

2017–2018 Minerals Yearbook

GEORGIA

THE MINERAL INDUSTRY OF GEORGIA

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Note: In this chapter, information for 2017 is followed by information for 2018.

Prior to the proclamation of Georgia's independence in 1991, a range of mineral commodities were mined in Georgia, including arsenic, barite, bentonite, coal, copper, diatomite, gold, lead, manganese, zeolites, zinc, and others. After 1991, the number of mined commodities was reduced. The country's metallurgical sector produced ferroalloys and steel. In 2017, mineral production in Georgia was limited and the most important contribution to GDP in the mineral sector was the mining of copper, gold, and manganese and the production of ferroalloys (table 1).

Minerals in the National Economy

In 2017, the real gross domestic product (GDP) of Georgia increased by 4.8%; the nominal GDP was \$15.08 billion. The share of industrial production in the GDP in 2016 was 32.1%, and mining and quarrying accounted for 6.4% of the value of industrial output. In 2017, the value of production in mining and quarrying accounted for 1.8% of the total of the country's economy compared with 1.9% in 2016. The value of manufacturing production accounted for 22.0% of the overall economy compared with 20.6% in 2016 (National Statistics Office of Georgia, 2018, p. 107–126, 133, 143–154).

In 2017, Georgia ran a substantial trade deficit—the total value of its exports (\$2.74 billion) was greatly exceeded by the total value of its imports (\$7.94 billion). The value of exports in 2017 increased by 29.4%, or by \$622 million, compared with that of 2016; the value of imports also increased, by \$645 million, or by 8.8%. The country's major export trade partners in 2017 were, in descending order of export value, Russia (which received 14.5% of Georgia's exports), Azerbaijan (9.9%), Turkey (7.9%), Armenia (7.7%), China (7.4%), Bulgaria (6.8%), Ukraine (4.6%), the United States (4.5%), and Italy (2.5%). Its major import trade partners in 2017 were, in descending order of import value, Turkey (which supplied 17.3% of Georgia's imports), Russia (10.0%), China (9.2%), Azerbaijan (7.0%), Ukraine (5.6%), Germany (5.5%), Armenia (3.5%), the United States (3.4%), and Italy (3.6%) (National Statistics Office of Georgia, 2018, p. 245–272).

Mineral commodities, especially metals, played a significant role in the country's exports. In 2017, Georgia exported about 351,700 metric tons (t) of copper ores and concentrates (a 23.9% increase compared with that of 2016) and received revenue of \$422.5 million (a 35.3% increase), although it also imported copper ores and concentrates worth \$338.4 million. The country also exported 281,200 t of ferroalloys (a 22.8% increase compared with that of 2016) and received revenue of \$306.4 million (an 81.0% increase); 401,400 t of nitrogenous fertilizer (a 17.0% increase compared with that of 2016) and received revenue of \$76.4 million (a 17.1% increase); and

3.0 t of unwrought gold (a 16.7% decrease compared with that of 2016) and received revenue of \$70.8 million (a 12.7% decrease). Copper ores and concentrates accounted for 15.4% of the country's total export value; ferroalloys, 11.2%; fertilizers, 2.8%; and gold, 2.6% (National Statistics Office of Georgia, 2018, p. 245–272).

Production

In 2017, production of steel rebar increased by 68%; gypsum, 62%; manganese concentrate, an estimated 35%; natural gas, 29%; copper concentrates (Cu content), 23%; silicomanganese, 19%; hydraulic cement, 14%; and nitrogen, 13%. Estimated mined silver production decreased by 22%; crude petroleum production and estimated gold mine production decreased by 17% each. Data on mineral production are in table 1.

Structure of the Mineral Industry

Table 2 is a list of major mineral industry facilities.

