

Latest News

- Arab Iron and Steel Union holds the ninth meeting of the Economic Committee in Cairo

North Africa

- Egypt's iron and steel exports decline by 19% during January-July 2024.
- Egypt: EGP 22.5 million in iron and steel sales for mines in July.
- Maghreb Steel's revenue rose in H1 2024.

Gulf Area

- Emirates Steel Arkan Appoints New CFO.
- Emirates Steel Arkan announces change of corporate identity to Emsteel Group.

World

- Steel prices in the first week of September 2024.
- NBS: Local Chinese rebar prices up 2.9% in late August.
- Steelmaking's shift from coal to gas could cut emissions by 75%.
- Iron ore falls 4%, trades below \$100 a tonne.
- Harris rejects sale of US Steel to Japan's Nippon Steel
- IEA : Global coal demand to remain flat until 2025.
- Iron ore price falls as China steelmakers warn.
- US Steel warns of shutdown if sales fall.
- China's record steel exports threaten global trade tensions.
- U.S. Steel shares fall more than 15% after report White House seeks to block Nippon Steel takeover.



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United Steel Industrial Co. (K.S.C.C.)

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Arab Iron and Steel Union holds the ninth meeting of the Economic Committee in Cairo

The Arab Iron and Steel Union held the ninth meeting of the Economic Committee in Cairo, Egypt, in the period from 2-3 September.

The committee meeting was attended by representatives of the following countries: Egypt – Algeria – Kuwait – Qatar – Tunisia – Libya.

During the meeting sessions, the economic conditions in Arab countries were presented and studied in light of the successive economic changes from the war on Gaza, fluctuating energy prices, and rising inflation, in addition to new projects in Arab countries and their impact on the steel industry in Arab countries.

This committee is one of the most important committees of the Arab Iron and Steel Union, which aims to study the conditions of the iron and steel industry and its repercussions on steel consumption in Arab countries.



North Africa

Egypt's iron and steel exports decline by 19% during January-July 2024

The value of Egypt's iron and steel exports declined by about 19% during January-July of this year to reach \$1.17 billion, compared to about \$1.43 billion in the same period last year, according to government data.

The data revealed a decline in Egypt's iron and steel exports by more than 40% during the month of July alone, which witnessed the export of products worth \$134 million compared to \$226 million in the corresponding month last year.

Sources in the steel sector attributed the decline in export revenues to two reasons: the first is the decline in global prices during the current year compared to last year's prices, and the second is the decline in export quantities by about 11.5%, down to 1.769 million tons in the first seven months.

By the end of last July, global prices for some steel products had fallen by up to \$50 per tonne, the most significant of which was hot flat steel coils, which ranged between \$530-540 per tonne by the end of last July, compared to \$590 by the end of July 2023.

In June, the Canada Border Services Agency (CBSA) announced a preliminary determination to investigate anti-dumping duties against imports of wire coils from Egypt, China and Vietnam.

The Canadian regulatory authority imposed a preliminary anti-dumping tariff of 49.7% on Suez Steel Company and 99.8% on the rest of the wire coil producers from other companies in Egypt.

As a result of the new duties in Canada, Egyptian iron and steel exports to Canada declined during July alone by 48% year-on-year to about \$6.4 million, while exports to Canada in the first half of the year had grown by 143% to about \$25.3 million year-on-year.

Turkey topped the list of countries importing the most Egyptian iron and steel products, with exports worth \$158.9 million, while Spain came in second place with \$118.6 million. Italy came in third place with \$113.6 million, followed by the United States with \$109.4 million, Romania with \$66.2 million, and Saudi Arabia with \$52.7. The data revealed a significant decline in Egyptian iron and steel exports to Spain, Italy, and the United States during July, as exports to these markets fell by 99%, 79%, and 84%, respectively, while exports to Saudi Arabia, Turkey, and Romania jumped by 1382%, 49%, and 35%, respectively.



Egypt: EGP 22.5 million in iron and steel sales for mines in July

The Iron and Steel Company for Mines and Quarries announced achieving total sales in July worth EGP 22.5 million.

