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Dangote Invests \$1b in Senegal



The senior adviser to the Senegalese president on foreign investment, Serigne Mbacke says Dangote Group has over one billion dollar (N150 billion) investment in cement manufacturing and sugarcane refinery in Senegal. Mbacke who disclosed this to journalists in Senegal during a facility tour of the factory, said that the Senegal government gave about 8,000 hectares of land to the group for the cement manufacturing and sugar refineries. According to him, the group's investment was one of the biggest Foreign Direct investments by an Africa company in Senegal. Mbacke said that the investment was an indication of a strong believe in the future growth of

African economy.

He said Dangote's target production of about 45 million tonnes of cement was feasible with the level of massive investment in the expansion of old plants and construction of new plants in African countries.

The senior adviser said that Senegal, with a population of about 16 million, was becoming one of the fastest growing economies, adding that the demand for cement was high, because of the demands to meet housing needs.

He said that the country has all the raw materials to produce enough cement and export to other continents.

Also speaking at the forum, Mr Ganapathy Balasubrahmanian, General Manager, Project, Dangote Industries in Senegal said that the cement plant had installed capacity of one million metric tonnes per annum.

"We are hoping to have more than 1,500 direct workers and 7,000 indirect workers at the site.

"Before the end of 2011, that is, between November and December, we will start operation.

"We are hoping that Dangote's investment in the country will complement the government's efforts in stimulating economic growth and creating jobs," he said.

According to Balasubrahmanian, at the moment only two cement manufacturing companies, SOCCOSIM and SEHEM are operating in Senegal.

He said that the companies produce 2.5 million tonnes per annum as against the local demand of 3 million tonnes per annum.

"The investment marked a significant milestone in Senegalese quest to be self-sufficient in cement production.

According to him, the plant is being constructed by SINOMA, a Chinese company in a site with abundant raw materials that can last for 50 years life span.

He said that in spite of the availability of power in the country, the company would build a coal power of about 30 mega watts to power the plant.

On why the choice of coal, he said ``it was chosen because of lack of adequate water to build hydro power and insufficient gas in the country for now

“For now going hydro or gas will not be prudent but one thing about the group cement plants is that they are built in such away to utilise different types of power ,” he said

Balasubrahmanian noted that the investment was strategic, adding that Senegal with a population of about 16 million was becoming one of the fastest growing economy with it attendant need for more housing.

He added that Dangote’s target of producing about 45 million tonnes of cement in Africa was very feasible with the level of massive investment in old and new plants in some African countries.

Lauding Senegalese investment and trade policy, he said that the land was free and the company also enjoyed tax holiday for about 10 years and free duty for all imported equipment for the construction of the factory.

On challenges faced in distribution of the cement being a bulking product, he said “there is rail system from the factory to the various parts of the country and Mali.

He said that Dangote presently had cement manufacturing firms in 14 countries in Africa alone.

Balasubrahmanian, who have over eight years experience in cement manufacturing and had worked as plant manager in India Bilia Cement Group said the company had increased its stake in South Africa’s Sephaku Cement (Pty) Limited, from 19.76 per cent to 64 per cent in October 2010.

He said that the investment was worth R779 million (about \$113 million), making it the largest foreign direct investment by an African company into South Africa.

Besides, he said the firm would soon invest over \$100 million in building a new cement manufacturing plant in Cameroon.

According to him, the move was to ensure that African remains self-sufficient in cement production and making the product available and at an affordable cost to the end users.



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