

Arab Steel Magazine

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تصدر عن الاتحاد العربي للحديد والصلب



## الرسوم الأمريكية الجديدة وتأثيرها على الدول العربية

New US Steel Tariffs and Their  
Impact on Arab Countries

إنعاش صناعة طلاء اللفائف المعدنية  
في المملكة العربية السعودية

يونيكويل  
UNICOIL

لقاء مع شباب  
م.شايب ستي صفيان  
مدير عام مساعد  
الجزائرية القطرية للصلب



بروفایل شركة فولاذ البحرين

فولاذ  
FOULATH

### MAGAZIN FIGURE

**Dr. Mohamed AbdulMalek  
Al Faqih**

Chairman of Libyan Iron and Steel Co  
( LIBYA )

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**د. محمد عبد الملك الفقيه**

رئيس مجلس ادارة الشركة الليبية للحديد والصلب  
( ليبيا )

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## Successful Journey through Tough Times towards Fair Market Competition

### A True story of Saudi Coil coated industry Successful Journey through Tough Times towards Fair Market Competition

(A True story of Saudi Coil coated industry)

**Eng. Rayed A. Al-Ajaji**  
**CEO – Universal Metal Coating Company**



Kingdom of Saudi Arabia is the largest Arab state in GCC (Gulf Co-operation Council consisting of Saudi Arabia, UAE, Kuwait, Qatar, Oman and Bahrain) by land area approximately 2,150,000 km<sup>2</sup> which is 80% of area in GCC. It has a population of 31 million accounts to 60% of GCC. It is the only Gulf state bordering the Red Sea coast and the Arabian Gulf coast. Saudi Arabia is mainly oil-driven economy, the world's second-largest producer and exporter of oil, and is ranked 25th on the list of steel producing countries. The apparent Steel usage (in terms of finished steel) in Saudi Arabia for the year 2017 was 12.9 Million Mt and the domestic crude steel production was 6.3 Million Mt. Imports covered the difference of 51% of consumption, making KSA a net importer of steel products.

The demand for steel in the Kingdom is expected to reach 15.1 million Mt by 2020, an average growth rate of 5.0%. Flat steel products (hot rolled, cold rolled, galvanized steel, and pre-painted steel) account for 32% of the total steel consumption in the Kingdom. The year 2015 witnessed huge investment in projects in the Kingdom totaling US \$ 106 billion, equivalent to 58% of the total volume of investments in the GCC countries combined, highlighting the strength of the Saudi national economy until 2015, before the repercussions of the oil price crisis in 2016. Although the demand for steel products has fallen below its normal levels in the last two years, the huge economic growth in the

Kingdom is expected to gradually increase steel demand meeting The Saudi VISION 2030.

Highlighting the Saudi steel industry in particular and the GCC in general in the recent years, galvanized pre-painted steel industry faced tough challenges, especially the pre-painted steel coils.

78% of pre-painted steel coils are used for outdoor works in the construction industry, 10% for indoor works, followed by 10% for electrical equipment and 2% for home appliances.

40% of the products are sold to consumers directly, while 60% are sold through traders and service centers. There are three coil coaters, with four lines, in Saudi Arabia with a total annual capacity of 380,000Mt and in UAE there are another three coil coaters, with four lines. Unlike coil coaters in Saudi Arabia, coil coaters in UAE coat both Aluminum and Steel.

So the annual capacity can vary between 280,000Mt to 420,000Mt, depending on the % of Aluminum contents. The total annual capacity of six coil coaters in the whole GCC is 600,000Mt to 700,000Mt and it is expected to reach 850,000Mt by end 2018 with addition of one more line in UAE, as shown in Fig.1

The consumption of pre-painted steel during 2015-2017 is shown in the graph-2 below, which shows a decreasing trend both in Saudi Arabia and GCC, reaching 510,000Mt in GCC and 180,000Mt in Saudi Arabia, much lower than Saudi Arabian designed capacity of 380,000Mt.

Fig -2 shows the consumption of Pre-painted Galvanized steel for 2015-2017.

