



Tropical lifeline

Air Mauritius has grown steadily, but the recession has hurt profits.

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When the first visitors to the tropical island of Mauritius encountered a new species of docile, flightless pigeon, they thoughtlessly did something history has never forgiven: they ate them all.

Today's Mauritians have learned from the dodo's fate: while still generally benign — polite almost to the point of parody — they take good care of their wings. With a little help from local legislation, the 27-year-old national airline, Air Mauritius, continues to grow, even though the recession is now biting into its profits.

According to commercial director Suresh Seegobin, the company's turnover has grown by 8% from financial year 1992/3, when it was 3.7 billion Mauritian Rupees (\$206 million), to the 1993/4 figure of MRp4 billion. Profitability has taken a beating, however — most dramatically between 1991/2 and the following year, when the figure halved from

MRp403 million to MRp200 million.

The latest figure puts 1993/4 profits at MRp120 million, which is "...the worst that we have had", Seegobin says.

"When there is a global recession, there is unfair competition everywhere because people travel less, so there is too much capacity," says Seegobin. He complains bitterly that some larger airlines are cutting ticket prices to below cost, which Air Mauritius refuses to do.

"I would never compete with somebody so that I have made a loss at the end, just so I can say I won the war — it's silly and it's childish. As a result, having kept fares up, obviously I have lost some tour operators and I have lost a lot of inclusive tour business," he admits. Seegobin says, however, that passengers are still prepared to pay for Air Mauritius' non-stop routes and service aimed steadily at the upper end of the market — Mauritius is, deliberately, no place for backpackers.

The country is located in the southern

Indian Ocean, east of Madagascar. It is a small island, 65km (40 miles) long by 60km wide, and, as the dodo's demise showed, its natural resources must be treated with care. While tourism is the third-biggest money-making industry on the island after textile and sugar exports, the islanders realise that, to preserve the environment and ensure that this income continues, it is essential to stay with the high-yield, luxury, end of the market. This means fewer, but higher-paying, visitors, who make minimal impact on the island's ecology.

As a mainstay of the tourism industry's infrastructure, Air Mauritius is indispensable to the island's economy — tourists represent some 80% of Air Mauritius passengers.

Chairman and managing director Sir Harry Tirvengadam describes the company as "a real instrument of the economic development of the country", and asserts that the island's insistence on maintaining a national airline has nothing to do with prestige. If foreign airlines were to lose money on routes into Mauritius, they would have no reason not to pull out, leaving the island isolated, but for Air Mauritius. "For our survival, we need our airline to ensure that there are con-