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 15.8 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 12.8 per cent decline in 2009, with a 6.8 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 20 years, the Swedish per capita consumption has been running at well below 200 kg and only began to rise above that mark from 2005 onwards. Per capita demand, however, remains well below that in Western Europe, and other than in countries like Greece and Spain.

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

Production
HeidelbergCement, through its subsidiary Cementa A/B, is the only cement producer in Sweden. Cementa 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, Cementa’s largest plant and has a capacity of 2.2 Mta. The Swedish and other European markets are supplied by ship from Slite and Cementa 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, transhipment 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 0.6 Mta 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.

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.

**Sweden**
Back on track

<table>
<thead>
<tr>
<th>Consumption (Mt)</th>
<th>Production (Mt)</th>
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</thead>
<tbody>
<tr>
<td>Consumption (Mt)</td>
<td>2.51</td>
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<tr>
<td>Change (per cent)</td>
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<tr>
<td>Production (Mt)</td>
<td>2.95</td>
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<tr>
<td>Exports (Mt)</td>
<td>0.72</td>
</tr>
<tr>
<td>Imports (Mt)</td>
<td>0.36</td>
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</table>

Source: ICR Research

The Degerhamn works on the isle of Öland has a cement capacity of 0.3Mta and produces special cements of various kinds, primarily for the civil engineering industry. The Degerhamn plant has recently been enjoying a very good capacity utilisation.

Exports
The consumption was increased by 47.2 per cent to 1.96Mt in 2009 as the domestic market came off the boil, with cement and clinker shipments amounting 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 premium price on the North American market. This plant handles all exports, other than special cements, which go from Degerhamn. As a result of lower home and US demand, attention has again been paid to formerly important export markets in West Africa.

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. Cementa, on the other hand, still draws its supplies of white cement from Aalborg Portland, though the two compete in the Danish grey cement market. At the peak of demand in 2007-08, Cementa did import modest amounts of clinker.

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

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

Civil engineering is predicted to expand 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 to come down in the face of growing domestic demand, but also the likelihood of improved availability in West Africa.

The Swedish cement production base

<table>
<thead>
<tr>
<th>Company</th>
<th>Capacity (Mta)</th>
<th>Plants</th>
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</thead>
<tbody>
<tr>
<td>Scancem (HeidelbergCement)</td>
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<td>3 plants</td>
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