



2019 Minerals Yearbook

LATVIA [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF LATVIA

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In 2019, Latvia was ranked sixth in global peat production; it accounted for an estimated 6.3% of the world's production and 1.9% of the world's peat reserves. Latvia produced mainly industrial minerals—including cement, dolomite, gravel, gypsum, sand, and crushed stone—and mineral fuels (Briche, 2020).

Minerals in the National Economy

In 2019, Latvia's real gross domestic product (GDP) increased by about 2.2% compared with a 4.3% increase in 2018. The nominal GDP was \$34.1 billion (EUR30.5 billion)¹ in 2019. The mining and quarrying sector accounted for less than 1% of the GDP, contributing \$128 million. Industrial production overall increased by 0.8% in 2019; it was marked by a 2.0% increase in the manufacturing sector but a 5% decrease in production in the mining and quarrying sector and a 4.4% decrease in production in the electricity and gas supply sector. In 2019, Latvia's total employment was 910,000, of which 3,200 people were employed in the mining and quarrying sector; this was an increase of about 7% compared with the sector's proportion of the total in 2018 (Central Statistical Bureau of Latvia, 2020c–f).

Mineral extraction in Latvia is regulated by the Law on Subterranean Depths of June 1996 as amended in 1999, 2000, 2005, 2006, 2009, 2010, 2011, 2013, 2018, and 2019. This law is overseen by the State Environmental Service, which is a state institution under the supervision of the Ministry of Environmental Protection and Regional Development. The goal of the State Environmental Service is to ensure implementation of and compliance with the legal framework for environmental and natural resources protection and for control of radiation and nuclear safety overall (Likumi, 2013; Gāga, 2017, p. 5, 6; Latvijas Vēstnesis, 2019).

In 2019, Latvia's total exports were valued at \$14.6 billion, which was an increase of 1.4% compared with the value of exports in 2018. Exports of mineral commodities were valued at \$723 million; of this amount, mineral fuels and refinery products accounted for \$654 million (of which \$211 million was exports of peat); and ores and concentrates, \$2.54 million. Latvia's top five mineral export partners were Lithuania (which received 43% of Latvia's mineral commodity exports), Estonia (10%), Germany (5.3%), Poland (3.4%), and Italy (3.2%). Total imports were valued at \$17.8 billion, which was a decrease of 0.3% compared with the value of imports in 2018. Imports of mineral commodities were valued at \$1.62 billion; of this amount, mineral fuels and refinery products accounted for \$1.56 billion (of which \$6.43 million was imports of peat); and ores and concentrates, \$9.64 million. Latvia's top five mineral import partners were Lithuania (which provided 42% of Latvia's mineral commodity imports), Russia (25%), Finland (14%),

Estonia (11%), and Belarus (3.8%) (Central Statistical Bureau of Latvia, 2020a, b, g).

In 2019, Latvia's exports in metals and articles thereof were valued at \$1.23 billion; of this amount, iron, steel, and articles thereof accounted for \$967 million. Latvia's top five export partners for metals and articles thereof were Lithuania (which received 13%), Poland (13%), Estonia (10%), Sweden (9.8%), and Denmark (9.0%). Latvia's imports of metals and articles thereof were valued at \$1.40 billion; of this amount, iron, steel, and articles thereof accounted for \$1.05 billion. In 2019, Latvia's top five import partners for metals and articles thereof were Russia (which provided 20%), Lithuania (13%), Poland (12%), Germany (8.5%), and Estonia (8.3%) (Central Statistical Bureau of Latvia, 2020a, b, g).

Production

The production of rolled steel bars was estimated to be zero in 2019. This was due to the liquidation of KVV Liepajas Metalurģis, which was the only steel mill operator in the Baltic states (that is, Estonia, Latvia, and Lithuania). Data on mineral production are in table 1.

Structure of the Mineral Industry

The Latvian Privatization Agency had privatized almost all small- and medium-sized state-owned enterprises by yearend; only a small number of large state companies were not privatized. Latvia's law designates 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, 2019).

Commodity Review

Metals

Iron and Steel.—KVV Liepajas Metalurģis, a metallurgical company based in Liepaja and the largest industrial enterprise in Latvia, announced that it was having financial difficulties, halted production, and declared insolvency in 2016 and finally closed by 2018 owing to high electricity prices and unfavorable market conditions. In May 2019, the British Steel consortium, which previously expressed interest in buying the company, went bankrupt, and in September, the management of the Liepaja Special Economic Zone and JSC Citadele Banka agreed to purchase the land on which the facility was located. Representatives of the Special Economic Zone intended to convert the land of the former facility to an industrial park and did not express any intention of restarting the metallurgical work conducted at the former steelworks plant (Eurofound, 2017; Baltic News Network, 2019; Stoyanov, 2019).

¹Where necessary, values have been converted from euro area euros (EUR) to U.S. dollars (US\$) at an annual average exchange rate of EUR0.893=US\$1.00 for 2019.

Industrial Minerals

Cement.—Schwenk Latvija (a wholly owned subsidiary of Schwenk Zement KG of Germany) was the only cement producer in Latvia. In February, Schwenk Zement purchased the Baltic assets of CEMEX S.A.B. de C.V. (assets in Latvia included the 1.6 million-metric-ton-per-year-capacity cement production plant in Broceni as well as its four aggregate quarries, two cement quarries, and six ready-mix concrete plants), and reorganized into Schwenk Latvija (Schwenk Zement KG, 2019; CEMEX S.A.B. de C.V., 2020, p. 29).

