

THE STEEL INDUSTRY IN UAE



The global economy is facing a slowdown as a consequence of instability in developing markets and oil prices.

So how are the companies which deliver high quality materials to the construction sector faring in 2016?

In this article we focus on the steel industry in UAE, and one company that has a reputation for survival - Al Ghurair Iron & Steel (AGIS) – in particular, and how it weathers the current economic turbulence.

The CEO of AGIS, Abu Bucker Husain, has been awarded Business Worldwide Magazine's 2016 Best CEO | Steel and Metals Industry Middle East' and best 'Growth Strategy CEO of the Year UAE.'



It would be no exaggeration to say that both the global economy and investment is going through a crisis in confidence, mainly as a result of the Chinese slowdown and a new oil price crash, according to The National. The United Arab Emirates (UAE) has a more diversified economy so is normally less affected by 'black gold' crises. However, the slowdown in trade among developing economies is hurting Gulf economies, and in 2016 the IMF cut UAEs growth forecast by 1% with a reining in of public spending looking well underway. The Economist

Intelligence Unit has predicted weak but stable growth, and that the UAE will prioritise diversification between 2016 and 2020.

So how are companies in the region faring in these uncertain times? One company that has hit on a formula for success is Abu Dhabi based Al Ghurair Iron & Steel (AGIS) led by CEO, Abu Bucker Husain. Husain, a graduate of Boston University School of Management, has a prestigious career in leadership. He took up his first position with American International Group Inc. as a Management

Associate (MA) at the company's Regional Controller's Office at Wall Street, New York, USA in 2000. Between June 2000 and January 2006 he graduated from the MA programme and was promoted to Assistant Vice President, wherein he was responsible for managing financial and accounting aspects of a \$400 million division. In January 2007 he was asked by the company to take charge of a new \$100m initiative as the CFO. After acquiring invaluable expertise by working for these global corporate majors, Husain joined AGIS in 2007.

AGIS produces and supplies hot dipped galvanised coils and sheets, i.e. steel sheets coated with zinc, to protect them from rust and corrosion. These products are used in air conditioning ducting, cable trays, cold-formed sections and expanded mesh, and for pur-lins in pre-engineered buildings.

AGIS is no stranger to dealing with economic instability. A product of a joint venture between Nippon Steel and Sumitomo Metal Corporation, they began operations in 2008 in the middle of the global economic crisis. As a company,

they are directly dependent on the real estate and construction markets in the Middle East, especially the Gulf Co-operation Council (GCC) countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE. AGIS estimates that up to 80% of their business is within two countries of the GCC – Saudi Arabia and UAE. Although up to now growth and investment has been relatively stable in this region, there may be long term uncertainty ahead.

So how does AGIS maintain its edge? CEO Husain puts this down to three fac-

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ABU BUCKER HUSAIN
CEO
AL GHURAIR IRON & STEEL (AGIS)



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QUALITY: AGIS pays a lot of attention to the quality of its products as well as service to its clients. Its quality marks and accreditations include ISO 9001:2015 QMS by BSI and Emirates Quality Mark (EQM) by Emirates Authority for Standardisation and Metrology (ESMA). They use a number of quality improvement tools for the continuous improvement of business and operational processes, such as Benchmarking, 7 QC Tools, 5 Why analysis, Statistical Quality Control (SQC) / Statistical Process Control (SPC), 5 S, KAIZEN and Quality Circles.

Its suppliers, Nippon Steel and Sumitomo Metal Corporation, deliver superior quality raw materials at competitive prices, and the company is very wary of the practice of dumping low price and low quality steel in the region.

AGIS say that "We are constantly striving to produce and deliver defect free material to our customers, on time, every time. We do that by controlling the input material, our production process and inspection of our material throughout the process and at the finishing stage."

SUSTAINABILITY: AGIS pro-

motes itself as a 'socially responsible, ISO 14001 certified organisation' which makes every effort to ensure their 'manufacturing processes are environment-friendly and have inbuilt recycling processes to conserve energy and natural resources.' They have installed pollution control devices to control emissions from the process lines. They have an effluent treatment plant for waste water treatment and recycling, which ensures zero wastewater discharge. Finally, they developed a green belt around the factory premises with the permission of ZonesCorp, the Sector Regulatory Authority (SRA). In 2013 and 2014, the UAE Ministry of Environment and Water awarded AGIS for outstanding environmental performance. The well-being of future generations is at the heart of all this activity.

SAFETY: AGIS places a high priority on employee and plant safety. It has OHSAS 18001 certification and its occupational Health & Safety Management system is approved by OSHAD. Health & safety issues in AGIS are taken care of by having a dedicated EHS department and Safety Committee. These look

at ways to institute best practice in the sector and search for ongoing improvements. AGIS organises regular medical camps at its premises for a general health checkup of all employees and audiometric testing for those exposed to high noise levels.

These three factors consolidate AGIS' reputation as a responsible business which delivers quality products.

And it has ambitious plans for expansion. AGIS plans to take its production capacity from 200,000 to 400,000 tons per annum, making it the largest galvanising complex in the Gulf Region. Stabilising the line to ramp it up to full production and selling all those quantities is its short term plan. The next step for AGIS, its medium-term plan, is to remove the bottleneck in its cold rolling capacity (an intermediate process) by adding another stand, which will increase capacity from 300,000k to 400,000 tons per annum.

AGIS has a will to succeed despite global economic instability. Given that the future will need companies willing to deliver quality, sustainability and employee safety, we very much hope that they achieve their aim.

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