

## European news in brief

**Ireland/Worldwide:** Readymix plc has warned that its full-year pretax profit is expected to be about 35% below that achieved in 2006, and added that it anticipates very tight trading conditions to continue throughout 2008 in the housing and construction sectors. The company blamed poor results on the sharp fall-off in construction activity, loss of earnings resulting from the tactical disposal of the concrete products business and non-recurring costs associated with the introduction of new accounting and operating systems.

**Germany:** Processing and bagging technology specialist Haver & Boecker has announced that it will conduct a 'Technology Week by Haver' on 20-25 October 2008. During the week, customers will have the opportunity to see the newest developments of the company. A symposium is also taking place in parallel for three days, and will focus on the topics of cement, building materials, minerals and chemical products. Expert speakers will cover the latest technical developments and the requirements for modern work conditions and environmental protection.

**Germany/Worldwide:** The managing board of HeidelbergCement has announced that VEM Vermögensverwaltung GmbH, a Merckle group company in Dresen, Germany, has subscribed for 5m new shares at Euro102.50/share. By this capital increase, the company expects cash proceeds of Euro512.5m, which will be used to refinance current debts.

**Italy:** Italian cement and concrete producer Buzzi Unicem SpA has reported a turnover of Euro3.49bn in 2007, according to preliminary data. Turnover increased by 9.1% compared to Euro3.2bn in 2006 and sales totalled 34.1Mt of cement, up by 2.2% year-on-year. Sales of concrete amounted to 17Mm<sup>3</sup>, up by 2.9% compared with 2006.

**Portugal:** Cement maker Cimpor reportedly plans to invest Euro600m by 2012 to hike its production capacity to about 33.5-36Mt/year from the current 28.5Mt/year. Cimpor plans to invest in its operations in China, India, Peru, Turkey and Morocco. In China, Cimpor could acquire new operations in the short term to add to its current operations in the Xandong area.

**Russia:** Basel Cement, a subsidiary of Basic Element, has begun construction work on a 2Mt/year cement plant in the Novgorod Region, in the northwest of European Russia. Investment in the Uglovka cement plant is expected to amount to US\$265m. Local governor Sergei Mitin said that the plant is "important to the economy of the Novgorod region," due to the planned addition of 500,000-700,000m<sup>2</sup> of housing in the region annually.

**Russia:** In 2007, production at Katavskiy Cement stood at 1.2Mt. Investments in its upgrade and technical re-equipment programme were more than Euro3m in 2007, up 2-fold versus 2006. The company said that investments in the programme will exceed Euro11.5m in 2008.

## UK cement and clinker sales rise in 2007

**UK:** The UK cement industry has published its figures for cement sales for 2007. Despite a seasonal downturn at the end of the year, domestic cement sales showed a 4.8% increase over the whole year. Cement production by British Cement Association (BCA) members – Castle Cement, Cemex UK, Lafarge Cement UK and Tarmac Buxton Lime and Cement – rose 3.6% in the same period. These figures were achieved despite short-term issues early in 2007 when demand temporarily outstripped supply.

Dr Pal Chana, acting chief executive of BCA, said: "Over the past decade, the UK cement industry has invested over Euro265m to improve plants and increase capacity. Current results have been achieved despite the impact of rising energy costs and reflect the responsible management of the sector by our members."

Investment by BCA members in recent years is reflected in improved plant efficiency and enhanced distribution networks. Each year BCA members produce some 12Mt of cement, meeting 90% of the UK's demand.

Commenting on energy efficiency in the industry, Dr Chana said: "The British cement industry continues to invest in improving its performance to meet the challenges ahead and each year the industry has exceeded the energy efficiency targets set by government under the UK Climate Change Agreement. Cement manufacture has achieved a 27.5% improvement in energy efficiency since 1990 under its climate change agreement with UK government. The cement industry is of major importance to our national economy as it supplies an essential product to the construction and civil engineering industries."

## Lafarge suspends Euro1bn in investments due to 'unclear' EU ETS

**France/Worldwide:** French cement manufacturer Lafarge has reportedly suspended Euro1bn of investments in new cement plant projects in Europe until it has more details on new EU CO<sub>2</sub> emissions. Group chief executive Bruno Lafont was quoted as saying that uncertainty and "a lack of visibility" in the EU Emission Trading Scheme (EU ETS) was preventing the company from going ahead with planned capital expenditure.

The recently published draft directive for phase three of the emissions trading scheme stipulates that 100% of European power companies' carbon allocations will be distributed by auction. It covers the period from 2013 to 2020.

Other carbon-intensive industries such as cement, paper and glass manufacture will not have their allocations determined until 2011 at the earliest. Lack of clarity as to what extent these allocations will be issued by auction rather than being determined by individual member states as they are now is at the heart of the matter. Under the scheme, carbon allocations are set to be issued from a centralised 'pot' with the stated aim of reducing Europe-wide emissions by 13.5% between 2013 and 2020.

This lack of visibility, argued Lafarge, has prevented the company from planning ahead with any certainty. It said that it could not wait until the situation was clarified in 2011. Dr Richard Leese, manager of legislative programmes at the British Cement Association, said that Lafarge's decision to freeze European plant development is indicative of the mood in carbon-intensive manufacturing as a whole.

## Akmenes signs Euro41m equipment contracts

**Lithuania:** Akmenes Cementas, Lithuania's sole cement manufacturer, has reportedly signed three contracts worth over Euro41m in total to supply it with equipment for its planned new production line. Under the contracts, Akmenes will buy furnace equipment from Germany's KHD Humboldt Wedag, a clay crusher from Italy's Bedeschi and filters from Italy's CTP Team SRL, the Lithuanian company said in a statement.

