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India’s cement industry has had a bumpy couple of years. In November 2016, the Modi government’s shock programme of demonetisation hit the construction sector hard, sending cement demand slumping to its first year-on-year decline since 2001. A year later, the country’s Supreme Court banned the use of petcoke in some northern Indian cement plants to control pollution levels in India’s National Capital Region.

Although the petcoke ban was soon relaxed, the court’s ruling is a reminder that business-as-usual is not a straightforward undertaking on the Subcontinent. Indeed, the country’s highest court has a history of industrial activism, stepping “into the space vacated by executive failure and legislative lethargy”, as a recent editorial in The Economic Times put it.

Among the more memorable of recent Supreme Court actions was the cancellation of 214 coal block allocations in September 2014: coal production from these blocks has dropped by around two-thirds since then. Last month the court took aim at the mining industry again, cancelling 88 mining leases in Goa.

But court action “cannot compensate for the lack of sound policy and its effective implementation”, continued The Economic Times. It was therefore encouraging to see the Modi government include some provisions to streamline project approval processes in the infrastructure space in its latest budget, as well as a significant allocation of funds for the construction and infrastructure sectors.

“India needs significant outlay in infrastructure, especially as urbanisation and industrialisation trends continue to strain existing facilities,” said BMI Research in a recent research note. Railways, roads, highways, and housing will all benefit from government spending over the period covered by the budget.

This should be good news for India’s cement industry: at least cement companies appear to be betting on the good times rolling. LafargeHolcim recently announced a CHF200 million investment to build a 3.1 million tpy integrated cement plant in Rajasthan in the north of India. Customers will include construction projects in the National Capital Region.

“India is the second biggest global cement market and is forecasted to continue to see high growth rates,” said Jan Jenisch, Group CEO of the Swiss multinational. “We are excited to invest in this highly attractive market to further strengthen our footprint.” The new plant will be set up by LafargeHolcim’s Indian subsidiary, Ambuja Cement; commissioning is slated for 2H20.

Rajasthan will also be the site for a new 4.2 million tpy brownfield expansion project from J.K. Cement. The company’s board of directors approved the INR20 billion project from J.K. Cement. The company’s board of directors approved the INR20 billion investment in the existing Chittorgarh plant last month. The expansion again targets customers in the National Capital Region, via a grinding unit in Uttar Pradesh, as well as Gujurat to the southwest of Rajasthan, one of the fastest growing economies in India.

As these investments indicate, India is a place of great potential. Yet all too often this potential is only partly fulfilled: as BMI Research noted, “lingering financial, bureaucratic, and logistics hurdles in India’s construction sector will continue to cause project delays. This means that growth in India’s infrastructure sector will continue to fall below its full potential over the next five years.”

The Economic Times ends its editorial with this basic lesson: “certainty of the policy environment is a necessary condition for the predictability of future income streams from any investment.” That is true not only of India but around the world. The sooner it is learnt, the better.
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Germany HeidelbergCement reports a broadly positive 2017

HeidelbergCement sold 126 million t of cement and clinker in 2017, according to the company’s preliminary 4Q17 results, a substantial increase on the previous year’s total, as the company reaped the benefits of its takeover of Italcementi.

Sales of clinker and cement posted a 22% jump over the year on the back of Italcementi’s consolidation into the business. On a like-for-like basis, however, sales were up only slightly, at 1.2%. Geographically, sales of cement and clinker were up across the board, with the exception of Western and South Europe.

“The challenges were numerous,” said Chairman of HeidelbergCement’s Managing Board, Dr Bernd Scheifele, pointing to energy cost inflation, increased competition in emerging markets, uncertainties following Brexit, and bad weather in the US. “Nevertheless, we were able to increase our result for current operations as guided.”

Like-for-like revenue was up 2.1% over the year at €17.3 billion, while the result from current operations before depreciation and amortisation was up 5.5% at €3.3 billion.

Mexico CEMEX reports surprise 4Q17 loss but is positive overall on 2017

CEMEX made a net loss of US$105 million in the final quarter of 2017, compared to income of US$214 million in the same quarter of 2016. According to the company, the loss comes on the back of lower operating earnings, coupled with higher expenses and taxes.

Operating earnings fell 10% to US$410 million, despite an 8% increase in net sales to US$3.424 billion. Cement volumes were up 7% at 17.238 million t. Ready-mixed concrete and aggregates volumes also showed growth.

Sales were up in Mexico (6%), the US (4%), Europe (5%), and in Africa, Middle East and Asia (15%), although they were down 3% in South/Central America and the Caribbean.

