

STAINLESS STEEL INDUSTRY IN THE GCC

**A Study Report to Deliver Investment
Opportunities in Stainless Steel Sector to Investors**



To be delivered: June 2008

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1. INTRODUCTION

GCC nations are concentrating their efforts to make their economies more broad based rather than depend only on oil and gas sectors. This will provide the much needed balance and leverage to their economies in the years to come. Therefore major investments are being explored and encouraged in growth areas such as metal sector and infrastructure development. The present study on stainless steel assumes a lot of significance in this light.

Consumption of stainless steel is an indicator of the level of industrialization and urbanization of an economy. Although consumption of stainless steel is on the rise in GCC as evidenced by the steady rise of imports, current consumption of stainless steel per capita in GCC is below similar figures for developed economies. Even at the present consumption level, gap in demand-supply scenario highlights the growth potential for stainless steel industry in GCC region which is on a rapid economic and industrialization growth path.

This study undertaken by GOIC presents the current scenario about stainless steel industry in GCC region, issues involved, and opportunities available for further development. The study also identifies potential projects for investments in GCC region in the stainless steel sector.

2. RATIONALE FOR THE STUDY

There are two important aspects to consider when looking at the future of the stainless steel industry in the gulf region. One is the demand factor and the other is the economics of production in this region.

During the period 2002-2006, the world has seen a sustained growth in consumption of stainless steel with an average CAGR of 6 %. During the same period the GCC region has seen a CAGR of well over 8 % which is more than the world average. Stainless steel is finding increasing products applications.. The level of economic growth in the GCC region will continue to be robust based on sustained high surpluses generated by oil revenues. This economic growth will in turn continue to fuel the construction boom as money is pumped into real estate, infrastructure and tourism projects, besides growth in the industrial sector. Above factors will drive growth in consumption of stainless steel even higher in the years to come.

Added to this aspect is the current manufacturing scenario of stainless steel in GCC. There is no plant in GCC manufacturing stainless steel using integrated process route. This means the entire feed material requirement of existing down stream stainless steel industry are imported.

Rolled stainless steel products are broadly classified as flat products and non-flat (long) products. The primary flat rolled products of stainless steel are HR Coil (HR bands) and plates produced in hot strip mills/plate mills. Primary long products on the other hand are billets, bars, rods, and shapes.

On the downstream finished stainless steel product side, there are a wide variety of end-uses possible using both flat and non-flat products. While there are quite a few industrial units currently operating in GCC on downstream products side, there are a lot more of such products still being directly imported. Given that the drivers for consumption of stainless steel in the GCC region are very positive and that the market are likely to grow, it is appropriate at this time to take stock of the situation and prepare a blueprint for the development of stainless steel industry in the GCC.

3. REPORT OBJECTIVES

The objective of the study is to assess the present status of stainless steel industries in the GCC and identify further opportunities available for investment. The Report will provide a valuable aid for strategic planning, at a time of immense opportunities in the stainless steel sector. The key issues that are addressed include:

- ❖ Global trend in the stainless steel
- ❖ Status of intermediate and finished products being manufactured in the GCC
- ❖ Intermediate and finished rolled products imported into the GCC
- ❖ Identifying stainless steel products that are not manufactured in the GCC
- ❖ Identify opportunities for investment in stainless steel sector and formulate guidelines for planned growth.

4. COVERAGE

The coverage of this study report has been carefully formulated to address the critical information requirement of key players from all segments of this industry. Specifically the research parameters will embrace:

4.1 Geographic Coverage

The Report will cover the dynamics of the stainless steel sector within the GCC States.

4.2 Product Coverage

The report reviews the basis of growth and examines the demand of various product categories such as primary, secondary and downstream stainless steel products. The status of existing stainless steel producing units as well as those under implementation has been taken into account along with the foreign trade to identify the gap in demand and availability. The main categories of products covered are given below.

- ❖ Wire rods
- ❖ Bars and rods

- ◆ Sections.
- ◆ Hot rolled strip
- ◆ Cold rolled strip
- ◆ Tubular product
- ◆ Downstream finished products

4.3 Time period

Historical data has been provided for the period 2002 to 2006 with forecasts for the years 2010.

