

OCT 2024

**Kolos**  
Bâtir L'Île Maurice de Demain

# CEMENTSCOPE



# Shaping the Future of Cement **Together**

It is with great pride that we unveil Cementscope, our publication dedicated to delivering critical insights on the cement industry in Mauritius. In an era where the landscape of construction and infrastructure is rapidly evolving, our industry stands at a crucial juncture.

Today, our sector faces a series of complex challenges ranging from sustainability and regulatory compliance to technological advancements and market dynamics. It is imperative to navigate these issues with informed perspectives and innovative solutions.

Cementscope aims to provide insightful analysis, industry trends, and perspectives for our major stakeholders and partners. We believe that knowledge can facilitate a more nuanced understanding of the industry's direction and the pivotal role it plays in shaping our built environment in Mauritius.

This publication therefore serves as a testament to our company's forward-looking vision and our dedication to fostering an open and inclusive industry. We believe that by promoting a culture of knowledge sharing and continuous learning, we can collectively elevate the standards and practices within the cement sector.

This edition gives an account of market trends and insights for the first 2 quarters of the year from January to June 2024.

We invite you to join us on this journey and delve into the pages of Cementscope, engage in the discussions, and share your insights.

Together, let us shape the future of the cement industry, ensuring it continues to set a strong foundation for generations to come.

**Sales and Marketing team**







# CONTENT

ABOUT KOLOS	04
EXECUTIVE SUMMARY	08
HISTORY OF CEMENT IN MAURITIUS	10
ABOUT THE MARKET	12
TRENDS AND INSIGHTS	16
ACKNOWLEDGEMENT	28



Kolos Cement Ltd

## Building Mauritius' Landscape

Kolos Cement Ltd, the market leader in Mauritius, has been revolutionizing the island's construction industry for two decades. Breaking the monopoly of a single international player, Kolos pioneered a second cement import terminal, setting a new standard for quality and accessibility. With its team of passionate innovators, Kolos has solidified its position as the preferred and trusted supplier for Mauritius' thriving construction sector.

Kolos boasts the largest terminal on the Indian Ocean, with a total capacity of 60,000 tons – sufficient to meet market needs for over two months. Our commitment to efficiency extends to our substantial finished product storage capacity of 3,000 tons. Additionally, Kolos possesses one-of-a-kind discharging equipment in the region, having handled the entirety of the country's imported cement in 2015. This state-of-the-art machinery is meticulously maintained by our highly qualified personnel.

At Kolos, quality is paramount. Through a strategic €100,000 investment in 2015, we transformed our laboratory into the most advanced facility on the island. Equipped with cutting-edge technology, this renovation reflects our commitment to exceeding client expectations and supporting major infrastructure projects. Notably, Kolos supplied the unique CEM III A blended specifically designed to meet the demanding specifications of the Port Extension project.

### Shaping our national infrastructure

Kolos Cement Ltd has emerged as a leading force in supplying specialized cement solutions for Mauritius' most transformative infrastructure projects. Partnering with renowned contractors, Kolos demonstrates a proven ability to meet the intricate demands of diverse ventures, shaping the nation's built environment with a commitment to innovation and client success.

2009

Kolos, first cement supplier to introduce **25kg cement packaging**

2011

Kolos, first cement supplier to introduce **palletized delivery**

2011

**L'École des Maçons**  
An initiative of Kolos Batir Agir foundation in partnership with the MITD with the main objective of delivering a recognised qualification in basic masonry courses

2014/2015

Introduction of **Kolos Building Materials**, Kolos points of sales and warehouses throughout the island

2022

**Palletless**  
Kolos becomes the first supplier in the region to introduce a new packaging technology; **the Palletless system** and deliver palletless self-supporting cement bags

2022

**Retourn to plastik**  
Kolos plastic recycling initiative to give a second life to plastic films used to condition cement pallets



# Showcasing Versatility and Expertise



**Bagatelle Dam (2012-2017)**

Kolos supplied CEM III/B 32.5 Slag, a testament to the industry's shift towards specialized solutions for hydraulic structures, ensuring exceptional durability and strength (28,000 tons provided in collaboration with China International Water and Electrical Corporation).



**Airport of Mauritius Expansion (2013)**

This project demanded high-strength capabilities, met by Kolos' provision of CEM I 42.5 N (28,000 tons). The collaboration with Louis Berger Group (LBG) and China State Construction Engineering Corporation (CSCEC) underscores the critical role of premium cement in major infrastructure endeavors.



**Cote D'Or Stadium (2018)**

Kolos supplied CEM I 42.5 N (17,000 tons) for the construction of this modern stadium, catering to both structural and aesthetic requirements through exceptional cement quality (partnering with China State Construction Engineering Corporation (CSCEC)).



**Metro Express (2019)**

This project exemplified the versatility of Kolos's offerings. CEM I 52.5N and CEM II 42.5N were strategically provided (95,975 tons total) in collaboration with Larsen & Toubro to meet the diverse needs of public transportation infrastructure.



**SAJ Bridge (2019)**

Kolos' strategic selection of cement types – CEM I 52.5N and CEM II 42.5N (5,700 tons) alongside Transinvest-GCC-Bouygues TP- VSLI Junction Pont Fer & A1-M1 Link Rd JV Ltd – addressed specific engineering challenges like load-bearing capacity and environmental resistance.

