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Eurocement Builds Plant to Battle Iranian Imports

By Anatoly Medetsky

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Eurocement hopes this new plant will get one up on its competitors from Iran and Turkey. **Andrei Makhonin / Vedomosti**

PODGORINSKY, Voronezh Region — Eurocement, the country's largest producer of the building material, has set out on an offensive against competing supplies from Turkey and Iran.

The company's newest 17 billion rubles ($524 million) plant, which boasts some of the world's largest cement mills, will help replace 80 percent of imports from these countries, Eurocement chief Mikhail Skorokhod said Wednesday.

"Imports are a threat to any country," he said. "They take away the market."

Located in an inconspicuous village, the plant will cater to developers and households in southern and central Russia, where most of the gray powdery substance from foreign rivals

ended up.

Several cities in this area will need cement for constructing stadiums and other facilities as part of preparations to host the soccer World Cup in 2018.

Imports accounted for almost 8 percent of the 65.2 million metric tons of cement that the market consumed last year.

The share of imports grew from nearly 5 percent the previous year because the foreign product sells at a lower price.

Skorokhod said the plant, which started production in April and reached full capacity in July, has been able to win over some of the customers that relied on imports.

"If you look at the southern ports, you'll see that the amount of incoming cement has fallen sharply," he said at a news conference. "That is because the Podgorensky plant came into being."

The customers, he said, agreed to switch to the more expensive Eurocement products after the company convinced them of their higher quality, he said.

Skorokhod said Iran's state-owned companies were able to offer a more appealing price because they receive subsidies from a government that is under Western trade restrictions and eager to tap any foreign-currency contracts.

He went as far as to suggest that cement from abroad does not hold well in the colder Russian climate and might contain nuclear contamination.

"What is in that cement from the radiation perspective?" Skorokhod said.

In a bid to stress its own expertise, Eurocement assured in its in-house magazine, stacked on display at the plant's office, that it mastered every small thing about making the material.

"All Shades of Gray," read the cover proudly, in an apparent reference to the product, not the erotic romance novel with a similar name.

In another measure against cheaper imports, Eurocement could turn to the World Trade Organization for an antidumping investigation, Skorokhod said. Russia is a WTO member since last August.

At one of the cement mills, huge horizontal tubes the size of two jumbo aircraft in diameter, rotated fast, making steel balls inside them grind to powder the raw material for cement.

Skorokhod predicted that cement consumption would increase 9 percent to 72 million tons this year.

Next year, it will go up at least another 5 percent, he said.

As of now, plants across the industry work to 65 percent of their capacity, he said.

A lot of the plants require upgrades to consume less energy and employ the latest technology

that reduces costs.

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