

THE MINERAL INDUSTRY OF GUATEMALA

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Guatemala has been the third largest producer of antimony in Latin America after Bolivia and Mexico. Guatemala also produces gold, iron and steel, and lead. It produces some industrial minerals and a variety of construction materials, as well as a low-gravity crude oil. (See table 1.) Other minerals known to occur, but not currently worked commercially, include nickel and sulfur. After 35 years of strife amounting to a civil war, a peace accord was signed in late December, 1996, between the Government and the revolutionary guerrilla organizations. It was expected that this would usher in an era of progress and prosperity (Mining Journal, 1997, p. 3).

The gross domestic product was projected at about \$10 billion¹ in 1990 constant dollars, with a growth rate of about 3% in 1996. Based on the Guatemalan Consumer Price Index, a previous inflation rate of 12% has been brought down to about 10% (Latin American Economy and Business, 1997).

As with the overall economy, the mineral industry was dominated by the private sector. Policy for the mineral sector, including required environmental impact assessments, was set by the Ministry of Energy and Mines, which also formulated policy for the petroleum and energy industries. The Ministry of Economy was in charge of approving U.S. projects submitted under the Agreement on U.S. Capital Investment Guarantees between Guatemala and the United States.

The band of external tariffs was narrowed and established at 5% to 20%. Meanwhile Guatemala formed a free trade area with El Salvador and Honduras. Guatemala welcomed foreign investors and has endeavored to streamline the registration process as an attraction. Mining was governed by Decree Law 69-85 of July 1985, modified by Decree Law 125-85. Small-scale mining was covered by Decree Law 55-90 of December 1990. Both laws were reformed by Congressional Decree Law 41-93 of November 1993. Petroleum activity was covered by the Hydrocarbon Law, Decree Law 109-83, and associated regulations, especially Government Edicts 1034-83 and 203-84. No law specifically covers foreign investment in Guatemala, so most of the restrictions and requirements typically found in such laws do not exist. However, restrictions on foreign investment in specific sectors do apply. The Government provides incentives for hydrocarbon investments by permitting a 100% deductible on all exploration and exploitation expenses. Petroleum investors were eligible for tax-free imports of certain goods for 5 years, suspension of duty

without bond on items to be reexported, and were allowed to maintain foreign currency deposits outside the country. Mining operations were similarly allowed duty-free imports.

Mineral output in 1996 is estimated to parallel that of the previous year. Antimony ore and concentrate were produced by Minas de Guatemala S.A. from several mines at Ixtahuacan, near the Department of Huehuetenango in the western region of the country. In addition to the recovery of 94% of the antimony values, flotation also enabled the recovery of a concentrate assaying about 124 grams per ton of gold. Output was exported mainly to Metaleurop Weser Blei GmbH in France. The company was considering the use of biotechnology for maximum recovery of gold values.

BHP acquired several mineral concessions, one of 6 square kilometers (km²) in the Department of Alta Verapaz and another of 31 km² in Quiche Department, both of which display lead-zinc, silver, and copper geochemical anomalies identified by the Metal Mining Agency of Japan in the 1970's (Mining Journal, 1996b, p.301).

The Government auctioned several gold properties including the Pato Poxte gold prospect, found by a United Nations exploration project, estimated to contain a resource of about 14 tons (Mining Journal, 1996a, p. 9). Mar-West Resources Ltd. (Canada), in an untitled company briefing on its Central American activities, noted that it applied for a total of 10 concessions in Guatemala targeting gold and copper porphyry deposits.

The cement, ceramics, construction, and glass industries were the country's leading users of industrial minerals. Cement, clays, feldspar, gypsum, lime, and sand and gravel were produced for the local market. The capacity of Cementos Progreso S.A.'s San Miguel plant was expanded by 20% in 1994 in preparation for an expected increase of 8% in 1995 production.

The most significant increase in Guatemalan mineral extraction during 1996 was registered by the petroleum industry, which achieved a total rate of production of 16,000 barrels (bbls) of crude per day. The Government's announced goal was to achieve an output of 40,000 bbls per day by 2000 (Oil & Gas Journal, 1997). About 80% of Guatemala's oil came from the Xan field in the Peten basin. Basic Petroleum International Ltd. reported that the fifth Xan well, recently completed, produced 2,000 bbls per day from a depth of 2,321 meters. The company started a small refinery in the Peten area to produce asphalt, diesel fuel, distillate fuel oil, kerosene, and naphtha.

¹Where necessary, values have been converted from Guatemalan quetzales (Q) to U.S. dollars at the rate of Q6.0=US\$1.00.

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- Oil & Gas Journal, 1997, Guatemala accelerates efforts to attract foreign E & D capital: Oil & Gas Journal, v. 95, no. 3, p. 77-81.

