Trends in Russian Foundry Industry
Revision 2014

Presented by:

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General data:

1. Territory – 17.100.000 km^2
2. Population – 143,7 mln.
3. Working force – 80 mln.
4. Total number of foundries – about 1.200

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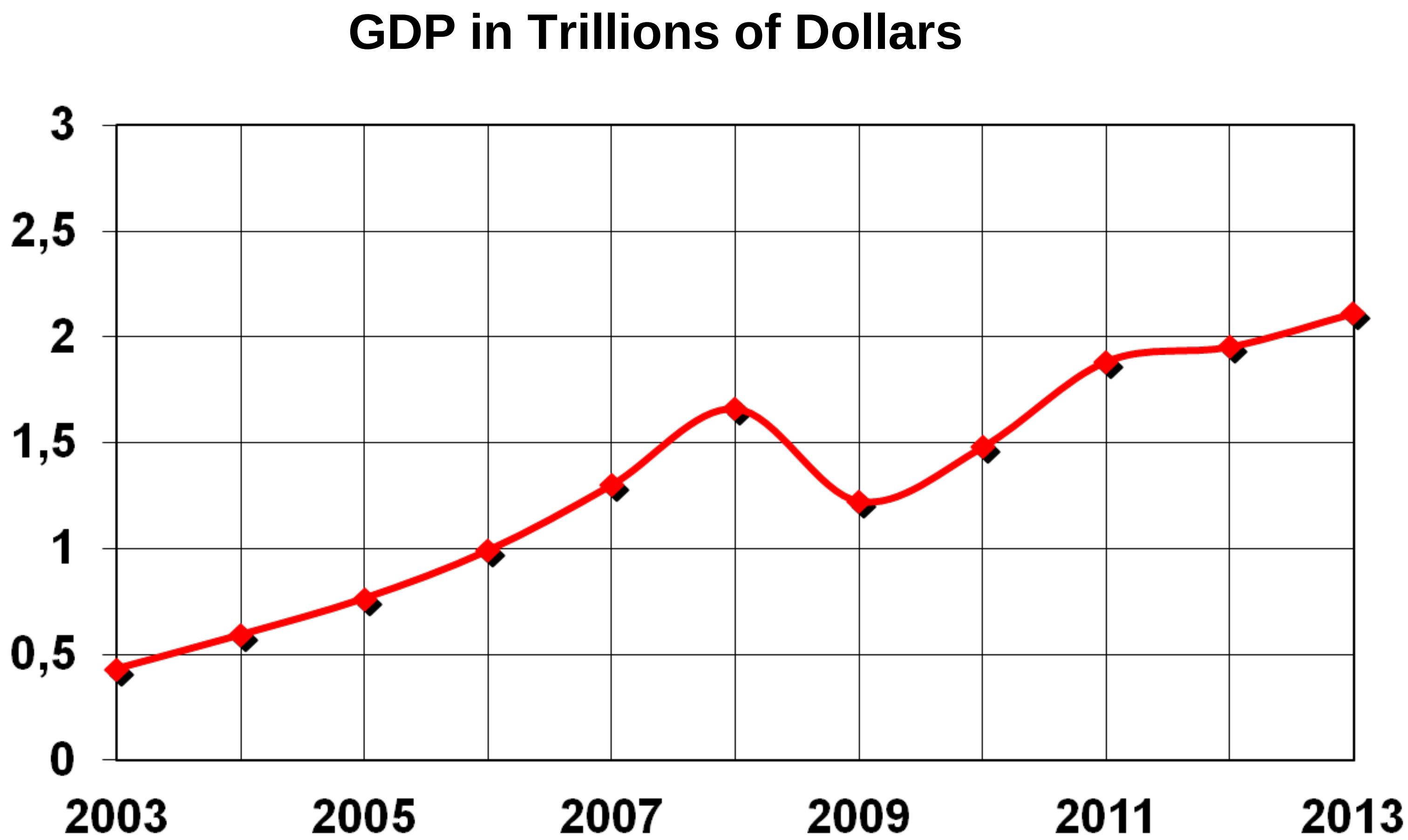

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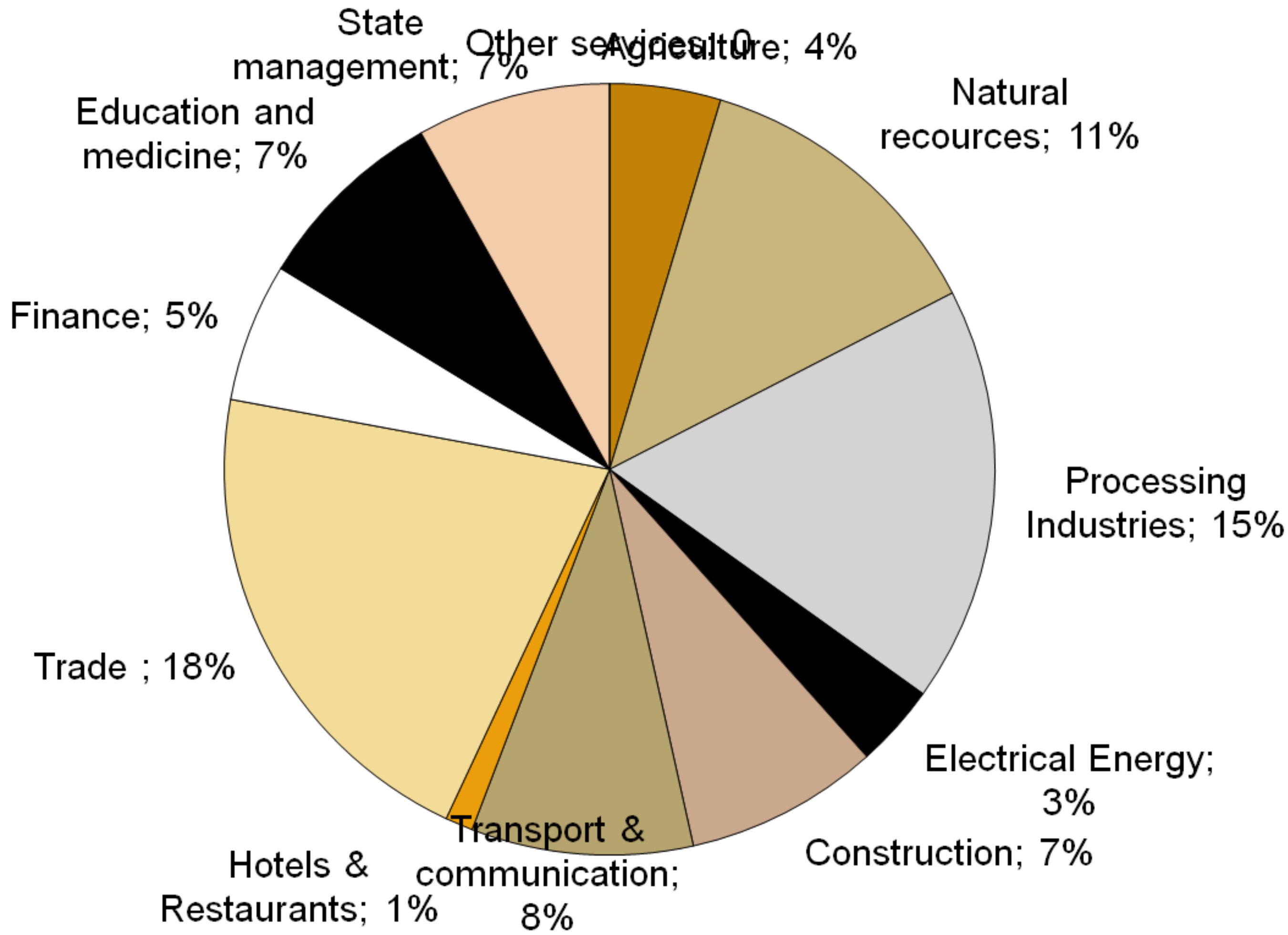
Structure of GDP in 2013