## A Benchmark for the Future

These projects exemplify the Mauritian cement industry's embrace of a tailored approach, with Kolos Cement at the forefront. By developing and supplying specific cement formulations, the industry fosters structural integrity and longevity in significant constructions.

Tailored cement solutions not only ensure structural integrity and project longevity but also reinforce the commitment to meeting evolving customer needs. Kolos Cement Ltd and the country's landmark projects stand as an inspiring chapter in the national construction narrative. Here, innovation, customization, and quality are not mere aspirations, but the very foundation upon which exceptional structures are built.





# MAURITIUS CEMENT MARKET

## Mauritius Cement Market

### Boom, Bust, and the Road Ahead

The construction industry in Mauritius, like many others, relies heavily on cement. A recent analysis of cement consumption trends reveals a fascinating story of resilience, volatility, and adaptation.

The market consists of two main segments: bagged cement for small projects and bulk cement for large-scale construction. The bagged cement segment has experienced ups and downs, mirroring the booms and busts of small construction activities. The COVID-19 pandemic significantly impacted this segment, and a recent decline suggests a possible shift towards alternative materials or construction methods.

Bulk cement, on the other hand, reflects the health of large-scale projects. This segment enjoyed steady growth until a global economic downturn, followed by a cautious recovery. This could indicate a more cautious approach within the construction industry or a change in the types of large projects being undertaken.

The overall cement market mirrored this trend, experiencing a slump during the pandemic but bouncing back afterwards. However, slight declines in recent years suggest the market is still adjusting to changing economic conditions, construction practices, and regulations.

Looking at recent data (April 2023 - March 2024), we see a significant rise in the Construction Price Index (CPI). This reflects the rising costs of labor and materials, with key increases in premixed mortar, tiles, and plumbing materials.

The boom-and-bust cycle continued in the cement market itself. Since 2020, there was a post-pandemic peak, but consumption has steadily declined despite price control measures. This suggests challenges beyond just price, possibly including a shift in the types of construction projects being undertaken.

As of May 2024, a new hurdle has emerged: a significant increase in maritime freight costs. This disrupts the supply chain for cement, steel, and other essential materials, raising operational expenses throughout the construction industry. The potential consequences are widespread, including higher construction costs, increased prices for new properties, and overall inflation, impacting consumer spending and economic growth.

In conclusion, the Mauritian cement market is a tale of resilience in the face of economic fluctuations and external factors like pandemics and rising freight costs. However, ongoing adjustments and challenges necessitate a cautious and adaptable approach from industry stakeholders to navigate the road ahead.



## 1957 - 1984

Lafarge (Mauritius) Cement Ltd was established in Mauritius in 1957 and maintained a monopoly on the island's cement supply until 1983

## 1996

- **Gamma Mehta Cement Ltd**  
Kolos is incorporated as a private company under the name Gamma Mehta Cement Ltd

## 2004

- **Holcim Mauritius Ltd**  
Change of name from Ciment de l'Océan Indien to Holcim Mauritius Ltd

## 2014 - 2015

- **Kolos Cement Ltd**  
Gamma Civic Ltd completes acquisition of 51% direct and indirect stake of Holcim (Mauritius) Ltd. The company is renamed to **Kolos Cement Ltd**

## 2023

- **Government Price Control**  
Government imposed price control on cement in February 2023

## 1984 - 1985

- **Monopoly dissolution**  
25% of cement importation by The State Trading Corporation and 75% by Lafarge (Mauritius) Cement Ltd

## 2000

- **Ciment de l'Océan Indien**  
Change of name from Gamma Mehta Cement Ltd to Ciment de l'Océan Indien

## 2011

- **Cement price liberalisation**  
The State Trading Corporation ceased cement importation



# TRANSFORMATION

# PROGRESS

## The Mauritius Cement Industry

### A Story of Transformation and Progress

#### A Shifting Landscape

The Mauritian cement industry has undergone a remarkable evolution since the establishment of Lafarge (Mauritius) Cement Ltd in 1957. Initially operating as a monopoly until the early 1980s, the market has matured into a vibrant and competitive ecosystem. A pivotal moment arrived in 2011 when the State Trading Corporation (STC) relinquished its control over cement imports, ushering in a free-market environment. This liberalization spurred competition and ignited a spirit of innovation within the industry.

#### A Flourishing Ecosystem

The landscape has been enriched by the entry of global giants like Holcim alongside strong local players like Kolos Cement Ltd. This healthy competition has yielded significant benefits for both product quality and service delivery. Today, the Mauritian cement industry offers a diversified product portfolio catering to a wide range of construction needs. This includes the introduction of sustainable and specialized cement solutions that cater to evolving market demands.

#### Building the Future, Sustainably

Large-scale infrastructure projects like the Bagatelle Dam and the Mauritius Airport expansion have played a vital role in shaping cement demand. These undertakings have not only driven consumption but also served as a testament to the industry's capacity for innovation. The ability to respond to the specific needs of complex projects underlines the sector's adaptability and commitment to exceeding expectations.

Sustainability has emerged as a key focus area, with initiatives aimed at minimizing the environmental impact of cement production. The industry has embraced global trends by introducing eco-friendly cement products. Additionally, advancements in logistics, such as the implementation of Palletless delivery systems, further exemplify the industry's continuous drive for innovation.

Whilst global challenges like raw material price volatility and supply chain disruptions exist, the Mauritian cement industry has demonstrated remarkable resilience. The recent Russia- Ukraine crisis serves as a case in point, where the industry swiftly adapted by implementing strategies to ensure stability in supply and pricing.

