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The steel industry in Egypt

Publicatiedatum / 16.12.2019

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# 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 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 significant for the progress of the Egyptian economy in general.

The Egyptian market has many companies that produce different steel products. The flat steel market in Egypt has only four players which are:

* EZDK Company,
* Egyptian Iron and Steel Company,
* Ezz Flat Steel (EFS) Company (also owned by Ezz group and started producing flat steel in 2016),
* Kandil Steel.

# Steel market

The annual production is approximately at 750 thousand tons. 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 mold and tool speed.

## Import & Export of Steel

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** | **Export countries** |
| Italy | Belgium |
| Belgium | Italy |
| France | Netherlands |
| Netherlands | Spain |
| UK |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Value in Million € | 2016 | 2017 | 2018 | Growth Rate % |
| Exports:  Metal and steel | 89 | 373 | 346 | 60 % |
| Imports:  Metal and steel | 444 | 616 | 791 | 78% |

Table 1: Egyptian Foreign Trade with EU

## Steel production in Egypt

Steel production in Egypt increased to 515 thousand tonnes in October 2019 from 496.67 thousand tonnes in September 2019. Steel production in Egypt averaged 398.53 thousand tonnes from 1991 until 2019, reaching an all-time high of 750 thousand tonnes in May 2019 and a record low of 48 thousand tonnes in November 2016.

### Types of steel companies in Egypt

* Companies producing strategic raw materials and final product
* Companies producing the steel final product from scrap product
* Rolling mills

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

# STeel manufacturers

|  |  |  |  |
| --- | --- | --- | --- |
| Steel manufacturers in Egypt | | | |
| Company | Products | Sector | Website |
| Al Zamil Steel | * Structural Steel Buildings | Private | <https://www.zamilsteel.com/> |
| Beshay Steel | * Rebars * Wire roads * Profiles and angels * Steel billets | Private | <https://www.beshaysteel.com/> |
| Delta Steel Mill | * Rebars * Cold drawing * Wire mesh * Casting | Private | <http://www.deltasteelmillco.com/> |
| Ezz El Dekheila Steel Company | * Rebars * Wire roads * Welded wires * Hot rolled coil | Private | <http://www.ezzindustries.com/main.asp?pageID=14> |
| Egyptian Iron and Steel Co. |  | Public | <http://www.hadisolb.com/EN_SITE/hadisolb_en.html> |
| Egyptian Steel |  | Private | <http://www.egyptian-steel.com/> |
| Kandil Steel | * Flat steel * Steel sheets | Private | <http://www.kandilindustries.com/kandilSteal.html> |
| Kouta Steel Group | * Ribbed steel bars * Steel long square bars * Steel long flat bars | Private | <http://www.koutasteelgroup.i8.com/> |
| Misr National Steel Co. | * Rebars | Public | <https://www.misrns.com/> |

### Market Share

* Al Ezz Dekheila Company 53%
* Egyptian iron and Steel Company 23%
* EFS Company 13%
* Kandil Steel 11%

### 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)

# SWOT Analysis

|  |  |
| --- | --- |
| **Strengths**  The steel industry in Egypt represents an important aspect to the economy.  The production of steel in Egypt depends heavily on rebar that is an important input to the construction industry. | **Weakness**  Increasing imports from Turkey and China. |
| **Opportunities**  Due to the disequilibrium in international markets, the price of steel is increasing at high levels. This implies that exports of steel could be profitable. | **Threats**  The steel industry is a very risky business; there are high price fluctuations that can lead to many losses for producers. Coming competition from India and China is a major threat for local steel producers. |

# Steel Exhibitions in Cairo

|  |  |  |
| --- | --- | --- |
| Fair | Dates | Website |
| Metal & Steel Exhibition | 27-29 February 2020 | https://www.metalsteelegy.com/ |
| *International Exhibition for Steel, Steel Fabrication, Metal Forming, Fabricating and Finishing"* | | |

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