

HIGH COST AND SHORTAGE OF CEMENT AND STEEL

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REINFORCEMENT STEEL

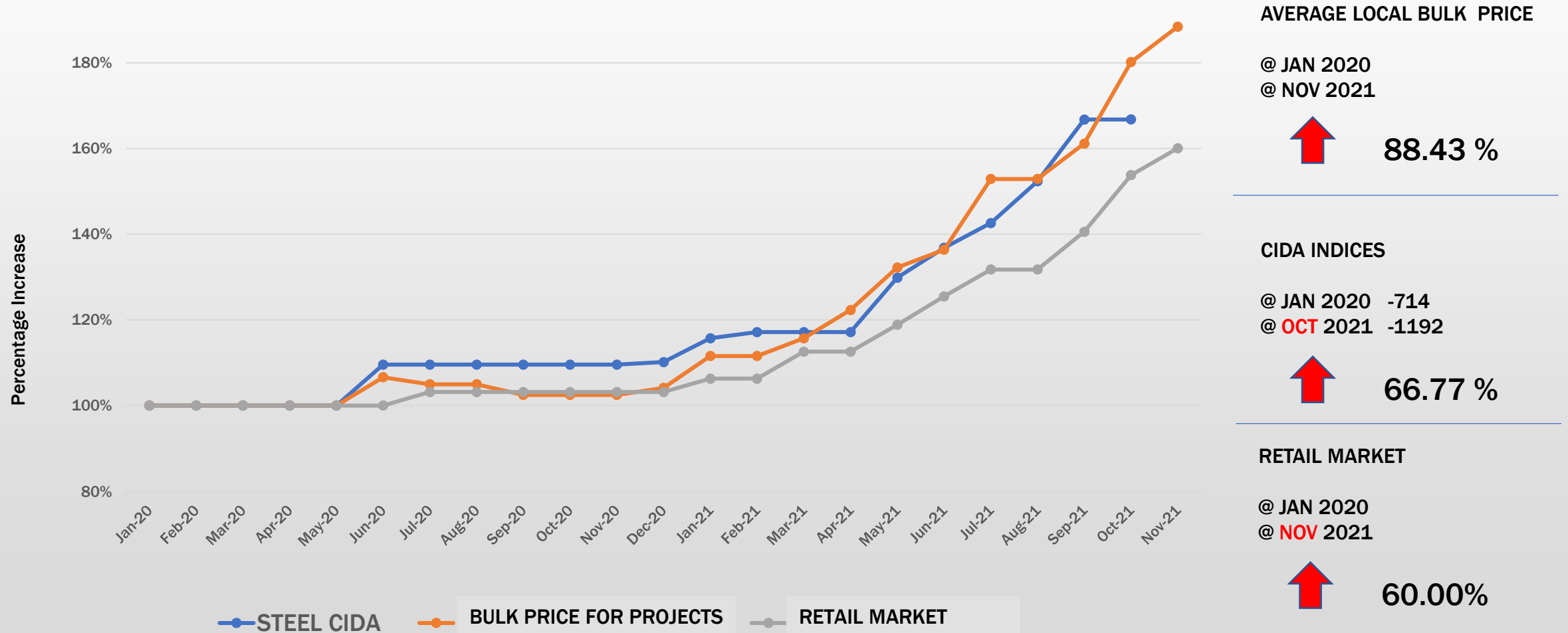
REINFORCEMENT STEEL AND STRUCURAL STEEL

- SIGNIFICANCE OF REINFORCEMENT STEEL AS MATERIAL FOR CONSTRUCTION
- MATERIAL PRICE FLUCTUATION
- TAX ON IMPORTS
- GLOBAL & LOCAL TRENDS
- MATERIAL SUPPLY TO LOCAL MARKET & SHORTAGE

