Tourism in Sri Lanka and Tamil Nadu

CONFLICTS, CHALLENGES AND LIVELIHOOD OPPORTUNITIES

Dave Mercer
RMIT UNIVERSITY
Tourism in Sri Lanka and Tamil Nadu: Conflicts, challenges and livelihood opportunities

1. Introduction 4
2. Scope and context 6
3. Defining tourism 13
4. Multipliers and impacts 16
5. Accessibility 17
6. The global financial crisis and emerging markets 18
7. Policy linkages 20
8. Tourism in Sri Lanka 22
9. The tsunami’s impact on tourism 26
10. Conclusion and recommendations 31
Bibliography 34
1. Introduction

International tourism is a form of trade in which tourist arrivals are a proxy for exports. Moreover, its unique characteristic is that consumers themselves travel to where the services are offered rather than—as in ‘normal’ trade—having the product delivered to consumers far from the point of origin (Bolwell and Weinz, 2008). This trade, which historically has tended to link affluent and less-affluent countries, has escalated in recent years and now contributes an estimated 35 per cent of global exports of services (Sharpley, 2009). The World Tourism Organization has calculated that tourism accounts for around 10 per cent of the world’s gross domestic product, thus making it the most significant economic sector. Worldwide, some 238 million people are currently employed in Travel and Tourism (T&T), 50 per cent of them under 25, and 60 to 70 per cent of them female. In total, this equates to one in 12 of all jobs and is projected to be close to 300 million by 2018.

Tourism, in all its forms, is an especially important source of foreign exchange earnings for less developed countries (LDCs) and can play a key role in working towards the attainment of three of the Millennium Development Goals (Goals 1; 3; and 7). For this reason, even NGOs such as Tourism Concern (which lobbies on behalf of pro-poor and non-exploitative tourism development) promote the economic potential of the sector. In the case of 46 of the world’s 49 LDCs it is the main source of overseas earnings (Bolwell and Weinz, 2008; Boardman and Barbato, 2008), and for a large number of less affluent countries it ranks second or third in importance.

In the period, 1996 to 2005, the average annual growth rate for tourism, worldwide, was 3.3 per cent. But for the Asia-Pacific region—the main focus of this report—the figure was 5.8 per cent. This was the same growth rate as for African countries and was well above the comparative data for the Americas and Europe (Vu and Turner, 2009). Increasingly, too, in many developing countries, middle-class professionals both from within the country or from near-neighbours are coming to represent an important emerging market (Winter, 2009). However, such relatively high growth-rates may not continue. 2008, for example, recorded an overall growth rate of only 2 per cent, and the most recent, American Express Global Business Travel Forecast, released in October, 2009, predicts a sharp rise in airfares and hotel room rates for the Asia-Pacific region in the near future (Creedy, 2009).

There is growing recognition on the part of many international agencies, such as UNEP, UNESCO and the World Bank, that tourism has considerable potential to assist the process of cross-cultural understanding, as well as economic development and environmental preservation. In March, 2004, for example, the United Nations Conference on Trade and Development (UNCTAD) hosted an international gathering of experts on the topic of ‘Sustainable Tourism for Development’. One outcome of this meeting was the Lisbon Declaration on Sustainable Tourism for Development which made a number of recommendations regarding UNCTAD’s role in assisting poorer countries to capitalise on their untapped tourism opportunities (UNCTAD, 2004).

Another important international communiqué is the so-called Cape Town Declaration on Responsible Tourism in Destinations (www.icrtourism.org/capetown). This was the main outcome of a meeting attended by delegates from 20 countries preceding the World Summit on Sustainable Development in South Africa in 2002. In the words of the Declaration, Responsible Tourism has the following seven characteristics:

1 (1) Eradicate Extreme Poverty and Hunger; (3) Promote Gender Equality and Empower Women; and (7) Ensure Environmental Sustainability
1. Minimises negative economic, environmental and social impacts;
2. Generates greater economic benefits for local people and enhances the well-being of host communities, improves working conditions and access to the industry;
3. Involves local people in decisions that affect their lives and life chances;
4. Makes positive contributions to the conservation of natural and cultural heritage, to the maintenance of the world’s diversity;
5. Provides more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues;
6. Provides access for physically challenged people; and
7. Is culturally sensitive, engenders respect between tourists and hosts, and builds local pride and confidence.

The issue of ‘cross-cultural understanding’ is an interesting one, and of considerable relevance to Sri Lanka, in particular. In brief, the argument goes that international tourism allows both ‘hosts’ and ‘guests’ to come to know each other better and appreciate different cultures, religions and customs. But in the case of international travel to Burma (Myanmar) or Fiji, to take but two of many possible examples, there are those who argue that such countries should be boycotted by international travellers on the grounds that their visits help to finance and legitimate authoritarian military regimes. The counter-argument is that overseas tourists often return to their homelands with a heightened awareness of human rights’ abuses of minority ethnic groups and dissidents and that this process can only assist the international movement for change. This proposition, of course, is predicated on the assumption that tourists are free to travel outside ‘enclave’ resorts, visit all parts of the country and talk with a wide cross-section of locals (Mercer and Philp, 2002). Similar arguments are certain to emerge in the near future in relation to the Tamil and Muslim minorities in Sri Lanka.

As an ‘industry’, tourism is enormously diverse and, under the right circumstances, can provide a wide range of direct and indirect, skilled and unskilled, professional and non-professional employment opportunities in such areas as retailing, building and transport construction, hotels and restaurants, transport provision, tour-guiding, handicraft production, sport, personal services, and so on. Needless to add, barriers of various kinds frequently mean that many jobs are simply unavailable, or deemed unsuitable, to certain groups and individuals. These include language, educational or skill deficiencies, geographic location or issues relating to poverty, caste, age, gender, or indeed, as we shall see, apathy and welfare dependency. Kapadia (2006:12), for example, reported that in Sri Lanka ‘The tourist industry is…not considered an appropriate place for young girls to work’.

There are additional barriers operating at the ‘macro’ scale. In 2004, Deininger and his colleagues (2007) conducted a large-scale survey of 1327 rural non-farm enterprises across Sri Lanka on behalf of the World Bank. Their extensive interviews revealed that four major constraints presented significant barriers to new enterprise formation. These were: (i) no, or intermittent electricity availability; (ii) poor road access; (iii) market demand; and (iv) market information. They also identified three other, marginally less

---

2 Inclusive of family members, the average number of workers in these enterprises was 2.4. 81 per cent employed fewer than three.
significant but nevertheless important factors inhibiting enterprise startups: financial infrastructure; road quality; and water supply. The electricity issue is fundamental for the tourism sector in terms of its use for lighting, refrigeration, air conditioning and computer technology. Yet by August, 2007, still only 73 per cent of Sri Lanka’s population were connected to the grid.

Interesting linkages are now being formed between developed nations and countries like Sri Lanka in the form of ‘carbon offsets’. In 1997, for example, the US-based, PacificCorp Power Marketing allocated $500,000 in carbon offsets to finance the installation of 182,000 solar systems in poor, off-grid homes in India and Sri Lanka (Wittman and Caron, 2009). This was part of the agreement that was struck when the company was granted permission to build a new natural gas-fired energy facility in Klamath Falls, Oregon. Such links serve to raise public awareness of Sri Lanka and India in the United States and, potentially, could have spin-offs in the tourist trade.

In official Indian and Sri Lankan labour force statistics tourism is usually subsumed under the broad category of ‘services’, making it difficult to identify precisely how many people are involved in the sector at any given time. Similarly, many ‘hotels’ are not registered with the Sri Lanka Tourist Board (SLTB) or the Tamil Nadu Tourism Development Corporation.

2. Scope and context

As we shall see, many countries—including Sri Lanka and India—now actively promote tourism through both national and regional development strategies. Not uncommonly, this is encouraged and assisted by such institutions as the IMF and the World Bank. In this report we examine past and recent trends in tourism in Sri Lanka and Tamil Nadu, the impact of the 2004 tsunami and the internal conflict in Sri Lanka, and assess the extent to which tourism has offered—or indeed, could offer—employment opportunities post the tsunami. Commentators such as Regnier et al. (2008) and Samaratunge et al. (2008) conceptualise the post-disaster response as a threefold process of relief, recovery and rebuilding (or reconstruction). In some ways, asset replacement in terms of building replacement or renovation is the relatively ‘easy’ phase of disaster recovery. Certainly, in Sri Lanka’s case the funds were there, the labour and materials were generally there, and progress (in favoured areas) was remarkably swift. But the subsequent, more difficult phase—that of long-term livelihood rebuilding, or reconfiguring—rarely attracts the attention it deserves and is often ignored by donors and governments alike.

The report draws and builds upon the rapidly expanding literature on tourism and disasters (see, for example, Laws and Prideaux, 2005; Henderson, 2007; Ritchie, 2008), as well as that linking tourism and development (Brown and Hall, 2008; Mowforth and Munt, 2009), pro-poor tourism (Ashley et al., 2001; Sofield et al., 2004), and tourism’s place in integrated coastal management (ICM) (Nichols, 1999). Even though this report is primarily a literature review, it also draws upon information collected by the authors in the course of extensive interviews conducted with households rehoused after the tsunami in Seenigama (near Hikkaduwa), Ampara and Hambantota and in Chennai. Data collected by the Sri Lanka Department of Census and Statistics are also drawn upon, as is information gleaned from personal visits to hotels and related tourism establishments along the west, south and east coasts during the course of fieldwork in Sri Lanka and Tamil Nadu in 2007 and 2008.

3 Nevertheless, Lyons (2009) has some strong criticisms of the housing reconstruction process.
By far the main focus here is on Sri Lanka rather than Tamil Nadu. With around 8000 deaths, out of a total population in excess of 63 million, Tamil Nadu suffered about a quarter of the final death toll of Sri Lanka. Moreover, the tourism sector is much more highly developed in Sri Lanka (Hyma and Wall, 1979). Tamil Nadu, for example, had only around 204,000 foreign visitors in 2008 and 53 hotels (Tourism and Culture Department, 2009/2010). The relationship between the tsunami and tourism is much more prominent in official publications and evaluative reports on Sri Lanka than is the case for Tamil Nadu. Rice and Haynes (2005: 5) comment that this is ‘possibly because much of the country’s high-profile tourism is concentrated in unaffected areas…The official tourism websites and Incredible India campaigns make little reference to the tsunami’.

We have less interest in this report in the clear linkage between relatively wealthy, usually Colombo-based Sinhalese, and tourism enterprises, something that was made abundantly clear following the disbursement of aid after the tsunami (Grewal, 2006; Mulligan and Shaw, 2007). With Samarasuriya (1982), we are more concerned here with the opportunities that tourism potentially might offer the poor and marginalised living in coastal settings and elsewhere in an era when former fishing villages are being displaced at an accelerating rate. This is partly to make way for ‘more profitable’ hotel developments and partly because overfishing in the past—exacerbated more recently by the overly enthusiastic donation of new boats and fishing equipment, post-tsunami— has resulted in severe depletion of nearshore fish-stocks (Joseph, 2006). Individuals earning less than Rs 1800 per capita, per month (the current poverty line) are of particular interest here.