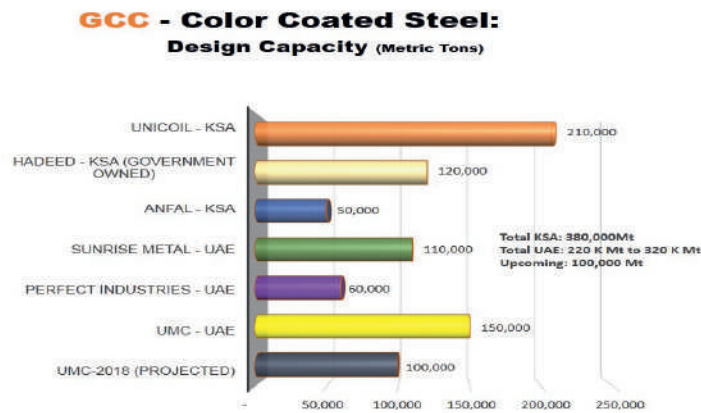


Fig.1

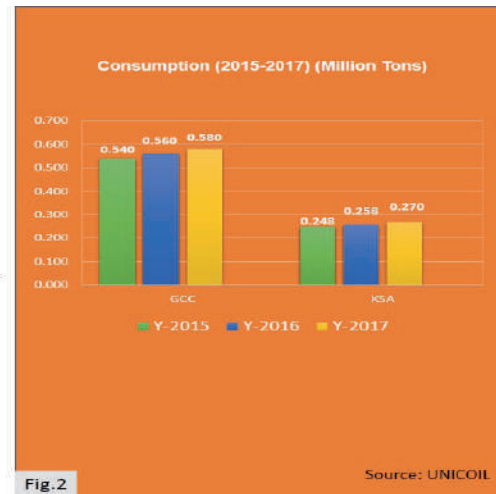
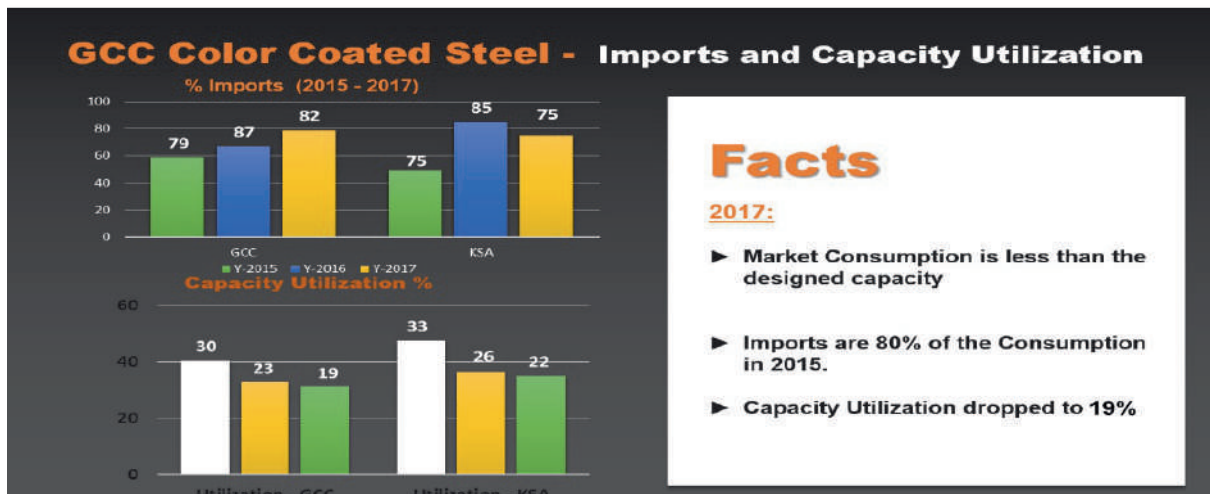


Fig.2

The imports, which are presented as a percentage of consumption in Fig 3 reached 80% and the capacity utilization of Saudi Arabian mills showed a decline to 22% and 19% in GCC mills, as shown in Fig 4.

