



Jan 2016 No. 09

Mobarakeh

# STEEL NEWSLETTER

Islamic Republic of Iran Supreme Leader Notified the General Environment Policies **P.8**



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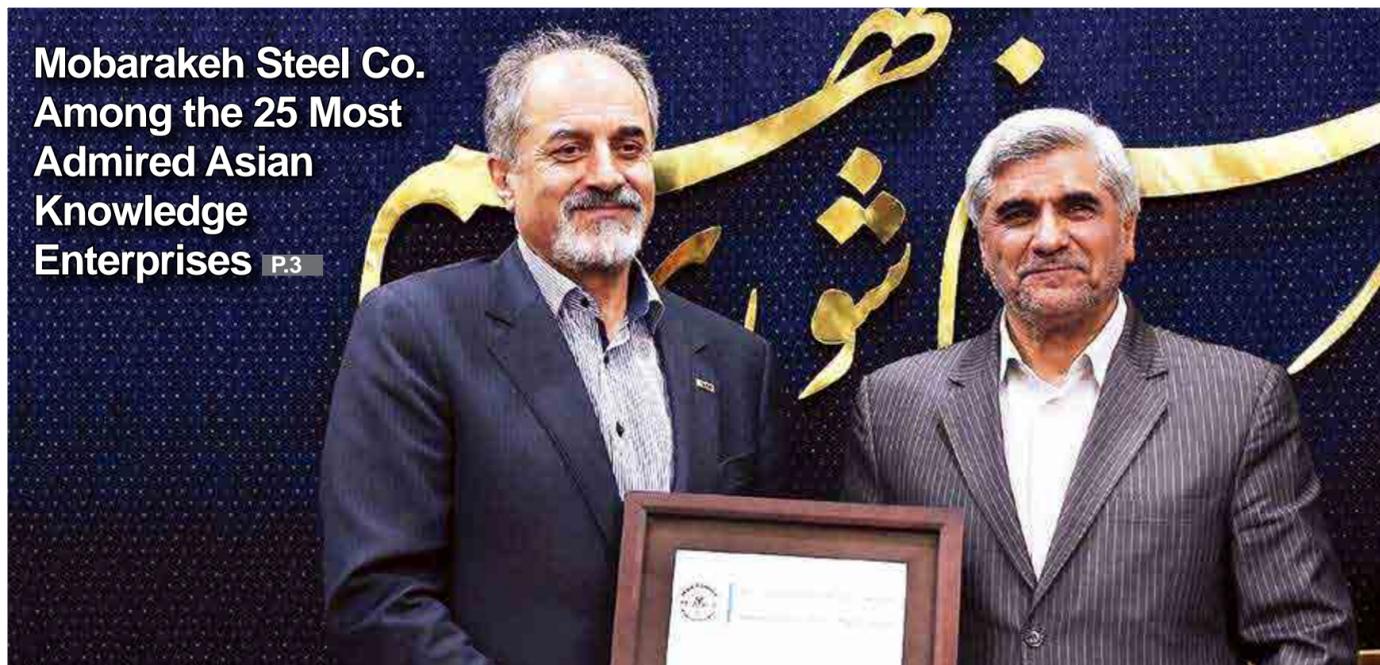
## Chequered Plate Production Starts at MSC

Iran's first mass production of chequered plate, with a capacity of 200,000 tons per year, has been inaugurated in Mobarakeh Steel Company, announced Iranian

Mines and Mining Industries Development and Renovation Organization on Saturday. Since the annual domestic demand for this steel product is 100,000 tons,

the remaining half can be shipped overseas, IMIDRO said. The sheets have a width of 800 to 1,550 millimeters and a thickness of 2 to 10 millimeters, and are offered

in the three classes of ST44-2, ST37-2 and ST52-2. Chequered plate are used in the making of industrial stairways, bridges, autos, wagons, ships and ports.



**Mobarakeh Steel Co. Among the 25 Most Admired Asian Knowledge Enterprises** **P.3**

### **P.5** MSC makes optimal use of water

At a National Conference on the Optimal Use of Water in Industry, Isfahan Provincial Governor Dr. Rasoul Zargarpour said, "This conference is of great importance for three reasons

### **P.5** An Expert Tool for Furnaces

Primetals Technologies has introduced "Melt Expert", a new electrode control system for electric arc and ladle furnaces.

### **P.6** Chinese Mills Dumping Iron Ore stocks

Cash-strapped Chinese steel mills are dumping iron ore stocks, selling at a loss to shore up cash flow in the latest sign of the sector's worsening crisis, steel mill and trade sources said.

### **P.7** An Uncertain Outlook for 2016

Middle Eastern steelmakers have been wrestling with common issues this year, notably rising imports and increasing domestic costs, reports Serife Durmus corporate tax and excise tax to steelmakers and their products. Currently, most countries in the Gulf Co-operation Council (GCC) do not levy taxes, or have minimum taxation

### **P.7** Foreign Steelmakers Eye Iranian Market

## Global Steel Industry Optimistic About India



It is tough to find a bright spot in the global steel sector, as prices plunge and struggling Chinese producers flood world markets with their surplus stock. But if pressed, gloomy industry-watchers see at least some reason for optimism in Asia's second-largest emerging market, India.

"There is really only one location that has the long-term potential to pull the global steel market out of its current slump, and that is India," says Edwin Basson, director-general of the World Steel Association, a trade group. "But, and this is the big question, while India has huge unfilled demand and a big economy, when will all this be felt?"

India is already the world's fourth-largest steel producer and is expected to overtake the US for third place in the next year or two. And while its steel consumption is barely a tenth that of the world's largest user, China, it is at least expanding. Growth will be 8% next year, according to Fitch, the ratings agency, Yahoo reported.

India is adding capacity too, led by its big three producers: Tata

Steel, JSW Steel, and state-backed Steel Authority of India. Last month, Tata Steel inaugurated a huge new plant in the eastern state of Orissa, which eventually will nearly double its output.

Tata Steel in many ways exemplifies India's unusual place in world steel markets. The company's loss-making European arm has been hammered by cheap imports and flat demand over recent years. It is now moving toward selling off part of its ailing UK division, having announced 1,200 job losses in October. The group's Indian arm is much smaller, producing just a third of its output, but performs far better, last year contributing 80% of the group's underlying profits.

**Market Havoc**

Nevertheless, India's steel producers are downbeat for two main reasons, the first being China. In common with their global counterparts, most have been hit badly as Chinese competitors send excess capacity abroad. Indian steel imports soared 72% in the financial year to March 2015, and have risen further still this year.

Steelmakers are livid. Chinese exports have "caused havoc", says billionaire tycoon Sajjan Jindal of JSW, India's second-largest private sector steelmaker by revenue. Domestic steel appetite might be growing, he says, but local production is stagnant because imports mop up any increases in demand.

India's government responded in August by increasing taxes and import duties on a range of steel products, curbing inflows somewhat. But Jindal and his fellow industrialists have been pushing for more, and this month policymakers in New Delhi introduced a series of further minor anti-dumping duties.

**Debts Soar**

The second problem is poor finances. Indian steelmakers borrowed heavily to add capacity during the country's mid-2000s boom years. Industry-wide net debt soared 10-fold over the last decade as a result, hitting roughly \$50 billion this year, according to Credit Suisse.

All that borrowing pushed capacity up by a third, with an extra 15 million tons added during this financial year alone, according to Fitch analyst Muralidharan Ramakrishnan. But it also came amid a plunge in global iron ore prices, under-cutting the cost advantage that Indian producers often enjoyed by mining cheap domestic ore, a key component in steelmaking, and hitting profitability.

Many Indian steel projects also ran into regulatory difficulties, leaving once fast-growing groups like Mumbai-based Essar Steel struggling to pay down debts. A host of smaller companies are effectively bankrupt. Bureaucratic problems hit foreign producers too, notably South Korea's Posco, which has mothballed a \$12 billion facility in the country. ArcelorMittal, the world's largest steel group by revenue, scrapped a big plant two years back.

India is not going to be able to replace China as global steel's locomotive any time soon, says Kaushik Chatterjee, finance director of Tata Steel, but a mix of protection against unfair imports and fresh government spending can at least spark a new period of growth.

"The biggest trend which can come is more public spending on infrastructure," he says. "If we get that, the future will look much better."

## Value Added, Competitive Prices to Give Steelmakers Edge



Domestic steelmakers need to add value to their products and offer them at competitive prices to secure a place in global markets, the chairman of Iranian Mines and Mining Industries Development and Renovation Organization said.

Mehdi Karbasian made the statement during the inauguration of Iran's first chequered plate production line at Mobarakeh Steel Company near Isfahan on Sunday, Financial Tribune's sister newspaper Donya-e-Eqtesad reported.

"Steel prices have fallen to \$255 per ton and experts forecast this figure to drop even lower to reach close to \$240 per ton," said Karbasian, who is also a deputy minister of industries, mining and trade. The official noted that China's dwindling economic growth and reduced steel production and demand point to the tough competition ahead in the race towards finding new steel markets.

"By improving quality, lowering production costs and creating more value added, we can improve our standing in the global markets," Karbasian said.

"Considering Iran's three main advantages of cheap energy, huge reserves of iron ore and educated workforce, the steel industry has all it needs to reach

the target of 55 million tons of steel production a year as per the 20-Year Vision Plan (2005-25)." Bahram Sobhani, CEO of Mobarakeh Steel Company, who was also present at the ceremony, said three steel products with value added are currently manufactured by the company, namely cold-rolled sheets used in auto-manufacturing, sheets used in oil and gas pipes and chequered plate.

Sobhani emphasized that MSC's chequered steel sheets meet the global quality standards of DIN (German Institute for Standardization) and are capable of being presented in international markets.

With a production capacity of 200,000 tons per year, the production line is to manufacture chequered plate with widths of 800 to 1,550 millimeters and thicknesses of 2 to 10 millimeters in the three classes of ST44-2, ST37-2 and ST52-2. Chequered steel sheets are used in making industrial stairways, bridges, automobiles, wagons, ships and ports.

Mobarakeh Steel Company, located in Isfahan Province, is the largest steel producer in the Middle East and North Africa region and is one of the biggest industrial complexes operating in Iran.



## India's JSW Steel Will Ramp up

Its capacity by at least 4 million tpy to 18 million tpy by the end of December 2015, increasing steel capacity by 2 million tpy at both its Vijayanagar works in southern India and Dolvi works in western India. "This is intended to increase our market share as consumption in India grows. In the current quarter, we have increased our domestic sales by 26%," joint md Seshagiri Rao told MB sister publication Steel First. JSW will increase production of direct reduced iron (DRI) at both plants to help increase total liquid steel production to 2 million tpy at each. The expansion at Dolvi will include the addition of a 1.5 million tpy billet caster. The increased steel production at Vijayanagar will be consumed partly by a 1.2 million tpy bar mill, which has already been commissioned.



## Vale Iron ore Reaches Quarterly Record

Vale's iron ore production grew by 2.9% year-on-year in the third quarter of 2015, to 88.2 million tonnes. This represented the highest quarterly production in the company's history, up from the previous record of 85.7 million tonnes produced in the third quarter of 2014. From January to September, Vale's iron ore production totalled 248 million tonnes, a growth of 5% year-on-year. The performance was due in part to the ramping-up of Vale's N4WS and N5S mines, which started towards the end of last year.

# Mobarakeh Steel Company Among the 25 Most Admired Asian Knowledge Enterprises

A ceremony for granting Most Admired Knowledge Enterprise (MAKE) Certification to the CEO of Mobarakeh Steel Company was held with the presence of the Science, Research & Technology Minister. As stated by the steel reporter, this ceremony

being held in Sharif University of Technology as the branch of MAKE Global Foundation in Iran, in which the attendants included Dr. Mohammad Farhadie, Science, Research & Technology Minister, Dr. Saeed Sohrabpoor, Deputy National

Elites Foundation and Head of MAKE Award in Iran, Dr. Mahmood Fotoohi, Sharif University of Technology Dean, a group of MSC deputies and managers as well as the academics and industrial practitioners. Certification of receiving Asian

MAKE Award was granted to Dr. Bahram Sobhani as the CEO of Mobarakeh Steel Company and this company was acknowledged as the only Iranian company to be included in the most admired knowledge companies in Asia.

## MSC Will Continue MAKE Route with the Aim to Stand on the First Global Ranking

CEO of Mobarakeh Steel Company (during this ceremony) highlighted that large companies are the leaders of industry and said, "Mobarakeh Steel Company succeeded to move parallel with SAMSUNG, TOYOTA, and other large Asian enterprises during MAKE Award process and to stand amongst the top 25 firms. Likewise, MSC is the only company holding golden statue in Iran in other cases like Organizational Eminence with EFQM Model and MSC was nominated as the only outstanding firm in Iran last years".

"These have not happened during one night; this is a process in MSC's history ever since construction (not only the operation period)" added Bahram Sobhani.

He expressed that, "a scientific management was dominated in Mobarakeh Steel Company from the construction time and tried to engrain knowledge and science into the basic workshop levels to the highest levels, intermediary managers, deputies, as well as the top management themselves. Having such principles established is that we are now able to pass this route easier than any other firm. Although we are one of the largest Iranian enterprises and the largest exporter of non-oil products and our products are mostly exported to Europe and other countries, all of these refer to the attitudes of our complex".