The concept of ‘sustainable livelihoods’ — the way in which individuals and households ‘get on’ and ‘get by’ — is central to our discussion (DfID, 1999). For there is now ample evidence from around the world that livelihood diversity and resilience is one of the key factors in peoples’ capacities to cope with the impacts of disasters of various kinds (Gaillard et al., 2009). Chambers and Conway (1992:7-8) provide the following definition:

A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

Given that, globally, coastal ecosystems have been calculated to deliver almost 80 per cent of total ecosystem-services value (Martinez et al., 2007), and that 80 per cent of Sri Lanka’s tourism-related infrastructure is located in the coastal zone (especially in the west and south-west), the latter is of particular significance (Hettiarachchi and

---

4 Domestic tourism, by contrast, is important in Tamil Nadu. There were approximately 6.26 million domestic tourists in 2008. Worst affected areas for deaths were: Nagapattinam district (some 400 kilometres south of Chennai) (3525 casualties); Kanyakumari (808); Cuddalore (599). Chennai recorded only 206 deaths.

5 The Incredible India marketing and promotion campaign was launched in 2003. For 2006/2006 its budget was US$48.16 million. In 2003, Tamil Nadu also launched an action plan to stimulate tourism growth.

6 ‘Ecosystem services’ refer to such things as: genetic resources; soil formation; climate regulation; waste treatment; recreation; and storm protection. Martinez et al. (2007) identify 18 such ‘services’ in their paper, yielding economic benefits as high as US$23,000 per hectare per year in the case of estuaries and $20,000 per hectare per year in the case of swamps-floodplains.
Samarawickrama, 2005). Following the passage of the first Coast Conservation Act in 1981, Sri Lanka has had two coastal management plans (in 1990 and 1997). The relevant department—the Coast Conservation Department (CCD)—is charged with managing a 300-metre coastal strip as well as the offshore zone for two kilometres, but effective implementation has always been a contentious issue given the frequent lack of support for ‘top-down’ plans on the part of local communities and the apathy this can engender (White et al., 1997). Sri Lanka is well known for its highly developed, bureaucratic culture and for the ‘commonly held view among government officials that public participation in policy making is more an inconvenience than a useful input…’ (Mulligan and Shaw, 2007:83).

Even though the catastrophic tsunami event provides the main focus, it needs to be emphasised that the (mis)fortunes of the tourism sector were, for some 25 years, inextricably linked with the ongoing internal conflict between the Sri Lankan government and the LTTE (Selvanathan, 2007; Brun and Lund, 2008; Hyndman, 2007; Hyndman, 2009). The war, for example, fuelled a large population buildup, especially along the east coast, involving Muslims and Tamils escaping the hostilities. It also meant that much of the northern and eastern part of the country was effectively ‘off-limits’ to tourists. As well, international tourists in Colombo and elsewhere, outside the conflict zone, have long had to tolerate a strong military presence and endure constant roadside security checks. Subsequently, since the recent cessation of hostilities1, it is interesting to note the resurgence of interest on the part of the national government in marketing Sri Lanka as ‘The Gateway to South Asia’ (Sri Lanka Tourism Development Authority, 2009). Tourist arrivals from India have grown rapidly from a low base of 31,860 in 2000 to 113,323 in 2005. Also of interest is the observation that, prior to the outbreak of conflict, 8 to 9 per cent of tourists to Sri Lanka travelled by sea from South India. This could well become popular again and would provide an economic boost to the impoverished north and east of the country.

Internal divisions between the different ethnic communities constitute a significant problem for the Sri Lankan government in terms of attracting overseas tourists. Arguably, there is considerable room for innovative thinking in terms of ethnic ‘bridge building’ that would also send positive signals for a potentially large Western European tourism market, in particular. One or more strategically placed ‘Peace Parks’ could certainly play an important role here (Ali, 2007). Interestingly, as Samaratunge et al. (2008:689) remind us, in the initial, relief phase in the north and east, there was a remarkable degree of cooperation between government forces and the LTTE in terms of road and rubble clearance, food distribution and burials etcetera. But they hold both parties responsible for squandering a ‘once-in-a-lifetime rare opportunity for building trust between the government and the LTTE during the recovery and rebuilding stages’.

Though not immediately obvious, Blaikie (2009:2) reminds us of the similarities between the civil war and the tsunami:

7 In Tamil Nadu the coast is of much less significance for tourism than inland regions where temples, hill stations and archaeological sites are the main attractions, especially for the large numbers of domestic tourists.

8 Nevertheless, D’Cruz and her colleagues (2009) are complimentary about the Sri Lankan government’s record on pro-poor housing policies.

9 However, see the commentary of Jazeel and Ruwanpura (2009) on this where they argue (p. 385) that ‘the “end of war” is not the same as just and equitable peace’.
They are both slow in unfolding. Even the tsunami, a natural event of a few minutes, became a disaster only as a result of the emergence and reproduction of vulnerability over a long period before its initial devastating impact…vulnerability emerges through a number of socio-economic and political forces and often pushes economically and socially marginal people into marginal places…

In addition, adding to this vulnerability, 2001 and again in 2004 saw Sri Lanka seriously impacted by a severe drought and rapidly rising oil and food prices. Indeed, Yamane (2009) has argued that periodic drought has a far greater impact on larger numbers of people than events like the tsunami in Sri Lanka. An estimated 1.6 million people, for example, required food and water assistance during the 2001 drought, over 400,000 of them in the Hambantota district. Following the end of hostilities in May, 2009, the country recorded a sharp, 20 per cent increase in tourist arrivals from overseas in the month of July. At that stage, the expectation was that there would be a total of around 430,000 overseas visitors for 2009 and an earnings total of US$430 million (Sirimane, 2009). As we shall see, that was a reasonably accurate prediction.

Another important point to make at this early stage is that even though the tsunami was, in every sense, a ‘disaster’, it also offered up a unique opportunity for a radical reappraisal of coastal zone (over)development or, as some have put it, to ‘build back better’ (Clinton, 2006). One positive example of this is provided by the ‘gift’ of a number of state-of-the-art eco-friendly houses in the Galle district by the German State of Baden-Wurttemberg (Korf et al., 2010). There is now a considerable body of academic literature on the topic of ‘social learning’ from disasters. Indeed, specifically in relation to tourism, Main and Dearden’s (2007) post-tsunami research in Phuket, Thailand, has underscored how the popular reef diving sector in that country (which recovered very quickly) has learned from the disaster and has helped to foster a greatly renewed interest in marine conservation.

Many commentators highlight the fact that, in the reconstruction process, the same mistakes tend to be repeated over and over (Kennedy et al., 2008; Williams, 2008). One estimate is that ‘Twelve per cent of the buildings in Sri Lanka were located in the coastal districts badly affected by the tsunami’ (De Silva and Yamao, 2007:389). Post-disaster reconstruction has the potential to rethink such things as:

- appropriate zoning and set-backs
- building sizes and development scale
- construction materials and building standards
- access for fisheries
- the importance of environmental monitoring (Mulligan and Shaw, 2007)
- water management issues (e.g. use of waste water in hotels)
- appropriate siting of agricultural land and roads.

The international, disaster network, Duryog NiVan (www.duryognivan.org) argues that disasters represent ‘unresolved problems of development’ and that the key focus needs to be on disaster preparedness and mitigation. In Sri Lanka’s case this would

---

10 ‘Build back better’ has subsequently become a widely used phrase, post-tsunami. Yet Kennedy et al. (2008: 34) question its utility, arguing that ‘better’ can be interpreted in many different and conflicting ways. Their preference is for ‘build back safer’.
involve a major paradigm shift from an emphasis on emergency management to disaster risk management. This accords with the view of Gaillard et al. (2009:119) that the dominant, disaster prevention approach traditionally has tended to focus on such command-and-control measures as building major engineering structures. But this, they argue, has ‘largely failed because it does not consider the real causes of disasters which lie in the “normal”, everyday functioning of the society’.

As in many other countries, Sri Lanka’s relatively more affluent, and economically developed, coastal zone has been a magnet for internal migrants from poorer, inland regions for many years. Wisner and Walker (2006: 55 ) highlight the ‘push’ and ‘pull’ factors fuelling this process:

…and “push factors” that explain movement towards the coasts include violent conflict and displacement as well as collapse of rural livelihoods. The latter is very closely connected to the pressures of economic globalization…”Pull factors” attracting failed farmers to new coastal homes are also linked to the global market for tourism and low cost, mass manufactured commodities.

The authors go on to emphasise that relatively impoverished newcomers to coastal environments often have little understanding of the dangers associated with such things as coastal storm surges and that invariably their dwellings are situated in highly vulnerable locations. Hyndman (2009) points out that traditionally this has been of particular relevance to the Tamil and Muslim populations in the east of Sri Lanka. They were often squeezed into narrow coastal belts (eluvankaral in Tamil) on poor agricultural land, a situation that made them doubly disadvantaged when the government initially declared a highly controversial 200-metre buffer zone in this part of Sri Lanka in 2005, by comparison with the 100-metre buffer in the south and west (see also, Hasbullah and Korf, 2009). Official statistics reveal that (at approximately 18,000) some 2 per cent of Sri Lanka’s Muslim population perished in the tsunami.

Population build-up continues to pose a significant threat to the coastal region in terms of land use and resource pressures. In some instances this has been a deliberate policy of ‘ethnicization’ on the part of the Sri Lankan government. In the Ampara District, for example, the population exploded from 69,000 in 1961 to 389,000 twenty years later and the Sinhalese component increased from 8 per cent to 38 per cent in the same period (Brun and Lund, 2008). If for no other reason than that, worldwide, low elevation coastal zones (LECZs) are under growing threat from inundation as a consequence of climate change (McGranahan et al., 2007), there is a compelling case to rethink land use planning in coastal zones in both Sri Lanka and Tamil Nadu (Sonak et al., 2008).

In Sri Lanka’s case this would involve much more robust planning regulations, better inter-agency collaboration and a greater commitment to resourcing the existing Environmental Impact Assessment (EIA) legislation, as well as the Coast Conservation Act and a stronger focus on the promotion of economic development in the interior of the country (Wickramasinghe, 2005). Given that much of the traditional agricultural land in coastal Sri Lanka—as well as the groundwater—is now affected by serious, long-term sodium poisoning, following the tsunami, there is also a strong case for redirecting agricultural production, tourism and residential development into other areas (Naidu, 2005; Villholth, 2006). The problem here, of course, is that Sri Lanka’s beaches are one of its most prized attractions for overseas visitors.

---

11 Mulligan and Shaw (2007: 70) record the following statistics: 23,449 acres of agricultural land seriously affected by waves and salt intrusion (9000 acres of rice paddy) and 60,000 wells contaminated with salt.
A key point that will be emphasised in this report is that there is a serious lack of policy integration in both Sri Lanka and Tamil Nadu between centrally driven tourism promotion and planning on the one hand and other, more localised policy areas such as coastal zone management, regional planning, urban and infrastructure planning, etcetera (Wickramasinghe, 1999; Mulligan and Shaw, 2007; Powell et al., 2009). These are all physical and environmental planning matters but a complicating factor in all this is the related issue of human rights. As Leckie (2005) stresses, HLP (housing, land and property rights) is a common thread in all disasters and the key to successful reconstruction. This topic has been addressed in some depth by ActionAid International in its 2006 document, Tsunami Response: A Human Rights Assessment, as well as in successive issues of COHRE-NEWS (newsletter of the Centre on Housing Rights and Evictions), and in Sri Lanka: State of Human Rights 2006 (Law and Society Trust, 2007).