The company explained, in a statement to the Egyptian Stock Exchange, that sales of the Bahariya Oasis mines in July amounted to EGP 22.49 million.

It added that the value of sales of the Beni Khaled – Samalut quarries recorded about EGP 7,812.

The Iron and Steel Company for Mines and Quarries achieved a net profit of EGP 127.49 million in profits during the period from July 2023 to the end of June 2024, compared to EGP 127.81 million in the comparative year.

The company's sales declined to EGP 306.25 million in the past fiscal year, compared to EGP 309.92 million in the comparative year.

Maghreb Steel's revenue rose in H1 2024

Morocco's leading flat steel producer, Maghreb Steel, reported a 5pct YoY revenue growth in H1 2024, driven by increased domestic and export sales.

The company's sales revenue reached MHD 2.55 bln (USD 260 mln) in the first half of 2024, up from MHD 2.43 bln in the same period last year.

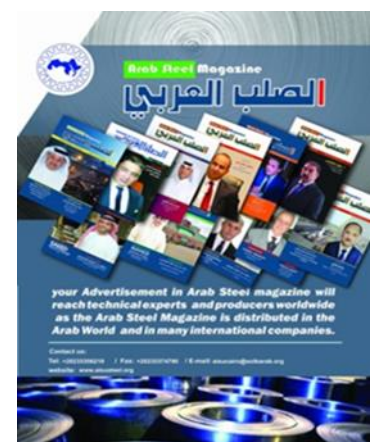
Maghreb Steel also experienced a 15pct YoY increase in sales volume, reaching 255,000 tons in H1 2024. In Q2 2024, sales volume rose by 19pct YoY to 130,000 tons.

Maghreb Steel, the country's sole flat steel producer with an annual capacity of 1 mln tons, produces hot rolled, cold rolled, galvanized and prepainted coils and sheets.

1 USD = 9.79 MHD



MAGHREB STEEL



Gulf Area

Emirates Steel Arkan Appoints New CFO

Emirates Steel Arkan has announced the appointment of Mark Tonkins as Group Chief Financial Officer, effective September 2, 2024.

Tonkins, who most recently served as CFO at BME, brings with him a wealth of experience gained through his senior financial positions at Borless and Phillips. In his new role, Tonkins will be responsible for driving the Group's strategic financial initiatives and driving its continued growth in global markets. Stephen J. Pope, the former Group Chief Financial Officer, will assume a strategic advisory role within the Group CEO's office. He played a key role at Emirates Steel Arkan for 17 years, during which he successfully led the Group through key stages of its journey, including the strategic merger and subsequent public listing, and contributed significantly to the Company's success and positioning regionally and internationally.

"We are extremely grateful to Stephen Pope for his leadership and commitment to excellence over the years. As we welcome Mark to the group, we look forward to his leadership experience and vision to continue driving our financial strategy forward. Mark's experience will help us to further strengthen our growth plans and consolidate our financial position, especially in light of the developments and changes taking place in global markets," said Eng.

Emirates Steel Arkan announces change of corporate identity to Emsteel Group

Emirates Steel Arkan, one of the largest national companies listed in the steel and building materials sector in the region, announced the change of its corporate identity to Emsteel Group (listed on the Abu Dhabi Securities Exchange under the symbol: (EMSTEEL)), as part of its ambitious strategy to lead the sustainable industrial transformation scene and enhance its presence in global markets. The new identity and operating model of the group were launched during an official event held in the capital, Abu Dhabi, in the presence of dignitaries and more than 400 guests from the company's customers, partners and employees.

The new visual identity of the group reflects the successful merger between Emirates Steel and Arkan Building Materials, which took place in the last quarter of 2021, resulting in the launch of the largest steel and building materials company in the United Arab Emirates, with a total asset value of AED 13 billion, a strong base and tremendous potential to achieve significant growth in local and global markets.