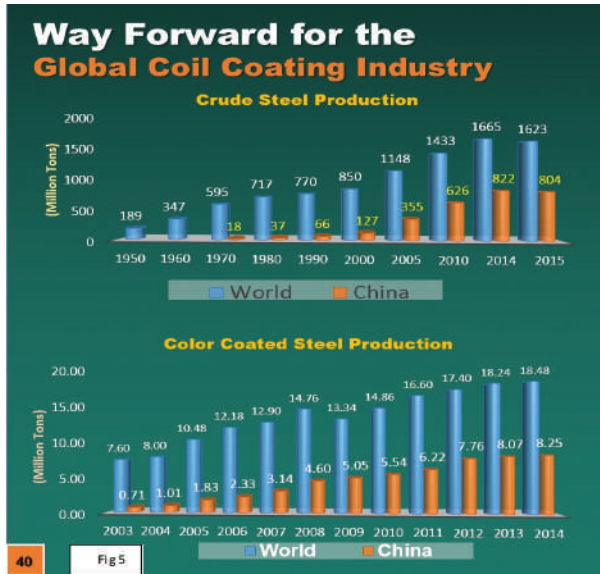


In the context, a comparison is made between the global steel production Vs. China productions and exports. Chinese crude steel production was close to 50% of global crude steel production in Y-2017, and the steel exports from china reached 107 Million Mt, which is 13.6% of Chinese steel production and it caused tremors in the global steel markets.

A similar data for pre-painted steel shows

production of coil coated steels is 44% of global production. Exports of coil coated steel from China reached 6.3 Million Mt (77% of its production) and caused a "Tsunami" effect – which was mostly felt in **Saudi Arabia and GCC, as other regions have their own protection mechanisms while the GCC and Saudi Arabia did not have.**

The following Figures (5 & 6) give the details of production and exports for crude steel and coil coated steel respectively.



Chinese steel exports are the game changer for the global market

The gap between Steel Production and Consumption in China is widening.

The excessive volumes of Steel Products are pushed into Global Market.

Steel Exports reached 107MMT in 2017 - 13.6% of Chinese Steel Production and created Cyclone in Global Steel Markets.

Export of Color Coated Steel reached 6.3MMT – 77% of Chinese production and the effect is “TSUNAMI”!!!!!!

40

Fig 5

Fig 6

Source: World Steel.org

UNICOIL (Universal Metal Coating Company) is a private sector company, which took a voluntary lead in its efforts for the revival of the coil coated industry, was established in 1997, as a Joint venture between Bluescope steel (Formerly BHP steel), Zamil Holdings and Rashed Al-Rashed, for production of pre-painted steel with an annual capacity of 120,000Mt.

In 2001, UNICOIL became a 100% Saudi owned company. In 2004, UNICOIL has undergone backward integration and established a Cold Mill Complex for production of 250,000Mt of Galvanized steel. In 2007, UNICOIL acquired another Coil coating company in Jeddah, increasing its capacity for production of Pre-painted Galvanized steel to 210,000Mt per annum and is the largest manufacturer of Pre-Painted Galvanized steel in the Middle East. For further details on UNICOIL, reader is requested to visit the company’s website [www.unicoil.com.sa](http://www.unicoil.com.sa)

Situation in 2013 for Saudi Coil coating industry is summarized below:

- Inability to Compete with Low-Priced Imported Products
- Low Capacity Utilization and Continued Financial Losses
- Closure of Two Coil Coating Lines – one in UAE & one in KSA (Jeddah)
- Absence of National Standards
- Lack of Regulations & Controls
- Lack of Protection & Inadequate Support from Government
- Lack of Specialized Laboratories
- Absence of a Coil / Metal Coating Association

The multifaceted action plan to address the precarious/grave situation started with a massive research of purchasing sample sheets of imported materials, along with invoices, from various segments of the market in the kingdom and testing them in UNICOIL laboratory and three other independent laboratories in the kingdom. Samples are retained for any future reference. The parameters tested were, Thickness, Paint thickness, Zinc coating mass and lead in paint.

The study discovered many violations of the parameters not meeting the specification requirements, as the components of a Pre-painted galvanized sheet cannot be seen by naked eye. Violations are summarized below:

- Thickness tolerances of ASTM standard been implemented on the extreme end of the negative side.
- Thickness on labeled imported products mismatch the actual measured thickness.

- Paint thickness is lower than ASTM standards for Pre-Painted Galvanized Steel.
- Non-disclosure of zinc coating mass on products' labels sold to end user.
- Presence of high Lead levels in organic coating and zinc coating are far more than the maximum Lead limit of (90 mg/kg).
- No origin declaration on the final sales unit sold to the end users (Linear Meter / Sheet).

