

THE MINERAL INDUSTRY OF

BELARUS

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In Belarus, mineral production consisted primarily of the mining of potash and peat and the production of steel at one minimill. A salient factor in Belarus' economy was its reliance on Russia for more than 90% of its fuel and energy supplies.

In 1994 the gross domestic product (GDP) in Belarus reportedly decreased 20% compared with 1993, while industrial output decreased by almost 20%; these reported figures were about 10% below the preceding 2 years, when the reported declines were about 10%.² Privatization was proceeding slowly in Belarus. As of September 1994, only 3 of 280 state enterprises were reportedly privatized.³

At the beginning of 1993, the Government of Belarus passed a "Program to Accelerate Geological Exploration to Develop the Raw Material Base," which called for exploration and development of coal, iron ore, industrial minerals, rare metals, and oil and gas deposits.

The program called for developing lignite deposits with an estimated 1 billion metric tons (mt) of coal and the exploration of the Okolovskoye iron deposit, believed to have total reserves of 1 billion tons of ore with an iron content of 26% to 27%. Plans for iron ore development involved developing a mine at the deposit to produce 14 million metric tons per year (Mmt/a) of ore yielding close to 4 Mmt/a of concentrate.

The program also called for the development of the Diabazovoye rare-earth metals deposit in the Homyel' (Gomel)⁴ region to produce beryllium and rare-earth metals of the cerium group, for exploration and assessment of kimberlite fields in the southern and central regions of the country, and for exploration of new oilfields and gasfields as well as for increasing production of potash.

The Government of Belarus approved a program to accelerate exploration for oil and gas. Estimates are that oil reserves in Belarus total 190 million metric tons (Mmt). The program envisages a considerable expansion of exploratory drilling.

Belarus is planning a program to produce gold and other precious metals from nonferrous scrap and is to mine and process amber. The gold and amber will be used to supply Belarus's jewelry industry, which plans to expand its domestic market as well as enter export markets. Regarding domestic gold reserves, according to the director of the Belarus geological enterprise, Belega, about 20 gold deposits in Belarus with combined total reserves of more than 50 tons.⁵

In the mineral production sector, Kristal, a diamond processing plant in Homyel', was experiencing a shortage of diamonds which had been supplied from Yakut-Sakha. Belarus was seeking new suppliers. The Kristal plant requires about 30 million carats per year of powdered diamonds, including about 2 million carats of abrasive quality diamonds and 26 millions carats for instrument making.⁶

In 1994, oil production reportedly remained at about 2 Mmt, while oil imports in 1994 were 9.5 Mmt. Gas imports were reportedly 17.5 billion cubic meters (m³) in 1994.⁷ Belarus signed an agreement with Russia's Gazprom concern to supply Belarus with 16 billion m³ of natural gas in 1995 at a price that was reportedly 1.5 times below the world price.⁸

Belarus reportedly had an agreement to again import its oil requirements from Russia in 1995.⁹ The state oil production agency Belneftekhim has drawn up a program to prevent a decline in oil production, which includes increasing exploration and modernizing geophysical equipment. Belneftekhim is not counting on large investments by foreign companies because of the low level of current and projected oil production.¹⁰

Peat was produced primarily in the form of peat briquettes used for fuel, although peat also was mined for agricultural use. In the 1980's, Belarus produced more than 4 Mmt/a of peat for fuel, which was about one-third of the production of peat for fuel in the former Soviet Union (FSU). The largest briqueting plant was the Starobinsk plant with a capacity to produce 240,000 metric tons per year (mt/a) of briquettes; in addition, there were 36 other briqueting plants.

According to reports published by the International Fertilizer Association, in 1994, potash production in Belarus increased for the first time since 1990 by almost 30% to more than 2.5 Mmt compared with about 1.95 Mmt in 1993. Potash exports also reportedly increased by almost 25%, from about 1.5 Mmt in 1993 to more than 1.8 Mmt tons in 1994.

Belarus during the 1980's produced about one-half of the potash in the FSU; its annual output was greater than 5 Mmt/a of potassium oxide (K₂O). Potash production in Belarus reportedly began decreasing from 5 Mmt/a K₂O in 1990 to 4.1 Mmt in 1991, to 3.3 Mmt in 1992, and to 1.9 Mmt in 1993. Exports of potash, however, outside the territory of the FSU remained at a high level during this period, with reported exports in terms of K₂O in 1990 of 1.8

Mmt, in 1991 of 1.1 million tons, in 1992 of 1.3 Mmt and in 1993 of 1.5 Mmt.

In 1992, the system for exporting potash changed as control of exports passed from Agrokhimeksport's Kaliy firm to the fertilizer manufacturers. Then, in 1993, the potash producers formed their own closed joint stock company, the International Potash Company (IPC), to export potash. The headquarters of the IPC is in Moscow with a branch headquarters in Minsk. The Beloruskaliy association has a 32% share in the IPC. The IPC exports potash from both Russia and Belarus.

Byeloruskaliy has lost many of its former markets in the countries of the FSU and East Europe as the agricultural sectors in these countries lack the ability to pay for potash. Even in Belarus, potash consumption has fallen as the production and consumption of mixed and complex fertilizers has declined with Belarus's inability to purchase nitrogen and phosphate raw materials to produce these fertilizers.

