



2014 Minerals Yearbook

LATVIA

THE MINERAL INDUSTRY OF LATVIA

By Karine M. Renaud

Latvia is located in northeastern Europe and shares a land border with Belarus, Estonia, Lithuania, and Russia, and a maritime border with Estonia, Lithuania, and Sweden. Latvia was the world's 8th-ranked peat producer in 2014. In Latvia, peat was used mainly for fuel, although some was used for agriculture. The mineral-processing industry produced steel products; the country also had a small mineral industry that was engaged primarily in the mining of industrial minerals, including dolomite, gypsum, and sand and gravel. Latvia's Ports of Liepaja, Riga, and Ventspils Nafta are essential for the transit trade of Russian and other Commonwealth of Independent States' imports and exports. The Ventspils seaport, a major port on the Baltic Sea, consisted of 10 terminals. Of Latvia's exports moving through this port, 53% was oil and oil products; 26%, coal; 9%, other mineral products; and 6%, fertilizers. The Liepaja Port consisted of 14 terminals. JSC Liepajas Metalurģs shipped general cargo, dry bulk cargo, metals, cement, and other materials through the Liepaja Port. The company's products accounted for 36% of the total freight handled at the port, and its bulk cargo alone accounted for 26% of the total freight handled. The Port of Riga consisted of 33 terminals. Of all exports moving through the port, 41% was coal; 21% was oil and oil products; and 18% was other mineral products. The second largest terminal at Riga was STREK, which accounted for 14% of the country's coal exports (KPMG Baltics SIA, 2013, p. 12; 2014, p. 25; Apodaca, 2016; Central Statistical Bureau, 2015c, p. 5).

Minerals in the National Economy

The growth of Latvia's real gross domestic product (GDP) decreased to 2.4% in 2014 from 4.2% (revised) in 2013 owing to slower growth in the European Union and the weak economic situation in Russia. The nominal GDP was about \$26.3 billion. Production in the mining and quarrying sector increased by 3.5% owing to the fast growth (6.7%) in the construction sector. In 2014, 2,087 permits were granted for the construction of new buildings, capital repairs, and reconstruction and restoration of single dwellings, of which 1,405 were permits for the construction of new buildings. Also, 439 permits were granted for construction of industrial buildings and warehouses, of which 273 were for the construction of new buildings. Output in the industrial sector decreased by 1.1% in 2014 owing to declines in manufacturing (0.1%) and electricity and gas supply (4.3%) and to the suspension of operations of JSC Liepājas Metalurģs. The manufacturing sector employed 137,600 workers in 2014 compared with 146,300 in 2013 (Ministry of Economics, 2014, p. 43; 2015, p. 10, 18; Central Statistical Bureau, 2015c, p. 39–40, 52, 54–55; 2015d).

Mineral Trade

The country's total exports increased by 1.02% to \$13.1 billion (EUR10.24 billion)¹ in 2014 from \$12.8 billion (EUR10.02 billion) in 2013 owing to an increase in exports of goods. Base metals and articles made of base metals accounted for 9.1% of total exports, by value. Latvia's major export partners were Lithuania, which received 18.7% of total exports, by value; Estonia, 11.8%; Russia, 10.8%; Germany, 6.9%; Poland, 6.5%; and Sweden, 5%. In 2014, Latvia exported aluminum and aluminum products; bituminous substances; copper and copper products; iron and steel and iron and steel products; lead and lead products; mineral fuels; mineral oils and products of their distillation; mineral waxes; nickel and nickel products; and zinc and zinc products (Central Statistical Bureau, 2015a; 2015c, p. 48, 50; Ministry of Economics, 2015, p. 10).

Total imports decreased by 1% to \$16.1 billion (EUR12.64 billion) from \$16.3 billion (EUR12.84 billion) in 2013. Mineral products accounted for 14.6% of total imports (in terms of value); crude oil and oil products, 9.4%; and chemical and related industries products, 9.5%. The country's major import partners were Lithuania, which supplied 17.6% of total imports, by value; Germany, 11.4%; Poland, 11.2%; Russia, 8.1%; and Estonia, 7.7%. In 2014, Latvia imported aluminum and aluminum products, bituminous substances, cement and lime, copper and copper products, earth and stone, iron and steel and iron and steel products, lead and lead products, mineral fuels, mineral oils and products of their distillation, mineral waxes, plaster materials, salt, and sulfur (Central Statistical Bureau, 2015a; 2015b; 2015c, p. 48, 50; Ministry of Economics, 2015, p. 19).

