

## MACEDONIA

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In 2002, the economy of the Former Yugoslav Republic of Macedonia showed recovery as preliminary calculation of the gross domestic product (GDP) by the government registered an increase of about 0.3% compared with that of 2001 (when the country's economy had declined, owing to unresolved ethnic conflicts and social tensions).

The value of mining and quarrying as a percentage of GDP (0.5%) declined by about 7% compared with that of 2001. Direct investment in the mining and quarrying sector in 2002 totalled only US\$288,149, although in 2001 direct investment in this sector amounted to almost US\$2.1 million.

Macedonia is well endowed with nonferrous metals (see table), with mining capacities allowing annual output of about 2.5 Mt of lead-zinc ore and 4.0 Mt of copper ore, as well as processing capacities to produce about 150,000 t/y of lead and zinc concentrates, and 50,000 t/y of copper concentrates. Smelting and refining facilities have the potential capacity to produce 33,000 t/y of lead and about 67,000 t/y of zinc. There are also associated metals such as cadmium, gold and silver. In 2002, the nonferrous metals mining and processing sector continued to operate at low levels of capacity utilisation, owing largely to social tension within the country, as well as political instability in the region.

Production increases in 2002 were reported for cadmium and nickel, albeit from a low output baseline. Production declines, however, were noted for mined copper, lead and zinc, as well as refined zinc. Macedonia's exports of nonferrous metals amounted to about US\$61.8 million, or about 6% of the value of total exports in 2002. The overall value of exported nonferrous metals declined by 16% compared with those of 2001. Imports of nonferrous metals, on the other hand, increased by about 47% compared with imports in 2001.

Major activities in the nonferrous metals sector included the overhaul of environmental equipment of MHK DOO-Skopje (MHK), Macedonia's major lead and zinc smelting and refining enterprise. Formerly MHK Zletovo, MHK's smelter and refinery was acquired by Filo Business and Asset Group of Panama in 2001, and the enterprise was scheduled for temporary closure while undergoing technical environmental upgrading. About two-thirds of MHK feedstock of lead and zinc ores and concentrates comes from imports.

Of the three domestic ore and concentrate producers, the Sasa – Makedonska Kamenica mine (Sasa) has a capacity to produce about 65,000 t/y of mixed (Pb/Zn) concentrates. Sasa was opened to bidding by Macedonia's Privatisation Agency in the early part of the year. Bids for the Sasa mine, as well as for the smaller Toranica mine, came from mining interests in Greece, Turkey and the UK.

Macedonia's steel production amounted to about 50,000 t in 2002, about the same level of production reached in 2001. Exports of iron and steel, in terms of value, declined by 21% compared with those of 2001; imports, on the other hand, increased by about 27%. Crude steel was produced at Makstil AD Skopje (a Duferco subsidiary), utilising electric furnace and continuous casting technology upgraded in 2001. Crude steel capacity, on the other hand, was rated at about 260,000 t/y. A heavy plate, hot-rolling mill at Makstil was rated with a 600,000 t/y production capacity. In 2002, production at the plate mill amounted to about 260,000 t compared with about 290,000 t in 2001.

Other ferrous metals production included mined nickel and ferronickel plant production by Feni Industries (formerly Fenimak), which was purchased in 2000 by Sté Commerciale de Metaux et Minerais of France. With production of ferronickel planned to reach full capacity of about 6000 t in 2002, Feni reached an agreement in 2001 with the Thyssen Krupp Group of Germany, whereby Feni's total annual ferronickel production will be delivered to Thyssen Krupp over a five-year period. The deal is valued US\$40 million per year. No decision, however, was reached regarding the activation of Feni's idled second production line.

Jugohrom Jegunovce, Macedonia's producer of ferrochromium and ferrosilicon, ceased production in year 2001. In 2002, the Government of Macedonia offered Jugohrom's assets for sale and bids were to be reviewed by a receiver's committee.

Macedonia continues to produce bentonite, feldspar, gypsum, sand and gravel, stone (carbonate and silicate), as well as cement and other construction materials mainly for export. The industrial minerals sector, like most other industrial sectors, has undergone major production and sales difficulties owing to the loss of traditional markets and political uncertainty in the region. In 2002, AD Silika Alumosilikat in Gostivar, the country's major producer of alumina- and silica-based refractories continued to seek foreign investors to restart operations, which were suspended during the previous year.