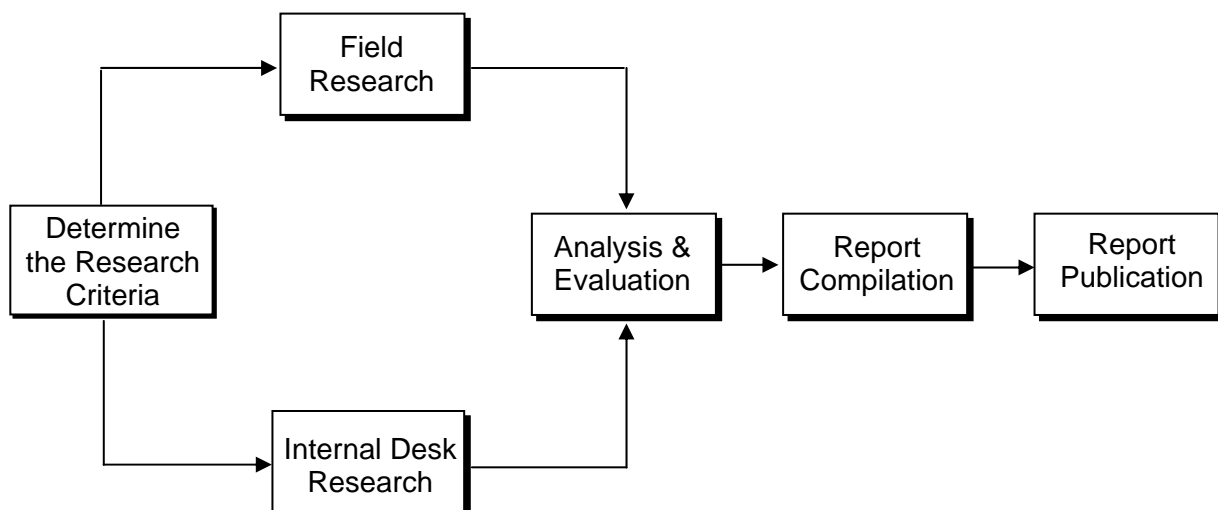
5. APPROACH

The study has been managed and conducted by metallurgists with expertise in steel and downstream industries from Gulf Organization for Industrial Consulting (GOIC).

The Report is prepared using a conventional mix of both desk and field research. At the outset, project draws upon the internal databanks maintained by GOIC. GOIC has unique and extensive databank having direct data transfer links with GCC member countries' portals. In addition, GOIC has also access to relevant external sources in order to validate and build on the information held by GOIC.

Commercial information and forecast has been developed from the in-house databases, augmented by a program of regional fieldwork. Discussions were held with key industry experts to provide a thorough understanding of the dynamics of the current and future stainless steel projects in the different GCC States.

Approach to the Study



6. REPORT CONTENTS

The contents of the report include.

Section	Description
1.	Executive summary
2.	Introduction
3.	Methodology
4.	Development of stainless steel
5.	Applications of stainless steel <ol style="list-style-type: none">1. Applications in Automotive sector2. Applications in food and beverage sector3. Applications in oil and gas sector4. Applications in construction sector5. Applications in industry and machinery sector6. Applications in marine sector.
6.	World trend in stainless steel <ol style="list-style-type: none">1. Trend in demand for stainless steel2. Trend in supply of stainless steel3. Consolidation in stainless steel industry4. Trend in stainless steel prices
7.	Status of global stainless steel manufacturing <ol style="list-style-type: none">1. Primary manufacture of stainless steel2. Downstream processing
8.	Status of GCC stainless steel manufacturing <ol style="list-style-type: none">1. Primary manufacture of stainless steel2. Downstream processing
9.	Issues affecting stainless steel industry <ol style="list-style-type: none">1. Issues affecting world stainless steel industry2. Issues affecting GCC stainless steel industry
10.	Market scenario for stainless steel products in GCC <ol style="list-style-type: none">1. Macroeconomics of stainless steel consumption2. Import of stainless steel products into GCC3. Regional manufacturing of stainless steel products

11. Blueprint for development of stainless steel industry in GCC

1. Justification
2. Proposed outline of stainless steel industry in GCC
3. Identification of investment opportunity in stainless steel sector
4. Potential projects

12. Conclusions & recommendations

7. TIMING AND COSTS

The study report is under preparation and planned to be completed by June 2008.

The cost of the Study report on “Stainless Steel Sector in the GCC” will be US\$ 5000/- (US Dollars Five thousand) only.

8. GOIC CREDENTIALS

Gulf Organization for Industrial Consulting is an intergovernmental industrial development organization, funded by the six Arab Gulf Cooperation Council (GCC) states:

- ✓ Bahrain
- ✓ Kuwait
- ✓ Oman
- ✓ Qatar
- ✓ Saudi Arabia
- ✓ UAE

Relevant Project Experience

The following list indicates the depth and breadth of GOIC’s Studies in the metal sector.

Sl. No	Study Reports
1.	Study Report on Steel Rolling Sector in GCC
2.	Oman Steel Sector Study
3.	Feasibility Report for Aluminium Rod Project
4.	Option Study Report for Aluminium Downstream Industry in GCC
5.	Multi-client Study Report on “Status and Prospects of Building Materials Industry in GCC”
6.	Pre-Feasibility Report- Manufacture of Aluminium Die-Cast Parts for Automotive Industry
7.	Pre-Feasibility Report-Manufacture of Multi Layer Composite Al-Plastic Pipes
8.	Pre-Feasibility Report-Manufacture of Multi Layer Composite Al-Plastic Pipes
9.	Road Map for Aluminium Industry in Bahrain
10.	Road Map for Engineering & Electrical Industries in Bahrain
11.	Study Report on Possibilities of Establishing Industries in Non-Ferrous Metal (Excluding Aluminium) Sector in GCC.
12.	Metallic Pipes and Tubes-Vision Report
13.	Automotive and ancillary Industries –Vision Report
14.	Mapping of Refrigeration & Cooling Sector Industries in GCC
15.	Industrial strategy for United Arab Emirates
16.	Investment Opportunities in Major Industrial Sectors in Kuwait