The signing of the contracts marks the completion of the first phase of a three-phase modernisation project, it said. Akmenes Cementas chief executive Arturas Zaremba said: "We are launching a huge modernisation project that will require a considerable amount of funds and time." Now that the company has signed the contracts to acquire equipment for its new cement production line, it plans to finalise the details of and sign a design work contract with Sweco BKG LSPI.

Akmenes Cementas has obtained Euro61.4m in bank loans to finance the biggest modernisation project in its history, which involves shifting from wet to dry cement production technology. The total value of the project is estimated at around Euro84m. The company expects to complete the investment project in 2012. It is planned that the new line will boost the plant's annual production capacity by 25% up to 1.5Mt/year of cement.

The company raised total sales by 3% in 2007 to 1.01Mt, with sales in Lithuania up by 16% to 935,000t. Its annual revenue grew by 31% in 2007 to Euro71.6m.

Four Lithuanian private individuals hold a combined stake of 51% in Akmenes Cementas. The Mexican cement giant Cemex controls 33.95% of voting shares through a subsidiary company. The plant is located in Naujoji Akmene, in northwestern Lithuania.

## Lafarge predicts no global slowdown in cement

**France/Worldwide:** French cement company Lafarge SA's chief executive Bruno Lafont has said that he does not expect a global slowdown in the cement market in 2008. Speaking on a conference call, Mr Lafont said that supply and demand in the global cement market was balanced and should remain so in the years to come.

According to Lafarge's estimates, global demand

for cement grew on average at an annual rate of 5% in volume to 2.74bn t in 2007 and should reach 3.23bn t by 2010 and 4.7bn t by 2025, Lafont noted.

The expected growth in demand reflects growing global urbanisation and "huge needs in terms of buildings and infrastructures," Lafont explained. He also said that the company will present a new strategic plan for 2009-2010 "soon."

## Entrepreneur invests Euro512m in HeidelbergCement

**Germany:** German entrepreneur Adolf Merckle is investing Euro512m in HeidelbergCement through a capital increase. The sum, to be invested via Mr Merckle's company VEM Vermögensverwaltung, will contribute towards the refinancing of the German cement group's acquisition of UK rival Hanson. In 2007, he contributed Euro527m to the financing of the Hanson purchase. The German cement group will now aim to reduce its debt burden below Euro8bn by June 2008, assisted by Euro1.4bn from the sale of the French company Vicat and Euro2.1bn from the sale of subsidiary Maxit.

# Gambarotta Gschwendt. bulk solid mechanical



Handling equipment for premixed plaster plant.



Deep bucket clinker conveyor for material handling with considerable inclinations.



Clinker storage pan conveyor.

## Solutions. Solid solutions.

### Altcom plans Crimea plant before 2011

**Ukraine:** Financial-industrial group Altcom has announced plans to build a dry process cement plant in 2010. The works will be built in Pryozerne, Lenine district, Crimea. According to the company, the project will receive total investments of Euro268m and the plant will output 3.6Mt/year of cement. Alcem, a subsidiary of Altcom, has already signed a contract on the supply of equipment and technologies for the construction of a cement mill with Polysius.

The company said that the investment aimed to capitalise on the country's construction growth and its preparations for hosting the Euro 2012 football championships. The construction project will reportedly include the development of roads and power and water supplies.

### Ukrainian cement production up 9.1% in 2007

**Ukraine:** The Ukrainian State Statistics Committee has reported that cement production in January 2008 rose by 8% year-on-year to 823,000t, but fell by 18.6% compared with December 2007. In December 2007, cement production fell by 3.6% year-on-year, to 1.01Mt.

Production of cement in 2007 rose by 9.1% compared with 2006, to 14.99Mt. More than 15 enterprises produce cement in Ukraine, with a combined annual capacity exceeding 20Mt.

### Serbia to refurbish railway

**Serbia:** Serbia's state railway operator Zeleznica Srbije is to invest Euro16m in the reconstruction of a railroad that would enable BFC, Lafarge's Serbian unit, to transport its production via rail. The 17.2km section between the towns of Petrovaradin and Beocin – where BFC is based – in Serbia's northern province of Vojvodina, was closed in early 2007 and its reconstruction should be completed in the spring of 2009.

The authorities of Vojvodina, the region's administrative centre Novi Sad and Zeleznica Srbije have secured the financing to repair the century-old railroad. At present, BFC transports its production by road.

BFC also recently announced plans to open the first stage of a new, 50,000t closed silo for clinker under a Euro6m project to improve environmental protection at the plant. The silo is expected to significantly reduce the dust emissions, as it is equipped with a special transportation system and de-dusting facilities.

### HeidelbergCement plans 10% production increase in 2008

**Ukraine:** Stanislav Lysenko, manager of HeidelbergCement's Ukrainian unit, has said that the company is planning to increase cement production to 4.73Mt in 2008, up 10% from 2007. The group's Ukrainian plants will switch to coal as their main fuel source instead of gas in 2008 and will use dry cement production technologies, he said. The group's Doncement plant will also switch to dry cement production.

The company's Ukrainian plants increased production 14.8% to 4.3Mt in 2007. The group includes Doncement and Cement Donbass (both in the Donetsk region) as well as Kryviy Rih Cement and Dniprocement (both in the Dnipropetrovsk region). HeidelbergCement owns 14 cement plants, 70 filling material plants and 140 concrete plants in Eastern Europe.

# The complete range of handling technologies.



Cement handling equipment on floating pontoon.



Finished cement handling and hoisting system.



Apron feeders for clinker and limestone - Preassembly in our work shop

Since 1919



**GAMBAROTTA**

S.R.L. G.M.B.H.

