



# 2017–2018 Minerals Yearbook

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**MOLDOVA [ADVANCE RELEASE]**

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# THE MINERAL INDUSTRY OF MOLDOVA

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

In 2017, 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, clay, gypsum, limestone, and sand and gravel. The only exception was the breakaway region of Transnistria, which had a minimill, a metallurgical plant, a cement plant, and some other plants; the Moldovan statistical agency, however, did not report production in the Transnistria region in 2017. 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 input for the cement, chemical, food processing, and glass industries. Small deposits of coal, iron ore, natural gas, and oil had been explored in the past but still were not found to be economic to develop.

## Minerals in the National Economy<sup>1</sup>

In 2017, the nominal gross domestic product (GDP) of Moldova was \$8.13 billion<sup>2</sup>; the real GDP increased by 4.5% compared with that of 2016. Industrial production contributed 29.6% to the GDP; the share of mining and quarrying output in total industrial production was 1.3%. In 2017, industrial production increased by 3.4% compared with that of 2016; the output in manufacturing increased by 4.5%, whereas the output of mining and quarrying decreased by 3.7% and that of the energy sector decreased by 1.7%. The output of the chemical sector decreased by 6.0%, and the production of other nonmetallic mineral products (such as cement, concrete, glass, and gypsum) increased by 3.5% (National Bureau of Statistics of the Republic of Moldova, 2018a, p. 7–20; 2018b, p. 59–68).

In 2017, Moldova's trade deficit increased by 21.8% to \$2.41 billion; the value of exports increased by 18.6% to \$2.43 billion, and the value of imports increased by 20.2% to \$4.83 billion. Moldova exported \$1.6 billion worth of goods to countries in the European Union (EU), which was a 19.9% increase compared with that of 2016. The share of goods exported to EU countries in relation to the total amount of goods exported increased in 2017 to 65.8% from 65.1% in 2016. Moldova exported \$463 million worth of goods to the countries of the Commonwealth of Independent States (CIS), which was an increase of 11.8% compared with that of 2016. The share of goods exported to the CIS in relation to total goods exported decreased in 2017 to 19.1% from 20.3% in 2016. Imports of goods from EU countries increased by 21.1% to \$2.4 billion. The share of imports from EU countries increased to 49.4% in

2017 from 49.1% in 2016. Imports of goods from CIS countries increased by 17.4% to \$1.2 billion. The share of imports from the CIS slightly decreased to 25.0% in 2017 from 25.6% in 2016 (National Bureau of Statistics of the Republic of Moldova, 2018a, p. 50–65; 2018b, p. 87–92).

## Production

In 2017, production of lime was more than 5 times that of 2016, that of raw steel was more than 2½ times that of 2016, rolled steel output more than doubled, and cement production increased by 14%.

Production of construction gravel decreased by 90%; limestone, by 18%; and construction stone, by 10%. Data on mineral production are in table 1.

## Structure of the Mineral Industry

Table 2 is a list of the major mineral industry facilities.

## Commodity Review

### Metals

**Iron and Steel.**—In 2017, the OAO Moldavian Metallurgical Plant (MMZ), which was located in the Transnistria region, produced 469,446 metric tons (t) of raw steel and 459,700 t of rolled steel. Production of raw and rolled steel in 2017 exceeded 2016 production by 268% and 118%, respectively. The plant's annual capacity, however, was 1.1 million metric tons per year (Mt/yr). The latest year for which output was close to full capacity was 2005 (OAO Moldavskiy Metallurgicheskii Zavod, 2018).

In April 2017, NPC Ukrenergo, a power provider in Ukraine that supplied power to MMZ, shut off electric power in both high-voltage lines to MMZ for several days. The electricity was used by MMZ in the production of raw steel, and the plant had to switch operations to production of rolled steel for the period of the high-voltage power shutdown. In 2015, the majority owner of MMZ, Metalloinvest MC LLC of Russia, returned its share in MMZ to the regional government of Transnistria. In the previous years, the plant was intermittently idle and produced raw and rolled steel only at a fraction of its capacity. The plant had not been profitable 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. In 2017, the plant operated largely without interruptions and was expected to increase production further in 2018 (Regnum.ru, 2015; Gov-pmr.org, 2016; Newsmaker.md, 2016b; Sputnik Moldova, 2016; Tsv.md, 2016, 2017; Allmoldova.com, 2017; NovostiPMR.com, 2017c).

<sup>1</sup>The data cited in this section do not include the breakaway region of Transnistria, inclusive of Bendery municipality.

<sup>2</sup>Where necessary, values have been converted from Moldovan lei (MDL) to U.S. dollars (US\$) at an annual average exchange rate of MDL18.49=US\$1.00 for 2017.

## Industrial Minerals

**Cement.**—The two 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. Cement production in Moldova increased by 14.4% in 2017 (NovostiPMR.com, 2017a, b; Lafarge S.A. Moldova, 2018).

In 2017, RCK increased cement production to 481,369 t from 453,966 t in 2016, and production of lime for construction increased to 22,256 t from 4,020 t. In 2017, RCK produced seven types of cement. The plant had the capacity to produce 1.1 Mt/yr of cement and 955,000 metric tons per year (t/yr) of clinker, but in recent years, annual cement production varied between 300,000 t/yr and 500,000 t/yr. RCK intended to start producing mineral powder used in road construction. In 2017, the plant employed 800 people (NovostiPMR.com, 2017a, b; Gosudarstvennaya Sluzhba Statistiki PMR, 2018).

