## CEMENT INDUSTRY POSTS RECORD SALES IN 2018 AMID CHALLENGES

## STAFF CORRESPONDENT

Despite various internal and external challenges, cement manufacturers posted the highest ever single-year sales in 2018, on the back of rising consumption of the key construction material in rural areas and development projects, said industry people.

"2018 was definitely a good year for us. There is no doubt," said Md Shahidullah, vice president of the Bangladesh Cement Manufacturers Association (BCMA).

He said cement sales stood at about 33 million tonnes in the year, the highest on record, much ahead of about 30 million tonnes seen in recent years.

Consumption grew 12 percent in 2018, way ahead of 8 percent to 10 percent average annual growth recorded in the last decade, said Shahidullah, also the managing director of Metrocem Cement Ltd, a manufacturer and exporter.

He credited the increasing demand from individual homebuilders, mega projects, and rebounding real estate for the growth.

The growth in the industry came despite various internal and external challenges.

All the big cement grinders have been adding capacity in the past two years and this is still continuing, leading to an excess grinding capacity compared to demand which is seeing downward pressure on prices, said Masud Khan, chief executive officer of Crown Cement Group, another manufacturer and exporter.

He said raw material prices increased in

2018 sharply compared to the previous year. Clinker price skyrocketed due to the scarcity of supply from Vietnam, Bangladesh's major source of the raw material needed to produce cement.

Freight costs went up sharply due to the increase in fuel cost, among other reasons. Transport cost has also seen a sharp increase due to the weight restriction imposed by the government on highways, according to Masud.

The cost increase has been exacerbated by the major devaluation of the taka against the US dollar. The taka devalued from Tk 80 per USD to Tk 85 per USD, an increase of 6.25 percent.

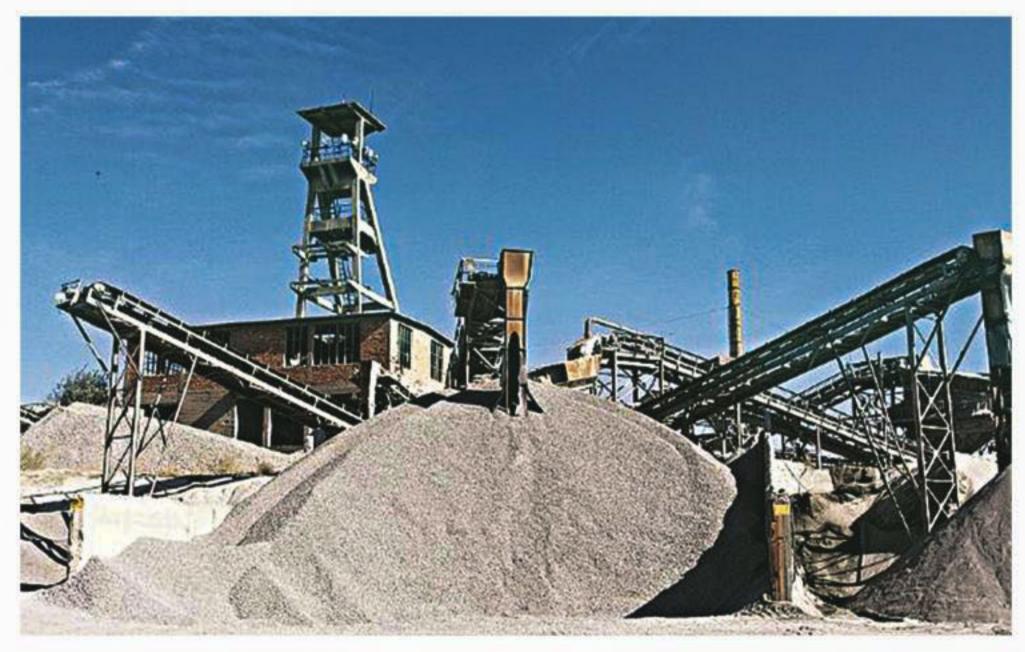
"This has severely dented our margins since all cement raw materials are imported," said Masud, whose company delivered a sterling top line growth of 33 percent in revenue in 2018.

He said all cement players had their backs to the wall and finally in March 2018, all the players went for a price increase after six years of no price increase.

"However, this increase had only a brief respite since the input costs have skyrocketed for various reasons."

The price of every raw material has gone up by USD 5 to USD 10 per tonne on average in the last one year. The local market, however, hasn't seen the same level of commercial adjustment, said Amirul Haque, managing director of Premier Cement.

"The growth in 2018 has not been bad. In fact, the current growth rate is sustainable."



He said this growth is being driven by the rural economy, which is developing and will develop further in the years to come.

"People are building homes using bricks instead of tins. Schools, colleges and other structures are being built across the country. The government's consumption has also seen substantial growth."

