2016 ISRI Convention: Crossroads of opportunity

The Middle East North Africa (MENA) region is generating a growing amount of scrap.

Left to right: Richard Mayenknecht of Ma'aden Aluminum; Mae Dela Cruz of Sayed Metal; Doug Kramer of Kramer Metals; and Salam al Sharif of the Sharif Group (Photo courtesy of the Sharif Group.).

Although low oil prices have caused some economic difficulties in the Middle East, the Middle East North Africa (MENA) region remains a vibrant source of scrap metal, according to presenters at a session at the Institute of Scrap Recycling Industries (ISRI) 2016 Convention & Exposition.

Salam Al Sharif, chairman of the United Arab Emirates (UAE)-based Sharif Group, said the urbanization rate of the Gulf Cooperation Council (GCC) nations grew from 48 percent in the 1970s to 80 percent by 2000, spurring tremendous amounts of construction. 20 percent of the tower cranes in use globally can be found in Dubai, said Sharif.

The Sharif Metals division of the Sharif Group helps collect and process some of the 5 million tons of scrap metal now generated annually in the GCC region. Sharif Metals handles some 600,000 tons of scrap each year and also produces secondary aluminum alloys and secondary lead.

Although declining oil prices led to a “tough year” for the region in 2015, according to Sharif, he said forecasters are calling for 3.7 percent gross domestic product (GDP) growth in the GCC region in 2016.

Sharif said trade in the Middle East involves challenges that include: the volatility of LME (London Metal Exchange) prices; the region’s geopolitical chaos; and falling oil prices. Nonetheless, he said the GCC economies have proven to be resilient and have been able to “transform these challenges into opportunities, as the low oil prices stimulate a switch to energy efficiency and renewables that could accelerate the move away from oil dependency in the region.”

Mae Dela Cruz of UAE-based Sayed Metal said traders and recyclers who wish to conduct business in the MENA region should start with the GCC nations and the UAE in particular “to assess the opportunities in the region.”

She said people who have preconceptions about the Middle East, including the role of women in business, may be surprised by what they find in Dubai, the UAE and throughout the GCC. The notion that business is done personally and face-to-face, however, is true, said Dela Cruz.

While security issues are on the minds of people reading about Iraq and Syria, Dela Cruz said the MENA region is a safe place to conduct business in terms of currency volatility, since “we trade in U.S. dollars.”

Both Sharif and Dela Cruz said recyclers had gathered in Dubai in March 2016 for the Bureau of Middle East Recycling meeting. Dela Cruz noted they will gather again in Dubai in early December 2016 for the Recycling CONFEX Middle East.

Richard Mayenknecht of Saudi Arabia-based Ma’aden Aluminum said the GCC region is growing as a source of obsolete scrap as its citizens own and consume more automobiles and appliances. Currently 53 percent of GCC scrap is considered as end-of-life or obsolete scrap, said Mayenknecht, but that percentage is expected grow to 72 percent by 2019.

The staggering growth and urbanization in the GCC region is exemplified by the Ma’aden smelting and rolling mill complex in Ras Al Khair, Saudi Arabia, where a city that will soon house 200,000 people has grown from the desert after breaking ground in 2010.

The ISRI 2016 Convention & Exposition was April 2-7 at the Mandalay Bay Convention Center in Las Vegas.