KUWAIT

Production

Kuwait has no indigenous cement raw materials and therefore, has to import all its requirements on long-term contracts from its neighbours, the UAE and Iran, and so is content to see substantial imports coming in to meet its demand. As a result, there are three companies operating in Kuwait, one integrated producer and two importers.

The Kuwait Cement Company operates a new integrated 1.8Mta clinker line that produces 2.24Mta of cement. There was a report that the company had plans in place to expand its clinker making capacity by a further 0.7Mta to 2.5Mta, lifting site capacity to over 3Mta. However, there are no further reports on this project.

The two import terminals are operated by Halil Cement and Kuwait Portland Cement, which controls about 30 per cent of the market and presently sources imports primarily from Saudi Arabia.

In late 2006, The Kuwaiti-Jordan Holding Company (KJHC) – with a 60 per cent Kuwait-based stake and a 40 per cent Jordanian stake – have announced their intention to build a US$230m, 1.8Mta new cement plant. Capacity could be on-line by late 2008.

No alternative fuels or cementitious wastes are used in Kuwait.

Trade

The government awarded a licence for the one-off export of 20,000t of cement in February 2005. This may have been for exports into Iraq.

Kuwait has to import the majority of its raw materials from the UAE and Iran. In addition, there are increasing levels of imports coming in to feed the strong demand for cement as the government funds a series of major infrastructure projects.

Imports come from local neighbouring Arab countries, an area that has plans to more than double its capacity over the next four years from 19.2Mta to 39.7Mta. In addition, there will be imports available from Kuwait-Jordan’s new 1.8Mta joint venture plant, albeit higher transport costs may rule this source out.

The importing facilities have been subject of a major upgrading, each unit by up to 300 per cent, over the last few years so there is ample capacity to handle to forecast levels of imports.

With no indigenous raw materials, there is little pressure to reduce clinker imports other than those being traded by non Kuwaiti registered companies.

Prices

The government control prices where bulk cement prices are reported as US$55/t ex works, locally US$65/t. In practice, the government sells to Kuwaiti nationals at US$50/t by covering the cost between this price and the local free market price of more near to US$75/t.

Outlook

With oil prices and hence oil revenues going through an all time high, the Kuwaiti government has carried out a major infrastructure investment programme. This means that the forecast cement demand is good with levels increasing at 14 per cent and dropping back to seven per cent annually, equivalent to an increase of 1Mta in over three years.

IN SUMMARY

1 plant
2.2Mta cement capacity
• Sole cement producer
• No indigenous raw materials – all imports from UAE and Iran
• Already high per capita cement consumption to increase further