In brief, the ActionAid report argued strongly that it was the ‘right’ of poor people to continue living on low-lying coastal land in such places as Sri Lanka and Tamil Nadu because such land was cheap and afforded ready access to livelihood resources such as the sea or agricultural land. The argument was presented that the subsequent buffer zones introduced in 2005 to restrict dwelling construction infringed basic human rights to shelter and livelihoods. This was reinforced by reference to the fundamental ‘right to development’ in Chapter IX of Sri Lanka: State of Human Rights 2006 (Law and Society Trust, 2007).

Initially this buffer zone—which was deemed appropriate by around 60 per cent of the 3000 tsunami-affected respondents in Sarvananthan’s (2007) survey—was fixed at 100 metres in the south and 200 metres in the east12 but subsequently (in 2006, under the ‘Coastal Zone Regulation’) was generally reduced to 35 metres in the south and west of Sri Lanka and 50 metres in the east, though provision was made for this to be extended to 125 metres in certain locations. To complicate matters, undamaged dwellings were allowed to remain within the so-called ‘buffer zones’, and hotels were also allowed to be built or renovated. As Rice and Haynes (2005:1) have put it, ‘Tourism is the new occupying force’. Box 1 reproduces one of their case studies illustrating the problems faced by small entrepreneurs trying to rebuild their livelihoods.

Box 1 Case Study

‘Bank managers don’t even want to see me. They treat me like a dud coin because I am not “qualified” to get a bank loan’. H.A. Ranjith

The tsunami damaged H.A. Ranjith’s restaurant and killed his employees. Together with his family, he has started rebuilding his restaurant because he simply has nowhere else to go. However, this is a task made harder by the fact that his restaurant is within the buffer zone. As a result, he is not eligible for any bank loans and has had to pawn family jewellery to raise the necessary funds.

Ranjith’s case highlights how banks and other such agencies are treating many of the local tsunami-affected communities. The provision of basic utilities is also being used as a bargaining tool. In some instances the government will not give water or power in the hope that the local communities will move out.

Source: Rice and Haynes (2005:12)

12 The exception to this was in the areas under the control of the LTTE, where the buffer zone was set at 400 metres.
Constant changes have resulted in ongoing confusion about what is, and is not, legally sanctioned and a subsequent study by Birkmann and Fernando (2008) comparing damage in Galle and Batticaloa has underscored how it is the peculiarities of the local onshore and offshore topography that is the key to tsunami impact, not some arbitrarily delimited zone that applies right along the coast. There is also substantial evidence that the buffer zone has been used to further marginalise certain already poor groups and deny them their traditional livelihoods. De Silva’s (2009) detailed study of Ampara, for example, uncovered systemic discrimination against Muslim fishing communities within the 65-metre buffer zone that had been established in that District by Tamil power groups. This has led to a serious deterioration in ethnic relationships. Haug and Weerackody (2006: 21) also noted tensions in Ampara, following the distribution of aid to the ‘undeserving’ but paradoxically also reported that ‘social cohesion had improved’ in the North East following the tsunami by comparison with the South.

Similar problems have arisen in relation to zoning regulations and the buffer zone in Tamil Nadu. In 1991 the government of India enacted new coastal planning legislation aimed at controlling development within 500 metres of the high tide mark. But with four different zones having been defined under the legislation and with local exemptions involving customary fishing rights, there is often confusion as to what is legally sanctioned. Following the tsunami, in March 2005 the government of Tamil Nadu proclaimed that no new building is to be allowed within a 200-metre buffer zone and that repairs to buildings within the 500 metre-zone will only be allowed on those constructed prior to the 1991 legislation (Sonak et al., 2008). Box 2 reproduces another case study from Rice and Haynes (2005) demonstrating that—as in Sri Lanka—major tourism developments in Tamil Nadu are also displacing poor fishing families in India.

Box 2: Case Study

‘The tsunami may allow for privatisation of the coastal areas and for commercialisation of the CRZ’s.’

Archana Prasad, Environmental Historian and fellow at Delhi’s Nehru Memorial Museum and Library.

The Pichavaram mangrove in the Cuddalore district of Tamil Nadu is a typical mangrove wetland with 51 islets. The tsunami killed more than 100 people here. Surviving islanders, afraid of further disaster, moved away and are now living inland in temporary shelters.

A proposal to develop the area as an ecotourism area (at a cost of 375,600,000 rupees—over US$8.3 million)

Was put forward in July 2004. Soon after the tsunami, permission to develop was granted. The islanders are not able to move back.

Source: Rice and Haynes (2005:18)
3. Defining tourism

Tourism is an enormously complex phenomenon and invariably now, in the academic literature, is broken down into an ever-expanding number of specialist subcategories such as eco-tourism, culinary tourism (Montanari and Staniscia, 2009), festivals and events, convention travel, cultural tourism, ‘wellness’/’holistic’ tourism (Smith, 2003), adventure tourism, cruise ship tourism, sex tourism (Bauer and McKercher, 2003), and so on. To complicate matters, different international organisations define tourism in slightly different ways. The International Labour Organization (ILO), for example, identifies an industry sector known as HCT (Hotel, Restaurant and Tourism). This encompasses employment in the following five, broad areas:

1. Hotels, boarding houses, motels, tourist camps and holiday centres;
2. Restaurants, bars, cafeterias, snack bars, pubs, night clubs and other similar establishments;
3. Institutions that provide meals and refreshments within hospitals, factory and office canteens, schools, aircraft, and ships;
4. Travel agencies, tourist guides and tourist information offices;
5. Conference and exhibition centres.

With regard to the provision of meals and refreshments, other organisations only count employees providing a service for tourists. In addition, they frequently enumerate ‘…all services and products consumed by tourist, including transport’ (International Labour Organization, 2009a: 8).

Turning now to a broader consideration of tourism, based on the ‘product’, rather than employment characteristics, Table 1 presents van Egmond’s (2007) classification of tourists that is directly applicable to Sri Lanka.

Table 1: A classification of West-South tourists (after van Egmond, 2007).
As can be seen, he identifies two broad categories—‘Organized Tourists’ and ‘Backpackers’—and subdivides each of these again into four major subcategories. The table offers an insight into the complexity of the phenomenon. Others have written about this in terms of ‘new tourism’ (Mowforth and Munt, 2009) or ‘post-Fordism and tourism’ (Lash and Urry, 1994). Each submarket, in turn, offers different employment, travel and accommodation opportunities in the host nation. Countries, regions and individual cities, towns or villages can, and do, make deliberate choices as to which of the submarkets they target. This, in turn, has implications for wealth creation, poverty alleviation and the disbursement of income. Large, five-star hotels and resort complexes, for example, frequently are either exclusively foreign-owned or have a sizeable component of foreign ownership and only employ carefully selected, non-local, personnel.

Two examples of integrated resort developments that are currently under negotiation are discussed below. If successfully implemented, they will dramatically alter the face of Sri Lankan tourism. Inevitably, this model entails considerable ‘leakage’ of profits, offshore. While luxury ‘integrated resorts’, catering for the affluent, are now routinely replicated across the world—often involving the same transnational companies—there is much less ‘top-down’ promotion by governments of so-called, ‘backpacker’ tourism. This is despite the fact that van Egmond (2007:92) estimated that this accounted for some 180 million arrivals worldwide in 2005, up from 42 million in 1980.

13 Typical features are: (i) consumers increasingly dominant; (ii) greater volatility of consumer preference; (iii) increased market segmentation; (iv) growth of a consumers’ movement; and (v) development of many new products, each of which has a shorter life.

<table>
<thead>
<tr>
<th>Backpackers</th>
<th>Mainstream Backpackers</th>
<th>‘Dedicated’ Backpackers</th>
<th>‘Pioneers’</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Hedonists’</td>
<td>Stay on the beaten track</td>
<td>Try to go off the beaten track</td>
<td>Go outside the backpacker circuit</td>
</tr>
<tr>
<td>Seek places ‘where the action is’ (parties)</td>
<td>Exhibit a generalized curiosity</td>
<td>Exhibit a generalized curiosity</td>
<td>Exhibit a generalized curiosity</td>
</tr>
<tr>
<td>Seek fun/excitement/drugs/sex</td>
<td>Visit places known from travel literature</td>
<td>Go beyond ‘must see’ places</td>
<td>Avoid ‘tourist’ places</td>
</tr>
<tr>
<td>Go to the ‘famous’ places</td>
<td>Renounce comfort—to a certain extent</td>
<td>Renounce comfort—to a certain extent</td>
<td>Temporarily renounce comfort completely</td>
</tr>
<tr>
<td>Not prepared to renounce comfort</td>
<td>Express a great desire to learn and connect</td>
<td>Express a great desire to learn and connect</td>
<td>Express a great desire to learn and connect</td>
</tr>
<tr>
<td>Have no desire to learn or connect</td>
<td>Actual learning and interaction are very limited</td>
<td>Actual learning and interaction are comparatively great</td>
<td>Actual learning and interaction greatest of all categories</td>
</tr>
<tr>
<td>Are not/hardly interested in interaction</td>
<td>‘Authenticity’ is important but highly negotiable</td>
<td>‘Authenticity’ is important and hardly negotiable</td>
<td>‘Authenticity’ is important and not negotiable</td>
</tr>
<tr>
<td>Are indifferent towards ‘authenticity’</td>
<td>Have either shallow or ‘deep’ experiences</td>
<td>Have either shallow or ‘deep’ experiences</td>
<td>Claim to have ‘deep’ experiences</td>
</tr>
<tr>
<td>Have no experiences of culture or nature</td>
<td>Biggest volumes</td>
<td>Biggest volumes</td>
<td>Small volumes</td>
</tr>
<tr>
<td>Volumes depend upon destination</td>
<td>Both short- and long-term backpackers</td>
<td>Both short- and long-term backpackers</td>
<td>Long-term backpackers mostly</td>
</tr>
<tr>
<td>Short-term backpackers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
‘Leakage’ also applies to organised, mass ‘charter’ tourism, from such countries as the UK, for many years an important source of tourists for Sri Lanka, in particular (Ghimire, 2001). In 1975, for example, almost a third of the 103,000 overseas visitors to Sri Lanka were on charter tours, with some calculations putting the country’s final share of income from such tourists at a mere 23 per cent of total earnings (Radke, 1975). By 1995, tourist arrivals on charter flights had slumped to 8 per cent of the total. Another fundamental policy choice involves aiming either for the maximisation of tourist numbers or promoting destinations as attractive to much smaller numbers of more affluent travellers seeking an exclusive, luxury, or experiential experience. Even in the most challenging of times, Sri Lanka has always managed to attract numbers of relatively affluent (mainly European) tourists seeking personalised small-group tours based, for example, around flora and fauna photography, cultural heritage tourism and Ayurvedic medicine. Using data from the mid-1990s, Steele et al. (1998), for example, estimated that at least five tour companies catered for some 2000 specialist overseas birdwatchers each year in what they described as a ‘lucrative niche market’. A central argument of this report is that, if properly managed, ‘nature tourism’ presents enormous untapped opportunities for Sri Lanka.