Commodity Review

Metals

Ferroalloys.—In 2017, the Zestafoni ferroalloys plant was Georgia's only ferroalloys plant. In 2017, the plant produced about 289,800 t of silicomanganese, which was a 19% increase compared with that of 2016, all of which was exported. The facility is located on the banks of the Kvirila River in Imereti Region and occupies more than 130 hectares. The Zestafoni plant is located in proximity to the Chiatura Mine, which produced manganese ore, and the Vartsikhe hydroelectric powerplant, which supplied power to both the Chiatura manganese mine and the Zestafoni ferroalloys plant. The Zestafoni plant had 11 electric arc furnaces, an agglomeration plant, and a manganese briquets workshop. The plant was owned by Georgian American Alloys, Inc. (GAA), a Miami, Florida-based company. GAA also owned the Chiatura Mine, the Vartsikhe hydroelectric powerplant, and Felman Trading, Inc.—a trading company with an extensive international distribution network for manganese and silicon ferroalloys (table 1; Georgian American Alloys, Inc., 2018).

In 2017, Hualing Corp. of China continued construction of a ferroalloys plant in the city of Kutaisi. When completed, the plant would produce silicon metal; The plant was being constructed within the Hualing free industrial zone that opened in Kutaisi in 2015, and the total investment for the construction was expected to amount to \$1.5 million. Raw materials for production were planned to be imported from countries in Central Asia and Ukraine, and the output would be exported.

The plant was expected to be completed in 2018 and to employ 100 people (GeorgiaToday.ge, 2016; Bizzzone.info, 2017; BM.ge, 2018).

Manganese.—The Chiatura Manganese Co., which was the only producer of mined manganese in Georgia, operated several mines in the city of Chiatura and was owned by GAA. In 2017, the Chiatura Mine produced an estimated 460,000 t of manganese concentrate, which was a 35% increase compared with the estimated 340,000 t produced in 2016 (tables 1, 2).

In May 2017, the Ministry of Environment of Georgia appointed a special Government manager for a period of 3 years to handle the environmental issues associated with Chiatura Manganese's mining activities in Chiatura. In 2016, Georgian Manganese was fined 200 million laris (about \$85 million) for inflicting environmental damage on the city of Chiatura. The company stated that it conducted mine rehabilitation that made its mines safer for the environment during the closure. The Ministry of the Environment stated, however, that even after the court's decision to impose a fine, the company continued to violate environmental regulations (Charkviani, 2016; Oragvelidze, 2016; OC-media.org, 2017).

Mineral Fuels

Natural Gas and Petroleum.—In 2017, Georgia produced 8.5 million cubic meters of natural gas, which was a 29% increase compared with that of 2016. Production of crude petroleum, however, decreased by 17% to 243,300 barrels, which was the lowest production level for all years of petroleum production in Georgia that started in the 1930s. The major national producer of hydrocarbons in Georgia was AO Georgian Oil and Gas Corp. (GOGC), which was engaged in exploration for and production of petroleum and natural gas, and their transit, as well as the construction and operation of hydrocarbon pipelines (tables 1, 2; Interfax.az, 2018).

In 2017, the Government announced that it was planning to conduct a tender for exploration and production of oil and gas in the Black Sea continental shelf. The exact timing of the tender was not yet determined. According to the data from Anadarko Petroleum Corp. of the United States, which had conducted exploration in the Black Sea between 2000 and 2009, prospective resources in the Georgia's Black Sea blocks were about 1 billion barrels (140 million metric tons) of petroleum, based on two specific lots. The Government of Georgia, however, thought that the total resources are likely to be much larger—up to about 29 billion barrels (4 billion metric tons) of petroleum—but that some of those resources might be not extractable. Other countries, such as Romania and Russia, were engaged in production of hydrocarbons from the Black Sea continental shelf (Neftegaz.ru, 2017; Sputnik-Georgia.ru, 2017).

MINERAL INDUSTRY HIGHLIGHTS IN 2018

In 2018, production of manganese concentrate increased by an estimated 26% and production of silicomanganese increased by 15%. Production of bituminous coal decreased by 48% and that of limestone, by 42%. These and other production data are in table 1.

