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Cement production industry



CEMENT

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Cement per capita consumption in Belarus is 460 kg. This level is higher than in neighboring CIS countries Russia (352 kg) and Ukraine (200 kg) as well as in such European countries as France, Germany, Poland, which indicates market saturation. While in 2009 cement market in CIS countries slumped by more than 20%, in Belarus there was a 3% increase in consumption. However the situation is expected to change in the near future: a considerable slump in domestic demand in Belarus against a steady growth in cement consumption in CIS countries.

Cement output by three Belarusian producers totaled 4604 thou t in 2011.

In Belarus cement is produced by 3 plants (approx. 4,5 mn t each which is the maximum production capacities as of 2011). Demand for cement was driven by the building boom in Belarus. Thus, over the last 6 years cement consumption grew faster than production, and in 2010 domestic market deficit was covered by net imports. However with change in government's approach to construction policy in the second half of 2011 followed by balance of payment crisis, construction volume slumped which ended in domestic market oversaturation and increase in cement exports. Under the circumstances the problem of export reorientation of Belarusian producers becomes more urgent due to a large-scale increase in capacity in 2012.

Annual cement exports are 0,5 mn t 80% out of which go to Russia.

Basically, Belarus itself provides its needs in cement importing only 5-10% of the consumption from Russia, Ukraine and the Baltic. Except for 2010, exports always used to exceed imports. Annual cement exports amount to approx. 0,5 mn t. Russia accounts for 80% of the exports, Poland – for the rest 20%.

All three cement producers are controlled by the government and have the same production capacities.

There are 3 cement producers in Belarus: OJSC "Krasnoselskstroyaterialy" (KSM) – borders on Poland, OJSC "Belarus cement plant" (BCP), OJSC "Krichevcementnoshifer" (KCS) – borders on Russia. The companies are state-owned except for the former where the larger stake belongs to the private investors. Cement output structure is rather homogeneous: KSM – 42%, BCP – 24%, KCS – 34%. All the companies report to the Ministry of architecture.

Three cement production lines with an annual 5 mn thou capacity are planned to be commissioned in 2012.

Due to the lack of capacities during the peak demand periods alongside with a considerable power-intensity of cement production at the existing lines, the government initiated large-scale projects planning to build dry process cement production lines with 5 mn thou per year capacities at each plant. The commissioning of the three lines was planned for the first half of 2012. The investment projects were implemented with the participation of Chinese company CITIC and China's loan financing. Some of the old production facilities are planned to be put on hold.

UNITER Investment Company – financial and investment adviser in Belarus with 14+ years of experience with national and international investors in 40+ industries and markets within the country.

The company's activity is focused on investment banking; support of foreign investors and attraction of financing for national companies; conducting marketing and analytical research; project and asset management.

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