

China Iron Ore 2018

Grand Millennium Beijing
Beijing, China

30 January - 1 February 2018

0.34	2.28
0.55	0.07
1.55	4.44
Fe	0.04 0.24
	0.28 2.04
	0.55 0.07

Update on Critical Issues in the Iranian Iron Ore Value Chain



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Iran Steel Value Chain Analysis

Iran Steel Value Chain

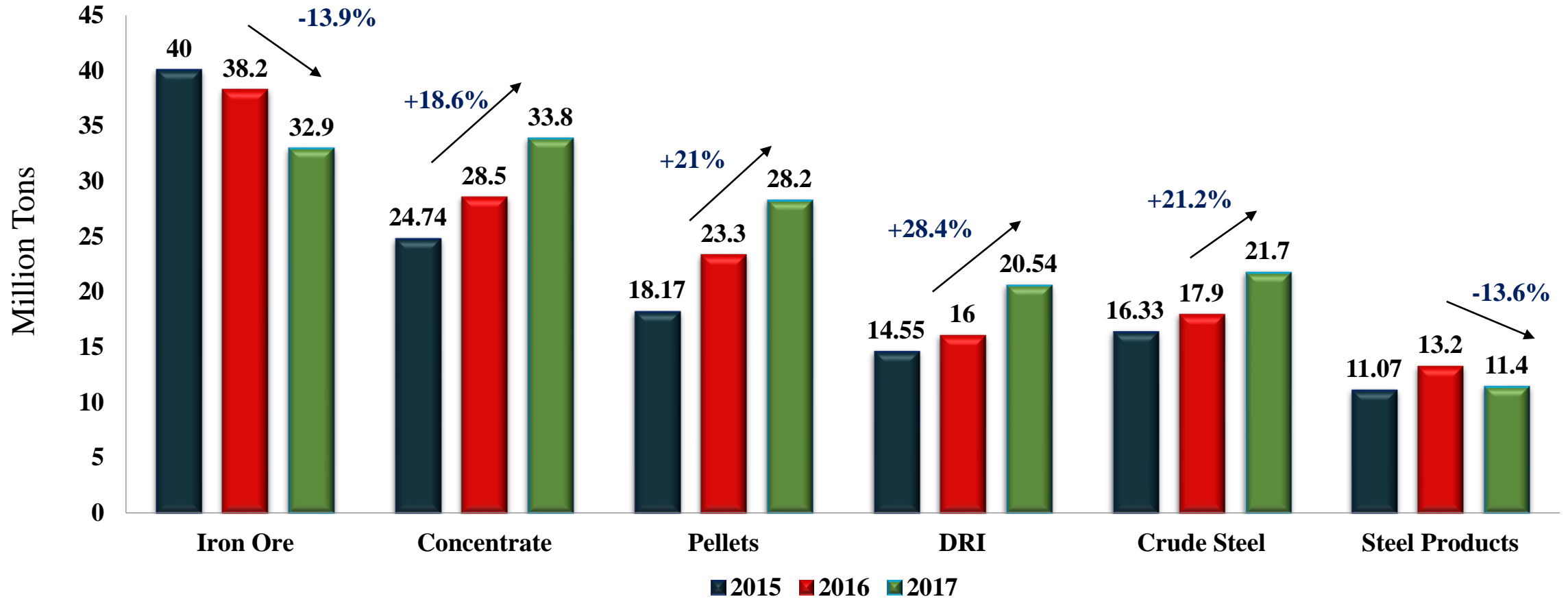