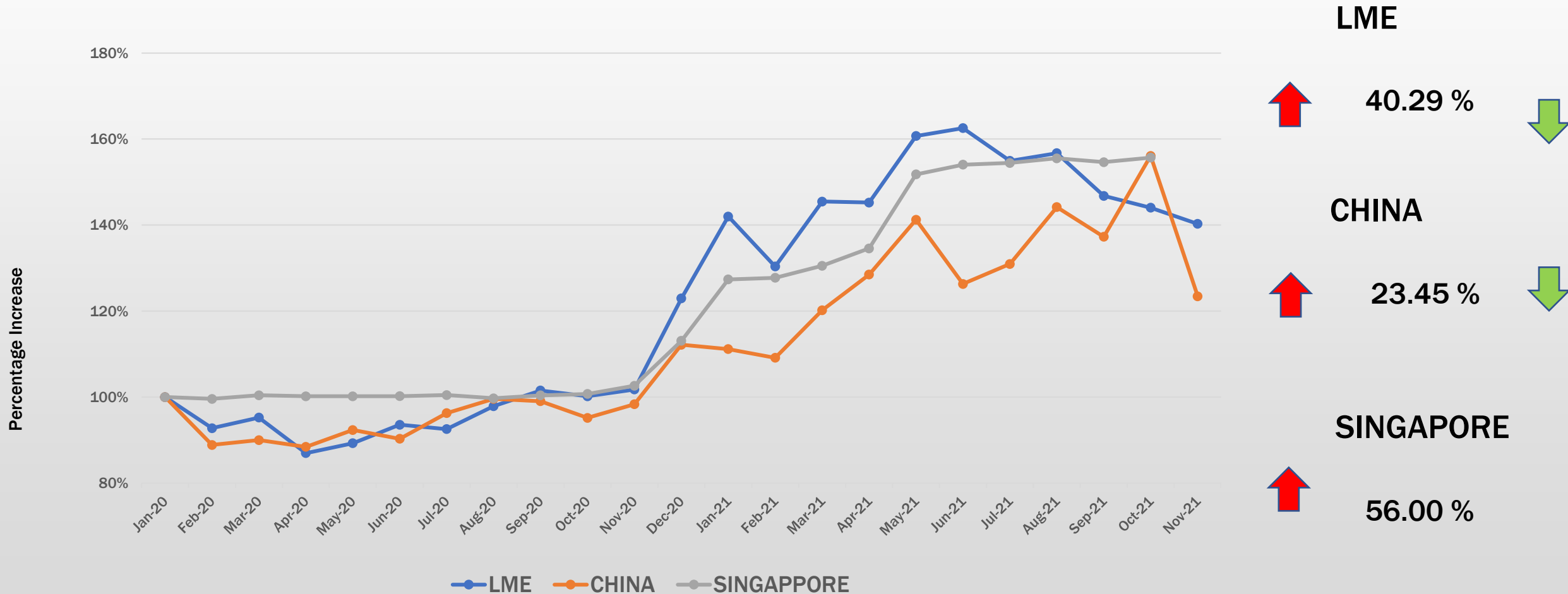
SIGNIFICANCE OF REINFORCEMENT STEEL AS MATERIAL FOR CONSTRUCTION

SUPER HIGH RISE	HIGH RISE	MEDIUM RISE	RESIDENTIAL BUILDING	ROAD REHABILITATION	BRIDGE	WATER TREATMENT PLANT
20%	18%%	14%	8%	4%	18%	22%

MATERIAL PRICE FLUCTUATION



MATERIAL PRICE FLUCTUATION



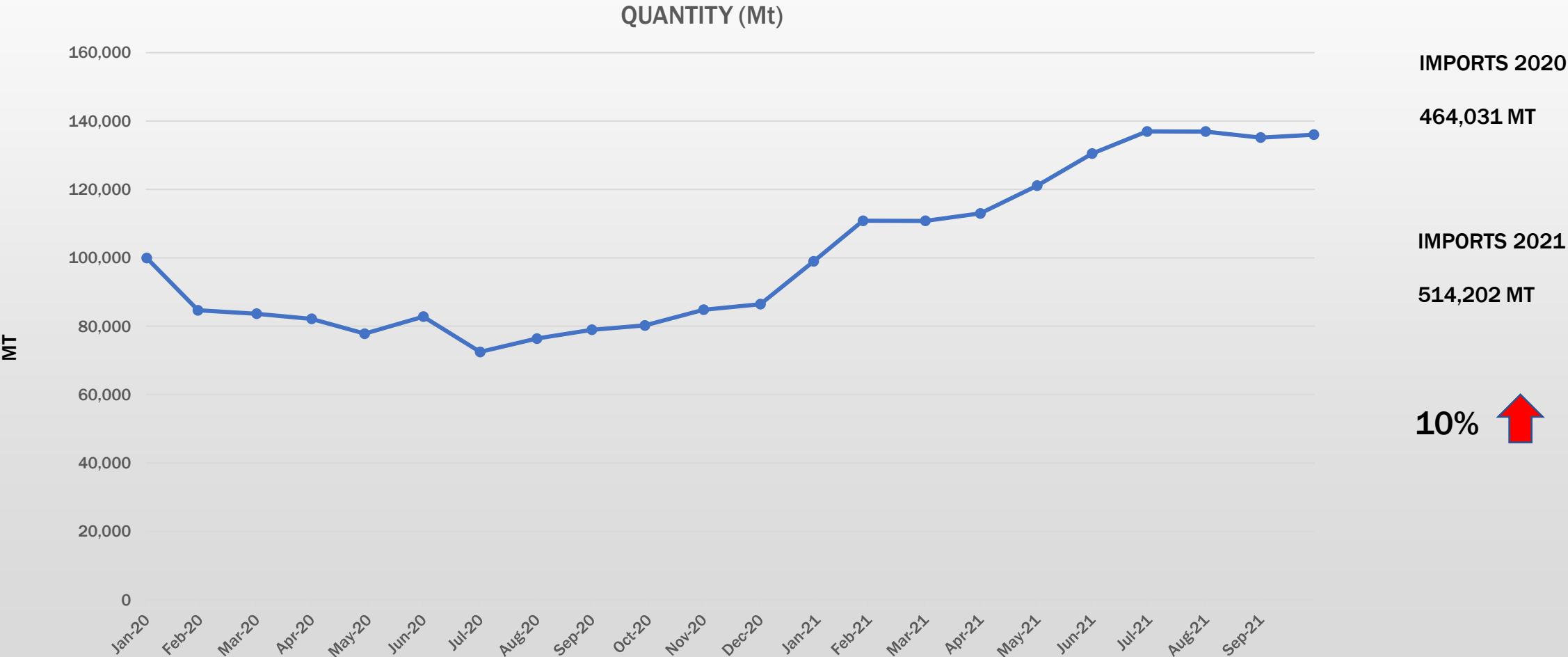
Source: LME Steel Rebar FOB Turkey (Platts) | BCA Singapore

REINFORCEMENT STEEL PRICE (TAX STRUCTURE)

