

Emerging Markets

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PERSONAL EXPERIENCES

Thomas D. Box, Box International Consulting L.P, USA, describes the challenges faced by his company when entering two volatile situations.

INTRODUCTION

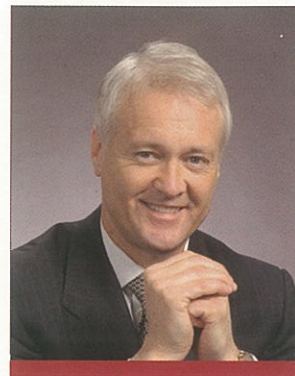
Cement is the most basic of all building materials and, as such, is absolutely necessary for the successful reconstruction and development of both Afghanistan and Iraq. Box International Consulting, L.P. has been involved with developing cement industry projects in both Iraq and Afghanistan over the course of the last four years.

IN THE UNITED STATES

The company was founded by the author, who gained cement industry experience in connection with a series of

companies started by his family, namely Oklahoma Cement, which operated a plant located in Pryor, Oklahoma, and the Louisiana Cement Company, with a plant located in New Orleans. Thereafter, the author was also president of the BoxCrow Cement Company located in Midlothian, Texas, during the development and construction phases of that plant.

Once that plant had been commissioned, the author was requested to visit the People's Republic of China, wherein a team travelled throughout



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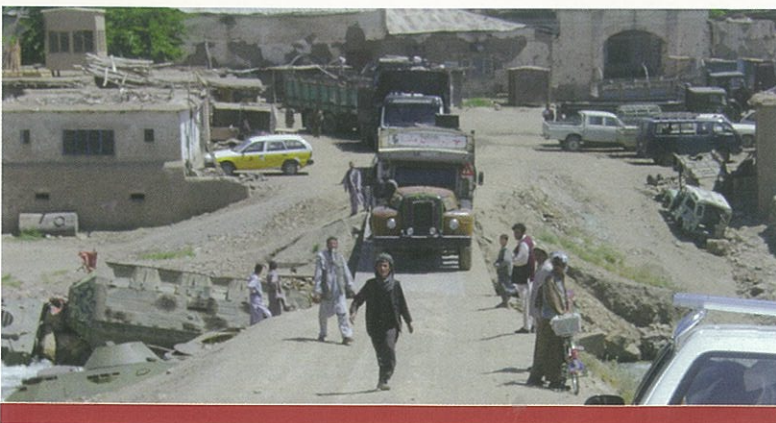


Figure 1. Narrow bridge crossing, Jabel-e-Shiraj, Afghanistan. (Note the blown Soviet military vehicles used as expedient bridge materials. This was the only span over the river connecting the northern half of the country with the south in May 2003).

the country working with the State Administration of Building Materials Industries (SABMI). The efforts were focussed on introducing modern cement industry practices and procedures to new and existing cement plants and related facilities throughout the country.

■ AFGHANISTAN AND IRAQ

The author became involved with Afghanistan in May 2003, when visiting the northern city of Pul-e-Khourni, located in Baghlan province in the northern part of the country. To travel to the plant, a trip was taken by four-wheel drive vehicles over the Salang Pass and tunnel complex, which is considered the highest tunnel in the world. Crossing rivers and streams was possible only by driving over makeshift bridges comprised of Soviet military tanks and vehicles. The mountains in this area are named the Hindu Kush, and are an extension of the Himalayas. It was in this region that the Northern Alliance was forced to retreat by the Taliban, and where much of the battle occurred before 11 September 2001. The only road through the pass was heavily damaged by artillery, mines, mortars and other explosive devices as a result of the years of heavy conflict. Unexploded ordinance littered the landscape and was clearly visible on and off the road. A return trip, made through the dark and bombed-out tunnel at night during a freezing rain, was made even more rigorous when the author's caravan became enmeshed in a traffic jam inside the tunnel when a head-on collision between two vehicles occurred. The dark and unventilated Salang Tunnel began to flood with both choking exhaust fumes and rising water from the storm. He made it out of the tunnel and back to Kabul after 12 hours.