Figure 1: Steel Value Chain Upstream 2015 vs. 2016 & 2017

Source: IMIDRO, World Steel Association Report, 2018

Iran Steel Consumption

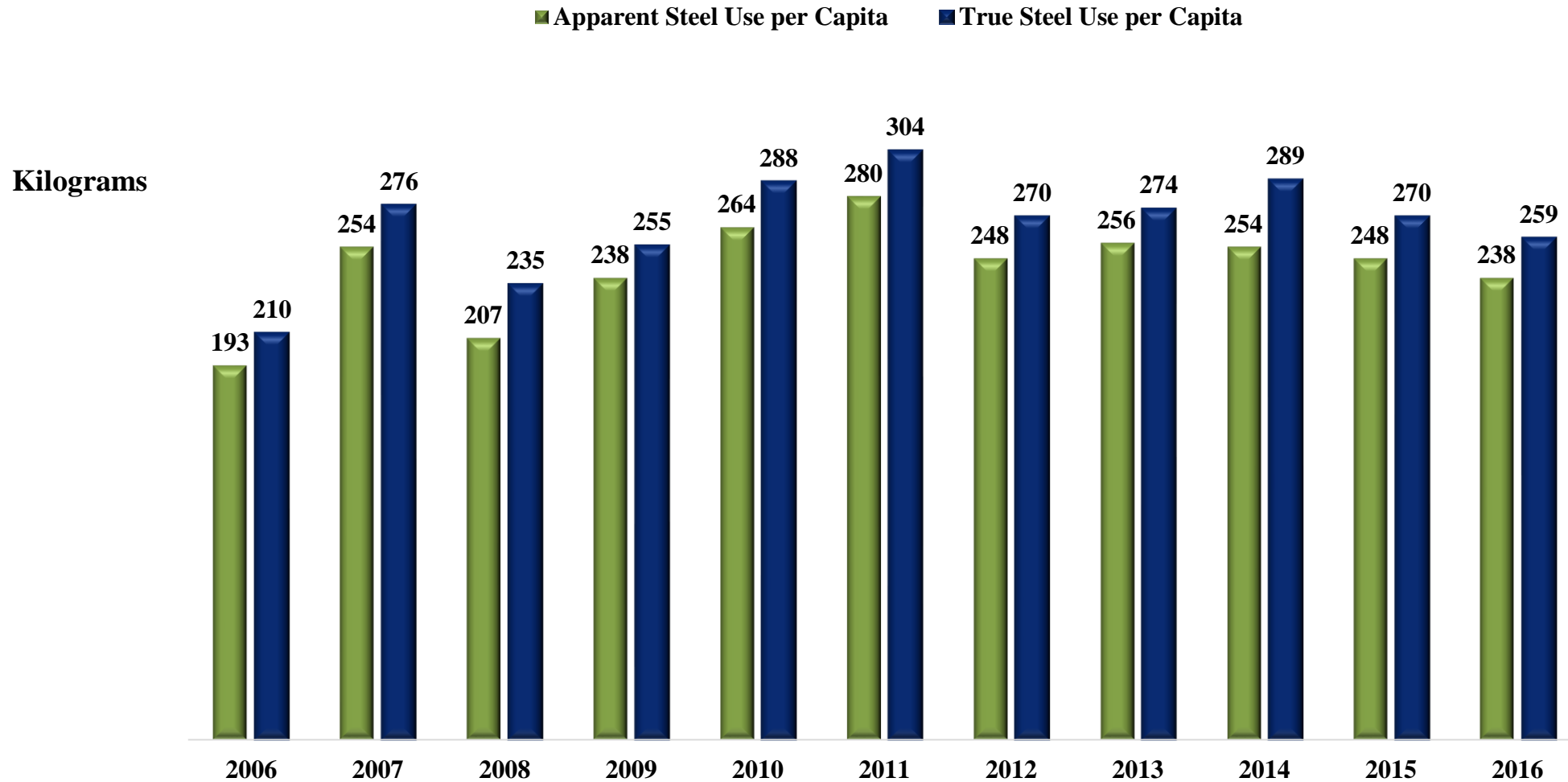


Figure 2: Apparent Steel Use 2006 to 2016
Source: World Steel Association Report, 2017

Iran Steel Trade

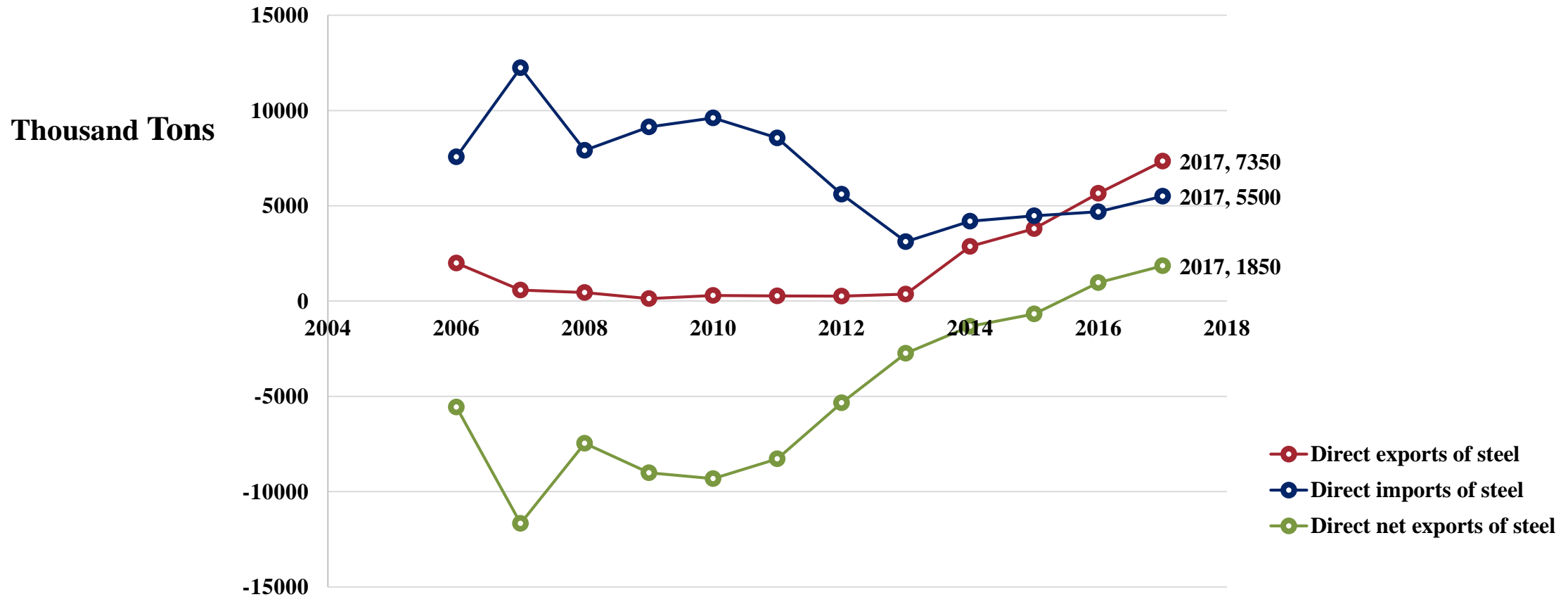


Figure 3: Iran Steel Trade 2006 - 2017
Source: World Steel Association Report, 2017

