



National Mineral Policy

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Ministry of Environment

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Ministry of Environment

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List of Abbreviations

SDG	- Sustainable Development Goals
NEA	- National Environment Act
NASTEC	- National Science and Technology Commission
R & D	- Research and Development

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Policy Name : National Mineral Policy

Effective Date : To be decided upon the approval of the Cabinet of Ministers. The policy shall be applicable from the date of notification unless extended further with necessary amendments and approval processes.

1. Introduction

1.1. Background

Minerals are valuable yet non-renewable natural resources transferred among generations but typically can be utilized only once. Minerals possess a substantial importance in fuelling the economic development and growth of a nation. Therefore, it is imperative to harness the potential of mineral wealth, while concurrently formulating relevant policies to ensure that equitable benefits are derived from them. The initial step in effective mineral resource management is to recognize their real potential in both qualitative and quantitative terms. By comprehensively mapping our country's mineral potential, we can effectively develop the necessary strategies to maximize the utilization of known reserves while upholding responsible mining practices that safeguard the environment against detrimental extraction methods. To strike a balance between mineral utilization and sustainability, it is crucial to learn from past experiences. Sri Lanka, with its invaluable and diverse ecosystem and unique and delicate micro-environmental settings, necessitates the implementation of strict policies, commercial guidelines, and principles to govern mineral-related activities. The primary objective of these regulations is to reduce the environmental impact by integrating suitable measures to mitigate any potential harm.

The Mines and Minerals Act of 1992, the National Mineral Policy of 1999, and the National Environment Policy of 2003 collectively provide a framework for the minerals sector's performance to date, but only to a certain extent. The reason for these proposals stems from the absence of updated principles that optimize the sector for the utmost benefit of the country's citizens, while simultaneously uplifting the economy to adapt to emerging trends. Hence, the holistic objective of this new policy is to bridge this gap by fostering sustainable mining practices, attracting investments, maximizing value addition to minerals, stimulating local processing and manufacturing industries to utilize mineral resources and reduce reliance on exports, and promoting research and development within the sector. Moreover, this policy aims to enhance the performance of laws and regulations governing the sector, ultimately leading to the overall betterment of the nation.

1.2. Current Mineral Policy

The existing National Mineral Policy was developed in 1999. Collectively, the policy emphasizes the significance of institutional coordination to enhance the sector's

performance. It aims to provide the necessary knowledge, tools, and methodologies for the optimal utilization of resources, promoting value addition, and fostering sustainable practices within the sector for its improvement. While the policy incorporates these elements to some extent, the timely need to update them to cope with the current trends in the sector is urged. This is particularly crucial in contributing to the development through Sustainable Development Goals' (SDG) country commitments, climate change, and industrial development such as value addition to the basic minerals, thereby elevating the overall economy to new heights.

1.3. Need of the Policy

While an existing National Mineral Policy was developed in 1999, currently evolving socioeconomic perspectives highlight the necessity for a revised approach. Hence, this new policy places significant emphasis on the "intrinsic quality" of local minerals and recognizes the wider diversification of the mineral sector. A feasibility study on mineral resources within Sri Lankan oceans, value addition of minerals in exports, development of the mineral-related processing industry, sustainable management of the mineral resources and the environment, and issues of land ownership related to mineral extraction have also been focused on the drafting of the new national mineral policy. Also, Extensive consultations with a broad range of stakeholders, including public and private sector entities in real estate, academia, and regulatory bodies, have been instrumental in shaping this policy. It is intended that this new National Mineral Policy 2023 will replace the existing policy of 1999.

1.4. Purpose and Context

The purpose of this document is to extensively identify policies and principles that will enhance Sri Lanka's mineral sector. By bridging these policies with actionable plans at the ground level, strategies are introduced to guide the implementation process. This policy framework will serve as the foundation for relevant institutions to develop comprehensive Action Plans in their respective areas.

1.5. Rationale

The new policy emphasizes the 'intrinsic quality' of local minerals and the importance of monitoring and regulating the flow of foreign currency generated from mineral exports. The policy also addresses the exploration and extraction of seabed mineral resources as well as land-related issues associated with mineral operations.