In December 2018, the Rustavi Metallurgical Plant announced that it was planning to shut down one of its two blast furnaces and would likely need to shut down the other one in January 2019. The reason was the plant's inability to compete in the domestic rebar market, which was saturated by imports from Iran. Another product of the plant, seamless pipe, previously was exported to the United States, but in 2018, the United States limited imports of metallurgical products. Rustavi Steel Co., which was the managing company of the Rustavi Metallurgical Plant, asked the Government to adopt antidumping legislation to protect local steel producers. The Ministry of Economy of Georgia had begun developing antidumping legislation in 2014, but by the end of 2018, the document had not yet been presented to the Parliament for consideration (Commersant.ge, 2018; Ekhhokavkaza.com, 2018).

In March 2018, Georgian Mining Corp., formerly known as Noricum Gold Ltd., which was a junior copper and gold exploration and development company registered in the United Kingdom, signed an agreement with Caucasian Mining Group, which was an affiliate of RMG Gold, in connection with the development of the Kvemo-Bolnisi gold-copper project in Georgia. The partners agreed to share equal funding responsibilities for the Georgian Copper and Gold (GCG) joint-venture company. The 2018 work program of GCG includes test work and environmental and feasibility studies to support building a mine at the Kvemo-Bolnisi project area. In addition, the work program would include further testing and expansion of Joint Ore Reserves Committee (JORC)-compliant copper and gold resources in the area adjacent to the zone that was already tested (Kvemo-Bolnisi East) (Mining Technology, 2018; Georgian Mining Corp., 2019).

Outlook

In the past 10 years, the Government of Georgia has significantly improved the business climate in the country and, in 2018, was ranked among the 10 top economies according to the World Bank's "Doing Business" project (World Bank, The, 2018). Also, the country became an associate European Union member in 2016. The mineral sector, however, has been unable to take full advantage of those changes. Unlike other economic sectors, the mining and metallurgical sectors did not have an increase in the number of companies working in the country. In the next 3 to 5 years, the mineral industry of Georgia is expected to have moderate but stable growth. Copper, ferroalloys, manganese, nitrogen fertilizers, and steel are likely to remain the dominant mineral commodities in the short and medium terms. Overall, Georgia is likely to play a moderate role in mineral production in the region of Europe and Central Eurasia.

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TABLE 1
GEORGIA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons, gross weight, unless otherwise specified)

Commodity ²	2014	2015	2016	2017	2018
METALS					
Copper, mine, concentrate, Cu content ^c	5,000	6,500	7,700	9,500	9,200
Ferroalloys, silicomanganese	256,677	217,300	244,228 ^r	289,800	332,900
Gold, mine, Au content kilograms	2,600 ^c	3,100 ^c	3,600 ^c	3,000	2,900 ^c
Iron and steel, products, rebar	197,300	194,200	179,300	301,100	298,700
Manganese, mine, concentrate: ^c					
Gross weight	334,000	334,000	340,000 ^r	460,000	580,000
Mn content	97,000	97,000	130,000 ^r	180,000	200,000
Silver, mine, Ag content ^c kilograms	700	800	900	700	700
INDUSTRIAL MINERALS					
Cement, hydraulic	1,626,198	1,758,600	1,808,500	2,057,800	2,092,300
Clay, bentonite	126,400	135,500	138,600	140,000 ^c	140,000 ^c
Gypsum	24,000	40,100	52,800	85,500	91,800
Nitrogen, ammonia, N content	170,000 ^c	184,000 ^r	150,000 ^r	170,000	170,000 ^c
Stone, crushed, limestone	849,800	1,234,600	866,600	934,200	540,900
MINERAL FUELS AND RELATED MATERIALS					
Coal, bituminous	299,300	342,000 ^r	295,500	268,100	138,500
Natural gas thousand cubic meters	10,300	11,400	6,600	8,500	9,300
Petroleum, crude ³ 42-gallon barrels	309,700	301,700	293,500	243,300	229,200

^cEstimated. ^rRevised.

