

**ECONOMIC
REVIEW**

Feb./March 2011

A flock of six seagulls is captured in flight against a cloudy sky. The birds are arranged in a descending line from the upper right towards the lower left. The ocean is visible at the bottom of the frame, with a clear horizon line.

Tourism

A People's Bank Publication

DIARY OF EVENTS

February

3rd The International Monetary Fund (IMF) disbursed its sixth tranche of Sri Lanka Stand-By Arrangement (SBA) to the value of US\$ 216.6 million.

5th A series of super-cell storms evacuated thousands of Australians from Victoria's flood-stricken towns.

6th The Disaster Management Centre of Sri Lanka reported that 1,243,478 people were affected by floods in 18 districts in the island. Eleven deaths were reported while 250,501 people were displaced.

9th A UN official reported that continuous severe drought threatened 2.4 million people in Somalia where malnutrition and food shortages are serious problems.

11th Egyptian Army took over power after a mass protest against President Hosni Mubarak in Egypt, ending his 30-year rule.

12th The Minister of Disaster Management, Sri Lanka, revealed that the relief operations to restore infrastructure and rebuild the livelihoods of 1.2 million people affected by the second wave of the flood disaster in the country will cost the government Rs.33 billion.

13th Egypt's military dissolved the Parliament and suspended its Constitution following the ouster of long-time leader Hosni Mubarak.

15th 'The Independent', a London newspaper, named Sri Lanka a travel 'Hot Spot' for 2011.

18th New protest in Egypt kept pressure on the Army to speed up reform.

21st A 6.3 magnitude (Richter Scale) earthquake shook Christchurch in New Zealand.

Thousands of people in the Philippines fled their homes as a volcano erupted.

The Libyan Deputy Ambassador to the United Nations called on the country's ruler Muammar Gaddafi to step down and face trial over "war crimes and genocide".

Revolt grew in Libya, a neighbour of Egypt.

23rd The Indian coast guard handed over 16 fishermen and a fleet of trawlers to the Sri Lanka Navy at the International Maritime Boundary in Mannar.

26th The Maldivian President Mohamed Nasheed met the Sri Lankan President Mahinda Rajapaksa at Temple Trees, Colombo for bilateral talks on issues affecting the two countries and the region.

March

1st The UN Secretary General Ban-Ki-Moon announced that the United Nations General Assembly suspended Libya's membership in the UN Human Rights Council.

2nd Sources in New Delhi reported that India and the 10 nations of ASEAN (Association of Southeast Asian Nations) bloc aim to increase trade by 40 percent by 2012.

4th Syrian activists demanded political reforms be made a top priority as revolts rattle regimes across the Middle East, toppling Egypt's and Tunisia's leaders in less than a month.

The Sri Lanka President Mahinda Rajapaksa requested the Libyan leader Muammar Gaddafi to restore peace in Libya soon.

6th The Libyan leader Muammar Gaddafi said that he wanted the United Nations (UN) or the African Union (AU) to probe the unrest rocking in Libya and promised free access for investigators.

7th A strong 6.6 magnitude (Richter Scale) earthquake hit off the Solomon Islands.

8th Anti-government protestors in Bahrain gathered outside the US embassy in Manama, calling Washington to stop supporting the autocratic regime of the ruling Al Khalifa royal family.

9th A major 7.2 magnitude (Richter Scale) earthquake struck off Japan, and triggered a 60-centimetre (24 inch) tsunami, swaying buildings in Tokyo.

After a revolution called 'Jasmine Revolution' which ended the former dictator's rule, Tunisian Court dissolved the ruling party of the ousted Tunisian President Zine El Abidine Ben Ali.

10th Haitian authority reported that, there was 4,672 Cholera death toll in Haiti since last October when the first case of Cholera was detected.

The Power and Energy Minister of Sri Lanka disclosed that the Ceylon Electricity Board earned a profit of Rs.5,062 million in 2010 for the first time in the last decade.

11th A massive tsunami triggered by 8.9 magnitude (Richter Scale) earthquake hit Japan, causing extensive losses of thousands lives and economic damage estimated at over US\$10 billion.

12th Another 6.6 magnitude (Richter Scale) quake hit Nagano and Niigata in Japan.

As a result of March 11th disaster, Japan's Fukushima atomic plant exploded.

13th Geo physicists of the National Aeronautics and Space Administration (NASA) revealed, that the powerful earthquake that unleashed a devastating 'Tsunami 11th March' appears to have moved the main island of Japan by eight feet and shifted the earth on its axis. This can speed up earth's rotation by 1.6 micro seconds which in turn causes shortening of the day.

Japan battled with a meltdown of two reactors at a quake-hit nuclear plant.

The US and Russia held talks to discuss an initiative for a joint US-Russia missile as well as ways to boost their economic ties.

Thousands of people were taken to the streets in towns across Italy to protest against Italian Prime Minister Silvio Berlusconi's policies.

The Arab League appealed to the United Nations to impose no-fly zone on Libya's government troops backed by war-planes fought to drive rebels from remaining strongholds in the West of the country.

15th The 3rd and 4th reactors of the Japan's Fukushima atomic plant exploded. It made the radiation levels more dangerous.

The Libyan government forces struck the rebellions' heartland, Eastern city of Ajdabiya with air strikes, missiles and artillery.

The Bahrain King declared Martial Law as his government struggled to quell an uprising by the island's Shi'ite Muslim majority.

16th The official number of death and missing after a devastating earthquake and tsunami that flattened Japan's North East coast has neared 15,000, and hinted at a much higher toll.

Tokyo news sources reported that Gold prices fall in the wake of Japan's disaster.

18th After Berlin abstained in the UN vote to impose a no-fly zone, German Foreign Minister Guido Westerwelle said that no German troops will take part in any military intervention in Libya as there are "considerable risks and dangers".

The people of Bahrain joined the regional movements for democracy by demanding the end of Bahrain's monarchy.

The US President Barack Obama was criticised by his opponents in the US for his handling of the growing wave of resentment in Arab countries.

20th The US, Britain and France pounded Libya with Tomahawk missiles and air strikes.

China expressed regret over the multinational air strikes in Libya.

21st Venezuelan President Hugo Chavez blasted the military attack on Libya by the Western alliance.

Turkish Prime Minister Recep Tayyip Erdogan expressed opposition to air strikes on Libya.

Cuba strongly condemned the foreign military intervention in Libya's domestic affairs.

India expressed regret about the air strikes on Libya carried out by France, Britain and the United States, calling for a peaceful solution to the crisis.

Religious leaders in Yeman called on embattled President Ali Abdullah Saleh to resign as dozens of people have been killed by pro-Saleh supporters.

The World Bank said that Japan's massive earthquake and tsunami could cost its economy up to US\$ 235 billion, or 4.0% of annual output of the country and reconstruction may take five years.

22nd Sri Lanka's first coal-based power plant in Norochcholai was opened by President Mahinda Rajapaksa. It will add 300MW to the national grid.

The United States placed sanctions on 14 firms controlled by Libya's State Oil Company, tightening a financial noose on a key source of funds for the Muammar Gaddafi's regime.

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Published by :

Research Department,
People's Bank,
Head Office,
Sir Chittampalam A.
Gardiner Mawatha,
Colombo 02,
Sri Lanka.

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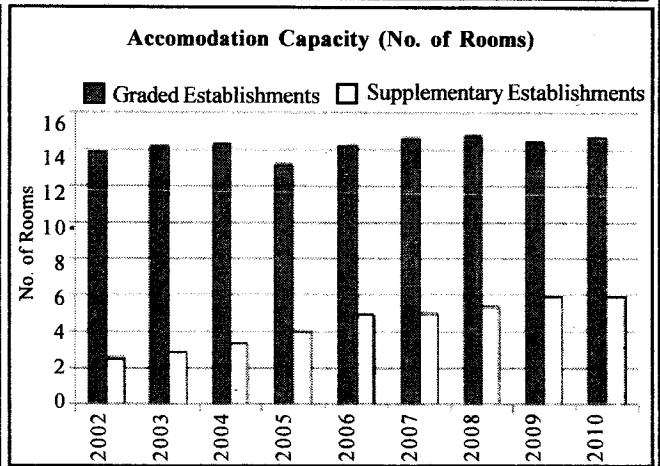
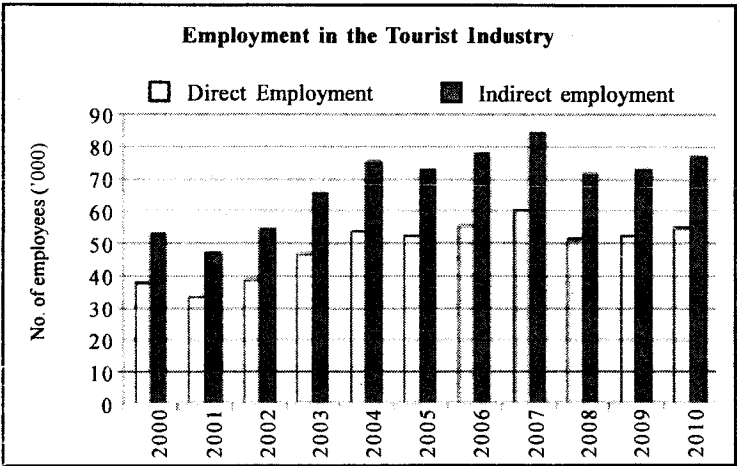
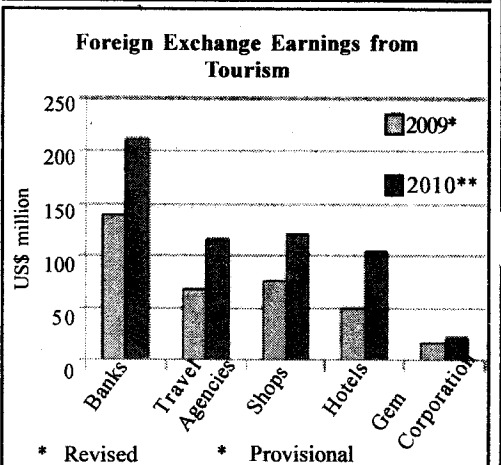
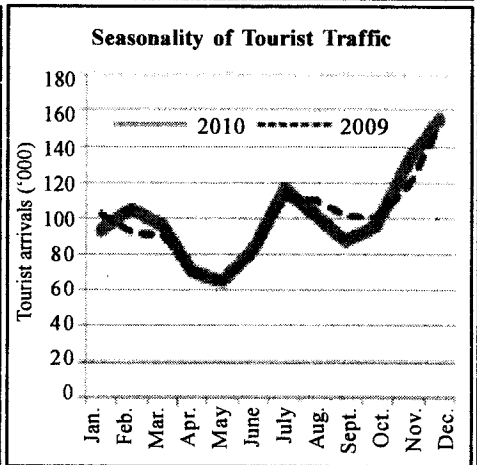
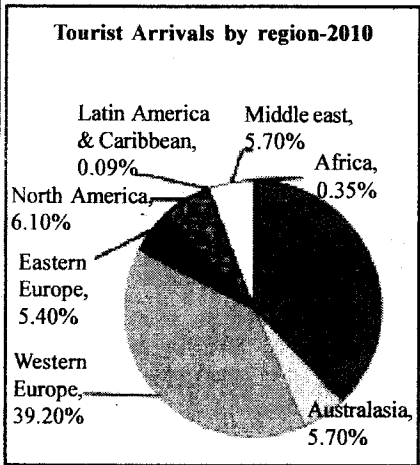
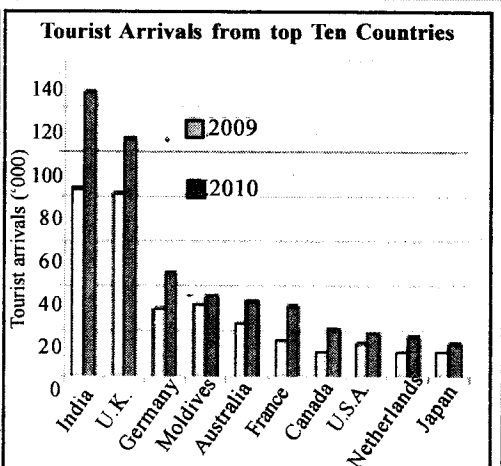
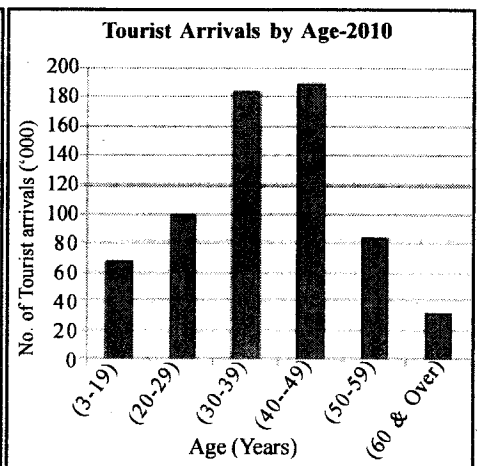
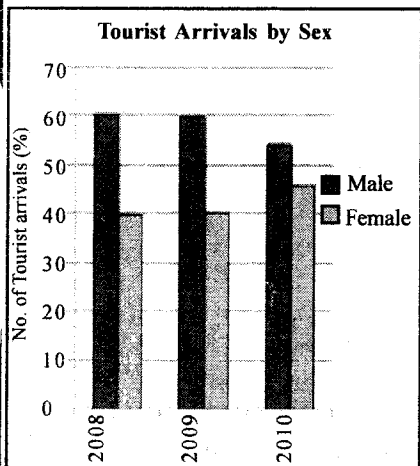
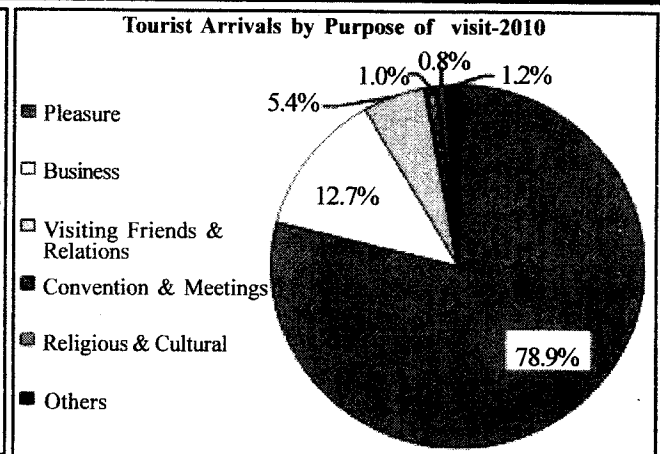
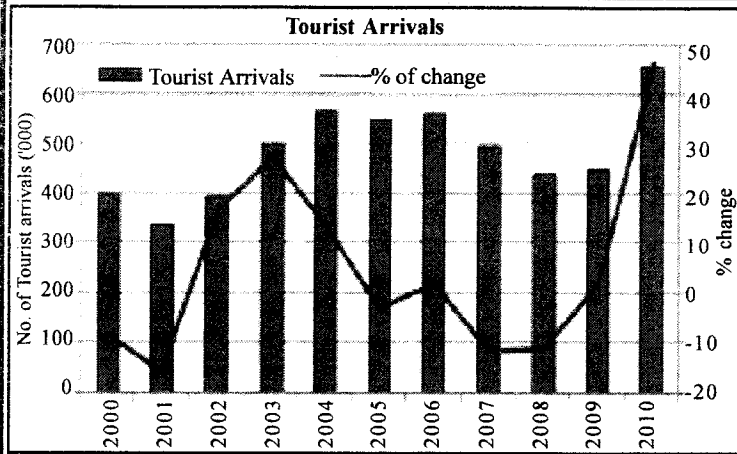
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Source: Sri Lanka Tourism Development Authority

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World and Regional Situation of Tourism Industry

Introduction

Now, there is a growing realisation among the developing countries that tourism industry is a potential source of economic growth and employment generation. This, predominantly a service sector activity, has already done wonders in many countries like Spain, France, Mexico, Thailand and many more. Still, it might be argued that, tourism has now become highly inter-disciplinary business. It is being studied from anthropology to economic sciences to environment. Still, it is found that this activity is largely guided by human actions having great economic potentiality, as the world is moving towards higher level of economic growth and development. Tourism might be pursued for different reasons like leisure (recreation, holiday, health, study, religion and sport) or for business, family mission, meetings, etc. Broadly, these remain the same, but, new dimensions may keep on adding to the existing broad categories like reproduction tourism, sex tourism, sustainable tourism, biodiversity, etc¹. Tourism might be domestic or foreign. Here, we shall be dealing only with the international tourism. This has been catching the attention of the scholars since the beginning although inducement effect of the domestic tourism for economic growth is no less important. In fact, now tourism has taken a specific shape with focused policy and statistical measurements, unlike in the beginning of the twentieth century².

