

# Iran – World leading DRI production rates

**Keyvan Jafari Tehrani**

Member of the Board & Head of Int'l Affairs



# Content:

- 1 Iranian Iron Ore - What quality is available?
- 2 Pelletizing Bottle Neck – When will this ease?
- 3 DRI Production – What factors are effected?
- 4 Global Trade - Could iron ore be exported internationally?
- 5 Conclusion

# Iranian Iron Ore – What quality is available?

# Iron Ore Reserve

**Billion  
Tons**

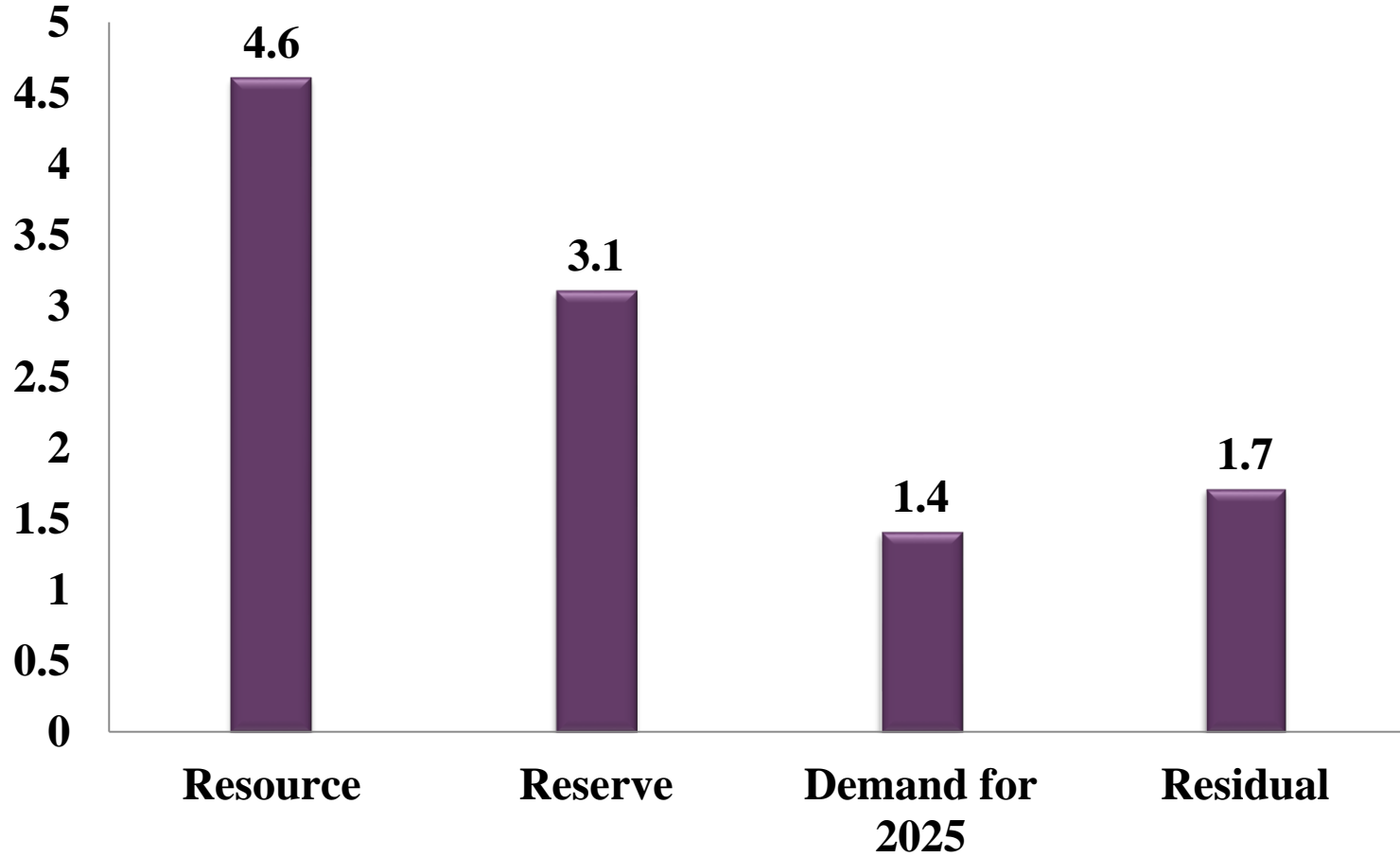


Figure 1: Iran's Iron Ore Reserve  
Source IROPEX

# Iron Ore Quality

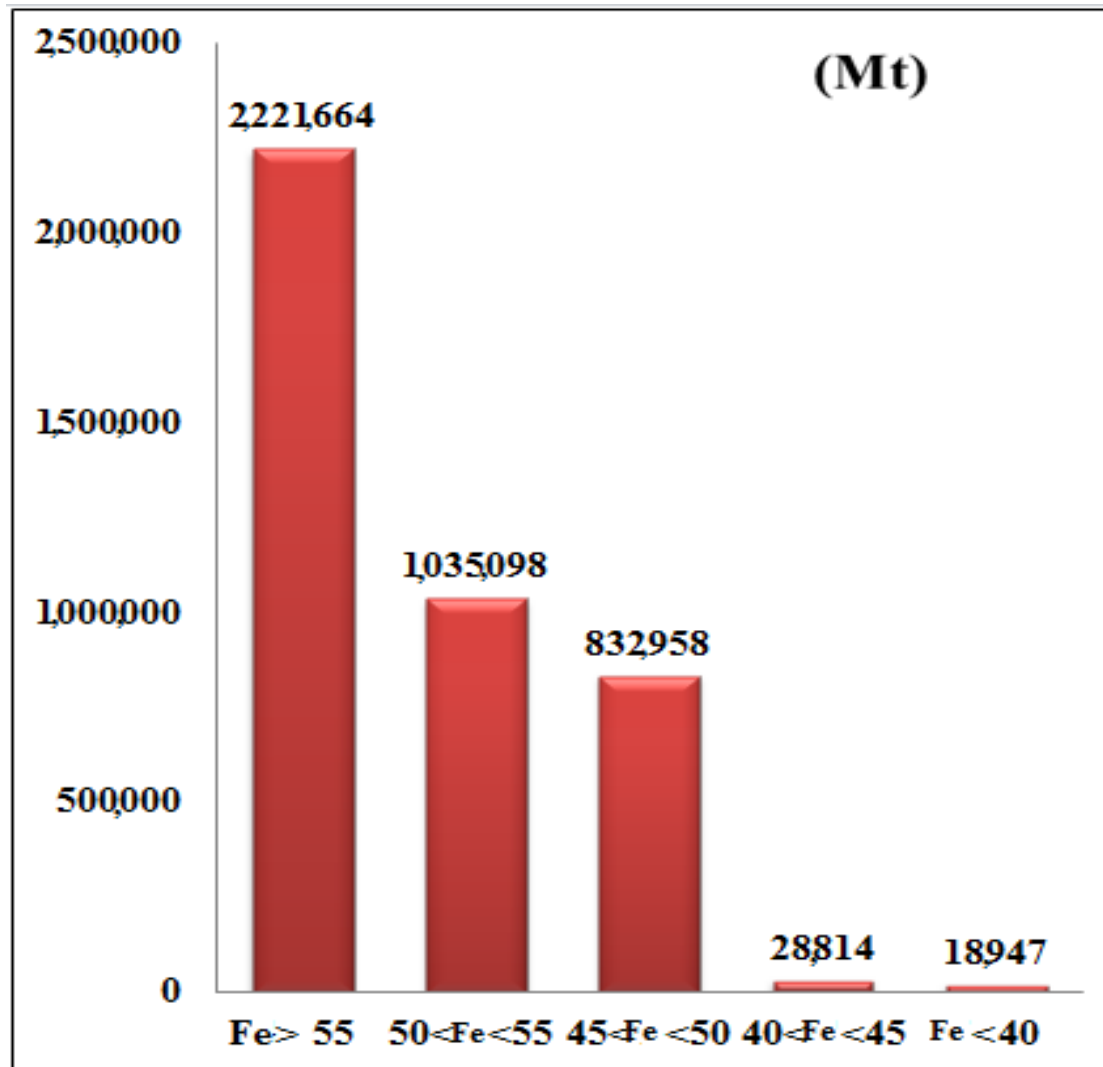


