



2015 Minerals Yearbook

MOLDOVA [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF MOLDOVA

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Moldova had a small mineral industry of limited regional significance that was engaged primarily in the mining and production of industrial minerals and mineral products, including cement, clays, gypsum, limestone, and sand and gravel. The only exception was the breakaway Transnistria region, which had a minimill metallurgical plant, a cement plant, and some other industrial plants; the Moldovan statistical agency, however, was not reporting production in the Transnistria region. The country was completely dependent on imports for its coal, natural gas, and refined petroleum products, which came mainly from Russia and Ukraine. Moldova's main mineral resources were industrial minerals used to produce construction materials and as an input for the cement, chemical, food processing, and glass industries. Small deposits of iron ore, natural gas, and oil had been explored in the past but still were not found to be economic to develop (Safirova, 2016).

Minerals in the National Economy¹

In 2015, according to preliminary data, the nominal gross domestic product (GDP) of Moldova was \$6.5 billion,² and real GDP decreased by 0.5% compared with that of 2014. Industrial production contributed 32.0% to the GDP, and the share of mining and quarrying output in total industrial production was 1.8%. In 2015, industrial production increased by 0.6% compared with that of 2014; the output of mining and quarrying decreased by 9%, and that of manufacturing increased by 2.3%, whereas the output of the energy sector increased by 1.0%. The output of the chemical sector increased by 17.6%, and the production of other nonmetal mineral products (such as cement, concrete, glass, and gypsum) increased by 0.6% (National Bureau of Statistics of the Republic of Moldova, 2016a, b).

In 2015, the Moldovan trade deficit decreased by 32.2% to \$2.02 billion; the value of exports decreased by 15.9% to \$1.97 billion, and that of imports decreased by 25.0% to \$3.99 billion. Exports of domestically produced goods amounted to \$1.3 billion, or 66.3% of total exports, and the other 33.7% was attributable to reexports of goods. In 2015, Moldova was a net importer of mineral fuels; the total value of mineral fuel exports amounted to \$10.1 million, and the total value of mineral fuel imports was \$716.5 million. Moldova was a net importer of pig iron and steel (exported materials were valued at \$2.5 million, and imported materials, \$100.6 million); of nonferrous metals (exports were valued at \$3.2 million, and imports, \$61.0 million); and of articles made out of metals (exports were valued at \$19.9 million, and imports, \$112.6 million). The major export categories were foodstuffs,

machinery, and textiles, and the main export trade partners were Romania (which received 22.7% of Moldova's exports), Russia (12.2%), Italy (10.0%), the United Kingdom (7.0%), Belarus (6.7%), Germany (6.0%), Poland (3.5%), Turkey (3.3%), Kazakhstan (3.0%), Ukraine (4.7%), and France (2.2%). The major import categories were chemicals, machinery and equipment, mineral products and mineral fuels, and textiles. The country's major import trade partners were Romania (which supplied 13.9% of Moldova's imports), Russia (13.4%), Ukraine (9.3%), China (9.2%), Germany (8.1%), Turkey (7.2%), Italy (7.0%), and Poland (3.1%) (National Bureau of Statistics of the Republic of Moldova, 2016a).

Production

In 2015, crude steel production increased by 25% and estimated production of sand increased by 2.4% compared with production levels in 2014. Rolled steel production decreased by 17%; estimated cement production, by 7.7%; and clay production, by 5.9%. The estimated output of gypsum and lime decreased by 4% each, and the estimated output of limestone decreased by 2.2%. Data on mineral production are in table 1.

Structure of the Mineral Industry

Table 2 is a list of mineral industry facilities.

Commodity Review

Metals

Iron and Steel.—In 2015, OAO Moldovan metallurgical plant (MMZ), which was located in the Transnistria region, produced 430,000 metric tons (t) of crude steel and 324,000 t of rolled steel; compared with production in 2014, this was an increase of 25% and a decrease of 17%, respectively. The plant's annual capacity was 1.1 million metric tons per year (Mt/yr), but the last time that this level of output was reached was in 2005 (Minprom.ua, 2016).

In January, the majority owner of MMZ, Metalloinvest of Russia, returned its share in MMZ to the regional government of Transnistria. In previous years, the plant had been idle intermittently and produced crude and rolled steel at only a fraction of its capacity. The plant had not made a profit since 2008. As of the beginning of 2015, the plant had accumulated losses of \$4 million. At the same time, MMZ employed 2,500 people, and the regional government stated that it had a social obligation to support the plant. As of March, the Government owned 98.5% of MMZ, and the other 1.5% was owned by the current and former plant workers (Metaltorg.ru, 2015; Oktyabr'skiy, 2015; Vorontsov, 2015).

From the beginning of the year, MMZ encountered a significant shortage of raw materials for its production. The

¹The data cited in this section do not include production from the Transnistria Region and the Bender municipality.

