

CROATIA

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In 2003, Croatia's GDP grew by 4.3% and total industrial production (volume) rose by 4.1%. Exports by Croatia's extractive industries (mining and quarrying), collectively amounted to US\$129 million, 31% more than in 2002. Imports amounted to US\$1.14 billion, an increase of about 15%. By value, mining and quarrying increased by 17%, representing about 5.3% of the gross value output of industry.

Petroleum extraction and refining remained the dominant aspects of Croatia's minerals industry. The mining and processing of industrial minerals and metals occupied a minor role in Croatia's economy. Production of natural gas increased by about 3.2%, to 2.19 billion m³. Petroleum production, however, declined by about 5%, to 1.05 Mt.

One of the major developments in the mineral fuels sector during 2003 was the acquisition of 25% of stock shares of Industrija Nafta d.d. Zagreb (INA) by MOL plc, Hungary's oil and gas producer. MOL's bid, which was valued at US\$505 million, won out over competitive bids from Austrian and Russian firms. The proposal to extend Russia's Druzhba pipeline to Croatian port facilities on the Adriatic Sea remained another major planning subject in the oil and gas sector.

The Druzhba-Adria pipeline project envisages the extension of the Druzhba main line to allow crude petroleum to be delivered from Russia and other CIS countries through Ukraine, Belarus, Slovakia and Hungary to Croatia's Omisalj Port on the northern side of Krk island in the Adriatic. Crude petroleum would flow from Samara in Russia to Omisalj, covering a distance of about 3,200 km. An agreement to implement the proposed project was signed in mid-December 2002, by representatives of all the transit route countries. The project would cost about US\$300 million. Implementation of the project was rescheduled for early 2005, from 2003, owing to such issues as timely allocations of funds and capacity expansion requirements at existing lines.

Croatia continues to produce a variety of industrial minerals, largely for domestic use. Bentonite production in 2003 rose substantially, by about 13%. Production of commodities associated with construction materials also increased; these included gypsum (14%) and sand and gravel (5%). Cement production increased by about 8%.

Metal production in 2003 appeared to be limited to alloys and semi-manufactures of aluminium, crude steel and steel semi-manufactures. Although small, steel production rebounded with a 28% increase compared with that of 2002. The country's steel production came entirely from electric arc furnaces at Zelejezara Sisak (75,000 t/y capacity) and Jadranska

Zeležezara Split (170,000 t/y capacity). Privatisation plans involved both steel mills during the year.

Efforts by Croatia's Privatisation Fund (HFP) to privatise Zeležezara Split were not successful. HFP's offering amounted to 100,673 shares, with a value of US\$176/share. The results of the offering in 2003 are to be studied for possible re-offering in 2004. The privatisation of Zeležezara Sisak, however, was undertaken successfully in early 2003. Russia's Chelyabinsk-based Mechel Steel Group acquired the Sisak steel plant, with provisions that required the retention of all of the enterprise's 1,700 workers. Mechel also indicated plans to invest almost US\$18 million in Zeležezara Sisak for operation and modernisation.

Table over two pages

Mineral production ^{1/} (t unless otherwise specified)			
Commodity	2001	2002	2003
Metals			
Aluminum:			
Bauxite e/	9,800	26,521	25,000
Metal, ingot, primary and secondary	16,019	--	--
Alloys	823	812	800
Semimanufactures, rolled	34,106	33,774	34,000
Ferrochromium	361	--	--
Steel:			
Crude, from electric furnaces	57,993	33,851	43,380
bars and wire rod	31,583	2,078	--
strip, narrow and wide	--	--	--
seamless tubes	35,297	23,435	25,000
Welded pipe	39,935	37,509	35,000
Industrial Minerals			
Cement ('000 t)	3,246	3,378	3,654
Clays:			
Bentonite	10,580	12,102	13,568
Ceramic clay e/	6,000	6,000	6,000
Fire clay, crude e/	--	--	--
Gypsum:			
Crude	130,861	145,000	166,000
Calcined	1,217	1,200	1,400
Lime ('000 t)	253	268	251

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Nitrogen, N content of ammonia ('000 t)	263	249	r	236
Pumice and related materials, volcanic tuff ('000 t)	42	41	r	29
Quartz, quartzite, glass sand	252,013	112,246	r	89,393
Salt, all sources	32,585	36,885		31,281
Sand and gravel, excluding glass sand (Mm ³)	3.5	4.65	r	4.88
Stone (excluding quartz/quartzite/ dimension stone/crude):				
Ornamental (Mm ²)	1.04	1.13		1.20
Crushed and brown ('000 t)	12,941	14,736		15,000
Other e/ (m ³)	25,000	25,000		25,000
Sulphur, by-product of petroleum e/	15,000	7,069	r.	7,471
Mineral Fuels and Related Materials				
Carbon black	21,180	19,386	r	21,497
Coal, bituminous ('000 t)	--	--		--
Natural gas, gross production (Mm ³)	2,010	2,122		2,190
Petroleum, crude:				
As reported ('000 t)	1,121	1,108		1,052
Refinery products (Mt)	5.4	4.5	r	4.7

e/ Estimated. r/ Revised. -- Zero.

^{1/} Table includes data available through May 2003.