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YEARS

Face-to-Face


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Steel Consumption will Increase by 7% in Gulf Region

The Arab Iron and Steel Union was established in Algeria in 1971 as a first specific Arab Union interested in the development and growth of the Arab iron and steel industry. It is a non-governmental organization of a special entity having neither political nature nor commercial character. It is involved in the field of preparing studies, organizing courses and holding conferences for the sake of the prosperity of the Arab iron and steel industry. It assists its members in their economic, technical and technological progress. The fields of the activity of the Union include the sectors of the extracting and manufacturing iron and steel industries according to the determinants of the standards and classifications internationally recognized and practiced. At the time of its establishment the Union comprised 13 companies. The number of the member companies has increased and reached 85 companies. Production of the member companies of the Union represents about 90% of the total Arab steel production. The Arab production of crude steel had

approached 14 million tons in 2005 and exceeded 19 million tons of finished products. Besides, the base of the member companies has become broad and diversified.

The Union comprises a large segment of multi-activities companies

This diversification in the activities of the Union's member companies has imposed enlargement of the scope of the Union's activity as to keep pace with and respond to all activities.

This has required the Union to have regional offices in both Cairo and Damascus, and shortly, God will, in the Kingdom of Saudi Arabia, in addition to the specialized committees.

Engineer Ziad Kutayni is the Director of Damascus Regional Office of the Arab Iron and Steel Union. He started off his career in 1977 as a Shift Supervisor in the scrap melt shop of Hadeed Hamah plant. Eng Kutayni held that post along with his capacity as vice chairman of the Arab Iron & Steel Union till 2008. In 2006, he became the chairman of the Board of the Syrian and Iranian Auto



Manufacturing Company up until 2009.

"If we move beyond the boundaries of the Arab region, we will see that the economic downturn is still overwhelming the majority of the countries of the European Union where there is a surplus of steel products accompanied by a reduced demand, in addition to the fact that some European firms have begun to uphold the necessity of reducing the production capacity in the countries of the European Union", says **Engineer Ziad Kutayni - Director of Damascus Regional Office, Arab Iron and Steel Union** in an exclusive interview with **Steelworld**. Excerpts:



What is the present status of Steel industry in the Arab region ?

- The gigantic investments in the construction and reconstruction projects being set up in the Arab countries are considered a strong indicator attesting the prosperity of the steel industry in those countries. The reinforcement steel is the main product of the majority of the Arab steelmakers, followed by the flat products and sections of various types. The reinforcement steel accounts for 70% of the Arab steel production the purpose of which is to cover the requirements of the gigantic projects being set up by the Arab countries, in particular the railways and subways projects, construction and reconstruction projects, the projects connected with oil and gas and construction of sea ports and air ports, these projects which will make the Arab region a unique region in the world.

According to you what are the growth areas ?

- Looking at the year of 2013 we notice that significant developments in the Arab iron and steel industry have been accomplished. It is expected that the demand for the steel products will grow in the Arabian Gulf region as much as to reach more than 35 million tons of various steel products. This quantity will include about 22 million tons of reinforcement steel per year by 2015. The steel consumption will increase in the Arab countries in the Gulf region by 7% within the next five years.

Studies also indicate a promising future for investment in the steel industry in the countries of North Africa. This seems to be under achievement in some countries. Generally the Arab countries in North Africa will require more than 25 million tons of steel products by 2015 of which about 17 million tons are reinforcement steel and the remaining are different steel products, considering that the

production capacity of reinforcement steel in 2015 will be within the limits of 12 million tons, meaning that there will be a great possibility for more investments in the Arab countries in North Africa to cover the requirements of the development projects in those countries.

The gigantic government investments expended by the Arab countries in construction projects as well as in the reconstruction and infrastructure projects require more and more steel products. When talking on these projects and gigantic investments we talk on each one of these countries apart, but what we lack is coordination at the Arab level to make this industry stronger than any time before. This was and still is the demand of the Arab Iron and Steel Union, which the Union pointed out on many occasions and in many meetings.

It is not necessary for the start of this coordination to be in joint investments, but it is important now to have a sort of coordination to reach a high quality production, reduce costs, secure the future requirements of the Arab markets and dispense with the imported products and materials which adversely affect our markets and companies in terms of pricing, quality and many other aspects which can be avoided by planning, cooperation and investing all the Arab experiences and capabilities collectively as to prepare a strong and integrated Arab industry able to satisfy all requirements and is competitive par excellence.

How do you see the future prospects of steel industry ?

- If we move beyond the boundaries of the Arab region, we will see that the economic downturn is still overwhelming the majority of the countries of the European Union where there is a surplus of steel products accompanied by a reduced demand, in addition to the fact that

some European firms have begun to uphold the necessity of reducing the production capacity in the countries of the European Union. The European Union has, however, been successful in producing joint European manufactures of many high quality products and manufactures. This has been done by the specialization of every European country in producing a certain part of this or that product so that the benefit will be achieved through the mass production and specialization which result in reducing the product cost in addition to making use of the relative advantages in every European country, and the product is marketed at the level of 27 European countries and various countries in the world at a distinct quality and competitive prices. So, why should not the Arab countries apply this procedure?

Consequently, based on its inference of the situation and future of this industry, the Arab Iron and Steel Union sees that there are numerous urgent questions the answers to which should be put into implementation. These questions are considered the gate of the joint Arab coordination. So, what is the future of the iron and steel industry? What is the volume of the required investments? What is the type and volume of the required products? What is the ceiling of the required production of every type in every Arab country? What are the available opportunities of and expected threats to new investments in the iron and steel projects in the next years? Is it better to invest in high quality and value added products such as the flat products required for the cars industries, ship building, and heavy transport equipment or to go on with the current situation, taking into account that the economic situations in any Arab country are different from the economic situations in any other Arab country in addition to the different laws governing investment in every Arab country.