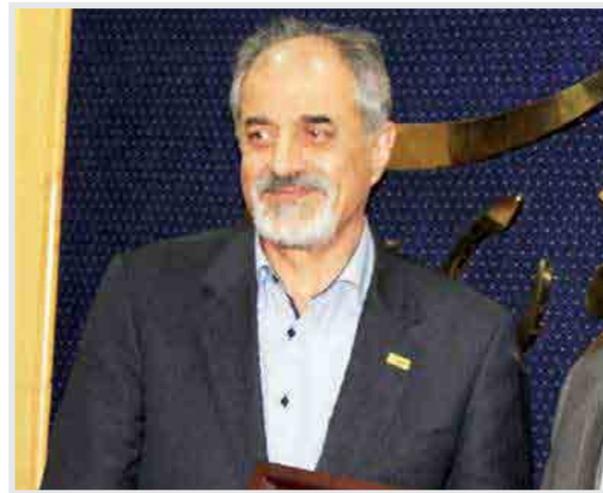
CEO of Mobarakeh Steel Company

expressed that, "we do not see knowledge only in MSC level, but we do believe a great responsibility with ourselves as the largest steel producer in Middle East and North Africa. The first priority is to transfer knowledge to the different steel producing parts of Iran both that are under construction and operation".

"Today, you won't see any steel producing plant under construction or operation in Iran without any traces of Mobarakeh Steel Company: From Hormozgan Steel Plant to be one hundred percent belonging to Mobarakeh Steel Company that has been commissioned and put into operation with MSC's knowledge to those units in which we have or have not any share or even out of the steel production territory" he highlighted.

As per his words, there exists a crystal factory in Tehran in which Mobarakeh Steel Company's operation system is established. Isfahan Metro (subway) has taken its operation system from MSC. They make contracts and receive services in the form of those organizations and technical-engineering companies consisting of MSC engineers. Which small company is able to win like this? Definitely the large companies are considered to be leaders in industry who are able to publish knowledge to the whole country.

"Mobarakeh Steel Company has done this as the first admired knowledge enterprise.



This years also we have been selected as one of the top 25 companies. We would like to associate with the grantees so as to become large enough and we never be satisfied. We have to move shoulder to shoulder and compete with Google. Moving in this direction is our long term purpose. There is no reason of being worried and definitely we will get what we want through strong will power" pointed out Dr. Sobhani. He insisted that, "we are beholden to the Iranian scientific centers

and universities. Most of our managers are graduated from Sharif University. The university has done its best and we are now able to enjoy these human resources' advantages. I acknowledge all those dear people who have guided us and standing on the first global ranking is going to be our target from now on. We hope to reach this in a very near future". During granting MAKE Award to Mobarakeh Steel Company, Dr. Sobhani replied the question that "what have you done in steel industry

that you are now one of the top 25 Asian enterprises? He said that, "the process to be passed by a knowledge enterprise is a long way. They have to examine so many different aspects in their evaluations. Evaluation is done with global criteria that how an enterprise gets knowledge, how it maintains that knowledge, and how it disseminates this knowledge into the organization, and how it lets the others enjoy the benefits of that knowledge".

Upon his words, approximately 150 factors are evaluated for the admired enterprises' MAKE award granting process. Mobarakeh Steel Company has moved into this direction for many years and has had the highest ranking in Iran, but this is the first time MSC succeeded to stand beside reputable Asian firms like TOYOTA and SAMSUNG and to be selected as one of the top 25 Asian MAKE Award winners. CEO of Mobarakeh Steel Company replied to the other two questions: What is your plan for the future? How the competition will be for your company? He expressed that, "Only 3 enterprises are selected and enter the global assessment stage out of the top 25 Asian firms during each year. Finally, one company is selected in the global level. Last year and two years ago, Google and SAMSUNG were the nominated enterprises, respectively. Mobarakeh Steel Company plans to continue in this direction so as to define its targets of standing on the first global ranking".

## Wealth Creation of Knowledge and Technology by Mobarakeh Steel Company is our Honor and one of the Priorities in the Sixth Development Plan

Mohammad Farhadie, Science, Research & Technology Minister, pointed out during the ceremony for granting Most Admired Knowledge Enterprise (MAKE) Certification to the CEO of Mobarakeh Steel Company that, "This is the first successful step by the Iranian enterprises and firms in the international level and considered to be a good start that other companies also attribute themselves in this field through following Mobarakeh Steel Company and cooperating with the university. We have to consider that paying much attention to the science and technology and wealth creation through this way is one of the most prioritized issues in Iran's Sixth Development Plan".

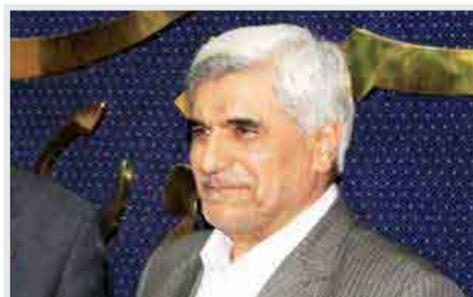
During this ceremony, besides granting MAKE certification to MSC and its acknowledgement as the first Iranian enterprise that has entered the MAKE award winners, Dr. Mohammad Farhadie expressed his hope that Iranian universities may reinforce their relationship with the industry through the aforesaid award.

"Our universities are making more relationships with the industry. Thompson Reuters database has recently introduced 8 Iranian universities among the global influential universities and this is the first time and this is valuable since we have a higher ranking concerning relationship with industry according to the assessments, which indicates paying much attention to the relationship between universities and industries", he added.

"Industrial and servicing sections are able to convert innovative ideas into the final products with the assistance of universities and research centers under the growth centers", he pointed out.

"Completion of the cycle of converting ideas into products is done with the assistance of intermediary and knowledge-based enterprises and this is under improvement although our rules and regulations in this respect are few", he continued.

Science Minister considered making decision on establishment of provincial innovative funds as one of the remarkable measures taken by the eleventh government and the encouragement factor for knowledge-based firms.



"The fact that MSC has succeeded to include itself among the top 25 firms who will receive Asian MAKE Award is our honor and we hope to witness more success by MSC and other Iranian companies. We are happy to hear that Sharif University of Technology is the assessment in-charge on behalf of Iran for MAKE Award" said Farhadie. Farhadie addressed the importance of wealth creation through knowledge and said, "We have to move towards innovation, research, technology, and making science out of wealth. Optimistically, this is nowadays under particular attention". "University-production-industry loop as an intermediary growth center is under completion. In spite of very few facilitating rules and regulations less than what we need, some rules and regulations have been prepared and approved and some others are under preparation", said the Science Minister.

"Science and technology along with 4 other issues are the priorities in the 6th Development Plan and this is a very good and important point", he pointed out. "Our duty is to try hard to extend the relationship between universities and industrial sectors. We have to argue the ideas, discuss the industrial requirements and convert these ideas into products", added the Science Minister.

## Global MAKE Secretariat in Iran

Increase in the productivity of large companies even by 0.5% is hundreds of times more than the productivity outcomes in small companies and the result will flourish Iran's National Economy.

Mehdi Shafi'zadeh, Global MAKE Secretariat in Iran, criticized paying much attention to the small firms by the government supportive institutions and said, "Unfortunately an incorrect Western imitation has happened in our country and most of the authorities pay extreme attention to the small firms instead of supporting the large ones".

"Knowledge and knowledge-based economy publication from the large companies is fruitful. However, we are witnessing the promotion of startups for the supporting of 2-3 member firms in the country" added Shafi'zadeh.

"Increase in the productivity of large companies even by 0.5% is hundreds of times more than the productivity outcomes in small companies and the result will flourish Iran's National Economy" he pointed out. "Regretfully, some of the

Iranian authorities think that knowledge-based activities is a project with a beginning and an ending, while we have to consider these activities as a progressive and long term process. We have to keep in mind that institutionalizing knowledge-based enterprises is usually time consuming for we have to start from changing our attitudes. That is why they look at this change as a project. Large companies like SAMSUNG have begun from very low figures and scores so as they succeeded to reach the first ranking in the world. However, they will lose this opportunity for the next year as they become neglectful. As such, this is an endless process" declared Shafi'zadeh.

He expressed his satisfaction of joining MSC to the most admired 25 Asian enterprises for the global MAKE Award and explained,

"The first ranking of global MAKE Award in Europe will be introduced within next few days among the outstanding firms like SHELL, SIEMENS, and BUSCH, and GOOGLE was also selected as the first ranking in America 6 days ago".



## Sharif University of Technology Dean:



The cooperation between university and industry has now been fruitful and MSC success to join the top 25 Asian enterprises is quite valuable

Dr. Mahmood Fotoohi, the Dean of Sharif University of Technology expressed at the honoring ceremony of the first Iranian enterprise that has included among the winners of MAKE Award, "The cooperation between university and industry has now been fruitful and MSC succeeded to join the top 25 Asian enterprises is quite valuable and we are happy that Sharif University has the first ranking among Iranian universities concerning the relationship with industry".

"Standing of MSC among the top 25 Asian successful enterprises and applying knowledge and value in this industrial complex is considered to be the Iranian great honor", he said.

He addressed the fifty years background of Sharif University of Technology and added, "One of the main reasons of establishing this university in 1965 was the existence of heavy industries in Iran including Esfahan Steel Company and training human resources for these industries".

Fotoohi reminded that, "Sharif University of Technology started with the acceptance of 400 students in 5 colleges and now includes 12,000 students and 13 colleges after forty years".

He described the relationship between Sharif University of Technology and Iranian industries as successful and said, "however, we do believe that the projects of making relationships with industry are not still ideal and may require empowering and development".

## Deputy National Elites Foundation and Head of Global MAKE Foundation in Iran:



MSC is the only enterprise throughout Iranian history that succeeded to join the top Asian most admired companies.

During this ceremony, Deputy National Elites Foundation and Head of Global MAKE Foundation in Iran reviewed the history of Most Admired Knowledge Enterprise Award in Iran and enumerated reaching this success as the honor of Iranian industry.

"Singapore army once succeeded to receive this award at one of the MAKE competitions, which indicates particular attention of different countries governments to this global award" pointed out Dr. Saeed Sohrabpoor. Deputy National Elites Foundation stated that Global MAKE Institution has been formed with the aim to encourage scientific management in the worldwide enterprises and said, "Mobarakeh Steel Company succeeded to join the top Asian enterprises. Global MAKE Institution consists of a number of world powerful organizations with the aim to encourage scientific management in the worldwide enterprises".

"This organization has a branch in each continent where some of the enterprises have joined. Iran is also one of these countries in Asia that has joined, in which the MAKE agent is Sharif University of Technology and I have been appointed by the university dean as the head of this agency" expressed Sohrabpoor. Deputy National Elites Foundation pointed out that, "the enterprises compete with each other annually. Training classes are being held with the presence of worldwide reputable managers and at the end, our arbiters evaluate Iranian firms and give scores to them".

"In this respect, three enterprises are introduced as the most admired ones and these three enter the Asian competitions and finally 5 or 6 Asian companies will enter the global level", he continued.

"Evaluation is done by the arbiters based upon the specific regulations. Mobarakeh is being nominated as the first ranking for four years" expressed Sohrabpoor.

"Mobarakeh Steel Company is the only enterprise throughout Iranian history that succeeded to join the top Asian most admired companies and Singapore Army has also stood on the first ranking" continued Deputy National Elites Foundation.

### MSC CEO Mobarakeh has a Social Mission to Undertake Development Projects

A ground-breaking ceremony was held on Tuesday for Phase One of an underpass in Hojatoleslam Hosseini Boulevard in Varnamkhasht [a town in the Central District of Lenjan County, Isfahan Province] with Bahram Sobhani, the managing director of Mobarakeh Steel Company (MSC), in attendance.

Also present at the ceremony were Lenjan Member of Parliament Majid Mansouri Bidakani. The MSC chief addressed the ceremony and said that thanks to its status in the country and the region, Mobarakeh Steel Company has undertaken social missions and responsibilities, adding that MSC company has offered assistance to different areas across the country according to its means.

Given the fact that Saba Steel Complex is located in Lenjan, Sobhani said, the mentioned Boulevard in Varnamkhasht serves as a link road for MSC. He went on to say that carrying out development projects is one of the social missions of Mobarakeh Steel Company and added that construction of an underpass in this Boulevard is a lasting project which will reduce [road] accidents in the area.

"When I was at the helm of Esfahan Steel Company, the company built a grade separation to align a junction of Zob-e Ahan road and the road leading to Zarrinshahr. The project was aimed at setting the stage for safer traffic in the area. Thank God, the implementation of the project won the satisfaction of local people," he said.

The MSC managing director stressed the need for his company's support for nearby regions and said that Mobarakeh Steel Company focuses on efforts to develop roads and build infrastructure.

Sobhani then expressed hope that implementation of the underpass project in Hojatoleslam Hosseini Boulevard in Varnamkhasht can secure the satisfaction of people.

### Mobarakeh Steel Company Presents Cultural Packages to 2,000 Students Covered by Relief Committee

Mobarakeh Steel Company (MSC) has presented 2,000 cultural packages to male and female students covered by the local chapter of Imam Khomeini Relief Committee in Mobarakeh.

