

# **Turkish Cement Industry & Market Potentials**

**International Cement Trade Conference 2010  
ISTANBUL**



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- Who we are? - TCMA
- National Economy
- Construction Sector
- Cement Industry
- Export Markets
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- Relations with the Russian Market
- Strength & Opportunities of the Sector
- Expectations in 2010

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## TÜRKİYE ÇİMENTO MÜSTAHSİLLERİ BİRLİĞİ

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Announcements

Cement Export and revival in domestic market show promise

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<p><b>KÇK</b></p>  <p><b>KALİTE VE ÇEVRE KURULU</b> COUNCIL FOR QUALITY AND ENVIRONMENT</p> <p>KÇK, is an economic enterprise of TÇMB.</p>	<p><b>EÇKA</b></p>  <p><b>TÇMB</b></p> <p>EÇKA is an economic enterprise of TÇMB</p>	<p><b>Cement and Concrete World</b></p> 	<p><b>Betonart</b></p> 

[www.tcma.org.tr](http://www.tcma.org.tr)

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# Turkish Cement Manufacturers' Association

- **Formal representative** of the Turkish Cement Producers- founded in **1957**
- **Links sector- government – public**
- Deals with problems of the sector on **production, quality, training and technology (R&D department)**
- Inspections on **environmental and product** quality
- Maintains all **local and international relations**

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# Turkish Cement Manufacturers' Association

- Since 1972-Full member of **CEMBUREAU** (European Cement Association)
- Since 2009- Associate Member of **EUPAVE** (European Concrete Paving Association)
- In 2009- Memorandum of Understanding with **AUCBM** (Arab Union for Cement and Building Materials)

## Turkey

- Turkish economy faced with negative effects of the Global Crisis
- Overall 4,7% shrank in Economy
- **3,5% growth in 2010 (estimated)**
- GDP per capita: 8.590 \$
- Inflation rate: 6,53%
- Unemployment: 14%
- Exports decreased by 22,6%
- Imports decreased by 30,3%

## Turkish Construction Sector

- Most effected sector by the general slowdown in the economy
- Share in GDP decreased from 5,9% to 5,2%
- Shrank by 16,3% in 2009
- **5% growth in 2010 (estimated)**

- 1911 ⇒ 20.000 tons/year
- 2010 ⇒ 65 plants (48 integrated, 17 grinding)
- Main Players: Turkey, France, Italy, Germany, Greece, Ireland, Portugal based enterprises
- 14.200 employees
- 1% share in GDP
- High rank in European and Global

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## Clinker Production & Cement Grinding Plants (2009)



# Installed Capacity of the Turkish Cement Industry

- Capacity-2009:
  - Clinker > 62 million tons
  - Cement > 103 million tons
  
- Capacity utilization rates-2009:
  - Clinker > 84 %
  - Cement > 58 %

## Global:

- The global crisis deeply effected all countries
- Investments decreased in global markets
- Tough competition

## Turkey:

- Cement industry minimised negative effects of the crisis by increasing the exports
- Closeness to Russia, Middle East and African markets is an advantage

