



SECTION FOUR

NATIONAL POLICY ON BARYTES DEVELOPMENT IN NIGERIA

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1.0 GENERAL BACKGROUND INFORMATION

1.1 DEFINITION AND USES

Barytes is a heavy industrial mineral which is composed mainly of barium and sulphate, but which is often associated with fluorite, calcite, dolomite, etc. The major impurities are quartz, iron oxide (goethite) and carbonates of calcium, magnesium and iron which tend to reduce the specific gravity of the unprocessed barytes.

1.2 Barytes is commonly used as a weighting agent in oil well drilling mud by petroleum exploration oil companies. This singular use, consumes more than 90% of world production of barytes. Other minor uses are in glass making, paint industry, as fillers and in the manufacture of barium chemicals. Its ability to absorb gamma radiation also makes it useful in concrete for nuclear shielding.

2.0 OBJECTIVES AND IMPERATIVES OF THE NATIONAL POLICY ON BARYTES DEVELOPMENT IN NIGERIA

2.1. In view of the strategic industrial interest which government has placed on barytes against the backdrop of its use as a drilling mud by Oil Exploration Companies in Nigeria, it has become imperative for government to ensure the orderly, economic and accelerated exploration, exploitation, processing and marketing of the huge barytes resources in Nigeria to meet local demands and possibly for export. The National Policy on Barytes Development is therefore aimed at providing clear rules for predictable behaviour of the authorities, unambiguous regulations for the exploitation of barytes and a clearly prescribed pattern of development with clear definition of the roles of the different actors.

2.2. The general objectives of the National Policy on Barytes Development include the following:

- (i) increasing end users awareness through enlightenment campaigns of the endowment of the mineral resource and its strategic industrial role in the sustainable economic development of the country;
- (ii) acquiring and disseminating detailed and reliable information on the geology, quantum and quality of barytes in Nigeria;
- (iii) enhancing the utilization of the mineral resource through research into efficient extraction method and beneficiation of the commodity to meet

- (iv) the specifications of the end users and for value - addition;
- (iv) ensuring adequate supply of the mineral resource and a ready market for the product;
- (v) encouraging the private sector to take the leadership role in the development of the commodity with concrete assurance of reasonable returns of their investment;
- (vi) encouraging acquisition of technology by informal and Artisanal miners in the exploitation of barytes; and
- (vii) accelerating the development and utilization of technical and professional manpower resources.
- (viii) Enforcing patronage of barytes by major end users through total banning of the importation of the commodity.

3.0 ENDOWMENT OF BARYTES RESOURCES IN NIGERIA

- 3.1 Nigeria is endowed with abundant barytes resources, many of which are yet to be fully explored and exploited. Available records have shown that these resources occur mostly in hydrothermal veins in faults and fractures within the Benue Trough of Nigeria, in Benue, Taraba, Cross River and Nassarawa States.
- 3.2 It is estimated that in Nigeria, over a million metric tonnes of barytes can be produced annually while 150,000 metric tonnes have been estimated as the local annual demands. However, the current local production of barytes is estimated at about 40,000 metric tonnes annually.
- 3.3 This low production figure, despite the abundant endowment of barytes resources in Nigeria and its strategic importance in the oil industry is occasioned by the fact that about 99.5% of barytes production is by informal Artisanal and Small Scale Miners whose production capabilities are constrained by the following:
- Lack of patronage by the major end users on the premise that the specific gravity of Nigerian barytes is low;
 - Old and obsolete equipment for deeper open cast deposits;
 - Lack of easy access to capital;
 - High cost of production due to lack of infrastructural facilities to mine sites;
 - Exploitation of miners by LGA Chairman and the Police;
 - Lack of technical support;

- Dominance of the oil sector by foreign investors who would naturally favour importation of barytes;
- Frequent and sudden closure of mining companies;
- Low pricing of barytes; and
- Lack of fully indigenous oil service industry in Nigeria.

3.4 POLICY

- i) The national Artisanal and Small Scale Mining Programme shall ensure availability of barytes in the right quantity and quality for utilization by relevant industries at all times.
- ii) The exploration of barytes shall be carried out by government and interested private sector promoters, while the exploitation and marketing shall be private sector driven under the provisions of the subsidiary legislation to regulate the activities of Artisanal and Small Scale Miners of 2002 and the Mineral and Mining Act No. 34 of 1999.