TAX STRUCTURE ON REINFORCED STEEL IMPORTS						
	HS CODE	Steel - 7214.20.90 (SLSI)				
	CIF VALUE (USD)					800.00
	EXCHANGE RATE					202.9992
A	CIF VALUE (LKR)					162,399.36
	CIF					
B	DUTY	CIF VALUE	X	15%	=	24,359.90
C	PAL	CIF VALUE	X	10%	=	16,239.94
D	CESS	(1KG)	x	35000	=	35,000.00
E	VAT	((CIF VALUE x110%+ (DUTY+PAL+CESS))x8%	X		=	20,339.13
	TOTAL					258,338.33

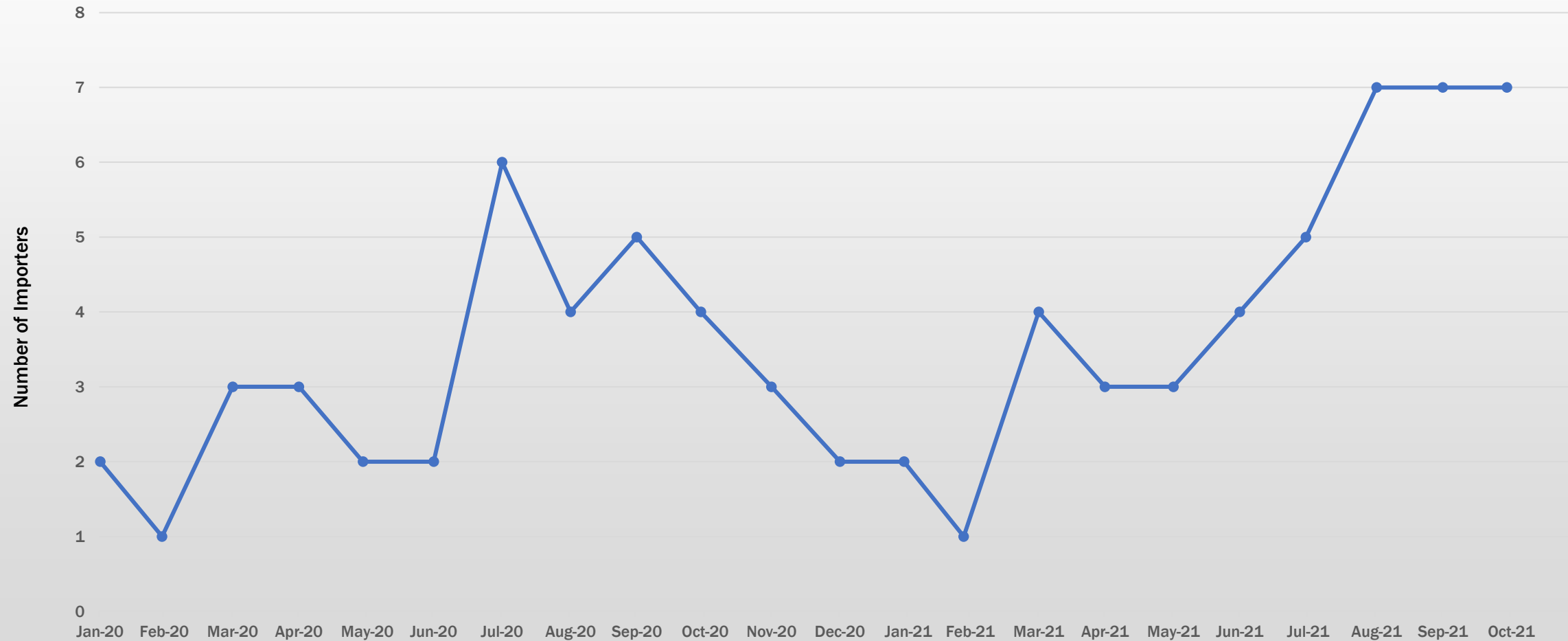
TAX & LEVY - 59% on CIF

