

## SERBIA AND MONTENEGRO

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In 2002, Serbia and Montenegro's economy continued to show overall recovery. The gross domestic product (GDP) officially was reported to have risen by 4.0% compared with the GDP achieved in the preceding year. Industrial production increased by 1.7%, buoyed largely by production increases of 2.7% and 2.2%, respectively, in manufacturing and the mining and quarrying sector (see table).

The non-energy-related mining and quarrying industries achieved, in aggregate, a 7% greater level of production than that in 2001; the output of metal ores and industrial minerals rose by 8% and 6%, respectively. Output of metals increased by 6% compared with that of 2001. In 2002, output of aluminium, primary refined copper and silver increased by 11.5%, 11% and 19%, compared with their respective production levels in 2001. A decrease in the production of lead-zinc ore and lead and zinc metals continued, however, mainly because of the uncertain status of the Trepca lead-zinc mining and processing operation in the Serbian province of Kosovo, which remained under a United Nations protectorate status.

Major activities in the aluminium industry in 2002 included plans to upgrade surface bauxite mining operations in Montenegro that would raise total annual production capacity to 900,000 t from 630,000 t. Montenegro's reserves of bauxite are estimated at about 400 Mt, sufficient to allow the expansion of alumina refining, not only in Serbia and Montenegro but also in the other republics of former Yugoslavia. The re-opening of the Birac alumina refinery in Republica Srpska of Bosnia and Herzegovina was under discussion during the year. In addition, Serbia's agency for privatisation announced plans to sell off 70% of the stock in each of two aluminium rolling and fabricating plants, Valjaonica Aluminiujuma Sevoina (Sevoina) in Seval and Nissal in Nis. The Sevoina aluminium rolling mill planned to increase production in 2002 by about 65% to about 50,000 t of rolled aluminium. In 2002, Serbia and Montenegro's exports of aluminium amounted to 113,182 t, an increase of about 23% compared with those of 2001.

RTB Bor (Rudarsko-Tapionicarski Basen Bor) in Bor is Serbia and Montenegro's centre for mining, smelting and refining copper. In 2002, the output of copper ore grew by about 12% compared with that of 2001. In addition to domestic mine production of copper, Serbia and Montenegro also imported 37,000 t of copper concentrates and ores for processing at the Bor facilities; in 2001 copper ore and concentrate imports amounted to about 50,000 t. Exports of copper metal (anode and cathode) in 2001 and 2002 amounted to 55,000 t and 44,000 t, respectively. Exports of copper semis manufactures during the same years additionally amounted to 18,811 t and 18,761 t, respectively. With a total copper refining capacity of about 160,000 t/y, RTB Bor also toll-smelted concentrates for Mytilineos SA of Greece as

part of a broad seven-year agreement reached in 1998. In 2002, Bor management also concluded an agreement with Debis AG of Germany that would increase tolling throughput by about 100,000 t of concentrate during the year as part of a broader investment and modernisation proposal.

In 2002, lead and zinc ore production decreased by more than 38% compared with output achieved in 2001. Official data for 2001 and 2002 indicate a hiatus of lead refining and a substantial decline in the production of zinc (11% in 2002). The production of magnesium metal, however, appeared to have stabilised, given that exports for 2001 and 2002 amounted to 1,630 t and 1695 t, respectively.

The iron and steel sector continued to operate at about one-third of total steelmaking capacity. The output of pig iron and crude steel remained at approximately the production levels of 2001. Exports of non-alloyed, flat-rolled steel, however, saw a marked increase, which amounted to 649,000 t compared with 294,000 t in 2001. Imports of iron ore and concentrates during the same period amounted to 253,000 t compared with 79,000 t in the preceding year.

One of the salient events in the iron and steel industry during the year was an agreement between Sartid Smederevo, the country's major steel producer, and USSK in Slovakia, a subsidiary of USX Corp. of the US, to develop a strategic partnership. This partnership would allow USSK to engage Sartid to utilise its full steelmaking capacity, modernise its operations, possibly leading to USSK's majority ownership of Sartid's stock.

With the exception of salt and quartz sand, which recorded marked declines in 2002 of 31% and 14%, respectively, the production of industrial minerals generally remained within the range of output levels in the preceding year. Major activities within the industrial minerals sector included the acquisition of the majority of stock in Novi Popovac cement plant by Holcim Ltd of Switzerland; the cost was reported at about US\$52.5 million.

The production of mineral fuels again declined in all categories of coal and hydrocarbons. Coal production declined by more than 9.7 Mt from the 33.4 Mt produced in 2001. Output of natural gas and crude petroleum declined by about 4% and 9%, respectively. Imports of coke and semi-coke, natural gas, and petroleum amounted to 106,000 t, 1.0 Mt, and 2.7 Mt, representing respective increases of about 83%, 20%, and 46% compared with 2001. The privatisation of Serbia and Montenegro's natural gas and petroleum extraction and refining sectors remained on the government's agenda in 2002 as plans were developed to put into effect their transition to private ownership during the 2003-04 period.

