LEAD INDUSTRIES ASSOCIATION

420 LEXINGTON AVENUE
NEW YORK 17, N. Y.

LEAD MINING OUTLOOK IN ARGENTINA AND NORTH AFRICA*

Rene J. Mechin, Vice President
St. Joseph Lead Company
New York, N. Y.

The outlook for lead in Argentina is decidedly grim. St. Joe's Aguilar Mine is the only producer at present, although there are prospects with possibilities, under a favorable governmental climate. At least one new lead-zinc mine has been fully developed but cannot be brought into production due to exchange restrictions on the importation of the necessary equipment.

Some idea of conditions in Argentina can be formed when you realize there are now two meatless days per week in the greatest meat eating nation in the world. They will probably have to import wheat this year rather than export as in the past, and their money is not readily convertible even in neighboring countries, for example, Peru and Chile.

In addition, the country's government owned and operated transportation system is greatly in need of rehabilitation, and the effect is particularly marked in those areas served by only one railroad. Outside of the metropolitan areas, little improvement has been made in the highways during the Peron regime.

Lead production at Aguilar has suffered a more or less steady decline from a high of 26,368 metric tons in 1940 to an estimated 15,000 tons this year. Lack of spare parts, operating supplies and modernizing equipment, caused by the Banco Central's denial of the required exchange, is largely responsible for this condition.

* Presented at the 24th Annual Meeting, Lead Industries Association, April 18-19, 1952, Chicago, Ill.

For the past year the price received for pig lead produced in Argentina has been 2,000 pesos per metric ton. At the realistic black market rate of exchange of 30 pesos to the dollar, this is 3 cents per pound! This condition, which adversely affects the development of Argentina's natural resources, is one of the results of the inevitable price controls of this combination totalitarian-welfare state.

Fringe labor costs for pensions, sick leave, severance pay, Christmas bonus, etc. in Argentina are some 75% of the base wage rates, which in turn are four and one-half times the 1943 rates. In the United States we are gravely concerned with fringe costs of 20-25%. It is apparent then that the Argentine economy cannot stand an indirect cost of 75% for time not worked. Until recently there has been no wage ceiling. The one recently established, if it can be called a ceiling, provides a minimum of 80% above September, 1949 rates and the government voided all collective bargaining agreements that did not meet this requirement.

Argentina is basically rich in its natural resources, people and climatic conditions. In spite of the country's present economic plight, largely brought about by unfortunate governmental policies, it could, given a few years of constructive changes in the viewpoint of the government such as Peru has recently experienced, return to its former position as one of the wealthiest per capita nations of the world.

On the other hand, one of the bright spots in the mining world since the war has been North Africa, particularly the eastern section of Morocco. The Societe des Mines de Zellidja at Bou Beker, which prior to the war was just coming into production, has, in the past two years, greatly expanded its operations. Starting in 1946 with assistance from the Newmont Mining Corporation and the St. Joseph Lead Company, Zellidja has expanded its mining and milling operations from around 8,000 tons to a present rate of approximately 100,000 tons per month. Current production from this property is now approximately 3,250 metric tons of pig lead and 1,600 tons of zinc per month. Zellidja's neighbor, the Touisset Mine of the

Royale Asturienne, which in 1945 was treating less than 400 tons per day, has increased its milling facilities to something over 1,000 tons per day. Zellidja's other neighbor, Societe Nord Africaine du Plomb, expects to be in production by fall, at a rate approaching 1,000 tons daily.

The ore deposits at Zellidja, Touisset and Nord Africaine have some similarity to those in Southeast Missouri, but considered as a whole, the area is marked by quite definite zoning. The ores in the Touisset Mine which lies to the west of Zellidja, contain relatively little zinc; and those of Nord Africaine to the east, are primarily zinc with a relatively low lead content. The ore which Zellidja is now milling and which is more or less representative of the bulk of the known reserves, runs about 4% lead and about 3% to 3.5% zinc.

The Zellidja company in association with Pennaroya has constructed at Oued El Heimer, about 16 kilometers from the mine, a Scotch Hearth smelting plant with 10 Newnam hearths and a lead blast furnace is in the process of construction. Zinc concentrates, and any excess lead concentrates from Zellidja, are trucked to the railroad at Oued El Heimer and shipped some 60 miles to the Port of Nemours just over the Moroccan line in Algiers. Touisset concentrates and the zinc concentrates from Nord Africaine will be handled in the same manner.

Morocco is, of course, within the French Colonial Empire, and heretofore, with minor exceptions, most of this production has moved to France or Belgium smelters and has been disposed of within Metropolitan France. It is unlikely that there will be any substantial movement of either metal or concentrates direct from North Africa to the United States, although indirectly repayment of E.C.A. loans to the Zellidja company will be made by a portion of this production over the period of the next five or six years.