International tourism gets additional significance, because it leads to foreign exchange earnings which is more crucial for poor and developing countries and brings more indirect opportunities to the destinations. According to UN Secretary-General, Ban Ki-moon (2010), "When approached in a sustainable manner, travel for recreation can help drive economic growth and alleviate poverty. In fact, tourism has proved one of the leading ways for the least developed countries to increase their participation in the global economy. The UNWTO's own 'Sustainable Tourism – Eliminating Poverty' initiative illustrates the role of tourism in achieving the Millennium Development Goals"³. Economic significance of the international tourism for low and middle-income countries has been well highlighted by Ashley and Mitchell (2005) as they argued that 'International tourism receipts for low- and middle-income countries were US\$ 153 billion in 2003, significantly higher than the US\$ 68 billion of official aid spent in these countries'⁴.

It might also be used to infer about another dimension of tourism, i.e., the tourism can be used to globalise the national economy to get greater spill over benefits for the economy⁵. Binns and Nel (2002) have shown with the South African case study that how tourism might be effectively used for local development strategy in solving the problems like poverty, through economic uplift and community development. The issue is being taken further now to find out how

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tourism might be used for sustainable development in any country (Tao and Wall, 2008). However, different countries have different potentialities for earnings through tourism (Thrane, 2008). This might not necessarily require that all countries must have similar tourism strategies. Rather, these must be embedded in the national contexts (Ooi, 2002).

Tourism at the Global Level

The present-day tourism expansion is an outcome of the increasing globalisation around the world. It could be argued, at the outset, that tourism activities are mainly embedded in the services sector of an economy although other activities are also linked through inducement effects. Here, we shall be looking at the pattern of international tourism since the early 1990s when most of the countries around the world went for large-scale economic reforms encompassing globalisation as the main plank.

It could be seen from Table 1 that the world tourism growth is approaching nearly 4 percent during 1993-2010. It shows that, given the pace, the number of tourists would be nearly doubled in two decades. The growth rate of the world GDP

(Gross Domestic Product) has been 2.9 percent a year during 1990-2000 and 3.2 percent during 2000-08⁶. The international tourist arrivals' growth rate is 3.7 percent⁷ and the growth rate of the revenue receipts from the tourists at the world level has been much higher, at 6.3 percent a year. From these statistics, it might be inferred that the propensity to spend by the tourists is increasing. Alternatively, it could be deduced that the tourism sector has the potentiality to grow faster than the GDP, and even broad sectors like the manufacturing and the services, although the tourism is largely embedded in the latter sector. Average growth rate of the service sector at the global level was 3.1 percent during the 1990s while in the following period it grew at 3.2 percent. Thus, it could be a major source of economic growth. It seems to have high income elasticity as well. This is well understood by the fact that the tourism intensity has become almost 14 percent in 2008, i.e., number of international tourists was 913 millions while the world population was 6,697 million. This is also a strong indicator of global integration socially, politically as well as economically. Moreover, the World Tourism Organisation expects that by 2020 the number of international arrivals is expected to reach 1.6 billion.

Regional Pattern of Tourism

The regional pattern of international tourist arrivals offers a very significant inference for the developing economies, particularly in Asia and the Pacific region along with the Middle East. One thing that could be underlined at the outset is the fact that all the regions around the world are

Table 1: Tourist Arrivals in the World from 1993 to 2010

Year	Arrivals (Millions)	% Change	Revenue Receipts (US billion \$)	% Change
1993	515.7	3.0	321.9	2.1
1994	550.0	6.7	354.9	10.3
1995	550.0	0.0	405.9	14.2
1996	572.2	6.3	436.5	7.7
1997	596.0	4.1	442.8	0.7
1998	614.3	3.1	444.8	0.6
1999	637.4	3.8	458.2	3.3
2000	684.7	7.4	475.3	4.3
2001	684.4	0.0	463.8	-2.8
2002	704.7	3.0	481.9	2.3
2003	692.2	-1.8	529.3	8.5
2004	761.4	10.0	633.2	19.7
2005	803.0	5.5	679.6	7.3
2006	847.0	5.4	744.0	9.5
2007	904.0	6.7	857.0	15.2
2008	913.0	1.0	942.0	9.9
2009	877.0	-4.0	852.0	-9.6
2010	935.0	6.7		
Growth rate (% per year)	3.7		6.3	

Source: Calculations based on data from *India Tourism Statistics* (Various issues) and *UNWTO News* (Various issues)

experiencing positive growth rate during 1993-2010 in terms of tourists' inflow from other countries. Still, the gap between the developed and developing regions are now wide and getting favourable to the latter regions. Broadly, for tourism purposes, the World Tourism Organisation (WTO) has divided the world into five regions - Africa, America, Asia & the Pacific, Europe and the Middle East. Europe on the whole is considered to be developed region. While the America's main players are the USA and Canada which are obviously well developed, others in the region are developing countries with varying degrees. Asia & Pacific also has some developed nations. Still, it is significant here that the international tourism has been basically confined to Europe and the America. Now, the trend is changing rapidly. Table 2 shows that there is big gap in terms of tourist inflows among the different regions. American region has been the

slowest performer with just a growth of 2 percent annually during 1993-2010 followed by Europe with 2.5 percent annual growth rate. On the other hand, Africa has been doing well by showing a growth rate of 6.2 percent which is somewhat better than the Asia & the Pacific region (6.1 percent). Among all these, the Middle-East region has gone ahead of other with a spectacular growth rate of above 11 percent, being almost twice of Africa and the Asia & Pacific.

Further analysis of the growth pattern is undertaken through the estimation of growth of tourist arrivals in a quadratic regression model. It is encouraging to find that, despite two major crises during the last two decades (aftermath of 9/11 terrorist activity in the USA and global slowdown originating in late 2008), there has been some slowdown for a temporary period in tourist arrivals. However, the world economy finds some support from accelerated

Table 2: Regional Pattern of International Tourist Arrivals (in millions) from 1993 to 2010

Year	Africa		America		Asia & the Pacific		Europe		Middle East	
	Arrival	% Change	Arrival	% Change	Arrival	% Change	Arrival	% Change	Arrival	% Change
1993	18.5	2.8	102.1	-0.2	74.7	10.9	309.9	2.5	10.5	0.0
1994	18.9	2.2	105.0	2.6	80.7	8.0	335.0	8.0	11.1	5.7
1995	20.0	5.8	109.0	3.8	86.0	6.1	322.0	-3.7	14.0	22.5
1996	21.8	9.0	115.0	5.9	93.4	9.1	354.0	9.7	13.3	-2.2
1997	23.2	6.4	117.0	1.2	93.1	-0.3	371.0	4.9	14.3	7.5
1998	24.9	7.3	120.0	2.5	93.2	0.1	374.0	0.7	15.1	5.6
1999	26.2	5.2	122.0	2.3	103.0	10.1	381.0	1.8	20.5	35.8
2000	27.9	4.3	128.2	5.1	110.6	12.0	393.6	6.8	24.5	13.7
2001	28.8	3.2	122.2	-4.7	115.8	4.7	393.1	0.1	24.5	0.3
2002	29.8	3.5	116.8	-4.4	124.9	7.8	404.8	3.0	28.4	16.0
2003	31.4	5.3	113.3	-3.0	113.2	-9.4	404.9	0.0	29.5	3.7
2004	34.2	8.9	125.8	11.0	144.1	27.3	421.0	4.0	36.2	2.7
2005	37.3	9.1	133.2	5.9	155.3	7.8	438.7	4.3	38.0	4.9
2006	41.4	11.0	135.8	1.9	167.0	7.5	462.2	5.4	40.9	7.6
2007	44.4	7.2	142.5	4.9	184.3	10.4	484.4	4.8	47.6	16.4
2008	44.4	0.0	147.8	3.7	184.1	-0.1	480.8	-0.8	55.9	17.4
2009	45.8	3.2	140.5	-4.9	181.0	-1.7	459.6	-5.0	52.7	-5.7
2010	48.7	6.4	151.2	7.7	203.8	12.6	471.5	3.2	60.0	13.9
Growth rate(%)	6.2		2.0		6.1		2.5		11.4	
CV* (%)	51.11		192.36		113.07		137.87		109.50	

CV - Coefficient of variation

growth rate in tourist arrivals. In fact, the acceleration tendency is found to be further stronger for the revenue receipts from the tourists. This acceleration is due to contribution by the three emerging regions of Africa, Asia & the Pacific, and the Middle East whereas the traditionally dominant regions of Europe and America are not showing any such tendency. Thus, the emerging regions might be looked upon as the potential sources of tourism expansion at the global level.

Impact of such changes in regional growth pattern of international tourist arrivals is shown in Table 3. Share of the Europe has declined sufficiently from 60.1 percent in 1993 to 50.4 percent in 2010 and so is the case with the America. However, all other regions have gained due to their higher

performance. There have been big increases in the shares of the other three regions. Now, share of the Asia & Pacific region (21.8 percent) has exceeded that of the America (16.2 percent). Middle East has gone ahead of Africa and the former's share during the period has become three fold. Thus, higher performance of the three emerging regions and slow performance of the traditional strongholds are responsible for change of structure in tourist inflow and size as well.

There are few countries in the world which are the traditionally most favoured destinations for the

international tourists. In the top 10 countries list (Table 4), countries are mainly from Europe followed by America. But now the countries of Asia⁸ are also gradually emerging as Malaysia has replaced one European nation although China has been already there. Besides, the emerging countries are showing faster growth of tourist inflow. This is what we can derive from earlier analysis as well. This is a positive sign of tourism expansion.

Such tourism expansion might be attributed to several reasons. More and more countries from different regions of the world have been

Table 3: Regional Structure of International Tourist Arrivals (percent) in 1993, 2000 and 2010

Year	Africa	Americas	Asia & Pacific	Europe	Middle East	World
1993	3.6	19.8	14.5	60.1	2.0	100.0
2000	4.1	18.7	16.2	57.5	3.6	100.0
2010	5.2	16.2	21.8	50.4	6.4	100.0

going for market reforms in their economies along with increased integration with the world economies. This is leading to greater interests and movements in the emerging economies. Now, many countries are gradually realising the significance of tourism in economic growth, and therefore, orienting the policy strategy accordingly. Increased global income is responsible for more expenditure on the tertiary and service sectors is one of the major beneficiaries of that. Increased tourism-related infrastructure and modes of travel and communication, besides the significant role of the internet-based information and interactions, now make the tourism and travel more convenient and trouble free.

Aramberri (2009) has categorised the countries into different groups based upon the share of Travel & Tourism (T&T) in their respective GDPs. They are:

i. Top producers (it includes the Maldives which has the highest T&T share in its GDP)

ii. Successful developers which are further sub-categorised as:

a. Developed countries

b. Rising stars (e.g., Thailand, Malaysia and Indonesia are included)

c. Flip-floppers (e.g., Sri Lanka and Nepal are included)

iii. Laggards which is further sub-divided into two groups:

a. Countries having T&T share in their GDP in the range of 8 – 6.6 percent (e.g., Philippines, Russian Federation, Vietnam and Mexico)

b. Countries having T&T shares in their GDPs less than 6.6 percent (in this category countries like South Africa, China, India, Pakistan and Bangladesh are included).

Conclusion

Tourism has been a growing business now in most part of the world, besides it is being used as new and potential source of economic growth and employment in many countries. The prospects of international tourism are increasing due to changed world economic order where globalisation is getting more and more prominence. There is increased growth trend in international tourist arrivals and revenues earned from them. Many regions, particularly the developing regions

like Africa, Asia & the Pacific and the Middle East are showing an accelerating trend in tourist arrivals unlike the established regions like the America and Europe. These emerging regions are found to be propelling the world tourism. The world tourism shows sign of acceleration in the last two decades. Thus, the pattern of world tourism is changing where newer destinations, particularly from developing regions, are gaining prominence. The developing nations strategise their policies and tourism products in such manner that increased wealth around the world through growing international tourism is shared by them for their economic development.