The following table shows the minimum and maximum limits measured against international standards.

PARAMETER	STANDARDS	Imported (actual)
Sheet's Thickness	<sup>1</sup> Declared on Product's Label(0.32mm)	Detected 0.26mm
Zinc Coating Mass	<sup>2</sup> Recommended Minimum(180gm/m <sup>2</sup> ) <sup>3</sup> Mandatory Minimum of (90gm/m <sup>2</sup> )	Detected 18gm
Paint Thickness	<sup>4</sup> Recommended Minimum(30 Mic.)	Detected 13 Mic
Lead in Paints	<sup>5</sup> Mandatory Minimum(90mg/kg)	Detected 4,555mg/kg

- <sup>1</sup>Tolerance as per ASTM Standard A924-15
- <sup>2</sup>Tolerance as per ASTM Standard A755-15
- <sup>3</sup> Mandatory Minimum as per SASO ASTM A755-15
- <sup>4</sup> Tolerance as per ASTM Standards A755-15
- <sup>5</sup>Mandatory for Primer and Backer and advisory

note for top coats as per ASTM A 755-16 UNICOIL continued its research at different periods over a duration of 2 years and the following table shows the increase in trend of violations for each parameter tested.

Subsequent to this valuable discovery of violations, the challenges are summarized as below:

Excessive imports from Far East in terms of:

- ▶ Volume
- ▶ Commercial parameter violations
- ▶ Technical parameter violations
- ▶ Health and environmental violations
- ▶ Prices below production cost

Leading to Unfair Competition to the Local Manufacturers...!!!

At this juncture, UNICOIL had two options, "Follow the Existing Practices in the Market" Or "Change the existing Practices in the Market"

and UNICOIL adopted the 2nd Option – a Tough Option and made an action plan to address the challenges.

The actions to address the External challenges are identified as:

1. Educational Awareness Campaigns & Website
2. Regulatory Controls (Revision of Standards, PTD and Activation of the GCC Safeguard Instrument)

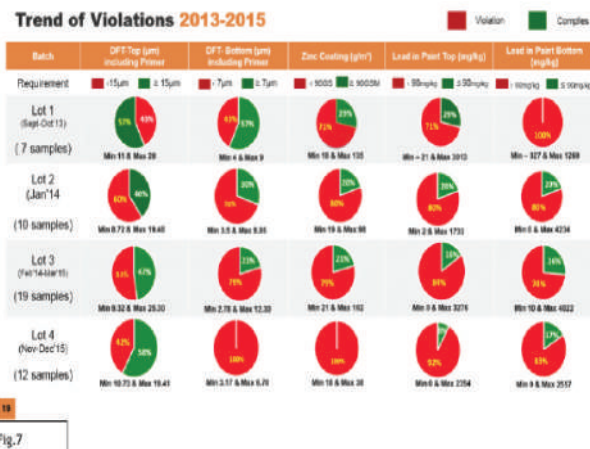


Fig.7

Few internal actions are also identified for making UNICOIL cost competitive and provide extra services to its customers, which are given below:

1. Partnership and Product Diversification
2. Cost Reduction & Downstream Projects
3. Acquiring Quality Marks & Lab Accreditation
4. Free Laboratory Test Services

**External Educational Awareness Campaign...**  
**Creation of Infrastructure for Education**

يونيكويل UNICOIL  
إعرف صاجك الشبيكو  
Know Your PPGI Sheets

**Target Audience**

**A Multilingual Social & Educational Campaigns (Arabic, English, Urdu and Tagalog) Addressed to:**

1. Governmental Agencies
2. Steel Traders / Stockiest
3. Industrialists
4. Steel Fabricators
5. End Users
6. Public at Large

**Tools**

- Seminars
- Newspapers
- Flyers: 2.5million
- Weekly E-mails
- Outlet Roll-Ups
- FM Radio Campaign
- Street Signs & Unipoles
- Specialized Periodicals
- Social Media
- Educational Website

Fig.8

UNICOIL established an infrastructure, as shown in the Fig 8 below, to educate various segments of the society on “product specifications and the impact of the violations on the performance of product, environment, and human health and on commercial parameters”. An informative educational website, was also created for all the agencies of the society, which can be accessed at any point of time.