## Mineral Fuels

**Natural Gas and Petroleum.**—On January 2, 2017, Frontera Resources International LLC (Frontera) of the United States signed a concession agreement with the Government of Moldova, giving Frontera exclusive rights to explore for and develop hydrocarbon resources within an area of about 3 million acres in the Dobrogea region in the southern part of Moldova. The concession agreement had a term of 50 years, including up to 10 years for exploration. Frontera expected to invest about \$6 million in exploration activities during the next 5 years (Neftegaz.ru, 2016; Newsmaker.md, 2016b; Frontera Resources International LLC, 2017; Moldpress.md, 2017; Point.md, 2017).

In June 2016, the Government announced an international tender for an exploration license for natural gas and petroleum in the southern part of the country. The Government emphasized that the tender participants were to have certain qualifications, such as international experience in exploration for oil and gas and hydrocarbon resource estimation of at least 20 years, access to advanced technologies and equipment, experience in risk management, and the ability to demonstrate that it had invested at least \$50 million in exploration for oil and gas prior to this application (Gagauzinfo.md, 2016; Gagauzmedia.md, 2016; Newsmaker.md, 2016a).

## MINERAL INDUSTRY HIGHLIGHTS IN 2018

In 2018, Moldova's economy grew by 4.0% and the industrial production in the breakaway region of Transnistria increased by 5.7%. Production of construction gravel increased by 61%; construction stone, by 27%; and hydraulic cement and lime, by 11% each. Data on mineral production are in table 1.

In May 2018, an association of metal-processing plants of Ukraine asked the Government of Ukraine to ban exports of ferrous metal scrap to the Transnistria region or extend the export tariff on scrap exports. The association claimed that as much as 20% of all ferrous metal scrap generated in Ukraine was exported to Transnistria and was used by MMZ. An export ban, however, would contradict the Agreement on Association with the EU that Ukraine had signed previously. In response

to those requests, the President of Ukraine issued a decree that introduced economic sanctions against MMZ and several individuals associated with the plant. The sanctions would be in effect for a period of 3 years and include blocking assets, limitations on trade, a ban on state purchases from the plant and the individuals, and some other measures (Newsmaker.md, 2018; Ukraina.ru, 2018).

## Outlook

In the next few years, Moldova will likely remain a minor producer of mineral commodities. The country is expected to continue importing natural gas from Russia in the coming years. At the same time, if Frontera Resources succeeds in discovering significant hydrocarbon resources, Moldova could make decisive steps toward domestic energy production and energy independence. It remains to be seen if the country will be able to diversify its energy sources significantly and thus boost its economy. Regardless of the future economic growth, Moldova is likely to remain a minor producer of mineral commodities, specializing in production of industrial minerals used in construction (Gosudarstvennaya Sluzhba Statistiki PMR, 2019, p. 21; National Bureau of Statistics of the Republic of Moldova, 2019, p. 59).

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TABLE 1  
MOLDOVA: PRODUCTION OF MINERAL COMMODITIES<sup>1</sup>

(Metric tons, gross weight)

Commodity <sup>2</sup>	2014	2015	2016	2017	2018
<b>METALS</b>					
Iron and steel:					
Raw steel	344,470	430,000	127,549 <sup>r</sup>	469,446	502,900
Products, rolled	391,228	324,000	210,800	459,700	488,300
<b>INDUSTRIAL MINERALS</b>					
Cement, hydraulic	1,220,000 <sup>r,e</sup>	1,044,712 <sup>r</sup>	975,078 <sup>r</sup>	1,115,595	1,233,172
Clay, unspecified <sup>3</sup>	170,000 <sup>e</sup>	200,000 <sup>r,e</sup>	262,004 <sup>r</sup>	260,000 <sup>e</sup>	260,000 <sup>e</sup>
Gypsum <sup>e,3</sup>	125,000	120,000	120,000	120,000	120,000
Lime	8,000 <sup>r</sup>	8,000 <sup>r</sup>	4,020 <sup>r</sup>	22,256	24,725
Stone, sand and gravel, construction: <sup>3</sup>					
Sand and gravel:					
Gravel, construction	2,871,100	2,717,100	2,349,000 <sup>r</sup>	230,844	371,849
Sand, unspecified	1,660,000	1,599,900	1,522,500 <sup>r</sup>	1,579,111	1,648,238
Stone, crushed:					
Construction stone <sup>4</sup>	674,100	638,400	498,500 <sup>r</sup>	448,134 <sup>r</sup>	568,969
Limestone	317,100	279,437	188,830 <sup>r</sup>	154,439 <sup>r</sup>	155,000 <sup>e</sup>

<sup>e</sup>Estimated. <sup>r</sup>Revised.

<sup>1</sup>Table includes data available through September 3, 2019. All data are reported unless otherwise noted. Estimated data are rounded to no more than three significant digits.

<sup>2</sup>In addition to the commodities listed, granite, natural gas, peat, and petroleum may have been produced, but available information was inadequate to make reliable estimates of output.

<sup>3</sup>Does not include the Transnistria region.

<sup>4</sup>Does not include granite.

TABLE 2  
MOLDOVA: STRUCTURE OF THE MINERAL INDUSTRY IN 2018

(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.	ZAO Rybnitsa Cement Complex (RCK) (private owners)	Rybnitsa, Transnistria region	1,100,000
Granite thousand cubic meters	NA	Kosouts koye deposit	150
Gypsum	CMC-Knauf joint venture	Kirovskoye deposit	300,000
Iron and steel:			
Raw steel	OAo Moldavian Metallurgical Plant (Government, 98.5%, and former workers, 1.5%)	Rybnitsa, Transnistria region	1,100,000
Products, rolled	do.	do.	NA
Lime	ZAO Rybnitsa Cement Complex (RCK)	Rybnitsa, Transnistria region	NA
Sand and gravel	NA	Throughout the country	NA
Stone, granite thousand cubic meters	NA	Kosouts koye deposit	150

Do., do. Ditto. NA Not available.