



2019 Minerals Yearbook

GEORGIA [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF GEORGIA

By Elena Safirova

Georgia has resources of a range of mineral commodities, including arsenic, barite, bentonite, coal, copper, diatomite, gold, iron ore, lead, manganese, perlite, zeolites, zinc, and others; however, not all of these commodities are currently being mined. The country's metallurgical sector produced ferroalloys and steel. In 2019, mineral production in Georgia was limited, and the most significant contributors to the gross domestic product (GDP) from the mineral sector were the mining of copper, gold, and manganese and the production of ferroalloys (table 1).

Minerals in the National Economy

In 2019, the real GDP of Georgia increased by 5.1%; the nominal GDP was about \$17.7 billion.¹ The share of mining and quarrying production in the GDP in 2019 was 1.0%, and manufacturing accounted for 8.8% of the GDP. In 2019, the value of manufacturing production decreased to 27.1% of the total production value from 28.4% in 2018 (National Statistics Office of Georgia, 2020b, p. 6–9, 11, 22).

In 2019, Georgia ran a substantial trade deficit—the total value of its exports (\$3.80 billion) was greatly exceeded by the total value of its imports (\$9.52 billion). The export value in 2019 increased by 12.4%, or by \$419 million compared with that in 2018; the value of imports, however, increased by only 1.7%, or by \$155 million. The country's major export trade partners in 2019 were, in descending order of export value, Azerbaijan (which received 13.4% of Georgia's exports), Russia (13.1%), Armenia (11.4%), Bulgaria (7.5%), Ukraine (6.6%), China (5.9%), Turkey (5.3%), Romania (4.7%), the United States (3.5%), and Uzbekistan (2.3%). Its major import trade partners in 2019 were, in descending order of import value, Turkey (which supplied 17.0% of Georgia's imports), Russia (10.3%), China (9.0%), the United States (7.1%), Azerbaijan (5.9%), Germany (5.3%), Ukraine (4.4%), Armenia (2.8%), Japan (2.7%), and Italy (2.4%) (National Statistics Office of Georgia, 2020a, p. 10–14).

In 2019, Georgia exported about 373,700 metric tons (t) of copper ores and concentrates (a 9.4% increase compared with the amount exported in 2018) valued at \$649.4 million (a 37.7% increase), although it also imported 369,300 t of copper ores and concentrates worth \$603.7 million. The country also exported 274,800 t of ferroalloys (an 8.0% decrease) valued at \$303.4 million (a 14.0% decrease); 502,400 t of nitrogenous fertilizers (a 3.2% increase) valued at \$94.8 million (a 3.0% increase); and 2.6 t of unwrought gold (a 10.3% decrease) valued at \$72.8 million (a 4.3% increase). Copper ores and concentrates accounted for 17.1% of the country's total export value;

ferroalloys, 8.0%; fertilizers, 2.5%; and gold, 1.9% (National Statistics Office of Georgia, 2020a, p. 16–17).

In December 2019, the Government approved a new strategy for development of the country's mineral resources. Under the new strategy, the Government would expect a company to commit to a certain level of investment in Georgia when considering whether to issue a production license to the company. Also, investors would be encouraged to process mined minerals within the country and then export processed products with higher value added. The Government stated that those principles were planned to be written into the country's laws and regulations in the near future (Sputnik-Georgia.ru, 2019c).

Production

In 2019, production of cement increased by 40% and that of crude petroleum increased by 16%. Georgia's coal mines were on strike between July 2018 and September 2019, and as a result, coal output decreased by 49% in 2018 and by 88% in 2019. Manganese production (Mn content) decreased by an estimated 42%; manganese production (gross weight), by an estimated 31%; limestone, by 29%; gypsum, by 24%; silicomanganese, by 15%; and gold, by an estimated 10%. Data on mineral production are in table 1 (Gotua, 2019).

Structure of the Mineral Industry

Table 2 is a list of major mineral industry facilities.

Commodity Review

Metals

Gold.—In 2019, Georgia produced an estimated 2,600 kilograms of gold. The only gold producer in the country was RMG Gold of Russia, which operated the Madneuli gold mine in Kvemo Kartli Region in eastern Georgia (tables 1, 2).