Earnings, however, only increased in Mexico and Europe; in the US EBITDA was down 5%, while in South/Central America and the Caribbean they were down 3%, and in Africa, Middle East and Asia earnings were down 31%.

Cost of sales also increased by 2.2 percentage points from 63.2% to 65.4%, driven mainly by higher energy costs. Distribution expenses were also higher over the quarter, while the company was hit by other expenses of US$271 million, resulting from asset impairments, severance payments, and expenses related to an anti-trust fine in Colombia.

“We had important headwinds during the year,” said Fernando Gonzalez, CEO of CEMEX. “Underperformance in Colombia, Egypt, and the Philippines, as well as increased energy costs, mainly in Mexico.”

Despite the challenging fourth quarter, net income for the year hit a ten-year high of US$806 million, compared to US$750 million the year before.

Consolidated cement volumes for the year were 68.528 million t, steady with the previous year. Ready-mixed concrete and aggregates volumes were also steady. Net sales rose 2% to US$13.672 billion, although earnings were down 7% to US$2.572 billion. In the company’s two largest markets – the US and Mexico – EBITDA finished the year up on a like-for-like basis.
South Africa PPC sees pan-African growth

A lack of large infrastructure projects continues to dampen cement volume growth in South Africa, the country's largest cement maker, PPC, said in a recent statement. Overall cement demand in South Africa is estimated to have fallen by 3 – 4% in 2017. PPC reported volumes down between 1 – 2% on a year-to-date basis, an improvement on the 1 – 4% decline seen midway through the year.

Despite the muted demand, the company successfully raised prices in 2017, seeing an effective overall selling price increase of 2% year on year. This has been followed by another 2 – 5% price rise in January 2018.

On the operational side of the business, the company's Slurry Kiln 9 project remains on track for commissioning in 2Q18. The new kiln is expected to boost PPC's position in the inland region “through cost, sourcing, technical, and environment efficiencies.”

PPC's Western Cape operations have been impacted by an ongoing drought in the region, however, which has required the company to employ “alternatives from an operational perspective to ensure continuity of supply”.

Beyond the company's home market, performance of its pan-African operations showed promise in 2017. Sales were up in Rwanda, Zimbabwe, and the Democratic Republic of the Congo (DRC), while its new Ethiopian plant received its provisional acceptance certificate.

In Rwanda, sales were up between 20% and 30% over the year, while pricing remained stable. “Successful implementation of the route to market strategy, with a rise in bulk demand and increased export volumes, has contributed to the positive performance,” the company said.

Zimbabwean volumes continued to “exceed expectations”, rising by 30 – 40% compared to 2016, supported by the retail segment. Prices in US dollars were also up slightly.

“Monthly sales have tracked progressively better since September 2017,” in the DRC, the company said. “Whilst the trading environment has remained competitive, with muted growth, we have succeeded in increasing our market share further towards the end of the period to between 25% and 30%.”

The new 1.4 million tpy Habesha plant in Ethiopia received the PAC at the end of December.

US HeidelbergCement to sell stake in Lehigh White Cement

HeidelbergCement has announced that its subsidiary, US-based Lehigh White Cement LLC, has signed an agreement to sell its 51% position in Lehigh White Cement Co. to the minority shareholders Aalborg Cement Co. Inc. and CEMEX Inc.

The closing of the transaction is expected around 1Q18 at the amount of US$140 million.

“As a niche product with small volumes, the standalone production of white cement does not fit to the strategic focus on efficiency of HeidelbergCement,” said Dr Bernd Scheifele, Chairman of the Managing Board of HeidelbergCement. “The disposal is part of our global portfolio review and optimisation with the goal to generate additional cash flow in order to support our disciplined growth and increase shareholder returns.”
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Global Cementir reviews a positive 2017

Revenues were up 23.1% in 2017 at Cementir at €1.14 billion, as volumes rose across the company’s three product lines (cement, ready-mixed concrete, and aggregates). Earnings were also up to €224.2 million – a more staid rise of 7.5%. Cementir is the leading global supplier of white cement, employing around 3000 people in 18 countries.

The results strip out sales from Cementir Italia Group, which was sold to HeidelbergCement in a deal that closed 2 January 2018.

Sales of grey and white cement rose 24.6% to 10.28 million tpy, while ready-mixed concrete volumes rose 14.9% and aggregates volumes more than doubled, rising 109.2% to 9.34 million t, boosted by the acquisition of Compagnie de Ciments Belges (CCB) in October 2016.

Cement volumes were helped by good performances in Denmark, Turkey, Egypt, and Malaysia, the company said, while ready-mixed concrete volumes were helped by strong performance in Scandinavia.

