



DRAFT NATIONAL POLICY ON MINERAL RESOURCES

**Ministry of Science, Technology and Research
National Science and Technology Commission**

DRAFT NATIONAL POLICY ON MINERAL RESOURCES

INTRODUCTION

Minerals being the source material for innumerable uses have been an integral part of the human civilization for several millennia. By definition, minerals are naturally occurring, inorganic and crystalline substances with a definite chemical composition. Although the abundance of known mineral resources of economic importance in Sri Lanka is not considered to be significant in the context of global mineral industry, a few varieties are unique in their qualities and characteristics.

The limited mineral resources of Sri Lanka are of high quality with the potential of bringing in greater economic benefits. Nevertheless, considerable amounts of mineral resources are exported as raw materials or in the near-raw form without any significant value addition or exploration of its optimal potential. Although lack of technology and expertise retarded extensive exploration, efficient mining, utilization and value addition of mineral resources, it is accepted that considerable growth potential exists in the mineral sector. In order to address the concerns of maximum possible value addition to local mineral resources and to develop appropriate strategies for sustainable utilization of limited mineral resources of the country, the Ministry of Science, Technology and Research with the approval of the Cabinet of Ministers formulated a **National Policy on Mineral Resources (hereinafter referred to as “The Policy”)** in consultation with relevant stakeholders in Sri Lanka.

The Policy reiterates the commitment of the Government, in partnership with the people, for the sustainable utilization of country’s mineral resources for the benefit of present and future generations. The aim of this Policy is to ensure that the mineral resources of the country are exploited to its optimal potential and subsequent appropriate value addition while ensuring sound environmental management within the sustainable development framework of Sri Lanka.

This Policy covers all industrial minerals except sand within the jurisdiction of Sri Lanka and is supported by other policies developed in relevant fields.

Smooth implementation of this Policy will be ensured and managed by the line Ministry responsible for the subject of mineral resources.

OBJECTIVES

- To manage and strengthen the mineral sector of Sri Lanka for its optimal potential.
- To promote value addition to mineral resources of the country.
- To ensure environmental management within the sustainable development framework of Sri Lanka while balancing the needs for social and economic development.

PRINCIPLES

1. The mineral resources of the country will be categorized according to the type, quality, availability and their potential for value addition.
2. Conducive environment will be created to attract foreign investors and/or technology holders to establish joint ventures with Sri Lankan partners without jeopardizing the interests of the national economy and the sustainable use of resources.
3. Both the public and the private sector will be encouraged to invest in exploration, development and value addition of identified mineral resources.

4. New mineral based industries will be promoted through adequate access to technological support, and existing industries will be strengthened.
5. A market intelligence system will be ensured to assess the market value of the mineral resources and to obtain the true revenue from mineral exports.
6. The Government will facilitate the efficient supply of mineral resources for industries based on a pre-agreed and pre-approved procedure.
7. A system will be in place to ensure that only value added products will be exported. The raw material export will be permitted only if value addition is not economically feasible under local conditions or the industries for value addition do not exist.
8. The Government will facilitate advanced research and development on minerals and mineral based industries with easy access to information and research commercialization.
9. Regulatory system of the mineral sector will be strengthened through relevant amendments and changes to existing laws and regulations to implement the Policy.
10. A coordinated and strengthened Institutional Framework is emphasized to create a promising and an efficient mineral sector in the country.
11. Standardization and/or certification will be encouraged for country's mineral products so as to compete globally.
12. Environmental and human safety will be ensured through appropriate regulations in relation to environment and occupational health and safety in the mineral sector.

POLICY STATEMENTS

Principle 1- The mineral resources of the country will be categorized according to the type, quality, availability and their potential for value addition.

- A national inventory of mineral resources of the country including basic geologic data would be made available with regular updates.
- The state of the mineral resources will continuously be assessed and reported through an appropriate institutionalized monitoring framework to promote investments.
- Exploration for economic and environmental feasibility of exploiting mineral resources will be encouraged.
- Assessment of potential offshore mineral resources and their exploitation will be promoted so as to expand the potential of mineral industry.

Principle 2- Conducive environment will be created to attract foreign investors and/or technology holders to establish joint ventures with Sri Lankan partners without jeopardizing the interests of the national economy and the sustainable use of resources.

- Joint ventures with both local and foreign investors will be promoted and strengthened.

- Responsible public-private partnerships and linkages will be promoted for industrial investments giving prominence to advanced technologies and value addition processes.
- Every endeavor will be made to prevent unsustainable operations in the mineral sector.