STEEL BILLET IMPORTS

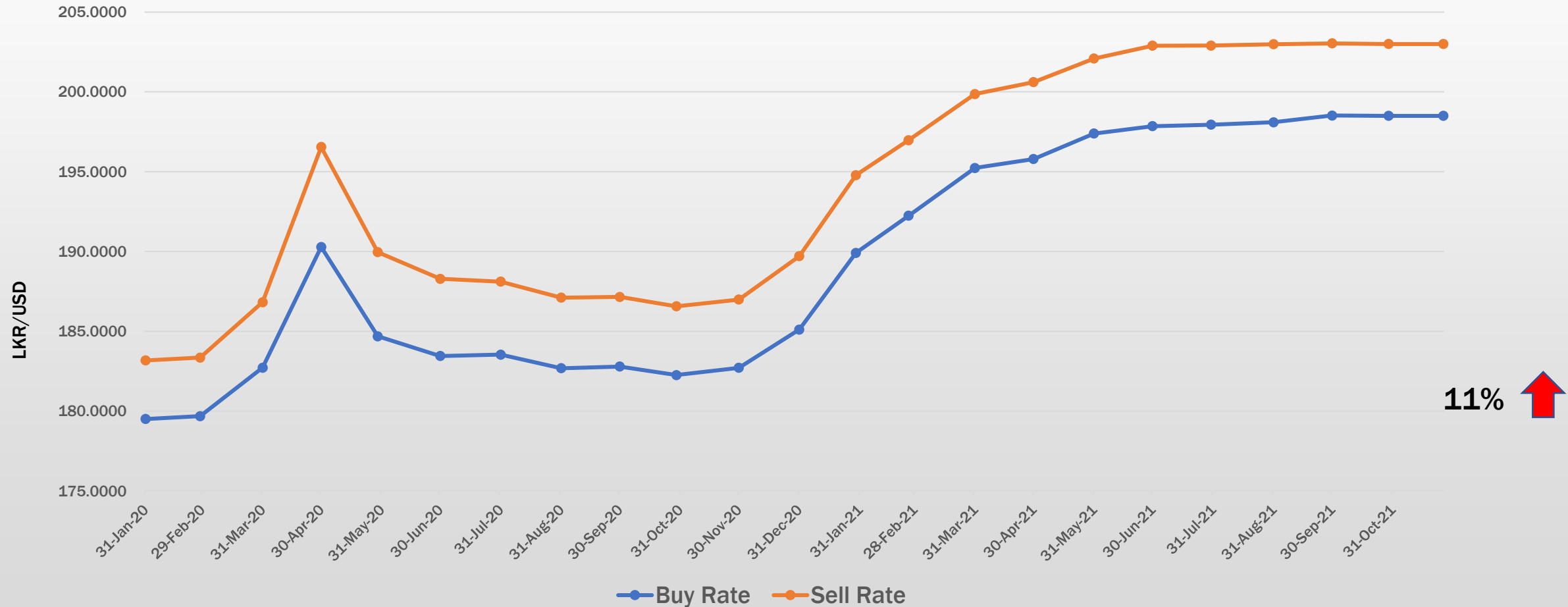


Source: SRI LANKA CUSTOMS

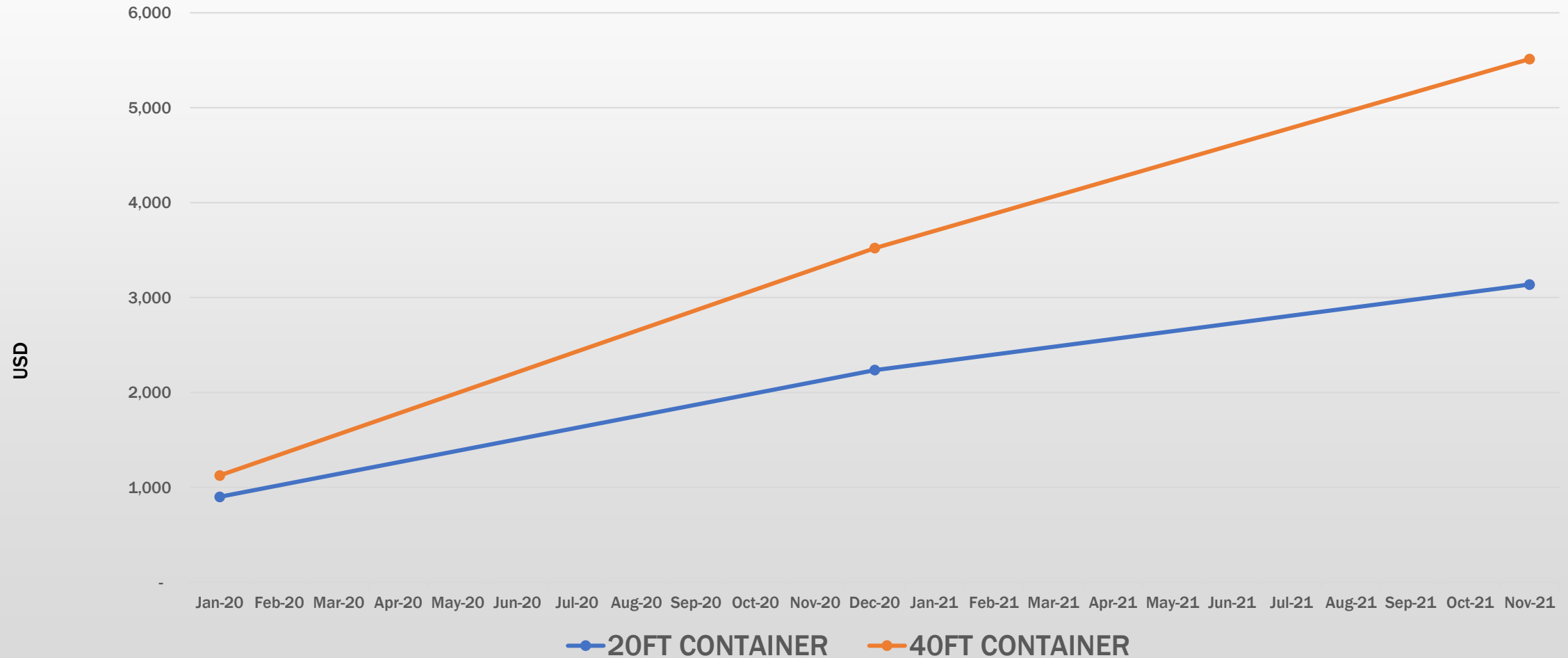
STEEL BILLET IMPORTERS



CHANGES IN EXCHANGE RATES










SHIPPING CHARGES



REINFORCEMENT STEEL PRICE INCREASE AND SHORTAGE

- Higher Demand In the Local Market
- Unstable Raw Material Cost
- Rupee Devaluation
- Restriction on Opening LC
- Shipping Charges
- Decrease in Market Suppliers
- High Tax Structure

