

Evraz Expects Boom From Railways

By [The Moscow Times](#)

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Evraz plans to boost North American rail-manufacturing capacity by as much as 15 percent and may increase pipe output as demand for transport and oil and gas pipelines improves.

"We expect 2012 to be one of the busiest business years for railway companies since World War II and that there will be continued investment in railtrack upgrades," senior vice president Pavel Tatyagin, who oversees the company's international business, said last week.

The Association of American Railroads, which includes Union Pacific and BNSF Railways, said in March that members plan to boost capital spending 12 percent this year to a record \$12 billion to upgrade infrastructure as shippers transport more goods. Evraz is also targeting rising pipeline demand from shale oil and gas projects in the Dakotas and drilling in the Gulf of Mexico.

Evraz, the largest supplier of rails in North America, increased first-half sales to the region 45 percent to \$249 million from a year earlier, according to a presentation in October. Major North American railroads boosted carloads by 2.1 percent and trailer and container volume

by 5 percent in January through November from a year earlier, the rail association said on its web site.

Evraz plans to increase rail capacity at its Evraz Pueblo mill in Colorado by 10 percent to 15 percent by the second half of 2012 from the current 525,000 short tons, Tatyannin said. The mill produces all Evraz rails in North America.

Evraz is also considering expanding pipe production at the Pueblo plant to target oil and gas projects in the South and in the Gulf, Tatyannin said. It expects to sell more pipes this year than last, he said, without providing details.

Evraz is benefiting from demand for pipes from the Bakken shale formation in North Dakota, which it supplies from its Canadian mills, Tatyannin said. Evraz pipe supply to Bakken this year will be "much more" than planned, he said, declining to specify.

Evraz will also invest in expanding a pipe-making plant in Portland, Oregon, he said.

"In all our markets, except for Europe, we don't see a decline in physical demand for steel," Tatyannin said. Evraz expects to hire back workers it fired last month at the Regina mill in Canada, he said.

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