



MESSAGE FROM THE PRESIDENT

Q3 2017 Quarterly Report

MIDDLE EAST

- ❖ Those who have put up with the heat they must have enjoyed the summer resorts of United Arab Emirates. It may have been well above 45°C in Dubai, in stifling humidity, but surprisingly that did not stop attracting visitors from making the most of the growing range of facilities in UAE's resorts and hotels as Dubai has evolved over the years to become one of the world's most prestigious and popular tourists attractions, enticing visitors from different sectors to its shores to experience what the 'must visit' destination has to offer.
- ❖ Middle East is showered with the auspicious **Eid Al Adha** festival, which is the annual religious Eid for Muslims, This holiday or break will last from 4 up to 10 days depending on the gulf state you reside in, at this occasion I would like to take this opportunity to wish all our members a happy and a prosperous holiday and may almighty accept your deeds.

IMPORTANCE OF SCRAP AS RAW MATERIAL AND SCRAP METAL RECYCLING

- ❖ The Industry is coming through challenges, Industry should be competitive yet environmental and sustainable. Day by Day the importance of business is taking a leading role economically, financially, socially and commercially. The more we utilize the end of life resources the more sustainable we are, and the more we are serving the society and the future generations.
- ❖ Scrap as a secondary raw material is a valuable commodity relied upon by manufacturers around the world as a competitive, environmentally preferable and energy efficient feedstock material. It is derived from residential, industrial, manufacturing and/or commercial sources and is composed of ferrous, non-ferrous, plastic, paper, glass, textiles and/or rubber. In its final processed form it is manufactured by processors to a specification grade to meet the needs of the industrial consumer. Adding that secondary raw materials are important materials for industrial growth and in substituting Primary Materials, reduce energy consumption, reduce industrial emissions, and significantly reducing CO2 emissions.
- ❖ In some countries and regions, many scrap metal recycling rates are discouragingly low, and a 'recycling society' appears no more than a distant hope, but with efficient recycling, metals can be used over and over again, minimizing the need to mine and process virgin materials while decreasing energy and water requirements. Success in raising levels of recycling worldwide would benefit the transition to a low carbon, resource efficient Green Economy while assisting in the creation of green jobs, therefore It's important that we all as recyclers must address our scrap Metals and time refrain from using the world waste, and educate authorities in controls where we operate, from undermining our business activity and significance in the trade, Facilitating our imports and exports is the only means of securing competitive feed stock to our industries in replacement of Virgin Metals wherein there end products become competitive and also serving the environment.

Changes in China's waste and scrap import policies will have a worldwide effect simple due to their scale and share.

- ❖ China imports over 20% of Aluminum scrap; over 50% of Copper scrap; some 3% of Iron & Steel scrap; over 50% of Paper and paperboard; and over 50% of Plastic scrap as a percentage of worldwide trade. Both China and those Countries that trade in recyclables need to determine the impacts of trade prohibitions on their national recycling activities, in particular their EPR recycling schemes, on employment, economic development of their own recycling infrastructure and environmental gains or losses.

POLICY OF DIVERSIFICATION HYDROCARBON INCOME IN GCC

- ❖ The GCC economic model relies on oil as the main source of export and fiscal revenues. The government is the dominant force in the economy, receiving oil export revenues and in turn distributing them to citizens. A portion of these revenues is spent directly by the government and provided to citizens through transfers and public sector jobs. Most GCC countries have long oil and/or gas production horizons, consequently, have significant wealth underground.



- ❖ Over the past decade, the GCC has been one of the fastest-growing regions in the world because it has benefited from rising oil prices; sound macroeconomic policies; investments in health, education, and infrastructure; and reforms to the business environment.

GCC PLASTICS INDUSTRY EXPECTED TO GROW TO 34.5 MILLION TONS BY 2022

- ❖ The GCC polymer industry is expected to reach 34.5 million tons by 2022, supporting further downstream development, while growing at a CAGR of 3%. Future plastic capacity growth will be driven by Saudi Arabia, Kuwait and Oman. In 2016, GCC plastics producers sales represented 4% of the global industry sales revenue, reaching USD 33-34 billion. The industry's capacity expanded in 2016 by as much as 5%, reaching 27.1 million tons. "Petrochemical producers are increasingly diversifying their portfolios, investing in new products and moving away from traditional commodity polymers towards specialties such as engineering plastics and elastomers. This is, in turn, supporting the expansion and development of the entire downstream industry in the region."