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Table 4: Top 10 Countries in Terms of International Tourist Arrivals in 2000, 2005 and 2009

Rank	2000		2005		2009		
	Countries	Arrivals (millions)	Countries	Arrivals (millions)	Countries	Arrivals (millions)	Share in World (%)
1	France	75.6	France	75.9	France	74.2	8.43
2	USA	50.9	Spain	55.9	USA	54.9	6.24
3	Spain	47.9	USA	49.2	Spain	52.2	5.93
4	Italy	41.1	China	46.8	China	50.9	5.78
5	China	31.2	Italy	36.5	Italy	43.2	4.91
6	UK	25.2	UK	28.0	UK	28.0	3.18
7	Russian Fed.	21.2	Mexico	21.9	Turkey	25.5	2.90
8	Mexico	20.6	Germany	21.3	Germany	24.2	2.75
9	Canada	19.7	Turkey	20.3	Malaysia	23.6	2.68
10	Germany	18.9	Austria	20.0	Mexico	21.5	2.44
	Total top 10 countries	352.3	Total top 10 countries	375.8	Total top 10 countries	398.2	45.25
	World	684.7	World	803.0	World	880.0	100.00

Source: Calculations based on data from *India Tourism Statistics* (Various issues) and *UNWTO News* (Various issues)

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- * Department of Economics, University of Lucknow, L U C K N O W (I n d i a) mk_agarwal@hotmail.com; mkagarwal_lu@rediffmail.com
- ¹ World Tourism Organisation (UNWTO) has been celebrating World Tourism Day (27th September every year) by focusing on different themes having contemporary and long run relevance like *Tourism and Biodiversity* in 2010; *Diversity* in 2009; *Tourism: Responding to the Challenge of Climate Change* in 2008; *Tourism Opens Doors for Women* in 2007; *Tourism Enriches* in 2006; *Travel and transport: from the imaginary of Jules Verne to the reality of the 21st century* in 2005; *Sport and tourism: two living forces for mutual understanding, culture and the development of societies* in 2004. Thus, there are growing realisations and efforts to make the tourism more relevant and responsive to the global requirements. For example, in 2002 at the UN World Summit on Sustainable Development world's Governments agreed to "achieve by 2010 a significant reduction of the current rate of biodiversity loss at the global, regional and national level as a contribution to poverty alleviation and to the benefit of all life on Earth". Therefore, the theme of 2010 Tourism Day has been Tourism and Biodiversity.
- ² Regarding the tourism expansion in America, Brown (1935) argues that little study about the tourism 'crop' in America might be attributed to the fact that tourism had been only by a 'few relatively rich people until the coming up of the automobile. The habit of compiling statistics on tourism did not develop.' (p.468).
- ³ World Tourism Organisation, 2010: *Tourism and Biodiversity*; *UNWTO News*, Issue 3/2010; p. 12
- ⁴ Quoted in Sen and Agarwal (2007), p.3
- ⁵ Agarwal and Upadhyay (2006) have highlighted about the Nepalese economy that 'The opportunity can be ceased by promoting tourism further to globalise the Nepalese economy for its growth and modernisation'. (p. 318)
- ⁶ *World Development Indicators 2010*
- ⁷ According to the World Tourism Organization, the international tourism arrivals increased from 25 millions in 1950 to 806 millions in 2005. The income generated by these arrivals grew at an even stronger rate reaching 11.2% during the same period, outgrowing the world economy, reaching around US\$ 680 billion in 2005. While in 1950 the top 15 destinations absorbed 88% of international arrivals, in 1970 the proportion was 75% and decreased to 57% in 2005, reflecting the emergence of new destinations, many of them in developing countries. (www.unwto.org)
- ⁸ Winter (2007) argues that there has been insufficient attention about the growing Asian tourists and Asian tourist within Asia that need to be looked properly and more focused research is needed on such issue.

Recent Trends and Patterns of Tourism Employment and Challenges for Manpower Development in Tourism Industry of Sri Lanka

Introduction

Despite having various definitions for tourism, the World Tourism Organisation (WTO) has defined tourism "travelling to and staying in places outside their usual environment for more than twenty four (24) hours and not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited". On the other hand, tourism is a collection of activities, services and industries that deliver a travel experience, including transportation, accommodation, eating and drinking establishments, retail shops, entertainment facilities and other hospitality services provided for individuals or groups travelling away from home (WTO, 2007).

Tourism is currently one of the world's largest industries with annual receipts of over one trillion US dollars. It is almost close to US\$ 3 billion a day. In 2010, International tourist arrivals were 935 millions, showing nearly 7% growth rate compared to 2009. Tourism exports account for nearly 30% of the world's exports of commercial services and 6% of overall exports of goods and services. Tourism is the fourth highest export category according to the ranking of the world's international trade after fuels, chemicals and automotive products. For many developing countries, tourism is one of the main sources of foreign exchange as well (www.wttc.org/eng/Tourism_Research).

Global tourism also generates income and employment, contributing to socio-economic development in many developed and developing countries. The travel and tourism industry, as being one of the largest and most dynamic industries in today's global economy, generated more than 235 million jobs in 2010 representing 8 per cent of global employment. It has been forecasted that there will be more than 258,592,000 jobs (8.8% of total employment) in 2011, and it will increase from 258,592,000 jobs to 323,826,000 jobs (9.7%) by 2021 (http://www.wttc.org/eng/Tourism_Research/). In addition, the United Nations World Tourism Organisation (UNWTO) has forecasted that global tourism would provide around 296 million jobs by 2019. Tourism has a potential to become a major generator of jobs after the recent global economic crisis. However, the success of these jobs depends on service quality, which, in turn, goes hand in hand with a skilled and motivated workforce.

Attractiveness of Sri Lanka as a Tourist Destination

Sri Lanka inherits many attractions, as a tourist destination, such as, beautiful natural beaches, lakes, waterfalls, mountain scenery, rain forests and majestic ruins of ancient civilisations, along with the compact nature of these resources crowded into a tropical island making it even more attractive to tourist arrivals. Very importantly,

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friendlier people with Buddhist, Hindu, and Christian cultures have created pleasant environment for tourists. Although, Sri Lanka is still popular destination for beach holiday attraction, the country has a great potential for the development of various types of specific tourism activities/segments based on its authentic culture, unique nature, rural lifestyle and friendly people.

It is worth mentioning the statement made by Marco Polo on the attractions of Sri Lanka which could clearly indicate the potential development of Sri Lanka tourism in global tourism.

On leaving the Island of Andoman and sailing a thousand miles, a little south of west, the traveller reaches Ceylon, which is undoubtedly the finest Island of its size in the entire war.

-Marco Polo

Historical Background of Tourism Industry of Sri Lanka

Before the independence of Sri Lanka in 1948, almost all tourists were transit passengers from the West and the East passing through Colombo. These transit passengers

generated a considerable demand for shopping in Sri Lanka. Colombo port was a major service point or a transit port during that time. Realising the potential, the British colonial government established a Tourist Bureau in 1937, to provide facilities and services for these tourists in Sri Lanka. With the outbreak of World War II, tourist arrivals declined significantly and the bureau was closed down (Samaranayake, 1997).

After independence, in a bid to develop tourism industry, the government re-established tourism bureau in 1948 and renamed it 'Government Tourist Bureau', first under the Ministry of Commerce, and later under the Ministry of Defence (Samaranayake, 1997). The development of Katunayaka International Airport in 1965, was an important step as was the conversion of some colonial buildings for international hotels. The establishment of the Ceylon Tourist Board and the Hotel Corporation in 1966 and the Hotel Training Schools in 1966 were also important milestones in the development of tourism in Sri Lanka in the 1960s. The tourism industry in Sri Lanka was officially institutionalised after the establishment of the Ceylon Tourist Board in 1966.

After having set the industry on a sound legal footing and organising it systematically in 1966, international tourist arrivals increased from 18,969 in 1966 to 23,666 in 1967, representing a 25% improvement over the previous year. Out of this total tourist arrival, 43% was from Western Europe, with 32% from Asia, 17% from North America, 5% from the South Pacific and below 1% from other regions. (Annual Report of Ceylon Tourist Board, 1976; Samaranayake, 1997).

On the basis of the tourist arrivals and receipts, the growth of the industry can be distinguished into four eras since 1966 (Figure 1). The

first era, from 1966 to 1977, showed a steady and fast rate of growth of tourist arrivals and receipts in Sri Lanka. During this era, the average annual growth rate of tourist arrivals was 22% with 40% for the tourist receipts. In the second era, from 1977 to 1982, the average annual growth rate of tourist arrivals and receipts were 23% and 32% respectively. The introduction of liberalised economic policies, the development of infrastructures, the greater involvement of the private sector and foreign investors were the major reasons for these changes. These were boosted by the factors such as favourable changes in exchange rates, the improvement of mass package tourism, the rapid development of the international transport system (in the wake of declining oil prices), and a stable international political and economic environment. Tourist arrivals reached a peak point in 1982. During the third era, from 1983 to 1989, the industry faced significant a "declining" stage, its attractions marred by the ethnic conflicts and youth unrest in Sri Lanka. During this period, average growth rates of tourist arrivals and receipts were -10.3% and -16% respectively. The fourth era began in 1990. The year 1990 was a considerable turning point for the industry when tourist arrivals recorded the highest growth rates (61%) of the industry since its inception. A short-term declining trend in the Tamil terrorist activities, the easing the youth unrest in the south of Sri Lanka, the devaluation of the rupee, government various promotional activities were some of the major reasons for this impressive growth. Unfortunately, this notable

progress was limited to only a short period, falling victim once again to the restarting of Tamil terrorist activities (e.g. president Premadasa's assassination in 1993, bomb blasts at the Central Bank of Sri Lanka in 1996 and at the Hilton Hotel in 1997). Despite these terrorist activities, the industry has been able to record around 10.9% of average annual growth rate for tourist arrivals and around 16% for tourist receipts during the time period from 1990 to 1999.

Despite a pick-up, the industry has not been able to utilise more than 50% of its room occupancy in most of the time periods since the beginning of the industry. This room occupancy ratio has considerably declined because of the Tamil terrorist activities in Sri Lanka. Unsurprisingly, terrorist activities have negatively affected, not only tourist arrivals, but also tourism receipts. The time duration of a tourist's stay in Sri Lanka has shortened and the travel areas tourists can visit in Sri Lanka have also been limited to the southern and central provinces of the country. This has led to a considerable reduction in tourist income in Sri Lanka.

Among the most glaring shortcomings which impeded the industry in 1990s are:

- 1) A lack of integrated policy and plan for tourism;
- 2) An inadequate private sector and local community involvement;

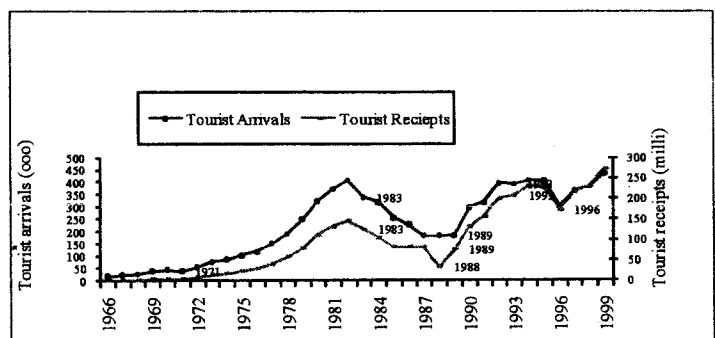


Figure 1: Tourist arrivals (000) and receipts (US\$ Mil), 1966-1999

Source: Author compilation from Annual Reports of Ceylon Tourist Board

3) A lack of a clear-cut division of responsibility between the ministry and other agencies involved in the tourism sector;

4) A lack of skilled manpower; and

5) Absence of co-ordination between the sectors responsible for the promotion of foreign investment.

After the elimination of terrorism in 2009, for last year 2010, tourist arrivals increased by 50 percent year-on-year (654,476), with earnings also keeping pace nearly 70 percent

growth (US\$ 250 million). The hotel and travel Colombo Stock Exchange (CSE) index increased by nearly 200 percent in 2010. The tourism industry in Sri Lanka has generated a substantial contribution to income and employment of the economy since the 1970s. According to several empirical analyses, the estimated overall tourism income multiplier is around 2. This means that one additional unit of rupee spending on tourism industry can generate at least 2 rupees through its multiplier effects of the economy. Pertinently, the tourism sub-sector multipliers are higher than those of many other sectors of the economy. A given unit of expenditure in the tourist sector can generate higher level of subsequent expenditure within the economy than the same unit expenditure spent in most non-tourism sectors. At present, the gross tourism earning represent around between 1.5% to 2% of GDP (Gross Domestic Product) in Sri Lanka, which is more or less similar to the contribution of tea (1.6%) and coconuts (1.7%) to the economy. The industry has a significant relationship with the other sectors of the economy through its strong forward and backward linkages (United Nations, 1996).

Table 1: Relative importance of tourism as foreign exchange (FE) earner

Sector	2008		2009	
	FE Earnings Rs. Million	% of FE Earnings	FE Earnings Rs. Million	% of FE Earnings
Textiles & Garments	376,024	26.5	376,146	26.2
Private Foreign Remittances	316,091	22.3	382,818	26.6
Tea	137,600	9.7	136,171	9.5
Transportation Services	108,430	7.6	99,391	6.9
Rubber based products	58,671	4.1	44,163	3.1
Tourism	37,094	2.6	37,506	2.6
Minor Agriculture products	31,069	2.2	28,161	2
Petroleum products	27,551	1.9	27,616	1.9
Computer & Information Technology Services	24,917	1.8	15,484	1.1
Others	302,118	21.3	289,122	20.1
Total	1,419,565	100	1,436,578	100

Source: Author's data compilation from Central Bank Annual Report (2009, 2010)

In terms of foreign exchange earning of the country, tourism industry still represents the sixth place of the country (Table 1). Tourism contributes 2.6% to foreign exchange earnings as compared to 26.6% from private foreign remittances, 26.2% from textiles and garments, 9.5% from tea, 6.9% from transportation services, and 3.1% from rubber-based products. However, the present position of tourism contribution on Sri Lanka's export economy may go up in coming years due to the rapid growth pattern shown in Sri Lanka tourism after 2009.

Impact of Tourism on Employment Generation in Sri Lanka

Being a very wide field, the scope of employment in tourism sector in general is very extensive, and most of these potentials are still largely untapped in many tourist destinations. Career opportunities exist in public and private sectors. In the public sector, there are opportunities in the directorates and departments of tourism of the centre and the state as officers, information assistants, tourist guides, etc. Qualified tourism professionals are highly demanded in the private sector with travel

agencies, tour operators, airlines, hotels, transport and cargo companies, etc. In addition, opportunities for self employment and employment in non-governmental organisations are available.

The tourism industry creates employment opportunities directly in tourism-related business establishments such as hotels and other accommodation units, restaurants, travel agents and tour operators, recreation and entertainment businesses, souvenir, handicraft and other shops, etc.

The contribution of tourism employment to the total employment of a country varies from country to country. In countries like Macao, China and the Maldives, tourism makes a significant contribution (around 60%) to their total employment of the country. Table 2, clearly shows that the contribution of direct tourism employment to total Sri Lankan employment (0.63%) and its total contribution (1.27%) are very low compared other Asian and Pacific countries.

In addition, various business operations indirectly involve with tourism businesses. In general, indirect employment generated as

a result of tourism is much higher than direct employment.

The tourism industry accounts for nearly 1.3% of the total employment in Sri Lanka. This can vary from 1.3% to 1.7% due to the different performance of tourism industry on total employment of Sri Lankan economy (Table 3), more specifically after post-war period. Hotel and restaurant, travel agents and tour operators, airlines and tourist shops are some of the important sectors in tourism employment of the country. Hotels and restaurants plus tourist shops are the most labour intensive sectors of the industry. Over three-quarters of the total direct employment is represented by hotel and restaurant of the industry. Travel agencies and tour operators, and airline companies also generate a considerable contribution towards tourism employment in Sri Lanka (Annual Reports of SLTDA (Former Ceylon Tourist Board), 2008 and 2009).

