



# 2014 Minerals Yearbook

---

## DJIBOUTI

---

# THE MINERAL INDUSTRY OF DJIBOUTI

By Mowafa Taib

Djibouti is an East African country that borders the Gulf of Aden and the Red Sea; it covers an area of 23,200 square kilometers and has a population of less than 1 million. Djibouti hosts the U.S. military task force at Camp Lemonneir, which is the only U.S. military base in Africa, as well as the largest former French military base in Africa. In May, the U.S. Government signed a new 20-year lease with the Government of Djibouti to keep the military base, which accommodates 4,000 people, and launched a \$1 billion program to expand and upgrade the facilities. Djibouti is a member of several regional and international organizations, including the Arab League, the Organization of Islamic Cooperation, and the Organization of African Union. The country produced modest quantities of basalt, brick clay, cement, salt, sand and gravel, and dimension stone (table 1; Centre for Affordable Housing Finance in Africa, 2014, p. 63; U.S. Department of State, 2015).

The Port of Djibouti is located at the southern entrance of the Red Sea at the crossing of major international shipping lanes connecting Africa, Asia, and Europe; it is an important gateway for East Africa and the Middle East. The port, which was managed by DP World of the United Arab Emirates, was used to move goods to and from landlocked Ethiopia by truck and rail, and it served as a major logistics hub for landlocked South Sudan (Djibouti Ports and Free Zones Authority, 2015).

In 2014, the Government was focused on reducing the country's extreme poverty, which encompassed 52% of the population, and decreasing unemployment, which exceeded 48%. The Government was in the process of diversifying the economy to decrease the country's dependence on ports and shipping services, which accounted for 75% of the country's gross domestic product (GDP). In 2014, the value of Djibouti's nominal GDP was estimated to be \$1.6 billion. The real GDP increased by 6% in 2014 compared with 5.0% in 2013 (International Monetary Fund, 2015).

## Production

Cement, salt, and sand and gravel were the mineral commodities produced in Djibouti in 2014. Cement production, which started in 2013, had the first year of full production in 2014. Salt production has been carried out for years but continued at a much smaller scale in 2014 than in previous years owing to the decreased demand for salt from Djibouti by Ethiopia (table 1).

## Structure of the Mineral Industry

The cement plant at Ali Sabieh was wholly owned by the Government, and the cement plant at Balbala was owned by Nael Cement Products of the United Arab Emirates. Salt production at Lake Assal was carried out by artisanal miners. Crushed basalt, brick clay, dimension stone, and sand and gravel were produced by private companies (table 2).

## Commodity Review

### Metals

**Gold.**—In October, Startex International plc of the United Kingdom (40%) and Thani Emirates Holding of the United Arab Emirates (60%) created a joint venture named Thani Startex Resources Ltd. to focus on mineral exploration and development in Djibouti, Egypt, and Ethiopia. The joint venture held five exploration permits for gold in Djibouti. Stratex reported finding an epithermal gold vein in the Oklila prospect. The company set a production target of 6,220 kilograms per year (reported as 200,000 troy ounces per year) from the Pandora epithermal vein system in the Oklila prospect; the project was at an early stage of exploration as of yearend 2014 (Croucher, 2013; Stratex International plc, 2015, p. 5, 8, 13).

### Industrial Minerals

**Cement.**—In 2014, Djibouti had the capacity to produce about 410,000 metric tons per year (t/yr) of cement at two plants. Cimenterie d'Ali Sabieh produced cement at its plant at Ali Sabieh and had the capacity to produce 190,000 t/yr. The company started production in 2013 and reached full capacity in mid-2014. Nael Cement Products of the United Arab Emirates opened a new plant at Balbala in 2013, which had the capacity to produce 220,000 t/yr of cement (General Consulate of the United Arab Emirates in Djibouti, 2013; International Cement Review, 2014).

**Salt.**—By the end of 2014, salt mining at Lake Assal had nearly stopped because of the discovery of salt deposits in the Afar region of Ethiopia. Lake Assal lies 155 meters below sea level, which ranked it as the lowest point on land in Africa and the Earth's second lowest land depression after the Dead Sea. With a salt concentration of 34.8%, the lake has been an obvious salt mine site. Previous efforts to begin large-scale mining (such as by Salt Investment S.A. of Emerging Equity Partners of the United States) were put on hold because of the presence of other chemical elements and compounds that rendered salt from the lake unsuitable for the chemicals, glass, and plastic industries without further purification (Emerging Capital Partners, 2013; Bermosa, undated).

### Mineral Fuels and Other Sources of Energy

Djibouti did not produce any crude oil or refined petroleum products and depended on imported petroleum products for electricity generation. The Government planned to use the geothermal resource in the Fiale Caldera, which is located in the vicinity of Lake Assal, and other geothermal resources to have in place at least 1,000 megawatts of electricity-generating capacity by 2020. In 2013, the Government signed an agreement

with the World Bank to fund \$31 million for the cost of the geothermal power-generation project. The Government prequalified Baker Hughes Inc., Halliburton Co. (both of the United States), Exalo Drilling S.A. of Poland, and Turkish Petroleum Corp. to start drilling in the country (World Bank Group, 2013; Richardson, 2015).