In May 2019, the National Agency for Subsoil announced that Teda Co. won an online auction for exploration and production of gold in the village of Khachkoi in Kvemo Kartli Region. The company received a 20-year license and paid 17,900 laris (about \$6,300). According to the agreement between the Government and the company, Teda would explore for and produce polymetallic ores containing copper and gold while strictly adhering to environmental protection regulations, invest at least 2 million laris (about \$744,000), and hire at least 30 citizens of Georgia. Another similar auction was announced for exploration and mining for gold in the village of Khala in the Kobuleti region of Adjara. It was not known if any licenses were awarded as a result of that auction (Sputnik-Georgia, 2019a, d).

Manganese.—Chiatura Manganese Co. was the only producer of mined manganese in Georgia; the company operated the Chiatura manganese mine in the city of Chiatura in Imereti Region and was owned by Georgian American Alloys Inc. (GAA)

¹Where necessary, values have been converted from Georgian laris (GEL) to U.S. dollars (US\$) at the annual average exchange rate of GEL2.83=US\$1.00 for 2019.

of the United States. GAA also owned the Zestafoni ferroalloys plant, the Vartsikhe hydroelectric powerplant, and Felman Trading Inc.—a trading company with an extensive international distribution network for manganese and silicon ferroalloys. In 2019, the Chiatura Mine produced 400,000 t of manganese concentrate compared with an estimated 580,000 t in 2018; the decrease in production is attributed to a workers' strike (tables 1, 2; Verkhoturov, 2020).

In December 2018, GAA announced the opening of a new processing plant at Chiatura. The new plant occupied a territory of 3.4 hectares (about 8.4 acres), and its construction cost \$20 million. The new plant became the third plant to process ores from the five mines at Chiatura. Manganese ore had been mined and processed in Chiatura since 1879 (Ekhokavkaza.com, 2018).

Industrial Minerals

Cement.—In 2019, Georgia produced about 2.8 million metric tons (Mt) of cement, which was a 40% increase compared with production in 2018. In February HeidelbergCement AG announced the opening of its cement plant in the city of Kaspi in Shida Kartli Region following a modernization project that began in 2016 and cost a total of \$100 million. As a result of the modernization, the plant included a clinker production line, an air filtration system, and a constant emission monitoring system. HeidelbergCement began working in Georgia in 2006 and owned three cement plants (one in Kaspi and two in Rustavi), which together had the capacity to produce 3 million metric tons per year (Mt/yr) of cement (tables 1, 2; Sputnik-Georgia.ru, 2019b).

In September 2019, Raysut Cement of Oman announced its intent to build a cement plant near Tbilisi. The company planned to invest \$200 million in a plant with a capacity of 2 Mt/yr of cement. Construction was to begin in November 2019, and the plant was to be completed by 2022. In addition, Pioneer Cement Industries Georgia (a subsidiary of Raysut Cement) was negotiating a concession for a limestone quarry located within 60 kilometers (km) of Tbilisi and having resources of 27.2 Mt of limestone (Jcement.ru, 2019).

Nitrogen.—In 2019, Georgia produced an estimated 180,000 t of nitrogen (ammonia, N content), which was an estimated 6% increase from production in 2018. The sole producer of ammonia in Georgia was the OOO Rustavi Azot complex, which was located in the city of Rustavi. The complex produced ammonia, ammonium nitrate, ammonium sulfate, copper sulfate, liquid nitrogen, nitric acid, and sodium cyanide. About 85% of Rustavi Azot's output was exported to more than 10 countries (tables 1, 2; Infoindustria.com.ua, 2018; OOO Rustavi Azot, 2020).

Mineral Fuels

Natural Gas and Petroleum.—In 2019, Georgia produced 9.4 million cubic meters of natural gas, which was a 6% decrease compared with that in 2018. Production of crude petroleum, however, increased by 16% to 266,800 barrels. The major national producer of hydrocarbons in Georgia was AO Georgian Oil and Gas Corp. (GOGC), which was engaged in the exploration for and production of crude petroleum and

natural gas and their transit, and in the construction and use of hydrocarbon pipelines. GOGC was created in 2006 and was 100% Government owned. The company owned the country's pipelines, which had a total length of 3,000 km. In 2018 (the latest year for which the data were available), GOGC provided 18% of Georgia's GDP, 22% of the country's industrial production, and 19% of the Government revenue (tables 1, 2; Sarybayeva, 2019).