Figure 2: Iran's Iron Ore Quality

# Iron Ore Mines Location

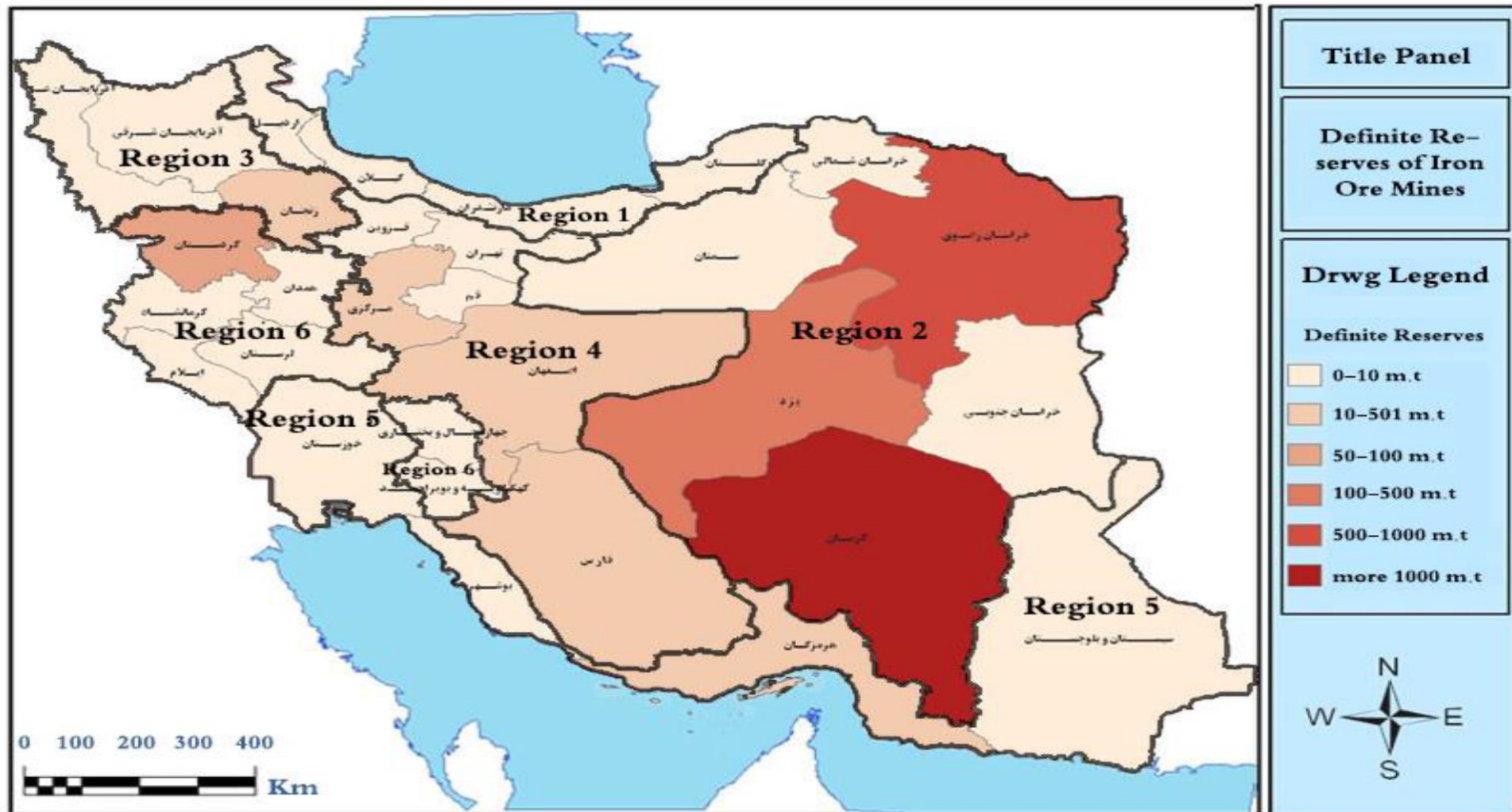


Figure 3: Iran's Iron Ore Mines Location

# Iron Ore Production

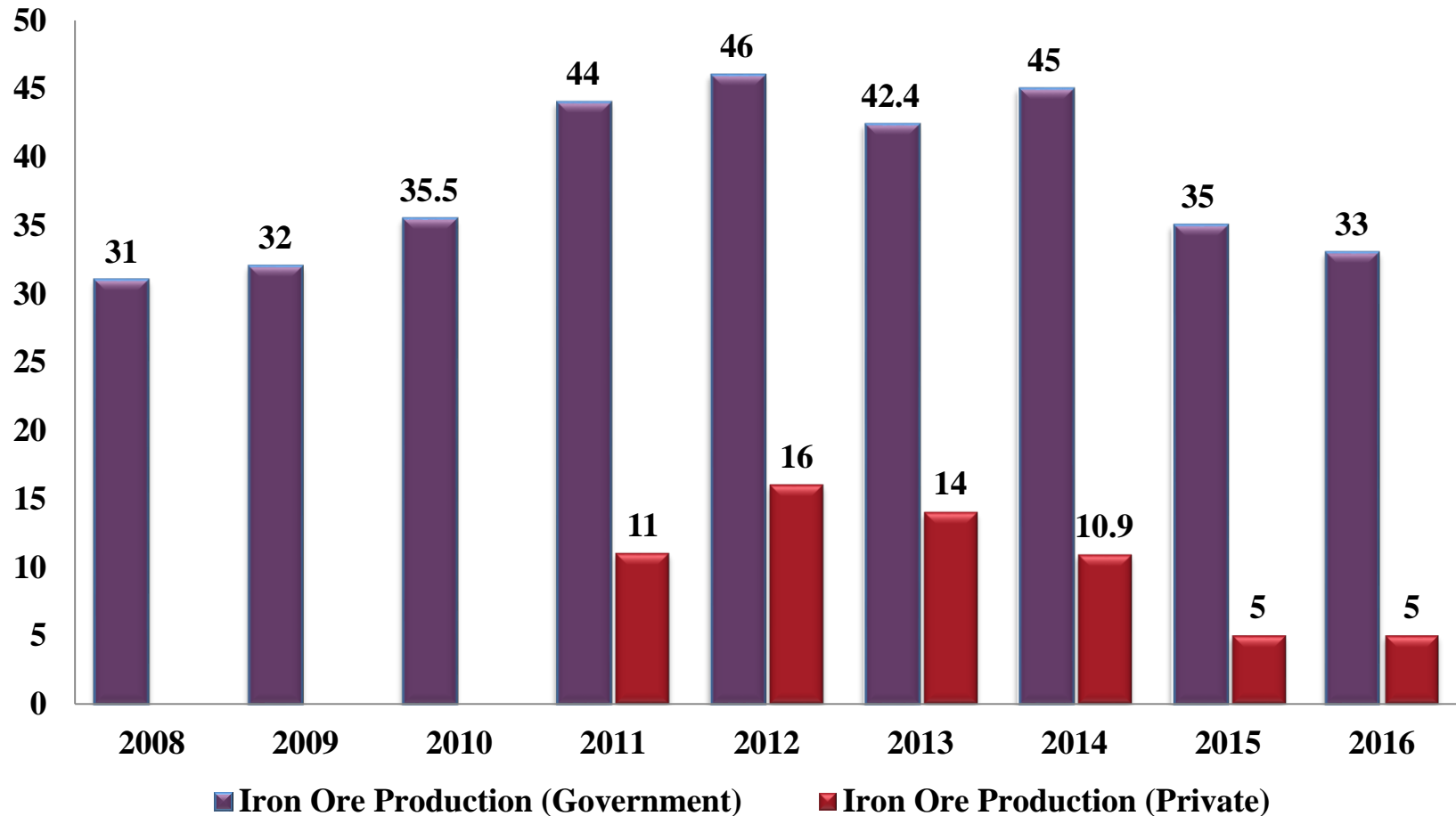


Figure 4: Iran's Iron Ore Production by Sector

Source: IROPEX

Pelletizing bottle neck –  
When will this ease?



