News and events that affect our industry

October 2022

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Week ending: 9-10-2022

SUPPLY:

- **Nigeria:** The authorities of Kogi state have shut down Dangote Cement's Obajana cement plant until the company shows evidence that it properly paid for the acquisition of the asset from the government in 2002
- **Peru:** Cemento Pacasmayo is expanding clinker capacity at its Pacasmayo plant by 0.58Mt/yr, expected to start in the second semester of 2023. Cement capacity at the plant will increase to 3.7Mt/yr. Cost $70m
- **Peru:** Yura is considering cement capacity expansion and new limestone mining projects. No further details were provided
- **Pakistan:** Flying Cement plans to expand Line 2 of its 1.2Mt/yr Lilla Cement plant by 17% to 9000tpd. The new line is expected to be completed in 2H23. The plant will also have a captive power plant
- **Saudi Arabia:** Arabian Cement's upgrade at its Rabigh plant is facing further delays as contractor CNBM is unable to complete the project without involving a third party
- **India:** JSW Cement plans to increase capacity to 25Mt/yr by FY24/25 from 17Mt/yr. Its subsidiary Shiva Cement is in the process of establishing a 1.36Mt/yr clinker plant and a 1Mt/yr grinding plant in Odisha

M&A:

- **Philippines:** San Miguel Equity Investments has acquired 89% of Eagle Cement and has launched a mandatory tender offer for the remaining shares
- **India:** India Cements is reportedly in talks to sell the site of its planned 3Mt/yr plant in Madhya Pradesh in order to reduce debt. Interested parties include Ultratech, JSW Cement, Birla Group and Adani Group

DEMAND:

- **Kazakhstan:** Steppe Cement sees FY cement market demand at 11.8Mt, +2% YoY
- **Global:** The World Cement Association said that global cement production fell by 8% YoY to 1.9bnt in 1H22, representing the biggest fall in two decades. The drop is driven by 15% output drop in China to 977Mt

IMPORTS/EXPORTS:

- **USA:** The US Department of Commerce decided to uphold anti-dumping duties on cement and clinker imports from Japan which are in place since 1991
- **EU ETS countries:** Cembureau said that EU-based producers pay EUR8/t more than non-EU ETS producers as production cost. Cembureau added that cement imports in the EU have increased by 300% in the last five years, representing 10% of consumption currently. Therefore timely implementation of CBAM alongside EU ETS, given that carbon allowances will be reduced going forward, is essential towards a fair deal for EU cement producers

CARBON:

- **Belgium:** Holcim is planning the installation of a CCUS unit at its Obourg plant, aiming to reduce the 1.3Mt/yr CO2 emissions of the plant

Week ending: 16-10-2022

SUPPLY:

- **Philippines:** In August 2022, Taiheyio Cement inaugurated the start of construction of a new line at its integrated plant in Cebu, raising capacity to 3.0Mt/yr. Expected commissioning date is mid-2024. Cost $85m. In the future, the plant's capacity may be increased further to 5.0Mt/yr
- **India:** JSW Cement plans to establish a new integrated plant in Madhya Pradesh and a new grinding plant in Uttar Pradesh, with a combined cement capacity of 5.0Mt/yr (2.5Mt/yr each). The integrated plant will be built adjacently to the company's new mine that came with the acquisition of Springway Mining
- **Russia:** West China Cement is considering the construction of a 1.2Mt/yr cement plant at Tatarstan's Alabuga Special Economic Zone, for a cost of $260m

- **India:** Adani Group is reportedly looking at doubling cement capacity in its existing Rajasthan's plants by investing around $848m. It currently owns the 1.8Mt/yr Rabriyawas and the 5.0Mt/yr Lakheri plants in the region. Further details were not available
- **Ivory Coast:** LafargeHolcim Cote d'Ivoire has launched the first white cement product in West Africa, locally produced in Ivory Coast
- **Saudi Arabia:** Cement mill number 1 at Umm-Al-Qura's plant broke down on 9th August, resulting in reduced sales by 1161tpd. Repair could take a year to complete. The company has increased production capacity at its operational mill and is currently producing the same quantity of clinker for grinding as before
- **Russia**: Volsky Cement plant has reportedly increased production volumes by 30%

M&A:

- **India:** JSW Cement is to acquire India Cement's Springway Mining unit in Madhya Pradesh for $57.9m, which gives it access to an estimated 106Mt of new limestone reserves in Panna district until 2065. The acquired company was in the process of building an integrated plant at Damoh, near the mining reserves
- **Tanzania:** The Fair Competition Tribunal has blocked the proposed acquisition by Heidelberg Materials of a 68% stake in Tanga Cement. Although it was provisionally approved last year, the FCT has accepted appeals from other producers and advocacy groups that the acquisition would reduce market competition
- **India:** Adani Group is reportedly in advanced talks to acquire Jaiprakash Associates for $606m. The deal would include a 2Mt/yr grinding cement plant in Nigrie, Madhya Pradesh, among other assets
- **Kazakhstan:** The family of the CEO of Steppe Cement, Javier del Ser Perez, has increased its stake in the company to 8.47%

