

BOSNIA AND HERZEGOVINA

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Bosnia and Herzegovina's mineral resources and their mining and processing facilities remained divided within the country's two administrative zones: the Federation of Bosnian Moslems and Croats (FBC) forming one entity (about 51% of Bosnia and Herzegovina), and Republika Srpska (RS), with a predominantly Serbian population, forming the other (49%). In 2000, the process of re-integrating the two zones appeared to remain moribund.

The economy of Bosnia and Herzegovina continued to be difficult to gauge owing to the lack of uniform reporting by each side to the Agency for Statistics in Sarajevo. The growth rate of the country's gross domestic product (GDP) for 1999, which continued to be driven by transfers from abroad and capital inflows, was revised to 7% from the 10% previously reported. A similar GDP growth rate in 2000 was expected but would be contingent on continued financial assistance from the international community, which continued to focus its efforts on the development of a market economy and the reconstruction of Bosnia and Herzegovina's post-war industry and infrastructure.

Industrial production in the FBC rose by 8.8% in 2000 compared with that of 1999. The energy sector, which represented about 35% of the value of industrial output (coal production and electric power), accounted for most of this increase. Overall mining output, which accounted for more than 10% of total industrial production, rose by about 10.4% in 2000 compared with that of 1999.

In the FBC, coal was produced in the Tuzla and Zenica region with most of the output earmarked for the Tuzla and Kakanj powerplants. The FBC accounted for about 80% of Bosnia and Herzegovina's total resources of brown coal and for about 60% of

the lignite. The FBC also produced bauxite and alumina (in southern and western FBC), and aluminium at Mostar. Lead and zinc has been produced at Olovo and Vares, but the current mining status of these operations is uncertain. Iron ore production was centered at Jablanica and Vares, and manganese ore production at Bosanska Krupa.

The FBC was Bosnia's and Herzegovina's only producer of steel. BH Steel Co.'s Zenica operation produced pig iron and carbon steel; and additional cold rolled steel and pipe was produced at Unis in Sarajevo. Major recent activities in the steel sector have included a contract awarded to Danieli SpA of Italy by BH Steel to supply a new 100 t electric melt shop and to modernise an existing light section mill.

The FBC contains exploitable resources of barite, gypsum, magnesite and rock salt. The current levels of output of these as well as other minerals commodities, however, are not clear.

The minerals industry (mining to semi-manufacturing) represents about 20% of total industrial output in the RS. Industrial production in 2000 increased by 5.6% compared with that of 1999, an increase which was buoyed largely by a an 8.6% rise in the output of raw materials. The largest contributing factor was a reported jump in output of nonferrous metals and base chemicals.

Bauxite deposits of regional importance are worked in eastern part of RS at Vlasenica and Zvornik, and in the northwestern RS, near Banja Luka. Although the RS was not a producer of aluminium, alumina was refined at Zvornik for export. Lead and zinc were mined at Srebrenica, and substantial deposits

of nickel have also been worked at the Vardiste mines near Visegrad.

Although complete data on mineral production has been scarce, the latest data (1998) on capacity utilisation suggest a low level of production within the RS's minerals industry sector. In ferrous metals mining and beneficiation, nonferrous metals mining, and nonferrous metals production, capacity utilisation amounted to about 20%, 5%, and 8%, respectively. Capacity utilisation for total downstream metalworking amounted to 61.4%, and capacity utilisation in industrial

minerals mining and processing amounted to 14.4% and 3.1%, respectively. In the cement, concrete, and sand production branches of the industry, capacity utilisation amounted to just 24.3%. Capacity utilisation in coal mining and petroleum refining were 58.7% and 26%, respectively.

The modernisation and privatisation of the mineral industries in both halves of Bosnia and Herzegovina, as well as the establishment of reliable markets, continue to be essential for their long-term viability.