

News and events that affect our industry

April 2023



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Week ending: 02-04-2023

SUPPLY:

- **Pakistan:** Bestway Cement has started kiln 1 of its Mianwali cement plant in Punjab, which has capacity 2.3Mt/yr. The plant includes a 20MW solar power plant, a 9MW WHR unit and will run on 50% renewable energy
- **Tanzania:** Huaxin Cement commenced the second stage of construction of a 4000tpd clinker line at its Maweni cement plant in Tanzania in Jul22
- **Saudi Arabia:** Southern Province Cement is at the stage of drafting the contract for the construction of its 10,000tpd Jazan cement plant
- **Portugal:** The District Council of Setubal has advised against the expansion of Secil's Arrábida quarry as part of a consultation process. The quarry serves the company's Outao cement plant
- **India:** JK Cement has expanded capacity at its Mangrol plant from 3.25Mt/yr to 3.75Mt/yr, at its integrated Muddapur plant from 3.0Mt/yr to 3.5Mt/yr, at its Jharli grinding plant from 1.5Mt/yr to 2.0Mt/yr and at its Aligarh grinding plant from 1.5Mt/yr to 2.0Mt/yr. The company's capacity has reportedly risen to 20.7Mt/yr after these expansions
- **Ethiopia:** Lemi National Cement plant is estimated to start in Jan24 and is expected to produce 4.5Mt/yr of cement
- **China:** Huainan Shunyue plans a new 4500tpd production line in Anhui Province

- **Turkey:** Turkcimento said Turkey's cement capacity reached 120Mt/yr in 2022

M&A:

- **China:** Anhui Conch completed the acquisition of Naimanqi Hongji Cement and Chifeng Hahe Cement in 2022

DEMAND:

- **Vietnam:** Cement production in Vietnam in FY22 was reportedly 116Mt, +5.8% YoY, according to Viet Nam News
- **China:** Cement production in China in FY22 dropped by 9.8% to 2.13Bnt. This was the lowest level of the last decade and the largest decline since 1969. Clinker production utilisation rate was 65% down by 10% YoY
- **China:** The China Cement Association said that FY23 cement demand would be flat to slightly down YoY
- **Indonesia:** Indonesia's FY22 domestic sales volumes -3.4% to 63.03Mt, led by contraction of the bagged market which more than offset the increase in the bulk market

PRICING:

- **Cyprus:** Cyprus' Competition Commission has fined Vassiliko Cement EUR5.1m for unfair sales practices using its dominant market position during the period 2013-2018

CARBON:

- **USA:** Mason City Cement plans to upgrade its kiln line to achieve an AF rate of 50% by 2026
- **Mexico:** Cemex' group CO2 emissions in FY22 dropped by 9% from 2020 levels and by 30% from 1990 levels, achieved AF rate of 35%
- **Brazil:** Votorantim Cimentos reduced CO2 emissions by 3% YoY in FY22 to 579kg/t of cement, and by 25% since 1990, FY22 thermal substitution rate was 26.5% compared to 22.4% in 2021, with a target to raise to 53% by 2030
- **Switzerland:** Holcim aims to reach CO2 emissions of 420Kg/t of cement by 2030, plans to invest CHF2bn in CCS projects to capture 5Mt/yr of CO2

Week ending: 09-04-2023

SUPPLY:

- **Oman:** Oman Cement was considering the upgrade of existing production lines at its Rusayl cement plant and the construction of a new Line 4 of 10,000tpd. Following the company's acquisition by Huaxin Cement there has been no announcement regarding these plans
- **India:** The Adani Group plans to double its existing cement production capacity to around 140Mt/yr by 2028 and is optimistic on cement consumption in India due to high economic growth and increased infrastructure spending
- **India:** Wonder Cement has commissioned its grinding cement plant with 2Mt/yr capacity at Aligarh, Uttar Pradesh
- **Indonesia:** Indocement estimates that 45% of plant production was stopped in 2022 due to oversupply

- **Kenya:** Bamburi cement is planning a 5000tpd clinker plant in Kwale County and the company will also open a new shale quarry at the location
- **South Korea:** Cement shortages have reportedly affected over half of construction projects in South Korea in 1Q23