In comparison to most of the other sectors of the economy, contribution of tourism to the total employment in terms of compensation (salaries, wages, staff benefits, etc.) is relatively high, but not for all categories of employments of the industry. An

Table 2: Tourism Employment in some selected countries and in the world in 2008

Country	Direct tourism employment as a % of total employment	Total tourism employment as a % of total employment
Australia	4.7	11.0
Bangladesh	1.3	3.2
China	2.4	8.1
Fiji	9.3	24.7
India	2.7	6.5
Indonesia	2.0	6.5
Japan	4.0	10.1
Korea	2.1	8.1
Laos	3.3	9.1
Macao, China	37.6	70.7
Malaysia	5.2	11.7
Nepal	2.0	5.0
New Zealand	5.6	12.6
Pakistan	1.7	4.7
Philippines	4.0	10.5
Sri Lanka	0.63	1.27
Thailand	5.1	11.3
World Average	2.8	7.9

Source: Author's calculations based on <http://www.unescap.org/ttdw/> Publications, Central Bank Reports

even closer examination of the structure of tourism employment reveals several important characteristics. It is said that *"Too Many Unskilled, Low Paid Employees and Too Few High Skilled, High Paid Employees, but Fewer Employees between These Two Extremes"*. This situation can be shown in the composition and distribution of direct tourism employment in Sri Lanka (Annual Reports of SLTDA, Former Ceylon Tourist Board, 2009, 2010).

Mostly, the industry does not require highly academically-qualified and skilled experts, but the greater demand is for more supervisors, clerical and allied staff and, operative and manual workers. In general, around 83% of total direct employment is represented by technical, clerical and supervisory, and manual and operative jobs of the industry. Of the total direct employment, 58.5 percent represent in the technical, clerical and supervisory grades, 25 percent represent in the manual and operative grades and the balance 15 percent in managerial grades (SLTDA, 2010).

Table 3: Contribution of tourism to employment in Sri Lanka in 2008 and 2009

	2008	2009
Tourist arrivals	438,475	447,890
Labour force (000)	8,081,702	8,073,668
Unemployment ratio	5.4	5.8
Total employment of tourism	123,134	124,970
- Direct	51,306	52,071
- Indirect	71,828	72,899
Percentage of direct tourism employment in total tourism employment	42	42
Percentage of tourism employment in the labour force	1.27	1.79
Ratio of employment to tourist arrivals	3.6	3.6

Source: Compiled by Author from Annual Reports of Central Bank, 2009-2010; Annual Reports of SLTDA, 2009-2010.

The total number of persons employed directly in the tourism sector as at end of 2009 amounted to 52,071 and 51,306 recorded in 2008. Out of this total direct employment, around two-thirds of employees represent accommodation and catering sectors. Travel agents and tour operators accounted nearly for 14 percent while Airlines account for around 10 percent. Moreover, the share of technical, clerical and supervisory employment has

significantly increased for last few years. Most of the employment in the tourism industry, particularly in the hotel sector, is also temporary or seasonal. (SLTDA, 2010).

Tourism affects all communities directly or indirectly. It involves a huge range of businesses, from accountants and builders to hotels and supermarket workers. The tourism is one of the few intensive sectors of employment. Furthermore, the employment impact of tourism goes beyond employment in sectors in which tourists directly spend their money, such as hotels, restaurants and airlines. The establishments which receive tourists also buy goods and services from other sectors that generate employment in those sectors through multiplier effect.

On the other hand, domestic resource intensive, small-scale tourism sector has generated more employment opportunities, outstripping the large-scale sector. This can be traced to the higher backward linkages of tourist shops, guesthouses and restaurants (Silva, 2002; United Nation, 1996). Moreover, these linkages, too, produce a considerable amount of indirect employment, which is significantly higher than the amount of direct employment of tourism in Sri Lanka (Table 3). Ratio between direct employment to indirect employment represents around 1:1.4 (SLTDA, 2009). On the other hand, for every 100 jobs created in the tourism sector, there

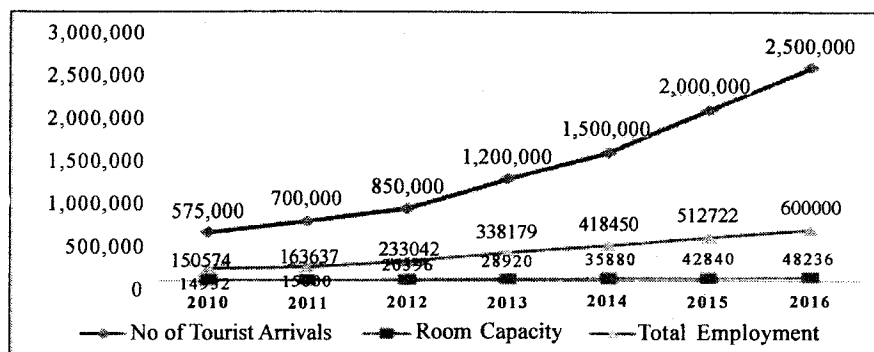


Figure 2: Expected tourist arrivals, tourist receipts and tourism employment

Source: Way Forward Report of SLTDA, 2010

will be 140 jobs generated in the supportive sectors to the tourism industry.

Future Challenges for Increasing Tourism Manpower Development in Sri Lanka

After elimination of ruthless terrorism, tourism industry has reached a new era of its development, which had not been seen for the last thirty years of Sri Lankan history. As a result, it is expected to attract 2.5 million tourist arrivals by 2016. It will require around 600,000 trained personnel for travel, tourism and hospitality industry in Sri Lanka (Table 4). Increasing tourist arrivals would lead to improve foreign income as well.

Along with expected tourist arrivals and anticipated room capacity, expected tourism employment has been forecasted from 1,50,574 persons in 2010 to 600,000 persons in 2016, as shown in Figure 2.

On the basis of expected tourist arrival from 2010 to 2016 and required accommodation facilities, the annual growth rates of tourist arrivals, accommodation facilities and levels of employment can also be illustrated in Figure 3.

Number of employment required with tourist arrivals can be measured either as a ratio based on number of tourists to the number employed or as the number of required employment per room. In general, 4 to 5 tourists can create one job (Silva, 2002; United Nation, 1996, 1993). Secondly, in tourism accommodation sector, on average, manpower requirement is 1.75 per room (SLITHM, 2010). This ratio can vary according to levels of star grade of these hotel rooms (Figure 4).

Along with the forecasted 2.5 million tourist arrivals, expected manpower for tourism industry can also be categorised into different

Table 4: Forecasted tourist arrivals from 2010 to 2016

Category	2010	2011	2012	2013	2014	2015	2016
1. Arrivals	575,000	700,000	910,000	1,183,000	1,537,900	1,999,270	2,500,000
2. Employment							
Direct Employment	62,739	68,182	104,545	140,908	177,271	213,634	250,000
Indirect Employment	87,835	95,455	146,363	197,271	248,179	299,088	350,000
Total Employment	150,574	163,637	250,908	338,179	425,450	512,722	600,000
3. Avg. Duration(nights)	8.9	8.6	8.3	8.0	7.7	7.4	7.0
4. Rooms Capacity	14,932	15,000	21,960	28,920	35,880	42,840	49,800
5. Foreign Ex Earnings (US \$ Mn)	506.1	600.0	980.0	1,360.0	1,740.0	2,120.0	2,500.0
6. Avg spending per tourist per day (US \$)	90.3	97.1	103.9	110.7	117.5	124.3	130.0

Source: Way Forward Report of SLTDA, 2010

classifications by considering skill levels of employees. Figure 5 indicates that a large amount of technical, clerical and supervisory category employment are required for tourism industry by 2016.

In addition, manpower requirement by different departments from 2010 to 2016 is shown in Figure 6. Food and Beverages (F&B) category of trained manpower will be the largest part among these categories. Generally, it represents around 24% of the total manpower requirement of the hotel and accommodation industry.

According to a newspaper-based job vacancy survey recently conducted by Sri Lanka Institute of Tourism and Hotel Management (SLITHM), several job categories in the hotel sector are highly demanded, but a very few trained persons are available for this categories jobs (Figure 7) (e.g. chef and executive chefs, management staff and trainee staff).

In addition to hotel and restaurant employees, more than 5,200 trained national guides and chauffeur guides are required for tourism industry by 2016 (Table 6) (SLITHM, 2010-2016).

On the basis of above analysis of future requirement of manpower development for tourism industry in Sri Lanka, major challenges in meeting the industry requirements are as follows:

- i. Increasing trained and skilled manpower with high quality and good customer-care attitudes within a short time period.
- ii. Meeting the demand for trained manpower by the industry with changing and churning due to the improvement of various new fields or segments in tourism and hotel management (such as spa management, event management, ecotourism, health and wellness tourism etc).
- iii. Poor tendency of the youth to engage with tourism employment.
- iv. Poor participation of women in tourism employment due to negative

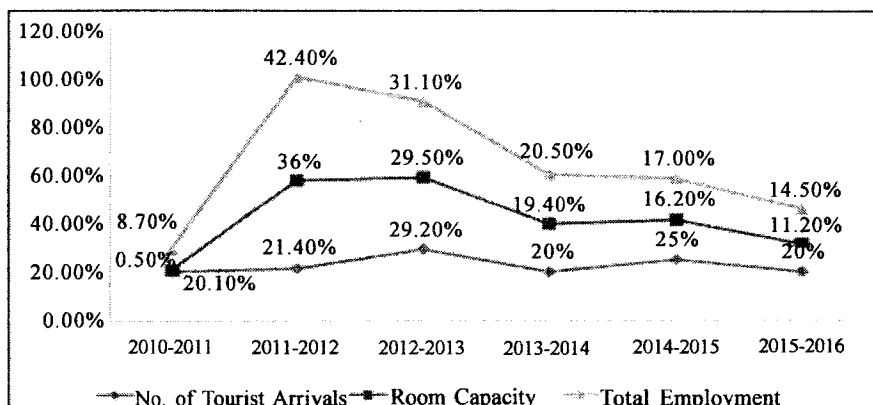


Figure 3: Growth rates of tourist arrivals, accommodation facilities, and employment

Source: Author's Calculation from Way Forward Report of SLTDA, 2010

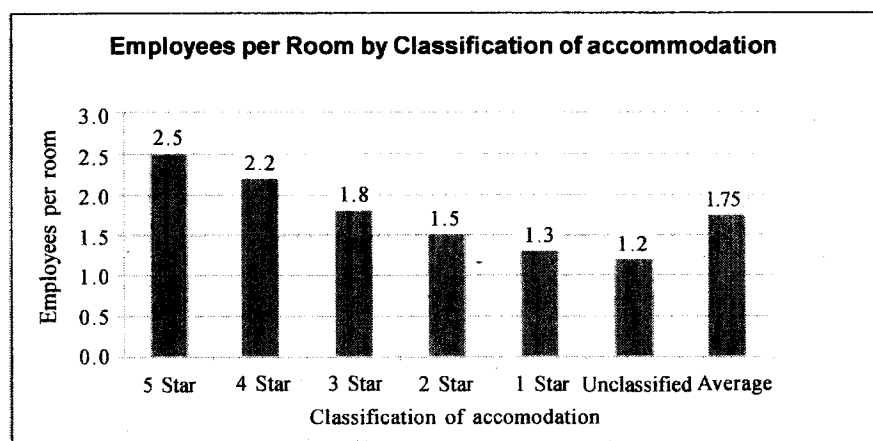


Figure 4: Employees per room by the type of accommodation

Source: Author's calculations from a Market Survey conducted by SLITHM

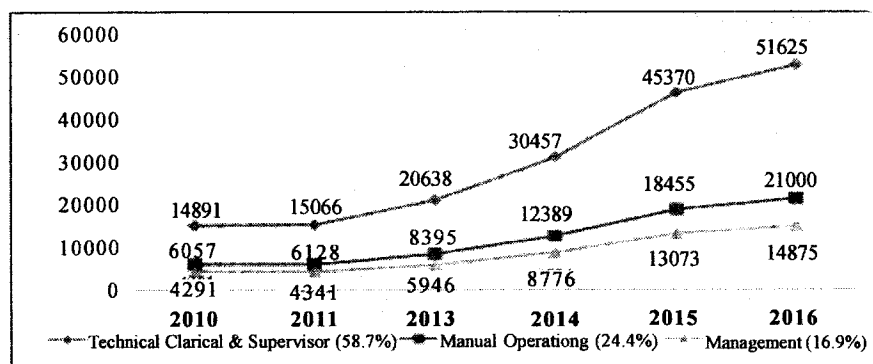


Figure 5: Manpower requirements by different categories

Source: Way Forward, SLTDA 2010.

response and attitudes by many parts of Sri Lankan societies (SLITHM Survey, 2010).

v. Language and other technical barriers to get employed in tourism industry (e.g. young and teenagers are highly demanded by the industry).

vi. Lack of awareness of tourism operation.

vii. High demand for low-paid and low-skilled jobs.

viii. Highly seasonality and temporary basis of employment.

ix. Lack of private sector investments for hotel school services.

x. Lack of trained trainers for training manpower tourism industry.

xi. Emigration of skill manpower.

xii. Tendency of shifting educationalists to practitioners in the industry.

Possible Strategies for Manpower Development of Tourism Industry in Sri Lanka

Tourism being a highly labour-intensive and 'people-centric' industry, friendly, efficient and professional services are essential ingredients for tourism development in any country. Many tourist destinations in the world are presently facing greater challenges, often suffering from a lack of well-trained staff and a lack of locally-available training resources. This has adversely affected product quality, product consistency, and service standards of man power in travel, tourism and hospitality industry.

As the number of international visitors increase, the tourism sector must have even better skilled manpower and professionals to meet, ever-increasing demands in newly-emerging in global tourism. Therefore, the rapid development of a skilled workforce, capable of sustaining high levels of service and competency is crucial to the long-term viability of development of Sri Lanka Tourism.

The major challenge ahead before the tourism Industry in Sri Lanka is to bridge the gap of demand and supply of skilled workforce through attracting and retaining the talented skill to serve the industry.

Sri Lankan tourism industry still lacks the competent professionals. Education and training institutions have not yet been able to produce

professionals to meet the industry needs.

To become one of the most sought destinations in the world, well-trained manpower is a vital requirement. This can provide much valuable guarantee for taking Sri Lanka to global heights of keeping the excellence in Sri Lankan hospitality.

Human Resource development programs must be established without delay for Sri Lankan tourism development. Some suggestions in this regard are:

i. Elevating the present tourism education programmes of Sri Lanka Institute of Tourism Hotel

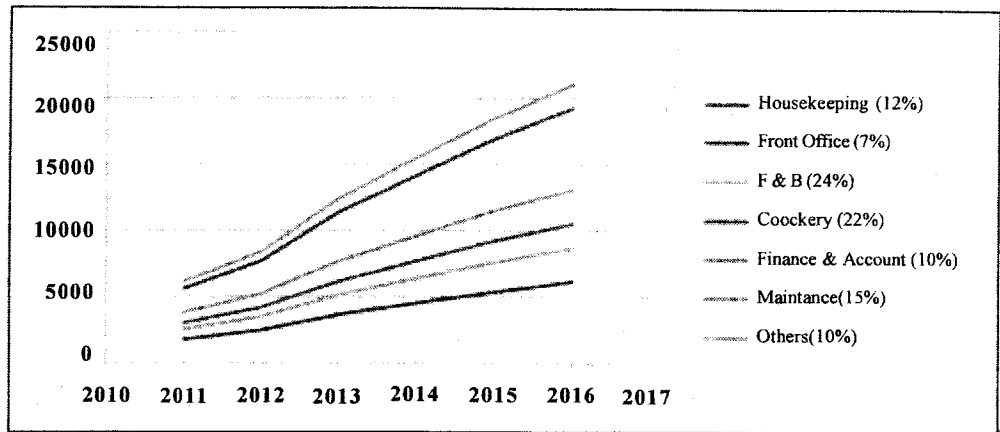


Figure 6: Manpower requirements by different departments of the hotel industry
Source: Way Forward, SLTDA 2010.