The deputy governor of Mobarakeh, Dr. Soltani, the head of Imam Khomeini Relief Committee, and a number of Education Ministry officials along with MSC representatives were on hand.

At the ceremony Dr. Soltani said, "MSC is among companies which give a hand to those who need help at different junctures and support the vulnerable stratum of society. We hope the positive impact of such support will be felt in the lives of the company's staff." He went on to say, "The culture of contribution to charitable causes by MSC should be promoted so that everyone in society thinks of such measures as a social responsibility."

It's noteworthy that in the ceremony the students who received the packages and their families thanked MSC for its measures.



### Samarco operations may be out until 2017

The tailings dam at Brazilian iron miner Samarco in Minas Gerais ruptured on 5 November, flooding nearby settlements and leading to at least 11 deaths, according to local authorities. The company - a 50:50 venture of Vale and BHP Billiton - stopped mining at its Germano iron ore mine and will halt its pelletizing operations at Espirito Santo once its ore inventories are used up. Independent analysts have estimated that normal operations may not start before 2017, with the health of the remaining tailings dam critical to the timing of a restart. Samarco supplies 25% of the international pellet market, with a pellet capacity of 30.5 million tpy.



### Tata Steel opens Kalinganagar steel plant

Tata Steel officially opened the first stages of its 3 million tpy greenfield integrated steel plant at Kalinganagar in India's eastern Odisha state on November 18. The blast furnace and melt shop are expected to start up by the end of March 2016. The first phase of the planned eventual 6 million tpy project will produce high-tensile strength steel and will lift Tata Steel's India-based capacity to about 13 million tpy of crude steel. It will expand the company portfolio to high-grade flat products for shipbuilding defence equipment, energy power, infrastructure, aviation and plant building.

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## More than 95% Physical Progress at Sefid Dasht Steel Plant

Dr. Sobhani, CEO of Mobarakeh Steel Company visited Sefid Dasht Steel Plant at Chahar Mahal & Bakhtiari Province on Wednesday 16th December 2015 so as to discuss and evaluate the progress of this project and necessary provisions for the hot testing of Direct Reduction and Stacker & Reclaimer units with their Sefid Dasht Managing Director and other relevant in-charge persons.

As reported by Sefid Dasht Steel Plant's Public Relationships, during this visit with the presence of Soltani, the representative of Boroojen town in the Islamic Parliament, Dr. Sobhani visited all the sections of this project and insisted on approaching the time of commissioning and operation in the first phase and provided necessary recommendations and guidance. Finally, he requested all the project men to consider

any provisions and facilities in order to get the best possible operation quality.

"As the installation and preparation works for this plant are ready or nearly finished, it is expected to turn on the torches and start hot testing of DRI and Stacker & Reclaimer units" he expressed.

Announcing his satisfaction with accomplished works and appreciating all the project personnel, Dr. Sobhani pointed

out that "Loading, hot test, and production of sponge iron will be carried out in this plant by the next two months with the Great Lord's aid".

According to this report, Soltani the representative of Boroojen town in the Islamic Parliament also talked to the steel reporter of Chahar Mahal & Bakhtiari and considered the project's successes as the result of cooperation and sympathy

among the project staff and expressed his hope that the project will be put into operation very soon.

It is necessary to mention that Sefid Dasht Steel Plant at Chahar Mahal & Bakhtiari Province has reached more than 95% physical progress in DRI and Stacker & Reclaimer units, which is considered to be the biggest progress among the seven provincial projects.

## CEO of Mobarakeh Steel Company: Breaking the Monopoly of Purchasing State Electricity Leads to the Production of Competitive Electricity, and Industrial Support

Monopoly of purchasing state electricity was broken by MSC for the first time in the electricity history of Iran through making a contract for the purchasing of electricity from the private sector.

As per the steel reporter, a contract for purchasing electricity was signed during a ceremony in Tavanir Holding Company and with the presence of Dr. Sobhani the CEO of Mobarakeh Steel Company, Mr. Arash Kordi the Managing Director of Tavanir, Mr. Reza Riahi the Superintendent of Iran Electricity Network Management Company, Mohammad Falahatian the Managing Director of Persian Steel Holding Co., MSC managers, and the authorities of Isfahan Regional Electricity Organization. This is the first contract for selling of electricity directly from the power generation in Iran electricity history.

Dr. Sobhani the CEO of Mobarakeh Steel Company addressed the electricity consumption in their company and pointed out "MSC is the largest electricity consumer in Iran with the consumption rate of 1400MW per year, and this amount has to be supplied as per the contract with the regional electricity organization. In this light and taking into account the state policies on the supply of electricity from the private sectors, Mobarakeh Steel Company decided to do this through negotiation with power generating firms ruling by the private sector. As such, we succeeded to come into agreement with Persian Steel Company for the supply of 200MW out of their power generation facilities for one year under the first phase and through a tri-lateral contract. In the said contract, MSC shall act as the consumer, Persian Steel is the seller, and the Electricity Distribution & Transmission Network - the subsidiary of Ministry of Power - will be responsible for the power transmission to MSC.

Dr. Sobhani considered this contract as the breaking of state monopoly for power distribution and added that "This is the first time electricity is being sold and purchased directly by the producer and consumer in the private sector, which has

to be taken as a good omen".

CEO of MSC considered making such contracts as having outstanding advantages and expressed that "Developing the electricity supply by private sector producers to the large consumers will create competitive circumstances under which both the consumer will be able to receive his required electricity with a competitive price and the private investments will be encouraged to invest and expand their power generation plants since they are sure about their guaranteed consumers. In fact, they will be able to schedule their electricity production and sales developments. Particularly, investment in electricity production is justified with industrial consumption. It means if MSC consumes 1400MW, this is the figure of power production in three to four 500MW power plants and the investment on this capacity will be justified if it stands beside the industry. Otherwise, it will have no justification if it is limited to the domestic consumption. Therefore, industry justifies electricity investments and it is reciprocally expected to differentiate between large and small consumers. Currently, industrial electricity is not cheaper than the domestic one, but we expect to observe a good difference".

Addressing the importance of transmission in power networks, Dr. Sobhani said that "Power plants spread out in the country as the power generators and have a long distance with final consumers in most cases. Tavanir has helped the two contractual parties for this purpose, receives the electricity from power plant, and delivers the same to the consumer. Power supply continuity is particularly important for a large economic entity like MSC and this continuity may not be fulfilled by the power plant for some reasons. That is why the power transmission network - i.e. Tavanir Company - is obliged to keep this continuity for MSC. However, making this contract is just a good exercise for the other power plants in Iran to participate



in this field. Additionally, power consumption by MCS Holding is too much and our sub-group companies in the other parts of Iran can also be considered as the safe contract parties to the power plants. In fact, MSC is a reliable party for power generators and to repeat my words, selling electricity under competitive circumstances will activate all the power plants in order to compete and break the monopoly".

According to the report, Mr. Arash Kordi the Managing Director of Tavanir Company pointed out that private sector must show off himself in the power generation fields and said "Contemporary state policies indicate that the government is going to act as the policy maker, the two companies reached agreement on the price and power is going to be supplied directly from producer to the consumer. Tavanir will be responsible for the power transmission on behalf of the Ministry of Power. Fortunately, Mobarakeh Steel

Company is the symbol of industry and is a suitable alternative for such actions due to its remarkable background in the steel industry. Likewise, Persian Steel Company has outstanding background in electrical industry and is able to supply good services to MSC. Both the companies are able to empower this contract concerning development plans".

In this ceremony, Reza Riahi the Superintendent of Iran Electricity Network Management Company said that "According to the responsibilities of the Ministry of Power granted by Principal 44 of the Constitution, this ministry should facilitate the private sector's presence in electrical industry and make necessary provisions such that both the generator and consumer interact on buying and selling". Acting of Iran Electricity Network Management Company indicated that Ministry of Power transmits electricity produced by the private sector to the consumer through the main network

and said "The consumer is allowed to supply the whole or a part of his required electricity from private power plants and the rest can be purchased from the Ministry of Power based on the existing tariffs". In this respect, Mohammad Falahatian the Managing Director or Persian Steel mentioned that "Direct selling of electricity of Isfahan Shahid Montazeri Power Plant up to 20MW will be feasible for the next one year through this contract, and the same can be extended".

Addressing the importance of providing electricity sales infrastructures by private power plants, Falahatian expressed that "Persian Steel had negotiations with MSC managers in this respect, which resulted in making their first mutual contract after several meetings". He expressed his hope that this contract provides the base for electrical industry growth and development, beneficial interaction between producer and consumer, and optimizes business atmosphere.

## TSE Closes Flat in Lackluster Session

Tehran Stock Exchange's main index, TEDPIX, crawled up 27.10 points or 0.04% to end Saturday last Iranian month trade at 62,577.1. More than 265 million shares changed hands in 25,000 transactions valued at over \$12.9 million, the TSE reported. The Price Index scratched 10.60 points or 0.04% to settle at 24,366.1. The First Market Index was down 26.60 points or 0.06% to end at 42,996.7. The Second Market Index was up 325 points or 0.23% to hit 141,482.5. The Industry Index climbed 36.40 points or 0.04% to record 68,699.90. The TSE 30 Index inched down 3.00 points or 0.11% to register 2,632.1, while the TSE 50 Index crawled up 1.10 points or 0.04% to finish at 2,546.

Close to half of the listed companies worked against the benchmark. Iran Khodro-Iran's largest auto manufacturer—with a P/E ratio of 36 and 22.29 points, was the biggest market laggard, followed by Bandar Abbas Oil Refining Company and Bank Mellat with 17.23 and

13.86 points respectively. Tamin Oil, Gas and Petrochemical Investment Company with 44.26 points provided the biggest boost to TEDPIX. Ghadir Investment Group and MAPNA Group came next with 24.51 and 17.81 points respectively. IFX Snaps Losing Streak Iran Fara Bourse's all-share index gained 2.18 points or 0.32% to end at 691.86. More than 73.9 million securities changed hands valued at \$39.4 million, according to IFB.

Bahman Diesel Company registered the highest daily trade volume and value with 10.6 million shares changing hands valued at \$1.1 million. Eghtesad-e Novin Investment Company, Arman Insurance and Tourism Bank recorded the highest increase in shares' value, while Marjankar Industrial Company, Tadbirgaran-e Fars, Khuzestan Company and Shahed Company registered the highest decline. Lavan Oil Refining Company, Sina Port and Maritime Development Company, Isfahan Steel Company,



Bank Day, Tehran Oil Refining Company and Iranian Petrochemical Investment Company were also on investors' radar.

Etamad Fund, with the transaction of 346,300 shares, registered the highest trade volume among listed exchange-

traded funds. Furthermore, 400,000 participation bonds of Shiraz City Municipality were sold out.

## JSW Steel Ramps up 4M tpy of new Capacity

India's JSW Steel will ramp up its capacity by at least 4 million tpy to 18 million tpy by the end of December 2015, increasing steel capacity by 2 million tpy at both its Vijayanagar works in southern India and Dolvi works in western India. "This is intended to increase our market share as consumption in India grows. In the current quarter, we have increased our domestic sales by 26%," joint md Seshagiri Rao told MB sister publication Steel First. JSW will increase production of direct reduced iron (DRI) at both plants to help increase total liquid steel production to 2 million tpy at each. The expansion at Dolvi will include the addition of a 1.5 million tpy billet caster. The increased steel production at Vijayanagar will be consumed partly by a 1.2 million tpy bar mill, which has already been commissioned.



## An Expert Tool for Furnaces

Primetals Technologies has introduced "Melt Expert", a new electrode control system for electric arc and ladle furnaces. It builds on the advantages of the company's previous systems, Arcos and Simelt, while adding new features and sophisticated control strategies that are said to ensure the most efficient production: auto-adaptive regulation algorithms reduce energy consumption and raise melting efficiency. Target-group-oriented screens provide conditioned information for different user needs such as meltshop management, electrical and mechanical maintenance, and operators. A novel touch screen allows simple and fast access to process relevant data and displays key values such as consumption figures and melt time.

# MSC's Electrical Substations Empowered for the Production of 7.2 MT of Crude Steel

With the presence of Dr. Bahram Sobhani, the project for increasing the capacity of 400/63/3005 post from 1540 to 1760MVA was opened and MSC took another step toward reaching the production of 7.2MT of crude steel. As reported by the steel reporter, Dr. Bahram Sobhani the CEO of Mobarake Steel Company expressed on Saturday in the opening and operation meeting of 400KV post increase project and some other projects for the supply of medium voltage electricity that, "Under the circumstances of a great deal of market demands for MSC products, we apply major part of our power for production and lose the opportunities for production line modifications and capacity increases. However, we now have this opportunity under the present worldwide and local stagnations to prepare ourselves in all the sections for future boom and remove the limitations so as to make our organization agile through our development plans". "As Mobarake Steel Company was initially designed for the production of 2.4 million tons, high voltage posts and electricity distribution facilities were also foreseen for the same capacity. Afterwards, these sets of equipment were optimized for the production of 4.2 million tons. At present, simultaneously with our development projects in wagon tippler, stacker & reclaimers, direct reduction, electric arc furnaces, and continuous casting units, high voltage posts and the local electricity distribution network are not being empowered so as to access the production of 7.2 million tons of crude steel. Likewise, we have to establish second host strip mill in the future since the hot strip mill lines are severely needed in order to reach 7.2 MTPY capacity and prevent from selling any crude steel in the form of slab" he continued in this respect.