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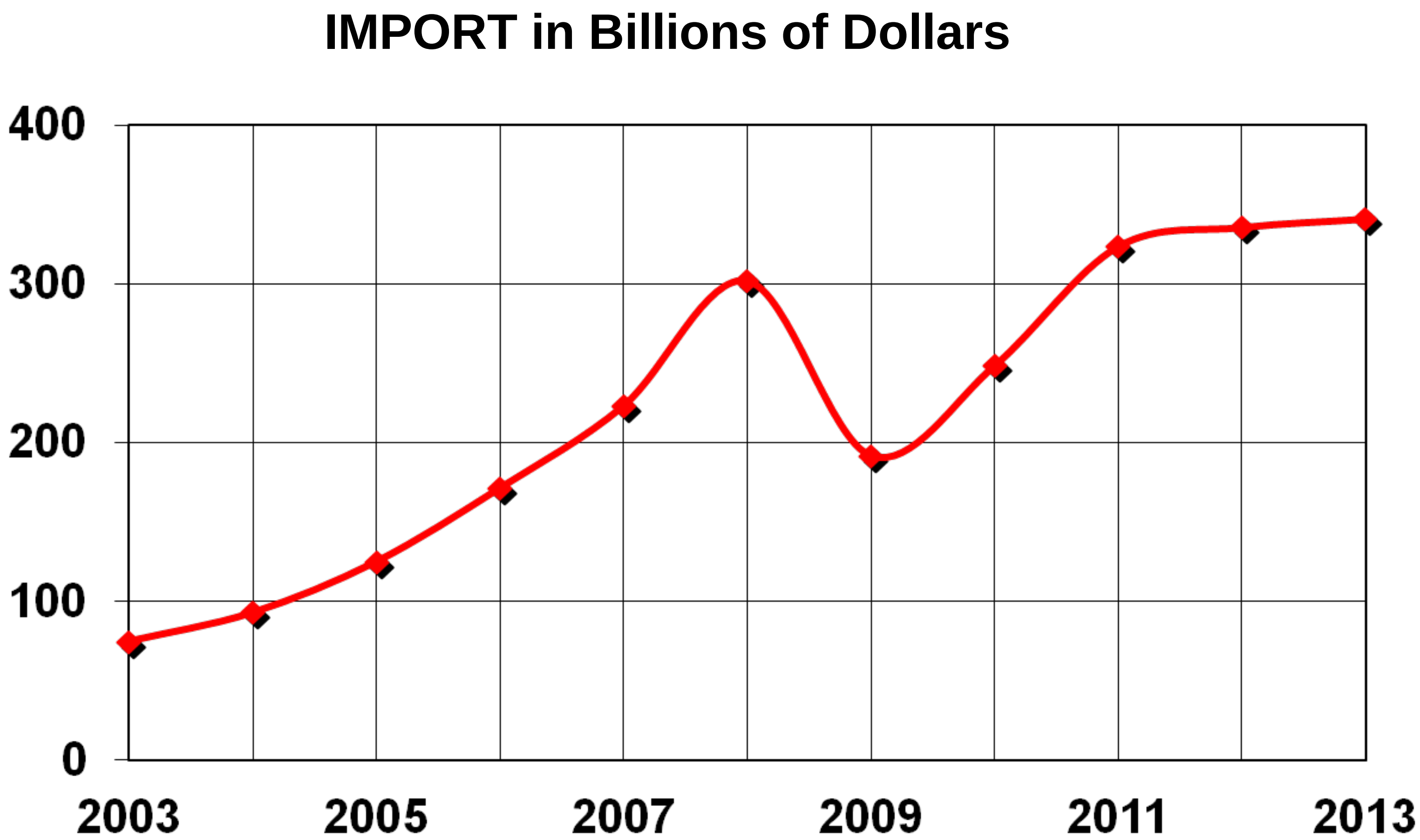

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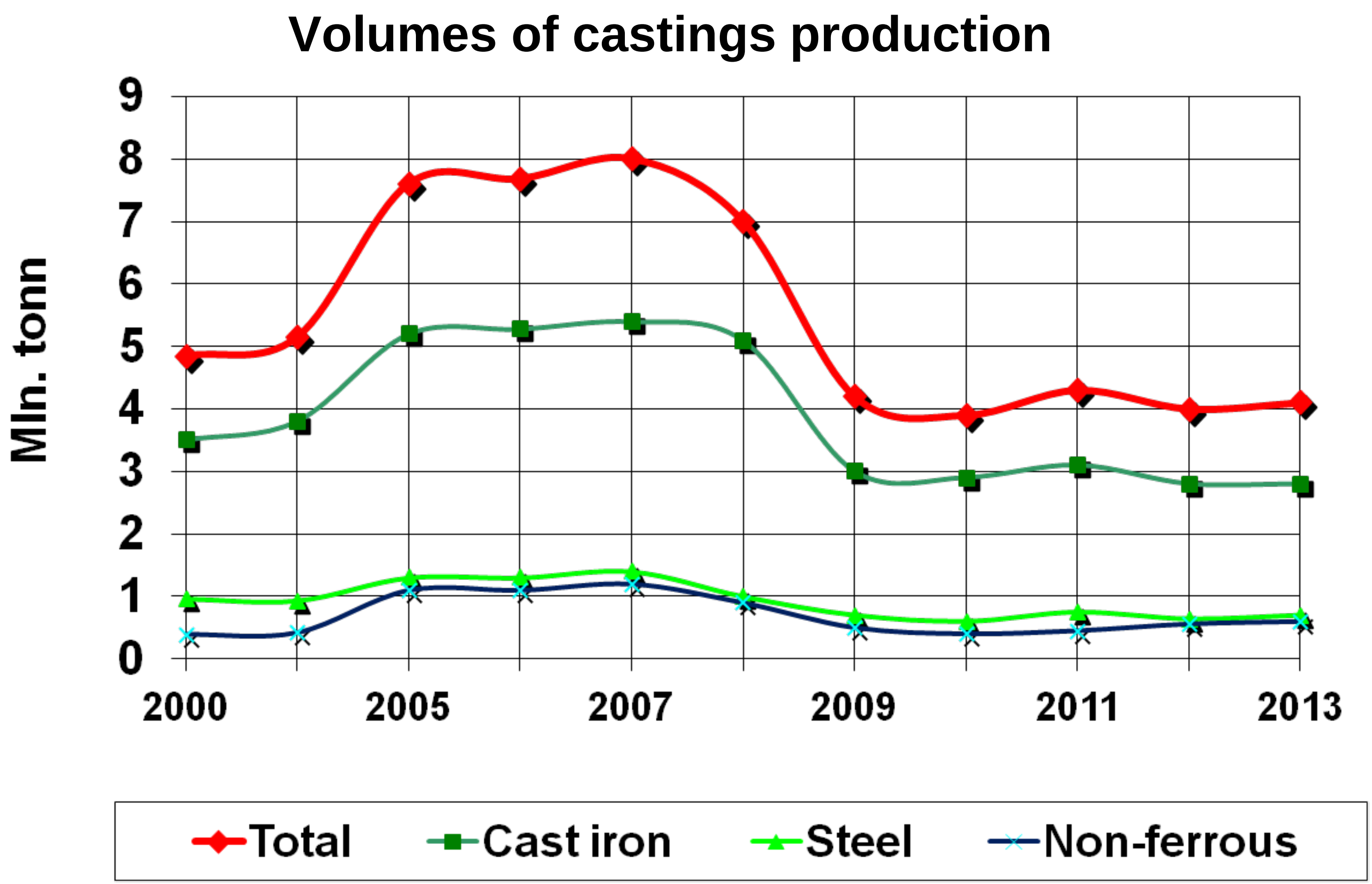