In November 2019, the Government announced an open international tender for production of hydrocarbons at the XIH Block in Sagarejo municipality (Kaheti Region) and Gardabani municipality (Kvemo Kartli Region) with a total area of 194.5 square kilometers. The winner would be determined before March 2, 2020, and after that date, all offers would be published. Previously, Elenilto Group of the United Kingdom worked on this block, but the contract with the company was canceled by the Government because, according to the Government, Elenilto did not fulfill its obligations (Regnum.ru, 2019).

In December 2019, Evolve Trading and Investment of the United Kingdom announced its intention to build an oil refinery in Georgia that would become an international hub serving both domestic and international companies. The refinery would specialize in the production of low-sulfur fuel oil. Starting in 2020, low-sulfur fuel oil would become the only fuel that ships can use because of new environmental agreements. The plant's expected capacity would be 30,000 barrels per year (Vestikavkaza.ru, 2019).

Outlook

In the past 10 years, the Government of Georgia significantly improved the business climate in the country and, in 2019, Georgia was ranked seventh in the world for ease of doing business, according to the World Bank's "Doing Business" report (World Bank, The, 2019). Also, Georgia became an associated European Union member in 2016. The mineral sector, however, was unable to take full advantage of those changes. Unlike other economic sectors, the mining and metallurgical sectors so far 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 continue to play a moderate role in mineral production in the region of Europe and Central Eurasia.

References Cited

- Ekhokavkaza.com, 2018, V gorode Chiatura otkrylsya novyi zavod po pererabotke margantsevoy rudy [A new plant for manganese ore processing opened in the city of Chiatura]: Ekhokavkaza.com, December 23. (Accessed September 15, 2020, at <https://www.ekhokavkaza.com/a/29671756.html>.) [In Russian.]
- Gotua, Galina, 2019, Shahtery v Tkibuli potreboali vyplatit' dolgi po zarplate [Miners in Tkibuli demanded to pay off the debt of wages]: Kavkaz-uzel.eu, September 24. (Accessed September 15, 2020, at <https://www.kavkaz-uzel.eu/articles/340508/>.) [In Russian.]