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**Table**

<b>Serbia &amp; Montenegro: Mineral Production (t) <sup>1/2/</sup></b>				
<b>Commodity <sup>3/</sup></b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Metals</b>				
Aluminium:				
Alumina, calcined	156,012	186,135	185,000 <sup>e</sup>	185,000 <sup>e</sup>
Bauxite	500,000	630,000	610,000	612,000
Metal, ingot, primary and secondary	72,505	88,151	100,176	111,689
Copper Concentrate, Cu content '000 t	69,500 <sup>r</sup>	56,100 <sup>r</sup>	31,000 <sup>r</sup>	36,900
Refined:				
Primary	49,902 <sup>r</sup>	45,632	32,365	35,897
Remelted	1,902	40,000 <sup>e</sup>	30,000 <sup>e</sup>	17,000
Total	51,804	95,632 <sup>e</sup>	62,365 <sup>e</sup>	52,897
Gold, refined	kg	1,260	1,121	800 <sup>e</sup>
Iron and steel: Ore and conc.				
Metal: Pig iron	134,882	563,000	461,000	485,000
Crude steel	226,240	682,000	598,000	596,000
Lead: Mine and conc.				
Pb content of conc. <sup>e/</sup>	8,600 <sup>r</sup>	10,500 <sup>r</sup>	7,500 <sup>r</sup>	4,600
Refined metal	–	1,242	–	–
Magnesium, metal	1,203	1,270 <sup>r</sup>	1,500 <sup>r</sup>	1,800 <sup>e</sup>
Palladium	kg	21	21 <sup>e</sup>	10
Platinum	kg	3	3 <sup>e</sup>	1
Selenium	kg	20,080	21,000 <sup>r</sup>	14,000
Silver	kg	7,643	9,068 <sup>r</sup>	5,745
Zinc:				
Zn content of conc.	3,615 <sup>r</sup>	3,266 <sup>r</sup>	5,988 <sup>r</sup>	6,900
Refined	683	8,291	13,467	1,478
<b>Industrial Minerals</b>				
Asbestos	361	563	194	372
Cement	'000 t	1,575	2,117	2,418
Bentonite	77	75 <sup>e</sup>	75 <sup>e</sup>	75 <sup>e</sup>
Ceramic clay	29,420	30,000 <sup>e</sup>	30,000 <sup>e</sup>	30,000 <sup>e</sup>
Fire clay: Crude	25,766	30,000 <sup>e</sup>	30,000	30,000 <sup>e</sup>
Calcined <sup>e/</sup>	4,000	10,000 <sup>e</sup>	10,000	10,000 <sup>e</sup>
Kaolin:Crude	40,321	39,475	60,900 <sup>r</sup>	60,000 <sup>e</sup>
Feldspar, crude	3,453	4,254	4,451 <sup>r</sup>	4,500 <sup>e</sup>
Gypsum, crude	33,962	46,651	58,045 <sup>r</sup>	55,000 <sup>e</sup>
Lime	'000 t	381	499 <sup>r</sup>	467
Magnesite:				
Crude	'000 t	31	41	36
Caustic calcined	2,000	3,000 <sup>e</sup>	2,500 <sup>e</sup>	2,500 <sup>e</sup>
Mica, all grades	229	230 <sup>e</sup>	230 <sup>e</sup>	200 <sup>e</sup>
Nitrogen	75,788	60,000 <sup>e</sup>	65,900	65,000 <sup>e</sup>
Pumice and related volcanic	50,000	120,000 <sup>e</sup>	100,000 <sup>e</sup>	100,000 <sup>e</sup>
Quartz sand	'000 t	253	418	301
Salt, all sources	63,834	78,277	61,646	42,243
Sand and gravel	'000 m <sup>3</sup>	2,006	2,675 <sup>r</sup>	1,967
Stone, excluding quartz uartzite, dimension, crude:				
Ornamental	m <sup>2</sup>	157,000 <sup>r</sup>	158,000 <sup>r</sup>	84,000
Crushed	'000 m <sup>3</sup>	1,937	3,000 <sup>e</sup>	3,000 <sup>e</sup>
		<b>1999</b>	<b>2000</b>	<b>2001</b>
Other, stone blocks	m <sup>3</sup>	786	1,000 <sup>e</sup>	1,000 <sup>e</sup>
Sulphur, byproduct: <sup>e/</sup>				

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Metallurgy	'000 t	100	100 <sup>e</sup>	100	75 <sup>e</sup>
Petroleum	'000 t	1	1 <sup>e</sup>	1	1 <sup>e</sup>
Total	'000 t	101	101	101	76 <sup>e</sup>
<b>Mineral Fuels</b>					
Coal:					
Bituminous	'000 t	49	88	70	18
Brown	'000 t	413	376 <sup>r</sup>	423 <sup>r</sup>	111
Lignite	'000 t	30,967	31,789 <sup>r</sup>	32,936 <sup>r</sup>	9,614
Total	'000 t	31,429	32,253	33,429	9,743
Natural gas	Mm <sup>3</sup>	143	160	111	107
Petroleum:					
Crude: as reported	'000 t	705	805	746	682
Refinery products	'000 t	1,047	1,052 <sup>r</sup>	1,793 <sup>r</sup>	2,369

<sup>e</sup>/ Estimated. <sup>r</sup>/ Revised. – Zero. <sup>1</sup>/ Estimated data are rounded. <sup>2</sup>/ Table includes data through to June 2003. <sup>3</sup>/ In addition to commodities listed, common clay and diatomite re also produced, tellurium may be recovered as a copper refinery byproduct, but available information is inadequate to make reliable estimates of output levels. <sup>4</sup>/ Less than 0.25 metric ton. <sup>5</sup>/ Reported figure.