

# United Shipbuilding Corporation Faces Major Overhaul to Fight Slump

By [The Moscow Times](#)

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The state-owned United Shipbuilding Corporation, or USC, might undergo a radical restructuring in an attempt to lift itself out of a slump of consistently poor performance, a news report said Thursday.

The majority of enterprises in the corporation are routinely unprofitable, with many of them losing more than 500 million rubles (\$15.5 million) each year, according to a report to be reviewed Friday at a conference of the Russian government's Marine Council, Kommersant reported.

The reasons behind the company's stagnation are many and systemic: its facilities are worn out, renovation is slow, production is 20 to 50 percent more expensive than making ships abroad and takes up to twice as long.

USC's new strategy states that to facilitate growth, the company will require investments

totaling one trillion rubles (\$31 billion) by 2030, with 20 percent of that sum coming from the federal budget.

The company's plan hopes to increase profits from the current 160 billion rubles a year to 500 billion rubles a year by 2030.

The plan says USC will need to completely overhaul its operations to do so, abandoning regional subholdings in favor of five new production divisions — three military and two civil.

This restructuring would see such cornerstones of Russian shipbuilding as St. Petersburg's Baltic Shipyard and Admiralty Shipyard shut down and their operations moved to other existing facilities.

The strategy, developed by recently appointed USC head Vladimir Shmakov, is completely the opposite of that taken by his predecessor Andrei Dyachkov, who pursued decentralization through the transfer of authority to regional sub-holdings and the construction of new shipyards.

Dyachkov was fired in May following censure from Deputy Prime Minister Dmitry Rogozin, who is head of the Marine Council and oversees the defense industry.

Individuals familiar with the topic said Shmakov's strategy could face opposition from Rogozin, who favors the development of new facilities.

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