

## SWAZILAND

*By a Special Contributor*

The mining sector continues to account for only some 2% of the kingdom's total GDP and about the same proportion of Swaziland's total export earnings, estimated at US\$881 million in 2000, with coal and asbestos the principal activities. Total ex-mine revenue was an estimated E81 million (US\$12 million) in 2000, down by almost a third on the preceding year, of which coal accounted for over a half and asbestos for most of the remainder.

Under measures designed to attract more foreign direct investment (FDI) into the country, the mining sector is one of several benefiting from the introduction of a lower tax rate, with effect from the 2001/02 fiscal year (July-June). A new corporate tax rate of 10%, compared to the standard 37.5% rate, will be available for 15 years in respect of all new investments, with zero withholding tax. The standard rate was in any case due to have been reduced to 30% in 2000, but the Swaziland Investment Promotional Authority (SIPA), the new one-stop investment agency established in 1999, successfully convinced the government that even this lower rate, coupled with the standard 15% withholding tax, would continue to discourage new investment. All projects eligible for these concessions must show a minimum 10% economic return and not be to the disadvantage of existing operators. SIPA is also lobbying for an automatic five-year residence permit for foreign investors and key personnel, which would help meet the problem caused to the private sector in general by delays in obtaining temporary residence permits.

Minerals remain vested in the King in trust for the Swazi nation, with mining royalties paid to Tibiyo Taka Ngwane, established by royal charter in 1968. Headed by the present monarch, King Mswati III, its primary objective is to complement government

national development efforts by fostering self-sufficiency and increasing Swazi formal sector employment, using its internally-generated resources to invest in virtually all economic sectors. The Commissioner of Mines is responsible for receiving applications for prospecting licences and mining rights, which are then submitted to a Minerals Committee chosen by the king for approval, while a similarly-constituted Negotiations Committee ensures that lease terms provide for optimum utilisation of natural resources.

In 2000, production of chrysotile asbestos from the underground Bulembu mine declined for the second successive year, by 45% to just under 13,000 t, with ex-mine revenue down by more than half at E21 million. This reflected a sustained fall in the global fibre price and the suspension of underground mining by the operating company, Havelock Asbestos. Operations have subsequently been concentrated on the recovery of fibre from tailings. Havelock's main customers have been in Southeast Asia, but having weathered the economic recession there, the outlook has been adversely affected by a glut on the world market due to stock dumping in anticipation of a European Union (EU) ban on asbestos from 2005.

Production of high-quality anthracite by Maloma Colliery also fell, by 11% to 378,000 t in 2000, although revenue declined by a more modest 8% to E48 million, with a similar increase in estimated ex-mine revenue to E52 million. Output had risen in 1998-99 but underground operations have now been fully phased-in to offset the depletion of reserves accessible by open-cast mining. Efforts by the government to recommission Mpaka Collieries, where there are 30 Mt of coking coal reserves remaining, have continued, but without success so far.

Quarried stone is the only other significant mining operation at present, and in 2000 output rose by a fifth to 304,000 m<sup>3</sup>, due to an upturn in local construction activities. Quarrying for sand and soapstone is also carried out, subject to rigid controls under the Mineral and Environmental Authority Act of 1992. Although the latter products are not included in total mining revenue it is estimated they generate income of some E7 million annually. Exploration for gold has virtually ceased after earlier possibilities of mining and investment proved uneconomic, and no significant kimberlite mineralisation has been identified other than the Dvokolwako mine closed in 1997. Other known mineral resources undergoing low-level evaluation are kaolin, talc and silica.

<b>Swaziland Mineral Production</b>		
	<b>1999</b>	<b>2000</b>
Asbestos (t)	23,000	12,700
Coal (t)	426,000	378,000
Crushed stone (m <sup>3</sup> )	250,000	304,000
<b>Value (E million)<sup>a</sup></b>		
Asbestos	57	21
Coal	52	48
Crushed stone	10	11
<b>Total</b>	<b>119</b>	<b>81<sup>b</sup></b>

a Ex-mine revenue. b Total does not add precisely due to rounding.

Source: Commissioner of Mines.