**GSCHWENDT**

38100 TRENTO, ITALY - Viale Verona, 200 - Tel. +39 0461 920403 - Fax +39 0461 933391 - [www.gambarotta.it](http://www.gambarotta.it) - [gambarotta@gambarotta.it](mailto:gambarotta@gambarotta.it)



## HeidelbergCement focuses on biodiversity

**Germany/Worldwide:** HeidelbergCement has signed a leadership declaration in advance of the 9th Conference of the Parties to the Convention on Biological Diversity, documenting its commitment to implementing the convention and playing a pioneering role in the process. Sustainability and social responsibility, the company said, are pillars of its corporate strategy. Energy and climate protection, occupational health and safety as well as the protection of biodiversity are the key issues of the group's sustainability objectives.

During the presentation of the 'Business & Biodiversity' initiative by German environment minister Sigmar Gabriel at a Federal Press Conference in Berlin, Dr Bernd Scheifele, chairman of the managing board of HeidelbergCement, commented: "Renaturated quarries and gravel pits provide refuge for threatened animal and plant species. The aim of maintaining biological diversity is systematically pursued as an integral part of our environmental management system."

Each year, HeidelbergCement consumes 130Mt of raw materials and excavates more than 350Mt of sand and gravel as aggregates. After operations have ceased at the excavation sites, the areas are restored to their natural states.

"Our aim is to make use of our unique possibilities to increase diversity among species. To this end, close cooperation with scientists and environmentalists is very important," Dr Scheifele added. "For the implementation of measures at our company, we are going to establish an international team, headed by a biologist. A group guideline for recultivation and biodiversity, which will find use in pilot projects, is currently being developed."

## Carpatcement announces 31% turnover rise and unveils expansion plans

**Romania:** Carpatcement, a Romanian unit of German company HeidelbergCement, has reported a 31% rise in turnover from its three Romanian divisions to Euro363m in 2007. The company's general director Mihai Rohan said: "Thanks to favourable weather conditions and the boom in residential and office building projects, we worked at our maximum capacity."

HeidelbergCement plans investments of Euro150m by 2011 to double the output capacity of its Romanian units, he added. The group produces cement, concrete and aggregates through its three Romanian divisions: Carpatcement Holding, Carpat Beton and Carpat Agregate.

The three companies altogether invested around Euro40m in 2007, mostly in modernisation environmental protection projects. Carpatcement's two rivals on the Romanian market are Holcim Romania and Lafarge's Romanian arm.

## Lafarge reports another year of strong earnings growth

**Worldwide:** Lafarge has reported solid growth in emerging markets and visible cost cutting in its cement business in its financial report for 2007. Sales were up 7% to Euro10,280m over the year and 7% to Euro2536m in the fourth quarter. Current operating income rose 18% to Euro2481m over the year and 11% to Euro621m in the fourth quarter.

Other highlights include:

- Strong impact of the cost reduction programme across all regions.
- Operating margin up very sharply: 24.1% vs. 21.8% in 2006.
- Return on capital employed up to 12.1% from 10.3% in 2006.
- Positive volume and pricing trends across most markets, particularly in emerging markets, which accounted for 53% of the cement business's sales and current operating income over the year.
- Robust North American operations: despite lower volumes, earnings increased by 12.2% during the year in local currency, while the operating margin moved up 250 basis points,

thanks to solid pricing, cost reductions, and lower import volumes.

Bruno Lafont, chairman and chief executive officer of Lafarge, commented: "In 2007, Lafarge demonstrated its ability to accelerate. The Excellence 2008 objectives for growth in earnings per share and return on capital employed were exceeded in 2007, a year early. The cost reduction target for 2008 will also be exceeded substantially. Cement demand worldwide has experienced uninterrupted growth over nearly twenty years, regardless of economic fluctuations. By building new capacity in fast growing markets and thanks to the acquisition of Orascom Cement, Lafarge is ideally positioned to benefit fully from this growth. We are therefore confirming the high targets we have set ourselves for 2010. In 2008, we will make an important step towards achieving these targets. In this context, at the next AGM, the Board will propose a 33% increase in the dividend, to Euro4 per share."

## KHD secures Euro80m contracts in Russia

**Russia:** KHD Humboldt Wedag International Limited has announced that it has won contracts valued at approximately Euro80.3m from two Russian cement producers to develop new production lines. One of the new facilities is designed to use slag located near the building site as a component of the feedstock for the cement to be produced in the plant, thereby contributing to the local environmental remediation effort. Under the first contract, valued at Euro38m, KHD will provide a 3000t/day production facility for JUGPK Novotoizk. The KHD portion of this contract includes the raw

meal grinding section with KHD roller press RP 13-170/140; the pyro-processing section consisting of a five-stage preheater with Pyroclon-R calciner, Pyrorapid rotary kiln with Pyro-JRT burner, and a Pyrofloor clinker cooler PFC with clinker crusher; and the cement grinding section with a 5m x14.5m KHD ball mill with Sepmaster type SKS-Z 3250. Under the second contract, valued at Euro42.5m, the company will design, build and outfit a new cement production line for OAO Ulanovskshifer, a subsidiary of Mordowcement, another major Russian cement producer.

## Cementir pre-tax profit up 18% in 2007

**Italy:** Italian cement company Cementir SpA has said that full-year pre-tax profit rose to Euro199m in 2007, up 18% on the previous year thanks to higher sales and increased efficiency at its plants. Sales rose 9.4% to Euro1.152b as cement sales volumes rose 6.3% and concrete sales volumes rose 4.8%. EBITDA rose 10.8% to Euro274m. Net debt fell to Euro364.8m at the end of 2007 from Euro437.5m at the end of 2006, beating the company's own target.