A U.S. firm, Alliant Techsystems of Hopkins, Minnesota reportedly formed a joint stock company in Belarus, Belconvers, to dismantle surplus ammunition and to sell the metals and chemicals on the world market. Other partners included the Ministry of Defense of Belarus and the United Kingdom based trading company Rapierbase Ltd. Investment insurance has been provided by the U.S. Government's Overseas Private Investment Corporation (OPIC).

Alliant Techsystems reported that it uses a process to recycle the ammunition rather than detonate it, converting of the metals for commercial and scrap usages and of the munitions into fertilizers and mining explosives. Metals such as aluminum, brass, copper, aluminum and steel account for 90% of the material in a typical munitions round.

In 1994, Alliant reported that it sold a shipment of 150 tons of brass casings. A similar recycling venture is being planned by Alliant in Ukraine.¹¹

Belarus is a landlocked state on the western edge of the FSU bordered by Poland to the west, Lithuania and Latvia to the north, Russia to the east, and Ukraine to the north. Its major means for overland mineral transport are 5,570

kilometers (km) of rail line not including industrial lines and 98,200 km of highways, of which 66,100 km is hard surfaced. Belarus receives most of its gas and oil via pipelines. The country is well situated to transship minerals via land to and from Europe owing to its rail, road, and pipeline connections to Eastern Europe.

Belarus is heavily dependent on the countries of the FSU for its mineral and fuel requirements, and will have to maintain and further develop forms of economic cooperation with these countries to provide for its mineral requirements. The only mineral currently produced in Belarus that is being marketed in any substantial quantity on world markets is potash. Although cooperation with the countries of the FSU will remain the mainstay of Belarus' mineral supply, Belarus also will seek to encourage foreign investment from outside the FSU when it believes a potential exists for developing its domestic mineral industry.

¹Text prepared June 1995.

²Interfax Business Report, Denver, Colorado, Feb. 7, 1995, p. 3.

³Summary of World Broadcasts, British Broadcasting Corp., Reading England, SUW/0353, p. WB/1, Oct. 7, 1994, Belarussian Radio, Minsk, 0700 gmt, Oct. 1, 1994.

⁴New names and spellings for cities and regions in Belarus will be used whenever possible based on the availability of information; the old name will be given in parenthesis the first time the new name is used in this report. The old names will appear on the map, which the latest U.S. Government base map of this series issued as of the date of this report.

⁵Interfax Mining and Metals Report, Denver, Colorado, Nov. 18-25, 1994, pp. 4-5.

⁶Summary of World Broadcasts, British Broadcasting Corp., Reading England, SUW/0348, p. WD/5, Sept. 2, 1994, Belarussian Radio, Minsk, 1500 gmt, Aug. 24, 1994.

⁷Summary of World Broadcasts, British Broadcasting Corp., Reading England, SUW/0365, p. WD/2, Interfax News Agency, Moscow, english, 1334 gmt, Dec. 26, 1994.

⁸Foreign Broadcast Information Service, U.S. Government publication, Washington, DC, SOV-95-002, p. 34, Radio Minsk Network in Belarussian 1925 gmt, Dec. 27, 1994.

⁹Summary of World Broadcasts, British Broadcasting Corp., Reading England, SUW/0368, p. WD/5, Jan. 27, 1995, Belapan news agency, Minsk, english, 1200 gmt, Jan. 23, 1995.

¹⁰Interfax Petroleum Report, Denver, Colorado, Feb. 4-11, 1994, p. 10.

¹¹American Metal Market, June 23, 1994, p. 7.

TABLE 1
BELARUS: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Thousand metric tons unless otherwise specified)

Commodity	1992	1993	1994
Cement	2,300	1,900 3/	1,500
Nitrogen (N content of ammonia)	700	500	400
Peat (fuel use)	400	4,000	4,000
Petroleum: Crude	2,000	2,000	2,000
Refined	20,000	14,000	14,000
Potash, K ₂ O content	3,300 3/	1,900 3/	2,500
Salt	360	300	300
Steel: Crude	1,105	947 3/	873 3/
Pipe	80	44	40
Natural gas	million cubic meters	300	300

1/ Previously published and 1994 data are rounded by the U.S. Bureau of Mines to three significant digits.

2/ Table includes data and estimates based on information available through June 9, 1995.

3/ Reported figure.

TABLE 2
BELARUS: STRUCTURE OF THE MINERAL INDUSTRY FOR 1994

(Thousand metric tons unless otherwise specified)

Commodity	Major operating company	Location of main facilities	Annual capacity e/
Cement	Volkovysskiy plant	Wawkavysk (Volkovsky)	1,100
Do.	Krichevskiy plant	Krichevskiy area	
Nitrogen, N content of ammonia	Grodno "Azot" Association	Hrodna (Grodno) region	1,000
Peat (fuel use)	Production at 37 enterprises producing mainly briquettes		5,000 1/
Petroleum (crude)	Belarusneft Association	Hrodna region	2,000
Petroleum (refining)	Mozyr refinery	Mazyr (Mozyr)	40,000 2/
Do.	Novopolotsk refinery	Navapolatsk (Novopolotsk)	
Potash (K ₂ O content)	Belaruskaliy Association	Soligorsk area	5,000
Steel (crude)	Belarus electric steelworks	Zhlobin	700

e/ Estimated

1/ Total peat for fuel use production.

2/ Total for both refineries.