

THE MINERAL INDUSTRY OF EL SALVADOR

By David B. Doan

With an economy based largely on agrarian production and exports, El Salvador's mineral production accounted for less than 1% of its estimated gross domestic product (GDP) of \$10 billion¹ in 1995. Approximately 40% of the labor force accounts for the 24% of GDP represented by the agricultural sector, which in turn contributes 66% of total exports, mainly coffee, sugarcane, and shrimp.

Although gold and silver have been mined in the past, civil strife and economic upheaval associated with hostilities between the Government and the Frente Farabundo Martí de Liberación Nacional (FMLN), a revolutionary movement, discouraged exploration and mining operations until after the 1992 peace agreement between FMLN and the Government. Investment and exploration have come back, as well as interest in reopening old mines. In roughly the northern one-half of this east-west oriented country, old Government maps (undated) indicate about a dozen gold-silver prospects, particularly in the easternmost Department of La Unión, but also in Morazan and San Miguel Departments on the west side of La Unión, evidently in epithermal quartz veins intersecting older volcanic rocks.

The venerable El Dorado Mine near San Isidro, about 50 kilometers (km) east-northeast of San Salvador, has been reinvestigated by Canada's Mirage Resources, with joint-venture partners Bethlehem Resources and DeJour Mines. Drilling results toward yearend projected a resource of 5.2 million tons (Mt) grading 6.29 grams per ton (g/t) of gold and 46 g/t of silver in three distinct vein systems.

Some mining activity and trade, by small local entrepreneurs, took place in the vicinity of the San Sebastian Mine near Santa Rosa de Lima, where mercury has been used for amalgamation recovery of gold from surrounding material. Despite efforts to foster gold production in El Salvador, cement dominated the mineral industry in terms of

size, with domestic limestone production for its raw material, as shown in table 1. With an estimated capacity of about 925,000 metric tons per year (t/yr), the private sector controlled the industry. The Government sold the 240,000-t/yr Cemento Maya S.A. plant to Cemento de El Salvador S.A., which also operated a larger 640,000-t/yr plant near Metapan.

Another significant private-sector operation was the Refinería Petrolera Acajutla S.A, having a capacity of about 5.8 million barrels per year, owned by Exxon Corp. (60%) and Royal Dutch Shell (40%). Prices for both refinery products and portland cement were set by the Government.

El Salvador was the first Central American country to construct and utilize geothermal electric powerplants. The many volcanoes in the country suggest that other geothermal energy sources may be available.

¹Where necessary, values have been converted from El Salvador Colons (C) to U.S. dollars at the rate of C8.75=US\$1.00.

Major Source of Information

Dirección de Recursos Mineros
Ministerio de Economía
4a Avenida Norte No. 233
San Salvador, El Salvador

Major Publications

Siderurgia Latinoamericana, monthly.
Lorenz, W. Industriemerale, Stein und Erden in der Republik El Salvador, Mittelamerika. Geologisches Jahrbuch, Reihe D. Hannover, 1986, 90 pp.

TABLE 1
EL SALVADOR: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

Commodities 3/	1991	1992	1993	1994	1995 e/
Aluminum: metal including alloys, semifinances	1,612	2,301	2,000 e/	2,400 e/	2,500
Cement	679,723	419,378	861,424	850,000 r/	875,000
Fertilizer materials:					
Phosphatic e/	8,000	10,515 r/ 4,	10,000	12,000	12,500
Other mixed chemical	48,697 r/	47,926 r/	48,000 e/	54,000 e/	55,000
Gypsum e/	4,500	4,500	5,000	5,000	5,300
Iron and steel: metal:					
Steel, crude	19,000 r/	28,000 r/	37,000 r/	40,000 r/	10,000 4/
Semimanufactures	41,273 r/	45,016	56,021	56,100 e/	57,000
Limestone	thousand tons	1,900	2,200	2,600 e/	2,800
Petroleum refinery products	thousand 42-gallon barrels	5,662 r/	6,033 r/	6,000 e/	6,100 e/
Salt, marine		15,000	20,000 e/	30,000 e/	30,000

e/ Estimated. r/ Revised.

1/ Estimated data are rounded to three significant digits.

2/ Includes data available through May 1, 1996.

3/ In addition to commodities listed, construction materials (clays, gravel, miscellaneous rock, sand, and weathered tuffs) were presumably produced. Available information is inadequate to make reliable estimates of output levels of these commodities.

4/ Reported figure.