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# Metals Giant Evraz Plans to Take Bite Out of Global Rail Market

By Alexander Panin

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Rails laid out and cooling at one of Evraz's production facilities.

Now that it has completed its new production facility in Russia, metals and mining group Evraz is eying rail markets in Latin America, the Middle East and Europe, its deputy head told journalists at the Ninth International Strategic Partnership 1520 business forum in Sochi.

To help it go global, Evraz spent $600 million on fully rebuilding its rail production plant in the western Siberian city of Novokuznetsk. The facility is now ready to roll out 950,000 tons of rails per year, an amount that roughly covers Russia's annual demand.

"The market is changing. Customers require rails that can withstand higher speeds and bigger loads, so modernizing production was necessary," said Ilya Shirokobrod, deputy president of EvrazHolding.

About 10 percent of production at the new facility will be exported this year. Evraz further

plans to increase this share to 30 percent in the next two to three years, with the primary export markets being Latin America, the Middle East and Europe, Shirokobrod said Thursday.

Evraz produces rails for Russia and the former CIS countries. It plans to boost its share of the Russian market to almost 100 percent this year, up from 75 percent in 2013, by combining the output from the Novokuznetsk plant with that of another facility it has in Nizhny Tagil, in the Sverdlovsk region.

In Europe the biggest potential market for Evraz is Germany. The country buys about 250,000 tons of rails per year, which is why Evraz is trying to strike a deal with German state rail operator Deutsche Bahn, Shirokobrod said.

"Our rails are now passing Deutsche Bahn's certification procedure. We are currently manufacturing the first batch to be tested according to working conditions in Germany," he said.

Another major market for Evraz is the U.S., where the group has a facility capable of producing more than 500,000 tons of rails per year.

The U.S. rail market has been growing thanks to the upsurge in shale oil production, which led to an increase in freight volumes and, therefore, greater demand for rails. To meet this demand, Evraz's management earlier this month decided to invest $34 million to increase the capacity of the American facility by more than 9 percent, Bloomberg reported.

Evraz has transferred the technology needed to make the 100-meter rails from its U.S. factory to the facility in Novokuznetsk. Such rails are used in the construction of high-speed rail lines and Evraz is prepared to supply them for the planned Moscow to Kazan high-speed rail line, Shirokobrod said

He said that about 200,000 tons of rails will be needed for the 770-kilometer line.

When asked about the impact that Western sanctions against Russia might have on Evraz's business, Shirokobrod was optimistic. "Our approach to work is pragmatic, as it is of our customers. We do not feel any effects of sanctions," he said.

**See also:**

ING, Deutsche Bank Launch $700M Syndicated Loan for Steel-Maker Evraz

Contact the author at a.panin@imedia.ru

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