



# News and events that affect our industry

March 2022



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**Week ending: 6-3-2022**

**SUPPLY:**

- Ukraine: CRH has suspended operations in Ukraine due to the war. Sales in 2021 were around EUR281m
- France: LafargeHolcim's former cement plant in Le Havre, which was converted into a grinding unit for imported clinker in 2016, is being dismantled and put up for sale
- USA: Cemex USA has started selling Portland limestone cement from its Brooksville and Demopolis plants

**M&A:**

- USA: CalPortland has agreed to buy the Redding cement plant from Martin Marietta for \$250m. The deal includes some ready-mix locations. The transaction is expected to close in 2H22, subject to regulatory approvals. The two parties have made arrangements regarding the potential sale of Martin Marietta's Tehachapi cement plant and related cement distribution terminals. Such deal is not definite yet

#### DEMAND:

- Vietnam: Total cement sales in Vietnam in 2021 are estimated at 105.6Mt, down by around 5% YoY, around 57% of which were domestic sales. Cement production is estimated at 101.2Mt

#### IMPORTS/EXPORTS:

- Uzbekistan: A new law was signed on 01 March 2022 permitting legal entities to export cement or clinker through direct contracts. Under the new law, exporters can claim up to 50% subsidy on transportation costs
- Philippines: The Philippines Tariff Commission is considering a possible extension of import tariffs of ordinary Portland cement. A preliminary conference on the matter is set for 08 March 2022

#### PRICING/SUPPLY:

- Turkey: Türkçimento warns that coal prices in Turkey have surged by 50% in one week, due to the war in Ukraine. Cement companies in Turkey imported 5Mt of coal in 2021, with main supplies coming from Russia. It is estimated that every \$10 rise in price of coal adds \$1.50 to cement costs of production. The price rise in one week was \$100. Türkçimento warned that there is risk of a crisis in the domestic cement industry and a potential halting of cement production

#### Week ending: 13-3-2022

#### SUPPLY:

- UK: Hercules Enterprises has applied to establish a 0.5Mt/yr grinding plant at Sheerness
- Mexico: Cemex plans to restart Line 2 at its CPN cement plant in Sonora by mid to late 2022. Line 2 has capacity 0.8Mt/yr. Line 1 with capacity 1Mt/yr was restarted in 2021
- Mexico: Cemex has commissioned Line 2 at its Tapeaca plant in Puebla. The plant's capacity has increased to 4.5Mt/yr
- Spain: Cementos Portland Valderrivas has shut down all kilns at its seven plants due to high electricity prices. The company does not currently intend to restart operations until electricity prices fall below EUR200/MW
- Algeria: ECDE has opened a third production line at its plant with a production capacity of 4.2Mt/yr, intended for exports
- Russia: HeidelbergCement has suspended investments in Russia. A large part of current production capacity in Russia, consisting of three plants, is currently shut down for winter
- Thailand: Siam Cement says it will review its planned \$2.4bn investment programme for 2022 due to rising costs and the Ukraine war. Greenfield investments especially will be delayed

#### DEMAND:

- USA: Cement shipments increased by around 4.2% YoY in 2021 to 107Mt. Domestic shipments +2.3% to 90.8Mt and imports +16% to 16.3Mt. Clinker production in 2021 was 79.2Mt, +0.1% YoY
- Turkey: Turkey's domestic sales increased by 9.5% in 2021 to an estimated 79Mt
- Indonesia: Cement demand in Indonesia in FY2021 is estimated at 65.22Mt, +4.3% YoY

#### PRICING:

- UK: The MPA has asked the government to delay the end of the red diesel rebate scheme, which is expected on 1st April 2022, as high costs are threatening competitiveness against European rivals

#### IMPORTS/EXPORTS:

- USA: FY 2021 cement and clinker imports in the USA +29% YoY to 22.1Mt. Largest cement imports were from Turkey, Canada, Greece, Mexico, and Vietnam in 2021. Imports from Turkey, Greece and Vietnam increased by more than 30% YoY
- Ghana: The Chamber of Cement Manufacturers in Ghana (COCMAG) is lobbying against a government decision to reduce the benchmark discount on certain material imports to 30% from 50%, saying that production costs and cement prices would increase
- Indonesia: Cement exports in 2021 +46.6% to 1.609Mt, clinker exports +22.3% to 10Mt

