



اللجنة الوطنية لصناعة الحديد  
NATIONAL COMMITTEE FOR STEEL INDUSTRY

### National Committee for Steel Industry Chairman

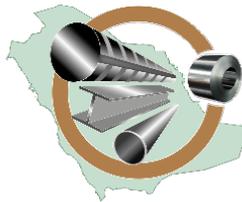
## **The mandatory list of local product preference is a quantum leap into an unprecedented industrial progress**

**Riyadh, 13<sup>th</sup> January, 2020:** In a clear and positive statement made at the outset of 2020, National Committee for Steel Industry Chairman, Engineer Rayed Abdullah Al-Ajaji, highly commended the mandatory list of local product preference as approved by the decision issued by the Cabinet. It requires that the government authorities shall be committed to the mandatory list in business engagement and procurement.

In the same vein, Al-Ajaji highly valued the great efforts made by the Local Content and Government Projects Authority, producing the foregoing mandatory list, which includes the majority of national building and construction materials, allocated at preferential rates between 15% and 30%. In line with the relevant regulations, the implementation of the mandatory list shall definitely increase the contribution of national industries to government procurement, which will be a catalyst to enable national factories to better use their untapped productive potential. For instance, most of the production of the national steel factories has glaringly decreased in recent years; most critically are factories of steel bars and rolls, long steel sections and bridges, in addition to manufacturing steel plate products, whether cold drawn, galvanized or colored. On the flip side of the landscape and against a backdrop of low productivity, the production capacity of some steel factories plummeted down to less than 20% of the energy available, such as colored steel plate products.

Equally important, Al-Ajaji highlighted that the mandatory list of national product preference will not only help enable national factories to better use their untapped production capacities, but will also revitalize the integration of the business cycle of the economy by attracting investments into the industrial sector, creating job opportunities and enhancing the growth of the national economy in general. In addition, creating conditions favorable and conducive for the growth and development of the national industry will certainly drive home foreign investments.

Deep into the core of the decision made, Al-Ajaji expressed his confidence in the feasibility of the mandatory list of the national product preference, simply because it came out well tailored and supported by detailed and practical regulations that map out how to prove the efficiency of the national product and country-of-origin (COO) labelling regulations in such a method as to be clearly shown on the product by drilling,



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sewing, printing in relief or otherwise, engraving, stenciling or irremovable pressing, showing place-based branding. In this regard, Al-Ajaji emphasized that the national steel industry has been at the forefront of other industries to make it obligatory for the specifications of a product to be clearly labelled, including origin and the name of the manufacturer, in such a method that cannot be removed for each and every meter of length of painted and colored steel plate and sheet products, and for each and every two meters of length of galvanized steel plate and sheet products.

Al-Ajaji further explained that in light of the mandatory list along with the associated detailed regulations, there should be no tolerance or relaxation in implementation, while underlining the critical importance of the fact that many of the products of national factories are not used directly in projects as final products; rather, they are considered an intermediate and key material used in transformative products in projects, such as ventilation, air-conditioning and refrigeration ducts, the base material of which is galvanized steel sheets, and therefore should be manufactured from national production inputs. In the same vein, Al-Ajaji drew another revealing example of the colored steel plate products that are laminated in local steel centers into corrugated plates commercially called "Shinko". Such centers used to laminate imported colored steel plate products and then stamp them with Saudi Arabia as country-of-origin labelling although the added value of the lamination process does not exceed 3%.

On behalf of the National Committee for Steel Industry members, Al-Ajaji warmly expressed appreciation and gratitude to the Chairman of the Local Content and Government Projects Authority and his team and to all the official authorities engaged in this remarkable effort and phenomenal achievement, which has seen the light of day and gained ground in the construction sector. Al-Ajaji felt highly optimistic about the concerted efforts that will further develop more mandatory lists to include other sectors. Given the momentous development notched up, such a quantum leap is leading to an unprecedented industrial progress and making much headway, especially in light of what is expected in current stage of a revolution of mega projects wisely linked to the Kingdom's Vision 2030.

Please [click here](#) to view the mandatory list of construction and building products at Local Content & Government Procurement Authority website.

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