As the company continued with efforts to initiate a cement project in Afghanistan, the author was retained by a Middle Eastern investment group to evaluate the feasibility of several specific cement-



Figure 2. Box International personnel with cement plant representatives, Pul-e-Khourni, Baghlan province, Afghanistan, May 2003.

related initiatives in Iraq. In this regard, he travelled throughout Iraq from its southern port city of Umm Qasr to its border with Turkey, as well as through Al Anbar Province and the restive cities of Ramadi and Fallujah. On 31 March 2004, he was traveling from Amman, Jordan to Baghdad on the same road and approached a bridge on which four Blackwater Security contractors were being attacked and killed by insurgents. He was only minutes away from the horrific scene and was very fortunate that he and his driver were able to keep a low profile. They escaped that day from Fallujah by driving the car off the highway, along with the confused mass of vehicles and people trying to get away across the river and through the back streets of Fallujah safely to Baghdad. Exiting from Iraq on that trip, security personnel ensconced him on the floor in the back of a van covered with curtains so that he could not be detected by insurgent militia due to heightened activity occurring throughout the central and southern parts of the country.

Concluding with the efforts relating to the Iraq Project, on 21 September 2005, the company was engaged to conduct a feasibility study for the cement sector in Afghanistan. This was done through a Grant Agreement between the government of the United States of America, acting through the US Trade and Development Agency (USTDA) and the Islamic Republic of Afghanistan, acting through its Ministry of Mines and Industries (MMI). Accordingly, the Box team went to Afghanistan and travelled throughout many of the provinces and cities of the country. The company has recently submitted reports to the Ministry of Mines and Industries and is now working to finalise the study.

■ MEETING CHALLENGES

As a result of the company's participation in these challenging endeavors, it has developed an insight into undertaking the efforts necessary for implementing cement-related projects in Afghanistan and Iraq.

Developing a cement plant under the best of circumstances is a major undertaking. Attempting to develop a cement plant in an investment environment such as can be found in Iraq and Afghanistan is even more so.

The approach that the company has used to undertake this work is to develop contacts through existing relationships both at policy levels and also on the ground. The best contacts are those who can be clearly vetted and who understand the breadth

and scope of the project. It is also useful if they have a technical or engineering background and are bilingual.

In addition to cultivating the right relationships, an appreciation of current events in a cultural context is also vital. Simply put, the more information that can be assimilated about real time dynamics in markets like Afghanistan and Iraq, the better. The study of these countries and their histories is as important as appreciating current commercial, trade and political developments, not only in the host country, but also on a regional scale.

Many of the plants in Iraq, and all cement facilities in Afghanistan can be characterised as suffering from extreme degrees of deferred maintenance, damage from war and conflict, as well as a host of unique and site-specific challenges. Standard operating procedures, safety concerns, environmental responsibilities, laboratory functions and quality control considerations are not up to acceptable industry standards. Box, therefore, has provided broad and in-depth assessment of and provided recommendations regarding virtually all issues that must be resolved in order to return badly needed cement manufacturing facilities back to operation as appropriate and determine, where applicable, the locations of new plants to be developed to service existing and forecasted markets.

Box's approach with any of its clients is to combine the best and most reliable modern technology and design that the cement industry offers, and incorporate such advances with the best practices and procedures and relevant site-specific conditions regarding a given project. However, in the case of the cement industry in Iraq or Afghanistan, there are no limited or narrow issues. The company's challenge in these markets has been to develop new cement production and supply solutions for markets that badly need cement, but in which, due to a spectrum of reasons, there is an inadequate supply of high-quality cement to support strategic reconstruction priorities, advance wider economic growth and development and further the purpose of peace and stability in volatile markets.

With any client the company closely interacts with, the appropriate personnel are applied to work on any issues that could possibly occur in a plant. Quarry operations, fuel quality, material handling, kiln operations, pyroprocessing, chemistry and quality control and project management are all areas in which the company has assisted clients. It has also made recommendations regarding management

information systems, accounting, internal controls, environmental and safety protocols, traffic management and cultural impacts. In the case of Iraq and Afghanistan, the company has been tasked to identify any and all issues, obstacles and/or problems and to undertake efforts to determine a realistic and viable means to bring resolution to the given situation on behalf of its clients. Since the studies for the cement sector in Afghanistan have been concluded, the result is that two major cement plant initiatives have been announced, and plans are underway by the investor groups to commence work.

