USGS
science for a changing world

2007 Minerals Yearbook

SRI LANKA

U.S. Department of the Interior
U.S. Geological Survey

December 2009

The Mineral Industry of Sri Lanka

By Chin S. Kuo

Civil war was affecting Sri Lanka's economic and development potential in 2007. Some projects were shelved or abandoned by international assistance donors. The service sector accounted for 60% of the gross domestic product; industry, 28%; and mining and quarrying, 2%. The country is endowed with industrial minerals, such as ball clay, calcite, clays, dolomite, feldspar, gemstones, graphite, kaolin, limestone, mica, mineral sands, phosphate rock, quartz, and silica sand. Metallic and mineral fuel resources were not found in Sri Lanka. The country had to import oil to meet domestic requirements.

Production

In 2007, the production of ball clay, feldspar, gemstones, phosphate rock, and quartzite increased slightly compared with the output in 2006. Most industrial minerals were mined in quarries and surficial pits, except graphite, which was mined underground at Bogala. Production of graphite, mica, mineral sands, and quartz was mainly for export. The country also exported cut and polished gemstones and jewelry (table 1).

Structure of the Mineral Industry

The Geological Survey and Mines Bureau is responsible for the development of the country's mineral resources. State-owned companies mined graphite, mineral sands, phosphate rock, and salt, and Ceylon Petroleum Corp. refined crude oil. Cement was manufactured mostly by private sector companies (table 2).

Commodity Review

The Government removed the 2.5% tax on the import of diamond, gemstones, and gold and reduced the value-added tax on jewelry produced in the country to 5% from 20%. However, a 15% tax is imposed on imports of fine jewelry in gold or silver and of costume jewelry. The purpose of the tax is to encourage more cutting and polishing of imported gemstones and more manufacturing of jewelry in Sri Lanka. Exports of cut and polished gemstones, gold jewelry, and jewelry set with gemstones are duty free and free of other taxes, and direct earnings from exports of these products are exempt from income tax. Imports of diamond, diamond powder, gold, pearls, rough or polished gemstones, silver, and synthetic gemstones are duty free, and the import and supply of these materials also are exempted from the value-added tax (Jewelry News Asia, 2007a).

Production of sapphire decreased in 2007 and the National Gem and Jewelry Authority planned to implement measures to increase supply, including conducting extensive geologic surveys to identify potential sources. Nineteen new areas with primary deposits of in situ sapphire-bearing veins had been identified. The deposits are located in such areas as Kataragama in the south and in Balangoda, Kegalle, Kolonne, Lunugala, Matale, and Sigiriya in the central and north-central parts of the country. A large-scale mining project that would use mechanized mining methods was planned by the Authority. In traditional gemstone-mining areas in the Matale District, a newly designed environmentally friendly machine would be used to mine alluvial gemstone deposits in river beds instead of the less environmentally friendly suction pump (Jewelry News Asia, 2007b).

Bogala Graphite Lanka Ltd. exploited graphite from its mines at Aruggammana in Katiyakumbura and planned to enhance its graphite grade range and capacity in 2007 with the installation of a powder processing plant imported from the United Kingdom. When fully operational, the plant was expected to produce 29 grades of classified graphite powder for export to Europe and the United States. The company was a subsidiary (87% owned) of Graphit Kropfmul A of Germany (Industrial Minerals, 2007).

Phosphate rock was mined by Lanka Phosphate Ltd. at Eppawala in the Anuradhapura District in North Central Province. The deposit, which was considered one of the important apatite occurrences in the world, had an estimated resource of 60 million metric tons. Owing to its poor solubility, the phosphate rock had limited use as fertilizer in long-term crops, such as coconut, rubber, and tea. The company, however, had developed and produced single superphosphate for use in the cultivation of rice and other short-term crops. The production capacity for single superphosphate was 45,000 metric tons per year. The Government had restricted the export of phosphate rock to neighboring countries since 2000 because of a domestic shortage (Movement for National Land and Agricultural Reform, 2007).