Principle 3- Both the public and the private sector will be encouraged to invest in exploration, development and value addition of identified mineral resources.

- Government will ensure sharing of basic geologic data generated through private sector explorations and surveys.

Principle 4- New mineral based industries will be promoted through adequate access to technological support, and existing industries will be strengthened.

- New small-scale entrepreneurs in the mineral sector will be promoted with adequate access to technological, financial, managerial and trading support while Strengthening and diversifying the existing mineral based industries with a view to increase its competitive edge, export potential and employment creation capacity.

Principle 5- A market intelligence system will be ensured to assess the market value of the mineral resources and to obtain the true revenue from mineral exports.

- A system will be implemented to track downstream flow of local minerals in the export market.
- Strategies will be adopted to obtain necessary information from exporters pertaining to downstream flow of local minerals in the export market.
- A system will be developed to assure that the country is properly remitted for its mineral export, so as to maximize the gain from the mineral sector and physical cash flow to the country.
- The appropriate high-end usages of exported minerals will be assessed continuously, enabling to demand optimal remittance from mineral sale. A mechanism to monitor the export revenues will be introduced to prevent illicit financial flows.

Principle 6- The Government will facilitate the efficient supply of mineral resources for industries based on a pre-agreed and pre-approved procedure.

- Mineral data repositories will be made available to investors.
- The investments in mineral sector will be assessed with reference to available mineral resources, with an assurance of material availability as a prior requirement for project approval.
- Based on the scope and degree of value addition, preference will be given for the industries (projects) which ensure best practices.

- Mechanisms will be introduced to facilitate continuous supply of locally available minerals for local industries.

Principle 7- **A system will be in place to ensure that only value added products will be exported. The raw material export will be permitted only if value addition is not economically feasible under local conditions or the industries for value addition do not exist.**

- Financial instruments will be introduced to promote mineral based product developments locally based on the economic contribution and the size of investment.

Principle 8- **The Government will facilitate advanced research and development on minerals and mineral based industries with easy access to information and research commercialization.**

- Appropriate mechanism will be developed to disseminate the research and development findings.
- Expeditious procedure for patenting and commercialization will be made available.
- Facilities for advanced research and development, industrial support structure and adequately qualified human resources will be made available for the development of the mineral sector and mineral based industries.
- Co-operation in research activities and sharing of information and facilities among related institutions (both public and private) at various levels will be encouraged to promote collaborative research efforts.

Principle 9- **Regulatory system of the mineral sector will be strengthened through relevant amendments and changes to existing laws and regulations to implement the Policy.**

- Market based instruments will be enforced wherever relevant to ensure sustainability of the sector.
- Adequate and appropriate taxation regime will be in place after a detailed assessment of existing tax systems in order to establish a sustainable mineral industry.
- Existing Act and related rules and regulations will be reviewed and amended to make it more industry and environment friendly, while enhancing business opportunities and ensuring the sustainable use of limited mineral resources.

Principle 10- **A coordinated and strengthened Institutional Framework will be in place to create a promising and an efficient mineral sector in the country.**

- The institutional framework for increasing efficiency and sound mineral resources management will be strengthened.
- Necessary human resources development and training will be promoted to adopt available and advanced technologies so as to have a competitive mineral industry in the country.

Principle 11- Standardization and/or certification will be encouraged for country's mineral products so as to compete globally.

- New standards and certification systems will be introduced for raw minerals and mineral based products that are exported.
- The intrinsic value of mineral resources will be identified and certified to assure their authenticity and to promote Sri Lankan minerals.

Principle 12- Environmental and human safety will be ensured through appropriate regulations in relation to environment and occupational health and safety in the mineral sector.

- A balance between the environmental conservation and sustainable use of mineral resources for the economic development of the country will be promoted throughout the process.
- Occupational health and safety will be institutionalized through appropriate guidelines, systems and regulations, especially to avoid hazardous situations in mining, processing, value addition and transportation of minerals and mineral based products and their waste.
- An adequate and appropriate compensation system will be assured in all aspects.
- An awareness strategy will be promoted to sustainably manage the limited mineral resources of the country.

Annexure: Explanation of Key Concepts

Mineral resources:	Deposits of one or more naturally occurring, inorganic and crystalline material with a definite chemical composition.
Value addition:	Creation of a competitive and improved adding features and benefits through technologies that result in greater industrial value
Market based instruments:	Policy instruments that use, price, and other economic variables to provide incentives/disincentives on the actions.
Optimal potential:	Being the best or of the greatest value, sometimes under certain parameters or restrictions and its opportunities.