

Export Duty on Nickel, Copper May be Scrapped to Support Industry Giants

By [The Moscow Times](#)

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A 5 percent export duty on nickel and copper may be scrapped in 2014, two years earlier than planned, to support indebted metals and mining companies struggling with weak prices, Vedomosti reported Tuesday.

The move, which will benefit mining giant Norilsk Nickel, the world's biggest nickel producer, is one of 13 measures that the newspaper said Prime Minister Dmitry Medvedev would order his ministries to work up by Dec. 23.

Medvedev met the steel and mining companies, including aluminum producer RusAl, coal miner Mechel and steelmaker Evraz, to discuss their debt loads and ways to boost industrial growth on Nov. 25.

The metals industry is under pressure globally due to sustained weak prices, but the three Russian firms are particularly vulnerable due to their high debt levels.

Mechel is undergoing debt restructuring negotiations. The firm's debt-to-core-profit ratio was 9.0 in the first quarter, while one of its covenants states that the ratio should not have exceeded 7.5 in the first half of 2013.

Net debt to core profit, or EBITDA, ratio — a measure of a company's ability to pay off debts — stood at 11.8 at RusAl in the first six months of the year, and 4.0 at Evraz.

According to Vedomosti, which cited draft minutes of Medvedev's meeting, other proposed measures to support the industry include subsidizing costs related to the idling of plants and an improved mechanism of state guarantees for refinancing debt built up during large-scale investment programs.

Medvedev's spokeswoman, Natalia Timakova, declined to comment on the report.

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