3.5 OBJECTIVES

- i) To collect and collate existing data on barytes.
- ii) To carry out detailed exploration for the known occurrences of barytes as well as for new deposits in the country and the information so obtained, appropriately disseminated.
- iii) To ensure funding of exploration for barytes by both private investors and government.
- iv) To ensure that the private miners carry out exploitation of barytes in an orderly and accelerated manner that will ensure the safety and health of the environment.
- v) To ensure that the quantity and quality of the barytes produced meet the demand and specifications of the end users and possibly for exports.
- vi) To improve the progressive production of barytes to meet the nation's demand by the year 2005.
- vii) To ensure that major end users invest also in exploration and exploitation of barytes.

3.6 STRATEGIES

In order to meet the local demand for processed barytes and possibly for

exports, there is an urgent need to evolve strategies that would jump start an accelerated barytes production by empowering/assisting and partnering with Artisanal and Small Scale Mining Project through:

- Abolition of waiver for the importation of barytes.
- Issuance of waiver to Nigerian Mining Corporation only, for the provision of buffer stock by Government to meet all shortfalls from local production of barytes for national utilization at 5% import duty for a period of 3 years in the first instance and renewable for a further 2 years.
- Collection and collation of existing data on barytes and establishment of barytes data bank.
- Development of an exploration programme to quantify known occurrences and search for new deposits.
- Curbing of illegal mining of barytes through formation of barytes producers cooperative groups.
- Establishment of well equipped Buying Centres near areas of barytes production.
- Purchase of excess barytes produced as buffer stock.
- Facilitating easy access to equipment Leasing/Hiring Associations or Organizations
- Provision of extension services.
- Facilitating access to Capital markets.
- Carrying out Enlightenment Campaign on the existence of the policy and of the Artisanal Small Scale Mining Project.
- Regular consultation with the local communities, States/LGA'S of barytes producing areas to avert any agitation and improve relationships.
- Establishment of uniform, reasonable and competitive pricing subject to regular review in line with prevailing international market dictates.
- Establishment of an effective Monitoring and Evaluation System at all exit points in order to curb falsified importation of barytes e.g ports.
- Harmonization of relationship between the barytes producers Cooperative/Partnering Groups, Barytes Processing Companies and Manufacturers Association of Nigeria (MAN).
- Reaching out to other African countries for possible markets for processed Barytes.
- Mandating major end users of barytes in Nigeria to invest in its exploration and exploitation.

4.0 FINANCIAL SUPPORT

4.1 The financial support required for the development of barytes in Nigeria is quite substantial and it would involve Government and the private sector participation. Since investment in the sector is highly capital intensive, risky and with a long term gestation period, the required financing in the development of barytes would be long - term, involving both foreign and domestic financial resources. In view of the risk element involved investment in barytes should be capable of yielding high rates of returns and fast pay back periods that can attract investors.

4.2 POLICY

Government shall encourage private investment, both local and foreign; in barytes development.

4.3 OBJECTIVES

- i) To ensure availability of adequate funding and continuity in funding for the development of barytes in Nigeria.
- ii) To attract the investment from a highly competitive local and international finance market.
- iii) To increase foreign exchange earnings through export of excess processed barytes.
- iv) To ensure that maximum benefits are derived from investments in the development of barytes by all concerned.

4.3 OBJECTIVES

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5.0 TRAINING, RESEARCH AND TECHNOLOGY

5.1 The importance of capacity building through Research, Training and Technology in the socio-economic advancement of any nation is now universally acknowledged. This is also equally important to the development of barytes in Nigeria. Hence, Training, Research and Technology should be given adequate attention in the development of barytes in Nigeria.

5.2 POLICY

Government shall ensure the development and utilization of barytes resources on a self-sustainable basis through training, research and technology.

5.3 OBJECTIVES

- i) To initiate and promote research and training programmes which are market - driven and application - oriented to barytes development in Nigeria.
- ii) To promote application of new technologies in the exploration and exploitation of barytes in Nigeria.

5.4 STRATEGIES

- i) Government shall through the development and provision of capacity in available Research Institutes/Centres underrate the design and fabrication of barytes exploration, mining and processing equipment adaptable to local conditions, through the proposed Minerals and Petroleum Technology Development Fund.
- ii) Monitoring and assessing international technological developments in all areas of barytes development and initiating and sustaining local capability for their applications.
- iii) Initiating and promoting barytes educational programmes and research activities in Nigerian Universities, Polytechnics and Research Institutes.
- iv) Establishing training programmes for the development of barytes both locally and abroad.

6.0 ENVIRONMENT

6.1 The major environmental problem related to barytes production is soil

degradation. The mode of occurrence of barytes, mostly as hydrothermal vein deposits in fractures suggests that its mining would involve probing into the sub-surface. If this is not scientifically done as is the prevailing practice, a lot of pits would be bored with most of them resulting in hanging walls that may and do result in subsequent collapses. Most of these pits are usually also not reclaimed after mining of the barytes, thus resulting in environmental soil degradation with its attendant health and safety hazards.

