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<b>MEDIA RELEASE</b>		
		<b>Date:</b> 12 <sup>th</sup> April 2011
		<b>Ref:</b> CCM/MS/001 Study of the market for cement in Mauritius
<b>CCM PUBLISHES THE EXECUTIVE DIRECTOR'S REPORT OF THE STUDY OF THE MARKET FOR CEMENT IN MAURITIUS</b>		

The Competition Commission of Mauritius (CCM) today publicly released the Executive Director's report of the study of the market for cement in Mauritius, launched on 1<sup>st</sup> July, 2010. The purpose of the study was to understand the conditions of competition and recommend action by the Government, if necessary. An addendum to the report is also published to reflect the recent developments in the cement market since the study was completed on 7<sup>th</sup> April 2011.

On 8th April 2011, the Cabinet of Ministers agreed, inter alia, "to the liberalisation 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 move is fully in line with the views expressed in the Executive Director's report.

Dr Sean Ennis, Executive Director said, "The Government's decision to liberalise the market of cement on 08th April 2011 is in line with the report's conclusion that price and import liberalisation will result in a more conducive environment for new entry and increased competition in the market for cement in Mauritius."

Following an assessment of the impact of the regulatory framework on the conditions of competition in the cement market and to a limited extent other barriers to entry, the Executive Director of the CCM stated that "competition in the market has been constrained by State interventions, mainly by deterring new entry, preventing expansion of existing companies and restricting cement to only one variety."

However, the major issue with liberalisation prior to entry of other firms in the cement market is the risk of cartelisation and price collusion in the current highly concentrated market. “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,” according to the report. 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 of the report)

### **Background for editors**

The Competition Act 2007 came fully into effect on November 25<sup>th</sup> 2009, and is enforced by the Competition Commission of Mauritius, the CCM. Part III of the Competition Act 2007, defines restrictive practices, against which the Commission can take action and in some cases impose financial penalties.

A market study, by contrast, is not a formal investigation of restrictive practices, but a general study conducted under Section 30 of the Act which empowers the Executive Director of the CCM to undertake general studies on the effectiveness of competition in individual sectors of the economy.

The objective of a market study is to understand (and publicise) conditions of competition in a sector and the reasons for any lack of competition, and if necessary to recommend action by Government. Our focus is necessarily solely on competition. The CCM has no authority or expertise to investigate environmental matters, for example, or any alleged breaches of law other than the Competition Act. It would be for the Government to take such wider concerns into account when considering any recommendations we might make.

For further information see the CCM’s web site at [www.ccm.mu](http://www.ccm.mu)