

SRI LANKA

By a Special Contributor

Sri Lanka was trying to revamp its economy, hit badly by a 19-year civil war between the government and the Tamil Tigers after it signed a cease-fire with the rebels. Peace dividends were trickling in, and a feel-good factor was in evidence even on the Kandy-Jaffna road which came to be known as the 'highway of death'. War-weariness pervasive in the majority Sinhalese society, and peace, brought some instant relief to ordinary people. Tourism got a minor boost with arrivals for the first eight months of this year touching 270,000. The Tourism Board was expecting the annual 2002 figure to touch 400,000. Expectations of an economic upturn are at the heart of Prime Minister Wickremasinghe's strategy. He hopes that prosperity, coupled with a string of privatisations to boost the stock markets, will induce the Sinhalese to be flexible in accommodating Tamil demands and maintain the cease-fire.

The Manila-based Asian Development Bank (ADB) has offered Sri Lanka a technical assistance grant of US\$150,000 to carry out a study to help improve the country's business environment. The study of the investment climate and productivity aims to foster private sector development, according to the Bank's statement. The ADB's current assistance is about US\$1.3 billion.

Graphite is Sri Lanka's major mineral resource with export potential. Three big mines at Bogala, Kahatagaha and Kalangaha are exploited, apart from smaller mines. Kahatagaha Graphite Lanka Ltd raised output from its underground mine. This mine had 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 capacity plant near Trincomalee port.

With the scrapping of restrictions on imports of rough gem stones some years ago, the domestic jewellery manufacturers found their competitive strength improved in international markets. Gems, precious and semi-precious stones, are among the chief minerals exported. The precious and semi-precious stones are found among the beds of older alluvium and river gravels of Quaternary age in the valleys of Ratnapura district in the south-west of the island. A large variety of gems are exploited, including sapphire, ruby, chrysoberyl, beryl, spinel, garnet, zircon, aquamarine, moonstone, topaz and, tourmaline.

The 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 importing rough 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 a major exporter of diamonds.

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

The southwest coast has mineral sands containing monazite, thorium and uranium. Placer deposits of monazite extend to considerable depths offshore. 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.