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Russia's State Shipbuilding Giant to Slash 70% of Workforce at Key Far East Shipyard

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Russia's state-run United Shipbuilding Corporation (USC) will lay off 70% of employees at the Khabarovsk Shipbuilding Plant, one of the largest shipyards in the country's Far East.

The order, signed on July 10 by plant director Mikhail Borovsky and seen by the Vedomosti business daily on Thursday, cites a lack of production orders as the reason for the cuts. The downsizing is to be completed by Oct. 31, 2025.

The shipyard employed 505 workers in 2023, falling to 293 in 2024. The latest round of cuts will reduce headcount to about 90.

Founded in 1953, the plant has specialized in building minesweepers and anti-submarine vessels as well as civilian ships.

Its last major civilian order came in 2023, when it delivered two crab-fishing vessels to the

company Mag-Sea.

Since then, the yard has completed only a single dredger as a subcontractor and has failed to win new military contracts, despite earlier discussions about reviving hovercraft production.

Analysts say the yard's remote location, far from steelmakers and parts suppliers in European Russia, makes it uncompetitive on cost and timelines.

Revenue plunged 72% last year to 336 million rubles ($3.8 million), while net losses rose to 638.6 million rubles. Auditors have questioned the plant's ability to continue operating.

Chronic financial weakness is a widespread problem in USC's shipyards, said Dmitry Desyatnichenko of the Russian Presidential Academy in St. Petersburg, citing outdated equipment, inefficient cooperation among facilities, labor-intensive processes and a lack of large-scale production.

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