; and parts and accessories of such articles	4.54	30	Pharmaceutical products	3.40

7	03	Fish and crustaceans, molluscs and other aquatic invertebrates	3.95	85	**Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers; and parts and accessories of such articles**	3.21
8	52	**Cotton**	2.03	72	Iron and steel	3.13
9	90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	1.64	62	**Articles of apparel and clothing accessories, not knitted or crocheted**	2.98
10	60	Knitted or crocheted fabrics	1.41	52	**Cotton**	2.42

Source: ITC Trade Map.
Note: The cells shown in bold indicate the common products exported by both Mauritius and India from 2001 to 2022.

Table 3. RCA of the Common Five Products Globally Exported by Mauritius and India (2001–2022).

HS Code	62		71		85		52	
Product Label	Articles of Apparel and Clothing Accessories, Not Knitted or Crocheted		Natural or Cultured Pearls, Precious or Semi-Precious Stones, Precious Metals, Metals Clad with Precious Metal, and Articles Thereof; Imitation Jewellery; Coin		Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers; and Parts and Accessories of Such Articles		Cotton	
Year	Mauritius	India	Mauritius	India	Mauritius	India	Mauritius	India
2001	14.79	4.41	1.86	7.50	0.03	0.21	7.01	8.08
2002	14.17	3.90	1.94	8.36	0.09	0.20	4.00	7.23
2003	14.70	3.46	1.95	8.51	0.09	0.22	4.04	6.23
2004	10.29	3.35	2.03	7.72	0.20	0.19	4.31	6.01
2005	6.85	3.60	1.91	7.37	0.98	0.19	3.19	5.70
2006	6.87	3.39	1.65	5.84	0.92	0.23	3.23	6.79
2007	9.81	2.92	1.59	5.64	0.37	0.25	4.38	8.02
2008	10.10	2.83	1.37	4.29	0.33	0.32	4.48	7.53
2009	11.47	2.73	1.51	6.26	0.08	0.42	4.26	5.26
2010	12.52	2.45	2.29	5.05	0.11	0.30	4.33	8.09
2011	12.42	2.41	1.72	4.68	0.08	0.33	5.21	6.63
2012	13.51	2.44	1.46	3.48	0.16	0.32	4.57	8.02
2013	12.70	2.36	1.37	2.77	0.27	0.28	5.12	8.79
2014	11.00	2.31	1.77	3.36	0.99	0.23	5.35	8.24
2015	10.75	2.67	1.82	3.79	0.94	0.21	5.36	8.23
2016	10.84	2.56	1.37	4.00	0.40	0.22	5.63	7.24
2017	11.19	2.38	1.42	3.85	0.15	0.21	6.63	7.21
2018	13.21	2.05	1.71	3.70	0.19	0.26	7.25	8.01
2019	12.09	2.07	1.79	3.28	0.13	0.32	10.58	6.22
2020	11.06	1.88	1.14	2.17	0.10	0.31	9.43	7.81
2021	10.12	1.76	1.50	2.50	0.08	0.31	7.55	8.96
2022	13.06	2.26	0.83	3.13	0.02	0.43	7.38	3.82

The UK, the USA, the UAE, the Netherlands and Belgium are the five common export destinations in the list of top-10 countries receiving imports from Mauritius and India during 2001–2021 (see Table 4). In 2021 and 2022, this number of common exporting partners of India and Mauritius reduced to three due to the replacement of the UAE and Belgium from the top-10 importing country list of Mauritius.

This reduction of trade competition can be established empirically through the ESI indicator. It is computed for the UK, France, the USA, South Africa and Madagascar, the five biggest export destinations of Mauritius; for the UAE, the Netherlands and Belgium, the other common export destinations of India and Mauritius; and for the world at large. The ESI is calculated using the four common products, namely not knitted or crocheted apparel and clothing accessories (HS Code 62), precious stones, gems, and jewellery (HS Code 71), electrical equipment and sound recorders (HS Code 85) and cotton (HS Code 52), out of the 10 highly exported products of Mauritius and India (Table 2), for each year ranging from 2001 to 2022. The ESI of Mauritius and India is approaching zero for their biggest export destinations, and also for the world at large. The ESI of Mauritius and India to Belgium was as high as 62 in 2001 only to be halved to 31 in 2022 (see Table 5). These indicate very low trade competition between Mauritius and India. The countries do not trade in similar or complementary products. There is not much integration or alignment in their trade structures, implying that the two countries are naturally trading in very different products and, hence, there is potential for better trade planning.

