

COASTAL MEDITERRANEAN - WEST

REGIONAL REPORT to 2022
Q1 2018



CEMENT
BUSINESS
RESEARCH

THERE IS NO DATA IN THIS VERSION



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REGIONAL SUMMARY

The Cluster Of Markets In This Report

This report provides a quick and easy compendium of countries in the eastern Mediterranean vicinity. These are: Algeria, France, Great Britain, Ireland, Italy, Morocco, Portugal, Slovenia, Spain and Tunisia.

These cement markets / industries have several links between them. The first is a trading interaction not only in importing / exporting cement and clinker from one another, but also the effects of the exporting / importing behaviour of one another. The second is the presence of several international cement players in more than one of these countries. The third being the interest that cement producers in one country show for other countries within the region.

Clearly, this cluster of markets cannot be isolated by what is happening elsewhere in the cement world. However, the high degree of interaction makes them an appropriate “package” for someone that has interests in this region.

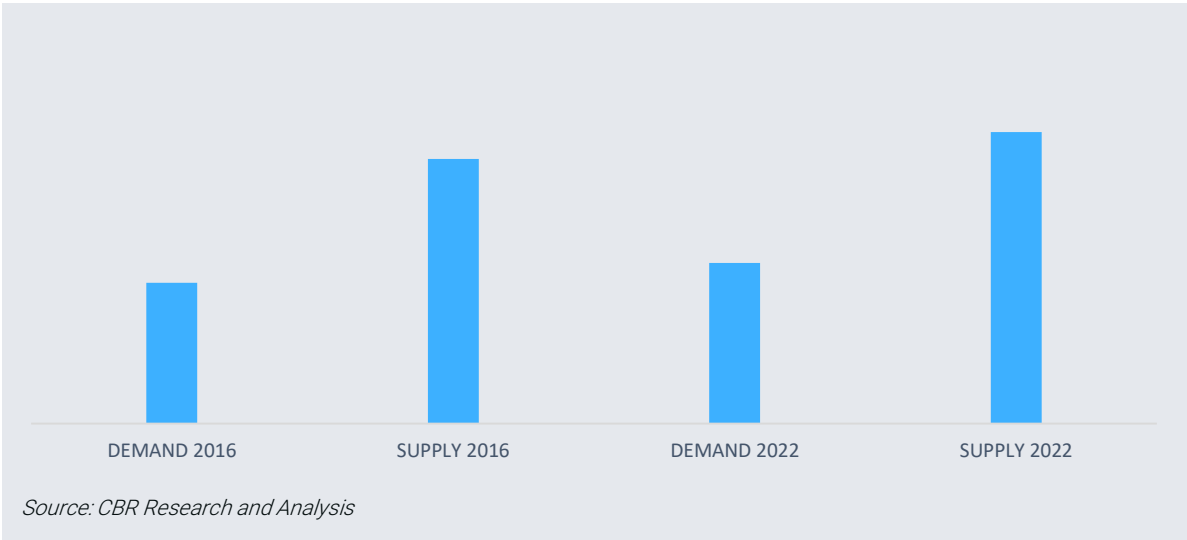
General Findings

Currently, the region defined by the cluster of markets in this report is experiencing significant overcapacity. It is projected that this situation will persist over the forecasting period (2016 – 2022) although it is expected to improve slightly.

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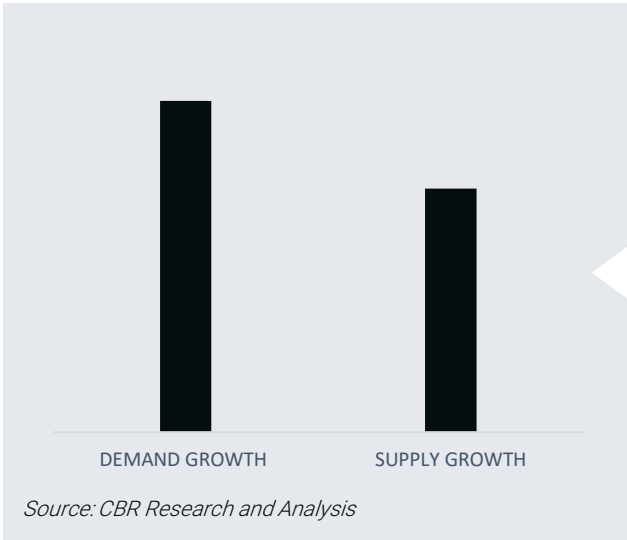


FIGURE: SUPPLY – DEMAND BALANCE IN 2016 AND 2022 (MILLION TONNES)



The supply growth rate between 2016 and 2022 is more subdued than the demand growth rate.

