

THE MINERAL INDUSTRY OF

LATVIA

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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. The country has a steel mill in Lipaija that has the capacity to produce 550,000 metric tons per year (t/yr) of crude steel and almost 900,000 t/yr of rolled products.

Latvia supplies about 85% of the raw materials for its cement industry. All cement raw material resources are located at fairly shallow depths and the overburden is primarily glaciated material. In the case of dolomite, gypsum, and sand, surpluses potentially could be produced. All mining is from surface mines. Inadequate reclamation work at surface operations has created severe environmental problems.

In the mid-1980's, there were three 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. No new mineral production facilities appear to have been built since then, and a number of existing facilities may have been shut down.

Except for the output from these mineral industries, Latvia is dependent on imported fuels and other minerals for practically its entire mineral supply. Its open hearth steel mill at Lipaija uses scrap metal and imported iron ore.

In 1996, Latvia's gross domestic product (GDP) reportedly increased by 2.8% compared with 1995. The extractive industries in Latvia accounted for only 0.2% of the country's GDP. In 1996, Latvia registered growth in its mineral sector as output in the extractive industries increased by 53.6% compared with that of 1995 (Interfax Statistical Report, 1997a). Reportedly output of construction materials increased by 25.8% and metal processing by 16.5% compared with that of 1995 (Interfax Statistical Report, 1997b). Results for specific construction materials were mixed. According to data supplied by the Central Statistical Bureau of Latvia in response to a U.S. Geological Survey Minerals Questionnaire, in 1996 cement output increased by 32% to 269,634 tons (t), gypsum output decreased by about 4% to 77,226 t, and limestone output increased by 10% to 357,000 t. Production of peat, which is used as a fuel, reportedly increased by 2% to 462,700 t.

In 1996, exports rose by 15% and imports were up by 33.2% compared with 1995. Mineral products were not a major source of exports, with metals and their manufactures accounting for only 7% of total exports. However, mineral products were major import items with the category "oil, refinery products,

natural gas, and electricity" accounting for 22.2% of all imports and the category "chemicals and related products" accounting for 11% of all imports (Interfax Statistical Report, 1997c).

In August, Latvia began privatizing some of its remaining largest state enterprises including Latvijas Gaze, with the successful bidders being the Russian natural gas producer Gazprom and a consortium of the German companies Ruhrgas and Preussen Elektra (Ekonomika i Zhizn', 1996). Plans also called for privatizing Latvia's major electric utility, Latvenergo (Financial Times, 1997).

The Latvian port of Ventspils, which in 1996 was undergoing privatization, is a major oil transit port, which in addition to two oil terminals connected by pipeline to the Russian oil transportation system, has two other large terminals for fertilizer and chemical shipments. In 1996, Ventspils handled over 25.28 million tons (Mt) of oil and refinery products, which was 5.34 Mt more than in 1995.

In October, it was reported that the Latvian parliament ratified an exploration agreement with the Amoco Corp. of the United States and Ok Petroleum AB (OPAB) of Sweden to explore and develop oil in a disputed section of the Baltic Sea, with development to await Latvia settling its territorial dispute regarding this region with Lithuania. Latvia, which will not invest in this project, will receive 10% of the profits if oil is produced (Interfax Business Report, 1996).

A gas metering station was under construction that was scheduled to open in Karksi, Estonia, in February 1997, along with a pipeline to Viesi, Latvia. Latvia has ample gas storage facilities for over 2 billion cubic meters of gas, which meets both Estonian and Latvian requirements. The gas metering station can handle three times as much gas as is currently consumed. A pipeline extension to Finland is planned, as Finland is also interested in storing its gas in Latvia (Tallinn Estonian Television Network, 1997).

References Cited

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- Interfax Statistical Report, 1997a, (Available from Interfax America, Denver, CO), Latvian GDP in 1996: Interfax Statistical Report, v. VI, issue 18, April 25-May 2, p. 15.
- 1997b. Latvian Industry in 1996: Interfax Statistical Report, v. VI, issue 6, January 31-February 7, p. 18.
- 1997c. Latvian Foreign Trade in 1996: Interfax Statistical Report, v. VI, issue 10, February 28-March 7, p. 16.
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(Available from Foreign Broadcast Information System (FBIS), Washington, DC, as an electronic subscription; FBIS@pub.com)

Major Source of Information

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TABLE 1
LATVIA: PRODUCTION OF MINERAL COMMODITIES 1 /

(Metric tons unless otherwise specified)

Commodity	1992	1993	1994	1995	1996
Cement	400,000 e/	300,000 e/	244,416	203,786	269,634
Gypsum	100,000 e/	80,000 e/	61,026	80,163	77,226
Limestone	700,000 e/	500,000 e/	392,500	324,000	357,000
Peat	700,000 e/	700,000 e/	646,500	454,700	462,700
Sand and gravel	90,000 e/	80,000 e/	75,553	151,073	25,753
Steel, crude	246,000	300,000	332,000	279,000	250,000 e/

e/ Estimated

1/ Table includes estimates and data based on information available through October 28, 1997.