

Russia's Top Ferroalloy Producer to Cut Workweek Amid Metallurgy Crisis

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Russia's largest ferroalloy producer will shift to a four-day workweek for its administrative staff starting Sept. 1, the Kommersant business daily <u>reported</u> Monday, as the country's metallurgical industry continues to <u>grapple</u> with mounting financial pressures.

The Chelyabinsk Electrometallurgical Plant (ChEMK), which produces 80% of the nation's ferroalloy used in steelmaking, attributed the move to significant fluctuations in exchange rates, "adverse market conditions" for ferroalloys and a notable reduction in demand from industrial clients.

The company said these factors have forced the launch of an "anti-crisis program."

"From September 1, all administrative employees in structural divisions will transition to a reduced schedule that will remain in effect through the end of 2025. There are no planned layoffs," the plant said in a press statement.

The updated workweek will be implemented for 1,200 employees.

Company officials said that a return to the standard schedule is possible should market conditions and currency fluctuations stabilize.

ChEMK was nationalized in 2024 after a court in the Sverdlovsk region ordered the transfer of shares in ChEMK, Serov Ferroalloy Plant and Kuznetsk Ferroalloys — companies that made up the ChEMK Group — to the Russian state.

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The Prosecutor General's Office accused their previous owners, the Antipov family, of illegally privatizing the assets and exporting goods to so-called "unfriendly countries," a move deemed harmful to national interests.

The company had been controlled by JSC Etalon, a real estate firm tied to billionaire Yuri Antipov, who was later arrested for fraud following the nationalization.

Administration of the assets was transferred to the Federal Property Management Agency (Rosimushchestvo).

According to SPARK-Interfax, ChEMK generated revenue of 81.5 billion rubles (\$1 billion) in 2023 but ended the year with a net loss of 519.4 million rubles (\$7 million).

Russia's metallurgical industry has been hit hard by intensifying international sanctions, the loss of export markets and the Central Bank's 20% key interest rate.

Data from the Yakov and Partners consulting group <u>indicates</u> that Russia's steel exports declined by 11 million tons between 2021 and 2023. Domestic demand <u>dropped</u> 6% in 2024, and the Russian Steel Association warns it could fall by another 5% in 2025.

Steel production <u>declined</u> by 8.6% in 2024, the steepest decline among the world's top steel-producing nations, and dropped an additional 5.2% between January and May 2025, data from the World Steel Association shows.

Alexander Shevelev, CEO of Russian steel giant Severstal, <u>estimated</u> that domestic steel demand may fall to 39 million tons, down from the current 43-45 million tons range, by the end of this year.

Industry and Trade Minister Anton Alikhanov <u>said</u> in June that the government is working on tax relief measures for the sector. One proposal would raise the price threshold for the excise tax on liquid steel — currently 30,000 rubles (\$380) per ton — starting in 2026.

Metallurgy remains a critical component of Russia's economy, employing over 600,000 people and accounting for 10% of the country's export revenues.

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