Iran Steel Export

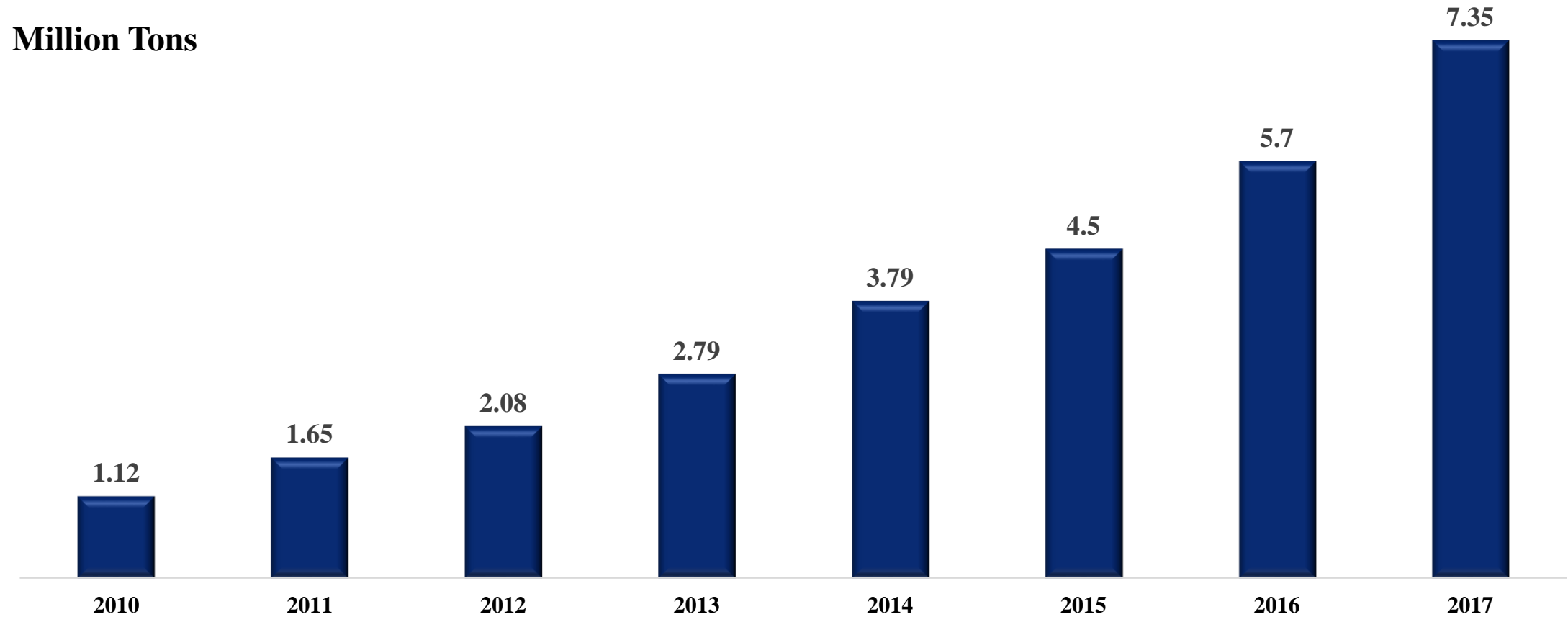


Figure 4: Iran Steel Export since 2010 - 2017

Source: IMIDRO, World Steel Association Report, 2017

Iran Iron Ore Value Future Prediction

Iran Global Iron Ore Export

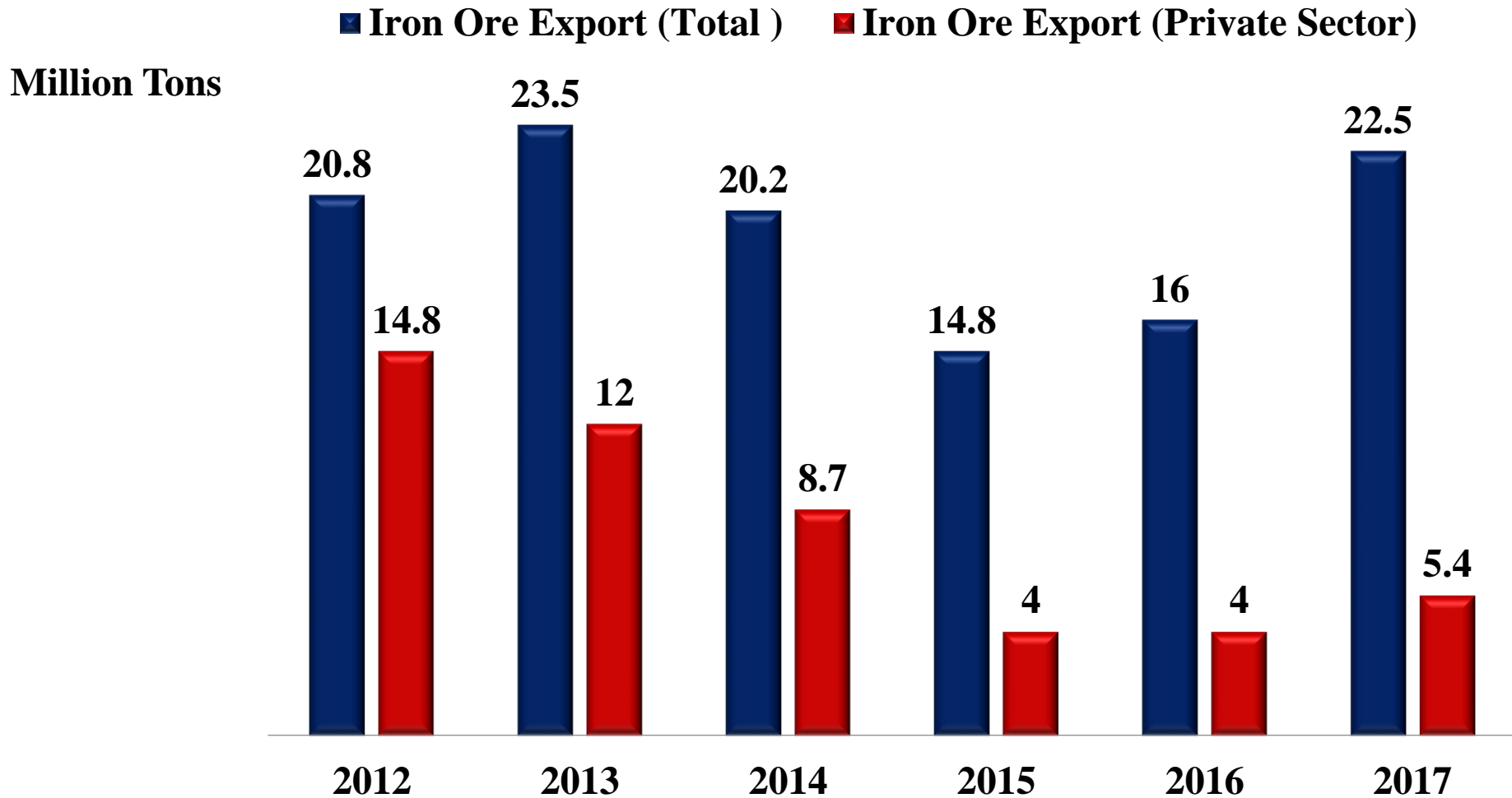


Figure 5: Iran Global Iron Ore Export by Sector

Source: JTC, Jan 2018

Iran Iron Ore Export to China