#### **Week ending: 20-3-2022**

##### SUPPLY:

- China: Fujian Jianfu Cement plans a 4500tpd "green" cement plant in Yongan, Fujian, for a cost of \$136m
- USA: Buzzi Unicem's Stockertown cement plant will produce 100% Type IL Portland limestone cement (PLC) starting in 2022. Buzzi and its local subsidiary, Alamo Cement, will convert to full PLC production in other locations in the USA this year
- Spain: FYM's Malaga cement plant has suspended clinker production due to high electricity costs
- Spain: Tudela Veguin has temporarily shut down its kiln at the La Robla integrated cement plant because of high electricity prices. The plant has capacity of 1.2Mt/yr but is reportedly producing 0.3Mt/yr currently
- India: Shree Cement has started trial production of its new kiln line at its Raipur cement plant at Baloda Bazar, Chhattisgarh
- France: Lafarge France will invest EUR46m to upgrade its Saint-Pierre-la-Cour and La Malle cement plants for low carbon and ultra low carbon production respectively. Of this, EUR40m will be invested in Saint-Pierre-la-Cour and includes a new production line
- France: A new kiln at Lafarge France's Martres-Tolosane plant started production in Feb 2022. Investment costs was EUR120m
- Russia: Holcim Russia continues its operations in the country, but has suspended further capital investments for the time being

#### IMPORTS/EXPORTS:

- EU: EU member states agreed to establish a carbon border adjustment mechanism on imports of cement from outside of the EU

##### PRICING:

- Vietnam: Cement prices in Vietnam increased by around 5.5% to 8.3% in March, driven by higher raw materials and transportation costs
- Kenya: Bamburi Cement plans price increases of between 2% and 10% in March 2022 to cover increases in raw materials costs

#### **Week ending: 27-3-2022**

##### SUPPLY:

- Cambodia: Conch KT Cement has completed a feasibility study for its planned 2Mta capacity plant at Monorom, Cambodia, worth \$250m
- Oman: Cement shortages have been reported in Oman after one local plant suspended production due to high input costs. Some cement plants are expected to increase production, including Oman Cement Company, which said it can increase production by 10%. Cement imports are also expected to increase



- China: China Resources Cement started construction of a second clinker line and two grinding production lines at its Wuxuan, Guangxi plant. Once completed, the plant will have cement capacity of 2.4Mt/yr and clinker capacity 1.4Mt/yr
- Pakistan: Flying Cement is expected to start commercial operation of Line 2 at its Dhok Meharwal plant in Punjab in Sep22. Cement capacity will rise to 3.51Mta
- Pakistan: Maple Leaf is expected to complete Line 4 at its Iskanderabad plant in October 2022, reaching capacity of 7.7Mta
- Spain: HeidelbergCement's L'Araña plant will suspend production till the end of March due to high electricity prices

#### DEMAND:

- Turkey: Cement production in Turkey +9.2% YoY to 78.9Mt in 2021. Including non-members of Turkcemento, 2021 consumption is estimated at 62.7Mt, +5.9% YoY
- Turkey: Turkcemento sees demand growth of +4% in 2022
- UK: Cement consumption in the UK in 2021 is reportedly 10.2Mt
- China: Cement production declined by 17.4% YoY in the combined Jan-Feb 2022 period
- Mexico: Fitch sees cement demand in Mexico in 2022 at -2% YoY
- Brazil: SNIC sees 2022 cement demand at 0% to +0.5% in 2022. Fitch sees demand for 2022 as neutral to slightly positive YoY

#### IMPORTS/EXPORTS:

- Turkey: Cement and clinker exports fell by 1.9% YoY in 2021 to 30.8Mt (cement 18.3Mt, clinker 12.5Mt)
- Kenya: Kenya is considering an increase of the duty on imported clinker. Some companies are exporting clinker, taking advantage of the low 10% tax regime, at the same time as importing clinker, which according to government sources makes no sense. Companies with mainly local clinker production have called for an increase of the duty to 25% from 10%. Importers have argued that this would create unfair competition. Kenya is estimated to have a clinker shortage of 3.3Mta, which is 40% of demand. Currently 59% of the deficit is imported duty-free from Egypt

#### M&A:

- China: China Resources Cement acquired 51% of Hunan Liangtian Cement in Jan 2022
- China: China Resources Cement sold its 72% stake in Shanxi China Resources Fulong Cement to Tangshan Jidong Cement in Mar 2022

#### PRICING:

- Mexico: Bulk cement prices increased by 20% in Mexico between Dec and Jan 2022

#### CARBON:

- EU: EU ETS prices dropped sharply to as low as EUR55/t from a high of EUR98/t during the Russia-Ukraine war, due to profit taking and margin call losses. There have also been unconfirmed reports that Russian companies sold ETS held in order to raise cash. Prices settled at around EUR78/t by the end of this week