THE MINERAL INDUSTRY OF DJIBOUTI

By Thomas R. Yager

Djibouti, which is a small East African country located at the southern end of the Red Sea, was a producer of salt and such construction materials as basalt. Other mineral occurrences of potential economic interest included diatomite, geothermal fluids and mineral salts, gold, gypsum, perlite, petroleum, and pumice.

In 2004, Djibouti’s gross domestic product (GDP) amounted to about $1.6 billion based on purchasing power parity. The GDP increased by 3% in 2004 after rising by 3.5% in 2003. Construction and public works accounted for 6% of the GDP; electricity and water, 5%; and manufacturing and mining, 3% (Banque Centrale de Djibouti, 2005, p. 29; International Monetary Fund, 2005, p. 208; 2005§).

In February 2004, Westgold Resources NL of Australia and Green River Geology Co. Pty. Ltd. formed a joint venture to explore for gold on two properties in Djibouti. Preliminary exploration work started in the first half of 2004 (Westgold Resources NL, 2004).

Salt production started on a semi-industrial scale at Lake Assal in 1998. Production was 128,494 metric tons (t) in 2003 compared with 162,266 t in 2002. Low iodine content and high transportation costs inhibited production. In October 2003, Ethiopia imposed a 53% tariff upon imports of salt from Djibouti, which led to a sharp decline in Djibouti’s salt production and exports in 2004 (Harris, 2004; Banque Centrale de Djibouti, undated, p. 20-21).

Djibouti did not have production facilities for petroleum products; all petroleum demand was met through imports. In 2004, state-owned Electricité de Djibouti produced 266.6 gigawatt-hours (GWh) from four diesel-fired powerplants compared with 263.6 GWh in 2003 and 192.2 GWh in 1999. From 1999 to 2004, total consumption of electricity increased to 223.9 GWh from 141.4 GWh. During the same period, industrial consumption rose to 116.2 GWh from 66.7 GWh. In 2004, the African Development Bank loaned Ethiopia and Djibouti $32 million and $27 million, respectively, to connect their power grids (United Nations Integrated Regional Information Networks, 2004; Banque Centrale de Djibouti, 2005, undated, p. 17).

The high cost of electricity impeded the development of the mining and construction materials sectors. The Government planned to develop renewable energy sources to lower costs.

Resources of geothermal energy have been estimated to be between 230 and 860 megawatts (MW). Geothermal areas include Arta, Assal, Bock, Dorra, Gaggade Plain, Hanle Plain, the Lake Abbe area, and Tadjourah. Assal’s wind-power capacity was estimated to be 100 MW (Business Council for Sustainable Energy, 2003, p. 47-49; International Monetary Fund, 2004, p. 59-60).

Djibouti’s road network was about 1,300 kilometers (km) in 2004, of which 330 km was paved. The Djibouti-Ethiopia rail line was 800 km, of which 100 km was in Djibouti. The roads and railway suffered from lack of maintenance (International Monetary Fund, 2004, p. 54-55).

Outlook

The outlook for Djibouti’s mineral industry is for little growth in the short run; constraints include small domestic markets and minimal identified natural resources. According to predictions by the International Monetary Fund (2005, p. 208), the GDP would increase by 3.9% in 2005 and 4.3% in 2006.

References Cited


Internet Reference Cited


1 A reference that includes a section mark ($) is found in the Internet Reference Cited section.
**TABLE 1**

**DJIBOUTI: PRODUCTION OF MINERAL COMMODITIES**

(Metric tons unless otherwise specified)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salt</td>
<td>135,933</td>
<td>173,099</td>
<td>162,266</td>
<td>128,494</td>
<td>30,000</td>
</tr>
</tbody>
</table>

1Estimated; estimated data are rounded to no more than three significant digits. 3Revised.
1Includes data available through March 28, 2005.

**TABLE 2**

**DJIBOUTI: STRUCTURE OF THE MINERAL INDUSTRY IN 2004**

(Metric tons unless otherwise specified)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Major operating companies</th>
<th>Location of main facilities</th>
<th>Annual capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do.</td>
<td>Other companies</td>
<td>do.</td>
<td>30,000 e</td>
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</tbody>
</table>

1Estimated; estimated data are rounded to no more than three significant digits.