The Emsteel Group will be followed by two prominent business units: Emirates Steel, Emirates Cement, whose portfolio includes Al Ain Cement Factory, Emirates Block Factories, and Pipes and Arkan Bags. These two units will provide high-quality products to meet the growing demand in the UAE market and support the needs of the global construction and manufacturing sectors. Emsteel Group's business structure is based on a flexible approach that allows the addition of new business units and companies when needed, supporting market growth capabilities and launching new production lines.

Emsteel Group will ensure that innovation and sustainability are at the core of its business strategy, by investing in the latest technologies and adopting best practices to enrich the market with advanced solutions, while increasing the use of clean energy in its business, and keeping sustainability in mind to provide more low-carbon products, in addition to prioritizing safety, quality and efficiency.

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World

Steel prices in the first week of September 2024

According to the prices announced in the global steel markets, scrap prices amounted to \$370/ tonne, \$6 up compared to last week's prices. and iron ore prices \$92/ tonne, \$9 down compared to last week's prices.

While the prices of billets ranged between 450 – 565 Dollars per tonne, while it was between 470 – 565 dollars per tonne last week, and rebar prices ranged between 560 –590 dollars/tonne, while it was between 570 – 580 dollars per tonne last week.

The following is the **steel prices** statement in the global markets on 09 September 2024

Product	Place	Min	Max	Date	w-0-w
Scrap HMS 1&2 (mix 80:20)	CFR Turkey	370	370	07/09/2024	↑ 6
Iron ore Fe 62%	CFR- Australia	92	92	07/09/2024	↓ -9
Billet	FOB Russia	450	465	07/09/2024	↓ -18
	FOB Tukey	465	465	07/09/2024	↔ 0
Rebar	FOB Turkey	580	590	07/09/2024	↑ 13
	FOB CIS	560	560	07/09/2024	↓ -15
Wire Rod	FOB Turkey	585	595	07/09/2024	↑ 5
HR coil	FOB Russia	460	470	07/09/2024	↓ -20
CR coil 1mm	FOB China	515	525	07/09/2024	↓ -10

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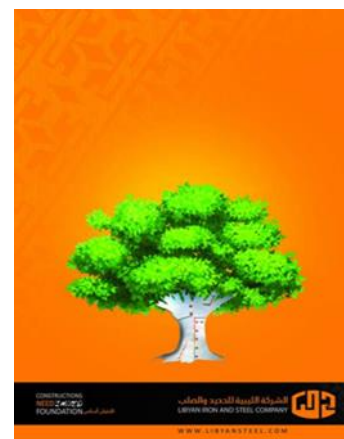
NBS: Local Chinese rebar prices up 2.9% in late August

In late August this year, the average price in China of 16-25 mm HRB 400 rebar increased by RMB 89.4/mt (\$12.6/mt) or 2.9 % to RMB 3,183/mt (\$448/mt), compared to the price in mid-August (August 11-20), as announced by China's National Bureau of Statistics.

In the given period, the average prices of wire rod, medium plate, hot rolled coil (HRC), and angles rose by 2.4%, 0.1%, 0.1%, and 0.2%, respectively, while the average price of seamless steel pipes decreased by 1.8%, all compared to mid-August.



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Steelmaking's shift from coal to gas could cut emissions by 75%

Steelmakers are making efforts to shift away from traditional coal-based production methods, which contribute significantly to global carbon emissions.

While green hydrogen is a promising solution for the future of steelmaking, its high cost and deployment challenges limit its potential as a near-term alternative to coal.

The steel industry is exploring alternative solutions to reduce its carbon footprint, such as switching from coal-based production to gas or recycling "scrap," a transitional step toward green hydrogen.

Gas-based steelmaking could cut emissions by 75%, but it would prolong dependence on fossil fuels, according to a report seen by the Washington-based Energy Research Unit.

While recycling steel scrap could reduce emissions from steelmaking, it also has cost benefits, but it could ultimately hamper production quality.

Why gas-based steelmaking?

The steel industry is reluctant to embrace zero-emissions production plans due to uncertainty surrounding the green hydrogen market, so the industry is looking for low-emission alternatives as a transitional solution for green steel production.

