

Russia Nationalizes Major Machine-Building Plant

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Ivanovo Heavy Machine Tool Plant. yandex.ru/maps

Russia's Supreme Court has ordered the nationalization of shares in the Ivanovo Heavy Machine Tool Plant (IZTS), overturning earlier rulings that had annulled a lower court's decision, according to a [statement](#) published on the court's website.

The ruling upholds a March 2024 decision by the Ivanovo Regional Arbitration Court, which granted a lawsuit filed by the Prosecutor General's Office. Two appellate courts had previously reversed that verdict before prosecutors appealed to the Supreme Court.

Lawyers representing the plant argued that IZTS was not part of the military-industrial complex and that the statute of limitations had expired.

But the Supreme Court ruled that the plant, which it described as having "strategic significance for the defense and security of the country," was unlawfully transformed into a joint-stock company in 1992.

The court found that the conversion was carried out by the regional property management committee without federal government approval in violation of Russian law.

Prosecutors accused former plant manager Vladimir Bazhanov and his son Mikhail of illegally taking control of the company's shares, halting production, cutting ties with defense industry partners and transferring assets to affiliated firms from 2014-2017.

The Prosecutor General's Office said the entities that took over IZTS's assets "no longer engage in machine tool manufacturing and instead rent out property for the enrichment of the Bazhanovs' beneficiaries."

Following the initial nationalization ruling, state defense conglomerate Rostec asked authorities to transfer the plant's shares to its control.

Rostec said its machine-tool holding Stan had been "forced to rent" part of the IZTS premises for production because private owners "were obstructing its operations."

"Our position has always been the same: the plant should return to the state and reclaim its status as a leader in machine-tool manufacturing," Rostec [said](#) after the Supreme Court's ruling. "Now begins the difficult work of developing an investment program and creating a modern machine tool cluster on its base."

Founded in 1953 as a defense enterprise, IZTS was one of Russia's largest manufacturers of high-tech, research-intensive machine tools and is classified as a "systemically important" enterprise.

It supplied equipment to the aerospace, defense, automotive and energy sectors during the Soviet era.

Today, the once-industrial site hosts car repair shops, sewing workshops, offices, a hostel, a dental clinic, a dance studio and storage facilities for retailers and online marketplaces.

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