

Colombia

Geography	
Area	1,138,910km ²
Demography	
Population	49.1m
Density	43 inhab./km ²
Urbanisation	82%
Economy	
GNI per capita	US\$16,460
Currency	Colombian peso (COP)
Cement	
Per capita cement consumption	258kg
Cement capacity	20.28Mta
No of plants	20



While Colombia cement demand may experience weakness in the short term, looking beyond 2023, the outlook improves as the government continues its 4G infrastructure programme.

Colombia elected a new president in June 2022. Gustavo Petro, former mayor of Bogotá and leftist rebel, campaigned on an ambitious progressive agenda that included major reforms of Colombian health, labour, pension, energy, environmental and tax policies. He also wants to continue Colombia's "Fourth Generation (4G)" infrastructure initiative, which has been a primary driver of three-fold growth in construction activity and cement consumption over the past two decades.

Colombian real GDP fell 7.3 per cent in 2020, the first decline since 1999 and precipitated by the COVID-19 pandemic. It rallied by a robust 11 per cent in 2021 and a strong 7.5 per cent in 2022, supported by high oil prices.

The country's construction sector saw its share in GDP fall from 4.8 per cent in 2020 to 4.6 per cent in 2021 before picking up to 5.7 per cent in 2022. Real construction spending was US\$15,497m in 2020. It climbed 5.7 per cent to US\$16,380m in 2021 and jumped an estimated 33.4 per cent in 2022 to US\$21,851m.

Consumption

Colombia is the second-largest cement consumer in South America, only behind much larger Brazil. Cement consumption fell by 1.5 per cent in 2020 to 11.301Mt due to the COVID-19 pandemic. 2021 demand rallied 16.4 per

cent to 13.156Mt, followed by 5.7 per cent in 2022 to 13.905Mt, the highest level since 2015.

Cement consumption per capita increased from 251kg in 2019 to 258kg in 2021.

Production

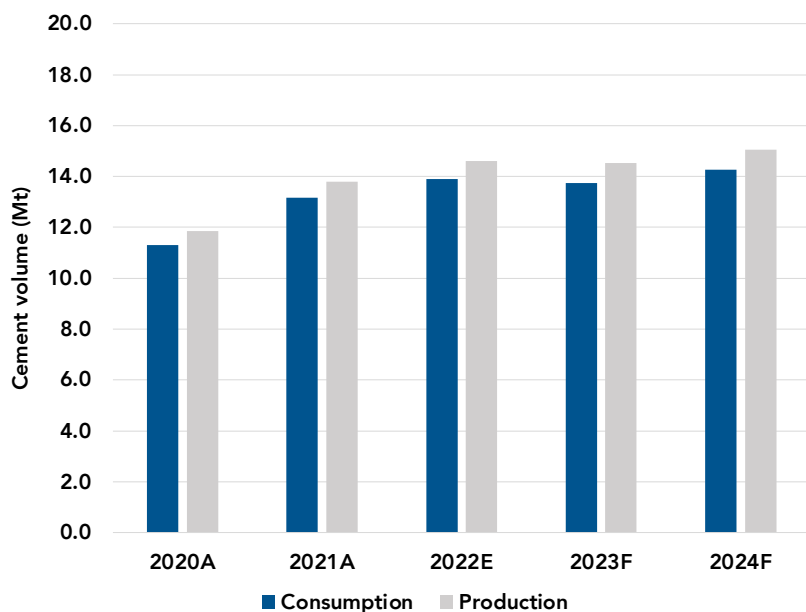
Colombia's cement industry has 14 integrated cement plants and seven grinding units. It expanded its cement capacity from 18.2Mta in 2018 to

Colombia's cement production base

Company	Cement capacity (Mta)	Plants (No)
Cementos Argos SA	8.60	6
CEMEX Colombia (Cemex LatAm)	4.27	4
Holcim Ltd	2.10	1
EcoCementos (Grupo Corona)	1.50	1
Ultracem SAS	1.43	1
Cementos del Oriente SA	0.60	2
Cementos San Marcos	0.50	1
Cementos Tequendama SA	0.50	1
Fortecem (Molienda de la Sabana SAS)	0.30	1
Kolcem SAS	0.25	1
Cementos Vallenato (Cementos y Calizas La Paz)	0.10	1