The company’s debt position was also improved over the year, with total debt falling €536.6 million to €25.8 million, as strong cash flows from operating activities offset investments of €92 million, the distribution of €15.9 million in dividends, and a number of extraordinary transactions.

These transactions included €7.5 million for a minority stake in Sinai White Cement Co. in Egypt, the acquisition of five ready-mixed concrete plants in France for €2.6 million, and a €10.5 million adjustment to the total price paid for CCB.

India Dalmia gets NCLT approval for KCL acquisition

India’s National Company Law Tribunal (NCLT), which oversees the management of distressed companies, has approved Dalmia Cement’s acquisition of bankrupt Kalyanpur Cement Ltd (KCL), under a proposal to revive the company.

Dalmia Cement will pay INR3.53 billion for KCL, which owns the only integrated cement plant in the Indian state of Bihar in the northeast of the country. The 1.1 million tpy plant has been mothballed since August 2017 due to working capital constraints at KCL.

KCL was referred to the NCLT in May 2017 with debts of INR6 billion. The company reported a loss of INR0.95 million in the last financial year.

The acquisition would “further consolidate our cement footprint in Eastern region and provide us enhanced synergy benefits,” Dalmia Cement, which is part of the Dalmia Bharat Ltd industrial conglomerate, said in a statement.

Elsewhere, Dalmia Bharat has also received shareholder approval for the amalgamation of various of its subsidiaries in eastern India, including Dalmia Cement East Ltd and OCL India, into one company, ODCL.

“This brings us one step closer to our objective of simplifying the group structure and creating one listed entity,” said Jayesh Doshi, Group CFO and Whole Time Director of Dalmia Bharat Ltd.

The proposal now goes to the NCLT for approval, which is expected within three months.

UK Breedon Group in talks to acquire Northern Ireland’s Lagan Group

The UK’s largest independent construction materials company and owner of the Hope cement plant in Derbyshire, Breedon Group, has confirmed that it is talks to acquire “all or a significant part” of the Northern Irish construction materials group, Lagan Group. The company’s statement came in response to recent press speculation over a potential tie up.

Breedon – one of the primary movers in the consolidation of the UK’s building materials industry in recent years – said that it “regularly engages” with companies in its sector. Discussions with Lagan Group and its major shareholders were underway but “there can be no certainty that the possible acquisition will proceed, nor as to the terms of the possible acquisition.” A further announcement would be made “as appropriate”.

Breedon Group completed the acquisition of Hope Cement, which operates the largest cement plant in the UK, in 2016. It also operates two cementitious import terminals, as well as quarries, asphalt plants, and ready-mixed concrete plants.

The acquisition of Lagan Group would add significant presence in the Republic of Ireland, including Lagan’s cement plant in Co. Westmeath.
**KEY FIGURES**

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« What EML Group companies have been doing for 10 years »
Two LafargeHolcim cement plants, Holly Hill in South Carolina and Devil’s Slide in Morgan, Utah, have been allocated the US Environmental Protection Agency’s (EPA) ENERGY STAR rating for their commitment to energy efficiency. The ENERGY STAR rating is a national symbol for protecting the environment through superior energy performance. This year is the eighth time the EPA has recognised both the Holly Hill and Devil’s Slide plants with the ENERGY STAR award since 2009.

Indian company Shree Cement Co. has commissioned a new cement grinding unit, Bangur Cement, in the Sriganganagar district of Rajasthan. The new grinding unit will have a capacity of 3.6 million tpy.

Samson Materials Handling Ltd, located in Ely, UK, has gained ISO 9001:2015 accreditation, transitioning from the old 2008 standard. In order to obtain the ISO 9001:2015 accreditation an organisation must demonstrate its ability to satisfy the requirements of the customer in addition to any statutory and regulatory requirements. This accreditation is an internationally recognised quality management system. The ISO 9001:2015 standard demonstrates commitment to quality, customer focus, and continuous improvement.

PPC has appointed Johan Claassen as its permanent CEO. Claassen has been interim CEO since July 2017.
“Since his appointment as interim CEO, Johan has overseen a number of important milestones, including the successful stabilisation of the business, an improvement in efficiencies following the completion of key projects, and the strengthening of PPC’s financial position,” said PPC Chairman, Peter Nelson.
“Johan has developed strong relationships with a number of important stakeholders and has demonstrated that he has the right skill set to effectively lead the company by balancing operational and financial considerations to leverage our quality assets across the continent. The board confirms the appointment and looks forward to working with Johan.”

Claassen was previously the Managing Director for PPC Cement RSA and has served as a member of the group executive team since January 2013.
Due to the appointment of Claassen as CEO, Njombo Lekula, who was previously the Managing Director of Rest of Africa Cement, has been confirmed as Managing Director of SA Cement. Mokate Ramafoko has been named Managing Director of Rest of Africa Cement.

