Belarus has a number of mineral production enterprises, including a ministeel mill, a nitrogen production enterprise, two oil refineries, and a potash mining enterprise. An oil pipeline that passes through Belarus transports about 70 million metric tons per year (Mt/yr) of Russian oil to Europe, and a gas pipeline that passes through Belarus is a significant export route for gas from Russia to Europe.

**Minerals in the National Economy**

In 2007, the fuel sector accounted for 20.4% of the value of the country’s industrial production; the chemical and petrochemical sector, 11.6%; the ferrous metallurgical sector, about 4%; the construction materials sector, 4.6%; the mining sector, 2%; and the nonferrous metallurgical sector, 0.2% (Ministry of Statistics and Analysis of the Republic of Belarus, 2008, p. 340-360). Belarus benefited from high prices for fertilizers and steel, which were its major exports. Belarus had one of the world’s most energy-intensive economies and was highly dependent on energy imports. Natural gas, all of which was imported, provided 60% of the country’s energy requirements.

In 2007, the category mineral products constituted 35.8% of the total value of exports and the category ferrous, nonferrous metals, and articles thereof accounted for 11.9%. In 2007, Belarus exported 236,400 metric tons (t) of nitrogenous fertilizers, which was a 5.1% increase compared with exports in 2006; 15.0816 million metric tons (Mt) of petroleum products, which was an increase of 1.8%; and 4.354 Mt of potash (K₂O), which was an increase of 9.9%. From January through November, Belarus increased exports of ferrous metals by 2.7% to 1.8915 Mt (Interfax Russia & CIS Statistics Weekly, 2008b). Of the country’s major mineral imports, those of crude oil decreased by 4.5% compared with those of 2006 to 20 Mt, and those of natural gas decreased by about 1% to 20.6 billion cubic meters, but imports of ferrous metals increased by 3.4% to 2.876 Mt. All imports of crude oil and natural gas came from countries of the Commonwealth of Independent States (CIS), as did more than 95% of ferrous metals imports (Ministry of Statistics and Analysis of the Republic of Belarus, 2008, p. 573-580).

Belarus held 34% of the global potash export market in 2006. About 80% of the country’s potash production was exported. Exports of potash mineral fertilizers to world markets were conducted by the Closed Joint Stock Company (JSC) Belarus Potash Co., a company founded jointly by Republican unitary enterprise (RUE) Production Amalgamation Belaruskali and Open JSC Uralkali. Production from Belaruskali was exported to more than 50 countries in Africa, East Asia, Europe, India, North America, and South America (Republican unitary enterprise Production Amalgamation Belaruskali, 2007).

Tensions arose between Belarus and Russia in March 2006 when Russia’s state gas monopoly, Gazprom, announced that Belarus would be charged European rates for Russian gas beginning in 2007, which would mean that Belarus would pay up to five times as much for gas imports from Russia. Belarus threatened to retaliate by interrupting Russian gas crossing the country on its way to Western Europe, which recalled a similar dispute with Ukraine. At yearend, Belarus and Gazprom signed a contract for gas deliveries just before a delivery deadline was set to expire. Under the contract, Belarus would have to pay more than twice the amount for Russian natural gas in 2007 than it had been charged in 2006, and this rate would increase to European levels by 2011. Gazprom would gain a 50% stake in Belarus’ state-owned domestic gas-transport monopoly, Beltranshaz, which controlled Belarus’ local gas transmission pipeline network. Gazprom already owned all of Belarus’ international transit pipelines through which it shipped about 20% of its European gas exports. The remaining 80% of Russia’s gas exports was transported by pipeline across Ukraine (Kupchinsky, 2006; MakSYMiuK, 2007; Radio Free Europe/Radio Liberty, 2007).

Although the agreement appeared to settle the dispute that jeopardized gas supplies to Belarus, in August, Russia’s Gazprom threatened to cut gas supplies to Belarus by 45% because Belarus was seriously in arrears in paying Gazprom for gas. The dispute was quickly settled when Belarus agreed to pay Gazprom (Belarus News and Analysis, 2007).

In the area of oil transport, Russia supplied 30% of all the European Union’s (EU’s) oil imports and piped one-half of these shipments through its Druzhba pipeline, which crossed the territory of Belarus. In early January 2007, Russia cut off oil shipments to European markets through the Druzhba pipeline after accusing Belarus of illegally siphoning off oil from the pipeline. The origin of the dispute was a $45-per-metric-ton transit duty that Belarus imposed on Russian oil transported across Belarus, which it made retroactive to January 1, 2007, (which was the day that Russia raised the price of the natural gas that it supplied to Belarus). Until that time, Belarus had charged only a shipping fee for Russian oil transported across its territory. As a way of receiving this fee, Belarus had decided to take oil from the pipeline. In response, Russia cut off oil shipments through the Druzhba pipeline without warning its European customers. Germany, Hungary, Poland, the Czech Republic, and Slovakia were affected. On January 11, after a 3-day halt in supply, Russia resumed shipping crude oil to Europe through Belarus. Belarus agreed to drop the oil transit duty and agreed to return the oil Russia said it had taken illegally (Spiegel Online International, 2007a).