In 2013 total 1200 foundries produced 4,1 mln. tonn of castings, Export only about 2%

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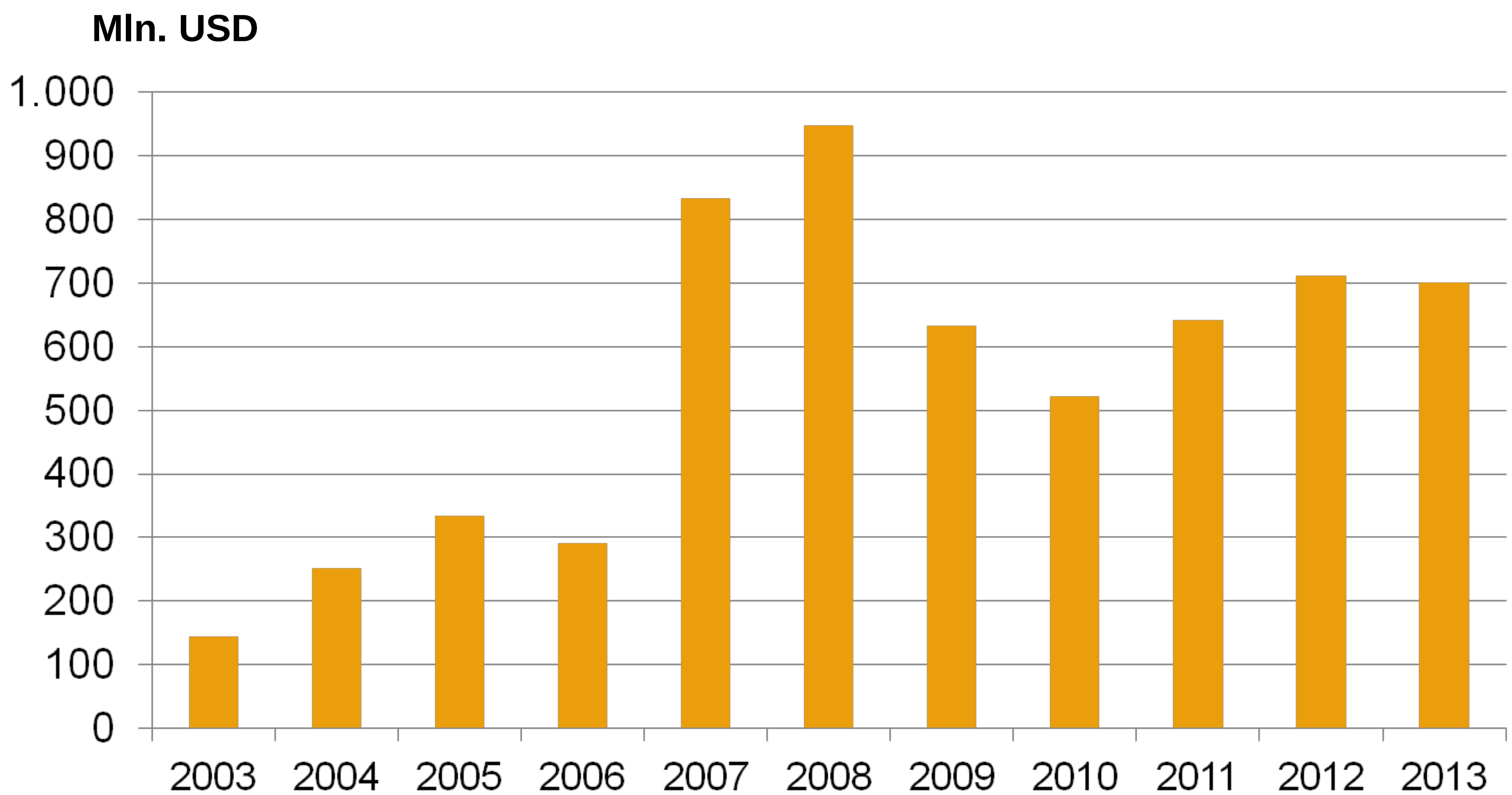
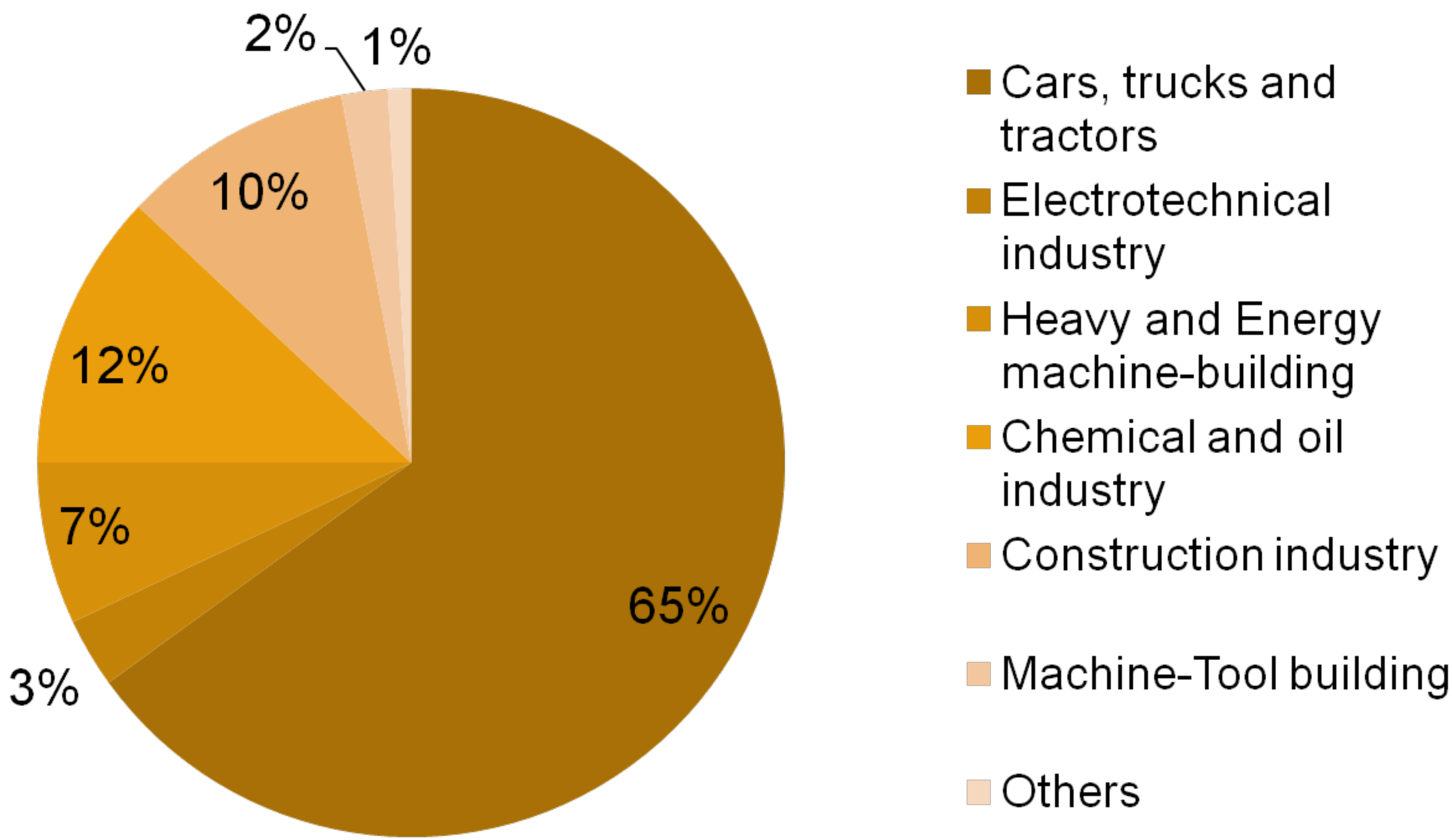
Import of foundry equipment



Production of castings by sectors in 2013г.