## Domestic Sales:

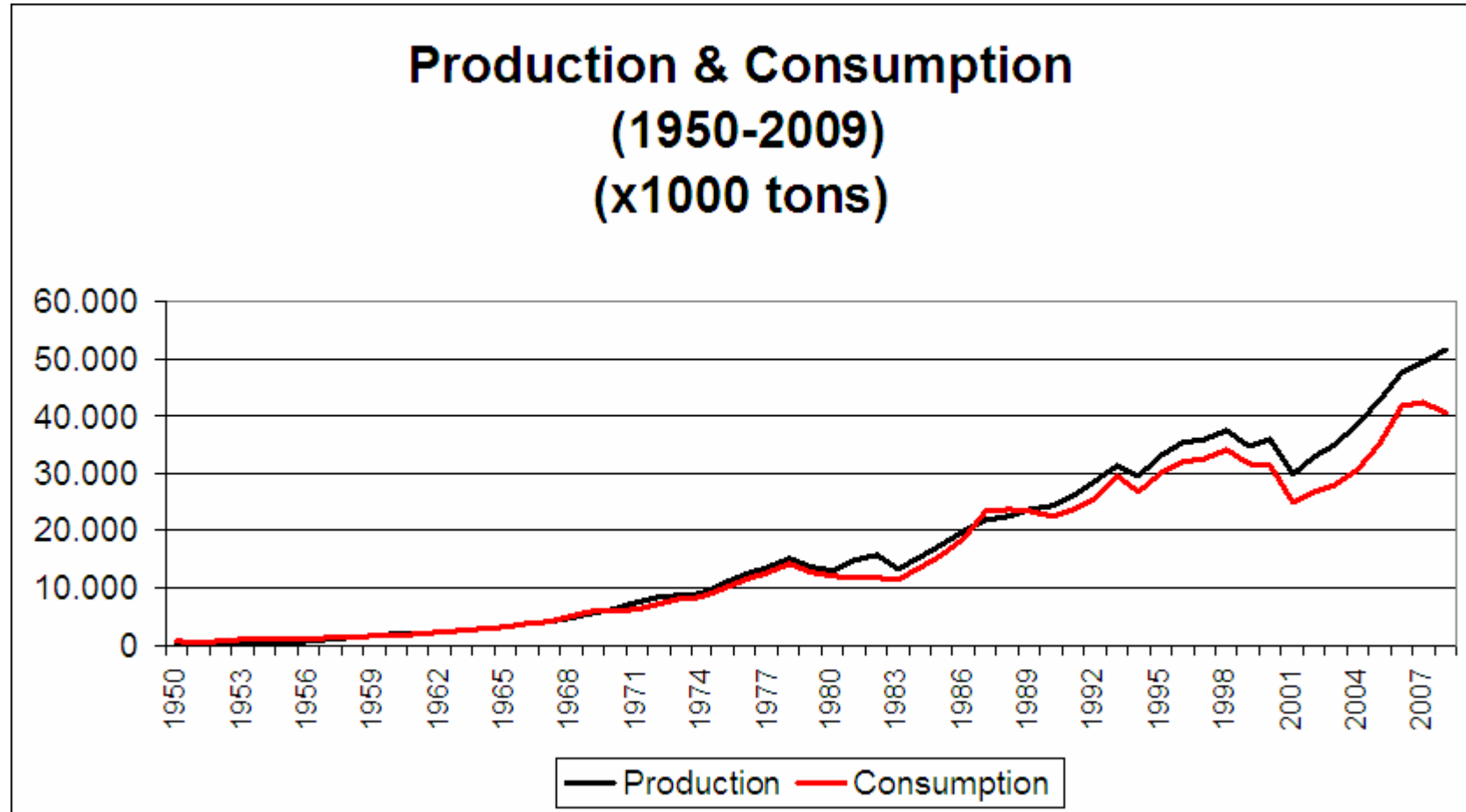
- 1Q2009 : Growth
- 2Q2009 : Slow down
- 3Q2009 : Growth
- End of 2009:
  - Domestic consumption realized at 42, 8 Mtons (same as of 2008)
  - Domestic sales did not increase due to recession in construction sector in 2009

