



2005 Minerals Yearbook

SRI LANKA

THE MINERAL INDUSTRY OF SRI LANKA

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The December 2004 Indian Ocean earthquake and tsunami caused an estimated \$1.5 billion worth of damage in Sri Lanka. The tsunami's overall economic impact was less severe than first thought and the economy was stable. The real gross domestic product (GDP) growth of 5.9% in 2005 was achieved with the help of a strong global demand for Sri Lanka's exports and effective aid utilization in the reconstruction effort. The per capita GDP based on purchasing power parity was \$4,383, and inflation remained high at 10.6% (International Monetary Fund, 2006[§]). The service sector contributed 55.2% of the GDP; industry contributed 27.1%; and agriculture, 17.7%. The tourism industry suffered in 2005 following the tsunami. Industrial output from mining and quarrying accounted for only about 1% of the GDP. The country is endowed with industrial mineral resources and has no metal or mineral fuel resources.

The Government's economic policies focused on alleviating poverty and steering investment to disadvantaged areas, developing the small- and medium-enterprise sector, promoting agricultural production, and expanding the already enormous civil service. The Government planned to retain ownership and management of state enterprises and make them profitable (U.S. Department of State, 2006).

In a study of the world's ilmenite and rutile mining provinces, rocks associated with titanium minerals were recognized in South India and Sri Lanka. Placers at Pumodai and Putallam in western Sri Lanka have accumulated on the Wannu Terrance coast, which is underlain by granulite and amphibolite facies charnokites and granites. The Highland Terrain, which is full of granulite charnokites, khondalites, and metasediments, runs northeast-southwest through central Sri Lanka. The longest southeasterly running Vijayan Terrain consists of mostly amphibolite-grade metasediments (Stanaway, 2005).

Gemstone mining activity in Sri Lanka increased slightly in 2005. The number of licenses for mining in the Bagawanthalawa, the Kalutara, and the Ratnapura areas and mine output of gemstone increased slightly compared with those of 2004. Mining at the Bagawanthalawa gemstone deposits stopped following a court injunction. Mud from mining was silting the Castlereagh reservoir, which was a source of hydroelectricity for Sri Lanka. The deposits were one of the richest sources of blue, orange-yellow, and yellow sapphires and alexandrite and chrysoberyl cat's eye (Jewellery News Asia, 2005).

The Government has conducted studies in the past that indicate some evidence of small hydrocarbon reserves in the northwestern Gulf of Mannar and in Cauvery. The Government has delayed plans to invite exploration and development companies to bid for oil and gas rights for several years owing to political turmoil. A licensing round for oil exploration could take place in the first quarter of 2006 (Schlumberger, 2005[§]).

Preliminary findings of a seismic survey conducted by the Government in the Gulf of Mannar revealed the presence of a world-class petroleum system off the island. The prospect was explored further through two-dimensional seismic survey in December 2005, and international licensing was scheduled for the first quarter of 2006 (Petroleum Economist, 2005).

Ceylon Petroleum Corp. planned to build and operate a second oil refinery, which would lower the country's reliance on imported petroleum products. A 100,000-barrel-per-day (bbl/d) plant would be built adjacent to the existing 51,000-bbl/d Sapugaskanda refinery near Colombo. The refinery was expected to take 4 years to build at a cost of \$795 million, which would be privately funded. Most of the refinery's output would be for the domestic market. Global Energy of the United States was to lead the project (Platts, 2005[§]).

References Cited

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Petroleum Economist, 2005, News in brief: Petroleum Economist, v. 72, no. 11, November, p. 46.
Stanaway, K.J., 2005, Four world titanium mining provinces, *in* Heavy Minerals Conference, Ponte Vedra Beach, FL, October 16-19, 2005, Proceedings: Littleton, CO, Society for Mining, Metallurgy, and Exploration, Inc., p. 55-57.
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- International Monetary Fund, 2006 (April), Sri Lanka, World Economic Outlook Database, accessed May 31, 2006, via URL <http://www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm>.
Platts, 2005 (October 27), Sri Lanka plans 100,000 bbl/d refinery to cut reliance on imports, accessed October 28, 2005, at URL <http://www.platts.com/oil/news/133509.xml?s=n>.
Schlumberger, 2005 (September 20), President says oil deposit off western coast, accessed September 30, 2005, at URL <http://realtime.news.slb.com/news/story.cfm?storyid=629729>.

Major Sources of Information

- Ceylon Petroleum Corp.
P.O. Box 634
113 Galle Road
Colombo 3, Sri Lanka
Geological Survey and Mines Bureau
4 Galle Road
Dehiwala, Sri Lanka
Lanka Ceramic Ltd.
Colombo, Sri Lanka
State Gem Corp.
Colombo, Sri Lanka
State Mining and Mineral Development Corp.
Colombo, Sri Lanka

[§]References that include a section mark (§) are found in the Internet References Cited section.

TABLE 1
SRI LANKA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons unless otherwise specified)

Commodity ²		2001	2002	2003	2004 ^c	2005 ^c
Cement, hydraulic	thousand metric tons	1,108	1,018	1,164	1,400	1,500
Clays:						
Ball clay		24,846	28,431	33,405	34,000	36,000
Kaolin		9,403	8,613	9,073	9,200	9,400
Brick and tile clay ^e		8,000	8,000	8,000	8,000	8,000
Clays for cement manufacture ^c		850	850	900	900	950
Feldspar, crude and ground		27,438	28,866	32,586	33,000	34,000
Gemstones, precious and semiprecious, other than diamond, value	thousands	\$57,530	\$54,604	\$96,797	\$99,000	\$101,000
Cats eye	carats	NA	36,891	45,228	46,000	47,000
Ruby	do.	NA	23,000	12,934	15,000	17,000
Star ruby	do.	NA	NA	NA	NA	NA
Sapphire	do.	NA	344,900	773,547	780,000	785,000
Star sapphire	do.	NA	NA	NA	NA	NA
Other	do.	NA	4,110,400	1,828,400	1,900,000	2,000,000
Graphite, all grades		6,585	3,619	3,387	3,400	3,000
Iron and steel, metal, semimanufactures ^c		51,000	50,000	50,000	50,000	50,000
Mica, scrap		1,161	1,161	1,674	1,700	1,700
Petroleum refinery products: ^c						
Gasoline	thousand 42-gallon barrels	2,000	2,100	2,100	2,100	2,200
Jet fuel	do.	600	600	650	650	650
Kerosene	do.	1,500	1,500	1,500	1,500	1,500
Distillate fuel oil	do.	4,800	4,900	5,000	5,100	5,200
Residual fuel oil	do.	5,200	5,200	5,200	5,100	5,100
Refinery fuel and losses	do.	680	700	710	720	720
Other	do.	2,000	2,000	2,050	2,100	2,200
Total	do.	16,800	17,000	17,200	17,300	17,600
Phosphate rock, gross weight		35,440	38,775	41,357	42,000	43,000
Salt		130,272	73,274	78,713	79,000	80,000
Stone:						
Limestone	thousand metric tons	819	848	991	1,000	1,010
Quartzite		15,731	7,857	18,139	20,000	22,000

^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 October 3, 2006.

²In 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.