Izhora Pipe Mill

History

ZAO Izhora Pipe Mill (ITZ) is a manufacturer of large diameter pipes for oil and gas industries established by Severstal Group. The mill uses workpieces produced by Wide Mill 5000 (Roll Plant 3 of PAO Severstal), which is located at the same site as Izhora Pipe Mill in Kolpino (St. Petersburg). The renovation of Mill 5000, which used half of the overall project costs, made it possible to produce large diameter pipes from the highest-grade high-strength steel.

Construction of Izhora Pipe Mill started in early 2004. In January, a contract with German SMS Meer GmbH was signed for production, delivery and installation of pipe welding equipment.

In February 2005, a contract with US-based CRC-Evans International Pipelines, Inc. was signed for production, delivery and installation of external coating equipment.

This project was financed from internal and external sources including a loan from the European Bank of Reconstruction and Development. Severstal invested a total of $300 million in ZAO Izhora Pipe Mill and additional $300 million in the renovation of Mill 5000 at Rolling Plant 3.

In March 2005, Governor of St. Petersburg Valentina Matvienko and CEO of Severstal Group Alexey Mordashov signed a cooperation agreement on Izhora Pipe Mill construction project. Valentina Matvienko passed a bill to give this construction a status of St. Petersburg’s Strategic Project and to give Severstal Group the status of Strategic Investor in St. Petersburg.

In August 2005, OAO Gazprom Executive Team Member and CEO of Gazkomplektimpex Valery Golubev and Chairman of ZAO Izhora Pipe Mill Igor Kostin signed 2006–2007 cooperation agreement to provide OAO Gazprom with domestic 1020 mm to 1420 mm oil and gas pipes that Gazprom used to source internationally in the past.

October 2005 saw the first shipments and the start of installation of core production equipment, and in December 2005, a contract with Dutch company Selmers Technology was signed for delivery of internal coating equipment.

Izhora Pipe Mill was launched on July 14, 2006. Russian President Vladimir Putin attended the inaugural launch event. The government delegation and the President were greeted by the Governor of St. Petersburg Valentina Matvienko.

Vladimir Putin said that this launch was an important event both for the city and for the whole Russian energy industry as Russia was in the need of new and replacement piping systems.
"The launch of the new mill marks a new phase of production and will help to execute the Russian energy strategy," said CEO of Severstal Alexey Mordashov at the launch ceremony.