## Exports:

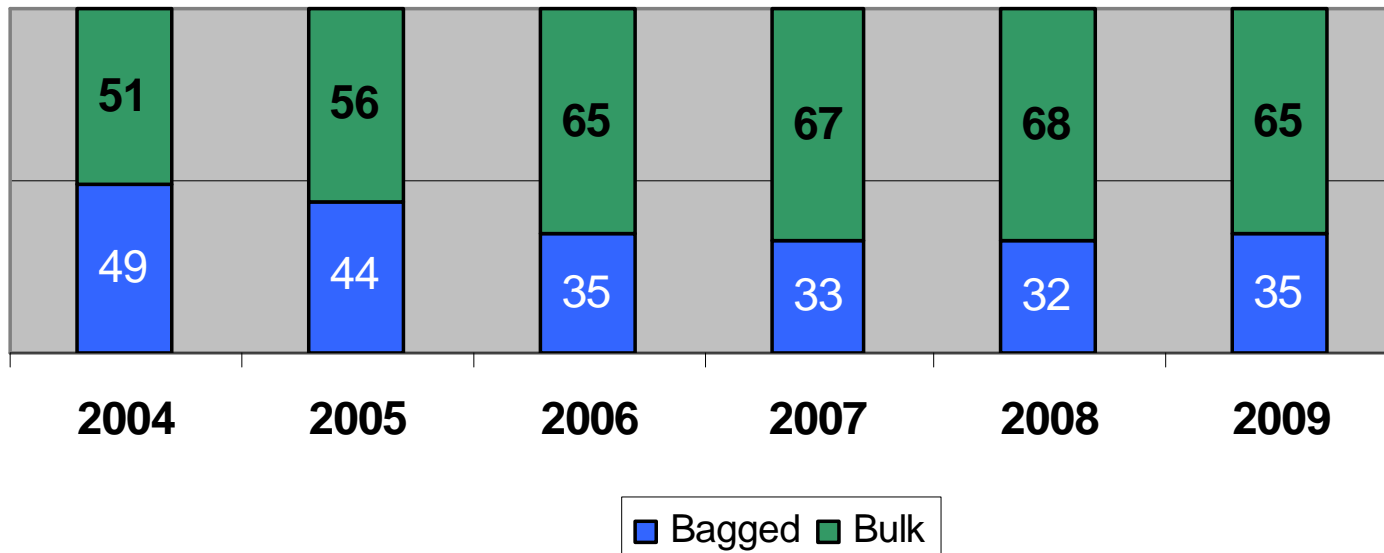
- Exports increased beyond the estimations to a record level

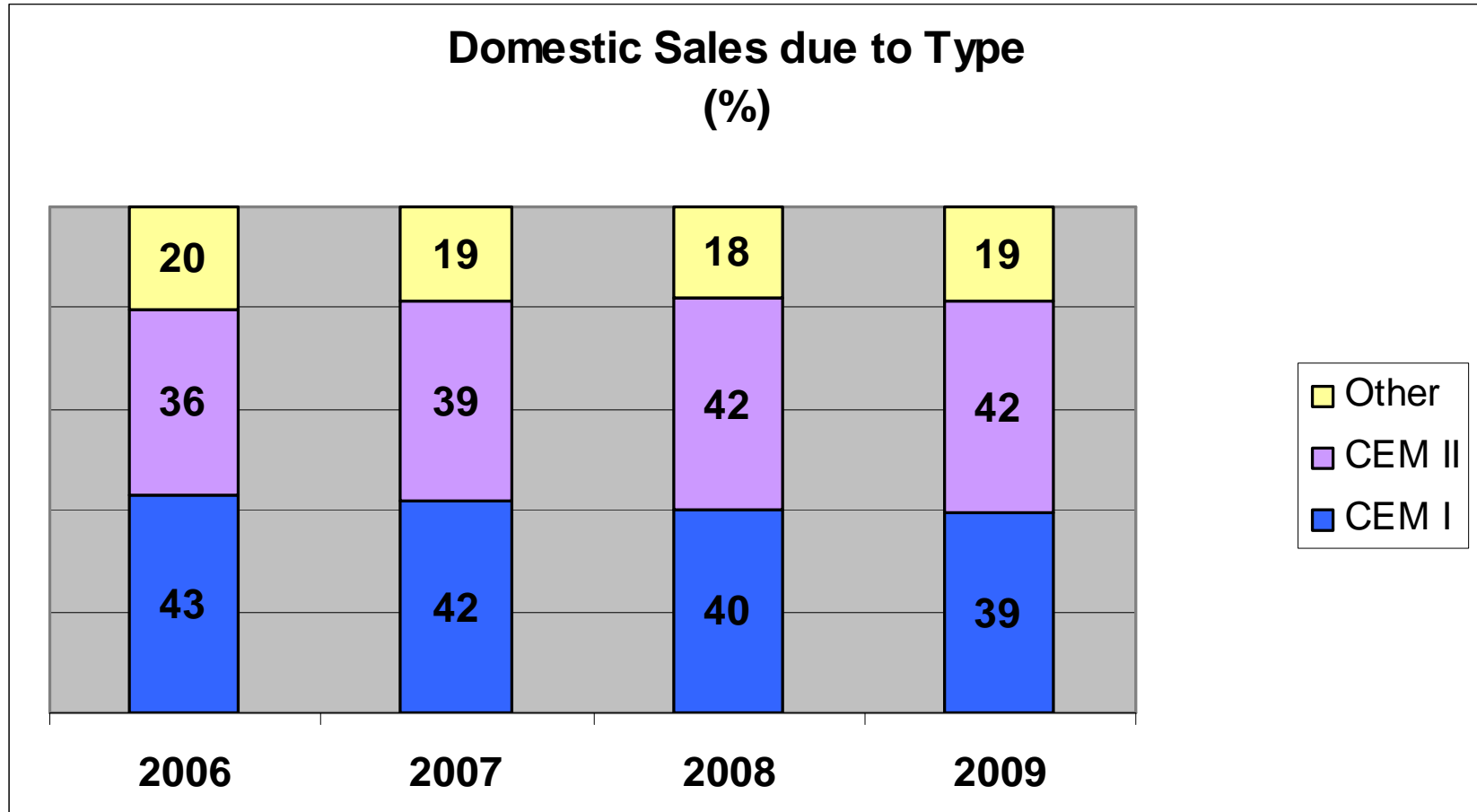
	<b>2008 Mtons</b>	<b>2009 Mtons</b>	<b>%</b>
Cement Production (*)	54,0	59,2	9,6
Cement Sales (*)	42,5	42,8	0,7
Cement Exports (*)	11,6	16,5	42,2

