



2010 Minerals Yearbook

SRI LANKA

THE MINERAL INDUSTRY OF SRI LANKA

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Sri Lanka's gross domestic product (GDP) was \$50 billion in 2010 and the country's per capita income was \$5,100 based on purchasing power parity. Following the end of the civil war, the country recorded strong GDP growth of 8% owing to reconstruction and infrastructure development. Total exports grew by 17% in 2010. Foreign exchange reserves reached a high of \$6.6 billion. Remittances from migrant workers abroad of \$4.1 billion in 2010 were the most significant source of foreign exchange, surpassing earnings from apparel exports. Foreign direct investment remained relatively low at about \$450 million. The Government had no plans to privatize any state-owned enterprises but planned instead to retain ownership and management of these enterprises and to make them profitable. Mining and quarrying accounted for 2% of the GDP (U.S. Department of State, 2010).

Sri Lanka is endowed with a variety of industrial minerals, such as ball clay, kaolin, and other clays; calcite; dolomite; feldspar; gemstones; graphite; limestone; mica; mineral sands; phosphate rock; quartz; and silica sand. The mineral industry produced cement, gemstones and jewelry, nonmetallic mineral products, and petroleum products. The country produced no metals or crude oil and imported petroleum for refining.

Government Policies and Programs

The Government banned the export of scrap metal to ensure that a sufficient supply was available to small businesses; because much of the scrap metal had previously been exported, the local price of scrap metal was high. Under the new regulations, all state institutions were to provide their scrap metal to the Government Industrial Development Board for distribution among industries. After a trial period of 6 months, the ban would be reviewed. The ban covered such scrap metal as aluminum, brass, bronze, copper, cast iron, special iron, lead, and steel (Lanka Business Online, 2010).

Production

In 2010, Sri Lanka's output of gemstones increased significantly compared with the output in 2009 owing to the high prices in the world market; the output of ruby and sapphire rose by 54.4% and 51.2%, respectively. The value of gemstone production reached \$150 million in 2010. Production of phosphate rock increased modestly by 31.5%, and that of quartzite and rutile increased by 13.3% and 12.8%, respectively. On the other hand, production of the titanium mineral ilmenite decreased by 57%, and production of kaolin and ball clay decreased by 14% and 12.8%, respectively. Scrap mica output also decreased by 10.7% (table 1).

Structure of the Mineral Industry

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. 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 mostly by the private sector and foreign investors and by state-owned Sri Lanka Cement Corp. A crude oil refinery was operated by state-owned Ceylon Petroleum Corp. A German company owned an 87% stake in state-owned Bogala Graphite Lanka Ltd., and the Government owned the remaining 13% (table 2).

Commodity Review

Metals

Titanium.—State-owned Lanka Mineral Sands Ltd., which is under the Ministry of State Resources and Enterprise Development, was responsible for mining, separating, refining, processing, and exporting heavy mineral beach sands, which contained ilmenite, rutile, and zircon. The company also manufactured and sold any product or byproduct of commercial or industrial value from heavy mineral beach sands. The company had a processing plant at Pulmoddai on the east coast of the country and employed about 600 workers (Lanka Mineral Sands Ltd., 2010).

Industrial Minerals

Cement.—The Government took preliminary steps to reopen a cement plant in Kannasanthurai, which had been closed owing to terrorist activities in the area. Renovation work began in April 2010, and production was expected by yearend. The operation would have the capacity to employ about 3,000 people (Lankapuvath, 2010).

Gemstones.—The country's precious and semiprecious stones are found in the beds of older alluvium and river gravels of Quaternary age in the valleys of Ratnapura District in the southwest of the island. A large variety of gemstones were exploited, including aquamarine, beryl, chrysoberyl, garnet, moonstone, ruby, sapphire, spinel, topaz, tourmaline, and zircon. State Gem Corp. mined the topaz deposits at Polwatta, near Matale in central Sri Lanka. Gemstones were among the major items exported and the foreign exchange earners. Blue Peacock Lapidary on the west coast imported rough diamond, which was then cut and polished for the export market. Blue Diamonds was a major exporter of diamond (MBendi Information Services (Pty) Ltd., 2010).

