

Analysis of Titan's impacts to local cement supply

Titan Cement's supporters often claim that the presence of a local cement industry will substantially lower the cost of cement¹. Were this true, the Cape Fear Region's considerable construction and real estate industries could potentially benefit. However, local cement prices are unlikely to change dramatically with the addition of a cement plant in New Hanover County. Since the collapse of the housing market in the United States, along with a prolonged recession, national cement supplies remain much higher than current or projected demand.² Cement prices have declined steadily,³ and Titan's Florida cement plant has admitted that it is running at only 35 percent of its capacity.⁴

Aside from supply and demand, cement is an extremely low-value product by weight. This means that a large portion of its price results from transportation costs, rather than the value of the cement itself.⁵ However, since transportation by sea is far more cost effective,⁶ close proximity to a major port with large cement-importing capabilities should keep cement transportation costs low for the Cape Fear Region.

- “The cement industry has an overcapacity of over 300 million tons – more than the total consumption of India, Japan, and the US combined. For a North American producer of cement, this must be a statistic that keeps them awake at night” -Pacifica Partners Capital Management's weekly *Financial Post* column, July 2009.⁷
- The US has plenty of existing sources for cement. With demand for cement just at a 30-year low, US capacity is at an all-time high, and major expansions of capacity are still underway.⁸ Over four times the proposed capacity for the Castle Hayne cement plant⁹ was added nationwide in just six years between 2004 and 2009.¹⁰
- Our proximity to a large port keeps imported cement's transportation costs low. While land transportation is expensive for heavy, low-value commodities like cement, transportation costs by sea have a relatively small impact on its price. According to the European Cement Association, “it is now cheaper to cross the Atlantic Ocean with 35,000 tonnes of cargo than to truck it 300 km”.¹¹
- The Port of Wilmington is already able to satisfy cement imports far beyond the region's peak cement demand of 2005, when it averaged nearly 1,000 tons of imported cement per day.¹² Overall, the port's conveyor system is capable of offloading 1,000 tons of dry bulk, such as cement, per hour.¹³

¹ Spilker, Josh. Biz Group forms in reaction to Titan opposition. *Greater Wilmington Business Journal*. 20 March 2009.

² PR Newswire. PCA Cement Forecast Heavily Dependent on Congressional Fiscal Cliff Action. *Sys-Con Media*. 19 November 2012.

³ Van Oss, Henrik G., 2012. US Geological Survey, Mineral Commodity Summaries. <http://minerals.usgs.gov/minerals/pubs/mcs/2012/mcs2012.pdf>

⁴ Maurer, Kevin. A look at Titan in Florida. *The Star News*. 28 January 2012.

⁵ The Boston Consulting Group, 2012. Key Arguments Justifying the European Cement Industry's Application for State Aid to Balance Offshoring Risk Caused by the Increase of Electricity Prices Due to EU-ETS.

⁶ Cembureau, The European Cement Association, 2012. Cement Industry – Main Characteristics.

<http://www.cembureau.be/about-cement/cement-industry-main-characteristics>

⁷ Pacifica Partners Capital Management. A contrarian look at China's incredible rise. *Financial Post*. 26 November 2011.

⁸ Earthjustice and the Environmental Integrity Project, 2011. Dirty air is Not the Key to Economic Growth.

⁹ North Carolina Department of Environment and Natural Resources, Division of Air Quality. Air Quality Permit No. 07300R09. 29 February 2012.

¹⁰ Earthjustice and the Environmental Integrity Project, 2011. Dirty air is Not the Key to Economic Growth.

¹¹ Cembureau, The European Cement Association, 2012. Cement Industry – Main Characteristics.

<http://www.cembureau.be/about-cement/cement-industry-main-characteristics>

¹² North Carolina Ports Authority. Port of Wilmington 2006 Statistics.

<http://www.ncports.com/elements/media/files/port-wilmington-2006-statistics.pdf>

¹³ North Carolina Ports Authority, 2009. Port of Wilmington fact sheet.

<http://www.ncports.com/elements/media/files/port-wilmington-fact-sheet.pdf>