

SWAZILAND

By a Special Contributor

The mining sector continues to account for under 2% of the Kingdom's total GDP – estimated at Li11 billion or US\$1.3 billion in 2002-03 (July 1-June 30) – and about the same proportion of Swaziland's export earnings, estimated at US\$830 million in 2002. Mining's share could slightly increase in coming years with the potential expansion of coal mining, which along with quarrying of aggregates, is the only current mineral production activity, following the termination of chrysotile asbestos mining at Bulembu in 2001. A new draft constitution due to be published in mid-2003 was expected to propose only modest reforms, retaining the position of the monarchy as supreme power virtually intact, despite continuing pressure by reformist groups to bring into existence a constitutional monarchy and multi-party politics.

Real GDP growth slowed to an estimated 1.6% in 2002-03, from 1.8% in the preceding year, but was forecast to rise to 2.6% in 2003-04 mainly in anticipation of an expansion in agricultural output and textile manufacturing, and anticipated stronger economic growth in South Africa. Despite increased sugar and textile exports, Swaziland's merchandise trade account is forecast to remain in deficit, with the current account deficit widening to some 4% of GDP in 2003. The Lilangeni (plural emalangeni = E) will remain pegged at par to the South African rand for the foreseeable future, which means that the Swaziland economy, including local inflation and interest rates, will continue to be heavily influenced by the latter's foreign exchange value.

Migrant work opportunities for Swazis in South Africa, mainly in the mining industry, have declined precipitously in recent years. The Employment Bureau of Africa (TEBA), the employment bureau for South African mines, provided jobs for only 650 Swazis in 2001, compared with 11,500 only five years earlier, and recruitment is unlikely to have been any higher in 2002.

The government is proceeding slowly with implementation of economic liberalisation, which includes a Trade and Business Facilitation Act which aims to attract investment and enhance industrial competitiveness, together with various deregulation measures and a programme to privatise some parastatals. There remains at present no stated minerals development policy and the sector is a low priority compared with the agribusiness, manufacturing and tourism sectors. A new mining policy is being drafted by consultants, paid for by a grant from China, and legislation to facilitate small-scale mining has also been proposed, but there was no report of any progress with either of these two initiatives during 2002.

While the political system retains its present uneasy mix between an all-powerful royal household under King Mswati III, un-elected advisory bodies, the government and legislature, major changes in the current mining

regulatory system are unlikely. However, there is no evidence that the current institutional procedures are themselves regarded as a barrier to the development of mining operations by investors. Based on arrangements originally instituted by the late King Sobhuza II at the time of the first mineral discoveries in Swaziland over 30 years ago, minerals are vested in the monarch, in trust for the 'Swazi Nation', with mining royalties payable to Tibiyo Taka Ngwane. This is a trust established by the late King Sobhuza which in recent years has redefined its role as a quasi-national development agency, paralleling similar government institutions. Its stated goals are to complement government programmes by fostering self-sufficiency and increasing Swazi formal sector employment by investing internally-generated resources in virtually all economic sectors.

Applications for prospecting licences and mining rights are submitted to a Commissioner of Mines, but these are then passed on to a Minerals Committee chosen by the King for evaluation, while a similarly-constituted Negotiations Committee ensures that lease terms provide for optimum utilisation of natural resources. The King grants mineral rights and approves specific conditions after consultation with the Minerals Committee, which advises on issues pertaining to mineral exploration and exploitation but has no legislative powers. The Department of Geological Survey and Mines is responsible for day-to-day administration of the minerals sector, and forms part of the Ministry of Natural Resources and Energy. Swaziland is 100% mapped at a scale of 1:5,000.

In 2002, the saleable production of high-quality anthracite by Maloma Colliery in the south was 250,000 t, an increase of approximately 60,000 t on the previous year. Since 2001, Maloma has been owned by a joint venture of London-listed Xstrata plc (75%) and the government (25%). The anthracite is mainly used as feedstock for Xstrata's chrome smelting operations in South Africa. Cost-cutting initiatives undertaken by Xstrata in 2003 included reducing reliance on coke as a primary reductant source. This has positive implications for Maloma as Xstrata currently consumes around half of Maloma's output in an endeavour to replace coke with a much cheaper source of reductant, ie anthracite from the mine.

Stone quarrying is the only other activity carried out at present, with the Kwalini and Tonkwane quarries producing aggregates mainly for local road construction. Limited quarrying for sand and soapstone also takes place, subject to controls under the Mineral and Environmental Authority Act of 1992.

Exploration for gold in the northwest of the country has been minimal in recent years, although the Barberton greenstone belt is exposed in the far north of the country and the northwestern Pigg's Peak area contains numerous former small gold workings. These areas might be suitable for working by artisanal miners if the government brings forward measures to encourage small-scale mining. Deposits of green chert in the Malolotja/Ngwenye area have not been mined because of environmental implications. Other known minerals include kaolin, talc and silica, but despite past investigations to determine the viability of mining these resources, no recent activity has taken place.