

# Cement consumption to rise on infrastructure projects

Says Md Alamgir Kabir, vice-chairman of Crown Cement Group

MD FAZLUR RAHMAN

CEMENT consumption will go up in Bangladesh in the coming years on the back of a growing appetite for the key construction material from infrastructure projects as well as rapid urbanisation, an industrialist said.

Bangladesh is investing heavily in infrastructure development, especially in power generation, highways, bridges, buildings and telecommunications.

"If implementation of these large infrastructure projects takes place as per plan, the cement sector will grow substantially," said Md Alamgir Kabir, president of Bangladesh Cement Manufacturers Association (BCMA).

He said the cement, steel and power sectors would certainly play a crucial role in achieving the government's vision to become a middle-income country by 2021 and a developed country by 2041.

The construction sector will grow further riding on Bangladesh's population density, life expectancy rise, rapidly arising economic zones, sizeable investments in socioeconomic development of mainly common people, booming agriculture, and thriving garment sector.

At present, per capita cement consumption in Bangladesh is about 195kg, but Kabir said it will not stay there for too long. "We hope per capita consumption of cement will touch the level of 250kg by 2024."

With more than three decades of professional experience in both trading and manufacturing sectors, Kabir is the vice-chairman of Crown Cement Group, chairman of GPH Ispat Ltd and managing director of Crown Cement Concrete and Building Products Ltd.

Set up in 1994, MI Cement Factory Ltd, the parent company of Crown Cement Group, is one of the leading manufacturers of cement in Bangladesh.

Kabir said every year rains damage roads if they are constructed with bitumen. As a result, the

suffering of the people and costs for reconstruction of roads goes up. Thus, the government has, in principle, agreed to go for concrete roads instead of bitumen roads.

"Once implementation of this initiative gets started, the demand for cement will increase substantially. Moreover, if the government lowers import duty on raw materials of cement and offers incentive to exporters, the sector will see further improvement."

According to the entrepreneur, 2019 was not as glorious for the cement industry as it was expected in the beginning.

Manufacturers had intended to achieve growth of 10-12 percent in 2019, but the year might end with growth of about 6 percent on 2018, way lower than 16 percent posted in 2018. Relatively lower demand prevailed throughout the year except a few days during peak seasons.

"We foresee a cement growth of 6 percent in 2019 and after that it may continue to grow at 8 percent for the next five years," Kabir said.

He said the cement industry has been facing a good number of challenges since the beginning of 2019. The market has already been oversaturated and yet the big players are on an expansion spree.

"It is predicted that the existing overcapacity may get further deteriorated with the implementation of expansion projects by large players in the next two to three years."

He said the competition was so acute that it eventually turned into a price war situation among large players. But sometimes, it was difficult to pass on the increased production costs to customers due to the huge competition.

There are about 40 active cement factories in Bangladesh with a combined effective production capacity of 61 million tonnes per year against a demand for 33 million tonnes, meaning the capacity exceeds the demand by about 46 percent.

The market size of the sector is



Md Alamgir Kabir

around \$3 billion, or Tk 25,500 crore. Manufacturers have invested more than Tk 30,000 crore in the sector. Local companies are dominating the market.

Cement is consumed mainly by three segments of users: individual house builders account for about 40 percent, developers or contractors about 25 percent, and public sector projects the rest 35 percent.

The real estate sector, which covers individual house builders and part of the developers or contractors segment, consumes a major portion of cement.

But for the last seven to eight years, the real estate sector has been facing

various difficulties, which include scarcity of land in urban areas, suspension of gas connection for households, and higher interest rate for home loans, Kabir said.

Besides, exorbitant property registration fees are also considered as one of the major impediments to the further growth of the sector.

Kabir said the implementation of government construction projects, irrespective of size and volume, mostly get delayed due to a host of reasons, such as non-disbursement of funds in time, delay in land acquisition, and a lack of efficiency in handling especially large projects.

The cement sector had also

fallen into deep trouble for a "non-adjustable" clause incorporated during the imposition of a 5 percent advance income tax (AIT) and 3 percent source tax.

The sector, however, received a shot in the arm on December 19, when the National Board of Revenue cut the AIT on the import of cement raw materials by two percentage points to 3 percent for the sake of the local manufacturers.

"Although this reduction reflects that the government has realised the problem of this sector, 3 percent AIT is still a burden to the manufacturers and in fact, it requires a full waiver of tax," Kabir said.

Other challenges facing the cement sector include the price hike of raw materials, port congestion that causes

"Besides brand identity, consistent quality, smooth delivery, after-sales service and quick response to customers' complaints have made Crown Brand Cement an attractive supplier to the important segment of customers."

The MICFL has supplied cement to various large infrastructure projects such as Padma Multipurpose Bridge and Rooppur Nuclear Power Plant, to just name a few.