THE DOLLAR IS THE BENCHMARK BECAUSE IT IS STABLE

- ❖ When it comes to the price of commodities, Dollar and Foreign exchange will also have an impact. The vast majority of raw materials production use the dollar as a pricing mechanism for global trade. That is because the U.S. is the strongest and most stable economy in the world. Therefore, the dollar is the reserve currency of the world and the pricing mechanism for commodities. When the dollar strengthens, it means that commodities become more expensive in other non-dollar currencies. This tends to have a negative influence on demand. Conversely, when the dollar weakens, commodity prices in other currencies move lower which increases demand.

THE IMPACT OF VAT IN GCC ECONOMY

- ❖ GCC traders have to deal with taxation of VAT for the first time which is a point of concern to a lot of business people who are not familiar with business taxation system. VAT will be implemented across UAE on 1 January 2018, the business organizations will have enough time to get prepared before its implementation.
- ❖ VAT will be a diverse source of revenue for the government, and it is expected to net into the government's coffers around 12 billion Dirhams (\$3.2 million) in the first year of its implementation. The cost of living is expected to increase a little, but this will totally depend on the lifestyle of any individual. If a consumer spends on the things which are affected by VAT then he will surely see the change in his cost of living.

IMPACT OF GST

- ❖ "Taxation in India has been changed to one single tax regime known as GST (Goods and Service Tax) replacing different indirect taxes like Excise duty, Service Tax, VAT/Sales Tax, Entertainment Tax, Octroi & Entry Tax, Purchase tax, Luxury tax, etc. The GST slab ranges from 5% to 28% on all commodities, except High end Luxury cars which I believe to be 53% (including cess). In our metals and metal scrap of all grades, the GST is 18%." **Quoted by MRAI president Respected Sanjay Mehta.**

COMMODITIES

- ❖ Increase in Commodity prices has bode well on Middle East suppliers which steered up the volume in terms of quantity, but with certain disturbance to the trade flow that has to do with GST in India and VAT which is coming for implementation this January 2018 in UAE, Lots of firms are trying to gear up with taxation regulators and adapt their local financial and administration system to be prepared.
- ❖ Commodities have outpaced expectations made for this year, Confidence in commodities have given our recycling trade a boost which makes good news of the trade, on the other hand, margin cores are getting in, which are not easily recoverable.



Graph:

Copper has broken out of its 2017 lethargy and surged to levels well above USD 6,000/tonne.



RAMADAN IFTAR GATHERING

BMR Ramadan's iftar feast gathering together took place at Burj Al Arab last June 7 2017 sponsored by Aboura Metals.



INTERVIEW WITH METAL WORLD MAGAZINE

As of previous conferences and Interviews, "Metal recycling industry has paved the way to recognition" was the head title of Metal World magazine interview with Mr. Salam Al Sharif where he spoke about the passing legacy to the 4th generation ensuring long sustainability of the group is one of his main endeavors. The article was published in July 2017.



UP-COMING EVENTS!!

WORLD NON FERROUS CONFERENCE

BMR President Engr. Salam Al Sharif is invited as a guest speaker in the World Non Ferrous conference which is taking place in India on the 7-8 Sept. 2017 (stay tuned until the next news letter so we can share with you how the event went). Noting that this conference is allowing the BMR to stay active in region.



BMR is also attending few other conferences in September beside the World Non Ferrous conference One in Bombay and one in Bangkok.



BIR CONFERENCE NEW DELHI

For the 1st time, Bureau of International Recycling (BIR) Convention will be held in New Delhi, India on (13)14-16 October 2017, President Salam Sharif is invited as a speaker where all BMR Members are requested to participate.



DIWALI NIGHT GET TOGETHER (22 OCTOBER 2017)

The up-coming Diwali Night get together will be sponsored by SUN METALS, PAN GULF and RKG. Will be celebrating new beginnings and the triumph of good evil and light over darkness on this auspicious day.



GLOBAL RECYCLING DAY

Engr. Salam Al Sharif, BIR Ambassadors Committee Chairman is very excited for the first GLOBAL RECYCLING DAY announced & launched by Mr. Ranjit, which will be on 18 March 2018, as he is looking forward to cooperate with the members to make sure the first anniversary will be a memorable one, so we expect you to block this day on your agenda!



Engr. Salam Al Sharif
President

