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## CAPEX cuts - Russian cement firms slashing expansion plans

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It is reported that worldwide cement producers active in Russia, including global major Holcim are slashing their expansion plans as demand from property developers shrinks because of the credit crisis.

The business daily cited Mr Vyacheslav Boltenko the head of the Russian cement makers' union as saying that only 15 % of the projects now in the planning phase will be carried out.

As per report Mr France's Lafarge, the other European major working in Russia, is moving ahead with development plans despite the downward trend in demand. Mr Lafarge has plans to build several new cement factories in Russia at a cost of around EUR 1 billion.

European majors rushed to set up production in Russia as prices more than doubled in the 18 months to June of this year, reaching USD 215 per tonne to become the highest in the world after a decade of steady growth. But the lifting of cement import tariffs in January led Turkish and Chinese producers to flood the market, pushing prices sharply downward and undermining the profit assumptions for the future.

Mr Boltenko told Bloomberg last week that the average price for cement in Russia fell 38 % to RUB 3,200 a tonne since peaking in March. He said demand plummeted in southern and central Russia, while Siberia is relatively stable.

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