# Steel Value Chain Upstream 2015 vs. 2016

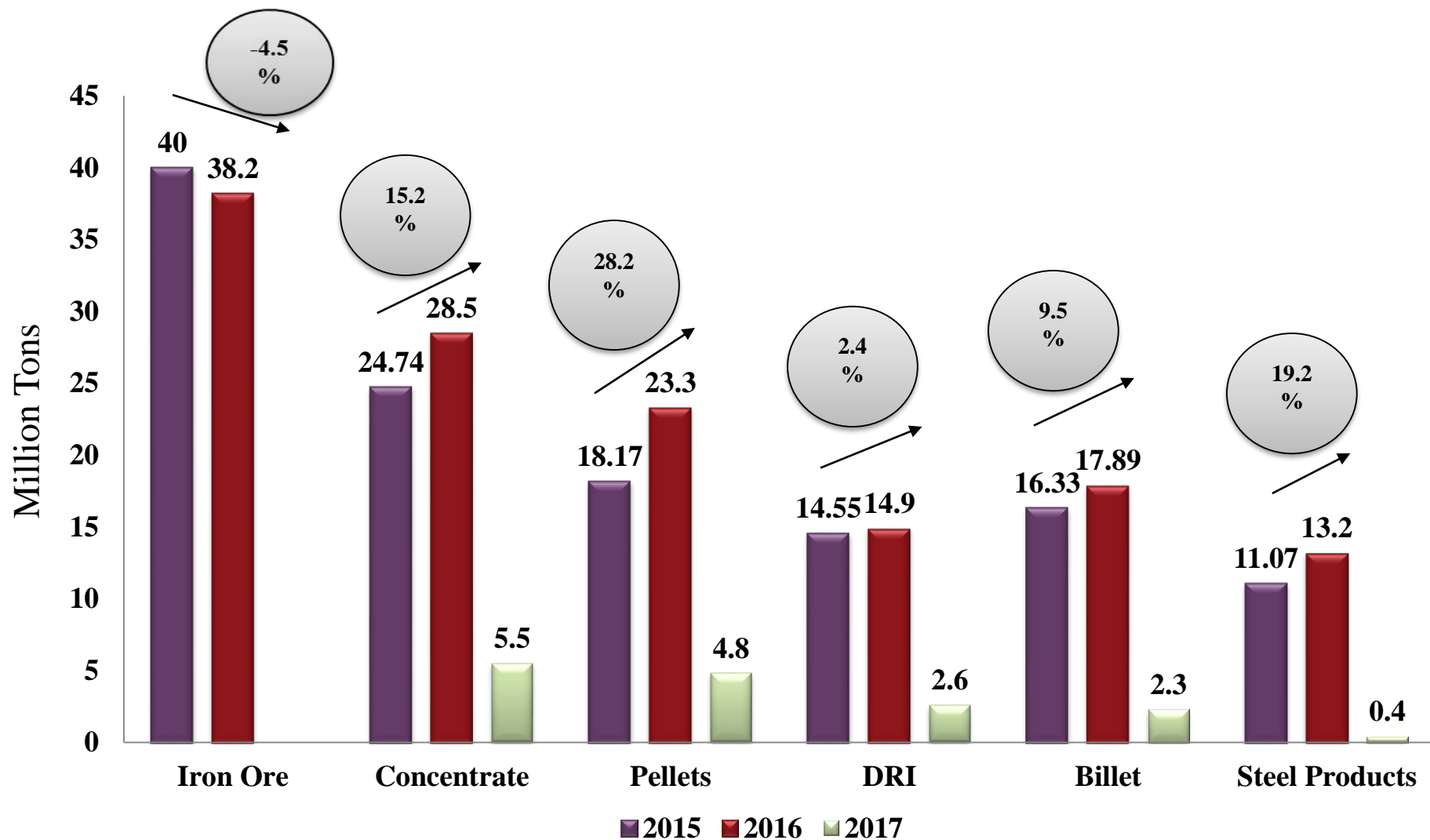


Figure 5: Steel Value Chain Upstream 2015 vs. 2016 – Jan & Feb 2017

Source: IMIDRO, Iran Steel Comprehensive Plan, Foolad Technic Co