For an in-depth analysis of the competitiveness–complementarity nexus between the two economies, the article computes the CS and CC indices (Nowbutsing & Ramsohok, 2012; Qureshi & Wan, 2008). The values of both CS and CC are nowhere near unity, implying a very low degree of similarity in the export structure of Mauritius and India, reinstating the findings of the ESI, considering all the exported products together (see Figure 3).

The products exported by Mauritius to India have not changed much over the years except their shares in the total exports to India. In 2022, exports of nuclear reactors, boilers, machinery and mechanical appliances (HS Code 84) accounted for 47% of the total Mauritian exports to India putting iron and steel (HS Code 72) at the second rank with a 32% share. The products imported by Mauritius from India have also, by and large, remained the same over the years (Table 6) except that the share of mineral fuels and ancillary products (HS Code 27), which occupied the biggest chunk of Mauritian imports from India, has reduced during 2021 and 2022. The UAE is the prime exporter of mineral fuels to Mauritius since 2021.

The TCI indicates the extent to which the export profile of a given country complements the import profile of a partnering nation. A strong complementary affiliation indicates tradable avenues of growth (The World Bank, 2013). Mauritius was dependent on imports from India and not the other way around during the initial years of the study period. However, Mauritius' dependence on India has seen a sudden downward shift since 2019. The exponential growth of China as a trading partner is the primary reason behind this decline. At present, Mauritius has strengthened its position as an exporter to India. Nevertheless, it could be found that Indian exports are more complementary to the Mauritian import needs than

Table 4. Export Destinations and Sources of Import of Mauritius and India (2001–2021).

	Export Destinations				Sources of Import			
	Mauritius		India		Mauritius		India	
Rank	Countries	Percentage of Total Exports 2001–2021	Countries	Percentage of Total Exports 2001–2021	Countries	Percentage of Total Imports 2001–2021	Countries	Percentage of Total Imports 2001–2021
1	**UK**	21.09	**USA**	14.56	India	17.08	**China**	12.85
2	France	15.94	**UAE**	10.11	**China**	13.23	**UAE**	6.38
3	**USA**	11	China	5.38	France	9.05	USA	5.93
4	South Africa	6.06	Hong Kong, China	4.12	South Africa	8.41	Saudi Arabia	5.67
5	Madagascar	5.99	Singapore	3.75	Japan	3.17	Switzerland	4.87
6	Italy	5.74	**UK**	3.22	**Germany**	2.95	Iraq	3.35
7	Spain	4.43	Germany	2.78	Spain	2.66	**Germany**	3.07
8	**UAE**	3.17	**Netherlands**	2.60	**UAE**	2.61	Republic of Korea	3.02
9	**Netherlands**	2.25	Saudi Arabia	2.34	**Australia**	2.58	Indonesia	2.99
10	**Belgium**	2.21	**Belgium**	2.18	UK	2.47	**Australia**	2.81

Source: ITC Trade Map.

Notes: The cells shown in bold indicate the common export destinations and the sources of import of both Mauritius and India during 2001–2021. The time period is limited till 2021 due to the absence of country-wise import data of India in 2022.

