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Q: We have recently seen the arrival of two new cement players in the country. Considering that the market is already producing more than the demand, does the sector need increased capacity at this point in time?

The question is often asked if there is a place for new or more cement plants in South Africa. It is important to note that healthy competition is good for the cement industry. The readymix industry has already felt the difference in service and price necessitated by a wide variety of players. It has also been noted that great focus is being placed on the quality of cement supplied to the industry.

Q: Besides new players, we have also seen the influx of new cheap imports into the country further congesting the market. What needs to be done?

Competition is good for the South African cement sector but cement imports are worrying. Some studies by reputable cement and readymix producers tend to show problems with quality and strength.

Sarma is concerned that the construction industry stakeholders, project owners, designers, contractors and manufacturers are affected by the challenges of sustainable development since the built environment has significant environmental, social and economic impacts on the population of the country. It is, therefore, essential that all users of cement

make sure that they use legal, quality and sustainable materials when manufacturing concrete.

The use of, in some cases, illegally imported, under-specified cement, poor quality aggregate and sand, will in time catch up with us. However, even if there is now a "price" war in the industry, the producers are creating jobs, older plants are being revamped and updated, and this bodes well for the economy.

The present producers are committed to the country, but the danger is the "imports" as no jobs are created in South Africa and labour laws and standards could be flouted in the process. It is a moral duty to stick with local producers. The "Buy South Africa" drive should also be embraced by the construction industry.

Q: Bearing in mind that in 2009 the rapidly growing demand for cement put pressure on supply and the repercussions of a cement shortage were severe and unexpected, and considering the time and financial commitments required to increase capacity at that time, some feel overcapacity bodes well for a healthy cement sector in future. What are your thoughts?

The cement capacity may be in excess, but Sarma believes this is a very good thing for the country. It has taken many years to build the existing cement factories, and it's always beneficial to have a ready steady supply when demand peaks unexpectedly. The leaders in this



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industry have a vision to ensure that the market does not end up with a shortage of cement supply.

We have seen a few good examples where there was a big shortage of bitumen, dams not being built quickly enough to ensure water supply for the future and then not even to mention the electricity supply which has become a national problem. Construction leaders should see the expansion of the cement industry in South Africa as positive, as roads can be built by using concrete, which as argued, will become less pricey at a time when crude oil used to make of bitumen is continuously becoming an expensive commodity.

The good thing about the cement expansion is that it is spilling into the rest of the continent, helping the region develop by establishing better infrastructure, creating jobs and boosting the revenue base for the local companies. At last the cake is being baked bigger.