

> Colombia



General data 2020



CemBR region
Americas



Area in square KM
1,142,000



Population
50.9 million



Comparative economy size
44/193



GDP per capita in US\$
5,336

Cement market data 2020

Cement consumption (MT)	11.3
Consumption per capita (Kg)	222
Consumption growth rate (CAGR 10yr)	2.4%
Cement trading net (TnT)	0.5
Cement production (MT)	11.8

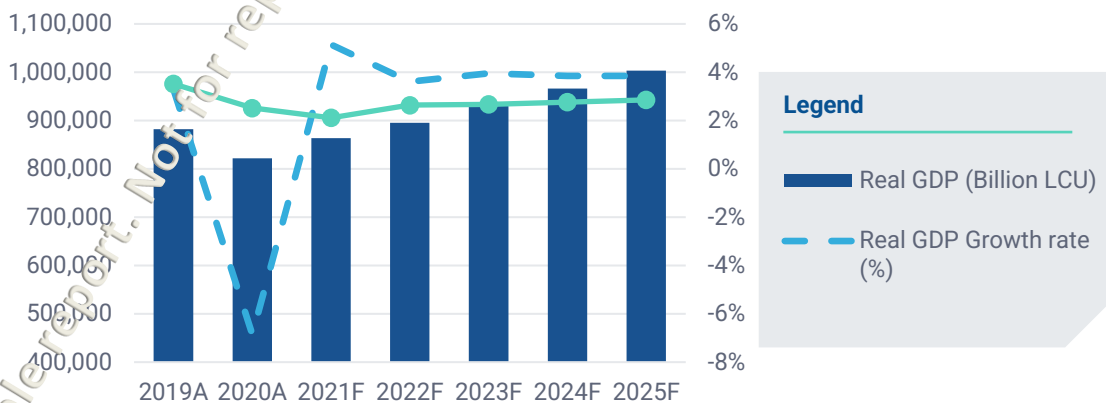
Uncertainty from social unrest

Infrastructure outlook is positive but economic growth is currently at risk from widening social unrest.

Macroeconomic considerations

Colombia's economy contracted by 6.8% YoY in 2020. This was the largest recession on record. The economy relies on services and manufacturing sectors and on commodity exports, such as oil, coffee and coal. In 2021 it is expected to grow by 5.2% while recovery to 2019 levels is expected after 2022. For the period 2020 to 2025, growth is expected to average 4.1% p.a., higher than the realized 3.6% CAGR between 2010 and 2019. In the short run, the direction of the economy will depend on vaccination rates, with support from a fiscal package of COP 31 trillion. Lower interest rates are expected to boost consumption growth and encourage investments. A short-term risk for the economy is social unrest, which began earlier this year as protests to proposed tax reforms. A medium-term risk is the dependence of the economy on commodity price fluctuations.

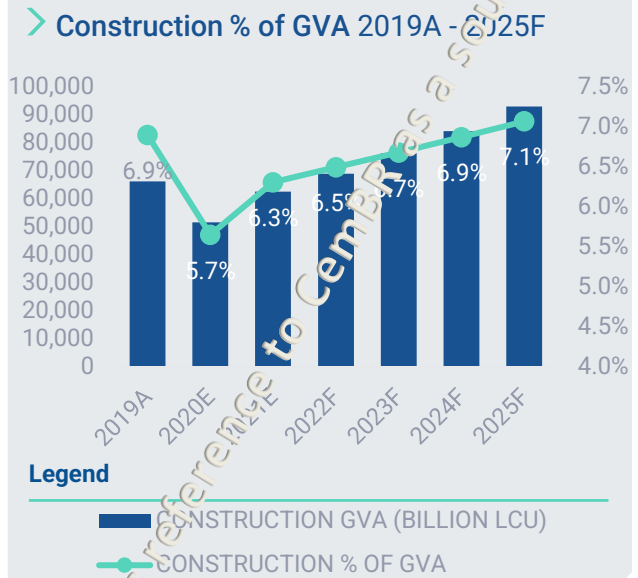
> Real GDP and growth rate 2019A - 2025F