- Infoindustria.com.ua, 2018, Rustavskiy Azot narastil eksport i stal vtorym postavshikom selitry v Ukrainu [Rustavi Azot increased exports and became the second-ranked importer of ammonium nitrate to Ukraine]: Infoindustria.com.ua, October 26. (Accessed September 15, 2020, at <https://infoindustria.com.ua/rustavskiy-azot-narastil-eksport-i-stal-vtoryim-postavshikom-selitryi-v-ukrainu/>.) [In Russian.]
- Jcement.ru, 2019, Kompaniya iz Omana postroit tsementnyi zavod moshnost'yu 2 mln tonn pod Tbilisi [An Oman company will build a 2-million-ton cement plant near Tbilisi]: Jcement.ru, October 9. (Accessed September 15, 2020, at <https://jcement.ru/content/news/kompaniya-iz-omana-postroit-tsementnyy-zavod-moshchnostyu-2-mln-tonn-pod-tbilisi/>.) [In Russian.]
- National Statistics Office of Georgia, 2020a, External trade of Georgia 2019: Tbilisi, Georgia, National Statistics Office of Georgia, 44 p. (Accessed September 15, 2020, at https://www.geostat.ge/media/32462/External-Merchandise-Trade-2019_publication-2020.pdf.)
- National Statistics Office of Georgia, 2020b, Quarterly bulletin 2020.I: Tbilisi, Georgia, National Statistics Office of Georgia, 73 p. (Accessed September 15, 2020, at https://www.geostat.ge/media/31636/QuarterlyBull_2020_I_Eng.pdf.)
- OOO Rustavi Azot, 2020, About us: OOO Rustavi Azot. (Accessed September 15, 2020, at https://rustaviazot.ge/about/who_are_we.)
- Regnum.ru, 2019, Gruzija ob'yavila mezhdunarodnyi tender na dobychu nefteproduktov [Georgia announced an international tender for hydrocarbon production]: Regnum.ru, November 28. (Accessed September 15, 2020, at <https://regnum.ru/news/2792719.html>.) [In Russian.]
- Sarybayeva, Anna, 2019, Samaya bol'shaya kompaniya Gruzii: finansovyye pokazateli, istoriya [The largest company of Georgia—Financial results, history]: Moneymakerfactory.ru, December 8. (Accessed September 15, 2020, at <https://moneymakerfactory.ru/spravochnik/samaya-bolshaya-kompaniya-gruzii/>.) [In Russian.]
- Sputnik-Georgia.ru, 2019a, Gruzinskaya kompaniya zaymetsya poiskom zolota na vostoke Gruzii [A Georgian company will search for gold in eastern Georgia]: Sputnik-Georgia.ru, May 17. (Accessed September 15, 2020, at <https://sputnik-georgia.ru/economy/20190517/245269382/Gruzinskaya-kompaniya-zaymetsya-poiskom-zolota-na-vostoke-Gruzii.html>.) [In Russian.]
- Sputnik-Georgia.ru, 2019b, Obnovlenniy tsementnyi zavod otkrylsya na vostoke Gruzii [A modernized cement plant opened in eastern Georgia]: Sputnik-Georgia.ru, February 8. (Accessed September 15, 2020, at <https://sputnik-georgia.ru/economy/20190208/244269369/Obnovlennyy-tsementnyy-zavod-otkrylsya-na-vostoke-Gruzii.html>.) [In Russian.]
- Sputnik-Georgia.ru, 2019c, Pravitel'stvo Gruzii vvodit novyye pravila po dobyche poleznykh iskopaemykh [The Government of Georgia introduces new rules for mineral production]: Sputnik-Georgia.ru, December 5. (Accessed September 15, 2020, at <https://sputnik-georgia.ru/economy/20191205/247190794/Pravitelstvo-Gruzii-vvodit-novye-pravila-podobyche-poleznykh-iskopaemykh.html>.) [In Russian.]
- Sputnik-Georgia.ru, 2019d, Zolotaya likhoradka: v Adjarii nachinayut iskat' dragotsennyi metall [Gold rush—A search for precious metal begins in Adjaria]: Sputnik-Georgia.ru, March 22. (Accessed September 15, 2020, at <https://sputnik-georgia.ru/economy/20190322/244740225/Zolotaya-likhoradka-v-Adzharii-nachinayut-iskat-dragotsennyi-metal.html>.) [In Russian.]
- Verkhoturov, Dmitriy, 2020, Chiaturskiy marganets: Bronya i rel'sy pobedy [Chiatura manganese—The armor and the rails of the victory]: Sputnik-Georgia.ru, April 30. (Accessed September 15, 2020, at <https://sputnik-georgia.ru/columnists/20200430/248368842/Chiaturskiy-marganets-bronya-i-relsy-Pobedy.html>.) [In Russian.]
- Vestikavkaza.ru, 2019, V Gruzii mogut postroit' NPZ po proizvodstvu nizkozernistogo mazuta [Georgia might build an oil refinery for production of low-sulfur fuel oil]: Vestikavkaza.ru, December 10. (Accessed September 15, 2020, at <https://vestikavkaza.ru/news/V-Gruzii-mogut-postroit-NPZ-po-proizvodstvu-nizkozernistogo-mazuta.html>.) [In Russian.]
- World Bank, The, 2019, Doing business—Georgia ranks 7th in the world for ease of doing business, says latest World Bank study: The World Bank, October 24. (Accessed September 15, 2020, at <https://www.worldbank.org/en/news/press-release/2019/10/24/georgia-ranks-7th-in-the-world-for-ease-of-doing-business-says-latest-world-bank-study>.)

TABLE 1
 GEORGIA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons, gross weight, unless otherwise specified)

Commodity ²	2015	2016	2017	2018	2019
METALS					
Copper, mine, concentrates, Cu content ^c	6,500	7,700	9,500	9,200	10,000
Ferroalloys, silicomanganese	217,300	244,228	289,800	335,000 ^r	284,200
Gold, mine, Au content kilograms	3,100 ^c	3,600 ^c	3,000	2,900 ^c	2,600 ^c
Iron and steel, products, rebar	194,200	179,300	301,100	273,500 ^r	289,900
Manganese, mine, concentrate:					
Gross weight	334,000 ^c	340,000 ^c	460,000 ^c	580,000 ^c	400,000
Mn content	97,000 ^c	130,000 ^c	180,000 ^c	200,000 ^c	116,000
Silver, mine, Ag content ^c kilograms	800	900	700	700	700
INDUSTRIAL MINERALS					
Cement, hydraulic	1,758,600	1,808,500	2,057,800	1,980,500 ^r	2,768,500
Clay, bentonite	135,500	138,600	140,000 ^c	140,000 ^c	140,000 ^c
Gypsum, mine	40,100	52,800	85,500	81,200 ^r	61,700
Nitrogen, ammonia, N content	184,000	150,000	170,000	170,000 ^c	180,000 ^c
Stone, crushed, limestone	1,234,600	866,600	934,200	1,086,700 ^r	773,800
MINERAL FUELS AND RELATED MATERIALS					
Coal, bituminous	342,000	295,500	268,100	137,900 ^r	15,900
Natural gas thousand cubic meters	11,400	6,600	8,500	10,000 ^r	9,400
Petroleum, crude ³ 42-gallon barrels	301,700	293,500	243,300	229,200	266,800

^cEstimated. ^rRevised.

