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Key Donbas Coal Mine Shuts Down as Russian Forces Advance on Pokrovsk

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Metinvest Pokrovskugol / Facebook

Ukraine's largest steel producer Metinvest has suspended operations at its coal plant near the frontline town of Pokrovsk in the Donetsk region due to approaching Russian forces, the company announced Tuesday.

The decision to close the Pischane plant follows heavy fighting in the Pokrovsk district, a key Ukrainian logistics hub that the Russian advance has targeted for months.

Ukrainian forces are under intense pressure from Russian troops attempting to breach defensive lines, Ukrainian Commander-in-Chief Oleksandr Syrskyi said during a visit to the front line.

“Battles in the Pokrovsk sector are extremely intense,” Syrskyi said. “The enemy is deploying all available forces to break through our defenses, but Ukrainian soldiers are demonstrating extraordinary resilience.”

"Currently, battles continue in the Pokrovsk district against the enemy, who are primarily superior in manpower. We must make unconventional decisions to enhance the resilience of our defense and more effectively destroy the invaders," he was quoted by UkrInform as saying.

Pokrovsk is important as it is a terminus for Ukrainian military supplies on the front line. If it falls to Russia, then Ukraine's defense of the entire Donbas front line will become more difficult. In addition, there are few towns or defensible positions between Pokrovsk and the Dnipro River that divides Ukraine in two.

Pokrovsk is home to a key coal mine

Pokrovsk is doubly important as it is also home to the strategically important Pischane coal mine, which supplies most of Ukraine's metallurgical sector with a special type of coking coal, a key part of steelmaking.

Metinvest cited intensified shelling and the proximity of the front line to its Pokrovsk site, which includes a mine and administrative facilities, as the reasons for Pischane's closure. Core personnel and their families have been evacuated, the company said, while it monitors the security situation for future decisions.

The Pokrovsk front line's collapse has been continuous and incremental since the fall of Avdiivka on Feb. 17, when the Russian armed forces gained the initiative in the war in Ukraine, as reported by bne IntelliNews.

Related article: On the Pokrovsk Front, Ukrainian Forces Struggle To Hold Back the Russian Advance

Pischane is Ukraine's largest coking coal producer and one of the largest in Eastern Europe, accounting for half of Metinvest's coal supply used in steelmaking.

The closure poses a severe threat to Ukraine's steel industry. While Ukraine has other coal deposits, the coking coal deposit at Pischane is the main source of this key input to the country's steelmaking industry. Metal exports are the country's second-largest foreign currency earner after agriculture.

The shutdown could reduce Ukraine's steel production to 2-3 million metric tons annually, down from a projected 7.5 million tons in 2024, according to Oleksandr Kalenkov, head of Ukraine's steelmakers' association, The Kyiv Independent reported.

"If we lose Pokrovsk, our steel output will plummet further," Kalenkov warned, noting that imports of coking coal would significantly raise production costs and reduce competitiveness.

Ukraine's steel industry has already suffered substantial losses including the destruction of Metinvest's Azovstal plant in Mariupol, a symbol of resistance during the early months of Russia's invasion.

The repercussions of losing the mine go beyond steel output, bne IntelliNews reported. Pokrovsk and nearby cities such as Zaporizhzhia rely heavily on the metallurgy sector, with

thousands of local residents employed by companies like Metinvest. The town has already suffered from workforce shortages, electricity blackouts caused by Russian strikes and disrupted supply chains, according to Reuters.

Producers are already seeking alternative sources of coking coal in Ukraine, an anonymous source from Ukraine's steel industry told Reuters. However, imports will likely be required if the Pokrovsk mine is lost, driving up production costs and making Ukraine's steel less competitive on global markets.

The loss of Pischane would deal yet another blow to the cash-strapped government and cut it off from another lucrative and essential revenue stream. It follows the blow already delivered to Ukraine's grain trade after Russia imposed a naval blockade that stymied Ukraine's grain exports.

Metal exports have been increasing this year, as Russia's Black Sea Fleet was beaten back from its Crimean bases thanks to Ukraine's long-range missiles.

Ukrainian metallurgical enterprises saw iron ore exports increase by 96% y/y in the first 10 months of 2024, reaching 27.79 million tons. Revenue surged by 59.4% to $2.34 billion, with key export markets including China, Poland and Slovakia.

Semi-finished steel exports also rose by 61.8% to 1.67 million tons, generating $827.9 million in revenue. Turkey, Bulgaria and Egypt were the primary buyers. Long-rolled product exports grew by 23.3% to 527,440 tons, primarily to Romania, Poland and Germany. But these incomes will dwindle rapidly if Pischane is unable to provide Ukraine's steel mills with sufficient coking coal.

Domestic steel production remains under pressure. Turkey, a key trading partner, imported 210% more Ukrainian steel billets this year but continues to dominate Ukraine's flat-rolled steel imports, which rose 8.9% to 823,380 tons.

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