"Other units have been mobilized and well prepared to reach this valuable target and they have gained potential capacities, but we cannot put his into operation and reach the desired target unless our casting facilities are not completed upon establishing CCM No. 5. It is planned to put this machine into operation by summer 2016" expressed the CEO of Mobarake Steel Company. Alireza Esteki, Energy & Fluids Projects Manager, pointed out in this respect that, "Major part of this project was executed through the cooperation of Ehya Farayand Co., Safa Nikoo Co., and Siemens and supervision of Mobarake Steel Engineering Company within 12 months at a cost of 230 billion Rials". "The main target was to supply bus bar electrical energy for the EAFs as the bus

bar sixth transformer for furnaces, the eighth transformer for the post, and to increase the electric arc furnaces demand from 900 to 1050 MW Energy (according to the increase in the capacity of EAF transformers from 90 to 140 MVA). Through the installation of the 8th transformer, the whole capacity of 400/63/305 post will increase from 1540 to 1760 MVA, which is considered to be one of biggest electricity posts in Iran" he added concerning the targets and details of this project. The Energy & Fluids Projects Manager pointed out that, "400KV transformer and 63KV cables have been supplied by MSC directly from Iran Transfo and SIMCO. Other equipment including cables, earthing, structure, and alarm systems were supplied from the local producers

and contractors. In addition, all the design and engineering, civil works, steel structure and erection, test, and commissioning were fulfilled by the consortium of Ehya Farayand Co. and Safa Nikoo Co. with the supervision of the Energy Projects Department and MSE as well as the arrangements and kind cooperation of the Energy & Fluids Operation Department and Contracts Affairs". Esteki announced the replacement of EAF cables and execution of route No. 1 of RED, PEL Posts and said, "This project was also completed with the partnership of Iran Cart Co. and SIMCO within 18 months expending 210 billion Rials". "Taking into account increasing the capacity of EAF transformer and the problems with post feeding lines for Pellet-

izing (PEL) and Direct Reduction (RED) units, the aforesaid project was accomplished" he said regarding the purpose of this project. In this project, MSC directly purchased the cables, cable shoes, and joints of 63KV from SIMCO amounting to 150 billion Rials and supplying the rest equipment including relays as well as installation of cables and cable shoes was the responsibility of Iran Card Company. Sincere cooperation of the Energy & Fluids Operation Unit, Supervision, Contracts Affairs, and the contractor is highly appreciated. In another part of this report, Alireza Esteki addressed the execution of B-EFS Electricity Distribution Post Project with the capacity of 50MVA and its purposes and said, "This project was also executed with the partnership and cooperation Hemmat Karan and Saman Energy companies within 15 months costing 100 billion Rials with the aim to supply medium voltage electricity for CCM and its auxiliary services as well as the stability of the old transformers of EFS distribution post". "Major part of the local manufacturing equipment including all the 63, 6.6, control, and low voltage cables, earthing and accessories, reactor, all the power, control, and protection panels, air makers, soil resistance, battery charger, capacitor banks, structure, auxiliary transformers, and the main power transformers was supplied directly by MSC from Iran Transfo Company. Additionally, the whole design and engineering, civil works, steel structure and erection, test, and commissioning were fulfilled by Hemmat Karan and Saman Energy Companies under the supervision of the Energy & Fluids Projects Department, MSC, and arrangements and kind cooperation of the Energy & Fluids Operation and Contracts Affairs Departments" he pointed out.

## Isfahan provincial governor:

# MSC makes optimal use of water

At a National Conference on the Optimal Use of Water in Industry, Isfahan Provincial Governor Dr. Rasoul Zargarpour said, "This conference is of great importance for three reasons. First of all, the conference deals with water which is a major issue and a public demand in the entire world and in Iran, especially in Isfahan which is a desert province. If the problem is not properly addressed in a timely fashion, it will escalate into a regional crisis in the near future. Secondly, the conference focuses on the role of water in industry, and thirdly it attaches significance to optimal use of water which highlights the culture of proper consumption." At the 2-day conference which was sponsored by Mobarakeh Steel Company (MSC) and Isfahan Provincial Governor's Office in cooperation with the University of Isfahan, optimal use of water in industries, its challenges and mechanisms were discussed. The University of Isfahan hosted the gathering which opened on November 10 and was attended by executive officials of Isfahan Province, industry experts and national and international academics. The Isfahan provincial governor went on to say, "Throughout history of water management in the world countries, including Iran, there have been three separable eras. The first one is called "The Era of Supply Management" in which water

resources are abundant and demand is extremely low. The second is dubbed "The Era of Supply and Demand Management" in which access to water is fairly easy and demand is on the rise. In the last stage which is called "The Era of Demand Management", water resources face major constraints and demand exceeds supply." Zargarpour added, "One should keep in mind that there is a significance difference between demand management and consumption management. At present, we are going through the final stages of the combined management of supply and demand in Isfahan Province while resources are limited and the demand is increasing." He further said, "Rainfalls are not the same in different places at different times, and according to statistics, 30 percent of Iranian territory receive 75 percent of its entire rainfall. Precipitation levels are not at their peak in the cultivation season either. That stresses the need for water storage which is possible through construction of different structures such as dams, watersheds, wells and canals. These are the tools of water resource management; they are not goals in themselves. Each should be selected based on the requirements of the place, and none is better than others. Among these methods, construction of dams should be the



last option, but over the past three decades, it has been the first in Iran." Zargarpour said, "Although we are at the stage of combined management of supply and demand, but many experts still use the criteria that befit the Era of Supply Management. Supply management is defined by the use of wastewater, saline water, brackish water and unconventional water resources. In demand management, any efficiency rate of less than 30 percent or 30-percent waste of water in agriculture is unacceptable." Recalling water consumption patterns in industries, he said, "Although, industries across the

country have a 2-percent share of water consumption, in the industrial province of Isfahan, the consumption figure stands at 8-10 percent. Water consumption in the industry in the year that started on March 21, 2013 was 100 million cubic meters. In the following year it was down to 85 million cubic meters. The amount is predicted to drop to 75 million cubic meters this year, showing a satisfactory downward trend." Zargarpour added, "According to a decision by the Supreme Water Council, except for drinking water and hygienic purposes, the industry sector has to use wastewater to meet its other needs. MSC and recently Esfahan Steel

Company have adopted a good trend in making optimal use of water. The collection of urban sewage, its treatment and the use of wastewater which meets standards must gather momentum in the industry sector." He said that a majority of Isfahan's 600,000 workers are employed by major industries in the province and added, "Since it's impossible to eliminate industries, effective consumption of treated sewage rather than drinking water by industries should be put on the agenda of the industry sector." He added, "Policies on optimal use of water in the province have been drawn up. Under these policies consumption of drinking water should decrease by 20 percent in three years. Those policies feature all the mechanisms needed to secure the objective." Zargarpour went on to say, "One such mechanism is the introduction of a system to reduce household water consumption. If 200 household consumers are fitted with the system, water consumption will be down by about one cubic meter a second. As for the agricultural sector, water consumption should be cut in half and that objective can be fulfilled by a change in cultivation patterns and a rise in productivity." He concluded, "Through the control of supply and demand, it's possible to make Zayandehrud a perennial rather than a seasonal river again."

## Science, Research, and Technology Minister's Acknowledgement of Mobarake Steel Company's Scientific Management

Dr. Farhadie, Science, Research, and Technology Minister, at the time of visiting MSC's showroom and others in the 16th exhibition of national Iranian research, technology, and the market technique accompanying Dr. Ahmadie, his research and technology deputy, said to the reporters that the Ministry of Science, Research, and Technology intends to direct the universities research towards the industry and meeting Iran's requirements and added "We do believe all the industrial, social, athletic, and other activities have to be done on the basis of research and scientific studies". Addressing that Mobarake Steel Company has succeeded to stand among the top 25 Asian Enterprises, he acknowledged MSC's scientific management. As per the steel reporter, during the opening ceremony of this exhibition that was held from 14 to 17 Dec. 2015 in Tehran International Exhibitions simultaneously with the Research National Week, Dr. Ahmadie the Research & Technology Deputy to the Minister expressed that, "Nowadays there are competitions in all the fields in world especially between developed countries. Science and research are the two fundamental decision making elements and our country's orientation is also in the same direction". "Research and Technology National Week ceremony was held at the beginning of the Wisdom and Hope government with the catch-phrase of "Research and Technology: the key to a stable development", which is going to be continued in this year with the catch-phrase of "Research and technology, national impetus, and global approach", he added. He pointed out that stable development and prosperous economy is only feasible through research and innovation route, economic growth in the contemporary world requires technology and innovation and said "science and technology centers must be supported as the development foundations in any country, including universities and higher education centers". "University entrepreneurship is considered to be one of the missions and duties of universities after education and research and the new university generation nowadays has become a place for educating capable persons with the ability to produce technology instead of just an education place" he said. The Research and Technology Deputy expressed that, "UNESCO has described the modern universities of 21st century, in which skills are learnt for the optimization of capabilities and making entrepreneurs out of the students". He addressed the necessity of policy coherence in technological fields and said "Technological development is not feasible without cooperation of all the entities". Additionally, Dr. Majid Mottaghtalab, the secretary of the 16th exhibition of national Iranian research, technology, and the market technique pointed out that, "This year the exhibition witnesses the cooperation and serious partnership of the Ministry of Industry, Mine, and Trade and the Ministry of Communications and Technology for the first time and the Ministry of Agricultural Jihad is also present powerfully same as the last year". Majid Mottaghtalab addressed the reports of international scientific references about Iran's rising to the 15th global ranking of science production and said "This is a part of the truth, and the international documentations and references also verify the same. However, we have to investigate what to do after getting this ranking". Indicating that Iran does not have a suitable scale for science production and making wealth out of it, he expressed that "We have to take science trading into serious account in order to resolve this deficiency. Hopefully, this was considered in this exhibition and all the universities were requested to register their Technology Readiness Level (TRL) in a specific system". As per Mottaghtalab, around 3,000 plans in this exhibition have TRL Identification. "Industrial readiness level as well as the readiness level of plans investment and research and technological products is under assessment" he continued. In addition, he considered the presence of European firms and Iranian doctorate level students of European universities in this exhibition as one of the strong points and accounted its goal for the transfer of technology and mutual investment with other countries. It is necessary to mention that this exhibition consists of 300 showrooms from the Ministry of Industry, Mine, and Trade, Azad University, Science & Technology Parks, growing centers, research institutions, private enterprises, funds, financing institutions, and ten foreign companies from Germany, Italy, Portugal, France, and Denmark and considered to be a good opportunity for showing the latest scientific and technological achievement with capabilities and the newest local technologies, which are going to optimize local technical know-how and to provide marketing opportunities for the productions and investors' attraction. Worth mentioning, MSC engineers also provided a showroom in which they welcomed the customers and showed the latest research and technological achievements of MSC to the visitors.

## Cooperation agreement between IRISA and two reputable foreign companies

one of MSC subsidiaries, concluded a cooperation agreement with two reputable foreign companies in December 2015.

"We hosted the Managing Director of PSI Metals Company of Austria in December 2015 that is one of the major branches of PSI Germany with more than 45 years of experience in the field of control software solutions and process optimizations. In this meeting, the main point of our negotiation was MES (Manufacturing Execution Systems) according to the experiences of PSI Metals especially in the field of steel and nonferrous metals like aluminum. After widespread data exchange between the two companies regarding expertizes, capabilities, and solutions, backgrounds and strategic planning for the future presence in market, the details of IRISA IS-Suit strategy in the field of installation of comprehensive and integrated information systems was submitted to PSI Metals Co." said Taheri, Managing Director of IRISA.

"Through holding a webinar, the details of MES systems functions were presented to IRISA staff and managers by PSI engineers from their Vienna office. Finally, an agreement contract was concluded between IRISA and PSI Metals after four meeting days and the conclusions of joint using of both companies' products and strategies, marketing plans and joint working opportunities, optimization of their products and strategies upon enjoying their cumulative experiences and expertise" he added.

Worth mentioning, a mutual cooperation agreement was made during MSC sessions for training, consultancy, and business analysis between IRISA and Mobius as one of the well-known advisory companies in the field of organizational trading processes for the purpose of marketing cooperation and project activities in Iran and abroad related to the business processes, strategic management, information technology strategic management ... as well as research and development in the field of business processes and quality optimization of information systems process of IRISA.

## Steel Billet Production Up

More than 1.432 million tons of steel billet were produced in the third month of the current Iranian year (May 22-June 21), indicating a 1.6% growth over the similar period of the previous year.

Billet production in the first quarter of the current Iranian year (March 21-June 21) stood at 4.317 million tons, up by 24,128 tons compared with the similar period of the previous year, Foolad News reported. Mobarakeh Steel Company with 1,539 million tons of production, Khuzestan Steel Company with 878,724 tons, Zob Ahan Isfahan with 614,948 tons, Hormozgan Steel Company with 258,710 tons, Khorasan Steel Company with 171,562 tons, Iran Alloy Steel Company with 73,479 tons and Iran National Steel Industrial Group with 42,311 tons were major producers of steel billet during the year's first quarter. Also, 4.086 million tons of various steel products, including I-beams, reinforcing bars, pipes, sheets and plates, were produced during the period.