Mineral Fuels

Peat.—As of 2019, a total of 1,500 million metric tons (Mt) of peat was identified in Latvia's peat deposits, of which 145.7 Mt was in licensed areas for peat extraction totaling 4,600 hectares. A total of 66 companies were involved in the peat industry. The country accounted for 30% of peat production in Europe. Latvia's top five export partners for peat were Germany (which received 16% of Latvia's peat exports, by value), Italy (12%), China (11%), the Netherlands (6.2%), and Belgium (5.0%). Latvia's top five import partners for peat were Estonia (which provided 53% of Latvia's peat imports, by value), Russia (19%), Lithuania (17%), Belarus (5.3%), and Germany (2.2%). In 2019, Latvia exported 1.71 Mt of peat and imported 74,900 metric tons (Krigere, 2019; Central Statistics Bureau of Latvia, 2020b; Latvian Peat Association, 2020).

Outlook

Latvia's GDP is expected to decrease by 8.6% in 2020 owing to global disruptions caused by the COVID-19 pandemic, followed by a sharp increase by 8.3% in 2021. Latvia is likely to continue as a leading producer of peat in Europe, but production may decrease in the short term because of ongoing downward pressure on trade, given the low energy prices on the global market and the global COVID-19 pandemic. Steel is not likely to be produced in the future because of the liquidation of the KVV Liepajas Metalurgs plant and lack of any new steel project in the country (Stoyanov, 2019; International Monetary Fund, 2020).

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TABLE 1
LATVIA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons, gross weight, unless otherwise specified)

Commodity ²	2015	2016	2017	2018	2019
METALS					
Iron and steel, steel, products, rolled, bars	200,000	30,000 [°]	5,000 [°]	5,000 [°]	-- [°]
INDUSTRIAL MINERALS					
Cement, hydraulic [°]	1,100,000	1,000,000	1,000,000	1,000,000	1,000,000
Stone, sand, and gravel, construction:					
Sand and gravel:					
Gravel, pebbles, shingle and flint	5,430,937	6,931,910	8,403,954	7,565,407	7,600,000 [°]
Sand	2,796,780	2,192,135	3,251,217	5,115,874	5,200,000 [°]
Stone, crushed:					
Dolomite, excluding calcined	1,000,000 [°]	615,761	821,787	305,341	305,000 [°]
Unspecified	1,461,820	1,547,520	2,069,297	2,065,048	2,070,000 [°]
MINERAL FUELS AND RELATED MATERIALS					
Peat, horticultural and fuel uses	1,804,522	1,762,454	2,040,330	2,218,284	2,200,000 [°]

[°]Estimated. -- Zero.

¹Table includes data available through June 22, 2020. 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, but available information was inadequate to make reliable estimates of output.

TABLE 2
LATVIA: STRUCTURE OF THE MINERAL INDUSTRY IN 2019

(Thousand metric tons)

Commodity	Major operating companies and major equity owners	Location of main facility	Annual capacity
Cement	Schwenk Latvija (Schwenk Zement KG, 100%)	Plant in Broceni	1,600
Clay	do.	Quarry in Caunes	NA
Peat	Compaqpeat SIA	Balvi, Latgale region	240 ¹
Do.	Hawita Baltic SIA	Production facilities in Balozi, Cevaine, and Emstek	80
Do.	Klasmann-Deilmann Latvia SIA	Zilaiskalns	NA
Do.	Laflora SIA	Nicgale and Drabini peat bogs	280
Do.	Zibu Ventpils SIA	Krastkalni, Piesauce, and Purvaji peat bogs	80
Sand and gravel, construction	Jēkabpils Dolomīts Ltd.	Saulejas, Peleci, Draudavas, Leimani, and Osukalni-Cekules	NA
Do.	Schwenk Latvija (Schwenk Zement KG, 100%)	Quarries in Kurzeme, Pravinas, Kruzini, and Klavini	NA
Do.	Salenieku Dolomits Ltd.	Kalgals, Ciblas District and Cirma, Cirmas District	NA
Do.	Saulkalne S Ltd.	Grīnvaldi, Malpils District	NA
Steel, rolled products	KVV Liepājas Metalurģs (KVV Group, 100%)	Mill plant, Liepāja	850 ²
Stone:			
Dolomite	DSG Karjeri Ltd.	Ape, Birži, Ievaca, Jaunbemberi, Ropazi, and Saikava, Riga District	NA
Do.	Jēkabpils Dolomīts Ltd.	Birzi, Salas novadas	NA
Do.	do.	Leimani, Zasa; and Osukalni-Cekules, Kraslava	NA
Do.	Salenieku Dolomits Ltd.	Rītupes, Malnavas District	NA
Do.	Saulkalne S Ltd.	Kranciems, Tinuzi, Ikske District	NA
Limestone	Schwenk Latvija (Schwenk Zement KG, 100%)	Quarry in Kumas	NA

Do., do. Ditto. NA Not available.

¹Reported annual production capacity of 600,000 cubic meters was converted to metric tons of dry peat using a factor of 0.4 metric ton per cubic meter.

²Closed in 2018.