Thousand Tons

US \$/ t

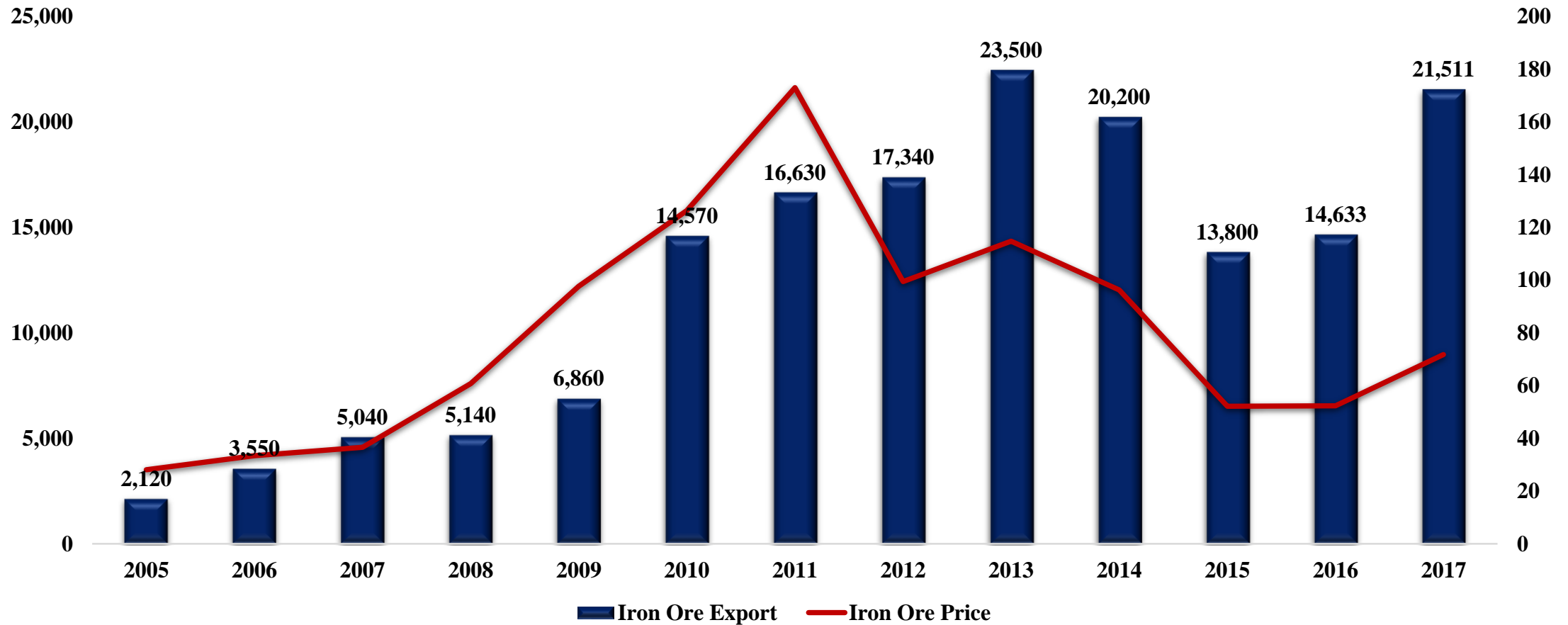


Figure 6: Iran Iron Ore Export to China, 2005-2017

Source: JTC, Jan 2018

Iran Steel Demand

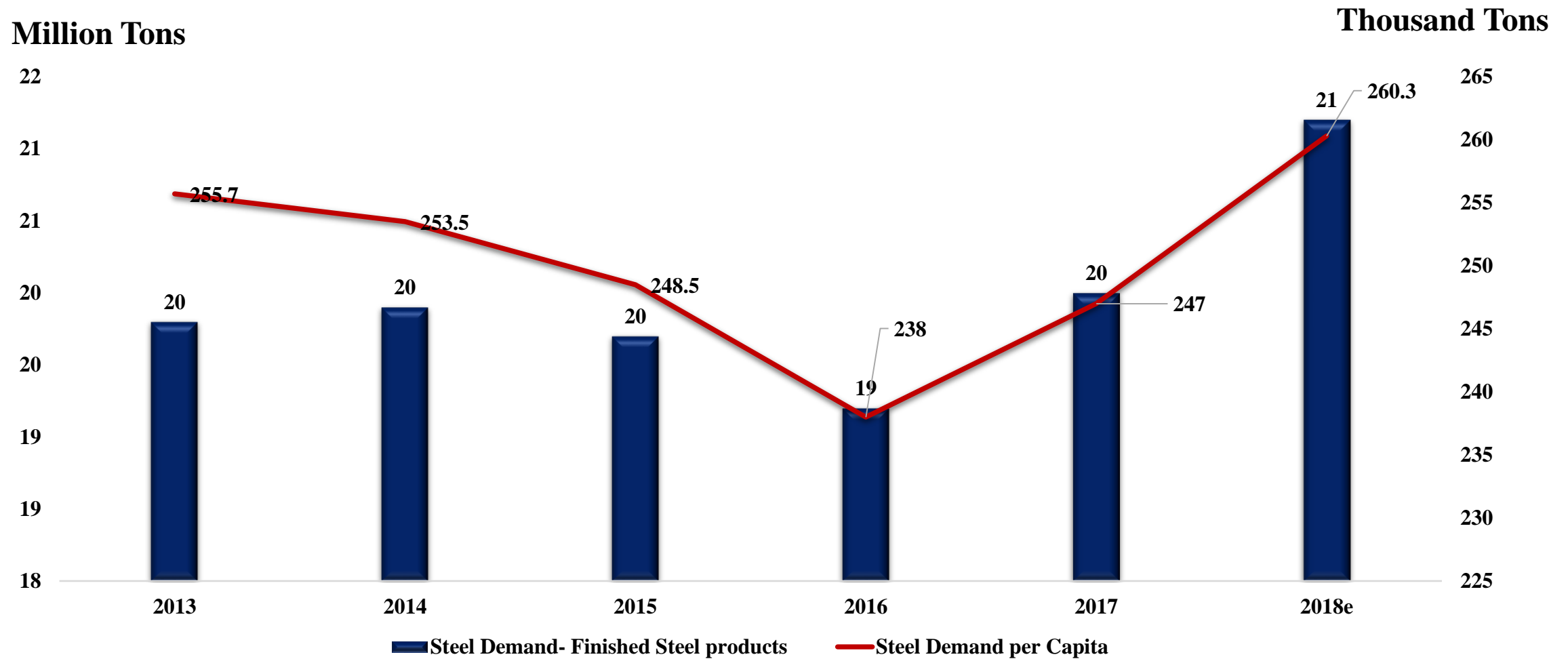


Figure 7: Iran Steel Demand 2013 - 2018
 Source: World Steel Association Report, 2017

Steel Intensity of GDP

Tons/Million Rials (2010 USD)