¹Table includes data available through September 8, 2020. All data are reported unless otherwise noted. Estimated data are rounded to no more than three significant digits; may not add to totals shown.

²In addition to the commodities listed, arsenic, barite, diatomite, iron ore, lead, perlite, petroleum refinery products, sulfuric acid, 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: 2015—340,200; 2016—38,600; 2017—31,995; 2018—30,159; and 2019—35,100.

TABLE 2
GEORGIA: STRUCTURE OF THE MINERAL INDUSTRY IN 2019

(Metric tons unless otherwise specified)

Commodity		Major operating companies and major equity owners ¹	Location or deposit names ¹	Annual capacity ^c
Barite-zinc ore		NA	Kvaisi Mine ²	NA
Cement		HeidelbergCement AG (LLC HeidelbergCement Georgia, 50%, and Hunnewell Partnert LLP, 50%)	2 plants in Rustavi, Kvemo Kartli Region	1,500,000
Do.		do.	Plant in Kaspi, Shida Kartli Region	1,500,000
Clay, bentonite		Companies include: Askana LLC (Silver & Baryte Ores Mining Co., 97.7%) NA	Of which: Askanskoye Mine, Ozurgeti, Guria Region Gumbrskoye Mine, Gumbra, Imereti Region	200,000 ³
Coal		Saqnakshiri Ltd.	Akhaltsikhe Mine, Samtskhe-Javakheti Region; Tkibuli Mine, Imereti Region; Tkvarcheli Mine, Abkhazia Autonomous Republic	400,000 ³
Copper concentrate, Cu content		RMG Copper (Rich Metals Group, 100%)	Sakdrisi Mine in Bolnisi, Kvemo Kartli Region	10,000
Ferroalloys:				
Ferromanganese		Georgian American Alloys Inc. (GAA)	Zestafoni ferroalloys plant, Zestafoni Municipality	400,000 ⁴
Silicomanganese		do.	do.	290,000
Gold, mine, Au content	kilograms	RMG Gold (Rich Metals Group, 100%)	Madneuli Mine, Kvemo Kartli Region	3,500
Iron and steel, steel, rebar		Geosteel (JSW Steel Ltd., 51%, and Georgian Steel Holding Group, 49%)	Rustavi, Kvemo Kartli Region	175,000
Do.		Kutaisi Metallurgical Plant (Euroasian Steels LLC, 100%)	Kutaisi, Imereti Region	100,000
Do.		Moulds and Metals Georgia Ltd.	Poti, Samegrelo and Zemo Svaneti Region	NA
Do.		Rustavi Metallurgical Plant (Georgian Steel Holding Group, 100%)	Rustavi, Kvemo Kartli Region	125,000
Manganese, ore		Chiatura Manganese Co. [Georgian American Alloys Inc. (GAA), 100%]	Chiatura Mine, Imereti Region	500,000
Natural gas		AO Georgian Oil and Gas Corp. (GOGC) (Government, 100%)	NA	NA
Do.		Frontera Resources Corp.	South Kakheti Gas Complex, Kakheti Region	NA
Nitrogen, ammonia, N content		OOO Rustavi Azot complex	Rustavi, Kvemo Kartli Region	330,000
Petroleum, crude	42-gallon barrels	AO Georgian Oil and Gas Corp. (Government, 100%)	Petroleum pipelines and storage in various locations	500,000 ³
Do.	do.	Canagro Ltd.	Sagarejo, eastern Georgia	NA
Do.	do.	Saknavtobi Oil and Gas Co. and most Georgian petroleum companies in joint ventures with Anadarko Petroleum Corp., Frontera Resources Corp., GeoGeroil, Georgian-British Oil Co. (GBOC), Ioris Valley Oil & Gas Ltd., and Ninotsminda Oil Co. Ltd.	About 60 wells that account for 98% of output in Mirzaani, Supsa, and Zemo Teleti	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 between the names of enterprises and the names 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.