

GLOBAL CEMENT TRADE & SHIPPING

Future Outlook to 2015

The world cement trade and shipping sector is a complex combination of a wide variety of regular movements and sporadic short-term opportunistic shipments. A high volume of trade represents movements between companies under the umbrella of the same multinational cement group, whilst independent cement traders are still a major factor determining price levels and patterns of trade.

Construction booms and downturns can alter the regional cement trade profile dramatically – as witnessed in recent years in many of the world's leading markets. Similarly, the rush to build new production capacity to meet future demand can make significant volumes of cement and/or clinker available for export, with the location of the plant and inland logistics determining the economic feasibility of overseas shipments.

A further layer of complexity is imposed by the variability of shipping costs – bulk carrier freight rates are determined by factors outside the cement sector, but they can radically alter the cost competitiveness of supplies from one country in a variety of world markets. The volatility of shipping costs – as witnessed over the past 4 years – therefore provides an extra layer of uncertainty for the future prospects of trade patterns and volumes.

This Report examines in detail the recent development of cement trade patterns and volumes, and provides an insight into the likely future outlook over the period to 2015. This is based not only on the cement production/consumption outlook for individual markets throughout the world, and therefore the implications for import requirements and export availability, but also on the likely future development of the specialist cement carrier fleet and the general bulk carrier sector. With extensive development ahead for the sizes of bulk carrier of most relevance to the cement sector, the outlook for cement shipping via this mode is highly uncertain, especially given the extent of market uncertainty over the future path for shipping freight rates.

For the specialist cement carrier sector, the Report includes a highly detailed set of analyses of the current fleet, and an examination of the likely forward development, based on the age profile and trends in new vessel ordering.

This Report provides invaluable independent analysis on the development of cement shipping and trade throughout the world in the period to 2015. It represents the most up-to-date and comprehensive examination of the trade and shipping of cement ever published, and is essential reading for all parties with an interest in this sector.

CONTENTS

SECTION 1 INTRODUCTION & EXECUTIVE SUMMARY

Includes an overview of the Report's structure, as well as a summary of the methodology underlying the analyses.

This Section also includes a summary of the most significant points and conclusions drawn from the main body of the Report. They are presented in the order of the corresponding Sections for ease of reference.

SECTION 2 OVERVIEW : WORLD CEMENT TRADE 1970-2005

This Section provides detailed analysis of the key developments in world cement and clinker trade over the past 35 years, with most emphasis on the recent years of extensive trade volume and structure development. Attention is focussed on the main factors underlying trade developments, and the importance of seaborne shipments within the trade aggregate.

SECTION 3 EUROPE

Imports and exports by European countries dominate world trade, although a large part of the European trade total comprises inland movements between neighbouring countries. This Section includes full discussion and analysis of regional trade volumes and patterns, as well as examination of the trade profile in recent years for key import markets and export sources.

The Section is sub-divided into:

- 3.1 Overview
- 3.2 The European Union
- 3.3 Other Europe

SECTION 4 THE AMERICAS

The US cement market has been the world's leading destination for cement & clinker exports in recent years, as cement consumption levels have far exceeded domestic capacity. Whilst there has been an import level fall in recent years, there is now a resurgence in import levels as demand continues to expand – this Section examines the scale and structure of US import demand, and examines the main sources of supply for the US market.

Latin America includes a number of traditional cement exporters to world markets. Export availability has varied of late, according to the scale of domestic cement consumption growth, but there continue to be a number of significant trade flows from Central & South American countries, mainly within the region but also to more distant markets. Import penetration among the leading cement markets is varied, but has changed in recent years. This Section includes in-depth appraisal of recent/current developments for imports & exports for all the main markets and suppliers in the region.

- 4.1 North America
- 4.2 Central & South America.

SECTION 5 AFRICA & THE MIDDLE EAST

Africa includes a number of import-dependent markets, both in terms of finished cement and clinker for grinding operations. Large-scale capacity expansion has seen import requirements decline and export availability emerge in recent years in key markets, with an associated radical change in the pattern of trade flows.

Similarly in the Middle East, capacity expansion has funded export growth for certain States, whilst ever-expanding domestic cement consumption and the aftermath of conflict in the region has prompted large-scale imports in others. The result is a complex evolving trade structure.

For each of these regions, the overall regional profile at the current time and over recent years is examined and discussed, before detailed individual country analyses are presented for the key import markets and exporting countries.

- 5.1 Africa
- 5.2 Middle East

SECTION 6 EAST ASIA

The traditional major roles played by Japan and South Korea in Asia and Pacific markets have been supplanted in recent years by the sheer scale of expansion of exports from China. Whilst these have been largely destined for trans-Pacific or intra-Asia movements, supplies from China and the region have also been shipped to a wide variety of markets world-wide.

At the same time, the region includes a number of significant cement and clinker import markets, supported by the involvement of the region's large cement companies in import facilities overseas.

Detailed examinations of the regional and national import/export profiles are presented and discussed all the major countries in the region.

SECTION 7 OTHER ASIA & OCEANIA

India has recently emerged as a significant regional exporter, whilst other countries in the region are heavily dependent on imports to meet rising domestic demand. Intra-regional trade for South-west Asia is therefore high, as too is the volume of cement/clinker flowing from the area to the Middle East and parts of Africa, as well as into the region from eastern and western sources.

In south-east Asia, the late-1990s dramatic cement demand contraction resulted in large volumes of cement and clinker available for export, and essentially redefined the pattern of world trade. Recent years have seen varying success in terms of market recovery, and in terms of export availability for individual countries – the import/export profiles for each country are examined.

Imports to Australia (mainly clinker) have increased markedly in recent years as cement consumption has risen. At the same time, increasing demand from other parts of Oceania has also funded trade growth, including shipments within the region and from parts of Asia.

For each region in turn, detailed examinations of cement/clinker imports and exports are presented and discussed.

- 7.1 South-West Asia
- 7.2 South-East Asia
- 7.3 Oceania

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