



February 26, 2015

## Current Cement Supply

Ladies and Gentlemen:

We understand that some of you may have experienced some difficulties in ordering and receiving shipments of ready mixed concrete for your projects this past fall. A number of factors have contributed to this situation. I would like to share and highlight some of this information to help everyone understand why this is happening. Below you will find a response from the Portland Cement Association (PCA) explaining on cement supplies.

*The Great Lakes Region (WI, IL, IN, OH and MI) is currently experiencing a situation of tight supplies of cement. The issues leading to this tightness appear to be primarily logistical and not due to lack of capacity. Annual domestic cement manufacturing capacity continues to exceed current and projected annual demand.*

*The 2014 construction season in the upper Midwest began very slowly, due to the unusually severe winter we experienced. Consequently, demand for cement is very high right now, as contractors try to catch up and get their projects done before winter sets in. This demand has resulted in low inventories of cement and tight supply. The problem has been exacerbated by various supply chain disruptions, including:*

- *Historic levels of ice on the Great Lakes, delaying the movement of cement from manufacturing to distribution facilities all over the Great Lakes and upper Midwest;*
- *Rail congestion throughout the Eastern United, along with a scarcity of rail cars to move cement;*
- *Disruption of barge traffic by early flooding and later channel maintenance in key parts of the river system;*
- *A short supply of trucks and drivers, as well as a mandate that restricts drivers from more than 60 hours per week.*

*The combination of these factors has created something akin to a "perfect storm" that has severely challenged cement companies in their efforts to meet current cement demand.*

*Cement manufacturers are endeavoring to overcome these logistical hurdles. However, some project delays may be inevitable this year.*

As the demand for cement continues to expand with the recovery of the construction economy and your continued efforts to grow the markets for your members' products, cement manufacturers will continue their efforts to identify and meet probable demand through domestic production and/or the importation of cement. The experience dealing with logistical issues this year should improve manufacturers' ability to meet similar challenges in the future.

In conclusion, while there is an excess of productive capacity for cement in the United States, there is also a tightness of supply in the Great Lakes Region at the present time, due primarily to logistical difficulties and a pent up demand for cement created by the slow start of the 2014



construction season. Cement manufacturers are endeavoring to overcome these unique issues and will be poised in future years to better address such challenges, should they recur.

Along with those factors to complicate matters even more locally, due to the past few years low demand for our product we have experienced, shortage of ready mix drivers, plants have been deactivated and an unexpected increase in construction activity.

With all this said what can we all do to make the 2015 construction run smoother?

1. Communication, communication, communication
2. During the slow season talk with your producer and let him know about projects you have on the books.
3. Book your materials as far in advance as possible.
4. Keep your producer updated on any changes.
5. Notify producer of pour dates and times in advance as possible.
6. Stay on schedule.

With everyone work together I am sure that we can work through any complications that may arise.

I welcome any questions you may have.

A handwritten signature in blue ink, appearing to read "Jerry Larson". The signature is stylized and fluid.

Jerry Larson

Executive Director

IRMCA