



2006 Minerals Yearbook

SRI LANKA

THE MINERAL INDUSTRY OF SRI LANKA

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Sri Lanka is a lower-middle income developing country in South Asia. The Government's economic policies were focused on alleviating poverty and steering investment to disadvantaged areas, developing the small- and medium-enterprise sector, promoting agricultural production, and expanding the country's civil service. In 2006, the service and manufacturing sectors accounted for the majority of the gross domestic product (GDP). Mining and quarrying contributed less than 2% of the GDP. The agriculture and tourism sectors were in decline. The Government planned an infrastructure development program to encourage growth in investment and exports (U.S. Department of State, 2007).

Production

Sri Lanka is endowed mostly with industrial minerals, which include ball clay, calcite, clays, dolomite, feldspar, graphite, kaolin, limestone, mica, mineral sands, phosphate rock, quartz, and silica sand; it has no metal or mineral fuel resources. The industrial minerals were mined in quarries and surficial pits, except graphite, which was mined underground. During 2006, the production of ball clay, feldspar, gemstones, phosphate rock, quartz, and silica sand increased gradually (table 1).

Structure of the Mineral Industry

The mining of graphite, mineral sands, phosphate rock, and salt and the refining of petroleum were performed by state-owned companies; the private sector produced all other mineral output with the exception of cement, which was manufactured and sold by the private sector and by state-owned Sri Lanka Cement Corp. (table 2). Graphite, mica, mineral sands, and quartz were produced mainly for export. The development of mineral resources is the responsibility of the Geological Survey and Mines Bureau and is governed by the Mines and Minerals Act No. 33 of 1992 and the Mining (Licensing) Regulations No. 1 of 1993 (Geological Survey and Mines Bureau, 2007, p. 1).

Commodity Review

Metals

Iron and Steel.—Sri Lanka was not a producer of iron and steel. However, some of the steel products needed by the construction industry were manufactured by Ceylon Heavy Industries and Construction Co. Ltd. using imported materials. Steel rolled products were produced out of scrap iron by Connfab Steel (Private) Ltd. and Melbourne Metal (Pvt.) Ltd. Sri Lanka's other requirements for iron and steel products were met by imports from Australia, Belgium, Brazil, Germany, Hong Kong, India, Japan, Russia, and Singapore (Geological Survey and Mines Bureau, 2007, p. 34).

Industrial Minerals

Cement.—About 50% of the country's cement requirement was produced locally using indigenous raw materials, such as clay, dolomite, laterite, and limestone, and imported clinker; the other 50% was imported. The country had four cement plants, which were located at Kankasanturai, Puttalam, and Trincomalee. The Puttalam plant was owned by Holcim Ltd. and produced cement using local raw materials. The Trincomalee plant was owned by Tokyo Cement Co. (Lanka) Ltd. and produced cement using imported clinker. Sri Lanka Cement Corp. operated two plants at Kankasanturai and Puttalam (Geological Survey and Mines Bureau, 2007, p. 33).

Gemstones.—Sri Lanka is world renowned for its gemstones. Aquamarine, garnet, ruby, sapphire, spinel, topaz, tourmaline, and zircon were the most commonly found gemstones in the country. Some of the best known gemstone-mining areas were Balangoda, Elahera, Kamburupitiya, Moneragala, Okkampitiya, and Ratnapura. The National Gems and Jewellery Authority was responsible for regulating the mining and export activity of gemstones (Geological Survey and Mines Bureau, 2007, p. 25).

Demand for sapphires in Sri Lanka started to increase in 2006, particularly that for fine blue sapphires in sizes ranging from 3 to 30 carats and for fancy colored and yellow ones. Production was down, however, owing to heavy rains that caused landslides and flooding in the mining areas. In addition, gemstone miners moved to mining river sand because the income from sand mining was much higher than from gemstone mining. Demand for sand for the construction boom in the 2004 tsunami-devastated areas was huge (Jewellery News Asia, 2006).

Mineral Fuels

Natural Gas.—The Government planned to build a liquefied natural gas receiving terminal at Kerawalapitiya that was expected to come onstream in 2009. The proposed capacity of 1 million metric tons per year would be sufficient to meet domestic demand. The Japanese Government would give financial aid to build the terminal (Petroleum Economist, 2006b).

