April 21, 2017

VIA EDIS
The Honorable Lisa R. Barton
Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436
c/o William Bishop and Sharon Bellamy

Re: Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates and the United Kingdom: Post-Conference Brief of PJSC Yenakiieve Iron and Steel Works and Metinvest International S.A.

Dear Secretary Barton:

On behalf of Public Joint Stock Company Yenakiieve Iron and Steel Works and Metinvest International S.A. (“Yenakiieve”) and in accordance with 19 C.F.R. § 207.15, the United States International Trade Commission’s (“Commission”) scheduling notice, and in the instructions given at the April 18, 2017 Staff Conference, we hereby submit our post-conference brief in the above-captioned proceeding.

In accordance with 19 C.F.R. §§ 201.6 and 207.3, we request business proprietary treatment for the information contained in brackets in the confidential version of this brief which includes proprietary domestic industry, importer, and foreign producer data; and other information released to this firm under administrative protective order (“APO”), as well as information under copyright. Disclosure of this information would cause substantial commercial and competitive harm to the above companies and other parties subject to the APO.
Included in this submission are certifications required by 19 C.F.R. 201.6(b)(3)(iii) and 207.3(a). Service has been effectuated as required by 19 C.F.R. 201.16 and 207.3(b).

In accordance with 19 C.F.R. § 207.3(c) and the Handbook on Filing Procedures, we hereby file this submission electronically on EDIS and manually submit nine (9) copies of the non-final confidential version of this submission. The following business day, we will electronically file and manually submit nine copies of the public version of this submission.

Please contact the undersigned if you have any questions.

Respectfully submitted,

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PUBLIC
CERTIFICATE OF SERVICE

Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates and the United Kingdom
Inv. Nos. 701-TA-573-574 and 731-TA-1349-1358 (Preliminary)

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BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

In the Matter of:

CARBON AND CERTAIN ALLOY STEEL WIRE ROD FROM BELARUS, ITALY, KOREA, RUSSIA, SOUTH AFRICA, SPAIN, TURKEY, UKRAINE, UNITED ARAB EMIRATES AND THE UNITED KINGDOM

Inv. Nos. 701-TA-573-574 and 731-TA-1349-1358 (Preliminary)

PUBLIC VERSION

Business proprietary information subject to APO removed from brief pages 2-3, 5-8, and 11-12; and Exhibits 1, 4, and 7.

POST-CONFERENCE BRIEF OF PJSC YENAKIEVE IRON AND STEEL WORKS AND METINVESI INTERNATIONAL S.A.

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April 21, 2017
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I. INTRODUCTION

This post-conference brief is submitted on behalf of Private Joint Stock Company Yenakiieve Iron and Steel Works and its Makiivka manufacturing branch ("Yenakiieve"), Ukrainian producers of subject carbon and alloy steel wire rod and Metinvest International S.A., an affiliated trading company based in Geneva, Switzerland.

For the reasons set forth below, we submit that there is no reasonable indication that a U.S. industry has been materially injured, or is threatened with material injury, by reason of subject imports. This is true whether the subject imports are assessed on a cumulated basis or Ukraine is evaluated on its own. The domestic wire rod industry has not suffered any negative volume effects, and pricing declines experienced during the investigation period are fully explained by the significant drop in steel scrap prices during the same period. The performance of the domestic industry held steady during a period of somewhat lower demand and transition as Georgetown Steel finally closed its non-competitive mill, and the prospects for future growth in sales volumes and profitability are bright. The Commission should issue a negative determination, sparing the parties a needlessly protracted investigation of an industry that does not warrant trade protection.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

For purposes of this preliminary investigation, Yenakiieve takes no position with regard to the definition of the domestic like product, but reserves its right to raise such issues in any final investigation.

With respect to the domestic industry, Yenakiieve, notes that U.S. producer Evraz Rocky Mountain Steel is related to Russian producer and exporter Evraz ZSMK and may therefore be considered for exclusion from the domestic industry under 19 US.C. § 1677(4)(B). For purposes of the preliminary determination, however, Yenakiieve accepts that the industry includes all U.S.
producers in operation during the investigation period, including Evraz. Yenakiieve reserves its right to challenge Evraz’s inclusion in the domestic industry in any final investigation.

III. CONDITIONS OF COMPETITION

In evaluating the likely impact on the domestic industry, the statute directs the Commission to consider all relevant economic factors within the context of the business cycle and the conditions of competition that are distinctive to the affected industry. 1/ In this case, there are several important conditions of competition the Commission should take into account in evaluating Petitioners’ injury claims.

A. U.S. Prices are Closely Linked to Steel Scrap Prices

First, U.S. prices for steel wire rod are directly and very closely linked to the price of steel scrap. This fact was expressly acknowledged by several representatives of the U.S. producers at the Staff Conference, including Mr. Canosa of Gerdau and Mr. Ashby of Keystone. This close relationship between scrap prices and wire rod prices is also repeatedly acknowledged in the trade press. See, e.g., American Metal Market, *Domestic wire rod prices rise with scrap* (March 23, 2017)(noting that low-carbon wire rod prices tend to follow the Chicago shredded scrap index, while high-carbon wire rod prices tend to follow the busheling scrap index) (Exhibit 1).

The data obtained by the Commission for these preliminary investigations fully bears this out. In Exhibit 1 we provide copies of scrap pricing data from [ ] placed on the record by Commission staff. When compared to the domestic producer pricing data obtained by the Commission, the correlation is striking. See Exhibit 1 (Pricing Chart). Scrap prices clearly dictated market prices during the investigation period.

As discussed further in Section IV below, this tight relationship between wire rod prices and the price of scrap fully explains the drop in steel wire rod prices in 2016 upon which Petitioners have constructed their injury claims.

B. U.S. Supply is Currently Very Tight and Lead Times from Domestic Producers are Increasing

Wire rod consumers testifying at the Staff Conference described significant tightness in supply in the U.S. market with lead times increasing and customers having been placed on allocation. See, e.g., Testimony of Mr. Moffit (“Today, lead times from domestic mills, which had been four to six weeks, have been stretched to six to eight weeks.”), Mr. Hughes (“One domestic mills has Bekaert on monthly allocations, and lead times have been extended by domestic rod mills including all four petitioners.”). This fact is also reflected in news reports which corroborate eight week lead times. See, e.g., American Metal Market, *US wire rod prices flat for May, but mills may waver* (April 13, 2017)(noting that “{a}t least three major wire rod producers have lead times of eight weeks, stretching further than has been typical in recent years, according to a third wire rod buyer based in the US Midwest.”) (Exhibit 2). Thus, domestic producer claims of under-utilized production capacity must be met with significant skepticism. That is not what their market behavior is showing.

C. Construction-Related Demand is Likely to Grow Much stronger in the Near Future – Perhaps Astronomically, if the $1 Trillion Trump Infrastructure Spending Plan Moves Forward

Data collected by the Commission suggests that total apparent domestic consumption of wire rod [ ]. Purchasers testifying at the staff conference indicated that this was the case and that this was the result of import competition in downstream markets for wire products. See, e.g., Testimony of Mr. Moffitt.

Notwithstanding the broader decline in demand during the investigation period, certain sectors are doing well – notably the automotive sector – as multiple witnesses confirmed. Also,
the construction industry (probably the largest single consuming industry for wire rod) is on the rebound and the prospects for very strong growth in demand is high given the public commitment of the Trump Administration to embark on an ambitious infrastructure program. According to a leading market forecasting agency, U.S. construction starts are predicted to increase 5% to $713 billion in 2017. 2/ Public works construction is slated to increase even more. 3/

The future looks even brighter still. The Trump Administration earlier this year unveiled a $1 trillion infrastructure spending plan. While some are questioning the timing and scope of the promised infrastructure plan, 4/ American Metal Market reports that that Petitioner Nucor is confident that a package will be passed, and believes it could translate into 5 million tons of extra steel demand per year. 5/ Coupled with recent initiatives to boost Buy American preferences for U.S. sourced steel, 6/ this could quickly result in a dramatic increase in demand for wire rod that could result in shortages of steel and skyrocketing prices – particularly if import supply is inappropriately blocked by these investigations.


3/ Id.


5/ American Metal Market, Market Still Hopeful on Infrastructure Deal (March 17, 2017), (Exhibit 3).

D. A Significant Share of Domestic Shipments are Captively Consumed and Therefore Shielded from Import Competition

As the Department has found in prior proceedings involving steel wire rod, 7/ the U.S. industry is characterized by a relatively high level of captive consumption. The Commission’s questionnaire data for this review indicates that captive consumption (internal use and transfer to related firms) accounted for between [ ] of total domestic producer shipments. See Exhibit 4 (Domestic Producer Data Charts). While Petitioners will likely urge the Commission to ignore the attenuation aspect of this fact and ask the Commission to focus its analysis entirely on merchant market operations, 8/ the fact remains that a little less than [ ] of domestic producer shipments face no competition at all from subject imports.

IV. THERE IS NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

Yenakiieve notes that arguments have been made to exclude several subject countries from these investigations for reasons of negligibility. Yenakiieve does not oppose the exclusion of these countries. However, for purposes of the arguments presented below we have assumed that all subject countries remain under investigation.

A. This is Not a Volume Case

Contrary to what Petitioners have claimed, this is not a “volume case.” Even with the closure of the outdated and dysfunctional Georgetown Steel mill in 2015, and the associated loss of a reported [ ] short tons of domestic wire rod capacity, the remaining eight U.S.


8/ While the new “captive production” provision in the statute, 19 U.S.C. § 1677(7)(C)(iv), directs the Commission to “focus” on the merchant market, the statute does not require or permit the Commission to ignore the industry’s overall performance. It would be legal error for the Commission not to also consider overall performance, including the significance of captive production in shielding the industry for competitive harm.
producers still managed to [ ] the period of investigation.

The U.S. petitioners nevertheless complained at the Conference that they should have gained even greater market share following the imposition of prohibitive duties on Chinese imports in 2014. In fact, the domestic producers that currently comprise the industry did see [ ] after 2014. In 2014, the U.S. industry, was comprised of nine producers and shipped approximately [ ] million tons of wire rod. See Exhibit 4. In 2016, after the exit of Georgetown Steel, just eight companies remained. But, these eight companies shipped [ ] as the nine companies. See Exhibit 4. Thus, on a per company basis, there was a clear and significant [ ].

This fact is further borne out by the individual company questionnaire responses which show [ ] over the investigation period by all of the major U.S. wire rod producers including [ ].

B. Subject Imports Did Not Cause Adverse Price Effects

The record before the Commission in this preliminary investigation also demonstrates that cumulated subject imports did not cause adverse price effects during the period. While U.S. producer prices [ ], the [ ] is completely explained by the corresponding [ ] in scrap prices. As noted above in Section III, it is undisputed that wire rod prices are very tightly correlated with scrap prices. This is hardly a surprise as the single largest raw material – by far -- for U.S. producers that employ electric arc furnace (EAF) melting technology is metal scrap. Petitioners’ witnesses conceded this at the Staff Conference. See, e.g., Testimony of Mr. Canosa.
As the pricing chart in Exhibit 1 shows, prices for Chicago shredded scrap (tied closely to low carbon wire rod prices) \( \text{[ ]} \) of approximately \( \text{[ ]} \) dollars per ton in January 2014 \( \text{[ ]} \) dollars in December 2015 – a \( \% \). Over roughly the same period (comparing Q1 2014 to Q4 2015), the average domestic producer prices for the Commission’s pricing products 1, 2, 3, and 4 (all industrial quality wire rod), \( \text{[ ]} \) U.S. producer prices, the margin between the scrap price and sales price (metal margin) actually \( \% \). This is reflected in the \( \% \) in the gross profit of the domestic producers on open market operations during the period from \( \% \) to \( \% \). See Exhibit 1.

C. Subject Imports Had No Adverse Impact on the U.S. Industry’s Operational or Financial Results

Lastly, the record does not demonstrate any significant negative impact on the operational or financial performance of the domestic industry.

As a preliminary matter, aggregate industry operational data are distorted by the closure of Georgetown Steel. Protests to the contrary notwithstanding, Georgetown Steel closed for reasons that have nothing to do with import competition. Instead, as noted by Mr. Minnick at the staff conference, the Georgetown Steel mill principally closed because the Army Corps of Engineers would not dredge the Cooper River to allow access for larger ships to deliver DRI to the mill. The remaining alternative methods of delivery for the DRI and finished product simply rendered the mill economically non-competitive. In evaluating the aggregate industry data, the Commission must therefore be mindful of how the closure of the Georgetown Steel mill impacts operational data such as production, shipments, and employment.
Notwithstanding this factor, the aggregate operational and financial data was still generally positive over the investigation period and does not support an affirmative injury finding.

First, domestic producer capacity utilization for wire rod operations [ ][ ] over the period from [ ][ ] in 2014 to [ ][ ] in 2016. See Exhibit 4. Considering that the purchasers over this period were experiencing extended lead times of as much as 8 weeks (see Section III supra), this level of utilization suggests that the industry must actually be operating at or near its practical full capacity.

Second, while sales volumes on an overall basis [ ], the industry [ ][ ] over the investigation period. According to aggregate questionnaire data, the domestic industry’s net profitability on merchant market sales [ ]. On a total basis (including captive sales), net profitability [ ]. See Exhibit 4.

Third, factoring for the closure of Georgetown, the employment picture is also not indicative of injury. Excluding Georgetown Steel, the domestic industry [ ] jobs, an [ ] and an [ ] in extra wages. See Exhibit 4.

V. SUBJECT IMPORTS DO NOT THREATEN TO CAUSE MATERIAL INJURY

Subject imports also do not threaten the domestic industry with material injury.

A. Imports from Ukraine Should be Decumulated

As a preliminary matter, we urge the Commission to exercise its discretion to decumualte Ukraine from other subject imports. Ukrainian producers are operating in an entirely different and unique political and economic environment than subject producers in other countries. Ukrainian producers face different market conditions at home and face different incentives with
respect to exports. For example, as elaborated below, a significant portion of the Ukrainian wire
rod industry is located in territory outside the control of the Government of Ukraine and both the
Yenakiieve and Makiivka mills have been lost to the Ukrainian economy due to seizure by
Russian-backed separatists. The ability and incentive to increase exports to the United States is
fundamentally different in Ukraine than in any of the other countries under investigation.