Table 5. ESI of the Common Five Products Exported Globally by Mauritius and India (2001–2022).

| Country	UK	France	USA	South Africa	Madagascar	UAE	Netherlands	Belgium	World
2001	12	22	17	17	9	23	12	62	16
2002	13	21	14	9	8	15	14	50	14
2003	12	21	13	9	12	15	11	51	13
2004	7	20	14	10	17	4	8	54	14
2005	8	14	15	8	11	3	9	56	13
2006	8	17	15	4	13	2	10	48	13
2007	8	18	16	4	10	3	7	48	12
2008	6	17	16	2	2	6	7	47	12
2009	5	14	22	3	7	18	6	32	10
2010	3	10	25	3	13	8	6	32	13
2011	3	11	21	2	12	7	5	40	12
2012	3	9	19	2	13	12	5	37	12
2013	3	8	15	2	10	10	4	25	14
2014	4	7	17	3	13	5	4	23	14
2015	5	7	12	5	13	3	6	31	15
2016	8	6	6	5	12	5	5	43	14
2017	10	6	6	6	8	7	5	42	13
2018	10	7	9	7	9	20	5	38	13
2019	9	8	10	4	8	24	3	39	13
2020	8	9	7	2	6	10	4	26	11
2021	7	9	6	2	8	5	3	28	11
2022	7	8	6	2	4	7	2	31	7
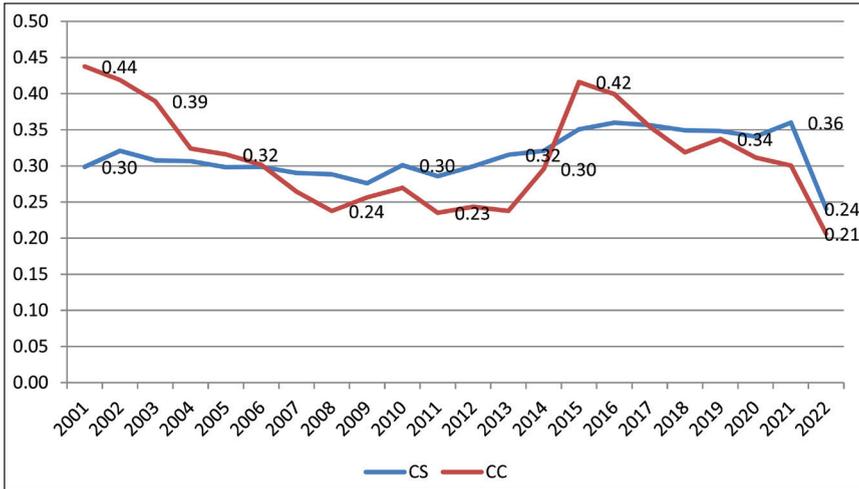
Figure 3. Coefficient of Specialization (CS) and Coefficient of Conformity (CC).

Mauritian exports to Indian import requirements. The TCI of India to Mauritius is almost three times higher than the TCI of Mauritius to India (see Figure 4). This is primarily due to the factor endowment differences between Mauritius and India imposed by the economic size constraints of a small island country like Mauritius vis-à-vis an economic giant like India.

The descriptive statistics encapsulated in Table 7 corroborate the findings from the indices. As evident from the mean values of the parameters of TII consisting of both EII and III running from India to Mauritius and vice versa, Indian exports to Mauritius (mean EII: 11.07) have significantly greater intensity as compared to the Mauritian exports to India (mean EII: 0.49). This asymmetry suggests a trade imbalance where Mauritius is more dependent on Indian exports than vice versa. The slightly rightly skewed value of EII running from India to Mauritius is an exhibit of the moderately decreasing export intensity in recent years. The kurtosis value of EII from India to Mauritius of 2.98 is close to normal distribution (kurtosis = 3), meaning the distribution is fairly balanced, except a few outliers. The wide spread between the maximum and minimum value (range = 19.64) and the high standard deviation at 4.99 reinstate the fact that some years dominate the trend (the year 2008 as evident in Figure 1 witnessed a very high spike in imports from India), possibly due to large one-off imports like machinery, fuel or infrastructural goods. The high kurtosis value of 9.08 of the EII from Mauritius to India indicates that most of the time the volume of exports from Mauritius to India has remained consistent, however, of late it has increased notably. A wide range (14.98) of import intensity from India to Mauritius shows that the high average import intensity from India has uneven patterns which may be due to changes in demand, policy shifts, currency effects, supply chain or economic disruptions. Dependency on India for imports is not only high but also not stable, which may expose Mauritius to risks if prices change or if supply chains are disrupted. Also both the CS and CC have low
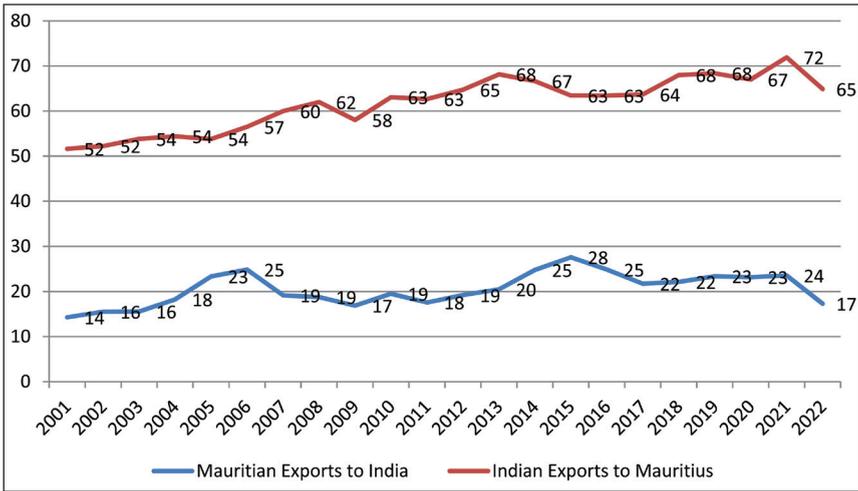
Table 6. Mauritian Exports to and Imports from India (2001–2022).