Petroleum.—The Government selected Star Petro Energy of the United Arab Emirates to build a \$320 million 100,000-barrel-per-day (bbl/d) crude oil refinery in Hambantota. The new refinery would supply not only the local market when the existing Sapugaskanda Refinery was unable to meet the demand but also would supply exports of refined products to other markets in Asia. The Government planned to invest \$500 million to double the Sapugaskanda Refinery's capacity to 100,000 bbl/d (Petroleum Economist, 2006a).

References Cited

Geological Survey and Mines Bureau, 2007, Sri Lanka minerals yearbook 2006: Geological Survey and Mines Bureau, January, 46 p.
 Jewellery News Asia, 2006, Demand for sapphires up in Sri Lanka but production is down: Jewellery News Asia, no. 259, March, p. 1

Petroleum Economist, 2006a, News in brief: Petroleum Economist, v. 73, no. 8, August, p. 45.
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TABLE 1
 SRI LANKA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons unless otherwise specified)

Commodity ²	2002	2003	2004 ^c	2005 ^c	2006 ^c
Cement, hydraulic thousand metric tons	1,018	1,164	1,400	1,500	1,600
Clays:					
Ball clay	28,431	33,405	34,000	36,000	38,000
Kaolin	8,613	9,073	9,200	9,400	9,500
Brick and tile clay ^e	8,000	8,000	8,000	8,000	8,000
Clays for cement manufacture ^e	850	900	900	950	950
Feldspar, crude and ground	28,866	32,586	33,000	34,000	35,000
Gemstones, precious and semiprecious, other than diamond, value thousands	\$54,604	\$96,797	\$99,000	\$101,000	\$103,000
Cat's eye carats	36,891	45,228	46,000	47,000	48,000
Ruby do.	23,000	12,934	15,000	17,000	19,000
Star ruby do.	NA	NA	NA	NA	NA
Sapphire do.	344,900	773,547	780,000	785,000	790,000
Star sapphire do.	NA	NA	NA	NA	NA
Other do.	4,110,400	1,828,400	1,900,000	2,000,000	2,100,000
Graphite, all grades	3,619	3,387	3,400	3,000	3,200
Iron and steel, metal, semimanufactures ^c	50,000	50,000	50,000	50,000	50,000
Mica, scrap	1,161	1,674	1,700	1,700	1,800
Petroleum refinery products: ^c					
Gasoline thousand 42-gallon barrels	2,100	2,100	2,100	2,200	2,200
Jet fuel do.	600	650	650	650	700
Kerosene do.	1,500	1,500	1,500	1,500	1,500
Distillate fuel oil do.	4,900	5,000	5,100	5,200	5,300
Residual fuel oil do.	5,200	5,200	5,100	5,100	5,000
Refinery fuel and losses do.	700	710	720	720	730
Other do.	2,000	2,050	2,100	2,200	2,300
Total	17,000	17,200	17,300	17,600	17,700
Phosphate rock, gross weight	38,775	41,357	42,000	43,000	44,000
Salt	73,274	78,713	79,000	80,000	81,000
Stone:					
Limestone thousand metric tons	848	991	1,000	1,010	1,050
Quartzite	7,857	18,139	20,000	22,000	24,000

^cEstimated; estimated data are rounded to no more than three significant digits; may not add to totals shown. NA Not available.

¹Table includes data available through August 2, 2007.

²In addition to the commodities listed, crude construction materials, such as sand and gravel, sulfur, and varieties of stone, presumably are produced, but available information is inadequate to make reliable estimates of output.

TABLE 2
SRI LANKA: STRUCTURE OF THE MINERAL INDUSTRY IN 2006

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity ^e
Cement	Holcim (Lanka) Ltd.	Puttalam	1,000
Do.	Sri Lanka Cement Corp.	Kankasanturai	1,000
Do.	do.	Puttalam	400
Do.	Tokyo Cement Co. (Lanka) Ltd.	Trincomalee	300
Clay, ball	Lanka Ceramic Ltd.	Dediyawala	NA
Graphite	Kahatagaha Graphite Lanka Ltd. (Ministry of Industrial Development)	Kahatagaha Mine	4
Do.	Bogala Graphite Lanka Ltd. (Ministry of Industrial Development)	Bogala Mine	7
Petroleum, refined 42-gallon barrels per day	Ceylon Petroleum Corp. (Ministry of Petroleum and Petroleum Resources Development)	Sapugaskanda	51,000
Phosphate rock	Lanka Phosphate Ltd. (Ministry of Industrial Development)	Eppawela	20
Titanium, ilmenite sands	Lanka Mineral Sands Corp. (Ministry of Industrial Development)	Pulmoddai	180

NA Not available.