Summit Materials, a vertically integrated construction materials company based in Denver, US, has appointed Karl H. Watson Jr. as its new Executive Vice President and Chief Operating Officer, succeeding Douglas C. Rauh.
“I am excited to have the opportunity to work for such a dynamic and successful company,” said Watson, who has more than 25 years’ experience in the construction materials industry.
Watson was previously President of Cement & Southwest Ready Mix at Martin Marietta Materials Inc., after previous stints at CEMEX, including as President of CEMEX USA, and Australian building materials supplier, Rinker Group.

J.K. Cement’s board of directors has approved a brownfield expansion at its cement plant in Mangrol, Chittorgarh, in the Indian state of Rajasthan. The expansion will feed grinding units in the neighbouring states of Uttar Pradesh and Gujurat.
Located to the east of Rajasthan, Uttar Pradesh also borders the Indian Capital Territory, which includes the country’s capital, New Delhi. Gujurat is located to the southwest of Rajasthan and has one of the fastest growing economies in India. The expansion project will have total cement production of 4.2 million tpy at an estimated cost of INR20 billion.
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**Nepal** Gebr. Pfeiffer books fourth order from Nepal

After selling more than 140 vertical mills in India, within the last year Gebr. Pfeiffer has received four orders from neighbouring Nepal. The fourth vertical mill will be installed at a cement plant in the town of Sunwal for Palpa Cement Industries Private Ltd and will grind portland and blastfurnace cement.

Supplied by the mill manufacturer from its factory in Kaiserslauten, Germany, the MVR 3350 C-4 will have a drive power of 2150 kW and is designed to grind 130 tph of cement at 3000 Blaine, as well as 100 tph of blastfurnace cement at 3800 Blaine.

Gebr. Pfeiffer’s MVR mills are “state-of-the-art vertical mill technology, which have proven successful across the globe,” the German company said. “This was one of the key factors behind the customer’s buying decision, as the MVR mill guarantees a low vibration level and efficient grinding.”

Commissioning of the new mill is planned for mid-2019.

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**Ireland** Irish Cement back on EPA’s national priority site list

Irish Cement’s plant in Limerick has been placed back on a list of industrial sites facing enforcement action by the Irish Environmental Protection Agency (EPA). The latest National Priority Sites List was published at the end of January and includes the Limerick cement plant after a release of raw meal in December.

“Irish Cement is disappointed to be included on the list and is fully cooperating with EPA on the matter, and looks forward to being removed from the list in due course,” the company said in a statement.

The Limerick plant has a patchy recent history of environmental compliance, appearing on the first National Priority Sites List last year, after dust emissions provoked local complaints and led to EPA enforcement action.

The company – a subsidiary of global building materials company, CRH – is also running into local resistance to plans to convert its kiln to cofire waste. Planning permission for the switch was initially granted by the local council but has since been held up by an appeal to Ireland’s national planning appeals body, An Bord Pleanála.

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**Saudi Arabia** Wärtsilä and Hail Cement renew agreement for Saudi Arabia plant

Saudi Arabian cement producer, Hail Cement Co, has renewed its three-year asset assessment management agreement with Wärtsilä, covering the power plant in Turbah, Saudi Arabia. This is the second renewal of the agreement with the first agreement signed in 2012.

“Wärtsilä has been responsible for the full operation and maintenance of our power plant in Turbah for about six years now,” said Matar Al Zahrani, CEO of Hail Cement. “We have been satisfied with their flexibility, quality of service, and emphasis on safety, and are happy to continue our co-operation with them.”

Wärtsilä remotely monitors the plant from a service centre, guaranteeing the performance of the plant, ensuring the reliability of its operations.

“With this new agreement, we can continue to maximise availability and ensure reliability, optimised fuel consumption and reduced operating costs for Hail Cement’s power plant,” said Seppo Hautajoki, Wärtsilä Services Unit Director in Middle East.

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**Germany** Beumer to supply AF handling equipment

Deuna Zement GmbH, a cement plant and subsidiary of Dyckerhoff, will use alternative fuels (AFs) to fire the main burners of the two rotary furnaces and improve operations in its plant in Deuna, Germany.

Umweltdienste Bohn GmbH, based in Alsfeld, was commissioned, working closely with Beumer Group, to supply Deuna Zement with AFs. The company will build a processing plant on Deuna’s premises, providing a single-source solution for the efficient conveying and feeding of the materials.

