

Demand of Flat Products less due to absence of mature Automobile Industry



Abu Bucker Husain - CEO, AGIS

With the philosophy to build strong foundations in attractive markets, and focus on activities that would foster the economy of Dubai and UAE, Al Ghurair Group was formed in 1960. Since its foundation manufacturing has been at the core of the Group's activities and a key driver of its success. Today, the Group's manufacturing activities encompass nine active companies spanning the Petrochemicals, Metals and Packaging industries and operations in the Middle East, North Africa, North America, Europe and Australia.

Al Ghurair's activities in metals manufacturing have grown significantly in recent years and now include downstream aluminum and steel products for the use in construction and automotive industries. The oldest business in its metals portfolio is Gulf Extrusions, founded in 1976 and now regarded as one of the most innovative and reliable aluminum extrusion players in the Middle East. One of the youngest businesses in metals is Al Ghurair Iron and Steel, established in Abu Dhabi in 2009 and already one of the leading producers of hot dipped galvanized steel in the MENA region.

Al Ghurair Iron & Steel LLC is the first and only steel cold rolling and galvanizing complex in the United Arab Emirates. Located in the Industrial City of Abu Dhabi (ICAD), the 350,000 TPA facility caters to the requirements of the construction, fabrication and other non-automotive industries primarily in the MENA region. AGIS is a joint venture of the Al Ghurair Group and Nippon Steel &

Sumitomo Metal Corporation, Japan. The main production lines include a Semi-continuous Pickling Line, a 6-Hi Reversing Cold Rolling Mill and a continuous galvanizing line. AGIS is committed to maintaining the health and safety of its employees, customers, contractors and other stakeholders, as well as preserving the integrity of our environment. The company is a proud recipient of the ISO 9001:2008 Certificate for its Quality Management systems. The Environment, Health & Safety Management System (EHMS) of the Company has been certified by ZonesCorp.

With a presence in over 20 countries, AGIS covers all of the key steel markets in the region, from emerging to mature. The quality of the products has been very well accepted and AGIS is a well-established brand in the MENA markets. The vision of the company is to be the leader in Galvanized flat steel products in its markets of operation.

Currently Abu Bucker Husain is the CEO of Al Ghurair Iron & Steel LLC, U.A.E. Abu Husain has a Bachelor's degree in Commerce & Accounting, Membership in The Institute of Chartered Shipbrokers London, and an MBA in Finance from Boston University, United States.

Mr. Husain has been working in Wall St. for 8 years before joining AGIS to setup the Steel Galvanizing Plant in Abu Dhabi, the first of its kind in UAE. He took the operation from a start-up to completing three successful years of operation including the joint venture deal with Nippon Steel Corporation.

“Apart from political risk, the region is not well protected to nurture its domestic industries from unfair trade practices of exporting mills from other countries. If a robust duty mechanism is established then there could be good growth of domestic capacity to catch-up with the demand,” says **Abu Bucker Husain - CEO, AGIS** in an exclusive interview to **Steelworld**. Excerpts:

How is the economic situation in Middle East, especially after the meltdown in 2008?

The economic situation of Middle East has been mixed since the 2008 global economic crisis. The quick bounce back

of oil prices had helped the oil producing countries' GDP recovery. However the political setback in Egypt, Arab Spring and sanctions in Iran have all been a detrimental factor. GCC countries were immune to such distractions and their economies have remained strong. Further, the continuous population growth in the region has been a trigger for constant demand for housing and all the infrastructural developments that has resulted in a lot of construction and other economic activities.

How do you see the present status of Iron & Steel Industry in the MENA Region?

The MENA region is one of the fastest growing regions in terms of Steel Demand. The region is a net importer of steel. Middle East consumes about 55 million mts of crude steel and North Africa another 19 million mts whereas their domestic production is only 27 million mts and 9 million mts respectively. That leaves the region with a shortage of 38 million mts as a whole. This also means there is a lot of scope for expansion of domestic capacities. Apart from political risk, the region is not well protected to nurture its domestic industries from unfair trade practices of exporting mills from other countries. If a robust duty mechanism is established then there could be good growth of domestic capacity to catchup with the demand.

How do you see the future prospect of Iron & Steel Industry in the MENA Region especially for flat steels products?

The region has a lot of prospects for growth in terms of both demand and supply. Apart from high population

growth, the region also has one of the highest GDP growth rates in the world. If the oil prices also stabilize at \$100 levels then the region has the potential to have the highest growth rate for Steel Demand. The domestic supply is already far below the demand, so there is also a lot of scope for growth in Steel Supply.

If you look at developed economies, steel demand is usually skewed towards Flat Products. This is mainly due to heavy demand coming from the Automobile Industry. However, in this region, due to the absence of a mature Automobile Industry, there is not enough demand in Flat Products. If and when Automobile Manufacturers start setting up production units in the region, demand for Flat Products will also increase.

What are the present facilities at Al Ghurair and what are the expansion plans of the company?

The current facilities of Al Ghurair Iron & Steel include a 350k tpa Semi Continuous Pickling Line, a 250k tpa 6 Hi-Single Stand Reversible Mill and a 200k tpa Continuous Hot Dipped Galvanizing Line. We also have an online Skin Pass Mill, Slitting and Cut-to-length line. We are currently in the midst of an expansion to add another Continuous Hot Dipped Galvanizing Line of 200k tpa capacity. The commissioning of this new line in November, 2015 will make AGIS one of the largest producers of Galvanized Steel in the Middle East. We also have plans to add a second stand to our Mill to increase the total Cold rolling capacity to 400k tpa.