# Steel Value Chain Requirements

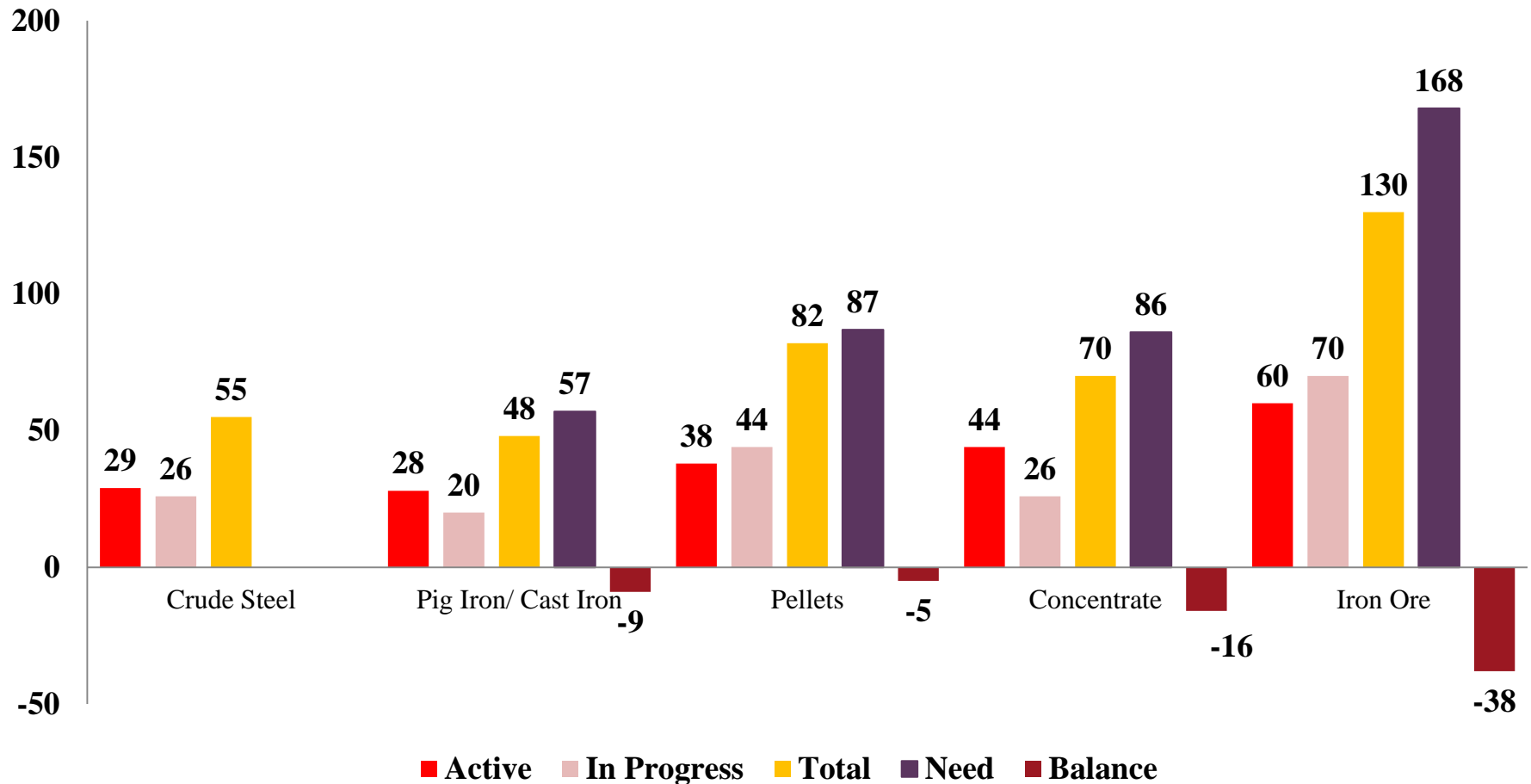


Figure 6: Steel Value Chain Requirements

Source: Iran Steel Comprehensive Plan, Foolad Technic Co.