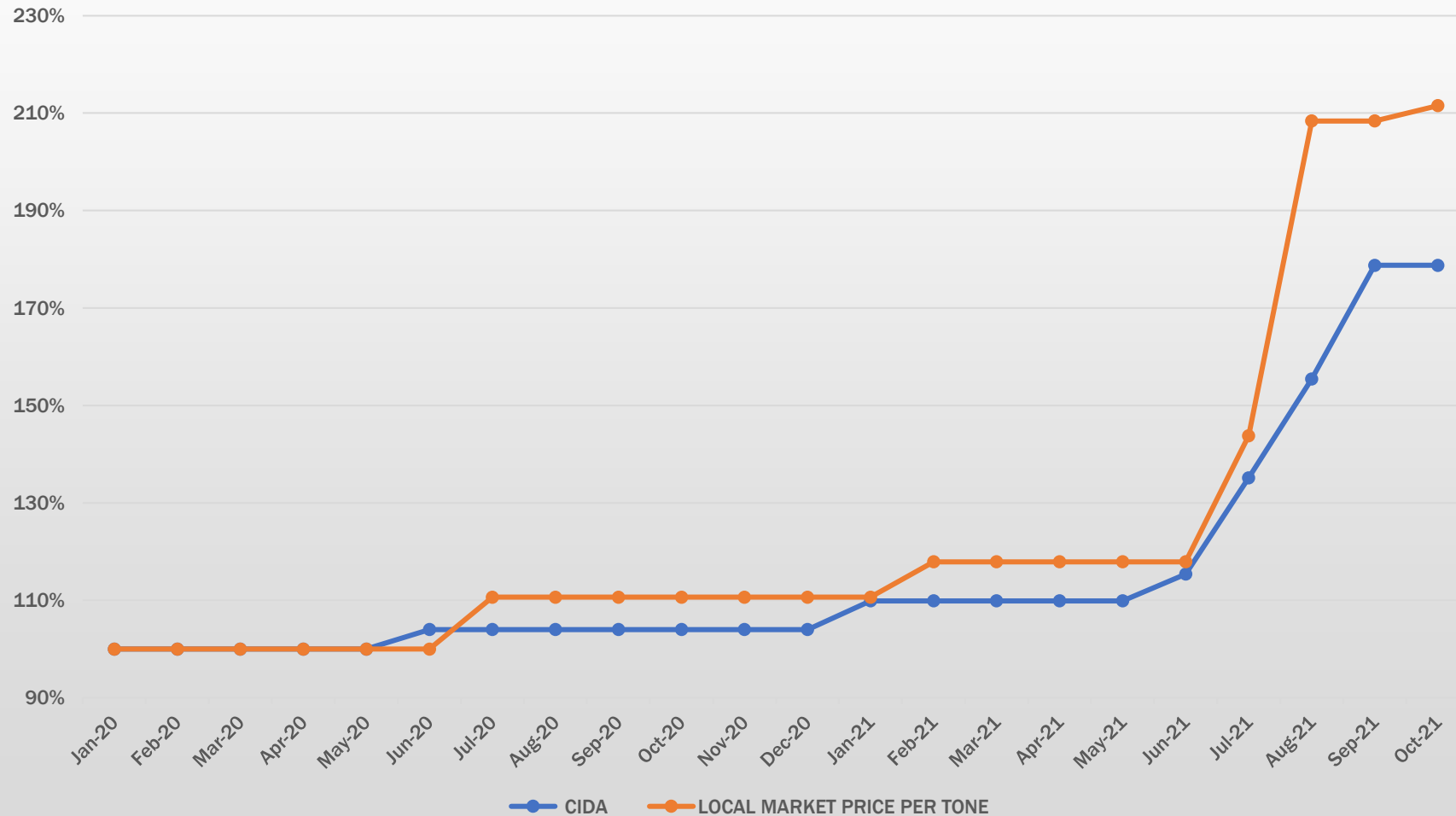
SIGNIFICANCE OF REINFORCEMENT STEEL AS MATERIAL FOR CONSTRUCTION

SUPER HIGH RISE	HIGH RISE	MEDIUM RISE	RESIDENTIAL BUILDING	ROAD REHABILITATION	BRIDGE	WATER TREATMENT PLANT
20%	18%%	14%	8%	4%	18%	22%
						



