

News and events that affect our industry

August 2023



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Week ending: 06-08-2023

SUPPLY:

- **Uzbekistan:** Kuvasaycement is building a sixth grinding unit at its Quvasoy cement plant in Fergana.
- **Pakistan:** Dandot Cement's on-going upgrade to its Lahore cement plant reached 60% completion during Q4 of FY23. Completion expected in July23, total investments so far amount to US\$12.3m.
- **Peru:** Cementos Inka has successfully commissioned its new 800,000t/yr Pisco grinding plant. This triples the company's installed capacity to 1.2Mt/yr, cost at US\$55m.
- **Portugal:** Cimpor plans an upgrade to production line 7 at its Alhandra cement plant. The production capacity at the plant will be increased to 3600t/day (from 3000t/day) and the line's AF thermal substitution rate to over 80%.
- **Vietnam:** Xuan Khiem Group's Xuan Son cement plant received building authorisation in July23, will commence operations in late 2024, and will have a capacity of 2.3Mt/yr.
- **India:** UltraTech Cement has announced the inauguration of its expanded 1.3Mt/yr Sonar Bangla II cement plant. The expansion increased the plant's total capacity to 3.3Mt/yr. New total installed capacity rose by 0.5% to 131Mt/yr.
- **Ghana:** Dangote Cement finished building a new grinding plant in Ghana that has a capacity of 400,000t/yr.

- **Brazil:** Votorantim Cimentos has secured a US\$150m loan to upgrade its 4.8Mt/yr Salto de Pirapora cement plant in São Paulo, which includes upgrading kiln W4 and building a new RDF facility for refining solid non-hazardous and hazardous waste with an installed capacity of 120,000t/yr. The producer aims to increase the AF substitution rate at the plant and reduce its CO2 emissions.
- **Spain:** Cementos Portland Valderrivas' Vallcarca cement plant will become a technology city, following a construction company's US\$300m initial investment towards the project.
- **Peru:** Cemento Yura plans to transition its Yura cement plant to alternative fuels and also build a 30MW solar power plant at the site. Both projects are scheduled for commissioning in mid-2025, total cost is estimated at US\$50m.
- **France:** Vicat and Materrup plan to build their first reduced-CO2 MCC1 raw clay cement plant at Carbone in Occitanie, which will have a capacity of 60,000t/yr.
- **India:** Shree Cement approved plans to spend around US\$850m on four new cement plants; two 3.65Mt/yr clinker plants, with WHR systems, at Pali in Rajasthan and Kodla in Karnataka, and two additional grinding plants at Etah in Uttar Pradesh and Bangalore in Karnataka. All four units will have a cement production capacity of 6Mt/yr. Completion expected by the quarter ending in March 2025.
- **Iraq:** Sama Samawa Industries plans to build a cement plant in Muthanna Governorate, southern Iraq. Expected capacity at 2Mt/yr, operational by 2025 according to the director of the company. The project has a projected timeline of 18 to 20 months for completion and costs US\$200m.
- **India:** Dalmia Bharat will build a new 9500t/day clinker line at its plant in Umrangso, Assam, in northeastern India.
- **Nigeria:** Dangote Cement plans a 6Mt/yr cement plant at Itori, Ogun.
- **India:** Shree Cement launched commercial cement production at its new Purulia grinding plant, which has capacity of 3Mt/yr. This raises the company's total cement capacity to 49.9Mt/yr.
- **Kenya:** EAPCC says that it is ready to resume full-scale cement production at its 600,000t/yr Athi River cement plant. The plant is currently operating at 50% capacity, following a US\$3.5m refurbishment.
- **India:** Dalmia Bharat Green Vision (wholly-owned subsidiary of Dalmia Bharat) has successfully commenced commercial production of its 2Mt/yr greenfield cement grinding unit at Sattur, Tamil Nadu from Aug23. The total cement manufacturing capacity of the company has now increased to 43.7Mt/yr.
- **India:** UltraTech Cement announced the commissioning of 1.2Mt/yr brownfield cement capacity at Magdalla, Gujarat. The unit's total capacity now stands at 1.93Mt/yr and the company's total grey cement manufacturing capacity in India at 132.45Mt/yr.