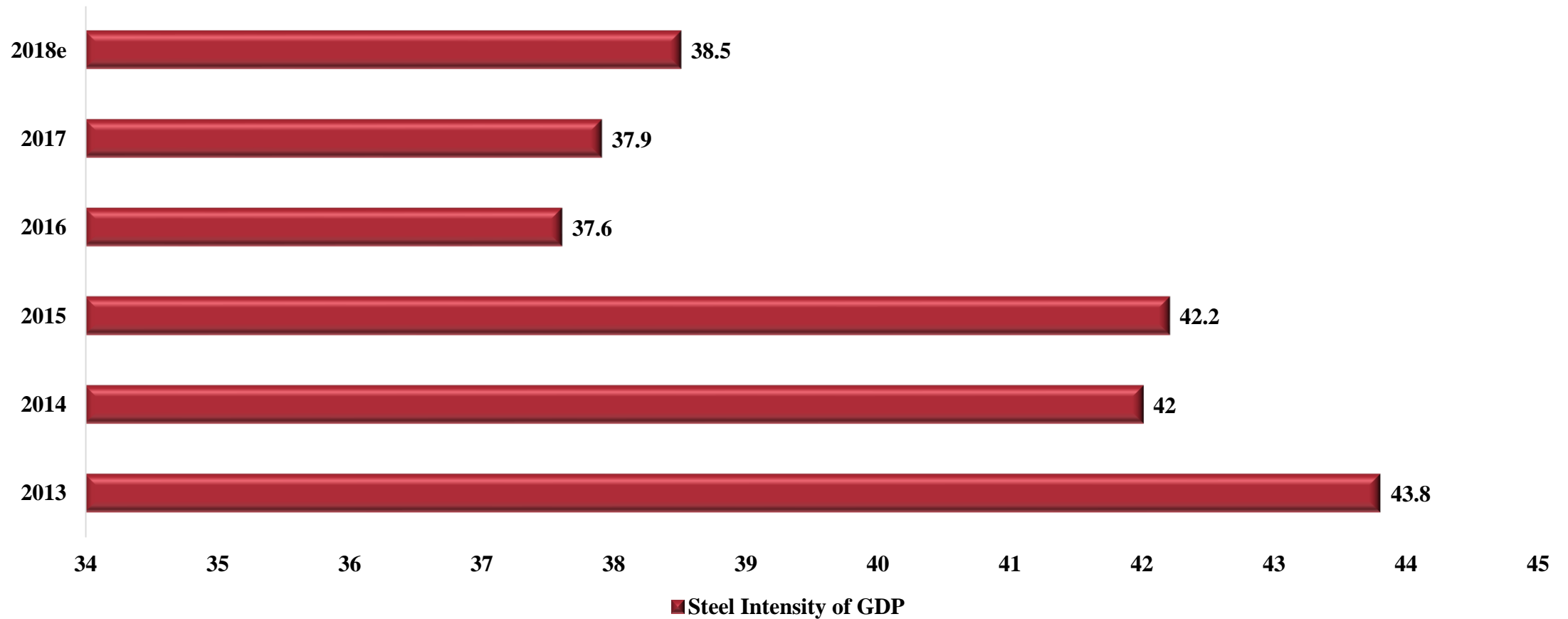


Figure 8: Iran Steel Intensity of GDP 2013 - 2018

Source: World Steel Association Report, 2017

Critical Issues in the Iranian Iron Ore Value Chain

Value Chain Analysis

1. Commodity Supply and Demand
2. Life Cycle of a Deposit and Mine
3. Logistics
4. Value Chain Analysis of Minerals
5. Mining Inputs –Water, Electricity and Skills
6. Mining Law
7. Mining Tax and State Royalty
8. Beneficiation as Policy and Strategy
9. Private Sector vs Public Sector expectations
10. Upstream –Downstream

Issues from the Economy Point of View

Enablers of Successful Mining Economies **Enablers of Successful Steel Economies**

- Large scale, High quality iron ore reserves locally
 - Sufficient global demand for iron ore
 - Available and affordable infrastructure for mining
 - Large scale, High quality coking coal reserves locally
- Steel production of global scale, exposed to local demand
 - Coastal location of production, close to export markets
 - Low input factor cost versus competition, labor, capital
 - Capability to make high quality products at scale