At the other end of the scale, Samarasuriya (1982) has described the growing phenomenon of what she variously called the ‘hippy’, ‘loner’, or ‘off-beat’ tourist in her study site of ‘Sudugama’ in the late 1970s. This was a kind of tourism that grew ‘organically’ and without any central planning or promotion. Yet, in the author’s eyes, there were distinct advantages in that it opened up significant economic opportunities for some local residents, especially in terms of renting out unlicensed rooms at low cost. More recently, as noted, this has come to be referred to as ‘backpacker’ travel, and the ‘backpacker’ market in the academic literature (Richards and Wilson, 2004), referring to

…the activities and products of a mobile, usually younger market segment who exhibit a preference for budget accommodation, emphasise meeting other travellers, follow an independently organised and flexible travel schedule, pursue longer rather than very brief holidays and prefer informal and participatory holiday activities (Pearce and Foster, 2007: 1285).

It also needs to be remembered that tourism often has negative consequences in terms of environmental destruction, disturbance of wildlife, and the introduction of undesirable ‘foreign’ practices associated with, for example, drugs, alcohol, gambling and prostitution (see, for example, Samarasuriya, 1982; Gamburd, 2008). This ‘double-edged sword’ — which plays out very differently from country to country — was first highlighted by Young in 1973 in his classic text, *Tourism: Blessing or Blight?* Subsequently, Goonatilake (1978), Mendis (1981) and Crick (1992; 1994) have focused in detail on some of the less positive aspects of tourism in Sri Lanka. More recently, in addition to the ‘negatives’ so commonly associated with overseas control and environmental and cultural disruption, Brown and Hall (2008: 841) have highlighted that it also

…involves exploitation of the labour force because of its low wages, excessive hours or duties, on the one hand, and often seasonal, temporary nature, on the other, and because in many developing countries there is a lack of possibilities for advancement to senior positions.

---

14 Needless to add, the very poor, living in small, one- or two-room dwellings, could not take advantage of this opportunity.
4. Multipliers and impacts

A widely accepted ‘multiplier’ is that one-and-a-half additional (or indirect) jobs are created for every ‘core’ tourism job, and that in the hotel subsector it is a 1:3 ratio (Bolwell and Weinz, 2008). A classic example of a multiplier in the Sri Lankan context is provided by the Pinnawala Elephant Orphanage. Tisdell and Bandara (2003) found that this popular attraction, established in 1975, has led to a dramatic growth in shops, guest houses, restaurants, and so on, within a 10 kilometre radius of the site, which attracts around 35,000 tourists (both domestic and overseas) a month. They identified 184 enterprises, employing 427 males and 97 females, and sourcing their supplies and materials locally.

Another example is the presence of numerous small business enterprises that have sprung up over the years to cater for pilgrims along a 100-kilometre stretch of the A-2 Highway in the Hambantota region. Prior to the tsunami, for example, there were no less than 88 stalls selling curd in the 15-kilometre stretch between Hambantota and Weerawila. There were, in addition, dozens of small sweetmeat and souvenir shops, all sourcing their materials from the wider region and providing informal employment (Anputhas et al., 2005). Some years earlier, in a classic tourism study conducted in 1978, Samarasuriya (1982: 28) noted the existence of ‘over 46 batik, gem, jewellery and antique shops’ in the western coast village resort of ‘Sudugama’. Mubarak (2007: 30) describes another example from Polhena Village:

Abeyratne’s sister ran a microenterprise selling beach balls, savouries and sweets in a hand cart on the beach; an activity in which Abeyratne [a mason by trade] partook of when out of masonry work. Daily earnings from this activity were about Rs 350.00.

Such microenterprises are a common feature of the tourist landscape and economy throughout Sri Lanka and are of course highly vulnerable to economic downturns. Nevertheless, Samarasuriya (1982: 28) concluded somewhat pessimistically that, aside from prostitution, ‘The lower income groups had hardly any access to the means of making money from tourism’. This is a finding that also accords with the evidence gleaned from the present authors’ interviews conducted in Seenigama, Ampara and Hambantota in 2007 and 2008.

At a level of 66.3 per cent of total employment in 2006, informal employment represents a significant proportion of all jobs in Sri Lanka (Gunatilaka, 2008). This is especially the case in the coastal zone where percentages of 79 per cent are by no means uncommon (Kapadia, 2006). Jobs in tourism are frequently in this sector: unskilled, low-paid and highly vulnerable to the vagaries and fluctuations of the global market. The World Bank routinely describes these as ‘elementary occupations’ (World Bank, 2007a), while the International Labour Organization (2005) has a more precise description relating to production units that

 typically operate at a low level of organization, with little or no division between labour and capital…and on a small scale…Labour relations—where they exist—are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.

15 Eleven business types were identified: gifts and toys shops; snack bars (cafes); fruit and vegetable stalls; restaurants; grocery and variety shops; hotels and guest houses; furniture and hardware stores; gem and jewellery shops; spice gardens and plant nurseries; auto repairers; mobile vendors.
Hotel room cleaning, garden maintenance, security work, handicrafts/clothes production and vending, and tour guiding/trishaw driving, are all examples. That said, even a modest addition to a household’s daily or weekly income from such sources on the part of those who are regularly under- or unemployed can often make the difference between, for instance, eating one or two meals a day and the associated nutritional content. This is a significant issue at times of escalating food and energy prices such as have affected Sri Lanka since April, 2006.

There is scarcely an area of the economy that is not affected by tourism. Focusing specifically on Sri Lanka, Goonatilake (1978: 13), for example, places considerable emphasis on the diversion of resources such as land, water and foodstuffs that takes place from the local to the tourist populations, arguing that ‘Tourism can be justified only if this diversion is small in proportion to the requirements of the country and if the foreign exchange components provide sufficient inputs to compensate for this diversion of resources’. Mendis (1981) added his voice to this argument, highlighting the transference of land at places like Hikkaduwa and Beruwala from local fishermen to hotel-owning consortia. He also reminded his readers that, on average, tourists consume more than ten times as much water and electricity as their Colombo counterparts and also gain privileged access to food such as high-quality lobsters, crabs, prawns and vegetables, thereby inflating the prices and exerting ongoing pressure on already depleted fisheries’ resource. Miller et al. (2006:50) have highlighted the already sad state of this resource prior to the tsunami, estimating that ‘regional fish stocks were depleted to 10 to 30 per cent of levels that existed prior to the expansion of fishing in the 1970s’.

At many locations around the Sri Lankan coast mangrove forests have been extensively cleared over the last twenty years to make way for large-scale shrimp farms for the tourist and export markets. Over this period worldwide exports of seafood have more than tripled (Bowen and Halvorson, 2006)\(^\text{17}\). This represents a major loss of ecosystem service value, given that studies have calculated a minimum value of US$1000 per hectare for undisturbed mangrove forests by comparison with only US$200 per hectare when decimated to make way for private shrimp farms (Moberg and Huitric, 2005). More recent developments involving the controversial issues of displacement, land tenure and livelihood loss will be discussed below.

5. Accessibility

As will be emphasised throughout this report, accessibility is a key element determining success or failure for tourism enterprises and economic development in general (World Bank, 2007a; Lazzeretti and Capone, 2009). Sri Lanka’s seven provinces vary markedly in terms of their accessibility indexes\(^\text{16}\). These, in turn, correlate strongly with measures of poverty, literacy, economic development, road network density and travel time to the capital, Colombo (World Bank, 2007a). At the time of writing, construction of a 126-kilometre long expressway from Kottawa to Godagama (effectively from Greater Colombo to Matara) is underway. The significance of this infrastructure project cannot be overstated. It is a key, new transport artery that will greatly facilitate tourist access, both by domestic and overseas visitors, to the already popular south-western coastal region but its construction necessarily involves the diversion of large tracts of land out of agricultural production as well as degradation of biodiversity (Asian Development Bank, 2009a).

\(^{16}\) See, also, Samarasuriya’s (1982) account of the bitterness and conflicts surrounding the wholesale displacement of fishing families by large hotel developments at ‘Sudugama’ on the west coast in the late 1970s.

\(^{17}\) In the case of Sri Lanka, Joseph (2006) reported a five-fold increase in exports between 1983 and 2004.
With 87 per cent of the poor living in rural areas (where 75 per cent of the population live), regional disparities in wealth, poverty and educational opportunities are extremely pronounced in Sri Lanka, a recurring theme in this report (World Bank, 2007b; Tilakaratna et al., 2008). The remote, largely Muslim community of Arugam Bay, on the east coast, for example, did not receive an electricity connection until 1990 (Robinson and Jarvie, 2008). The new express road will almost certainly have the effect of enhancing economic development in the already most advantaged part of the country, the Sinhalese, Western Province and the south-west coast.

Accessibility is also emerging as a major issue affecting tourism-related livelihoods in and around Hambantota. The recent realignment of the major access highway as a ring-road around the town and new container port has effectively disenfranchised numerous, small roadside enterprises that used to capitalise on traffic movements in and out of Hambantota, much of which was tourist traffic. On a more positive note, construction work has now started on a major new international airport at Hambantota. Inevitably this will spur greatly increased tourist traffic to this politically favoured part of Sri Lanka and could be of considerable benefit to local microenterprises. Growing demands on limited water supplies in this arid, and drought-prone part of Sri Lanka will, however, present ongoing problems.

6. The global financial crisis and emerging markets

In 2006 international tourist arrivals totalled 846 million, worldwide. This compares with only 25 million in 1950 and represents an average growth rate in excess of 6 per cent each year since then. Bolwell and Weinz (2008: 3) describe it quite simply as ‘one of the most remarkable economic and social phenomena of the past century’. Subsequent arrivals totalled 924 million for 2008 and are projected to reach around 1.6 billion by 2020 (United Nations, 2007), though there is currently considerable uncertainty around the future and impact of the current economic recession. The most recent (June, 2009) World Tourism Barometer, published by the World Tourism Organization (UNWTO), has highlighted how serious has been the effect of the global financial crisis and the parallel outbreak of the influenza A(H1N1) virus on tourist travel and receipts. For the first four months of 2009 arrivals were down by 10 per cent in Europe, 18 per cent in the Middle East and 6 per cent in the Asia-Pacific region. The UNWTO predicted an average drop, worldwide, of 4 to 6 per cent for 2009. The final figure was closer to 7 per cent.

Interestingly though, much of the future projected growth will come from the newly emerging markets such as China, India and Mexico. Already, Indian tourists outspend Japanese visitors to London; and China and South Korea are already high on the list of international tourist expenditure nations (Brown and Hall, 2008). Sri Lanka is now actively targeting the overseas Indian population to visit for such pilgrimages as the Nallur festival (Sirimane, 2009). The Economist (2008) has identified these newly emerging markets as the third, and most recent revolution in the tourism sector, following (i) the advent of cheap package tours in the 1960s; and (ii) widespread use of the Internet. Interestingly, the most recent assessment of Asian economies, following the worst peacetime economic collapse in almost a century, has found that they have been remarkably resilient, and projected growth-rates have subsequently been revised upwards (Asian Development Bank, 2009b). The ADB projects relatively high GDP growth-rates for East Asia and indeed, as we shall see below, this is already being reflected in increased tourist visits to Sri Lanka from this particular region.
As an economic activity, tourism—especially international tourism—is notoriously ‘fickle’, and subject to often wild fluctuations in line with such things as ‘fashion’, currency and oil price valuations, extreme natural disasters, terrorist attacks, internal conflicts and health scares. Movements in tourist arrivals tend to be more extreme than the associated changes in global GDP. Thus, when economic growth is greater than 4 per cent, tourist travel grows faster than this; and when GDP is at 2 per cent, tourist volumes are even lower. For the period 1975 to 2000, for example, global tourism growth averaged 4.6 per cent and GDP, 3.5 per cent (Bolwell and Weinz, 2008). The negative impacts of major ‘shocks’, in the form of an extreme natural event or terrorist activity can last for years (Hall, 2002; Putra and Hitchcock, 2009).