The company has not only worked with broad scope and challenges regarding the cement industry, but has also provided technical advice and training for more conventional cement industry issues. As and when a problem occurs in a plant, a plant manager can discuss the specific problem, and Box has the capability to respond.

■ BE PREPARED!

Before embarking on a trip to Iraq or Afghanistan, the degree of planning that is required is immense. Security, logistics, communications, and support for all personnel on field excursions require an in-depth knowledge of all potential scenarios that may occur. As with any project, of utmost priority is the security and safety of all field team members. This includes indigenous security elements, such as personnel, drivers, translators, as well as expatriates. Knowing



Figure 3. The highest tunnel in the world, Salang Tunnel, Hindu Kush mountains, Afghanistan, 2003. (The road and tunnel have since been substantially improved).

“It is standard protocol to coordinate with competent security, logistics and support personnel, which should include personnel who are well qualified in first aid and trauma support capacity, as well as the latest in communications technology.”

security risks beforehand will determine the level of security arrangements to implement to support the effort.


Living and working accommodations in the field, along with food, water and medicines/first aid, should not be taken for granted during any aspect of the trip. Proper clothing is also a prime consideration. During the summer months, temperatures can reach well above 115 °F in both Iraq and Afghanistan. However, as the sun sinks below the horizon, temperatures in the desert can plummet rapidly. Clothes suitable for day work will not suffice for night wear.

It is standard protocol to coordinate with competent security, logistics and support personnel, which should include personnel who are well qualified in first aid and trauma support capacity, as well as the latest in communications technology.

While planning and preparations cannot be over-emphasised, another important consideration is the ability to adapt to changing dynamics and events during in-field excursions. The reality of many field trips is that itineraries and schedules frequently change. Coordination and communication with all personnel on the ground and with head office

must be disciplined.

Offsetting many of the referenced challenges and project planning initiatives are many of the people with whom one works. Good hospitality is a common cultural characteristic throughout Afghanistan, and people there actually compete over who is the better host. People throughout much of Iraq also demonstrated gracious hospitality for the author, even under the somewhat trying episodes of uncertain security conditions. It is also rewarding when professional people from a variety of backgrounds and cultures are able to work together towards a common goal.

The fact of the matter is that both Afghanistan and Iraq will require substantial reconstruction and development. The respective countries and corresponding cement markets are different in various ways, but at the same time, both countries will ultimately be successfully rebuilt along the lines of other post-conflict emerging markets. As and when these economies expand and develop, the cement industries in both markets will, as always, play a pivotal role in bringing employment, peace and hope to a region that has been characterised as uncertain for too long. 

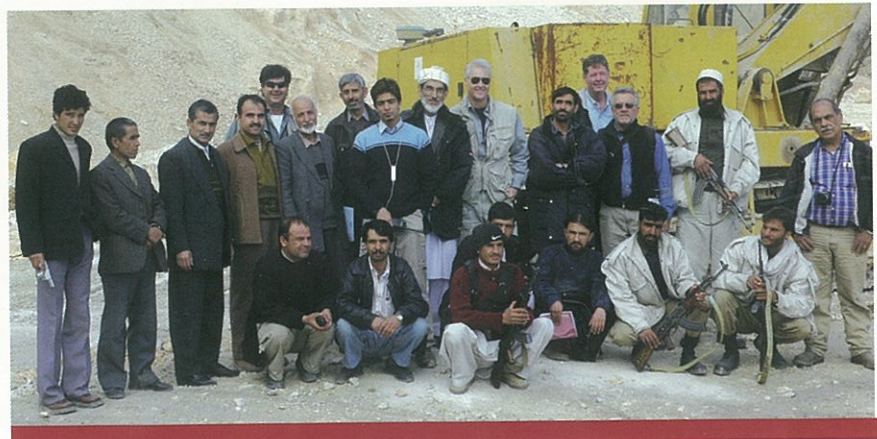


Figure 4. Box International representatives and local cement plant personnel representatives in the limestone quarry at Gori I cement plant, Baghlan province, Afghanistan, November 2005.