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 Lipaija that has the capacity to produce 550,000 t of crude steel and almost 900,000 t of rolled products.

Latvia supplies about 85% of the raw materials for it s cement industry. All cement raw material resources are fairly shallow and the overburden is primarily glaciated material. In the case of dolomite, gypsum, and sand, surpluse s 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, reportedly, 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.

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

In 1995, GDP was estimated to have increased by 1% compared with 1994, having also increased in 1994 by 2% compared with 1993. Nevertheless, output for a number of mineral industries reportedly decreased. In 1995 crude steel output reportedly decreased 16% to 279,000 t compared with 332,000 t in 1994. According to the Central Statistical Bureau of Latvia, production of cement fell from 244,416 t in 1994 to 203,786 t in 1995, limestone from 392,500 t in 1994 to 324,000 t in 1995, and peat from 646,500 t in 1994 to 421,300 t in 1995. Production, however, of gypsu m increased from 61,026 t in 1994 to 78,813 t in 1995, and of sand and gravel from 75,553 t in 1994 to 90,907 t in 1995.

In 1995, Russia continued to be Latvia's major supplier of fuel and energy, and Russia also provided Latvia with a major source of foreign currency earnings from the transit and re-export of Russian oil and pe troleum products. Latvia's port of Ventspils on the Baltic Sea was the only port on the Baltic Sea used to export Russian oil and petroleum products.

At yearend 1995, the Latvian Government embarked on a new reform policy intended to simplify the privatization process and remove restrictions on foreign ownership of natural resources with plans calling for putting all state enterprises including the energy utilities up for sale in 1996. Plans also called for the privatization of the port of Ventspils, a major port for exporting oil, potash, and othe r minerals from the former Soviet Union (FSU). Among the major Latvian enterprises slated to be privatized in 1996 are the state electrical utility Latvenergo and the Latvian oil transport complex Ventspils Nafta.

Latvia has large peat reserves, and there is an interest in further developing these reserves for use in both agriculture and domestic and regional heating systems. Although a number of small oil deposits have been found on and offshore, there has been no development of these deposits . Discussions were underway at yearend to amend restrictions against foreign exploitation of natural resources. Such an amendment could increase the potential for development of Latvian on and offshore petroleum resources.

Latvia's geological structure is amenable to gas storage. Its current storage capacity is 5 billion m³ and maximum potential capacity is estimated to be 50 billion m³. Russia has discovered natural gas in the Barents Sea, and this storage capacity could potentially be used as a midway storage point for markets in Western Europe.

OTHER SOURCES OF INFORMATION

Central Statistical Bureau of Latvia 1, Lacplesa St. Riga, Latvia Telephone: 270-126

Fax: 371-78-30137/703-648-7737

TABLE 1 LATVIA: PRODUCTION OF MINERAL COMMODITIES e/ 1 /

(Metric tons unless otherwise specified)

Commodity		1992	1993	1994	1995
Cement		400,000	300,000	244,416 2/	203,786 2/
Clays	cubic meters	700,000	500,000	500,000	500,000
Gypsum		100,000	80,000	61,026 2/	78,813 2/
Limestone		700,000	500,000	392,500 2/	324,000 2/
Peat		700,000	700,000	646,500 2/	421,300 2/
Sand and gravel		90,000	80,000	75,553 2/	90,907 2/
Silica sand, industrial:					
For silica bricks	cubic meters	50,000	40,000	40,000	40,000
For glass	do.	30,000	25,000	25,000	25,000
Steel, crude		246,000 2/	300,000 2/	332,000 2/	279,000 2/
e/ Estimated					

^{1/} Table includes estimates and data based on information available through July 1, 1996. 2/ Reported figure.