

2.6 **Increase in Labour Costs:** As mentioned earlier, the problems of the industry have been exacerbated by the fact that while sugar prices have dropped by more than 30% over the past year, and returned to levels last seen some 20 years ago, labour costs have increased by more than 60% since 2010. This is a direct result of the signing of 2 consecutive collective agreements (2010-2013 and 2014-2017) between the sugar companies under the aegis of the ex-MSPA and the trade unions coupled with the payment of the additional remuneration as determined by Government every year. The double payment of wage compensation is a gross anomaly that has had dramatic consequences on production costs and the competitiveness of the whole industry as illustrated in Table 2 below. It can be seen that since 2010, labour costs have increased by 62% (37.5% in collective agreements + 24.7% as additional remuneration), i.e. more than twice the cumulative CPI of 26.2% over the same period.

Table 2: Increase in Labour costs v/s Consumers Price Index (2010-2017)

Year	% increase in labour cost			CPI
	Collective Agreement	Additional Remuneration *	Total	
2010	11.0	3.5	14.5	1.7
2011	3.0	1.5	4.5	5.1
2012	3.0	3.7	6.7	6.5
2013	3.0	2.8	5.8	3.9
2014	7.0	3.7	10.7	3.5
2015	3.0	5.0	8.0	3.2
2016	3.0	2.5	5.5	1.3
2017	4.5	2.0	6.5	1.0
Cumulative total	37.5	24.7	62.2	26.2

* Some figures have been adjusted to reflect the real impact on wages in terms of percentages.

Source: Business Mauritius

2.7 **Reduction in Cane Supplies and Land Abandonment:** Notwithstanding the above, there are also concerns on the continuous reduction in cane supplies to sugar factories as confirmed by the decreasing extent trend averaging 1,500 ha per year and declining productivity, as indicated in Table 3 below. The main reasons for the abandonment of cane plantation by planters are increasing labour cost and decreasing revenue; ageing planter population and reluctance among youngsters to take up agricultural activities, these two being worldwide trends; scarcity of labour; the absence of economies of scale of operations; small scattered plots; and unresolved succession problems leading to cessation of activities.