IMPORTS/EXPORTS:

- **Pakistan:** Pakistan cement industry's export earnings in FY22-23 -15.2% YoY to US\$190m, cement and clinker exports -25.9% YoY to 4.248Mt. All according to FBS.

CARBON:

- **Germany:** Heidelberg Materials has been granted funding by the EU Innovation Fund for the GeZero carbon capture project at its Geseke cement plant in North Rhine-Westphalia. The project includes a carbon capture capacity of 700,000t/yr and an oxyfuel kiln upgrade.
- **Greece:** Titan Group's Kamari cement plant will host a 1.9Mt/yr (IFESTOS) carbon capture project. Related funding from the EU Innovation Fund will amount to Euro3.6bn.
- **Regional:** Holcim secured EU Innovation Fund grants for three CCUS projects at its cement plants in Belgium (Obourg plant), Croatia (Koromačno plant) and France (Le Teil plant).
- **Germany:** Holcim Deutschland secured government funding for its Höver cement plant carbon capture project, whose test phase is scheduled to commence in early 2024.
- **Regional:** EUA falls sharply pressured by gas and coal prices and the respective price is currently stuck between EUR80-93/t. The EU has begun implementing the set-up of the CBAM by sending notifications to export countries outside the EU, on how to implement it, starting in October 2023 as a reporting exercise "dry run" only.
- **China:** China United Qingzhou launches China's largest CCUS project that is worth US\$35.5m. It relies on the No 2 production line of Qingzhou Zhonglian and constructs a demonstration line for a cement kiln with CO₂ emissions of 200Kt/yr. The unit cost of CO₂ production in this project can be reduced by about 25 per cent compared with conventional chemical absorption methods.
- **France:** Heidelberg Materials has announced its Euro1.7bn GOCO₂ project with jointly partners Elengy, Lafarge France, Heidelberg Materials France, GRT gas, Lhoist and Total Energies, which aims to capture and store up to 2.6Mt/yr of CO₂ in western France and eventually 4Mt/yr of CO₂ by 2050. It will involve Lafarge Cements Saint-Pierre-la-Cour (Mayenne) plant and Heidelberg Material's in Airvault (Deux-Sèvres) plant, the lime plant of the Lhoist group in Neau (Mayenne) and the TotalEnergies refinery in Donges.
- **Germany:** Holcim is currently building a 10 000t/yr carbon capture plant at its Höver cement plant in Germany to demonstrate the technology on a large scale. Following this, commercial operation will commence.
- **Japan:** A Taiheiyo Cement plant will be one of two facilities to host carbon capture systems under the Tohoku West Coast CCS project. Technical issues in the entire CCS value chain and commercial and social issues around transporting captured CO₂ are the next step. Identification of permanent underwater storage sites is scheduled for 2024, with the design stage of capture, transport and storage systems scheduled to conclude in 2026. The project will commence in 2030.

M&A:

- **Kenya:** The government of Kenya says that it has found a 'strategic investor' to buy a 30% stake in EAPCC. Shares will be acquired from the National Treasury, NSSF and Lafarge South Africa, according to Business Daily News but Lafarge South Africa denied that it plans to sell any of its shares in EAPCC.
- **India:** Adani Cement and JK Lakshmi Cement have emerged as frontrunners in the contest to acquire Sanghi Cement for US\$733m and are expected to submit formal offers before Oct23.
- **India:** Ambuja Cements to buy majority stake in Sanghi Industries. The deal is likely to be announced in the following days, reported Reuters citing sources. The exact stake percentage and the transaction amount are still unknown.