Latvia's exports to the United States were valued at \$274.5 million in 2014 compared with \$272.7 million in 2013. In 2014, coal and related fuels accounted for about \$8.6 million; advanced iron and steel, \$4.0 million; steelmaking materials, \$770,000; iron and steel products, \$294,000; bauxite and aluminum, \$65,000; gemstones and diamond, \$26,000; and cement sand and stone, \$5,000. In 2014, imports from the United States were valued at \$428.2 million compared with about \$494.6 million in 2013, including \$2.8 million in petroleum products, \$818,000 in nonferrous metals, \$311,000 in copper, \$268,000 in iron and steel products, \$244,000 in iron and steel mill products, \$82,000 in nonmetallic minerals, \$68,000 in aluminum and alumina, \$33,000 in gemstones and diamond, and \$13,000 in metallurgical-grade coal (U.S. Census Bureau, 2014a, b).

¹Where necessary, values have been converted from euro area euros (EUR) to U.S. dollars (US\$) at an average rate of EUR0.784=US\$1.00 for 2014 and EUR0.783=US\$1.00 for 2013.

Production

In 2014, cement production increased by 20% compared with that of 2013. Peat production decreased by 53%, and crude dolomite (excluding calcined, crushed dolomite aggregate) decreased by an estimated 6%. Data on mineral production are in table 1.

Structure of the Mineral Industry

Liepājas Metalurģs, which was leading metallurgical company operating in Latvia, had its own port facility at the Liepaja Port; the company produced steel products for domestic use and export. CEMEX SIA, which was wholly owned by CEMEX S.A.B. de C.V. of Mexico, was the only cement producer and supplier of ready-mix cement in the country. Table 2 is a list of major mineral facilities.

Commodity Review

In April 2014, a nonbinding letter of intent was signed between Ginguro Exploration Inc. of Canada, which was a mineral exploration company, and the Government for the potential exploration of the Kurzeme Complex. The Kurzeme Complex is the largest layered mafic intrusion of the Fennoscandian Shield, which hosts copper, nickel, and platinum-group metals. The area of the Kurzeme Complex is 9,300 square kilometers (km²) (Marketwired L.P., 2014).

Metals

Iron and Steel.—In 2014, Liepājas Metalurģs remained the only metallurgical company in Latvia and the Baltic States that produced rolled steel bars. In the spring of 2013, Liepājas Metalurģs suspended production, and production remained suspended in 2014 owing to a lack of funding, which led to the company filing for bankruptcy. Liepājas Metalurģs's semi-integrated metallurgical mill plant had an electric arc furnace with a designed production capacity of 850,000 metric tons per year (t/yr) of steel products. In October 2014, the KVV Group of Ukraine signed a contract to purchase Liepājas Metalurģs; the cost was estimated to be \$138 million, which would be paid over 10 years. The plant was expected to be recommissioned with a production capacity of 35,000 metric tons per year (t/yr) and would employ 450 to 500 workers (BNS and Nozare.lv, 2014; JSC Liepājas Metalurģs, 2014a, b; LETA, 2014; Thomson Reuters, 2014).

Industrial Minerals

Cement.—As of December 2014, CEMEX SIA operated the Broceni cement plant, which produced mainly ready-mix concrete for the country's industrial and construction sectors. CEMEX also operated six ready-mix concrete plants, a new mobile pugmill, and one aggregates quarry. In 2013, CEMEX completed the installation of a new kiln at the Broceni cement plant, which was initiated in 2006; the cost of the project was

estimated to be \$409 million. The production capacity was increased by 800,000 t/yr to 1.6 million metric tons per year (Mt/yr) of cement. In 2014, the Broceni plant operated at 74% of capacity (1.2 Mt/yr). The company exported its products primarily to Belarus, Estonia, Finland, Lithuania, Russia, and Sweden (CEMEX S.A.B. de C.V., 2014a; 2014b, p. 53, 70, 85; 2014c).

