

THE MINERAL INDUSTRY OF

LATVIA

By Richard M. Levine

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 Liepaja 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 supplied 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 was from surface mines. Inadequate reclamation work at surface operations has created severe environmental problems.

In the mid-1980's, 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 fuel and agricultural uses, 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 was dependent on imported fuels and other minerals for practically its entire mineral supply. Its open hearth steel mill at Liepaja used and imported raw material.

The port of Ventspils handled 36.8 million metric tons (Mt) of freight which was a 1.1-Mt increase compared with tonnages handled in 1996. Of the total freight, 14.6 Mt was crude oil; 12.5 Mt, petroleum products; 4.359 Mt, potash (compared with 3.633 Mt in 1996); and 2.879 Mt metals, (compared with 2.291 Mt in 1996) (Interfax Statistical Report, 1998a).

According to the data of the Central Statistical Bureau of Latvia, during the first 9 months of 1997, the gross domestic product (GDP) increased by 5.6% compared with that of the same period in 1996. This increase, was to a great extent, the result of rapid growth in the services sector (share in GDP structure 61.7%), the manufacturing sector (21.0%), and the transport and communications sectors (20.5%). The development of transportation and communications activities was reflected in increases in cargo turnover in the three major ports of Latvia (13.7%), in freight turnover by railway (13.3%), and in oil and oil products transport (9.6%). The increase in manufacturing (4.5%) was achieved mainly owing to the growth in the manufacture of food products. For the first 9 months of the year, only a few sectors showed declines in activity. Among these were the mining and quarrying sector with an 11.3% decrease; the share of this sector in the GDP structure, however, is not significant, being

only 0.2% (Central Statistical Bureau of Latvia, 1997, A 5.6% increase in gross domestic product over nine months of 1997, accessed March 5, 1997, at URL <http://www.csb.lv/Whatsnew.htm#cc>).

In 1997, Latvia's total imports were valued at about \$2.7 billion, and exports were valued at about \$1.6 billion. The category "Mineral products (including oil and natural gas)" composed 14% of Latvian imports and 1.5% of exports; "Precious metals and metal articles," 8% of imports and 8.5% of exports; "Stone, plaster, and cement articles, ceramic articles, glass and glass articles," 2.3% of imports and 1.7% of exports; and "Precious and semiprecious stones, precious metals, metals coated with precious metals and their manufactures," less than 1% of imports and exports (Interfax Statistical Report, 1998b).

Plans called for the construction of a new loading terminal for crude oil and petroleum products with an annual capacity of 1 million metric tons in the former Navy port of Liepaja. The Latvian company Lat-R won a closed competition for the project, and financing was to be provided by the French bank Societe Generale (Interfax Petroleum Report, 1997b).

At Latvia's Ventspils Nafta oil terminal, construction, which was slated to be completed by the end of 1998, would increase the terminal's capacity from its present 685,000 cubic meters (m³) storage to 925,000 m³. The terminal handles shipments of crude oil and petroleum products from Russia. At times of peak operation, Ventspils Nafta has faced a serious shortage of facilities for the loading and storage of crude oil and petroleum products (Interfax Petroleum Report, 1997a).

Plans called for more than 15% of Ventspils Nafta to be privatized in 1997 through the sale of shares for privatization vouchers. In the first round, which was to take place from October 6 to 31, 5 million shares were to be sold. The second round was to start late in December or early in 1998. In total, three rounds of public offers would sell 15.5% of total shares, or more than 16 million shares (Baltic Business Weekly, 1997, Latvia—Second Ventspils Nafta public offer planned soon, No. 95, October 27-November 7, accessed March 4, 1997, at URL <http://www.alkhemy.com/latv/LAT.html>).

Latvia envisions its major role in the mineral sector as that of a mineral transporter. At the conference planned for April 21, 1998, in Houston, Texas, "Latvia-A Year Round Transport Corridor for the Next Millennium," the Prime Minister of Latvia, as well as the Board of Directors of the Port of Ventspils and the privatized company Ventspils Nafta, were to address the strategic importance of Latvia in international trade across northern Europe and, in particular, as a vital transport route for the export of Russian oil by water. Through its modernization of Ventspils, Latvia plans to increase its significance in the next century as a

transport corridor to the states of the former Soviet Union.

References Cited

Interfax Petroleum Report, 1997a, And in Ventspils, five reservoirs for oil & mazut:
Interfax Petroleum Report, v. VI, issue 33, August 15-22, p. 15.
———1997b, New oil terminal slated for Latvia: Interfax Petroleum Report, v. VI,

issue 33, August 15-22, p. 15.
Interfax Statistical Report, 1997a, Latvia's economy in 1997: Interfax Statistical
Report, v. VII, issue 6, January 30-February 6, p. 4-8.
———1997b, Latvian foreign trade in 1997: Interfax Statistical Report, v. VII, issue
9, February 20-27, p. 20-21.

TABLE 1
LATVIA: PRODUCTION OF MINERAL COMMODITIES 1 /

(Metric tons unless otherwise specified)

Commodity	1993	1994	1995	1996	1997
Cement	300,000 e/	244,416	203,786	325,008 r/	246,377
Gypsum	80,000 e/	61,026	80,163	63,888 r/	116,916
Limestone	500,000 e/	392,500	324,000	357,000	372,660
Peat	700,000 e/	646,500	454,700	552,100 r/	554,700
Sand and gravel	80,000 e/	75,553	151,073	324,567 r/	90,551
Steel, crude	300,000	332,000	279,000	293,000 r/	464,529

e/ Estimated. r/ Revised.

1/ Table includes estimates and data based on information available through October 30, 1999.