STRUCTURAL STEEL

MATERIAL PRICE FLUCTUATION



Source: CIDA | Local Suppliers Average Price

AVERAGE LOCAL PRICE



112%

CIDA INDICES



79 %



CEMENT

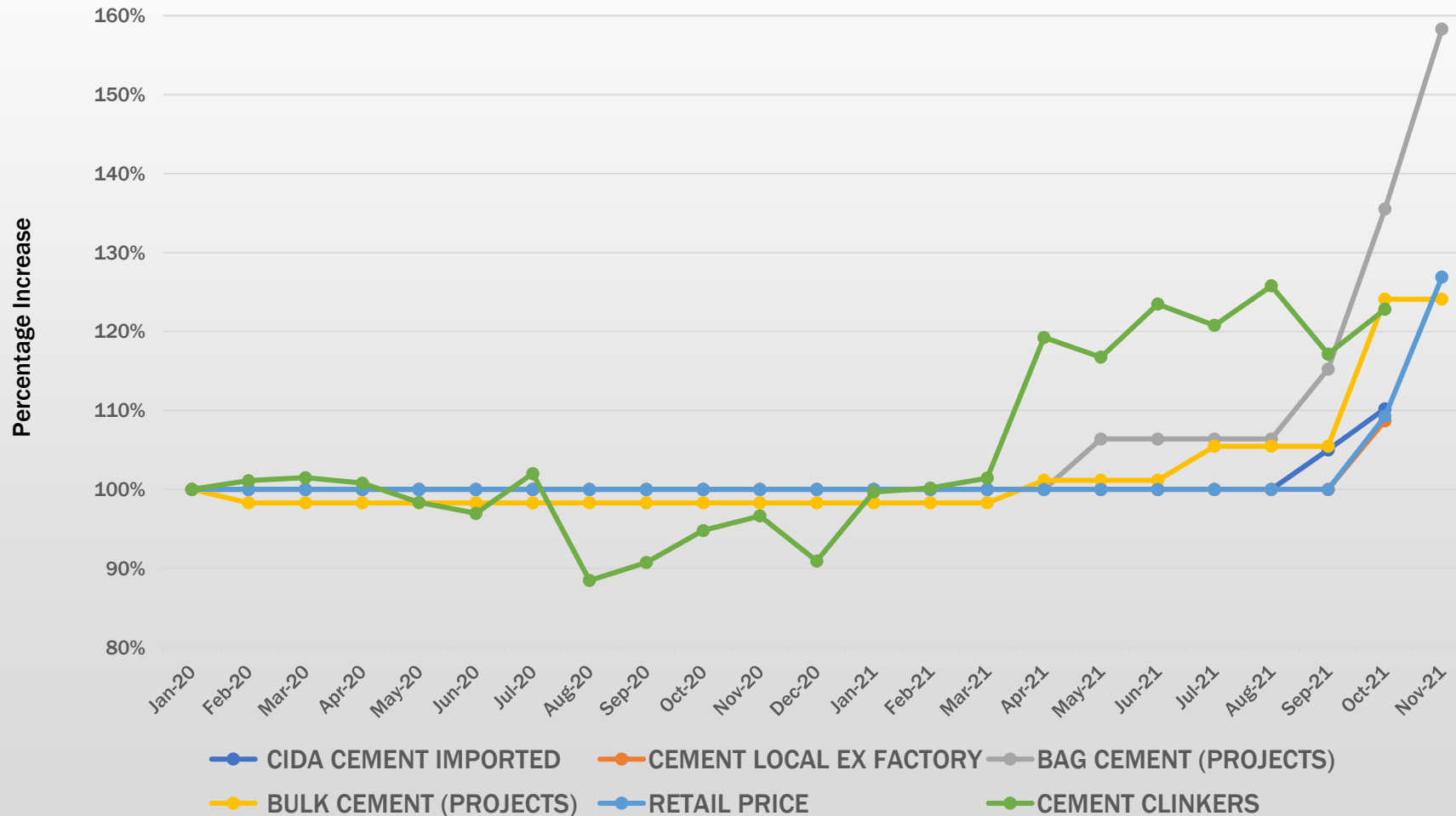
CEMENT

- SIGNIFICANCE OF CEMENT AS MATERIAL FOR CONSTRUCTION
- MATERIAL PRICE FLUCTUATION
- TAX ON IMPORTS
- GLOBAL & LOCAL TRENDS
- MATERIAL SUPPLY TO LOCAL MARKET & SHORTAGE

SIGNIFICANCE OF CEMENT AS MATERIAL FOR CONSTRUCTION

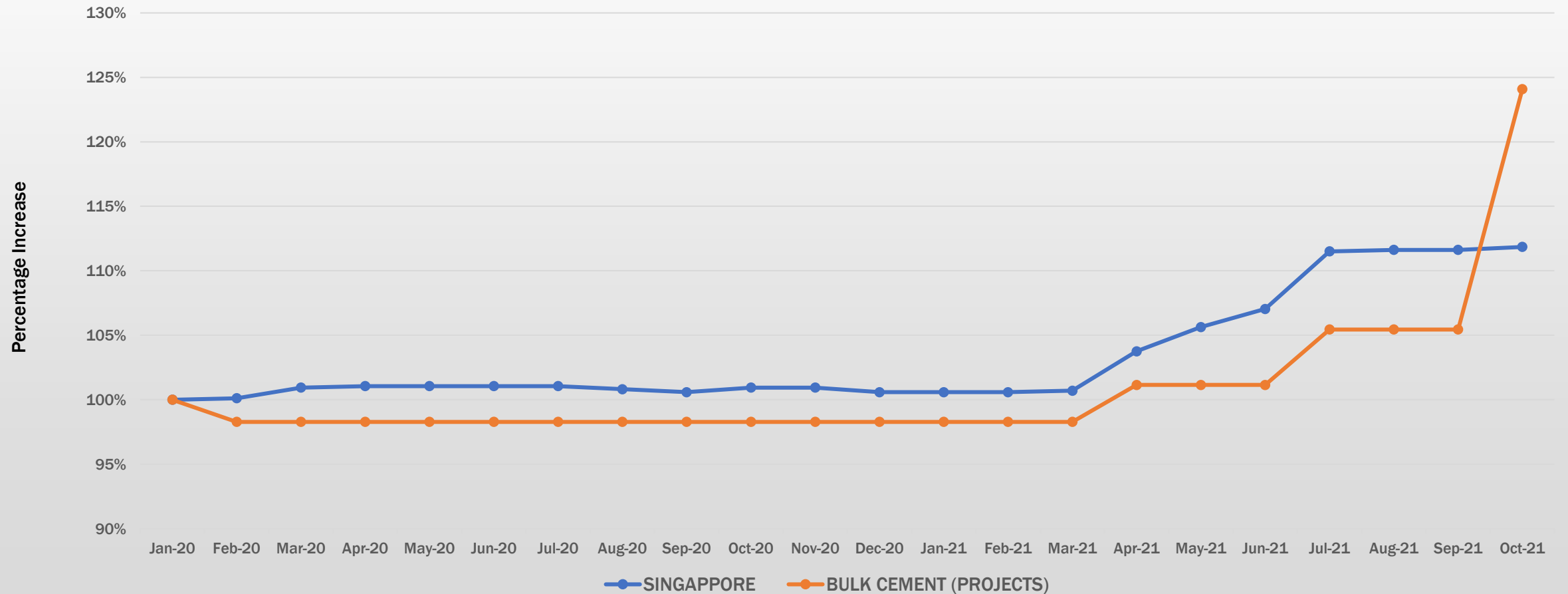
SUPER HIGH RISE	HIGH RISE	MEDIUM RISE	RESIDENTIAL BUILDING	ROAD REHABILITATION	BRIDGE	WATER TREATMENT PLANT
5%	6%	7%	8%	5%	6%	10%