(\*) Figures cover statistics of TCMA members and estimations for non-members



### Domestic Sales due to Packaging Type (%) (2004-2009)



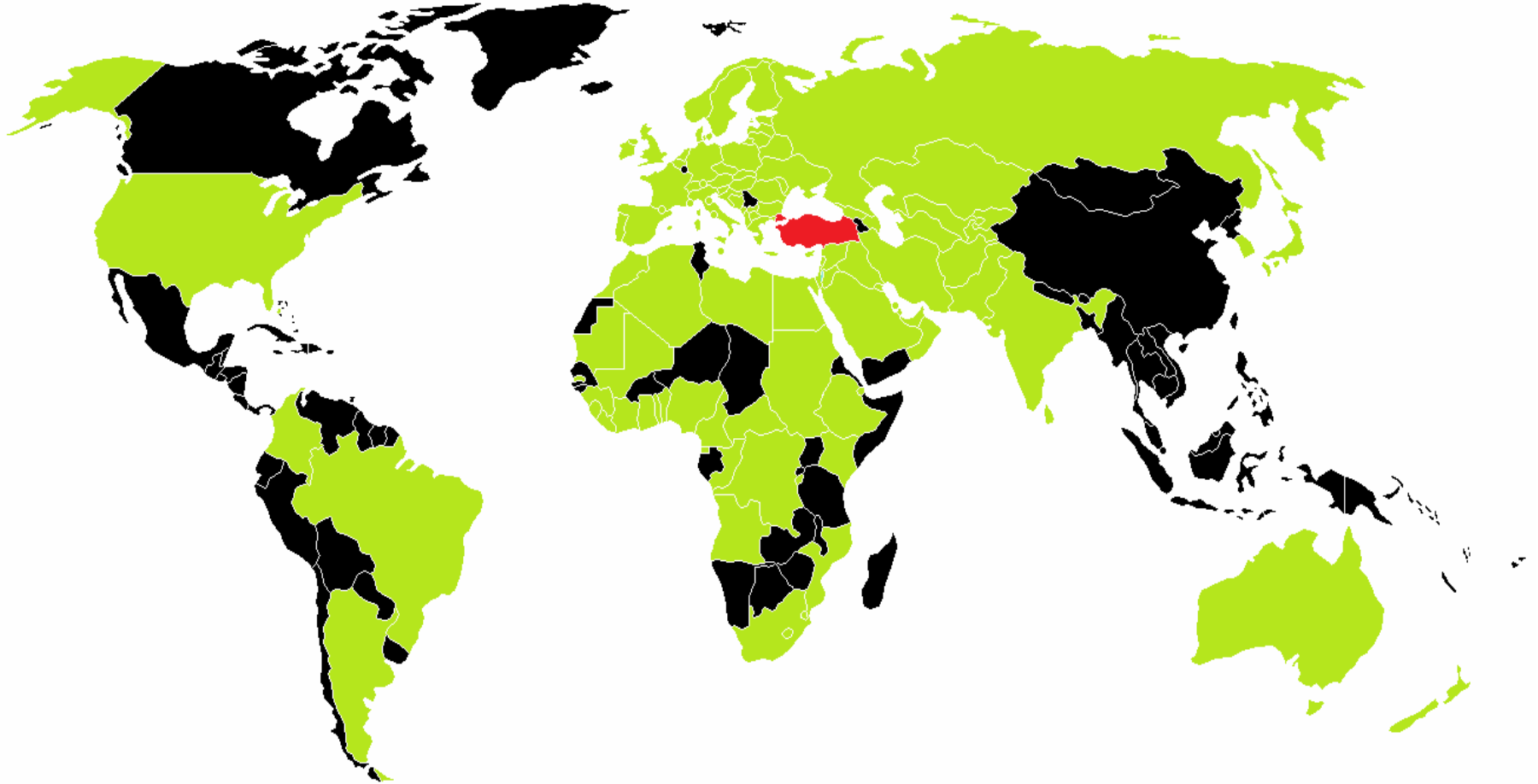


- Exports increased especially to the African, Iraq and Syria markets due to growing demands