IMPORTS / EXPORTS:

- **Philippines:** The Philippine Tariff Commission recommended that safeguard measures on cement imports that were imposed in 2019 for 3yrs, are not extended. After concluding its investigation, which was a result of a petition from CeMAP, it found that local producers increased cement capacities and profitability in the period 2019-2021, despite an increase in imports by 11% in 2020 and 16% in 2021. It said that a non-extension of the measures would foster competition, prevent price increases which would benefit the local construction market and push the local cement industry to make technological advances
- **Philippines:** The Philippine Tariff Commission has recommended new duties on cement imports from Vietnam until 2027. Although its investigation of dumping practices of Vietnamese exports to the country found no material injury currently, it recognised the threat of such injuries as imminent, due to the overcapacity in Vietnam. A final decision will probably come from the Department of Trade and Industry
- **Taiwan:** The International Trade Commission of the Ministry of Economic affairs of Taiwan has proposed that antidumping duties on cement and clinker from China are extended as otherwise damage could be inflicted on the local industry. The Ministry of Finance will make the final determination on whether the duties are extended

DEMAND:

- **Morocco:** Ciments du Maroc sees cement demand in Morocco dropping by 4% to 5% YoY in FY22
- **Brazil:** SNIC sees FY cement sales in Brazil -2% YoY. Initial expectation for the year was that gains of the last three years would be maintained, but due to high interest rates and higher costs a slight drop is now expected

PRICING:

- **Egypt:** Egypt's government has increased the price of gas to cement producers by 109%. South Valley Cement, Sinai Cement, Misr Cement Qena and Misr Beni Suef Cement said they will not be affected as they have switched to coal

Week ending: 23-10-2022

SUPPLY:

- **UAE:** Asian Paints and Riddhi Siddhi Crusher & Land Transport and Associated Soap Stone Distributing Company formed a JV to invest $66.5m for establishing a 0.265Mt/yr white cement integrated plant in Fujairah. It is expected to be completed by Oct 2024
- **Pakistan**: Bestway Cement has commissioned a 7200tpd line at the Mianwali integrated cement plant in Punjab, raising the company's current capacity to 12.9Mt/yr
- **Pakistan:** Askari Cement has started the new 6500tpd line at its Nizampur cement plant, raising the plant's capacity to 4.85Mt/yr
- **Pakistan**: Fauji Cement's 2.05Mt/yr integrated plant in Dera Ghazi Khan is expected to be commissioned by 2H24
- **India:** Mayflex Cement reportedly commissioned its 0.3Mt/yr grinding plant in Uttar Pradesh earlier in 2022
- **France:** Ciments Calcia laid the foundation stone for the construction of an upgrade of its Airvault cement plant. A new 4000tpd line will replace the two existing lines, commissioning expected mid-2024, cost EUR285m
- **India:** Dalmia Cement plans capacity expansion to around 48Mt/yr by FY24 and to over 110Mt/yr by 2030
- **India:** Sagar Cements plans to expand production capacity from 8.25Mt/yr currently to around 10Mt/yr by FY24/25
- **India:** Ultratech Cement commissioned 1.3Mt/yr new capacity in the quarter ending Sep22. In 2HFY23 it expects to commission another 15.4Mt/yr of capacity, thus completing its first growth phase. The second growth phase is for 22.6Mt/yr new capacity and is expected by FY24/25

IMPORTS/EXPORTS:

- **Philippines:** The Philippines Tariff Commission withdrew its recommendation for antidumping duties on cement imports from Vietnam, after the Department of Trade and Industry saw no harmful impact on the local industry

M&A:

- **India:** Dalmia Cement and Sagar Cements are reportedly frontrunners for the acquisition of Andhra Cements from its creditors
- **India:** Adani Group has denied that it is in advance talks for the potential acquisition of Jaypee Group's cement business for up to $606m, as first reported by Bloomberg
- **Germany:** Thomas Gruppe has acquired Opterra Zement and Opterra Beton from CRH for an undisclosed amount
- **Kenya:** Mauritius-based Barak Asset Recovery Limited is set to acquire 60% stake in Savannah Cement subject to regulatory approval, by buying 100% of Seruji which currently holds 60% of the cement producer

DEMAND:

- **USA**: The PCA sees cement demand -3.5% in 2023 in the USA, first drop in 13 years. It sees rising interest rates and inflation as the cause for sluggish economic growth in 2023, although they see resumption of growth trend in 2024. Sees FY 2022 demand growth at +0.3%
- **Pakistan:** FCCL sees local cement demand dropping by 10-15% YoY in FY22/23