MATERIAL PRICE FLUCTUATION



CIDA CEMENT IMPORTED (OCT)	110.20%
CIDA CEMENT LOCAL EX FACTORY	108.69%
BAG CEMENT (PROJECTS) (NOV)	158.30%
BULK CEMENT (PROJECTS) (NOV)	124.09%
RETAIL PRICE (NOV)	126.87%
CEMENT CLINKERS (OCT)	122.80%

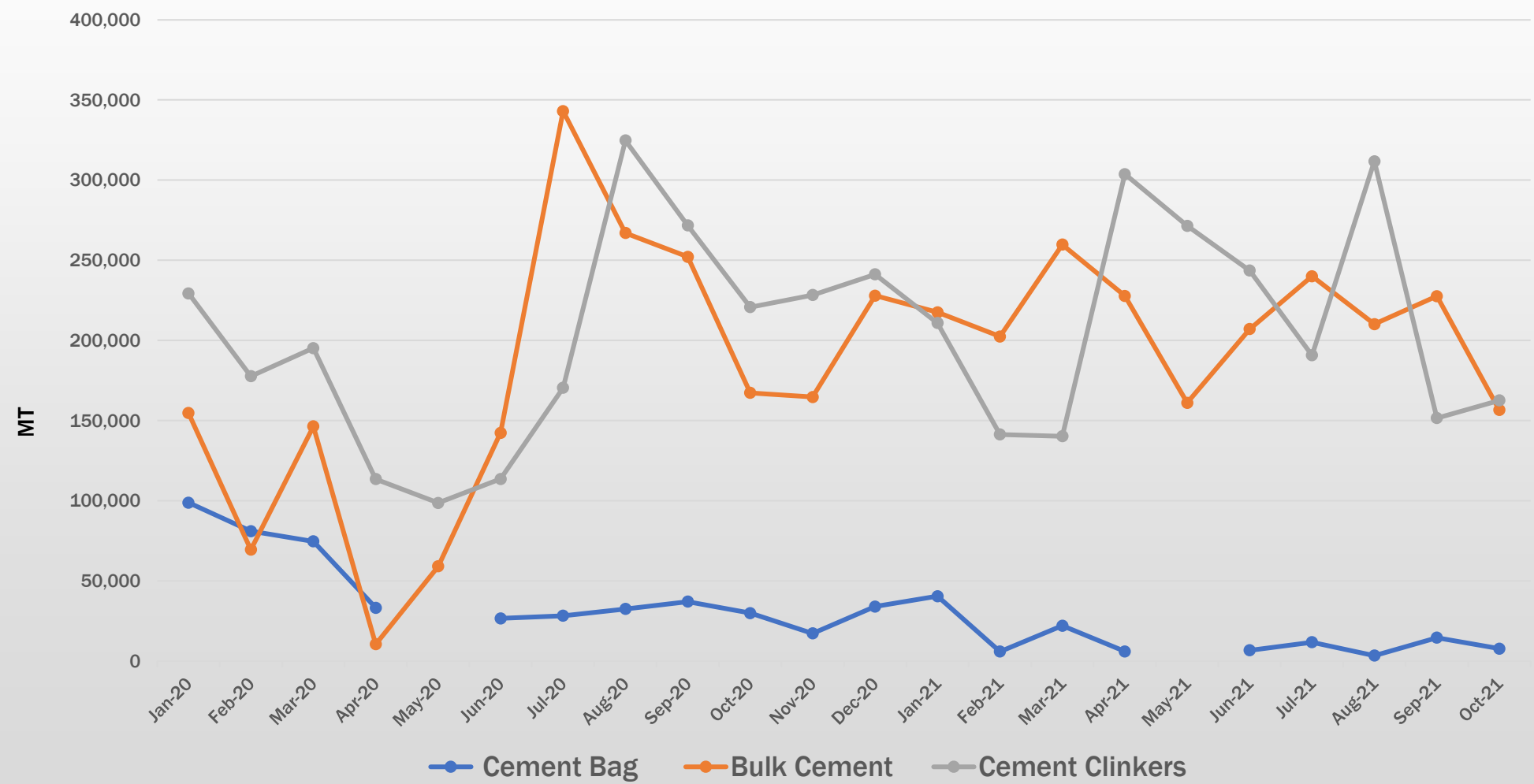
MATERIAL PRICE FLUCTUATION



CEMENT PRICE (TAX STRUCTURE)

