



# Sweden

## Geography

Area	449,964km <sup>2</sup>
Capital	Stockholm

## Demography

Population	9.3m
Density	21 inhab./km <sup>2</sup>
Urbanisation	84 per cent
Official language	Swedish

## Economy

GNI per capita	US\$38,180
Currency	krona (SEK)
Per capita cement consumption	208kg



**Leaving the double-digit decline of 2009 firmly behind, the future for Sweden's cement producers looks much better. While growth is expected to be modest this year, by 2012 the market should expand significantly as infrastructure and housebuilding pick up. Improved domestic capacity in West Africa may impact negatively on exports.**

The Swedish GDP came down by 0.4 per cent in 2008 and by a more marked 5.1 per cent in 2009. A return to growth is now under way, consolidated by a 1.8 per cent expansion in 2010 with forecast inflation at 2.4 per cent.

## Construction

The civil engineering market has been showing good growth in recent years, with expansion in 2009 at 15 per cent, more than twice the rate of the previous year, itself pretty strong. For 2010 a lower, but still strong growth rate of 8.8 per cent is being forecast.

Meanwhile, non-residential building experienced a 12 per cent drop in 2009, with a forecast of a 1 per cent decline expected for 2010.

Housing completions are running well below the levels seen in 2007, with a 36 per cent reduction in 2009 to 22,600 units and further down to 18,500 in 2010.

## Consumption

For much of the past few years, the Swedish per capita consumption has been running at well below 200 levels and only began to move above that level from 2005 onwards. Per capita cement consumption, however, remains lower than in any Western European country other than Norway and Great Britain.

Swedish consumption fell by 23.1 per cent to 1.95Mtpa in 2009 from a record 2.51Mtpa the previous year. The 2009 consumption figure was still at a historical high and only for the three years since it has been higher.

About four per cent of the cement is sold in 25kg bags, the rest is bulk.

## Production

HeidelbergCement, through its subsidiary Cements A/B, is the only cement producer in Sweden. Cements has three integrated cement plants, located at Slite, Skövde and Degerhamn. The Slite and Degerhamn works are both

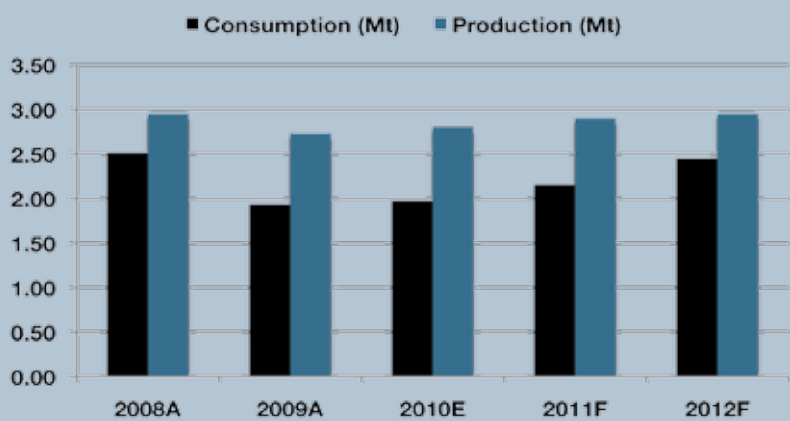
on islands in the Baltic Sea while the Skövde plant is inland in the west of the country.

The usage of alternative fuels has been considerably increased in recent years and now accounts for about 45 per cent of the kiln fuel used.

Slite works on Gotland is, by far, Cements' largest plant and has a capacity of 2.2Mtpa. The Swedish and other European markets are supplied by ship from Slite and Cements operates a fleet of three, self-discharging, coastal bulk cement tankers that serve its 16 Swedish as well as other Nordic marine terminals. For overseas exports, transshipment into larger vessels has to take place offshore due to the size limits of the vessels that can be accommodated at the plant's own harbour.

The Skövde works has a cement capacity of 0.6Mtpa and recent investment has allowed an increased use of alternative fuels. The Skövde plant is the company's swing producer, supplying primarily local markets, and then further afield to the extent the level of demand requires it. This allows maximum production at the more efficient Slite plant, which also has much lower transport costs as it serves the main conurbations by water.

Back on track



	2008A	2009A	2010E	2011F	2012F
Consumption (Mt)	2.51	1.93	1.97	2.15	2.35
Change (per cent)	+17.8	-23.1	+2.1	+9.1	+14.4
Production (Mt)	2.95	2.71	2.80	2.85	2.90
Exports (Mt)	0.72	1.06	0.95	1.02	0.80
Imports (Mt)	0.36	0.26	0.25	0.27	0.20

Source: ICR Research

The Degerhamn works on the island of Öland has a cement capacity of 0.3Mt and produces special cements of various kinds, primarily for the civil engineering industry. Degerhamn plant has recently been enjoying good utilisation and export markets in West Africa.

Exports

Exports increased by 47.2 per cent to 1.90Mt in 2009 as the domestic market cooled off the boil, with cement exports accounting to 0.48Mt and clinker exports to 0.58Mt. Ghana was the biggest market, taking 363,000t of clinker, with Togo being the second clinker market to the tune of 101,000t.

In terms of cement, Nigeria was the biggest market with 120,000t, followed by the United States and Denmark with 108,000t and 106,000t, respectively, with Russia and Lithuania following some way behind.

The low-alkali cement produced at the Slite works can command a pre-

Imports

Cemex A/B, previously trading as Embra, is the only importer of bulk cement into Sweden and operates terminals at Surte (near Gothenburg), Landskrona (in the south) and Västerås (west of Stockholm). The supplies have been coming mainly from the Cemex plant at Rüdersdorf, east of Berlin, but the new Cemex plant in Latvia is expected to become a more important supplier eventually.

The white cement sold by Cemex is imported from Çimsa in Turkey, rather than its own works in Spain, with some being re-exported to Norway. Cements, on the other hand, still draws its sup-

plies of white cement from Aalborg Portland, though the two compete in the Danish grey cement market. At the peak of demand in 2007-08, Cements did import modest amounts of clinker.

Prices

The ex-works list price for standard grey cement is about €80, but the ex-depôt premium has risen and these prices are now around €89, depending on the house location. Volume discounts may reach €9/t.

Outlook

An economic growth of 2010 is expected to accelerate further to 2.4 per cent in 2011 with inflation falling to two per cent.

Civil engineering is predicted to grow by 11.4 per cent in 2011. In the meantime, the non-residential building market is envisaged to show a modest 2.5 per cent recovery in 2012. Housing is expected to recover in 2011 and 2012 to 23,100 and 28,200 units respectively.

Cement demand is recovering from the severe setback in 2009, with the recovery gathering pace in 2011 and 2012, potentially reaching highest level for over 20 years, except for the 2008 record year. This would result in growth rates of nine and 14 per cent for 2011 and 2012, respectively. The higher levels of demand are driven by increased spending on the infrastructure, principally new roads and railway lines. However there should also be positive influences from the sewage, water and energy sectors and housebuilding activity should begin to recover from 2011.

Exports, principally to Africa, are set to remain at good levels for 2011, but are then likely do come down in the face of growing domestic demand, but also the likelihood of improved availability in West Africa.

IN SUMMARY

3 plants  
3.2Mta cement capacity

- Domestic demand set to recover
- A major coast plant provides cheap domestic transport
- Low-alkali cement helps exports

The Swedish cement production base

Company	Capacity (Mta)	Plants
Scancem (HeidelbergCement)	3.20	3 plants