Looking ahead, the industry is well-positioned to leverage technological advancements and a unwavering commitment to sustainability. This will be crucial in meeting the ever-growing demand for construction materials.

The Mauritian cement industry stands as a dynamic sector with a rich history of progress and adaptation. It plays an instrumental role in the nation's infrastructure development while navigating the complexities of a globalized market. By prioritizing sustainability, customer - centric solutions, and strategic foresight, the industry is well-positioned to secure its future growth and remain a cornerstone of the nation's economic fabric.



Navigating Economic Cycles

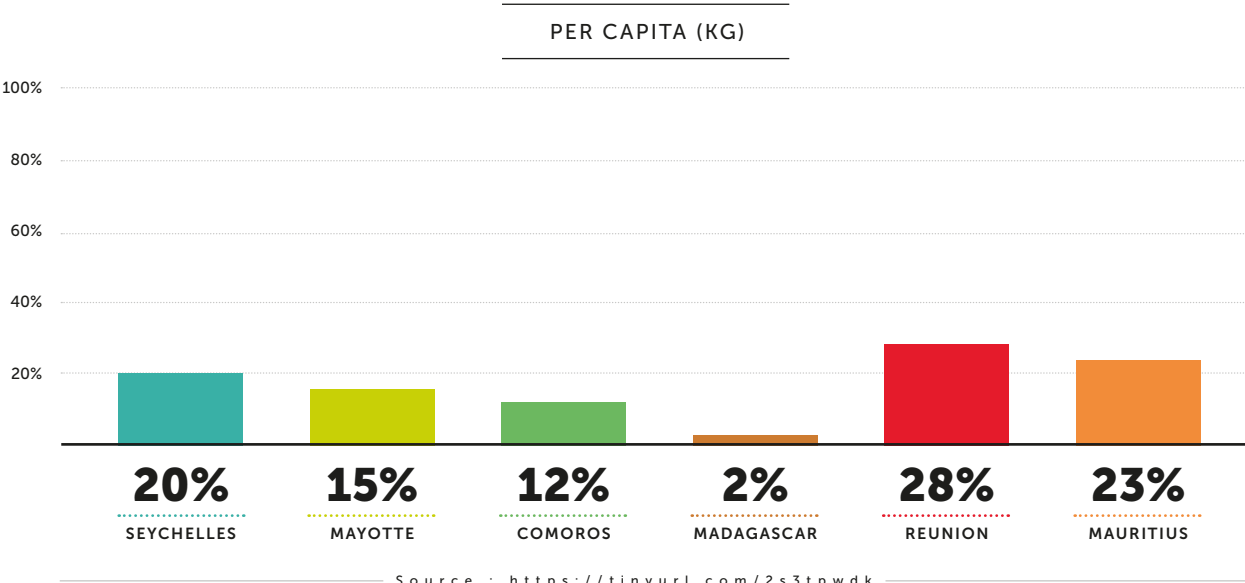
Resilience Amidst Global Shifts

Mauritius’ cement industry stands as a testament to resilience, navigating through periods of economic boom and contraction. This journey reflects both the internal dynamics of the industry and the external pressures from global economic conditions, fluctuating commodity prices, and shifting trade patterns. The industry’s ability to adapt to these changes highlights its robust foundation and strategic agility.

The trends in per capita cement consumption offer valuable insights into Mauritius’ evolving development priorities, urbanization trends, and the sector’s responsiveness to both the island’s economic policies and global market forces. Mauritius leads the Indian Ocean region with a per capita consumption of 554 kg, significantly higher than Reunion’s 451 kg and vastly surpassing Madagascar’s 33 kg per capita. This high consumption rate underscores Mauritius’s aggressive infrastructure expansion and advanced urban development, positioning the nation as a regional leader in construction and development.

Mauritius’ leadership in per capita cement consumption within the Indian Ocean region underscores its strategic emphasis on construction and infrastructure as critical components of economic growth. The data reveals a stark contrast with neighboring regions, highlighting Mauritius’ central role in driving construction and development trends. For example, while Mauritius reports a consumption of 554 kg per capita, other regions such as Seychelles and Mayotte record significantly lower figures at 400 kg and 298 kg per capita, respectively.

CONSUMPTION PER CAPITA	POPULATION - YEAR 2023	TONNAGE - YEAR 2023	PER CAPITA (KG)
MAURITIUS	1,300,000	720,000	554
REUNION	885,700	400,000	452
SEYCHELLES	100,000	40,000	400
MAYOTTE	335,995	100,000	298
COMOROS	867,605	200,000	231
MADAGASCAR	30,000,000	1,000,000	33



Mauritius has emerged as a leader in sustainable cement production among small island developing states. The country’s initiatives to integrate renewable energy sources, explore less carbon-intensive materials, and commit to green building practices illustrate its broader commitment to environmental stewardship and sustainability. These efforts set a benchmark for other small island states aiming to balance economic development with environmental preservation.

Looking Ahead: The Future Landscape of Cement in Mauritius

The future of Mauritius’s cement industry is poised for advancements in technology, such as carbon capture, and a deeper integration of circular economy principles. As the island advances towards sustainable urban development and green building practices, it signals a continued commitment to innovation, sustainability, and economic growth. The industry’s trajectory indicates a focus on reducing environmental impact while supporting Mauritius’s economic aspirations.

