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Medvedev Seeks Higher Domestic Demand for Steel

By Irina Filatova

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Correction appended.

Prime Minister Dmitry Medvedev on Tuesday pushed for boosting domestic demand for iron and steel amid the global economic turbulence and better protecting the interests of the country's metal exporters abroad.

"We realize that the [economic] situation in the world is unstable. The key problem is falling demand followed by a drop in prices," he said at a meeting on the steel industry's development.

The meeting took place in Chelyabinsk in the Urals, where the prime minister also launched a $715 million rail production facility by the Chelyabinsk Metallurgical Plant, a Mechel subsidiary. The mill will make up to 1.1 million metric tons of finished products a year, the steelmaker said in a statement.

However, Medvedev said, the output of the ferrous metals is expected to demonstrate a modest annual growth of 1.5 percent through 2015. "This year, [production] volumes might be stable, but they might also decline by 1 percent to 3 percent from 2012," he added, according to a transcript on the government's website.

One possible measure Medvedev proposed to boost metal consumption is a legislative ban on laying used steel pipes in residential and commercial construction.

Consumption should increase in industries like car manufacturing, energy and construction, Medvedev said.

Steel consumption in Russia is expected to grow by 2.6 percent this year to reach 42.9 million metric tons, followed by a 3.9 percent increase in 2014, according to the World Steel Association.

"The resumption of energy projects and improving the construction outlook is expected to support steel demand in Russia," the Brussels-based association said in note released in April.

Preparations for big infrastructure projects like the 2014 Winter Olympics and the 2018 FIFA Wold Cup are widely expected to boost steel consumption in the country over the next few years.

In yet another effort to encourage manufacturers, Medvedev proposed to move forward with defending their rights abroad, since exporters are facing protectionist measures in countries including the United States, Indonesia, China, Mexico and Brazil, as well as some E.U. members.

Correction: The article titled "Medvedev Pushes for Higher Steel Demand" published in the July 17 issue on page 5 incorrectly stated that the Chelyabinsk Metallurgical Plant launched a $175 million rail production facility. In fact, the facility is worth $715 million.

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