

Russia's Mechel Seeks Compensation over Seized Donetsk Steel Plant

Igor Zyuzin, once one of Russia's richest men, asks Kremlin for compensation over seized steel plant in Eastern Ukraine.

October 18, 2019



Mechel closed down production at its Donetsk steel plant in 2012, before it was seized by the Donetsk People's Republic in 2016. **Pixabay**

Russian oligarch Igor Zyuzin has asked the government for a multi-million dollar refund to compensate for a steel plant lost by his firm in Eastern Ukraine, according to Russian daily [Vedomosti](#).

Zyuzin's troubled mining and metals giant Mechel is also trying to negotiate a huge loan restructuring as the company says it cannot afford to make debt repayments to Russia's largest state banks.

Related article: [An Oligarch, His Mistress and Courts in Krasnodar](#)

The refund request relates to the Donetsk Electrometallurgical Plant, bought by Mechel for more than \$500 million in 2009, but seized by pro-Russian Donetsk People's Republic local authorities in 2016 during the war with Ukrainian government forces in Eastern Ukraine. According to the paper, Zyuzin wrote to deputy prime minister Dmitry Kozak this summer requesting 18 million rubles (\$280 million) in compensation.

The plant previously produced around one million tonnes of steel a year, although production at the site was halted in December 2012 due to "unfavorable market conditions," a statement on Mechel's website says.

Zyuzin also told deputy prime minister Kozak that Mechel's cash flow problems mean it can only afford to repay the interest — not the outstanding debt — on its estimated \$5.5 billion stock of loans to state banks.

Mechel was on the brink of bankruptcy in 2014 over its debt problems, and Zyuzin previously clashed with Vladimir Putin over its pricing policies in an argument which sent the firm's share price crashing and signalled the start of a sharp reversal of fortunes for the oligarch in 2008.

Forbes estimated Zyuzin's net worth has fallen from \$8.9 billion in 2011 to \$500m last year.

Original url:

<https://www.themoscowtimes.com/2019/10/18/russias-mechel-seeks-compensation-over-seized-done-tsk-steel-plant-a67792>