Areas with high quality casting demand:

1. Railway – steel and cast iron parts
2. Oil & gas transport – steel valves
3. Mining – wear parts, Mn steel
4. Aviation – AL and Mg castings

Main need is in steel castings, but trend in increasing of Al and Mg castings.

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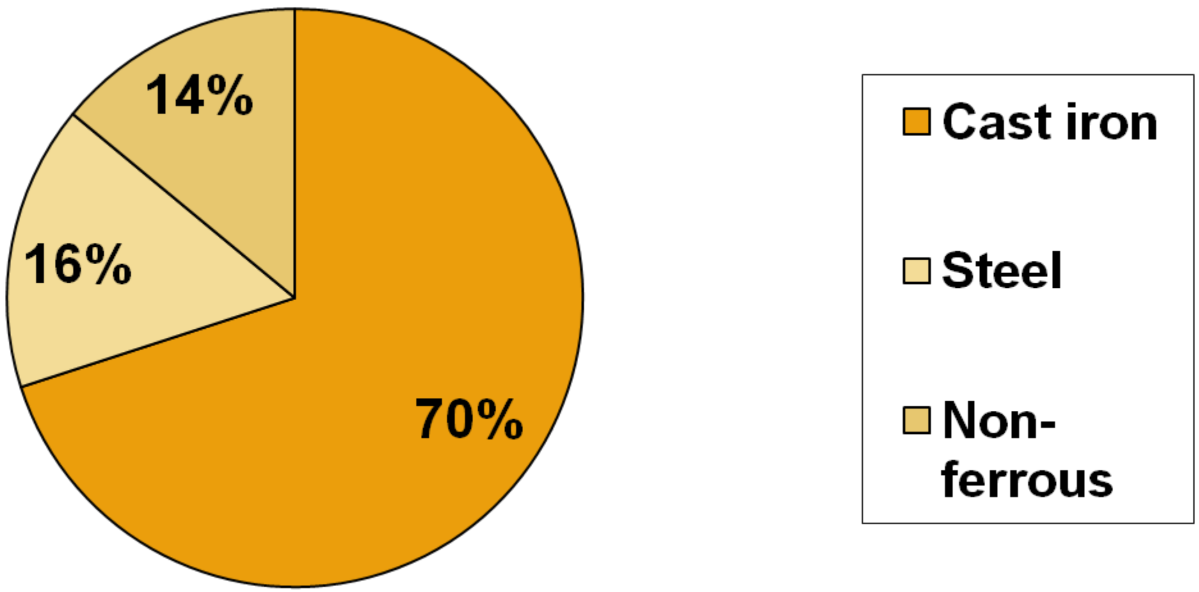
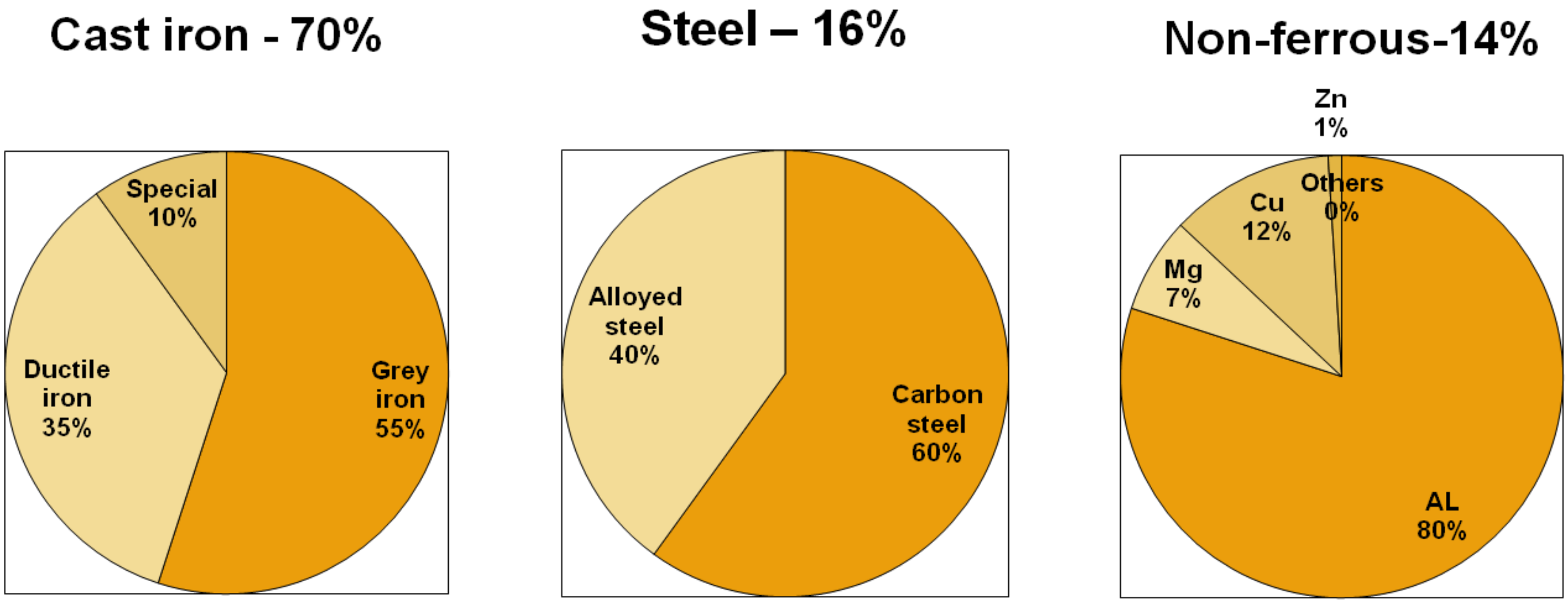
Distribution of castings by alloys in 2013