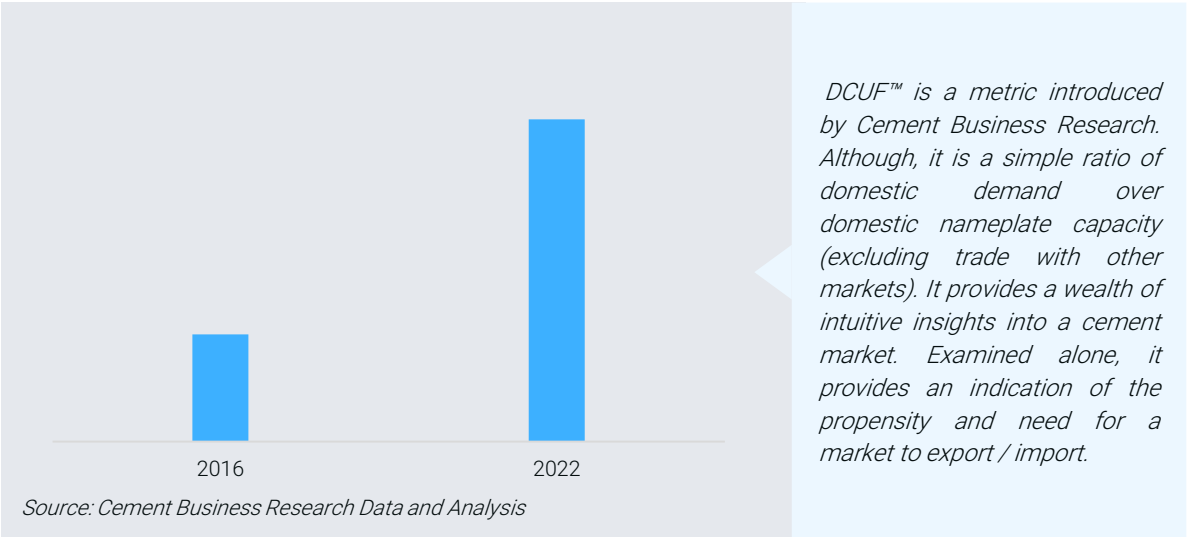
FIGURE: CAGR GROWTH IN DEMAND AND SUPPLY (2016 TO 2022)



Most markets are expected to show growth in cement in the next five years. However, generally speaking this growth will be subdued. In certain markets the projected growth is inadequate to address the overcapacity situation. The markets with significant overcapacity include Spain, Italy, Portugal, France and Ireland. The only market to exhibit a tight supply – demand balance during the forecasting period is Great Britain.

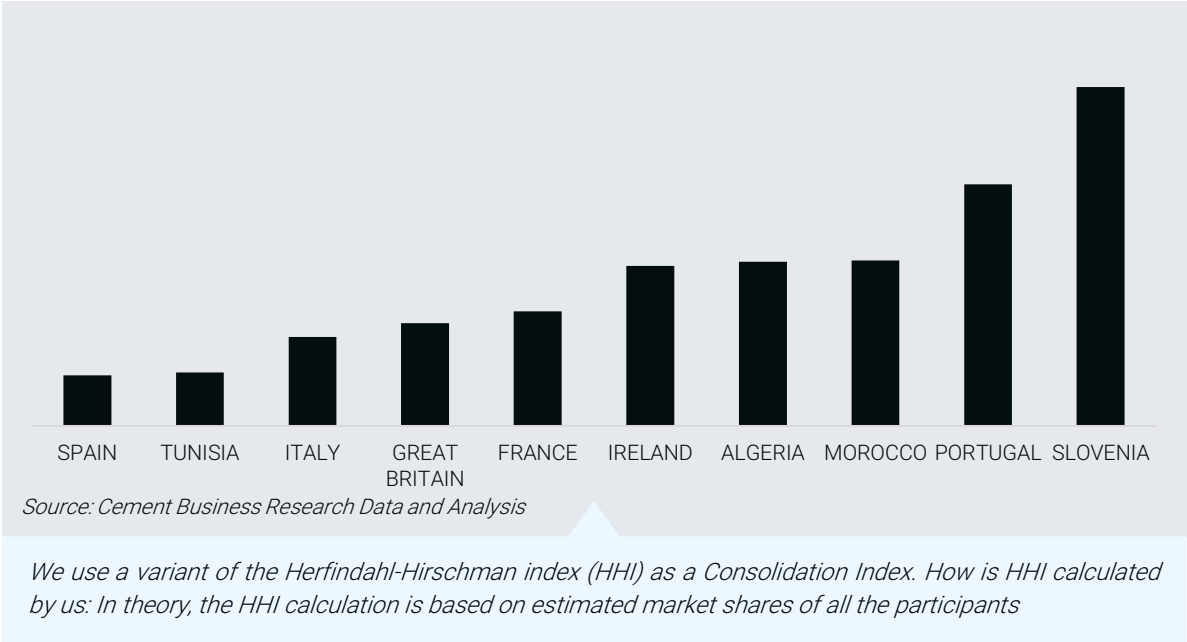
The Domestic Capacity Utilisation Factor (DCUF™) for this cluster of markets is currently very low. However, some improvement is expected in the forecasting period.

FIGURE: DCUF™ FOR ALL THE MARKETS IN THIS REPORT (2016 AND 2022)



Finally, the individual markets within this cluster are in varying phases of consolidation.

FIGURE: CONSOLIDATION INDEX FOR ALL MARKETS IN THIS REPORT



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in each market. This would also have to include importers of cement. However, we have found that market share estimations are highly unreliable and often inaccurate, reflecting the views and opinions of the various corporates operating in a market. As a proxy of market concentration, we are therefore using the indigenous capacity of the industry. This is a reasonable approach as, in the long term, market shares reflect capacity in each market. The range for HHI/Consolidation Index is between 0 (perfect competition) and 10,000 (monopoly). The Consolidation Index is considered for each market and then compared to other markets in the report

The industries within this cluster vary from virtual monopolies (Slovenia) to highly fragmented markets (Spain, Tunisia and Italy).

The Big Issues and Prospects

Each market within this cluster faces significant issues going forward. Although, most markets are expected to experience growth (particularly, in Western Europe) the overcapacity issue will be significant. Other issues include high cost structures, inability to export, and low pricing. Most European markets face increasing environmental requirements.

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