M&A:

- **Oman:** Huaxin Cement has completed the acquisition of 60% of Oman Cement for an estimated value of \$193m
- **India:** Adani Group will merge ACC and Ambuja Cements into Adani Cement
- **Philippines:** Cemex Philippines is considering exiting the Philippine market. The company owns 90% of Cemex Holdings Philippines which operates plants in Antipolo and Cebu. According to reports, the company has difficulty repaying the loan borrowed for the 1.5Mt/yr plant expansion in Antipolo which was expected to start operation in 2024. The company is considering either to sell the entire company or to divest its local assets

CARBON:

- **Canada:** Heidelberg Materials and Canada's government have signed an MoU to work together on an installation of a CCS system at the former's Edmonton plant. Estimated cost US\$1.0bn, expected to be completed by 2026, CO2 emissions captured will be 100% (1Mt/yr)
- **Mexico:** CANACEM launched a roadmap to a low carbon economy. Six major cement producers agreed to reduce direct CO2/t emissions by 17% between 2016 and 2030 and to increase waste co-processing to 32% by 2030

PRICING:

- **Hungary:** The Act on Hungarian Architecture which takes effect in Jul23 enables the government to set production levels and prices on foreign-owned cement producers. Heidelberg Materials said this violates rules of the single market and seems to be aimed at the company selling out in Hungary

DEMAND:

- **Russia:** Soyuzcement sees cement consumption in Russia in 2023 down by 10% to 20% driven by stagnation in construction

IMPORTS/EXPORTS:

- **Russia:** Cement imports in 1Q23 in Russia were reportedly +45% YoY. Soyuzcement sees FY23 imports rising to 5-7Mt compared to 2.2Mt/yr in FY22. This occurs at a time with demand weakness, raising fears of potential plant closures.

Week ending: 23-04-2023

SUPPLY:

- **India:** Dalmia Bharat plans to expand its local production capacity in India to 54Mt/yr by the end of fiscal year 2024 from 39Mt/yr currently. By the end of fiscal year 2027 it plans to raise capacity further to 75Mt/yr
- **China:** North Cement plans a 5,000tpd new clinker production line in Mudanjiang City, the only new project contained in the 14th five-year plan for Northeast China

- **South Korea:** South Korea's government has ordered an increase in cement production due to cement shortages and fluctuating supply
- **Ethiopia:** Sinoma and National West Industrial Holding plan to cooperate to set up a 6,000tpd clinker line in Melka-Jebdu Industrial Park, Dire Dawa, in Ethiopia. The location of the site near the border with Djibouti will enable the use of the Port of Djibouti for imports of raw materials and cement exports
- **Vietnam:** In 2023, two new production lines are expected to start: Xuan Thanh 3 Cement with 4.5Mt/yr and Long Thanh Cement with 2.3Mt/yr capacity. Total cement capacity in Vietnam is expected to reach 120.7Mt/yr in 2023
- **Turkey:** Medcem Çimento 's new 9,000tpd line at its Mersin plant will be completed in 2024 according to the company, doubling its production capacity to 7Mt/yr
- **India:** Ultratech Cement has commissioned a 2.2Mt/yr line at its grinding plant in Patliputra, raising the total capacity of the plant to 4.7Mt/yr
- **Portugal:** First clinker from Secil's Outão cement plant has been produced in Apr23 from the new upgraded production line, commissioning is planned for mid-2023
- **Kenya:** Savannah Clinker has raised \$480m funds to build a new integrated plant at Kitui, capacity 2.92Mt/yr, estimated completion in late 2024
- **India:** Duraton Cement started a new 0.8Mt/yr cement plant in Bihar
- **Pakistan:** Dandot Cement expects commercial production at the Jehlum cement plant to start in Q1 of next fiscal year following completion of balancing the modernisation of replacements (BMR) of 0.5Mt/yr capacity

DEMAND:

