



Department for
International Trade

Severstal-TRID Remote Verification Meeting 2

Meeting Organiser: Trade Remedies Investigations Directorate (TRID)
Meeting with: Severstal, Russia
Meeting Attendees: Deputy head of GR, Head of trade policy department, Specialist of trade policy department, Specialist of trade policy department, Lead Investigator, Lead Verification Specialist and Senior Investigator.
Meeting Date: 18th December 2020
Meeting Time: 13:30-14:45 UK time
Meeting Venue: MS Teams

1. Introductions

Introductions were made

2. Potential Product Adjustments

TRID asked for an explanation of the 'other' category that Severstal had reported for the ends of all the products subject to review that it manufactured. The ending was reported as being cut at 90 degrees and TRID asked if this meant the pipe had a 90-degree bend in it.

[Non-confidential summary: The description of the main features of Severstal tube production process].

3. Export market

TRID asked for details concerning

- 1) Existing sales terms or agreements to export sales destinations
- 2) Links with any export customers, and
- 3) Whether Severstal exports to any other countries except the five mentioned in the questionnaire.

Severstal explained that it is easier for them to export products such as flat products and hot and cold rolled coil than the products subject to review. This was because welded tubes and pipes take up a lot of room when transported (due to the air space inside the pipes and tubes) and they are prone to rusting when shipped by sea.

It is also hard to compete with domestic manufacturers in the export market as the surcharge for producing welded tubes and pipes compared to hot rolled coil is relatively small.

For this reason, they only export the products subject to review to neighbouring countries by rail and road. [Non-confidential summary: The details of Severstal's sales process].

The sales of other products are done through affiliated companies because they are aware of anti-dumping investigations and are afraid of products being directed from market to market to circumvent measures.

[Non-confidential summary: The example of sale].

Severstal confirmed that they have not sold the products under review to the EU for many years as the EU have a lot of producers and it is a competitive market.

[LIMITED by nature and not susceptible of summary].

4. Domestic market analysis:

TRID commented that the capacity figures reported by Severstal in annex D5 were high. Severstal were invited to explain how their capacity was calculated (for example how many shifts are worked) and how they meet the demands of their customers whilst running so close to capacity.

[Non-confidential summary: The explanation of capacity calculation].

Severstal shared their working file which was used to make the calculation and agreed to email this file to TRID after the meeting. It was agreed that TRID would not need this document translated.

The production capacity for Production Mill X and Production Mill Y [Non-confidential summary: The description of the production capacity Of Mill X and Y] I was reported as [Limited – Confidential by nature because it would directly or indirectly disclosure business confidential information, non-confidential range: 360,976 – 459,424] tonnes and the Production Mill Z [Non-confidential summary: The description of the production capacity Of Mill Z] as [Limited – Confidential by nature because it would directly or indirectly disclosure business confidential information, non-confidential range: 264,000 – 339,000] tonnes. Total capacity was therefore [Limited – Confidential by nature because it would directly or indirectly disclosure business confidential information, non-confidential range: 624,976 – 459,424] tonnes. [Non-confidential summary: The calculation of capacity figures].

[Non-confidential summary: Calculation of capacity utilisation, Confidential by nature because it would directly or indirectly disclosure business confidential information].

TRID asked Severstal how they meet customer demand when they are running at near full capacity production.

[Limited – Confidential by nature and cannot be summarized because it would directly or indirectly disclose business confidential information].

They also confirmed that they were running 24 hours a day either using 2, 12-hour shifts or 3, 8-hour shifts.

5. Domestic market analysis: Inventories

TRID asked if Severstal maintained stocks or produced to order

[Non-confidential summary: Severstal explanation of the data in Annex D6, Confidential by nature because it would directly or indirectly disclosure business confidential information].

Severstal shared the working file used for the inventory calculations and agreed to send it to TRID after the meeting.

TRID asked if Severstal consolidated orders for each production run.

Severstal explained that they do. They schedule the production based on the orders which have a common steel grade and/or diameter of pipe as switching things like diameter on the production line causes delays

As the meeting was overrunning it was agreed to cover the remaining agenda items in the meeting scheduled for Tuesday 22 December.

TRID asked Severstal if they had any questions

Severstal asked for confirmation of the number of sales transactions that had been selected for verification. The email sent mentioned 31 transactions but 20 were on the spreadsheet. TRID explained this was a typo and they might request one more export transaction.

Severstal then explained that some of the documents requested (such as proof of payments) will take them longer to get as they have to be requested from the accounts department (they are not on SAP).

It was agreed that these documents could be sent by 29 Dec. In the meantime, Severstal would send the other documents, ordered by invoice number by a zipped file by Monday 21 Dec.

Severstal explained that they would be shutting down for Christmas from 31 Dec - 11 Jan. TRID confirmed that the office would be closed from 25 – 28 December.

Meeting ended at 14:45 UK Time