False perceptions of alleged ‘dangers’ awaiting potential travellers, as well as overly cautious travel advisories on government websites, also can have an enormously damaging impact on a country’s ‘image’ and subsequent tourist trade (Cohen, 2008). Robinson and Jarvie (2008:633) point out that in the wake of the tsunami (in which over 100 overseas tourists died), inland tourism also suffered badly because of ‘a misperception that the whole of Sri Lanka was affected by the disaster’. Such an outcome does not just apply to overseas visitors. In their study of Hambantota—an important destination for Sri Lankan pilgrim travellers—Anputhas et al. (2005:33) found that, following the tsunami,

Visits of local tourists have almost stopped…as there is reluctance among Sri Lankans to visit the area due to the fear of another disaster, and also of diseases and contaminated food. For some people this fear extends to consuming salt produced at Hambantota saltern. Lack of business has made the business sector lean and the backward linkages to the local economy are non-functional.

Further, tourism is routinely subject to pronounced seasonal fluctuations (December/January and May to August in the case of Hambantota) which means that people employed in the sector frequently also work in other areas like agriculture, building construction, personal transport, fisheries, etcetera. Given that both sectors are strongly focused on the coast there are close—and often fraught—relations, as well as similarities between tourism and fisheries. They both contribute around the same proportion of GDP to the Sri Lankan economy, they were both heavily impacted by the tsunami, and tourism is sometimes a secondary source of income for families engaged in commercial fishing, especially in the ‘warakan’, off-season (May to October) along the west and south coasts.

Taken together, these issues can pose a major problem if an economy is overly dependent on this sector. In affluent countries tourism usually represents anywhere between 3 and 10 per cent of GDP. In poorer countries, 40 per cent or higher is not uncommon (Sofield et al., 2004). In the case of the Maldives, for example, tourism accounted for 62.5 per cent of GDP in 2004. In that year the islands attracted some 600,000 international visitors (double the country’s population). This resulted in 57 per cent of employment (one for every 1.7 jobs) being in tourism. Following the 2004 tsunami, arrivals effectively halved within a year and the government was faced with serious current account and budget deficits which markedly slowed the reconstruction effort (United Nations, 2007).

With tourism GDP percentages of 21.8 per cent and 25.7 per cent respectively, the economies of Fiji and Vanuatu are similarly vulnerable to sudden changes of fortune. But at around 2 per cent of GDP in 2006 (as noted, a level similar to fisheries), Sri Lanka is far less reliant on tourism, has a much more diversified economy and so is less at risk (Weerakoon et al., 2007). By comparison with the 1:1.7 ratio of tourism jobs to total
employment in the Maldives, the Sri Lankan ratio is 1:12.7. Nevertheless, there are parts of Sri Lanka that are heavily dependent on the tourism industry. With 2000 people directly employed in tourism, and an additional 4000 indirectly employed, Powell et al. (2009) have documented how seriously impacted was the Hikkaduwa district following the tsunami, even after hotels were fully restored.

From the discussion so far, it is clear that the concept of **vulnerability** is central. Calgaro and Lloyd (2009: 289) have usefully summarised the five key factors leading to certain tourist destinations being vulnerable to external shocks:

1. The place-specific nature of tourist activity;
2. The fragility of destination images to negative perceptions of risks;
3. A high dependency on tourism as a primary livelihood;
4. A strong reliance on the marketing strategies of international tour operators; and
5. High levels of seasonality.

They argue forcefully that assessments of a community’s vulnerability should be incorporated into all long-term tourism development strategies. At least rhetorically, the government of Sri Lanka has agreed that this is necessary. The Ministry of Disaster Management (MDM) released a *Road Map for Disaster Risk Management* soon after the tsunami and has also underscored the need for the production of a *vulnerability atlas* for the country (Ministry of Disaster Management, 2005).

7. **Policy linkages**

There is always intense competition for the tourist market between countries in the same region—as well as internally between provinces—and the industry is frequently linked with other categories, including ‘travel’, ‘conventions’, ‘sport’ and ‘hospitality’. Tourism also has close links with other spheres of national policy, including infrastructure and regional planning, employment and industry, energy and water, ethnic identity and representation, health and environmental preservation.

To take the example of **health**, since the finalisation of the *Oristano Declaration* in 2003, interest in marine-based public health risk has exploded around the world (Bowen et al., 2006). This is relevant both to tourists themselves, who consume seafood from what are often increasingly contaminated sources, and local fishing communities who have been displaced from their traditional food sources by tourism and other developments. There are also health issues associated with sexual contact between tourists and locals, as well as a host of problems on the horizon as a consequence of climate change. The exhaustive, UNWTO/UNEP (2008:65) report on *Climate Change and Tourism* warned that ‘The health status of millions of people will be impacted by projected climate change-related exposures...Alterations in the spatial distribution of vector-borne diseases are anticipated...’

In the case of the **environment**, there are ongoing conflicts between the use of water for irrigated agriculture and/or high consumptive tourism enterprises on the one hand and environmental flows on the other (Dissanayake and Smakhtin, 2007). This is an especially serious issue for Sri Lanka’s eastern, dry zone, given the increased frequency and intensity of droughts in recent years (Tantrigama, 1995). It is worth pointing out that even before the tsunami polluted often limited freshwater sources, certain communities in the dry coastal zone were suffering extreme water stress and were having to truck in their supplies (Yamane, 2009).
Projected disruptions as a consequence of climate change will almost certainly exacerbate current problems. The UNWTO/UNEP (2008) study, mentioned above, identified the Indian Ocean region as a climate change ‘hotspot’, highlighting six emergent problems: an increase in extreme events; water scarcity; land biodiversity loss; marine biodiversity loss; sea level rise; and travel cost increase from mitigation policy. The serious extent of biodiversity decline in Sri Lanka has been highlighted in the most recent IUCN ‘Red List’ of critically endangered and vulnerable species (IUCN, 2009). The total for Sri Lanka is 534, one of the highest in the world (IUCN, 2009). Wetlands, in particular, are of enormous biological significance, yet are often undervalued (Bellio et al., 2009). Later in the report we shall argue forcefully that this issue needs to be addressed in tourism planning at both a national and local level.

As well, numerous studies have underscored the extremely high value of coral reef preservation to the Sri Lankan tourism and fisheries sectors (Spurgeon, 1992; Sale, 2008; and, more generally, Cinner et al., 2009). Yet reef mining and destruction for short-term economic gain remains an ongoing problem, even though it was declared illegal in 1988 under the terms of the Coast Conservation (Amendment) Act No. 64 (Berg et al., 1998; Hettiarachchi, and Samarawickrama, 2005). Explosives are routinely used to extract building materials and for blast fishing. There is also now a thriving illegal trade in ornamental fish (Jayaweera et al., 2007). Ruwanpura’s (2008:329) research on coastal livelihoods found that ‘coral mining was a core economic activity among low income communities in Hikkaduwa before the 2004 tsunami, despite a governmental proscription’. Coral traditionally has been mined largely to make either aggregate, building blocks or cement for use in the building industry. Concrete houses were by far the most common type of dwelling for tsunami-affected households (91 per cent in the south and 84 per cent in the east) (Sarvananthan, 2007). So there is an obvious dilemma here: at just the time that cement is required in large quantities for the post-tsunami reconstruction effort, there are growing calls for much tighter restrictions on unregulated reef destruction.

In addition, following the 2004 tsunami, there is now greatly heightened awareness of the value of both coastal mangrove and associated wetland ecosystems, as well as casuarina shelterbelts, in mitigating many of the more destructive impacts of tsunami events (IUCN, 2007; De Zoysa, 2008; Osti, et al., 2009; Rebelo, et al., 2009). Tsunamis are a classic example of a ‘Large, Infrequent Disturbance’ (or LID) (Turner and Dale, 1998). LID’s are impossible to predict, yet there is much that can be done in terms of ecosystem management to minimise their impacts. A contentious coastal ‘greenbelt’ policy, in place since 2007, is discussed below. If managed sustainably, wetland and mangrove ecosystems can serve several important functions simultaneously (Wickramasinghe, 1999). Wetland reeds and grasses, for example, traditionally have been used, mainly by women, to make handicrafts for sale to tourists. This has augmented often meagre earnings from fishing or agriculture. Mangroves, too, have long provided fish and fruit from small-scale, low-impact fishing activity (Jayaweera et al., 2007). Proposed, large-scale tourist developments, such as are discussed below, are posing a growing threat to these fragile environments and the artisanal livelihoods they support.

In their focus on the Hikkaduwa district, Powell et al. (2009:641) summarised many of the serious problems that have emerged as a result of unplanned and uncoordinated tourism.

18 The breakdown is as follows: 30 mammals; 13 birds; eight reptiles; 53 amphibians; 31 fishes; 119 other invertebrates; 280 plants.
development in the coastal zone. Their summary is reproduced here as Table 2 and serves as a reminder of issues that need to be constantly kept in mind at other, preferred development sites around the Sri Lankan coastline.

Table 2: Hikkaduwa Coastal Zone: Summary of Issues (after Powell et al., 2009)

<table>
<thead>
<tr>
<th>Sustainable development theme</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental health</td>
<td>A. Poor solid waste management</td>
</tr>
<tr>
<td></td>
<td>B. Poor Water Quality from High Levels of Sediment, Sewage, and Point and Non-Point Source Pollution</td>
</tr>
<tr>
<td></td>
<td>C. Poor Tourism/Urban Environment</td>
</tr>
<tr>
<td></td>
<td>D. Ineffective Sanctuary Management</td>
</tr>
<tr>
<td></td>
<td>E. Reef Degradation</td>
</tr>
<tr>
<td>Social Capacity</td>
<td>A. Low Level of Local Business Capacity</td>
</tr>
<tr>
<td></td>
<td>B. Lack of Alternative Sustainable Livelihoods</td>
</tr>
<tr>
<td></td>
<td>C. Lack of Environmental and Disaster Education</td>
</tr>
<tr>
<td>Governance</td>
<td>A. Lack of Interagency Coordination and Cooperation</td>
</tr>
<tr>
<td></td>
<td>B. Lack of regulation and Enforcement of Existing Laws</td>
</tr>
<tr>
<td></td>
<td>C. Poor Understanding of Sustainable Development</td>
</tr>
<tr>
<td>Economic Health</td>
<td>A. Lack of Tourism Marketing Capacity</td>
</tr>
<tr>
<td></td>
<td>B. Poor Quality Tourism Product</td>
</tr>
<tr>
<td></td>
<td>C. Lack of Alternative Sustainable Livelihoods (Over-reliance on Tourism)</td>
</tr>
</tbody>
</table>

When developed well—and when not subject to one or more of the kinds of internal or external crises, or ‘shocks’, mentioned above—tourism offers significant opportunities for the transfer of foreign exchange from rich to poor nations and for employment generation in developing countries (Harrison, 1992; Telfer and Sharpley, 2008). Through authentic, certified eco-tourism and indigenous (or ethnic) tourism (Sofield, 1993), it also opens up opportunities to demonstrate a commitment to sustainable development by linking economic development with environmental preservation and at the same time empowering local communities. The fate of Asia’s most endangered species—the Asian elephant (*Elephas maximus*)—is relevant here. A study by Bandara and Tisdell (2005) found a strong hypothetical willingness on the part of Sri Lankans to contribute towards saving the elephant from further decline\(^\text{19}\). Tourism potentially could play a much greater role here.