From 1957 to 2023, the journey of Mauritius’s cement industry has been one of strategic evolution, resilience in the face of global challenges, and a steadfast commitment to sustainability. As Mauritius navigates the complexities of the 21st century, its cement industry remains a cornerstone of development, embodying the delicate balance between economic growth and the imperative to preserve its natural beauty for future generations. This narrative of resilience, innovation, and leadership positions Mauritius as a model for other developing nations in the region and beyond.



## Analysis of Cement Consumption in Mauritius

### 2010-2023

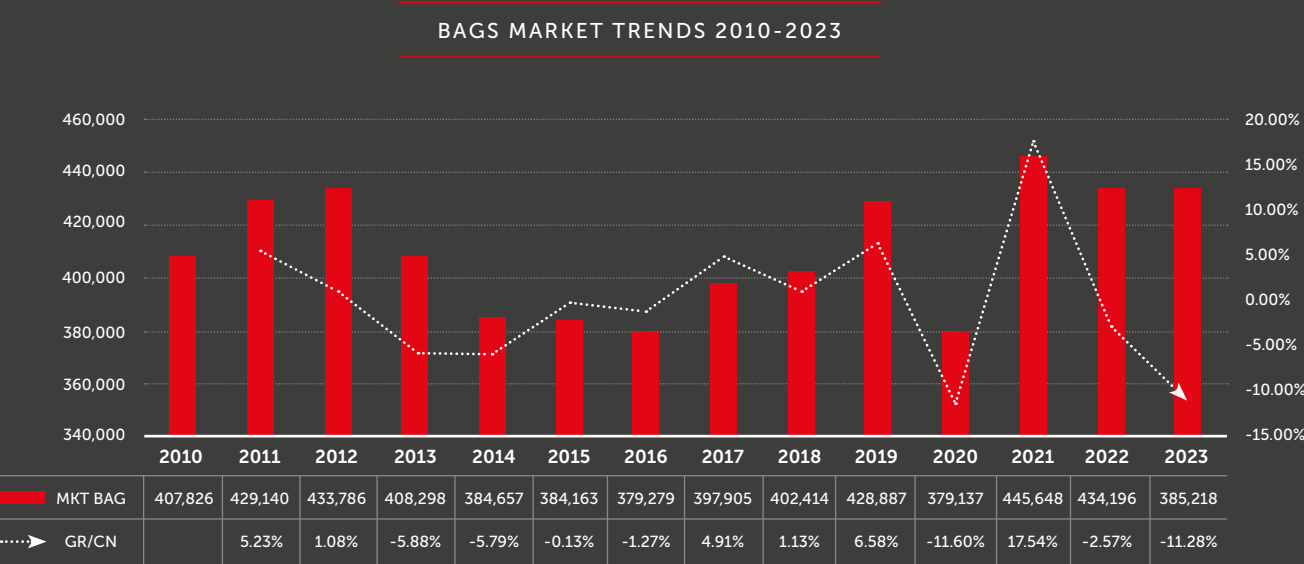
The cement consumption market in Mauritius is segmented into bagged and bulk cement. Each segment caters to distinct market needs, reflecting varying trends and sensitivities to economic conditions.

#### Bags Segment Analysis

The bagged cement segment, primarily serving small-scale construction projects and individual consumers, has exhibited significant fluctuations from 2010 to 2023. Notable growth years include 2011 and 2021, with increases of 5.2% and 17.5%, respectively. Conversely, the segment faced substantial contractions in 2020 and 2023, with decreases of -11.6% and - 11.3%.

#### Trend Analysis

The consumption trend for bagged cement is notably sensitive to economic conditions. The sharp decline in 2020 can be attributed to the COVID-19 pandemic, which disrupted construction activities and consumer behavior. The subsequent recovery in 2021 indicates a resurgence in small construction projects and a possible catch-up in demand post-pandemic. However, the downward trend in the following years suggests a market correction or a shift in consumer preferences.