Source: Industry sources

Colombian producers increase output while growing exports



	2020A	2021A	2022E	2023F	2024F
Consumption (Mt)	11.301	13.156	13.905	13.735	14.256
Change (%)	-10.8	+16.4	+5.7	-1.2	+3.8
Production (Mt)	11.849	13.797	14.613	14.535	14.536
Exports (Mt)	0.614	0.756	1.108	1.000	1.108
Imports (Mt)	0.756	0.740	0.613	0.613	0.625

Source: ICR Research

20.28Mta in 2022 with additional investment in the planning stage before the COVID-19 pandemic hit. Total clinker capacity was just below 14Mta in 2022.

Colombian cement production declined 8.9 per cent to 11.849Mt in the pandemic-weakened economy of 2020. It rebounded 16.4 per cent in 2021 to a record 13.797Mt plus another 5.7 per cent in 2022 to a new high of 14.613Mt. Capacity utilisation improved from 60.1 per cent in 2020 to 74.1 per cent in 2022.

Cementos Argos is the country's largest cement company with 8.60Mta of cement capacity at six plants for a 42.7 per cent share of total cement capacity. To take better advantage of reviving cement and clinker exports, Cementos Argos opened a second port terminal in Cartagena with 3.5Mta of throughput capacity in the 3Q23.

CEMEX is the second-largest producer with a 21.7 per cent share at four plants with 4.27Mta of cement capacity.

Holcim has a single but large plant at Bogotá with 2.10Mta capacity for a 14.1 per cent share.

Remaining 25 per cent of Colombia cement capacity is owned by seven companies with eight plants: Grupo Corona (EcoCementos) at 7.6 per cent, Ultracem at 7.2 per cent, Cementos del Oriente at three per cent, Cementos San Marcos at 2.5 per cent, Cementos Tequendama at 2.5 per cent, Molienda de la Sabana (Fortecem) at 1.5 per cent, and Cementos y Calizas La Paz (Cementos Vallenato) at 0.5 per cent. Kolocem SAS is also a new entrant with a small grinding plant in Tolúveijo.

Exports

Colombian cement exports climbed from 0.614Mt in 2020 to 1.108Mt in 2022, the first reading above 1Mt since 2008. Exports to the USA (733,418t in 2022) have risen dramatically since the pandemic. Other export destinations are located in the Caribbean Sea region, such as Guyana and Aruba.

Imports

There is sufficient cement capacity to meet Colombia's needs. The country's cement imports contracted to only 67,200t in 2020 but then recovered to 0.12Mt in 2021. Clinker imports also soared after 2013, with a 2016 peak of 1.21Mt, falling back to 0.74Mt in 2021.

Prices

According to DANE, the producer price index for cement, lime and plaster increased 10.4 per cent in 2022 compared to 18.1 per cent for all manufacturing industries and 29.6 per cent for all producers. CEMEX reported that its Colombian domestic cement prices increased 11 per cent in 2022.

Outlook

Real GDP is forecast by the IMF to increase a modest one per cent in 2023 and 1.9 per cent in 2024.

The construction sector is expected to grow 3.1 per cent in 2023, accelerating to 4.3 per cent the following year to US\$23,479m. Its share in Colombia's GDP is projected to be 5.9 per cent in 2023 and six per cent in 2024.

With a volatile economic and political climate as well as national elections in October 2023 the outlook for Colombia, including its construction and cement industries, is turbid. The consensus forecast is that there will be little or no sales growth in 2023 and only modest gains in 2024.

Colombian cement consumption is expected to decline by 1.2 per cent to 13.735Mt in 2023, but in 2024 a 3.8 per cent uptick to 14.256Mt is forecast. Per capita consumption is predicted to reach 272kg in 2024.

Cement output is projected to slip by 0.5 per cent in 2023 but resume growth the following year. While growth prospects are modest, cement producers should be able to maintain profitability with operating rates exceeding 76 per cent, the highest since 2015. ■

IN SUMMARY

- Cement demand now surpasses pre-pandemic level
- Significant improvement in capacity utilisation
- Robust growth in cement exports.