2. Vision, Mission and Goals

2.1. Vision

Managing the national mineral wealth for the optimal benefit of the nation.

2.2. Mission

To provide guidelines that will help in the creation of an appropriate administrative, legal, and functional framework for managing the national mineral wealth sustainably by luring investments, generating employment, boosting competitiveness, and adopting best practices in exploration, mining, and value-adding aspects.

2.3. Policy Goals

- **Goal 01** : Construct a constantly updated national inventory of mineral resources.
- **Goal 02** : Promote sustainable utilization of mineral resources.
- **Goal 03** : Encourage value-added exports and mineral-based product development with optimal revenue for the State.
- **Goal 04** : Strike a balance between environmental conservation and the sustainable use of mineral resources for the economic development of the country will be promoted.
- **Goal 05** : Encourage research and Development.
- **Goal 06** : Promote mineral investment by providing a conducive regulatory framework and adopting good governance in the mineral sector.
- **Goal 07** : Provide a suitable administrative, legal, and functional framework to facilitate investment in mineral exploration while preserving mineral rights with the government and landowner rights

3. Key Policy Principles

Sri Lanka's mineral sector plays a significant role in the country's economy, continuing both employment and revenue generation. Having clear policy principles to guide the mineral sector is important to ensure good governance in managing the country's mineral resources while ensuring benefits for the country's economy, environment, and society as a whole.

Principle 1:

The State shall know the potential of the mineral resources within her jurisdiction.

Principle 2:

The Mining of mineral resources will be decided considering the overall benefits to the people based on socio-economic and environmental perspectives.

Principle 3:

The national mineral wealth will be further enhanced via value addition and product development, resulting in optimal revenue for the country.

Principle 4:

Environment protection and sustainable development will be ensured.

Principle 5:

Mineral sector research and development will be promoted.

Principle 6:

Efficient and effective legislative, administrative, and fiscal norms will be introduced.

Principle 7:

Land ownership and mineral rights will be addressed prudently.

4. Policy Statements

To facilitate wealth creation and raise the standard of life for the nation's citizens, Sri Lanka should sustainably exploit its natural resources by gathering and sharing knowledge about minerals.

Policy Statement 1:

The State has a responsibility to gather knowledge and information about its mineral wealth and the potential it holds for economic development and the well-being of its citizens and environment.

Policy Statement 2:

The State needs to adopt a holistic approach where decisions regarding the mining of mineral resources are made by considering the overall benefits to the people based on socio-economic and environmental perspectives and the sustainability of the industry.

Policy Statement 3:

The government's policy on enhancing the value derived from mineral wealth and ensuring that the State obtains fair and optimal returns would be focused on initiatives to maximize value addition and product development with optimal revenue for the country. If local economic conditions make value addition economically viable, exports of such raw materials will be discouraged.

Policy Statement 4:

Recognizing that both mineral extraction and value-added processes will inevitably have an impact on the environment, all possible measures will be taken to minimize the negative impact on the same through strict adherence to regulations under the National Environment Act (NEA). As such, through appropriate environmental assessment processes, aspects such as mitigation, rehabilitation, and restoration will be carried out most appropriately and credibly.

Policy Statement 5:

The government policy on research and development (R&D) focusing on facilitating the policy grounds and objectives of the national mineral policy would aim to drive scientific and technological advancements that align with the priorities and goals of the policy.

Policy Statement 6:

The government policy on introducing legislative and fiscal norms to achieve the goals outlined in the mineral policy and promoting good governance within the mineral sector will focus on creating a robust legal and fiscal framework that supports SDG Goals and objectives priorities outlined in the policy.

Policy Statement 7:

The government policy on addressing land ownership and mineral rights sensibly will aim to ensure a fair and balanced approach that considers the interests of various stakeholders.

5. Applicability and Scope

This policy applies to the entire sector of minerals and mining in Sri Lanka, from academia to industry, except for hydrocarbons, and establishes a comprehensive framework and guidelines for the effective and sustainable management of the country's mineral resources.

6. Policy Implementation

The National Minerals Policy includes specific strategies for the policy goals listed in Section 2.3. above, as *Annexure 01*, which is part and parcel of this policy document and will serve as the base document for implementation.

