## THE MINERAL INDUSTRY OF

# **DOMINICAN REPUBLIC**

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During 1996, the mineral industry of the Dominican Republic continued to be small by world standards. The country produced cement, gold, gypsum, ferronickel, salt, and silver. In addition, other construction materials were produced for domestic consumption. (See table 1.) The Dominican Republic did not produce any crude petroleum, it imported all its requirements for crude petroleum. In addition, the country also imported some of its requirements for petroleum refinery products.

The Government of the Dominican Republic was an active participant in the production of mineral commodities, although the private sector contributed significantly to the production of mineral commodities. (See table 2.) Gold and silver production was exclusive to the Government through Rosario Dominicana S.A. The Government holding company, Corporación Dominicana de Empresas Estatales (CORDE), owned or held a minority interest in the production of gypsum, marble, nickel, and salt. CORDE also had a majority interest in the Fábrica Dominicana de Cemento C. Por A., which has been inactive since 1995. The Government also held one-half interest in the only producer of petroleum refinery product, Refinería Dominicana de Petróleo S.A. (REFIDOMSA).

The only mineral commodity of world significance produced in the Dominican Republic was nickel. Falconbridge Dominicana C. por A. (Falcondo), a subsidiary of Falconbridge Ltd. of Canada with a minority equity held by the Government of the Dominican Republic, was among the leading world producers of nickel, producing about 13% of the total world ferronickel output. The company produced ferronickel in All the company's production was exported. Production of nickel in ferronickel was 30,376 metric tons, a slight decrease from that of 1995. Shipments of ferronickel also decreased slightly to 29,452 tons of contained nickel. At the end of 1996, Falcondo's proven, probable, and possible reserves were recalculated to 64 million dry tons by using a 1.2% nickel cutoff grade instead of the 1.4% cutoff grade previously used (Falconbridge Dominicana C. por A., 1997).

Production of gold in the Dominican Republic increased by 11%, and production of silver decreased by 19%. The Dominican Republic had been an important gold producer and in the mid-1970's, it was among the world's top 10 producers. Production has, however, decreased in recent years and in 1996 the country was a minor producer. In recent years, Rosario Dominicana's Pueblo Viejo production from the sulfide ore has only achieved a recovery rate of 35% (R.O. de León, Science Advisor to the National Commission for the Environment, oral commun., 1997). The company, in 1996, was evaluating

options to obtain the necessary capital for modernizing the operation through the use of new technology.

In early 1996, Falconbridge International (Investments) Ltd. reached an earn-in-exploration agreement with KWG Resources Inc., also of Canada, for Falconbrigde's nonnickel mineral programs in the Dominican Republic (KWG Resources Inc. 1997). With a 5-year, \$5 million exploration program in the Dominican Republic, KWG Resources would be able to earn 49% interest in the Maimón, El Anón, and the Managua concessions (Metal Bulletin, 1996). Under the agreement, Falconbridge will manage the exploration program. Falconbridge would be allowed by KWG Resources to take a stake in any nickel deposits found in KWG Resources' properties in Haiti.

The Government of the Dominican Republic, newly elected in August, proposed an extensive trade reform at yearend with the goal of becoming more competitive in the global economy (James, 1997). Import tariff reductions were planned for a maximum rate of 15% in 1998 and 10% for 1999. The tariff reduction would not include petroleum and petroleum refinery products, which are subject to special taxes. The Government was interested in establishing free trade agreements with the Caribbean Common Market and the Central American Common Market. The new Government also planned to accelerate efforts to privatize Government entities, including those related to the mining sector.

The Dominican Republic imported all its requirements for crude petroleum in 1996. As one of the owners of the country's only crude petroleum refinery, the Government continued to play an important role in the hydrocarbon sector, and maintained control of the regulated sector. In addition to refining crude petroleum received mainly from Mexico and Venezuela under the San José Accord, REFIDOMSA imported about 55% of the refinery products it distributed nationally (Washington Times, 1997a). The company controlled 70% of the 36.5 million barrels imported as crude or petroleum products. remaining 30% was imported directly by the industrial sector, including Falcondo, the country's only nickel producer, which owned its own refinery in La Pequera that supplied fuel to its own operation and sold its excess electricity to the national electric company. REFIDOMSA also played a dominant role in the distribution of refinery products with Texaco Caribbean, Esso Standard Oil, and Isla Dominicana providing the remainder.

The Government plans to change its role in the petroleum sector. The new approach is for the Government to gradually reduce its role as an investor. The Government also wants to deregulate the sector before the end of the century and to abolish the monopoly on oil imports, refinery, and natural gas (Washington Times, 1997a).