B. Subject Imports from Ukraine Do Not Threaten Material Injury

1. The Yenakiieve and Makiivka Plants Are No Longer a Viable Source of Ukrainian Exports

Until very recently, Yenakiieve was a fully integrated Ukrainian steel company operating
within the Metinvest Group. Yenakiieve Steel produced a wide range of metal products
including billets, angles, channels, beams, wire rod, and rebar. The Yenakiieve and Makiivka
steel works are located in the Donetsk region of Eastern Ukraine. Since 2014, the Donbas region
of Ukraine, including the cities of Yenakiieve and Makiivka, has become a war zone, as
separatist groups, backed by Russia, seized the region through military action. Political and
security control of the region has been taken away from the Ukrainian Government and seized by
the separatists. We refer the Commission to the map in Exhibit 5 prepared by the Ukrainian
Ministry of Defense, which shows that the Yenakiieve and Makiivka mills are well within the
non-controlled territory (“NCT”).

The conflict in Eastern Ukraine has claimed the lives of many thousands of innocent
civilians and Ukrainian soldiers. It has also had a profound negative impact on manufacturing
industries in the region. Critical infrastructure has been damaged or destroyed, including
railways, roads and bridges, and the conflict has directly, and repeatedly, impacted industrial
operations, as factories and housing have been the frequent targets of shelling and other military
actions. See Exhibit 5 (Articles on conflict and infrastructure damage).
As described in Yenakiieve’s foreign producer questionnaire response, the conflict has
directly and negatively impacted Metinvest’s wire rod operations. For example, the Yenakiieve
mill was regularly shelled from August 2014 to February 2015. As a result, the core production
shops and most infrastructure utilities at the plant were damaged. The lime calcination and
refractory shops needed major repairs. A water treatment unit of the continuous casting machine
was severely damaged at the converter shop. The irrigation facilities and the cooling tower
casing were destroyed and electric filters of the ventilation shop damaged. Some railway
sections, a front-end bucket loader and a universal track machine were damaged at the railway
transportation department. Buildings and facilities of auxiliary shops were damaged too.

On August 12, 2015, the Makiivka branch also came under shelling. Shells damaged the
rolling stock, a gas pipeline, and power networks.

This tragic situation has from the beginning presented serious hardships for the people
and businesses in the region and has resulted in limited economic output and frequent disruptions
to industrial operations. However, at least until the beginning of this year, the Yenakiieve and
Makiivka mills were still controlled and operated by the Metinvest Group and the companies
employees were finding creative ways to continue their operations and sustain their livelihoods,
albeit on a considerably lower level than before the conflict. Raw materials continued to be
sourced and Metinvest found ways to ship its wire rod products within Ukraine, within the region,
and even to the United States. As of last month, however, this situation has profoundly changed.

In March 2017, unidentified armed individuals under the apparent direction of the self-
proclaimed Donetsk People’s Republic arrived at various Metinvest Group enterprises including
Yenakiieve and Makiivka and demanded that company assets be immediately re-registered under
the jurisdiction of the non-recognized republics. In support of this effort, the separatist also
began a systematic inventory of the plants, their equipment, and stores. Employees were
physically threatened if they resisted. The rebels seized over 40 different facilities in the Donbas region, many of them also from the Metinvest Group, including Yenakiieve Coke, Khartsyzk Pipe, Komsomolske Flux, Krasnodon Coal, Donetsk Coke, and others. *See Exhibit 6 (Articles on seizure of Yenakiieve)*.

In the face of these events, and because Metinvest cannot place its employees at risk, or violate the laws of Ukraine, the Group determined just a few weeks ago that it was no longer possible to continue operations at these enterprises. *See Exhibit 6* (“Media: ore at the steelworks in yenakiyevo and alchevsk will be delivered through the "state reserve"). All of the staff, other than two managers, have been let go. Metinvest no longer operates or controls these mills and their economic future is unknown. *See Exhibit 6*. These companies employed and sustained over 20,000 people and their families during a time of great suffering in the region. Employees affected by these most recent events are now being offered positions at Metinvest’s enterprises in the territory controlled by Ukraine.

There are recent press reports that Russian mining interests may now be seeking to take advantage of the situation by supplying the mills with iron ore from Russia, but this is uncorroborated. *See, Exhibit 6*. In the meantime, the mills themselves are now beyond Metinvest’s control and are not part of the Ukrainian economy.

These facts are highly relevant to the Commission’s injury analysis. With the loss of its only wire rod manufacturing capacity in Ukraine, the Metinvest Group today is no longer a source of wire rod imports from Ukraine. This event removes roughly [ ] of total Ukrainian export capacity for the foreseeable future and perhaps permanently. *See Exhibit 7 (Ukraine Data).*
2. Ukrainian Capacity Utilization is [ ]

Reported capacity utilization for Yenakiieve and ArcelorMittal is relatively high (between [ ] and [ ]) and [ ] reported utilization rates.

3. Ukrainian Inventories of Wire Rod are [ ]

Inventories of subject wire rod in Ukraine have been [ ] throughout the three year period of investigation period, from a cumulative total of [ ] tons in 2014 to barely more than [ ] tons in 2016 and an [ ] tons projected for 2017.

Foreign producers Yenakiieve and ArcelorMittal reported [ ] U.S. inventories.

VI. CONCLUSION

On the basis of the evidence before the Commission, the only reasonable conclusion that can be drawn is that there has been no material injury, nor is there threat of material injury, to the domestic industry producing steel wire rod. For this reason, we respectfully submit that the Commission should make a negative determination.

Respectfully submitted,

/s Craig A. Lewis
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Counsel to PJSC Yenakiieve Iron and Steel Works and Metinvest International S.A.

Dated: April 21, 2017
CERTIFICATION

CITY OF WASHINGTON
DISTRICT OF COLUMBIA

I, Craig A. Lewis, having been duly sworn on this 21st Day of April, 2017, do hereby swear in accordance with the International Trade Commission's regulations, 19 C.F.R. § 201.6(b)(3)(iii), that information substantially identical to the information for which we are requesting proprietary treatment in the attached submission is not available to the public.

In accordance with the International Trade Commission's regulations, 19 C.F.R. § 207.3(a), I further certify that the information contained in the attached submission is accurate and complete to the best of my knowledge.

Hogan Lovells US LLP
555 13th Street, N.W.
Washington, DC 20004
Tel: (202) 637-5600

Sworn and subscribed before me this 21st Day of April, 2017, in the District of Columbia.

Theresa L. Stresberg
Notary Public

My commission expires: 3-14-2022
Exhibit 1
3/23/17 Metal Bull. (Full Text) (Pg. Unavail. Online)
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Metal Bulletin
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Domestic US wire rod prices rise in line with scrap costs

Nat Rudarakanchana, AMM

Low-carbon wire rod prices rose by $40 per ton for April shipments, up from March prices, after the price of Chicago shredded scrap rose by $40 per gross ton. The prices of high-carbon and cold-heading quality grades rose by $60-65 per ton, in line with No1 busheling scrap prices in Chicago, sources said.

High-carbon wire rod customers use different benchmarks - including price averages across four city markets, a blend of busheling and shredded prices, or just a pure busheling pricing - so the full $65 per ton price rise may not go through, one mill source said.

There was also initial resistance from buyers to the significant one-month price rise. March's rise of $65 per ton for busheling marks the biggest monthly increase since August 2012, when busheling shot up by $83 per gross ton, according to pricing archives at Metal Bulletin sister title AMM.

"We're getting at least the shredded [scrap grade cost] increase. There's no-one getting any less than that. We have to recover our costs," the mill source said. "The market seems to have taken that without any issue."

His mill completed its March-rolling bookings in the last week of February and expects to close April's book before the end of March, he added.

The same source estimated a reasonable price for April to be $30 per hundredweight fob mill. His inland customers have not been buying imports much, citing offers in the "high $20s [per cwt]" on a delivered basis, given their distance from ports and subsequent freight costs of $3-4 per cwt.

Still, one US Midwest wire rod buyer saw an average rise of $35 per ton in April wire rod prices, although he acknowledged that this was mostly rises of $40 per ton.

Mill supplies have been tight, as the Midwest buyer had a problem adding extra tons into his March order at one mill, which was too busy to accommodate him this month.
Domestic US mills were busy enough to turn back or delay orders by weeks or even a month, as they have filled their order books well, sources said. And lead times have stretched into May for certain sizes from one major mill, one source said.

The rate of demand is "probably steady to improving", while import offers have not been competitive, the US Midwest wire rod buyer said.

He bought heavily in February and March, so was trying to buy much less in April, purchasing only according to his needs until he could predict his requirements for May and June, he said. He estimated that industrial-quality wire rod prices will be $29.25-30 per cwt for April.

"It seems that some people went heavy on buys in January and February," a second US wire rod buyer, who buys nationally, told AMM.

"It sounds like there are a lot of import tons on the water. [...] I'm interested to see after June, July arrivals what the market looks like," he added. "Until then, I can see people scrambling to fill orders from domestic [mills in the USA] in the next few months."

Domestic mills probably can service this demand, despite signs of tightness already, as lead times of six-to-eight weeks have been common in the past, the second wire rod buyer said. Lead times for wire rod mills had been closer to three-to-four weeks over recent months.

"It just requires a little bit more planning, and probably a few more buys from service centres than people planned," this wire rod buyer said. "I think in general there's enough domestic supply out there."

Low-carbon wire rod prices went up by $40 per ton "across the board" this week, a third wire rod buyer said.

"Business is generally up. Everybody's smiling around here, and I'm a lot busier. I'm actually having trouble getting the wire rod material in fast enough, which is a problem I haven't had in years," he said.

AMM's price assessment for domestic US industrial-quality wire rod climbed by $2 per cwt to $28.50-30 per cwt for April shipments.

High-carbon wire rod prices climbed to $31.50-33 per cwt, while cold-heading quality wire rod jumped to $34-35 per cwt, and mesh-quality wire rod rose to $27.50-28.50 per cwt.

### Index References ###

Industry: (Agriculture (1AG63); Agriculture, Food & Beverage (1AG53); Food & Beverage Production (1FO79); Ingredients (1IN93); Livestock (1LI33); Natural Resources (1NA60); Natural Resources Industry Highlights (1NA66); Sugars & Sweeteners (1SU55))

Region: (Americas (1AM92); Illinois (1IL01); North America (1NO39); U.S. Midwest Region (1MI19); USA (1US73))

Language: EN

Word Count: 717
NEW YORK U.S. wire rod prices have risen in line with $40- to $65-per-ton jumps in March scrap tags, according to market participants.

Low-carbon rod prices rose $40 per ton for April shipment, up from March tags, after Chicago shredded scrap gained $40 per gross ton. High-carbon and cold-heading quality grades rose $60 to $65 per ton, in line with No. 1 busheling tags in Chicago, sources said.

High-carbon rod customers use different benchmarks including four-city price averages, a blend of busheling and shred tags, or just pure busheling pricing so the full $65 per ton gain may not go through, one mill source said.

"We're getting at least the shred increase. There's no one getting any less than that. We have to recover our cost," the mill source said. "The market seems to have taken that without any issue."

His mill filled up March rollings in the last week of February and expects to close out April's books before the end of March, he said.

That source pegged a reasonable price for April at $30 per hundredweight f.o.b. mill. His inland customers have not been buying imports much, citing offers in the "high $20s" on a delivered basis, given their distance from ports and a subsequent $3 to $4 per cwt in freight costs.

Still, one midwestern rod buyer saw a $35-per-ton gain for April rod tags, although he acknowledged it was mostly $40-per-ton gains.

Mill supply has been tight as the Midwest buyer had a problem placing extra tons into his March order at one mill, which was too busy to accommodate him this month.
Domestic mills were busy enough to turn back or delay orders by weeks or even a month, as they've filled up order books nicely, sources said. And lead times have stretched into May for certain sizes from one major mill, one source said.

Demand is "probably steady to improving," while import offers have not been competitive, the Midwestern rod buyer said.

He bought heavily in February and March, and so was trying to buy far less in April, purchasing only according to his needs until he gained some visibility into May and June, he said. He pegged industrial-quality rod at $29.25 to $30 per cwt for April.

"It seems some people probably went heavy on buys in January and February," a second rod buyer, who buys nationally, told AMM.

"It sounds like there are a lot of import tons on the water. … I'm interested to see after June, July arrivals what the market looks like," he continued. "Until then, I can see people scrambling to fill orders from domestics in the next few months."

Domestic mills probably can service this demand, despite signs of tightness already, as lead times of six to eight weeks have been common historically, the second rod buyer noted. Lead times for rod mills had been closer to three to four weeks over the past several months.

"It just requires a little bit more planning, and probably a few more buys from service centers than people planned on," this rod buyer said. "I think in general there's enough domestic supply out there."

Low-carbon rod went up $40 per ton "across the board," a third rod buyer said.

"Business is generally up. Everybody's generally smiling around here, and I'm a lot busier. I'm actually having trouble getting the rod material in fast enough, which is a problem I haven't had in years," he said.

AMM's assessment for domestic industrial-quality rod climbed by $2 per cwt to $28.50 to $30 per cwt for April shipments. High-carbon rod climbed to $31.50 to $33 per cwt, while cold-heading quality rod jumped to $34 to $35 per cwt, and mesh rod rose to $27.50 to $28.50 per cwt.

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---- Index References ----

Industry: (Agriculture (1AG63); Agriculture, Food & Beverage (1AG53); Food & Beverage Production (1FO79); Ingredients (1IN93); Livestock (1LI33); Natural Resources (1NA60); Natural Resources Industry Highlights (1NA66); Sugars & Sweeteners (1SU55))

Region: (Americas (1AM92); Illinois (1IL01); North America (1NO39); U.S. Midwest Region (1MI19); USA (1US73))

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Scrap Prices v. Rod Prices
Source: [ ] and ITC Domestic Producer Questionnaire Responses

Page 2 of 3
Exhibit 2
US wire rod prices flat for May, but mills may waver

Nat Rudarakanchana AMM

US mills announced sideways prices for May compared with April, even as Chicago shredded scrap prices fell by $30 per gross ton in this month's settlement.

Still, domestic US mills last month filed a wide-ranging trade case targeting ten countries, stifling the immediate import competition - for the moment.

"[The price has] been announced sideways, but my mill guys are honouring the scrap index. They're not rolling over in spot negotiations, but they're honouring the index," one US East Coast wire rod buyer said.

"I assume they're honouring their [scrap-based] agreements until they see what the market is going to do [in the wake of the trade case]," he added, while saying that this was "strictly speculation" on his part.

