

KENYA

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Mining in Kenya accounted for less than 1% of the country's gross domestic product (GDP), which was \$10.6 billion¹ in 1999 (World Bank, September 9, 2000, Kenya at a glance—1999, accessed November 2, 2000, via URL <http://www.worldbank.org/data/countrydata/countrydata.html>). The country's real GDP growth was 1.3% in 1999 compared with 1.8% in 1998 and 2.3% in 1997 (Central Bank of Kenya, May 2000, Monthly economic review, accessed May 6, 2000, at URL <http://home.centralbank.go.ke/MonthlyReviews/ShowReview.asp?DocumentID=917>). The Central Bank of Kenya related the country's slowdown in economic performance to poor infrastructure, high cost of credit, poor agricultural weather, and security concerns among foreign and domestic investors. In 1999, mineral production was dominated by such nonmetallic minerals as diatomite, fluorspar, limestone, salt, soda ash, and vermiculite, as well as by a variety of gemstones and materials for construction. Other minerals, such as apatite, graphite, and kyanite, have been identified in the country.

In 1999, several companies had active exploration programs underway in Kenya. Anglo American Prospecting Services Ltd. evaluated mineral concessions that included the Kisii, the Maralal, the Moyale, and the Sotik licenses with Trade World Kenya and the Karasuk, the Sekerr, and the Wakorr concessions with International Gold Exploration AB (IGE) of Sweden; IGE had identified several gold occurrences on the Sekerr concession.

In 1999, Tanganyika Gold Ltd. of Australia reduced activity on the Migori gold project in southwestern Kenya. The company announced that it was considering selling its 60% interest in the project and that exploration would be focused on data evaluation, new target generation, and scoping studies to assess the economics of heap leaching of oxide mineralization (Tanganyika Gold Ltd., 2000, p. 14). Golden Star Resources Ltd. closed its Kenya office in 1999, citing changes in corporate strategy and weak gold prices (Golden Star Resources Ltd., 2000, p. 25).

In 1999, Tiomin Resources Inc. of Canada continued to work on four of the five areas for which it received prospecting licenses in 1996; it dropped the Sabaki license. The company focused its efforts on the development of the Kwale deposit. A feasibility study completed in April 2000 estimated reserves of mineralized sands at Kwale to be 140 million metric tons (Mt). The Kwale deposit contains high grade rutile, ilmenite, and zircon and is expected to yield more than 300,000 metric tons per year (t/yr) of ilmenite, 75,000 t/yr of rutile, and 37,000 t/yr

of zircon for the first 6 years of operation (Tiomin Resources Inc., 2000, p. 2). The mine's life was estimated to be 14 years, construction was expected to begin in early 2001, and the first products are expected to be produced in mid-2002. Tiomin will export most of the minerals produced. Claims of poor land compensation rates for displaced landowners and environmental concerns regarding the project's threat to marine life at the Kisite National Park provoked controversy over the mining activities in Kwale. Despite the public outcry from landowners, environmentalists, and religious leaders, the Government supported the project and encouraged other mining companies to consider investing in Kenya (Mike Mwaniki, Daily Nation, September 30, 1999, Government supports controversial mining project, accessed October 10, 1999, at URL <http://www.nationaudio.com/News/DailyNation/300999/News/News66.html>). The negotiation to determine the level of compensation and rent between landowners and Tiomin Resources was finalized in October 1999. The other three mineral sand deposits, Mambriui, Kilifi, and Vipingo, which were held by Tiomin under special prospecting and exploration licenses, were the company's next targets. The Kilifi prospect is a large dune that contains an estimated 11 Mt of ilmenite, 1 Mt of zircon, and 950,000 metric tons (t) of rutile. The Mambriui prospect, also a sand dune, contains 6.2 Mt of ilmenite and 600,000 t of combined rutile and zircon. The Vipingo prospect, in which economic values of rutile, zircon, and kyanite have been identified, awaits further exploration drilling (Tiomin Resources Inc., 2000, p. 7).