"Like in the past, we also aim to be a part of maximum iconic infrastructure projects of Bangladesh."

Crown Cement pioneered in cement export in 2003 and paved the way for earning hard-earned foreign currency. It is the largest cement exporter in Bangladesh with around

## CROWN CEMENT AT A GLANCE

Began commercial production in October 2000

Manufactures and markets ordinary Portland cement and Portland composite cement

Has production capacity of 3.3 million tonnes per annum

Employs 1,397 people

Pioneered cement export in 2003; accounts for half of national cement exports

Earned national export trophies for 2008-09, 2009-10, 2013-14

delay in unloading of raw materials, devaluation of the taka against the US dollar, and load restriction on the roads and highways.

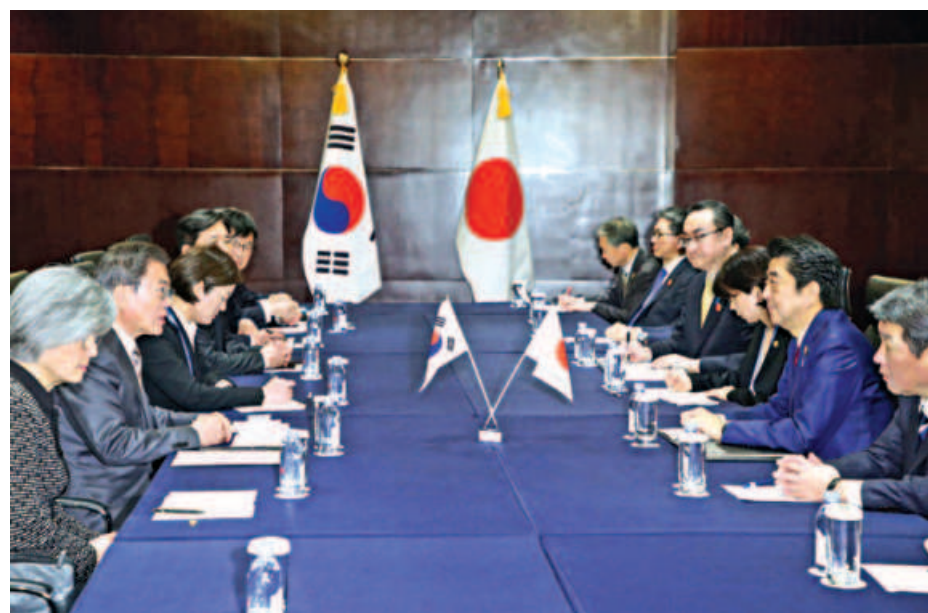
According to Kabir, it will take at least five to six years to get rid of the unhealthy competition mainly arising from overcapacity. Under these circumstances, it may be unwise for large manufacturers to go for further capacity expansion so promptly.

Speaking about his own company, he said MI Cement Factory Ltd (MICFL) has gained popularity in all segments in general and individual house builders in particular. Crown is a preferable brand to individuals who are house builders.

50 percent market share of the cement export from the country.

The major export market of Crown Cement is Indian states of Tripura, Meghalaya and Assam. "Although this segment is not that significant volume-wise, it has brought an extra surge to the industry. Crown has been maintaining its leadership position in the export segment since long."

The company plans to go for an expansion project with one more vertical roller mill technology in 2020 and enhance market share to 8.5 percent from the current 7.5 percent.



South Korea's President Moon Jae-in and Japan's Prime Minister Shinzo Abe attend their meeting in Chengdu, southwestern China's Sichuan province on Tuesday.

## Amid trade war, China seeks closer ties with neighbours

AFP, Chengdu

CHINA made overtures on trade to Japan and South Korea and offered support for an infrastructure initiative as it hosted the leaders of its two neighbours this week amid strained ties with the US.

Chinese Premier Li Keqiang said Wednesday at a meeting with Japanese Prime Minister Shinzo Abe that Beijing was willing to strengthen economic cooperation with Japan in third-country markets.

At the meeting on the sidelines of a trilateral summit in the southwestern city of Chengdu, Li added that China would "further open up its services industry" to Japan.

During a separate meeting on Monday with South Korean President Moon Jae-in, Li said China was willing to work on a rail network linking Korea with China and Europe, Yonhap news agency reported.

Li's remarks come as China and the United States edge closer to an initial trade agreement after imposing tariffs on billions of dollars worth of goods over nearly two years in a bruising trade war that has hit the global economy.

On Friday US President Donald Trump touted a "very good talk" he had held with China's President Xi Jinping on a deal to resolve the dispute.

However, details of the so-called "phase one" deal between the world's two largest

economies have yet to be published in writing, with officials citing incomplete translation and legal work.

