

MACEDONIA

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The Former Yugoslav Republic of Macedonia showed a strong recovery from the economic downturn, which followed the Kosovo conflict of 1999, with gross domestic product (GDP) increasing by 5.1% compared with that of 1999. The industrial minerals and construction material branches of industry were major contributors to this rebound, which was due mainly to the demand generated by reconstruction efforts in the neighbouring Kosovo province of Serbia and Montenegro. Freer access to markets in the European Union also helped improve the country's economic performance in 2000. Industry and mining in 2000 accounted for 21.1% of Macedonia's GDP.

The total value of industrial production rose 5%, of which the output of coal, iron and steel, nonferrous ores and metals, and construction materials accounted for 2.1%, 4.3%, 4.8%, and 5.1% respectively. The Government of Macedonia remained committed to developing the country's market economy system as well as promoting foreign investment. In 2000, foreign investment was represented in almost all branches of the minerals industry.

Macedonia produced a range of metals that included copper, ferroalloys, lead, silver, steel and zinc in the former Yugoslavia. The country's secondary aluminum industry centred on Alumina AD in Skopje, had the capacity to produce 20,000 t/y of billets and 12,000 t/y of semi-manufactured goods. The denationalisation of major enterprises in the metals branch had important results during the year. The Skopje-based Feni-Rudnici i Industrija za Nikel, Celik i Antimon (FENI),

which produced mainly ferronickel, was acquired by Societe Commerciale de Metaux et Mineraux (SCMM) of France for US\$2.25 million. FENI was one of 12 loss-making Macedonian enterprises that were determined to be suitable for closure or sale by the International Monetary Fund.

Earlier in the year, Glencore International, as well, as other commercial enterprises, conducted negotiations with the government to purchase FENI, but negotiations with these entities did not prove successful. The terms of SCMM's acquisition of FENI included a purchase price of US\$2.25 million and a commitment to invest a further US\$36 million in FENI's operation. The Government of Macedonia also sold 82% of Bucim Rabotna Organizacija za Rudarstvo i Metalurgija za Baker's (Bucim) (246,270 shares at US\$6.06/share) through the Macedonian Stock Exchange. Bucim is the country's principal producer of copper, operating a mine and mill near Radovis.

Other enterprises scheduled for sale or closure included ferroalloy producer Jugohrom Hemijsko-Elektrometalurski Kombinat, and Propobotuvacki Kombinat Zletovo-Sasa (lead and zinc mining, beneficiation and smelting complex).

Steel is produced at AD Makstil, a subsidiary of Duferco, which had made investments last year that included upgrading the steel plant's continuous casters and electric arc furnaces, and the installation of a ladle furnace. In 2000, Makstil reported the production of heavy plate to have exceeded 240,000t.

Estimated Production of Mineral Commodities ^{1 2} (t except where stated)			
Commodity ³	1998	1999	2000
Metals			
Aluminium, metal, ingot, primary and secondary	5,850 ^{r 4}	5,000	4,500
Cadmium, smelter output (kg)	50 ^r	50 ^r	50
Copper, mine and concentrator output:			
Ore, gross weight ('000t)	2,000	2,000	2,000
Cu content of ore	9,100 ^r	10,000 ^r	10,000
Concentrate, gross weight	20,000	20,000	20,000
Concentrate, Cu content	9,100	9,000	9,000
Gold (kg)	700	750 ^r	750
Iron and steel:			
Iron ore:			
Gross weight	20,000	20,000	20,000
Fe content of ore	1,000	1,000	1,000
Concentrate	15,000	15,000	15,000
Pellets	10,000	10,000	10,000
Agglomerate	5,000	5,000	5,000
Metal:			
Ferronickel (38% Ni), gross weight	9,500 ^r	5,000 ⁴	--
Ferrosilicon	96,700 ^r	63,000	65,000
Silicon	1,000	--	--
Total	107,200 ^{r 4}	68,000 ⁴	65,000
Semi-manufactures	65,000 ^r	60,000	60,000
Lead:			
Mine output:			
Ore gross weight (Pb-Zn ore)	867,182 ^{r 4}	670,000	850,000
Pb content	26,000	26,000 ⁴	25,000
Concentrate, Pb content	14,328 ^{r 4}	12,300 ^{4r}	16,500
Primary and secondary:			
Smelter	20,000	20,000	20,000
Refined	28,415 ^{r 4}	19,738 ^{4r}	22,900
Nickel, metal, Ni content of FeNi	5,800 ^r	1,900 ⁴	--
Silver (kg)	20,000	22,000 ^r	20,000
Zinc:			
Concentrate	14,328 ^{r 4}	8,000	12,200
Metal:			
Refined, primary and secondary:			
Smelter	7,000	7,000	7,000
Electrolytic	57,162 ^{r 4}	48,000 ⁴	62,800
Industrial Minerals			
Diatomite	5,000	5,000	5,000
Feldspar	8,137 ^{r 4}	11,000	10,000
Gypsum	30,000	30,000	30,000
Mineral Fuels and Related Materials			
Lignite ('000t)		7,500	7,000
Petroleum refinery products ('000 bbl)		6,000	6,000

^r Revised.¹ Estimated data are rounded to no more than three significant digits; may not add to totals shown.² Table includes data available through May 2001.³ In addition to commodities listed, common clay also is produced, but available information was inadequate to make reliable estimates of output levels⁴ Reported figure.

Macedonia also produced such industrial minerals as bentonite, feldspar, gypsum, sand and gravel, stone (carbonate and silicate), as well as cement and other construction materials that are based on quarried products. About 20% of mine output of industrial minerals are consumed domestically, the balance being exported, mainly to local Balkan areas, the European Union and the Russian Federation. In 2000, important activities in this branch, including its downstream construction materials group, included a planned sale of Mermeren Kombinat Prilep, the country's largest producer of marble, to I. Kiriakidis SA of Drama, Greece.

Cyprus-based Balkcem Ltd, a consortium comprising Titan Cement SA of Greece and Holderbank Group of Switzerland, invested US\$30.7 million in AD Cementarnica USJE during 2000 to reduce operating costs and increase environmental protection. To help achieve the latter, Balkcem, which acquired 86.4% of USJE's shares in 1998, planned to discontinue USJE's production of asbestos and asbestos cement in 2001.

Coal and petroleum constituted about 52% and 15%, respectively, of total fuel sources at electric power generators. Most coal (lignite) is from domestic mining; however, all natural gas and petroleum must be imported. Major foreign investment in the energy sector was accomplished in late 1999 with the purchase of OKTA, Macedonia's sole petroleum refinery. In addition to the US\$32 million purchase price, Hellenic indicated that it would allocate an additional US\$40 million for modernisation of the refinery.

In December 2000, the European Bank for Reconstruction and Development indicated approval of a US\$50 million loan to help finance the Thessaloniki-Skopje petroleum pipeline. The proposed pipeline, which would carry 2.5 Mt/y of petroleum, was expected to reduce transportation costs of petroleum to Macedonia. Additionally, the proposed pipeline, which would extend from the Greek port of Thessaloniki to its OKTA terminus, was considered a better environmental alternative to the existing rail and trucking delivery route that follows the Vardar River, which also is a wildlife habitat.