

POLAND

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In real terms, Poland's Gross Domestic Product (GDP) in 2000 grew by 4.1%, the same rate as in 1999. Unemployment during the year, however, increased considerably, climbing to more than 16%, compared with 13% in 1999.

Polish mineral production decreased, generally, during 2000, although some growth was noted with respect to crude oil production (which rose by 53.6%), sulphur (+18.6%), silver (+4.4%), refined copper (+4.3%) and natural gas (+4.2%).

With respect to exports, Poland's share of earnings from energy materials, mainly coal, fell from 3.05% in 1999 to 2.59% in the first six months of 2000, valued at US\$381 million against US\$400 million in the same period of 1999. The contribution from exports of metal ores and other mining and quarrying products also decreased, although rather more modestly, from 0.36% in 1999 to 0.34% in 2000 (data for first six months). In terms of export earnings, however, these actually increased to US\$49.8 million, up from US\$46.9 million in the previous year.

Imports of energy raw materials, meanwhile, mainly oil, natural gas and hard coal, accounted for 8.04% of total imports in the first six months of 2000, and were worth Zł8.03 billion, up from 4.35% in 1999 valued at Zł3.59 billion. Poland's share of imports of metal ores and other mining and quarrying products over the same six month period rose to 1.1%, valued at Zł1.09 billion, compared with 0.96% in 1999 valued at Zł796 million.

Energy Minerals

During 2000, some financial improvement in Poland's hard coal industry was noted as a result of slightly higher productivity levels and a slight improvement in coal prices. From an operating loss of Zł1.31/t in 1999, an average profit of Zł2.37/t was realised in 2000, the first

time in many years that the industry has turned in a profit. As a result, total financial losses in the hard coal sector in 2000 were some Zł200 million lower than expected. The level of debt at Poland's collieries rose 10% to Zł22 billion, but this rate of growth was lower than the 33% recorded in 1999.

Hard coal output decreased by 7.8% to 103 Mt, down from 112 Mt in 1999, whilst average employment levels in the sector fell from 173,000 to 155,000, more than 10% lower than in 1999.

Exports of hard coal (including coal briquettes) for the first six months of 2000 were worth more than US\$358.5 million, compared with US\$394 million in 1999. However, imports of hard coal and fuels manufactured from hard coal, more than halved during this period, falling to 0.77 Mt (-54.5%) valued at US\$29.1 million (-51.4%).

Experts are of the opinion that the process of restructuring the coal industry is heading in the right direction. Ideally, however, they suggest that employment levels need to be maintained at around 120,000 workers until the end of 2002. By then, the amount of hard coal produced should be reduced to around 85-90 Mt through the closure of more mines.

In the brown coal sector, some 59.46 Mt were mined, a slight fall of 2.3% from 1999 whilst production of different qualities of coke totalled 8.86 Mt, a year-on-year rise of 4.5%.

Domestic crude oil output, meanwhile, amounted to 653,000 t in 2000, a rise of 53.6%, but this level was dwarfed by the 8.44 Mt imported in the first six months of 2000 alone (+17%) and valued US\$1,566 million.

Non-Ferrous Metals

For a long time, the non-ferrous metals sector has been of great significance to the Polish

economy and embraces the mining and processing of copper, zinc, lead, aluminium and silver ores.

Copper ore is mined by KGHM Polska Miedź SA at three large underground operations – Lubin, Polkowice-Sieroszowice and Rudna – and is processed at three smelters located at Legnica and Głogów in the southwest of the country. Output of copper ore in 2000 was relatively unchanged at 28.5 Mt, from which 1.76 Mt of copper concentrate was produced for the recovery of 518,000 t of refined copper, 4% more than the 496,000 t produced in 1999. Output of electrolytic copper is estimated to be 488,000 t (470,000 t in 1999).

Exports of copper and copper alloys in the first six months of 2000 were 99,608 t, against 104,808 t in 1999 (-9%), and were worth almost US\$173.85 million. Exports of copper/copper alloy semis totalled 72,347 t (-9.2%) with a value of US\$152.76 million (+8.2%). Imports of copper and copper alloys in the first six months of the year reached 12,135 t valued at US\$46.6 million.