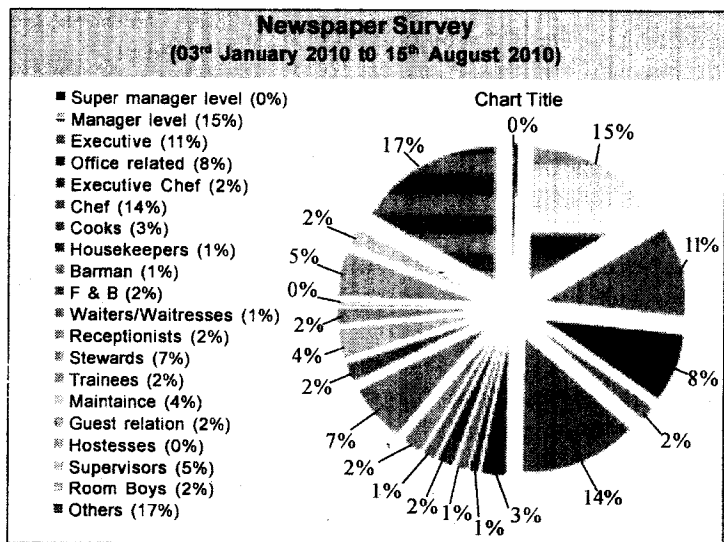


Figure 7: Demand for different job categories in the hotel industry of Sri Lanka

Management (SLITHM), which is the prime national training institute established in 1966 for manpower training of tourism and hotel industry in Sri Lanka (www.slith.edu.lk), and other related organisations and universities to meet the global standards through curriculum development and periodic revision of training methodology.

Table 6: Required National and Chauffer Guides, 2010-2016

	2009	2010	2011	2012	2013	2014	2015	2016
Arrivals (Total)	447,890	575,000	700,000	910,000	1,183,000	1,537,900	1,999,270	2,500,000
Arrival growth rates			20.1%	21.4%	29.2%	20%	25%	20%
Required No. of Guides		1,198	1,458	1,896	2,465	3,204	4,165	5,208

ii. Developing new tourism education programmes to cater to industry's emerging demands by addressing the local and global tourism industry's human resource requirements.

iii. Opening the more equal opportunities and fare share for all segments of the societies in Sri Lanka.

iv. Achieving wider expansion for tourism and hospitality training, developing partnership, collaboration and coordination with private and public sector organisations.

v. Promoting private sector-managed educational institutions while providing necessary national guidelines and monitoring.

vi. In addition to normal teaching methods, online learning such as E- and M-learning methods should be developed.

vii. International, regional and national co-branding while improving product quality and establish educational standards through international accreditation and awards (e.g., Tourism Educational Qualification approved by WTO).

viii. Introducing national-level training and awareness programmes for Sri Lankan youth while developing positive attitudes to get engaged them with tourism employment. Some of the highly-demanding training areas are Front Office Operation, Professional Cookery and Culinary Arts, Food & Beverages, House Keeping, Travel & Tourism, Pastry and Bakery, Tour Guiding, MICE and Event Management, Community Based Tourism, Spa & Leisure Tourism, Human Resource Management, Tourism Marketing and Advertising, Agro-tourism, Language Training and so on.

viii. Including tourism and hospitality management as a subject for school curricula.

Conclusion

Tourism is currently one of the world's largest industries. In Sri Lanka, it is one of the growing industries, with the prevailing harmony in the Island. Tourism industry generates employment for a large segment in the population, branching to formal and informal, direct and indirect, skilled and unskilled, seasonal and regular, etc.

Moreover, with the rapid globalisation and the conditions favourable to Sri Lanka after cessation of terrorism, there are many opportunities in Sri Lanka Tourism development. Hence, our expectation by the year of 2016 is about 2.5 million tourist arrivals to Sri Lanka. To fulfil this demand, new strategies need to be formulated and policy reforms have to be implemented. To achieve these goals, present tourism education programs and curriculum development and periodic revision of training methodologies have to be undertaken. Regional educational centres should be established to intake rural talents, they should be updated with language proficiency and modern e-learning, new technological tools needed for the tourist industry. One of the major constraints in this context is lack of training facilities for manpower development in Sri Lanka. SLITHM, the primer national institute for manpower training for tourism and hotel industry, with its five provincial colleges (Ratnapura, Kandy, Bandarawela, Koggala and Anuradapura) is using its maximum potential to meet the future challenges in manpower requirement of Sri Lanka tourism development. However, it is noteworthy to mention that still

private sector has not paid sufficient attempt to train the required manpower for tourism industry. It must take the leadership in this national requirement as the tourism industry itself is largely driven by the private sector and through its innovative product development. The tourism training programmes related employment should be coupled with the identification of gaps in planning, provision, positioning and marketing of tourism products towards 2.5 million tourist arrivals in Sri Lanka by 2016.

Furthermore, tourism is a multi-dimensional product. It inherently seeks multi-stakeholders participation to satisfy tourists' expectations. Therefore, it is essential that all wings of the government (including all national universities and technical colleges), private sector and voluntary organisations should become active and responsible partners in the endeavour of developing a well focused, competent, committed trained manpower for Sri Lanka tourism development.

Special attention is also required for increasing the employment of women in the tourism industry. Employers should set up programs and schemes to encourage women to move into non-traditional occupations, invest in women's training, appoint them in managerial positions, and re-appoint them after years of diminished involvement due to family responsibilities.

Under Mahinda Chintana Development Framework, Sri Lanka must be an educational hub for Asia. This target can be achievable if a proper manpower training system is developed for tourism

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Child Welfare and Tourism

When we rejoice with the dawn of peace and the potential increase of tourism in Sri Lanka, we are bound to see an exponential increase in tourism in the next few years. We need to take into account not only the end of the war, but also the visible improvements in the economy, including increasing and likely foreign investments. Sri Lanka's potential to develop the tourist industry is not only related to the beauty of the country and the wonderful beaches, but also the ancient history and archaeological sites, wild life, hand crafts and the multi-cultural attractions, including dance and music. In short, the scope is enormous with unprecedented potential contributions to the economy.

Sri Lanka has been well-known as a tourist destination for about four decades. Initial unrestricted inflow of tourists in the seventies and the early eighties and cheap accommodation as well as low-priced flights led to the influx of undesirable tourists including 'Hippies', drug addicts, sex tourists and paedophiles (those seeking sex with children). Very soon, Sri Lanka became a "paradise" for paedophiles, especially on the Southern Coast with beautiful beaches and new hotel complexes that came up with the flourishing trade. Although a majority of the tourists would not frequent the country for paedophilia, a certain amount would do so. It is important to realise that even if a small number of undesirable tourists came into the country, the damage caused to society may be significant. Those identified previously were from Europe, mainly from Germany, Switzerland, the UK, and Scandinavian countries, Belgium, France and Holland. A few

have been identified from Australia and the USA. During the Seventies and the early eighties, the use of children was quite open on the beaches and hotels. Subsequently, following new laws, especially the 1995 penal code amendment and protests by activists as well as the establishment of the National Child Protection Authority in 1999, a statutory body, reduced the incidence significantly, but swept some of these activities to a 'covert' state. However, many people ranging from guest house owners, traffickers, parents, three wheeler drivers to officials were benefiting in many ways, and therefore, sustained the operations covertly and continue to do so even today.

With the advent of the internet and popularisation of it resulted in the sale of children, including pornography on the net. Easy access to internet, even not so developed in tourist areas, but, has become a menace. The internet may have sites such as 'sex teens Sri Lanka', 'gay teens Sri Lanka'. When teenagers type key words such as teens + sex or Gay + teens, they end up in sites like these and may be tempted to experiment by replying these mails. The promises by the paedophile on the other side may be tempting for the child or teen to go on with the dialogue. The paedophile at the other end may indicate that he too is a teen, while he may be a 50-year old man. Sometimes, they may write as women just seeking companionship and may not even talk about sex. The man on the other side may promise expensive gifts, trips and other benefits. Sometimes, the parents themselves may be fooled, especially when the person promises to support foreign education for children which parents cannot afford to, and this

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tourist may even take the parents along on trips, but abuse the child without their knowledge. Even outside the internet spectrum, paedophiles may build and renovate houses and is another ploy by him, since he would stay in the house with the family and continue to abuse the child with or without the knowledge of parents. Language is fortunately a limiting factor in the communication process, although middlemen, often traffickers, may get involved.

Unfortunately, the December 2004 Tsunami too struck these poverty-stricken areas, previously frequented by sex tourists, making the children more vulnerable. However, the National Child Protection Authority acted swiftly to prevent the objectives of some of these visitors.

There are undoubtedly many benefits of tourism to children, especially, by improving the economy of the community, individuals and families. Through improved economy, their standards of living and hygienic conditions would improve. The contribution to their education and health would be enormous. However, in the rush for 'gold' we cannot forget our precious and innocent children, especially the poor children in the surrounding communities such as fishing villages.

In any country, another industry that goes hand in hand with tourism is the sex industry. Although a country may be able to

minimise this aspect, it is almost impossible to eliminate it, since sex is one aspect of 'enjoyment' expected by tourists. It is related to night clubs, night entertainment, such as strip tease, ending in prostitution. This would mostly affect the poorer villagers in the surrounding areas or far away rural places from where women may be trafficked on false pretence of employment, money and a better life. It may not be limited to women, but also to young men and adolescents for homosexual activity or male prostitution. However, unscrupulous adults would not stop at selling children for their monetary gain. This would also include trafficking of children and adolescents to the tourist areas into small guest houses and brothels.

When there is a demand from the tourists for sex, the supply line will get activated. Unlike in places like the Maldives, where the island resorts are isolated from the community, we have a disadvantage of being able to mingle with the tourists. There may be advantages, since the tourists will be able to understand the culture, religious practices and visit other places independently, while the locals may be also able to sell their wares to the tourists directly benefiting both parties. The tourists also will have another advantage of buying things, such as, Coke, fruits, etc. from shops, thus avoiding higher hotel rates. This process of mingling also opens another opportunity of being able to buy sex in the 'open market' either through touts or direct access. It would be the tout who will promise safety from law, and be able to manipulate the system through bribes and other incentives. In this market of 'flesh' trade, the profits are enormous without too much of investment and the risk is worth if the implementation of the law and surveillance is in question.

However, this activity is unlikely to happen in places that are isolated such as in island resorts in the Maldives.

Another evil facet of tourism is the trade and use of narcotics. Again the demand would pull the drugs into the area and the people waiting to profit would get into the orbit. Here too, adolescents are mostly at risk, partly because of poverty, little education, ignorance and the idealistic mind wanting to experiment. The culture of some of these tourists encompass fun, sex and drugs, and the guides, often adolescents and sometimes children, are obliged to partake in these activities, and may be deprived of monetary benefits if they do not accommodate. The long-term effects are enormous to the individual as well as the community, unless precautionary steps are taken.

When this malicious web of fun, sex and drugs is spun another 'Tarantula' steps into spread sexually-transmitted diseases, including the potentially fatal HIV(Human Immunodeficiency Virus)/AIDS (Acquired Immunodeficiency Syndrome). We have to be conscious of the health hazards that come with the great

success of tourism and the ultimate negative results, especially on society, should not negate the positive aspects of tourism.

One of the main problems that lead to exploitation of children is the abject poverty prevalent in the areas. Figure 1 summarises the "push" and "pull" factors that contribute to the problem.

Why is that children or adolescents should not take part in sexual activity? The definition of sexual abuse makes it clear. Child sexual abuse is the involvement of a child in sexual activity that he or she does not fully comprehend, is unable to give informed consent to, or for which the child is not

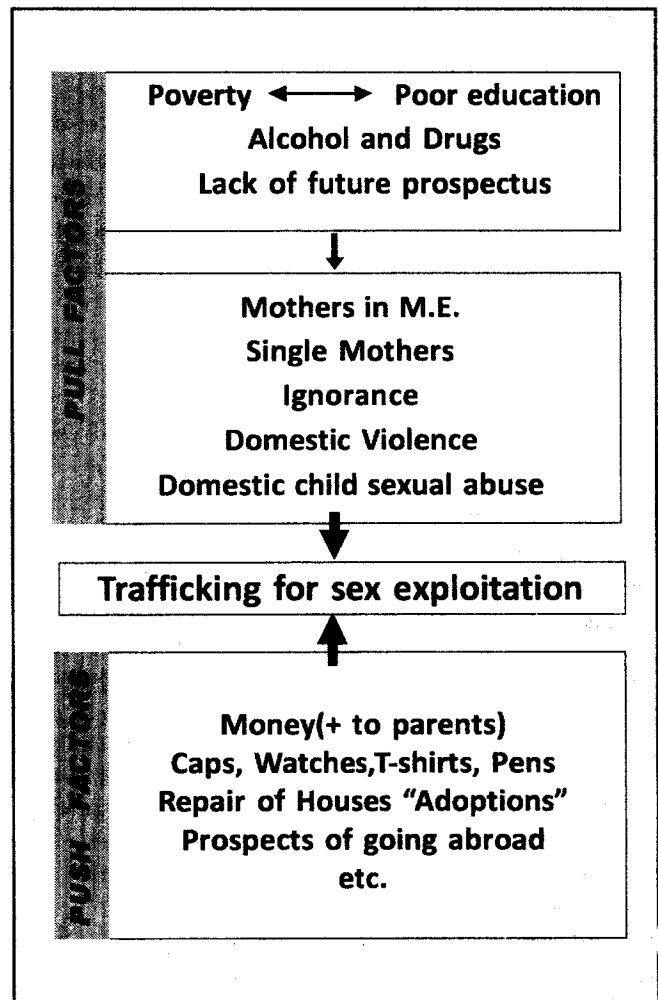


Figure 1: Abject poverty in the surrounding fishing community villages and the vulnerable children with little education and not prospects for a future or jobs who are subjected to abuse, exploitation and trafficking

developmentally prepared and cannot give consent. It includes:

- The exploitative use of a child in prostitution or other unlawful sexual practices.
- The exploitative use of children in pornographic performances and materials.

Sri Lanka is a signatory to the United Nations Convention on the Rights of the Child (UNCRC) and is obliged internationally to safeguard the rights of the child. Under the convention, there are some articles related to tourism, sex trade and child rights, the State has an obligation to protect children from the following:

Article 33 Drug abuse

Article 34 Sexual exploitation

Article 35 Sale, trafficking and abduction of children

Denial: When incidents of child abuse stigmatise our society, neither the society nor the individuals would like to belong to that society, and it would be not surprising for them to reject reality. It is also easy to justify this denial because of the hidden nature of abuse. At the same time, this denial, which is also partly responsible for stigma, becomes an important factor that makes the issue a hidden phenomenon. There have been many justifications in society, especially concerning abuse of male children such as: "Ships do not leave tracks on water" in relation to virginity while they also say "Boys do not get pregnant".

