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## Russian steel mills turn to US coal

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Argus reported that Russia is increasingly turning to US coking coal imports as domestic shortages linger. This is propping up prices despite weak demand.

A Russian coking coal producer said it will not be supplying steel producer Uralskaya Stal which plans to test US coking coal instead. A spokesman at the producer said “We are not going to supply our coal to Uralskaya Stal in September because it is going to receive a cargo from the US.”

The source of the imported coal was not disclosed.

Two other Russian companies, steel producer NLMK and steel and mining group Mechel have imported US coking coal this year. NLMK has a three year contract to import 600,000 tonnes per year from the US. The company had been an importer of coking coal in the past but stopped after the economic downturn of 2009.

Mechel said the company imported two Panamax cargoes from US producer Bluestone this summer. The imports will be used for its own needs as well as for sale to third parties.

The Russian market is short of primarily high volatile coking coal. A trader with a major coking coal producer said “We have a surplus of low-volatile semi-soft coal. We are offering it, but no one will buy.”

Market participants said demand for coking coal in Russia is down because of low demand for steel from the construction sector. As a result, coking coal prices in the Russian domestic market are likely to remain stable until the end of the year. Mr Sergei Krivokhizhin Alfa Bank analyst said “I do not envisage any increase in demand for steel production and do not expect steel or coking coal prices to rise.”

At the same time, the anticipated fall in international coking coal prices will not translate into a fall in Russian prices because of the shortage of high volatile grades.

(Sourced from Argus)

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