To avoid shipping as much oil through Belarus, the Russian company Transneft proposed to construct an oil pipeline that would bypass Belarus. The proposed pipeline would be capable of transporting 50 Mt/yr of oil and would allow Russia to supply oil to the EU market by routing the fuel directly to the Russian Baltic Port of Primorsk (Spiegel Online International, 2007b).

In addition to the dispute concerning the transit fee on Russian oil shipped through Belarus, in December 2006, the Russian Government imposed a duty of $180.70 per metric ton as of January 2007 on crude oil exported to Belarus because
Russia claimed that it was losing billions of dollars every year by allowing its firms to send duty-free oil to Belarus’s two refineries in Mazyr and Navapolatsk, which then reexported value-added products to Europe (Maksymiuk, 2007).

Belarus and Russia had formally resolved their dispute concerning oil export duties on Russian oil exports to Belarus by the end of January. The agreement acknowledged that oil exported from Russia to Belarus is subject to customs export duties. It set the amount of the duties on Russian exports of crude oil at a reduced but increasing scale for 2007 through 2009, beginning at $53 per metric ton. With the imposition of these duties, Belarus would share with Russia a large proportion of the profits that it had been earning previously from refining cheap Russian oil and selling the value-added products to European markets (Netreba and others, 2007; People’s Daily, 2007).

Production

In 2007, the gross domestic product (GDP) of Belarus increased by 8.1% in constant prices compared with that of 2006. The value of industrial production in Belarus increased by 8.5% (in constant prices) compared with that of 2006 (Interfax Russia & CIS Statistics Weekly, 2008a). Production increased by 11.3% in the construction materials sector and by 7.9% in the ferrous metallurgy sector, but decreased by 0.2% in the fuel sector. Of the main mineral products produced, Belarus increased production of potash, rolled-steel products, and crude steel by 8%, 7.1%, and 3.9%, respectively. In 2007, the mineral industry operated at almost full capacity—the steel industry operated at 100% of capacity; the mineral fertilizer industry, at 99.7% of capacity; and the cement industry, at 99.6% of capacity (Ministry of Statistics and Analysis of the Republic of Belarus, 2008, p. 340-360). Data on mineral production are in table 1.

Structure of the Mineral Industry

The Belarussian State Concern for Oil and Chemistry (Belneftekhim), which included among its many enterprises the country’s oil production, refining, and transport facilities and potash production enterprise, was the leading concern in the country. It comprised 50 organizations, including practically all enterprises that produced chemical products. The country’s only mineral production enterprise that played a major role in world markets was its potash production enterprise Belaruskali, which mined the Starobin deposit. Belaruskali was the world’s third ranked potash producer in 2007 following Canada and Russia (Ober, 2008). Belaruskali comprised four mine and beneficiation complexes, auxiliary shops, and servicing units, which employed about 20,000 persons. Belaruskali produced potash fertilizers in the form of fine, and fine crystallized and granulated concentrate of potassium chloride. Besides potash fertilizer, Belaruskali produced a variety of salts used for domestic, industrial, and agricultural purposes. The founders of the Belarus potash company were Belaruskali and the Russian firm Open JSC Uralkali (Republican unitary enterprise Production Amalgamation Belaruskali, 2007).

In accordance with a decree issued on January 28, 2006, the President of Belarus established the production association Belaruskali for the period 2006–12 would address development Belarusian Steel Works (BSW). BSW comprised enterprises subordinate to the Ministry of Industry, one of which was the Rechitsa Hardware Plant. BSW also managed the Republic of Belarus’ shares in the JSC Mogilev Metallurgical Works (Press Service of the President of the Republic of Belarus, 2006). Table 2 lists major mineral industry facilities in Belarus.

Commodity Review

Metals

Iron and Steel.—RUE BMZ engaged in three main production processes, which were steelmaking, steel rolling, and steel wire production. The steelmaking function consisted of a scrap preparation shop, two electric arc furnace shops, and a transport shop. The rolling section consisted of three rolling mills. The steel wire production unit consisted of three steel wire shops. In addition, RUE BMZ had a powder metallurgy shop, a dye production shop, and a number of infrastructure shops (Byelorussian Steel Works, 2006). In 2007, BMZ produced 2.214 Mt of steel, which was a 3.7% increase compared with that of 2006.