While some steelmakers are confirming a future transition to green hydrogen, they are less transparent about their gas-based plans for at least 15 years, according to a report by Dutch investment bank ING.

While gas and hydrogen are similar in reducing iron ore to pure iron for different types of steel, gas is still a cheaper option than green hydrogen.

The cost of making steel using gas is €0.7 (\$0.8) per kilogram in Europe, which is more than €1 (\$1.12) per kilogram lower than the estimated cost of steel based on green hydrogen.

While gas-based steel production is more expensive than coal, the price gap is smaller compared to other alternatives to coal, and gas is supported by more established technologies and infrastructure than green hydrogen.

Iron ore falls 4%, trades below \$100 a tonne

Iron ore prices fell on Monday, trading below \$100 a tonne amid continued slowdown in China's industrial activity and a prolonged crisis in the real estate sector.

The most active iron ore futures contracts on the Singapore Exchange fell 4.04% to \$96.95 a tonne at 03:39 p.m. Mecca time.

This comes after iron ore futures gained about 10% over the past two weeks, supported by indications that the worst wave of decline in steel demand in China during the summer is over.

But official data released last Saturday showed continued contraction in industrial activity in the world's second-largest economy in August, raising investor concerns about the continued faltering of Chinese growth



Harris rejects sale of US Steel to Japan's Nippon Steel

A source close to US Vice President and Democratic presidential candidate Kamala Harris revealed that she insists on the continued ownership and management of US Steel Corp, which represents an obstacle to the Japanese steel company Nippon Steel Corp's attempt to acquire the US company.

Bloomberg quoted the source as saying that Harris, who will visit Pittsburgh as part of her election campaign, will deliver a speech on Labor Day in the United States to representatives of labor unions in the city, where US Steel is headquartered, and the United Steelworkers union, which opposes the sale to the Japanese company.

Bloomberg indicated that this is Harris's first statement on the proposed deal, and it is consistent with President Joe Biden's position, who rejects it without going so far as to prevent it by reviewing it according to US national security concerns. As for former US President and Republican Party candidate Donald Trump, he rejects the deal.

Nippon Steel, Japan's largest steel group, announced in December that it would acquire U.S. rival U.S. Steel.

The two companies said Nippon Steel would pay \$55 per share in cash. The total valuation, including assumed debt, is \$14.9 billion.

Nippon Steel said it expects the purchase to accelerate growth. The boards of both companies support the deal.

In May, Nippon Steel announced it was postponing its full acquisition of U.S. Steel by three months, to December, because the deal had become a hot topic ahead of the U.S. presidential election in November.

The companies said the acquisition would help U.S. Steel produce more advanced and sustainable steel for U.S. customers, in addition to "strengthening the resilience of U.S. industry in the face of threats from China."

IEA : Global coal demand to remain flat until 2025

Despite the rapid expansion of renewable energy sources, strong growth in electricity demand in key economies indicates that global coal consumption will remain largely stable in 2024-2025. This is stated in the latest report of the International Energy Agency (IEA) – Coal Mid-Year Update.

In 2023, global coal consumption increased by 2.6% year-on-year, reaching a historic high, driven by strong growth in China and India, which are the two largest consumers. Although demand for coal increased in both the power sector and industry, the main driver was its use to fill the gaps created by low hydropower production and rapid growth in electricity demand.

In China, which accounts for more than half of the world's coal consumption, hydropower generation is now recovering from the extremely low levels of the previous year. This, along with the continued rapid deployment of solar and wind power, is significantly slowing the growth of coal use in 2024. However, a significant drop in this indicator is unlikely, as the country is expected to increase electricity demand by 6.5% this year.

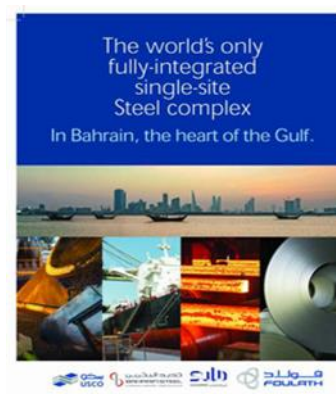
In India, coal demand growth will slow in the second half of 2024 as weather conditions return to seasonal averages.