Notably, one US East Coast mill contacted some customers on March 31 and adjusted downward an official price rise set to take effect on April 1. It changed the increase to only $1 per hundredweight ($20 per ton) instead of raising prices by $2.25 per cwt ($45 per ton), a second US East Coast wire rod buyer said.

But he did not see the same change of heart from other mill suppliers, he added.

"They've been pretty tenacious about sticking with these price announcements recently," the second wire rod buyer said, with the exception mentioned above. "But there's plenty of time before May."

That buyer plans to wait until nearer to the end of the month before negotiating with mills on the scrap issue and before placing any orders. He estimated industrial-quality wire rod prices at $30 per cwt ($600 per ton) for April, a price which could roll over into May.
One mill is giving strong support to the stable prices and has even started talks with some customers intended to wean them off strictly scrap-based pricing, as this does not reflect true supply-demand dynamics, according to a source at the mill.

"We're certainly going to support keeping [prices] flat," the mill representative said, adding that the mill was beginning to fill its rolling schedule.

"We don't think we'll have any issue selling the tons we do have," he said. "We'll probably be a bit cautious about taking on any extra spot business, as first we have to take care of our big customers. We're pretty excited about the market so far. We had a good month in March, and we look to continue that for the next two weeks."

At least three major wire rod producers have lead times of eight weeks, stretching further than has been typical in recent years, according to a third wire rod buyer based in the US Midwest.

"They're really having trouble keeping up [with orders], and now they file a trade case," he said of US wire rod producers. "It's probably the worst time they could have chosen to file [such a case]."

Others pointed out that, before 2014, lead times of 6-12 weeks were relatively normal.

The third buyer estimated high-carbon wire rod prices for May at $30-30.50 per cwt ($600-610 per ton), while industrial-quality wire rod could be $29 per cwt ($580 per ton) or so.

A fourth wire rod buyer, also in the US Midwest, felt optimistic about end-market demand.

"My buys have been a little heavier than usual because my [sales] tonnages have been up a little more," he said, adding that his purchases are usually timed a month or two ahead of his sales.

"If orders stay strong, I'll still keep buying. Hopefully, prices won't go down, or I'll be stuck with a lot of overpriced inventory," this buyer said.

"My sales are up for the quarter compared with last year. With the Trump effect [of the new US government under President Donald Trump], everybody's feeling good, so let's go. Let's keep those prices stable and we might even make some money this year," he quipped.

AMM assessed domestic US wire rod prices as being flat across all grades, with industrial-quality wire rod at $28.5-30 per cwt ($570-600 per ton) for May shipments, on mill announcements and market input.

---- Index References ----

Industry: (Agriculture, Food & Beverage (1AG53); Food & Beverage Production (1FO79); Ingredients (1IN93); Manufacturing (1MA74); Metal Fabrication (1ME43); Metals & Mining (1ME07); Natural Resources (1NA60); Natural Resources Industry Highlights (1NA66); Sugars & Sweeteners (1SU55))
Exhibit 3
3/17/17 Am. Metal Mkt. (Pg. Unavail. Online)  
2017 WLNR 8609509

American Metal Market  
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March 17, 2017

Issue 03-March-2017  
Section: Carbon Steel, Carbon Steel Long Products, Supply Chain, Economy, Construction, Steel, United States, Top Story-Front Page

Market still hopeful on infrastructure deal

Nat Rudarakanchana

NEW YORK A majority of readers surveyed believe that a Trump administration infrastructure stimulus package will be passed by Congress within two years, though nearly one-third believe such a plan will never see the light of day, according to an poll closed March 17.

Just over 25 percent of respondents believe major infrastructure spending could be approved within six months; 31 percent think it could be done with a year; and 13 percent think it could happen within two years.

President Trump has called for $1 trillion in U.S. infrastructure spending, potentially financed by both public and private money, over 10 years. Industry and political insiders say $500 billion could be more realistic.

Still, 30 percent of the 527 AMM respondents believe the package will never be passed.

It'll be hard for Trump to pass any bipartisan bill if he alienates enough Democrats, said one midwestern rebar fabricator, who bids regularly on government transport jobs.

Even if infrastructure usually wins bipartisan support, Trump's "slash-and-burn" politics lower the odds of his administration getting much done via Congress, the fabricator said.

"The odds on anything getting passed in the near future are slim. I'm not saying it's impossible; just that I'm a betting man, and I'd bet against it," the fabricator said.

"This is No. 3 or 4 in terms of what they want to get done," in Washington, he continued, citing corporate tax reform, health care reform, and a Supreme Court appointment as the biggest priorities. "What are the odds of him getting any major legislation passed after that? I wouldn't even be optimistic that he'd get the budget passed."
Still, the Trump administration plans to unveil some sort of infrastructure package within this year, likely in the summer or early fall, the White House's Office of Management and Budget (OMB) director Mick Mulvaney said in a March 16 press briefing.

Official policy details on the package, and especially on how it'll be funded, have been scarce. Still, major Trump advisers wrote in October that funding could leverage private money via tax and credit incentives.

Some of the $8.6 billion in cuts to the U.S. Department of Transportation and U.S. Department of Housing and Urban Development annual budgets, unveiled in Trump’s March 16 proposed budget, will be transferred into spending in a "larger infrastructure plan this summer", Mulvaney said March 16.

A stimulus proposal probably won't "come until summer or maybe even early fall," Mulvaney told reporters. "We have to do Obamacare repeal-and-replace first, then tax reform second. That leaves infrastructure probably third, which may come after the August recess in Congress."

Still, simply because a stimulus package is introduced in Congress does not mean the funding will become reality, or ultimately gain Congressional approval, sources noted.

No.1 U.S. steelmaker Nucor Corp. has not received a timeline for Trump's stimulus rollout, a company official said recently. Still, Charlotte, N.C.-based Nucor is confident that a package will be passed, and believes it could translate into 5 million tons of extra steel demand per year.

Trump cut the federal Department of Transportation budget by $2.4 billion, or 13 percent from most recent levels, according to OMB’s budget document. That includes $499 million in cuts to the "unauthorized" Transportation Investment Generating Economic Recovery (Tiger) grants and funding limits for a capital investment program.

Much of those cuts are "administration-based, rather than project-based," but overall the budget "demonstrates that a potential infrastructure stimulus bill would likely limit direct federal spending," analysts for St. Louis-based Stifel Nicolaus & Co. wrote in a March 16 research note.

Optimism abounds

Nonetheless, a majority of AMM poll respondents remained optimistic on prospects for infrastructure stimulus.

Infrastructure appears to be a "high priority," said Philip K. Bell, president of the Steel Manufacturers Association (SMA), which represents electric-arc furnace steelmakers.

"I just don't have that level of skepticism," on infrastructure, he told AMM on March 17, expressing disbelief in the idea that stimulus will never appear. "I just don't see why it wouldn't happen."

"The administration is still in the early stages of getting things done," continued Bell, who lobbies regularly in Washington. "They haven't even completed the first 100 days. ... This was a campaign pledge that key cabinet officials such as Wilbur Ross are firmly behind."

U.S. infrastructure needs refurbishing, said Bell, citing a recent American Society of Civil Engineers "D+" grade for U.S. infrastructure.
Among the public, this "isn't something that's going to be a tough sell," said Bell. Private investment and public-private partnerships will help bring in capital that might otherwise not be available, he noted.

Infrastructure spending is "good for the American psyche," he added. "People can actually see infrastructure investment. They see bridges being built, roads being repaired. People feel the impact of going to airports that are modernized and efficient."

Translating into steel demand

There's no doubt that infrastructure dollars are good for the steel industry, echoed a second rebar fabricator and distributor, also based in the Midwest.

"It'd be big for us, and it'd be big for reinforcing bar," said this fabricator, who handles some city and state public projects.

But Trump is "bogged down" on health care, "butting heads" with many lawmakers, and so it'll probably be "toward the end of the year" before any real action is seen, he said.

This fabricator said that he'd typically budget out at least a year after a state budget is passed, before steel and materials procurement really gets going.

Even after a state legislature approves a budget, the state Department of Transportation must then allocate the money into specific projects, even before any money is let out and work is started, said the first rebar fabricator.

It'd be "optimistic" to see any flow-down effects from federal dollars within a year, he said.

"If Trump passes something in 2018, you're optimistically looking at the construction season of 2019 before you see anything, and that's a pretty accelerated time frame," said the first fabricator.

And then, after 2019, it's 2020 already an election year, he noted.

"Even if it did happen, the earliest you'd ever see money in the market is two years from now," the first fabricator said, echoing commentary from steel analysts. "The idea of anything for us happening in 2017 or even 2018 is so far-fetched, it's comical."

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---- Index References ----

Company: AMERICAN SOCIETY OF CIVIL ENGINEERS (THE); NUCOR CORP; US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

News Subject: (Economic Policy & Policymakers (1EC69); Economics & Trade (1EC26); Government (1GO80); Legislation (1LE97); Public Finance (1PU60); U.S. Legislation (1US12))

Industry: (Base Metals (1BA71); Healthcare (1HE06); Healthcare Regulatory (1HE04); Metals & Mining (1ME07); Natural Resources (1NA60); Steel & Iron (1ST73); U.S. National Healthcare Reform (1US09))

Region: (USA (1US73))
Market still hopeful on infrastructure deal, 2017 WLNR 8609509

Language: EN

Other Indexing: (Mick Mulvaney; Wilbur L. Ross; Wilbur Ross; Philip Bell)

Word Count: 1075

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New Construction Starts in 2017 to Increase 5% to $713 Billion According to Dodge Data & Analytics

Dodge Outlook Report Predicts Moderate Growth for Most Project Types – Single Family Housing, Commercial and Institutional Building, and Public Works, While Multifamily Housing Levels Off and Electric Utilities/Gas Plants Decline

National Harbor, MD – October 20, 2016 – Dodge Data & Analytics (http://www.construction.com) today released its 2017 Dodge Construction Outlook, a mainstay in construction industry forecasting and business planning. The report predicts that total U.S. construction starts for 2017 will advance 5% to $713 billion, following gains of 11% in 2015 and an estimated 1% in 2016.

“The U.S. construction industry has witnessed signs of deceleration in 2016, following several years of steady growth,” stated Robert Murray, chief economist for Dodge Data & Analytics. “Total construction starts during the first half of this year lagged behind what was reported in 2015, raising some concern that the current construction expansion may have run its course. However, the early 2016 shortfall reflected the comparison to unusually elevated activity during the first half of 2015, lifted by 13 very large projects valued each at $1 billion or more, such as a $9 billion liquefied natural gas export terminal in Texas and a $2.5 billion office tower in New York City. As 2016 has proceeded, the year-to-date shortfall has grown smaller, easing concern that the construction industry may be in the early stage of cyclical decline. Instead, the construction industry has now entered a more mature phase of its expansion, one that is characterized by slower rates of growth than what took place during the 2012-2015 period, but still growth. Since the construction start statistics will lead the pattern of construction spending, this means that construction spending can be expected to see moderate gains through 2017 and beyond.”

“On balance, there are a number of positive factors which suggest the construction expansion has room to proceed. The U.S. economy in 2017 is anticipated to see moderate job growth, market fundamentals for commercial real estate should remain generally healthy, and more funding support is coming from state and local bond measures. Although the global economy in 2017 will remain sluggish, energy prices appear to have stabilized, interest rate hikes will be gradual and few, and a new U.S. President will have been elected. For 2017, total construction starts are forecast to rise 5% to $713 billion. Gains of 8% are expected for both residential building and nonresidential building, while nonbuilding construction slides a further 3%.”

The pattern of construction starts by more specific sectors is the following:

- Single family housing will rise 12% in dollars, corresponding to a 9% increase in units to 795,000 (Dodge basis). Access to home mortgage loans is improving, and some of the caution exercised by potential homebuyers will ease with continued employment growth and low mortgage rates. Older members of the Millennial generation are now moving into the 30 to 35 year-old age bracket, which should begin to lift demand for single family housing.

- Multifamily housing will be flat in dollars and down 2% in units to 435,000 (Dodge basis). This project type now appears to have peaked in 2015, lifted in particular by an exceptional amount of activity in the New York NY metropolitan area, which is now settling back. Continued growth for multifamily housing in other metropolitan areas, along with still generally healthy market fundamentals, will enable the retreat at the national level to stay gradual.

- Commercial building will increase 6% on top of the 12% gain estimated for 2016. Office construction is showing improvement from very low levels, lifted by the start of several signature office towers and broad development efforts in downtown markets. Store construction should show some improvement from a very subdued 2016, and warehouses will register further growth. Hotel construction, while still healthy, will begin to retreat after a strong 2016.

- Institutional building will advance 10%, resuming its expansion after slipping in 2015 and 2016. The educational facilities category is seeing an increasing amount of K-12 school construction, supported by the passage of recent school construction bond measures. More growth is expected for the amusement category (convention centers, sports arenas, casinos) and transportation terminals.

- Manufacturing plant construction will increase 6%, beginning to recover after steep declines in 2015 and 2016 that reflected the pullback for large petrochemical plant starts.

- Public works construction will improve 6%, regaining upward momentum after slipping 3% in 2016. Highways and bridges will derive support from the new federal transportation bill, while environmental works should benefit from the expected passage of the Water Resources Development Act. Natural gas and oil pipeline projects are expected to stay close to the volume that’s been present in 2016.
Electric utilities and gas plants will fall another 29% after the 26% decline in 2016. The lift that had been present in 2015 from new liquefied natural gas export terminals continues to dissipate. Power plant construction, which was supported in 2016 by the extension of investment tax credits, will ease back as new generating capacity comes on line.

The 2017 Dodge Construction Outlook was presented at the 78th annual Outlook Executive Conference held by Dodge Data & Analytics at the Gaylord National Resort and Convention Center in National Harbor, MD. Copies of the report with additional details by building sector can be ordered at http://analyticsstore.construction.com/outlook.html (http://analyticsstore.construction.com/outlook.html) or by calling (800) 591-4462.

About Dodge Data & Analytics: Dodge Data & Analytics is a technology-driven construction project data, analytics and insights provider. Dodge provides trusted market intelligence that helps construction professionals grow their business, and is redefining and recreating the business tools and processes on which the industry relies. Dodge is creating an integrated platform that unifies and simplifies the design, bid and build process, bringing data on people, projects and products into a single hub for the entire industry, from building product manufacturers to contractors and specialty trades to architects and engineers. The company's products include Dodge Global Network, Dodge PlanRoom, Dodge PipeLine, Dodge SpecShare, Dodge BuildShare, Dodge MarketShare, and the Sweets family of products. To learn more, visit www.construction.com (http://www.construction.com/).

