

# News and events that affect our industry

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## Week ending: 4-12-2022

### SUPPLY:

- **Kenya:** Savannah Cement is planning to construct a 8,000tpd line at its Kitui plant, cost \$300m. Construction time is estimated at two years
- **Australia:** AdBri revised the upgrade cost of its Kwinana plant to US\$177-\$200m from an original estimate of US\$140m, due to rising cost of construction and labour constraints. A review of the project is underway which is expected to be finalised in 1Q23. The original timeframe for commissioning was mid-2023
- **Ethiopia:** Derba MIDROC Cement plans to double the capacity of its Derba plant at Oromia to 15,000tpd, estimated cost \$282m
- **Morocco:** NovaCim's 1.4Mt/yr integrated cement plant at Ouled-Ghanem is expected to start production in 2023
- **USA:** Titan America has converted all its operations to 100% PLC production
- **Pakistan:** Attock Cement's new 4000tpd line at Balochistan is expected to be operational at the end of FY22/23, cost PKR15bn
- **Pakistan:** Bestway Cement's 7200tpd clinker line at Minawali will start commercial operation in Dec22, while the 7200tpd clinker line at Hattar II is expected to start in Mar23. Post-expansion, the company's capacity is estimated at 15Mt/yr

## DEMAND:

- **South Korea:** The government has ordered truck drivers to end the strike which started on 24 Nov 2022 or face criminal sanctions. The strike has led to virtual suspension of cement manufacturing, with cement deliveries down by 90%. Cement producers have said they may be forced to suspend production by 05 Dec 22 if the strike continues

## IMPORTS/EXPORTS:

- **Philippines/Indonesia:** The Philippines has halted prior safeguard measures on cement imports from Indonesia

## RESULTS:

- **Oman:** The Omani Capital Markets Authority has called on Raysut Cement to urgently address material misrepresentations in its unaudited 2Q22 financial report. Shares of the company have been suspended from trading

## Week ending: 11-12-2022

## SUPPLY:

- **Ethiopia:** East African Holding's and West China Cement's 10,000tpd plant at Lemi, Amhara Region, is estimated for completion at the end of 2023
- **Ethiopia:** Berenta Cement is planning a new factory at Eastern Gojam. No further details have been disclosed
- **Italy:** Colacem will shutdown the Maddaloni storage facility. The former plant's kiln was shutdown in 2019 while cement grinding stopped in late 2021
- **India:** Ultratech commissioned a new 1.8Mt/yr grinding unit at its Dhar integrated plant, Madhya Pradesh, and inaugurated its new 1.8Mt/yr grinding plant at Dhule, Maharashtra
- **Vietnam:** Siam Cement has started construction of mill #2 at its 1.3Mt/yr Thi Vai grinding plant in Ba Ria-Vung Tau Province, estimated cost \$35m
- **UK:** A new 0.5Mt/yr cement plant at Sheerness Docks, Kent, operated by Hercules Enterprises (Cementos La Cruz) has been approved by the Kent County Council. Estimated cost GBP40m
- **Bangladesh:** Crown Cement has started construction of line 6 of capacity 8000tpd at its facility in West Mukterpur. The company's capacity is expected to increase to 19,000tpd after completion
- **Sweden:** The Supreme Administrative Court has ruled that the government's permit to continue limestone extraction at Slite is valid until the end of 2022, ruling against demands for revocation of the permit by various environmental groups. Cementa submitted an application in Apr22 for an extension of the permit by four years and a verdict by the Land and Environmental Court is due by 13 Dec 2022
- **India:** JK Cement has held a ground-breaking ceremony for its 1.5Mt/yr grinding plant at Ujjain, estimated cost is INR4bn
- **Russia:** The Department of State Expertise of the Chechen Republic has approved design plans by Chehencement for a new production line of 3300tpd at its existing plant at Chiri-Yurt

- **Uzbekistan:** Seven new cement plants reportedly opened in Uzbekistan in 2022 with 6.8Mt/yr capacity

## M&A:

- **China:** Tangshan Jidong Cement and Xinjiang Tianshan Cement will form a new JV for cement production with reported capital of \$129m
- **Egypt:** An unidentified investor has purchased \$5.66m worth of shares in Sinai Cement according to a filing by the stock exchange

## IMPORTS/EXPORTS:

- **Thailand/Philippines:** Thailand cement producers are reportedly considering exports to the Philippines as the latter decided not to extend import tariffs. During the last three years when the import duty was in place, Thailand's exports to the Philippines were minimal

## Week ending: 18-12-2022

## SUPPLY:

- **India:** Adani Cement plans to close two integrated plants, namely ACC's 4.4Mt/yr Gaggar plant, in Bilaspur District, and Ambuja Cement's 1.6Mt/yr Darlaghat plant, on Solan District. Specifically for the Gaggar plant the reason for the closure was cited as losses from high operating costs.
- **Sweden:** The Land and Environmental Court has approved a four year permit to Cementa to continue mining operations at Slite. The company said that it plans to apply for a 30yr permit in 2023
- **Morocco:** CimENTS du Maroc has started its 0.7Mt/yr grinding plant at Nador. Clinker will be supplied to the plant from the integrated Ait Baha plant
- **Kenya:** Savannah Cement's upcoming 2.92Mt/yr clinker plant will also have a 0.9Mt/yr grinding unit, a 35MW power plant and a 13MW WHR system. Completion is planned for late 2024
- **Russia:** Krasnoyarsk Cement plans a closed-cycle grinding cement mill of 100tph capacity. Opening is scheduled for Jul23
- **India:** Ultratech Cement has commissioned 1.9Mt/yr greenfield grinding capacity at Pali Cement Works, in Rajasthan
- **Senegal:** SOCOCIM is planning a 2Mt/yr kiln line 6, cost estimated at \$260m with financing from the IFC, estimated start of production is in 2024

## CARBON:

- **Western Europe:** The European Parliament and the EU Council have reached a provisional deal on CBAM. The CBAM mechanism will be introduced in Oct 2023, first in a transitional test period. Importers of goods produced in countries with same CO2 reduction measures as the EU will be exempt from obtaining CBAM certificates. The deal needs ratification from the European Parliament and the member states.