DEMAND:

- **India:** ACC expects cement demand in India to rise by 7–8% between FY23 and FY28, Reuters has reported.
- **Peru:** Cement dispatches in Peru in FY23 -7% YoY to 12.7Mt, according to Asocem.
- **Brazil:** SNIC expects an improvement of the cement industry in Brazil in the coming months, driven by works in the recent real estate cycle, with reinforcement of the Minha Casa, Minha Vida programme, and the resumption of halted works and infrastructure. Subsidy expansion and interest rates reduction of the MCMV are also expected to bring encouragement to the sector.

PRICING:

- **Pakistan:** Pakistan's FY22-23 cement price for a 50Kg bag averages at PKR1145 (US\$4.11), the highest average price ever recorded.
- **Nigeria:** Cement prices in Nigeria have risen suddenly, reportedly driven by high inflation of 22.4% in May23. In some markets a 50kg bag's price rose from US\$5.92 to US\$6.04 in the space of a few days.
- **Pakistan:** Cement prices in Pakistan will have to be raised by about PKR 45/bag (including GST) to fully pass on the impact of the government's electricity tariff hike, effective from 1 July 2023.
- **Bangladesh:** BCMA has urged the government to revisit the assessment value of cement clinker and reduce it from US\$60 to US\$50t, as its price has fallen in international markets.

Week ending: 13-08-2023

SUPPLY:

- **Mozambique:** Construction of Dugongo Cimentos Nampula started. Completion is expected within 18 months. It is expected to have clinker capacity 6000tpd and cement capacity 1.3Mt/yr.
- **Mexico:** Cooperativa La Cruz Azul has inaugurated the new Kiln 5 (and a new weighbridge) at its Oaxaca cement plant in Lagunas, which will increase the plant's clinker capacity by 3700t/day. Total cost estimated at US\$301m.
- **India:** Dalmia Cement plans to install two vertical roller mills; one at its Ariyalur grinding plant in Tamil Nadu and the other at its Kadapa grinding plant in Andhra Pradesh. Each will produce 160tph of cement or fly ash cement. The two grinding plants are due to be commissioned in early 2024.
- **India:** Wonder Cement plans to build a US\$66.4m cement production facility in Desar, Gujarat.
- **USA:** Heidelberg Materials North America says that it has upgraded its Speed cement plant in Indiana to increase the efficiency with which it grinds GBFS, and plans to transition the 1Mt/yr to 100% speciality and slag cement production.
- **Iraq:** Al-Diyar Company for Cement Industry and Industrial Investment plans to build a 2.19Mt/yr cement plant in Samawa, Muthanna.
- **Malaysia:** Borneo Cement (Sabah) will build a new integrated cement plant in Pinangah, Tongod. Clinker and cement capacity will stand at 5000tpd and 1.75Mta, respectively.

- **Pakistan:** Kohat Cement's undergoing greenfield expansion with a nameplate capacity of 3Mta in Khushab, Punjab province has now been delayed until FY25-26, reportedly due to import-led restrictions in Pakistan.
- **South Africa:** Shosholoza Cements will build, own and operate a USD26,6m compact cement grinding plant in the Bojanala Special Economic Zone (SEZ) in Mogwase.

CARBON:

- **USA:** The construction of CalPortland's carbon capture unit at its Redding cement plant, should be finished at the end of 2023. The goal is a 60% reduction in CO2 per tonne of product produced.

CONSTRUCTION:

- **UK:** Construction in Britain struggles as demand for essential materials drops in Q2 of 2023, according to MPA. Reasons include the cumulative effect of high costs and higher interest rates over the past 18 months, and labour constraints. New housing was one of the sectors to experience significant decline. Clients in the construction sector are cautious about signing off new projects, given the uncertain environment and the higher cost of funding.
- **Australia:** Boral expects residential, commercial and civil construction in Australia to return to growth in FY24.
- **Regional:** Buzzi SpA expects for the 2H23 a stable construction sector both in Italy, thanks to the positive contribution of the infrastructure development plans, and in the United States, supported by the good order backlog and by the early examples of construction sites for projects related to the Building a Better America plan. In central Europe, the Czech Republic and Poland, the generalised weakness of demand will persist in 2H23..

