



The Metal Sector

Q2 2017



Strategic Perspective

- **The metal sector is one of the 6 six strategic sectors of Dubai Industrial Strategy DIS 2030. The sector contributes around 9% to the manufacturing value added. One of the main enablers to boost the aluminum sector value addition is the strengthening of the downstream industry**
- **The construction sector is the backbone of the consumption of the metal products, the construction sector contributed 7% to the GDP of Dubai in the half year of 2016 and stood in the 4th position among all economic activities with respect to contribution to GDP as per latest national accounts**
- **The prospective demand will be mainly driven by the Expo2020 projects, The Etihad Rail, and Albarka nuclear power stations**
- **On this account the metal sector is estimated to grow at double digits during the next 5 years**
- **Supply and Demand**
- **Current steel consumption in UAE is estimated to exceed 10 million tons per annum by 2017, while aluminum consumption is estimated at 380,000 tons per annum**



- **Production of steel in UAE is currently estimated at around 3 million tons per annum against a demand of around 13 million tons, creating a gap of around 10 million tons per annum**
- **The situation in aluminum is different, the production estimate is around 2 million tons per annum while consumption is 380,000tons per annum**
- **The local demand need to be boosted by expanding the aluminum downstream industry**
- **Prices:**
- **BMI consider price of aluminum to rise in the next few years but not to the level attained in 2011-2012 to average 1900 US\$/ton in 2016 Steel prices will tend to lower to likely estimate 535US\$ per ton in 2016**

Exports prospects

- **Aluminum export will see increase due to more demand in Saudi and Turkey.**

SWOT

Strengths

- **Favorable Electricity prices which bolster margins and cushions against a downturn in steel prices.**
- **Aluminum industry benefits from a low energy price**
- **benefit from the construction of four nuclear power plants in the UAE.**
- **Steel industry in UAE is well diversified both in terms of sales and types of steel produced.**
- **Aluminum domestic production will benefit from planned construction projects.**



Opportunities

- iron ore prices expected to remain weak over the coming years, which will provide support steelmakers.
- Turkey is seen as a major steel importer over the coming years, particularly for high-quality products.
- Rapid growth in Dubai's transport sector ahead of the World Expo 2020.
- Turkey is seen as a major aluminum importer over the coming years, particularly for high-quality products

Threats

- Carbon Steel world price tend to lower to average USD535/tonne in 2016.
- Steel demand from China is set to slow with the economy moving away from public investment and towards private consumption
- Aluminum prices will remain low over the medium term as over capacity continues.
- Demand from China is set to slow down with the economy moving away from state investment and towards private consumption

Table 1 Estimated current number of factories and production capacity of Aluminum products in UAE and GCC

	UAE		GCC	
	# of factories	Capacity 000 tons	# of factories	Capacity 000 tons
Primary Aluminum	2	+1735	5	3551
Semi Finished				



Aluminum bars, rods and Profiles	9	169	21	466.5
Aluminum plates, sheets and strips	1	33	2	209
Aluminum powder and flakes	0	0	1	8
Aluminum ingots	14	89	37	212
Aluminum wires, Cables, plaited bands	5	42	19	404.8
Aluminum wheels	0	0	1	20
Total Semi – Finished Products	29	333	81	13203
Construction Products	165	95	746	556.4
Household utensils & articles	5	6.7	43	32.0
Aluminum Casks, drums, cans, boxes	6	26.5	20	119.7
Aluminum foil	10	17.5	30	74.3
Other articles of Aluminum	31	10.5	105	108.8
Total Final Products	217	156.2	944	891.2
Grand Total	248		1030	

Trade performance

- **Export performance**
- **Export of aluminum touched 16.2 Bill AED in 2016 accounting for 11% of total Dubai exports (143 Bill AED)**



- In 2016 88% of export of Aluminum were unwrought aluminum ,other less important exports were aluminum scrap(4%),bars and rods(2.5%),drums and cans(1.8%),plates and sheets(1.4%) and structures(1.0%)

Table 2 Import substitution investment opportunities

- Imports which can be considered for import substitution investment are shown in table .
- The value of imports can be found in table 3

	% of IMports
7606 Plates & Sheets	38%
7607 Foil	14%
7612 Drums and Cans	13%
7610 Structures	9%
7615 Household	6%
7604 Bars/Rods/ Profile	6%