As trade remedy instruments were not enforced in the GCC, UNICOIL first engaged with the competent authorities in the GCC to make them acknowledge that domestic industries are injured by unfairly traded and/or rapidly increasing imports and seek the imposition of trade remedies. Further to an application filed by UNICOIL, evidencing that significantly increasing imports are causing serious injury to the domestic industry, on 9 June 2016, the GCC initiated the first ever safeguard investigation. This action was hailed by many. Even the Saudi Minister for commerce and investment said “It is a Historical achievement”.

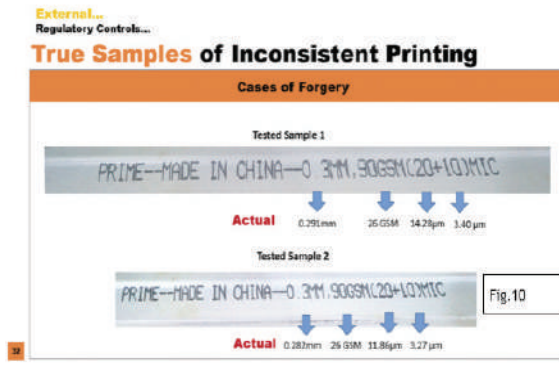
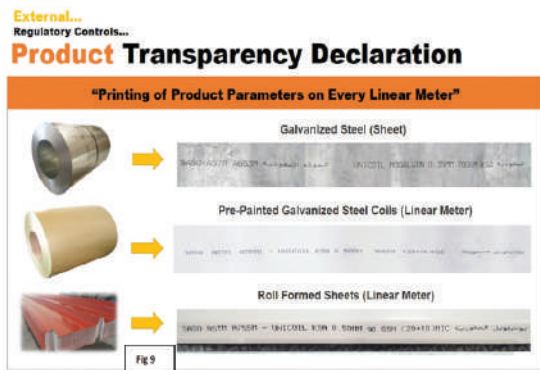
Another important action was to establish National standards with a view to activate regulatory mechanism for testing the products by the customs at the borders. This involved discussions at ASTM (American Society for Testing of Materials) for necessary revisions, as the National standards body, SASO (Saudi

Standards and Metrology Org), adopts ASTM standards. During the period of 2 years, three revisions were made in the relevant ASTM standards of ASTM A 653 and ASTM A755, incorporating limits on Lead in Zinc and Paint.

Simultaneous discussions with SASO resulted in SASO accepting to establish National standards with inclusions that are applicable to local conditions, apart from the revisions made by ASTM. The significant inclusions in SASO standards are “Mandatory Minimum zinc coating mass of 90gsm for pre-painted galvanized steel, max lead limit of 90mg/kg in paint for all layers and mandatory product marking on every linear meter of the product parameters, along with SASO standard number, Manufacturer’s name and the country of manufacturing, an example of such marking is given in the Fig 9 below:

Interestingly, as a result of UNICOIL’s educational campaign, products from Far East started to appear with product marking, similar to what UNICOIL was doing. However, when such products with product marking were collected from the Market and tested, the violations remained the same as before proving this to be a simple case of forgery. Fig 10 shows an example of such inconsistent printing.

This prompted UNICOIL to alert the customers and end users, of the inconsistent printing on imported materials,



though "Your Right" campaign. As there are no specialized laboratories in the kingdom for testing of the pre-painted products, UNICOIL, whose Laboratory is accredited by ILAC's full member, DAC (Dubai Accreditation Center) offered free Laboratory testing services to all agencies, including the courier charges, as part of its commitment to social responsibility. UNICOIL has taken up a massive campaign of educating the customs personnel at all the ports and borders of Saudi Arabia, explaining the importance and methods of sample collection, significant parameters to be inspected/tested, the acceptance criteria etc., for determining their compliance with the newly established SASO standards for the coated steel.

