

# Ninety feared dead in Russian coal mine explosions

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With 32 confirmed deaths and 58 miners and rescuers trapped underground, the death toll is feared to be 90 in a Siberian mine disaster.

Just before midnight on May 8, an explosion occurred at the Raskadskaya mine in the Kemerovo region in southwestern Siberia. The mine is located about 2,000 miles east of Moscow in the Kuznetsk Basin, often referred to as Kuzbass, site of some of the world's largest coal deposits.

At the time of the initial explosion, 359 workers were in the mine. 276 made it to the surface. Rescue teams began a desperate search for survivors. Then, about four hours after the initial explosion, a second more massive explosion destroyed the main airshaft and almost all the buildings on the surface of the mine.

Fifty-nine miners remained trapped in the mine, which has tunnels and shafts covering almost 400 kilometers (about 250 miles), larger than the entire Moscow metro system.

All 19 members of the initial rescue team were killed; eighteen of their bodies have been recovered, and one remains missing.

About sixty miners were injured. Two were in life-threatening condition, and eight more were severely injured. Some of the others were treated at nearby hospitals and released.

The initial explosion appears to have occurred at a depth of 490 meters in the mine. The immediate cause is almost certainly methane buildup, but Vladimir Goriachkin, the deputy CEO of the Raskadskaya mine, insisted: "All instruments showed that at the time of the explosion, methane levels were at normal levels. At the present moment, causes for the accident may be many, but the methane was normal."

During the rescue operation on Sunday and Monday, work had to be halted several times due to high levels of methane detected. About 500 workers were trying to restore ventilation systems, most of which were destroyed or damaged during the explosions. In addition, in two blocks of the mine where two groups of miners were believed to be, the drainage system was destroyed, leading experts to estimate that no one could survive more than 48 hours, i.e., past midnight on Monday.

## Damage control

As soon as news broke about the mine disaster, Prime Minister Vladimir Putin dispatched Sergei Shoigu, the head of the Russian Federation's Emergency Ministry, to supervise rescue attempts. Four of the most seriously injured miners were flown to Moscow for medical treatment. Russian President Dmitri Medvedev visited the miners in the hospital. They had suffered burns over 20 percent of their bodies, damage to their upper respiratory system, fractures, and barotrauma. Medvedev was shown on Russian TV demonstratively asking the hospital director if anything was lacking for the necessary treatment, and instructing his assistants to make sure that anything needed be provided.

Teams of psychologists were also sent from Moscow to aid the 580 relatives of the explosion's victims.

Meanwhile the governor of the Kemerovo area, Aman Tuleyev, promised that new housing would be found for families of the coal miners who died.

Lastly, Gennady Kozovoi, the CEO of the Raskadskaya Coal Mining Company, promised that families of the dead miners would be paid one million rubles (about \$30,000), and three months pay. The children of the victims would be sent to health resorts during the summer and their education would ostensibly be paid until they reached 20.

Miners who were injured but not killed were promised from 30 to 200 thousand rubles (\$1-6,000), "depending on the severity of injuries."

## What is Raskadskaya Coal Mining?

Raspadskaya Coal is one of the leading suppliers of coal, including high-quality coking coal, to the largest Russian metallurgical and steel-producing industries. It also exports its coal to Ukraine and the countries of Eastern Europe—Romania, Hungary and Bulgaria. In the last year, the company has announced plans to expand exports to Japan, South Korea and India.

Cypress-based Corber Enterprises Limited and the massive Evraz group own 80 percent of the shares of Raspadskaya, with the remaining 20 percent sold openly on various stock exchanges.

Evraz is a major transnational corporation, described on one web site as “one of the largest vertically-integrated steel and mining businesses with operations in Russia, Italy, the Czech Republic, the USA, Canada and South Africa.”

The site notes: “Evraz isn’t out to make every steel product in Russia; it’s content just to make more of it than anyone else. Though the company has its headquarters in Luxembourg, it is Russia’s largest steel producer (ahead of Mechel and Severstal), producing 16 million tons annually while focusing on semi-finished and construction steel products. Its other products serve the energy and railway industries. The company also mines for iron ore and coal. Since 2005, Evraz has made a number of acquisitions outside Russia, buying its way into Western Europe, South Africa, and North America. Cypriot investment group Lanebrook Limited, of which Russian industrialist Roman Abramovich owns half, owns almost three-quarters of Evraz.”

In the United States, Evraz owns Oregon Steel Mills, Claymont Steel (Delaware), and Stratcor (Strategic Minerals Corporation).

The role that Raspadskaya plays within Evraz is significant. The supply of high-quality coking coal is no small matter to a major steel producer.

The 2009 earnings report of Evraz adds important details. In the midst of the economic crisis of the last two years, profits fell dramatically due largely to falling demand for steel. “The net profit (loss) attributable to equity holders of Evraz Group changed from a profit of US\$1,797 million in 2008 to a loss of US\$1,251 million in 2009.”

Within Evraz, its mining operations saw a drop of sales of 62 percent in iron ore and 55 percent in coal from 2008 to 2009. During that time, paradoxically, coking coal production increased by 27 percent, from 3,117,000 tons to 3,967,000 tons.

The Raspadskaya 2009 earnings report shows part of the reason why. The report has four main highlights:

Raspadskaya is one of Russia’s leading coking coal producers with 10.6 million tons of raw coal production and 7.7 million tons of coal concentrate sales volumes for 2009. In the second half of 2009 Company sales volumes increased by 58 percent compared to

the first half of 2009 as a result of a recovery in steel and coke-chemical production and growing demand for the Company’s products.

In 2009 production cash cost per ton of coal concentrate declined by 40 percent over the previous year, and amounted to US\$18.4 per ton.

The Company continued to invest in the maintenance and development of the highly efficient complex of extraction, preparation and transportation of coking coal with US\$165 million of capital expenditure. Capital expenditures for 2009 include auction purchases of new mining licenses with coal reserves and resources of around 400 million tons.

During the period of instability and uncertainties on capital and commodity markets the Company followed conservative borrowing policy and sustained financial stability. Net debt decreased from US\$165 million as of year-end 2008, to US\$122 million at year-end 2009.

In a year when Raspadskaya’s revenues fell by 59 percent, from \$1.2 billion to \$500 million, the company *increased* production of coking coal through increased productivity, staff reduction, and, no doubt, lower safety standards.

The pittance paid to the families of the dead miners is a minor production cost to Raspadskaya and Evraz group. It will not even merit a line in next year’s earnings report.

In the corporations’ mad race for capturing world market share, explosions at coal mines like Raspadskaya and the Upper Big Branch Mine in West Virginia are inevitable. These human tragedies are among the starkest measures of the decay of world capitalism.



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