Table 3 Export of Aluminum from Dubai 2016

Row Labels	Sum of Value (Dhs)
EXPORT	16,153,725,203
7601	14,129,671,244
7602	648,396,314
7604	424,240,870
7612	319,208,479
7606	220,895,215
7610	166,475,249
7605	70,083,500
7607	65,034,887
7616	60,001,888

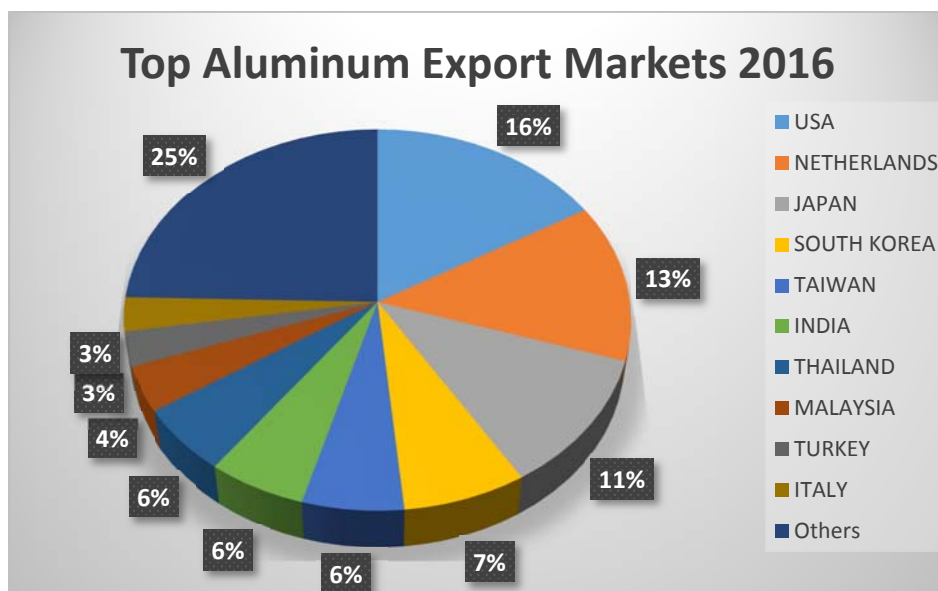


7615	39,298,673
7608	8,159,914
7603	1,161,523
7609	838,836
7611	254,921
7614	3,690
IMPORT	3,851,590,944
7606	1,472,955,993
7607	528,134,369
7612	485,511,200
7610	354,405,187
7615	240,082,228
7604	237,565,396
7616	188,073,622
7601	141,957,993
7602	73,904,466
7609	37,625,708
7605	35,185,096
7613	20,082,462
7608	14,462,918
7603	11,081,618
7611	5,526,477
7614	5,036,211
RE-EXPORT	452,774,046
7615	110,310,920
7606	105,105,788
7616	57,862,782
7607	50,203,847
7610	48,801,148
7614	16,753,735
7601	16,441,975
7604	10,789,871
7612	9,157,418
7602	8,271,529
7608	6,275,928



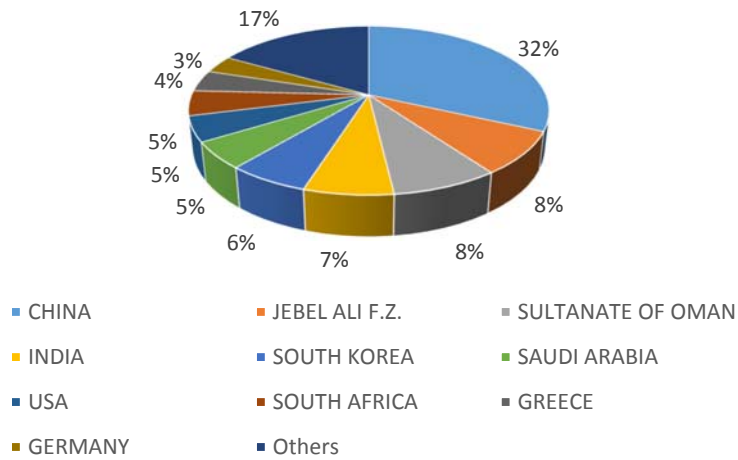
7613	4,025,200
7605	3,662,065
7603	2,915,622
7609	2,034,912
7611	161,304