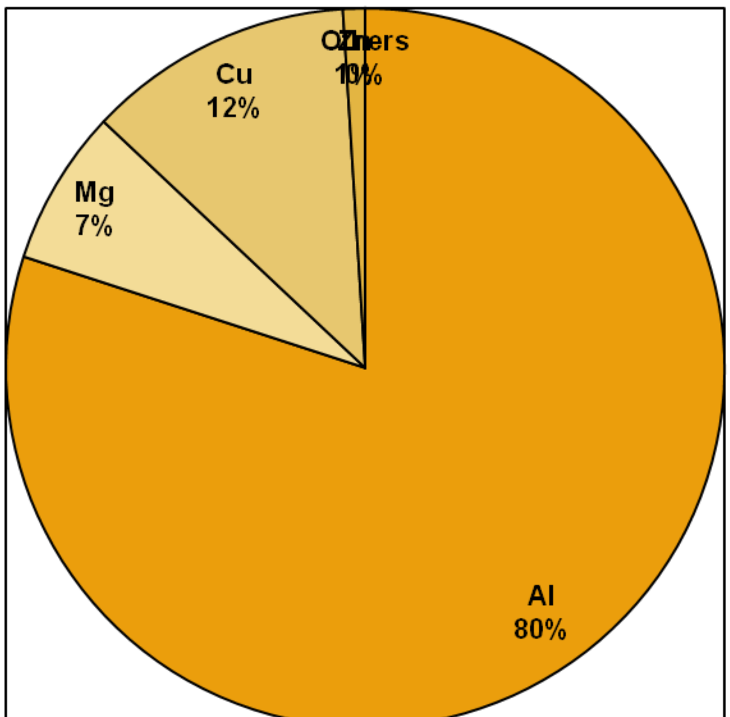


Distribution of castings by alloys in 2013

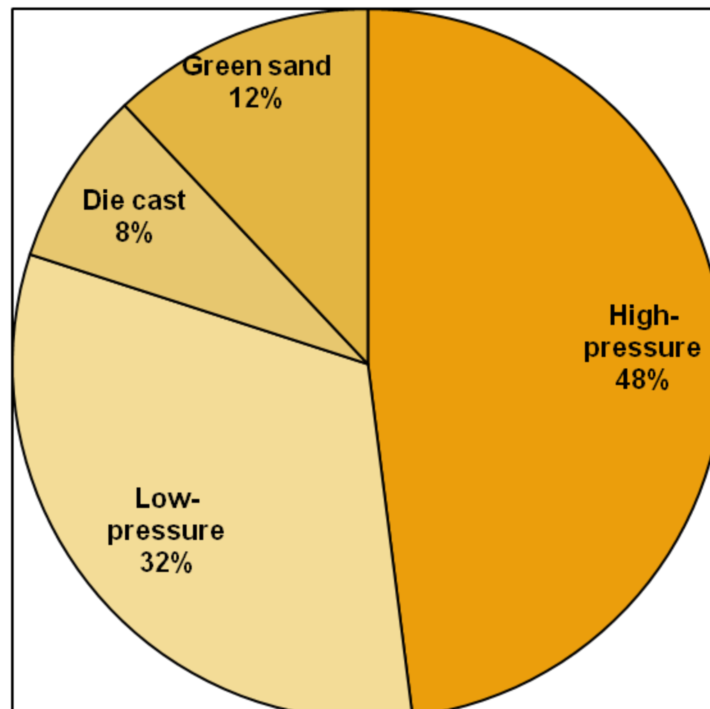


Non-ferrous castings production

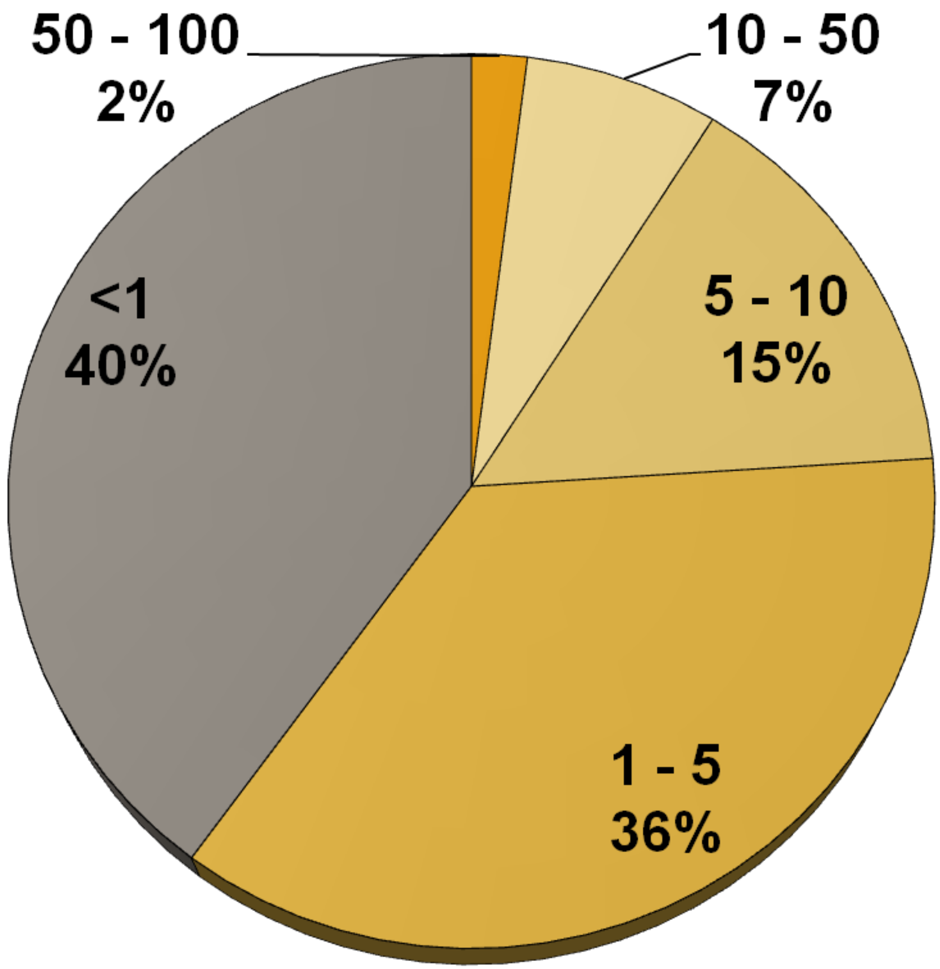
Non-ferrous -14% from total



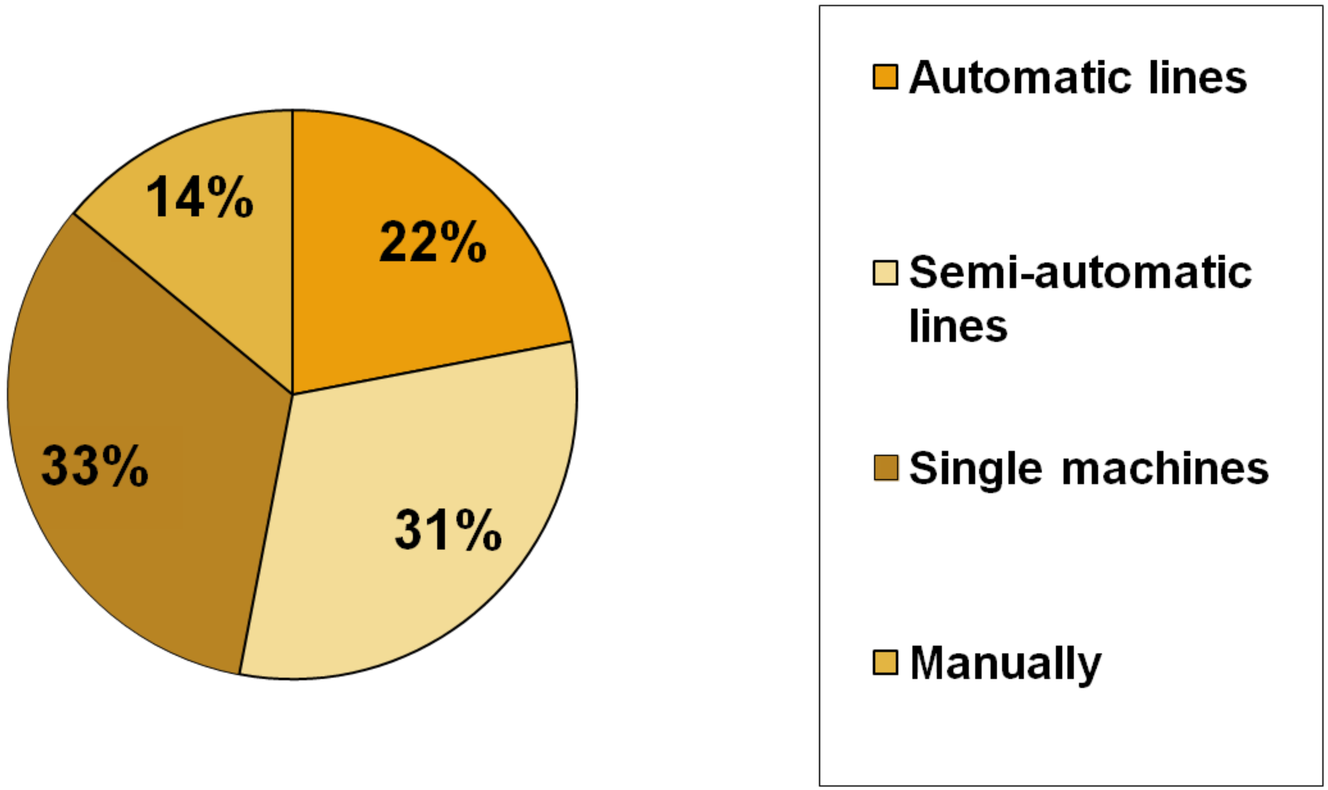
Aluminium - 80% from total non-ferrous



Distribution of foundries by capacity, 1000 t/year



Level of foundries automatization by q-ty of castings produced on:



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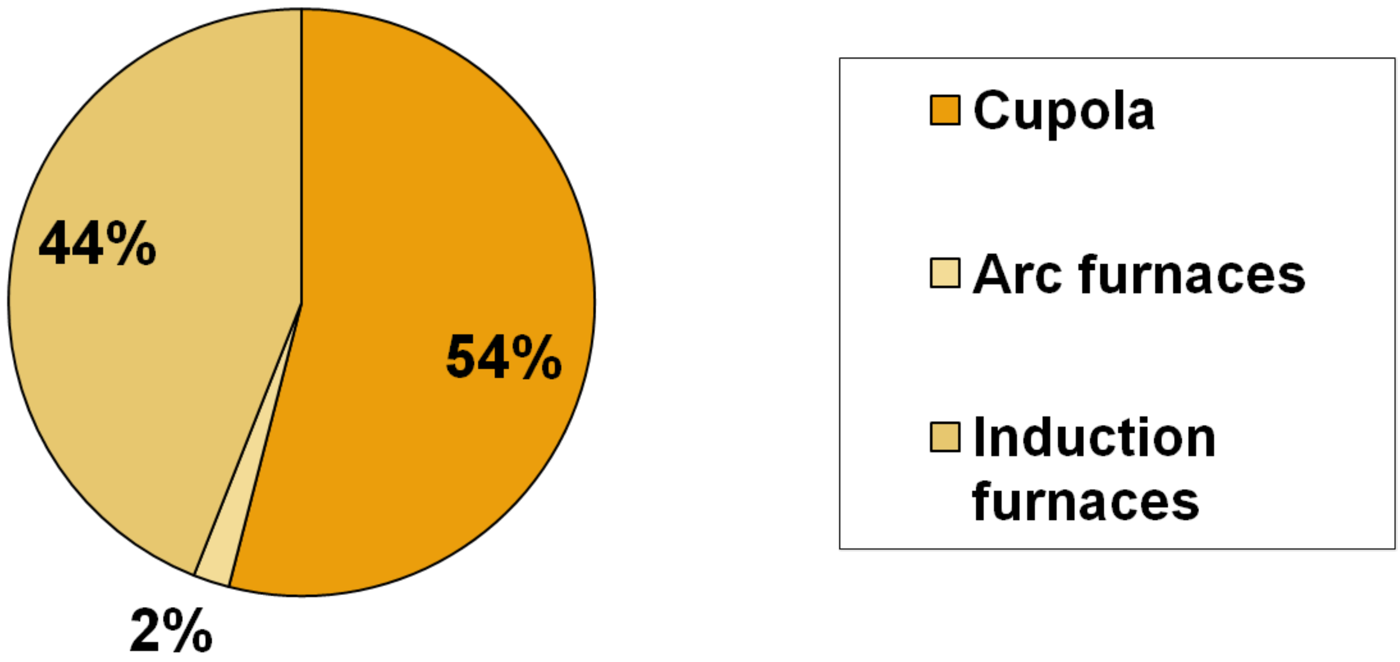
Melting of cast iron (by q-ty of castings)



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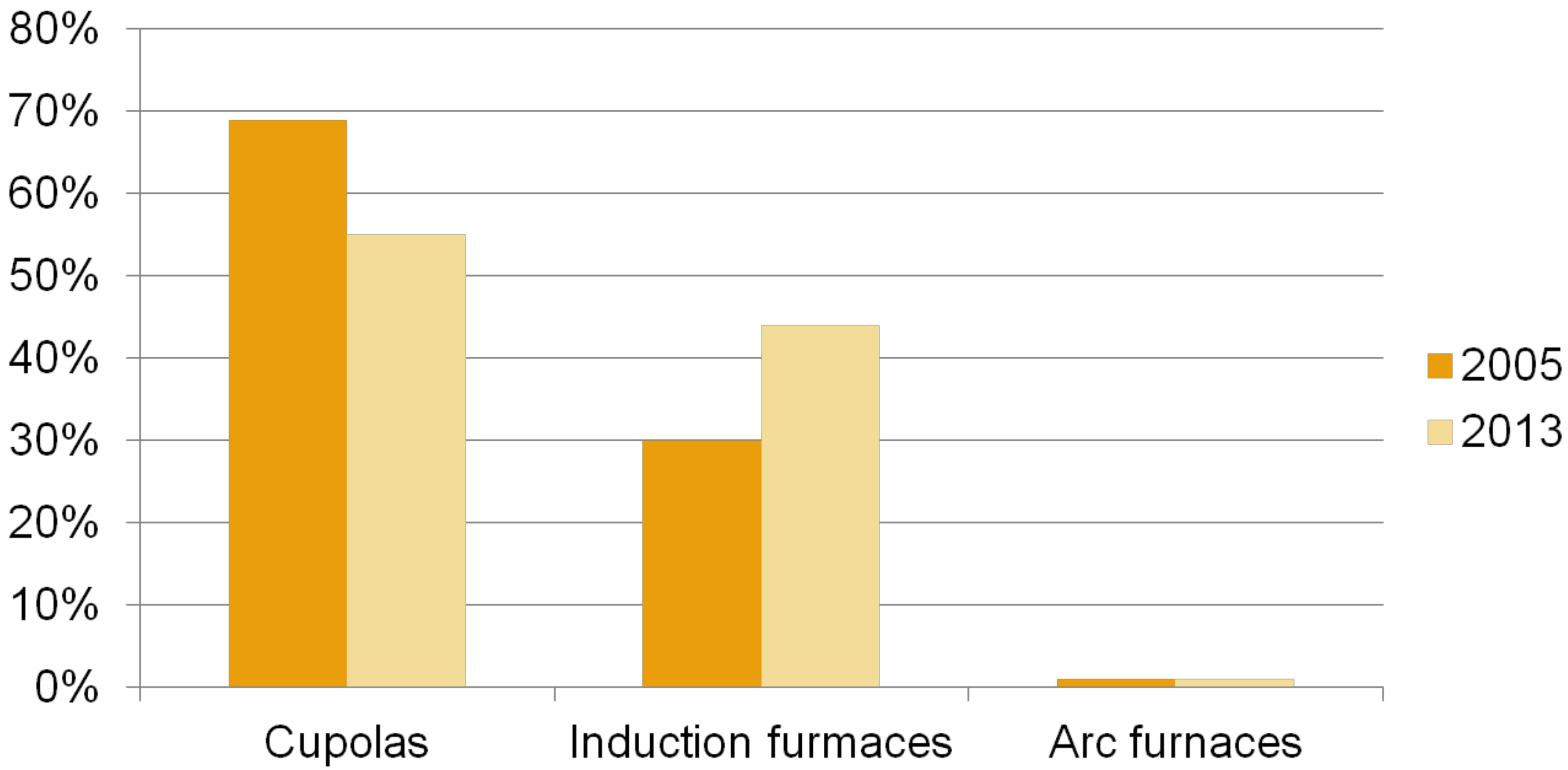
Trends in melting for cast iron (by quantity of castings)



