

POLAND

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Great efforts were made by Poland during 2001 to finalise the necessary steps to enter the European Union in 2004. The economic and social indicators for 2001, however, cannot be considered as satisfactory. At the end of the year, GDP, contrary to expectations, grew by only 1.1% as compared with 4% in 2000 and 4.1% in 1999. Factors negatively influencing the Polish economy last year included a domestic financial crisis, the difficult world situation caused by the terrorists attack on September 11, and a relatively high dependence on imports. In the first 11 months of 2001, imports amounted to US\$46 billion compared with exports of US\$32.9 billion. The parliamentary elections in September 2001 resulted in a new administration led by Prime Minister Leszek Miller, head of the SLD Party.

The decline in GDP last year resulted in increased unemployment, which rose to 17.4% against 15.1% in 2000. In December 2001, 3.1 million people were unemployed as compared with 2.7 million in December 2000. A decrease in inflation to below 4% was noted. Investment in industry fell by 10.2% after growth of 2.7% in 2000. Production of most minerals decreased as compared with the previous year, the exceptions being crude oil (+16.3%), copper ore (+6%), silver (+4%) and natural gas (+4.2%). There was a 4.9% decrease in sales across the whole of the mining industry but mining's 5.6% share of total industrial sales remained unchanged.

Energy Minerals

In 2001, some economic improvement was achieved in Poland's hard coal industry through employee reductions, although the quantity of coal extracted was practically the same as in 2000. Total employment reduced by 17,000 to 222,000 in the hard-coal sector and by 14,000 to 176,000 in the brown coal sector. Production of hard coal rose by just

0.7% to 103.9 Mt. The production of raw hard coal in underground mines per man-shift in 2000 was 6,115 kg as compared with 5,621 kg in 1999.

Industry restructuring continues. According to expert opinion an optimal situation would be to reduce employment to 120,000 by the end of 2002 and to decrease hard coal production to a level of 85-90 Mt/y. This could be achieved by closing more mines and initiating a process of branch privatisation. The first steps in this direction have been undertaken.

Exports of hard coal for the first six months of 2001 were mainly to European countries and amounted to 11.8 Mt valued at US\$457 million. Total sales dropped by 1.9% in comparison with the previous year. Imports of hard coal (and fuels manufactured thereof) in the first half of 2001 totalled 0.83 Mt valued at US\$33 million, compared with 0.77 Mt valued at US\$29.14 million in the first half of 2000.

Extraction of brown coals in 2001 was at the same level as in the previous year and totalled 59.54 Mt. All of this output came from the Turów, Konin and Belchatów open-pit operations and was mostly delivered to domestic thermal power stations. Production of brown coal per man-shift fell slightly to 31.3 t in 2000 against 31.4 t in 1999.

Production of different kinds of coke in Poland in 2001 totalled 8.93 Mt against 8.97 Mt in 2000. Exports of coke and semi-coke in the first six months of 2001 were 2 Mt, valued at almost US\$161.7 million, mostly to Germany.

Domestic crude oil output amounted to 759,000 t in 2001 (a growth of 16.3%), but 8.3 Mt were imported in the first six months of the year valued at US\$1,428 million against 8.44 Mt valued at US\$1,566 million in the same period of 2000. Exports of crude oil over the

same period totalled 356,897 t valued at US\$58.7 million, mainly to Germany, the Netherlands and Sweden.

Imports of natural gas in the first six months of 2001 were 168,485 TJ mainly from Russia, Uzbekistan and Germany and were valued at US\$609.4 million, against 130,185 TJ valued at almost US\$294 million in 2000. Domestic natural gas extraction in 2001 increased by 4.4% and totalled 5.18 million m³. Production of electricity in Poland in 2001 totalled 142,763 GWh (+0.4%).

Non-ferrous Metals

This sector has for a long time been of great significance to the Polish economy and includes the mining and processing of copper, zinc, lead, aluminium and silver ores. Extraction of copper ore in 2001 by KGHM Polska Miedz SA increased by 6.0% as compared with the previous year and totalled 30.2 Mt (28.5 Mt in 2000). Some 1.8 Mt of copper concentrates were produced yielding 529,000 t of refined copper against 518,000 t in 2000. Output of electrolytic copper in 2001 is estimated to be 498,000 t against 486,000 t in 2000.

Copper ore has traditionally been extracted at three large underground mines - Lubin, Polkowice-Sieroszowice (originally two separate mines) and Rudna - and processed in three big smelters located at Legnica and Glogów in the southwest of the country.

Exports of copper and copper alloys in the first six months of 2001 rose by 10% to 109,292 t (99,608 t in 2000) valued at over US\$185.1 million, mainly to France, Germany and China. Exports of copper and copper alloy products were 75,616 t (72,347 t in 2000) valued at US\$157.6 million, mostly to Germany, the Czech Republic and the US. Imports of copper and copper alloys in 2001 (first six months) were 20,175 t valued at almost US\$69.4 million against 12,135 t valued at US\$46.6 million in 2000, and came mainly from Germany, Italy and France. Exports of copper waste and scrap in 2001 (first six months) were 11,452 t valued at over US\$13.9 million.

