



2012 Minerals Yearbook

MOLDOVA

THE MINERAL INDUSTRY OF MOLDOVA

By Elena Safirova

Moldova had a small mineral industry of limited regional significance that was engaged primarily in the mining and production of industrial minerals and mineral products, including cement, clays, gypsum, limestone, and sand and gravel. The country was dependent on imports for all its coal, natural gas, and oil supplies, which came mainly from Russia and Ukraine. Moldova's main mineral resources were industrial minerals used to produce construction materials and as an input for the cement, chemical, food processing, and glass industries. Small deposits of iron ore, natural gas, and oil had been explored but were found not to be economic to develop (U.S. Central Intelligence Agency, 2013).

As of the end of 2012, Moldova's dependence on imports of Russian natural gas resulted in the country owing an estimated \$4.3 billion to Russian gas supplier Gazprom; the debt was largely for unreimbursed gas consumption by the Transnistria region. During the year, Gazprom charged Moldova from \$380 to \$390 per thousand cubic meters of natural gas, or about the same price that it charged Western European countries. The debt was complicating the renewal of the agreement between the Government and Gazprom concerning continued shipments of Russian gas to Moldova in 2013 and beyond. At the same time, Moldova was working on developing alternatives to Russia's energy sources. In August, the Prime Ministers of Moldova and Romania signed an agreement about energy security between the two countries and announced that the Yassy-Ungeny gas pipeline was to be completed by the end of 2013. The cost of the pipeline was estimated to be €20 million (\$24.7 million)¹ and was expected to be financed by the European Union (EU) as a part of the EU's Moldova-Romania-Ukraine Joint Operational Program for the period 2007 through 2013. Another project expected to increase mutual energy security between Moldova and Romania was the Bălți-Suceava high-voltage electric power line. Moldova was also participating in the Energy and Biomass Project, which was being financed by the United Nations and the EU. According to the project managers, the use of hay as an alternative energy source could help meet about 25% of Moldova's energy needs (InoSMI.ru, 2012; RBC.ru, 2012a, b; Regnum.ru, 2012a, b; Vedomosti.md, 2012).

Minerals in the National Economy

In 2012, the nominal gross domestic product (GDP) of Moldova was \$7.25 billion; real GDP decreased by 0.8% compared with that of 2011. Industrial production contributed 14.0% to the GDP. In 2012, industrial production decreased by 3.1% compared with that of 2011; the output in mining and quarrying, however, increased by 0.8%, whereas the output of the energy and manufacturing sectors decreased by 4.4%

¹Where necessary, values have been converted from Moldovan lei (MDL) to U.S. dollars (US\$) at an annual average exchange rate of MDL12.11=US\$1.00 and from euro area euros (€) to U.S. dollars at an annual average exchange rate of €0.809=US\$1.00 for 2012.

and 3.0%, respectively. The output of the chemical sector increased by 2.6%, and the production of other nonmetal mineral products (such as cement, concrete, glass, and gypsum) increased by 2.0% (National Bureau of Statistics of the Republic of Moldova, 2012, 2013; NOI.md, 2013; U.S. Central Intelligence Agency, 2013).

In 2012, the Moldovan trade deficit increased by 2.6% to \$3.05 billion; the value of exports decreased by 2.5% to \$2.16 billion, and that of imports was practically unchanged, having increased by 0.5% to \$5.21 billion. In 2012, Moldova was a net importer of mineral commodities; the total value of mineral exports amounted to \$33.1 million, and the total value of mineral imports was \$1,217.6 million. Moldova was a net importer of base metals and articles made from them; the total value of these exports was \$73.3 million, and the total value of imports of base metals and articles made from them was \$284.4 million. No information on the export of specific mineral commodities was available. The major export categories were foodstuffs, machinery, and textiles, and the main export trade partners were Russia (which received 30.3% of Moldova's exports), Romania (16.5%), Italy (9.4%), Ukraine (5.7%), the United Kingdom (3.9%), and Belarus (3.7%). Moldova imported chemicals, machinery and equipment, mineral products and mineral fuels, and textiles. The country's major import trade partners were Russia (which supplied 15.7% of Moldova's imports), Romania (11.9%), Ukraine (11.4%), China (8.0%), Germany and Turkey (7.4% each), and Italy (6.3%) (National Bureau of Statistics of the Republic of Moldova, 2013; U.S. Central Intelligence Agency, 2013).

Production

Data on mineral production are in table 1.

Structure of the Mineral Industry

Table 2 lists major mineral industry facilities.

Commodity Review

Metals

Iron and Steel.—In 2012, OAO Moldovan metallurgical plant (MMZ), which was located in the Transnistria region, continued to struggle in the aftermath of the global economic crisis. The production of crude steel slightly decreased by 1.2% compared with that of 2011 to 316,682 metric tons (t) and remained very much below the plant's capacity level of about 1.1 million metric tons (Mt). The production of rolled steel increased to 356,754 t, or by 16.4% from its level in 2011. The plant was built in 1985 and specialized in the production of rolled steel from metal scrap. As of 2012, the plant was owned by EIM Energy and Investment Management Corp. (45.6%), Rumney Trust Reg. (45%),

Decagon Avionics Ltd. (8.23%), and plant employees (1.17%) (OJSC Moldova Steel Works, 2013; RPIinform.com, 2013).