Media Contact: Benjamin Gorelick | Spector & Associates, +1-212-943-5858, ben@spectorpr.com (mailto:ben@spectorpr.com)

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President Trump is Working to Rebuild our Nation's Infrastructure

REBUILDING OUR INFRASTRUCTURE: President Donald J. Trump is taking action on his commitment to rebuilding the United States.

- Tonight, President Trump is asking Congress to approve a $1 trillion investment in the infrastructure of the United States.
- President Trump signed a Presidential Memorandum to clear roadblocks to construction of the Keystone XL Pipeline.
- President Trump signed a Presidential Memorandum declaring that the Dakota Access Pipeline serves the national interest and initiating the process to complete construction.
- President Trump signed a Presidential Memorandum to ensure that whenever possible all new American pipeline infrastructure projects use materials and equipment made in the United States.
President Trump signed an Executive Order expediting the environmental review and approval processes for domestic infrastructure projects.

A DESPERATE NEED FOR IMPROVEMENT: Our country’s public infrastructure is in poor condition, costing American households thousands of dollars each year.

- According to the most recent report card from The American Society of Civil Engineers, America’s infrastructure received a “D +” grade.
- Analysis by The American Road & Transportation Builders Association found that over 55,000 American bridges are “structurally deficient.”
- The impact of the United States’ infrastructure investment gap per household is $3,100 in lost income, according to analysis from The American Society of Civil Engineers.
Exhibit 4
### Carbon and Certain Alloy Steel Wire Rod (“Wire Rod”) from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, the United Arab Emirates, Ukraine, and the United Kingdom

**Calculation of Apparent U.S. Consumption and Market Shares**

**Annual 2014-2016**

*(Quantity in short tons)*

**Calculation of Apparent U.S. Consumption (Total Market)**

Based on U.S. Producers’ Questionnaire Data and U.S. Census Bureau Import Statistics

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Producers’ U.S. Shipments:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from Belarus:</td>
<td>-</td>
<td>9,059</td>
<td>35,381</td>
<td>--</td>
<td>290.6%</td>
</tr>
<tr>
<td>Imports from Italy:</td>
<td>346</td>
<td>246</td>
<td>33,163</td>
<td>--</td>
<td>9472.6%</td>
</tr>
<tr>
<td>Imports from Korea:</td>
<td>109,026</td>
<td>128,862</td>
<td>101,968</td>
<td>--</td>
<td>-6.5%</td>
</tr>
<tr>
<td>Imports from Russia:</td>
<td>12,329</td>
<td>6,857</td>
<td>103,322</td>
<td>--</td>
<td>738.0%</td>
</tr>
<tr>
<td>Imports from South Africa:</td>
<td>-</td>
<td>45,451</td>
<td>22,049</td>
<td>--</td>
<td>-51.5%</td>
</tr>
<tr>
<td>Imports from Spain:</td>
<td>31,778</td>
<td>79,976</td>
<td>78,665</td>
<td>--</td>
<td>147.5%</td>
</tr>
<tr>
<td>Imports from Turkey:</td>
<td>210,096</td>
<td>259,183</td>
<td>98,497</td>
<td>--</td>
<td>-53.1%</td>
</tr>
<tr>
<td>Imports from the UAE:</td>
<td>28</td>
<td>17,673</td>
<td>22,159</td>
<td>--</td>
<td>78897.0%</td>
</tr>
<tr>
<td>Imports from Ukraine:</td>
<td>14,625</td>
<td>78,053</td>
<td>161,451</td>
<td>--</td>
<td>1003.9%</td>
</tr>
<tr>
<td>Imports from the UK:</td>
<td>71,379</td>
<td>45,507</td>
<td>51,622</td>
<td>--</td>
<td>-27.7%</td>
</tr>
</tbody>
</table>

**Subtotal, Subject Imports**

449,609 | 671,866 | 708,277 | 57.5% | 5.4% |

**Imports from Canada:**

524,324 | 561,752 | 552,362 | 5.3% | -1.7% |

**Imports from China:**

374,785 | 1,672 | 44 | -100.0% | -97.3% |

**Imports from other Non-Subject Countries:**

451,590 | 553,789 | 518,473 | 14.8% | -6.4% |

**Subtotal, Nonsubject Imports**

1,350,698 | 1,117,214 | 1,070,880 | -20.7% | -4.1% |

**Total Imports including Subject Imports**

1,800,307 | 1,789,080 | 1,779,156 | -1.2% | -0.6% |

**Total, Apparent U.S. Consumption**

[ ] | [ ] | [ ] |

**Calculation of Market Shares (In Percent)**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Producers’ U.S. Shipments:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from Belarus:</td>
<td>[ ]</td>
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<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from Italy:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from Korea:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from Russia:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from South Africa:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from Spain:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from Turkey:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from the UAE:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from Ukraine:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Imports from the UK:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

**Subtotal, Subject Imports**

[ ] | [ ] | [ ] |

**Imports from Canada:**

[ ] | [ ] | [ ] |

**Imports from China:**

[ ] | [ ] | [ ] |

**Imports from other Non-Subject Countries:**

[ ] | [ ] | [ ] |

**Subtotal, Nonsubject Imports**

[ ] | [ ] | [ ] |

**Total Imports including Subject Imports**

[ ] | [ ] | [ ] |

**Total, Apparent U.S. Consumption**

100.0% | 100.0% | 100.0% |

---

U.S. Shipments includes U.S. commercial shipments, internal consumption, and transfers.

Sources: U.S. Producers’ Questionnaires at II-7; U.S. Census Bureau Official Import Statistics for HTS Codes 7213.91.3012, 7213.91.3015, 7213.91.3020, 7213.91.3093, 7213.91.4500, 7213.92.6000, 7213.99.0030, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, 7227.90.6030, and 7227.90.6035.
Table III-9a
Operations on Wire Rod - Total Market Sales

Aggregation

<table>
<thead>
<tr>
<th>Quantity (in short tons) and Value (in $1,000)</th>
<th>Calendar years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>2014</td>
</tr>
<tr>
<td><strong>Net Sales Quantities:</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial Sales (&quot;CS&quot;)</td>
<td>[ ]</td>
</tr>
<tr>
<td>Internal Consumption (&quot;IC&quot;)</td>
<td>[ ]</td>
</tr>
<tr>
<td>Transfers to related firms (&quot;Transfers&quot;)</td>
<td>[ ]</td>
</tr>
<tr>
<td>Total net sales quantities</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>Net Sales Values:</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial Sales</td>
<td>[ ]</td>
</tr>
<tr>
<td>Internal Consumption</td>
<td>[ ]</td>
</tr>
<tr>
<td>Transfers to related firms</td>
<td>[ ]</td>
</tr>
<tr>
<td>Total net sales values</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>Cost of Goods Sold (COGS):</strong></td>
<td></td>
</tr>
<tr>
<td>Raw materials</td>
<td>[ ]</td>
</tr>
<tr>
<td>Direct labor</td>
<td>[ ]</td>
</tr>
<tr>
<td>Other factory costs</td>
<td>[ ]</td>
</tr>
<tr>
<td>Total COGS</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>Gross profit or (loss):</strong></td>
<td></td>
</tr>
<tr>
<td>Selling General, and administrative (SG&amp;A) expenses:</td>
<td></td>
</tr>
<tr>
<td>Selling expenses</td>
<td>[ ]</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>[ ]</td>
</tr>
<tr>
<td>Total SG&amp;A expenses</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>Operating income or (loss):</strong></td>
<td></td>
</tr>
<tr>
<td>Other expenses and income:</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>[ ]</td>
</tr>
<tr>
<td>All other expense items</td>
<td>[ ]</td>
</tr>
<tr>
<td>All other income items</td>
<td>[ ]</td>
</tr>
<tr>
<td>All other income or expenses, net</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>Net income or (loss) before income taxes</strong></td>
<td>[ ]</td>
</tr>
<tr>
<td>Depreciation/amortization included above</td>
<td>[ ]</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

As a Percent of Total Net Sales Values

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Goods Sold</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Gross Profit or (loss)</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Operating Expenses (SG&amp;A)</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Operating Income or (Loss)</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Net Income or (Loss)</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

Income Statement (Dollars per short ton)

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Sales Value</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Raw materials</td>
<td>[ ]</td>
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<td>[ ]</td>
</tr>
<tr>
<td>Item</td>
<td>Calendar years</td>
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<td></td>
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<td></td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
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<tr>
<td>Direct labor</td>
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<td>[ ]</td>
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<tr>
<td>Other factory costs</td>
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<td>[ ]</td>
</tr>
<tr>
<td>Total cost of goods sold</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Gross profit or (loss)</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Selling General, and administrative (SG&amp;A) expenses:</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Total SG&amp;A expenses</td>
<td>[ ]</td>
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<td>[ ]</td>
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<tr>
<td>Operating income or (loss)</td>
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<td>[ ]</td>
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<tr>
<td>Other income and expenses:</td>
<td>[ ]</td>
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<tr>
<td>Interest expense</td>
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<tr>
<td>All other expense items</td>
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<tr>
<td>All other income items</td>
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<tr>
<td>All other income or expenses, net</td>
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<td>[ ]</td>
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<tr>
<td>Net income or (loss) before income taxes</td>
<td>[ ]</td>
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<td>[ ]</td>
</tr>
<tr>
<td>Depreciation/amortization included above</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>
Table III-9b
Operations on Wire Rod - Open Market Sales

Aggregation

<table>
<thead>
<tr>
<th>Quantity (in short tons) and Value (in $1,000)</th>
<th>Calendar years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>2014</td>
</tr>
<tr>
<td><strong>Net Sales Quantities:</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial sales quantities from III-9a</td>
<td></td>
</tr>
<tr>
<td><strong>Net Sales Values:</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial sales values from III-9a</td>
<td></td>
</tr>
<tr>
<td><strong>Cost of Goods Sold (COGS):</strong></td>
<td></td>
</tr>
<tr>
<td>Raw materials</td>
<td></td>
</tr>
<tr>
<td>Direct labor</td>
<td></td>
</tr>
<tr>
<td>Other factory costs</td>
<td></td>
</tr>
<tr>
<td>Total COGS</td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit or (loss):</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income or (loss):</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other expenses and income:</strong></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
</tr>
<tr>
<td>All other expense items</td>
<td></td>
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<tr>
<td>All other income items</td>
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</tr>
<tr>
<td>All other income or expenses, net</td>
<td></td>
</tr>
<tr>
<td><strong>Net income or (loss) before income taxes</strong>:</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation/amortization included above</strong>:</td>
<td></td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As a Percent of Open Market Sales Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Goods Sold</td>
</tr>
<tr>
<td>Gross Profit or (loss)</td>
</tr>
<tr>
<td>Operating Expenses (SG&amp;A)</td>
</tr>
<tr>
<td>Operating Income or (Loss)</td>
</tr>
<tr>
<td>Net Income or (Loss)</td>
</tr>
<tr>
<td>Net Cash Flow</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income Statement (Dollars per short ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Sales Value</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
</tr>
<tr>
<td>Raw materials</td>
</tr>
<tr>
<td>Direct labor</td>
</tr>
<tr>
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</tr>
<tr>
<td>Total cost of goods sold</td>
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<tr>
<td>Gross profit or (loss)</td>
</tr>
<tr>
<td>Selling General, and administrative (SG&amp;A) expenses:</td>
</tr>
<tr>
<td>Selling expenses</td>
</tr>
<tr>
<td>General and administrative expenses</td>
</tr>
<tr>
<td>Item</td>
</tr>
<tr>
<td>---------------------------------------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total SG&amp;A expenses</td>
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<tr>
<td>Operating income or (loss)</td>
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<tr>
<td>Other income and expenses:</td>
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<tr>
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</tr>
<tr>
<td>Net income or (loss) before income taxes</td>
</tr>
<tr>
<td>Depreciation/amortization included above</td>
</tr>
</tbody>
</table>
### Table II-7: Production, Shipment, and Inventory Data

**Quantity (in short tons), value (in $1,000)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Calendar years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td><strong>Average production capacity</strong> (quantity)</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>Beginning-of-period inventories</strong> (quantity)</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>Production</strong> (quantity)</td>
<td>[ ]</td>
</tr>
<tr>
<td><strong>U.S. shipments:</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial shipments:</td>
<td></td>
</tr>
<tr>
<td>Quantity</td>
<td>[ ]</td>
</tr>
<tr>
<td>Value</td>
<td>[ ]</td>
</tr>
<tr>
<td>Internal consumption:</td>
<td></td>
</tr>
<tr>
<td>Quantity</td>
<td>[ ]</td>
</tr>
<tr>
<td>Value</td>
<td>[ ]</td>
</tr>
<tr>
<td>Transfers to related firms:</td>
<td></td>
</tr>
<tr>
<td>Quantity</td>
<td>[ ]</td>
</tr>
<tr>
<td>Value</td>
<td>[ ]</td>
</tr>
<tr>
<td>Export shipments:</td>
<td></td>
</tr>
<tr>
<td>Quantity</td>
<td>[ ]</td>
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<td>Value</td>
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<td><strong>End-of-period inventories (quantity)</strong></td>
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<tr>
<td><strong>Capacity Utilization Rate (%)</strong></td>
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<tr>
<td><strong>Captive Consumption Ratio</strong></td>
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U.S. Producers’ Questionnaire

Carbon and Certain Alloy Steel Wire Rod (“Wire Rod”) from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, the United Arab Emirates, Ukraine, and the United Kingdom

Table II-11
Employment Data

Aggregation - Excluding Georgetown Steel

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tr>
<td>Employment data:</td>
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<tr>
<td>Average number of PRWs (number)</td>
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<td>Hours worked by PRWs (1,000 hours)</td>
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<td>Wages paid to PRWs ($1,000)</td>
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<td>Production (from II-7)</td>
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<td>Employment (Calculated)</td>
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<tr>
<td>Hours Per Week</td>
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<tr>
<td>Wages Per Hour</td>
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<tr>
<td>Productivity (Short Tons Per Hour)</td>
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Exhibit 5
$251mln losses for damaged infrastructure facilities in Donbas

More than a thousand kilometers of roads of the Donbas are damaged in war

19:33, 17 July 2015

Railway and transport damage losses of Donbas regions controlled by militants amounted to 251 mln USD, states to Deputy Minister of Defense of Ukraine Petro Mehed, said UNIAN.