Steel Value Chain Requirements

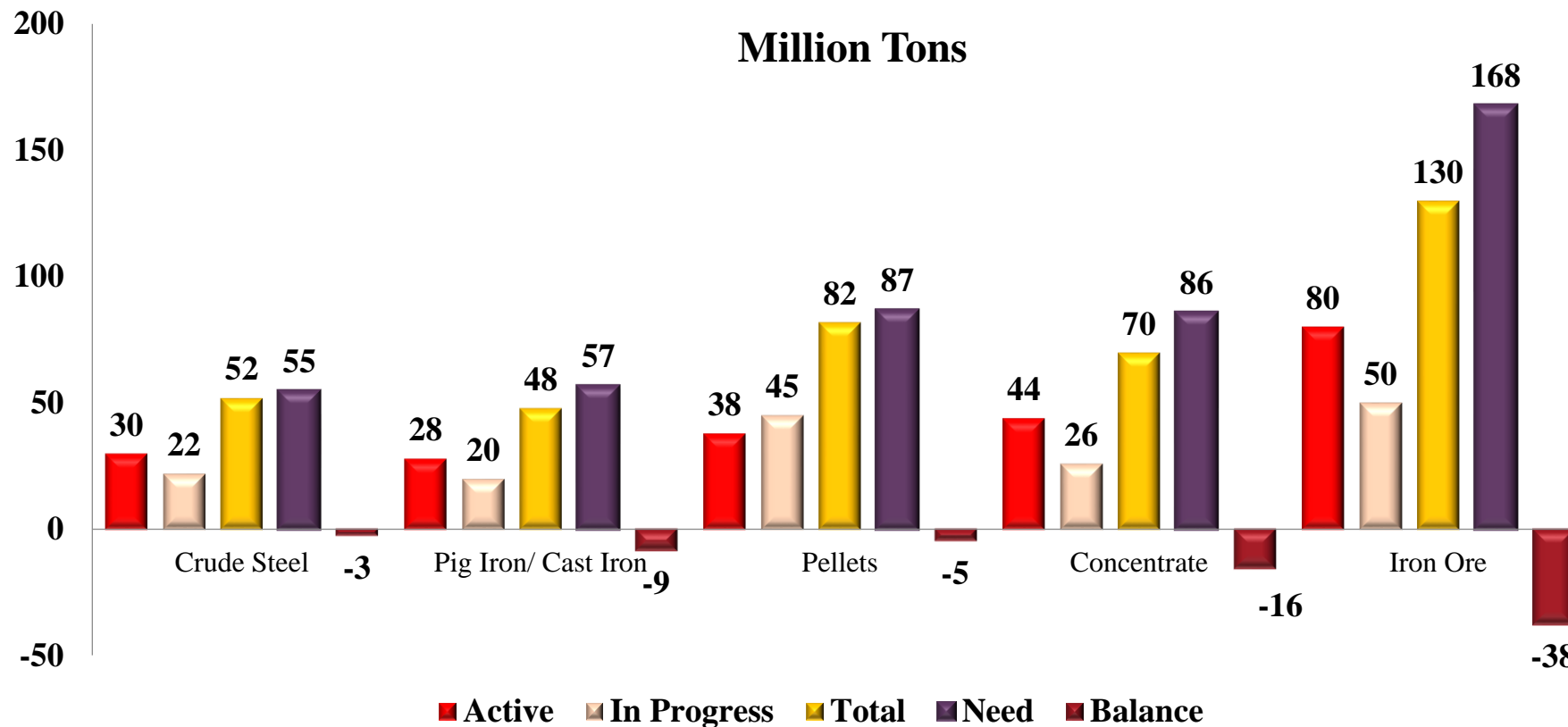


Figure 9: Steel Value Chain Requirements

Source: Iran Steel Comprehensive Plan, Foolad Technic Co. 2017

Iran Iron Ore Reserves

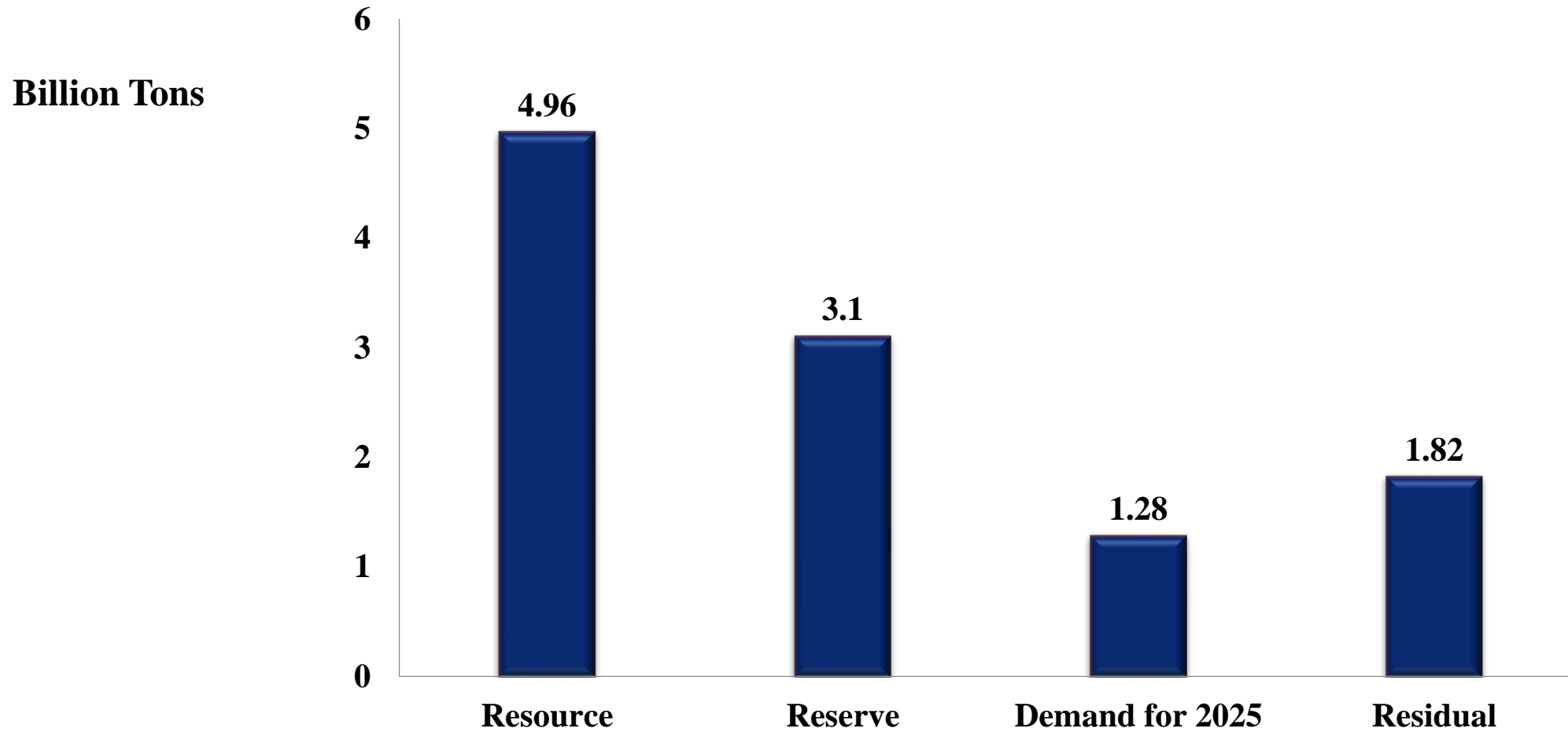


Figure 10: Iran Iron Ore Reserves

Source: JTC, Jan 2018

Iron Ore Requirements in Vision 2025

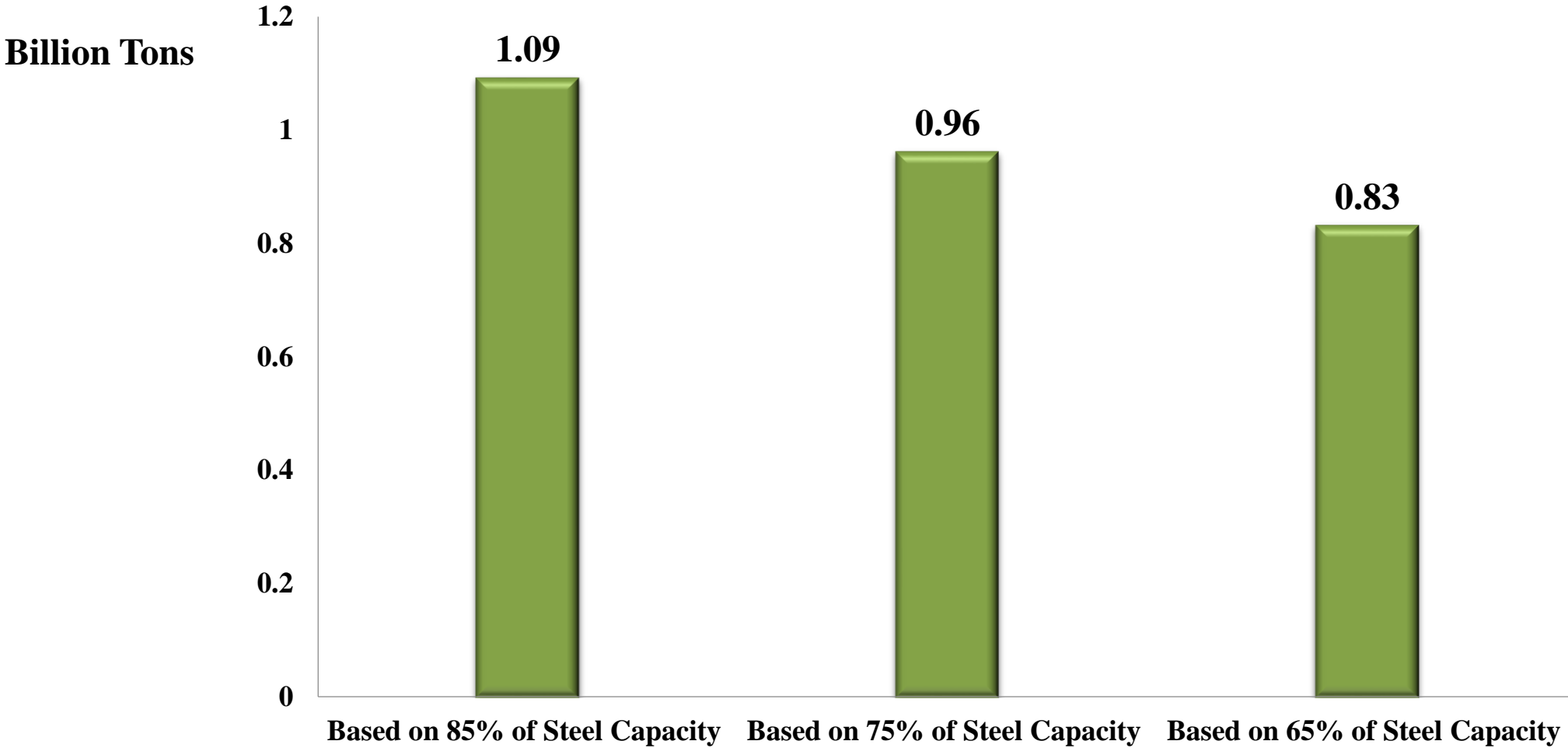


Figure 11: Iron Ore Requirements according to Steel Capacities in Vision 2025

Source: JTC, Jan 2018

Iron Ore Remaining Reserves from 2025 Onward

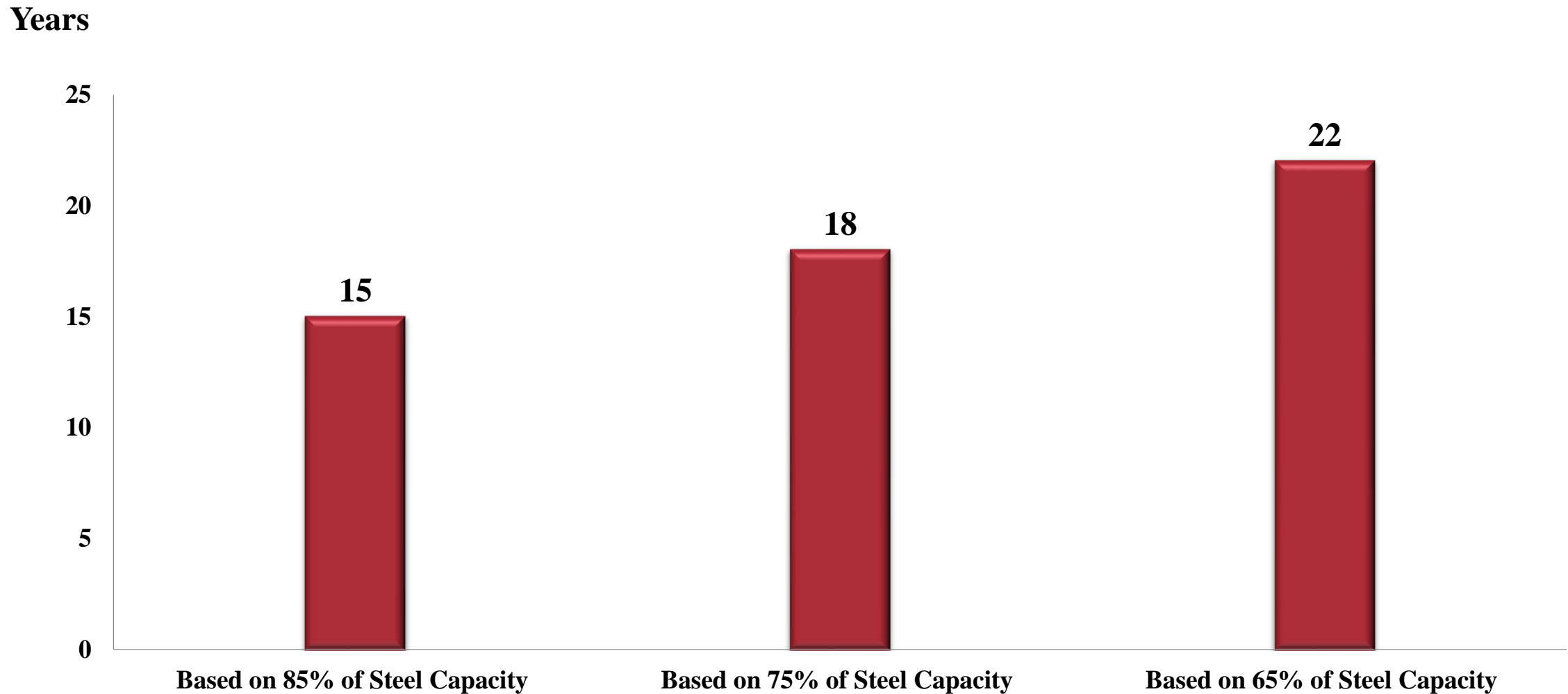


Figure 12: Iron Ore Remaining Reserves from 2025 Onward

Source: JTC, Jan 2018

Iron Ore Mining Value Chain Analysis

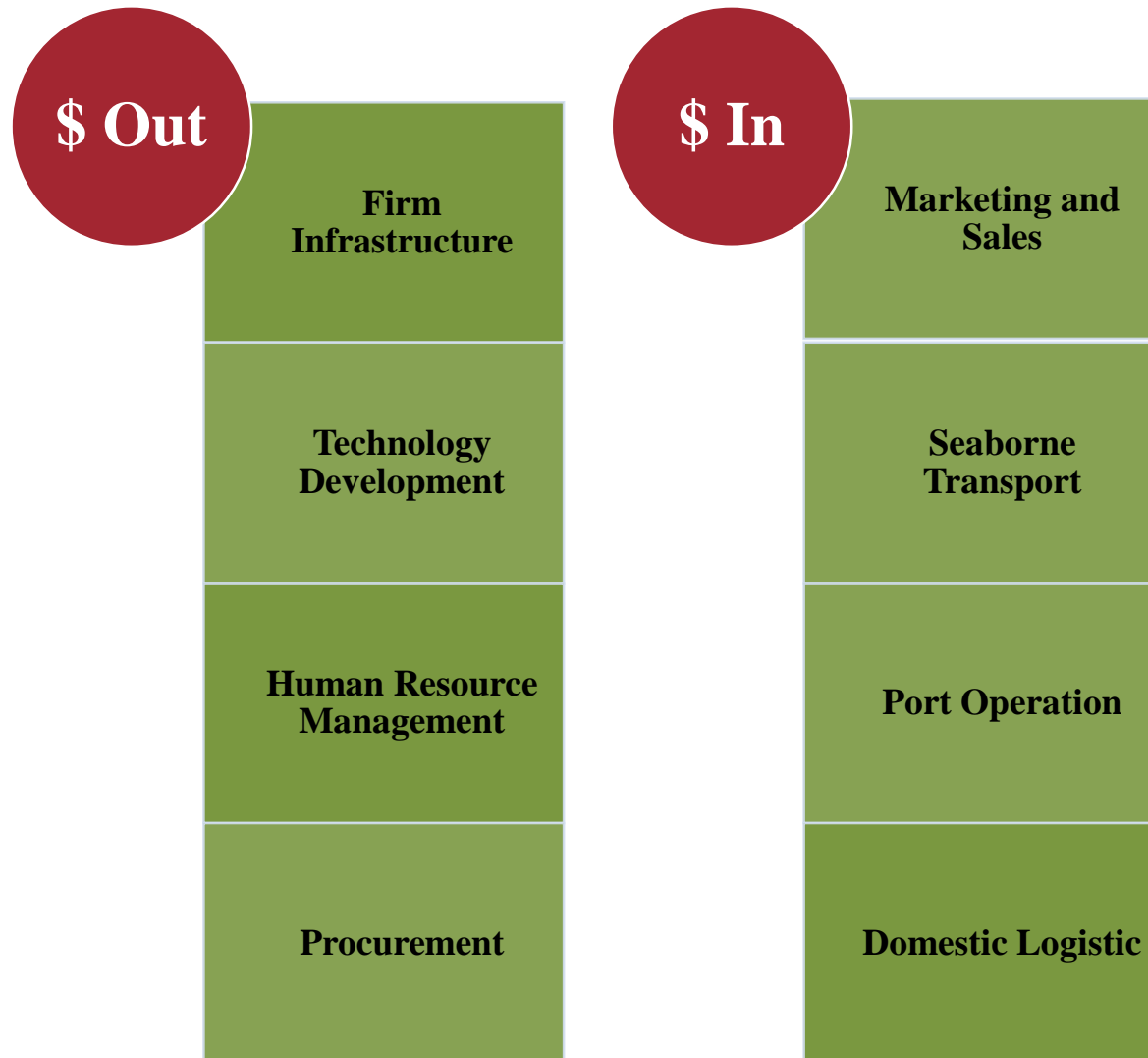


