

SRI LANKA

By a Special Contributor

The ethnic conflict in Sri Lanka has seriously undermined the economy, and the recent cessation of hostilities has come as a great relief for the government. There has been an exodus of skilled workers, and tourism, a major foreign exchange earner, suffered. The government's privatisation policy saw many companies in the mining sector passing on to joint ventures with foreign partners. However, the government's efforts to attract fresh foreign investment in the mineral sector have only had limited success. The main sources of external income are exports of tea and ready-made garments and remittances from overseas Sri Lankans, mainly from the Gulf countries.

With the scrapping of restrictions on import of rough gem stones some years ago, domestic jewellery manufacturers found their competitive strength improved in international markets. Gems, precious and semi-precious stones, which occur in several pits, are among the chief minerals exported. The precious and semi-precious stones are found among the layers 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 gems are exploited including sapphire, ruby, chrysoberyl, beryl, spinel, garnet, zircon, aquamarine, moonstone, topaz, tourmaline and other semi-precious stones. State Gem Corp. handles the rich topaz deposits at Polwatta, near Matale in central Sri Lanka. The privately owned Blue Peacock Lapidary on the west coast specialises in diamonds, which are cut and polished for export markets. Blue Diamonds, which runs a large factory with about 1,000 employees, in which the

Belgian company Rosy Blue NV has a share, is also a major exporter of diamonds.

Lanka Minerals Sands Ltd is scheduled to establish two new mineral sands processing plants at a cost of US\$425,000 at Kegalle and Hambantota. One of them was to process garnet sands for the first time in Sri Lanka. Garnet sands have been discovered along the southern coastline extending from Dickwella to Hambantota. The second plant, to be located at Kegalle, will process zircon sand. Previously, Ceylon Mineral Sands Corp., the successor to Lankan Minerals Sands, used to process ilmenite, rutile and zircon sands.

Graphite is Sri Lanka's major mineral resource with export potential. Three big mines (at Bogala, Kahatagaha and Kalangaha) exploit graphite and there are numerous small operations. Kahatagaha Graphite Lanka Ltd raised output from its underground mine which has a capacity to produce 3,500 t/y of high-grade vein graphite. Substantial deposits of rock phosphate (reserves: 50 Mt) occur in the Eppawala area. They are to be used for the manufacture of di-ammonium phosphate at a 600,000 t/y factory near the port of Trincomalee.

The southwest coast has mineral sands containing monazite, thorium and uranium. Placer deposits of monazite extend to considerable depths in the ocean. The coastal stretch from Mullativu to Nilaveli contains rich deposits of heavy minerals, including ilmenite. Ceylon Mineral Sands Corp. processes 300,000 t/y of beach sands to obtain ilmenite, zircon and rutile, which are exported. Sri Lanka used to produce over 60,000 t of ilmenite annually and 5,000 t of rutile.