TAX STRUCTURE ON CEMENT IMPORTS						
	HS CODE	Cement - Bulk - 2523.29.30 (SLSI)				
	CIF VALUE (USD)/KG					0.0650
	EXCHANGE RATE					202.9992
A	CIF VALUE (LKR)					13.19
	CIF					
B	DUTY	CIF VALUE	X	0%	=	
C	PAL	CIF VALUE	X	10%	=	1.32
D	CESS	(1KG)	x	2	=	2.00
E	VAT	((CIF VALUE x110%+ (DUTY+PAL+CESS))x8%	X		=	1.43
						17.94

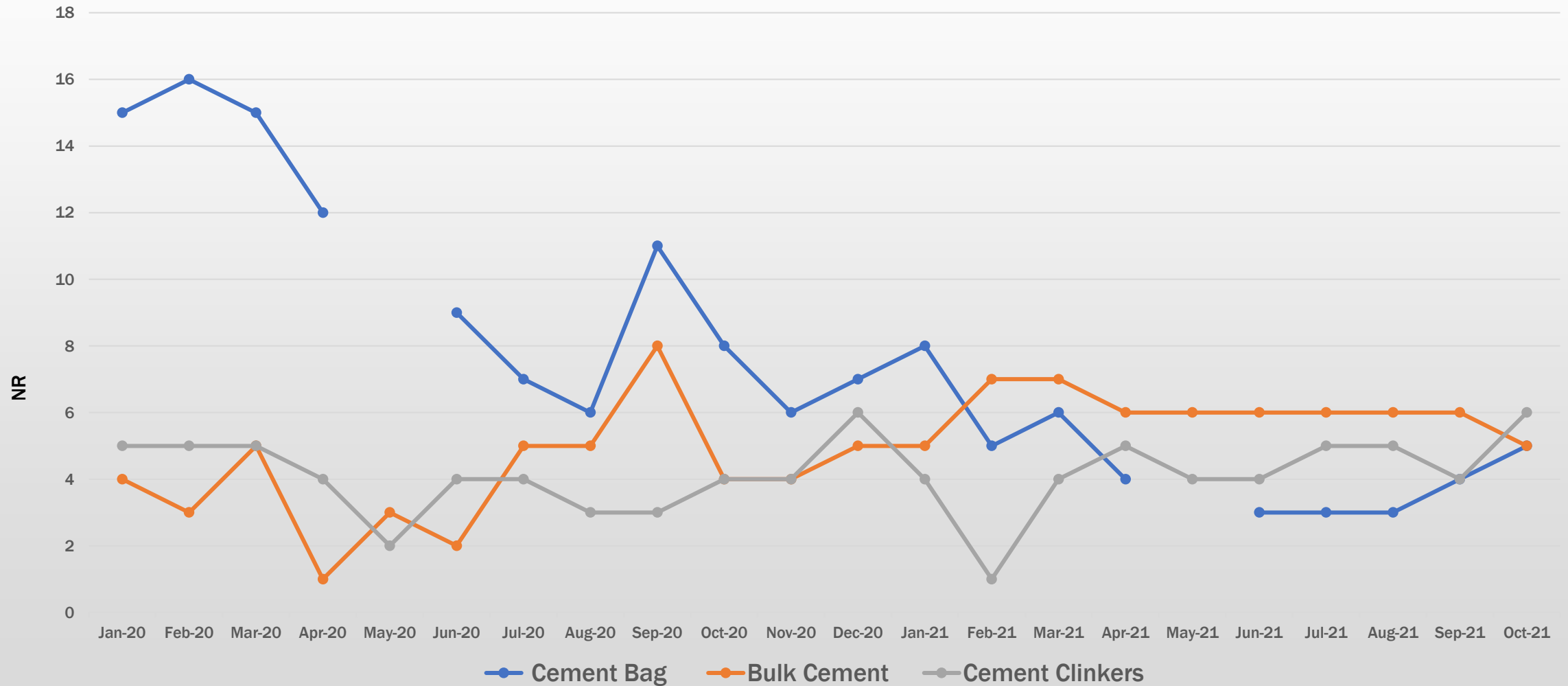
CEMENT IMPORTS



CEMENT BAG	2020	493,159 MT
	2021	118,413 MT
CEMENT BULK	2020	2,004,419 MT
	2021	2,110,174 MT
CEMENT CLINKERS	2020	2,384,898 MT
	2021	2,127,726 MT

Source: SRI LANKA CUSTOMS

NUMBER OF IMPORTERS



CEMENT PRICE INCREASE AND SHORTAGE

- Higher Demand In the Local Market
- Unstable Raw Material Cost
- Rupee Devaluation
- Restriction on Opening LC
- Shipping Charges
- Decrease in Market Suppliers

IMPACT TO CONSTRUCTION INDUSTRY

- Absorbing Continue Escalation which was Unpredicted
- Decrease in Profits Margin
- High Impact on Small Enterprises
- Relief from CIDA formula
- Relief for Contracts not Allowed for Price Fluctuation
- Difficulty in Cost Planning, Tendering
- Contractual Disputes, Termination

IMPACT TO CONSTRUCTION INDUSTRY

- Increase in Demand for Construction Material with Government Policy
- Delay in Project delivery as Steel and Cement used for Activity in Critical Path

FUTURE

- Slight Decrease on Raw Material Prices
- Rely on USD reserves of the Country
- New Cement Suppliers to Local Market
- Implementing CIDA formula, Star Rate, Exchange Rate Compensation Method or any other Alternatives
- Negative Escalation?

THANK YOU