Figure 13: Iron Ore Mining Project Cost and Benefit Analysis

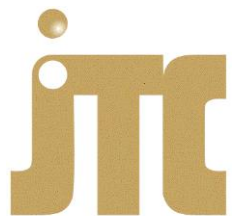
Source: JTC, Jan 2018

Conclusion

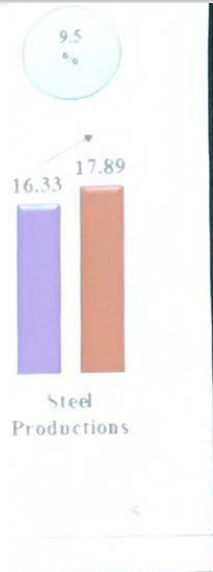
- Iran is planning to impose export duty on Iron Ore Fines & Lump from the next Iranian Year (April 2018 onward) to let the most of production to be consumed domestically.
- The most of Iranian private & government miners/sectors objecting against claiming export duty by the government authorities.
- The exact figure of above said export duty isn't clear yet, but it should not be exceed than 15%.
- Iran Iron Ore export increased 47% in 2017, YOY.
- In case export duty to be imposed then we expect iron ore export to be reduced remarkably in 2018.

Conclusion

- In 2017, we had 15% export duty for Pellet which expect to be continued with the same figure in 2018 too.
- Iran is close towards achieving self-sufficiency in need for pellet by reduction in imports to facilitate domestic production and consumption as evident from reduced imports in past two years.
- Both Concentrate and DRI had no export duty in 2017 and expect their export to be continued with no limitation in 2018 too.
- In 2013, Iran contributed around 2.3% of total China iron ore imports which have dropped down to around 1% at the end 2017.



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Thank You

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