

THE MINERAL INDUSTRY OF

LITHUANIA

By Richard M. Levine¹

The mining industry of Lithuania extracted peat and industrial minerals, including clays and sand and gravel. The industrial minerals industry was of significant magnitude as Lithuania ranked fourth among the republics of the former Soviet Union (FSU) in the production of lime, fifth in the production of cement, and sixth in the production of brick. There were more than 290 enterprises engaged in the production of industrial minerals, including nitrogenous fertilizer, and more than 240 sand and gravel deposits under exploitation.

According to the Interfax Business Report, Jan. 6, 1995, Lithuania's Prime Minister stated that, in 1994, the gross domestic product (GDP) remained at about the 1993 level, rather than falling as it had the previous 2 years. The Prime Minister stated that Lithuania was achieving economic stabilization and was now poised for growth. Lithuania's privatization program was well underway, with reportedly more than 75% of state enterprises due to be privatized sold by yearend.² Reportedly, the Lithuanian government was authorizing the partial privatization of enterprises in the energy sector, including Lithuania Gas, the Ignalina nuclear powerplant, the Mazheikiai oil refinery, and the Fatotiekis (Pipeline) company.³

The Lithuanian government introduced new regulations to restrict and reduce the purchase and sale of ferrous metals tailings and scrap. Private individuals were banned from trading such items as rail track, jibs, metal structures for use in bridges, railway carriages, engines, cranes, and pumps. Companies dealing in metals were required to provide detailed information as to how they obtained the metal, the quantity, the intended purchaser, and method of shipment.

These measures were introduced to try to reduce the illicit scrap metal trade. While only eight trading companies were officially authorized to trade ferrous metals, many more had engaged in such trading. Reportedly, the main source of illegally exported metal was diverted freight in transit through Lithuania to Kaliningrad oblast in Russia on the Baltic Sea.⁴

In an effort to regulate trade in hazardous and dangerous materials, Lithuania's Prime Minister announced launching a program to prevent the importation of radioactive substances into the country and transiting the country. The program called for installing devices at border checkpoints.

Regarding energy production, the Ignalina nuclear powerplant in Lithuania, a graphite-moderated pressure-tube reactor (RMBK), was providing a large percentage of the

country's electric generation capacity. Both foreign and domestic concerns were expressed over the safety of the Ignalina reactor. Sweden allocated funds to promote safety at the plant by financing a monitoring service.

Oil exploration had been underway in Lithuania for more than 30 years. Reportedly, 19 oil deposits were found that are capable of producing between 4 to 5 million metric tons (mt) of crude oil per year. Foreign investment was being sought for future oil development. The Danish state oil and gas company and three private Danish companies reportedly were planning to invest in oil extraction in Lithuania. Their planned investment would raise oil output in Lithuania from 300 mt to 1,300 mt per day.⁵

The Mazheikiai oil refinery in Lithuania, the only refinery in the Baltic States, has a capacity to process 12 million mt per year of oil. The Mazheikiai oil refinery was built with plans for extracting oil in Lithuania. The Russian company LUKoil was Mazheikiai's main supplier. The Lithuanian government reportedly approved a plan to upgrade the Mazheikiai oil refinery that was drafted by the Swiss-based multinational firm Asea Brown Boveri (ABB); the plan included constructing a new gasoline mixing unit. The goal of the upgrading reportedly was to enable the refinery to produce unleaded gasoline that will be competitive on western markets.⁶

Lithuania was participating with Russia's LUKoil in the construction of an oil terminal in Buting. Negotiations were being conducted concerning the relative size of the shareholdings that LUKoil would obtain in this project. LUKoil was the major supplier of crude oil to the Mazheikiai refinery and would be a major supplier of oil to the terminal unless alternate sources of supply were obtained.⁷

Peat, which is used both as a fuel and in agriculture, was extracted by 11 enterprises exploiting 55 deposits. Large enterprises included the Siauliai, which exploited the Didisis-Tiryalis and Sulinkyu deposits; the Yezherel'skoe, which exploited the Yezherelis and Palyes deposits; the Jonavskoe, which exploited the Paraystis and Didisis-Raystas deposits; and the Baltoyn-Bokeskoe, which exploited a deposit of the same name.

Lithuania, bordered on the West by the Baltic Sea, also has a small portion of its western border on the Baltic Sea cut off by the Russian province of Kaliningrad oblast which is entirely enveloped by Lithuania. Lithuania does not share a common border with Russia except for the province of Kaliningrad oblast, and to reach Kaliningrad from Russia

necessitates passing through not only Lithuania, but also either Latvia or Belarus. To the south, Lithuania is bordered by Poland, to the south and east by Belarus and to the north by Latvia.

