

SRI LANKA

By a Special Contributor

Despite the chronic insurgency problem and insecurity posed by the Tamil militants, Sri Lanka received foreign direct investment (FDI) worth US\$210 million amounting to 1.2% of the GDP in 2000, according to Thilan Wijesinghe, chairman and director-general of the Board of Investment. But the civil war knocks off a good 2% of the GDP. The government is focussing on four target regions for attracting investment, namely, India, the UK, Australia and Scandinavian countries. The country has a legal framework which is fairly investor-friendly, a high literacy rate of 90% and a reasonably good infrastructure. The Sri Lanka Telecom Board in the public sector has been privatised and it is now run by NTT of Japan; a large port has also been privatised. The Sri Lankan rupee was allowed to float freely from January 23, taking the country a step closer towards easier capital controls.

The mineral policy allows the private sector into exploration and mining. Experienced companies can get exclusive exploration licences and they are also given priority for developing any discoveries. The emphasis is on encouraging the development of value-added mineral industries.

The island has a large variety of gems which are found in the pits and among river gravels in the valleys of Ratnapura in the southwest. Noteworthy among the gems extracted are sapphire, ruby, chrysoberyl, beryl, spinel, garnet, zircon, aquamarine, moonstone,

topaz, tourmaline and other semi-precious stones. The State Gem Corp., is tapping the rich topaz deposits of Polwatta, near Matale in the central region. The privately-owned Blue Peacock Lapidary on the west coast specialises in diamonds. A major exporter is Blue Diamonds, where about 1,000 artisans and technicians work; Rosy Blue NV, a Belgian company, has a shareholding in this company.

Sri Lanka's principal mineral is graphite, which figures as an important export item. The Mining and Mineral Development Corp., which produces about 9,000 t/y of graphite, exploits three mines at Bogala, Kahatagaha and Kalangaha. Kahatagaha Graphite Lanka Ltd (KGLL) which used to produce about 3,500 t/y of high-grade vein graphite, has stepped up its output from its underground mine.

Large occurrences of rock phosphate, estimated at 50 Mt, are found in the Eppawala region, in central Sri Lanka. The southwest coast has deposits of mineral sands containing monazite, uranium and thorium. Placer deposits of monazite extend to considerable depths in the ocean bed.

Heavy minerals including ilmenite occur in substantial quantities in the coastal belt from Mullativu to Nilaveli. The Ceylon Mineral Sands Corp. processes about 300,000 t/y of beach sands to produce ilmenite, rutile and zircon, mainly for export.