Extraction of zinc-lead ore in 2001 was largely unchanged from the previous year and estimated at 4.6 Mt. Some 55,386 t of zinc ores and concentrates were imported in the first half of 2001, mainly from Romania, Honduras and Chile, and valued at almost US\$12.5 million. Production of zinc metal in 2001 increased by 1.9% to 164,000 t. Exports of zinc and zinc products in the first half of 2001 amounted to 46,762 t valued at US\$50.3 million, against 44,439 t valued at US\$53.74 in the first half of 2000. Shipments were mainly to Germany, the Czech Republic and Slovakia.

Production of lead concentrates in 2001 rose by 3.6% to 86,400 t. Primary refined output rose by 4.6% to 47,500 t. Imports of lead and articles thereof in the first half of 2001 were 13,716 t valued at US\$8.06 million, and came from Germany, Romania and Sweden.

Aluminium production declined by 4.7% to 44,723 t, and imports of aluminium and aluminium products totalled 143,792 t in the first six months of the year and were valued at almost US\$380 million, against 146,005 t valued at US\$376 million in the same period of 2000. Exports of aluminium (and articles thereof) in the first six months of 2001 were 114,629 t valued at almost US\$262 million, against 105,093 t in 2000 (+9.1%) valued at US\$239 million.

Silver production in 2001 increased by 4.0% from 1,144 t to 1,190 t. Exports in the first six months amounted to 563 t worth in excess of US\$81 million and went mainly to the UK (240 t), Germany (203 t) and Belgium (90 t).

Imports of nickel and articles thereof in the first six months of 2001 were 1,059 t valued at US\$8.7 million, mainly from Russia, Germany and Finland.

Iron and Steel

In 2001, product sales were down by more than 16%. Production of iron and steel in Poland is mainly based on imported raw materials since domestic reserves of iron ore are exhausted. Imports of iron ores and concentrates in 2001

(first half) were 3.6 Mt against 3.11 Mt in the comparable period of 2000 (+15.8%) valued at almost US\$95 million, mainly from the Ukraine, Brazil and Russia.

Imports of ferroalloys in the first six months of 2001 were 55,759 t valued at US\$32.8 million compared with US\$42 million in the first half of 2000 (-22%) and came mainly from Slovenia, France, Norway and the Ukraine. Imports of ferrous waste and scrap in 2001 amounted to 586,580 t valued at US\$55.6 million.

Production of pig iron and ferroalloys fell by 16% to 5.44 Mt. Crude steel production also decreased by 16.0%, to 8.8 Mt against 10.5 Mt in 2000. Production of rolled steel totalled 6.37 Mt against 7.47 Mt in 2000 (-14.8%).

Exports of ferroalloys in the first six months of 2001 were 29,011 t valued at almost US\$13.4 million, against 49,180 t valued at US\$28.5 million in the same period of the previous year.

Non-metallic and Industrial Minerals

The non-metallic minerals industries in Poland comprise chemical minerals - mainly sulphur and different kinds of salt - and 50 other minerals, used in particular for building, road construction and metallurgical applications.

Sulphur production fell substantially, by 28% to 1.07 Mt. Exports in the first six months of the year were 501,674 t valued at US\$18.9 million against 486,233 t valued at US\$21.6 million in the same period of 2000. Exports were up in volume terms, but their value was down, reflecting lower sulphur prices.

Production of different kinds of salts in 2001 was estimated to be at a level of 4 Mt, including rock salt which amounted to 786,000 t compared with 849,000 t in 2000. Production of cement in 2001 was 11.9 Mt against 15 Mt in 2000 (-20.8%).

Exports of cement in the first six months of 2001 were 467,000 t valued at almost US\$17.5 million and imports during the same period were 330,000 t. For output of some other non-

metallic and industrial minerals, only data for 2000 were available at the time of writing. They included: anhydrite 284,700 t (+20.2%); limestone 29.8 Mt (+17.8%); lime 2.2 Mt (+3.6%); gypsum 0.99 Mt (+7.9%); dolomite 2.2 Mt (+15.1%); slate 384,100 t (+75.1%); silica and quartz sands 2.9 Mt (+17.2%); natural building sand 21.6 Mt (0%); natural aggregate 28.6 Mt; fireclay 190,400 t. (+10.3%); other clays 1.34 Mt (+16.4%); quartzite 76,700 t (+2.9%); and quartz 52,200 t.

Minerals and Metals Production in Poland (‘000 t except where specified)

	1999	2000	2001
Hard coal	112,000	103,172	103,897
Brown coal	60,800	59,460	59,541
Crude oil	425	653	759
Natural gas (M m ³)	4,741	4,952	5,175
Pig iron	5,233	6,492	5,440
Rolled steel	6,917	7,700	6,680
Crude steel	8,848	10,504	8,814
Zinc-lead ore	5,088	4,500*	4,600*
Lead (refined)	64.0	45.4**	47.5*
Zinc	177	161	164
Including: electrolytic zinc	66.5	na	na
Aluminium	46.5	46.9**	44.72
Copper ore	28,388	28,503	30,227
Copper (concentrate)	na	1,755	1,834
Copper (refined)	496	518	529
Including: electrolytic copper	470	486	498
Silver (t)	1,096	1,144	1,190
Sulphur (100%)	1,247	1,480	1,066
Salt (total)	4,212	4,307	4,000*
Including: Rock salt	923	849	786
Evaporated salt	725	735	730
Cement	15,555	15,046**	11,918

* Estimated

**Corrected figure

na not available