Post-Covid World Cement Industry: New Patterns

Ladies and gentlemen,

Good afternoon. We've been standing by each other for three years since the foundation of the World Cement Association in December 2017. 2020 is quite a special year to the world economy which is under test. Covid-19 has altered global economic directions, and the cement industry strives to find new balance and new directions among changes.

I. Covid-19 and the Cement Industry

Covid-19 has rampaged across the world for nearly a year since the beginning of 2020. Great impact has been made on the global economy. According to IMF's latest World Economic Outlook Report, global growth is projected at –4.9% in 2020, 1.4 percentage points below the forecast at the beginning of the year. Closely related to the economic development, the cement industry is put under intense pressure inevitably.

In face of Covid-19, China has taken decisive and effective measures to control it on the one hand, and initiated strong supportive fiscal and monetary policies for economic recovery on the other hand. At present China has basically put Covid-19 under control and come out from negative

impact exerted by the pandemic at the beginning of the year. During the first three quarters, Chinese GDP grew by 0.7% YoY. IMF adjusted China's economic growth projection for 2020 to 1.9% as well. It's anticipated that China will be the only major economy that will reap positive growth, and thus will be the driving engine for the global economy. In the 1st 10 months, Chinese cement output reached 1.92 billion tons, up 0.4% YoY, bouncing back from negative to positive; and the profits of the industry was 148.3 billion CNY, down 1.58% YoY.

Globally, the pandemic continues at large due to multiple factors such as the downplay of the pandemic, slow response, or lack of mature public health facilities in some countries. The challenge is going on with the uneven resumption of work and production and the decline of cement sales and revenues.

II. WCA Work

Due to the pandemic, the regular activities and events such as the annual conference, member forums, etc. cannot be carried out. In face of challenges like economic downturn and production shutdown, WCA members are in urgent need of communication and information sharing.

Under this circumstance, WCA launches innovative offerings by using online platforms like Zoom, WeChat, Dingding, etc. We've hosted above 20 sessions of more than 10 Webinars on 2 themes: "Covid-19 & the Cement Industry" and "Life After Covid-19". A big audience of about

3500 executives, experts, association heads, engineers, etc. participated. Besides, we've hosted "Voice from the Cement Industry" video interviews with our members, organized virtual member forums and conducted podcast to discuss current affair and topical subjects in the industry. By doing so, WCA continues its services to its members and sustains to share information and experiences through its brand-new communication and networking platform. WCA firmly stands by our members for their efforts to adapt to the current situation, counter the pandemic, secure growth and make contributions to economic development.

III. Post-Covid World Cement Industry: New Patterns

The global economy is tested by Covid-19. Great changes have happened to the development patterns for many industries. In response, the cement industry needs to think about how to break through traditional development patterns and reshape the new ones.

1. Coexist with Environment: Achieve Harmonious Coexistence between Production and Environment

Since its very foundation, WCA has put priorities on the coexistence between cement production and environment, and the integrative development of economy and nature. At the World Cement Conference in 2019, WCA put forward "supporting a sustainable cement industry" as one of its 4 development principles together other 3, namely "WCA is the original international cement association and also, because of our focus on emerging economies, the face of

the industry's future", "all WCA corporate members have the same rights, whether large or small, whether from emerging economies or developed countries" and "WCA offers practical services to help members improve their business".

This pandemic alerts us again that the environment is irreplaceable and important to human existence. All industrial activities including the cement production shall orient towards the coexistence with the environment.

During the combat against the pandemic, many cement enterprises use their cement kilns to treat medical wastes in a safe way and the secondary infection is thus avoided. Thanks to them, the cement industry has made contributions to controlling Covid-19.

As the situation goes better, WCA has conducted Pegasus project, providing guidance to members for energy consumption and emission reduction by way of process, technology and equipment innovation and management improvement.

Enhancing the co-existence of production and environment will be one of WCA priority work, and I believe it is a means for the cement industry to achieve long-term development as well. There are several ways to achieve the co-existence. First, conserve energy and reduce emission through technology innovation and equipment R & D, and minimize consumption and emission during production. Second, restore ecological environment in time, step up efforts to

rehabilitate quarry and restore quarry ecology. Third, reduce environmental loads by bringing clean energy such as WHR, solar power and wind power into full use. Forth, promote advanced technologies such as co-processing by cement kilns, CCUS, etc. and use them to clean the environment for human beings.

2. Co-existence with Market: Rational and Fair Competition

Due to the abrupt outbreak of Covid-19, cement demand plummeted in short terms. Chinese cement output dropped 29.5% in the 1st quarter, but recovered in a fast pace from April. On a whole year basis, the industry operates in order.

New capacity construction leads to overcapacity in many countries and regions. The unbalance between supply and demand deteriorates with the outbreak of the pandemic. The supply and demand pressure sustains as Covid-19 still rages in many countries. The cement enterprises in the world need to reshape market competition patterns, balance supply and demand, and square production with sales.

Ladies and gentlemen, the development of the cement industry shall keep in line with the world development. As an independent organization representing the global cement industry and its stakeholders, WCA will continue its commitments to promoting the sustainable development of the industry, the harmonious co-existence between cement production and environmental protection. We will be committed to leading the world cement industry to reshape

new market competition patterns.