Demand for coal in Europe continues the downward trend that began in the late 2000s. It was mainly driven by efforts to reduce emissions in the electricity sector. Coal-fired electricity generation in the EU is projected to fall by almost 25% this year.



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Iron ore price falls as China steelmakers warn

A major Chinese steel industry group has warned mills against ramping up production too quickly to avoid disrupting the post-summer economic recovery, especially after iron ore prices fell to their lowest since 2022, currently trading near \$90 a tonne.

The price of iron ore used in steelmaking has fallen by more than a third this year, pressured by lower steel consumption, hitting Chinese manufacturers that are already struggling with losses. Steel demand typically picks up after the summer, posing a new challenge for producers.

“Steel demand will improve to a certain extent in September and October, which is a positive development for the market. However, we should be wary of factors that could prompt full production to resume, as that could immediately reverse any improvement in the market,” the China Iron and Steel Association said in a note after a meeting of steelmakers in southern China.

In another context, steelmakers in China are facing major challenges as a result of the country’s property sector’s decline, which has eliminated a large part of demand, leading to increased competition and a surplus in the market. Goldman Sachs noted in a recent note to clients that this situation “has created a difficult environment for the iron ore market in the short term.”

Singapore iron ore futures prices fell by as much as 2% to \$90.70 per tonne, the lowest level since November 2022. They were trading at \$90.85 per tonne at 11:51 a.m. local time, down nearly 10% this week.

US Steel warns of shutdown if sales fall

US Steel will close its steel mills and possibly move its headquarters out of Pittsburgh, Pennsylvania, if its planned sale to Japan’s Nippon Steel falls through, its chief executive said.

Nippon Steel has pledged to invest about \$3 billion in its aging Pittsburgh plants, which is crucial to keeping the company competitive and jobs, the Financial Times reported.

“We’re not going to do it if the deal falls through,” Borrett said in an interview, according to the Financial Times. “I don’t have the money.”

Borrett’s bleak outlook for the aging steelmaker came after Democratic presidential candidate Kamala Harris said Monday that US Steel should remain locally owned and operated.

President Biden, Republican presidential candidate Donald Trump and several members of Congress have also lined up against the \$14.1 billion deal, which the United Steelworkers also opposes.

As Biden did earlier this year, Vice President Kamala Harris did not explicitly say she would block the deal, but her comments were widely interpreted as another obstacle for U.S. Steel if she is elected president and she revises the regulatory framework for the deal.



China's record steel exports threaten global trade tensions

China's steel exports are set to hit an eight-year high this year, flooding the world with cheap supplies and threatening to inflame global trade tensions.

The world's largest steel producer is forecast to export more than 100 million tonnes in 2024, the highest since 2016, according to Shanghai-based consultancy MySteel, the Financial Times reported.

"Steel exports have reached historic levels so far this year," said Vivian Yang, editor-in-chief of MySteel. She forecast total steel exports of 100-101 million tonnes for the year, the third highest on record. Slumping domestic demand in China, which accounts for more than 50 percent of global steel production, has prompted producers to export more of the material, mostly to countries in Southeast Asia and increasingly to Europe.

"China has flooded the world with steel and pushed prices down," said Ian Roper, a commodities strategist at Japanese consultancy Asteris Advisory. He predicted that countries would retaliate in an attempt to protect domestic steelmakers from competition from the world's biggest producer. "More and more trade cases" will be filed against China in the coming months, he said.

The cases could lead to countries imposing higher tariffs on Chinese steel, which faces tariffs in many countries. A growing group of emerging market economies such as Mexico and Brazil have already raised tariffs this year, while others such as Vietnam and Turkey have launched new investigations.

The United States has doubled its tariffs on Chinese steel this year, while the European Union in May launched an anti-dumping investigation into Chinese tin-coated steel products. Canada announced new steel tariffs last week.

