

SIIS: MENA steel consumption to grow in next five years

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The continuing recovery of the economy after the pandemic crises has a direct impact on the steel demand in the MENA region. Planned megaprojects will stimulate construction activities and support the positive dynamics of steel consumption. However, the growth rate will not be enough for some countries in the region to fully load the existing capacities.

MENA steel consumption will be growing at a rate of approximately 3.3% in 2021-2026. The optimistic forecast is based on the increase in activity in the construction and hydrocarbon sectors. “We had to overcome a lot of emergency situations, challenges like COVID, fluctuation of demand, overcapacities and other disruptions. Of course, we are optimistic about the future as the economy revives, and a lot of reforms are coming. Hence, we feel the demand will be there,” Salah Ansari, president of Hadeed SABIC, said during the session dedicated to the MENA steel market and moderated by Metal Expert during the 2nd Saudi International Iron and Steel Conference.

The MENA region currently has over a \$2.3 trillion pipeline of infrastructure projects, which will drive further consumption of steel in the next decade. Saudi Arabia (with NEOM at \$500 billion), and the UAE (with Saadiyat Island at \$30 billion) will lead the chart. Long steel will be the main product as up to 84% of required steel is projected to be for rebar, according to the presentation of one of the key GCC steelmakers.

While prospects look the brightest for Saudi Arabia, the steel consumption in some countries will grow slower than the industry would want. As a result, the gap between the existing capacities and the actual demand is expected to be wide. “Even if rebar demand will increase by 3% by 2026 – local capacities would cover it. The growth of local steel production resulted in a better capacity utilisation rate – while 55% of the potential was underutilised in 2020 in 2022 this rate reduced to 44%. Long production segment constituted about 80% of the steelmaking capacities in the GCC,” an insider told Metal Expert on the sidelines of the conference.