

United by the Future: Metinvest Begins the Irreversible Integration of Ukraine into the EU Despite the War – NV and The Economist

How Metinvest Group's green steel plant in Italy will reinforce Ukrainian and European industries, as described in a special project by NV and The Economist, The World Ahead, Issue No. 8/2024.



Bridges, in the literal sense, connect the banks of rivers. Figuratively, they link the past and the future, unite generations and inspire hope. Sometimes, they serve both purposes simultaneously.

In 2014, pro-Russian terrorists destroyed the only railway bridge linking Mariupol with other Ukrainian cities and Europe. The destruction of this critical transport artery threatened the operations of two Metinvest Group metallurgical plants, which relied on that route to receive coke from Avdiivka and iron ore from Kryvbas. This had not only practical but also symbolic significance, as Ukrainian Mariupol risked being cut off from the rest of the country. Thanks to the efforts of steelworkers, the bridge was rebuilt, restoring normal connections to a city that remained the industrial heart of Donetsk and eastern Ukraine for a further eight years.

For over a century and a half, industry in the Donetsk region created thousands of jobs, generated added value and earned foreign currency through the export of steel products to dozens of countries. During the occupation of parts of the Donetsk and Luhansk regions in 2014, it was among the first sectors of the national economy to suffer substantial losses. Nevertheless, the lifeblood of Ukraine's economy survived, in part due to the reconstruction of destroyed infrastructure and the building of new physical and digital "bridges" that reconnected eastern Ukraine with the rest of the country and Europe.



While adapting to the new realities was tough, by 2021, the situation had stabilised. Steelworkers in Mariupol,

miners in Pokrovsk and coke-plant workers in Avdiivka maintained ties to their proud past while laying a solid foundation for the future: investing in production, adopting new technologies and improving environmental standards in the cities where they operated. New production chains were established and investment resumed, while plans to develop Ukraine's mining and steel complex using modern green technologies started to take shape.

Then, in February 2022, the full-scale Russian invasion dealt a devastating blow, breaking the “bridges” connecting the Donetsk region's industry with the wider world. Ukraine irreversibly lost a significant part of its industrial potential. Major plants shut down, ports were blocked and much of the extensive railway infrastructure was destroyed.

Once again, Metinvest's production chains were disrupted, as they had been in 2014. In the early months of the full-scale invasion, some enterprises even had to operate semi-autonomously, having previously functioned as a single system.

Despite all these challenges, Metinvest adapted to the new circumstances. It not only remained a cornerstone of Ukraine's economy but also became a key supporter of the Armed Forces of Ukraine. For the third year in a row, Metinvest has been the largest supporter of Ukraine's defence forces among private businesses. This is unsurprising, given that Metinvest is also backing its own employees serving in the defence forces. More than 9,000 of the Group's employees are now serving in various defence force units, and over 1,000 veterans have returned to work at Metinvest's enterprises, which remain open to hiring more service personnel whose invaluable military experience commands the respect of their civilian colleagues.



Metinvest continues to be Ukraine's leading exporter and the largest business group in terms of revenues, investments and tax contributions. Since 24 February 2022, including investments in joint ventures, the Group has spent over UAH30 billion on capital investments: the second-highest figure nationwide. These funds have gone into launching new coking coal mining faces at Pokrovske Coal, refurbishing coke batteries and blast furnaces at Kamet Steel, and upgrading blast furnaces and rolling mills at Zaporizhstal.

In both 2014 and 2022, Metinvest preserved a “virtual bridge” connecting its proud industrial heritage with its present heroic endeavours. The Group has done everything in its power to maintain operations and boost production. Yet, despite the remarkable efforts of Ukraine's defence forces, the risks to the national economy and steel industry continue to mount because of the war. Long-term, multibillion investments in Ukraine remain unfeasible in these circumstances. The time has come not only to contemplate the future but to begin constructing a new bridge that will strengthen Ukraine's ties with the European Union.

For more than a decade, Metinvest has operated rolling mills in Italy, Bulgaria and the United Kingdom, which used semi-finished products made in Ukraine from Ukrainian raw materials. Unfortunately, the full-scale Russian aggression has disrupted these established connections. Metinvest lost its flagship steel plants, Ilyich Steel and Azovstal, where high-quality slabs were produced and Kryvyi Rih iron ore was processed.

This is why Metinvest, under Rinat Akhmetov's leadership, has updated its “vision for the future,” with a concrete plan to create a new link between the economies of Ukraine and Europe: one that would enable increased production and export of Ukrainian goods.

The Group has already secured support from strong partners, such as Italy's state export credit agency SACE and leading banks, including Cassa Depositi e Prestiti, all of which have expressed interest in financing the project. Together, they plan to build a green steel plant in Italy. This facility will become a modern “bridge” connecting the

industries of Ukraine and the EU. The project envisages constructing a state-of-the-art plant producing 2.7 million tonnes of green steel a year, using electric arc furnaces powered by raw materials from Kryvyi Rih.

“This agreement is an important step towards building one of Europe’s most sustainable steel plants. The project will strengthen Italy’s steel sector and Ukraine’s mining industry, showcasing the potential of international cooperation in promoting sustainable industrial development,” said Yuriy Ryzhenkov, CEO of Metinvest Group.



Why Italy rather than Ukraine? Building a fully integrated steel plant requires massive investment. Metinvest succeeded in finding partners and winning the Italian government’s support, which provides access to the necessary credit, technologies and other resources.

Could such a project be built in Ukraine? Yes! The country has all the requisite resources, from iron ore deposits to energy and transportation infrastructure. Indeed, Metinvest has been developing a green steel project for many years, with potential sites in Zaporizhzhia, Kryvyi Rih or Kamianske. However, this would only be feasible to implement once lasting peace has been established, Russian shelling of Ukrainian cities has ceased and the energy sector has been rebuilt.

Why is it important to begin building an industrial bridge with Italy? A new steel plant in the EU, owned by a Ukrainian company, would allow for an increase in the production of high-grade iron ore products, safeguard thousands of jobs and ensure that tax revenues continue to flow to Ukraine. On one hand, Ukraine’s economy would receive an additional boost for development – even amid the full-scale Russian aggression – while on the other, it would strengthen partnerships and connections with the European Union, which also stands to benefit from collaborating with Ukraine.

Steel products have long been, are now, and will remain for many years to come the principal structural material worldwide. They are vital in the construction of buildings, industrial facilities, power lines, bridges and much more. It is therefore fitting that the Ukrainian steel company Metinvest, which has underpinned Ukraine’s economy for over 20 years, is now creating a new economic bridge between Ukraine and the European Union.

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