

SLOVAK REPUBLIC

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The Slovak Republic (SR), together with another nine east- and south-European countries, will join the European Union (EU) in the year 2004. Because of this, the SR is making significant efforts to bring its regulations into line with those of the EU and to create a competitive economic environment. Even if the SR is now politically more stable than in the recent past, economically it is not as stable as EU countries. Because 2002 was an election year, energy prices were not increased by the previous government. Prices, however, are expected to rise dramatically in 2003. As a consequence of the country's economic development plans, ore mining could reduce significantly.

The iron ore producer Siderit-Zelba encountered serious problems in 2002 and was heading for bankruptcy as a result of the speculative actions of some financial groups. Even if the management of Siderit is successful in averting bankruptcy, the company has major productivity problems. Last year, as in previous years, the management failed to secure the requisite government credit guarantees for the much-needed investment to re-engineer the production line (eg, replacing rotary kilns with shaft kilns) and therefore it will be seriously affected by increases in prices for gas and electricity. Energy prices are key because the company relies on siderite ore mined at the Nižná Slaná and Kobeliarovo deposits, and this type of ore must be roasted. Slovak production of iron-ore concentrates and pellets totalled 326,300 t in 2002, down from 435,500 t in the preceding year.

The Slovak gold producer, Slovenska Banska Ltd, halted its operations in Hodruša in June 2001, and is now in liquidation. During the year, it produced only minor amounts of gold and total Slovak gold output was just 77.45 kg in 2002, compared with 156.6 kg in 2001 and 305.85 kg in 2000.

Despite the fact, that magnesite production is more or less stable, Slovakia's leading magnesite producer SMZ Jelšava, could be affected by the expected rise in energy prices because of its reliance on rotary gas-heated kilns to treat the magnesite ore.

No progress was made during 2002 in respect of developing the large talc deposit near Gemerská Poloma and all work on the project was halted.

The new gypsum mine based on the Šafárka deposit, commenced production during the year. The owner, Želba Co. mined the deposit through the first quarter and then leased the operation to Petra JSC, the owner of Novoveská Huta deposit. A new entrant is emerging in the gypsum market: Rima Ltd (operator of the Gemerská Poloma- Dlhá Dolina talc deposit) is developing a large gypsum deposit, Bohúňovo-Gemerská Hôrka, near Plešivec in southeast Slovakia. The deposit comprises a number of horizons and is up to

217 m in thickness. The total resource is estimated at more than 500 Mt and development commenced in mid-2002.

Brown coal is expected to remain Slovakia's principal source of domestic energy for the next 20 years. Production totalled 3.41 Mt in 2002, continuing the modest decline of recent years. Moderate production decreases were posted by almost all producers, especially Bana Dolina in Veľký Krtíš. The Ministry of Economy granted the company permission to close its mine and this is expected to take place within the next seven years.

Oil and condensate production by Naphtha Belly maintained the trend of the previous year, with oil output down slightly and, natural gas production up slightly, due to the re-opening of some horizons in deposits mined in the past (eg, the Ptrukša gas and condensate deposit in east Slovakia).

During the Soviet era, Slovakia's mining sector was one of the pillars of heavy industry and a vital part of the national economy but the situation has now changed. Today, mining is no longer prominent and the exploitation of the remaining geological resources of metals and brown coal is not very cost effective when compared with the raw materials supplied to the international markets. The steady decline of Slovakia's mining sector has significant social and economic implications.

Mineral Production ('000 t unless stated otherwise).

Commodity	2000	2001	2002
Iron - pellets, concentrate	447.06	435.49	326.3
Gold (kg)	305.85	156.6	77.45
Magnesite – concentrate	1,000	961	930
Talc	1.8	2.6	2.29
Kaolin	21.0	34.7	24.6
Bentonite	77.0	73.0	65.5
Salt	121.7	123.0	97.4
Barite	13.70	14.45	25.82
Gypsum	108.0	168.8	121.7
Perlite	17.02	14.91	18.63
Brown coal	3,646	3,421	3,406
Natural gas (million m ³)	202.52	211.69	212.14
Oil and condensate	56.94	54.16	51.92