

Metinvest CEO: EU sanctions are useless at restraining Putin

In an interview with The Telegraph, the CEO of Metinvest Group talks about the first days of the war, the performance of the Group's enterprises during the nearly year-long invasion, expectations of European military assistance, and his views of the sanctions against the aggressor. Here are the key takeaways.



On the day of the Russian invasion:

On the evening of 23 February, I get a call from a senior contact in the Mariupol territorial forces. He said that there is intelligence that Russian paratroopers are boarding planes and that the attack is scheduled for the next day. And I told him: 'Look, you're crazy. They're still just raising the stakes.' Then I said: "Look, I'm going to call you at 4am and you are going to tell me that they are disembarking the planes." So, I set my alarm clock and called him. He said: 'The planes that were scheduled to bring paratroopers into Mariupol from Russia, they are disembarking.' I said: "You see. I was right. It is all going to be fine." And I went back to sleep. Just 20 minutes later, I was woken up as rockets began hitting installations in Kyiv.

We had our own assessment of the situation. And our assessment was that Russia was just raising the stakes, as they didn't have enough supplies, they didn't have enough people and that's why we concluded they would not attack. We didn't believe that the invasion was going to happen, because there were not enough resources for a quick victory on the Russian side. And actually, we were right. They thought they were just going to march into Kyiv and everyone would just raise their hands and say, 'welcome'.

We in Ukraine, we knew that that was not going to happen. But we concluded wrongly that they would not attack.

On relations with the Ukrainian authorities and assistance to the military:

We don't really have much relations with the president because he's more responsible for foreign policies or defence. We obviously work with the government as we have to do as a big business, as a big employer. We work with the Ministry for Economic Development, we've worked with the Ministry of Infrastructure. I think at the moment we have a very constructive, working relationship there. We understand that there could be likes and dislikes, but we are all working for the Ukrainian economy.

I would emphasise that Metinvest is probably the biggest private supporter of the Ukrainian army and has spent more than €100m on helping the war effort. In the first days of the war, Rinat Akhmetov called me and said: "Look, whatever the costs are, we need to win. Go ahead."

Metinvest's mills have begun manufacturing armoured steel for the first time. This has been used to produce 150,000 bullet-proof vests. It means one in every six vests worn by Ukrainian soldiers were made or purchased by Metinvest.

The list goes on. Some 1,000 drones, 1,500 terminal imaging aiming equipment and 25,000 special military helmets have been provided.

On the sanctions against the aggressor:

Many sanctions have a delayed effect. Many sanctions start to hurt only a few months if not years later. So, it's

difficult to assess as of now the absolute efficiency or effectiveness.

There are some sanctions that I think are not really working properly, like for example the sanctions for semi-finished steel products imports into Europe. There is a loophole. Well, it's not a loophole. There is a quota for the Russians for the next two years for supply of semi-finished goods like steel without any restrictions. And that quota is pretty much equal to the average supply of Russian semi-finished products into the EU within the last five years. So basically, it doesn't even stop anything. The UK is not similarly guilty. This, however, could be a product of Metinvest being the country's main buyer of steel slabs. And obviously we are not buying Russian. In Europe though, there is demand for lots of re-rolls. There are lots of companies that roll products from semi-finished to finished and they do import from Russia. The main countries that import are Belgium and Italy. We're talking about millions of tonnes a year.

In essence, you punish producers which refuse to work with Russia because their competitors who don't refuse to work with Russia have a competitive advantage now. Because Russian goods are cheaper. And because of that, you basically punish honest producers that refuse to buy from Russia. You are putting them at a competitive disadvantage here. And obviously that includes Metinvest, because we have the mill here in Newcastle and we also have two mills in Italy.

I understand the worries about the employment in certain parts of the EU, that hundreds of jobs here and there will be lost because it is uneconomic to deal with more expensive non-Russian suppliers. But it's a manipulation of the facts. To me it's not a sincere comment, because we can buy from other sources. We didn't fire our people in the UK, we didn't fire our people in Italy, when we lost Azovstal and we had to buy slabs on the open market from British Steel, Liberty Steel or Italy's ADI.

It's not like you have to stop the facility. In my view, it seems like there is a kind of lobbying there which stops those countries from banning Russian imports.

On the UK's support for Ukraine:

We never expected this from the UK. Somehow it didn't appear in our minds that the UK could be our closest ally. I believe that British politicians followed the mood of people. They felt that the UK society, the UK people, were supportive of Ukraine. They wanted to step in and they did.

On the outcome of the war:

There is one outcome that we all want, which is that Ukraine is restored to its 1991 borders. Russia capitulates and agrees to pay reparations. And Ukraine joins Nato. That's the best case scenario, the ideal case scenario. The other scenario is that Ukraine stops fighting and basically gives in. But I don't think there are many of today's businesses which will stay in Ukraine, they will go out. Our shareholder said that he will never work under the Russian occupation. And then there is a scenario for frozen conflict one way or another. In pure economic terms this could be the worst of all scenarios, because there isn't going to be any investment at all.

We had this Minsk Protocol, which allegedly stopped the war in 2014. And in a way we believed them. Because we've invested a lot in Mariupol. We invested billions of dollars during the last eight years and now it's all been destroyed. From now on we will not believe any such things like the Minsk Protocol.

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