Mineral Fuels

Petroleum.—Ceylon Petroleum Corp. engaged in importing and refining crude oil and distributing and marketing petroleum products in the country. Its oil refinery at Sapugaskanda processed about 51,000 barrels per day of crude oil to produce gasoline, jet fuel, and kerosene, in addition to small amounts of diesel, liquefied petroleum gas, and naphtha. Storage tanks were located within the refinery for crude oil and intermediate and finished petroleum products, and four crude oil tanks were located at the Orugodawata tank farm (Ceylon Petroleum Corp., 2010).

Outlook

Sri Lanka's economic growth depends on the expansion of its export base, and the country expects to diversify its export products and destinations to make use of regional trading agreements. Owing to strong demand for mineral sands from the Asian countries, Sri Lanka is expected to increase its production of mineral sands for export in the near future. The country's exports of gemstones are expected to increase to meet

the demand from China and India, where the jewelry industries are booming. With foreign investment and bank assistance, Sri Lanka is expected to step up its program of infrastructure development.

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TABLE 1
SRI LANKA: ESTIMATED PRODUCTION OF MINERAL COMMODITIES^{1,2}

(Metric tons unless otherwise specified)

Commodity ³	2006	2007	2008	2009	2010
Cement, hydraulic thousand metric tons	1,600	1,700	1,800	1,900	2,000
Clays:					
Ball clay ⁴	61,966	43,004	52,966	54,873 ^r	47,826
Kaolin ⁴	10,914	11,178	10,039	9,538 ^r	8,207
Brick and tile clay	8,000	8,000	8,000	8,000	8,000
Clays for cement manufacture	950	950	950	950	1,000
Feldspar, crude and ground ⁴	56,864	28,866	32,586	73,365 ^r	75,405
Gemstones:					
Precious and semiprecious, other than diamond, value thousands	\$103,000	\$105,000	\$108,000	\$110,000	\$150,000
Cat's eye carats	48,000	49,000	50,000	51,000	54,000
Ruby do.	19,000	31,700 ⁴	47,900 ⁴	20,300 ^{r,4}	31,336 ⁴
Sapphire do.	790,000	240,000 ⁴	541,900 ⁴	986,500 ^{r,4}	1,491,698 ⁴
Other do.	2,100,000	2,200,000	2,300,000	2,400,000	2,500,000
Graphite, all grades ⁴	5,756	9,593	6,615	3,171 ^r	3,437
Iron and steel, metal, semimanufactures	50,000	77,905 ⁴	66,809 ⁴	72,000	75,000
Mica, scrap ⁴	2,600	3,224	2,364	2,347 ^r	2,095
Petroleum refinery products:					
Gasoline thousand 42-gallon barrels	2,200	2,300	2,300	2,400	2,600
Jet fuel do.	700	700	750	750	800
Kerosene do.	1,500	1,500	1,500	1,500	1,500
Distillate fuel oil do.	5,300	5,400	5,500	5,600	5,700
Residual fuel oil do.	5,000	5,000	4,800	4,800	4,500
Refinery fuel and losses do.	730	730	740	750	760
Other do.	2,300	2,400	2,500	2,600	2,700
Total do.	17,700	18,000	18,100	18,400	18,600
Phosphate rock, gross weight ⁴	42,159	40,128	41,947	36,347 ^r	47,778
Salt ⁴	87,560	70,209	110,856	10,500 ^r	10,400
Stone: ⁴					
Limestone thousand metric tons	1,095	1,095	1,091	1,145 ^r	1,192
Quartzite	25,539	35,066	37,196	30,409 ^r	34,437
Titanium mineral concentrates, gross weight: ⁴					
Ilmenite	57,033 ^r	70,728 ^r	22,159 ^r	122,424 ^r	52,637
Rutile	2,280 ^r	4,607 ^r	11,335 ^r	2,276 ^r	2,568

do. Ditto. ^rRevised.

¹Estimated data are rounded to no more than three significant digits; may not add to totals shown.

²Table includes data available through July 20, 2011.

³In 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.

⁴Reported figure.

TABLE 2
SRI LANKA: STRUCTURE OF THE MINERAL INDUSTRY IN 2010

(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. (Ministry of Industry and Commerce)	Kankesanturai	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 Industry and Commerce)	Kahatagaha Mine	4
Do.	Bogala Graphite Lanka Ltd. (Graphit Kropfmühl AG, 87%, and Ministry of Industry and Commerce, 13%)	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 Industry and Commerce)	Eppawala	40
Titanium, ilmenite sands	Lanka Mineral Sands Ltd. (Ministry of State Resources and Enterprise Development)	Pulmoddai	150

^eEstimated. Do., do. Ditto. NA Not available.