	Mauritian Exports to India				Mauritian Imports from India			
Rank	Product Label	Percentage of Total Exports to India from 2001–2011	Percentage of Total Exports to India from 2012–2022	Product Label	Percentage of Total Imports to India from 2001–2011	Product Label	Percentage of Total Imports to India from 2001–2011	Percentage of Total Imports to India from 2012–2022
I	Iron and steel	39.66	33.77	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	60.87	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	57.79	
2	Nuclear reactors, boilers; machinery, mechanical appliances, parts thereof	14.60	23.87	**Cotton**	12.90	Pharmaceutical products	5.39	
3	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	9.16	7.88	Pharmaceutical products	2.94	**Cotton**	4.91	
4	**Cotton**	6.44	5.37	Cereals	2.11	Cereals	4.56	
5	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers; and parts and accessories of such articles	4.80	4.04	Articles of apparel and clothing accessories, not knitted or crocheted	1.88	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	2.82	

Source: ITC Trade Map.
Note: The cells shown in bold indicate the common product exported to as well as imported by Mauritius from India during 2001–2022.

Figure 4. TCI of All Products (2001–2022).

averages (around 0.31). The standard deviations are very small, meaning the values do not change much over time. The high average TCI of Indian exports to Mauritius exhibits that the export portfolio of India strongly matches the import needs of Mauritius, but not the other way around in the case of Mauritian exports to India.

Figure 5 represents the EFI of Mauritius for the period of 2001 to 2022. The index has been found to decline from 0.468 in 2001 to 0.463 in 2022 indicating a reduction in ethnic diversity. The small yet consistent decline in the index indicates a marginal reduction in ethnic diversity over time. This can be explained by several interrelated demographic, social and policy-related factors like demographic trends, migration and emigration, and ethnic convergence or identity shifts. First, a shift in the demographic trend may be caused due to differential fertility rates. Second, Mauritius has experienced outmigration, particularly among the more educated or economically mobile groups. If this outmigration is concentrated in one or more ethnic groups, it can cause a shift in the ethnic balance. Though Mauritius has not experienced large-scale immigration, even modest inflows, for example, foreign workers from specific regions such as Nepal, India, Madagascar and Bangladesh can affect diversity metrics if not equally spread. Third, inter-ethnic marriages and cultural blending may have led individuals to identify less strictly with one ethnic category, contributing to a perception of declining diversity.

