World Construction Aggregates

Industry Study with Forecasts for 2013 & 2018

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Global demand to expand 2.9% yearly through 2013

World demand for construction aggregates is forecast to expand 2.9 percent annually through 2013 to 28.7 billion metric tons. This represents a significant moderation from the pace of the 2003-2008 period, reflecting a slowdown in worldwide economic and construction expenditure growth. Nonetheless, advances in the construction aggregates market through 2013 will still be healthy. The Asia/Pacific region will experience the fastest growth, as nonbuilding, residential building and nonresidential building construction spending in the area increases rapidly. A number of countries in the area are expected to post large gains, including China, India and Indonesia. More than 80 percent of all global growth generated between 2008 and 2013 will occur in the region; China alone will account for almost three-fifths of all new aggregates demand.

The Africa/Mideast region and Eastern Europe are also projected to see solid growth in construction aggregates demand, spurred by industrialization activity and infrastructure construction. Turkey and Poland are expected to outperform their regional counterparts through 2013. Product demand in Latin America, on the other hand, is forecast to remain relatively flat from 2008 and 2013 because of stagnant nonbuilding and nonresidential building construction expenditures.

Growth in the developed parts of the world -- the US, Canada, Japan, Western Europe and Australia -- will not be as strong as in most industrializing areas. A slowdown in economic activity will cause construction spending in many of these nations to grow at a much slower pace than during the 2003-2008 period (the US is an exception), limiting demand for construction aggregates. Nonetheless, several countries will still experience a substantial increase in product sales through 2013, including Taiwan, South Korea, the Netherlands and the US, because of gains in residential construction spending.

Recycled/secondary aggregates to see fastest gains

Annual growth in the crushed stone, sand and gravel product segments during the 2008-2013 period will range from 2.4 to 3.1 percent. More stringent environmental and land use regulations will spur demand for recycled and secondary construction aggregates such as blast-furnace slag and crushed hydraulic concrete. The depletion of natural aggregates reserves in a number of nations will also contribute to this trend. As a result, sales of these other aggregate types are expected to grow 3.9 percent per year through 2013.

The Asia/Pacific region will see the fastest growth, as construction spending in the area increases rapidly. Asian countries expected to post large gains include China, India and Indonesia.
ASIA/PACIFIC

India: Construction Aggregates Demand

Construction aggregates demand in India was 1.4 billion metric tons in 2008, making it the Asia/Pacific region’s second biggest market after China, and the world’s third biggest behind China and the US. Strong economic growth and large inflows of foreign investment stimulated major advances in industrialization and infrastructure-related construction. Residential construction expenditures, spurred by rising living standards, grew intensely. As a result, sales of construction aggregates in India rose 11.8 percent per annum during the 2003-2008 period. However, the country still has levels of product use — gauged against GDP, population size and construction expenditures — that are far below regional norms.

Crushed stone aggregates are the most popular product type in India, accounting for 40 percent of 2008 sales. There are also substantial levels of demand for gravel and sand aggregates, which account for equally large shares of the market. The utilization of aggregates from other materials has grown considerably in recent years, and is expected to continue to grow. Small and mid-sized companies, such as Aiswarya Granites, Blue Aggregates and SRK Infrastructures, are responsible for the majority of aggregates production in India. Participation by major foreign multinationals in the country’s aggregates industry is limited, but it is expected to increase in the future.

The Indian market for construction aggregates is forecast to expand at a 5.2 percent annual rate to 1.9 billion metric tons in 2008, slowing from the 2003-2008 pace, but still exceeding expected regionwide gains. Sales will be spurred by significant advances in residential building and nonbuilding construction. For example, the Indian government pledged to double the length of the country ten-fold (from 2 kilometers per day to 20 kilometers per day) by 2012. India, possessing only limited financial resources, immediately began to look abroad for potential

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**TABLE VI-6**

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**CHART VIII-1**

CONSTRUCTION AGGREGATES MARKET SHARE BY COMPANY, 2008

(24.9 billion metric tons)

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**CHART WITH SAMPLE TEXT**

**SAMPLE TABLE**

**SAMPLE TEXT**

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Nordkalk Corporation
Skrabobleven 18
Pargas 21600
Finland
358-20-753-7000
http://www.nordkalk.com

Sales: $505 million (2008)
Geographic Sales: Finland 56%, Sweden 20%, Poland 14%, Estonia 2%, Germany 4%, Other European Union Countries 2%, Other Countries in Europe 2%, Other Regions under 1%

Employment: 1,345 (2008)
Key Products: crushed & powdered limestone, quicklime & slaked lime

Nordkalk is a leading producer of limestone-based construction materials in northern Europe. The Company has operations at more than 30 locations in eight countries, including mines and quarries in five countries. Nordkalk extracts limestone and processes it into crushed and ground limestone, enriched calcite, and quick and slaked lime. The Company also makes mineral products, including wollastonite. Markets served include the building materials, steel, pulp and paper, agriculture, environmental care and other sectors.

The Company is active in the world construction aggregates industry principally through the production and sale of NORDKALK limestone used as a building material. In 2008, the building materials market represented 27 percent, or approximately $135 million, of Nordkalk’s total sales. Nordkalk manufactures limestone in crushed and powdered forms. The Company’s crushed limestone can be used as a raw material in the production of cement and hydraulic concrete. Applications for Nordkalk’s powdered limestone include the production of:

“China and India are the Asia/Pacific region’s two biggest markets for construction aggregates, making up almost 70 percent of regional demand in 2008. Massive increases in infrastructure and industrialization-related construction activity in China and India caused sales of construction aggregates in each country to grow about twelve percent annually between 2003 and 2008.”

--Section VI, pg. 118
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