

# News and events that affect our industry

January 2023



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## Week ending: 01-01-2023

### SUPPLY:

- **India:** The Darlaghat and Barmana cement plants in Himachal Pradesh, owned by the Adani group, have remained closed since 14 Dec 2022, as an agreement between the company and truck drivers and unions has not been reached on freight rates. Adani's management has requested the lowering of rates to INR6/t from a level of INR10.58/t charged. The government of Himachal Pradesh intervened in the dispute earlier in December, stating its support to the truck drivers union
- **Chile:** Extensive damage at clinker import facilities of Puerto Ventanas have cut clinker supply for an unspecified period of time to Cementos Melon's 0.6Mt/yr grinding plant nearby
- **India:** Shree Cement plans a 3Mt/yr grinding unit at Doddaballapur in Karnataka. The company is currently waiting for environmental clearance. Construction is estimated to commence by 3Q2024
- **Malaysia:** Cahya Mata Cement announced that it has fixed cement supply disruptions in Kuching and surrounding areas. Disruptions started in Oct 2022 due to raw materials shortages and the company had first estimated that normalisation of activity would take place by 6 Nov 2022

- **USA:** The Santa Clara County Board of Supervisors has voted to start a process that may lead to a decision to revoke Lehigh Cement's cement production permit for its plant at Permanente. The company announced in Nov22 that it would shut down the kiln
- **India:** Ramco Cements has started construction of line 2 at its Haridaspur cement grinding plant, which will eventually double the plant's capacity to 1.8Mt/yr. Completion is expected in Q1 of 2025 fiscal year
- **Hungary:** The price of HUF20,000/t does not even cover the increased cement production costs in 2022, which are estimated at 30% higher. This is also the price level which triggers the 90% mining tax introduced by the government in 2021. Domestic producers are warning that local production is at risk as they operate at a loss and that they have a disadvantage compared to cement imports

### PRICING:

- **Ethiopia:** Effective 22/12/2022 the government will be determining cement selling prices until supply and demand are balanced. The regulation will be applied mostly to distributors rather than producers. Factories will be disclosing product prices including transportation costs and the government will be setting distribution prices
- **Argentina:** Cement prices have increased by around 81% in 2022 in Argentina

## Week ending: 08-01-2023

### SUPPLY:

- **Saudi Arabia:** Southern Province Cement plans to assign the construction of a new 10,000tpd line at its Jazan cement plant in early 2023. The new line is expected to replace the plant's existing lines
- **India:** Eco Cement, JK Cement and KJS Cement each plans to build a new cement plant in Shankragarh, Uttar Pradesh. Eco Cement plans a 4Mt/yr grinding plant, JK Cement a 2.5Mt/yr grinding plant and KJS a 2Mt/yr plant
- **Bangladesh:** State-owned Bangladesh Chemical Industries is seeking to pull-out from a JV between Bangladesh and Saudi Arabia that is planning a 12,000tpd clinker and 3,000 tpd cement plant in Bangladesh. The initial cost was estimated at \$321m, a more recent study sees costs escalating to \$604m
- **China:** Jiangxi has reportedly dismantled eight clinker production lines, according to the Department of Industry and Information Technology

### M&A:

- **Indonesia:** Semen Indonesia has increased its stake in Solusi Bangun to 84% by buying shares from Semen Indonesia Industri Bangunan
- **India:** The Adani Group is reportedly in discussions to acquire a stake in Orient Cement from an undisclosed shareholder

### PRICING:

- **South Korea:** Cement producers are expected to hike wholesale prices by 18% in the next few weeks to around KRW93,000/t. In Jul22 prices had also increased by 5%, having been flat previously since 2014. Producers are attributing the increase to the rising price of bituminous coal which accounts for around 40% of production costs

## OTHER

- **USA:** Lehigh Hanson has rebranded as Heidelberg Materials North America

## Week ending: 15-01-2023

### SUPPLY:

- **Canada:** The Mohawk Council of Kanesatake has asked the Ministry of the Environment and Climate Change to reconsider Colacem's plan for a new cement plant in L'Orignal, Ontario, which is to be situated across the river from the Kanesatake community
- **Spain:** Votorantim España plans to upgrade its Toral de los Vados cement plant in Leon to improve power efficiency and increase clinker production capacity by 11% to 3100tpd. Commissioning is expected before the end of 2023
- **India:** The Adani Group plans three plants in the state of Madhya Pradesh, at Ametha, Dewas and Bhopal by investing INR35bn, tripling cement capacity in the state to 7.5Mt/yr
- **Bolivia:** Fancesa has suspended cement supplies to Santa Cruz after the arrest of the local Governor was followed by riots and blockades

### DEMAND:

- **Switzerland:** Swiss cement deliveries were 4.15Mt in FY22, down by 0.7% YoY
- **Argentina:** Cement sales in Argentina in FY22 were 12.9Mt, +7.3% YoY, at the highest level since 2021
- **Kazakhstan:** Steppe Cement estimates that domestic cement consumption in FY22 was 11.6Mt, flat YoY
- **Brazil:** Brazil's cement consumption in FY22 -2.7% at 62.65Mt
- **Brazil:** SNIC sees cement market in Brazil in 2023 rising by 1% to around 64Mt
- **Uzbekistan:** Uzbekistan's cement production in FY22 is estimated at 14Mt