Grand Total 20,458,090,193

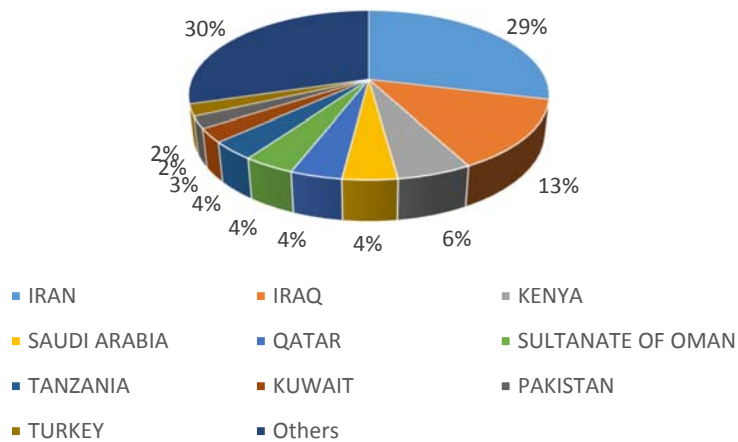




Top Aluminum Import Origins 2016



Top Aluminum Re-export Markets 2016





Steel

- **Export of steel made about 4% of total exports from Dubai in 2016. Imports stood at 21.4 Billion AED in 2016 indicating a good potential for import substitution manufacturing**
- **Top export markets are global including Middle East ,UK and USA, while top re-export markets were within the Middle East. Imports comes mostly from China with a stake of 26% followed by India at 11% and Turkey at 10%**

Dubai Steel Trade in 2016

EXPORT	5,617,170,571
7308	1,689,228,726
7204	1,267,832,617
7306	340,204,852
7210	297,137,571
7213	209,730,382
7303	171,769,506
7216	160,204,573
7323	140,100,921
7214	138,835,636
7309	132,874,947
7318	119,523,089
7304	105,908,027
7217	94,295,822
7326	72,616,879
7310	70,717,977
7317	65,138,555
7314	58,959,561



7311	55,124,213
7307	52,323,355
7325	50,003,049
7312	48,711,343
7219	38,004,263
7226	35,910,124
7212	27,748,448
7305	23,121,856
7222	17,171,295
7324	14,044,433
7203	13,897,201
7320	13,627,663
7223	12,178,115
7302	11,249,611
7208	10,212,810
7321	7,530,212
7227	7,043,615
7209	6,958,303
7228	6,442,275
7224	5,642,969
7225	5,101,025
7301	4,167,451
7211	3,661,653
7315	3,273,022
7218	3,122,148
7207	2,421,974
7221	1,797,317
7313	1,230,914
7215	304,186
7220	44,370
7322	11,007
7316	10,184
7319	524
IMPORT	21,367,508,755
7208	2,166,001,982



7214	2,023,134,892
7210	1,806,006,105
7308	1,776,786,393
7304	1,752,311,871
7207	1,434,054,615
7307	1,289,111,393
7318	998,942,946
7216	910,436,799
7306	873,759,724
7326	829,669,320
7225	753,392,742
7219	729,766,021
7323	576,816,700
7209	274,920,629
7312	268,072,639
7228	236,451,100
7321	211,348,628
7217	210,403,062
7325	201,098,079
7324	184,755,576
7213	176,188,183
7227	139,662,147
7311	135,038,913
7305	115,333,197
7310	115,277,527
7320	110,152,664
7222	102,320,118
7309	98,966,321
7317	78,908,534
7204	74,152,560
7315	68,621,073
7212	67,720,833
7303	60,188,496
7202	58,161,749
7301	54,128,217



7314	50,369,766
7211	46,847,406
7223	43,432,232
7221	37,074,752
7226	28,990,943
7229	27,712,849
7215	27,241,618
7220	27,013,460
7302	24,594,875
7205	23,658,235
7316	21,627,267
7322	19,379,963
7313	7,801,713
7201	5,271,347
7319	5,071,403
7224	3,169,782
7218	2,853,624
7203	1,885,707
7206	1,450,065
RE-EXPORT	4,087,822,878
7323	659,763,480
7304	597,233,332
7307	354,298,096
7308	326,774,423
7318	324,923,845
7214	287,599,228
7326	245,452,604
7216	141,616,457
7208	135,241,859
7210	134,555,990
7306	111,563,751
7324	74,555,355
7219	73,973,890
7225	69,396,864
7321	54,546,021



