



**TÜRKÇİMENTO**



## **16th TÜRKÇİMENTO INTERNATIONAL TECHNICAL SEMINAR AND EXHIBITION WAS HELD IN ANTALYA**

### **THE WORLD'S CEMENT SECTOR CALLED FROM TURKEY: A SOLUTION MUST BE PRODUCED FOR THE INCREASE IN ENERGY COSTS**

**The 16th TÜRKÇİMENTO International Technical Seminar and Exhibition, which brings together the national and international supplier companies that provide technology and equipment to the cement sector, has been held at Kaya Palazzo Golf Resort Belek Hotel with the participation of 224 companies and 629 people, with the theme of "The Future of Cement in Green Transformation."**

In his speech at the inauguration of the seminar, **Fatih Yücelik, Chairman of the Board of Directors of TÜRKÇİMENTO**, expressed that it is pleasing that the event held since 1987 has turned into an important platform for the sector, where technical issues are discussed and innovative applications are shared at an international level. Continuing his speech by describing the Turkish cement sector, Fatih Yücelik said, "The cement sector, which has been the main actor of economic development in our country for more than 100 years and which continues its activities with 77 cement plants and an annual production capacity of approximately 118 million tons, taking its place on the foundation of the industry, is today the fifth in the world and the leading producer in Europe. It is experiencing the pride of being the second largest exporter in the world. Knowing that Türkçimento, which represents 94% of the cement sector in our country, has a large share in it also reinforces our pride."

Inviting attention to the fact that the Russia-Ukraine War, which started in February, posed negative impacts on Turkey and globally, **Fatih Yücelik** said:

"We faced serious cost increases, particularly in energy. In September 2022, an increase of approximately 431% in electricity prices, approximately 311% in imported coal prices, approximately 161% in petcoke prices, and approximately 186% in domestic coal prices took place, compared to the same period of the previous year. Dollar exchange rate also increased by 115% for the same period. This increase in foreign currency rates and energy unit costs causes the share of energy costs in variable costs to still navigate around 85%."

## **SUSTAINABILITY TURNED INTO AN INDISPENSIBLE MODEL FOR PRODUCERS**

Stating that the cement sector continues its technological and sustainability investments despite the increases in foreign currency rate and energy costs, **Fatih Yücelik** said:

“As you all know, the issue of sustainability has become an indispensable model for producers who want to continue their existence in commercial life. We are aware of the fact that, as the sector, we have a substantial task in green transformation. The most important of them is to carry out low-carbon production. We consider the first step of strategic applications in low-carbon production as the creation of a sustainability transformation program by the producers. As you know, large investments are made in the cement sector in the fields of energy efficiency investments, biomass use, electricity generation from waste heat, and cement with admixtures. In electricity generation from waste heat, we have achieved an installed capacity of 141,5 MW with waste heat recovery facilities installed in 16 plants and 25 lines without government incentives. Thanks to it, the electrical energy need, which corresponds to the daily consumption of 570,000 households, is fulfilled only with the waste heat from the process.”

Mentioning the fact that 2,8 million tons of alternative raw materials and 1,5 million tons of alternative fuel were used in 2021 by the members of TÜRKCİMENTO, the umbrella organization of the sector, **Fatih Yücelik said**, “Savings of imported fuel equivalent to 740 thousand tons of petroleum coke were ensured through the use of alternative fuel. In this way, 8,1% of the sector's total energy consumption was obtained from alternative fuels. As TÜRKCİMENTO, we believe that emissions can be reduced without incurring a significant cost by means of R&D activities and the expansion of the use of alternative raw materials. With renewable energy investments, it will be possible to decrease the investment need in electricity transmission lines, increase the quality of energy, and reduce energy losses as consumption takes place at the production point.

## **WHAT IS HAPPENING IN THE GLOBAL CEMENT SECTOR?**

Speaking at the inauguration of the seminar, **Koen Coppenholle, CEO of the European Cement Association (CEMBUREAU)**, shared the Latest Developments in the Cement and Construction Materials Sector in Europe with the participants. Koen Coppenholle expressed in his speech that the 10 largest construction companies in the European Union has a target to reduce their carbon footprint by 40 to 70 percent by 2030.