## Cementos Argos 2007 net profit up 39% to US\$111m

**Colombia:** Cementos Argos SA, Colombia's largest cement company, has reported that its consolidated net profit rose 39% in 2007 to US\$111m from US\$81m in 2006. Operating revenue increased 10% to US\$2bn from US\$1.8bn, the company said in a filing to the securities regulator.

Revenue from Colombia rose 29%, while that from the US rose 22%. In 2005 and 2006, Cementos Argos spent US\$692m to buy two cement companies and a ready-mixed concrete company in the US. Argos and its subsidiaries own plants in the US, Panama, Haiti and the Dominican Republic.

## Brazilian antitrust agency approves CBC share transaction but stalls Holcim purchase

**Brazil:** Brazilian antitrust regulator Cade has approved Camargo Corrêa Cimentos' purchase of Concrepav's shares in the cement producer Companhia Brasileiro de Cimento (CBC). In June 2006, Concrepav and Camargo Corrêa initiated a joint venture creating CBC, with each company owning 50% of the corporate capital. In September 2007, Concrepav announced its decision to sell its shares in CBC and Cade started its investigation into their possible purchase by Camargo Corrêa Cimentos and its consequences for the industry.

On 14 February 2008, Cade began investigating another development in the cement sector: the purchase of Holcim Brasil's shares by Engemix, one of the companies in the Votorantim Group. Ricardo Cueva, Cade's adviser for the case, believes that the purchase will give the company too large a market share in the municipalities of Santa Catarina state's Blumenau city, and Parana state's Curitiba and Foz do Iguaçu cities. Cueva's vote against the acquisition, with restrictions, may force the companies to sell some units to legalise the union.

# GUNDLACH

## Your Best Source For Crushers

### The Gundlach CAGE-PAKTOR®

The impactor that needs no screens.

### Selective Crushing

Already-to-size particles pass through creating less fines.

### Economical

Selective crushing reduces power and operating costs.

### Shaft-Within-A-Shaft Design

Less floor space and easy interior access.

### Product Sizing

Determined by cage speed.



The CAGE-PAKTOR® is the impactor that crushes every conceivable material and maximizes product yield.

**85**  
YEARS  
1923-2008

# GUNDLACH

One Freedom Drive, Belleville, Illinois 62226 USA  
TOLL FREE: 1-877-GUNDLACH Phone: 618-233-7208 Fax: 618-641-6974  
Email: [BetterCrushers@Gundlach.us](mailto:BetterCrushers@Gundlach.us) [www.Gundlach.us](http://www.Gundlach.us)

## Mexican Cruz Azul plans entry into US cement market

**Mexico/US:** Mexican cement maker Cruz Azul is reportedly evaluating the acquisition of a new plant in the US as part of its international expansion plan. The company is planning to sell shares or issue bonds to finance its potential entry into the US.

South America is not being considered at the moment because of low sales, with Mexico surpassing Brazil as the most attractive market in the region, according to reports. The company expects to take advantage of the US

economic slowdown to find low-priced assets in the cement industry. Market fragmentation and a cement deficit in the US are other factors being considered in the acquisition.

Some 118 cement plants owned by 39 companies operate in the US, with the biggest five controlling over 50% of the market. Cruz Azul is the sixth largest cement manufacturer in Latin America, and third biggest in Mexico, where it operates three plants in the country's central and southern regions.

## Oregon Department of Environment to assess Ash Grove's mercury reduction plan

**US:** The Oregon Department of Environmental Quality (DEQ) will host an information meeting concerning Ash Grove Cement's mercury reduction plan for its Durkee, Oregon cement plant and the Mutual Agreement and Order (MAO) between The DEQ and Ash Grove Cement formalising it during March 2008. The DEQ is requesting written public comments on the MAO.

Representatives from Ash Grove Cement will present the results of a pilot project which studied the use of new technology to remove mercury from cement kiln emissions. The DEQ will present recommendations from a special advisory committee tasked with setting a mercury

reduction goal and timeline for installing control equipment at the Durkee plant. The DEQ will also explain the technicalities of the MAO, the mechanism for establishing the mercury reduction plan.

Naturally-occurring mercury released during cement manufacture is considered a hazardous air pollutant (HAP) because it is a persistent and potent nerve toxin. Global emissions, including those produced through cement production, are deposited in water bodies by rainfall, potentially accumulating in fish tissues at high levels. Consumption of mercury-contaminated fish is the most common form of human exposure to the pollutant.

As there are no state or federal mercury emission limits for existing cement kilns in Oregon, Ash Grove is working voluntarily with the DEQ to identify a technology that will successfully remove the toxin from the plant's emissions. Ash Grove has undergone comprehensive mercury emissions testing and conducted a pilot study using powdered activated carbon injection to remove mercury. The next steps are to consider comments from the public on the plan outlined in the draft MAO. After all comments are considered, and any resulting changes to the mercury reduction plan are made, the company will install and begin operating the equipment.

## Cimpor signs agreement to exploit limestone mines

**Brazil:** Portuguese cement producer Cimpor has reached an agreement with the impresario Israel Zadona to maximise the exploitation of its limestone mines in Candiota, Rio Grande do Sul. A new company is to be created, majority-owned by Zandona (51%), leaving Cimpor with 49%.

Prior to this agreement, the limestone mines, purchased 1997 from Serrana, were never used due to the laws preventing foreign companies from regis-

tering its land 50km from country borders. In addition to normalising the Candiota mine, Cimpor wants to open another mine at Lavras do Sul, Rio Grande do Sul, which has 50 years' worth of reserves.