## M&A:

- **Russia:** Holcim has agreed to sell its Russian business to its local management. The Russian business accounted for less than 1% of the group's revenue and recurring EBIT in 2021
- **India:** Dalmia Bharat has agreed to acquire cement and other assets from the Jaypee Group for \$684m. The company will increase its cement production capacity by 9.4Mt/yr and its clinker capacity by 6.7Mt/yr, with plants located in Chhattisgarh, Madhya Pradesh and Uttar Pradesh. The agreement is subject to regulatory approval and completion is expected by Dec23
- **Egypt:** Vicat has increased its stake in Sinai Cement to 67% from 51% previously. This was the unidentified investor that had purchased the \$5.66m stake in the company, as originally announced a few days ago. The Arab Industrial Investment was one of the selling parties, reportedly offloading its 6.6 per cent share

## IMPORTS/EXPORTS:

- **Bangladesh:** The BCMA has demanded the removal of a supplementary duty of 30% on imports of limestone that was introduced in Nov22.

## PRICING:

- **Vietnam:** Vietnam's Cement Association has lobbied against a proposed electricity increase from state-owned Electricity Vietnam, saying reduced demand has prevented cement producers from raising prices. A further increase to costs coming from higher electricity prices would deepen losses to producers, some of which have already suspended operations
- **Malaysia:** Construction companies in Malaysia have asked the government to investigate the latest 15% cement price hike

## PEOPLE:

- **Oman:** The Capital Markets Authority in Oman has replaced the BoD of Raysut Cement ,following a financial audit, after openly questioning the validity of 3Q22 results in November

## Week ending: 25-12-2022

## SUPPLY:

- **India:** Purvanchal Cement plans to double its production capacity to 1Mt/yr by 2026. The company plans a new grinding plant in West Bengal and a second new plant in Assam. It currently operates the 0.5Mt/yr Kamrup grinding plant in Assam
- **India:** The Adani Group stated that the Gagal and Darlaghat cement plant closures were the result of the stance of the truck drivers union in the respective regions, which has prevented local drivers from operating at competitive rates. The company's statement followed the Himachal Pradesh government's threat of action against the company if the latter would not provide a rationale for the plant closures. The State owns the land where the plants are built and also owns the associated quarries
- **Pakistan:** Lucky Cement has completed construction of an additional 3.15Mt/yr line at Pezu and clinker production commenced on 22 Dec 22. Following completion the company has become the largest local cement producer with installed capacity of 15.3Mt/yr

- **Morocco:** NOVACIM has produced its first cement from the new plant at Ouled Ghanem. When fully commissioned, the plant will have cement capacity of 1.4Mt/yr and clinker capacity of 1.1Mt/yr
- **Canada:** Lafarge Canada has fully converted its Brookfield Cement plant in Nova Scotia to produce low carbon PLC

## IMPORTS/EXPORTS:

- **Philippines/Vietnam:** The Department of Trade and Industry of the Philippines has decided to impose anti-dumping duties on cement imports from Vietnam for 5yrs starting 16 Dec 2022. The DTI sees an imminent threat to the domestic industry because of OPC and blended cement dumping from Vietnam. The duty will be around 4-28% of the OPC export price and 3-55% of the blended cement price (based on current prices). In total 11 cement exporters from Vietnam are included in the new duty
- **Malaysia:** The State of Sarawak is considering importing cement from Thailand of around 0.5-1.0Mt in 2023, as cement shortages in the State have led to a 15% higher cement price compared to the mainland

## M&A:

- **Kenya:** The Kenyan Supreme Court has prevented lenders of Savannah Cement to seize the company's assets, after the latter defaulted on its debt. Further directions are expected from the court, subject to the company making some payments before the end of the year
- **Spain:** Cementos Portland Valderrivas has completed the acquisition of Surgyps from KKR, which operates a 0.8Mt/yr grinding plant in Cadiz
- **M&A:** Semen Indonesia is reportedly planning a merger with Semen Baturaja

## PRICING:

- **Ethiopia:** An illegal cement trading network has been uncovered in Addis Ababa. According to reports, the network created artificial cement shortages and was selling cement at as high as \$373/t at a time that a nationwide cap is in place at \$112/t until the end of 2022
- **Belgium:** Cement prices in Belgium have increased by around 35% since the end of 2021. The construction federation, Embuild, believes prices will continue to rise and has advised members to include price revision clauses in contracts

## CARBON

- **Europe:** Cembureau has welcomed the agreement reached on CBAM and ETS but has pointed out that there is no solution yet for cement exports from the region. According to the CBAM agreement, a test transitional period will commence in Oct23. Between 2026 and 2034, free allowances will be phased out, while after 2026 CBAM duties will apply on cement imports into the EU ETS from foreign countries. The level of the duty will depend on the carbon scheme in place at the source country and some countries will be excluded

## DEMAND:

- **Latin America:** Fitch Ratings stated that the outlook for the cement market in Latam in 2023 is deteriorating from softening demand as interest rates rise, government stimulus fades and costs increase
- **Russia:** Sibcem's base case scenario for the market in Russia in 2023 sees demand dropping by 7% YoY