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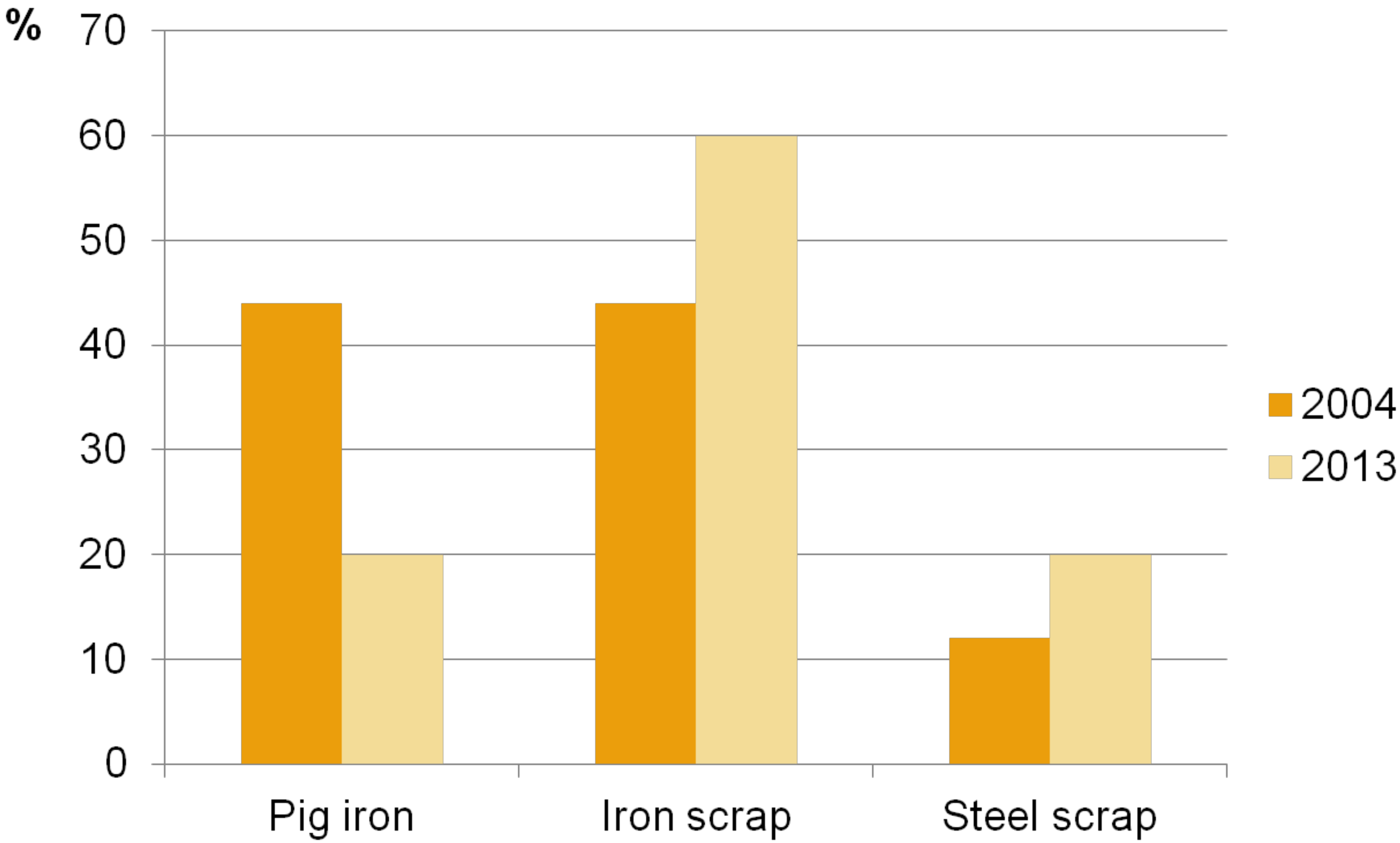
Composition of the melting charge



Deficit of high quality scrap

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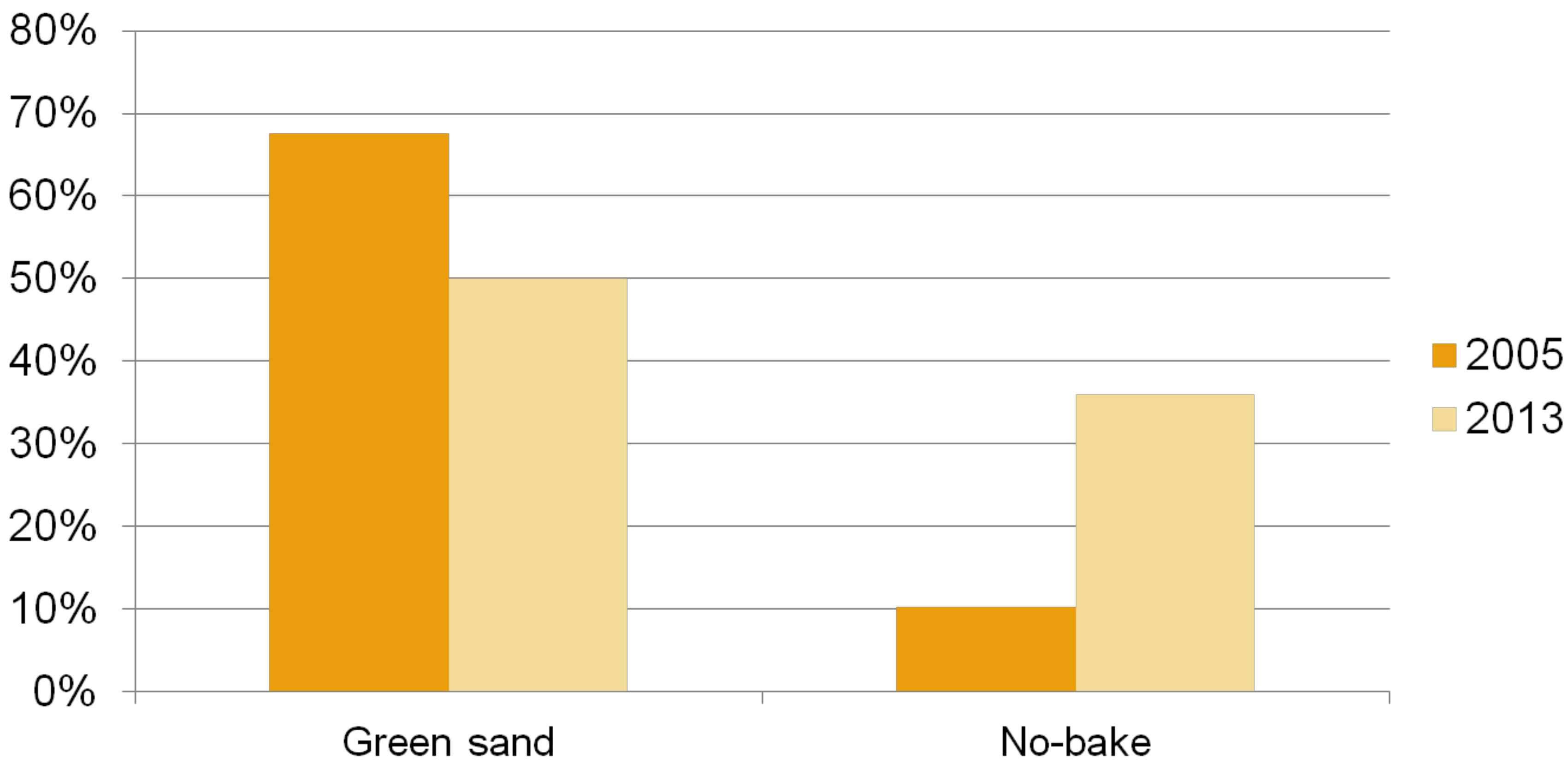
No-bake and green sand moulding



