

THE MINERAL INDUSTRY OF

LATVIA

By Richard M. Levine¹

Latvia has a small mineral industry engaged primarily in mining peat and industrial minerals, including clays, dolomite, gypsum, limestone, sand for glass and brick production, and sand and gravel for construction uses. In 1994, industrial output in Latvia reportedly increased 9.5% compared with 1993.²

Latvia supplies about 85% of the raw materials for its cement industry. In the mid-1980's, reportedly, there were 3 clay mines producing clay suitable for light concrete aggregates, 14 enterprises producing bricks and drainage pipes, 85 peat deposits under exploitation producing peat for both fuel and agricultural use, a gypsum mining and processing complex, a number of dolomite mines, and 22 sand and gravel pits. Except for the output from these mineral industries, Latvia is dependent on imported fuels and other minerals for practically its entire mineral supply.

Latvia is bounded on the west by the Baltic Sea and Gulf of Riga, to the north by Estonia, to the south by Lithuania, and to the east by Russia and Belarus. Latvia is one of the major outlets for exports of raw materials from the countries of the former Soviet Union (FSU) from its ports of Ventspils and Liepaya on the Baltic Sea, Riga on the Gulf of Riga, and the city of Daugavpils on the Daugava River, which flows to Riga. Crude oil and refined products are shipped to Latvia via pipeline.

In 1994, Russia continued to be Latvia's major supplier of fuel and energy and Russia also provided Latvia with a major source of foreign currency earnings from the transit and reexport of Russian oil and petroleum products. Latvia's port of Ventspils on the Baltic Sea in 1994 was the only port on the Baltic Sea used to export Russian crude oil and petroleum products. Plans also called for constructing an oil terminal in Latvia at the port of Liepaja to the south on the Baltic Sea.

In April 1994, Latvia signed an agreement with the Amoco Overseas Exploration Company to explore for and develop oil resources on the Latvian section of the Baltic Sea; this venture also includes Sweden's Oljepropektering AB (OPAB), which had concluded an agreement with Latvia for this purpose in 1992. Latvian ownership of this area,

however, was being disputed by Lithuania.

In 1993, Latvia and Russia agreed to establish joint ventures for oil refining and transport. The joint venture for transport would operate export pipelines transiting Latvia. In 1993, Russia shipped about 9 million metric tons (Mmt) of crude oil equaling about 12% of its exports, and 10 Mmt of petroleum products, or 30% of its exports through Latvia to port of Ventspils.

Russia and Latvia also agreed to form a joint-stock company to produce, refine, and transport oil and petroleum products. The petroleum products will be refined at the Novopolotsk refinery in Belarus, which was one of the largest refineries in the FSU with a capacity to produce 24 Mmt of refinery products.

Latvia had been reexporting considerable quantities of nonferrous metals following the breakup of the FSU. However, in December 1992, the Latvian Government suspended the export of nonferrous metals owing to its lack of control over these reexports, many of which were reexported in violation of Latvian laws or the laws of the country of origin for these nonferrous metals. Subsequently, the right to export nonferrous metals was granted exclusively to the state enterprise Latvijaskrasmētāli.³

One of Latvia's major problems has been acquiring affordable fuel and other mineral raw materials. When Latvia became free of Soviet control, it lost access to its supply of minerals at subsidized prices which caused considerable hardship for the Latvian economy. A central question now for the Baltic states, as well as the other countries of the FSU, is what forms of economic and political cooperation these states will seek with each other, and with other countries of the world, following the breakdown in the former Soviet supply system and the loss of former Soviet bloc markets.

¹Text prepared May 1995.

²Summary of World Broadcasts, British Broadcasting Corp. (Reading England). SU W/0368, p. W/A/12, Jan. 27, 1995, BNS News Agency, Tallinn, in English, 1303 gmt, Jan. 18, 1995.

³Foreign Trade, Moscow, Nos. 7-8, 1994, pp. 11-13.

TABLE 1
LATVIA: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

Commodity		1992	1993	1994
Cement		400,000	300,000	300,000
Clays	cubic meters	700,000	500,000	500,000
Gypsum		350,000	300,000	300,000
Limestone		1,000,000	700,000	700,000
Peat, fuel use		300,000	300,000	300,000
Sand and gravel	cubic meters	1,500,000	1,000,000	1,000,000
Silica sand, industrial:				
For silica bricks	do.	50,000	40,000	40,000
For glass	do.	30,000	25,000	25,000
Steel, crude		246 ^{3/}	300	332 ^{3/}

1/ Previously published and 1994 data are rounded by the U.S. Bureau of Mines to three significant digits.

2/ Table includes estimates and data based in information available through May 25, 1995.

3/ Reported figure.

TABLE 2
LATVIA: STRUCTURE OF THE MINERAL INDUSTRY FOR 1994

(Metric tons unless otherwise specified)

Commodity	Major operating companies	Location of main facilities	Annual capacity e/
Clays (for cement)	Broceni, Liberty deposits	Broceni region	325,000 (total for both deposits).
Gypsum	Saurieshi deposit	Southeast of Riga	500,000.
Limestone (for cement)	Satini-Sesile deposit, Kumas deposit	Broceni region	325,000 (total for both deposits).
Peat	Production at 85 deposits, the largest of which are Lielays, Medema, Olgas, Sedas, and Skrebelyu-Skruzmanyu	Northeastern and southeastern parts of the country	4,000,000 (total).
Sand and gravel	Production at 22 open pits, the largest of which are Garkalane, Elleerne, Yaunsaty Yanopolye-Tuchi, and Kurzemye	Deposits located in all regions of the country	2,000,000 (total).

e/ Estimated.