

# THE MINERAL INDUSTRY OF MALAWI

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The economy of Malawi is based mostly on agriculture. In 1995, agriculture contributed to 30% of the gross domestic product (GDP), estimated at \$6.9 billion, and provided 90% of export revenue.<sup>1</sup> The mineral sector contributed modestly to the economy and accounted for an estimated 1% of the GDP. In 1995, mineral production of cement, coal, crushed stone for aggregates, dolomite, limestone, and gemstones (ruby and sapphires) was consumed locally (*See table 1*). Malawi also produced small amounts of lime. Coal and limestone produced in Malawi were essential components of the country's cement and lime industries. The production of stone for aggregate and cement was the largest component, by value, of Malawi's mineral production.

The country has known mineral deposits of apatite, aquamarine, bauxite, corundum, glass sand, granite, graphite, kaoline, kyanite, phosphates, pyrite, rare earths, tourmaline, uranium, and vermiculite. Now under exploration are deposits of base metals, diamond, garnet, gold, and rutile and ilmenite sands.

Mineral activities are covered by the Mines and Minerals Act, 1981; the Mines and Minerals (Mineral Rights) Regulations, 1981; and the Petroleum (Exploration and Production) Act of 1983. All minerals are vested in the President on behalf of the people of Malawi.

On May 18, 1995, Malawi's constitution was revised.<sup>2</sup>

The Ministry of Energy and Mines is authorized to negotiate incentives and benefits with investors. The Government encourages local and foreign investment and anticipates that mining would diversify the Nation's economy from its agricultural base. The preferred methods of investment in Malawi are joint ventures or the establishment of local subsidiaries.

Three types of mining licenses are issued in Malawi for small-mining operations, 1) the mineral permits/rights; for larger operations, 2) the exclusive prospecting licenses, and 3) mining licenses (which are submitted to the Commissioner for Mines and Minerals to be considered by the Licensing Committee). According to the Minister of Energy and Mines, processing time for the mining license is 2 months.<sup>3</sup> All mining licenses can be transferred. In addition to the Ministry of Energy and Mines, the Mining Investment and Development Corp. (MIDCOR) is the Government holding company responsible for overseeing the mining sector.

Environmental provisions in the Mines and Minerals Act, a result of Malawi's review of its environmental concerns in June

1994, included the requirement that the Department of Research and Environmental Affairs review an environmental impact assessment with each mineral rights application.<sup>4</sup>

Mining operations in Malawi in 1995 included numerous small-scale lime producers in the Chenkumbi Hills, southeast of Ncheu, and in the Lirangwe area, near Blantyre. There was extensive small-scale gemstone digging activity. Medium-scale operations consisted of limestone quarries and a 10,000-metric-ton-per-year coal mine at Mchenga in the Livingstonia coalfield operated by the state-owned MIDCOR. Large-scale operations included the Portland Cement Co.(1974) Ltd. (PCC)'s 200,000-ton-per-year Changalumi limestone quarry, 42 miles (67.6 kilometers) from Blantyre, and 8 miles (12.9 kilometers) from Zomba, its 288,000-ton-per-year clinker grinding plant in Blantyre and the 140,000-ton-per-year clinker plant in Changalumi.<sup>5</sup> Like the other commodities produced in Malawi, all of the cement produced in the country is consumed domestically, and demand exceeds the level of domestic production so Malawi also imports a small amount of cement.

In May 1995, in agreement with the Government's new policy of privatizing its major equity investments, MIDCOR offered PCC for sale to interested parties.<sup>6</sup> This was the Government's first major privatization effort.

Renewed interest in the mining sector included MIDCOR's study of the flake graphite deposit at Katengeza in the Dowa District. MIDCOR also was looking for joint-venture investors to develop apatite deposits. The apatite would be used as a feed for the country's fertilizer industry. According to the Ministry of Energy and Mining, Malawi's bauxite reserves were estimated to be 28 million tons averaging 43.9% aluminum oxide. The Ministry also estimated coal reserves of more than 800 million tons.

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<sup>1</sup>Central Intelligence Agency. World Factbook page on Malawi, accessed May 21, 1997 on World Wide Web at URL <http://www.odci.gov/cia/publications/nsolo/factbook/mi.html>, ASCII (text) format.

<sup>2</sup>Page 2 of work cited in footnote 2.

<sup>3</sup>U.S. Embassy, Lilongwe, Malawi, 1996, Malawi's mineral potential: U.S. Department of State Airgram (July 15, 1996), 3 pp.

<sup>4</sup>United Nations Development Program. Sustainable Development Networking Program in Malawi Project Report, accessed on May 21, 1997, on World Wide Web at URL <http://192.124.15/sdnp/of/malawi/html> ASCII (text) format.

<sup>5</sup>Lacroux, É. (compiler), 1996. World Cement Directory. "Cembureau-The European Cement Association," Brussels, 359 pp.

<sup>6</sup>Cottam, I. Malawi's Secure Cement Future. International Cement Review, Sept. 1996, p. 89-90.

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

(Metric tons unless otherwise specified)

Commodity 3/	1991	1992	1993	1994 r/	1995
Cement, hydraulic	120,000	112,000	127,000	121,954	138,675
Coal	49,100	39,200	52,800	34,630	14,635
Dolomite e/	2,500	2,500	2,000	1,321 4/	876 4/
Gemstones: Ruby and sapphire e/ kilograms	20,000 r/	20,000 r/	20,000 r/	21,454 4/	75,588 4/
Lime e/	4,000	4,000	2,560	3,544 4/	1,119 4/
Stone:					
Crushed for aggregate	200,000 e/	420,000	380,308 r/	65,039	65,601
Limestone, for cement	175,000	175,000	126,000	173,758	175,578

e/ Estimated. r/ Revised.

1/ Estimated data are rounded to three significant digits.

2/ Table includes data available through May 21, 1997.

3/ In addition to commodities listed, modest quantities of unlisted varieties of crude construction materials (clays, sand and gravel, and other stone) may also be produced, but information is inadequate to make reliable estimates of output levels.

4/ Reported figure.