Macedonia's minerals fuels sector is centered on lignite production and petroleum refining. Lignite output was estimated at about 6.0 Mt in 2002. Imports of coal, coke and coal briquettes were valued about US\$12.5 million, a decline of about 10% compared with imports during the preceding year. The petroleum-refining industry saw a decline of exports and imports of about 42% and 5%, respectively. The operational startup of the Thessaloniki-Skopje crude petroleum pipeline, which gained financial backing from the European Bank for Reconstruction and Development in 2000, was initiated in midyear. The pipeline, which extends 214 km from Thessaloniki in Greece to Macedonia's capital, Skopje, is designed to carry about 2.5 Mt/y of crude petroleum. The pipeline's cost is estimated at about US\$110 million.

<b>Macedonia Mineral Production (t) <sup>1/2/</sup></b>				
Commodity <sup>3/</sup>	1999	2000	2001	2002
<b>Metals</b>				
Aluminium, metal, inoot.	5.000	4.500	4.000	4.000
Cadmium, smelter output ka	236 <sup>f</sup>	335 <sup>3</sup>	73 <sup>f</sup>	111 <sup>4</sup>
Copper, mine and concentrator output:				
Ore, gross weight '000 t	2.000	2.000	1.500	1.200
Cu content of ore	10.200 <sup>f</sup>	10.000	6.800 <sup>f</sup>	5.600 <sup>4</sup>
Concentrate, gross	20.000	5.000	20.000	
Concentrate, Cu content	9.000	6.000	9.000	
Gold ka	750 <sup>f</sup>	750	500	500
Iron ore Gross weight	20.000	20.000	20.000	20.000
Fe content of ore	1.000	1.000	1.000	1.000
Concentrate	15.000	15.000	10.000	10.000
Pellets	10.000	10.000	10.000	
Aaglomerate	5.000	5.000	5.000	
Metal:				
Ferroalloys:				
Ferronickel (38%)	5.000 <sup>4</sup>	-	-	-
Ferrosilicon	73.000	65.000	60.000	
Lead: Mine output:				
Ore gross weight (Pb-Zn)	670.000	850.000	600.000	200.00
Pb content	26.000 <sup>4</sup>	26.000	11.000	4.000
Concentrate, Pb content	12.300 <sup>4/rf</sup>	16.200 <sup>f</sup>	9700 <sup>f</sup>	3.500 <sup>4</sup>
Primary and secondary:				
Smelter	20.000	20.000	8.000	3.500
Refined	19.738 <sup>4/rf</sup>	22.900	19700 <sup>f</sup>	19.800
Nickel, metal, Ni content of	1.900 <sup>4</sup>	-	3.100 <sup>f</sup>	5.100 <sup>4</sup>
Silver ka	22.000 <sup>f</sup>	20.000	15.000	12.000
Zinc: Concentrate	7.900 <sup>f</sup>	12.200	6.300 <sup>f</sup>	2.100 <sup>4</sup>
Metal: Refined, primary and secondary:				
Smelter	7.000	7.000	7.000	2.000
Electrolytic	49.608 <sup>4/rf</sup>	62.800	15.100 <sup>f</sup>	15.100
<b>Industrial Minerals</b>				
Cement '000 t	520 <sup>4</sup>	585	450	450
Clays, bentonite	30.000	30.000	25.000	n/a
Diatomite	5.000	5.000	5.000	5.000
Feldspar	11.275 <sup>f</sup>	10.057 <sup>f</sup>	20.449 <sup>f</sup>	21.000
Gypsum:				
Crude	25.000	25.000	20.000	20.000
Calcined	5.000	5.000	3.000	3.000
Lime	- <sup>4</sup>	1.000	500	500
Pumice and related	150.000	150.000	50.000	50.000
Sand and gravel, excluding '000 cm <sup>3</sup>	150	150	100	100
Stone, excluding quartz and quartzite, dimension, crude:				
Ornamental m <sup>2</sup>	200.000	200.000	150.000	150.00
Crushed '000 cm <sup>3</sup>	400	400	300	300
Other cm <sup>3</sup>	10.000	10.000	5.000	5.000
Sulphur, byproduct of metallurgy '000 t	29.000	26.000	26.000	25.000
Talc Crude	900	800	800	800
Washed	695	562	557	550
<b>Mineral Fuels and Related Materials</b>				
Lignite '000 t	7.500	7.100	6.000	6.000
Petroleum refinery products '000 t	6.000	6.000	6.000	6.000

<sup>f</sup> Revised. - Zero. <sup>1/</sup> Estimated data are rounded. <sup>2/</sup> Table includes data available through May 2003. <sup>3/</sup> In addition to commodities listed, common clay is also produced, but information was inadequate to make reliable estimates of output levels. <sup>4/</sup> Reported figure.