

ESTONIA, LATVIA, AND LITHUANIA

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Estonia

In 2000, Estonia's economy recovered from the effects of Russia's 1998 financial crisis, and the country's gross domestic product (GDP) posted a 6.5% growth. The country increased its industrial production, continued market reforms, and attracted foreign direct investment, especially from Finland. Estonia's primary source of energy is oil shale. The port of Tallinn is a transit center for petroleum product exports from Russia to Europe. The country depended on Russia for its supplies of oil and gas. In 2000, Estonia agreed with Latvia and Lithuania to coordinate energy markets and harmonize national energy programs. In addition to oil shale, the country mined peat and industrial minerals, such as clays, sand and gravel, and silica sand.

International Steel Industries L.P. of the United States planned to build a 400,000-metric-ton-per-year (t/yr) galvanizing line and warehousing facility in the port of Muuga in Tallinn. Groundbreaking was set for February 2001 with startup expected in late 2002 for the \$205 million complex. The new plant, to be called Galvex, would initially produce construction-grade hot-rolled galvanized steel up to 168 centimeters wide and ranging from 0.2 millimeters (mm) to 1.8 mm in sheet thicknesses. HypoVereinsbank AG of Germany arranged for \$94 million in financing for the facility and also would provide \$40 million for working capital. Estonia's Hansabank would provide \$5.5 million for credit facility. Total equity in the project was in excess of \$60 million. Danieli Engineering of Italy would supply the equipment. The warehouse, Ruma Terminal, was a 35,000-square-meter import/export facility on the deepwater port (Metal Bulletin, 2000c).

Oil shale provided more than 75% of Estonia's total energy supply and was produced by majority state-owned Estonia Oil Shale Co. near Kohtla-Jarve in the northeastern part of the country. It was consumed for power generation by Estonia Energy Co. and Kohtla-Jarve Soojus Electric Co. and for shale-to-oil processing to produce 8,000 barrels per day (bbl/d) of distillate liquid fuels by Kiviter AS. Narva Power Plants and Estonia Oil Shale signed a contract for the supply of 8.7 million metric tons of oil shale in 2000 and 2001 at a price of \$69 million. Negotiations between Suncor Energy of Canada and the Government to build a \$147 million shale oil plant in northeastern Estonia were suspended in September because of environment-related problems.

Estonia continued privatization of its energy sector. In June, it agreed to sell to NRG Energy of the United States a 49% stake in Narva Power Plants, which had two oil-shale generation plants that supplied more than 90% of Estonia's electricity, and a 51% controlling stake in Estonia Oil Shale. NRG Energy committed up to \$80 million in investment to modernize technology and to renovate infrastructure (U.S.

Energy Information Administration, February 2001, Estonia—Country analysis brief, accessed February 15, 2001, at URL <http://www.eia.doe.gov/cabs/estonia.html>).

Latvia

The Latvian economy showed healthy growth with a 4% increase in the GDP, low inflation of 2.2%, and declining unemployment of 7.9%. The country's exports continued to grow, but imports still outpaced exports. The fiscal budget deficit was 3.1% of GDP. The Government reduced the fuel excise tax rate during the summer. Because of that, the oil price increase on the world markets had little effect on consumer price indices in Latvia. The Government also approved a restructuring plan for the country's energy monopoly Latvenergo into independent electricity generating and transmission units (U.S. Embassy, Riga, Latvia, 2000).

ASW of the United Kingdom asked the United Kingdom's rebar accreditation body Cares to review its decision to give certification to reinforcing bar from Latvia. The company said that the rebar contravened British standards because it was produced via the open hearth route. Cares said that the open hearth route could produce very good steel if it was operated properly and that the rebar from Liepajas Metallurģis had passed all the specifications. About 40,000 metric tons of Latvian rebar had been imported into the United Kingdom in the 7 months between March 1 and September 30 (Metal Bulletin, 2000a). The open hearth steel mill at Liepaja used imported metallic raw materials from various sources and had an estimated capacity of 550,000 t/yr of crude steel and 900,000 t/yr of steel products.

Latvia had no domestic coal production but imported a small amount of coal, mostly from Poland. The country produced an average of about 500,000 t/yr of peat for fuel. Peat covers approximately 10% of Latvia's territory, with the heaviest concentration in the eastern plains near Riga.

Latvia has several large underground natural gas storage facilities and is a potentially important transit center for Russian oil and gas exported to Europe. The country also was dependent on Russian oil and gas for its domestic consumption. Latvian oil consumption remained steady at 37,000 bbl/d. The Government would sell exploration and development licenses for the nation's offshore oil reserves in an area of 2,675 square kilometers. The tender was expected to be announced in April 2001. Latvia had no oil refineries, and a plan to build a \$200-million 40,000-bbl/d refinery in Latvia by the Russian Oil and Gas Industry Union had stalled. Russia's Gazprom was the main supplier of natural gas to Latvia. Latvenergo consumed 51% of the natural gas used in Latvia. The restructured and privatized Latvijas Gaze controlled the country's natural gas distribution system. The company's largest shareholders were Gazprom, Ruhrgas and Eon Energie AG of Germany, and Itera

Latvijas (U.S. Energy Information Administration, January 2001, Latvia—Country analysis brief, accessed January 31, 2001, at URL <http://www.eia.doe.gov/cabs/latvia.html>).

