CEMENT PERFORMANCE

CEMENT PERFORMANCE REVIEW

QUARTER 4 2009

INSIDE THIS ISSUE:

WHAT A YEAR (AND DECADE)

A slightly shortened version of the newsletter for the Christmas period and the end of the year. It is often at this time of the year that we reflect on the year gone by and think about the year to come. But it was only in the last week that I realized that this is not only the end of the year but also the end of the decade. Perhaps it had passed many of us by due to the events of this year. Or perhaps it is just that the date of the last end of decade was 1999, which seems a lot more significant number than 2009.

At the end of the last decade, I was working for Blue Circle Cement in Cookstown, Northern Ireland. The market was strong and we could sell more than we could produce. However, companies all over the world were panicking and stopping their kilns for the New Year period for fear of systems crashing due to the Millennium bug (which in fact ended up being one of the biggest none events ever.) Ten years later we once again see significant capacity stopped on New Years Eve, but for a completely different reason and for much longer periods of time. Within this Newsletter this year we have written about the market demand problems many times and as such will not focus on them now but rather reflect on the changes over that 10 year period.

Probably the first thing of significance from where I was ten years ago was that I was still working for Blue Circle; since then many large and well recognized cement producers have disappeared as part of the global vertical integration and consolidation process. Whilst this process has cost some of the larger producers in the very recent past, with very high prices being paid for the assets only to have to sell them for much less to maintain liquidity, it has demonstrated the truly global and highly competitive nature of our business in the past ten years.

As part of the defense of Blue Circle when Lafarge tried to take over for the first time was the strategy of growing the company internationally. The company compared the size and rate of expansion of all the other multi-national producers but also produced figures on the size of the cement industry in China. Many people were stunned by the

THE QUEEN'S AWARDS FOR ENTERPRISE: INTERNATIONAL TRADE 2007

http://www.cementperformance.com/
http://www.cementperformance.com/english/news.html
enquiries@cementperformance.com and markmutter@cementperformance.com

size and scale of the Chinese Industry. A few years later witnessed the vast majority of multi-nationals investing to different degrees in China. And the arrival of the Chinese equipment suppliers onto the global supply market followed on shortly after, providing fresh competition for the traditional European suppliers.

There have been some developments on the technological side, such as cooler technology, large capacity kilns, many new alternative fuels, blended cements and vertical cement mills amongst others. However the kiln still remains at the centre of clinker production and now the major challenge to all cement producers is energy efficiency and CO2 reduction.

When markets start to pick up is almost impossible to predict—it seems like every piece of good news in relation to the recovery is followed up by some bad news—a case of two steps forward and one back. However what is clear is that the economy will recover and the cement markets will continue to grow as before. The challenge is to be prepared for the upturn, to have a workforce that still has the skills to run the plant and that the cement can be produced at the lowest cost with the lowest possible environmental impact.

During 2009 **CPI** has continued to develop its services, inform you of its capabilities in terms of items such as Alternative Fuels and Training as well as develop its free tools on the **CPI** website. In 2010 **CPI** will continue with this development and looks forward to working with you—whether you are existing or new customers. Whatever the challenge you face, it is unlikely that **CPI** will not have the skills and capabilities within the network to assist you in finding the right solution.

Early in 2010 **CPI** will be attending the 1st Global Cement and Concrete Conference in Riyadh on the 2nd and 3rd February, followed rapidly by the IEEE in Colorado at the end of March. I will be presenting a paper at each conference so please contact me if you are attending either conference.

Finally, we would like to thank all those who have supported **CPI** through what has been a tough year for everybody in the industry and we would also like to send our best wishes to you all for 2010.

Mark Mutter

Technical Marketing Director