  - Cement exports increased to **16,5 Mtons** (record level)
  - Clinker exports increased to **3,8 Mtons.**

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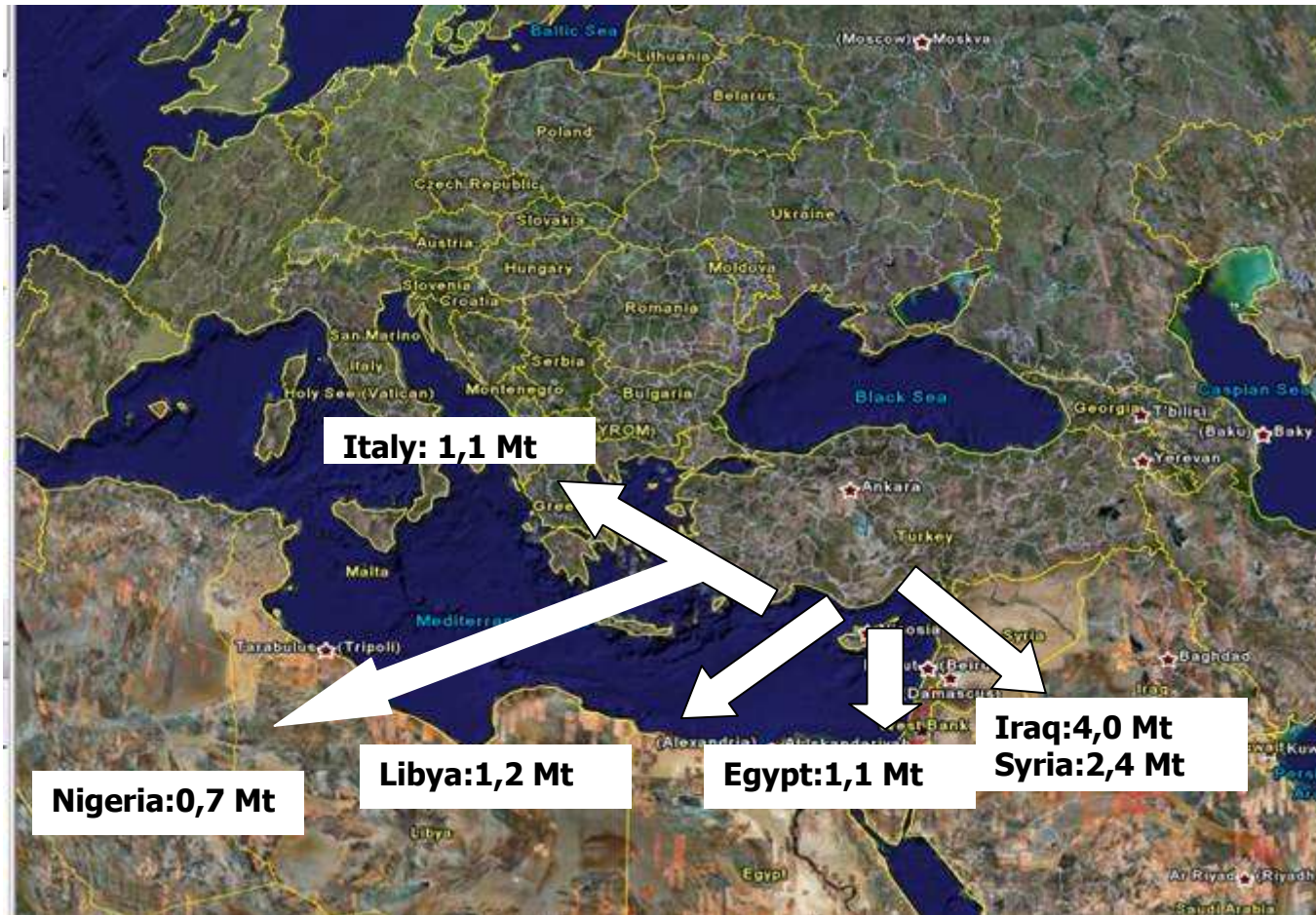
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# Export Markets of Turkey



