

# SRI LANKA

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The ceasefire in December 2001 between the Government and the separatist Liberation Tigers of Tamil Eelam was the main driving force of the country's economic revival. Gross domestic product (GDP) growth was targeted at 3.3% in 2002, which was an increase from the -1.4% registered in 2001. With a population of 19,700,000, per capita GDP was \$822. Sri Lanka produced some major mineral commodities, such as ball clay, feldspar, gemstones, graphite, and phosphate rock. The country was one of the world's top producers of gemstones and graphite. It does not have reserves of mineral fuels and had to rely on imports of coal and crude oil to meet its energy needs. In agriculture, rubber and tea production gained slightly, and coconut output was down. Exports of textiles and apparels declined. Government expenditures outpaced the revenues collected, and the budget deficit remained (Far Eastern Economic Review, 2002).

A 50%-owned subsidiary in Sri Lanka of WGI Heavy Minerals Inc. of the United States received environmental clearance for development of its heavy-mineral deposits. The final steps were to convert the mining leases into permits and to develop a mining program. In the first half of 2003, the company planned to drill new areas for garnet, ilmenite, rutile, and zircon. WGI also had garnet mining and processing facilities in Tamil Nadu and expanded its drilling program in Andhra Pradesh of India (WGI Heavy Minerals Inc., 2002).

Mineral processing was set to resume at Lanka Mineral Sands Ltd.'s Pulmoddai Beach Mine in northern Sri Lanka. The company planned to restart large-scale processing of 200,000 metric tons (t) of crude zircon, 180,000 t of ilmenite, and deposits of rutile and monazite that are present in the sand. Small-scale operations continued, with small quantities of crude zircon and rutile being exported through the port of Colombo to China, India, and the United Kingdom. The company processed 300,000 metric tons per year of mined sands (Industrial Minerals, 2002).

Venkatesh Coke & Power Ltd. of India was expected to invest \$240 million in setting up a coking plant in the eastern port city of Trincomalee to convert imported coal into coke for the export market. The coke also would be used to fuel 110 megawatts (MW) of generating capacity that was to be added to the national grid. The plant was scheduled to be completed by 2004 (Dow Jones Newswires, 2002a<sup>1</sup>).

The Government geared up for petroleum exploration of its offshore areas for the first time in 20 years. The Gulf of Mannar Basin was thought to host significant hydrocarbon

accumulations. In 2001, a draft Petroleum Resources Act was prepared and considered by a ministry committee. The Act would outline fiscal, legal, and administrative frameworks for the promotion of Sri Lanka's upstream oil and gas potential. Details of the bidding round process would be announced once the Act was adopted (Oil Online, 2002§).

The Government rejected final bids by two local companies—MacLarens Holdings Ltd. and Master Divers Ltd.—to buy its 49% stake in Shell Gas Lanka Ltd. The Royal Dutch/Shell Group held a 51% interest. The Government sought \$30 million for its stake. Shell Gas Lanka lost its 5-year monopoly to import and supply liquefied petroleum gas in 2000 and accumulated large losses (Dow Jones Newswires, 2002b§).

Hydroelectricity accounted for 65% of Sri Lanka's power generation, but thermal capacity had been substantially increased when repeated droughts forced the Government to resort to more-expensive alternatives. The Government encouraged investment in renewable energy projects; a proposed 900-MW coal-fired powerplant, however, was put on hold owing to opposition from environmental groups (Dow Jones Newswires, 2002c§). In July, the Government went ahead for the setup of a 300-MW coal powerplant at Clappenberg in Trincomalee. Sri Lanka did not produce coal, and imported coal would be used. The powerplant was scheduled to be built with private sector participation and was to be completed by 2006 (Mining Journal, 2002).

## References Cited

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Mining Journal, 2002, Sri Lankan power plant approved: Mining Journal, v. 39, no. 8698, August 16, p. 120.  
WGI Heavy Minerals Inc., 2002, News release: Coeur d'Alene, Idaho, WGI Heavy Minerals Inc., December 9, p. 1.

