

Steel trade between Turkey and Iran rises

Representatives of the Turkish steel sector are interested in developing lucrative cooperation with Iran, as steel trade between the two countries is on the uptrend.

The importance and advantages of trade collaboration were highlighted by Namik Ekinci, Turkish Steel Exporters Association' (Celik Ihracatçilari Birligi, CIB) chairman, at the Iran International Steel Exhibition & Symposium 2017.

In 2016, Turkey shipped 128,000 tons of steel products to Iran, showing a 24% growth year-on-year, becoming the fifth largest steel supplier to Iran. At the same time, exports from Iranian mills to the Turkish market demonstrated a tenfold rise year-on-year totaling 210,000 tons in 2016, according to CIB.

The pickup in steel trade became possible as a result of the lifting of sanctions against Iran in early 2016.

In addition, Iran is currently emerging as a substantial steel exporter, especially to Middle East and North Africa region, gradually strengthening its positions as a supplier to the Far East.

Over the first 10 months of the current Iranian year ending January 19, Iran's steel exports surged by 45% y-o-y, exceeding 4.4 mln tons, according to the Iranian Mines and Mining Industries Development and Renovation Organization.

The level of steel consumption in Turkey is expected to grow in the coming years owing to steadily developing steel-consuming industries.

"We believe that the needs and



experiences of both countries can be mutually beneficial. Both Turkey and Iran can reach the highest levels once the sector representatives come together. Therefore, cooperation must be ensured by trade and investment partnerships," Ekinci said in the official statement.

It is notable that 60% of Turkey's steel exports to Iran are made up of rails and profiles. Since the Iranian government made railroad expansion a priority up to the year 2021, Turkish steelmakers can grab a considerable market share.

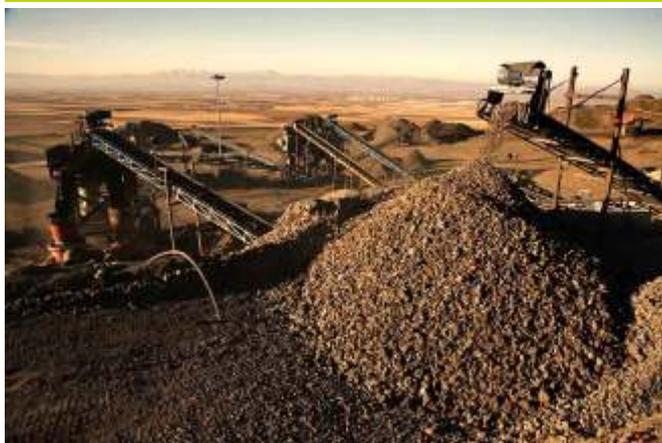
will probably not go ahead. He said that "Following our negotiations with the government, we were informed in the latest session that the new duty will most likely not come into force."

He said that "Imposing duties on iron ore export was not a good signal to foreign investors looking at Iran's mining sector. The low price of iron ore could be considered a kind of dumping by other countries."

The Ministry of Industries, Mining and Trade said in December it was planning to implement a 10% export duty on iron ore and direct reduced iron from the Iranian year starting March 21, 2017.

Customs data showed iron ore exports experienced a sharp rise in the 11 months of the current Iranian year to February 18. The country's miners exported 18.5 million tons of iron ore, 96.6% of which were shipped to China.

Iran to abolish controls on iron ore pricing



launch iron ore trading for the domestic market from February, though no trades of domestic ore have been reported.

Participants in the steel industry have said they do not agree with a pricing system based on supply/demand movement, as it could lead to higher production costs.

The price of iron ore is a proportion of that of steel. For example, the price of pellet is 23% and concentrated iron ore at 13% of the average price of billet traded on Tehran Stock Exchange, which are generally much lower than international prices for the same material.

At present, exported concentrated iron ore is trading at \$81/ton Bandar Abbas FOB, with the same material trading at 1.5 million/ton rials (\$40/ton) in the domestic market, according to S&P Global Platts.

Separately, Chairman of the Iron Ore Producers and Exporters Association of Iran Qadir Qiafeh said the government's plan to impose an export duty on iron ore

Economy Minister Ali Tayyebnia has said Iran is set to lift government controls on iron ore pricing in the domestic market. Tayyebnia was quoted as saying by ILNA that "There is a large gap between domestic iron ore prices and international levels, which the government would address by amending the mechanism that determines prices for domestically produced ore."

Tayyebnia noted that pricing on Iran Mercantile Exchange is based on supply and demand, and therefore an appropriate way to determine a practical price for iron ore.

The IME said in January it would