“Ten of Donbass enterprises are stopped, destroyed or even exported to Russia. Transport infrastructure is blocked. Railway losses reached a billion UAH, and motor transport infrastructure exceeded 201 mln USD,” said Mehed.

More than a thousand kilometers of roads of the region are damaged.

Mehed also claimed that “the important components of Russia hybrid war is its impact on the economic grounds of society”; energy infrastructure was in a special focus of the militants, because its destruction causes significant economic losses. The Deputy Minister said that the tough economic situation is used by Russia to “discredit the government of Ukraine and its European choice, undermining the image of our country as a reliable partner.”
Over 600 DPR infrastructure objects damaged in Ukrainian shelling

Monday, April 10, 2017 - 17:41

Over 600 DPR infrastructure objects were damaged in the Ukrainian shelling this year, reports deputy Head of the Emergency Situations Ministry’s Crisis Management centre, Vitaly Zarubin.

“Since the beginning of 2017, over 500 facts of blocks of flats and residential houses’ damage have been recorded. 63 household buildings were also damaged. Apart from it, five hits of hospitals, 16 hits of
educational institutions, 10 hits of industrial objects and 14 hits of various administration institutions were recorded,” enumerated Zarubin.

Earlier today, the CEO of the housing company “Water of Donbass Company”, Oleg Mokry, claimed, that 23 mortar shells and projectiles hits were recorded this year in the DFS territory. Several times the DFS had to suspend its work because of shelling.

DONi News Agency

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Apr 21, 2017 |

Ukrainian shelling damages house in Spartak
Apr 21, 2017 |
The destruction of the Donbas — a partial inventory

Destroyed building in Vodiane. Donbas, October 2016

About the Source

RADIO LIBERTY

Radio Free Europe/Radio Liberty (RFE/RL) is a broadcaster funded by the U.S. government that provides "news, information, and
Article by: "Justice for Peace in Donbas" coalition

During the war in the Donbas, in addition to serious violations of human rights — extrajudicial executions, torture, and unlawful detention in places of captivity — numerous cases of crimes against the civilian population have been recorded as well. Of particular significance is the deliberate destruction of the homes and property of the residents affected by the armed conflict.

The Kharkiv Human Rights Group, a member of the "Justice for Peace in Donbas" coalition, has collected, documented, and processed information about crimes committed since the beginning of the war. In particular, the investigators have been able to ascertain what percentage of damaged housing units have been restored, what kinds financial resources were used to do this, and if the damage has been properly documented.

The human rights advocates were able to make seven visits to settlements located on the contact line. They spoke with local residents affected by the shelling, with relatives of people who died as a result of the armed conflict, with former prisoners, and with other victims of war.

As a result of the monitoring, they were able to collect information on more than 1,000 cases of buildings destroyed by shelling. Almost all local roads have been destroyed by bullets and explosives as well as by the movement of heavy artillery.

In some towns controlled by the Ukrainian government, the post offices are not functioning at all and telecommunications are operating intermittently, complicating the work of local governments considerably. In some towns and villages there are no local representatives of the police. As a result, residents whose housing was destroyed cannot even turn to law enforcement to open criminal proceedings.

In addition, much of the farmland has become unfit for use because of damage to arable soil from shelling and bombing.

The situation is even worse in the occupied territories of the Donetsk Oblast. Here, during the war, more than 2,500 residential and social services buildings were destroyed or damaged. Only 366 buildings have been repaired so far. Another 10,000 residential building in 20 towns have been severely affected by the armed conflict.

In most cases, the owners of private buildings have been forced to take care of the reconstruction of the damaged property themselves. A similar situation exists in the occupied part of the Luhansk Oblast.

In the section of the Luhansk Oblast that is under the control of the Ukrainian
government, more than 9,000 buildings and infrastructure assets have been destroyed: 7,000 residential buildings, more than 400 roads, 30 bridges, 90 health facilities, 100 schools, 250 technical networks, and almost 80 cultural and sports institutions. Some schools and health facilities have been restored. However, as of August 2016, nearly 6,000 buildings of all kinds remain destroyed or damaged.

**Donetsk Oblast**

**Avdiivka**

As a result of shelling and fighting 77 apartment buildings have been destroyed as well as 595 private buildings, 5 schools, 4 kindergartens, the vocational school and the city hospital.

**Novohorodske**

Two bridges, more than 700 meters of pavement, 61 private buildings, schools, and a two-story apartment building have been destroyed. Some 6 million hryvnias (UAH) will be required for reconstruction. So far only 600,000 UAH are available.

The other serious threat hanging over Novohorodske is the likelihood of an ecological disaster. The Inkor & Co., a producer of naphthalene and phenol, operates in the village. Toxic carbonate waste is stored in sludge ponds and reservoirs, which complicates the passage of water through the dam. In 2015 the dam and water drainage system that maintains a certain level of water in the reservoirs with toxic waste were damaged by shelling.

**Luhansk Oblast**

**Opptne**
Shelling has damaged 24 private buildings: the village council building, an apartment building, the art school, and the branch of the Artemivsk professional agrarian lyceum. The building of the local medical center and obstetric department were completely destroyed.

In addition, heavy military equipment destroyed 5.5 kilometers of roads, and more that 100 hectares of land were made unusable because of mines and fortifications.

Pobeda

In early August 2014, approximately 200 village residents suffered from shelling by the BM-30 Smerch missiles that was directed mainly at the base of the Volia Battalion, which was located near the village. Several shots hit the ammunition depot, which led to powerful explosions. As a result of shelling 140 buildings were damaged, most of which still have not been repaired.

Stanytsia Luhanska

The bridge over the Siversky Donetsk River was blown up during the bombing of the checkpoint located in the village. One of the bombs hit the Stanytsia Luhansk center, killing 9 people, including a 5-year-old child. Another 11 people were injured, five seriously. Some 100 residential buildings, a school, the building of the district department of education, several buildings, bus station and roads were destroyed.

The "Justice for Peace in Donbas" coalition is engaged in documenting crimes committed during the armed conflict in eastern Ukraine. Every testimony about violations of human rights has an impact on how quickly perpetrators will be brought to justice, including by the international judiciary.

*Each one of us can help restore justice and peace in the Donbas. If you know about cases of unlawful detention or imprisonment in the Donbas, please fill out a special secure form online on the coalition site. The coalition will not publish the information without your written consent and will not pass it on to third parties.*
Clockwise: Stanytsia Luhanska (top two), Avdiivka, Pobeda

Translated by: Anna Mostovych
Source: Radio Svoboda
Thousands of Civilians Risk Losing Access to Basic Necessities as Fighting Escalates in Eastern Ukraine, Security Council Told

Members Hear from Political, Humanitarian Affairs Chiefs, Head of Organization for Security and Cooperation in Europe Special Mission

The recent dangerous uptick in fighting seen in eastern Ukraine had left hundreds of thousands of civilians at risk of losing all access to water, heat and electricity, a particularly worrying development given the current plummeting winter temperatures, the Security Council heard this afternoon.

Briefing the 15-member Council, Jeffrey Feltman, Under-Secretary-General for Political Affairs, warned that more than 10,000 reported explosions in the Donetsk region over the last 24 hours — the highest number of violations yet recorded — had left civilians in the crossfire. Heavy weapons banned under the Minsk Agreements — including multiple-launch rocket systems — were endangering residential areas, water-purification plants and power lines, he said.

“Combatants must stop the shelling in cities such as Avdiivka, on both sides of the Contact Line,” he emphasized, calling for an immediate halt to all hostilities, full observance of the ceasefire, immediate and unhindered humanitarian access, and the facilitation of full access to the Special Monitoring Mission of the Organization for Security and Cooperation in Europe (OSCE). The United Nations would remain committed to supporting a peaceful resolution of the conflict in a manner that would uphold Ukraine’s sovereignty, territorial integrity and independence, he pledged.

The statement agreed at the 1 February Minsk meeting of the Trilateral Contact Group and representatives from certain areas of the Donetsk and Luhansk regions outlined the measures that both sides should take, he continued. The priority now was to support OSCE-led peace efforts in Ukraine and to ensure full implementation of the Minsk Agreements, he said, while stressing that the parties to the conflict bore the main responsibility for working towards that end, he stressed, pointing out that almost 10,000 people, including 2,000 civilians, had been killed since the conflict had broken out almost four years ago.

Erçğrul Apakan, Chief Monitor of the OSCE Special Monitoring Mission, spoke by video link from Ukraine, painting a grim picture of difficulty in gaining access to the affected areas. Further damage to water filtration systems could lead to catastrophe, he warned, urging full, safe and unhindered access to such facilities. Welcoming Wednesday’s statement by the Trilateral Contact Group, he echoed its sentiment regarding the need to restore electricity and water supplies, as well as access to facilitate the repair of critical infrastructure. Violence on such a scale, involving loss of life, was unacceptable, he stressed. There was also as critical need to prioritize the protection of civilians, he said, pleading to continue to monitor the worsening humanitarian situation.

Also briefing the Council was Stephen O’Brien, Under-Secretary-General for Humanitarian Affairs and United Nations Emergency Relief Coordinator, who reported that around 1 million people in areas of Donetsk City outside Government control had been without water or heat for 24 hours following the shelling, which had damaged electricity and water systems, generating a “knock-on” effect on the heating supply. Temperatures were frigid, with civilians facing -20 degrees Celsius without adequate shelter, heat or access to water — all essential for survival.

He reported that the United Nations and its humanitarian partners had joined a Government-led assessment team to the town of Avdiivka, where critical water and electricity systems had been recently damaged. The latest escalation of violence was exacerbating the ongoing needs of some 3.8 million civilians who continued to bear the brunt of the protracted conflict, he said, pointing out that more than 70 per cent of people in need were women, children and the elderly.

In the ensuing debate, Ukraine’s representative said that his country’s forces continued to respect the ceasefire, but the Russian Federation, on the contrary, had blatantly violated the Minsk Agreements from the start, continuing attacks and occupying Ukrainian towns. That country’s proxies occupied 1,700 square kilometres of territory beyond the Contact Line agreed at Minsk in 2014, he emphasized. The Russian army and its proxies had begun military attacks against Avdiivka on 29 January, from areas under the control of “Russian Federation-led terrorists”, he recalled. They had used Grad multiple-rocket launch systems and tanks, among other weapons forbidden under the Minsk Agreements. The shelling had intensified on 30-31 January, targeting civilian infrastructure, he said, adding that, until 1 February, numerous Ukrainian attempts to repair it had been blocked.
Describing the destruction of critical infrastructure, and thus the creation of humanitarian disaster, as a terrorist tactic, he said it dispelled Russian propaganda about peaceful miners fighting the authorities. “Locals would never do this to their neighbours,” he said, emphasizing that such actions could qualify as war crimes. Ukraine would provide relevant evidence in order to add to its claim against the Russian Federation at the International Court of Justice, he said. The Russian Federation and its proxies in Donbas continued to undermine the peace process by pursuing their political objectives through the indiscriminate use of force, while the mechanisms created to avoid destabilization and advance the Minsk Agreements were not as efficient as necessary. He urged the Russian Federation to abide by the Minsk commitments, especially the security and humanitarian provisions, and called upon the international community to urge that country to “get out of Ukraine”.

The Russian Federation’s representative said Kyiv sought to use the clashes it had itself triggered as a pretext to pull out of the Minsk Agreements. Describing statements issued by Ukraine as “divorced from reality”, he recalled that on 3 January, the Defence Minister had confirmed his country’s seizure of land in the grey area, announcing that the action was not in violation of the Minsk Agreements since the territory in question belonged to Ukraine. On 17 January, the Interior Minister had called on border guards to seize State borders with the Russian Federation, while the President had announced that Ukraine would not implement political reforms until it had full control over the border. Rather than normalizing the situation in Donbas and seeking compromise as part of the Contact Group and Normandy Process, Ukraine was trying for a military settlement, he said.

He went on to note that the escalation in Donbas had coincided with foreign visits, an apparent attempt to suck in newly-elected Heads of State. Ukraine needed money, which it could swindle out of the European Union, the United States and certain institutions by pretending to be a victim of persecution, he said. The shelled schools had been targeted by weapons — including multiple-rocket launch systems — that should have been withdrawn from the Contact Line, according to the Minsk Agreements, he said, emphasizing that the international community must be firm in order to restore the situation to the political track. The Council had sent a message calling for a ceasefire on 31 January, and on 1 February, the Contact Group had called for full compliance, he pointed out. Those keen on a political settlement would not allow the situation to develop along the lines of a worst-case scenario, he stressed. Rather, they would focus on implementing the Minsk Agreements, he added, expressing regret that Ukraine’s delegation in New York was continuing its sabre-rattling.

Throughout the debate, Council members expressed concern about the escalating violence, the deteriorating humanitarian situation, and the importance of respect for Ukraine’s sovereignty and territorial integrity. The representative of the United States said her country stood with Ukrainians under Russian occupation, and until the Russian Federation and its separatist allies respected Ukraine’s sovereignty and territorial integrity, the crisis would continue. “We do want to better our relations with Russia,” but the dire situation in Ukraine called for condemnation, she said. She also called for an immediate end to the Russian Federation’s occupation of Crimea, emphasizing that sanctions would remain in place until it returned control to Ukraine.

Council members reiterated that the solution must be a political rather than a military one, with Bolivia’s representative calling upon the parties to adhere to uphold the Minsk Agreements and comply fully with Security Council resolution 2202 (2015). He also warned against a “step-up in rhetoric”, saying it would be detrimental to a political solution. Speakers also expressed support for the OSCE’s efforts, with several delegates calling for safe access to the affected regions for its monitoring teams.

Also speaking today were representatives of France, United Kingdom, China, Sweden, Italy, Japan, Kazakhstan, Senegal, Ethiopia, Uruguay, and Egypt.

The meeting began at 3:04 a.m. and ended at 4:55 p.m.

Opening Remarks

Volodymyr Yelchenko (Ukraine), Council President for February, said that despite calls for a return to the ceasefire, the situation in Avdiivka and other eastern parts of Ukraine remained tense, showing signs of further escalation. Emphasizing that today’s discussion was intended to facilitate a settlement of the situation, he urged the Council to consider the possibility of issuing a presidential statement that would reflect the meeting’s main elements.