In November 1999, an agreement was signed between Creative Gems and Jewelry Co. Ltd., which was a subsidiary of the Topaz Group, Inc., of the United States, and Rockland Kenya Ltd. of Kenya to buy the entire production of rubies of a mine that Rockland operated near Nairobi (Topaz Group, Inc., November 23, 1999, [untitled], accessed November 23, 1999, at URL http://biz.yahoo.com/prnews/991123/ny_topaz_g_1.html).

The construction sector growth rate for 1999 was estimated to be 1.2% compared with 1.3% in 1998. The use of cement in the country declined to 742,000 t in 1999 from approximately 939,000 t in 1998 (Central Bank of Kenya, May, 2000, Monthly economic review, accessed May 6, 2000, at URL <http://home.centralbank.go.ke/MonthlyReviews/ShowReview.asp?DocumentID=917>).

The construction and commissioning of an import facility at the port of Mombasa to handle grains and fertilizers was underway in 1999. The facility will be operated by Grain Bulk Handlers Ltd., which was a subsidiary the Kenyan trading company Jaffer & Jaffer Group. The terminal was expected to be operational in January 2000 and to have the capability of discharging 10,000 metric tons per day of material (O'Mahony,

¹Where necessary, values have been converted from the Kenyan shilling (KS) to U.S. dollars at the average rate of KS 70.417=US\$1.00 for 1999.

1999).

Kenya's power sector was still confronting difficulties in 1999. Kenya has imported 30 megawatts (MW) of electricity from Uganda each year. Uganda's own demand for electricity in 1999, however, continued to outpace the country's supply, which resulted in less power available to sell to Kenya. Hydropower stations, which produced 600 MW, accounted for 78% of the total electricity generated in Kenya, and geothermal turbines accounted for 45 MW. In 1999, electricity was also generated by two independent power producers, Iberafrica Power (Kenya) Ltd. and Westmont Power (Kenya) Ltd. (WPKL), which was a subsidiary of Westmont Group of Malaysia. In 1999, Kenya's demand for power was about 750 MW, but only 670 MW was produced domestically. In September 1999, power rationing was announced owing to low water levels at the primary power-generating stations. The breakdown of WPKL's power generation equipment in April 1999 also contributed to the shortfall in power generation. The 7 months of power rationing that the country had gone through adversely affected most economic sectors. Owing to the adverse effects of drought on the electricity supply in Kenya, the Government was promoting the use of more nonhydropower sources, such as diesel and geothermal powerplants, to avoid power rationing caused by drought. The establishment of the Electric Power Act in 1997 made possible the restructuring of the power subsector in Kenya. Kenya Power and Lighting Company Ltd. (KPLC) was in charge of generating, transmitting, and distributing electricity prior to 1997. In 1999, the Kenya Electricity Generating Company Ltd., which generated more than 90% of the country's total power output, was responsible for managing all public power generation facilities, and KPLC, which was the only distributor of electricity in Kenya, transmitted and distributed the electricity. The Electricity Regulatory Board, which was created in 1998, is in charge of enforcing environmental and safety regulations in the power sector, as well as reviewing and adjusting tariffs for consumers. The Board also approves power purchase agreements between KPLC and power-generating companies. By 2002, the country expects to generate an additional 330 MW with the addition of four new power-generating facilities (The

Kenya Electricity Generating Company Ltd., [undated], The power sub-sector—Recent development, accessed on November 2, 1999, at URL http://www.kengen.co.ke/recent_dev.html). The Government encouraged private sector participation in the development of the sector.

Oil and gas prospecting continued in Kenya in 1999. In an attempt to liberalize the country's oil and gas sector, the Government intended to remove price controls on all oil products and to eliminate the crude oil quota on the National Oil Corporation (Alexander's Gas and Oil Connections, April 14, 1999, Kenyan vice-president says oil companies fail to adjust prices, accessed September 16, 2000, at URL <http://www.gasandoil.com/goc/history/welcome.html>). The domestic Kenyan market was adversely affected by the dumping of fuel committed to the export market and the adulteration of diesel fuel and gasoline. In 1998, the Government had banned the export of fuel by road to Ethiopia, Somalia, and Sudan. Other attempts at prevention in 1999 included the branding of export oil products, the restriction of export loading to the Eldoret and the Kisumu terminals, and the escort of trucks to border points. Also, the use of biocode technology to mark petroleum products was given consideration as a measure to prevent adulteration (Daily Nation, September 11, 1999, Government tightens squeeze on oil dumping, accessed September 17, 1999, at URL <http://www.nationaudio.com/News/DailyNation/110999/News/News24.html>). Negotiations on the development of a joint investment between Kenya and Uganda for the construction of an oil pipeline from Eldoret in western Kenya to Kampala in Uganda continued in 1999.