A pipe conveyor is at the core of the system. The enclosed system ensures environmentally safe, emission-free, and low-energy transport of the material. The project also includes the supply of three feeding hoppers with a screw conveyor, belt conveyor, rotary star screens, and scales, with additional electronics and controls. Commissioning is scheduled for February 2018.
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**Honduras** Argos to add grinding plant

Argos Cement is to expand its cement production capacity in Honduras with the construction of a new milling plant in Choloma, in the north of the country. The new plant will represent an investment of around US$20 million and expand Argos’ Honduran cement capacity by around 30% (0.44 million tpy).

The new operation will generate nearly 200 new jobs, the company said in a press release, and joins the integrated cement plant in Comayagua and a grinding plant in San Lorenzo. Its northern location will also allow it to tie in with Argos’ existing logistics network of production sites in Central America, the Caribbean, Colombia and the US.

Argos Cement is part of Grupo Argos and is a multinational producer of building materials based in Colombia. It is the fifth largest producer of cement in Latin America and the fourth largest in the US. It is also a leading supplier of ready-mixed concrete in Colombia and the US.

**Global** LafargeHolcim to supply cement for major port projects in Morocco and Ecuador

LafargeHolcim is to supply customised cement solutions to two major port projects: the DP World Posorja project in Ecuador and the Nador West Med complex in Morocco.

Cement for the Nador West Med complex will be supplied by LafargeHolcim Maroc and will be used for the precasting of caissons, breakwaters, and quay construction. The cement has been developed for a guarantee of 100 years of durability in an aggressive marine environment.

Cement for the deepwater greenfield port in Posorja, 65 km from Guayaquil, the business capital of Ecuador, will be supplied by Holcim Ecuador. The bespoke cement solution combines high compressive strength and high resistance to sulfate, which guarantees durability and resistance to seawater.

Holcim Ecuador will supply cement for the piles and precast quays that are part of the initial phase of the port’s infrastructure construction. This initial phase is expected to be completed in 2019.

**Switzerland** ABB relaunches marine motor

Swedish technological company, ABB, has announced the re-launch of its M3LP 500 marine motor for general industry applications, such as mining, cement manufacturing, and water/wastewater treatment.

The M3LP 500 is a strategic motor for ABB. It has a rated output from 800 kW up to 2000 kW with voltage 690 V, is available in four, six, and right pole versions, and is available for mounting configurations in foot and flange.

“We’re proud to rank number one on several important motor qualities,” says Marcus Westerlund, product manager for water-cooled motors at ABB IEC low voltage motors.
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Europe  ECRA launches industrial-scale carbon capture project

The European cement industry has begun an industrial-scale demonstration project of technology that aims to optimise the cement kiln for carbon capture. The project will take place at two cement plants, one in Austria and one in Italy.

The project is part of the European Cement Research Academy’s (ECRA) long-term carbon capture research project and will test the potential for oxyfuel kilns. Oxyfuel technology aims to increase the carbon dioxide concentration of the exhaust gas stream, aiding its capture. Similar technology has also been applied in the power industry.

“The technical feasibility of oxyfuel technology can only be proven in real-scale applications, but we have sufficient information from our research to believe that we will obtain a positive result after the trials,” said Daniel Gauthier, Chairman of ECRA.

The two plants involved in the trial are HeidelbergCement’s Colleferro plant in Italy and LafargeHolcim’s Retznei plant in Austria. The cost of the project is around €80 million of which the cement industry has committed €25 million. Additional funding will be sought from European or national research schemes.

ECRA comprises cement producers, relevant equipment suppliers, and cement associations. Founded in 2003, it is steered by a technical advisory board of representatives from major European cement producers.

In other sustainability news, over 30 leading companies, including global cement producer CRH, have joined forces to implement the circular economy through the World Business Council for Sustainable Development’s (WBCSD) newest initiative, Factor10.

With a collected annual revenue of US$ 1.3 trillion, the companies in Factor10 represent a business effort for circular economy solutions by aiming to reinvent the way that businesses produce, use, and dispose of the materials that make up global trade.

“Factor10 represents the critical mass of private sector support needed to implement the circular economy at a global scale,” said Peter Bakker, President and CEO at WBCSD.

Canada and India  Kitsault Energy plans to turn waste into energy

Kitsault Energy has unveiled plans to turn waste into energy in India and Canada. The waste includes municipal solid waste, road waste, food waste, and animal manure among others.

The process produces water-repellent high-energy biofuel that burns with no residual ash, making it a good replacement for coal in the cement industry.

Kitsault Energy has a sustainable focus and offers green substitutes to issues such as landfills, by transforming energy into a coal alternative using a waste decaying process. The process works especially well with high-moisture bio-waste, avoiding costly pre-drying.