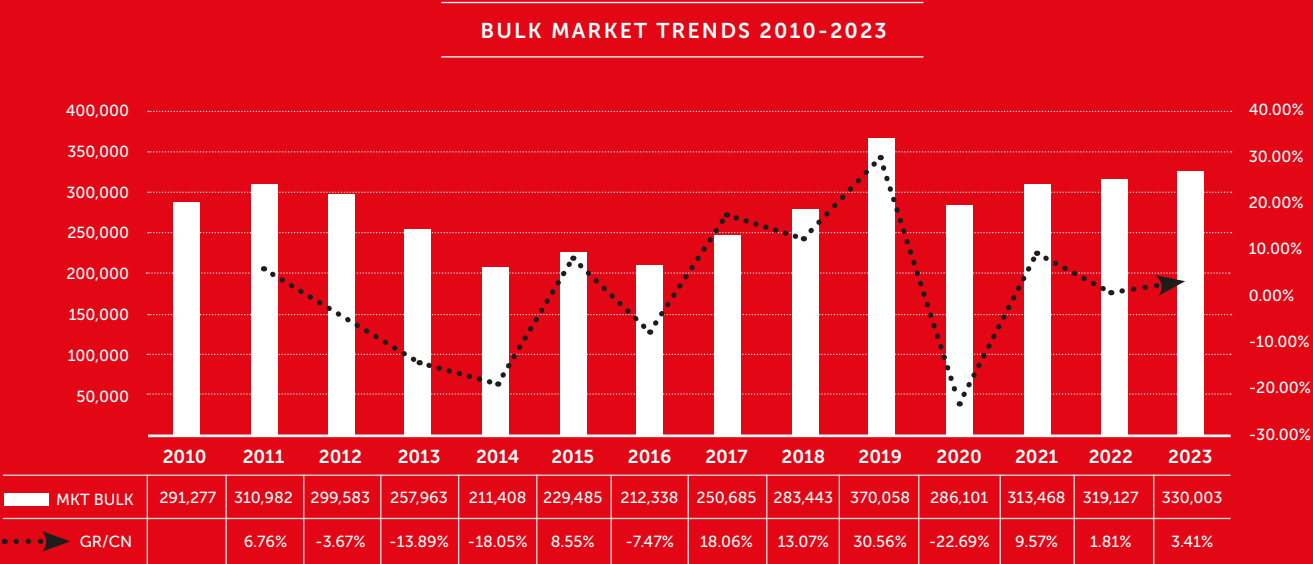
GR/CN - GROWTH / CONTRACTION

#### Bulk Segment Analysis

The bulk cement segment, indicative of large-scale construction activities such as infrastructure projects and commercial developments, shows more pronounced volatility. Significant growth was observed until 2019, peaking at a growth rate of 30.6%. However, the segment experienced a drastic downturn in 2020, contracting by -22.7%, followed by modest recoveries in subsequent years.

#### Trend Analysis

The bulk cement segment's trends correlate with major infrastructural initiatives and the cyclical nature of large-scale construction projects. The decline in 2020 reflects the global economic downturn, leading to the postponement or cancellation of major projects. The recovery post-2020 suggests a return to normalcy, though the modest growth rates indicate a cautious industry approach or a gradual shift in construction activities.



GR/CN - GROWTH / CONTRACTION



## Analysis of Cement Consumption in Mauritius 2010-2023 (CONT.)

### Overall Market Consumption Analysis

Examining the overall market consumption data from 2010 to 2023 provides a comprehensive view of the cement industry in Mauritius. Steady growth continued until 2019, after which the market experienced a severe contraction in 2020 (-16.7%). The market rebounded in 2021 with a 14.1% increase, followed by slight contractions in 2022 (-0.8%) and 2023 (-5.1%).

### Trend Analysis

The overall market trends align closely with the bulk segment, given that large-scale projects significantly impact total consumption figures. The substantial decrease in 2020 is likely due to the pandemic, testing the market's resilience. The strong rebound in 2021 showcases the industry's recovery capability, although reductions in 2022 and 2023 suggest an ongoing adjustment period influenced by changing construction practices, economic conditions, and regulatory environments.

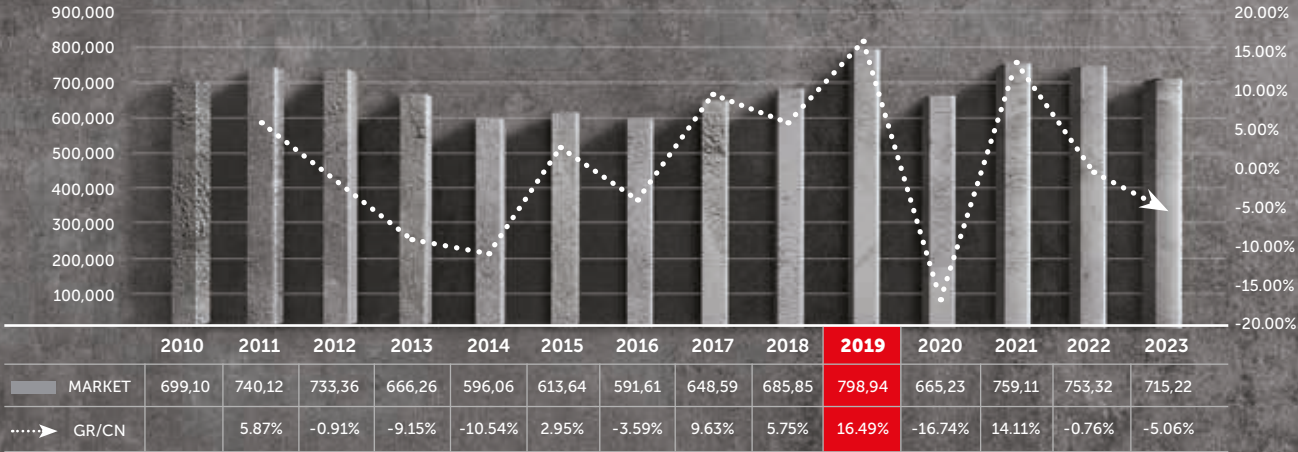
The analysis of cement consumption in Mauritius from 2010 to 2023 reveals a market sensitive to both external shocks and internal dynamics. The industry demonstrates a clear capability to rebound from downturns, though the recent contractions suggest potential long-term shifts that could redefine consumption habits. Industry stakeholders must investigate the underlying causes of these patterns and possibly reevaluate their strategies to adapt to the evolving market landscape.

This comprehensive examination highlights the need for a strategic approach to navigate the fluctuating market conditions and leverage opportunities for sustainable growth in the cement industry.

