

THE MINERAL INDUSTRY OF DOMINICAN REPUBLIC

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During 1997, the mineral industry of the Dominican Republic continued to be small. Mining accounted for 2.5% of the gross domestic product (Banco Central de la República Dominicana, [no date], *Producto interno bruto 1993-1997* [Gross domestic product 1993-1997], accessed July 17, 1998, at URL <http://3www.bancentral.gov.do/BIP9393.htm>). The country produced cement, gold, gypsum, ferronickel, salt, silver, and steel. In addition, other construction materials were produced for domestic consumption. (*See table 1.*) Because the Dominican Republic did not produce any crude petroleum, it imported all its requirements for crude petroleum. In addition, the country imported some of its requirements for petroleum refinery products.

Mining in the Dominican Republic is regulated by Mining Law 146, which was promulgated and published in the Official Gazette No. 9231 in June 1971 (Cámara Minera-Petrolera de la República Dominicana, 1997, p. 15). The tax section of the mining law was modified in 1992 (Law 11-92), thus reducing the income tax from 40% of net earnings to 25%. The Dirección General de Minería, part of the Secretaría de Estado de Industria y Comercio, is the agency responsible for administering the mining law.

Foreign investment legislation in the Dominican Republic was revised in 1995. Law 16-95, promulgated in November 1995, gave foreign and domestic investors similar rights. Under the law, foreign investment must be registered with the Central Bank within 90 days from the date of the investment. The areas where foreign investment were prohibited under the law were the disposal of dangerous or radioactive and toxic waste not produced in the country, areas affecting public health and the balance of the country's environment, and manufacturing of equipment and materials directly related to national defense and security. Regulation No. 360 of November 1995 provides definitions and details to administer Law 16-95. Repatriation of capital is permitted under the regulation.

Law No. 141-97, reforming public enterprises, was signed by the President of the Dominican Republic on June 24, 1997. This law, which created the Comisión de Reforma de La Empresas Pública (the Commission for the Reform of Public Enterprise) and whose purpose was to allow partial privatization from domestic or foreign sources of selected Government entities, limited private participation to 50%. One of the Government enterprises affected by this new law, Corporación Dominicana de Empresas Estatales (CORDE), the Government holding company had an interest in the production of several mineral commodities.

In 1997, the Government of the Dominican Republic was an active participant in the production of mineral commodities as was the private sector, as was the private sector. (*See table 2.*) Gold and silver production was exclusive to the Government through Rosario Dominicana S.A. 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 50% interest in the only producer of petroleum refinery product, Refinería Dominicana de Petróleo S.A.

Nickel was the most significant mineral commodity to the Dominican Republic's economy in 1997. The only producer, 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 ferronickel. The company's mine and ferronickel plant were in Bonao. In the 10 years preceding 1997, the company's sales totaled \$2.3 billion, with revenue to the National Treasury of \$573 million (Falconbridge Dominicana C. Por A, 1997). The Dominican Republic was the seventh leading producer of nickel in the world, with a mine production of 4.8% of the world total. Production of nickel in ferronickel was 32,558 metric tons, a 7% increase from that of 1996. This was about 3% of the total world plant production. All Falcondo's production was marketed by Falconbridge Ltd. Shipments of ferronickel increased to 32,581 tons of contained nickel, an increase of about 11% from that of 1996. The largest recipient of ferronickel from the Dominican Republic in 1997 was Europe with 46% of the total, followed by the United States (24%), the Republic of Korea (19%), and Japan (11%). At the end of 1997, Falcondo's proven, probable, and possible reserves were calculated to be 61.5 million dry tons, with a grade of 1.56% nickel and a cutoff grade of 1.2% (Falconbridge Dominicana C. por A., 1998).

In the Dominican Republic, production of gold decreased by almost 36%, and production of silver decreased by 27%. The country had been an important gold producer and in the mid-1970s, was among the world's top 10 producers. Production decreased in recent years and by 1997, the country was a minor producer. In recent years, Rosario Dominicana's Pueblo Viejo production from the sulfide ore has only achieved a gold recovery rate of 35% (R.O. de León, Science Advisor to the National Commission for the Environment, oral commun., 1997). In 1997, the company was evaluating options to obtain the necessary capital for modernizing the operation through the use of new technology.

In August, Rosario Dominicana announced that it had selected the U.S. firm Solomon Brothers, Inc., as a consultant to select a long-term operator for the mine (Banco Central de la República Dominicana, August 20, 1997, Nota de prensa [Press release], accessed July 17, 1998, at URL <http://www.bancentral.gov.do/NOTADE.html>). At the time of the announcement, the company expected the selection of the operator and the contract

to become effective within 8 months from the call for public bids. The company expects that in addition to gold and silver, zinc would also be produced from the mine.

References Cited

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- Falconbridge Dominicana, C. Por A., 1997, El Potencial Minero de la República Dominicana: Falconbridge Dominicana C. Por A., April, 8 p.
- 1998, 1997 annual report: Falconbridge Dominicana C. Por A., 17 p.

Major Sources of Information

Banco Central de la República Dominicana
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TABLE 1
DOMINICAN REPUBLIC: PRODUCTION OF MINERAL COMMODITIES 1/

(Metric tons unless otherwise specified)

Commodity 2/	1993	1994	1995	1996	1997 e/
Cement, hydraulic	1,271	1,303 r/	1,092 r/	1,478 r/	1,500
Coal, subbituminous e/	600	600	600	600	600
Ferrous alloys, ferronickel	60,774	80,193	80,711	78,488	85,000
Gold	247	1,538	3,281	3,659	2,349 3/
Gypsum	91 r/	93	95	86	113 3/
Iron and steel, steel, crude	--	--	--	6,246	64,313 3/
Limestone	-- r/	-- r/	-- r/	-- r/	--
Marble	1,299	1,825	1,333	2,117	2,000
Nickel:					
Mine output, Ni content	37,423	50,146	51,500	50,567	52,000
Metal:					
Smelter, Ni content of ferronickel	23,900	30,757	30,897	30,376	32,558 3/
Shipments, Ni content of ferronickel	25,614	31,387	30,659	29,452	32,581 3/
Petroleum refinery products: e/					
Liquefied petroleum gas	315	320	350 3/	300	300
Gasoline, motor	2,300	2,350	2,099 3/	2,100	2,100
Kerosene and jet fuel	1,150	1,150	1,865 3/	1,900	1,900
Distillate fuel oil	2,800	2,850	2,682 3/	2,700	2,700
Residual fuel oil	3,800	3,850	4,664 3/	4,600	4,600
Total	10,365	10,520	11,660 3/	11,600	11,600
Salt:					
Marine	53,343	47,319	41,822	49,719	50,000
Rock	8,251 r/	10,296 r/	10,806 r/	11,330 r/	11,000
Sand e/	5,000	5,500	5,500	5,500	5,500
Silver	1,201	9,208	21,066	17,017	12,406 3/

e/ Estimated. r/ Revised.

1/ Table includes data available through June 26, 1998.

2/ 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.

3/ Reported figure.

TABLE 2
DOMINICAN REPUBLIC: STRUCTURE OF THE MINERAL INDUSTRY IN 1997

(Thousand metric tons unless otherwise specified)

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

1/ Thousand 42-gallon barrels.