

CROATIA

*By Walter G. Steblez
United States Geological Survey*

Croatia continued to produce minor quantities of metals and industrial minerals, mainly for domestic consumption. Petroleum extraction and refining were the major sectors of Croatia's minerals industry.

In 2001, the value of Croatia's total industrial production rose by 6% compared with that of 2000. The value of output of the mining and quarrying sector, as a whole, rose by about 2%. The petroleum and natural gas sector (less surveying), however, fell short of the 2000 level of output by about 3%. The gross value of output of coke and petroleum refinery products also declined by about 5% compared with that of 2000. Actual production in this sector showed mixed results as natural gas output increased by 14% and that of petroleum declined by about 8%.

The gross value of output of the country's mining and quarrying operations, other than those associated with hydrocarbons, increased by about 11.3%, and that of processed industrial minerals by 6.5%, compared with that of 2000. The production, by weight, of such building materials as cement and lime increased by about 14% and 19%, respectively.

The value of base metals production increased by about 4.2%. In terms of units of physical output, the production levels of aluminum ingot (primary and secondary) and semi-manufactures, rose by 11% and 18%, respectively, compared with those of 2000. The production of crude steel (about 58,000 t), on the other hand, declined considerably, by 18%. In 2001, efforts to privatise the steel industry focused on Zeljezara Sisak, southwest of Zagreb. Prospective buyers included Russian, Swiss and Slovak steel-pipe producers and traders. There was uncertainty, however, about the pace of

privatisation, which stemmed from Sisak's financial problems arising during the period of civil strife in former Yugoslavia. Sisak produces mainly welded and seamless pipe, and went into receivership following bankruptcy, hence the enterprise's privatisation process first must be approved by the court. Most of Sisak's shares were held by the power utility and several other government agencies. In 2001, Sisak's production range, reportedly, was 5,000 to 7,000 t/mth, or about one-third of capacity.

Jadranska Zeljezara, Croatia's other principal steel producer, is located in Split on the Adriatic Sea. In 2001, Jadranska reported nearing the completion of a US\$9.7 million investment programme which required the closure of the operations in August. Operations were scheduled to restart in early 2002 and were to include a new electric arc furnace (about 82,000 t/y) as well as a modernised billet casting unit and bar mill (80,000 t and 76,000 t/y, respectively). Modernisation and facility expansion at Jadranska was undertaken by Voest-Alpine Industrieanlagenbau of Austria.

Almost all categories of industrial minerals showed growth in 2001 compared with output levels of 2000.

INA, Croatia's state-owned oil company, continued to operate domestic oil and gasfields southeast of Zagreb near the Hungarian border and along the Adriatic coast. Imports, however, which were conveyed via the Adria pipeline, remained Croatia's chief source of petroleum. Offshore oil and gas exploration in early 2001 yielded results in the northern Adriatic Sea with the discovery of a natural gas deposit at the Marcia 1 well. A total of four wells were drilled in that area. The privatisation of the oil and gas industry was a subject of study by several

international banking and consulting organisations. Recommendations included initial public stock offerings and strategic partnerships. The government planned to restructure this sector into separate petroleum and natural gas commercial entities.

Croatia Mineral Production (t)

| | 1999 | 2000 | 2001 |
|---------------|---------------------|---------------------|--------|
| Aluminium | 14,461 | 15,050 ^r | 16,019 |
| Ferrochromium | — | 15,753 | 361 |
| Crude Steel | 77,213 ^r | 71,021 ^r | 57,993 |

Industrial Minerals

| | | | |
|--|----------------------|---------------------|---------|
| Cement ('000 t) | 2,712 | 2,852 | 3,246 |
| Bentonite | 8,441 | 10,013 | 10,580 |
| Ceramic clay ^e | 6,000 | 6,100 | 6,000 |
| Fire clay, crude ^e | 3,000 | — | — |
| Gypsum | 137,991 | 150,765 | 130,861 |
| Lime ('000 t) | 198 | 220 | 253 |
| Pumice ('000 t) | 55 | 38 | 42 |
| Quartz, quartzite, glass sand | 211,572 ^r | 95,686 ^r | 104,539 |
| Salt | 18,477 ^r | 33,668 | 32,585 |
| Sand and gravel ('000 m ³) | 3,644 | 3,480 | 3,500 |

Mineral Fuels

| | | | |
|---------------------------------------|--------------------|--------------------|-------|
| Bituminous coal ('000 t) | 15 | — | — |
| Natural gas (million m ³) | 1,551 ^r | 1,768 ^r | 2,009 |
| Petroleum, crude ('000 t) | 1,293 ^r | 1,214 ^r | 1,121 |

^e Estimated ^r Revised

In late 2001, a final protocol was signed by the Croatian and Russian Governments to initiate exports of Russia's Siberian petroleum through the Druzhba-Adria pipeline. The delivery of petroleum by the Druzhba-Adria route would allow Russian oil deliveries to bypass the Bosphorus and Dardanelles Straits by transiting from Russia through Belarus, Ukraine, Slovakia and Hungary. The pipeline's final outlet will be the Croatian port of Omisalj. However, severe restrictions on oil tanker tonnage that passes through the Bosphorus and Dardanelles were reportedly imposed by Turkey.

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