References Cited

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- O'Mahony, Hugh, 1999, Out of Africa through Kenya: *International Bulk Journal*, October, p. 57-59.
- Tanganyika Gold Ltd., 2000, Annual report—1999: Perth, Australia, Tanganyika Gold Ltd., 33 p.
- Tiomin Resources Inc., 2000, Annual report—1999: Toronto, Canada, Tiomin Resources Inc., 21 p.

TABLE 1
KENYA: PRODUCTION OF MINERAL COMMODITIES 1/

(Metric tons unless otherwise specified)

Commodity 2/	1995	1996	1997	1998	1999	
Aluminum, secondary e/	2,400	2,400	2,400	2,000	2,000	
Barite e/	20	20	20	10	10	
Carbon dioxide gas, natural	7,982	9,119	9,214	8,498	10,006	
Cement, hydraulic	thousand tons	1,566 r/	1,816 r/	1,506 r/	1,200 r/ e/	1,200 e/
Clays, kaolin	300	595	500 e/	500 e/	500 e/	
Diatomite	457	415	297	468	507	
Feldspar e/	500	100	100	100	100	
Fluorspar (acid grade)	80,230	83,000	68,700	60,854	93,602	
Gemstones, precious and semiprecious:						
Amethyst	kilograms	310 e/	300 e/	104 4/	166 4/	170 e/
Aquamarine	do.	50 e/	50 e/	12 4/	15 4/	15 e/
Cordierite (Iolite)	do.	15 e/	15 e/	19 4/	34 4/	30 e/
Garnet	do.	119	120 e/	18,181 4/	5,186 4/	5,000 e/
Ruby	do.	1,200	1,200 e/	5,175	4,001	4,490
Sapphire	do.	2,300 e/	2,300 e/	615 4/	3,313 4/	3,300 e/
Tourmaline	do.	224	250 e/	6,969	3,790	3,800 e/
Gold, mine output, Au content e/	do.	170	300	440 4/	388 4/	990
Gypsum and anhydrite e/	500	1,000	1,000	1,000	1,000	
Lead, mine output, Pb content	4	5 e/	--	--	-- e/	
Lime e/	12,000	15,000	15,000	16,000	15,000	
Petroleum refinery products e/	thousand 42-gallon barrels	14,600	13,000	13,000	12,000	12,000
Salt, crude	71,400	41,000	6,280	21,742	44,886	
Soda ash	218,450	223,000	257,640	242,910	245,680	
Steel, crude e/	thousand tons	20	30	33	25	25
Stone, sand and gravel:						
Coral e/	do.	1,600	1,000	500	500	500
Granite for dimension stone	50	100	500 4/	1,619 4/	1,600 e/	
Limestone for cement	thousand tons	300	600	700	700	700 e/
Limestone for dimension stone	do.	31	32	32	32	32
Marble for dimension stone	100	100	966 4/	84 4/	100 e/	
Sand, industrial (glass) e/	12,300	13,000	13,000	12,000	12,000	
Shale e/	120,000	120,000	200,000	180,000	180,000	
Vermiculite	457	734	1,418	353	164	

e/ Estimated. r/ Revised. -- Zero.

1/ Includes data available through November 1, 2000.

2/ In addition to the commodities listed, a variety of minerals and construction materials [brick clays, coal, gravel, iron ore, kyanite, meerschaum, mica, murrum, (laterite), crushed rock, and construction sand] may be produced, but quantities are not reported, and information is inadequate to make estimates of output.

3/ Reported figure.

4/ Reported exports.