Briefings

JEFFREY FELTMAN, Under-Secretary-General for Political Affairs, said that according to the United Nations Human Rights Monitoring Mission in Ukraine, almost 10,000 people — including members of Ukraine’s armed forces, armed groups as well as civilians — had been killed and more than 23,000 injured since the start of the conflict almost four years ago, over 2,000 of those killed being civilians. Since 7 January, there had been a dangerous intensification of the conflict. On 1 February, the Organization for Security and Cooperation in Europe’s (OSCE) Special Monitoring Mission had reported more than 10,000 explosions in the Donets region over 24 hours, the highest number of violations yet recorded by the Mission. While the most serious recent clashes had hit the Avdiivka-Yasinuvata-Donetsk airport area, heavy fighting had also been reported near Mariupol, Popasna and in the Svitlodarsk/Debaltsi areas, in areas under Government control and in those that were not.
Furthermore, there had been a serious escalation of hostilities along the entire length of the Contact Line, he continued. The OSCE Mission had registered frequent use of heavy weapons proscribed under the Minsk Agreements, including multiple-launch rocket systems. At least four deaths had been reported since the escalation on 28 January, as had clashes that endangered civilian crossing points, residential areas, water-purification plants and power lines. He said that an urgent disengagement of forces at all checkpoints across the Contact Line would greatly improve security in conflict areas, where more than 20,000 people crossed the Line daily. Hundreds of thousands of civilians on both sides risked losing all access to water, heating and electricity, a particularly worrying development, given the current frigid winter temperatures.

Emphasizing the threat of a serious environmental disaster should chemical waste storage locations be shelled, he said thousands of people in Avdiivka were reportedly at risk of being evacuated. “Combattants must stop the shelling in cities such as Avdiivka, on both sides of the Contact Line,” he stressed.

The Secretary-General had called for an immediate halt to all hostilities, full observance of the ceasefire, immediate and unhindered humanitarian access, and the facilitation of full access to the OSCE Mission. The statement agreed at the 1 February Minsk meeting of the Trilateral Contact Group and representatives from certain areas of the Donetsk and Luhansk regions outlined measures that both sides should take, he noted. While that was a positive development, it would be tested by implementation of the proposed measures, given the pattern of successive ceasefire agreements being broken by violence. Despite commendable efforts by the Trilateral Contact Group and the Normandy Four, the recent intensification of the conflict had coincided with the relative stagnation in diplomatic efforts to find a peaceful solution.

He called on both sides to lift all restrictions on the OSCE Mission's free movement, and for an immediate end to all use of force against its monitors. Noting that almost two years had passed since the signing of the Package of Measures for the Implementation of the Minsk Agreements, he said the United Nations remained committed to supporting a peaceful resolution of the conflict in a manner that upheld Ukraine's sovereignty, territorial integrity and independence. The priority was to support peace efforts in Ukraine, led by OSCE, and ensuring the full implementation of the Minsk Agreements, he said, while stressing that the parties bore the main responsibility to work towards that end.

ERTUGRUL APAKAN, Chief Monitor, Organization for Security and Cooperation in Europe Special Monitoring Mission, spoke by video link from Ukraine, expressing concern over the escalating violence and intensified fighting in eastern Ukraine. The fighting was in its fifth day and tension levels had increased, with ceasefire violations becoming more frequent and severe. On 31 January, thousands of artillery explosions had been recorded, and the next day, explosions in the Donetsk region had reached nearly 10,000. The use of multiple-launch rocket systems had caused civilian casualties and was of great concern, he reported, noting that power lines, as well as other critical infrastructure, had been damaged. Repair crews had faced difficulty in gaining access to the affected areas and efforts to access and repair the power lines were ongoing. Further damage to water filtration systems could lead to catastrophe, he warned, urging full, safe and unhindered access to that infrastructure.

Monitoring teams had been facilitating the ceasefires between Russian and Ukrainian officers, he continued. The window of opportunity and the ceasefire would have to hold long enough for the respective teams to access the affected areas. Welcoming Wednesday's statement by the Trilateral Contact Group, he emphasized the need to restore electricity and water supplies as well as access to facilitate the repair of critical infrastructure. Calling for an immediate end to the fighting, and for safe and unhindered access to affected areas, he emphasized the critical need to prioritize the protection of civilians, pledging to continue to monitor the worsening humanitarian situation. Violence on such a scale, involving loss of life, was unacceptable, he stressed, noting that access to water, heat and medical care was limited in too many places, he said.

STEPHEN O'BRIEN, Under Secretary-General for Humanitarian Affairs and United Nations Emergency Relief Coordinator, said the current escalation in violence was causing severe damage to critical infrastructure, especially when combined with low winter temperatures. “Today, temperatures are -10 degrees Celsius, but -20 is not unheard of at this time of year,” he noted, emphasizing that adequate shelter, heating and access to water were essential to survival. Shelling had damaged electricity and water systems, generating a “knock-on” effect on the heating supply. The United Nations and its humanitarian partners had joined a Government-led assessment team to the town of Avdiivka, where critical water and electricity systems had been recently damaged, he said. The mission had not been without risk, he said, noting that two technical teams sent to repair infrastructure with the promise of a ceasefire for a few hours on 1 February in order to carry out their work had been subjected to small-arms fire in areas outside Government control and had been forced to abandon their work as a result.

He reported that around 1 million people in non-government-controlled areas of Donetsk City were without water or heating for 24 hours following the shelling. Some 500,000 inhabitants of Mariupol were now reliant on a back-up reservoir after the water mains upon which the city depended had been damaged by a massive leak. Once the hostilities ended, it would take several days to ensure that the area was demined and heavy machinery could access to the area to carry out repairs. Welcoming yesterday's statement of the Trilateral Contact Group in Minsk, which called for the facilitation of humanitarian efforts aimed at restoration of water, electricity and heating supplies, he also acknowledged efforts by the Government of Ukraine to provide heating and water for those most at risk. Damage to the Phenol plant near Novgorodske village meant that waste chemicals, including deadly sulfuric acid and formaldehyde, were now at critical levels, he added, warning that there was a real risk of chlorine gas leaking into the water supply.
The latest escalation of violence was exacerbating the ongoing needs of some 3.8 million civilians who continued to bear the brunt of the protracted conflict, he continued, pointing out that more than 70 per cent of people in need were women, children and the elderly. They were particularly vulnerable and must be reached immediately with life-saving aid. Few partners were officially allowed to operate in Donetsk and Luhansk, and on 25 November, the last international non-governmental organization had been ejected from non-government-controlled areas of Donetsk, depriving people of immediate life-saving assistance. Urging all parties to guarantee secure and unimpeded access for the United Nations and its humanitarian partners, he said Government-imposed bureaucratic impediments, particularly in relation to the ban on commercial trade and the importation of food and medications across the Contact Line, remained a serious constraint to alleviating the humanitarian crisis.

Statements

VOLODYMIR YELCHENKO (Ukraine), Council President, spoke in his national capacity, saying his country was fully committed to implementing the Minsk agreements. The President had stressed that there was no military solution in the Donbas and that the Government was focused on peaceful and diplomatic means. Ukrainian forces continued to respect the ceasefire. On the contrary, the Russian Federation blatantly had violated the Agreements from the start, continuing attacks and occupying Ukrainian towns. Its proxies occupied 1,700 square kilometres beyond the Contact Line agreed in Minsk in 2014.

On 29 January, he recalled, the Russian army and its proxies had begun military attacks on Avdiivka from areas under the control of Russian Federation-led terrorists. Russian forces had used Grad multiple-rocket launch systems and tanks, among other weapons forbidden under the Minsk agreements. Shelling had intensified on 30-31 January, including civilian infrastructure as targets, he said, adding that, until 1 February, "Russian-led terrorists" had blocked numerous Ukrainian attempts to repair it. Describing the destruction of critical infrastructure, and thus the creation of humanitarian disaster, as a terrorist tactic, he said it dispelled Russian propaganda about peaceful miners fighting the authorities. “Locals would never do this to their neighbours,” he said, emphasizing that such actions could qualify as war crimes. Ukraine would provide relevant evidence in order to add to its claim against the Russian Federation at the International Court of Justice, he said.

Ukraine had managed to sustain the heating system in Avdiivka at the minimum level, he continued, noting that 11 warming centres had been established, as had scores of field kitchens, kindergartens and hospitals. Describing recent events as a test of the monitoring and coordination mechanisms in Donbas, he said that despite calls for a ceasefire, “from all corners”, militants continued their shelling, notably against residential buildings, including one in Avdiivka housing some 1,500 people. Such attacks underscored two important trends, he said: the Russian Federation and its proxies in Donbas continued to undermine the peace process by pursuing their political objectives through indiscriminate use of force; and the mechanisms created to avoid destabilization and advance the Minsk agreements were not as efficient as necessary. The Joint Centre for Control and Coordination appeared to be ineffective in a crisis situation, given Russian non-cooperation, he said, urging the Russian Federation to abide by the Minsk commitments, especially the security and humanitarian provisions, and the international community to urge that country to “get out of Ukraine”.

VITALY CHURKIN (Russian Federation) said Kiev sought to use the clashes that it had itself begun as a pretext to pull out of the Minsk agreements. Noting the “overwhelming” number of Ukrainian statements that were divorced from reality, he recalled that on 3 January, Ukraine’s Defence Minister had confirmed his country’s seizure of land in the grey area, announcing that the action was not in violation of the Minsk agreements since the territory in question belonged to Ukraine. On 17 January, the Interior Minister had called on border guards to seize State borders with the Russian Federation, while the President had announced that Ukraine would not implement political reforms until it had full control over the border. Furthermore, the Deputy Defence Minister had boasted in militarist rhetoric that carried consequences.

Emphasizing that OSCE Mission cameras had documented shelling from Ukrainian positions in the east, he said similar actions had occurred in the south. The OSCE Mission camera had recorded intensive fighting on 20 January, with 20 shells coming from Ukrainian army positions and targeting militia. From 26 to 29 January, following shelling from the direction of Ukrainian forces, dozens of places in Donetsk and other areas had been destroyed. Also during that period, OSCE observers had noted tanks in other areas, as well as the disappearance of 76 tanks from Ukrainian armouries.

Rather than normalizing the situation in Donbas and seeking out compromise as part of the Contact Group and Normandy Process, he said Ukraine was trying to achieve a military settlement. Escalation in Donbas had coincided with foreign visits, an apparent attempt to suck in newly elected Heads of State. Ukraine needed money, which it could swindle out of the European Union, the United States and certain institutions by pretending to be a victim of persecution, he said. The schools had been shelled by weapons — including multiple-rocket launch systems — that should have been withdrawn from the Contact Line, according to the Minsk agreements.

To restore the situation to the political track, the international community must be firm, he emphasized. The Council had sent a message on 31 January calling for a ceasefire, and on 1 February, the Contact Group had called for full compliance with it. The Russian Federation expected the OSCE Special Monitoring Mission to de-escalate the situation in eastern Ukraine, and trusted that those keen to settle issues through political means would not allow the situation to develop along a worst-case scenario. Rather, they would focus on implementing the Minsk agreements, he added, expressing regret that Ukraine’s delegation in New York was continuing its sabre-rattling.
FRANÇOIS DELATTRE (France) called on all parties to show restraint, ban the use of heavy weapons and disengage their forces at the Contact Line. The Russian Federation must use its influence over the separatists, he added. Commending the work of the OSCE, he said its observers must have access to the affected areas. All parties must act to improve living conditions on the ground, allow the repair of critical infrastructure and address the critical humanitarian needs of civilians. The upsurge in violence had proven once again that the solution to the conflict must be a diplomatic and not a military one, he said, expressing support for the Minsk agreements. Bringing the Russian Federation and Ukraine into discussions was also vital, he said, pointing out that despite ongoing fighting, the number of civilian victims was six times smaller since the signing of the Minsk agreements, he said, adding that European sanctions were linked to comprehensive implementation of that accord. There was no viable alternative to peace, he said, emphasizing that restoring Ukraine’s control over its borders and its authority in Crimea remained the goal.

MATTHEW RYCROFT (United Kingdom) said the worrying upsurge in fighting was the effect of the Russian Federation’s military personnel standing side by side with separatists whom they had equipped, armed and trained. Calling for urgent action to end the “uptick” in the fighting, as well as civilian suffering, he said that, for any fragile, short-term truce to become a comprehensive ceasefire, all parties must commit to tackling the underlying causes of the fighting. The solution must be political, not military, he emphasized. The Minsk agreement was the only long-term solution to the crisis in eastern Ukraine, he emphasized. Noting that the Russian Federation continued to say that the Ukrainian Government was behind all problems in eastern Ukraine, he said that was an inversion of reality. The Russian Federation must withdraw all its forces from Ukraine, including Crimea, he stressed.

NIKKI HALEY (United States) condemned the Russian Federation’s actions as a “replay” of far too many instances in which her country’s representatives had been compelled to do the same. “We do want to better our relations with Russia,” she said, but the dire situation in Ukraine called for condemnation, she said, noting that fighting had trapped thousands of civilians and destroyed infrastructure. Stressing that the United States stood with Ukrainians under Russian occupation, she said that, until the Russian Federation and its separatist allies respected Ukraine’s sovereignty and territorial integrity, the crisis would continue. She also called for an immediate end to the Russian Federation’s occupation of Crimea, emphasizing that sanctions would remain in place until that country returned control to Ukraine. She also called for full and immediate implementation of the Minsk agreements, pressing the Russian Federation and allied separatist forces to respect the relevant commitments and the ceasefire.

LIU JIEYI (China), expressing concern about increased hostilities in eastern Ukraine, noted that the Normandy Format and the Trilateral Contact Group had held consultations on implementation of the Minsk agreements. China called on the parties to abide by the ceasefire and remain committed to a political solution. All parties should implement resolution 2202 (2015), enforce the cessation of hostilities and implement the Minsk agreements, he said, adding that they should also commit to dialogue for the sake of peace, stability and development in Ukraine, as well as for harmony, both among ethnic groups and with other countries in the region.

PER THÖRESSON (Sweden) said the humanitarian fallout in eastern Ukraine was particularly alarming in terms of access to such basic needs as water, electricity and medicine. The recent escalation in violence was a clear breach of the Minsk Agreements. Sweden fully supported the OSCE’s efforts, he said, urging safe access for its monitoring teams to the affected region. Ukraine’s sovereignty and territorial integrity must be fully respected, he emphasized, declaring: “Let us not lose sight of who is the aggressor and who is the victim.” The Russian Federation had the power to end the conflict, he said, stressing that sanctions imposed on that country should remain until full implementation of the Minsk Agreements was realized.