“Kitsault Energy invites municipalities, companies, and governments with a green vision of the future to join us,” Krishnan Suthanthiran, President and Founder of Kitsault Energy. “Climate change, the expected cost of carbon in tomorrow’s economy, the desire to get off fossil fuels, the need to develop alternative energy sources, the ever-growing problem of landfills, and the drive for a sustainable future are all compelling reasons to join us. We offer a small step in the right direction.”

France  Schneider Electric partners with Cylance

Schneider Electric, a global specialist in energy management and automation, has announced that it has partnered with Cylance, a software firm that specialises in antivirus programmes, to support its growing digital facilities.

This agreement involves placing Cylance’s artificial intelligence and machine-learning security capabilities within Schneider Electric’s industrial software platform, driving innovation across industrial and infrastructure operations.

“We are pleased to have been chosen by Schneider Electric, a recognised leader in software development,” said Daniel Doimo, President and COO at Cylance.

“Not only can we help drive greater security standards for Schneider Electric customers, but together we can help drive security innovation and prevent cyber attacks from occurring, rather than reacting to breaches after they’ve already caused damage.”
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AGUDIO: INNOVATION THAT SHORTEN DISTANCES.
Introduction
In August 2017, the Association of Southeast Asian Nations (ASEAN) celebrated its 50th birthday. Its ten members boast some of the world’s fastest expanding economies, e.g., the Philippines and Vietnam, with growth rates of more than 6%. With a population of almost 640 million and an economy of US$2.6 trillion, the investment potential is huge. By 2020, as predicted by the World Economic Forum, the region will have the world’s fifth largest economy. As can be seen in Table 1, the Asian Development Bank (ADB) forecasts the region will see stronger growth through this year rising from 5% in 2017 to 5.10%. As Melissa Cheok of Bloomberg observes, “the ADB estimates emerging economies across Asia will need to invest as much as US$26 trillion on building everything from transport networks to clean water through 2030 to maintain growth, eradicate poverty, and offset
Paul Maxwell-Cook, World Cement’s Contributing Editor, takes a look at the ASEAN member states, 50 years after the association’s creation, as a prelude to next month’s 25th AFCM Technical Symposium and Exhibition in Bandung, Indonesia.
climate change”. This is of significant interest for one country in particular: China.

**Chinese interests**

The US, Japan, and Europe have historically accounted for most of the foreign direct investment (FDI) into the Asian countries; however, this is being challenged by China. Edward Ng, Portfolio Manager from Nikko Asset Management writes, “in the past two years the ASEAN region has seen a significant jump in FDI flows from China. We expect this trend to persist with the latter having a more extensive influence (economically and geopolitically) on the region over time. The rise in Chinese FDI will provide the countries with tremendous benefits, mainly in terms of infrastructure and development and the opening of markets.” China’s One Belt, One Road initiative (BRI), launched in 2013, will have a major impact on the ASEAN countries, as it invests some US$1 trillion in developing infrastructure and trade that will connect China to Central Asia and Europe. China’s increasing influence in the region can be measured by a look at the following country scenarios.

**Brunei Darussalam: exports flying**

The country is benefitting from robust growth in regional trade partners, such as Japan (29.4% of total exports), South Korea (15.6%), India (14.4 %), and Malaysia (12.5%). Last November, in its Doing Business Report 2018, the World Bank named Brunei as the ‘most improved economy’. China’s Hengryi Group, which is currently building a US$3.4 billion oil refinery, expects to begin operating in 2019. At the same time, the sultanate is looking to increase tourism in a move to diversify the economy thereby reducing its over-reliance on hydrocarbons.

**Cement update**

In September 2017, Butra Heidelberg Cement launched its new 52.5 Brunei Cement. The new product is a combination of clinker, gypsum, and slag and is said to improve concrete’s characteristics making it a more sustainable building product.

**Cambodia: strong growth**

The government approved construction projects worth nearly US$5 billion in the first six months of 2017 up, 27% on a year on year basis. There was also an increase of 12.5% in tourism, while improved weather supported farm and fishery output. It will be interesting to see if Cambodia’s leader, Hun Sen, will win this year’s national election and remain in power. Last year, China pledged to invest US$124 billion in rail, road, and maritime infrastructure through the BRI initiative.

**Cement update**

Chip Mong Insee Cement, a joint venture between the Chip Mong Group and Thailand’s Siam City Cement (SCC), began operating the new 5000 tpd plant in the Touk Meas district at the end of last year. Battambang Conch Cement’s 5000 tpd plant was scheduled to be completed last December, but there have been delays in the plant’s construction and an end date has not been given. With the completion of these plants, the government will stop issuing new licences to protect dwindling natural resources. The Khymer Times suggests that the country’s cement demand will reach 5 million t this year.