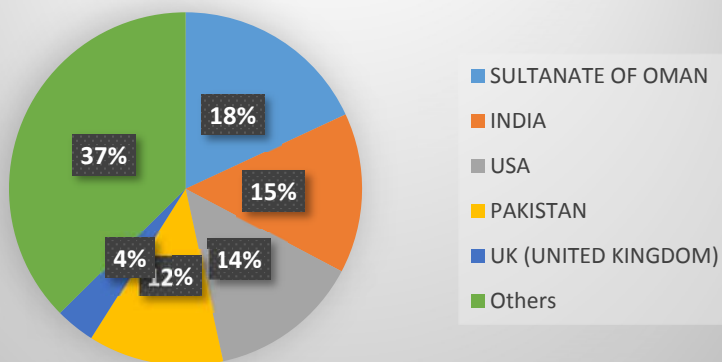
7311	42,929,097
7204	35,934,851
7312	35,422,691
7309	33,314,046
7320	32,154,456
7202	31,983,438
7303	30,197,450
7315	26,061,980
7317	19,508,294
7228	18,889,853
7301	15,688,380
7325	15,295,771
7314	14,142,652
7310	14,056,660
7322	13,927,665
7222	13,319,411
7305	12,991,634
7213	12,763,810
7209	10,856,584
7316	10,545,112
7217	7,396,909
7226	6,090,682
7220	6,003,627
7212	5,813,083
7223	5,514,010
7211	4,209,730
7302	3,702,142
7205	3,276,516
7229	3,022,220
7207	2,659,330
7221	2,008,725
7215	1,720,977
7206	1,211,025
7227	1,111,248
7319	789,263



7224	571,799
7218	501,666
7201	436,516
7313	171,355
7203	133,025

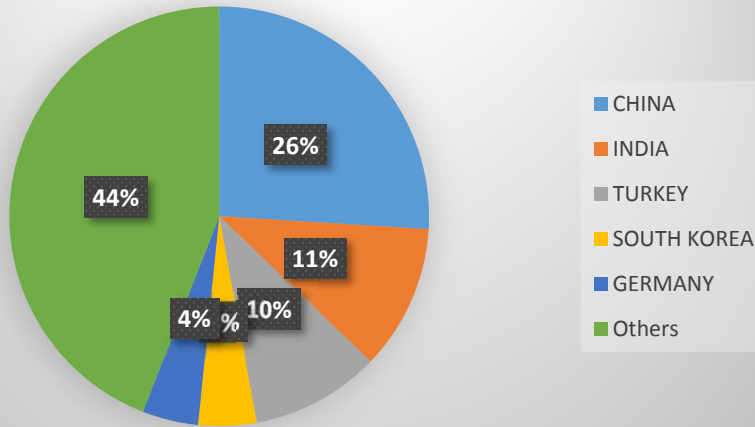
Grand Total 31,072,502,204

Top Export Markets for Steel 2016

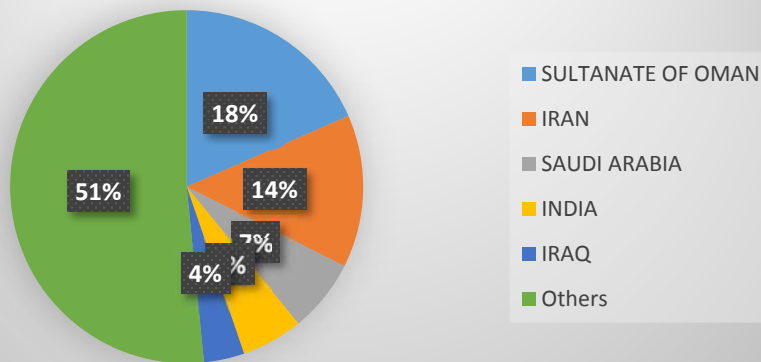




Top Import Origin for Steel 2016



Top Re-export Markets for Steel 2016



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مؤسسة دبي لتنمية الصادرات
DUBAI EXPORTS



Sources: Dubai Customs

BMI report