 Turkish Export Markets

## Major Export Markets (2009)



## Market Shares of the Cement Exports (%)

COUNTRIES	2008	2009	TREND
IRAQ	20,23	24,17	↑
SYRIA	13,63	14,40	↑
LIBYA	0,65	6,97	↑
ITALY	2,35	6,56	↑
EGYPT	0,00	6,54	↑
NIGERIA	1,14	3,94	↑
ISRAEL	2,62	3,63	↑
<b>RUSSIA</b>	<b>27,25</b>	<b>2,99</b>	↓
BULGARIA	0,09	2,91	↑

- **North:** Russia, Bulgaria, Georgia
- **MENA:** Iraq, Syria, Israel, Egypt, Libya
- **Traditional:** Italy, Spain
- **New:** Nigeria, Angola, Sudan, Cameroon, Congo, Liberia

Years	Cement Production	Potential Volume for Exports
2010	61,5	17,3
2012	66,5	18,7
2014	71,3	20,0
2015	73,5	20,6
2020	85,2	24,0
	Mtons	Mtons

\* Potential exports volume is expected to be about 20 Mtons within the next 10 years

## Relations with Russian Market

Years	Export Volume (tons)
2000	701
2001	347
2002	761
2003	1.009
2004	2.444
2005	505
2006	3.823
2007	722.494
<b>2008</b>	<b>3.042.519</b>
2009	493.620
2010-3	47.483

- Products competitive with quality (CE Mark)
- High Raw Materials Resources
- Closeness to the export markets compared especially to Southeast Asian Countries
- Trained manpower
- Updated production technologies
- Export potential with the long sea shores

- Sector is fully adopted to the European norms on production, environment, Health & Safety issues
- Majority of the plants have Quality Management and Environmental Management Systems (ISO 9001 & ISO 14000 certificates)

- High requirements for housing and infrastructure investments
- With the beginning of alignment process with EU, there is an expectation of increase in public investments
- Concrete roads to be applied on the roads of heavy traffic

- 2010 recovery period
- 2011 re-growth period
- Domestic cement demand will grow around 2-4% in 2010

- Exports to West Europe:
  - Due to global crisis 30-35% reduction in 2009
  - Thus need to search new markets
  
- Exports to the North & West Africa:
  - Sustainability not expected
  - Uncertainties in the market due to some economical & political risks

## ■ Russia

- The developments in neighbour countries (especially in Russia) is very important
- The infrastructure & housing projects are standstill in Russia
- Investments for 2014 Winter Games which will be held in Soci

## ■ Others

- Increase in the exports depends on the demand in mainly, Iraq & Syria

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**Thank You**

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