Lithuania

In 2000, with a total GDP of \$11 billion, Lithuania's exports were valued at slightly more than \$4 billion. Its chief exports were food products, textiles, and consumer electronics. The country's mining industry was limited to extracting peat and some industrial minerals. The majority of peat production was used in agriculture. Lithuania produced a small quantity of crude oil from the western part of the country and had an oil refinery at Mazeikiai, which was capable of producing 13 million metric tons per year of petroleum products. The country, together with Estonia and Latvia, would become a point of transshipment for Russian minerals and oil.

Danieli Engineering was to build a hot-rolling mill for stainless steel in the port city of Klaipeda for Penninox America Corp. of the United States. The mill would produce angles, flats, and channel sections, mainly for export to Europe and the United States. It would import the majority of its stainless raw material from Western Europe. The mill was due to be commissioned in late 2001, and the feedstock to be used would

be plate in coil or cut lengths for heavy sections. The maximum product size would be 150-mm equal and unequal angles of 12 mm thickness (Metal Bulletin, 2000b).

If the Government takes steps to protect the domestic construction material market from imports from Belarus, Lithuania might lose its export market in Belarus. Antidumping investigations directed against cheap Belarussian products were launched in Lithuania following complaints by Akmenes Cementas and Naujasis Kalcitas, Lithuania's only producers of cement and quicklime, respectively. An antidumping duty of \$9 per metric ton was imposed on quicklime imports in 2000. Silikatas, a silica brick producer, increased production costs owing to the antidumping duty.

References Cited

- Metal Bulletin, 2000a, ASW presses Cares to review Latvian rebar: Metal Bulletin, no. 8531, December 4, p. 23.
- 2000b, U.S. firm orders stainless mill for Lithuania: Metal Bulletin, no. 8531, December 4, p. 3.
- 2000c, U.S. firm plans galv line in Estonia: Metal Bulletin, no. 8535, December 18, p. 19.
- U.S. Embassy, Riga, Latvia, 2000, Latvia economic potpourri—Latvia: U.S. Department of State Telegram 1584, October 27, 5 p.

TABLE 1
ESTONIA, LATVIA, AND LITHUANIA: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

| Country and commodity | 1996 | 1997 | 1998 | 1999 | 2000 | |
|--------------------------------|-----------------------|------------|------------|------------|--------------|------------|
| ESTONIA | | | | | | |
| Cement | 387,700 | 422,500 | 321,000 | 357,700 r/ | 329,100 | |
| Clays: | | | | | | |
| For brick | thousand cubic meters | 19,800 | 66,500 | 96,600 | 107,100 | 97,200 |
| For cement | do. | 27,200 | 25,500 | 33,000 | 38,400 | 37,700 |
| Nitrogen, N content of ammonia | | 137,000 | 153,000 | 175,000 | 145,500 r/ | 127,500 |
| Oil shale | thousand tons | 14,735 | 14,383 | 12,463 | 10,685 | 11,726 |
| Peat | do. | 1,100 | 1,002 | 365 | 1,299 r/ | 586 |
| Sand and gravel | thousand cubic meters | 1,000 e/ | 1,109 | 1,411 | 1,063 | 1,247 |
| Silica sand, industrial | do. | 11,100 | 22,500 | 23,000 | 18,300 | 39,600 |
| LATVIA | | | | | | |
| Cement | | 325,008 | 246,377 | 365,629 r/ | W | W |
| Gypsum | | 63,888 | 116,916 | 119,096 r/ | W | W |
| Limestone | | 35,700 | 372,660 | 363,347 r/ | W | W |
| Peat | | 552,100 | 554,700 | 171,700 | 956,353 r/ | 346,695 |
| Sand and gravel | | 324,567 | 90,551 | 480,609 r/ | 787,317 r/ | 440,914 |
| Steel: | | | | | | |
| Crude | | 293,000 | 464,529 | 468,500 | 483,744 r/ | 500,292 |
| Products | | NA | NA | 516,400 | 520,000 | 525,000 e/ |
| LITHUANIA 3/ | | | | | | |
| Cement | | 700,000 | 714,000 | 788,300 | 666,000 | 569,500 |
| Limestone | | 233,000 | 250,000 e/ | 250,000 e/ | 1,077,900 r/ | 783,300 |
| Nitrogen, N content of ammonia | | 460,000 e/ | 467,300 | 407,300 | 401,300 r/ | 420,320 |
| Peat | | 250,000 e/ | 295,200 | 202,000 | 390,100 r/ | 245,500 |
| Petroleum: | | | | | | |
| Crude | | 150,000 | 160,000 | 200,000 | 250,000 e/ | 250,000 e/ |
| Refinery products | | 3,740,000 | 5,029,400 | 6,433,900 | 4,506,700 | 4,658,200 |

e/ Estimated. r/ Revised. NA Not available. W Withheld to avoid disclosing proprietary data.

1/ Estimated data are rounded to no more than three significant digits.

2/ Table includes available data through September 2001.

3/ Lithuania produces other industrial minerals including clays and sand and gravel; consistent data is unavailable for deriving a multiyear production series.