INIGO LAMBERTINI (Italy) urged the parties to return to the ceasefire without delay and withdraw heavy weaponry, in accordance with the Minsk Agreements. Thousands of lives were at risk in the current harsher winter months, he said, emphasizing the critical need to ensure full access to water, heat and medicine. He called upon all parties to grant full, safe and unrestricted access to OSCE monitors. Blatant violations of the ceasefire were simply unacceptable. It would be necessary to launch negotiations without delay, he said, expressing support for Ukraine’s sovereignty and territorial integrity.

KORAT BESSHO (Japan) expressed concern over the severe impact of the situation in eastern Ukraine on the local civilians, and called for an immediate return to the ceasefire regime. Taking note of the statement by the Trilateral Contact Group — which called for an immediate ceasefire, withdrawal of heavy weaponry from the Contact Line, and unhindered humanitarian access to affected populations — he said full implementation of those measures was critical to alleviating suffering and preventing further escalation. The situation in Ukraine could only be solved by diplomatic means and with full respect for international law, especially the legal obligation to respect Ukraine’s sovereignty and territorial integrity, he emphasized. Full implementation of the Minsk Agreements by all parties was the only way forward.

KAIRAT UMAROV (Kazakhstan) expressed serious concern about the deteriorating situation in eastern Ukraine, declaring: “We are very interested in stability in Ukraine.” The foremost priority should be to end the conflict through peaceful negotiations, in accordance with international law and the United Nations Charter. Urging compliance with resolution 2202 (2015), he endorsed the Trilateral Contact Group’s confidence-building measures. Since any aggravation of the current circumstances could have unpredictable consequences, he called upon the parties to withdraw heavy weaponry from the
Contact Line. Kazakhstan was providing humanitarian aid and all parties must ensure free access to the conflict zone, he emphasized, expressing support for economic confidence-building measures and calling upon the parties to demonstrate wisdom as well as the political will to return to the ceasefire.

FODÉ SECK (Senegal) said the situation in eastern Ukraine had deteriorated amid resumed fighting, which had led to significant loss of life and exacerbated the humanitarian situation. In light of that alarming picture, the parties must respect the ceasefire and withdraw heavy artillery, he emphasized. He also called for intensified diplomatic efforts through the Normandy Format for the full implementation of the Minsk Agreements.

MAHLET HAILU GUADEY (Ethiopia) expressed concern about the escalation of violence in eastern Ukraine, saying that the humanitarian situation there required an urgent response and urging the parties to return to the ceasefire regime. Resolution would only be achieved through a peaceful settlement, she emphasized, calling on the parties to adhere to the Minsk Agreements and Security Council resolution 2202 (2015).

SACHA SERGIO LLORENTTY SOLÍZ (Bolivia) also expressed concern about the resurgence of fighting, condemning the use of weapons banned under the Minsk Agreements and urging full compliance with Council resolution 2202 (2015). All parties must uphold their civilian-protection obligations under international law, and the Security Council must make every effort to establish a lasting peace, he stressed. The parties’ “step-up in rhetoric” would not be conducive to the realization of a peaceful political solution.

LUIS BERMÚDEZ (Uruguay) expressed grave concern about ceasefire violations and called for dialogue to ensure implementation of the Minsk Agreements, which he described as “the right path” towards a peaceful solution. The parties must also protect the human rights of all inhabitants, especially in Donetsk and Luhansk, and respect international humanitarian law, especially in addressing the needs of internally displaced persons. Furthermore, the OSCE Special Mission must be granted access to all conflict areas, he said, adding that the Council must resume the spirit in which it had approved resolution 2202 (2015).

MOUSTAFA AWAD MOUSTAFA (Egypt) called for an immediate cessation of hostilities, full implementation of the Minsk Agreements and prevention of any further provocations. Humanitarian assistance must be guaranteed, he emphasized, and urged full implementation of resolution 2202 (2015). Reaffirming his delegation’s confidence in peaceful negotiating formats, he urged the parties to step up for a peaceful settlement, saying that Egypt supported any measure aimed at a peaceful settlement, especially those proposed by the Normandy Format.

The representative of the Russian Federation, taking the floor a second time, stressed that 93 per cent of Crimea’s population had decided to become a part of the Russian Federation. In response to his counterpart from the United Kingdom, he asked whether that country was prepared to return the Falkland Islands (Malvinas), Gibraltar or the part of Cyprus that it had annexed. Citing resolution 2202 (2015) on the Minsk Agreements, he drew attention to paragraph 9, pointing out that it demanded the reinstatement of Ukraine’s full control over the State border throughout the conflict area, starting on day one after local elections and ending after the application of the comprehensive political settlement to Donetsk and Luhansk. He also cited paragraph 11, saying it focused on constitutional reform in Ukraine and permanent legislation on the special status of Donetsk and Luhansk, suggesting that was a road map for ending the conflict. To Ukraine’s representative, he said it was easy to brandish photos as a way to stir up assistance, recalling that civilians on both sides had died. The priority was adherence to the Minsk Agreements, he said, underlining his hope that today’s meeting would allow those interested in settling the conflict to take the necessary measures.

The representative of Ukraine, taking the floor a second time, said frivolous interpretations of OSCE reports were pointless. It was Russian officers in command who gave the orders to capture Ukrainian towns. The reality was simple. It was Russian weapons and Russian mercenaries killing Ukrainians, he stressed, adding that he had hoped for serious professional dialogue that would save lives, but it looked as though the Russian Federation lived in a parallel reality.

⚠️ For information media. Not an official record.
Exhibit 6
“Metinvest” has lost control over enterprises in the occupied Donbas

The group “Metinvest”, a large share of which is owned by oligarch Rinat Akhmetov, has completely lost the control over all of its assets in the occupied Donbas.

This is stated in the statement.

“The decision on termination of work of our enterprises in the so-called “DNR” and “LNR” is a necessary step, which is caused by our categorical disagreement with the requirement to change the jurisdiction of the Ukrainian. In addition, under the circumstances, we cannot control the activities of companies and, accordingly, to bear
responsibility for what happens on their territory”, – the General Director of Metinvest group Yuriy Ryzhenkov.

In particular, we are talking about the work of the PJSC “Enakievo metallurgical plant” (Makeyevka branch of PJSC “Makeevka metallurgical plant”), JSC “Enakievo koksohimprom”, PJSC “Khartyszsk pipe plant”, JSC “Komsomolsk mine group”, PJSC “Krasnodonugol”, PJSC “Donetskoks” and the Joint Ukrainian-Swiss enterprise “metal”.

See also:

EU and US can impose sanctions because of “nationalization” of Ukrainian enterprises in the Donbass

It is reported that the enterprise came the unknown men, who demanded to re-register them in the jurisdiction of “republics”, and also began an inventory and the inventory of the property.

It is noted that in case of disobedience they threatened employees with physical violence.

Therefore, the company finds it impossible to continue some business activities at these enterprises will turn to the state bodies of Ukraine and international organizations to protect their interests.

See also:

In the EU “nationalization” of enterprises by the militants and use of the ruble in ORDO called illegal

We will remind, Akhmetov’s DTEK declare a loss of control over all enterprises in the occupied Donbas. Director of a number of enterprises of DTEK, owned by oligarch Rinat Akhmetov, said received “notice” from the terrorists “DND” and “LNB” on the necessity of “re-registration” and the beginning of the physical inventory.

In the occupied territory of Donbass located PJSC “DTEK mine Komsomolets of Donbass”, LLC “mospinskoe UPP”, PJSC “DTEK PES-Energougol”, LLC “DTEK Vostokenergo” (OP “Zuevskaya TPP”), PJSC “DTEK Donetskoblenergo”, JSC “Tehrempostavka” OOO “DTEK Sverdlovantratsit”, ”DTEK
Rovenkianthracite”, Elektronaladka LLC “DTEK high-voltage networks” and LLC “DTEK Service”.
Akhmetov acknowledged the loss of control over his enterprises in separatist-controlled territories of Ukraine

Thursday, March 16, 2017/3:00:00 PM

Rinat Akhmetov’s energy holding, DTEK, reported the loss of control over all of its enterprises in the separatist controlled part of the Donbas.

“As of March 15, 2017, the assets of the DTEK Energy Group, namely, DTEK Mine Komsoemolets Donbas (http://www.uawire.org/news/the-komsoemolets-donbas-coal-mine-has-stopped-its-production) PJSC, Mospinoro CPE LLC, DTEK Energokombinat PJSC, DTEK ZYUNS’KA TPP (one of the three power stations of DTEK Skhidenergo LLC), DTEK DONETS’KOBLENERGO PJSC, ELEKTRONALADKA LLC, DTEKService LLC, DTEK POWER GRID LLC, TEHREMPOSTAVKLLC, DTEK SVERDLOVANTHRACITE LLC, and DTEK ROVENKYANTHRACITE LLC, all of which are located in the territory not controlled by the Ukrainian government were seized by the so-called Donestk People’s Republic and Luhansk People’s Republic,” the DTEK stock exchange message says.

According to the press service of the holding, the directors of these enterprises received a notice indicating the requirement to re-register the businesses in the so-called DPR and LPR and to start inventory procedures for the property.

“As of this time, DTEK does not control the operation of these enterprises. The company considers it unacceptable to require the re-registration of our enterprises, no form of pressure will force DTEK to change the jurisdiction of its assets,” the press service said.

The energy holding emphasizes the impossibility for these enterprises to work separately from the Ukrainian economy. “The enterprises operating in the uncontrolled territory are part of the unified Ukrainian economic infrastructure. The disruption of this production chain will make their operation impossible. Mines in the Donbas have no other markets for coal and work outside the law of Ukraine entails serious legal consequences for all buyers of the products as well as for the suppliers of the equipment and materials for these enterprises. This actually means halting the operation of the enterprises,” the press service quoted the Director General of DTEK, Maksym Tymchenko, as saying.

DTEK intends to use all available mechanisms to help employees who lost their jobs and restore control over the enterprises in the uncontrolled territories.

“DTEK will try to do its utmost not to leave our employees in trouble, offering the option to transfer and be employed at other enterprises of the company.” I hope that the international judicial system and the rule of law will allow DTEK to regain control over operations. Then we will be able to return to full operation,” Tymchenko summed up.

Regarding the loss of control over the enterprises, the company appealed to law enforcement agencies of Ukraine, the State Fiscal Service, tax authorities, and state funds. According to their press service, DTEK also retained legal companies to protect its interests in the framework of Ukrainian and international law.

Later, the metallurgical holding of Akhmetov Metinvest reported the loss of control over assets as a result of their seizure, including Yenakiieve Iron and Steel Works, Metalen LLC, Khar’tsvask Pipe Plant, Krasnodomogol, Komsoemolskoye Rudoopraivenie, Donetske Coke and Chemicals Plant, and Yenakiieve Coke and Chemicals Plant.

On March 30, the DPR and LPR announced the beginning of the nationalization process of Ukrainian enterprises (http://www.uawire.org/news/separatists-have-nationalized-companies-in-uncontrolled-donbas-territory) that are located in the territory controlled by the separatists. This was the result of the blockade of railway transportation (http://www.uawire.org/news/ukraine-introduces-transport-blockade-on-uncontrolled-donbas-territories) with the separatist-held territory.

Ukraine (Tags/Ukraine), Donbas (Tags/Donbas), Akhmetov (Tags/Akhmetov), Metinvest (Tags/Metinvest), Nationalization (Tags/nationalization), Blockade (Tags/Blockade)
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2017 WLNR 6968527

American Metal Market
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February 28, 2017

Issue 02-February-2017
Section: Pig Iron, Supply Chain, Steel, CIS, Steel

DMZ pig iron output halted by railway blockades

Vlada Novokreshchenova

DNEPR, Ukraine Ukrainian pig iron producer Donetskstal (DMZ) has halted production of pig iron as a result of illegal blockades on railway lines in the region, a local news agency reported on Feb. 29.

The mill was forced to stop its only operating blast furnace as the blockade had created problems with iron ore supplies on Monday, the Interfax-Ukraine News Agency quoting a company source as saying.

DMZ did not respond to AMM sister publication Metal Bulletin’s request for comment.

Meanwhile, coke is being supplied from the DMZ-owned coking plant in Makiivka, in Ukraine's Donetsk region, which is not experiencing any problems from the blockades, the source added.

Earlier this month, DMZ faced problems with transportation of its pig iron to the Black Sea port of Odessa because of the railway blockades.

In late January, a militant pro-government faction blocked a number of points on the railway connecting areas controlled by the Kiev-based central government and pro-Russia separatists in the Donetsk and Luhansk regions.

Ukraine's Industrial Union of Donbass Corp. said on Feb. 22 that it had failed to make contracted deliveries of billet and slab exports valued at about $33.8 million due to the railway blockades.

Vlada Novokreshchenova
newsroom@amm.com

--- Index References ---
Company: DTEK ENERGY LIMITED LIABILITY CO; DONETSKSTAL IRON AND STEEL WORKS PRIVATE JOINT STOCK CO; METINVEST HOLDING LIMITED LIABILITY COMPANY; EUROMONEY GLOBAL LTD

Industry: (Base Metals (1BA71); Land Transportation (1LA43); Metals & Mining (1ME07); Natural Resources (1NA60); Railroads (1RA98); Steel & Iron (1ST73); Transportation (ITR48))

Region: (Eastern Europe (1EA48); Europe (1EU83); Ukraine (1UK09))

Language: EN

Other Indexing: (Metal Bulletin)

Word Count: 244
MEDIA: ORE AT THE STEELWORKS IN YENAKIYEVO AND ALCHEVSK WILL BE DELIVERED THROUGH THE "STATE RESERVE"

Russian mining companies will supply raw materials to steel mills, raspolodennye on the controlled entity "L-DNR" is not directly but through Rosrezerv, sources said RBC
<http://www.rbc.ru/business/13/04/2017/58ee0bb69a7947c4667dd9cd?utm_source=dlvr.it&utm_medium=twitter#xtor=AL-%5Binternal_traffic%5D-%5Brrss.rbc.ru%5D-%5Btop_stories_brief_news%5D>.

As noted by the media, such a scheme would avoid formal complaints to the Russian companies.