What are the bad effects of sexual abuse?

The major effect would be psychological, with loss of self-esteem (How you value yourself) that would affect their education with sudden deterioration of school work, and interactions with family members and friends. They may run

away from home or even attempt suicide. They also will have a tendency to get abused more and more without resistance, ultimately leading to prostitution (female or male). They are also likely to be attracted to drugs, tobacco and alcohol as well as risk-taking behaviour. It also causes the victim to become an abuser later on in life.

The issue of the risk of sexually-transmitted diseases (STDs), including gonorrhoea, syphilis and HIV/AIDS, are huge in this segment of society. Juvenile delinquency (now referred to as children in conflict with the law) and violence are other detrimental effects on society.

Considering the malicious effects on individuals and society, especially the long-term effects, one should be extremely concerned in preventing childhood sexual abuse and exploitation. Apart from creating awareness at different levels, it is essential to implement the legal process in making it a deterrent to the offenders. The present laws in the country are more than adequate if the law is implemented properly to prevent paedophiles.

How can we make use of the economic benefits of tourism while safeguarding our children?

Accountability to the legal system is extremely important with proper implementation of the law making both the perpetrator and the legal officers are accountable. Extra territorial prosecutions in most Western countries are possible and awareness as well as sensitivity and cooperation of the foreign services and the Attorney General's Departments on both sides are extremely important.

Internet surveillance systems should be implemented with the

police and active physical surveillance of the tourist areas as opposed to passive surveillance (Take action only when a complaint is made) is essential. The present law in Sri Lanka makes it possible to prosecute a violator for soliciting.

The most important would be education of the population of the long- and short-term evil effects of child abuse, especially sexual abuse. This can be done at national level using the mass media and organisations, such as, the National Child Protection Authority (NCPA), the UN bodies like UNICEF (United Nations Children's Fund), WHO (World Health Organisation) and UNIFEM (United Nations Development Fund for Women) as well as local and international Non-Governmental Organisations (NGOs). However, grass roots-level awareness building is much more effective using NGOs and Community-Based Organisations (CBOs). School child Protection Committees can be used to impart this knowledge very effectively.

We have used CBOs funded by international NGOs by having drop in centres for children that would provide protection to them and facilitate knowledge and skills building to protect themselves. These are not residential institutions, but centres that would provide the facilities to the children to learn, enjoy and develop skills. Summary of some of the activities is described below:

- (i) Use the centres as a focal point for psycho-social rehabilitation, using art therapy, music/drama, group therapy, etc. as a medium to address trauma of the traumatic situations faced in life either before or after the Tsunami. Other resource persons would conduct the training.

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Health Tourism and its Potentials and Impacts on Tourism Industry of Sri Lanka

Abstract

This paper discusses the nature of the health tourism, a distinctive phenomenon in the making on the horizon of international tourism industry and examines its potentialities in the context of the international scenario and its impact on the tourism industry in Sri Lanka in the sphere of development strategies. Medical tourism, if properly utilised, could well be a great spur in the arena of local tourism industry, if one properly discerns the probable competitive advantages over the regional counterparts. Sri Lanka is endowed with the necessary infrastructure, inclusive of the traditional healthcare system nurtured for centuries, for the development of the health tourism industry. The results of evaluation of the magnitude of Ayurvedha and its relevant disciplines in the context of tourism study and the potentialities of promoting as a salient feature in tourism industry in Sri Lanka are discussed. Also discussed is the inevitable aspect of regulatory measures which are necessarily embedded in a master development strategy in health tourism.

Introduction

Global travel is not a new phenomenon. Historically, travellers embarked on adventures risking seas from the early to the middle 20th century. Then travelling became the privilege of the affluent few who could afford to the luxury of travelling abroad for the purpose of leisure. At present, it is open to a wide range of people.

Sri Lanka is strategically located connecting many sea routes and air

routes. The natural beauty of Sri Lanka's tropical forests, beaches and landscapes, as well as its rich cultural heritage, make it a world famous tourist destination. Sri Lanka is famous for its tropical ecosystem. The *New York Times* has ranked Sri Lanka as number one tourist destination in the world, while National Geographic magazine has cited Sri Lanka among the best 25 tourist destinations in the world. Thus, Sri Lanka is endowed with almost all possible tourist attractions except winter sports, and the industry should be able to exploit to its potential. So it is the bounden obligation of the relevant authorities to exploit the hitherto unexploited segments of tourism. Appended are some of the areas to be exploited in a synergized programme.

- i. Ayurvedha treatment
- ii. Buddhist doctrine and meditation (retreat to find solace)
- iii. Meditation as a healing process of ailments
- vi. Ayurvedic Beauty Therapy

Ayurvedha system professed, practised and nurtured is unique to Sri Lanka as the legend goes, it is practised, cherished and elegantly guarded for many millennia from the days of great sage Rishi Pulasti, (2668-2616 B.C.), the grandfather of Ravana, who was invited to chair the international medical conference held in Himalaya.

Defining the Features of Health Tourism

Tourism inherently based on curiosity and interests of people. Tourist attractions are varied and multifaceted, which are also basically dependent on the apprehension and the attitude of the people. One such aspiring anxiety of tourists is the seeking

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of medical treatment abroad. Industry should make every endeavour to attract tourists for health purposes as Sri Lanka is endowed with necessary potential for development. A burgeoning fact is the potential to develop health tourism to attract many tourists into Sri Lanka, as Sri Lanka could well be proud of its traditional healthcare system brought down for centuries. If cogently planned and masterfully guided, health tourism, with additional potentiality of exporting ayurvedic drugs, could definitely make a significant contribution to the tourist industry. If health tourism is properly propagated, Sri Lanka could be more a unique tourist destination.

According to the industry experts, the global medical travel industry has been projected to earn US\$ 40 billion by 2010. (Horowitz, Michael D, Medical Insight International of US, "Why in the world Do Patients Travel for Medical Care?", Asia Pacific Biotech, Vol.12, No.07 May 2008, p24).

The term medical travel denotes several major patterns and could be enumerated as follows:

- i. People receive medical treatments outside their own countries. This mostly involves with the Allopathic, the mainstream medical practice in the western world as rapid strides made by the system with the techniques and the technological innovations.
- ii. The people of the developed countries who need immediate medical treatment would resort to

alternative measures, move to Asian and other countries to mostly undergo complex operations due to various reasons such as exorbitant financial implications and exacerbate waiting list in their own countries and expertise found in other countries.

iii. The affluent patients in less developed countries continued to have poor access to expert medical services journeyed to have medical care in other countries

iv. Patients preference to secure traditional medical treatments in Asian countries where confident treatments are available for certain prolonged illnesses such as diabetes, hypertension, coronary problems, Parkinson disease, etc.

v. Traditional medicines in Asian countries also offer treatments for obesity, excess level of cholesterol, beauty culture, 'stay healthy systems',

vi. People travel to Asian countries in search of mental solace in the form of Yoga exercise and meditation techniques.

As described by Michael D Horowitz of Medical Insight International of the USA, medical travel is driven and shaped by the complex interactions of myriad of medical, economic, social and political forces. Nevertheless, the reason for people to travel thousands of miles, frequently crossing national borders can be classified as follows:

- i. Affordability of care,
- ii. Timeliness of care,
- iii. Availability of care,
- iv. Patient preference to specific providers,
- v. Patient preference for special geographical locations.

Medical tourism is a new term, but not a new idea. Patients have long

travelled in search of better care. Today, constraints and long waiting lists at home countries, as well as the ease of global travel, make health tourism even more appealing. Health tourism usually refers to the idea of middle-class or wealthy individuals going abroad in search of effective, low-cost treatment. Professor Tarun Khanna of the Harvard Business School predicts that "the medical services industry is evolving quickly and prospective dynamics in China similar to those in India and in other parts of South-east Asia are on the horizon." A forecast by Deloitte Consulting, a consultancy firm in the USA, published in August 2008, projected, that medical tourism originating in the USA could increase by tenfold over the next decade. The San Francisco Chronicle estimated 750,000 Americans went abroad for healthcare in 2007, and the report predicted that a million and a half would seek healthcare outside the USA in 2011. The statistics indicate that there is a huge potential market for health tourism.

Health tourism is a rapidly-growing practice of travelling across international borders to obtain healthcare. Over 50 countries have identified medical tourism as a national industry. Present global trend in health tourism is in a somewhat jeopardised manner as potential tourist find it difficult to locate accredited treatment and other measures of quality, and there are also risks and ethical issues that make this method of accessing medical care highly controversial. Also, some destinations may become hazardous or even dangerous for medical tourists. Sri Lank tourist industry could well exploit such potential situation with an improved pragmatic awareness campaign, executed effectively. Medical tourism presents a great opportunity for Sri Lanka to

augment the growth by tapping the potential of the international patient market.

Prologue to Traditional Medical Treatments

Medical practice in the world is broadly categorised into five segments, namely, Ayurvedha, Siddha, Yunani, Allopathy and Complementary and Alternative Medicine. Health tourism generates medical treatment under two major segments of medical discipline. i.e., Western and Ayurvedha medical systems. Tourists, usually, are attracted for western treatment, particularly in seeking of complicated medical surgeries in Asian countries due to high cost of treatment of their own countries. Nevertheless, Ayurvedic treatments are mostly sought as a reliable treatment for prolonged common sicknesses, such as hypertension, heart diseases, diabetes, paralysis, excess cholesterol level, orthopedic, etc. There are specific Ayurvedic schools (Family Traditions) specialised in particular diseases, which have nurtured and preserved the system with a closely-guarded regime. In Sri Lanka, there are number of traditional '*Paramparika*' (traditions passed down for centuries) Ayurvedha centres and some attend to incurable diseases with positive results.

In Ayurvedha, in a broader spectrum, diseases are divided into two categories, namely, the communal diseases and non-communal diseases and are based on the following four crucial stages during the course of treatment.

- i. Adherence to a particular course of food
- ii. Adherence to a particular living style
- iii. Course of medicine
- iv. Daily regime

Hospital services, spa (massage clinic) and particularly treatment for prolonged illnesses, such as, hypertension, heart diseases, diabetes, paralysis, excess cholesterol level, orthopedic, etc. for which Ayurvedha system provides a highly confident course of treatment with prospective total recovery (subject to nature and other inherent symptoms and history). There was an instance in Sri Lanka that Parkinson disease was completely cured through Ayurvedha medical treatment, in this case, the symptoms have been detected early, a contributory factor in treatment.

Ayurvedic traditional treatment has become an inseparable service in some of the hotels in Sri Lanka as Ayurvedha has, now occupied an important place in beauty care, Ayurvedha Herbal Remedy and Ayurvedic Beauty Care.

Historical Evolution of Ayurvedha System in Sri Lanka

Ayurvedha, the "science of life", is a system of traditional medicine native to the Indian subcontinent. In Sanskrit, the word *ayurveda* consists of the words *âyus*, meaning "longevity", and *veda*, meaning "related to knowledge" or "science". Hinduism and Buddhism have been an influence on the development of many of ayurveda's central ideas, particularly its fascination with balance, known in Buddhism as moderation. Ayurvedha stresses on moderation in food intake, sleep, sexual intercourse, and the intake of medicine. Balance in life is emphasised. Sri Lanka has been a centre of the Buddhist religion and culture from ancient times and is one of the few remaining abodes of Buddhism in South Asia with a highly acclaimed cultural heritage. Medical treatment forms part of this cultural heritage as the cultural fabric was closely

interwoven with the religious traditions. "In spite of the profound Indian influence, Sinhalese medical knowledge has developed on its own course with the passage of time, and we note a number of distinctive features, which mark it out from other medical systems" (www.virtual.library). Ayurvedha in Sri Lanka is unique and endemic in its very sense and had been in practice for millennia.

Ayurveda was practised over the last three or four thousand years, while the western system has a history of only three or four centuries. Numerous references have been made to medical practices in Sri Lanka since the very early days of the Aryan civilisation. The ancient Sinhalese are perhaps responsible for introducing the concept of hospitals to the world. Prof. Arjuna Aluvihare contends that there is no evidence, literary or otherwise, to show that hospitals were known elsewhere in the world before and during the time of King Pandukabhaya (437 BC to 367 BC). In ancient Sri Lanka, historical evidence is intensely recorded in chronicles on medicines and medicated gruels of physicians and hospitals for the sick and convalescent homes for those recovering from illness and *kumbalgeya* or maternity wards in villages and towns. The people who lived in Sri Lanka before Vijaya (5th century BC) had their own systems of medicine. The system of medicine practised by the Ayurvedic physicians of Sri Lanka dates back to many thousands of years, and these texts were said to have been compiled by Rishis. They are complete works of science, including even the practice of surgery and anatomy, and they contain descriptions of surgical instruments used at that time.

The *Mahavamsa*, the ancient chronicle, contains a number of references of hospitals and dispensaries by the

kings of ancient Sri Lanka. Of these, the earliest is in the reign of Pandukabhaya in the 4th century BC. King Buddhadasa, the renowned physician, (340-368 A.C.), was adept in general medicine, midwifery, veterinary medicine and even carried out complex surgeries.

Polonnaruwa Council Chamber inscription refers to a rent paid to a hospital. (EZ 4.1.44) The same inscription refers to a grant to the chief physician (Maha-Vedana) who was one of the principal functionaries of the State. The literature also refers to physicians, medicines and their methods of treatments. The physicians jealously guarded their reputation and also guarded their science as well. Whenever the medicines were prepared, they discreetly did the recipes themselves concealing the formulae from others.

During the ancient period, Ayurveda is part of education of every Sinhala noble including monks. Medicine and surgery seem to have been rather widely studied, and the *ayurvedic* system of medicine, as it is known today, seems to have been in quite an advanced state. Medicine administered under the native practice took several forms, consists chiefly of oil and decoctions, pills and gruels internally taken, and poultices and pastes externally applied. Plants, roots, nuts and tubers are used in their manufacture which is carried out in accordance with a set of advanced formulas serving as prescriptions.

The ingredients for making medicines were collected from the surroundings, and every person had a general knowledge of medicinal plants. Their medicinal preparations were chiefly compounds of herbs, for which an immense number were employed. Plants were not the only ingredients applied to make native medicine. In some instances,

minerals were used. Strong minerals seem to have been used for exceptional cases by well experienced physicians.

Joao Ribeiro, the famous Portuguese soldier-historian who served in Sri Lanka from 1641-1658, has written in his reputed work "Fatalidade Historia de Ceilao". "They are great herbalists, and in case of wounds, tumors, broken arms and legs, they effect a cure in a few days with great ease. As for cancer, which is a loathsome and incurable disease among us, they can cure it in eight days, removing all viscosity from the scab without so much as leaving a mark anywhere to show that the disease had been there. I have seen a large number of soldiers and captains cured during my residence in the country, and the ease with which this was done was marvelous. In truth, the land is full of medicinal herbs and many antidotes to poison, which I have myself tried to learn as a remedy against snake-bites." Dr C.G. Uragoda asserts that a good deal of traditional Sinhalese medical concepts, practices and drugs have a sound scientific basis.

