The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia’s Metals Industry Faces Layoffs, Shortened Workweeks – Reuters

October 09, 2025



Russia’s metals industry is facing a wave of layoffs and reduced working hours as demand slumps and financial pressures mount, Reuters reported Thursday, citing industry sources.

Nearly 700,000 people are employed in Russia’s metallurgical industry, one of the country’s key non-energy sectors that accounts for nearly 20% of its total industrial output.

"There is a quiet cutback going on in the metals industry," one of Reuters' sources said, citing weak demand, high interest rates and the strong ruble as the causes.

The source noted that companies were primarily laying off support staff.

Another source said many plants would "prefer" to switch to a four-day workweek to avoid mass layoffs — as several major carmakers have already done — but have not done so yet.

Related article: Metallurgical Plants in Occupied Ukraine Seek Russian State Aid Amid Industry Crisis

The crisis comes as the sector has lost Western markets and about one-third of its export volumes compared to pre-war levels, a downturn that Severstal CEO Alexander Shevelev said in September was comparable to the turmoil of the 1990s.

According to state statistics agency Rosstat, output in the metals sector fell 1.5% last year despite strong demand from defense plants working around the clock to produce tanks and munitions for the front lines.

The decline has accelerated sharply in 2025 — by 10.2% year-on-year in July, the steepest drop since the start of the war, and by 8.4% in August.

Leading producers have reported double-digit declines. Magnitogorsk Iron and Steel Works (MMK), one of Europe's largest steelmakers, saw second-quarter steel output drop 18% and pig iron production fall 9%.

Mechel reported an 11% drop in steel product sales for the first half of the year. The Pipe Metallurgical Company (TMK), Russia's largest steel pipe manufacturer, lost 18% of total pipe sales and nearly 22% of seamless pipe sales.

TMK posted a net loss of 3.2 billion rubles for the first half of 2025, while Mechel reported losses exceeding 40 billion rubles. MMK and Severstal both recorded negative cash flows of 4.8 billion rubles and 29.1 billion rubles, respectively.

Export restrictions linked to Western sanctions and the Central Bank's prolonged period of high interest rates have further strained the industry, Shevelev said in September.

"A lack of financing could, in the long run, turn industrial enterprises into heaps of rusted metal," he warned.

The government has acknowledged the risk of bankruptcies in the sector and is reportedly considering a temporary moratorium on them as part of a broader support package. The measures could also include tax relief such as a three-month deferral of excise payments on liquid steel and of mineral extraction tax on iron ore.

Original url:
https://www.themoscowtimes.com/2025/10/09/russias-metals-industry-faces-layoffs-and-shortened-workweeks-reuters-a90772