# Regional Pellets Requirement (Excluding Iran)

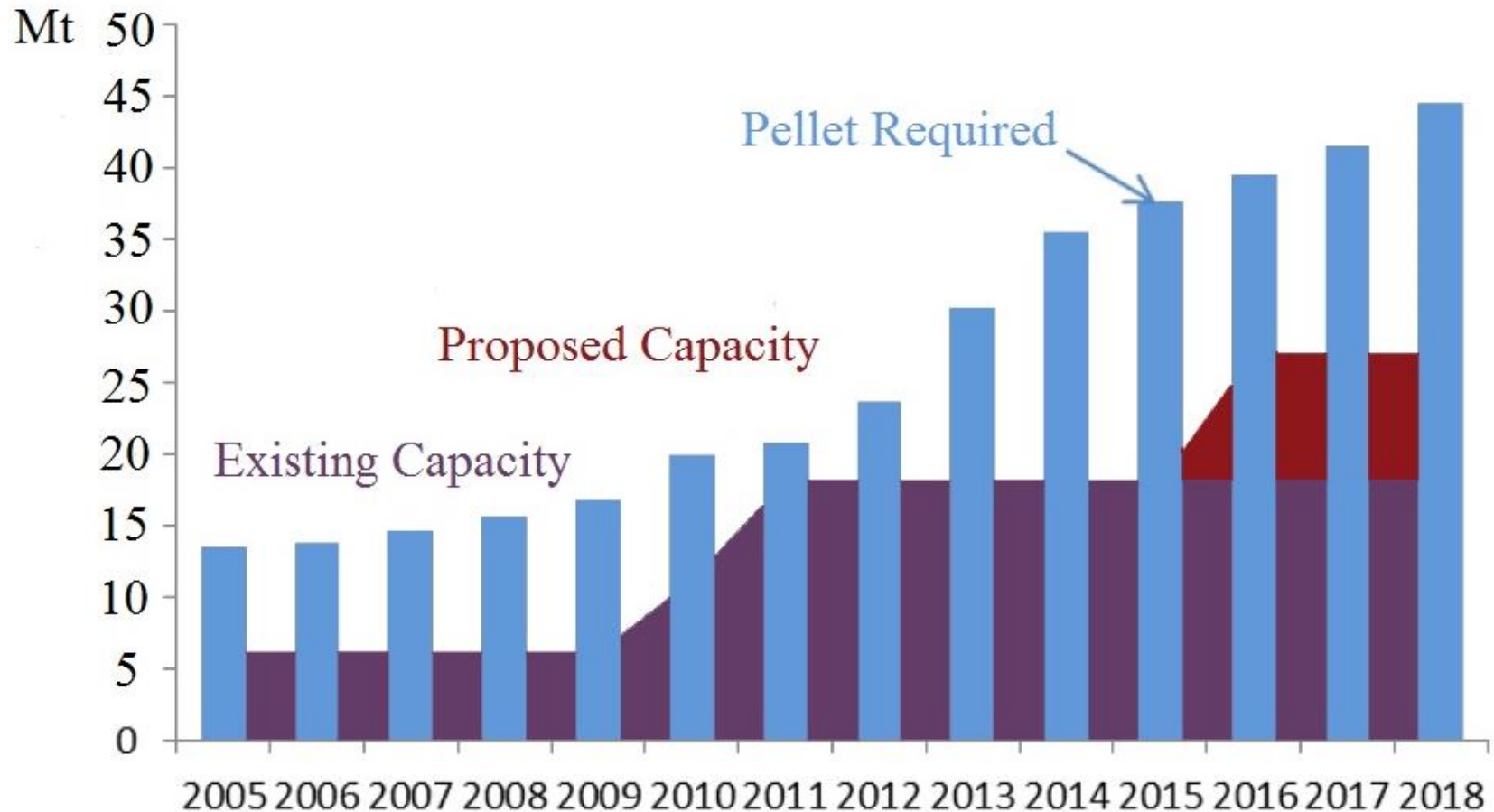


Figure 7: Regional Pellets Requirement (Excluding Iran) Capacity

Source: Metal Bulletin

# DRI Production – What factors are effected?

# DRI Top Producers

<b>Ranking</b>	<b>Country</b>	<b>Jan-17 (Ton)</b>	<b>Feb-17 (Ton)</b>	<b>Mar-17 (Ton)</b>
1	Iran	1,325,000	1,200,000	1,400,000
2	India	1,244,000	1,149,000	1,270,000
3	Mexico	445,000	400,000	550,000
4	KSA	408,000	434,000	298,000
5	UAE	350,000	312,000	291,000
6	Egypt	292,000	289,000	320,000
7	Qatar	236,000	157,000	152,000

Table 1: DRI Top Producers Worldwide

Source: World Steel

# Factors in DRI Production

- Changing of steel demand in different regions
- Production price
- Economic changes which cause to switch between raw material sources
- Increasing scrap consumption

