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<p>ADDENDUM</p>	
	<p>Date: 12th April 2011</p>
	<p>Ref: CCM/MS/001 Study of the market for cement in Mauritius</p>
<p>Addendum to Executive Director’s Report of the Study of the Market for Cement in Mauritius</p>	

On 7th April 2011, the Executive Director of the Competition Commission of Mauritius (CCM) completed the study of the market of cement in Mauritius (the report). The public version of the report, excluding commercially sensitive information, was released on 12 April 2011. In between the finalization of the report and the release of the public version, significant developments have occurred.

On 08th April 2011, the Cabinet of Ministers agreed, inter alia, “to the liberalization of the importation, production, export and the price of cement with effect from July 2011 with a view to allowing new players to enter the market and making it more competitive.”

This decision is in line with the report’s conclusion that price and import liberalization will result in a more conducive environment for new entry and competition in the market for cement in Mauritius. It is also in line with the preliminary report that was released for comment and consultation on 22 October, 2010.

The Executive Director’s report states *“Preventing a company from importing more cement, through an import quota, clearly prevents, restricts and distorts competition, because companies will only compete vigorously for one another’s customers if they have the ability to supply those customers if successful. Import controls are likely either to restrict supply, thus driving up prices, or at the least to preserve importers’ market shares, insulating them to some extent from competition.”* (Para 4.38)

The industry is currently highly concentrated. Concentration may in markets like the cement market create a risk of cartelisation. *“But now that Mauritius has a competition law, penalties are in place for such behaviour along with an expert body to enforce the law in the Competition Commission.”* Furthermore, the *“entry of new players in the industry will certainly reduce market concentration and hence the risk of collusion. If some or all of the new entrants presently considering importing cement or*

constructing facilities in Mauritius do indeed enter the market, then the prima facie case for price controls seems likely to fall away.” (Para 4.12)

The Competition Commission will closely watch developments in this sector.