

THE MINERAL INDUSTRY OF

ICELAND

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The country's economic growth in terms of gross domestic product slowed to 3.5% in 2000 from that of 4.5% in 1999.

Iceland has abundant natural resources of geothermal and hydroelectric energy but is poor in mineral resources.

Diatomite was one of the industrial minerals being mined and exported. Aluminum smelting and ferrosilicon production from imported materials were other activities of the mineral industry, and their outputs also were exported. The nation imported petroleum products. Most of the trade was with the European Union countries.

Owing to increased rainfall, Landsvirkjun, the Government-owned utility, ended the partial cut of power supply to the Nordural aluminum smelter, which had been in force since September 1999. The smelter restored idled electrolytic cells with the aim to bring production capacity back to 60,000 metric tons per year (t/yr) in May, which due to lining wear and idling of electrolytic cells had resulted in capacity loss of 5% to 6%. Expansion by 30,000 t/yr at Nordural's smelter was expected subject to completion of an estimated \$80 million to \$90 million financing. A power contract had been signed with Landsvirkjun for the expansion (Metal Bulletin, 2000).

Haefi of Iceland and Norsk Hydro A/S of Norway formalized plans for a joint venture to build a \$1.425 billion aluminum

plant at Reyoarfjorour in eastern Iceland. A feasibility study remained to be completed and production was scheduled for 2006. Norsk Hydro would contribute 40% of the cost, and Haefi, the rest. The plant would initially produce 240,000 t/yr of aluminum and increase output to 360,000 t/yr. Norsk Hydro had further plans to expand the production capacity of the plant to 480,000 t/yr if it could get the necessary power and permits (Financial Times, 2000).

Iceland's indigenous diatomite was produced from diatomaceous earth by Diatomite Plant Ltd. near Lake Myvatn. Production capacity was at a level of 26,000 t/yr. A magnesium project at Sudurnes was under consideration by Icelandic Magnesium Ltd. The proposed plant with a production capacity of 50,000 t/yr was to extract magnesium from seawater (Mining Magazine, 2000).

References Cited

- Financial Times, 2000, Aluminium plan for Iceland: Financial Times, May 25, p. 26.
- Metal Bulletin, 2000, Icelandic smelter restores power and production: Metal Bulletin, no. 8445, January 27, p. 11.
- Mining Magazine, 2000, Potential new projects: Mining Magazine, v. 182, no. 3, March, p. 140.

TABLE 1
ICELAND: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/

(Metric tons unless otherwise specified)

| Commodity | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|--------------|------------|---------------|---------------|------------|
| Aluminum metal, primary 2/ | 103,800 3/ | 122,900 3/ | 173,400 3/ | 219,509 r/ 3/ | 224,439 3/ |
| Cement, hydraulic 4/ | 88,200 3/ | 101,000 r/ | 117,684 r/ 3/ | 131,292 r/ 3/ | 143,734 3/ |
| Diatomite | 25,600 3/ | 26,000 | 26,000 | 28,299 r/ 3/ | 27,614 3/ |
| Ferrosilicon | 70,520 r/ 3/ | 70,000 r/ | 68,000 r/ | 70,933 r/ 3/ | 70,000 |
| Nitrogen, N content of ammonia | 7,400 r/ | 7,400 r/ | 5,900 r/ | 6,500 r/ | 6,500 |
| Pumice and related volcanic material: | | | | | |
| Pumice | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Scoria | 500 | 500 | 500 | 500 | 500 |
| Salt | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Sand: | | | | | |
| Basaltic cubic meters | 1,200 | 1,200 | 1,000 | 1,000 | 1,000 |
| Calcareous, shell do. | 82,000 | 82,000 | 80,000 | 80,000 | 80,000 |
| Sand and gravel thousand cubic meters | 3,600 | 3,600 | 3,600 | 3,600 | 4,000 |
| Silica dust 5/ | 14,000 | 14,000 | 12,000 | 11,628 r/ 3/ | 12,000 |
| Stone, crushed: | | | | | |
| Basaltic | 90,000 | 90,000 | 90,000 | 90,000 | 95,000 |
| Rhyolite cubic meters | 16,500 | 16,500 | 16,500 | 16,500 | 17,000 |

r/ Revised.

1/ Table includes data available through May 23, 2001.

2/ Ingot and rolling billet production.

3/ Reported figure.

4/ Sales.

5/ Byproduct of ferrosilicon.