Responsibility and Authority

The Strategies listed in *Annexure 01* above serve as the foundation for facilitating the principles of the Policy and shall be carried out by the corresponding Acts. The regulatory bodies will have the power to put them into effect. Therefore, as per Principle 6, these authorities must establish a legislative and regulatory framework that aligns with the Policy objectives. Such regulatory entities must specify the fundamental duties that support the policy in addition to the statutory framework. Such essential functions will be incorporated into the Corporate Plans of these authorities.

The regulatory bodies in the sectors of minerals, mining, and environment are the entities collectively responsible for the above in terms of the implementation of the policy.

Condition element - Stakeholders (including the general public and, especially, the industry) are the entities that will have an impact due to these policies when it comes to the level of implementation. Hence, once the appropriate regulatory authorities have collectively constructed an acceptable framework by the above, the relevant representatives shall consult the stakeholders to finalize the regulatory documents, such as the detailed implementation strategy, work plan, etc.

Monitoring and Evaluation

The subject Ministry of Minerals, Mining, and Environment shall play the main role in monitoring and implementing the Mineral Policy. However, since the institutes that address mineral-related issues are distributed among several ministries, the monitoring body shall consist of representatives of the appropriate ministries.

Condition element in General:

- There are no appropriate provisions provided to the Authority to deal with minerals in the marine environment. Since some of the seabed minerals are new frontiers and their taxonomy is ever-changing, the government must develop the necessary legal and structural framework to regulate the seabed mineral industry.
- The policy does not align with the strategic direction of National hydrocarbon wealth since the standard definition of hydrocarbon in line with minerals is excluded from this policy.

Glossary/ Definitions

Country:

Land territory, including internal waters, territorial sea, contiguous zone, historical waters, exclusive economic zone, and extended continental shelf seabed.

Good Mineral Resource Governance:

Good governance of mineral resources refers to a set of principles, policies, and practices aimed at ensuring responsible and effective management of the country's mineral wealth for the benefit of its citizens, environment, and sustainable economic development. It involves a transparent, accountable, and inclusive decision-making process that maximizes the positive impacts of mineral extraction while mitigating potential negative consequences.

Hydrocarbons:

Refers to the fossil fuels such as petroleum and natural gas.

Intrinsic Quality:

The intrinsic quality of Sri Lankan minerals refers to the inherent and natural characteristics that make these minerals unique, valuable, and desirable. It encompasses various factors such as mineral composition, purity, crystal structure, etc.

Mineral:

A naturally occurring substance that can be mined, whether in solid, liquid, or gaseous form, in or below the surface of the soil; any ores containing such minerals and any product of such minerals derived by processing and including peat and salt but does not include hydrocarbons.

Miner:

An individual who works in the mining industry, which involves the extraction of valuable minerals or other geological materials from the Earth.

Mining:

Excavating in, on, or, below the surface to evaluate and obtain any minerals.

Mineral Exploration:

Exploration: refers to the systematic and scientific process of searching for mineral deposits and assessing their economic viability. It involves a range of activities aimed at identifying, characterizing, and evaluating potential mineral resources in a given area. Mineral exploration typically includes some of the following components: geological surveys, remote sensing, and satellite imagery, airborne surveys, geochemical and geophysical surveys, drilling and sampling, etc.

Value addition:

Value addition of minerals refers to the process of increasing the economic value, quality, or usefulness of raw or primary mineral resources through various means such as transforming minerals into higher-value products or intermediate materials that are more marketable, technologically advanced, or tailored to specific end uses by additional processing, refining, beneficiation, or manufacturing steps that enhance the properties, purity, functionality, or market appeal of mineral products.

Zero-Waste:

Minimizing or eliminating waste generation throughout the entire lifecycle of mineral extraction, processing, and utilization. Zero-waste policies involve strategies and practices that focus on resource efficiency, waste reduction, and the reuse, recycling, or repurposing of by-products and waste materials to extract maximum value from mineral resources while minimizing the environmental impact and conserving resources.

Annexures

Annexure 1: Policy Thrust Table (Goals-Objectives-Strategies)