As is the case with other cement companies, Cimpor is coping with the heated national demand and is expanding the capacity of its plants at Cezarina (Goias) and Cajati (Sao Paulo) by 50%. In 2007, it sold over 4Mt of cement and expects to sell 4.5Mt in 2008.

## Brazil's cement sales up 17.6% in January 2008

**Brazil:** Brazil's domestic cement sales rose 17.6% in January 2008 compared with January 2007, to 4Mt, according to the National Cement Industry Union (SNIC). This is a record volume for the first month of the year. SNIC said that cement plants across the country had performed well in January 2008, especially in the South and Centre-West regions, where sales increased 30.2% and 22.9% respectively.

## Cement industry 'confused' by British Columbia carbon tax

**Canada:** Confusion reigned among some of British Columbia's biggest industries as they attempted to assess the implications of the province's newly announced carbon tax. Depending on how it is applied, the tax raises the spectre of some businesses being driven outside of provincial boundaries to avoid taking on a damaging tax load, executives said.

Much of the confusion comes courtesy of a loophole that exempts some sectors from paying a carbon tax on their manufacturing processes even if they use fossil fuels. According to budget documents, carbon emissions "resulting from industrial processes such as production of oil, gas, aluminium and cement, as well as emissions from landfills and other sources, will not be subject to the tax initially."

Those processes are responsible for about 30% of the province's emissions, but the questions surround how "process" is defined. Finance officials said that all

combustion of fossil fuels will be taxed, but neither difficult-to-measure emissions nor fossil fuels used as feedstocks would be penalised. For example, a plastic manufacturer would not pay a carbon tax based on the hydrocarbons made into plastic.

According to an official, the ministry is "not familiar with every industrial process in the province" so could not yet be more precise. "We don't have the answers to everything today, is the reality," the official said. "... There may indeed be some murky lines between what is and is not taxable in some areas, and those will have to be dealt with. The tax doesn't take effect until 1 July 2008. There is some time for us to sort these things out."

Executives at Lafarge Canada voiced concerns over the apparent loophole. The cement production process appears exempt by name in ministry documents, but fossil fuels burned to generate heat clearly

fit under the ministry's 'combustion' rule.

Alan Keisberg, the Western region president of Lafarge's cement division, said that the carbon tax caught him by surprise, since the company had been told, in discussions with the province, that its activities would fall under a carbon cap-and-trade system, which is expected to be developed by the end of 2008.

"We had no inkling they were considering a carbon tax," said Mr Keisberg, who warned that the tax, which would increase the price of coal by anywhere from 25% to 50%, depending on long-term contract values, could drive cement production outside of British Columbia borders.

Curiously, though, both he, and other industry leaders in the region applauded the new carbon tax, which begins at US\$10/t but will increase to US\$30/t by 2012 and returns every penny collected through personal and corporate tax cuts, as a sensible way of reducing emissions.

## Chinese cement industry profits up 60% in 2007

**China:** The Chinese cement sector gained total profits of US\$3.36bn in 2007, over 60% up from a year earlier, according to the National Development and Reform Commission. Companies in the sector reaped revenue of over US\$53bn. Official figures suggest that cement output surged 13.5% to 1350Mt, with 23% contributed by the country's

top ten producers, the commission said. Fixed-assets investments in the sector rebounded in 2007 after two-years of decline, hitting US\$9.2bn in a 33% year-on-year leap.

79 large-scale new dry process cement production lines started operation in 2007 while outdated lines with capacity of over 50Mt/year were closed down.

## Dalmia Cement launches construction college for rural youth

**India:** As part of its corporate social responsibility (CSR) initiative, Dalmia Cement (Bharat) Limited has launched the Dalmia Institute of Construction to empower rural youth with employable skills. The facility, which will become functional from May 2008, is expected to address the shortage of trained professionals faced by the construction industry.

The free training programme is open for students above 18 years of age. Practical training in cement and its usage will be provided at the company's Dalmiapuram plant in Tamil Nadu, while on-site training on the latest trends in construction will be imparted by reputed builders among the company's clients.

An intake of 25-30 students has been planned initially for the intensive training programme of 3-4 months' duration. Periodic assessments will be followed by written and practical tests after which successful candidates will be issued training certificates and placement assistance. Based on the success of the training programme, the CSR initiative will be extended through the company's other units in the country.

Mr T Venkatesan, the company's chief executive officer and director, said that in addition to providing students with employable skills, the Institute will also bring in higher quality awareness and standards into the skill-based profession.

## SCCC unit EcoSiam rebranded Geocycle

**Thailand:** Siam City Cement (SCCC) has renamed its EcoSiam business unit Geocycle, in line with the policy of its major shareholder, Holcim, to focus more on waste management under a global brand that abides by international standards.

Geocycle general manager Ghasan Broummana said: "Being part of the Geocycle global network, we have a unique line of access to the expertise and experience within our network facilities in more than 35 countries."

## German group plans 2Mt/year Vietnam plant

**Vietnam:** Germany's Metz Group reportedly plans to build a 2Mt/year cement plant in the central province of Quang Tri. To this end, a memorandum of understanding (MoU) was signed between the German group and the East Truong Son Company on 21 February 2008.

Under the MoU, the Metz Group

will contribute 95% of the project's total cost which will cover project planning, designing, equipment purchase, infrastructure and human resource training. Meanwhile, the Vietnamese side will be responsible for site clearance and the construction of roads, electricity, water and communication systems.

## Ambuja Cement plans US\$875m capacity expansion

**India:** Ambuja Cements is planning to invest US\$875m to increase capacity by 7Mt/year to 25Mt/year by 2010. The funds for the expansion would be met through internal accruals. The company will set up four new grinding units and increase capacity of two of its existing units. Ambuja Cements expects a 50% increase in revenues to US\$2.25bn by 2010 following the expansion. Ambuja Cements has five integrated plants and six grinding units in India.