²Where necessary, values have been converted from Moldovan lei (MDL) to U.S. dollars (US\$) at an annual average exchange rate of MDL18.75=US\$1.00 for 2015.

plant had to drastically reduce and eventually stop production. Later in the year, MMZ was able to secure loans and to restart production. As a result, the plant was able to increase overall production to a level comparable with its production in 2014 (Metalbulletin.ru, 2015).

Industrial Minerals

Cement.—The two leading cement producers in Moldova were Lafarge Ciment Moldova SA (a subsidiary of LafargeHolcim Ltd. of Switzerland), which was located in the city of Rezina in the northern part of Moldova, and the ZAO Rybnitsa cement complex (RCK), which was located in the Transnistria region (table 2). Cement production in Moldova in 2015 was estimated to have decreased by 7.7% (NewsMoldova.md, 2014; NovostiPMR.com, 2014; Lafarge S.A. Moldova, 2016).

As of yearend 2014, the major shareholder of the RCK plant was Metalloinvest Holding Co. of Russia. In January 2015, however, Metalloinvest announced that it had passed the ownership of the plant to the regional government of Transnistria. It appeared that the Government sold the plant to another private party later in 2015, but the identity of the owner(s) was not disclosed. In April 2015, RCK signed an agreement with the Government. According to the agreement, RCK would receive financial support from the Government in exchange for sustaining stable production levels and stable wages for its workers. In addition, the Government increased the import tariff on portland cement to 15% from 10%. The tariff was expected to protect domestic cement producers from imports, primarily those from Ukraine (Kp.md, 2015; NovostiPMR.com, 2015; VestiPMR.com, 2015).

In August, RCK adopted a new modernization plan. In 2015, RCK invested about \$1.5 million in modernization and planned to continue in 2016. Because of the down time caused by the modernization project, production in 2016 was expected to be reduced to 300,000 t. The plant had the capacity to produce 1.1 Mt/yr of cement but had not been able to produce at capacity since 2008. In 2014, RCK produced 494,200 t of cement, which was a 42% increase compared with the output in 2013 and, in 2015, the plant produced about 400,000 t of cement. RCK employed about 1,000 workers (NOI.md, 2015; NovostiPMR.com, 2015; VestiPMR.com, 2015; Rybnitsa.org, 2016).

Outlook

In 2015, Moldova's economy shrank by 0.5% and the Transnistrian economy continued to struggle. The economic situation was negatively affected by the economic decline in neighboring Russia and Ukraine. In previous years, Moldova had made decisive steps to free itself from its dependence on energy goods from Russia and to import more from Romania; in 2015, however, Moldova still continued to import natural gas from Russia. It remains to be seen if the country will be able to switch to other energy sources. Regardless of the future economic growth, Moldova is likely to remain a small producer of mineral commodities and to continue to specialize in production of industrial minerals used in construction.

References Cited

TABLE 1
MOLDOVA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons)

Commodity ²	2011	2012	2013	2014	2015
METALS					
Steel:					
Crude	320,600	316,682	190,086	344,470	430,000
Rolled	306,500	356,754	184,676	391,228	324,000
INDUSTRIAL MINERALS					
Cement ^e	1,000,000	1,200,000	1,150,000	1,300,000	1,200,000
Clay, unspecified ^{e,3}	140,000	150,000	165,000	170,000	160,000
Construction stone ^{3,4}	316,300	441,800	648,200	674,100	670,000 ^e
Gravel ³	2,156,400	2,013,500	2,492,500	2,871,100	2,900,000 ^e
Gypsum ³	100,540	115,100	120,000	125,000	120,000 ^e
Lime ^e	5,500	12,000	12,500	12,500	12,000
Limestone ³	350,400 ^r	316,400 ^r	286,500 ^r	317,000 ^r	310,000 ^e
Sand ³	1,286,700	1,373,100	1,521,800	1,660,000	1,700,000 ^e

^eEstimated; estimated data are rounded to no more than three significant digits. ^rRevised.

¹Table includes data available through September 29, 2016.

²In addition to commodities listed, Moldova is thought to produce granite, natural gas, peat, and petroleum, but available information was inadequate to make reliable estimates of output.

³Excludes Transnistria region.

⁴Excludes granite and limestone.

TABLE 2
MOLDOVA: STRUCTURE OF THE MINERAL INDUSTRY IN 2015

(Metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity
Cement	Lafarge Ciment Moldova [LafargeHolcim Ltd.]	Rezina	1,400,000
Do.	Rybnitsa Cement Complex (RCK) (private owners)	Rybnitsa, Transnistria region	1,100,000
Granite thousand cubic meters	NA	Kosoutskoye deposit	150
Gypsum	CMC-Knauf joint venture	Kirovskoye deposit	850,000
Natural gas and oil:			
Natural gas	Valiexchimp	Victorovca gasfield	NA
Oil	do.	Valeni oilfield	NA
Sand and gravel	NA	Throughout the country	NA
Steel, crude	OAO Moldovan metallurgical plant [Government, 98.5%, and former workers, 1.5%]	Rybnitsa, Transnistria region	1,100,000

Do., do. Ditto. NA Not available.