Kovdor Mining and Processing Plant (GOK), part of the holding "EuroChem" Andrei Melnichenko, will ship 15-30 ths. Tons of iron ore per month at the Cherepovets plant-2 in the supply for Rosrezerva, said a source in the company. The fact that the company is involved in the scheme to ensure iron ore smelting plants in the tubing known two other RBC sources close to the largest metallurgical holdings. One knows that the supply of raw materials for the unrecognized republics will be carried out through the "State Reserve".

"State Reserve" - a government agency that is responsible for ensuring the mobilization needs of the Russian Federation, as well as humanitarian aid. Almost all data on it referred to information constituting state secrets. Holding "Eurochem" is a large producer of fertilizers, but also produces iron ore concentrate Kovdor GOK, located in the Murmansk region.

In "Rosrezerva" did not respond to a query about why the agency of iron ore, and did not comment on the existence of a contract with "Evrokhim". The representative of "EuroChem" and did not comment on the information on the shipment of iron ore to "Rosrezerva".

According to the interlocutor RBC Kovdor GOK, the company started first deliveries of production on the Cherepovets-2 in April. According to him, the recipient of a ore Rosrezerv. "Roughly speaking, the warehouse," - he explained.
Another source of RBC in one of the steel mills, raspolozhennyz ordo said that he saw the overhead of "Russian Railways Logistics". According to him, in the invoices indicate that the ore was shipped on March 31 from the Cherepovets-2 station, received at Assumption Station on April 3, and "custom" illegal organization "DNI" has recorded the passage of 10 April. The final recipient of the invoice stated JSC "Vneshtorgservis" for the branch №2 Yenakiyevo Metallurgical Plant. Interlocutor RBC also said that "personally witnessed" in the Yenakiyevo Plant cars Railways.

Sources Ukrainian agency "Metal Expert" argue that with the Cherepovets-2 stations already shipped the first 11 thousand. Tons of iron ore concentrate. Sources agency with GOKov Russian companies for this month in the direction stations bordering the tubing may be supplied to 60 thousand. T concentrate and up to 100 thousand. Tonnes of pellets.

And representatives of "Severstal" and "Metalloinvest" deny news/269118-rossyyskaya-kompaniya-ooproverga-postavky-rudy-v-ordlo/ any involvement in the supply of iron ore in the tubing.
Following a request by the non-recognised republics to re-register legal entities in the so-called “DNR” and “LNR”, Metinvest declares a complete loss of control over the operations of all assets in the temporarily non-controlled territory (NCT).

Unidentified people arrived at the Group’s enterprises and demanded that the assets be re-registered under the jurisdiction of the non-recognised republics and started an inventory process. Employees were physically threatened in case of defiance. As Metinvest cannot place its employees at risk, and violate the laws of Ukraine, the Group considers it impossible to continue any economic operations at these enterprises. This statement relates to the operations of Private Joint Stock Company (PJSC) Yenakiieve Steel (including its Makiivka branch, PJSC Makiivka Iron and Steel Works), PJSC Yenakiieve Coke, PJSC Khartsyzk Pipe, PJSC Komsomolske Flux, PJSC Krasnodon Coal, PJSC Donetsk Coke and the Ukrainian-Swiss joint venture Metalen Limited Liability Company.

Commenting on the developments, Yuriy Ryzhenkov, the Group’s Chief Executive Officer, said:

"The decision to cease operations at our enterprises in the territories of the so-called “DNR” and “LNR” is a forced move, caused by our absolute disagreement with a demand to change Ukrainian jurisdiction. Moreover, in this situation, we are unable to control the activity of the enterprises, and, correspondingly, bear responsibility for developments on their territories."

At the very beginning of the conflict in the Donbas region, Metinvest’s enterprises in the NCT were re-registered in territory controlled by Ukraine. In 2016 alone, they transferred around UAH1.4 billion to budgets on various levels in the country. They employed over 20,000 people. Employees affected will be offered positions at Metinvest’s enterprises in the territory controlled by Ukraine – Zaporizhya, Kryvyi Rih and Mariupol – and labour relations will be settled in accordance with Ukrainian legislation throughout.

The Group will apply to the Ukrainian state authorities and international organisations for protection of its rights in this matter.
Rebels seize Metinvest assets in Ukraine

MOSCOW Ukraine's largest steelmaker, Metinvest, has seen its assets in territory controlled by pro-Russian separatists seized by rebels, the company said on March 15.

The facilities seized include long steel mills Yenakiieve Iron & Steel Works (Yenakiieve Steel), the Makiivka wire rod unit, pipe-making mill Khartsyzsk Pipe and a number of coal assets.

Yenakiieve Steel and Makiivka have been idled since late January due to the lack of raw materials caused by illegal blockades on the railways in the east of Ukraine.

Unidentified people arrived at Metinvest's enterprises and demanded that the assets be re-registered under the jurisdiction of the non-recognized separatist administrations and started an inventory process, the steelmaker said.

Employees were physically threatened if they showed defiance, according to the company.

Metinvest was unwilling to change from Ukrainian jurisdiction or to place its employees at risk, so it made the decision to cease operations at its enterprises in the rebel-held territories, the steelmaker said.

Employees affected will be offered positions at Metinvest's enterprises in the territory still controlled by the central government of UkraineZaporizhya, Kryvyi Rih and Mariupoland labor relations will be settled in accordance with Ukrainian legislation throughout, according to Metinvest.

The steelmaker's assets in Ukraine-controlled territory include Ilyich Iron & Steel Works, Azovstal Iron & Steel Works, and Zaporizhstal Iron & Steel Works, specializing in slab and flat-steel production.

Ilyich and Azovstal are working at a reduced utilization rate due to the disruption of coking coal supplies by the rail blockades.

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newsroom@amm.com
--- Index References ---

Company: METINVEST BV; AZOVSTAL IRON AND STEEL WORKS

Industry: (Base Metals (1BA71); Coal (1CO39); Manufacturing (1MA74); Metal Fabrication (1ME43); Metals & Mining (1ME07); Mining (1MI65); Natural Resources (1NA60); Steel & Iron (1ST73))

Region: (Eastern Europe (1EA48); Europe (1EU83); Ukraine (1UK09))

Language: EN

Other Indexing: (Azovstal Iron & Steel Works; Yenakiieve Steel)

Word Count: 255
SCM GROUP REPORTS ABOUT LOSING CONTROL OVER ITS ASSETS BASED IN THE NON-GOVERNMENT CONTROLLED AREAS OF DONETSK AND LUHANSK OBLASTS

SCM Group reports that on 15 March 2017 it has lost control over its assets based in the non-government controlled areas of Donetsk and Luhansk oblasts (NGCAs), namely:

16 March 2017


In the real estate sector (ESTA): Pushkinsky Business Centre, Seventh Line Business Centre.

In the industrial and raw materials sector (UMG): Dokuchayevsk Fluox and Dobomite Plant.

During these three years, our businesses based in the NGCAs have been operating exclusively within the laws of Ukraine despite all the challenges. They were a link between the government-controlled and non-government controlled areas of Ukraine.

As SCM Group has stated before, we believe that the requirement for re-registration of our companies and payment of taxes to the self-proclaimed DNR and LNR is absolutely unacceptable. Today, we have lost the opportunity to ensure operations of our assets in the NGCAs within the Ukrainian laws. We are forced to make a decision to suspend our activities in the NGCAs of Donetsk and Luhansk oblasts.

We are going to apply to the law enforcement agencies of Ukraine about the seizure of property of our production and non-production assets. SCM Group has notified the State Fiscal Service, tax authorities and state funds of the loss of our businesses.

We will do everything we can to restore the rule of law and resume operations of our businesses in the NGCAs. We are going to act within the legal framework and apply to Ukrainian and international courts.

At different times, starting from 2014, we reported about losing control over the following assets:


Real estate (ESTA): Donbass Palace Hotel, Park Inn Hotel.

Telecommunications: Ukrtelecom and Vega.

Agriculture (HarvEast): a third of the land bank and more than a third of assets (the company suspended operations in the region in 2015 and has not resumed them ever since).

Football infrastructure: Donbass Arena stadium and Kirsha training facility.

Also, the Rinat Akhmetov Humanitarian Center “Aid+Help” had to suspend operations in the NGCAs.

First Ukrainian International Bank, Parallel filling station chain and Brusnichka supermarket chain stopped operations in the NGCAs in 2014 and 2015, respectively. Media Group Ukraine closed its offices in 2014.
20 February 2017

Yenakiieve Iron and Steel Works (“Yenakiieve Steel”, which includes a Makiivka branch), a steelmaker, and Krasnodon Coal Company (“Krasnodon Coal”), a coking coal producer, subsidiaries of Metinvest Group (“Metinvest” or “the Group”), have halted operations. Production has been disrupted by the ongoing armed hostilities and a blockade of railway transportation between Ukraine and the uncontrolled territory in the southeast.

Since the beginning of the conflict in the region, Yenakiieve Steel has experienced erratic supplies of iron ore. Following a blockade of the Yasinovata-Skotovata railway line, shipments of raw materials and finished goods are not possible for now.

Yenakiieve Steel has completed preparations for temporary mothballing. A blow-out of blast furnace nos. 3 and 5 has been performed and the basic oxygen furnace shop has stopped operating. Production at the Makiivka branch will be halted on 25 February 2017.

In addition, Krasnodon Coal has halted coal production at all mines due to the blockade of railway transportation.

Yenakiieve Steel and Krasnodon Coal are registered in territory controlled by Ukraine and pay all taxes and duties to the state budget as stipulated in the country’s legislation.

Despite the suspended operations at Yenakiieve Steel and Krasnodon Coal, Metinvest takes its role as a corporate citizen of Ukraine extremely seriously and responsibility for its local communities equally. The Group’s plants are the main employers and economic anchors in their communities. Metinvest does not intend to reduce headcount at Yenakiieve Steel (including the Makiivka branch) or Krasnodon Coal. In addition, employees of the facilities will be transferred to two-thirds remuneration.

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METINVEST GROUP is a vertically integrated group of steel and mining companies that manages every link of the value chain, from mining and processing iron ore and coal to making and selling semi-finished and finished steel products. It comprises steel and mining production facilities located in Ukraine, Europe and the US, as well as a sales network covering all key global markets. The Group is
structured into two operating segments, Metallurgical and Mining, and its strategic vision is to become a leading vertically integrated steel producer in Europe, delivering sustainable growth and profitability resilient to business cycles and providing investors with returns above the industry benchmarks. For the nine months ended 30 September 2016, the Group reported revenues of US$4.6 billion and an EBITDA margin of 22%.

METINVEST HOLDING LLC is the management company of Metinvest Group.
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<th>Item</th>
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<td>End-of-period inventories</td>
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| Percent of Total Shipments          |                   |             |             |      |      |         |
| Internal consumption/transfers       |                   |             |             |      |      |         |
| Commercial shipments                 |                   |             |             |      |      |         |
| Exports to the United States         |                   |             |             |      |      |         |
| Exports to all other markets         |                   |             |             |      |      |         |
| Total exports                        |                   |             |             |      |      |         |
| End-of-period inventories            |                   |             |             |      |      |         |

| Reconciliation                       |                   |             |             |      |      |         |
| BI + Production - Total Shipments - EI|                   |             |             |      |      |         |
### Table II-10

#### Trade Data

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<td>[    ]</td>
</tr>
<tr>
<td>Exports to the United States</td>
<td>[    ]</td>
<td>[    ]</td>
</tr>
<tr>
<td>Exports to all other markets</td>
<td>[    ]</td>
<td>[    ]</td>
</tr>
<tr>
<td>Total exports</td>
<td>[    ]</td>
<td>[    ]</td>
</tr>
<tr>
<td>Total shipments</td>
<td>[    ]</td>
<td>[    ]</td>
</tr>
<tr>
<td>End-of-period inventories</td>
<td>[    ]</td>
<td>[    ]</td>
</tr>
<tr>
<td>Capacity Utilization Rate (%)</td>
<td>[    ]</td>
<td>[    ]</td>
</tr>
</tbody>
</table>

#### Percent of Total Shipments

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal consumption/transfers</td>
<td>[    ]</td>
<td>[    ]</td>
<td>[    ]</td>
<td>[    ]</td>
<td>[    ]</td>
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<tr>
<td>Commercial shipments</td>
<td>[    ]</td>
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<tr>
<td>Exports to the United States</td>
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<td>[    ]</td>
<td>[    ]</td>
<td>[    ]</td>
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<tr>
<td>Exports to all other markets</td>
<td>[    ]</td>
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<td>[    ]</td>
<td>[    ]</td>
<td>[    ]</td>
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<tr>
<td>Total exports</td>
<td>[    ]</td>
<td>[    ]</td>
<td>[    ]</td>
<td>[    ]</td>
<td>[    ]</td>
</tr>
<tr>
<td>End-of-period inventories</td>
<td>[    ]</td>
<td>[    ]</td>
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</tbody>
</table>

#### Reconciliation

<table>
<thead>
<tr>
<th>BI + Production - Total Shipments - EI</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
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<td>[    ]</td>
<td>[    ]</td>
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Table II-10
Trade Data
UKRAINE

<table>
<thead>
<tr>
<th>Item</th>
<th>Actual Experience</th>
<th>Projections</th>
</tr>
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<tr>
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<td>2014</td>
<td>2015</td>
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<tr>
<td>Average production capacity</td>
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<td></td>
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<tr>
<td>Beginning-of-period inventories</td>
<td>[ ]</td>
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</tr>
<tr>
<td>Production</td>
<td>[ ]</td>
<td></td>
</tr>
</tbody>
</table>

| Home market shipments:        |      |      |      |      |      |
| Internal consumption/transfers| [ ]  |      |      |      |      |
| Commercial shipments          | [ ]  |      |      |      |      |
| Exports to the United States  | [ ]  |      |      |      |      |
| Exports to all other markets  | [ ]  |      |      |      |      |
| Total exports                 | [ ]  |      |      |      |      |
| Total shipments               | [ ]  |      |      |      |      |
| End-of-period inventories     | [ ]  |      |      |      |      |

| Capacity Utilization Rate (%)|      |      |      |      |

| Percent of Total Shipments    |      |      |      |      |
| Internal consumption/transfers| [ ]  |      |      |      |
| Commercial shipments          | [ ]  |      |      |      |
| Exports to the United States  | [ ]  |      |      |      |
| Exports to all other markets  | [ ]  |      |      |      |
| Total exports                 | [ ]  |      |      |      |
| End-of-period inventories     | [ ]  |      |      |      |

| Reconciliation                |      |      |      |      |
| BI + Production - Total Shipments - EI | [ ]  |      |      |      |