## Asian News in Brief

**India:** Cement sales in India in January 2008 rose 4.6% from the previous year. Sales in January 2008 were 14.82Mt, compared with 14.17Mt in 2007. Production rose 5% to 14.8Mt, against 14.09Mt a year earlier.

**India:** Sagar Cements Ltd has announced plans to set up a 5Mt/year cement plant in Karnataka, and is also considering a plant in Oman, in joint venture with a local company there.

**Japan:** IHI Corporation has said that it will sell its cement plant business to Kawasaki Plant Systems Ltd for an undisclosed price on 1 April 2008, as the heavy machinery manufacturer seeks business restructuring following a scandal involving false earnings reports. IHI is restructuring its businesses as it sharply corrected its past earnings reports, revealing massive losses at its energy and plant operations.

**Philippines:** The Siam Cement Group has launched a scholarship programme in partnership with the Philippine Business for Social Progress (PBSP) at the Makati Shangrila Hotel to support education in the Philippines. SCG President and CEO Kan Trakulhoon said that the scholarship – dubbed 'SCG Sharing the Dream' – will provide assistance to 200 incoming secondary education students from Bulacan, Batangas and Metro Manila.

**Taiwan RoC:** Taiwan Cement Corp has said that its consolidated sales amounted to around US\$95m in January 2008, up 6.6% from the same month in 2007, thanks to contributions from its China operations. Its parent-level sales in January 2008 fell to US\$72m from the US\$73.5m achieved in the same month in 2007.

## Steel Authority & Jaiprakash invest in JV

**India:** State-run Steel Authority of India Ltd (SAIL) has said that it has formed a new joint venture with Jaiprakash Associates Ltd to set up a cement plant in the eastern state of Jharkhand. The joint venture, in which SAIL would hold 26% with the remainder held by Jaiprakash, would set up a plant with capacity of 2Mt/year and source slag generated from SAIL's Bokaro plant.

Manoj Gaur, executive chairman of Jaiprakash Associates said that land was available for the US\$100m project, which comprises an equity component of 30%. The investment would be made over a period of 30 months.

"We had participated in the tender process and emerged as the highest bidder," he said, adding that the unit will cater to the markets of Jharkhand, Bihar and West Bengal. In March 2007, SAIL had entered into a similar agreement with Jaiprakash to set up a 2.2Mt/year plant at a cost of US\$150m and use slag generated from SAIL's Bhilai Steel Plant.

## Boral profit down 10% on housing slump

**Australia:** Boral, Australia's biggest building materials provider, has said that its net profit in the six months ended 31 December 2007 fell 10.1% to US\$122m, from US\$135m in the same period of 2006, owing to slumps in its key markets. The Sydney-based company's first-half sales rose 5% to US\$2.42bn, from US\$2.29bn in the same period a year before.

Profit growth at Boral, which makes bricks, roof tiles, cement, plasterboard and other building materials, has been hit by a slump in housing construction in its main markets of New South Wales state and the US, where it generates most of its earnings. Chief Executive Rod Pearse said: "Whilst there is considerable uncertainty around US housing activity and subject to weather, we expect that Boral's profit after tax this fiscal year will be approximately 15% lower than the US\$274m reported last fiscal year." The

guidance is in line with that given at its annual meeting in October 2007 and reflects the weak US housing market and strong Australian dollar.

The sales growth reflected strong volumes in most Australian markets, except in New South Wales, together with price increases and benefits from growth initiatives, offsetting a 19% decline in US revenues, Boral said. About 90% of the company's Ebitda in the half was from Australia, compared with 74% in 2006.

"This geographical shift in Boral's earnings reflects the significant deterioration in US housing activity and a solid lift in Australian non-dwellings and major projects," the company said. In spite of this, the company said it has "long-term confidence in these key markets." The company is forecast to post net profit of US\$236.9m in the year ending 30 June 2008.

## Holcim charged over New Zealand quarry death

**New Zealand:** Holcim has been charged over the death of a father of three at a quarry in Westport, New Zealand, in July 2007. Raymond David Finn, 44, was killed by a piece of falling machinery while carrying out maintenance in the crusher plant at Holcim's Cape Foulwind cement quarry. The company has been charged with failing to take all practical steps to ensure Mr Finn's safety while he was maintaining the return conveyor of a crusher plant.

Mr Finn was an employee of Nelson company Brightwater Engineering who chief executive Rick Herd described as a "highly likeable and reliable workmate." The Department of Labour said two charges had been laid against Holcim in relation to Mr Finn's death. One related to the death of a contractor's employee, and one related to the exposure of another employee who was allegedly exposed to the same hazard but was not harmed.

Holcim general manager Ross Pickworth said that the company had reinforced safety messages to its workforce

nationally and internationally following the death. "It's been a really good opportunity to have a good look at everything and highlight to everyone the absolute need to be diligent in everything we do," he said. "We put out regular safety alerts, and did so on this occasion to maximise the learning from the situation. We've also had a really good look at normal routines and health and safety systems, which are extremely robust." There was nothing "absolutely major" that was not in place at the time of the accident that the company was concerned about, he said.

This was the quarry's first workplace fatality in 25 years, Mr Pickworth said. "It was extremely tragic for us, we take safety extremely seriously. It is challenging that given the best endeavours these situations can occur." Holcim had had regular contact with the Finn family and was on good terms with them, and along with Brightwater Engineers was looking at opportunities to support the family, he said.