Coppenholle said, “The climate issue is not just a problem faced by the cement sector in Europe. The issue of climate is no longer addressed only as a target. Governments are also bound to the targets. Climate change will have increasing importance. Investment banks and investors expect us to make the sector greener.”

Mentioning the issue of energy supply, Coppenholle said that the EU's energy generation can only meet 41,7 percent of its own needs.

Coppenholle said: “While the EU meets 57,5 percent of its energy needs from imports, it procures 45 percent of the natural gas it needs from Russia. We see that Europe depends on Russia in energy. In 2022, this supply rate dropped to 14 percent. The EU is carrying out various studies to compensate for the energy deficit and hydrogen is one of them.

Moreover, the price of natural gas also determines electricity prices in Europe. It seems that sufficient investments have not been made for Europe to be independent in terms of energy.”

Expressing the fact that construction production is expected to slow down significantly toward 2024 in parallel with the development of GDP, Coppenholle said, “As opposed to the fact that the construction sector in Europe grew slightly after the pandemic, we expect that a decline will be experienced again due to the war between Russia and Ukraine.”

Thomas Guillot, **CEO of Cement and Concrete Association**, who attended the inauguration, conveyed the latest developments in the global cement sector. **Guillot** said: “We are expected to have lower carbon concrete and cement. When considered in general, however, no innovation in all sectors in recent years has reduced carbon. Only Covid-19 has reduced carbon. As the cement sector, we have a plan in this direction and we are one of the few sectors with a plan. We have reduced our clinker ratio by 20 percent with the endeavors carried out in this framework.”

Emphasizing the need to establish a sound legislation on carbon pricing, Guillot said, “1,5 billion Euros have been allocated for this issue. Carbon capture grants were provided to four out of 17 sectors. Cement is one of them. In the Covid-19 pandemic, they brought the money and the vaccine was invented. Now the money is ready as well. \$85 per ton is given for decarbonization, but this figure is cheap compared to equivalent sectors. For example, this figure is 200 dollars in the aluminum sector.”

### **CEMINT PROGRAM STARTED FOR THE FIRST TIME THIS YEAR**

The seminar and exhibition held this year due to the pandemic brought the cement sector in Turkey together with national and international suppliers. The event, which is important in view of the fact that producers can keep track of the latest developments, provides the participants with the chance to compare their business areas, while also creating an opportunity to evaluate new investments.

The program, which was organized with the main theme of the Future of Cement in Green Transformation, took place under the headings of "Sustainability Approaches in the Cement Sector, Sustainable and Competitive Production in the Circular Economy-Green Product Framework, Green Transformation in Energy, Digital Cement, Green Cement, Developing Technologies and Innovation, Sustainable Finance in the Circular Economy, and Other Subjects of the Sector.”

As a novelty this year, the first day of the event started with the CEMINT program themed "Global Overview of 2023." At CEMINT 2022, presentations were made on the subjects of cement sector's foreign trade predictions for 2023, determination of the export roadmap, and diversification of the markets.

## **“THE CEMENT SECTOR OF TURKEY WILL ALSO BE IN THE WORLD LEAGUE IN GREEN TRANSFORMATION**

Following the session titled “New Dynamics in Green Transformation: “Future of Cement and Suggestions” organized within the framework of the event, a final declaration was published. In the declaration, a consensus was reached on reflecting sustainability practices that create new dynamics to government policies by reading the economic and political developments accurately.

At the end of the event, a session on New Dynamics in Green Transformation: “New Dynamics in Green Transformation: “Future of Cement and Suggestions” was held with the participants who are globally experts in their field. In the final declaration published after the session, it was noted that the green energy transformation in the world, supply security, financing, technology, and climate change targets will have direct impact on Turkey, which is integrated with the outside world.