BMZ planned to increase production by 10% in 2008, but this was contingent on increasing the plant’s supply of scrap. BMZ was engaged in contracting to buy more scrap from Russia but was also seeking supplies outside the country. BMZ was also recommending merging regional scrap collection units within the country and incorporating them in BMZ, which, according to BMZ, would lower the cost of raw materials and help control and optimize raw material supplies (Interfax Russia & CIS Metals and Mining Weekly, 2008).

Industrial Minerals

Potash.—Belaruskali was in charge of mining at the Starobin deposit. The company consisted of four mining directorates that conducted underground mining. The Starobin potash deposit is one of the largest in the world. It was discovered in 1949 and mining had been taking place there since 1962. The deposit consists of four separately delineated potash beds. The first, second, and third potash beds had been mined, but the majority of potash reserves occur in the third bed. Reserves in the second bed are practically depleted and the remaining reserves in the first bed have been reclassified as uneconomic. Because reserves at mining directorates nos. 1 and 2 are almost depleted, new sectors in areas that surround the deposit would need to be developed to maintain and expand production. Development had begun at the Krasnoslobodskiy sector to the east of mine no. 2, which was reported to host 345 Mt of potash salts containing 51.4 Mt of K₂O. Future development of other sectors adjacent to existing mines was also planned. The potash ore is primarily sylvinite (Smychnik, 2007).

Outlook

Belarus is expected to continue to be a major supplier of potash to world markets. A program for the development of Belaruskali for the period 2006–12 would address development
of ore reserves and is based primarily on the construction of a new mine in the Krasnoslobodsky area as well as on renovating out-of-date equipment. A main focus will be a steady increase in the quality and consumer properties of fertilizers to make them more competitive on the world market. Because it possesses a sufficient raw materials base, a high production potential, and highly qualified personnel, Belaruskali has the potential to be a major world potash supplier for many decades (Republican unitary enterprise Production Amalgamation Belaruskali, 2007).

References Cited


## TABLE 2
BELARUS: STRUCTURE OF THE MINERAL INDUSTRY IN 2007

(Metric tons)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Major operating companies, main facilities, or deposits</th>
<th>Location or deposit names</th>
<th>Annual capacity*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement</td>
<td>Krichevskiy and Volkovysk plants</td>
<td>Mahilyowskaya and Wawkavysk Voblast's</td>
<td>3,500,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>** 2</td>
</tr>
<tr>
<td>Diamond</td>
<td>Gomel Production Association &quot;Kristall&quot;</td>
<td>Homyel'skaya Voblast'</td>
<td>NA</td>
</tr>
<tr>
<td>Nitrogen, N content of ammonia</td>
<td>OJSC Grodno &quot;Azot&quot; [Belarussian State Concern for Oil and Chemistry (Belneftekhim)]</td>
<td>Hrodna region</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Peat, fuel use</td>
<td>Production at 37 enterprises that produce mainly briquets</td>
<td>All regions of the country</td>
<td>5,000,000 3</td>
</tr>
<tr>
<td>Petroleum:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude</td>
<td>Republican unitary enterprise (RUE)</td>
<td>Rechitskoye, Ostashkovichskoye, Vishanskoye, Tishkovskoye, and Yuzhno-Ostashkovichskoye deposits, southeastern part of the country</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Refined</td>
<td>JSC Mozyr oil refinery (Government, 42.7%, and Slavneft, 42.5%)</td>
<td>Gomel</td>
<td>16,000,000 4</td>
</tr>
<tr>
<td>Do.</td>
<td>Navapolatsk refinery (Naftan)</td>
<td>Vitebsk</td>
<td>10,800,000 4</td>
</tr>
<tr>
<td>Potash, K2O equivalent</td>
<td>Republican Unitary Enterprise (RUE)</td>
<td>Starobin deposit, Salihorsk area</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Steel:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude</td>
<td>Belarusian Steel Works (BSW) [Ministry of Industry of Belarus]</td>
<td>Zhlobin</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Pipe</td>
<td>do</td>
<td>do</td>
<td>250,000</td>
</tr>
<tr>
<td>Do.</td>
<td>JSC Mogilev Metallurgical Works [Belarusian Steel Works (BSW)]</td>
<td>Mahilyowskaya Voblast'</td>
<td>80,000</td>
</tr>
</tbody>
</table>

*Estimated; estimated data are rounded to no more than three significant digits.  Do., do. Ditto.  NA Not available.

1Table includes data available through February 28, 2009.

2Total for both plants.

3Total peat for fuel use.

4Crude throughput.