R E C O R D Y E A R



MARKET TRENDS 2010-2023



GR/CN - GROWTH / CONTRACTION



Construction Price Index and Cement Market in Mauritius

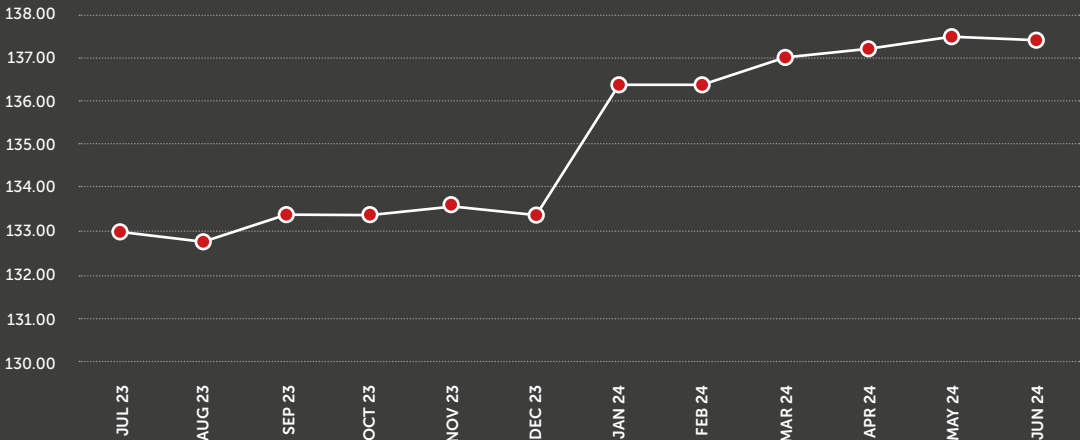
Key Trends and Insights

1. Evolution of Construction Price Index July 2023 to June 2024

The Construction Price Index, which stood at 132.9 in July 2023, experienced a marginal decrement of 0.1% to 132.8 in August 2023. September 2023 witnessed a resurgence as the index ascended to 133.4, a level it retained through October 2023. The index climbed further to 133.6 in November 2023, only to undergo a minor contraction of 0.1% in December 2023, returning to 133.4.

In January 2024, the Construction Price Index surged by 2.2%, reaching 136.3. This significant rise was predominantly attributable to an 8.5% increase in labor costs and a 0.6% uptick in the materials sub-index. The upward momentum continued, with the index peaking at 137.4 in May 2024. The index stabilized at this heightened level, remaining unchanged in June 2024.

CONSTRUCTION PRICE INDEX JULY 2023 TO JUNE 2024



2. Changes in Construction Price Index (January to June 2024)

First Quarter January to March 2024:

This significant rise of December 2023 to January 2024 was predominantly attributable to an 8.5% increase in labor costs and a 0.6% uptick in the materials sub-index. The materials sub-index escalation was primarily driven by heightened prices of premixed mortar 7.1%, tiles and granite 1.6%, and plumbing 2.0%, partially mitigated by a 0.2% decline in steel bar prices. In February 2024, the index ascended by an additional 0.4% to 136.9, propelled by a 0.6% increase in the materials sub-index. This rise was driven by price increments in aggregate 0.5%, premixed concrete 2.8%, premixed mortar 0.8%, timber carpentry 2.2%, and plumbing 0.9%, counterbalanced by a -0.5% price reduction in steel bars and a -1.4% decrease in tiles and granite prices. March 2024 saw a modest 0.1% increase in the overall index, primarily due to a 0.6% rise in steel bar prices, culminating in a Construction Price Index of 137.0 at the end of the quarter.

Second Quarter April to June 2024:

In April 2024, the Construction Price Index experienced a marginal increase of 0.1%, reaching 137.2. This increase was driven by a 0.3% rise in the materials sub-index, primarily due to higher prices of premixed concrete 0.9% and tiles and granite 1.9%. The upward trend continued in May 2024, with the index further increasing by 0.1% to 137.4, because of a 0.1% increase in the materials sub-index. The materials sub-index was influenced by price hikes in hardcore (remplissage) by 4.1%, aggregate by 0.4%, and steel bars by 0.3%, partially offset by a decline in the prices of tiles and granite of -0.5%. The overall index stabilized in June 2024, remaining unchanged at 137.4. However, the materials sub-index saw a 0.1% increase, driven by a 2.6% rise in the prices of timber carpentry, partially offset by a 0.3% reduction in steel bar prices.

Overall Index:

Over the first half of 2024, the Construction Price Index consistently rose from 133.4 in December 2023 to 137.4 in June 2024. This progression was largely influenced by fluctuations in labor and material costs, reflecting the dynamic nature of the construction industry. The stabilization observed in June 2024 suggests a temporary plateau, with future trends dependent on ongoing economic and market conditions.



Construction Price Index and Cement Market in Mauritius

Key Trends and Insights (CONT.)