- 6.2 Also, during the milling processes a lot of dust may be produced which if inhaled, could result in health hazards. As a result of these negative impacts, it is necessary to incorporate environmental considerations into the nation's barytes development.

6.3 POLICY

Government shall ensure that barytes resources are exploited in an environmentally safe and sustainable manner.

6.4 OBJECTIVE

To ensure that in the course of mining and milling of barytes, the environment is adequately protected in line with the provisions in the Minerals and Mining Act of 1999.

6.5 STRATEGIES

- i) Strengthening and properly equipping the Inspectorate arm of Mines Department of the Ministry in order to ensure the enforcement of the relevant Laws affecting environmental degradation.
- ii) Ensuring effective monitoring of vital environmental parameters in the mining, milling and utilization of barytes.
- iii) Carrying out Environmental Impact Assessment (EIA) in major areas of mining of barytes.
- iv) Liaising regularly with the Ministry of Environment to ensure compliance with environmental pollution Laws.

7.0 POLICY IMPLEMENTATION

- 7.1 Any policy, no matter how articulate, cannot succeed without the political will for its implementation. Policy programme realisation is

usually hampered by bureaucratic bottlenecks and unnecessary delays. These problems therefore have to be effectively addressed for the successful implementation of this barytes policy.

7.2 POLICIES

- i) The barytes policy will derive from, and be consistent with the overall National Policy on Solid Minerals.
- ii) The Artisanal Small Scale Mining Project shall be focal point for the monitoring and coordination of the implementation of the barytes policy.

7.3 OBJECTIVES

- i) To ensure the effective implementation of the barytes policy.
- ii) To ensure that the solid minerals sector to which barytes belong, plays its expected role in the realisation of the goals of the National Development plan.
- iii) To ensure there is no conflict among the various sub-sectoral solid minerals policies.
- iv) To strengthen the monitoring and coordinating functions of the Artisanal Small Scale Mining Project.
- v) To ensure consistency between the National Policy on Solid Minerals and the various sub-sectoral policies.

7.4 STRATEGIES

- i) Taking advantage of the Seven year (2003 - 2009) strategic plan on Solid Minerals Development to provide opportunity for regular discussions among the various stakeholders in the production and utilization of barytes in Nigeria.
- ii) Encouraging private sector participation in the provision of some essential services in the country while acknowledging the role of government in the provision of some basic social infrastructural facilities to barytes mining sites.
- iii) Prioritizing of policy strategies for implementation, with the setting of realistic targets and effective monitoring and evaluation of the implementation process.
- iv) Instituting a system of carrying out regular checks and receiving reports

- on the implementation of the approved barytes policy by all section of the solid minerals sector
- v) Ensuring that the approved fiscal measures which are necessary for the achievement of set objectives of the barytes policy are promptly carried out.
 - vi) Dedicating part of the Minerals and Petroleum Technology Development Funds to the exploration and development of barytes.

8.0 RELEVANT LAWS AND REGULATIONS

8.1 In order to guide prospective investors in the development of Nigerian barytes resources, the following Laws and Regulations should be consulted.

- (a) Minerals and Mining Act No. 34 of 1999.
- (b) Nigerian Investment Promotion Commission Decree 1995 (1995 No. 16)
- (c) Companies and Allied Matters Decree 1990(1990 No.1 & Cap. 58).
- (d) Foreign Exchange (Monitoring and Miscellaneous Provisions) Decree 1995(1995 No. 17).
- (e) Companies Income Tax Act (Cap. 60).
- (f) Value-Added Tax Decree 1993 (1993 No. 102).
- (g) Immigration Act (Cap. 171).
- (h) Nigerian Export Processing Zone Decree 1992(1992 No.63)
- (i) Nigerian Export Promotion Council (Cap. 306).
- (j) Nigerian Export Credit Guarantee and Insurance Scheme Decree 1988 (Cap.305).
- (k) Securities and Exchange Commission Decree 1988.
- (l) Land Use Act (Cap. 202)
- (m) Pre-shipment Inspection of Export Decree 1996(1996 No 10).
- (n) Customs, Excise Tariff, etc (Consolidated) Decree 1995(1995 No.4).
- (o) Central Bank Decree 1991 (1991 No.24).
- (p) Banks and Other Financial Institutions Decree 1991 (1991 No.25).
- (q) Insurance Decree 1997.
- (r) Labour Act (Cap. 198).
- (s) Pre-shipment of Imports Decree 1996(1996 No.11).