¹Table includes data available through September 19, 2019. All data are reported unless otherwise noted. Estimated data are rounded to no more than three significant digits.

²In addition to the commodities listed, arsenic, barite, diatomite, iron ore, lead, perlite, petroleum refinery products, zeolites, and zinc may have been produced, but available information was inadequate to make reliable estimates of output.

³Production reported in metric tons, as follows: 2014—42,600; 2015—40,200; 2016—38,600; 2017—31,995; and 2018—30,159.

TABLE 2
GEORGIA: STRUCTURE OF THE MINERAL INDUSTRY IN 2018

(Metric tons unless otherwise specified)

Commodity		Major operating companies and major equity owners ¹	Location or deposit names	Annual capacity ^c
Barite-zinc ore		NA	Kvaisi Mine ²	NA
Cement		LLC Kartuli Cementi (LLC HeidelbergCement Caucasus Shared Services, 70%)	Rustavi	1,500,000
Do.		LLC SaqCementi (LLC HeidelbergCement Caucasus Shared Services, 75%)	Kaspi and Rustavi	500,000
Clay, bentonite		Includes: Askana LLC (Silver & Baryte Ores Mining Co., 97.7%) NA	Of which: Askanskoye Mine, Ozurget'i Gumbrskoye Mine, near Gumbra	200,000 ³
Coal		Saqnakshiri Ltd.	Akhaltzikhe, Tkibuli-Shaorskoye, and Tkvarchelskoye deposits in Akhalt'ikhis Raioni, Tkibuli, and Tqvarch'eli regions	400,000 ³
Copper concentrate, Cu content		RMG Copper (Rich Metals Group)	Sakdrisi deposit, near Bolnisi	8,000
Ferroalloys:				
Ferromanganese		Georgian American Alloys, Inc. (GAA)	Zestafoni ferroalloys plant, Zestap'onis Raioni	400,000 ⁴
Silicomanganese		do.	do.	250,000
Gold, mine, Au content	kilograms	RMG Gold (Rich Metals Group)	Madneuli Mine	3,500
Iron and steel, steel, rebar		Kutaisi Metallurgical Plant (Euroasian Steels LLC)	Kutaisi	100,000
Do.		Rustavi Metallurgical Plant (Georgian Steel Holding Group, 100%)	Rustavi	125,000
Do.		Geosteel (JSW Steel Ltd., 51%, and Georgian Steel Holding Group, 49%)	do.	175,000
Do.		Moulds and Metals Georgia Ltd.	Poti	NA
Manganese, ore		Georgian Manganese Co. [Georgian American Alloys, Inc. (GAA)]	Chiatura Mine, Imereti Region	500,000
Natural gas		AO Georgian Oil and Gas Corp (Government)	NA	NA
Do.		Frontera Resources Corp.	South Kakheti Gas Complex	NA
Nitrogen		OOO Rustavi Azot	Rustavi	330,000
Petroleum, crude	42-gallon barrels	Saknavtobi Oil and Gas Co. and most Georgian petroleum companies in joint ventures with Frontera Resources Corp., Ioris Valley Oil & Gas Ltd., Ninotsminda Oil Co. Ltd., Georgian-British Oil Co. (GBOC), Anadarko Petroleum Corp., and GeoGeroil	About 60 wells that account for 98% of output from the areas near Mirzaani, Sup'sa, and Zemo T'let'i	500,000 ³
Do.		Canagro Ltd.	Sagarejo, eastern Georgia	NA
Do.		AO Georgian Oil and Gas Corp. (GOGC) (Government)	NA	NA

^cEstimated; estimated data are rounded to no more than three significant digits. Do., do. Ditto. NA Not available.

¹Many location names have changed since the breakup of the Soviet Union. Many enterprises, however, are still named or commonly referred to based on the former location name, which accounts for discrepancies in the names of enterprises and those of locations.

²The status of operations is unknown.

³Capacity estimate is the total for all enterprises that could produce the commodity.

⁴Production of ferromanganese stopped in 2012.