### M&A:

- **Kenya:** Barak Asset Recovery has obtained clearance from regulators to acquire 60% of Savannah Cement. Lenders have been seeking to sell the company's assets after it previously defaulted on loan payments

### CARBON:

- **Belgium:** Heidelberg Materials plans a carbon capture installation at the Antoing plant in Hainaut. The installation will use Oxyfuel technology and is projected to capture 800Kt/yr of CO<sub>2</sub>, reducing the plant's CO<sub>2</sub> footprint by 97%

### PRICING:

- **Malaysia:** Cement prices in mainland Malaysia have reportedly increased by 30% in the last year

### IMPORTS/EXPORTS:

- **Iraq:** Iraq is set to receive its first cement clinker import from Iran

## Week ending: 22-01-2023

### SUPPLY:

- **Ukraine:** UkrInvest fund received \$20m from foreign investors for the establishment of new grinding plants in Ukraine
- **Vietnam:** Cement production capacity in Vietnam is set to expand by 4% in 2023 surpassing 120Mt/yr. New lines include a 4.5Mt/yr in Xuan Tanh and a 2.5Mt/yr line at the Long Son cement plant
- **India:** Operations in limestone quarries in Karnataka region have been suspended indefinitely on protest against the government's increased royalties
- **India:** The local government of Telangana is seeking more than \$600m funding from the central government in order to restart the state-owned Adilabad cement plant of Cement Corporation of India
- **Switzerland:** The Federal Tribunal is reportedly going to approve an extension to the Mormont quarry, according to Holcim Switzerland, thus securing long term cement and building products supply in the country
- **Brazil:** The Itapissuma integrated cement plant in Fronteiras with capacity 0.6Mt/yr will be reactivated, as announced by the local mayor. The plant was closed in 2017 after the owner, Joao Group, was in financial distress and came under investigation from the authorities on embezzlement charges

### DEMAND:

- **Turkey:** Turkcimento sees local cement demand in Turkey dropping by 10% YoY in 2022
- **USA:** The PCA sees cement demand weakening in the USA in 2H23 due to a worsening economic outlook. For the first six months the sector will benefit from a strong construction order book. Starting from 2024, the PCA sees the sector growing because of lower interest rates and infrastructure spending
- **Vietnam:** Cement demand in Vietnam in 2022 was reportedly 65Mt

### M&A:

- **India:** Sagar Cements will acquire Andhra Cements after winning an auction process organised by creditors of Jaiprakash Associates. The acquired company owns a 1Mt/yr integrated plant in Durga and a 0.6Mt/yr grinding plant in Visakhapatnam

### PRICING:

- **Turkey:** The Turkish government is investigating domestic and export cement prices following complaints it received at the end of 2022. The Ministry of Commerce stated that measures will be taken in Ankara, Anatolia region, to prevent further rises in cement and clinker prices
- **Russia:** Cement prices have kept rising in Kaliningrad and they are now reportedly twice those of mainland Russia

## Week ending: 29-01-2023

### M&A:

- **Philippines:** Cemex has launched a public offer to acquire 12% of Cemex Philippines, aiming to raise its stake to just below 90%. The company is reportedly looking at divestment options of the assets further out. The tender offer period is to be concluded around 16 Mar 2023
- **Global:** WCA sees major multinational cement producers continuing their divestment of cement assets in emerging markets in 2023

### OTHER:

- **India:** Hindenburg Research has published a report claiming the Adani Group has been engaged in stock manipulation and accounting fraud for decades

### SUPPLY:

- **Regional/Sub-Saharan Africa:** East African Portland Cement plans an international expansion to DR Congo and Rwanda
- **Cambodia:** WH Resources is assessing the feasibility of mining limestone of the Taken reserve in Chhouk District. If exploration is successful, the company may establish a cement plant at the site
- **Peru:** Unacem Peru plans to significantly increase cement capacity in the medium term. For 2023, the company plans to slightly expand its 8.2Mt/yr capacity and open its Manchay limestone quarry
- **Senegal:** CIMAF plans to install a vertical roller mill at its Keur Moussa cement plant with grinding capacity of 470tph. When commissioned in 1H24, it will enable the reduction of cement imports to Senegal
- **India:** Ultratech has started work on the second phase of capacity expansion of 22.6Mt/yr, which is to come on stream in a phased manner by FY24-25. Under the first phase, the company completed 5.5Mt/yr expansion in the previous quarter with plants in Pali, Dhule and Dhar

### IMPORTS/EXPORTS:

- **Ivory Coast:** The government of Ivory Coast has approved the use of dolomite for cement production in an effort to reduce dependency of limestone imports from Europe and Asia. Although the country does not have proven dolomite reserves, it is expected to be cheaper to import it from Ghana or Togo, compared to limestone imports

### DEMAND:

- **Cambodia:** Cambodia's cement consumption in 2022 was reportedly 14Mt
- **Global:** WCA does not expect an increase in global cement volumes in 2023

### PRICING:

- **Global:** WCA sees cement prices increasing globally in double digit rates in 2023 due to high sea freight rates and fluctuations in energy costs