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STEEL INDUSTRY IN EGYPT
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1. ECONOMIC OVERVIEW

- **Geographical location:** The geography of Egypt relates to two regions: North Africa and Southwest Asia. Egypt is located in the extreme Northeast of Africa. Crossing from South to North is the Nile River that flows into the Mediterranean Sea.
- **Population:** 92 million (2016)
- **Capital:** Cairo
- **GDP:** \$332.3 billion (2016 est.)
- **Currency:** EGP (Egyptian Pound)
- **Area:** 1,010,407.87 km²
- **Official language:** Arabic
- **Industry:** agriculture, automotive manufacturing, construction industry, steel manufacturing, cotton cultivation and textile production, tourism industry, petrochemical industry and consumer electronics manufacturing sector. Its banking industry is also one of the most developed in the region.
- **Exports:** natural gas, and non-petroleum products such as ready-made clothes, cotton textiles, medical and petrochemical products, citrus fruits, rice and dried onion, and more recently cement, steel, and ceramics.

2. INTRODUCTION

The iron and steel business is an important and strategic industry for any given community as it plays a key role in developing the industry and the economy as a whole.

The Egyptian steel sector is the second largest steel market in the Middle East and North Africa region in terms of production and the third largest in terms of consumption.

The Egyptian steel industry represents one of the cornerstones of Egypt's economic growth and development, due to its linkages to almost all other industries that stimulate economic expansion such as construction, housing, infrastructure, consumer goods and automotive. All these industries rely heavily on steel industry and so the importance and development of the steel sector is imperative for the progress of the Egyptian economy in general.

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3. LOCAL STEEL MARKET

The Egyptian steel sector relies heavily on rebars that account for around 80% of all steel sales in Egypt. For production of rebar, steel billets are used as raw materials. In general, the types of steel produced in the Egyptian market consist of:

- **Carbon steel:** includes long and flat steel. The long steel consists of many types, the most important are reinforced bars, spring flat bars and bulb flats. The flat steel consists of coils and sheets. There are also other types of carbon steel such as chains, welding wires and forgings.
- **Stainless steel:** includes also long and flat steel. The long steel consists of bright shafting bars, tubes and pipes. The flat steel consists of coils and sheets that may be decorative and etched.
- **Special steel:** includes alloy steel, bimetal, heat resistant steel, steel fibers, high-speed steel and mould and tool speed.

Annual production is running at some 6.5m tons, although this is as much as 3.5m tons below the overall capacity of the industry by some estimates. The sector has also been hit by the gas shortage affecting the country.

Imported steel currently accounts for about 20% of the local market and is making life particularly difficult for smaller local players. Even including the 8% import tariff on steel, domestically produced steel sells at a premium of up to 13% to the most expensive imported steel from Turkey. Indeed, Egyptian steel is selling at \$560 per ton, compared to a maximum import price of \$490 per ton.

Import countries: Italy, India, France, Lebanon, USA, Turkey, China, Germany

Export countries: Belgium, USA, Spain, Austria

Egyptian Foreign Trade with EU:

| Value in Million € | 2012 | 2013 | 2014 | 2015 | Growth Rate % |
|--------------------|------|------|------|------|---------------|
| <u>Exports:</u> | | | | | |
| Metal and steel | 549 | 494 | 540 | 442 | -18 |
| <u>Imports:</u> | | | | | |
| Metal and steel | 1719 | 1479 | 1492 | 1314 | -12 |

Types of steel companies in Egypt:

1. Companies producing strategic raw materials and final product,
2. Companies producing the steel final product from scrap product,
3. Rolling mills.



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|---------------------------------|--------|--|--------|---|
| Misr National Steel Co. | Rebars | | Public | https://www.misrns.com/ |
| National Port Said Steel (NPSS) | Rebars | | PP | http://www.egyptian-steel.com/Companies-and-Factories/National-Port-Said-Steel-Company-(NPSS).aspx |

Market Share

- Ezz Steel: 50%
- Beshay Steel and Solb Misr: 30%

Metal and steel companies listed in the Egyptian Stock market

1. Egyptian Iron and Steel
2. Ezz El Dekheila Steel
3. Misr National Steel (Ataqa)

Factors affecting the price of the product

1. The value of the raw materials used in production
2. Labor wages
3. Electricity prices
4. High sales tax

4. SWOT ANALYSIS

| | |
|------------------|-----------------|
| Strengths | Weakness |
|------------------|-----------------|