## Major Chinese steelmakers lost \$4.4 billion in January-September 2015

Medium-sized and large steelmakers in China posted losses amounting to 28 billion yuan (\$4.4 billion) in the first nine months of 2015 on an oversupplied steel market, reported the China Iron & Steel Association (Cisa) on 28 October. In fact, the losses in Steelmaking operations alone amounted to 55 billion yuan (\$8.7 billion) but these were partially offset by gains elsewhere, as many steelmakers have developed non-steel businesses. China's crude steel output during the first nine months of the year fell 2% to 609 million tonnes, according to the National Bureau of Statistics. The country's apparent consumption of crude steel fell year-on-year over the 5.8% same period, according to Cisa.



## ArcelorMittal slashes slab output in Mexico.

ArcelorMittal is halting operations and cutting jobs at its Mexican operations due to lower international steel prices and unfair imports, the steelmaker told Steel First on 3 November. Slab production levels at the company's Lázaro Cárdenas mill, in Michoacán state, have been reduced by 90%. As a consequence, the firm has partially stopped activities at the unit's electric arc furnace, slab caster and pelletizing lines as well as indefinitely idling its Las Truchas iron ore mine. The measures took effect on 1 November, resulting in the elimination of around 2,500 positions, said the company.

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## Gaining a new Record for Refractory Consumption in Mobarakeh Steel Company

Iraj Mokhtarpoor, MSC's Refractory Repair Manager, announced gaining a new record for refractory consumption in Mobarakeh Steel Company and said, "Upon the concerted efforts by the steelmaking staff during this November, refractory consumption record in this company has reached 6.48kg per each ton melt, which can be outstanding as a model for other Iranian steelmaking plants".

He addressed the previous record amounting to 6.65kg/t during November 2014 and said, "Taking into account the competitive market in Iran, only those companies will reach

success who have appropriate performance in their costs management. As the refractory consumption is considered to be one of the costly items in steel production, reduction of its consumption rate under the current very difficult and challenging circumstance would help us to confront the existing crisis. Therefore, this new record in Mobarakeh Steel Company is one of the greatest successes concerning production costs reduction".

"Reaching this record is the result of close interaction and relationship between Refractory Repair, Production, and

Electrical & Mechanical Repair Units of the Steelmaking Department upon modification of working instructions and manuals as well as the progressive equipment inspection and cooperation by Raw Material Procurement Unit for purchasing high quality refractory materials" expressed the Refractory Repair Manager. At the end, he congratulated MSC staffs and managers and expressed his hope to get more such records through observing all the safety measures so as to compete with other steelmaking companies by reducing the costs of finished products.



## Non-oil Exports, Resistance- Economy are not Mere Slogans

Top producers and exporters of Isfahan Province attended a ceremony at Isfahan's Chamber of Commerce to praise the exemplary exporters of the province. At the ceremony Dr. Bahram Sobhani, the managing director of Mobarakeh Steel Company (MSC), was given an accolade and a statuette as the top national exporter.

In speech at the ceremony Wednesday (November 24) Dr. Sobhani recalled the problems facing exporters and said: "In the current circumstances and even when we had a stable economy, we had no choice but focus on production and exports. The survival of production hinges on production units, particularly the big ones, and on exports."

"To be able to advance its goals, Mobarakeh Steel Company needs to be connected to global markets. When we are part of world markets, we will be less vulnerable because global markets are more stable."

"In the past year, due to stagnation in the local market, the future of MSC would have remained uncertain if this production unit had no exports."

"Managers of Mobarakeh Steel Company along with their colleagues made detailed planning and an exports document was drawn up. We planned to raise our 500,000 ton exports in 2013 to one million tons. Last year [ended March 20, 2015] the volume of exports rose to 1.5 million tons, and the same amount of exports has been planned for this year which will be accomplished."

"The export of our products came while this past year was the worst period in the history of the steel industry, because the growth rate of China which produces 830 million tons, that is 50 percent of the world's steel production, decreased from 13 percent to 7 percent. Coupled with a decline

in local market consumption, this caused China which was once a big steel consumer to become the biggest steel exporter in the world.

"China aims to export 150 million tons to the world this year and this has put the market in disarray. Prices have almost halved. To be more exact, we have had a 47 percent decrease in prices."

"In the domestic market too, we are witnessing a decrease in demand because of the recession. Most products of Mobarakeh Steel Company are used in the car industry and in production of home appliances, pipes and profiles. Consumption in this market has shrunk drastically too."

Ever since Mobarakeh Steel Company found its way to world markets and allocated 30 percent of its production to exports, it distanced itself from peril to some degree. If exports had not materialized, it would have been anyone's guess what would happen to the company and what amount of its investment would remain idle. And at the end, it could have resulted in a halt to production."

Dr. Sobhani recalled the efforts of all personnel at Mobarakeh Steel Company to weather the crisis, and reiterated: "Though all personnel at Mobarakeh Steel Company persistently followed the goals of the company and we reached the objectives we had drawn up, when we review the existing conditions we come across basic problems a number of which could be attributed to the country's political conditions in the international arena as well as to the sanctions."

"The transfer of money is one of these problems. Mobarakeh Steel exports add up to more than \$700 million. In fact this amount of financial transactions must be done in the absence of a banking network which has had and still has its own risks. God willing this problem will be removed after the



lifting of the sanctions.

"Another issue lies in Usance L/C. If sanctions are removed, we can get three- and six-month and even one year Usance L/C from customers. Even in that case, the company needs liquidity for its financial turnover and this volume of money should be provided."

"One of the duties of the institutions such as the Trade Promotion Organization and the Foreign Exchange and Export Guarantee Fund revolves around providing customers as such with financial support. In other words, Mobarakeh Steel Company sells its commodity via Usance L/C and receives cash immediately from these organizations."

"Now the question is whether these organizations can meet the demands of economic giants like Mobarakeh Steel Company which has \$700 million in exports when they have a \$1-2 million limit."

"Over 50 percent of our exports find their way to Europe. The European customers say China

delivers its products at the plant that places the order and receives the money after the delivery. However, Mobarakeh Steel Company cannot take risks; because no letter of credit is opened, our company has to first receive the money and then deliver the product. This gives China and other competitors an edge over Mobarakeh Steel Company."

The managing director of Mobarakeh Steel Company then added: "A weak transportation system is another problem of the steel industry. When we are talking about exports, the infrastructure must be in place. "When Mobarakeh Steel Company wants to have 50,000 tons of exports, from the time when an order is placed for a product till it is delivered it takes two months. This volume of delivery should be transported on board trucks with a capacity of 20 tons to Bandar Abbas where it is loaded onto ships. In many cases, the ship is there but we do not have any wharf for the vessel to dock

at and we must pay fines for the demurrage of the ship."

"These problems simply cover 1.5 million tons of exports and this comes as in the production provisions stipulated in the Outlook Plan, we are supposed to raise our production volume from 16 million tons to 55 million tons and we must also have more than 20 million tons of exports."

"When we cannot carry 1.5 million tons of exports via road, rail, and sea and we must pay fines for it, what can we do with that vast volume of exports?"

"It goes without saying that all these problems are not just Mobarakeh Steel Company's and certainly all exporters attending this ceremony are more or less struggling with them. When a company grows bigger, so do its exports, both in terms of tonnage and value, and its problems. However, when industrialists and producers feel responsible to do something for the country's economy, they realize they

should open global windows to local production and industry and this will serve as a turning point in a country's production and economy.

"When a company aims to export part of its products, it needs to plan all of its domestic processes in keeping with global standards. It is not just the quality that needs to be globalized. An exporter should first fix the infrastructure, develop the processes according to global standards and train its personnel based on global standards. After all, these factors contribute to the country's industrial growth."

"If economic agencies get connected to advanced industrial countries and start competing with them, then the country begins making progress." The managing director of Mobarakeh Steel Company called export obligations as serious and said: "Exports cannot be personalized to be carried out in a certain period of time and stopped in another. Mobarakeh Steel Company is now exporting its products at half of last year's price. We must follow global prices to be able to compete. When a company seeks to export part of its products and strikes an agreement with the purchaser, it should remain committed to its obligations under any circumstances. "Attitudes and laws need to be rectified and infrastructure should be propped up because as long as the problem of infrastructure is not settled, other problems will remain unsolved. If the problems exporters are facing are solved, a bright future will be awaiting the country. Non-oil exports and resistance-based economy are not mere slogans. They can be implemented. We hope our planning and practical measures all take effect."

## Steel raw materials Stocks build for the New Year

In the week ending November 20th, the average iron ore spot price (MBIOI62) had reached an all-time low of just \$46.00/t cfr Qingdao, including a near daily low of \$44.91/t. The sheer extent of the erosion has surprised even our own bearish expectations. Although such a liquid price, with daily settlements, invariably is affected by non-fundamental factors, such as unrelated economic news and negative sentiment, on a quarter-average and even, in our experience, a monthly-average basis, price movements are well supported by underlying market fundamentals in China. Indeed, and in-line with market participants expectations, \$60/t cfr for the MBIOI62 occurs today in a balanced market, such as in August, while in an unbalanced market - when net supply additions (ie apparent iron ore consumption) exceeds demand (ie the iron ore required in the actual production of pig iron), prices fall. The relationship is so consistent that it is highly likely that throughout November and possibly especially in the week ending November 20, the market was more unbalanced - supply exceeding demand - than it has been all year.

Unfortunately there is little demand data to draw on at the time of writing and we suspect market participants, in the same boat as ourselves, are paying more attention to the supply-side data, which includes trade data and stock. On that basis the portents would appear gloomy with a steady rise in stock levels at ports, and now even Brazilian ore exports, which had been falling all year to China, suddenly surging in October. Nevertheless, while Chinese steel markets may be in seasonal decline at present, at least for the dominant construction-related steels, the iron ore market is seasonally strong right now. This is the quarter where stocks are always built up to cover the New Year downturn when weather-related phenomena tend to affect imported material. The fact that the vast majority of stock is held by mills suggest that, as usual, whether production of iron and steel today is falling or not, the primary concern is about resourcing for the New Year. Moreover, with oil prices predicted to stabilise next year, this might well be a good time to replenish material, particularly at such low prices. Similar restocking efforts are apparent among major scrap buyers too, especially in Turkey, no doubt also because scrap prices earlier fell below most market expectations, triggering purchasing. The demand outlook may be looking worse than before - although it still remains better than this year, judging by the Oxford Economics' latest forecasts - but we do not expect raw materials prices to worsen anytime soon.





## Self-Sufficiency in Steel Pipes

The domestic steel industry is now self-sufficient in the production of steel pipes and has completely indigenized the technology required for its manufacture, announced Aziz Qanavati, managing director of Oxin Steel Company, on Tuesday. The Khuzestan-based company, established in 2005, has the capacity to annually produce 1 million tons of steel products, including foils, wide plates and rolled plates, Mehr News Agency reported.



## Aluminium

Short-term outlook: premiums up, prices down

Talk of smelter production cutbacks has intensified, with Alcoa talking the lead in the form of a 503,000-tonne reduction from its US operations. The scale is significant, but a muted price response showed that it is not enough from a global perspective and, furthermore, there is already a supply deficit in the USA. There were also mass LME warrant cancellations last month, which added a degree of uncertainty to the market. As a result of these factors, premiums have come alive again, with EU duty-unpaid up about 60% in a month, as it is here that the warrant cancelling has been focused. US Midwest premiums have risen too on the back of Alcoa's cuts. Premiums are, however, not expected to rise too strongly as they will attract imports which, in turn, will cap their advance.

