

## Made in Brazil: Villares Steel Company Has Big Plans for Arab Market

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Ironworks Aços Villares is one of the Brazilian companies betting on the markets in the Arab World. "The growth potential for steel production in the Arab world is very large," stated Marcelo Rebellato, a company representative who was recently in Egypt prospecting the market in the region.

"As we produce a tool for production of steel, our product has great chances of winning the market," he added.

Villares produces, among other products, lamination cylinders, used in the production of steel plates. According to Rebellato, the company wants to supply 20% of the demand of companies in four Arab countries: Egypt, Saudi Arabia, Libya and Algeria.

"Lotas Comércio Exterior has been our representative in these countries for around two years," he said.

"There is a period for presentation of the company, which takes between seven and eight months. After that comes a test phase, which takes from eight months to a year. And only after this period does the regular supply work begin," he added.

According to him, for the time being Villares sales to the Arab world are far from the fixed objectives. "In Egypt, for example, we only supply 3% of the total consumption in the country. We have a participation of 2% to 3% of the consumption of state-owned company Egypt Iron and 3% of EZZ, which is one of the largest local producers of steel," stated Rebellato.

In Libya, the consumption of company cylinders represents 0.5% of the total used in the country. "And in Algeria we are still launching our products," he declared.

### Near Future

However, to Rebellato this situation should change in a short time. "I believe that due to the conditions we offer, and to the quality of our products, we will be able to significantly increase the volume of our sales to these countries," he pointed out.

As an example, he mentioned the business perspectives with Egypt. "We are going to export 120 tons of cylinders for hot lamination to Egypt this year, for the value of between 600,000 and 700,000 euros. But to Egypt alone, our objective is to exceed 2 million euros by 2008," he stated.

Regarding Libya, according to him, in 2006 the sale of 12 cylinders is scheduled for the value of 140,000 euros. "In Algeria we are currently sending price quotations and should sell this year a total of between 120,000 and 130,000 euros. In Saudi Arabia, by the end of 2006 or beginning of 2007, we hope to do business of around 170,000 euros.

"I believe that up to 2008 we may reach 3.5 million euros in business with these five countries," he said. "For the time being these countries are buying many products from India, the Ukraine and Turkey, which offer low prices. But I believe that we may compete offering better services and quality," he added.

He also pointed out the company concern with the environment. "Villares works in a pro-active manner, always seeking the protection of the environment. This means that we are always trying to improve our productive processes without affecting nature," concluded Rebellato.

Established in 1944, Aços Villares has three industrial units in the interior of the state of São Paulo, in southeastern Brazil. They have an installed capacity of 950,000 tons of raw steel a year and 750,000 tons of finished products.

Between 25% and 30% of company production is turned to export. Between January and September 2005, the company had revenues of R\$ 1,35 billion (around US\$ 600 million) and net profit of R\$ 181,5 million (approximately US\$ 80 million). In November last year the total number of employees at the company reached 3,054 people.

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