

2016 Minerals Yearbook

LATVIA

THE MINERAL INDUSTRY OF LATVIA

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In 2016, Latvia produced mainly industrial minerals, including cement, dolomite, gravel, sand, and crushed stone. In 2016, Latvia was ranked ninth in global peat production. Latvia's peat resources were reported to account for about 0.4% of the world's peat resources. Latvia was not a notable producer or consumer of energy and had no domestic petroleum or gas production capabilities; the country was entirely dependent on imported petroleum products to meet demand (Krigere, 2015, p. 4; Apodaca, 2018).

Minerals in the National Economy

In 2016, Latvia's real gross domestic product (GDP) increased by about 2.0% compared with a 2.7% increase in the rate of growth in 2015. The nominal GDP in 2016 was \$27.7 billion. In 2016, industrial production output in Latvia increased by 4.9% compared with a 3.5% rate of increase in 2015. The output of the mining and quarrying sector increased by 0.6% compared with a 6.4% rate of increase in 2015. The gross value added by the mining and quarrying sector was \$119.6 million at current prices, or about 0.4% of the GDP. The mining and quarrying sector employed an average of 2,615 people, which was a decrease of 4.9% compared with the average number employed in 2015 (Central Statistical Bureau of Latvia, 2016, p. 50; 2017a; 2017b, p. 41, 55; 2017c; Aceves, 2017).

Production

In 2016, the production of crude dolomite decreased by 38% to 615,761 metric tons (t) from an estimated 1,000,000 t in 2015. The production of peat decreased by 33% to 821,230 t, and that of sand decreased by 22% to 2,192,135 t. The production of gravel, pebbles, shingle, and flint together increased by 28%. Data on mineral production are in table 1.

Structure of the Mineral Industry

The Latvian Privatization Agency (LPA) had privatized almost all small and medium-sized state-owned enterprises by yearend; only a small number of large state companies were not privatized. Latvian law designated several state-owned joint stock companies that could not be privatized owing to their strategic interest to the country. Table 2 is a list of major mineral facilities in Latvia (U.S. Department of State, 2016).

Mineral Trade

In 2016, Latvia's total exports were valued at \$11.4 billion, which was a decrease of 0.3% compared with the value in 2015. Exports to European Union (EU) countries were valued at \$8.5 billion, or 74.0% of total exports; and those to Commonwealth of Independent States (CIS) countries were valued at \$1.3 billion, or 11.3% of total exports. Mineral products accounted for 5% of total exports and were valued

at \$575.6 million, which was a decrease of 26% compared with the value of exports in 2015. About 42% of the mineral products exported went to Lithuania and were valued at \$244.1 million. Latvia's most important export partners in 2016 were Lithuania (which received 18.3% of Latvia's exports), Estonia (12.1%), Russia (7.6%), Germany (7.2%), and Sweden (6%) (Central Statistical Bureau of Latvia, 2016, p. 47; 2017b, p. 50, 51; 2017c).

In 2016, Latvia's total imports from EU countries were valued at \$10.8 billion, or 79.8% of total imports, and those from CIS countries were valued at \$1.4 billion, or 10.4% of total imports. Among the most valuable imports were mineral products, which accounted for 9% of total imports and were valued at \$1.2 billion, which was a decrease of 26.4% compared with their value in 2015. Mineral products imported from Russia decreased by 21.1% to \$423.5 million, and those from Lithuania decreased by 24.1% to \$412.2 million. Petroleum and petroleum products accounted for about 6% of total imports and were valued at \$798.7 million, which was a decrease of 27.8% from that of 2015. All natural gas was imported from Russia and was valued at \$263.6 million. Latvia's leading import partners in 2016 were Lithuania (which provided 17.5% of Latvia's imports by value), Germany (11.9%), Poland (10.8%), Estonia (8.0%), and Russia (7.7%) (Central Statistical Bureau of Latvia, 2016, p. 47; 2017b, p. 50, 51; 2017c).

Commodity Review

Metals

Iron and Steel.—KVV Liepājas Metalurgs, which was the largest industrial enterprise in Latvia and the only steel mill in the Baltic States, had financial difficulties throughout 2016. At the end of January, the company halted production at its plant in Liepaja, citing decreased market demand. In March, the company announced that the plant would be closed and that 300 employees would be dismissed, citing high electricity prices and the unfavorable metals market in Europe. In September, the Liepaja Court declared the KVV Liepājas Metalurgs steel plant insolvent owing to the company's debts. The steel plant is located in Liepaja in southwestern Latvia and manufactured rolled steel and cast products. It had its own port facility at Liepaja and produced steel products for the domestic and international markets (Baltic Course, The, 2016; Cass, 2016; Motivans, 2016; Eurofound, 2017).

