

BELARUS

By Interfax-CNA

Belarusian GDP grew 6.8% in 2003, thanks to 10-12% productivity growth in industry and a 12.1% increase in profitability. The strongest growth in 2003 was 11.7% in construction materials, 8% in engineering and metalwork, 8% in the chemicals and petrochemicals sector, 7.3% in forestry, timber processing and pulp-and-paper industry, 6.9% in the fuel industry, 6.7% in the food industry, and 6.2% in ferrous metallurgy. Production also increased 4.1% in light industry, and 0.9% in the electricity sector.

The foreign state debt of Belarus decreased by 9.4% in 2003 to US\$736.36 million as of January 1, 2004. This debt included US\$351.38 million in direct government debt, down 9.8% from the beginning of 2003. Foreign loans received by companies under government guarantees decreased by 9% to US\$384.98 million. Belarus's domestic state debt grew by 52.2% in 2003.

The government plans to improve the structure of consumption of fuel and energy to comply with new fuel-and-energy targets for 2020. This will be achieved by cutting the share of natural gas from 62% in 2003 to 48.6% in 2020, increasing coal volumes from the current 0.3 Mt to 2.2 Mt and local fuels from 5 Mt to 8.1 Mt.

Belarus is a minor metal and fuel producer. It does not possess any metal mining capacity, but does produce steel, natural gas, oil and oil products, dolomite and a number of building materials. Meanwhile, geological surveys suggest that it possesses reserves of gold, iron, coal, bauxite, titanium, zirconium, diamonds, amber and soda. About 4,000 mineral deposits have been discovered and deposits of potassium salts enough for a hundred years have been delineated.

Iron and steel

The steel industry comprises the Belarussian metallurgical plant (BMZ), a major metals fabricator in Zhlobin, in the southeast of the country, the Mogilyov metallurgical plant, a minor steel and steel pipes producer in Mogilyov, eastern Belarus, and the Rechitsa metalware plant, a producer of wire, nails and steel netting.

In 2003, Belarusian enterprises produced 1.69 Mt of steel, up 5.4%, 1.45 Mt of rolled metal, down 0.1%, 93,000 t of wire, up 18.4%, 53,600 t of steel wire, up 13.8%, 95,900 t of steel pipes, up 25.1%, 10,700 t of fixing parts, up 1.7%, and 66,300 t of metal cord, up 35.8%.

The output of Belarusian ferrous metallurgy enterprises in 2003 grew 6.2% at constant prices. The profitability of goods, works and services of Belarusian ferrous metallurgy producers was 24.2% (16.9% in 2002).

The state-owned BMZ raised output 3.6% to 1.42 Mt of metal products in 2003, thanks largely to the introduction of new equipment. Production grew 6% to 1.57 Mt of crude steel and 23.8% to 153,400 t of metalware, including 32.6% to 64,800 t of metal cord. Output in value grew 6%. BMZ started to run in a 100 t/y ladle-furnace at the end of 2002, thus enabling the company to boost output last year. BMZ is Belarus's biggest producer of casting blanks, sections, bars and reinforcing steel, metal cord and wire. The company exports just over 85% of its output, with 70% of the exports going to other CIS nations.

BMZ is planning to boost metal cord sales on the world market to a 12% share. Output of metal cord at the plant is expected to jump 30% in 2004. This year the plant is poised to invest around US\$30 million in metal cord production.

Rechitsa Metals Plant, a state-owned company in the Gomel region of Belarus, raised output 13% to 53,380 t of metal products in 2003. The output grew 13.7% in value, and the plant exported 81.3% of its output. The government plans to turn the Rechitsa plant into a subsidiary of BMZ and should have completed the paperwork to enable this to happen by the end of 2004. This ought to reduce the cost of the Rechitsa plant's products and improve its financial performance. As most of its raw material comes from BMZ.

Mogilyov Metallurgical Plant, a major producer of iron and steel pipes, raised output 45.2% to 87,340 t of steel pipes in 2003. The works produced 5,750 t of fine shot, up 5.5%, and 10,220 t of cast-iron shot, down 1.7%, in the year as a whole. Output grew in value 23.1% in 2003.

Oil and gas

Geological deposits of oil total 170 Mt, mostly concentrated in small oilfields (100,000 t – 1 Mt) and industry specialists believe that in future this hard-to-recover oil will form the basis of Belorusneft reserves.

In 2003, the Belorusneft company extracted over 1.82 Mt of oil, down 1.1%. The volume of casing-head gas extracted grew 3.3% to some 254 mcm. The production association Belorusneft, which was established in 1964, undertakes exploration work, drills boreholes, produces oil and gas, and overhauls and carries out underground repairs on oil wells.

Oil extraction volume is expected to fall to 1.78 Mt in 2004, and drop to 1.76 Mt in 2005.

Meanwhile, Belarus is interested in having its own oil wells in Russia yielding up to 2 Mt/y of oil for a period of up to ten years. Belarusian oil wells can currently produce around 2 Mt/y of oil, but reserves are diminishing every year.