Table 8 correlates the EFI of Mauritius, a proxy of cultural connectedness, with the calculated trade indices in an attempt to observe if there is any correlation between them. A weak positive and statistically significant relationship could be found between the EFI and EII of India to Mauritius (+0.3711). More ethnic or cultural affinity, especially with the Indian diaspora in Mauritius, tends to boost trade flows from India to Mauritius. As ethnic diversity in Mauritius increases, India tends to export more intensively to Mauritius. This might be due to stronger diaspora connections or a more diverse consumer base in Mauritius that demands a wider

Table 7. Descriptive Statistics of Trade Indices.

	EII India → Mauritius	EII Mauritius → India	III India ← Mauritius	III Mauritius ← India	CS	CC	TCI Mauritian Exports to India	TCI Indian Exports to Mauritius
Mean	11.07	0.49	0.60	11.74	0.31	0.31	20.52	61.75
Standard error	1.06	0.09	0.10	0.82	0.01	0.01	0.77	1.25
Median	9.60	0.32	0.37	11.07	0.31	0.31	19.98	63.26
Standard deviation	4.99	0.43	0.48	3.83	0.03	0.07	3.63	5.89
Sample variance	24.85	0.19	0.23	14.69	0.00	0.00	13.15	34.64
Kurtosis	2.98	9.08	2.86	0.94	−0.18	−0.83	−0.93	−0.95
Skewness	1.78	2.84	1.88	0.87	−0.19	0.40	0.06	−0.33
Range	19.64	1.89	1.79	14.98	0.12	0.23	13.33	20.30
Minimum	5.92	0.20	0.23	6.06	0.24	0.21	14.25	51.61
Maximum	25.55	2.10	2.02	21.04	0.36	0.44	27.58	71.91
Sum	243.51	10.85	13.22	258.30	6.91	6.87	451.52	1,358.40
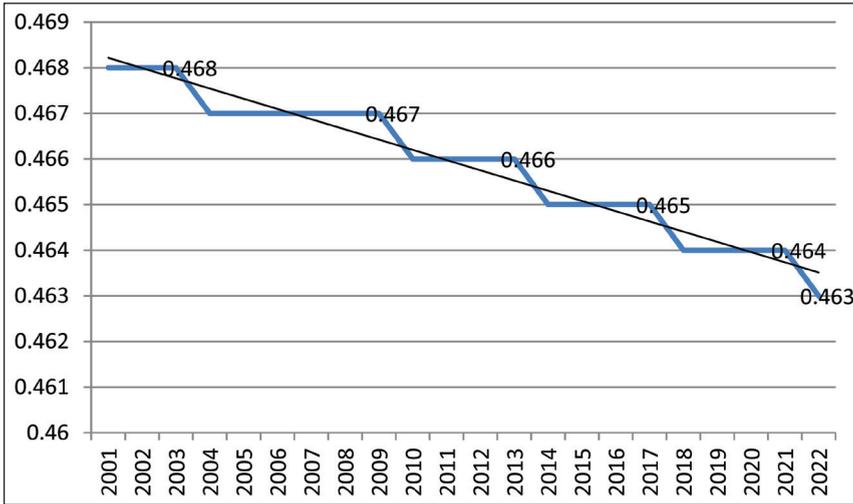
Figure 5. EFI of Mauritius from 2001 to 2022.

Source: QoG Data Finder dataset 2025.

range of Indian products. However, the decrease in ethnic diversity of Mauritius witnessed a simultaneous decrease in the export intensity of India to Mauritius. Higher diversity could have steered to a wider range of tastes and demands, which Indian exporters might have been required to cater to.

A strong negative correlation between EFI and EII from Mauritius to India (−0.6194) could be observed which implies that as ethnic diversity in Mauritius increases, Mauritius exports less intensively to India. Hence, a declining EFI has influenced greater exports from Mauritius to India. Lesser diversity has led to economic focus and strategic alignment with the Indian market. A moderate, negative and significant correlation between EFI and CS (−0.3575) implies that lesser diversity is linked with trade specialization. There is also a strong negative and significant correlation existing between EFI and TCI of Mauritian exports to India (−0.5435). Therefore, as Mauritius becomes less diverse, its exports become more complementary to India's import needs suggesting a good match between what India is demanding and Mauritius is exporting.