In 1996, approval was given for the construction of a new private oil terminal in Puerto Plata in the north of the country by Esso Standard Oil and Texaco Caribbean. The \$25 million terminal is expected to import an additional 25,000 barrels per day of petroleum products. At present, all imports come through the Port of Haina in the south.

The power generation sector, a concern of the Dominican Republic for many years because of its inability to supply enough energy to cover demand, is being reformed (Washington Times, 1997b). The country is in the process of defining ways to increase the participation of the private sector in order to upgrade and expand its generating capacity to catch up with increasing demand.

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### **Major Sources of Information**

Banco Central

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 ${\bf TABLE~1}\\ {\bf DOMINICAN~REPUBLIC:~PRODUCTION~OF~MINERAL~COMMODITIES~1/}$ 

(Metric tons unless otherwise specified)

Commodity 2/		1992	1993	1994	1995	1996 e/
Cement, hydraulic	thousand tons	1,365	1,271	1,276	1,453	1,500
Coal, subbituminous e/		600	600	600	600	600
Gold	kilograms	2,229 r/	247 r/	1,538 r/	3,281 r/	3,659 3/
Gypsum	thousand tons	82 r/	86 r/	93 r/	95 r/	86 3/
Iron and steel:						
Ferroalloys, ferronickel		71,417	60,774	80,193 r/	80,711 r/	78,488 3/
Steel, crude		32,628				
Limestone e/		589,000	500,000	550,000	550,000	550,000
Nickel:						
Mine output, Ni content		42,641	37,423	50,146 r/	51,500 r/	50,567 3/
Metal:						
Smelter, Ni content of ferronickel		27,530	23,900	30,757 r/	30,897	30,376 3/
Shipments, Ni content of ferronickel		27,214	25,614	31,387	30,659 r/	29,452 3/
Petroleum refinery products: e/						
Liquefied petroleum gas	thousand 42-gallon barrels	320	315	320	350 3/	300
Gasoline, motor	do.	2,350	2,300	2,350	2,099 3/	2,100
Kerosene and jet fuel	do.	1,150	1,150	1,150	1,865 3/	1,900
Distillate fuel oil	do.	2,800	2,800	2,850	2,682 3/	2,700
Residual fuel oil	do.	3,750	3,800	3,850	4,664 3/	4,600
Total	do.	10,370	10,365	10,520	11,660 3/	11,600
Salt e/ 4/		12,000	11,500	10,000	10,000	10,000
Sand e/	thousand tons	5,130 3/	5,000	5,500	5,500	5,500
Silver	kilograms	13,496 r/	1,201 r/	9,208 r/	21,066	17,017 3/

e/ Estimated. r/ Revised.

 ${\bf TABLE~2} \\ {\bf DOMINICAN~REPUBLIC:~STRUCTURE~OF~THE~MINERAL~INDUSTRY~FOR~1996}$ 

(Thousand metric tons unless otherwise specified)

		Major operating companies and major equity owners		Annual
Commodity			Location of main facilities	capacity
Cement		Fábrica Dominicana de Cemento C. por A.	Santo Domingo, Distrito Nacional	700
		(Government, 78%; private, 22%)		
Do.		Cementos Cibao C. por A. (private, 100%)	Santiago Province	400
Do.		Cementos Nacionales S.A. (private, 100%)	San Pedro de Macorís, San Pedro	1,200
		(private, 100%)	de Macorís Province	
Doré (gold and silver)	kilograms	Rosario Dominicana S.A. (Government, 100%)	Pueblo Viejo Mine, Cotui, Sánchez	56,700
			Ramírez Province	
Gypsum		Loma de Sal y Yeso C. por A. (Government, 100%)	Barahona Province	200
Nickel		Falconbridge Dominicana C. por A. (Government, 10%;	Mine and plant at Bonao,	35
		Falconbridge Ltd., 86%; Redstone Resources, Ltd., 4%)	La Vega Province	
Petroleum products		Refinería Dominicana de Petróleo S.A.	Haina, Distrito Nacional	12,000 1/
		(Government, 50%; Shell Oil Co., 50%)		
Do.		Falconbridge Dominicana C. por A. (Government, 10%;	La Peguera, La Vega Province	1,000 1/
		Falconbridge Ltd., 86%; Redstone Resources, Ltd., 4%)		
Salt		Loma de Sal y Yeso C. por A. (Government, 100%)	Barahona Province	20
Steel		Metaldom (Government, 100%)	Santo Domingo, Distrito Nacional	100

<sup>1/</sup> Thousand 42-gallon barrels.

<sup>1/</sup> Table includes data available through Dec. 31, 1997.

<sup>2/</sup> In addition to commodities listed, crude construction materials (gravel, stone, etc.) may also be produced, but data on such production are not available, and information is inadequate to make reliable estimates of output levels.

<sup>3/</sup> Reported figure.

<sup>4/</sup> Rock salt only.