The China Iron and Steel Association, which represents the country's major state-owned steel mills, urged steelmakers to end "fierce competition," accusing them of "relying on price wars to grab market share."

The association's China steel price index fell to an eight-year low as of Aug. 16. In Europe, spot prices for hot-rolled coil have fallen by about a fifth since the start of the year.

A slowdown in Chinese construction and economic activity has dampened domestic demand, while steelmakers have been slow to curb output, leading to oversupply. In a sign of Beijing's concern over the issue, the Ministry of Industry and Information Technology suspended approvals for new steel mills in August.

Chinese steel shipments to Europe are also expected to rise in the coming months, especially for hot-rolled coils, which are used in products such as cars and machinery.

"We're going to see a sharp rise in the coming months," said Colin Richardson, head of steel at Argus Media, a commodity price data provider, adding that China's exports of hot-rolled coil (steel subjected to high temperatures) have been on the rise over the past 12 months.

Even though Europe has a steep tariff of at least 18.1 percent on Chinese steel, domestic prices for hot-rolled coil in China have fallen recently as they become cost-competitive in Europe, even with the additional tariffs.



U.S. Steel shares fall more than 15% after report White House seeks to block Nippon Steel takeover

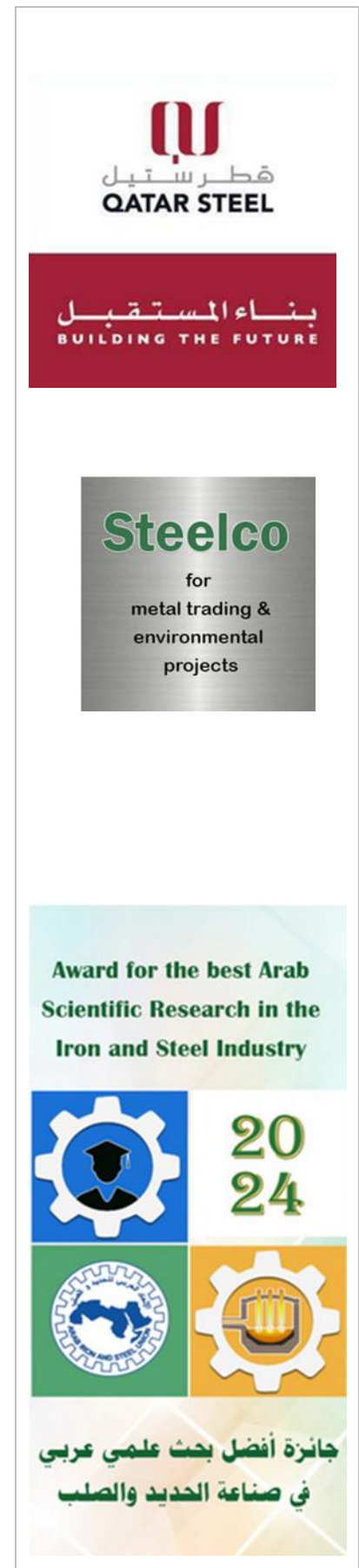
U.S. Steel shares fell more than 15% after report White House seeks to block Nippon Steel's takeover of Japan.

The drop comes after Democratic presidential candidate Kamala Harris this week echoed President Joe Biden's concerns about the \$15 billion deal, saying U.S. Steel "should remain American-owned and operated."

People familiar with the matter told The Washington Post that President Joe Biden is preparing to announce that he will block the \$14.9 billion deal.

For its part, Nippon Steel said that U.S. citizens will make up a majority of U.S. Steel's board of directors, which will also include three independent directors who will also be U.S. citizens. The Japanese company said that key members of its senior management will also be U.S. citizens.

The chief executive of US Steel said the company would close steel mills and possibly move its headquarters out of Pittsburgh, Pennsylvania, if a plan to sell it to Japan's Nippon Steel collapses. Nippon Steel has pledged to invest about \$3 billion in the company's old Pittsburgh plants, the Financial Times reported, citing chief executive David Burritt, who said the move was crucial to maintaining the company's competitiveness and preserving jobs.



Arab Iron and Steel Union



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