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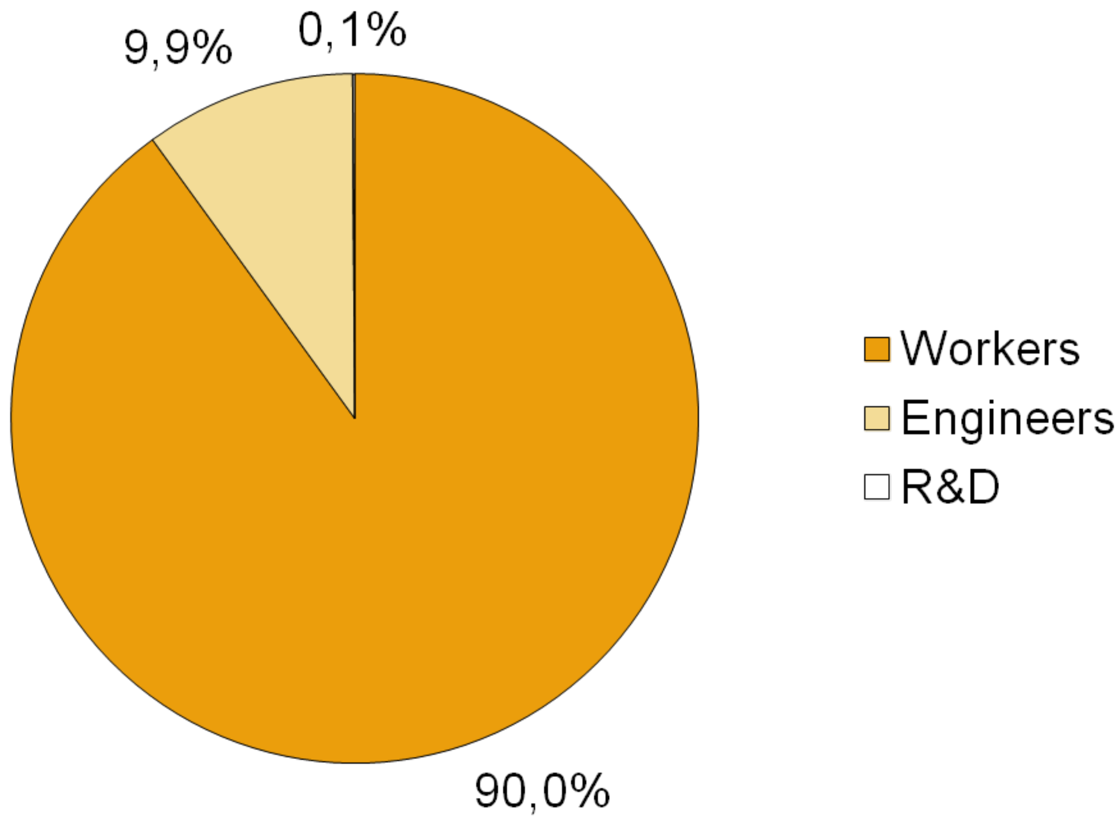
Structure of workers in foundry industry



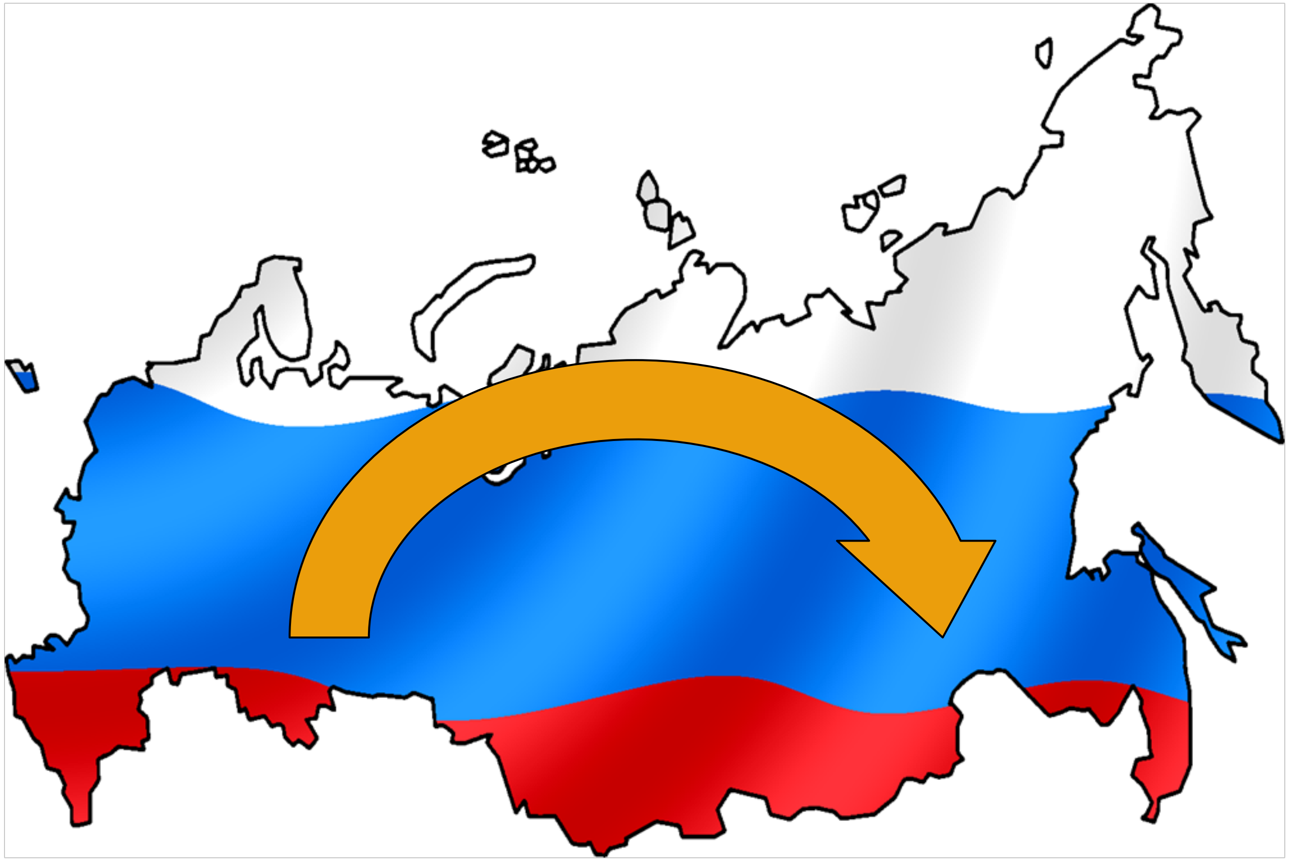
Need in new technologies and equipment from abroad !

<u>Most perspective directions of development:</u>

- Modern moulding equipment
- Production of cold-box cores
- Melting in medium frequency induction furnaces and DC arc furnaces
- Growth in production of high-quality parts from special irons and Al - Mg alloys
- Building of new foundries and reconstruction of existing, more big corporations

Need in new technologies and equipment from abroad !

Influence of latest geopolitical changes



Turn from WEST to EAST

Geopolitical changes influencing foundry:

- Reinforcement of co-operation inside BRICS – new bank with 100 billion USD capital

- Reinforcement of co-operation inside Shanghai Cooperation Organization – more members, more trade partners

Geopolitical changes influencing foundry:

- Currency Policy: Russia and China start to trade in RUB and CNY
- Not only equipment, but also financing comes now from EAST, not from WEST
- Equipment from EU and US will not be paid until delivered in Russia

Main conclusions / trends:

- Internal market has big enough value and tendency to grow, Russia continues to import both equipment and castings; Low level of export – will not change soon
- We regret due to the deterioration of relations with EU and hope it will not last long time
- Financing from EAST – preferences to Asian suppliers from major Russian banks
- Preferences to EU companies having production facilities in Russia or in Asia

OUR DOORS ARE OPEN FOR COOPERATION !

THANK YOU!