## Internet References Cited

- Dow Jones Newswires, 2002a (July), Indian company to set up \$240 million coking plant in Sri Lanka, accessed July 18, 2002, at URL [http://biz.yahoo.com/djus/020717/200207170509000241\\_1.html](http://biz.yahoo.com/djus/020717/200207170509000241_1.html).  
Dow Jones Newswires, 2002b (April), Sri Lanka government rejects bids for its 49% stake in Shell, accessed April 16, 2002, at URL [http://biz.yahoo.com/djus/020416/200204160226000087\\_1.html](http://biz.yahoo.com/djus/020416/200204160226000087_1.html).  
Dow Jones Newswires, 2002c (April), Sri Lanka power minister says daily power cut duration reduced, accessed April 22, 2002, at URL [http://biz.yahoo.com/djus/020422/200204220523000256\\_1.html](http://biz.yahoo.com/djus/020422/200204220523000256_1.html).  
Oil Online, 2002 (April), Offshore back on agenda after Mannar basin rethink, accessed October 2, 2002, at URL <http://www.oilonline.com/news/features/aog/20020426.Offshore.8647.asp>.

<sup>1</sup>References that include a section mark (§) are found in the Internet References Cited section.

## Major Sources of Information

Ceylon Petroleum Corp.  
P.O. Box 634  
113 Galle Rd.  
Colombo 3, Sri Lanka  
Geological Survey and Mines Bureau  
4 Galle Rd.  
Colombo, Sri Lanka

Lanka Ceramic Ltd.  
Colombo, Sri Lanka  
State Gem Corp.  
Colombo, Sri Lanka  
State Mining and Mineral Development Corp.  
Colombo, Sri Lanka

TABLE 1  
SRI LANKA: PRODUCTION OF MINERAL COMMODITIES<sup>1, 2</sup>

(Metric tons unless otherwise specified)

Commodity <sup>3</sup>	1998	1999	2000	2001	2002
Cement, hydraulic thousand tons	874	976	1,008	1,108 <sup>†</sup>	1,018
Clays:					
Ball clay	24,478	26,678	27,525	24,846	28,431
Kaolin	11,110	12,573	12,230	9,403	8,613
Brick and tile clay <sup>c</sup>	8,000	8,100	8,100	8,000	8,000
Clays for cement manufacture <sup>c</sup>	700	750	800	850	850
Feldspar, crude and ground	25,274	26,012	28,638	27,438	28,866
Gemstones, precious and semiprecious, other than diamond, value thousands	\$20,130	\$33,217 <sup>†</sup>	\$71,774	\$57,530	\$54,604
Cats eye carats	24,000	48,384	48,000	NA	48,000
Ruby do.	13,900	11,300	15,800	NA	19,870
Star ruby do.	NA	11,600	5,400	NA	NA
Sapphire do.	187,500	155,400	173,700	NA	NA
Star sapphire do.	NA	298,400	280,500	NA	NA
Other do.	NA	12,429,800	6,426,300	NA	NA
Graphite, all grades	5,910	4,592	5,902	6,585	3,619
Iron and steel, metal, semimanufactures <sup>c</sup>	55,000	54,000	54,000	51,000	50,000
Mica, scrap	2,800	1,425	1,491	1,161	1,161
Petroleum refinery products: <sup>c</sup>					
Gasoline thousand 42-gallon barrels	1,900	1,950	2,000	2,000	2,100
Jet fuel do.	450	500	550	600	600
Kerosene do.	1,550	1,500	1,550	1,500	1,500
Distillate fuel oil do.	4,500	4,600	4,700	4,800	4,900
Residual fuel oil do.	5,400	5,300	5,300	5,200	5,200
Refinery fuel and losses do.	700	720	700	680	700
Other do.	1,850	1,900	1,950	2,000	2,000
Total do.	16,400	16,500	16,800	16,800	17,000
Phosphate rock	37,600	31,990	34,443	35,440 <sup>†</sup>	38,775
Rare-earth metals, monazite concentrate, gross weight <sup>c</sup>	200	200	--	--	--
Salt	82,483	107,245	70,107	130,272	73,784
Stone:					
Limestone thousand tons	738	683	682	819	848
Quartz, massive	10,884	14,553	13,236	15,731	7,857
Titanium concentrate, gross weight:					
Ilmenite	34,118	--	--	--	--
Rutile	1,930	--	--	--	--
Zirconium, zircon concentrate, gross weight	8,814	--	--	--	--

<sup>c</sup>Estimated. <sup>†</sup>Revised. NA Not available. -- Zero.

<sup>1</sup>Table includes data available through September 25, 2003.

<sup>2</sup>Estimated data are rounded to no more than three significant digits; may not add to totals shown.

<sup>3</sup>In addition to the commodities listed, crude construction materials, such as sand and gravel, and varieties of stone presumably are produced, but available information is inadequate to make reliable estimates of output levels.