It was said in the final declaration, “Well-reading **new dynamics and game-changing developments**, such as the shift of power from the East to the West, which will determine the rules, processes, and markets of the next 30 years; the energy crisis that increased after Russia's invasion of Ukraine; price inflation; geopolitical tensions; dizzying advancements in technology; financing flows; trade deviations; Europe's loss of competitiveness and so on, and reflecting them on business world decisions and government policies without wasting time is no longer an option, but a necessity”

In the declaration, the following views were concisely provided:

“In the era of speed and technological transformation we are in, the Turkish cement sector has the potential to rise to the world league if fast action is taken. With proactive policies and steps that will inspire confidence and accelerate green transformation **taking advantage of this window of opportunity** is urgent. It is vital to remove the barriers to renewable energy such as solar, wind, geothermal, hydrogen, ammonia, and alternative fuels, not only in view of a production structure based on the use of fossil fuels, but also by providing wide financing opportunities. Otherwise, supplying existing coal, petcoke and waste heat recovery at favorable prices will not be sufficient to ensure sectoral transformation and continuity in competition.

### **- IT S NECESSARY TO SHIFT TO “MUST-DO” MODE-**

In addition to the energy obtained with high costs in recent years, endeavors of energy efficiency, which are defined as the "**newest renewable energy**" particularly in the cement sector and which can provide more than 30 percent savings in fuel in the industry, must be accelerated, and a shift from "better done" to "must-do" enforcement must take place.

Many cement producers around the world could reduce their energy costs by up to 20 percent, thanks to a holistic approach to energy management and the right technology. The key point in this strategic approach was to determine cost-reducing, pollution-decreasing, and productivity-increasing targets. In addition, it is important to realize it in a manner that will increase the competitiveness of the facilities, ensure the use of advanced

technology **that will focus on the 2053 net zero carbon target**, and create synergy and cost advantage in innovation and R&D studies in the sector.

Within the scope of fighting climate change, the necessary environment of trust must be created for companies to proactively find foreign financing and investment in green economy and transformation investments, and a special effort must be exerted **to open new finance and incentive channels**.

### **WIN-WIN COLLABORATIONS**

The challenges we are experiencing in the supply of capital, finance, technology, and energy in the country and the obligation relating to climate change must lead us to develop **international partnerships and collaboration on a “win-win” basis**, within the framework of a conscious strategy with leading global players, particularly the EU, the US, Russia, and China.

Increasing the quality of human capital, developing it according to the requirements of the sector, and creating attractive opportunities that will prevent young talents from fleeing the country as we are experiencing today have priority. In addition, being aware that **the understanding of the new generations regarding energy, finance, climate change, technology, and social responsibility** is very different from their parents, it is necessary to reflect in all decisions and policies that ecological development has become a "must have" requirement for future investors, consumers, and political leaders. We must come up with a long-term and comprehensive new vision in coordination with the government in order to provide all stakeholders with a down-to-earth sense of direction for the future. A **"Cement Roadmap for 2030 Green Transformation"** must be drawn up by evaluating the reasons why the 2023 vision targets cannot be met sufficiently and by clearly determining the steps for implementation, best practices in the world, and capacity strengthening suggestions.

The topics of the meeting are as follows:

- Taking steps that will inspire confidence and accelerate green transformation with proactive policies and opening new finance and incentive channels;
- Accelerating energy efficiency efforts that can save more than 30% fuel in the industry;
- Accelerating innovation and R&D studies to ensure the use of advanced technology that will focus on the 2053 net zero carbon target;
- Developing international partnerships and collaboration on a “win-win” basis with leading global players within the framework of a conscious strategy;
- Being aware of the fact that the understanding of the new generations regarding energy, finance, climate change, technology, and social responsibility is very different from their parents;
- Coming up with a realistic “Cement Roadmap for 2030 Green Transformation” where the said targets will be compiled in a concrete manner.

***New Dynamics in Green Transformation: The Authors of the Final Declaration of the Future of Cement and Recommendations:***

- *Mehmet Ögütçü*, Chairman, The London Energy Club and Global Resources Partners Group,
- *Cüneyt Kazokođlu*, Energy Transformation and Economy Director, FGE
- *Hasan Aksoy*, Research Unit Manager, SHURA
- *Dr. Gökçe Mete*, Global Hydrogen Stakeholder Platform Senior Manager,
- *Y. Bahadır Turhan*, Chairman of the Board of Directors, Solar 3GW
- *Prof. Dr. İskender Gökalp*, Lecturer at METU Mechanical Engineering Department,
- *Onur Ünlü*, CEO, ESCON Enerji A.Ş.
- *Volkan Bozay*, CEO, TÜRKÇİMENTO