## Freeport to build cement plant in Papua

**Indonesia:** Copper and gold mining company PT Freeport Indonesia has said that it plans to build a cement plant in Papua using mining tailings as an alternative raw material. The project would be carried out based on a Memorandum of Understanding signed by Papua Governor Barnabas Suebu and PTFI president and director Armando Mahler.

Freeport spokesman Mindo Pangaribuan said that the project will be handled by the provincial administration with financial support and expertise from Freeport. The province will gain from the project in new jobs created and availability of cheaper cement for infrastructure development.

He said: "The aim of building the factory is to help to process PTFI's tailings into cement products. Actually, some of PTFI's tailings are already being used in various projects in Timika. The waste can also be used in other places for infrastructure development."

## Shree Cement denies MP investment plans

**India:** Shree Cement has said that its board has not cleared any investment plans for a cement plant in Madhya Pradesh, as reported by the media. The company further clarified that it has not even secured the limestone mines for the above project, although it is making efforts

in this direction.

The media carried reports of Shree Cement planning to invest US\$500m in a new plant in Madhya Pradesh, and had the option of increasing the capacity by 1Mt/year at a later stage. According to the reports, the new factory is expected to be functional by mid-2010.

## Taiwan companies look to mainland China for profits

**Taiwan RoC:** Taiwan's two leading cement producers, including Taiwan Cement Corporation and Asia Cement Corporation, expect to see profits earned in mainland China doubled in 2008. Taiwan Cement said that it registered US\$70.46m in sales in January 2008, down 2.07% year-on-year. Asia Cement posted US\$30.5m in January 2008 sales, down 11.04% from the year before.

Faced with skyrocketing coal prices, Taiwan Cement raised its bulk cement prices to US\$78.12/t in January 2008 from the previous US\$70.31. Taiwan Cement said that it expects annual output in the mainland to grow 1.2 times to reach 24.6Mt in 2008, compared to the previous years' 8Mt.

Asia Cement predicted that it would see its production capacity in the mainland jump to around 11Mt/year from 2007's 6.5Mt/year. The company estimated that it would achieve US\$64.28m in earnings from mainland Chinese operations in 2008.

Following in the footsteps of Taiwan Cement and Asia Cement, Taiwan's second-tier producers, including Lucky Cement and Hsing Ta Cement, will speed up production deployment in mainland China in 2008. Lucky will set up a plant in Hebei Province before the end of 2008, becoming the first Taiwanese cement producer to launch production in the province. Hsing Ta will build a new plant in Nanjing municipality.

At present, Lucky operates a production line in Taiwan. The company's president LC Chen has set up a cement plant in Vietnam with cement production capacity reaching 2.2Mt/year.

At the end of 2007, Mr Chen signed a letter of intent with the government of Hebei province's Handan city. According to the agreement, Lucky will invest US\$420m in Handan to set up a cement plant.

With a production line producing 1.56Mt/year of cement in Suao of Hualien County, Taiwan, Hsing Ta saw annual sales reach only 900,000t/year over the past several years. To develop new business opportunities, the company will set up a cement plant in Nanjing with production capacity amounting to 1.8Mt/year. Construction will begin on the project in 2008.

According to Hsing Ta's plan, the Nanjing plant will begin operations in 2010. Hsing Ta has remitted US\$15m to help its subsidiary in Jiangsu Province increase capital with an aim to expand its distribution channel in the mainland.

## Adelaide Brighton posts 11.5% profit rise

**Australia:** Cement and lime supplier Adelaide Brighton has posted an 11.5% rise in full-year profit and sees growth in 2008, driven by increases in lime demand. The company has announced net profit in 2007 of US\$105m, up from US\$94m in 2006.

Managing director Mark Chellew said that the record annual result was due to the company's "very heavy alignment" to the booming resource and infrastructure sectors in South and Western Australia and Queensland. Lime volumes increased 6.5%.

Future profit growth would be driven by continuing demand for lime and "sustained or moderate increases" in concrete, along with contributions from downstream business acquisitions completed in 2007.

"We predict continuing mine

growth over the next decade due to the continuing resource boom in Australia," Mr Chellew said. "The growth of Australia is dependent on the resource boom in China. If you believe the China story, which we do, I think the growth can continue for quite some time."

2007 saw an 11.8% increase in revenues to US\$820m. Adelaide Brighton said that a potential softening in the Western Australian cement market in 2008 would be offset by further market growth in Queensland and South Australia.

In 2007 the company made a number of acquisitions in aggregates and ready-mixed concrete. Mr Chellew said that changing debt markets would not temper the group's appetite for acquisitions, but would make it more 'diligent' in 2008.

## Coal shortage may force South Korea stoppages

**South Korea:** The South Korean cement industry reportedly faces the prospect of production stoppages due to a global shortage in the supply of coal. South Korean cement makers mostly use coal as fuel for their plants, and with only 30-45 days of coal inventories, they may opt to shut down rather than switch to more expensive alternatives.

One commentator said: "Major cement companies have coal supplies only until the end of March 2008, and if China's suspension of exports is prolonged, then the companies will just have to shut down their plants." The Chinese authorities halted coal exports in mid-January 2008 in an emergency move to secure domestic supply, hurting South Korean cement makers.

According to the Korea Cement Industrial Association, in 2007 the in-

dustry imported 3.92Mt of coal from China, 72% of its total coal needs. A further 1.53Mt was imported from Russia.

Tightening supply in the international market and surging coal prices, exacerbated by recent floods in Australian mines, are adding to the cement makers' woes. "The situation is similar in Japan and Taiwan. They are also trying to import more from Russia, so things aren't easy for Korean firms which haven't previously imported from Russia," the analyst said.

Despite the supply crunch, cement producers aren't considering switching fuel source due to the sharp increase in global oil prices. "Rather than increasing use of Bunker-C oil as fuel, it is better to shut down the operations due to the high cost," he added.