Major Sources of Information

Ministerio de Energia y Minas
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Direccion General de Minería

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Major Publications

Instituto Latinoamericano Del Fierro y el Acero (ILAFA),
Santiago, Chile: Anuario Estadístico de la Siderurgia y
Minería del Hierro de América Latina, annual.

Ministerio de Energia y Minas, Guatemala: Informe Estadístico
de Energia y Minas, annual.

Ministerio de Energia y Minas, Guatemala: Memoria de
Labores, annual.

TABLE 1
GUATEMALA: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

Commodity	1992	1993 e/	1994 e/	1995 e/	1996 e/
METALS					
Antimony:					
Mine output, Sb content	323 r/	90 r/	230 r/	250 r/	250
Trioxide	23	30	30	30	25
Gold kilograms	32	30	30	30	30
Iron and steel:					
Iron ore, gross weight	1,445	3,300	3,000	3,200	3,300
Steel, crude	24,500 e/	18,000 3/	18,000 3/	18,000	18,000
Steel, semimanufactures	105,000 e/	90,000	90,000	91,000	94,000
Lead metal, including secondary	49	50	50	50	50
INDUSTRIAL MINERALS					
Barite	328 r/	400 r/	500 r/	500 r/	500
Cement thousand tons	1,400 e/	1,119 3/	1,200 3/	1,200 r/	1,200
Clays:					
Bentonite	7,002 r/	7,000 r/	4,410 r/ 3/	4,500 r/	4,500
Kaolin	2,863	3,000	3,000	3,100	3,100
Unspecified	1,597	1,600	1,600	1,700	1,700
Feldspar	6,073 r/	7,500	7,500	7,600	7,500
Gypsum	72,608 r/	75,000 r/	89,000 r/ 3/	90,000 r/	90,000
Lime e/	70,000	70,000	70,000	72,000	73,000
Pumice	6,591	6,300	6,000	6,200	5,000
Salt e/	46,200 r/	47,000 r/	47,500 r/	48,000 r/	48,000
Stone, sand and gravel:					
Dolomite	9,314	10,000	10,000	11,000	10,000
Limestone thousand tons	1,756	1,500	1,000	1,200	1,500
Marble:					
Block e/	9,000	7,000	7,100	7,300	8,000
Chips and fragments	1,751	1,800	1,750	1,800	1,850
Sand and gravel thousand tons	758	950	900	1,000	1,000
Schist e/	250,000	250,000	251,000	255,000	255,000
Silica sand	33,714	27,000	27,000	29,000	30,000
Stone, crushed e/ thousand tons	1,000	1,000	1,100	1,200	1,250
Talc	1,320	800	800	950	900
MINERAL FUELS AND RELATED MATERIALS					
Gas, natural, gross e/ thousand cubic meters	13,000	12,000	12,000	12,500	20,000
Petroleum:					
Crude thousand 42-gallon barrels	2,051	1,700	1,650	3,000 r/	5,840 3/
Refinery products do.	5,696	5,000	5,100	5,300	6,000

e/ Estimated. r/ Revised.

1/ Estimated data are rounded to three significant digits.

2/ Table includes data available through May 1, 1997.

3/ Reported figure.

TABLE 2
GUATEMALA: STRUCTURE OF THE MINERAL INDUSTRY FOR 1996

(Thousand metric tons unless otherwise specified)

Commodity	Major operating company and major equity owners	Location of main facilities	Annual capacity
Antimony	Minas de Guatemala S.A. (private, 100%)	Los Lirios and Anabella Mines, Ixtahuacan, Huehuetenango Department	1.9
Cement	Cementos Progreso S.A. (Lambert Freres et Cie. 69.8%; other, 30.2%)	San Miguel plant, Sanarate, El Progreso Department, and La Pedrera plant, Guatemala City	1,800
Nickel	Exploraciones y Explotaciones Mineras Izabal, S.A. [(Exmibal) (Inco, 70%; and Government, 30%)]1/	Mine and processing plant near El Estor, Izabal Department	9
Iron and steel (semimanufactures)	Hornos, S.A.	Guatemala City	80
Petroleum:			
Crude thousand 42-gallon barrels	Basic Petroleum International Ltd. (private, 100%)	Rubelsanto, West Chinaja fields, Alta Verapaz Department, and Caribe, Tierra Blanca and Xan fields, Peten Department	2,000
Products do.	Texas Petroleum Co. (Texaco Inc., 100%)	Refinery at Escuintla, Escuintla Department	6,200
Do.	Basic (private, 100%)	Refinery near Santa Elena, El Naranjo, Peten Department	720

1/ Ownership equity change in 1991.