THE MINERAL INDUSTRIES OF LESOTHO AND SWAZILAND

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LESOTHO

The Kingdom of Lesotho is a landlocked, independent, parliamentary, constitutional monarchy surrounded by South Africa. In 2004, the economy was based on subsistence agriculture, livestock, and light manufacturing. Historically, repatriated wages from Basotho miners who worked in the South African gold mines have significantly contributed to national income; the number of migrant miners who worked in South Africa, however, decreased to about 58,000 in 2004 from an average of 61,400 in 2003 and about 110,000 in 1994 (International Monetary Fund, 2004, p. 17; Central Bank of Lesotho, 2005, p. S-29).

In 2004, the gross domestic product (GDP) was estimated to be $1.5 billion at current prices; $4.8 billion when calculated at purchasing power parity. The GDP per capita was $2,074 based on purchasing power parity calculations. The country supported an estimated population of 1.86 million people in a 30,350-square-kilometer (km^2) area (U.S. Central Intelligence Agency, 2004§[1]; International Monetary Fund, 2005§).

The country has long been known as a source of diamond, mostly from alluvial deposits; mineral production, however, was not a significant part of the economy. Artisanal miners and small mining companies produced agate, clay, crushed and dimension stone, and sand and gravel for domestic consumption. Operations included the clay pits and the 20-million-brick-per-year-capacity facility of Loti Brick (Pty.) Ltd. and the sandstone quarries of Lekokoaneng Sandstone (Pty.) Ltd., Lesotho Sand Stones Co., and Lesotho Stone Enterprises (Pty.) Ltd. In 2004, the Government's Privatisation Unit was negotiating the privatization of Loti Brick with Semler Holdings Ltd. of Lesotho (United Nations Conference on Trade and Development, 1997, p. 22).

Commodity Review

Industrial Minerals

Diamond.—Letseng Diamonds (Pty.) Ltd. was a joint venture between the Government of Lesotho (24% effective interest) and Letseng Holdings S.A., which was a partnership of Matodzi Resources Ltd. of South Africa (38% effective interest), JCI Limited of South Africa (30%), and Letseng Diamonds Guernsey (Pty.) Ltd. (8%). Letseng Diamonds officially reopened the Letseng la Terae open pit diamond mine in November 2004. The mine, which closed in 1982 because of low diamond prices, was located at about 3,100 meters (m) elevation in the Maluti Mountains in northeastern Lesotho (JCI Limited, undated§).

MineGem Inc. of Canada, which was a subsidiary of European Diamonds PLC of the United Kingdom, held a controlling interest in two locally incorporated companies involved with diamond exploration and development within the Liqhobong kimberlite area—Liqhobong Mining Development Co. (Pty.) Ltd. [which was owned by MineGem (65%), the Government (25%), and the South-African-Government-owned Industrial Development Corp. of South Africa Ltd. (IDC) (10%)] and Maluti Diamonds (Pty.) Ltd. [which was owned by MineGem (90%) and IDC (10%)]. Liqhobong Mining worked the Satellite Pipe mining license, which was located in the northern highlands of Lesotho at about 2,600 m elevation, and Maluti prospected on the adjacent Main Pipe site. Initial production from the Satellite Pipe Mine, which had a grade of 0.69 carat per metric ton, was expected to begin in 2005. Maluti expected to start a feasibility study of the lower-grade Main Pipe in 2005 (European Diamonds PLC, 2004, p. 2-5, 23; 2005§).

In 2004, the proposed rehabilitation of the existing processing plant and a 6-month trial mining program of the Kolo kimberlite by African Diamonds Plc of Ireland faltered when the company requested a mining license and was offered only a prospecting license on the deposit (African Diamonds Plc, 2004, p. 4).

Outlook

With few documented mineral resources, future prospects for mineral development in Lesotho appeared to be limited to the revival of the diamond sector. Diamond mining could become a significant contributor to the economy, but the mining sector's impact on the ravaged labor market of Lesotho would be minimal. In 2005, the mineral sector in Lesotho was expected to employ about 1,000 workers, which would include about 450 at Letseng Diamonds, about 150 at Lesotho Sand Stones, about 150 at Liqhobong Mining, and about 5 at Lekokoaneng Sandstone. During the past 10 years, about 50,000 Basotho miners have lost their jobs owing to the closure of gold mines in South Africa. The loss of mining jobs in South Africa, which temporarily had been reversed in 2002, was exacerbated in 2004 by the strong South African rand. Durban Roodepoort Deep, Ltd.'s Blyvooruitzicht Mine (Blyvoor) alone released 1,169 workers in September. Additionally, in anticipation of the scheduled expiration of the World Trade Organization's Agreement on Textiles and Clothing on January 1, 2005, a number of Lesotho manufacturing operations, especially textile factories, closed their facilities in 2004. These closures resulted in the unemployment of more than 8,000 workers. Unemployment was estimated to be as high as 50%, and more than 30% of the adult population was reported to test positive

[1]References that include a section mark (§) are found in the Internet References Cited sections.

for the human immunodeficiency virus (HIV) or to have acquired immunodeficiency syndrome (AIDS) (Central Bank of Lesotho, 2004, p. 16; 2005, p. S-29; Durban Roodepoort Deep, Ltd., 2004; European Diamonds PLC, 2005; Apps, 2005§; Reuters, 2005§).

