
Jordan not imposing import duties on UAE made rebar steel - Report

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Jordan Times reported that the Jordan government will not impose fees on construction steel coming from the United Arab Emirates while local manufacturers insist that the industry is suffering due to unfair competition.

Mr Amer Hadidi minister of industry and trade of Jordan said that according to the National Production Protection Law, the ministry cannot impose any restrictions on such imports under the circumstances.

According to the law, the ministry can only intervene when imports of any product are growing continuously for 2 consecutive years in a manner that causes a direct damage to local industries."

Acknowledging that local steel manufacturers are being harmed by imports from the UAE, Mr Hadidi said that importing steel from the UAE started only a month ago when USD 3 billion steel factories was established there. He indicated that according to the Greater Arab Free Trade Agreement, customs duties cannot be imposed on the flow of goods between member countries.

According to Mr Emad Badran director of the Jordan Steel Factory, local manufacturers cannot compete with imports from the government subsidized steel factory in the UAE which benefits from cheap energy resources. He said that "The government should impose more fees on these imports because the price of steel for end users is lower than production cost at local factories."

Mr Mohammad Kharabsheh director of another steel factory stated that electricity and fuel represent the heaviest burden for local steel industries in Jordan which contribute more than 40% of the production cost. He said that production costs are higher than the current prices of the products by around JOD 20. Mr Kharabsheh indicated that factories in the country always improve their production efficiency in an attempt to reduce production costs but expensive energy resources remain the main obstacle. According to him, steel prices dropped by more than 60% as a result of the global economic crisis after the price soared to more than JOD 1,000 per tonne.

Mr Hatem Halawani president of Jordan Chamber of Industry said that there are over 10 steel factories in the country, providing jobs to around 8,000 employees which are struggling due to the unfair competition. The government has to support local industries by providing them with cheaper fuel prices and exempting production inputs from customs fees. He added that local steel factories import crude steel mainly from the Ukraine.

However, Mr Dirar Sarayreh president of the Jordan Construction Contractors Association described the current competition in the local market as a necessity because it is in the interest of consumers and the answer to monopoly. Mr Kharabsheh rejected the use of the term monopoly to describe the situation in the market in the past years because there is actual competition between 12 local factories. He noted that the steel factories association that used to set the prices of the commodity was dissolved in 2003.

According to Mr Sarayreh, the price of steel would be lower in the local market if Jordan imports the final product, but because the government wants to support steel factories, it imposes fees on imported steel from Europe, for example. He said that "Steel imported from the UAE provides balance to the market and current prices in the market are still high but not unreasonable."

(Sourced from Jordan Times)

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