Magnesium Compounds.—Dolomite was produced by DSG Karjeri Ltd., Jēkabpils Dolomīts Ltd., Salenieku Dolomīts Ltd., and Saulkalne S Ltd. in 2014. DSG Karjeri Ltd. was a leading producer of mixed, crushed, washed, and sized dolomite in Latvia. The company operated at four dolomite deposits—Ape, Birži, Levaca, and Saikava. In 2014, DSG was expected to develop a new deposit located in Ropazi Parish in the District of Riga. As of yearend 2014, no updated information was available on development of the deposit (DSG Karjeri, 2009).

Mineral Fuels and Related Materials

Peat.—Peatlands in Latvia cover about 6,400 km²; the major deposits are located in the eastern plains and near Riga. In 2014, peat production decreased by 47% to 800,000 metric tons (t) from 1.7 Mt in 2013 owing to a rainy summer season and a Russian embargo related to transportation issues. In 2014, 44 t of peat from Latvia was halted at the Latvia-Russia border. The peat was supposed to be transported from Latvia to Kazakhstan through Russia (table 1; Db.lv, 2014; Fisher, 2014; International Peatland Society, 2014).

In 2014, Compaqpeat SIA was the largest company involved in the extraction and processing of peat in Latvia; it employed 130 workers. Ninety-seven percent of the company's total production was exported to Asia, the Middle East, and European Union member countries. In 2012, Compaqpeat signed a contract with the Latvian Investment and Development Agency to establish a peat-processing plant in Balvi. In 2014, Compaqpeat commissioned a new, fully automated peat-processing plant with two production lines and a production capacity of 600,000 cubic meters per year (Compaqpeat SIA, 2014; Gabranovs, 2014).

Outlook

With the expansion of peat production, Latvia is likely to maintain its position as one of the world's leading peat-producing countries. The recommissioning of the Liepājas Metalurģs steel plant could increase manufacturing output. Continuing growth in the construction sector could lead to an increase in industrial mineral mining and cement production. The future of Latvia's economy and the minerals sector highly depends on political relations with Russia. It also depends on the country's ability to develop and maintain a reliable worldwide business network.

References Cited

Apodaca, L.E., 2016, Peat: U.S. Geological Survey Mineral Commodity Summaries 2015, p. 120–121.