8. Tourism in Sri Lanka

If the past is any guide, there is no doubting the potential economic opportunities that tourism offers Sri Lanka. Based largely around the country’s benign climate, relative proximity to the large European market, and outstanding natural and cultural attractions (including seven World Heritage sites), the period, 1966-1982, for example, witnessed spectacular growth in overseas visitor arrivals from approximately 19,000 to over 400, 19 In Sri Lanka the elephant population has declined from an estimated 12,000 in the mid-1800s to some 3500 today, largely in small groups of less than 50 (Bandara and Tisdell, 2005).
Over the same time scale, estimated tourist income rose from US $1.3 million to US$147 million. By 1982 tourism had displaced rubber to become the fourth largest export industry (Crick, 1992). It is now ranked fifth (Selvanathan, 2007). Writing in 1997, White et al. noted (p. 335) that ‘Coastal tourism is a mainstay of the Sri Lankan economy’. Their estimate was that at that time the sector contributed some US $200 million to the economy each year and anticipated that this would double by the year 2000.

Selvanathan (2007) has undertaken a longitudinal statistical analysis of the mix of factors influencing fluctuations in the numbers of overseas tourists to Sri Lanka. The internal war, he concluded, contributed to a 21 per cent decrease in arrivals. But to a certain extent this was offset by the positive influence of the free trade policy, introduced in 1977. He also found that a weak local currency, relative to the US dollar, often made the country an attractive destination. 2003 represented an important milestone. For the first time arrivals exceeded 500,000. 2004 saw 4.39 million foreign guest nights, but this plunged to 2.48 million in 2005 and 2.78 million in 2007 (Central Bank of Sri Lanka, 2008).

The estimated 559,603 overseas tourist arrivals in 2006 generated some US$ 426 million in foreign exchange earnings. However, given that overseas aid workers were granted tourist visas, there is some doubt as to the accuracy of these statistics. The negative impact of the tsunami on tourism is discussed in more detail below, but in passing it is interesting to note Stirrat’s (2006) observation that the immediate aftermath of the tsunami resulted in such a huge influx of NGO workers (as well as aid money) that Colombo’s hotels, and those that survived, undamaged, along the coast, were full to capacity. In Ampara, alone—a relatively inaccessible community on the east coast — there were at least 65 international NGOs operating (De Silva, 2009). The rupee also rose sharply in value, and local drivers and interpreters, in particular, were in great demand.

In the same year, approximately 56,000 were calculated by the Tourist Development Authority as being employed ‘directly’ in tourism and 78,000 ‘indirectly’ (Asian Development Bank, 2009a). Employment can fluctuate dramatically from year to year, depending upon the external forces impacting on the industry. Direct employment, for example, was estimated at around 75,000 in 2004, almost 20,000 higher than the figure for 2006. Selvanathan (2007:35) states that ‘over 110,000’ are employed in tourism, but provides no source; and Rice and Haynes (2005) estimate that travel and tourism together employ an astonishing 654,062 (or 7.8 per cent of the labour force).

Earlier in the report, mention was made of the often tenuous and unpredictable nature of employment in the tourism sector. A recent study has highlighted the particular significance of this for women and builds on Samarasuriya’s (1982) classic, ethnographic survey of women in the holiday industry in ‘Sudugama’ on Sri Lanka’s west coast, carried out in 1978. There is, for example, a high incidence of poverty among ‘craft-related workers’, traditionally a major employer of women (Jayaweera et al., 2007).

More recently, as noted, visitor numbers started to rise again in mid-2009. According to the Sri Lanka Tourism Development Authority (SLTDA), August, 2009, for example, saw a 34.3 per cent increase in the number of tourist arrivals by comparison with August,

---

20 In addition to Stirrat’s (2006) observations there is now a considerable body of literature on the unprecedented ‘financial tsunami’ (and the problems it generated) that engulfed such countries as Sri Lanka and Thailand following the disaster (see, for example, de Silva, 2009). One explanation for the sheer scale of the donations and the speed with which the resources accumulated is that these countries in particular were very familiar to the thousands of overseas tourists who had visited over the years (especially from the UK and Europe) (see Kelman et al., 2008). In the case of Sri Lanka, too, the extensive diaspora is both a constant source of ‘tourists’ and was an important network for the organisation of humanitarian aid.
2008 (to 41,207). Interestingly, the percentage increases were higher from South Asia (36.2 per cent) and North America (45 per cent) than from Western Europe (31 per cent). But the greatest increase by far was from the emerging market of East Asia (68 per cent). By the end of 2009, the annual total for tourist arrivals was officially set at 447,890, a modest, 2.1 per cent increase on the previous year. From June of 2009 onwards, all months recorded positive percentage increases over their equivalents for 2008 but these were not always large proportions (e.g. 8.1 per cent change for June and 7 per cent for October).

To put these figures in perspective, the small Indonesian island of Bali (area 5600 sq km) recorded 1.83 million overseas tourists in the first ten months of 2009, a 13.5 per cent rise on 2008 (Cassrels, 2010).

The blueprint for the long-term development of Sri Lankan tourism was first formulated by a consortium of American companies, backed by US AID, in 1967 (Harris, Kerr, Foster & Company, 1967). One associated outcome was the establishment of a major, vocational training institution in Colombo, the Sri Lankan Institute for Tourism and Hotel Management. Though initially planned for a ten-year time scale, this formal blueprint has basically remained unchanged since that time. The most recent version is the four-year strategic plan for the period 2009 to 2012 which aims to attract 1.5 million overseas tourists by 2016 (Sri Lanka Tourism, 2009). A key feature of the 1967 document was the early identification of five, clearly defined, and ‘branded’ resort regions:

1. The Colombo Resort Region, from Negombo to Mount Lavinia;
2. The South Coast Region, from Bentota to Yala;
3. The East Coast Region, from Trincomalee to Pasukudah;
4. The Ancient Cities Region (Anuradhapura, Kandy and Polonnaruwa); and
5. The High Country Region (Nuwara-Eliya and Belihuloya).

Of these, the South Coast Region (which includes Hikkaduwa, Galle, Tangalle and Hambantota), and the East Coast Region (Trincomalee and Batticaloa) are by far the most important for the present discussion. The South Coast region consistently records the highest number of graded hotels, rooms and foreign guest nights (101; 5419; and 68,810, for example, in 2008), while the East Coast region generally records all the lowest levels in the country for these indicators (8; 180; and 1001 in 2008) (Central Bank of Sri Lanka, 2008; Sri Lanka Tourism Development Authority, Monthly Report, November 2009).

Table 3 illustrates the marked regional imbalance in Sri Lanka terms of the number of guest rooms and guest nights. The data in this table are for 2006.

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of rooms</th>
<th>Share (%)</th>
<th>Guest Nights</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombo City</td>
<td>3209</td>
<td>23</td>
<td>61580</td>
<td>27</td>
</tr>
<tr>
<td>Greater Colombo</td>
<td>2520</td>
<td>18</td>
<td>582532</td>
<td>19</td>
</tr>
<tr>
<td>South Coast</td>
<td>5112</td>
<td>36</td>
<td>1040704</td>
<td>33</td>
</tr>
<tr>
<td>East Coast</td>
<td>184</td>
<td>1</td>
<td>13573</td>
<td>0</td>
</tr>
<tr>
<td>High Country</td>
<td>726</td>
<td>5</td>
<td>131696</td>
<td>45</td>
</tr>
<tr>
<td>Ancient Cities</td>
<td>2467</td>
<td>17</td>
<td>504478</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>14218</td>
<td>100</td>
<td>3134543</td>
<td>100</td>
</tr>
</tbody>
</table>
All of this highlights the two, quite different, forms of coastal tourism in Sri Lanka. These roughly approximate the two major market segments listed in Table 1, above and are: (i) the relatively highly developed, corporate hotel sector, prevalent in the south and west; and (ii) the ‘less visited and less developed [but nonetheless] thriving, small-scale industry run by Sinhalese, Tamil and Muslim entrepreneurs’ in the east (Robinson and Jarvie, 2008: 632). The first category, of course, also includes numerous, ancillary, small to medium-sized enterprises, many of which are ungraded and unregistered. But what differentiates the two is the fact that the south and west coast is only some 2 to 3 hours by road from Colombo and the country’s main airport, by comparison with an 8-hour journey on poor roads to Arugam Bay on the east coast. Clearly, construction of a major airport at Hambantota on the south coast, would likely have a significant impact on tourist visitation patterns in the presently less accessible dry zone.

Currently, Sri Lanka has approximately 15,000 hotel rooms in some 248 graded establishments. One hundred and one of these are located in the South Coast region. Two, large-scale, proposals, presently under negotiation, and funded partly by the World Bank would add an additional 8000 rooms in what are effectively, high-priority, special economic zones. These are the ambitious, US $4 billion, Kalpitiya Integrated Tourism Development Project (KITRP) on 14 islands in the Kappaladi/Puttalam area to the north of Colombo and the Dedduwa Lake Resort Project on five islands off the south-west coast, near Bentota. Puttalam Lagoon is Sri Lanka’s largest, relatively untouched mangrove system and the Bentota region is also home to valuable mangrove forests. Luxury accommodation, golf courses, cable cars, amusement parks, casinos, convention centres and airport access are all envisaged, and negotiations are involving potential investors from the UAE, Bahrain, Italy, the UK and India. Mimicking as they do, similar large-scale leisure developments in Bali, Fiji and the Middle East, targeting the ‘high-end’ market, if these projects are eventually finalised, they would add a completely new dimension to the traditional pattern of tourism development in Sri Lanka. Interests promoting it have invoked the threat of a future tsunami as an argument to evict fishing families from their long-established homes on the coast to allow hotel construction (www.tourismconcern.org.uk).

The NGO, Tourism Concern, has been especially critical of the KITRP development on human rights’, livelihoods’ displacement and environmental grounds. Similar golf course developments in Okinawa, for example, have triggered coral reef destruction from fertiliser and sediment run-off (Tisdell, 1999). An additional danger lies in handing over too much power to international corporations. Given that they operate in many different countries, they can effectively use their superior bargaining power to ‘pick off’ prime sites for development and also pressure competing governments for favourable terms and conditions, including weak environmental regulations.

Elsewhere, especially along the coast, south of Colombo, extensive use has been made of a new ‘greenbelt’ policy to fence off, and ‘beautify’, stretches of coast that traditionally had been housing sites and access points for numerous, small-scale fishing enterprises. Tourism Concern has identified 25 such zones so far, financed by the United Nations Development Programme since 2007, through the variously named, ‘Greenbelt Redevelopment Project’ or ‘Coastal Reservation Green Belt (CRGB) Project’ (Peterson, 2008). The stated aim of this is to ‘develop sustainable livelihood opportunities through increased tourism in Sri Lanka’, but Tourism Concern raises questions about the eviction of fishing families and how the tourism outcomes will be achieved. Box 3 presents a typical eviction case study.
Box 3: Case Study

‘Wadduwa fishing village in Kalutara has been declared a tourism zone and the authorities have told the local community they must not stay in the coastal buffer zone. They do not have anywhere to go to, or any information about where they can go. The majority of the people do not want to leave the area because they depend on the sea for fishing and its related industries such as salt fish production’

Herman Kumara, National Federation of Fishworkers (NAFSO)

Yet, although the local people are being forced away from the coast, foreigners are being allowed to buy land inside the buffer zone.