Industrial Minerals

Cement.—CEMEX SIA was a wholly owned subsidiary of CEMEX S.A.B. de C.V. of Mexico and the only cement producer in Latvia. The company operated the Broceni integrated cement plant, which had an installed capacity of

1.6 million metric tons per year. In 2016, cement exports amounted to 504,600 t, which was a decrease of 33% from those of 2015. The Broceni plant exported its products to Belarus, Estonia, Finland, Lithuania, Russia, and Sweden. At yearend 2016, in addition to the cement plant, CEMEX SIA operated five ready-mix concrete plants and four aggregates quarries. The Broceni plant's use of alternative fuels was greater than 70% of its total fuel use and included biomass residues, municipal solid waste, and shredded tires. In 2016, CEMEX SIA spent \$7 million in capital expenditures on its Latvian operations (Thureson, 2016, p. 8; CEMEX S.A.B. de C.V., 2017, p. 84, 85, F-107; Central Statistical Bureau of Latvia, 2017d).

Minerals Fuels and Related Materials

Peat.—Total peat resources in Latvia are estimated to be about 1.5 billion metric tons. The major deposits are located in the eastern plains and near Riga. About 95% of peat production was exported, mainly for horticultural use. In 2016, peat exports amounted to 1,472,357 t, which was an increase of about 15% compared with those of 2015. The major export markets for peat were Belgium, Germany, Italy, and the Netherlands. The average number of people employed by the agricultural peat industry was about 2,000, but increased to about 3,000 during the summer harvest season (Krigere, 2015, p. 4, 10; Central Statistical Bureau of Latvia, 2017d; Latvian Peat Association, 2017; World Energy Council, 2017).

Outlook

Latvia is likely to continue in its position as one of the world's leading peat-producing countries. Steel production in the country is unlikely to resume in the near term; that is, until legal proceedings involving KVV Liepaja Metalurgs are resolved and the company's debt is addressed. In 2016, a decrease in funding from the EU to Latvia negatively affected the construction industry. The expected resumption of the funds in 2017 could lead to increased investments in the country, which could accelerate the economy. After a slowdown in the economy in 2016, the GDP is projected to increase by nearly 3% in 2017 and by 3.3% in 2018, as reported by the International Monetary Fund (Cembureau, 2017; Focus Economics, 2017; International Monetary Fund, 2017).

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TABLE 1
LATVIA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons, gross weight, unless otherwise specified)

Commodity ²	2012	2013	2014	2015	2016
METALS					
Iron and steel:					
Raw steel	805,000	198,000	--	--	-- ^e
Products, rolled, bars	810,000 ^r	814,000 ^r	150,000 ^r	200,000	-- ^e
INDUSTRIAL MINERALS					
Cement, hydraulic	thousand metric tons	901	1,000 ^e	1,100 ^{r,e}	1,100 ^{r,e}
Stone, sand, and gravel:					
Sand and gravel, construction:					
Gravel, pebbles, shingle and flint	6,040,668	5,274,024	9,333,252 ^r	5,430,937 ^r	6,931,910
Sand	2,425,667	2,270,275	3,158,325 ^r	2,796,780 ^r	2,192,135
Stone, crushed:					
Aggregate	2,072,775	2,664,580	1,393,464 ^r	1,461,820 ^r	1,547,520
Dolomite, crude, excluding calcined, crushed dolomite aggregate	930,000 ^e	1,062,964	800,785	1,000,000 ^e	615,761
MINERAL FUELS AND RELATED MATERIALS					
Peat, horticultural and fuel uses	738,640 ^r	1,237,890 ^r	1,688,681 ^r	1,804,522 ^r	1,767,276

^eEstimated. ^rRevised. -- Zero.

¹Table includes data available through February 8, 2018. All data are reported unless otherwise noted. Estimated data are rounded to no more than three significant digits.

²In addition to the commodities listed, clay, gypsum, industrial sand, and limestone may have been produced in Latvia, but available information was inadequate to make reliable estimates of output.

TABLE 2
LATVIA: STRUCTURE OF THE MINERAL INDUSTRY IN 2016

(Thousand metric tons)

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 in Broceni	1,600
Dolomite	DSG Karjeri Ltd.	Ape, Birzi, Levaca, and Saikava in 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, or road metaling, railway, and other ballast	do.	Kalnāls, Ciblas District and Cirma, Cirma District	NA
Do.	Jēkabpils Dolomīts Ltd.	Leimani, Zasa; and Osukalni-Cekules, Kraslava	NA
Sand	Saulkalne S Ltd.	Grīnvaldi, Malpils District	NA
Do.	Jēkabpils Dolomīts Ltd.	Saulejas, between Rezekne and Daugavpils; Peleci, Preili and Viski; Draudavas, Koknese and Madona	NA
Steel	KVV Liepājas Metalurģs (KVV Group, 100%)	Plant in Liepāja	850 ¹
Peat	Klasmann-Deilmann Latvia SIA	SIA LV-Zilaiskalns	NA
Do.	Compaqpeat SIA	Balvi, Latgale region	240 ²

Do., do. Ditto. NA Not available.

¹Production suspended in 2016 owing to insolvency.

²Annual production capacity given as 600,000 cubic meters (240,000 metric tons) of dry peat.