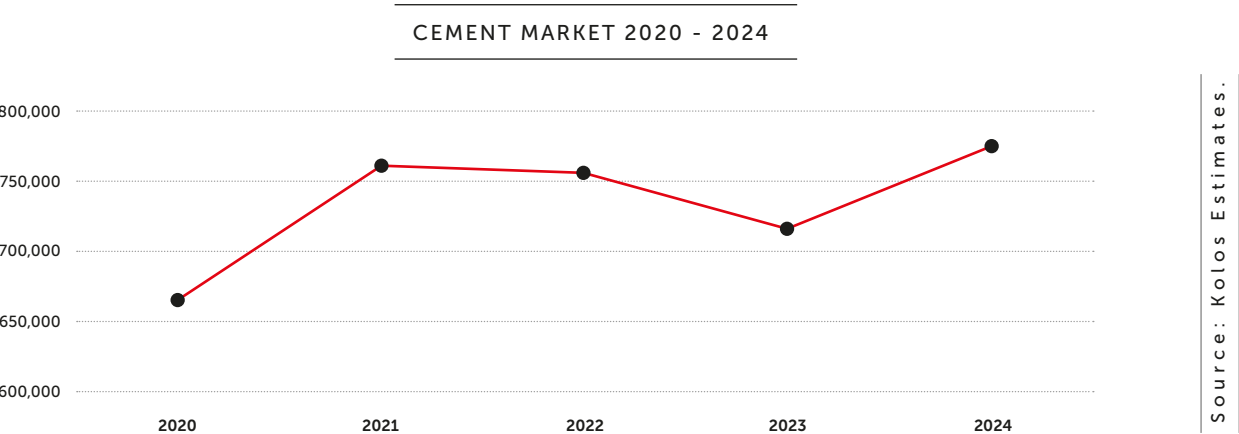
3. Cement Market Evolution

Since 2020, the cement market has undergone a significant transformation, with a notable apex at 759 kt in 2021. This initial surge can be attributed to the aftermath of the COVID-19 lockdowns, which prompted a growth of activity to complete delayed projects and a temporary spike in demand. However, this burst of intense activity proved temporary. Post-peak, the market has experienced a persistent decline in cement consumption, decreasing to 753 kt in 2022 and further to 715 kt in 2023.

By 2024, the market is projected to reach 775 kt, indicating a good recovery. This uptick is predominantly driven by the completion of public projects before the general elections. The increase in volume reflects the heightened construction activity and strategic efforts to meet the completion milestones.

Market Dynamics and Challenges

Contrary to expectations of increased demand following the introduction of price control measures in February 2023, consumption of bagged cement has continued to decline year-over-year. Despite these interventions aimed at stabilizing prices, the market’s trajectory indicates a persistent reduction in consumption. This decline highlights broader challenges within the industry, reflecting shifts in construction activities and overall market dynamics.



RECAP TABLE: CEMENT MARKET GROWTH OR DECLINE

YEAR	CEMENT MARKET (KT)	GROWTH / DECLINE FROM PREVIOUS YEAR (%)
2020	665	
2021	759	14.1%
2022	753	-0.8%
2023	715	-5%
2024	775	8.4%

Impact of Increased Freight Costs on the Construction Industry in Mauritius

The recent and sharp increase in maritime freight costs, surging by up to 146% since May 15, 2024, as reported by Mahendra Gondeea, President of the Association of Freight Forwarders Professionals (APT Mauritius), will significantly impact the cost of all imported goods in Mauritius. This substantial rise is particularly concerning for the construction industry, as key building materials will become more expensive, potentially leading to severe economic repercussions for the sector.

	MARCH 2024	APRIL 2024	NEW FREIGHT STARTING MAY 15
20 FEET CONTAINER	1,300 USD	1,500 USD	3,700 USD (NEW FREIGHT: 3,500 USD + PEAK SEASON SURCHARGE OF 200 USD)
40 FEET CONTAINER	2,300-2,400 USD	2,700 USD	5,600 USD + (NEW FREIGHT: 5,200 USD + PEAK SEASON SURCHARGE 400 USD)

Source:  
Gooraya-Poligadoo, Leena. "Hausse des coûts du fret : nouvelle menace pour les consommateurs et les entreprises." Defimedia.info, 19 May 2024, Hausse des coûts du fret : nouvelle menace pour les consommateurs et les entreprises.



Construction Price Index and Cement Market in Mauritius

Key Trends and Insights (CONT.)

All major construction materials such as cement, steel rebar, timber, empty bags, and spare parts for factories will experience notable price increases due to the higher freight costs:

Cement

The steep rise in cement import costs will significantly inflate construction project budgets. However, despite these rising costs, the price of cement cannot be increased due to strict price control regulations in Mauritius. This creates a challenging situation for the cement industry, which will have to absorb the increased costs with limited ability to offset by increasing selling prices. Furthermore, the escalating cost of empty cement bags will exacerbate the cement industry’s supply chain challenges.

Steel Rebar

Essential for reinforcing concrete structures, steel rebar will become more expensive to import, inflating the overall costs of construction and potentially slowing down project timelines.

Timber

Widely used in framing, flooring, and finishing, timber will see a price rise, making it less affordable and more difficult to source, which will impact the financial planning of construction projects.

Empty Bags and Spare Parts

The cement industry will also face higher costs for importing empty bags and spare parts needed for factory maintenance and operation, increasing overall operational expenses.

Buying Power Impact

The increase in freight costs will not only affect the construction industry but also have a broader economic impact, particularly on consumers’ purchasing power. By driving up the price of essential building materials, it will inflate the overall cost of construction projects. This, in turn, will lead to higher prices for new homes and commercial properties, reducing affordability for consumers and placing a strain on the broader economy.

Moreover, the increased costs may be passed along the supply chain, resulting in higher prices for construction services and materials. Consumers will bear the brunt of increased costs for home renovations and repairs, putting additional strain on their household budgets.