- **Vietnam:** Domestic cement demand in Vietnam in FY22 is estimated at 62.68Mt, flat YoY. Cement production in FY22 is estimated at 93Mt according to the VNCA
- **Thailand:** According to the Ministry Of Industry Thailand's FY22 cement production was 42.96Mt, -0.9% YoY. At the same time domestic cement sales dropped by 2.1% YoY to 38.93Mt
- **Brazil:** SNIC sees potential increase in cement demand if government's expectations for promised housing units by 2026 materialises. The increase could be by 8Mt if masonry blocks are used or by 12Mt if units are built with concrete walls
- **Kazakhstan:** Steppe Cement sees cement demand in Kazakhstan in 2023 at 10.0-10.5Mt
- **Gabon:** Cement production in Gabon reportedly increased by 18% YoY in 2022

IMPORTS / EXPORTS:

- **Philippines:** The DTI has imposed anti-dumping duties on imports of OPC and blended cement on several companies from Vietnam for a period of 5yrs. The duty is company specific and ranges from 2.33% to 23.33% of the export price. Some Vietnamese companies have been excluded from the duty
- **Uzbekistan:** Uzbekistan has extended the zero duty on cement imports until 2025

PRICING:

- **Saudi Arabia:** The Saudi competition regulator has fined 14 local cement companies a total of \$37m for collaborating to raise cement prices

- **Sub-Saharan Africa:** Spending on raw materials for BUA Cement, Dangote Cement and Lafarge Africa increased by 9%, 12% and 32% YoY respectively, accounting for 24% of revenues in 2022 on average
- **Malaysia:** The government will provide subsidies on cement prices for developers that build affordable housing, targeting the Bottom 40% and Middle 40% income groups of the population. The funds which have been set aside are estimated to be adequate for 24,000 units, and discount is estimated at 29%

CARBON:

- **Germany:** Heidelberg Materials will install a carbon capture and liquefaction plant at its Lengfurt cement plant, capture capacity will be 70Kt/yr of CO₂, estimated completion in 2025
- **France:** Heidelberg Materials (Ciments Calcia) will install a CCS system at its Airvault cement plant with a plan to capture 700Kt/yr of CO₂. The company will invest EUR86m between 2025 and 2027

Week ending: 30-04-2023

SUPPLY:

- **USA:** Heidelberg Materials said the new production line at the Mitchell plant has started clinker production. Cement capacity has quadrupled to 2.4Mt/yr
- **Australia:** Adbri said that costs of the Kwinana plant upgrade have risen further to \$255m-\$270m from an original estimate of \$130m in Dec20 due to a rise in construction costs, labour shortages and supply disruptions. Commissioning is still expected in 2H24
- **Ethiopia:** Berenta Cement is planning a cement plant in Shebele Berenta and has signed a JV with Sinoma for the project
- **India:** Dalmia Cement has started cement production from line 2, of capacity 2.5Mt/yr, at its Bokaro cement plant. Total capacity of the company stands at 41.1Mt/yr after the start of this line
- **India:** Shree Cement has expanded capacity at its Jharkhand cement plant by 0.5Mt/yr, raising the total company capacity to 46.9Mt/yr
- **Pakistan:** Fauji Cement's cement plant at Dera Gazi Khan, capacity 2.05Mt/yr, is expected to be commissioned in 2QFY23/24
- **Kazakhstan:** KORCEM has started construction of a 1.2Mt/yr cement plant in Kordai District. It is expected to be fully operational by 2025
- **India:** The State government of Nagaland is considering the restart of the 150tpd cement plant at Wazeho

M&A:

- **India:** Dalmia Bharat has signed definitive agreements with Jaiprakash Associates to buy the latter's cement assets including the JP Super Cement plant in Uttar Pradesh for \$183m. The company will also buy Bhilai Jaypee Cement and signed a 7yr lease for the 2Mt/yr Nigre grinding plant, with an option to buy it anytime before the end of the lease period

- **USA:** CalPortland will not pursue the purchase of the Tehachapi cement plant from Martin Marietta as it has not been able to obtain timely approval from the FTC
- **South Africa/Mozambique:** InterCement is receiving offers for its assets in South Africa and Mozambique with estimated value \$300m
- **Georgia:** Heidelberg Materials has divested its 45% stake in JV CaucasusCement Holding in Georgia by selling out to its partner Cement Invest. The JV owns two cement plants