

THE MINERAL INDUSTRY OF GEORGIA

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The Republic of Georgia has a diverse mineral industry, producing fuels, ferrous and nonferrous metals, ferroalloys, and industrial minerals. Georgia was a major producer of manganese from the Chiatura deposit, but reserves of high-grade ore are almost depleted. The manganese was used in Georgia for ferroalloy production at the Zestafoni ferroalloys plant. A small amount of iron ore also was mined. At the Madneuli complex in Georgia, a copper-barite polymetallic ore deposit was exploited for copper, barite, and a range of byproduct minerals, including gold and silver. Production of lead and zinc occurred at the Kvaisi lead-zinc deposit, and arsenic was mined from the Lukhumskiye and Tsanskoye deposits. Georgia has a steelworks in Rustavi with the capacity to produce 1.5 million metric tons per year (Mt/yr) of raw steel, and which also has the capacity to produce, coke, pig iron, sinter, and rolled products. Georgia produces a range of industrial minerals, including bentonite, diatomite, talc, and zeolites and semiprecious stones. Georgia also produces some coal, gas, and oil. Despite some mineral fuel production, in 1995 Georgia's largest category of imports was fossil fuels which comprised 38% of total imports.

In 1995, Georgia's GDP was estimated to have decreased by only 5% compared with that of 1994 after having fallen by 35% in 1994, 39% in 1993, and 40% in 1992. In 1995, the Georgian Ministry for State Property Management declared that three of the country's leading mining enterprises, the Chiatura manganese complex, the Uravi mining and chemical plant that produces arsenic, and the Askaniti bentonite clay mining enterprise would be privatized and open to foreign investment.

Georgia, at the beginning of 1996, followed the example of Kazakhstan in 1995 of allowing foreign firms to manage metallurgical enterprises, and signed the Zestafoni ferroalloys plant over to the Russian-Georgian Bank for Reconstruction and Development in conjunction with a U.S. partner, North Atlantic Research, to be managed for a 10-year period. The foreign managers are obligated to ensure that the plant receives the necessary raw materials, energy, and other inputs. In recent years the Zestafoni plant, which processed manganese ore from the Chiatura plant for ferroalloys production, has suffered cutbacks in both raw materials and power, resulting in ferroalloys production decreasing to only 5% to 10% of the plant's original 350,000 t/yr ferroalloys capacity.

In 1995, the Georgian State Geology Committee, Gruzgeologiya, stated that Georgia has gold reserves of 250 metric tons (t) and silver reserves of 1,500 t, with another 250 t of perspective gold reserves. Georgia was attempting to attract foreign investors to develop its gold reserves and was negotiating with Australian mineral developers to process quartzite ores from the Madneuli polymetallic mining and beneficiation complex with reportedly reserves of about 25 t of gold and more than 20 t of silver. A Government development plan calls for construction of a plant at Madneuli to recover gold from wastes and slimes with projected recovery of 2 t/yr of gold and 7 t/yr of silver.

In the 1990's Georgia's steel output fell dramatically. In 1995 crude steel production fell to 84,000 t compared with 141,000 t in 1994, 215,000 t in 1993 and 529,000 t in 1992. There had been no reported production of pig iron in Georgia since 1992.

Georgia has significant mineral deposits, but the future of its mineral industry first will depend on the country establishing political and economic stability to permit a more secure investment climate. If this stability is established, Georgia's favorable location on the Black Sea could enable it to reach world markets at reasonable cost; it already possesses supply routes to the countries of the FSU. Georgia produced manganese and ferromanganese that could have been sold on world markets. However, a large percentage of Georgia's manganese reserves of high grade oxide ores are depleted and production has declined sharply over the past decade. The development of this industry in the future will depend more on the development of carbonate ores from which it is more difficult to obtain a commercial product. Georgia also produces or has reserves of a number of metals and nonmetallic minerals that possibly could compete on world markets. It will be necessary to assess Georgia's mineral production and reserves in terms of production costs and available markets to determine the viability of Georgia's mineral industry as Georgia makes the transition to a market economy.

OTHER SOURCES OF INFORMATION

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TABLE 1
 GEORGIA: STRUCTURE OF THE MINERAL INDUSTRY FOR 1995

(Metric tons unless otherwise specified)

Commodity	Major operating company	Location of main facilities	Annual capacity e/
Arsenic, mine output	Lukhumi deposit	Upper Racha region	2,000 total.
	Tsana deposit	Lower Svanetiya region	
Arsenic, metal and compounds	Racha mining and chemical plant	Racha region	NA.
Do.	Tsana mining and chemical plant	Tsana	NA.
Barite	Chordskoye deposit	Onskiy rayon	70,000.
Bentonite	Gumbrskoye and Askanskoye deposits	Gumbra, Askana regions	200,000.
Cement	Rustavi cement plant	Rustavi	1,500,000.
Coal	Tkibuli-Shaorskoye, Tkvarchelskoye, deposits	Tkibuli, Tkvarcheli, Akhaltsikhe regions	300,000 total.
Copper, copper content of ore	Madneuli complex	Madneuli region	12,000.
Diatomite	Kisatibskoye deposit	Kisatibi region	150,000.
Ferrous alloys	Zestafoni plant	Zestafoni (now Zestap'oni)	100,000 (ferromanganese).
Do.	do.	do.	250,000 (silicomanganese).
Do.	do.	do.	250,000 (manganese sinter).
Gold	Madneuli complex	Madneuli region	2.
Lead-zinc	Kvaisi deposit	Kvaisi region	1,200 (lead).
Do.	do.	do.	3,000 (zinc).
Manganese, ore	Chiatura complex	Chiatura region	2,000,000.
Petroleum, crude	About 60 wells accounting for 98% of output	Mirzaani, Teleti, Supsa regions	200,000.
Steel, crude	Rustavi steel mill	Rustavi	1,500,000.

e/ Estimated. NA Not available.