The Government called for tenders for oil exploration on three blocks in the offshore Mannar Basin. Some 20 countries, including China and India, agreed to participate in the bidding round. Exploration licenses were expected to be awarded in early 2008. The licenses would be for a period of 8 years and would consist of three phases. If additional exploration was needed, two extensions could be granted. Seismic data indicated that the basin had significant potential for hydrocarbon accumulations of more than an estimated 1 billion barrels of oil (Rigzone.com, 2007).

References Cited

Industrial Minerals, 2007, Bogala Graphite installs processing plant: Industrial Minerals, no. 476, May, p. 10.

Jewelry News Asia, 2007a, New concessions in 2007 budget to boost industry: Jewelry News Asia, February, p. 44.

Jewelry News Asia, 2007b, Sri Lanka moves to find new gem sources: Jewelry News Asia, February, p. 46.

Movement for National Land and Agricultural Reform, 2007, Production of single super phosphate from Eppawala apatite: Movement for National Land and Agricultural Reform. (Accessed July 9, 2008, at http://www.monlar.org/toplink/monlarnews/homepagenews/.)

Rigzone.com, 2007, Sri Lanka to offer three blocks in offshore Mannar Basin: Rigzone.com. (Accessed November 11, 2007, at http://www.rigzone.com/news/article.asp?a_id=49781.)

TABLE 1
SRI LANKA: PRODUCTION OF MINERAL COMMODITIES[1]

(Metric tons unless otherwise specified)

Commodity[2]		2003	2004[e]	2005[e]	2006[e]	2007[e]
Cement, hydraulic	thousand metric tons	1,164	1,400	1,500	1,600	1,700
Clays:						
Ball clay		33,405	34,000	36,000	38,000	40,000
Kaolin		9,073	9,200	9,400	9,500	9,600
Brick and tile clay[e]		8,000	8,000	8,000	8,000	8,000
Clays for cement manufacture[e]		900	900	950	950	950
Feldspar, crude and ground		32,586	33,000	34,000	35,000	36,000
Gemstones, precious and semiprecious, other than diamond, value	thousands	$96,797	$99,000	$101,000	$103,000	$105,000
Cat's eye	carats	45,228	46,000	47,000	48,000	49,000
Ruby	do.	12,934	15,000	17,000	19,000	21,000
Sapphire	do.	773,547	780,000	785,000	790,000	780,000
Other	do.	1,828,400	1,900,000	2,000,000	2,100,000	2,200,000
Graphite, all grades		3,387	3,400	3,000	3,200	3,300
Iron and steel, metal, semimanufactures[e]		50,000	50,000	50,000	50,000	50,000
Mica, scrap		1,674	1,700	1,700	1,800	1,800
Petroleum refinery products:[e]						
Gasoline	thousand 42-gallon barrels	2,100	2,100	2,200	2,200	2,300
Jet fuel	do.	650	650	650	700	700
Kerosene	do.	1,500	1,500	1,500	1,500	1,500
Distillate fuel oil	do.	5,000	5,100	5,200	5,300	5,400
Residual fuel oil	do.	5,200	5,100	5,100	5,000	5,000
Refinery fuel and losses	do.	710	720	720	730	730
Other	do.	2,050	2,100	2,200	2,300	2,400
Total	do.	17,200	17,300	17,600	17,700	18,000
Phosphate rock, gross weight		41,357	42,000	43,000	44,000	45,000
Salt		78,713	79,000	80,000	81,000	82,000
Stone:						
Limestone	thousand metric tons	991	1,000	1,010	1,050	1,080
Quartzite		18,139	20,000	22,000	24,000	26,000

[e]Estimated; estimated data are rounded to no more than three significant digits; may not add to totals shown. do. Ditto.
[1]Table includes data available through August 27, 2008.
[2]In 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 2007

(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.	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 Industrial Development)	Kahatagaha Mine	4
Do.		Bogala Graphite Lanka Ltd. (Graphit Kropfmul A, 87%)	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)	Eppawala	20
Titanium, ilmenite sands		Lanka Mineral Sands Corp. (Ministry of Industrial Development)	Pulmoddai	180

Do., do. Ditto. NA Not available.