Project Profiles	
1.	Alloy and Special Steel Plant
2.	Stainless Steel Cold Rolling Complex
3.	Stainless Steel Long Products
4.	Stainless Steel Precision Tubes
5.	Stainless Steel Wire Mesh
6.	Stainless Steel Cladded Steel Pipes
7.	Seamless Steel Tube
8.	Narrow Steel Cold Rolling Plant
9.	Aluminium Die-Casting
10.	Aluminium Slugs Manufacturing Plant
11.	Aluminium Strip Caster Project
12.	Continuous Coil Coating Line Project
13.	Aluminium Clad Steel Wire
14.	Precision Welded Aluminium Tube for Radiators
15.	Aluminium Dross recycling & Refining
16.	Aluminium Foundry for Vehicle Wheels
17.	Castings for the Cement Industry
18.	Copper and Copper Alloys from Scrap
19.	Enameled Copper Winding Wire
20.	ERW Steel Pipes
21.	Ferrochrome
22.	Galvanized Re-bars
23.	High Integrity (HI) Aluminium Castings
24.	Hot Briquetted Iron (HBI)
25.	Leaf Springs
26.	Light Aluminium Extrusions (CONFORM)
27.	Light Sections Steel Mill
28.	Manhole Covers
29.	Micro Steel Mill (2 Concepts)
30.	Powder Injection Moulding
31.	Production of Magnesium
32.	Recycled Aluminium Alloys
33.	Rolled Finned Tubes
34.	Seafood Cans
35.	Seamless Copper Tube

36.	Silicon Steel Finishing
37.	Solder Electroplated Copper Wire
37.	Spin-Cast Metal Parts
38.	Steel Foundry (2 Concepts)
39.	Steel Profiles Accessories, Windows & Door Frames
40.	Steel Sections & Rebars
41.	Steel Wire Rope
42.	Submerged Arc Welded (SAW) Pipes
43.	Titanium Tubes
44.	Ultra Thin Aluminium Foil
45.	Welding Electrodes
46.	Zinc Smelter

GOIC Range of Services

Numerous studies and services have been requested from GOIC over the years, ranging from major industrial policy studies to reports on specific industries and products. In addition GOIC has served the private sector through its MIOP program, consultancy services and other programs and activities. These services include expert opinion on industrial matters, data provision, project evaluation and various studies.

INDUSTRIAL INVESTMENT PROMOTIONS SECTOR
<ul style="list-style-type: none">❖ Investment Opportunities❖ Project Identification❖ Feasibility Studies❖ Multi-Client Study Reports❖ Sectoral Studies❖ Consultancy Assignments❖ Technical Training❖ Technical Assistance❖ Industrial Coordination❖ Industry Conferences & Workshops❖ Subcontracting & Partnership Exchange

INDUSTRIAL & ECONOMIC INTELLIGENCE SECTOR
<ul style="list-style-type: none">❖ Data Collection & Processing❖ Databases Development & Management❖ Strategy & Policy Studies❖ Sectoral Overviews❖ Consultancy Assignments❖ Regional Policies❖ Country Programs❖ Trade Support❖ Publications❖ Library resources

Through its work, GOIC has built-up unrivalled knowledge and contact networks covering the GCC region, and industrial sectors. GOIC has become an established source of information on the GCC countries. This has been achieved through maintaining good contacts and effective institutional relationships with ministries, official bodies and organizations, existing industrial establishments as well as other regional Arab and international organizations.

Consultancy assignments are tackled by specially created task forces drawn from the various technical departments, as needed, in order to provide the most comprehensive reports and appropriate advice.

From its inception, many specialized assignments have been completed.

GOIC is well-equipped and experienced to conduct this important Sector study.

9. QUESTIONS REGARDING THIS PROPOSAL

Any question regarding the proposal or for further information please contact the following personnel:

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10 . Order Form

Subscriber Data

Full Name : _____
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 Company : _____
 P.O. Box : _____ City: _____ Country : _____
 E-mail address : _____
 Tel. : _____ Fax : _____

Agreement

We wish to subscribe to the GOIC Study on "Stainless Steel Sector in the GCC" and understand that:

1. The cost of the study is US \$ 5,000 (Five Thousand US Dollar)
2. We shall pay GOIC the applicable fee stated above.
3. We will receive one (1) copy of the report. We will also receive the report in PDF format on a CD-Rom.
4. We nominate the person named in the Subscriber Data, above to whom the Report should be sent.
5. Except for the information that is or becomes generally available to the public in printed publication, or is already in our possession or developed independently by us or is received by us in good faith from a third party, any information in the subject study is for the sole and confidential use of our company and our affiliates in which we possess more than 50 percent share. Said information may be used in our research and commercial activities on a confidential basis.
6. We agree to use reasonable care to protect the confidential nature of this Report. Our foregoing obligations shall, in no event, continue beyond three (3) years from the date of publications.

Payment Method

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Identifying & Advancing Industrial Enterprise



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