Some 4.5 Mt of lead-zinc ore was mined in 2000, slightly lower than the 5.07 Mt produced a year earlier. Output of primary zinc metal slipped by just over 9% to 161,000 t whilst exports of zinc and zinc semis fell even more sharply to 44,439 t (-22.4%) valued at US\$53.74 million (-7.3%).

Production of lead concentrates in 2000, meanwhile, fell by more than 18% to 83,400 t and the extraction of primary metal dropped to 52,000 t against 64,000 t in 1999.

In the aluminium sector, production of metallurgical-grade material totalled 45,111 t in 2000, a fall of 3.5% compared with the 46,750 t recovered 1999. In sharp contrast, exports of aluminium and aluminium semis soared by one third to 105,093 t, worth US\$239 million (+25.4%). Imports also rose, although not as sharply, climbing to 146,005

t (+18.6%) in the first six months of the year, and valued at over US\$376 million.

Silver production in 2000, principally by KGHM, increased by 4.4% from 1,096 t to 1,144 t and was mainly destined for export.

As a percentage of total imports, Poland's share of imports of base metal and fabricated metal products for the first six months of 2000 reached 8.46% valued at Zł8.44 billion. This compares with 8.40% valued at Zł6.94 billion for the comparable period of 1999. With respect to exports, shipments of base metals accounted for 13.1% of total national exports (12.7%) and were worth Zł1.9 billion (Zł1.67 billion).

Iron and Steel

Poland's profitable iron ore reserves were worked out some years ago and no new

Polish Minerals and Metals Production
(^{'000 t except where stated})

	1998	1999	2000
Hard coal	116,710	112,000	103,170
Brown coal	62,820	60,800	59,460
Crude oil	357.0	425.0	653.0
Natural gas (Mm ³)	4,852	4,741	4,952
Pig iron	6,180	5,230	6,490
Crude steel	9,920	8,850	10,500
Rolled steel	7,940	6,920	7,530
Zinc-lead ore	5,050	5,070	4,500
Lead	64.3	64.0	52.0*
Zinc	178.0	177.0	161.0
Inc. electrolytic	68.7	66.5	-
Aluminium	52.50	46.75	45.11
Copper ore	27,590	28,390	28,500
Copper	479.0	496.0	518.0
Inc. electrolytic	447.0	470.0	488.0*
Silver (t)	1,108	1,096	1,144
Sulphur	1,400	1,250	1,480
Salt	4,010	4,210	4,000
Rock salt	748.0	923.0	849.0
Cement	14,830	15,560	14,810

*Preliminary estimate

Source: Preliminary data presented by GUS (Main Statistical Office, Warsaw) in April 2000, plus information from the Polish daily press.

deposits have since been developed to replace them. Thus, national production of iron and steel is mainly dependent upon imported raw materials, demand for which almost doubled in the first half of 2000 to 5.11 Mt valued at almost US\$133 million (+78.8%).

Production of pig iron and ferroalloys in Poland increased considerably in 2000, reaching 6.49 Mt (+24.1%) compared with 5.23 Mt the previous year. Crude steel production also increased, climbing by 19.4% to 10.5 Mt, with output of rolled steel up by more than 20% to 7.53 Mt (6.9 Mt).

Imports of ferroalloys during the first half of 2000 rose by a massive 156% to 733,538 t, valued at US\$42 million (+107%), whilst imports of ferrous waste and scrap rose by a more modest 15% to 474,128 t, worth some

US\$53.65 million. Exports of ferroalloys over the same period showed a 40.6% increase to 49,180 t, worth almost US\$28.5 million.

Non-Metallic and Industrial Minerals

Poland produces significant quantities of more than 50 non-metallic and industrial minerals. Output of elemental sulphur, for example, rose by 18.6% in 2000 to 1.48 Mt, with more than 90% being obtained from the smelting of sulphide ores. Sulphur exports for the first six months of the year also rose, reaching 486,233 t (346,400 t) valued at US\$21.6 million (US\$13.3 million).

Production of different kinds of salts in 2000 was estimated to be around 4 Mt, including 0.85 Mt of rock salt. Production of cement fell slightly to 14.8 Mt whilst limestone production totalled 2.2 Mt (+3.6%).