

## Tom Box: Helping Rebuild Afghanistan and Iraq

Tom Box, a Dallas, Texas Compass Bank customer for more than 15 years, is a busy man. While he's started four different Box-bannered enterprises since 1997, it's the work he's done during the past couple of years that Box feels is the "most compelling" part of his business.

Since 2002, his Box International Consulting, LP, group has been actively engaged in helping the governments in Afghanistan and Iraq develop and implement strategy for creating the cement both countries will need for reconstruction. "That's the work I'm really passionate about right now," observes Box.

All told, there are four Box companies: Box Exploration, LLC, an oil and natural gas exploration and production company; Box Properties, LLC, a real estate firm; Box International Consulting, LP; and Box Management Services, LLC, an outsourcing management concern. The companies have a total of 16 full-time employees, all of which fall under Box Management; while the companies' assets are pooled under the Box International entity. Between 2003 and 2005, Box Management's revenues grew by 65%, while Box describes Box International's revenue increases during the same period as "multi-fold."

Compass on Business Magazine spoke with Box, with a focus on his unique, frontline position as a witness to economic and infrastructure rebirth in Afghanistan and Iraq.

COB: How did you come to be involved in cement futures in Afghanistan and Iraq?

Tom Box: After 9/11, I began to research Afghanistan and found it had no indigenous cement production, so I began to lobby the U.S. and Afghan governments through a variety of sources. As I had some access and was familiar with the cement sector, I began working with the State Department and the U.S Department of Commerce, which helped coordinate the work and was eventually able to get into the Afghanistan and Iraqi cement sectors.

COB: How difficult was it to create the domestic and international relationships needed to support these projects (e.g., with the U.S. Trade Development Agency and the Afghan Ministry of Mines and Industry/Iraqi Industry and Minerals Ministry)?

TB: It's not very pretty and it's challenging. Policy-makers don't always see priorities in reconstruction the way we do. The Afghan cement sector is virtually nonexistent, and the Iraqi sector is obsolete and crippled. We've been active on a number of levels with both governments and our own, pushing the relationship between construction needs and job growth. Job growth is among the critical metrics for any diversified economy, especially in less developed, post-conflict emerging markets. We have seen far too many unemployed men in Iraq and Afghanistan between the ages of 18 and 50 walking the streets.

COB: In your experience, how is the newly structured government in Iraq moving to forward its economic goals?

TB: The market has become increasingly challenging. Insurgency has crippled progress in large-scale infrastructure projects. What you see are more micro-level projects. They're conducted rigorously but without adequate and high-quality building materials. An immense amount of construction work can't get done correctly. You know bridges and highways and all manner of large-scale projects have to be built, but there's a dearth of materials for these projects, and people are beginning to understand and appreciate the relevance of basic commodities to exact the success needed for the political victories. The military has done a fabulous job, but they're not in the reconstruction business.

COB: According to the Investor's Iraq Forum, in June 2005, the Iraqi Industry and Minerals Ministry announced that work has begun on construction of 10 new cement plants, in addition to the 19 it operated at the time. Did Box International play a role in that construction decision?

TB: We're familiar with the plants and the tenders the Ministry has put out. Today, we were contacted by a gentleman from Basra who has successfully won a tender from the Iraqi government. He originally came to see us last August, and we've been advising him. He's forwarded us the documents, and he wants us to play a part in the development of a cement plant in the southern part of Iraq. Another group has a tender in the North, in the Kurdish area. They've asked us to consider becoming a technical consultant to them as well. We've found that existing capacity is still woefully behind in terms of having the supply needed to rebuild. Iraq has an extremely capable economy and, once it gets under way with a developed oil and gas economy, it will begin to build quickly, but it will need capacity to do so. Part of the issue is supply and part is the stratified market. In addition to political issues, you have four very different markets in Iraq. You have the North, or Mosul market, which has a mix of people; the Kurdish market; the Baghdad market, which is largely Sunni; and the Basra market, which is predominantly Shi'ite. Those political and market pressures make it difficult to easily answer the high demand.

COB: Economic growth in Iraq was estimated at 52% in 2004, however inflation in the country currently stands at 30% and unemployment estimates run anywhere from 25% to 50%, with some estimates running as high as 70%. Public

utilities like water and electricity are still somewhat sketchy and ongoing violence likely limits infrastructure investments. You're not a practicing economist, but given your frontline experience, how quickly is economic infrastructure scaling in the country?

TB: It's lagging is in terms of simply getting people back to work. Unemployment in Iraq is significant, in both numbers and the outlook. They have extremely long, hot summers with no water, no power for air conditioning or ice, and people's lives are challenged by such difficulties. They don't have adequate food, shelter or money. Economically, getting basic municipal services developed and implemented will take an immense amount of work. There are no banks to service conventional, commercial activity in Iraq. There is no place in which to deposit funds, and there are no credit cards or checking accounts. All business is done on a cash basis, which is quite risky, given the circumstances. The lack of financial services is just one of many examples of what needs to be developed. There are no real civil services and no real means to dispose of urban waste, so the rivers are completely polluted.

COB: How long do you see Box International being involved in Iraq and Afghanistan?

TB: We recently received some very favorable overtures from the Afghan government, which wants more from us in terms of implementing solutions for its cement sector. These are projects with seven-year windows. It takes time to develop state-of-the-art facilities and long-term solutions. Our charge right now is to develop a solution that leverages Afghanistan's existing facilities. There are four existing cement plants, but only one has been completed. These are facilities that were developed by the Czechs in the late 1950s and '70s, so the operations and processes are obsolete. Our work is cut out for us, but we know that we can leverage existing operations to stake out a market, defend it, grow it and expand it. There are a lot of exciting opportunities for Afghanistan that can have some real impact and change the country's future.