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Russia Plans Bankruptcy Moratorium to Shield Struggling Steelmakers – Kommersant

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Marina Kryglyakova / TASS

Russia's government is preparing a moratorium on bankruptcies in the metals sector to support heavily indebted companies hit by sanctions and high borrowing costs, the Kommersant business daily reported Wednesday, citing draft measures by the economy and industry ministries.

Analysts told the newspaper that the proposal is aimed primarily at coal and steel producer Mechel, which is controlled by Igor Zyuzin.

The company's debt exceeds 250 billion rubles ($2.9 billion), while its net loss in the first half of 2025 jumped 143% year-on-year to 40.5 billion rubles ($479 million), the worst result since 2015.

The measure could also benefit metals and coke producer Industrial Metallurgical Holding

(PMKh), whose parent company posted a first-half net loss of 9.79 billion rubles ($115.8 million), five times higher than a year earlier.

Its debt nearly doubled year-on-year to 76.08 billion rubles ($900 million) by June 30.

Severstal, which accounts for about 14% of Russia's steel output, has also sounded the alarm.

CEO Alexander Shevelyov last week warned of a crisis on a scale comparable to the 1990s, citing sanctions-related export restrictions and the Central Bank's prolonged period of high interest rates.

Dmitry Orekhov, managing director at ratings agency NKR, told Kommersant that the moratorium was necessary to prevent systemically important companies from collapsing and triggering knock-on effects for the industry, the labor market and regional economies.

He added that the effectiveness of state support would depend on whether it preserved production and jobs rather than propping up inefficient business models.

Russia's steel output fell 1.5% last year despite demand from defense plants, according to state statistics service Rosstat. The downturn has since accelerated, with June production down 10.2% year-on-year.

Steel exports have slumped by a third under sanctions, to 20 million tons in 2024 from 31 million in pre-war 2021.

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