**Indonesia: in the right direction**

In the budget approved for this year, the government allocated US$30.23 billion for infrastructure developments. This will include 856 km of new roads and 781 km of irrigation. China is providing 40% of the total investment for the 150 km long railway line that will run from Jakarta to Bandung. Completion is scheduled for 2019. China is also committed to help finance the construction of five dams. In 2015 and 2016, China invested heavily in coal-fired power plants, totalling US$5.8 billion.

**Cement update**

The country’s production capacity last year was estimated to have risen to 106.3 million t, while demand was not expected to have reached 70 million t. Cement producers are working hard to export cement and, as a result, sales were up by 75% compared to 2016. The Indonesian Cement Association is urging the government to impose a moratorium on the construction of new cement plants. Two of the major players, however, Indocement and Semen Indonesia are pressing ahead with plans to build new plants. Indocement is looking to establish plants in North Sumatra and in Pati,
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Central Java, each of 2.5 million tpy capacity, while Semen Indonesia is considering new plants in Aceh, Sumatra, and in Kupang, East Nusa Tenggara.

**Lao PDR: surging on**
Economic growth looks on track to increase from 6.9% in 2017 to 7.0% this year. The ADB reports that growth last year was driven mainly by strong electricity exports, the construction of large infrastructure projects, and a surge in cash crop production. The China-Laos railway, currently under construction from the Mohan-Moten border area to the Lao capital Vientiane, is scheduled to be completed in five years; it is a significant project under China’s BRI initiative. The investment of US$5.56 billion is China’s largest to date in Lao PDR.

**Cement update**
Thailand’s SCG has been investing heavily in the ASEAN region, not only in Cambodia, Myanmar, Indonesia, and the Philippines, but also in Lao PDR. One of its latest projects was the construction of the 1.8 million tpy Khammouane cement plant, which will not only serve the country’s domestic market, but also that over the border in Thailand.

**Malaysia: maintaining momentum**
Economic momentum became robust last year with export growth and household spending buoyed by a fall in unemployment and a budget for 2018 that contains consumer-friendly components. The country has been one of the major beneficiaries of Chinese FDI. Statistics in 2016 indicated that this accounted for 6.2% of total Malaysian FDI inflows. Of special interest is China’s role in Malaysia’s port development and especially the expansion of the new deep-water terminal in the Kuantan Port.

**Cement update**
CIMB Research suggested in the autumn of 2017 that average selling prices had stabilised, based on better expectations of cement demand this year. There was a feeling of gradual recovery in domestic cement demand, after a year in which overcapacity had resulted in pressures on prices. Earlier in 2017, Lafarge Malaysia planned to maximise its sales through increased exports. It currently exports cement to Bangladesh, Myanmar, and Indonesia.

**Myanmar: ethnic crisis**
The crisis over the plight of the 740,000 Rohingya refugees, who, since 2016, have fled across the border into Bangladesh, continues to dominate the world’s media and the work of the aid agencies. In January 2018, Bangladesh and Myanmar agreed a timeframe for repatriating the refugees. The repatriation will be voluntary, but much will depend on assurances of safety by the government. The situation remains fragile.

**Cement update**
LG International Corp, South Korea’s leading general trading company, has been investing in a proposed new cement plant. In 2015 it acquired a 51% stake in Blue Diamond, and the new plant will be a joint venture operation. A pilot plant is currently under construction. The Korean Economic Daily reports that the South Korean company is the first general trading company to build a cement plant in Southeast Asia.

**Philippines: Build, Build, Build**
The Build, Build, Build programme is the centrepiece of President Rodrigo Duterte’s ten-point Socioeconomic Agenda that aims to increase public investment and accelerate infrastructure delivery. Public spending on infrastructure is expected to reach 7.4% of GDP by 2022, up from last year’s 5.3%. The ADB recently approved a US$100 million loan in support of the government’s infrastructure plans and projects. With GDP averaging above 6.5%, boosted by strong exports and the infrastructure programme, it is not surprising that the country is one of the fastest growing in Asia after China.

**Cement update**
In 2016, the country’s cement industry had an estimated clinker and cement capacity of 20.60 million t and 28.63 million tpy respectively. In a 2017 report prepared by the Cement Business Advisory Ltd, it suggested that an additional 11.55 million t of capacity was required to address consumption requirements until 2025.