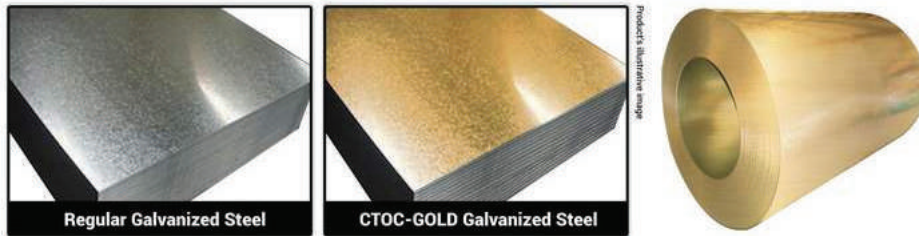
Further, as part of internal improvement to provide and derive customer satisfaction, UNICOIL entered into a Technical partnership with an European Paint company and installed an in-house paint mixing station to reduce the delivery lead time to less than a week from the usual four weeks period and also reduced the Minimum order quantity from 25Mt to 5Mt, providing benefits to its valued customers. The technical partnership also enabled product diversification at UNICOIL to serve multifarious segments of the Market. Simultaneously, with its in-house Technical Knowhow, UNICOIL has enlarged its product portfolio in terms of Minimum thickness and Maximum thickness of its products. The present Minimum thickness capability of Pre-painted galvanized steel is

0.22mm vs designed minimum thickness of 0.25mm. The present max thickness capability of Pre-Painted Galvanized steel is 1.50mm Vs designed maximum thickness of 1.20mm. Establishing the downstream units such as slitting lines, cut to length lines and roll forming lines is yet another action that made customers to find all products under one roof, thus making UNICOIL as the most preferred supplier. UNICOIL achieved nine quality Marks &Accreditations which include Quality Marks from "SASO (Saudi Standards, Metrology and Quality Organization) and ESMA (Emirates Authority for Standardization and Metrology), JSMO (Jordan Standards and Metrology), KQM (Kuwait standards Organization) and is certified for ISO 9001, 14001 and OHSAS 18001, Laboratory accreditation by DAC (Dubai Accreditation Center). The latest being the ISO/IEC 27001 Information Security Management Systems. Acquiring such quality marks and accreditations in the neighboring countries provide opportunities for UNICOIL to participate in establishing the National standards in the regional countries across GCC.UNICOIL's efforts have been successful in preventing the increase in imports of Pre-painted steel to the GCC countries. The decision to apply safeguard duties with effect from May 15, 2018 has been issued for 3 years. The issue of prevention is the first of its kind in GCC, and UNICOIL has made strenuous efforts during which it has faced many challenges.



## Saudi Arabia

### UNICOIL DEVELOPS COLORED THIN ORGANIC COATING GOLD (CTOC-GOLD) ON GALVANIZED STEEL



Continuing the spirit of innovative solutions for galvanized product applications, UNICOIL is pleased to introduce MOGALVIN Colored Thin Organic Coating GOLD (CTOC-Gold). – A Hot Dip Galvanized Steel tinted with Gold Colored Film.

CTOC-Gold is a special layer of coating that combines polymers and organic compounds tinted with gold color, thereby providing steel with clear advantages such as improved corrosion resistance,

lubrication for fabrication, finger print resistance and aesthetics over traditionally passivated galvanized steel.

CTOC-Gold is suitable for both interior and exterior applications giving a perfect balance of aesthetics and performance, perfectly suited for HVAC, Construction, Metal Furniture, Kitchen cabinets and many more applications.

CTOC-G is an extension of Galvanized Steel Application and is not a substitute for Pre-Painted Galvanized Steel (PPGI).

UniCoil

## Morocco

### Morocco's Sonasid gains ground in 2017

The largest Moroccan long steel producer – Sonasid – managed to significantly improve its financial performance last year owing to higher operational efficiency. In general better conditions in the global steel market contributed to stronger results as well.

In 2017, Sonasid increased sales revenue by 21.5% to more than MAD 3.6 billion (\$397.9 million) year- on- year, according to the corporate financial report. The rise of average selling prices, supported by rather favourable developments in the global market, became one of the main drivers of positive dynamics revenue, despite

insufficient domestic demand. “Long products demand was impacted by softening of the construction market during the past few years. Housing starts have dropped, both in the real estate and self- build homes segments,” Amin Abrak, CEO of Sonasid, told Metal Expert during the interview.

In addition, being traditionally focused on the domestic market needs, last year the company tried its hand in exports, which contributed to higher results. Sonasid delivered the first lots of wire rod to the US, the total volumes exceeded 20,000 t, according to US Census data.

Metal Expert