M&A:

- **India:** Ambuja Cements has concluded a deal to acquire a 57% stake in Sanghi Industries for US\$202m. It has also offered to subsequently increase its stake in Sanghi Industries to as much as 83% for up to US\$295m in total. The company's cement production capacity has now reached 73.6Mta, and the goal is 140Mta by 2028.
- **Italy:** W&P Cementi (Alpacem subsidiary) has concluded a deal to buy Buzzi's Fanna cement plant in Friuli-Venezia Giulia, which has a clinker capacity of 660,000t/yr. Buzzi will obtain a 25% stake in Alpacem Zement Austria. Deal expected to be completed, pending the approval of competition authorities, in 2024.

DEMAND:

- **Brazil:** SNIC says, the cement sector's prospects for the coming months (after July23) are positive. Reasons include the approval of the fiscal framework, the processing of the Tax Reform in the Senate, the resumption of stopped works and infrastructure, and the beginning of the interest rate reduction cycle.
- **Pakistan:** Rising energy prices may dent cement business in Pakistan after the government increased the fuel price in the country on 1 August 2023. Two influential trade organisations, FPCCI and KATI, strongly opposed it, calling for its immediate withdrawal.
- **Pakistan:** APCMA expressed concerns over the rising cost of cement production. The provincial government has increased the royalty rate from PKR115/t (US\$0.41/t) to PKR250/t (US\$0.88/t), the electricity rate has also been increased by almost PKR7.50/unit and the recent increase in fuel cost by around PKR20/l has impacted the freight cost. However,

APCMA expects FY24 to be better for the sector than last year due to expected investments in large-scale projects.

IMPORTS/EXPORTS:

- **Bangladesh:** According to EPB, Bangladesh has set a target export revenue of US\$15m for FY24.

Week ending: 20-08-2023

SUPPLY:

- **Spain:** Cemex España plans to build a new solar-fuelled clinker plant near Madrid. No further details are currently available.
- **Australia:** Cockburn Cement is expanding its Kwinana grinding plant. The work involves the construction of two 100t/hr grinding units, a 110,000t raw materials store and a reclamation system. Total cost is estimated at US\$249 - 272m. The company has so far committed total investments of US\$129m to the project.
- **Nigeria:** BUA Cement expects to inaugurate its upcoming Okpella and Sokoto cement plants in early 2024. They will have a combined capacity of 6Mt/yr, raising the company's Nigerian cement capacity by 54% to 17Mt/yr from 2024.
- **Colombia:** Cemento País expects to commission its upcoming Aguas Prietas grinding plant in Turbaco, Bolívar, soon. The plant will have a cement capacity of 0.48t/yr, and cost US\$20m in total. Ready-mix concrete will also be produced.
- **Philippines:** Taiheiyo Cement plans to install a second production line at its 0.8Mt/yr San Fernando cement plant in Cebu, more than doubling the plant's capacity to 3Mt/yr. The company had stated in Aug22 that the plant might eventually expand to a capacity of 5Mt/yr and that commission of the new Line 2 is expected in May24.
- **USA:** Heidelberg Materials North America has reached an agreement with the administration of Santa Clara County to decommission its quarry in the county, near Cupertino. It historically supplied limestone for cement production at the Permanente cement plant, which came offline in April 2020. The deal signals that it has achieved its aim to ensure final closure of the Permanente plant, according to the administration.

CARBON:

- **Australia:** The Australian government is considering CO2 Cross-Border Adjustment Mechanism (CBAM) for cement imports. It specifically intends to penalize imported cement for its CO2 emissions in line with the Australian cement industry's emissions reduction goals. A relevant report on the policy is expected in mid-late 2024. New CO2 emissions limits for Australia's 200 largest industrial emitters were put in place in July23.
- **Vietnam:** The government of Vietnam has launched a public consultation over a proposed environmental protection fee of US\$127/yr for emitters, including cement plants. Additional variable rates of US\$0.02 – 0.03/t would apply to emissions of each of the pollutants. Under the proposed policy, cement plants would have to submit quarterly fee declarations to the government.

