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Metinvest Planning to Increase Ukrainian Steel Production

Metinvest is positioning itself for operational growth in 2026, targeting a production increase of between 300,000 and 500,000 tonnes. This ambition highlights the resilience of our metallurgical assets, yet it brings into focus a critical supply chain challenge: the availability of ferrous scrap metal.

In a detailed interview, **Ivan Kovalevskyi, CEO of Metinvest-Resurs**, outlined the complex dynamics currently shaping the raw material market. While the domestic market remains the primary source for the Group's metallurgical assets—specifically Kamet Steel and the Zaporizhstal joint venture—the landscape has shifted dramatically. The ongoing war has physically reduced the area available for scrap collection. Significant industrial regions are temporarily occupied, while other territories are inaccessible due to shelling or contamination by mines and unexploded ordnance.

The Impact on Operations and Modernisation

This contraction in supply has forced our enterprises to operate with significant constraints. Plants have had to adjust production programmes or increase the proportion of pig iron used in the steelmaking process to compensate for the lack of scrap. To ensure uninterrupted operations and mitigate force majeure risks, our facilities require the ability to build technological inventories, rather than operating on a hand-to-mouth basis.

The issue of scrap availability extends far beyond current production targets; it is the fundamental enabler of our future strategy. Metinvest is actively reviewing options to modernise its capacities in line with the European Union's decarbonisation agenda. The most viable pathway involves a shift towards electric arc furnace (EAF) steelmaking, with potential projects envisaged to provide an annual capacity of 3.5–3.8 million tonnes.

Policy and Decarbonisation

Electric arc furnaces require significantly higher volumes of scrap compared to conventional basic oxygen converter technology. Consequently, the transition to green steel is inextricably linked to the retention of scrap metal within Ukraine.

Mr Kovalevskyi emphasised that without a clear state policy to restrict the export of this strategic raw material, the construction of new electric arc capacity becomes unfeasible. If scrap continues to leave the country in large quantities, the domestic industry will lack the resources necessary to support low-carbon technologies. A

policy of maximising internal processing is therefore a prerequisite for the modernisation of the sector.

Utilising Military Scrap

The Group is also looking to non-traditional sources to bridge the supply gap. We are prepared to purchase and process military scrap, including destroyed equipment and spent casings. However, this is subject to stringent conditions. The material must adhere to the highest occupational health and safety standards, particularly regarding explosive safety, to protect our workforce and facilities.

As we look toward 2026, the priority remains clear: securing the raw materials required not just to meet immediate production goals, but to lay the groundwork for a modern, decarbonised steel industry in Ukraine.