The country's major port on the Baltic Sea is Klaipeda and its major inland port is Kaunas at the confluence of the Neris and Neman Rivers. Lithuania has 2,100 kilometers (km) of rail lines, not including industrial rail lines, and 44,200 km of highways, of which 35,500 km are hard surfaced. Its telecommunications network is one of the best developed networks among the FSU republics.

Issues involving ethnicity in the FSU have been factors in both domestic policy formulation and in relations with other states of the FSU. The population of Lithuania is reportedly ethnically 80.1% Lithuanian, 8.6% Russian, 7.7% Polish, 1.5% Belarusian, and 2.1% other nationalities.

Lithuania is engaged in a difficult process of economic transformation and is assessing its economic relations. This includes its mineral supply needs, in terms of both its goal of becoming a market economy country integrated with the market economy countries of Europe, and its present necessity to receive a significant portion of its fuel and raw

material requirements from the countries of the FSU. The pace of its transformation is one of the major political as well as economic problems confronting Lithuania. The raw material supply situation, particularly for fuels, is a crucial element in these considerations. Therefore, Lithuania will be seeking to maintain its mineral supplies from Russia and other countries of the FSU, and will be engaged in both economic and political decisions as to how to best achieve its goal of economic transformation while preventing economic hardships and disruptions.

¹Text prepared May 1995.

²Summary of World Broadcasts, British Broadcasting Corp., Reading England, SUW/0368, p. WB/1, Jan. 27, 1995, Interfax News Agency, Moscow, English, 1139 gmt, Jan. 18, 1995, and ELTA News Agency, Vilnius, English, 1837 gmt, Jan. 17, 1995.

³———. SUW/0359, p. WB/2, Nov. 18, 1994, BNS News Agency, Tallinn, in English, 1611 gmt, Nov. 10, 1994.

⁴American Metal Market, New York, New York, June 24, 1994, p. 9.

⁵Summary of World Broadcasts, British Broadcasting Corp., Reading England, SUW/0359, p. WD/4, Nov. 18, 1994, Lithuanian Radio, Vilnius 1000 gmt, Nov. 8, 1994.

⁶———. SUW/0364, p. WD/2, Dec. 23, 1994.

⁷Kommersant-Daily, Moscow, Jan. 19, 1995, p. 4.

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

(Metric tons unless otherwise specified)

Commodity	1992	1993	1994	
Ammonia, nitrogen content	275,000	250,000	250,000	
Cement	2,000,000	1,500,000	150,000	
Clays:				
Brick	thousand cubic meters	700,000	500,000	500,000
Concrete aggregates	do.	300,000	200,000	200,000
Cement		800	600	600
Limestone		5,000,000	4,000,000	4,000,000
Peat		100,000	100,000	100,000
Sand and gravel	million cubic meters	15	10	10
Sand, for glass		80,000	60,000	60,000

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

2/ Table includes estimates based on information available through May 26, 1995.

TABLE 2
LITHUANIA: STRUCTURE OF THE MINERAL INDUSTRY FOR 1994

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies	Location of main facilities	Annual capacity e/	
Ammonia, nitrogen content	Jonava nitrogenous fertilizer plant	Jonava	400.	
Cement	Akmyantsementas enterprise	Akmyane	2,500.	
Clays (for brick production)	cubic meters	Production at 19 deposits with the largest production facilities: The Daugelskoye plant exploiting the Daugelai deposit	Daugelai	1,500,000 (total for 19 deposits).
Do		The Ignalinskoye plant exploiting the Dinsa deposit	Ignalina region	
Do.		The Tauragskoye deposit exploiting the Taurage dposit	Taurage region	
Clays (for concrete aggregates)		Krunay deposit	Krunay region in central Lithuania	500.
Clays (for cement)		Saltiniskiai deposit	Saltiniskiai region	2,000.
Limestone		Karpenai deposit for cement production	Karpenia region	8,000.
Peat		Production at 11 eneterprises exploiting 55 deposits		
Do.		Largest eneterprises are: Siauliai exploiting Didisis-Tiryalis and Sulinkiu deposits	Siauliai region	350.
Do.		Ezherelskoye exploiting Ezherelis and Pales deposits	Ezherelis region	400.
Do.		Ionovskoye exploiting Paraistis and Disisis-Raystas deposits	Paraistis region	300.
Do.		Baltoyi-Bokeskoye exploiting Baltoyi and Vokeskoye deposits	Baltoyi-Boke region	300.
Petroleum products		Mazheikiai petroleum refinery	Mazheikiai	12,000.
Sand and gravel	million cubic meters	246 deposits under exploitation. Largest eneterprises: Trakajjskoye association exploiting Serapinhkes deposits	Trakai region	20 (total for 246 deposits).
Do.		Rizgonskiy plant and yurbarksiy plant exploiting Rizgonys and Kalnenay deposits	Rizgonys region	
Sand (for glass)		Anyksciai deposit	Anyksciai	150.

e/ Estimated.