

## NEWS IN BRIEF

## India working to bring down inflation



**BLOOMBERG** - India is working to rein in inflation that is "slightly above" a tolerated level, Finance Minister Nirmala Sitharaman said.

"Today we have an inflation which is slightly above the tolerance limit, but which is constantly being worked at so that it can be brought down," the minister said in a speech at a college in Bengaluru in Karnataka state on Saturday. India's latest retail inflation fell within Reserve Bank of India's target range of 2%-6% in March after two consecutive months of consumer price gains that were above 6%.

## China to produce EVs in Thailand



**REUTERS** - China's Hozon New Energy Automobile will make electric vehicles in Thailand for the Southeast Asian market, a Thai official said on Saturday, as it follows others in building facilities in the region's major auto production hub. Hozon signed an agreement with Thailand's Bangchan General Assembly this week to start production of its NETA V model, expected in 2024, Thai government spokesperson Tipanan Sirichana said in a statement.

## Energy shortage bane of Iran's steel industry



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EXCLUSIVE



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Annual gas shortages exceeding two months and power outages extending to 1.5 months have resulted in a loss of 12.5 million tons of production.

Iran's steel industry is facing significant challenges due to energy shortages and capital depreciation, leading to a decline in the country's steel exports. According to statistical data, Iran experienced a slump in its steel exports of up to 18 percent during the previous Iranian year that ended on March 20, compared to the figures of the preceding year. The decline is due to scarcity of electricity and gas, according to steel industry experts.

Despite being the 10th largest steel producer globally from 2018 to 2022, Iran's position plummeted in the first two months of 2023. The World Steel Association unveiled the production statistics for crude steel worldwide in the first quarter of 2023, highlighting Iran's absence from the list of the ten largest steel manufacturers globally, with Italy taking over its position.

Experts and steel manufac-

turers attribute the plight of Iran's mother industries to the country's energy imbalances and capital depreciation. Iran possesses the world's second-largest natural gas reserves and most of its power plants rely on gas, causing an energy imbalance. This imbalance has caused a significant reduction in Iran's steel exports.

## Shortages of gas, electricity

Zakaria Nayebe, a steel industry expert, identified the shortage of gas and electricity as the main reason for the decline in the export of steel products, stating that "the amount of production dropped for three months last year due to shortages of electricity and gas, which consequently led to a decline in exports." The steel industry's power supply was cut by 50%, and the lack of gas has also contributed to power cuts.

Reza Shahrestani, an Iran Steel Producers Associa-

tion (ISPA) board member, revealed that the steel industry, which typically consumes 40 million cubic meters of gas daily, has seen a decline in consumption, with current levels at only 15 million cubic meters. This gas volume only meets the needs of 50% of sponge iron production facilities. Bahram Sobhani, the ISPA Chairman, lamented that the insufficient gas and electricity supply has severely impacted the steel industry's production and export. Sobhani criticized policies that have allowed merchants to export, resulting in companies' products being purchased at a lower price and sold below the actual value in overseas markets. This approach has cost Iran its hard-won export market, he noted.

## Loss of production, revenue

Bahadur Ahramian, another ISPA member, underscored that Iran's current production capacity stands

at approximately 40 million tons per year or 3.25 million tons per month. Annual gas shortages exceeding two months and power outages extending to 1.5 months have resulted in a loss of 12.5 million tons of production. In other words, if Iran had uninterrupted access to gas and electricity throughout the year, an additional 12.5 million tons of steel production could be achieved, representing a staggering loss of \$7-8 billion.

During a conference two years ago, Amin Ebrahimi, the CEO of one of Iran's largest steel companies, warned of a significant reduction in production due to industrial blackouts. The disruption in production is not exclusively attributable to power outages. In certain cases, a dearth of equipment causes production lines to cease operations. Steel plant production lines are primarily antiquated, and their technology is out-

dated. Despite these challenges, the export of steel products has managed to secure a significant share of foreign exchange earnings, and ongoing efforts are needed to maintain existing export markets while identifying new ones. This necessitates the removal of production impediments, including energy supply deficiencies, as well as a serious commitment to establishing a presence in new and regional markets. The Mobarakeh Steel Company, Esfahan Steel Company, and Khuzestan Steel Company dominate Iran's steel production landscape. However, the industry needs to overcome its infrastructure challenges to maintain its position as a global steel producer. The government needs to make a serious commitment to invest in the energy infrastructure and update its outdated technology to boost the steel industry's production capacity.

## IME weekly trade tops \$691m

The Iran Mercantile Exchange (IME) announced that over 3.07 million tons of commodities, worth over \$691 million, were traded in its domestic trading and export halls in the week closing on May 5.

A total of 2.6 million tons of various products, worth over \$454 million, were traded at IME's domestic and export metal and mineral trading hall, reported ime.gov.ir on Saturday.

Among the traded products were 379,188 tons of steel, 890,000 tons of iron ore, 129,500 tons of sponge iron, 8,205 tons of copper, 740 tons of zinc, 230 tons of molybdenum concentrate, 6,325 tons of aluminum ingots, 60 tons of precious metals concentrate



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and 475 vehicles as well as 1.19 million tons of cement. In addition, 452,585 tons of various commodities, valued at about \$226 million, were traded at IME's domestic and export oil and petrochemical trading halls. Other traded items were

107,989 tons of polymeric products, 78,000 tons of vacuum bottom, 46,000 tons of lube cut, 38,358 tons of chemical products, 8,120 tons of sulfur, 6,219 tons of base oil, 470 tons of insulation, 8,732 tons of petroleum products and 158,164 tons of bitumen.

## Bandar Abbas signs sister city partnership with Nicaraguan city

The Iranian city of Bandar Abbas and the Nicaraguan city of Corinto have officially signed an agreement to become sister cities, Maryam Pasalar, the head of Communication and International Affairs Department of Bandar Abbas Municipality said.

Bandar Abbas is a port city and capital of Hormozgan Province on the southern coast of Iran. Corinto is located on the northwest Pacific coast of Nicaragua in the province of Chinandega.

Pasalar said efforts are underway to sign sister city memoranda of understanding between Bandar Abbas and Russia's Astrakhan, Kazakhstan's Aktau, Pakistan's Karachi, China's Ningbo, Turkey's Izmir, Senegal's Sédhiou, Japan's Kobe and Oman's Salalah.

She said four MoU drafts for sister city relationships with Russia's Astrakhan, Kazakhstan's Aktau, Pakistan's Karachi and China's Ningbo have been submitted to the City Council of Bandar Abbas for obtaining a permit.

The official said correspondence has been conducted with Iran's Foreign Ministry to establish a sister city relationship with the Persian Gulf countries.

"In this regard, the city of Salalah in Oman has been offered to the ministry. After the approval of the ministry, the necessary measures will be taken to draft a memorandum."

A sister city or a twin town relationship is a form of legal or

social agreement between two geographically and politically distinct localities for the purpose of promoting cultural and commercial ties. A sister or friendship city relationship is formally created when the mayors or highest elected or appointed officials from two communities sign a memorandum of understanding establishing the partnership.

Pasalar also touched upon efforts made by Bandar Abbas Municipality to develop the city.

"Efforts have been made to promote regional and international interactions with the aim of using experiences as well as scientific and managerial achievements."

She said in line with such efforts meetings were held with the ambassadors of Japan, Belarus and Nicaragua in Bandar Abbas in the year to March 20, 2023.

Pasalar said Bandar Abbas Municipality also invited the consuls of China, India and Kazakhstan to a fast-breaking meal in the holy month of Ramadan.