# Price Comparison of DRI Production

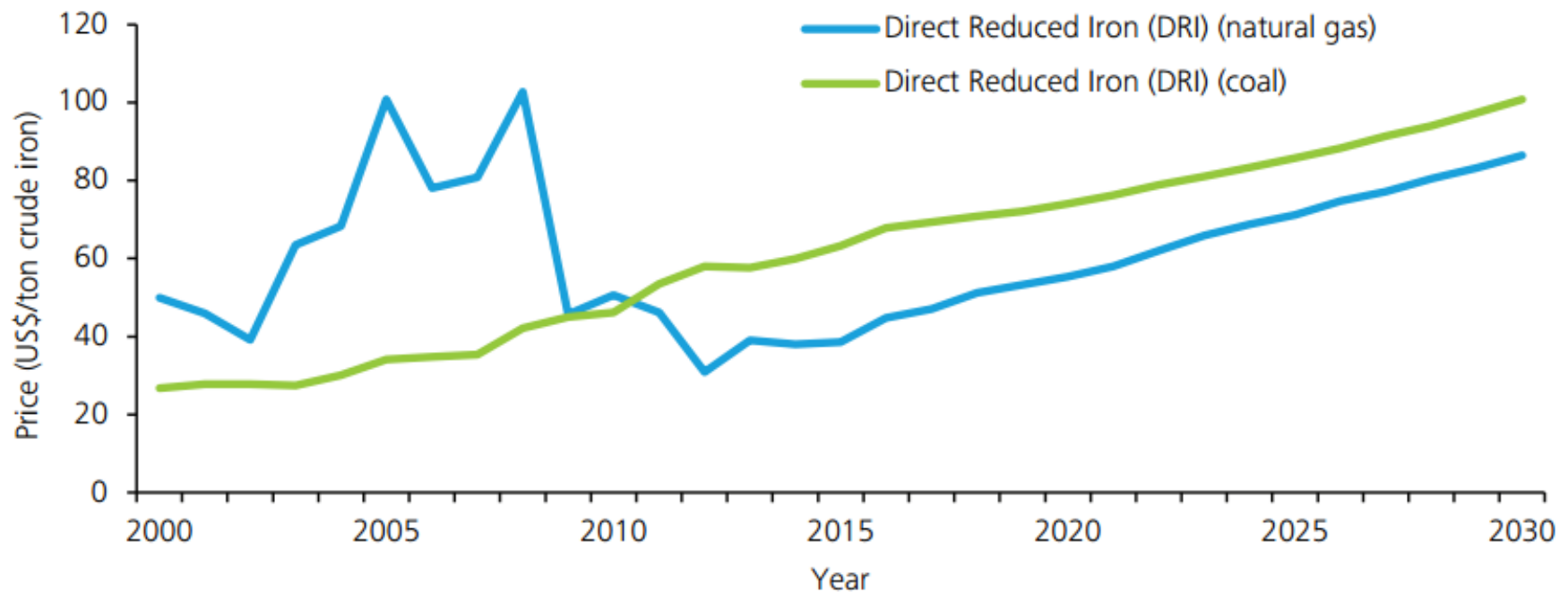
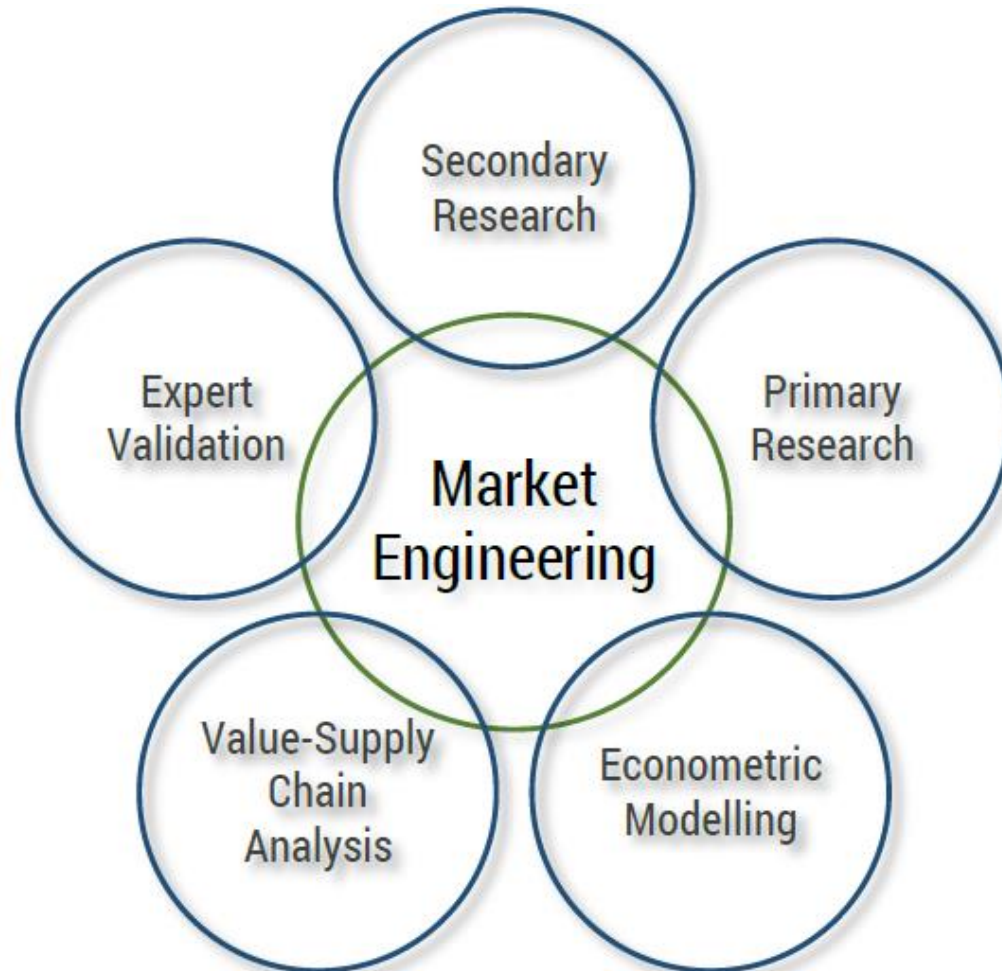


Figure 8: Price Comparison of DRI Production by Natural Gas & Coal

Source: US Energy Administration

# Effective Criteria on Pellets & DRI Marketing





Global Trade – Could iron ore be  
exported internationally?