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SWAZILAND

The Kingdom of Swaziland, which is a landlocked country surrounded by South Africa on three sides and by Mozambique to the east, has a surface area of 17,360 km^2 and, in 2004, supported a population of about 1.2 million people. Mining had been an important part of the history of Swaziland but is a minor factor in its present (2004) economy. Anthracite coal was produced at the 888,000-metric-ton-per-year (t/yr)-capacity Maloma Colliery Ltd. where Swazi Vanadium (Pty.) Ltd. also had a 2,400-t/yr-capacity ferrovanadium facility. Brick clay was produced for Fortis Enterprises Ltd., which was expanding the capacity of the Langa Brick factory to 200,000 bricks per day. Gravel, sand, and stone also were produced in Swaziland (Xstrata plc, 2005, p. 158,176; Colin le Roux, Fortis Enterprises Ltd., written commun., June 29, 2005).

The Swazi economy was dominated largely by export-oriented agricultural and related value-added manufacturing production, which was vulnerable to climatic and external demand factors. In 2004, the country's GDP was estimated to be $2.36 billion at current prices and $5.43 billion when calculated at purchasing power parity. The GDP per capita was $4,995 based on purchasing power parity calculations (International Monetary Fund, 2005§).

Trade

In 2003, the last year for which data were available, mineral exports (primarily coal) were valued at nearly $11 million,[2] which represented less than 1% of all merchandise exports. Imports of mineral fuels and lubricants were valued at $156 million, which was equal to about 10% of total imports (Central Bank of Swaziland, 2005§).

Commodity Review

Metals

Ferroalloys.—In 2004, the average price of ferrovanadium rose to $27,200 per ton from $11,500 per ton in 2003 because of continued international demand for use in the production of high-strength and specialty steels. Swazi Vanadium, which was owned by a subsidiary of Xstrata plc of Switzerland (75%) and Tibiyo Taka Ngwane of Swaziland (25%), produced 1,150 metric tons (t) of ferrovanadium, which was an increase from the 1,011 t produced in 2003 (the year in which the plant was commissioned). The plant was located about 8 kilometers southeast of Maloma on the Maloma Colliery's grounds and employed about 15 people. Xstrata's use of coke as a reductant at its ferrovanadium plants in South Africa has diminished in recent years owing to the substitution of Maloma anthracite coal for coke and the increased price of coke imported from China (Tibiyo Taka Ngwane, 2004, p. 31-32; Xstrata plc, 2005, p. 6, 176; Lanham, 2005§).

Mineral Fuels

Coal.—In 2004, the Maloma coal mine produced approximately 683,000 t of anthracite coal compared with

[2]Where necessary, values have been converted from Swazi Langeni (L) to U.S. dollars (US$) at the average rate of L0.1322=US$1.00 for 2003.

557,000 t in 2003. Coal not used at the adjacent ferrovanadium plant was exported to South Africa. Maloma Colliery, which operated the Maoloma Mine and colliery plant, was owned by Xstrata (75%) and Tibiyo Taka Ngwane (25%) (Xstrata plc, 2005, p. 176).

Outlook

The number of Swazi migrant miners working in South Africa dropped slightly in 2004 to 7,445 compared with 7,885 in 2003 and 20,041 in 1993. The decline in mining employment in South Africa is expected to continue owing to the continuation of a strong rand and weak U.S. dollar. The employment picture in the gold mining sector also could worsen with a decline in international gold prices. Unemployment in Swaziland was estimated to be more than 31%, and more than 38% of the adult population was estimated to test positive for HIV/AIDS. The Swazi labor market (primarily the textile sector) was expected to be affected adversely by the expiration of the Agreement on Textiles and Clothing in January 2005. The Swaziland Investment Promotion Authority (SIPA) campaigned to attract foreign investment. In the mineral sector, SIPA promoted additional development of the clay, coal, and stone segments and the redevelopment of Swaziland's diamond and gold deposits (Central Bank of Swaziland, 2005§; World Bank Group, 2005§).

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TABLE 1
LESOTHO AND SWAZILAND: PRODUCTION OF MINERAL COMMODITIES[1]

Country and commodity		2000	2001	2002	2003	2004[e]
LESOTHO[2]						
Fire clay	cubic meters	35,000 [e]	34,000	42,000	14,470	15,000
Diamond	carats	1,500 [e]	1,140	721	2,099	4,000
Stone, quarry products:						
Dimension stone	square meters	12,000	13,357	29,766	1,089	1,000
Gravel and crushed rock	cubic meters	180,000	180,000	261,037	389,695	300,000
SWAZILAND[3, 4]						
Asbestos, chrysotile fiber	metric tons	12,690	--	--	--	--
Coal, anthracite	do.	178,043	78,043	313,272	553,422 [r]	550,000
Ferrovanadium[5]	do.	--	--	--	1,011	1,150
Stone, quarry products	thousand cubic meters	304	300	300 [e]	283 [r]	300

[e]Estimated; estimated data are rounded to no more than three significant digits. [r]Revised. -- Zero.

[1]Includes data available through June 2005.

[2]Reported data from Lesotho Department of Mines and Geology for the financial year ending in April of the year shown.

[3]Reported data from Central Bank of Swaziland, company reports, or the Swaziland Geological Survey and Mines Department; includes fiscal year data.

[4]In addition to the commodities listed, modest quantities of crude construction materials (brick clay, sand and gravel), kaolin, pyrophyllite (talc), and soapstone are produced, but output is not reported quantitatively, and information is inadequate to make estimates of output levels.

[5]Calendar year data.