Construction

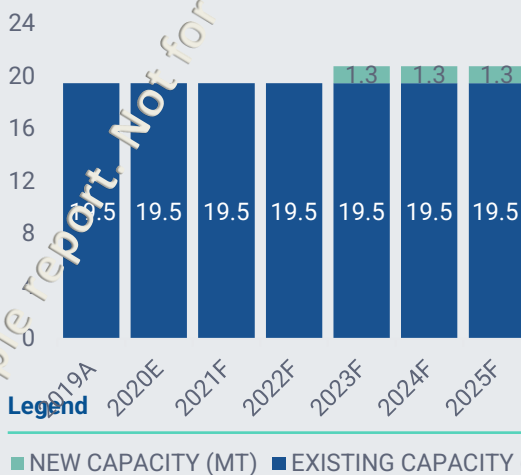
Between 2010 and 2020, nominal construction GVA increased by 5.7% CAGR. In 2020 it dropped by around 22.1% YoY. In the first six months of 2021 it increased by 9.5% YoY with the expectation of closing the year at +21.2% YoY. In the next five years, construction GVA is expected to rise to 7.1% of total GVA. Construction growth is expected to be driven by infrastructure investments and housing. Housing credits are expected to boost residential building construction. Concessions programs and recovery funds of USD30bn are expected to spur investment in transportation, such as roads and airports, and in energy infrastructure. Public-private partnerships with international participation are an additional growth driver. Potential risks are project delays and inefficiencies in public sector works.



Manufacturing data 2020

Number of cement plants	20
Cement capacity (MT)	19.5
Cement capacity growth rate (CAGR 10yr)	1.9%
Cement utilisation rate (%)	61%
DCUF™	58%

> Grey cement projected supply 2019A - 2025F



Cement supply

There were twenty grey cement plants in Colombia in 2020, fourteen integrated and six grinding, operated by twelve companies or groups. There was also one white cement plant. Grey cement milling capacity was estimated at 19.5 million tonnes at the end of 2020. Around 80% of cement capacity was operated by international groups. Clinker capacity increased by 0.2% CAGR between 2010 and 2020 and was at 10.4 million tonnes at the end of 2020. Between 2020 and 2025, cement milling capacity is expected to increase by around 6.7%. An integrated grey cement plant, with estimated capacity of 1.3 million tonnes, is under construction in Maceo. The plant is expected to be commissioned in 2023. Protests in the country earlier in 2021 led Cementos Argos to close its integrated plant at Yumbo for about forty days.



Cement demand forecast and supply-demand considerations

Cement consumption dropped by around 10.8% YoY in 2020. In the first seven months of 2021, domestic dispatches have increased by around 28% YoY. For the full year it is estimated that demand will recover by around 13.3% YoY with a long-term trend of +4.5% CAGR between 2020 and 2025. Colombia's cement consumption per capita is considered low according to global comparisons. It is lower than both the regional and South American averages. As shown in the regional section, Colombia is below the trend line of the Cement Economic Curve (CEC) indicating that significant growth in cement consumption per capita in the current development phase of the economy is possible. The forecasts reflect this partly, as per capita consumption is expected to rise to its highest level since 2016 by 2025.

Indicator	2019A	2020A	2021E	2022F	2023F	2024F	2025F
Cement consumption (MT)	12.7	11.3	12.8	13.1	13.4	13.7	14.1
Consumption growth rate (%)	4.2%	-10.8%	13.3%	2.3%	2.5%	2.4%	2.4%
Consumption per capita (KG)	252	222	250	254	260	265	271
Cement supply (MT)	19.5	19.5	19.5	19.5	20.8	20.8	20.8
DCUF (%)	65.0%	58.0%	65.7%	67.2%	64.5%	66.1%	67.7%
Excess supply (MT)	6.8	8.2	6.7	6.4	7.4	7.0	6.7

The DCUF dropped significantly to around 58% in 2020, which is the lowest level since 2011. It is estimated that the cement market will overcome the effects of the COVID-19 pandemic by 2024. During the forecasting period, the DCUF is expected to rise to near 68%, with excess cement supply dropping significantly.

Trade

Colombia turned from a net exporter of cement in the early 2010s to a net importer between 2014 and 2017. Imports increased significantly to a peak of 1.7 million tonnes in 2015. After 2018, imports dropped significantly and exports resumed, turning Colombia to a net exporter of cement again. In 2020, cement imports dropped to the lowest level since 2011, while exports increased to the highest level of the decade. Looking forward to 2025, with DCUF levels near 68% and significant excess cement supply, Colombian cement companies may need to increase exports further to raise utilisation rates. There are indications that this may be happening already as Cementos Argos reported an increase of its cement exports to the USA by 419% YoY in the first five months of 2021. However, clinker availability may be an issue.

> Cement imports and exports 2010 - 2020