# Iron Ore Export

Million Tons

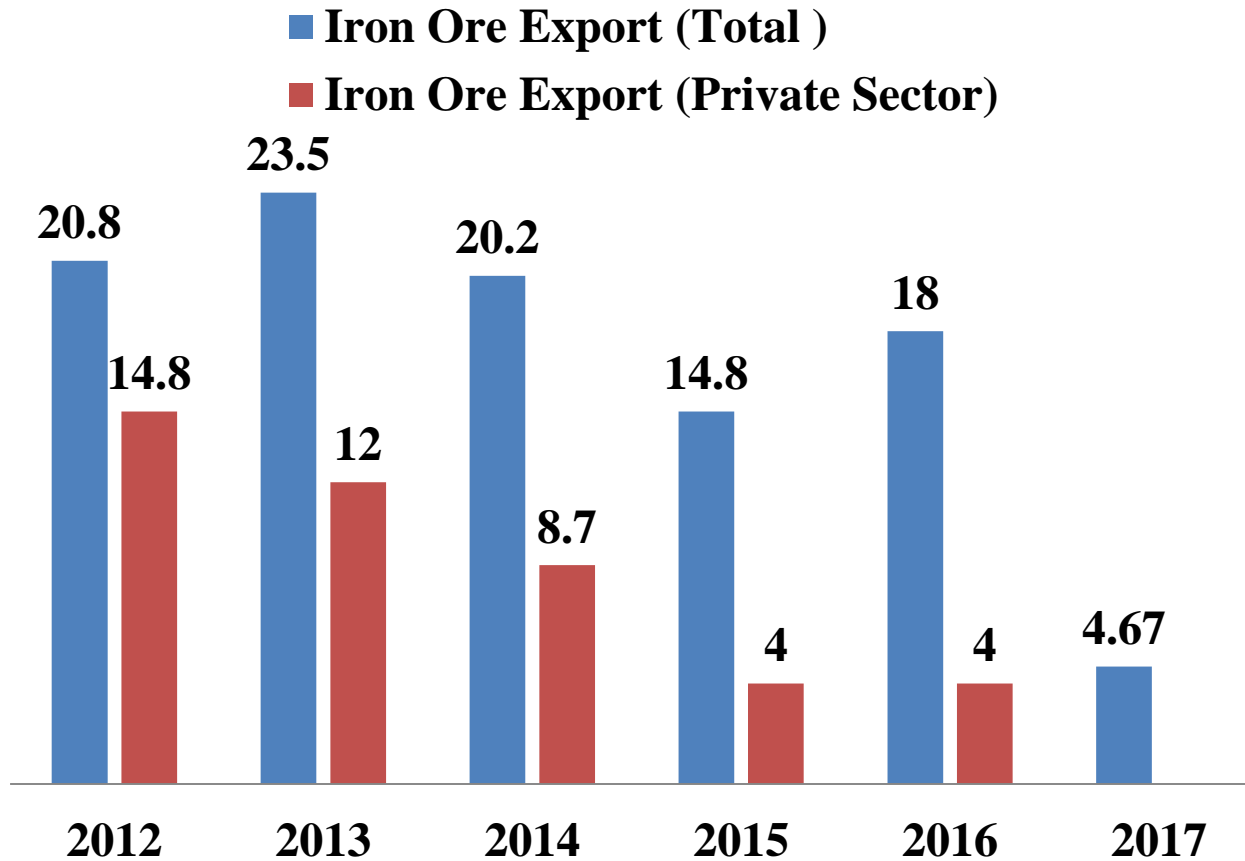


Figure 9: Iran's Iron Ore Export by Sector

Source: IROPEX

# Status of Iron Ore Export to China

<b>Year</b>	<b>Iron Ore Exported to China (Million Tons)</b>	<b>Average Iron Ore Export Price USD/T</b>
<b>2013</b>	<b>23.5</b>	<b>106</b>
<b>2014</b>	<b>20.2</b>	<b>86</b>
<b>2015</b>	<b>13.5</b>	<b>44</b>
<b>2016</b>	<b>16.4</b>	<b>58</b>

Table 2: Status of Iran's Iron Ore Export to China

Source: CISA

# Iran's Iron Ore Supply/Export Bottle Neck

- Iron ore price fluctuation
- High cost of local transportation
- Iron ore production productivity
- Iron ore fines & lump export duty which announce by the Iranian government on and off basis
- Many small & medium scale iron ore mines are closed and abandoned
- New exploration to be continued

# Conclusion

- Prospect for DR Pellet exports from Iran is very clear. Iran became self sufficient for importing DR Pellet since beginning 2016, and will start its export this year by removing 15% export duty.
- Iran's pellet export will slightly affect on MENA region market. Both prices of pellet and partly concentrate to be affected by that in short period of time.

# Conclusion

- Competition of Vale & LKAB won't create a big problem for Iran's pellet export. China is a good market for Iranian pellet.
- DR Pellet are producing in the most of countries in the Middle East such as Iran, Kuwait, UAE, KSA, Bahrain, Qatar and Oman due to high demand in the MENA region. These productions will be growing in 2017.



# Thank You

Websites: [www.iropex.ir](http://www.iropex.ir)

Email: [info@jtc-ltd.com](mailto:info@jtc-ltd.com)



انجمن تولیدکنندگان و صادرکنندگان سنگ آهن ایران  
IRON ORE PRODUCERS & EXPORTERS ASSOCIATION OF IRAN