The Alliance for the Protection of Natural Resources and Human Rights, the Movement for National Land and Agricultural Reform and NAFSO are taking legal action against the government on land issues.

Source: Rice and Haynes (2005:13)

The Dedduwa Lake Resort Project is strategically located in the high-speed road corridor currently under construction, and mentioned earlier. It is one of 17, special Tourism Development Zones that have been delineated in this corridor. Zone designation signifies that special planning and financial incentives of various kinds apply for tourism businesses wishing to establish themselves in the area. An additional four zones—Tangalle, Hambantota, Tissamaharama and Yala—have been identified eastwards from Matara, in anticipation of the eventual extension of the expressway. One of the incentives allows the owners of tsunami-damaged tourism establishments to import materials for reconstruction on a duty-free basis.

Earlier, mention was made of the likelihood that the new road will lead to an increase in domestic tourism from the relatively affluent Greater Colombo region. Writing in 2006, Shaw noted that:

With the emergence of an urban middle class and the liberalization of vehicle imports in the 1990s, domestic tourism is a growing market, and increased vehicle traffic in the Sri Lankan countryside has fuelled significant growth in rural motor repair workshops, roadside retail traders, tea-shops and artisan establishments (p. 50).

That particular year saw the registration of around 27,500 new private cars in Sri Lanka, and even though recent years have witnessed a slight decline in registrations this downward trend will almost certainly reverse in the future.

9. The tsunami’s impact on tourism

As predominantly coastal sectors, fisheries and tourism were both massively affected by the December 26, 2004 tsunami which, to different degrees, affected around 65 per cent of the island’s shoreline.21 Miller et al. (2006), for example, estimated that around 200,000 jobs were lost in these two industries in the immediate aftermath of the disaster.

21 Interestingly, Samarasuriya’s (1982: 17) study of ‘Sudugama’ highlighted the fact that encroachment and damage by the sea has been an ongoing issue in that particular region for many years…’It eroded the land taking their houses with it. Over the past 50 years it has eaten into the area, sweeping many houses, a school and a temple under the waves.’
In Ampara alone, some 20,000 households were directly impacted, of whom around 80 to 90 per cent were Muslims working in the fisheries sector (De Silva, 2009). Table 4 itemises the extent of tsunami damage to tourism operators in the Pottuvil/Arugam Bay area.

**Table 4: Tourism-related tsunami damage in the Pottuvil district (Source: Canadian Agro-Sustainability Partnership Inc. (CASP), 2009)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Destroyed</th>
<th>Partially damaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Guest houses</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>Restaurants</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>Tourism-based transportation</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Tourism-based traders</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48</strong></td>
<td><strong>22</strong></td>
</tr>
</tbody>
</table>

One recent estimate is that 40,000 people will be requiring financial assistance over the long-term (Mulligan and Shaw, 2007). Haug and Weerackody (2006) report that a ‘new’ socio-economic category—that of ‘no income families’—appeared following the tsunami. It cuts across all socio-economic groups and has a particularly high level of representation in Hambantota and Batticaloa.

On December 26, 2004, it is estimated that there were approximately 14,500 overseas tourists in Sri Lanka. The vast majority of these departed in the days following. The tsunami’s devastating impact on tourism (both local operators and tourists) took many forms, including physical, economic, environmental and psychological. In addition to the more obvious effects such as damage to, and the loss of hotels, dwellings, shops, roads, railways and boat harbours, there was huge loss of life involving people working in the tourism and allied sectors, as well as among 107 overseas tourists. Essential water supplies, electricity and food for hotels and shops were also affected to varying degrees at different points around the coast. The psychological trauma for those affected has been immeasurable, and Sri Lanka’s ‘image’ as a tourist haven took a severe battering. Sri Lanka, of course, was not alone in this; parts of Thailand, the Maldives, Indonesia and Tamil Nadu suffered similarly. The final estimate is that more than 3500 international tourists either died or went missing as a result of the tsunami in these countries (World Tourism Organization, 2005).

Two particular aspects relating to the tsunami are worth highlighting. These relate to (i) its timing; and (ii) the spatial impact. The tsunami hit on a (Buddhist) *poya* day, a national holiday when thousands of people were on their way from Colombo and elsewhere to southwest coastal resort towns, as well as to festive markets in such coastal centres as Matara, Galle and Hambantota. This had a major influence on the casualty rate, as well as on the physical damage to fishing boats, many of which were being stored onshore at the time rather than being in use out to sea where they would most probably have escaped unscathed. Further, in terms of spatial impact there were two unique features that differentiated the tsunami from other more ‘concentrated’ natural disasters such as

---

22 On a more positive note, Mulligan and Shaw (2007) point out that many schools near the coast were empty on that day and that many people were also visiting temples, inland. In a broader political context, they also remind us that a fragile ‘ceasefire agreement’ was in place between the government and the LTTE at the time of the tsunami.
cyclone or earthquake: the wave’s linear, ‘ribbon’ configuration on the one hand, and its ‘spottiness’ on the other. As Stirrat (2006:11) put it:

… whilst in some places the waters destroyed anything for a kilometre or so inland, in others there was almost no impact even immediately adjacent to the beach. The result was a mosaic of total destruction and no impact. One house would be destroyed, its immediate neighbour untouched.

Precise statistics on damage are often conflicting and inconsistent, depending upon exactly what is being measured. However, as part of an Asian Development Bank study, Weerakoon et al. (2007) estimated that the loss of output in the fisheries sector was US$200 million and in tourism, US$130 million. In addition, the total asset loss for the tourism sector was put at US$250 million. This included six hotels being completely destroyed, and additional damage to: 53 out of 242 large hotels; 248 small hotels; and 210 related small enterprises. Table 5 presents a detailed breakdown of damage caused to tourism assets in nine tsunami-affected areas. The data are based on a systematic field investigation by Department of Census and Statistics staff carried out in early 2005. Four districts in the north and north-east were not surveyed because of the internal conflict. These were Puttalam, Jaffna, Killinochchi and Mullativu. Table 6 shows how seriously impacted were tourism businesses in Galle and Ampara districts, in particular.

### Table 5: Tsunami damage to tourism-related buildings (Source: Department of Census and Statistics, 2005)

<table>
<thead>
<tr>
<th>District</th>
<th>Hotels/Restaurants</th>
<th>Tourist hotels</th>
<th>Restaurants/Guest houses/ Kabanas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Functioning after Tsunami</td>
<td>Not functioning after Tsunami</td>
<td>Total number of units</td>
</tr>
<tr>
<td>Ampara</td>
<td>2</td>
<td>21</td>
<td>25 (2 not stated)</td>
</tr>
<tr>
<td>Galle</td>
<td>17</td>
<td>21</td>
<td>38</td>
</tr>
<tr>
<td>Gampaha</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Hambantota</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Kalutara</td>
<td>0</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Matara</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Trincomalee</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Colombo</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Batticaloa</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
Table 6: Economic loss incurred by tourist establishments in the 2004 tsunami by DS division (Source: Department of Census and Statistics, 2005)

<table>
<thead>
<tr>
<th>District</th>
<th>Hotels/Restaurants</th>
<th>Tourist hotels</th>
<th>Restaurants/Guest houses/ Kabanas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value of loss (Rs)</td>
<td>Value of loss (Rs)</td>
<td>Value of loss (Rs)</td>
</tr>
<tr>
<td></td>
<td>Rs 1—100,000</td>
<td>Rs 100,001 or more</td>
<td>Not stated</td>
</tr>
<tr>
<td>Ampara</td>
<td>7</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Galle</td>
<td>7</td>
<td>29</td>
<td>2</td>
</tr>
<tr>
<td>Gampaha</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hambantota</td>
<td>4</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Kalutara</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Matara</td>
<td>3</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Trincomalea</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Colombo</td>
<td>6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Batticaloa</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

As with the case of the railway line connecting Colombo with the southern coastline, in the intervening, five-year period, rebuilding and reconstruction of tourist assets such as large luxury hotels has been rapid, leading many commentators to applaud the ‘resilience’ of the tourism sector in the face of adversity. Within three years, Powell et al. (2009) estimated that 46 hotels and guest houses were fully operational along Hikkaduwa’s coastal strip. However, since the tsunami, occupancy rates in this area have typically been below 30 per cent. In the case of the large hotels prompt insurance payouts assisted speedy reconstruction. But, as Steele (2006:iv) has pointed out ‘…small and medium-scale guest houses which were typically not insured, have been affected by the fall in tourists, restrictions from the buffer zone and difficulties in accessing government credit.’

In response to this, the World Tourism Organization (2005) instigated and coordinated what has become known as the Phuket Action Plan to stimulate recovery in the tourism sector in four countries: Sri Lanka, The Maldives, Indonesia and Thailand. Emphasis has been placed on building partnerships and securing sponsorships from such bodies as the Netherlands Development Organization, VISA International and the UNDP. Priority is being given to funding marketing and communications to rebuild confidence in the international market place; community relief and professional training. The main message of the international marketing campaign, known as Bounce Back Sri Lanka, is that things are back to normal and that everything is now functioning smoothly (Rice and Haynes, 2005).

Based on field investigations by Department of Census and Statistics staff, Table 7 shows the damage and operational situation for 81 major hotels (with a total of 4769 rooms) in twenty districts along the south coast from Wadduwa to Yala as these stood in January, 2005, soon after the tsunami. An important point to note is the relatively minor damage experienced by hotels protected by intact dunes and mangroves by comparison with those where these ecosystems had been severely modified, often to provide uninterrupted sea views (Ingram et al., 2006). Of the total, approximately 50 per cent of the hotels were back in full or partial operation by this time, and by December 2005, 41
out of the 53 in that category were fully functional. Nevertheless, even though there was only a slight fall in the number of tourists arriving in 2005 (549,308, by comparison with 566,202 in 2004), earnings from tourism slumped to US$356 million, by comparison with US$408 million in 2004, leading Weerakoon et al. (2007) to argue that recovery for tourism-related enterprises was much slower than for the fisheries sector.