- BNS and Nozare.lv, 2014, Papildināts–Administrators iecerējis “Liepājas metalurģa” aktīvus pārdot par 116,8 miljoniem eiro (5) [Supplement—The administrator intends to sell “Liepājas Metalurģs” facility for 116.8 million euros (5)]: Liepājniekiem.lv, January 22. (Accessed January 8, 2016, at <http://www.liepajniekiem.lv/zinas/bizness/papildinats-administrators-iecerejis-liepajas-metalurģa-aktivus-pardot-par-116-8-miljoniem-eiro-108564>.)
- CEMEX S.A.B. de C.V., 2014a, Company profile: CEMEX S.A.B. de C.V. (Accessed November 26, 2014, at <http://www.cemex.com/AboutUs/CompanyProfile.aspx>.)
- CEMEX S.A.B. de C.V., 2014b, Form 20–F: Nuevo Leon, Mexico, CEMEX S.A.B. de C.V., 239 p. (Accessed October 9, 2015, at http://www.cemex.com/InvestorCenter/files/2014/CEMEX2014_20F.pdf.)
- CEMEX S.A.B. de C.V., 2014c, Latvia: CEMEX S.A.B. de C.V. (Accessed November 26, 2014, at <http://www.cemex.com/AboutUs/Latvia.aspx>.)
- Central Statistical Bureau [Latvia], 2015a, ATD200—Exports and imports by countries in 2000–2015 (CN at 2-digit level, euros)—Exports: Central Statistical Bureau database. (Accessed January 7, 2016, at http://data.csb.gov.lv/pxweb/en/atirdz/atirdz_detalizeta_2zim/eximp_2_euro.px/table/tableViewLayout2/?rxid=cdcb978c-22b0-416a-aacc-aa650d3e2ce0.)
- Central Statistical Bureau [Latvia], 2015b, ATD200—Exports and imports by countries in 2000–2015 (CN at 2-digit level, euros)—Imports: Central Statistical Bureau database. (Accessed January 7, 2016, at http://data.csb.gov.lv/pxweb/en/atirdz/atirdz_detalizeta_2zim/eximp_2_euro.px/table/tableViewLayout2/?rxid=cdcb978c-22b0-416a-aacc-aa650d3e2ce0.)
- Central Statistical Bureau [Latvia], 2015c, Latvia 2015—Statistics in brief: Central Statistical Bureau, 80 p. (Accessed October 3, 2015, at http://www.csb.gov.lv/sites/default/files/publikacijas/2015/nr_04_Latvia_2015_statistics_in_brief_15_00_en.pdf.)
- Central Statistical Bureau [Latvia], 2015d, RUG05. volume indices of industrial production (2010=100): Central Statistical Bureau. (Accessed January 4, 2016, at http://data.csb.gov.lv/pxweb/en/rupnbuvm/rupnbuvm_ikgad_rupn/RU0050.px/table/tableViewLayout1/?rxid=a79839fe-11ba-4ecd-8cc3-4035692c5fc8.)
- Compaqpeat SIA, 2014, EU-funded projects: Compaqpeat SIA Web page. (Accessed January 8, 2016, at <http://www.compaqpeat.lv/en/eu-funding>.)
- Db.lv, 2014, V Rossiyu ne vpustili 44 tonny torfa iz Latvii [Russia did not let in 44 tons of peat]: Dienas Business Newspaper, October 22. (Accessed January 11, 2015, at <http://rus.db.lv/ekonomika/transport/v-rossiju-ne-vpustili-44-tonny-torfa-iz-latvii-62495>.)
- DSG Karjeri, 2009, DSG Karjeri—About us: DSG Karjeri Ltd. Web page. (Accessed October 6, 2015, at <http://www.dsgkarjeri.lv/index.php?lang=en>.)
- Fisher, Ewa, 2014, The Russian embargo is affecting Russia: Ośrodek Studiów Wschodnich, August 20. (Accessed January 8, 2016, at <http://www.osw.waw.pl/en/publikacje/analyses/2014-08-20/russian-embargo-affecting-russia>.)
- Gabranovs, E., 2014, Atklāj kūdras ražotni [Commissioning of peat production plant]: Ziemeļlatgales Laikraksts Vanduguns [Northern Newspaper Vanduguns] [Balvi, Latvia], September 9, p. 1. (Accessed January 8, 2016, at <http://www.vaduguns.lv/arh%C4%ABvs/2014/septembris/9septembris.pdf>.)
- International Peatland Society, 2014, Annual report 2014: International Peatland Society Web page. (Accessed October 3, 2015, at <http://www.peatociety.org/about-us/national-committees/latvia>.)
- JSC Liepājas Metalurģs, 2014a, Company: JSC Liepājas Metalurģs. (Accessed November 26, 2014, at <http://lm.metalurģs.lv/?a=0&b=1>.)
- JSC Liepājas Metalurģs, 2014b, History: JSC Liepājas Metalurģs. (Accessed November 26, 2014, at <http://lm.metalurģs.lv/?a=0&b=1&c=6>.)
- KMPG Baltics SIA, 2013, Competitive position of the Baltic state ports: Riga, Latvia, KMPG Baltic SIA, 43 p. (Accessed January 5, 2015, at https://www.kpmg.com/LV/lv/IssuesAndInsights/ArticlesPublications/PresesRelizes/Documents/Ports_Final_version_FINAL.pdf.)
- KMPG Baltics SIA, 2014, Investment in the Baltic States—A comparative guide to investment in Estonia, Latvia, and Lithuania: Riga, Latvia, KMPG Baltic SIA, January 1, 154 p. (Accessed January 5, 2015, at https://www.kpmg.com/LV/en/IssuesAndInsights/ArticlesPublications/Documents/Investment%20in%20the%20Baltic%20States%202014-final_WEB_July_reduced.pdf.)
- LETA, 2014, “Liepājas metalurģa” darījums ir noslēguma fāzē (18) [“JSC Liepājas Metalurģs” transaction is in the final stage (18)]: liepajniekiem.lv, November 28. (Accessed January 8, 2016, at <http://www.liepajniekiem.lv/zinas/bizness/liepajas-metalurģa-darijums-ir-nosleguma-faze-156314>.)
- Marketwired L.P., 2014, Ginguro signs letter of intent with Government of Latvia for mineral exploration in Latvia’s Kurzeme Complex: Marketwire L.P., April 28. (Accessed October 6, 2015, at <http://www.marketwired.com/press-release/ginguro-signs-letter-intent-with-government-latvia-mineral-exploration-latvias-kurzeme-tsx-venture-geg-1903646.htm>.)
- Ministry of Economics [Latvia], 2014, Report on the economic development of Latvia: Riga, Latvia, Ministry of Economics, December, 164 p. (Accessed January 8, 2015, at https://www.em.gov.lv/files/tautsaimniecibas_attistiba/zin/2014_dec_eng.pdf.)
- Ministry of Economics [Latvia], 2015, Report on the economic development of Latvia: Riga, Latvia, Ministry of Economics, June, 168 p. (Accessed January 8, 2015, at https://www.em.gov.lv/files/tautsaimniecibas_attistiba/zin/2015_jun_eng.pdf.)
- Thomson Reuters, 2014, Ukraine’s KVV Group to buy Latvia’s insolvent steelmaker: Thomson Reuters, September 9. (Accessed October 6, 2015, at <http://www.reuters.com/article/2014/09/09/latvia-steel-idUSL5N0RA3SY20140909>.)
- U.S. Census Bureau, 2014a, U.S. exports to Latvia by 5-digit end-use code 2005–2014: U.S. Census Bureau. (Accessed October 5, 2015, at <http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c4490.html>.)
- U.S. Census Bureau, 2014b, U.S. imports from Latvia by 5-digit end-use code 2005–2014: U.S. Census Bureau. (Accessed October 5, 2015, at <http://www.census.gov/foreign-trade/statistics/product/enduse/imports/c4490.html>.)

