

Debt Restructuring Is Preferred Option for Miner Mechel, Putin Aide Says

By [The Moscow Times](#)

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The Kremlin would prefer to restructure the debt of struggling Russian miner Mechel through state development bank Vneshekonombank, or VEB, rather than let the company go bust, President Vladimir Putin's top economic aide said Wednesday.

The coal-to-steel group has debts of \$8.6 billion and employs 70,000 people.

"Restructuring would be less painful than bankruptcy in terms of the interests of the country and the company itself," Andrei Belousov told journalists, warning of the risks to creditor banks if the company were to go bust.

Russia has been nursing its oligarch-owned conglomerates through a prolonged downturn in the commodities cycle, seeking to avoid a wave of defaults that would lead to mass job losses at a time when the economy is at near standstill.

Hit by weak prices for its products, Mechel is in critical need of further financial support. It has already undergone several debt restructurings but the head of VEB said this month he recommended avoiding further bailout schemes as they would be loss-making.

Belousov said VEB would likely face no significant risks if it were to help bail out Mechel.

"I understand VEB's concerns, but I would not say categorically that VEB will suffer any damage or additional risks," he said, adding that the government would come up with a plan to save Mechel within a week.

Mechel's main creditors are state banks Sberbank, VTB and Gazprombank.

See also:

[VEB Bank Rules Out Mechel Bailout](#)

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