## Holcim becomes controlling shareholder of Huaxin Cement

**China:** Holchin BV, a wholly-owned subsidiary of Swiss cement producer Holcim Ltd, has become the controlling shareholder of Huaxin Cement Co, Ltd. The Swiss unit bought around US\$282m in shares, lifting its holding from 26.1% to 39.9%. Moreover, it has been exempted from triggering a tender offer.

Based in Huangshi City in North China, Huaxin Cement is one of the fastest-growing cement producers in the country. With a capacity of 32Mt/year, it mainly supplies products to consumers in central China, where the market consumption accounts for around 25% of the nation's cement consumption. The company reaped sales revenue of US\$423m in January-September 2007.

## Turkish companies bid for Ciments Français units

**Turkey:** Cement companies Baticim and Batisoke have reportedly placed a bid for Turkish cement firms of Ciments Français. In separate statements issued to the Istanbul Stock Exchange (ISE), Baticim and Batisoke said that they had made an offer for Ciments Français companies Set Group Holding, Set Beton, and Afyon Cimento. Batisoke is controlled by Baticim.

On 18 February 2008, Ciments Français said that it was holding talks with local and international investors over four cement plants, one cement grinding unit and 17 ready-mixed concrete facilities, including ISE-listed cement producer Afyon Çimento.

## Egypt's National Cement six-month profit down 33%

**Egypt:** Egypt's 98%-government-owned National Cement company has posted a 33% drop in net profit in the six months to the end of 2007 to US\$18.46m. The company made US\$27.5m in the same period a year earlier, the first half of its financial year.

## Cimpor plans new line in Tunisia to hike capacity to 2.4Mt/year

**Tunisia:** Cimentos de Portugal (Cimpor)'s Tunisian unit Societe Les Ciments de Jbel Oust (CJO) plans to build a new clinker production line, hiking its cement production capacity to 2.4Mt/year. In a filing with stock market regulator CMVM, Cimpor said that the decision to build the new production line arises from "the recent behaviour of cement demand in Tunisia, its growth potential and the increasing utilisation of the group's local production capacity." The new production line will be built in two phases and will have a nominal capacity of 2000t/day.

## Cimpor confirms analysing investment in Jordan

**Jordan:** Cimpor has confirmed press reports by announcing that it is analysing a possible investment in a new cement plant in Jordan. The company said that no decision has yet been taken.

In a statement, Cimpor said that it is still analysing the quantity and quality of available raw materials and the perspectives for growth of the cement market in the Middle East. Press reports had earlier suggested that Cimpor was in talks to build a plant in Jordan in a joint venture with a local partner. The reports added that the local constructor already has the go ahead from the local authorities for work on the plant to begin.

## Jordan Cement Factories Company net profit down 13%

**Jordan:** The management board of cement producer Jordan Cement Factories Co (JCFC) – part of French building materials group Lafarge SA – said at a meeting on 12 February 2008 that the company's net profit for 2007 declined by 13% year-on-year to Euro46.5m. The decrease was attributed to higher energy and raw material costs, combined with the fact that the company did not raise its end prices.

The board meeting appointed Abdullah al-Khateeb board chairman. No further details were made available. JCFC, established in the 1950s, is listed on the Amman Stock Exchange. The company has two cement plants, one in Fuheis and another one in Rashadiyah, and has an export terminal in Aqaba.

## Egyptian Cement records 22% net profit increase

**Egypt:** Egyptian Cement Company (ECC) has recorded a net profit of US\$281.7m in 2007, up 22% from US\$231m in 2006, according to the company's financial statement, published on 19 February 2008. Sales increased to US\$583.8m from US\$447.5m and total operating profit amounted to US\$298.8m, up from US\$250.2m. The company's assets totalled US\$505m against US\$469.5m.

ECC, a 54%-owned subsidiary of Orascom Construction Industries (OCI), was formed in 1996 and began cement production in December 1998.

## Oman Cement among firms raising wages

**Oman:** The Oman Cement Company is among several firms that plan to increase the salaries of their employees as rising inflation erodes real wages. Company chairman Qahtan bin Yaroub has said that Oman Cement will give employees a 27% rise.

Sultan Qaboos recently ordered an increase of up to 43% in state workers' wages. Oman inflation accelerated for a seventh straight month to a 16-year high of 8.29% in December 2007 as the weaker dollar-pegged Rial drove up food costs, raising pressure on the central bank to fight rising prices.

## Hima Cement to build new Kasese plant

**Uganda:** Hima Cement's parent company Lafarge has earmarked US\$50m to build a second plant in Kasese, stepping up the company's production from the current 375,000t/year to 480,000t/year. Increased limestone reserves will be made available when they open up the new Dura mine in the district of Kamwenge.

However, Hima cement has come under attack from environmentalists who are opposed to the Dura mine in the Queen Elizabeth National Park. The company has already done an environmental impact assessment, which is currently awaiting approval from the National Environmental Management.

## Turkish cement production grows 6.7%

**Turkey:** Cement production increased by 6.7% year-on-year in January-November 2007 and reached 46.5Mt, according to data from the Turkish cement manufacturers' association (TCMA). Under current laws, the organisation delays the unveiling of all output figures by two months.

Cement sales rose by 5.8% year-on-year to 40.7Mt in the same period. Cement exports rose by 12.45% year-on-year to 5.88Mt. Clinker production increased 9.9% year-on-year to 38.2Mt in January-November. Most of the cement production took place in the Marmara region with 14Mt, followed by the Central Anatolian region where 7.93Mt were produced. Cement production stood at 47.4Mt in 2006 and is expected to surpass 50Mt in the whole of 2007.