The demand for cement in Bangladesh is 31 million tonnes a year and the industry's existing 32 plants have a combined production capacity of 54 million tonnes, according to Manwar Hossain, senior vice president of the BCMA.

The entrepreneur said the industry faced a difficult year largely because of internal factors as cement manufacturers have increased production capacity without taking into account the real growth of the market.

"Overcapacity is a huge problem for the industry and because of it many companies found it difficult to make profit in 2018. Many companies might even have failed to make any profit at all."

"I think the current business trend will continue in the next two to three years as consumption will not double overnight. So mill owners have to increase efficiency and productivity in all areas."

Manwar, also the group managing director of Anwar Group, said one single truck can now carry 12 tonnes of goods, down from 25 tonnes previously because of the load restriction, which has increased the demand for vehicles and the carrying cost.

He said the government should make the river route smooth to redirect the movement of raw materials and finished products away from the roads. "Then we will perhaps get some breathing space."

The government should take steps to increase the number of barges, he said.

Manwar said Anwar Cement Ltd posted 50 percent sales growth in 2018 compared to the previous year.

Talking about challenges, Amirul Haque said the cement industry is a private sector-led business.

He expects the industry to experience the same level of growth in 2019 if there is a congenial atmosphere in the social, economic and political spheres of the country.

MI Cement, which produces Crown brand cement, still holds the first position when it comes to exports by delivering about 9,000 to 10,000 tonnes per month on average to the neighbouring Indian state of Tripura. The total value is in excess of USD 8 million. It controls more than 50 percent of cement exports.

Other than MI Cement, four to five other companies, including Metrocem Cement Ltd, also export construction raw materials.

## Housing solutions for coastal areas of Bangladesh



MOHAMMAD ABU SADEQUE

Housing is one's fundamental right as per our constitution. The scenario of housing in Bangladesh in general is not good. And the state of coastal housing is even worse. The extreme poor in particular are in an especially grave condition.

According to Bangladesh Bureau of Statistics (BBS), the total population in 16 coastal districts amounts to around 34 million (24 percent) over an area of 42,000 square kilometres (29 percent). The population density in coastal areas is around 800

people per square kilometre which is less than the national average. BBS Census 2011 also shows poverty and extreme poverty levels in the coastal areas are 34.65 percent and 20.55 percent against the national average of 31.5 percent and 17.6 percent, respectively. Therefore, the levels of poverty and extreme poverty in 16 coastal districts are respectively 10 percent and 17 percent more than the national average.

Bangladesh is a disaster-prone country. Floods, earthquakes and riverbank erosion are some of the most common hazards that have drastic effects all over the country. The coastal region suffers more due to additional hazards like cyclonic winds, tidal surges and salinity, floods and earthquakes. Again, the east coast suffers from the threat of severe earthquakes and landslides. On the other hand, saline intrusion is much deeper inland along the west coast. Salinity affects the durability of building materials and therefore building structures. Tidal surge and wind from cyclone exert loads on structures which are even more severe than the earthquake load. Therefore, structures in the coastal

region demand the use of alternative appropriate materials and technologies for withstanding severe loads emanating from cyclones, tidal surges and earthquakes.

A relevant policy document titled "Standard Guidelines for Rural Housing in Disaster-Prone Areas of Bangladesh," a publication of the Housing and Building Research Institute, dictates eight design standards and proposes shifting from the paradigm of temporary building structures to a durable one. Moreover, the use of wood, bamboo, straw, etc., causes deforestation and destroys coastal green belts which is most important to break the tidal surge and wind thrust during severe cyclones. The eight design standards for rural housing are: 1) Guaranteed security of tenure for a set period of time of at least 30 years; 2) Access to safe water and sanitation solutions is to be provided; 3) All housing is built with materials and techniques that allow easy maintenance, repair and duplication; 4) All housing and sites are adapted to the local hazard profile to resist recurrent disasters over 30 years; 5) All housing offers a comfortable and healthy internal climate; 6) All

housing is adapted to special and specific needs of its inhabitants; 7) All housing is functional, culturally appropriate and adaptable; and 8) All housing should be situated as close as possible to employment and education opportunities, medical and other social services.

Considering all these things above, it is obvious that coastal housing needs special care. The following measures are some of the ways in which coastal housing needs can be ensured:

Conserve agricultural land; it would not be wise to construct single-storey structures.
Houses should be durable and cyclone and tidal surge resilient.

Inundation model developed by the Institute of Water Modelling (IWM) should be kept in consideration.
 Wind speed and earthquake zoning map of

BNBC need to be consulted during design of structures.

> Presence of embankment and its height

need to be considered during design and construction.

> Location, vegetation and distance from sea

or river need to be considered.

All sorts of measures should be taken keeping in mind corrosion of steel and decay of concrete.