Challenges of Health Tourism

Sri Lanka reached a historical landmark with 600,000 tourist arrivals in 2010, according to Sri Lanka Tourism Development Authority. Infrastructure facilities, a *sine qua non*, have occupied the centre stage in the sphere of development efforts which would spur tourism as well. Optimistic sentiments are reassuring that the country can once again reach greater heights in tourism.

There is huge market potential in Asia for medical tourism due to high treatment cost, long waiting lists, strict security concerns and immigration regulation in countries like US and Europe and the potential patients are diverted towards Asia for treatment in the context of western medical treatments such as surgery, cosmetic surgery, etc. But, there seems a huge demand for

indigenous medicine of Asian countries, as well, for acute illnesses, such as diabetes. The quality of treatment was however found to be a key determinant. Over 100,000 foreign medical tourists visit Malaysia annually, while Singapore and India also experience positive growth in patient visits as a result of their aggressive marketing initiatives. However, Thailand leads the Asia-Pacific region with about 400,000 foreign patients each year. (Supplementary Growth with Medical Tourism, Ivy Teh and Calvin Chu of Synovate Business Consulting-www.synovated.com).

Many Asian Pacific countries are medical tourism destinations. The most popular treatments sought in India by medical tourists are alternative medicine, bone-marrow transplant, cardiac bypass, eye surgery and hip replacement. India is known, in particular, for heart surgery, hip resurfacing and other areas of advanced medicine. Except alternative medicines, other treatments are usually based on western medical surgery. Medical tourism is a growing sector in India. India's medical tourism sector is expected to experience an annual growth rate of 30%. Nearly 450,000 foreigners sought medical treatment in India in 2007. Even in the case of indigenous medical treatment, India poses a greater challenge over other countries. (<http://www.indianhealthcare.in>).

Prof. Rezvi Sheriff, Director of the Postgraduate Institute of Medicine of the University of Colombo, in an interview conducted by the National Television of Sri Lanka on the 08th February, stressed the fact that they conducted kidney transplant operations successfully in Sri Lanka for foreigners who enjoyed the privilege of preference over other countries in the region, due to expertise and low cost. Affordability is the principal driver in the medical tourism and also the desire to have timely treatment. Health tourism has steadfastly established as a global phenomenon in the realm of global tourist industry. The situation has created an ideal opportunity for

South-Asian countries to exploit since indigenous Ayurvedic Medicinal system has established itself an unwavering conviction in its indelible position in the western world as a trustworthy method of treatment in respect of certain ailments and sicknesses.

- i. Indigenous external treatments (Oil Baths, Panchakarma, etc.)
- ii. Medication for serious diseases such as Hypertension, coronary ailments, diabetes etc.
- iii. Orthopedic treatment
- iv. Herbal beauty therapy
- v. Massage and spa

The development of health tourism in a material and non-material dimension is a challenge confronted by the stakeholders of the tourist industry in Sri Lanka. This invites different dimensional analysis of the situation to be considered in a broader perspective. Material dimensions are inclusive of providing suitable environment for such industry and non-material dimensions are inclusive of expertise of the art of treatment with suitably adapted treatment systems for foreigners.

Marketing Potential

A major driving factor of seeking offshore medical treatment is the availability of care for respective ailments, and it is the onus of the strategists to make this factor known internationally.

Thailand, India, Philippines, and Singapore are the main Asian countries which pose a major competitive thrust in health tourism industry as a whole. In the wake of the intense competition, a comprehensive propaganda agenda must be initiated to encourage more tourists into Sri Lanka. In a latest development, with a view to woo more medical tourists, India and Philippines were making alternative arrangements in their visa issuance. The Philippines will introduce special medical visas for foreigners, as the country seeks to

grab a bigger share of Asia's booming health tourism industry. The medical tourist visas, to be introduced later this year by the Bureau of Immigration of Philippines, will allow foreigners to stay in the country for six months without having to apply for extensions, and India has now exempted foreign tourists from the mandatory two-month gap to re-enter the country for regular onward medical treatment.

In the international tourism arena, there is a huge potential market for medical treatments. According to a report, in North America alone, millions of people are awaiting medical treatments. There are four basic groups in North Americans who are mostly interested in medical tourism and the cost saving it provides. They are:

- i. 47 million uninsured Americans
- ii. 252 million insured Americans with restricted coverage due to pre-existing conditions, resulting in out-of-pocket expenses
- iii. 34 million Canadians receiving socialized medicine and enduring long waiting lists for many popular surgeries
- iv. Potentially 330 million North Americans seeking elective cosmetic and/or dental surgery.

With the foregoing statement, it can be easily presumed of the demand from other western and European countries for medical tourism as well. The major factors to be considered in a broader marketing drive are referral agencies, advertisement, internet marketing, word-of-mouth, medical breakthrough, premium mark-ups, fixed-price surgery, tax treatments, visa customs clearance, etc

Referral agencies play a higher profile in dissemination of information regarding the details of treatments packages available, since it is the practice of the potential medical tourist in the Western countries to get their all inclusive services. India has many websites which gives comprehensive details on health tourism and the treatments

available. Most Americans prefer India for affordable cardiac surgery which is less than one tenth of the price quoted in the USA for the same procedure and India has reliable cardiac surgeons, a factor emphasis on offshore medical tourism. There seems so many Indian service providers established in the USA where they connect patient to affordable top-quality healthcare in India. Non-surgical treatments are also in growing demand which is welcome sign for Sri Lanka tourism. In 2007, Americans alone spent an enormous US\$4.7 billion for non-surgical treatments. (Asia Pacific Biotech, Vol. 12 No. 07 (2008)p.40).

Earnings from tourism can be related to factors such as duration of stay of a tourist and the amount of money a tourist spend on food, drinks, accommodation, travel, recreation and shopping. These are the traditional norms of expenditure of a tourist, and if the tourist be aware of the medical services available, this list could be expanded into health segment as well. Medical treatments could be a direct stimulating factor to travel, and they also have an influence on the choice of particular destinations. In the present context, Sri Lanka should formulate novel approaches in persuading more tourists into the country by improving the health tourism segment and making Sri Lanka an inescapable destination in the sphere of health tourism. Health tourism could contribute a considerable percentage of overall tourism in Sri Lanka

Strategic Health Tourism Development Plan

Tourism planning essentially is a component of national development planning. Health tourism should occupy a greater aspect in the tourism planning of the country. "Tourism Planning can be defined as the physical planning of resources on which tourism is based." In a broader spectrum, tourism planning is not only physical planning, but

encompasses a wide range of an integrated and interconnected development aspects, such as, economic factors, physical, industrial, social factors, infrastructure developments and other conventional segments of management planning. Tourism planning is a highly sophisticated process as the planning procedure take shape of different dimensions, such as, international competition in the international scenario and the threats posed by many developing countries inclusive of our own region, who are lucidly involved in sophisticated tourism planning. The tourism development should encompass the characteristics of a master plan with a series of overall guidelines, future projections, integration of all stakeholders, (tour operators, hotel owners, transport sector, airlines, etc.), identification of development opportunities, introduction of novel tourist attractions, such as, Ayurvedic treatments, Ayurvedic beauty therapy, meditation, constant study and survey of development plans of other countries so that necessary adjustment could be made accordingly, and so many other factors which deemed essential.

After termination of the protracted conflict in Sri Lanka, prospects are provided with a favourable environment and an opportunity to accelerate the development strategies in no uncertain terms. Optimum utilisation of this unique opportunity must be apprehended, synergising possible resource at hand with distinctive professionalism culminating with integration of inputs needed to meet pre-defined objectives and a cohesive effort sans meandering approaches. Tourism has been identified as a prominent segment of the development strategies, and a considerable investment has been allocated in the development of this sector with a master plan. It is of paramount importance to draw up a unique strategy to confront the inevitable regional competition and the complexities generated by global tourism to entice an extended tourist inflow

to an unprecedented level. Sri Lanka is endowed with all potential attractions that appeals to the tourism industry, inclusive of traditional healthcare system discreetly and conscientiously guarded for centuries. In a promotional campaign, instigating factors should be exclusive and explicit as against the other destinations so that prospective tourist would be attracted to such factors over other destinations.

Potential market for health tourism is naturally the developed countries in Europe, America, Middle East and Japan, mainly because of their large populations, affordability of expenses and lack of healthcare options locally. A recent case study of Harvard Business School describes that medical tourism is on the rise for everything from cardiac care to plastic surgery to hip and knee replacements.

Patients are now learning more and more about their own illnesses, and are most familiar with available treatment options. Patient marketing, such as, informative websites, transparent pricing schemes, or advertising placements, such as, within in-flight magazines, have thus become basic information and advertising platforms

In respect of health tourism, there should be highly compounded Destination Programme Management strategy to help patients navigate through the procedures and other requirements like pre-arranged hotel check-in, doctor consultation, transport, interpretation assistance, provision of emotional support, arranging excursions, assuring the customer comfortability, etc. Sri Lanka tourism industry should adapt to the international system of luring the potential tourists with the accepted norms of procedures by following the typical process. It is expedient to explore the possibility of developing a network of medical tourism providers and the travel agencies who could

disseminate the dominance factors on indigenous treatments available.

Patient preference for specific providers is another factor which instigates foreigners to seek medical advice by a specific physician or at a certain medical facility with the established fame of explicit acumen of the physician. Indigenous medical system stands a high potential, if properly exploited. Also, Sri Lanka stands a better prospect in terms of geographic destination, as some patients chose to have medical care abroad because of the opportunity to travel to exotic locations and to recover and vacation in exotic surroundings.

Regulatory Status of Herbal Medicines

International recognition is an imperative factor in practising the Traditional Medicine and to win the confidence of those who seek traditional medication, and it is vital and significant to generate a resolute confidence in traditional medicine systems. With a view to realise the necessary recognition for Ayurvedic system, the World Health Organisation (WHO), in 2005, conducted a global survey and compiled a Traditional Medicine Strategy, for which a Sri Lanka a participator, to promote the integration of Traditional Medicine and Complementary and Alternative Medicine into the national healthcare systems. Development of national policies and regulations are essential indicators of the level of integration of such medicine within a national healthcare system. The use of medicinal plants is the most common form of traditional medication worldwide. Regulation of herbal medicines is a key means of ensuring safety, efficacy and quality of herbal medicinal products. Sri Lanka does currently have a national policy on Traditional Medicine. The imminent factor is that regulations of herbal medicine must be recognised by the international community who ultimately patronise those services

in terms of health tourism. Patients' concern of the treatment system of indigenous medicine in treating countries, is a very salient feature to be considered in the context of healthcare tourism. In 2008, Ayurvedic Drug Manufacturing Association of India has entered into an agreement of cooperation with the American Herbal Products Association. Under the agreement, each association would keep the other associations informed of the relevant information that may effect the functioning of the herbal ayurvedic industry. So, this would definitely be a huge thrust in the sphere of Indian prospects are concerned of health tourism which would be beneficial in terms of patient confidence as both countries would regulate the herbal products reciprocally. It is the duty of the Sri Lanka authorities to assuage doubts in minds of the Western community and inculcate the exquisite, eminent, accomplished and remarkable nature of the treatment of traditional medical systems in Sri Lanka.

In Sri Lanka, the national policy on Traditional Medicine (TM) and Complimentary and Alternative Medicine (CAM) is currently in the development stages. Laws and regulations on TM/CAM were issued in 1961, and the national programme in 1982. The Department of Ayurvedha in the Ministry of Health was established in 1961. There is a national expert committee, and a national research institute on traditional medicine, complementary medicine and herbal medicines, established in 1962. Yet, no national laws or regulations on herbal medicines have been formularised. Herbal medicines do not have any regulatory status which are sold with medical, health, nutrient content and structure/function claims.

The national pharmacopoeia, the *Ayurvedha pharmacopoeia*, was published in 1979. The *Compendium*

of medicinal plants containing 100 national monographs was published in 2002. The information contained therein is considered to be legally binding. Regulatory measures for manufacturing include adherence to requirements in the pharmacopoeia and monographs that apply to conventional pharmaceuticals. Yet no control mechanism exists for these requirements. There are no safety requirements.

There is no national registration system, nor are herbal medicines included on a national essential drug list. A post-marketing surveillance system is being planned. In Sri Lanka, herbal medicines are sold in pharmacies as prescription and over-the-counter medicines. Although Sri Lanka does currently have a national policy on Traditional Medicine, various other measures are imminent for due recognition in the sphere of medicinal practice. If the Ayurvedic system is under regulatory measures, the following practice of issuance of medicine which is a mandatory in internationally recognised system, could be in place.

i. **Prescription medicines:** medicines/drugs that can only be purchased with a prescription (i.e., a physician's order). In some countries, the legal framework allows traditional practitioners to prescribe medicines.

ii. **Over-the-counter medicines:** medicines/drugs that can be purchased without a prescription from a physician.

iii. **Self medication only:** medicines/drugs permitted for self medication purposes only.

iv. **Dietary supplements:** a dietary supplement is a substance which contains, for instance, a vitamin, a mineral, a herb or other botanical or an amino acid. A dietary supplement may be intended to increase the total daily intake of a concentrate, metabolite,

constituent, extract or combination of these ingredients.

v. **Health food:** health foods could be products that are presented with specific health claims and therefore regulated differently from other foods.

vi. **Functional foods:** like health foods, functional foods may be products which are offered with specific health claims and therefore regulated differently from other foods.

vii. **Other:** products classified differently from the , above mentioned categories.

It is a mandatory and obligatory factor for the authorities to recognize that Ayurvedha as an important segment of national development and to secure a pragmatic approach.

(i) Ayurvedha should be developed as a sustainable industry

(ii) A Regulatory Body must be in place for monitoring the industry

(iii) Maintain a comprehensive database indicating local treatment centres

(iv) Develop a national pharmacopoeia for herbal medicine

(v) Establish regulatory status for herbal medicine

(vi) Secure recognition for local medicine from other world regulatory bodies

(vii) Increase government investment on Bio-medical research

This pragmatic approach would definitely augur the confidence of foreigners who intend to seek local medical treatments. If government is keen to elevate medical tourism, the private sector would definitely

analyse available opportunities in the sector, spearhead sectoral development, and formulate strategies to invest in medical tourism and improve their competitiveness.

Conclusion

The health tourism sector, as a whole is a booming quarter in the international tourism sector and the potential for development, both locally and internationally, is enormous. Even though it is leniently manifested in the entire arena of tourism industry with a less significant status, the development prospects of health tourism in Sri Lanka is vast and could take a dynamic turn in the industry, if properly handled, with a pragmatic approach by developing the existing system with the formation of regulations and converting it into a system of workable proportions. Identifying the potential subdivisions in the health industry, which are ideally in existence and/or in an operational status, could be easily integrated into a development master plan with imperatively possible implementation plans on a priority basis. A steering committee with field expertise inclusive of local ayurvedic wisdom would be ideal in the formation of a plan.