TABLE 1
LATVIA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons unless otherwise specified)

Commodity ²	2010	2011	2012	2013	2014 ^c
METALS					
Steel, rolled bars	825,000 ^r	100,000 ^r	315,000 ^r	712,000 ^r	--
INDUSTRIAL MINERALS					
Cement, portland thousand metric tons	635 ^r	752 ^r	901 ^r	1,000 ^r	1,200
Dolomite, crude (excluding calcined, crushed dolomite aggregate) ^c	930,000	930,000	930,000	1,062,964 ^{r,3}	1,000,000
Gravel, pebbles, shingle and flint of a kind used for concrete aggregates, for road metaling, or for railway and other ballast	4,736,785	5,641,510	6,040,668	5,274,024 ^r	5,300,000
Sand and gravel	1,388,188	2,337,916	2,425,667	2,270,275 ^r	2,300,000
Stone, crushed	1,375,197	2,050,976	2,072,775	2,664,580 ^r	2,700,000
MINERAL FUELS AND RELATED MATERIALS					
Peat	1,119,417	1,387,689	1,160,292	1,716,411 ^r	800,000 ³

^cEstimated; estimated data are rounded to no more than three significant digits. ^rRevised. -- Zero.

¹Table includes data available through July 27, 2015.

²In addition to the commodities listed, clay, gypsum, lime, limestone, industrial sand, and silica are produced, but output was not reported, and available information was inadequate to make reliable estimates of output.

³Reported figure.

TABLE 2
LATVIA: STRUCTURE OF THE MINERAL INDUSTRY IN 2014

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facility	Annual capacity
Cement	CEMEX SIA (CEMEX S.A.B. de C.V., 100%)	Plant at Broceni	1,600
Dolomite	DSG Karjeri Ltd.	Ape, Birzi, Levaca, and Saikava at Riga	NA
Do.	Jēkabpils Dolomīts Ltd.	Birzi, Salas novadas	NA
Do.	Saulkalne S Ltd.	Kranciems, Tinuzi, Ikske District	NA
Do.	Salenieku Dolomīts Ltd.	Ritupes, Malnavas District	NA
Gravel, pebbles, shingle and flint of a kind used for concrete aggregates, for road metaling, railway, and other ballast	do.	Kalngals, Ciblas District, and Cirma, Cirmas District	NA
Do.	Jēkabpils Dolomīts Ltd.	Leimani, Zasa, and Osukalni-Cekules, Kraslava	NA
Peat	Klasmann-Deilmann GmbH	SIA LV-Zilaiskalns	NA
Do. thousand cubic meters	Compaqpeat SIA	Processing plant in Balvi	600
Sand	Saulkalne S Ltd.	Grinvaldi, Malpils District	NA
Do.	Jēkabpils Dolomīts Ltd.	Saulejas, between Rezekne and Daugavpils; Peleci, Preili and Viski; Draudavas, Koknese and Madona	NA
Steel	JSC Liepājas Metalurģs (KVV Group, 100%)	Plant at Liepaja	850

Do., do. Ditto. NA Not available.