## An Uncertain Outlook for 2016

Middle Eastern steelmakers have been wrestling with common issues this year, notably rising imports and increasing domestic costs, reports Serife Durmus corporate tax and excise tax to steelmakers and their products. Currently, most countries in the Gulf Co-operation Council (GCC) do not levy taxes, or have minimum taxation. Since Middle East economies are driven largely by oil, price fluctuations of that commodity early in 2015 caused concerns across the region. The member countries of the GCC - including Saudi Arabia, the UAE, Qatar, Bahrain, Oman and Kuwait - are all directly or indirectly affected by oil prices, with Saudi Arabia having the strongest connection. One of the main drivers of steel consumption in the GCC countries is pipelines. These countries will need to build 21,000 km of steel pipelines over the next five years, according to event organiser Al Fajer Information & Services. Saudi Arabia is by some way the largest oil country tubular goods (OCTG) market in the Middle East. In 2013, it accounted for 46% of the total OCTG demand in the region. Metal Bulletin Research (MBR) believes that this market will be supported by further Saudi Aramco tenders in 2016. With the UAE, Kuwait and Oman also all strongly purchasing now, the demand prospects for 2016 are looking stronger for the region, MBR notes. Turkey had two parli-

mentary elections in 2015, on June 7 and November 1. The steel-consuming sectors postponed spending in an atmosphere of uncertainty before the elections. Steel markets in Middle Eastern countries have been mostly weak throughout 2015, with most countries struggling with several problems. In addition, low-priced-exports from China, falling oil prices and weak global demand have all affected the region. Sources told Metal Bulletin Magazine that the market is unlikely to improve in 2016, as global signs are not encouraging. Falling raw material prices, as well as oversupply from China, are expected to continue in 2016, which means that investments will not increase. In the first ten months of 2015, Middle East crude steel output reached 23.175 million tonnes, virtually level with 23.19 million tonnes in the same period in 2014, according to the World Steel Association (worldsteel). Middle East countries contributing to that total include Iran, Qatar, Saudi Arabia and the UAE. Some countries in the region took protective measures against 'dumped' imports, and several investigations for anti-dumping started during the year. Producers in the region have not been very optimistic about the outlook, with costs increasing. For example the increasing cost of utilities such as natural gas and electricity are pushing up the costs of steel production in the Middle

East and North Africa (Mena) region, according to BS Shetty, commercial general manager of UAE flat-rolled steel re-roller and coater Al Ghurair Iron & Steel (AGIS). He also noted that most governments in the region have suggested applying VAT, while the country also suffered from its currency losing value against the US dollar and other currencies. Strikes at two OEMs and several product suppliers for the automotive sector in May caused the sector to pause production for a while, but later production figures showed that-strike effects did not reduce annual automotive output. The AKP (Justice and Development Party), which had ruled Turkey for 13 years in a single-party government, failed to get enough votes to govern in the June 7 elections, causing more uncertainty for the country's economy and steel sector. The Turkish lira weakened, with TRY1 worth \$0.3633 on June 8 compared with \$0.3731 on June 5. As the parties failed to form a government in June, early elections were held on November 1, at which the AKP managed to get 49.5% of the votes, enough for a single-party government. The steel sector, which had been sluggish since the beginning of 2015, improved slightly, as the economic outlook became a bit clearer. The Turkish lira was trading at \$0.3449 on November 2 following the election results, up from the \$0.3414 on October 30. The Turkish

steel sector had to struggle with problems such as low-priced Chinese steel entering the country in large volumes. In January-September 2015, Turkey's steel imports from China totalled 1.97 million tonnes, a 255.7% increase year-on-year, the Turkish Steel Producers' Association said, noting that 834,000 tonnes of this volume was billet. In the first nine months of 2014, Turkey imported only 20,000 tonnes of billet from China. In January-October 2015, Turkey's total crude steel output decreased by 6.9% year-on-year to 26.55 million tonnes, with EAF production up 13% to 17.43 million tonnes, and blast furnace output up 7.6% to 9.13 million tonnes. The country's billet production reached 19.69 million tonnes in January-October 2015, down 4.5% year-on-year, and hot-rolled coil (HRC) imports from seven countries, including China, France, Japan, Romania, Russia, Slovakia and Ukraine, after an application by domestic flat steel producers Erdemir, Toscelik and olakoglu, while Isdemir and Habas also supported the move. Turkey has a 9% import duty on HRC imports, but European mills are exempt from it. Also, companies with an inward processing certificate also do not pay any import duty. The inward processing regime exempts end-users of flat steel from import duties, provided that they export their end-products. Turkey imposed a temporary duty on HRC

imports from slab production fell 13.1% to 6.86 million tonnes, TöD said. Production at automotive manufacturers Tofas and Oyak Renault, both located at Bursa, stopped on May 14 as workers protested about their wages, and resumed on May 17. The Turkish Automotive Manufacturers Association (OSD) was expecting the 2015 production figure to be close to 2014 output of 1,170,445 vehicles. The country produced 1,106,801 vehicles in January-October 2015, up by 18% year-on-year from the 936,759 vehicles in the first ten months of 2014. On January 28, Turkey started anti-dumping investigations into Slovakia, Russia, Japan, and China on August 28. The duties range from 2.22% to 35.15%, and will be in effect until the investigation ends. The end-users of HRC argue that these duties reduce the competitiveness of their sector in export markets. Turkey also started an anti-dumping investigation on Chinese cold-rolled and then galvanized or colour-coated coil ('pre-painted galvanized iron', or PPGI) on July 23. The application for the investigation was made by MMK Metalurji, and was supported by Tezcan Galvaniz with the claim that imports from China affect local production in Turkey. The product is already subject to 15% import duty.

## Middle East Uncertainty continues

Regional steel demand failed to improve in November, while imports still impacted local producers. For example, Turkey's steel imports from China increased by 451.4% in September to 465,000 tonnes, the Turkish Steel Producers' Association (TöD) reported. In January-September 2015, steel imports from China totalled 1.97 million tonnes, a 255.7% increase year-on-year, and 834,000 tonnes of this volume was billet. The association highlighted that Turkey did not import any semi-finished products from China in September 2014, but imported 308,000 tonnes of billet in September 2015. Turkey's crude steel production fell by 5.7% in the first half of 2015, and by 7.8% in January-September 2015. Capacity utilisation in the steel sector was 62% in the first three quarters of 2015. TöD expects Turkey's crude steel production for the year to fall below 32 million tonnes, against 34,035,000 tonnes in 2014. Saudi Arabia's largest steelmaker, Sabc Hadeed, twice reduced its domestic rebar prices for November sales. The company offered rebar at 1,800 riyals (\$480) per tonne ex-works, down from 2,045 riyals (\$545) per tonne ex-works for October sales. In October, the Saudi Arabian government announced plans to reduce public spending in the fourth quarter of 2015, which will also cut steel demand. Buyers in the country were thus not willing to book large quantities when prices are falling and the outlook is unclear. Egyptian producers also have to cope with the depreciation of the Egyptian pound against the dollar. The currency weakened from E£7.85 to the dollar in the first half of October to E£8.05 in early November. The country's largest rebar producer, Ezz Steel, offered its November rolled rebar to local buyers at E£4,942 (\$614) per tonne ex-works, up by E£212 (\$26) per tonne from its October production price. But with the weakening currency, the dollar equivalent rose by only \$12 per tonne month-on-month.

# Foreign Steelmakers Eye Iranian Market

Any global steelmakers hoping a potential end to sanctions on Iran will fully revive what was once a multibillion dollar import market for their product will be disappointed as Tehran is boosting local output and expects its own exports to grow. Iran's drive to more than triple production to 55 million tons by 2025 is not all bad news for foreign firms though, as some are looking to offer technological help developing steel mills or plants to process iron ore, according to Reuters. South Korea's POSCO and a company owned by Japan's Nippon Steel & Sumitomo Metal Corp are among companies gearing up to sell steel to Iran, as international producers scour the world for new customers amid faltering demand from top buyer China. But Iranian mills have been quietly stepping up production in the face of plunging imports since sanctions were imposed around a decade ago over Tehran's nuclear program, with World Steel Association data showing crude steel output has already grown 60% from 2007 to 16.3 million tons in 2014. "Years ago, Iran was importing 10-12 million tons. We will never see those figures again, I can say with certainty," said Bahador Ahramian, a board member of the Iranian Steel Producers Association. "We already have a surplus here," he added, putting that at 3 to 4 million tons this year. Iran's steel imports dropped to 4.5 million tons last year from 12.2 million tons in 2007, when the country was the biggest overseas

buyer in the Middle East, according to the association's data and the International Steel Statistics Bureau. The 2007 imports would be worth nearly \$7 billion at current prices. Ahramian added that scrapping sanctions would increase the country's access to international trade finance, helping ramp up steel exports. Iran expects those exports, from companies such as its top shipper Mobarakeh Steel Company, to double to 4 million tons in the year to next March, said Mehdi Karbasian, deputy minister for industries, mining and trade. It plans to increase that to 10 million tons by 2025. "Very Important Market" The United Nations endorsed a deal in July to end years of economic sanctions on Iran, but they are unlikely to be removed until next year. A major carmaker that also needs steel to develop its vast energy sector, Iran consumed 17.3 million tons of the alloy last year-about a third of the amount used in the entire Middle East. A source familiar with POSCO's marketing strategy said Iran was a "very important market" for the world's No.5 steelmaker and that it would reenter the country as soon as sanctions were lifted. POSCO sold more than 200,000 tons of steel to Iran before sanctions were imposed, the source said. Abu Bucker Husain, chief executive of Al Ghurair Iron & Steel from the United Arab



Emirates, a maker of galvanized steel co-owned by world No. 2 steelmaker Nippon Steel & Sumitomo Metal, said the Iranian market could be significant for the company. Meanwhile, Russia's TMK, among the world's top suppliers of steel pipes for the oil and gas industry, said it would resume pipe deliveries to Iran when sanctions are lifted. ArcelorMittal, the world's biggest steelmaker,

was more sanguine on prospects for business in Iran, even though it is already selling steel to trading companies that export to the nation. However, opportunities exist beyond simply selling steel. POSCO has said it was in contact with several Iranian firms on providing technology, while Finland's Outotec has won a contract to supply technology for a new iron ore processing plant in Iran.

## Thailand's Iran Trade Target: \$2b p.a.

Thailand seeks to increase trade with Iran to \$2 billion a year, said Thai Deputy Commerce Minister Suvit Maesincee in a meeting with Iran's commercial attaché to Thailand, Mohammad Ali Pakseresh. Pakseresh referred to an upcoming visit by a Thai trade delegation to Iran and said the visit can pave the way for further bilateral cooperation, Mehr News Agency reported. Thailand's Deputy Prime Minister Somkid Jatusripitak will lead the delegation to Iran in December. The mission, which is expected to include 50 Thai companies, aims to promote trade and investment between the two countries after the removal of western sanctions imposed on Iran over its nuclear energy program. The sanctions are widely expected to be lifted by early 2016. "Representatives from the Thai Bankers Association, financial institutions and insurance and logistics firms will also join the mission to forge business ties with Iran once they are confident of the payment systems and other processes," Bangkok-based English newspaper The Nation quoted Suvit as saying

earlier. "Petrochemicals, automotive, electronics, halal food, agriculture and textile industries are best sectors for the investment of Thai traders in Iran," Pakseresh said. According to Thailand's Commerce Ministry, Iran is Thailand's 11th largest trading partner in the Middle East. The value of trade between Thailand and Iran stood at \$357.17 million in 2014. Imports from Thailand were worth \$322.16 million, while exports from Iran reached \$35 million. Until October this year, imports were worth \$168 million, down by 31.52% year-on-year, while exports increased significantly by 384% to \$90.6 million. The imports are projected to grow by 1% this year. Major imported products from Thailand include wood and related products, canned and processed fruits, rubber and related products, frozen and dried vegetables, beverages, automobiles and parts, and batteries. Some of the main products exported to the Southeast Asian country include steel, iron, chemical products, fruits and vegetables, frozen and processed seafood, medical products, plants, fuel and mineral ores.

## Italy Vies to Become Iran's Top Trading Partner

Italy plans to become Iran's top trade partner and turn the Middle Eastern country into the world's eighth biggest automobile manufacturer by 2018, said the visiting Italian deputy minister for economic development. Carlo Calenda made the statement at a conference dubbed "Iran-Italy Business Forum" in Tehran on Sunday. The Italian official heading a 370-strong delegation, including representatives of 178 Italian companies, 20 associations and 12 banking groups, noted that agricultural machinery, mechanics and automation systems account for 60% of Italy's exports to Iran, which are valued at €107.39 billion of Italy's annual exports. During the two-day economic mission, more than 700 meetings are scheduled to be held between the Italian and Iranian firms to enable cooperation on different fronts from joint investment to trade deals. "Bilateral trade between the two countries stood at €7 billion in 2011 (before the imposition of sanctions) and it is our hope to see the figure rise to the same level in two years,"

IRNA quoted him as saying. Calenda then praised Trade Promotion Organization of Iran and the Italian Trade Promotion Agency (known by its Italian acronym ICE) for their efforts to enhance economic relations between the two countries. "Iran can act as the center of Italian traders' activities to export commodities and services to the region," said Iran's Minister of Industries, Mining and Trade Mohammad Reza Nematzadeh, adding that his country's Foreign Investment Law guarantees and supports all investments and gives equal rights to both Iranian and foreigner investors. "Iranian authorities believe that it is possible to have strong economic ties with all countries, including friends such as Italy," he said. The Iranian minister noted that "in spite of the fact that Iran boasts various industries such as petrochemicals, steel and automotive, its small- and medium-sized enterprises constitute 90% of the industrial sector", adding that it is important to tap into the potential of industrial associations and unions for further cooperation.

## Africa African Bourses Must Raise their Game

In mid-November, the African Securities Exchanges Association (Asea), which comprises 23 states in Africa, addressed during its annual conference in Johannesburg, South Africa, what African stock exchanges need to do in order to grow and attract companies, including commodity businesses, on the continent. African exchanges have collectively traded to date in 2015 more than \$325 billion in equities, \$1.2 trillion in bonds, and \$438 billion in ETF and other modes of trade, according to Oscar Onyema, president of Asea and head of the Nigerian Stock Exchange. However, of the more than 1.5 million businesses registered in Africa, only about 1,600 are listed on African exchanges. Some of these are mining companies; mainly exploration companies that get access to developmental capital through a listing. However, many of the exchanges are rather small and illiquid with few companies listed, giving companies few options to getting capital. On the other hand, bourses experience contraction when companies, such as exploration companies, struggle to maintain their listings due to a commodities cycle slump. A possible solution to illiquidity could be collaboration between bourses. However, the desire to maintain sovereignty is a stumbling block to many bourses' ability to expand their offering. There are some initiatives under way in West and East Africa to link exchanges, but these continue to be works in progress as long as countries fear losing control through greater collaboration. Onyema suggested that African bourses require new ways to engage with business leaders to highlight the vital role bourses play in facilitating long-term financing, in mobilizing resources, and directing the flow of savings and investments within each country's economy. Many African companies fail because of poor corporate governance, Onyema said. Securities exchanges can influence and promote sustainable business practices on the continent.