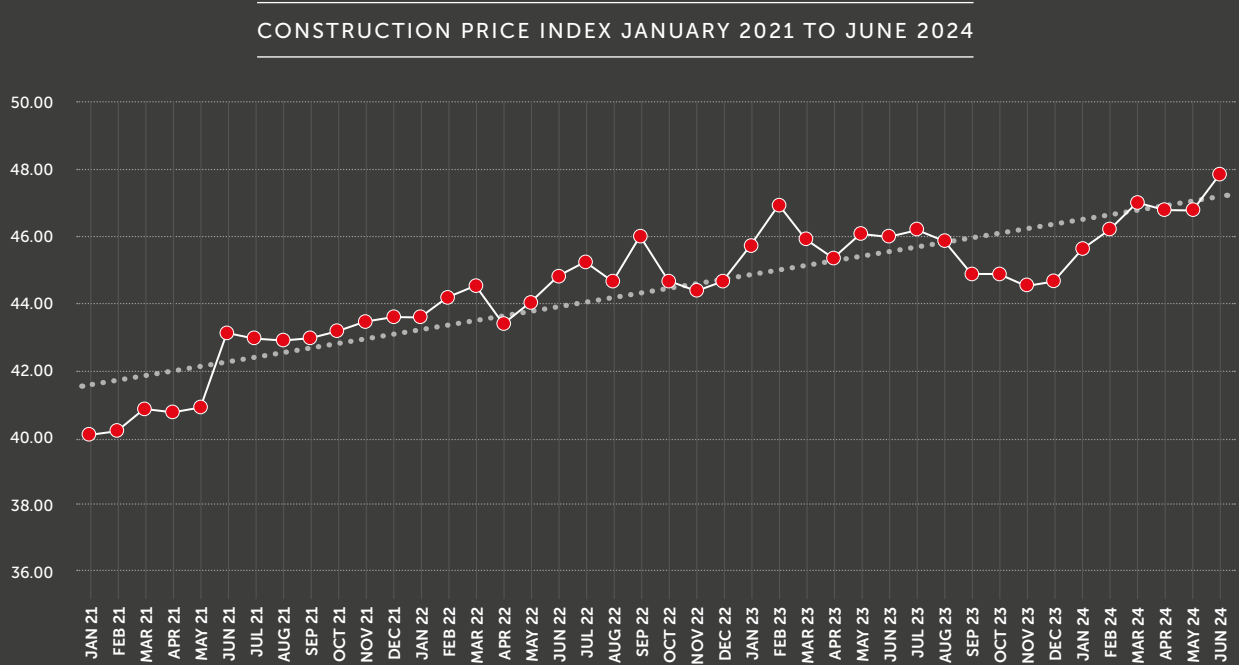
Source:

Sea freight rises up to 146%: imports from Asia under pressure – Official Mauritius  
Statistics Mauritius : Construction Price Index Q2 2024  
Indices - Fret maritime : vers une nouvelle hausse des prix ? - Zonebourse

In a broader economic context, the rise in construction costs can contribute to inflation, reducing the overall purchasing power of consumers. As more of their income is directed towards housing and construction-related expenses, less disposable income will be available for other goods and services, potentially slowing economic growth.

Impact of FX Rate

Based on the USD evolution from July 2023 to June 2024, it is evident that the USD has exhibited an upward trajectory. Our raw materials, which are procured in USD, have significantly impacted our costs. Due to stringent price control regulations, we are unable to pass on these augmented costs to the market. This financial strain underscores the challenges faced by our industry in sustaining profitability amidst fluctuating foreign exchange (FX) rates and regulatory constraints. The “FX Evolution (USD) chart,” illustrates a consistent upward trend in the US dollar exchange rate from January 2021 to June 2024, highlighting the economic challenges facing Mauritius and emphasizes the importance of strategic planning to ensure stability and growth in this critical sector.





## Construction Price Index and Cement Market in Mauritius

### Key Trends and Insights (CONT.)

The escalating USD exchange rate exerts substantial influence on Mauritius, profoundly affecting its economy, trade dynamics, and inflationary trends, with significant implications for the construction industry. Mauritius' heavy reliance on imports for essential goods and raw materials means that a strengthening USD markedly increases import costs. This impact is critical for sectors like construction, including cement production, where raw materials are often sourced internationally. The depreciation of the Mauritian rupee correlates strongly with rising import costs.

This surge strains businesses and consumers alike, impacting overall economic stability. Additionally, the rising USD rate is contributing to inflation in Mauritius. As import costs escalate, businesses, including those in the construction sector, may pass these costs onto consumers, leading to higher prices for goods and services. This inflationary pressure erodes purchasing power, especially for lower-income households, exacerbating economic inequality and translating into increased project costs and potential delays in the construction industry.

The construction industry in Mauritius is set to encounter significant challenges due to the drastic increase in maritime freight costs. The prices of key materials such as cement, steel rebar, timber, empty bags, and spare parts will rise, impacting the overall cost and feasibility of construction projects.

This, in turn, will affect the buying power of consumers, leading to higher costs for housing and construction services. It is crucial for industry stakeholders to develop strategies to manage these cost increases and ensure the sustainability of construction activities while mitigating the broader economic impact on consumers.



---

## Acknowledgement

To our readers, thank you for your interest and engagement. Your curiosity and commitment to staying informed and involved are what will drive us to continue exploring and addressing the critical issues in the cement industry.

---





**Disclaimer:** *The content of this publication is based on estimates and analyses conducted by Kolos Cement Ltd in conjunction with observed market trends within the cement industry. While all reasonable efforts have been made to ensure the accuracy of the information provided, the publisher makes no guarantees regarding the completeness or reliability of the data. Readers are encouraged to independently verify any information before making business or investment decisions.*