Meanwhile relations between the pair have been further strained by US legislators' support for the pro-democracy movement in Hong Kong, and their condemnation of the mass internment of Muslim minorities in the western Chinese region of Xinjiang.

Li stressed on Wednesday the importance of China's trade ties with Japan and South Korea, saying their vast volume of trade was due to the "joint protection of regional stability and peace".

China, Japan and South Korea held a summit on Tuesday that also touched on a planned free-trade agreement between the three nations, which has been many years in the making.

Trade among the trio was worth more than \$720 billion in 2018, according to a joint statement issued Tuesday night by the leaders.

The countries will "speed up the negotiations" on the agreement and "strive to realize a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment", the statement said.

The leaders plan for the new trilateral free-trade agreement (FTA) to build on a separate, sprawling China-backed Asian trade pact, which if signed would be the world's biggest trade deal.

## Decade in review: What the smartphone has wrought

REUTERS

WHEN the first Apple iPhone hit the market in 2007, not everyone was convinced it would supplant the flip-phone. When Google's Android software system arrived a year later, the BlackBerry still seemed to have bright future.

But with the iPhone 4 in 2010, featuring a high-resolution display, sleek design and front-facing camera, our collective fate was sealed. Here are 10 ways the smartphone has made its mark over the decade.

Today some 5 billion smartphones are in use around the world, according to Canalis Research. The total number of internet subscriptions has soared to 7.2 billion globally from 1.3 billion in 2010, the vast majority of them mobile subscriptions, International Telecommunications Union data shows. The explosion in connectivity has been especially dramatic in the developing world, where there are now more mobile connections than people.

Apple Inc, once a niche computer company, is now one of the world's most valuable companies thanks to the iPhone. The five largest Fortune 500 technology companies - Apple, Amazon, Google, Microsoft and Facebook - currently boast a market cap of \$4.7 trillion, compared with about \$800 billion for the top five in 2010. Not all of that is due to the smartphone, of course, but the mobile-related technologies and services accounted for nearly \$4 trillion in economic activity in 2018, according to trade group GSMA.

Whether we're hailing a cab, ordering food, playing a game, finding a date, listening to music or shopping for just about anything, there's a good chance we'll be doing it with a smartphone app that didn't exist in 2010. Many of most popular apps are free, but consumers are still expected to spend more than \$120 billion in app stores during 2019, according to App Annie, a mobile apps

analytics firm.

The endless scroll on Facebook, Instagram, Twitter and other social media apps now consumes 34 minutes of every U.S. adult's day, according to Nielsen. Fewer people are sitting on the sofa to watch live TV at set times, and advertisers are following. Mobile ad spending surpassed TV for the first time in 2018 in terms of percentage share of the U.S. market, according to research firm eMarketer. We can also thank the smartphone for Instagram influencers, "sextortion,"

selfies every day.

The satellite tracking technology known as GPS, combined with information from cell towers and Wi-Fi networks, has made the smartphones incredibly powerful tracking devices. Google maps and its poorer cousins enable even the most directionally impaired find their way around unfamiliar locales with ease.

For the privacy-minded, though, it's a disaster: Phone companies and app makers routinely record the movements of subscribers

and 129 pounds of it, turned out to be the last. But untold barroom arguments or dining room debates can now be settled on the spot: Wikipedia is consulted more than 240 million times daily.

In 2018 alone in the United States, 2,628 fatal crashes involved a distracted driver, and of those deadly crashes, about 13 percent involved mobile phone use, according to the National Highway Traffic Safety Administration (NHTSA).

Apple Pay and Google Pay are



People look at their smartphones in Times Square in New York City, US.

and fake news.

Global shipments of digital cameras dropped from their 2010 peak of 121 million to just 19 million units in 2018, according to the Camera & Imaging Products Association (CIPA). Meantime the latest phones pack as many four camera lenses and cutting edge software that makes it easier than ever to get that perfect shot. The front-facing camera might be the busiest: Google reports that its Android devices take 93 million

and sell that data to advertisers, a \$20 billion-a-year business. The data is "anonymised," but as numerous studies and a recent New York Times investigation have revealed it is often a simple matter to identify who is behind the dot on the map. Nearly 50 percent of companies surveyed by Verizon this year used or planned to soon use smartphone management tools to track their employees.

The 2010 edition of the venerable Encyclopedia Britannica, all 32

still afterthoughts for most U.S. consumers, but China may be a harbinger. Alipay and WeChat pay, China's two big smartphone payment services, have reached a combined adoption rate of over 80 percent since they were launched around the beginning of the decade, according to a study by Bain. The QR code now peppers storefront windows. Even street-side beggars have adapted, sometimes rejecting cash and asking that payments be made via WeChat Pay or Alipay.