

U.S. Nixes Plan for \$730M Severstal Loan

By [The Moscow Times](#)

January 09, 2012

The  Moscow Times

DEARBORN, Michigan — The U.S. Energy Department won't follow through on a planned \$730 million loan to the North American arm of one of Russia's largest steel companies to modernize its Detroit-area plant.

The Detroit News and Detroit Free Press reported Friday that the conditional loan for the Severstal North America project in Dearborn wouldn't be finalized.

Steel company spokeswoman Katya Pruett said Severstal was "deeply disappointed" by the decision. She said the company would review other financing options to move forward with its plans.

About 60 percent of the project has been completed, but the company was waiting on final loan approval to finish it.

The Energy Department didn't specify reasons for not giving final approval for the loan. Department spokesman Damien LaVera said the project has "merit" but not all projects that receive conditional commitments get green-lighted.

"The additional due diligence the department conducts after a conditional commitment is signed is an important part of the process and is vital to protecting the taxpayers," he said.

Some Republican lawmakers criticized the conditional approval. California Rep. Darrell Issa compared the loan to the government's \$528 million loan to solar panel maker Solyndra, which filed for bankruptcy court protection last year.

Detroit-area Democratic Rep. John Dingell urged the Energy Department in a statement not to "turn their back on projects that create in-demand, well-paying jobs like Severstal."

The planned loan to modernize the plant was announced in July. The project was expected to employ about 2,500 construction workers and create 260 factory jobs.

Severstal bought the Dearborn factory in 2004.

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