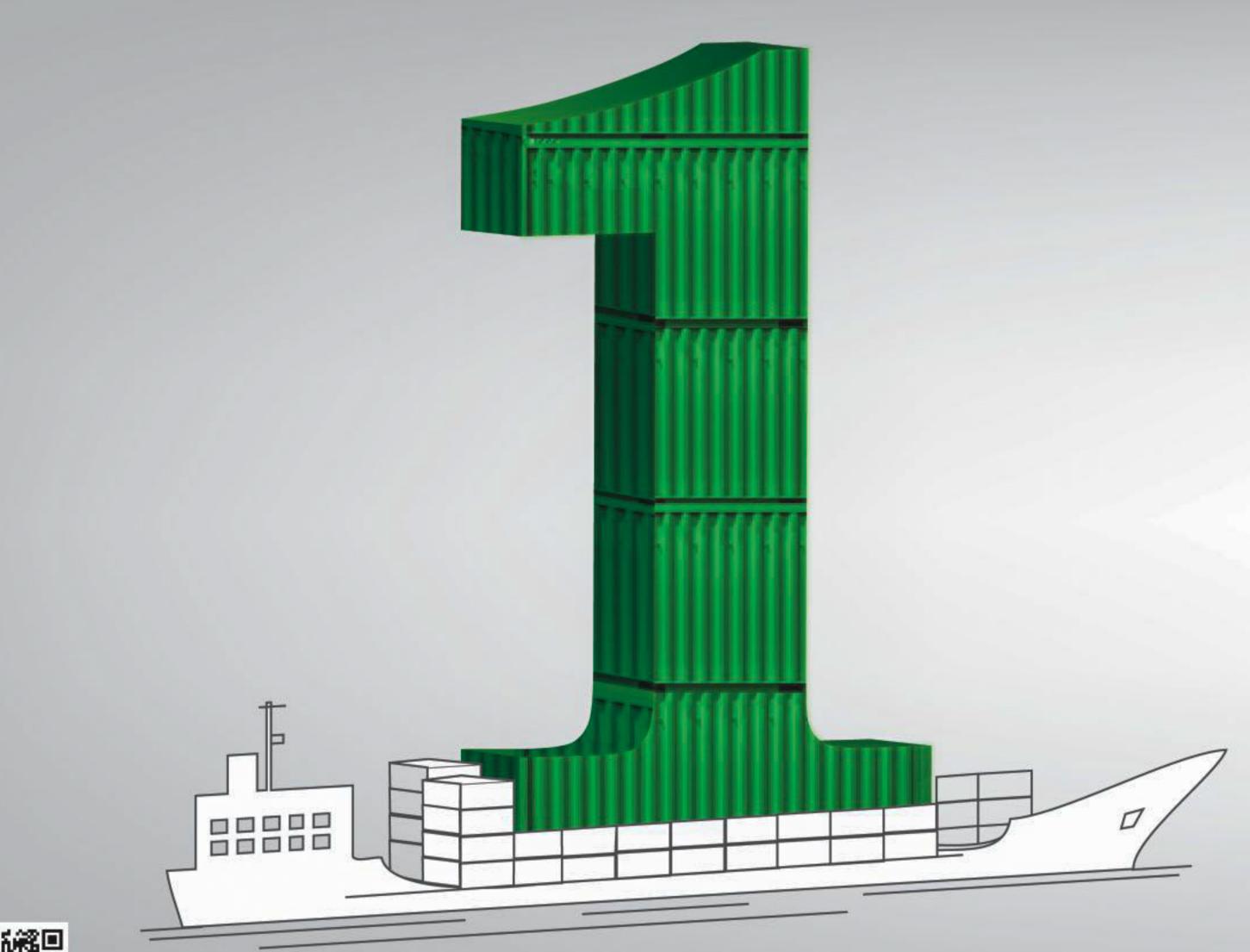
Brick chips should be strictly prohibited in concrete and bricks should be discouraged.
 Conventional Reinforced Concrete (RC) construction with poor quality concrete should be discouraged.

> Ferro-cement technology is the best option for coastal areas.

Pre-fabricated high strength and low per-meability concrete might be a good option.
 Admixture should be made mandatory as an ingredient of Reinforced Concrete.

Concrete must be durable and minimum compressive strength shall be 4,000 psi.
 Pitched roof is preferable to facilitate discharge of rainwater and to harvest the same.
 Selection of foundation size and depth need careful judgement considering wind and surge.

Mohammad Abu Sadeque is former director, Housing and Building Research Institute (HBRI).



## THE EXPORT LEADER

Crown Cement has achieved National Export Trophy thrice for its outstanding performance in cement export. Demand for Crown Cement is gradually increasing at home and abroad for its quality. With the export of Crown Cement, Bangladeshi products are also getting the fame. In addition, Crown Cement is contributing to the national development through foreign currency earning. It's a pride for Bangladesh.