In a nutshell, reduced ethnic diversity in Mauritius appears to decrease imports from India but increase exports to India, increase trade specialization and complementarity in Mauritian exports to India, and lead to asymmetric trade dependence where India exports more and better-tailored goods in volume, but Mauritius exports less and with weaker alignment.

Conclusion

The article assessed the dynamics of the strong cultural and trade relationship existing between Mauritius and India, the representatives of two continents,

Table 8. Ethnic Fractionalization and Trade Indices.

	Index of Ethnic Fractionalization	EII India → Mauritius	EII Mauritius → India	III India ← Mauritius	III Mauritius ← India	CS	CC	TCI Mauritian Exports to India	TCI Indian Exports to Mauritius
Index of ethnic fractionalization	—								
EII India → Mauritius	0.3711*	—							
EII Mauritius → India	−0.6194***	−0.3368	—						
III India ← Mauritius	−0.6584***	−0.3496	0.8198***	—					
III Mauritius ← India	0.4299**	0.8196***	−0.4524**	−0.4815**	—				
CS	−0.3575*	−0.2775	−0.2445	−0.0139	−0.3198	—			
CC	0.2421	−0.2253	−0.3438	−0.2292	−0.3853*	0.5636***	—		
TCI Mauritian exports to India	−0.5435***	−0.0993	−0.0098	−0.0236	−0.191	0.6167***	0.0948	—	
TCI Indian exports to Mauritius	−0.8539***	−0.1399	0.3249	0.4488**	−0.0572	0.4077*	−0.4116*	0.5239**	—

Note: Pearson's correlation coefficient significant at ***1%, **5% and *10% levels of significance.

Africa and Asia. While India is referred to as the 'Asian economic giant', Mauritius, a small island country, is regarded as the 'African economic miracle'. The cultural history of Mauritius is strongly associated with India owing to their common colonial past and the Indian origin of the current Mauritian population. The diaspora regards India as their ancestral home and, thus, have established a suitable religious tradition for their people in Mauritius. Mauritians recognize the economic and political influence of India to have an important impact on the island economy.

The findings show that India and Mauritius have both cultural and trade complementarity between them, unlike the competitive trade relationship between China and Mauritius (Ancharaz & Tandrayen-Ragoobur, 2013; Eisenlohr, 2006; Nowbutsing & Ramsohok, 2012). The intensity of the trade dependence of Mauritius on India is substantial given the cultural proximity, size and factor endowments of the economies. Indian exports are complementary to the Mauritian import needs. In addition, there is evidence of reducing trade competition between Mauritius and India. Notably, India has gained prominence as an export destination of Mauritius during the last two years.

The increased participation of China and India in international trade has resulted in a paradigm shift in the global trade landscape. These two prospective economic super-powers with enormous expected demographic dividends created two 'symmetric shocks', first, by supplying manufactured goods and services and, second, by creating demand for primary goods. The Chinese strategy is to focus on low-cost technologies for the production and marketing of price-competitive low-quality products across the world. India, in contrast, leverages the outsourcing of services (Lemoine & Ünal-Kesenci, 2008).

The economic drivers of trade vary significantly between India and China, more so with respect to regional partnerships (Devadason, 2016). Of late, China has evolved as a very strong contender in international trade both for India and Mauritius. India was the biggest source of imports for Mauritius till 2019 when China took the lead pushing India to the second position. The bilateral and multilateral trade agreements entered into by India are largely influenced by sector-specific lobbies (Rothacher, 2016). In this juncture, Indo-Mauritian trade integration through bilateral trade agreements like CECPA is a welcome move.

Complementarity or cooperation has the power to reap greater benefits than competition. 'Shallow integration' merely eliminating the trade barriers has to be superseded by 'Deep integration' triggered by manufacturing and trade-related institutional changes to ensure long-term viability and sustainability (McDonald et al., 2008). India can reclaim its leading position by leveraging the trust and faith of Mauritius in India. Elaborate product-specific studies should be attempted to pinpoint specific products which have a scope of inclusion, during the review sessions of the CECPA bilateral agreement. There is scope for future studies where the nuances of Sino-Indo-Mauritian trade can be examined in detail.

Declaration of Conflicting Interests

Funding

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