Table 7: Hotel damage and level of operation by January 2005 along the South Coast (from Wadduwa to Yala) (Source: Department of Census and Statistics, 2005)

<table>
<thead>
<tr>
<th>Area</th>
<th>No of hotels</th>
<th>No of hotels inspected</th>
<th>Total no. of rooms</th>
<th>No. of rooms damaged</th>
<th>No. of hotels in operation</th>
<th>No. of hotels closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Wadduwa</td>
<td>7</td>
<td>239</td>
<td>72</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>B</td>
<td>Kalutara</td>
<td>6</td>
<td>611</td>
<td>134</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>C</td>
<td>Beruwela</td>
<td>10</td>
<td>1076</td>
<td>364</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>D</td>
<td>Bentota</td>
<td>10</td>
<td>616</td>
<td>295</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>E</td>
<td>Induruwa</td>
<td>4</td>
<td>162</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>F</td>
<td>Kosgoda</td>
<td>1</td>
<td>54</td>
<td>54</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>G</td>
<td>Ahungalla</td>
<td>2</td>
<td>2</td>
<td>171</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>H</td>
<td>Ambalangoda</td>
<td>2</td>
<td>54</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>I</td>
<td>Hikkaduwa</td>
<td>14</td>
<td>675</td>
<td>102</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>J</td>
<td>Galle</td>
<td>3</td>
<td>1</td>
<td>113</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>K</td>
<td>Unawatuna</td>
<td>3</td>
<td>94</td>
<td>22</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>L</td>
<td>Koggala</td>
<td>1</td>
<td>189</td>
<td>68</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>M</td>
<td>Ahangama</td>
<td>1</td>
<td>33</td>
<td>13</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>Weligama</td>
<td>2</td>
<td>120</td>
<td>12</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>O</td>
<td>Talpe</td>
<td>2</td>
<td>100</td>
<td>24</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>P</td>
<td>Matara</td>
<td>2</td>
<td>29</td>
<td>16</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Q</td>
<td>Dickwella</td>
<td>1</td>
<td>61</td>
<td>36</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>R</td>
<td>Tangalle</td>
<td>6</td>
<td>137</td>
<td>121</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>S</td>
<td>Hambantota</td>
<td>2</td>
<td>111</td>
<td>49</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>T</td>
<td>Yala</td>
<td>2</td>
<td>124</td>
<td>74</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>81</td>
<td>4769</td>
<td>1522</td>
<td>40</td>
<td>41</td>
</tr>
</tbody>
</table>

It is perhaps no coincidence that recognition of the potential opportunities opened up by the tsunami for the ‘reclamation’ of the coastal zone by tourism interests triggered major changes in national legislation relating to tourism. The new Tourism Act, which came into effect in October 2007, clearly recognises the sector as having enormous developmental potential: ‘The Ministry of Tourism’s long term vision is to promote tourism as the leading foreign exchange generating industry in Sri Lanka, while at the same time using this economic sector as a vehicle to bring about rural poverty alleviation’ (Sri Lanka Tourism Development Authority (SLTDA), 2009:1). Under the direct influence of the World Bank, a strong emphasis is now being placed on the use of the classic, neoliberal device of public-private partnerships (PPPs) to build ‘high end’ tourism and related infrastructure.

Through the medium of PPPs, the state’s role is to ‘steer’, rather than to ‘row’, to facilitate investment and construction, simplify regulations and ‘streamline’ the development process so that both domestic and direct foreign investment in tourism is encouraged. Since the recent conversion of the Tourist Board into the Tourism Development Authority, a new public-private sector company—the Sri Lanka Promotion Bureau—has also been formed to undertake promotion and marketing. Rice and Haynes (2005:8) see all these moves as representing ‘a gradual privatising of the tourism industry [which] will mean that local community organisations and representatives will be even less involved….’ A small
number of specific sites have already been identified for priority development. These are Galle Port, Kalpitiya, Negombo, Dedduwa, Arugam Bay, Kalkudah, Pasikudah and Trincomalee. As already noted, there is considerable unease in relation to the environmental effects of the proposed developments, as well as the impacts on artisanal fishing communities and the limited economic opportunities that integrated resorts will provide for poorly educated local residents.

10. Conclusion and recommendations

In this report we have outlined (i) the various forms that tourism can take; (ii) analysed its place in the Sri Lankan economy and its linkages with other policy arenas; (iii) identified the ‘winners’ and ‘losers’ from tourism-related developments in the past; and (iv) discussed the impacts of the tsunami. We have also stressed how important the Sri Lankan government now sees tourism promotion, as evidenced by the Tourism Act (2007), the 2009 National Strategy for Tourism and the favoured treatment that the major hotel sector received—and continues to receive—in the immediate aftermath of the tsunami. Asset replacement and expansion for hotel interests, especially in the south and west, have occurred with extraordinary speed. As well, we have identified what appears to be the start of an entirely new chapter in Sri Lankan tourism based on luxury, integrated resort developments—effectively high-status enclaves—funded through PPP arrangements with overseas consortia.

What is abundantly clear is that for long-term sustainability Sri Lanka needs to focus on building both resilient ecosystems and resilient (adaptive) communities along its coastline, as well as with the immediate hinterland. The two are intimately connected. The looming threats from climate change, for example, need to be taken into account in any future land-use planning along the coast. As with planning for future tsunamis, this does not necessarily imply a total ban on building in the coastal zone, but it does involve careful consideration of the local onshore and offshore topography and vegetation, as well as keen attention to tougher building standards and adequate storm/tsunami warning systems. Many livelihoods are utterly dependent upon being close to the sea and this has been a problem with the inappropriate siting inland of much of the donor housing such as in Hambantota ‘New Town’.

The sustainable livelihoods’ literature emphasises the importance of the five forms of capital in building strong resilience: human, natural, financial, social and physical. If one or more of these are absent, vulnerability increases exponentially. Resilient communities are those that have a diverse economic base and so are not totally exposed when a disaster such as tsunami strikes (Pomeroy et al., 2006). As Miller et al. (2006: 51) emphasise:

Those households wholly reliant on a single resource have proven to be less resilient than others in situations where that resource has been severely damaged. Diversifying livelihoods, creating jobs and income-generating opportunities for both men and women, and enhancing the resource base will help contribute to building resilience to future extreme events.

More recently, Amirthalingam and Lakshman (2009) have highlighted the different levels of vulnerability and resilience existing between four different categories of livelihood in non-metropolitan Sri Lanka: Type I Labour; Type II Labour; Government Service; and Entrepreneurship. The clear message from their research involving 76 households in Batticaloa is that resilience is greatly increased if there is a mix of skill and other livelihood assets within individual households and communities.
Potentially, tourism certainly has a role to play in building resilient communities, but not in the form of the kinds of developments that the Sri Lankan government seems intent upon fostering at the present time. Large-scale, enclave resorts provide few income-generating opportunities for poor and marginalised households who invariably do not have the requisite language and educational background or other necessary forms of capital. There needs to be a renewed emphasis on evaluating tourism developments against the criteria set down in the Cape Town Declaration discussed earlier in this report.

Throughout the report the elements of what can and does work for pro-poor, and low environmental impact tourism endeavours have been touched upon in passing. In this final section we shall reiterate these elements, highlight what needs to change in terms of tourism planning and development in Sri Lanka and also point to some of the positive things that are currently happening.

First, there is near universal acknowledgment in the literature that the kind of tourism that works best for poor and marginal groups is that which is small-scale, often nature-based, and developed around locally owned, controlled and resourced, micro-enterprises. In their study of the Pinnawala Elephant Orphanage facility, mentioned earlier, Tisdell and Bandara (2003:1) refer to such enterprises by the acronym NWBTR (nature/wildlife based tourism/recreation) and conclude that ‘in the long run they provide more direct income to local residents with lower leakages than large-scale development, while minimising adverse ecological, social and cultural effects’. We highlighted the numerous economic ‘spin-offs’ that have been generated by the Orphanage since its inception (gift shops, cafes and auto repairs, for example) and there is little doubt that a similar model—based around different kinds of attractions such as national parks, pilgrimage sites etcetera. —could be replicated in other parts of Sri Lanka.

Earlier, we also made mention of the most recent estimates of dramatic biodiversity decline in Sri Lanka as assessed in the IUCN ‘Red List’. This offers a unique challenge and opportunity for Sri Lanka to follow the lead of such countries as Costa Rica, Kenya and Tanzania and make nature-based, eco-tourism the central plank of its tourism strategy. More than ten years ago, Steele et al. (1998) made a strong case for capitalising on the economic opportunities that exist in and adjacent to such national parks as Yala, Udawalawe and Budala, but few of their 33 recommendations were acted upon23.

More recently, Buultjens et al. (2005) have focused in some detail on the enormous challenges facing the growth of nature-based tourism in Sri Lanka, particularly at Ruhuna National Park (Yala). Currently, for example, the park is poorly maintained, tourist numbers (around 150,000 annually and an additional 400,000 pilgrim visitors) are far in excess of the administrative capacity, and receipts from tourist visits largely go into consolidated revenue rather than being ploughed back into park management and interpretation or adequate salaries for park staff.

In many cases all that is required to establish micro-enterprises in the vicinity of sites such as Yala, with its huge ‘pilgrim’ clientele, is a relatively small amount of financial capital together with some basic skills and entrepreneurial capacity. In practice, the former can often be sourced from government, NGOs, other family members or money-lenders in the form of loans or donations. But a lack of entrepreneurial capacity is frequently a major stumbling block, especially in communities where there is a strong culture of welfare dependency.

23 It also needs to be pointed out that an emerging market for carbon credits will provide a much-needed incentive to preserve biodiversity in developing countries. The nascent international framework is known as REDD (Reducing Emissions from Deforestation and Degradation). See Parkinson (2009).
Bridging the gap ‘from poverty to enterprise’ has been identified as a serious issue in Sri Lanka. The ILO’s Enterprise for Pro-poor Growth (Enter-Growth) programme, for example, listed the following as common ‘barriers to enterprise’ in Sri Lanka (Seeley, 2008:3):

- Cultural beliefs derived from Buddhism or Hinduism
- Culture of dependency
- Business and manual work valued lower than white collar, government jobs
- Negative perceptions of entrepreneurs and business
- Fear of appearing ambitious, the envy of others;
- Lack of appreciation for skills (such as planning) necessary for success in business.

The ‘Palama Forum Theatre Project for Enterprise Culture’ that ran from 2005 to 2008 is a landmark project seeking to shift peoples’ attitudes towards entrepreneurialism in Sri Lanka (Seeley, 2008). The value-shift that it was targeting had much in common with the proposals articulated by Yang and Wall (2008) in their study of ethnic tourism in Yunnan, China. Emphasis, for example, is placed on financial assistance, jobs' training for ‘non-traditional’ occupations and information dissemination. But change cannot come about in Sri Lanka unless some of the other fundamental constraints identified in the survey by Deininger et al. (2007) are also addressed urgently.

Both Samarasuriya (1982) and Shaw (2009) have focused in some detail on the opportunities that tourism potentially offers women but emphasise that a few, strategic, helping initiatives in such forms as language and business training would be of great assistance. Samaraasuriya (1982), in particular, is a strong advocate of locally based organisations offering a mix of support, marketing and other information and finance to women. Lacher and Nepal (2010), too, emphasise the need for village-level collaboration in order to limit the ‘leakage’ of revenue from tourism to metropolitan centres. Currently, such organisations are rare but, in closing, the excellent work of the Foundation of Goodness in the Seenigama district, post-tsunami, does provide one relevant model. The Foundation—which was started by a wealthy, local philanthropist—is involved in building a range of skills among young people, especially language and computer skills. Its purpose-built headquarters also houses facilities for tourists and there are classrooms, a medical clinic, meeting rooms and a shop selling locally produced handicrafts.


Canadian Agro-Sustainability Partnership Inc. (CASP), 2009: *Tourism Sector Report. Ampara District Master Plan, Section XIII.*


UNCTAD, 2004: Lisbon Declaration on Sustainable Tourism for Development, UNCTAD TD(XI)/PC/6, Lisbon, Portugal.

UNWTO/UNEP, 2008: Climate Change and Tourism: Responding to Global Challenges. Madrid.


Williams, S., 2008: Rethinking the nature of disaster: From failed instruments of learning to a post-social understanding. Social Forces 87(2): 1115-1138.


