

SECTOR BRIEF

Cement Sector



By Research and Publications Department, ICMA Pakistan

Historical Background:

At the time of independence in 1947, there were four cement factories with an installed capacity of 470,000 tonnes per annum. These units were located at Karachi, Rohri, Dandot and WAH. By 1954, the production increased to 660,000 tonnes per annum against a demand of one million tonnes per annum. In 1956, PIDC took an initiative and established two cement factories viz. Zeal Pak (240,000 tonnes) and Maple Leaf (100,000 tonnes) having combined capacity of 340,000 tonnes, thereby increasing the total production capacity to one million tonnes per annum.

The industry was nationalized in 1972 and the State Cement Corporation of Pakistan (SCCP) was established following the Economic Reforms Order, 1972. As a result of nationalization, a total of 10 cement units with an installed capacity of 2.8 million tonnes per annum were transferred to the SCCP. Effective price control was also vested with the SCCP and for a long time the industry operated under a regime of strict regulation and price control.

While the cement industry was working under the state control, the SCCP established five new units with an installed capacity of 1.8 million tonnes per annum. For the next 15 years, no new cement plant was established under the private sector, which resulted in acute shortage of cement in late 70s and early 80s. This gap was filled by allowing cement import in FY 1976-77 that continued upto FY 1994-95. On denationalization, a tax holiday in Baluchistan and KPK provinces was announced which resulted in heavy investment and consequently Pakistan was a surplus cement producing country. The private sector was allowed to invest in cement manufacturing and consequently seven units were established in the private sector before commencement of privatization process in 1991. Initially, eight cement units were privatized.

Current Scenario:

Today there are 25 functional cement factories in the country, out of which 12 are located in Punjab; 7 in KPK; 4 in Sindh and 2 in Baluchistan. According to the official website of All Pakistan Cement Manufacturers Association (APCMA), the total installed production/operational capacity of 25 cement units in the country, as on October 2019, is around 59.427 million tonnes.

The Cement industry contributes over 20 billion to the national exchequer and around Rs. 40 billion to the country's GDP annually. The net worth of cement companies listed on the Karachi Stock Exchange is over Rs. 25 billion.

Top 5 Cement Units in Pakistan In terms of highest Installed Production Capacity (As on October 2019)			
Sr. #	Name of Cement Unit	Province	Operational Capacity
1	Maple Leaf Cement -Daudkhel	Punjab	5.67 million
2	Lucky Cement Karachi	Sindh	4.90 million
3	Cherat Cement Nowshera	KPK	4.54 million
4	Lucky Cement Pezu	KPK	4.10 million
5	Bestway Cement Chakwal	Punjab	3.60 million

Source: APCMA website

Export of Cement and Clinker from Pakistan:

Cement industry of Pakistan is fulfilling the local demand of cement and also exporting cement to the neighborhood countries like Russia, Iraq, Sri Lanka, India, Afghanistan and United Arab Emirates. At present, Pakistan is also exporting cement to some African countries as well. Pakistan is currently exporting cement and clinker worth 2.80 million metric tons via land to Afghanistan; via sea and land to India and via sea to other countries.



The following table shows the exports of cement and clinker from Pakistan during the last five years:

Export of Cement and Clinker from Pakistan					
<i>(Quantity in Million Metric Tons)</i>					
Financial Year	Cement Exports			Clinker Exports Other Countries via Sea	Total Exports
	Afghanistan via Land	India via Sea & Land	Other Countries via Sea		
2018-2019	1.725	0.716	1.952	2.148	6.541
2017-2018	1.820	1.213	1.713	--	4.746
2016-2017	1.717	1.253	1.694	--	4.664
2015-2016	2.439	0.993	2.441	--	5.873
2014-2015	2.873	0.696	3.626	--	7.195

Source: APCMA website

World Scenario:

China, India and USA are the top three cement producing countries in the world. The following table depicts the rankings of countries:

WORLD TOP 10 Cement Producing Countries in the World [2018]		
<i>(Figures in million metric ton)</i>		
Ranking	Top Cement Producing Country	Total Cement Production
1	China	2,370
2	India	290
3	USA	89
4	Turkey	84
5	Vietnam	80
6	Indonesia	67
7	South Korea	56
8	Japan	55.5
9	Russia	55
10	Egypt	55

Source: Statista

SWOT Analysis of Cement Industry of Pakistan