**Tin**



Price forecasts lowered despite supply deficits. We have revised down our tin price forecasts recently, not because the tin market fundamentals have deteriorated, but because the weight of negative sentiment across the commodities complex is making the previously-expected Q4 price recovery no longer likely. We now forecast an average price of \$15,200/tonne this quarter, having started off with \$16,300/tonne. There seems to be support in the mid-\$14,000s. Fundamentally, tin does not look too bad - we are still forecasting a deficit of 12,000 tonnes in the global market this year, including a 2,600-tonne deficit in Q4 - but prices for the quarter will be at their lowest level since Q4 2009. And the theme of weak pricing will run into early 2016, despite another deficit year being forecast. Chinese production has weakened this year and Indonesia has limited supply from that country too. But demand is poor and what this market really needs is some encouraging signs of a consumption recovery within China, which is not yet happening.

**Zinc**



Cutbacks rebalancing, stocks still high. Supply cutbacks are still a big theme in the zinc market and the spotlight has moved from Glencore's big October announcement, to Nyrstar, and on to a group of leading Chinese smelters which, as we write, pledged to cut production by 500,000 tonnes. Such announcements seem to be well-received by the market initially, with sharp shortcovering rallies a common reaction, but the higher prices are not sticking. Instead, rallies are just being viewed as fresh shorting opportunities, and probably as hedging opportunities by marginal producers too. MBR has not been particularly bullish about zinc's fundamentals and consensus opinion seems to have aligned with that more sceptical view. Zinc, unlike copper or lead, still has a large stock overhang to clear, much of it in the unreported domain. Zinc's fundamentals should still improve in quarters ahead, but only slowly because of the stock cushion and the weak demand backdrop. It may not be until deep into 2016 that zinc prices can start to recover sustainably.



**Isfahan Steel Company Output**

Isfahan Steel Company-Iran's biggest producer of structural steel-produced 1.4 million tons of steel during eight months ending November 21. According to the report by Bourse Press, the steelmaker sold 1.6 million tons of steel products valued at about \$70.5 million during the period. With an annual production capacity of 2.8 million tons of steel, Isfahan Steel Company exports its products to more than 23 countries.



**USA imposes duties on coated steel imports**

The US Commerce Department has imposed preliminary countervailing duties on imports of corrosion-resistant steel sheet - including hot-dip galvanized, electrogalvanized, aluminized, Galvalume, painted and pre-painted - from China, India, Italy and South Korea. Chinese producers were hit with subsidy margins of 26.26-235.66%; Indian producers with 2.85-7.71%; Italian producers 13.06-38.41%, with the exception of Arvedi and Marcegaglia which were assessed de minimis rates; and Korean mills, except Union Steel Manufacturing and Dongkuk Steel, with 1.37% duty. US imports of corrosion-resistant steel from the five countries targeted by the petition totalled 2.5 million tonnes valued at \$2.16 billion in 2014, according to the Commerce Department.

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**Italy Banking on Post-Sanctions Iran**

Many analysts are shedding light on the greater geopolitical implications of Iran's nuclear deal with P5+1 (the five permanent UN Security Council members plus Germany), the lifting of sanctions on the Islamic Republic and how this will impact countries that complied with the sanctions regime, yet have an interest in exploring commercial opportunities in Iran.

Italian-Iranian relations are a case in point. From Rome's perspective, the Joint Comprehensive Plan of Action, as the deal is officially known, opened the door for many Italian firms to tap into the Iranian market. Iranian officials have long seen Italy as one of their closest partners in the West. Undoubtedly, the level of trust between Iran and Italy is higher than between Tehran and most western nations.

Recently, Washington-based geopolitical risk consultancy GSA sat down with Cinzia Bianco, an Italian expert on Middle Eastern geopolitics, to discuss the context in which Italians and Iranians eye opportunities to pursue a mutually advantageous relationship in 2016 and beyond.

The text of the interview follows: **GSA:** Iran has a relatively untapped market of 78 million people and a \$400 billion economy. As European companies eye post-sanctions opportunities in Iran, what role do Italian firms see for themselves as Iran slowly reintegrates with the global economy? Who are the actors in Italy most interested in moving into Iran's economy?

**BIANCO:** Indeed, Italian firms are eager to capitalize on the lifting of sanctions against Iran and fully exploit the country's economic potential. Traditionally, Italy's longstanding and diversified economic relationship with Iran has been centered around the petrochemical sector and related services, as well as the steel, mining, automotive and machinery sectors.

Relatively untapped promising sectors include transportation and infrastructure. Major Italian firms in these sectors have had a longstanding presence in Iran and they were more reluctant to comply with the sanctions.

At this point, they are ready to get



back in business. Some of the big Italian companies include Alitalia, which had a good presence in the logistics sector; Danieli, a major global player for plant making in the steel industry; multinational corporations specializing in engineering and construction for oil and gas projects such as Snamprogetti and SAIPEM (both subsidiaries of the energy major ENI), and Tecnimont SpA, which since last March has allegedly been involved in preliminary talks regarding the realization of auxiliary infrastructures for the petrochemical complex in Asaluyeh, southern Iran and Ansaldo Energia, an integrated operator for power generation plants.

In addition to that, being rich in mineral resources such as lead, zinc, iron and copper, the mining industry and its ancillaries are also looking at Iran with tangible interest, both as an investment spot and as a source of import.

The food industry seems promising in both directions. Iran still has a sizable portion of unexploited arable land, which might be of interest to Italian investors and it is a big market for the export of Italian food.

Finally, in addition to the big multinational companies, countless small- and medium sized-enterprises are examining ways to tap into Iran's market, in particular as a market for the export of "Made in Italy" products of the most diverse categories- from the usual textile and fashion, to luxury goods, to technology, and to medicine.

Before the UN Security Council imposed economic sanctions on Iran in 2006, Italy was one of Iran's most important trade partners. How did sanctions impact Italian-Iranian relations?

Undeniably, sanctions took a major toll on Italian-Iranian trade. However, the real hit came in 2012, when a wide range of financial and commercial sanctions, established by the EU in 2010, were fully implemented. The trade exchange between Italy and Iran had hit a peak in 2011, reaching \$7.66 billion and has significantly declined since 2012. Due to the effects of international sanctions, Italian exports toward Iran registered a decline of 24.3% in 2013 and a further decline of 22.6% in 2014. Because Italy's

"triangulated exports" (mostly consumer goods) via two key Italian partners-Turkey and the UAE-had to be halted, the sanctions hit even harder.

One of the main sectors impacted was energy. Until 2011, Iran had been one of Italy's main energy providers (Italy imported roughly 7% of Iranian crude oil production). Italy's energy market has thus suffered significantly since the 2012 oil embargo, also given that its sources had been already compromised by the instability in North Africa, Italy's main source of oil imports.

What can the opening of Iran do to improve Italy's dismal economic conditions? Does Italy view Iran's market as an opportunity to increase national exports? What does Iran see in Italy as an economic partner?

Since the 2009 financial crisis, domestic consumption in Italy has been the most stagnant of all EU members. Many view increased exports as a means to overcoming the crisis and perhaps achieve economic growth.

In addition to the usual destinations and emerging markets in China, the (P)GCC, Turkey and Eastern Europe, Iran is seen as a promised land for Italian products. The numbers look good.

According to SACE (the Italian state-owned credit rating agency), the opening up of the Iranian market could spur Italy's export for a total of \$3.28 billion within the next four years. Of course, this is a preliminary assessment.

Nonetheless, the opportunity is real, given that post-sanctions Iran will presumably seek medium- and high-range products, which absolutely include products that fit the "Made in Italy" description.

Do Italian firms' links with the US complicate their prospects for pursuing lucrative opportunities in Iran?

Throughout the past, this has been a tricky issue, but mainly with the US government, rather than with private American firms. Tension mounted with Washington when several Italian companies, including Italy's energy giant ENI along with other European firms, showed a certain reluctance to comply with the US-imposed sanctions. However, if the JCAOP proves

successful, there is little reason to expect Italian companies to refrain from pursuing economic opportunities unfrozen by the deal.

Across Europe, the "rush for Iran" has already begun with several European firms competing to organize business trips to Tehran.

Only the Italian companies that have structural connections with American firms would find it difficult to engage Iran's market decisively and unilaterally. Of course, these companies would probably opt for discussing their development plans with US partners in order not to alienate them. Indeed, whatever profit Italian firms might hope to gain from Iran is hardly worth such a high price. On the other hand, US companies seeking to explore Iran may find Italian firms to be important partners for coordination purposes.

What is the likely future of Rome-Tehran relationship?

From the Iranian side, a high-level political visit has been planned to Italy. From the Italian side, there has been no political visit yet and the main activity has been a business trip, which the Ministry for Economic Development organized in partnership with other Italian institutions. The delegation was big in number and profile.

Last month, 178 companies, 20 business councils and 12 financial institutions participated in the Bilateral Economic Forum in Tehran, which ended with the signing of four memoranda of understanding in the fields of tourism and trade.

Undoubtedly, this was a remarkable initiative. However, it was less significant than what the Iranians had planned-a visit by President Rouhani to Italy and the Vatican ... We will probably witness a two-speed future in the bilateral relationship-a faster pace on economic development and a slower pace on political cooperation.

Surely the potential to strengthen the bond exists. Time will tell if both sides are willing to pursue it.

**Chinese Mills Dumping Iron Ore Stocks**

Cash-strapped Chinese steel mills are dumping iron ore stocks, selling at a loss to shore up cash flow in the latest sign of the sector's worsening crisis, steel mill and trade sources said.

The sale of port inventories is deepening a rout in iron ore prices which have already tumbled 25% over the past two months as the sector struggles with overcapacity, falling demand for steel from real estate to shipbuilding, and tight credit, Reuters reported.

This week, prices for the raw material hit their lowest in a decade at \$40.30 a ton, while futures contracts fell to record lows of \$33 a ton for 2016. Shanghai rebar steel prices also sank to all-time lows.

"The market declines have been accelerated by steel mills who are selling iron ore at low prices because they are short of cash," said an iron ore trader in Beijing.

Steel mills are facing a cash crunch after authorities urged banks to cut credit to oversupplied industries, with privately owned mills hardest hit. Tangshan Songting Iron & Steel, one of the country's big privately owned steel mills, last month closed its doors, but others are desperate to hang on.

Mills with long-term supply contracts with big miners have already cut stockpiles of the steelmaking raw material at their factories to a minimum, preferring to buy hand to mouth due to shaky downstream demand and to minimize cash use.

Now, loss-making mills are resorting to selling iron ore bought with letters of credit in a last-ditch effort to maintain cash flow for production as they seek to repay bank loans, many due at yearend, four traders and steel mill executives said.

Mills that survive will try to get new credit

facilities for next year, they said.

In Tangshan, in China's top steel producing Hebei province, mills started offloading stock last month, an iron ore sales executive at a private steel mill there said.

"More mills, in more regions, are doing the same now, only to collect cash flow to survive and they don't care much about prices," he said.

Selling is also being spurred by the relentless fall in prices, as factories seek to reduce their exposure to further losses, he said.

Di Wang, analyst at CRU in Beijing, cautioned the selling could last into the new year as steel producers prepare for another round of painful output cuts as the outlook for orders looks bleak.

"Steelmakers will still sell their iron ore stocks before the February Chinese Spring Festival because there are also expecta-



tions of further production cuts," Wang said. There is no estimate of how much iron ore mills have sold, but port inventories have kept rising, implying that appetite is weak-

ening as steel mills step up output cuts. Mills have previously sold iron ore when prices rose to make a profit, or to balance their raw material needs with orders

**China's Steel Price Puzzle**

For the fourth consecutive month, global flat-rolled steel price benchmarks, as weighted in the chart shown, have fallen harder than long products and to such a dramatic extent that in the context of the past few years, they have now become the worstperforming finished steels. As ever with steel these days, the reasons for this new trend are found within China, the last big consuming market where flat-rolled prices have finally lost their premiums over 'equivalent' long products. In reality this pattern has been apparent for years in the rest of the world, and has been a function, primarily, of production costs, and especially the raw materials used. Ferrous

scrap remains, outside China, the significant raw material for long products supply and since the dramatic erosion in iron ore and coke prices, scrap has become by default, though also arguably by supply/side constraints, a comparatively valuable raw material. So why are the Chinese consumers paying more for bars than for coils? From a demand perspective, bar demand may well have been stronger than for coil over the summer and autumn, given how construction tends to rise, and did so again this year, between July and October. However, since then there is little evidence that consumption has remained firm with the winter approaching. Indeed it is normal for construction

activity, as indicated by cement output for example, to steadily retreat between October and February. Manufacturing, by contrast, invariably peaks in the fourth quarter of the Chinese calendar and this year more so than usual with automotive production not only rising month by month since August but now, as of October, on a year-on-year basis as well. Final usage indicators for steel should have a better relationship with Chinese prices, which are for resale rather than producer prices, and therefore directly refer to business between actual customers and their suppliers rather than mills and distributors, but this is not happening. Clearly, the reason for this

relates more to supplyside dynamics. Indeed, whereas bar production is falling in response to weak demand there is little indication that flat-rolled output is responding to flat-rolled demand. Demand may well be rising and at an accelerating pace, but supply most likely continues to rise more quickly with the export dependency on coated steels, for example, surging by Chinese standards to over 15% of production, compared with 10% for long products. With increasing countervailing and potential anti-dumping duties targeting Chinese flat-rolled more than long products, production will soon be forced back in China but - at the moment at least - not without a fight.



