

THE MINERAL INDUSTRY OF BELARUS

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In Belarus, mineral production consisted primarily of the mining of potash from the Starobinsk deposit, peat at deposits throughout the country, and the production of steel at one mini-mill in Zhlobin with a capacity of over 1.1 million metric tons per year (Mt/yr) of crude steel. Belarus also produced some oil, natural gas, and construction materials and had a large petroleum refining sector with refineries at Mazyr and Navapolatsk with a combined capacity of 40 Mt/yr of petroleum products.

In 1995, the GDP in Belarus reportedly decreased by 10% compared with that of 1994, which was an improvement compared with the 20% decrease in GDP in 1994. Industrial production in 1995 decreased by 11.5% compared with that of 1994 which also was less than 17.1% decrease in 1994.

According to the Belarus Ministry of Statistics and Analysis, production of most mineral commodities reportedly decreased in 1995 compared with 1994 with reported decreases in the production of cement, natural gas, crude petroleum, peat, common salt, and steel. However, production of potash, Belarus' major mineral product, reportedly increased as did the output of petroleum refinery products.

During the 1980's, Belarus had produced about 50% of the potash output of the FSU, producing over 5.5 Mt/yr in the late 1980's. Potash production in Belarus reportedly began decreasing in the 1990's with production falling to 1.9 million metric tons (Mt) in 1993. However, potash production then began reviving and rose to 3.2 Mt in 1995. Based on reporting from January through November 1995, Belarus increased its potash exports in this period compared with 1994, exporting a total of 2,333,000 t of which 286,000 t went to Commonwealth of Independent States (CIS) countries. In 1995 compared with 1994, potash exports to CIS countries increased by 27.8% and to the rest of the world by 18.9%. Potash exports went primarily to Brazil, China, India, Poland, Russia, and the United States.

Exports of potash outside the territory of the FSU had remained at a high level during the 1990's of between 1 Mt/yr and 2 Mt/yr. Belarus had lost most of its former markets in the FSU and East Europe as the agricultural sectors in these countries lacked the ability to pay for potash. Even in Belarus, potash consumption had fallen as the production and consumption of mixed and complex fertilizers declined with Belarus's inability to purchase nitrogen and

phosphate raw materials to produce these fertilizers.

In 1995, crude steel production from the minimill at Zhlobin continued to decrease. In 1995, the Zhlobin mill exported about 70% of its output. It increased shipments of steel bars, wire, and rod to western countries including Austria, Germany, Italy, and the United States.

In 1995, Belarus reported extracting 1,932,000 t of crude oil that was a slight decrease from 1994 production of 2,020,000 t. In 1995, natural gas production also decreased to 265 million cubic meters (m³) compared with 1994 production of 290 million m³. The drop in oil and gas production was attributed to depletion of reserves and lack of funds for exploration. Belarus had been producing oil since 1964 and in 1995 had 37 operational fields. Much of the country's resources are at great depths and require advanced methods of exploration. According to Belarus' assessments, total undiscovered resources (resource categories C₃, D₁, D₂ based on the Soviet reserve classification system) of oil could exceed 160 Mt and of natural gas roughly 16 billion m³.

Production of refinery products in 1995 increased by 2.9% compared with 1994 to 13,118,000 t. Belarus, in conjunction with the World Bank, drew up a program to modernize its petroleum-refining industry. The program called for increasing the output of light refinery products at the refinery in Mazyr from 43% of total output to 62% of total output by building a vacuum distillation plant and catalytic cracking unit. The program also calls for constructing a vacuum distillation plant and hydrocracking plant at the refinery in Navapolatsk to increase the production of gasoline, jet fuel, and diesel fuel.

Belarus's refineries ran mainly on oil imported from Russia, with Russia being a major supplier of oil and natural gas and also supplying some petroleum products. In 1995, Belarus imported 11 Mt of oil and 12.4 billion m³ of natural gas from Russia. Belarus reportedly owed Russia 1.4 billion rubles for oil, almost 2.7 trillion rubles for natural gas, and 10 million rubles for petroleum products.

Belarus in 1995 continued to suffer serious environmental problems from the fallout from the Chernobyl nuclear powerplant accident in Ukraine, and was the most severely affected FSU country in percentage of area with about 25% of the area of Belarus affected compared with 10% of Ukraine and less than 1% of Russia. Despite large clean up efforts, in many parts of the affected area there has not been

significant improvement. Belarus has had to take numerous measures to alleviate the results of the accident including resettling people, investing in housing and social amenities, removing arable land from agricultural use, treating soil, replacing livestock, etc.

Belarus in 1995 remained dependent on imports, primarily from Russia for the majority of its mineral requirements. For many of these imports, particularly fuels, Belarus has not been able to make timely payments, and has amassed a considerable amount of debt. The future development of Belarus's mineral industry will depend in some measure on political events as Belarus in 1995 moved closer towards integrating its economic structures with Russia. A host of

economic, legal, and political issues could arise in this process of closer ties with Russia that could affect mineral production, trade, and investment.

OTHER SOURCES OF INFORMATION

Ministry of Statistics and Analysis
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TABLE 1
 BELARUS: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/

(Thousand metric tons unless otherwise specified)

Commodity	1992	1993	1994	1995
Cement	2,300	1,900 2/	1,500 2/	1,200 2/
Nitrogen (N content of ammonia)	700	500	425	500
Peat (fuel use)	400	350 2/	315 2/	4,000
Petroleum:				
Crude	2,000	2,000 2/	2,000 2/	1,930 2/
Refined	20,000	14,200	12,700	13,100 2/
Potash, K ₂ O content 2/	3,300	1,900	3,000	3,200
Salt	360	300	263 2/	219 2/
Steel:				
Crude	1,105	947 2/	880 2/	744 2/
Rolled	770,000	660,000	680,000	586,000 2/
Pipe	80	44 2/	10	12 2/
Natural gas million cubic meters	300	300	295 2/	266 2/

1/ Table includes data and estimates based on information available through June 9, 1996

2/ Reported figure.

TABLE 2
 BELARUS: STRUCTURE OF THE MINERAL INDUSTRY FOR 1995

(Thousand metric tons unless otherwise specified)

Commodity	Major operating company	Location of main facilities	Annual capacity e/
Cement	Volkovysskiy plant	Wawkavysk (Volkovsky)	2,200, total both plants
Do.	Krichevskiy plant	Mogilev region	
Nitrogen, N content of ammonia	Grodno "Azot" Association	Hrodna (Grodno) region	1,000
Peat (fuel use)	Production at 37 enterprises producing mainly briquettes		5,000 1/
Petroleum (crude)	Belarusneft Association	Hrodna region	2,000
Petroleum (refining)	Mozyr refinery	Mazyr (Mozyr)	40,000 2/
Do.	Novopolotsk refinery	Navapolatsk (Novopolotsk)	
Potash (K ₂ O content)	Belaruskaliy Association	Soligorsk area	5,000
Steel (crude)	Belarus electric steelworks	Zhlobin	700

e/ Estimated.

1/ Total peat for fuel use production.

2/ Total for both refineries.