- **Canada:** A carbon capture pilot system has been installed at Heidelberg Materials North America's Edmonton cement plant in Alberta, which is part of the ongoing CCS project.
- **Regional:** The EU has enacted the implementing regulation for the carbon border adjustment mechanism (CBAM) under its emissions trading scheme (ETS). Importers must begin to collect emissions data from 1 October 2023, and submit a report for Q4 of 2023 to EU authorities by 31 January 2024.

M&A:

- **India:** The board of directors of Anjani Portland Cement has approved the proposed amalgamation of Bhavya Cements into the company.

Week ending: 27-08-2023

SUPPLY:

- **Iraq:** A collaborative venture between Dabin Group and PowerChina, i.e. a 6Kt/day cement plant will be built in Erbil. The project also includes a 52-megawatt power plant. No further details are currently available.
- **Uzbekistan:** Anhui Conch Cement inaugurated its new 2.3Mt/yr Tashkent cement plant at Kiziloy on 21Aug23, total cost at US\$320m.
- **USA:** Cementos Argos is carrying out expansions to two cement plants in South Carolina and West Virginia. While not specifically named, these would appear to be the 1.1Mt/yr Harleyville and 1.8Mt/yr Martinsburg cement plants. The expansions will increase the company's cement capacity in the eastern US by 450,000t/yr.
- **Brazil:** Cimento Gaúcho has inaugurated its 400,000t/yr Montenegro grinding plant in Rio Grande do Sul, which cost US\$20.4m. It will initially produce 100,000t/yr of cement.
- **Peru:** Cemento Yura plans to enable its No 2 kiln at its Arequipa plant to produce 400tpd of lime. The modifications to the plant are expected to cost PEN4.7m and the change to the line would be completed in Oct23.

CARBON:

- **Hungary:** The Hungarian government recently enacted Emergency Decree 320/2023, taxing all CO2 emissions from the country's largest industrial enterprises, undercutting existing free allowances under the EU ETS. A Euro20/t tax on CO2 emissions is included, effective retroactively from Jan23, payable by any large enterprise that uses EU Emissions ETS free allowances to cover the majority of its CO2 emissions. Plants that decrease their production, or that carry on non-CO2-emitting activities at over 10% of their operations, will pay a higher rate of Euro40/t of CO2. Additionally, a 10% transaction fee for the sale of free allocations under the EU ETS is included.

M&A:

- **Tanzania:** The Tanzania Fair Competition Tribunal (FCT) has ruled that Heidelberg Materials subsidiary Scancem International cannot acquire Tanga Cement from AfriSam at present. It stated that the previous decision by the Federal Competition Commission (FCC) to accept the merger was wrong, stating that the FCC does not have jurisdiction over the matter. AfriSam

owns Tanga Cement and wants to sell its 68% share to Scancem International for more than US\$55m.

- **India:** Ambuja Cements' open offer to acquire an additional 26% stake in Sanghi Industries will run from 29Sept23 to 13Oct23. The value of shares under the offer is at US\$767m.
- **USA:** Unacem has entered into a definitive agreement with Martin Marietta Materials to acquire its 0.9Mt/yr Tehachapi cement plant in California. The deal is estimated at US\$317m and is expected to be closed in mid-late 2023.

CONSTRUCTION:

- **Malaysia:** Malayan Cement expects non-residential construction activities in Malaysia in FY24 to benefit from higher investments in manufacturing facilities, given the shift in global supply chains. However, inflation and higher interest rates could pose challenges.

OTHER:

- **Pakistan:** Pakistani cement producers have achieved 100% coverage of their cement despatches under the country's track and trace scheme, which collects despatch data for automatic submission to the Federal Board of Revenue. This system ensures real-time monitoring of cement production to ensure accurate tax calculations.