In 2012, the plant had several periods of down time because of the reduced demand within the EU and because of problems with obtaining a sufficient amount of metal scrap. To work at full capacity, MMZ needed about 1.3 Mt of scrap metal; only about 250,000 t was obtained in Moldova, however, and the other scrap metal was imported. Although scrap metal from Ukraine had the best combination of price and transportation cost, Ukraine's export quota on scrap metal, which had been in effect since 2006, prevented MMZ from importing its raw material from Ukraine (Muntyan, 2012).

In July, Transnistria's authorities and MMZ signed a memorandum outlining the Transnistria region authorities' support of the metallurgical industry. According to the memorandum, tax rates for MMZ were reduced to 0.75% from 3.25% through the end of 2012. A long-term problem that MMZ had encountered since the start of the global economic crisis was that the Transnistrian authorities imposed business taxes per unit of product sales rather than per unit of business profits. As a result, even the enterprises that work at a loss have to pay business taxes. The authorities provided a temporary tax break to MMZ to preserve jobs in the region and allow the plant to recover fully from the economic crisis. In return, MMZ agreed to continue production without interruption through the end of 2012 (MetalDaily.ru, 2012; Nikitina, 2012; Regnum.ru, 2012c).

Industrial Minerals

Cement.—Despite the decrease in the GDP, cement production in Moldova in 2012 was estimated to have increased by about 7% to 1.5 Mt. The two leading cement producers in Moldova were Lafarge Ciment Moldova SA (a part of Lafarge S.A. of France), which was located in the northern part of Moldova, and the ZAO Rybnitsa cement complex (RCK), which was located in the Transnistria region (tables 1 and 2).

The RCK produced cement and lime for use in construction. The plant had the capacity to produce 1 million metric tons per year (Mt/yr) of cement but had not been able to produce at capacity since 2008. As of February 2012, RCK was planning to produce 424,000 t of cement during the course of the year. In the first 3 months of the year, RCK upgraded its lime production line and in April it opened a new rotating furnace for the production of lime. As a result of these changes, the energy efficiency of the company's lime production was increased, and during the month of May alone, the company saved 34,000 cubic meters of natural gas. As of 2012, the major shareholder of the plant was the Russian holding company Metalloinvest (Point.md, 2012; R-novosti, 2012; Zvdinvest.ru, 2012).

Outlook

In the next few years, Moldova's economy will likely return to prerecession production levels. The country is likely to remain a minor producer of mineral products, however, and to continue to focus on production of industrial minerals, especially construction materials. In the next decade, development of reliable energy sources and diversification of

the energy supply are likely to be the most important and most challenging goals for the country.

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TABLE 1
MOLDOVA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons)

Commodity ²	2008	2009	2010	2011	2012
METALS					
Steel:					
Crude	885,000	425,900	241,500	320,600	316,682
Rolled	816,000	440,900	231,400	306,500	356,754
INDUSTRIAL MINERALS					
Cement ^e	1,800,000 ^r	930,000 ^r	1,100,000 ^r	1,400,000 ^r	1,500,000
Clays, unspecified ^e	165,000	150,000	160,000	140,000	150,000
Gypsum	333,300	94,400	99,800	100,540	115,100
Lime ^e	12,000 ^r	4,000 ^r	5,000 ^r	5,500 ^r	12,000
Limestone	300,000 ^r	226,900 ^r	196,900 ^r	295,500 ^r	264,500
Sand and gravel	2,707,000 ^r	1,830,000 ^r	2,146,000 ^r	2,547,000 ^r	2,966,000

^eEstimated; estimated data are rounded to no more than three significant digits. ^rRevised.

¹Table includes data available through June 14, 2013.

²In addition to commodities listed, Moldova is thought to produce granite, natural gas, peat, and petroleum, but available information is not adequate to estimate production.

TABLE 2
MOLDOVA: STRUCTURE OF THE MINERAL INDUSTRY IN 2012

(Metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity
Cement	Lafarge Ciment Moldova SA	Rezina	1,400,000
Do.	Rybnitsa Cement Complex (Metalloinvest Holding)	Rybnitsa, Transnistria region	1,100,000
Granite thousand cubic meters	NA	Kosoutsokoye deposit	150
Gypsum	CMC-Knauf joint venture	Kirovskoye deposit	850,000
Oil and natural gas:			
Oil	Redeco Moldova Oil and Gas Co.	Valeni oilfield	100,000
Natural gas thousand cubic meters	do.	Victorovca gasfield	5,000
Sand and gravel	NA	71 mined deposits	NA
Steel, crude	OAO Moldovan metallurgical plant [EIM Energy and Investment Management Corp. (45.6%), Rumney Trust Reg. (45%), Decagon Avionics Ltd. (8.23%), and plant employees (1.17%)]	Rybnitsa, Transnistria region	1,100,000

Do., do. Ditto. NA Not available.