## Outlook

The flow of foreign direct investment into Djibouti from such countries as China, the United Arab Emirates, and the United States is expected to be used to develop the country's infrastructure, including free zones, harbors, railroads, and lines. The Government is planning to build an industrial complex at the Djibouti Free Zone that potentially could be used to process and refine mineral commodities that are produced in Ethiopia, such as potash, and exported to the rest of the world.

## References Cited

- Bermosa, Norbert, [undated], The 12 saltiest places on earth: Knoji Consumer Knowledge. (Accessed June 12, 2015, at <https://geology.knoji.com/the-12-saltiest-places-on-earth>.)
- Centre for Affordable Housing Finance in Africa, 2014, Yearbook 2014: Centre for Affordable Housing Finance in Africa, November, 228 p. (Accessed June 8, 2015, at <http://www.housingfinanceafrica.org/wp-content/uploads/2014/11/CAHF-14.11.2014-small.pdf>.)
- Croucher, Shane, 2013, Djibouti gold rush prospect as Stratex International prepares for drilling: International Business Times, May 9. (Accessed June 10, 2015, at <http://www.ibtimes.co.uk/gold-djibouti-stratex-international-mining-africa-466293>.)
- Djibouti Ports and Free Zones Authority, 2015, Betting on the future: Djibouti Ports and Free Zones Authority. (Accessed June 9, 2015, at <http://www.djibouti-portsfz.dj/?q=invest/betting-on-the-future>.)
- Emerging Capital Partners, 2013, Investment in salt investment: Emerging Capital Partners. (Accessed June 12, 2015, at <http://www.ecpinvestments.com/index.php/investment-in-salt-investment>.)
- General Consulate of the United Arab Emirates in Djibouti, 2013, Prime Minister patrons ceremony for the commencement of Nael cement plant in Kilo 12: General Consulate of the United Arab Emirates in Djibouti, March 25. (Accessed June 12, 2015, at <http://uae-consulate.ae/Consulates/dj/news/2013/03/25/951>.)
- International Cement Review, 2014, Cimenterie d'Ali-Sabieh S.A.—Ali Sabieh: International Cement Review. (Accessed June 12, 2015, at <http://www.cemnet.com/GCR/plant/3897>.)
- International Monetary Fund, 2015, IMF executive board concludes article IV consultation with Djibouti: International Monetary Fund press release no. 15/84, February 27. (Accessed June 8, 2015, at <http://www.imf.org/external/np/sec/pr/2015/pr1584.htm>.)
- Richardson, Paul, 2015, Djibouti seeks to tap volcanic energy to reduce power costs: Bloomberg L.P., April 28. (Accessed June 9, 2015, at <http://www.bloomberg.com/news/articles/2015-04-28/djibouti-seeks-to-tap-volcanic-energy-to-bring-down-power-costs>.)
- Stratex International plc, 2015, Annual report 2014: London, United Kingdom, Stratex International plc, 60 p. (Accessed June 9, 2015, at <http://www.stratexinternational.com/public/site/uploads/reportsFile-21.pdf>.)
- U.S. Department of State, 2015, U.S. relations with Djibouti: U.S. Department of State bilateral relations fact sheet, June 23. (Accessed March 2, 2016, at <http://www.state.gov/r/pa/ei/bgn/5482.htm>.)
- World Bank Group, 2013, World Bank and Djibouti sign agreement to explore geothermal energy: World Bank Group, October 13. (Accessed October 17, 2014, at <http://www.worldbank.org/en/news/press-release/2013/10/13/world-bank-and-djibouti-sign-agreement-to-explore-geothermal-energy>.)

TABLE 1  
DJIBOUTI: PRODUCTION OF MINERAL COMMODITIES<sup>1</sup>

(Metric tons)

Commodity <sup>2</sup>	2010	2011	2012	2013	2014
Cement	--	--	--	150,000 <sup>c</sup>	400,000 <sup>c</sup>
Salt <sup>e</sup>	12,000	8,000	4,000	500	500

<sup>c</sup>Estimated; estimated data are rounded to no more than three significant digits. -- Zero.

<sup>1</sup>Table includes data available through June 10, 2015.

<sup>2</sup>In addition to the commodities listed, basalt, brick clay, sand and gravel, and dimension stone are produced, but available information is inadequate to make reliable estimates of output.

TABLE 2  
DJIBOUTI: STRUCTURE OF THE MINERAL INDUSTRY IN 2014

(Metric tons)

Commodity	Major operating companies	Location of main facilities	Annual capacity
Cement	Cimenterie d'Ali Sabieh S.A. (Government, 100%)	Plant at Ali Sabieh	190,000
Do.	Nael Cement Products (subsidiary of Nael General Contracting Establishment)	Plant at Balbala, Kilo 12 Graveyard	220,000
Salt	Artisanal miners	Mines at Lake Assal	12,000 <sup>c</sup>

<sup>c</sup>Estimated. Do. Ditto.