
Iranian steel imports collapse under sanctions

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Reuters reported that steel exports to Iran are grinding to a halt as crippling US led sanctions have left local buyers without access to major currencies.

Iranian buyers cannot obtain dollars or euros, forcing them to offer letters of credit in alternative currencies such as the Indian rupee, Korean won and Russian rubles. Most steel traders, wary of currency risk and taxation issues, are not willing to accept this form of payment.

A steel trader based in Britain said “Iran is the only market in the world that can move billet prices and now trading has basically come to a halt.”

A steel trader at a Swiss metals trading house said “Now you can really feel the effects of the sanctions imposed by the US and Europe. It is very difficult to do any business with Iran at the moment.”

New US and EU financial sanctions imposed since the beginning of this year to punish Tehran over its nuclear program are playing havoc with Iran's ability to buy imports and receive payment for its oil exports.

Thanks to large scale building programs in the last few years, Iran has become one of the top importers of steel billet, a semi-finished long steel product mainly used for construction. The country imported over 3 million tonnes of semi finished steel products in 2010 and almost 2 million of hot rolled coil.

The collapse in Iranian imports is depressing international steel billet prices, which fell by about USD 50 a tonne in a month to USD 560 a tonne fob Russia and Ukraine this week.

(Sourced from Reuters)

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