In September 2017, Eagle Cement and the major construction firm EEI Corp., announced an expansion of their partnership in support of the Duterte administration’s infrastructure spending programme. At the same time the Philippine Board of Investments approved a third line for Eagle Cement’s plant in Bulacan. The new line will add 2 million tpy to the plant’s existing 5.2 million tpy capacity. South Western Cement Corp (SWCC), a wholly owned subsidiary of Eagle Cement, also won approval for the company’s plans to build a 2 million tpy plant in Cebu.

Republic Cement and Building Materials, the joint venture between Abolitz Ventures Inc. and CRH International, is currently undertaking the first phase of upgrading its cement plants. This phase involves the expansion of the existing capacity to produce 10 – 10.5 million tpy. It was also reported that San Miguel Corp. (SMC) had formed a joint venture with Northern Cement Corp. to establish a cement plant in Sison, Pangasinan. Over the next three years SMC is also said to be building five new cement plants with a total capacity of 10 million t.

Solid Cement, a subsidiary of CEMEX Holdings Philippines Inc. is expanding its plant in Antipolo City and increasing the efficiency of its other plants.
By 2019, the overall capacity will have increased from 5 million tpy to 6.9 million tpy. Holcim Philippines has begun the expansion of its plant in Davao to increase production capacity in the city by up to 2.2 million tpy. This will bring the company’s total cement capacity to 12 million tpy by 2019.

**Singapore: export driven**
Last year, Singapore’s economy performed better than had been predicted earlier in the year, with growth at about 3%. This was attributed to an improved global outlook, solid shipments of electronics, and robust sales in China. There were signs of improvement in the labour market and consumer spending was stronger. Economists were mostly upbeat about future markets, even with the shrinking construction sector.

**Cement update**
The handling capacity of the cement terminal in Jurong Port (described as the world’s largest common user cement terminal) is 7.5 million tpy and the total capacity of the 21 cement silos is 627 500 t. The current screw unloading system discharges cement at a rate of 1000 tph. Sivakumar Doraisingham, Assistant Vice President, Bulk Cargo & Containers, is overseeing the steps taken to automate the discharge process by remote control, using lasers to guide the unloaders.

**Thailand: domestic recovery**
The military junta announced in 2017 that elections will be held in November of this year. This comes on the back of a recovery in the domestic economy and an increase in tourism. The government has approved US$5.2 billion to fund construction of the first stretch of the high-speed railway that will ultimately link Bangkok to southern China. The China Development Bank is expected to cover 75% of costs via loans. China is the country’s largest export and trade partner, and the improved connectivity to China is predicted to lead to a surge in bilateral trade and further Chinese investment in the country.

**Cement update**
Following the start up of SCG’s 1.8 million tpy cement plant in Myanmar and its 243 000 tpy packaging paper plant in Vietnam, the group announced in October 2017, that it plans to invest US$7.7 billion in a petrochemical complex in Vietnam under a joint venture with Vietnam Oil and Gas Group.

**Vietnam: increasing power**
In 2016, Vietnam surpassed Malaysia to become China’s biggest ASEAN trading partner. Vietnam used to purchase electricity from China but now the government has invited China to build power plants in the country, beginning with the...
Vinh Tan 1 power plant being constructed by China Southern Power Grid through an investment of US$1.8 billion. The China-Vietnam Shenzhen-Haiphong Economic and Trade Zone is under construction and on completion should be able to achieve an annual output of about US$1 billion.

Cement update
While there has been an increase in cement exports, the country’s cement producers face severe competition from China, Thailand, Indonesia, and Japan. The Vietnam Cement Association confirmed in July 2017 that total production capacity had reached 86 million t, while local demand was 60 million t; by 2020 there could be a surplus of 36 – 47 million t. The biggest cement imports come from Bangladesh and the Philippines. Local producers are urging the government to reduce export tax cuts so that the country can become more competitive.

A year ago, SCG acquired Vietnam Construction Materials, which operates cement plants across several locations. Last year, SCCG expressed interest in extending the Holcim plant in Vietnam and building an industrial dry mortar factory and a construction material transfer station in Dong Nai Province.

Conclusion
After 50 years of evolution and progress, the region in recent times has been growing at about 5%/year powering the creation of a giant middle class. Justin Wood of the World Economic Forum on ASEAN 2017 suggests that, while this growth is impressive, ASEAN should be growing more quickly. A realistic aspiration would be 7% growth, in which case the focus will need to be on individual national issues, such as infrastructure, education, and dealing with inequality. The citizens of ASEAN are still extremely young, but by 2025 many populations of the countries will start to age, which is already happening in Singapore and Thailand. Governments and policy makers need to act now to prepare workers for the jobs of the future to guarantee their demographic dividend is realised. Lastly, there is the challenge of dealing with the escalating influence of China in the region.

Sources
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