
Credit squeeze to hit Dubai steel imports - ADPICO

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Reuters reported that Dubai's steel imports could drop further as the tightness in credit availability is threatening ongoing construction projects.

Mr Ali Hosseini MD of Abu Dhabi Metal Pipes & Profiles Industries Complex told a steel conference organized by the American Metal Market that bank lending has become even scarcer since late last year as the housing demand in Dubai has slumped after the global recession.

Mr Hosseini said that "The major problem is oversupply. The occupancy rates for the properties finished are at about 25% to 30%. The crisis has caused a lot of people to leave the city. Financing issues can cause projects underway to come to a halt."

Mr Hosseini said "Dubai's rebar imports dropped to around 250,000 tonnes to 300,000 tonnes from 550,000 tonnes at its peak last year, when the price of rebar and billet had rallied to record highs. Since then, several mills and traders have been stuck with high cost inventories, turning to financial institutions for financing of those material."

He said that "Banks had been hit badly by the stock liquidation and now they are very hesitant to finance stocks. If they do, they are looking for very high margins. "

While referring to the Muslims' holy month, where the economic activity tends to slow down dramatically in the Middle East, he said that "The main test will be August and Ramadan."

Mr Hosseini also said that the low demand has forced ADPICO to reduce output, adding the Dubai operation was running with a 60% capacity utilization.

(Sourced from Reuters)

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