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## Islamic Republic of Iran Supreme Leader Notified the General Environment Policies

Establishing a national integrated environment system / considering environmental destruction as a crime / reinforcing the environmental diplomacy / preparing Iran's living habitat atlas / confronting environmental threats

On the fulfillment of article 1 of principal 100 of the Constitution, Ayatollah Khamenei, the Islamic Republic of Iran Supreme Leader, notified the general environment policies in a letter to the government force heads.

Establishing a national integrated environment system, harmonious and systematic management of vital resources, considering environmental destruction as a crime, reinforcing the environmental diplomacy, preparing Iran's living habitat atlas, developing the green economy and institutionalizing the environmental culture and morality are the main topics of his notification.

The full text of general environment policies after the pieces of advice by Iran Expediency Council is as follows:

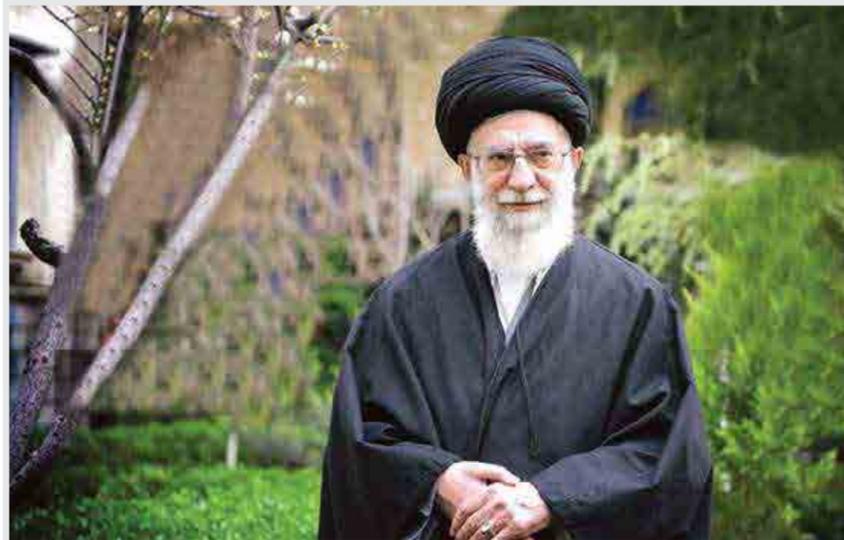
In the Name of God, Most Gracious, Most Merciful

The general environment policies

- 1- Comprehensive, harmonious, and systematic vital resources management (including air, water, soil, and environmental variation) based on the power and stability of the living habitat, especially through increasing the legal capacities and capabilities as well as a suitable structure along with people's partnership approach;

- 2- Establishing a national integrated environment system;
- 3- Modifying environmental conditions in order to provide the society with healthy environment and observing inter-generations justice and rights;

- 4- Preventing from diffusion of forbidden pollutants and considering environmental destruction



as a crime and influential preventive punishing of pollution agents and destructors of the environment and obliging them to compensate damages;

- 5- Progressive monitoring and controlling of the resources and pollutant factors to the air, water, soil, sound pollutions, destructive waves and rays, unsuitable climatic changes, and necessity to observe the environmental standards and indexes in the rules and regulations, development plans, and land mobilization;

- 6- Preparing Iran's living habitat atlas and protect, revitalize, renovate, and develop recyclable natural resources (as like seas, lakes, rivers, dam reservoirs, lagoons, underground water tables, forests, soil, pastures, and ecosystem variations, especially the wild life) and legal limitations on the exploitation

of these resources suitable with their ecologic power (tolerable capacity and renovation capability) as per the stability criteria and indexes, management of sensitive and valuable ecosystems (including national parks and national natural places), and protecting and upgrading genetic resources up to the international standard levels;

- 7- Management of climatic changes and confronting bio-environmental threats as like desert reclamation, removal of dusts especially the aerosols, drought and microbe transmitters, radioactives, foresight development, and realizing newly appeared environmental phenomena and managing them;

- 8- Developing the green economy, focusing on:

- 8-1- Low-carbon industry, using clean energies, healthy and organic agricultural products, waste

matters and sewerage management through enjoying the advantages of economic, social, natural, and environmental capacities and capabilities;

- 8-2- Modifying the production pattern in different economic and social sectors and optimizing water, food, matters, and energy consumption models especially promoting fuels friendly to the environment

- 8-3- Developing green and non-fossil public transportation such as electric transportation, and making the public transportation more popular particularly in the major cities;

- 9- Balancing and keeping the quality of subsurface water through watershed management, water table management, management of reducing factors of exploitation of subsurface water and evaporation and controlling the pollutants;

- 10- Establishing an

environmental auditing system in Iran, considering environmental values and costs (destruction, pollution, and revitalization) in the national accounts;

- 11- Supporting and encouraging investments and compatible technologies with the environment by means of suitable tools such as green tax and duties;

- 12- Compiling the environment morality charter and promoting and characterizing an environmental mindset and morality based on Iranian-Islamic constructive values and patterns;

- 13- Optimizing scientific studies and research and exploiting environmental innovative technologies and domestic experiences concerning maintenance of the living habitats balance and preventing from environmental pollution and destruction;

- 14- Developing the level of society's environmental awareness, knowledge, and insight and empowering religious principles and learning social partnership, especially admonishing fellow believers to do right and to avoid sin for the protection of the environment in all society levels and groups;

- 15- Reinforcing environmental diplomacy by:

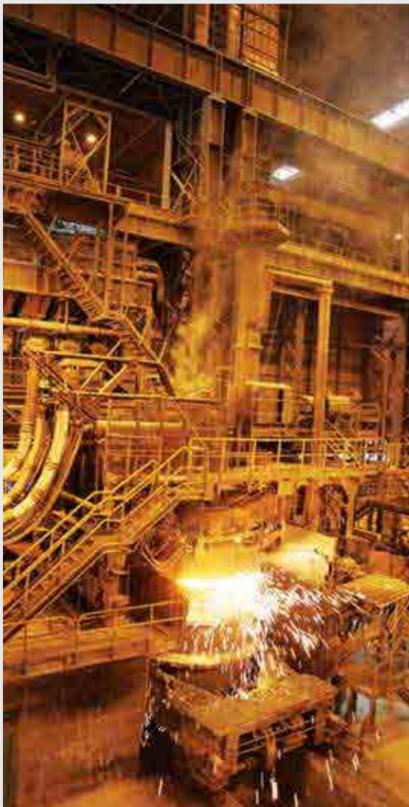
- 15-1- Taking measures to make and reinforce regional organizations in order to confront dust and water pollutions;

- 15-2- Developing the appropriateness and attracting partnership and mutual, multiple, regional, international and influential targeted cooperation concerning the environment;

- 15-3- Influential applying of the international opportunities and incentives towards low-carbon economy and facilitating the transfer and development of the relevant technologies and innovations.

### NEWS

## BMI Forecasts Growth in Iran's Steel Sector



Iran's steel sector is expected to grow over the next few years, as the government targets self-sufficiency in its metals sector. The country is the largest steel producer in the Middle East and its Comprehensive Steel Plan, announced in 2013, plans to raise steelmaking capacity from 20 million tons per annum in 2012 to 55 mtpa by 2025.

This would place Iran comfortably among the 10 biggest steel producing countries, lifting it from its current placing of 15, according to a report by Business Monitor International.

Iran exported an average of 1.35 million tons of steel in 2012 and 2013, according to a presentation by Iran's top steel-maker, Mobarakeh Steel.

BMI forecasts Iranian production to grow by 7.5% y-o-y in 2015 to 17.56 million tons. Growth is set to average 5.5% a year, over the next five years to reach 21.32 mtpa by 2019.

source: Metal Bulletin

## During International Public Relations Symposium

Mobarake Steel Company's Public relations received the Strategic Management Most Admired Statue. Simultaneously with the Eleventh International Public relations Symposium dated 15th November 2015 with the presence of 500 local and foreign guests from the Netherlands, the United States, Spain, and Italy in Niroo Research Center, Mobarake Steel Company was honored as the most admired Public relations in strategic management.

As reported by the steel reporter, Eleventh International Public relations Symposium was opened upon Ayatollah Akbar Hashemi Rafsanjani's message, the Head of Iran Expediency Council, and with the presence of representatives from 5 countries.

During this International Public relations Symposium, besides the two training workshops on "how to design a campaign", design and fulfill relationships campaigns

in the field of acculturation, eight selected articles were presented by eight Iranian, American, Italian, Spanish, and Holland professors.

During the two days of holding this scientific-training occasion, totally 650 Iranian public relations in-charge persons became familiar with the procedure of design and fulfillment of relationships campaigns, especially in cyberspace.

In this occasion, Dr. Bart D. Worris, the head of International Public relations Society, Hoshmand Sefidi, Iran's International Public relations Symposium Secretary General and the Conference Secretary, a group of media chiefs, and communication sciences & public relations professors including Sarookhani make speeches.

Likewise, 11 public relations books were introduced in the symposium closing ceremony and 55 nominees in public relations scientific and practical fields in 2014 were honored.

## Indigenization of 800-KW Electromotor in Reheating Furnaces

Indigenization of the 800-KW electromotor of reheating furnaces in Hot Rolling Unit 51, which was previously manufactured by Italian companies, has not only resulted in local technical know-how about the production of this sensitive equipment but has saved over \$65,000 in foreign expenses.

Gholamabass Karimi, an expert in purchasing spare parts at Mobarakeh Steel Company (MSC), said, "After MSC's Unit 51 said it needed the equipment, we called on domestic producers to contribute to the indigenization of the electromotor so that we can support national production and comply with the policies of the resistance-based economy.

Finally, it was decided to use domestically-manufactured products and Jovin Electrical Machines Company (JEMCO) was awarded a contract after it voiced readiness for its production."

Ayubzadeh, an expert in maintaining reheating furnaces, said, "The electromotor

was installed and became operational on October 27 after it successfully passed initial tests. Representatives of JEMCO and Saman-Abyar Company were on hand for the launch."

Ebrahim Mirzaeian, a spare parts technician at Unit 51, said, "The equipment is part of the combustion air system of Reheating Furnaces 3 and 4; it uses compressed air ventilators to provide the air needed for combination with natural gas and eventual combustion in furnaces. Eight hundred KW of power and 6.6 KW of voltage is used to generate the driving force of each electromotor."

He added, "The equipment measures up to foreign products, it has even provided better conditions for the production line."

Mirzaeian added that overall, 240 man-hours were spent on the installation of the electromotor and the replacement process was completed during a 12-hour production line halt.

For the third consecutive year

## World Steel Association granted certificate of participation for climate change plan to MSC



Mohsen Sattari, Head of Environment Dept at Mobarake Steel Company, announced that "Following the cooperation by MSC Environment Department with international institutions and societies particularly the data exchange from 2012 with World Steel Association regarding diffusion of greenhouse gases and performance comparison of participating companies in this plan, Mobarake Steel Company succeeded to receive the certificate of participation for climate change plan as the only Iranian steel company since 2012. MSC could get and extend the aforesaid certification for 2015-2016 one year period from the Global Steel Society for the third consecutive year."

"Granting and extending this certification for three consecutive years by the World Steel Association indicates MSC's progressive and stable approach towards environmental preservation and a strategic and multi-dimensional view of environmental incidents in national and international levels. In addition, Mobarake Steel Company, based upon the certificate issued by the Global Steel Society, is allowed to insert its special logo into its letterheads, which is considered to be another great honor concerning the company's position and brand optimization" he added. He pointed out that "As per the recent agree-

ments by climate change seminar in Paris and the evident influences of earth warming, an international partnership and convergence is seen in the world that is more than the past and MSC has fortunately moved in the same direction as expected".

In this regard, Seyyed Majid Ayat - MSC environment expert - added that "Participation in the climate change plan requires taking actions from the participants and the society. As data and figures extraction and exchange is considered to be one of the major requirements for project management planning and an international plan, the companies have to provide data related to the diffusion amount per tonnage of their production as the most important performance factor in climate change plan in such a way that organizations will be able to compare the same with their performance and take corrective measures and in some cases, build a multi-party bridge in order to enjoy other parties' experiences towards optimization and reduction of greenhouse gases. In this respect, MSC has also received data from other participants in this plan, which has been distributed by the World Steel Association. At the end, he appreciated all the esteemed colleagues' cooperation regarding data compilation on behalf of the MSC Environment Department.