Acknowledgements

My profuse appreciation goes to Rev. Dr. Wijithapura Wimalaratana, a senior lecturer of University of Colombo and Dr. G. Jayewardene, a prominent traditional medical practitioner, of Mansuva Lanka (pvt) Ltd., Castle Street, Borella for their valuable contribution and for reviewing the text.

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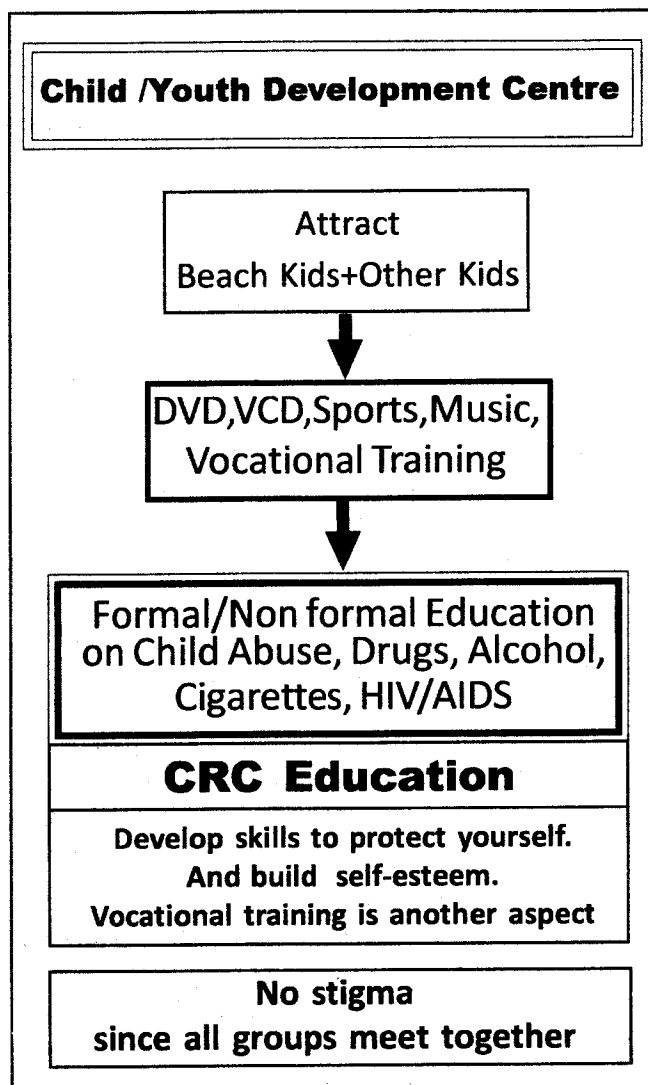


Figure 2: Concept of Child Protection

(ii) Educate vulnerable children and youth in high-risk areas on the following subjects: Sex education, sexual abuse and exploitation, HIV/AIDS and other STDs, drugs, alcohol and tobacco use.

(iii) Provide facilities to youth and children so that they have access to educational material and entertainment. The facilities provided are instrumental in keeping the children/youth away from the risks of the environment which they live in.

(iv) Provide resources for entertainment, play and leisure for children as a child right and also attract these children and youth through these

resources for formal, non-formal, sex and health education.

(v) Provide facilities for relevant vocational training educate and provide incentives for saving introduce concepts of investment and entrepreneurship skills.

(vi) Address specific issues concerning individual children who have been abused or who are vulnerable to abuse, especially in relation to sexual exploitation both by locals and tourists and trafficking of children for exploitation, especially sexual.

The above objectives contribute to the goal of empowering children/youth to deal with situations, which are a threat to their well-being. Figure 2 shows this diagrammatically.

These programs could be started as Cooperate Social Responsibility (CSR) projects sponsored by the companies that benefit from tourism, such as, tour companies and Hotels. It is important that the project is monitored by knowledgeable persons. The companies should not take undue advantage of this project and tourist visitation should not be allowed; since it may lead to other issues. Previously, we have seen officials being part of an abusive process when tourists were allowed inside orphanages.

Footnote:

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Definitions of some Selected Categories of Tourism

International Tourism: Temporary movement of people from the resident country to another country for recreation, health, business or any other reason.

Domestic Tourism: Travelling within own country, i.e., travelling from one location to another within own country.

Sustainable Tourism: Tourism that ensures development of the tourism industry with minimum/no adverse impacts on the environment and local culture.

Cultural Tourism: Tourism concerned with the culture of a country or a region, specifically the lifestyle of the people in those geographical areas, the history of those people, their art, architecture, religion(s), and other elements.

Wildlife Tourism: Travelling to watch wild animals in their natural habitats.

Medical Tourism (health tourism): Travelling across international borders to obtain healthcare.

Sport Tourism: Travelling for either viewing or participating in a sporting event.

Religious Tourism (faith tourism): Travelling people of faith individually or in groups for pilgrimage, missionary, or leisure (fellowship) purposes.

War Tourism: Recreational travelling to war zones for purposes of sightseeing and superficial voyeurism.

Sex Tourism: Travelling primarily for the purpose of effecting a commercial sexual relationship by the tourist with residents at the destination.

Drug Tourism: Travelling for the purpose of obtaining or using drugs for personal use that are unavailable or illegal in one's home jurisdiction. Compiled with information from *wikipedia.org*.

Eco Tourism: Responsible travelling to natural areas that conserves the environment and improves the well-being of local people. Compiled with information from *ecotourism.org*.

Education Tourism or Edu-tourism: Travelling to a location as a group with the primary purpose of engaging in a learning experience directly related to the location. Compiled with information from *education-tourism-paul*.

Conservation of Biodiversity and Sustainability of the Tourism Industry of Sri Lanka

Abstract

Sri Lankans have a strong traditional culture in the conservation of nature. Sri Lanka is regarded as a strong hot spot in biodiversity. There are historical evidences to support the fact that the ancient rulers of Sri Lanka have taken steps to preserve the environment, including its flora and fauna. But today, the human activities pose a great threat to biodiversity of any ecosystem. Therefore, global attention is vital to preserve this invaluable gift of the nature. Tourism is a global economic activity dependent on natural ecosystems and its diversity. Therefore, conservation of natural eco-systems and their biodiversity is vital for sustainable tourism in Sri Lanka.

Introduction

Biodiversity or Biological Diversity is the variability of fauna and flora found on the planet. According to the Convention on Biological Diversity, biodiversity is "the variability among living organisms from all sources including, terrestrial, marine and other aquatic ecosystems and ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems". Genetic Diversity within species is a heritable characteristic of an organism. Species Diversity refers to variation between species, or to the variety of life forms. Ecosystem Diversity means the variation among ecosystems.

Sri Lanka, a small island in the Indian Ocean, has an invaluable

diversity of flora and fauna. The topography, different types of soils and prevailing weather conditions enhance her wonder of biodiversity. The secret behind this wonderful biodiversity is ecosystems diversity of forests and related ecosystems, inlands, wetlands, coastal and marine traditional agricultural ecosystems and colonial estates.

Biodiversity in Sri Lanka

Arthur C. Clarke expressed his feeling about Sri Lanka. "The island of Ceylon is a small universe; it contains as many varieties of culture, scenery and climate as some countries a dozen times its size. But if you are interested in people, nature, history and art—all things that really matter—you may find as I have, that a lifetime is not enough"(Silva, 2010).

Flora Zelylanica is the first natural exploration in Sri Lanka, which was done by Carolus Linnaeus in 1744 (Pethiyagoda, 2007). Sri Lanka is a wonderful tourist destination where every square mile is rich in unique natural properties in her 65,610 km² territory, a paradise of flora and fauna. Wildlife sanctuaries, forest reserves, bird sanctuaries, wetlands and mangroves, and vegetation are the major natural resources of biodiversity in Sri Lanka. So, Sri Lanka has been identified by the environmental

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activist group, Conservation International, as one of the 25 biodiversity hot spots in the world "Earth Angels". For an example, Kumana wetland cluster is the fifth wetland of international importance.

Varied ecosystems in the country (Figure 1), support vegetation of more than 3,368 species of flowering plants, of which 26 percent are endemic and 314 species of ferns, of which 57 are endemic. The diverse ecosystems provide habitat for over 357 invertebrates, of which 41 are endemic. Among vertebrates, 65 fresh water fish species are indigenous to Sri Lanka (Table 1) (Biodiversity Conservation in Sri Lanka, 1999).

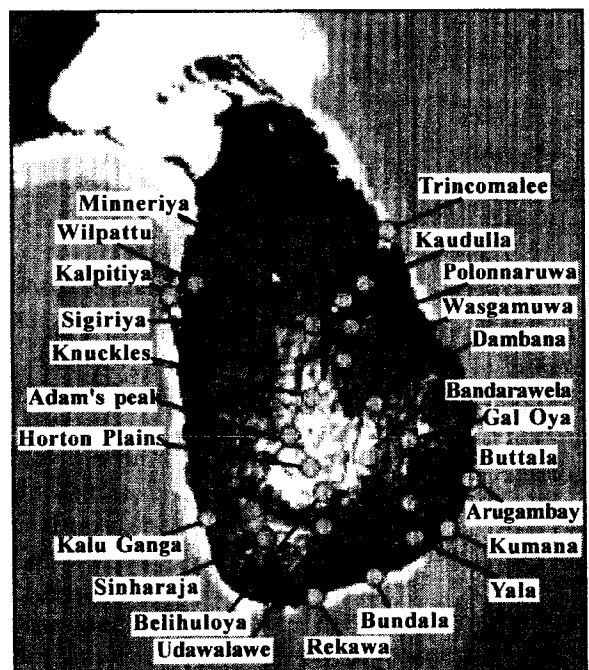


Figure 1: A map of Sri Lanka showing its hot spots of biodiversity

Table 1: Diversity of Fauna in Sri Lanka

Invertebrates	Number of species	Number of endemic species
Inland waters		
Rotifer	140	
Crustacean	186	11
Mollusks	31	12
Mayflies	Incomplete documented	18
Marine		
Corals	More than 180	
Crabs	More than 200	
Terrestrial		
Arachnids (species)	400	
Butterflies	242	14
Mosquito	139	
Carbide beetles	252	127
Land snails	266	201
Vertebrates		
Fresh water fish – indigenous	65	Half of it endemic
Fresh water fish – introduced	22	
Amphibian	53	3
Reptilian		
Crocodiles	2	
Marine turtles	5	
Tortoises	3	
Snakes	92	Half of it endemic
Agamid lizards	14	10
Monitor lizards	2	
Skinks	21	17
Avifauna		
Birds	435	23
Terrestrial mammalian	86 indigenous 10 introduced	12
Bats	30	
Rodents	23	1
Carnivores	14	
Artiodactyls	7	
Shrews	6	2
Primates	4	
Elephant	1	
Marine mammals	38	

Source: Biodiversity Conservation in Sri Lanka, 1999.

Other than the aesthetic value of natural flora and fauna, Sri Lanka is proud of having a rich crop genoplasm, consisting of more than 2,500 indigenous varieties of rice, which are tolerant to pests and diseases and adverse climatic and soil conditions. Some of the varieties have been identified as having aromatic, medicinal and nutritional properties. Other than rice, pepper, cardamom, betel, chillies, legumes, yams, citrus,

mango, banana and many vegetable crops possess several genotypes.

Biodiversity and Tourism

Tourism is the one of the world's growing industries associated with the existing diversity in different ecosystems, flora and fauna. The diversity is a key factor contributing to the growth and sustainability of tourism industry. Especially, the tourism industry of tropical and developing countries highly depend

on what they possess unique in their natural environments. Environment makes up the geographic location, climate and weather, land forms and topography and biological components like vegetation and wildlife.

Eco-tourism and nature tourism are popular types of tourism highly dependent on nature and its diversity. Many definitions can be found in literature regarding "eco-tourism" and "nature tourism". Many people use the same definition for both eco-tourism and nature tourism. The World Tourism Organisation (WTO) has defined this activity at two levels; nature tourism is a form of tourism in which the main motivation is the observation and appreciation of nature while eco-tourism is a form with the characteristics of all nature-based forms of tourism and is carried out in a way that takes special precautions for maintaining the natural environment of the tourist destinations.

Eco tourism in Sri Lanka is defined as responsible travel to natural and cultural areas that conserves the environment of such areas and sustains the well-being of local

people, with the objective of conservation and restoration of natural resources, promotion community involved tourism development, promoting investment on conservation of ecological resources and utilisation of ecotourism as a tool for conservation and rural development. Government of Sri Lanka has accepted ecotourism as a niche segment of Sri Lanka Tourism and guidelines for ecotourism development have been

formulated in three areas, i.e., location, site development and operations. Construction of eco-resorts and eco-lodges, identifying potential and available areas for eco-tourism programmes, and encouraging eco-tourism activities around privately-owned resources are prioritised areas to support the eco-tourism objectives (Sri Lanka Tourist Board, 2003).

Today, the fashion of enjoying the sun and beach is fading away. The sun and beach is not sufficient to satisfy tourists and to maintain sustainability of the tourism industry. New travellers want to experience of the nature, culture and tourist activities to make their holidays more pleasurable and worthwhile. Most of the travellers want nature to be more prominent in their vacations. The World Tourism Organisation (1998) has estimated that twenty percent of the world's travel in this decade will be nature related. This is a great opportunity for Sri Lanka as a developing country to open doors to remote communities to gain benefits of booming tourism industry.

A Survey on foreign tourist arrivals to Sri Lanka (2009) revealed that the environment was the leading influential factor to visit tourists to Sri Lanka. The Highest proportion of tourists ranked the environment as their first, second and third influential factor (Table 2). Nearly 81% of tourists visited Sri Lanka to spend their holidays while about 13 per cent came for business matters. Yala national park was the most visited national park, which was 57% during the semester of 2008 September to February 2009. Elephant was rated as the star of Sri Lanka's wild life by nearly 62% respondents while 11% were interested in birds.

Table 2: Ratings of influential factors to visit Sri Lanka

Factor	Order of priority as a Percentage		
	1	2	3
Environment	31.86	48.49	41.41
Culture	9.76	16.44	21.89
Social	22.96	19.97	15.49
Business	9.7	0.67	1.01
Previous experience	3.04	3.86	5.05
Promotion	1.38	0.67	0.34
Education	0.75	0.34	0
Other	20.55	9.56	14.81

Source : Survey of departing foreign tourists from Sri Lanka, 2009.

Figure 2 shows the trend of foreign visitors to the wild life parks in Sri Lanka from 1986 to 2010. The total revenue from foreign visitors to wildlife parks has increased by nearly 98% from 1986 to 1996, nearly 72% from 1996 to 2006 and nearly 56% increase from 2006 to 2010. Table 2 provides more details on the contribution of sixteen natural ecosystems, especially the national parks towards the growth of tourism industry in Sri Lanka.

Sri Lanka Tourist Board statistics provide evidence for that the tourists' interest on nature based tourism in Sri Lanka has increased. The government endeavours to promote nature based tourism while curtailing the erosion of bio-diversity.

Erosion of Bio-diversity

At the beginning of civilisation, human communities systematically

organised surviving patterns while utilising natural resources carefully which led to a sustainable community-ecology relationship. They identified the diversity within the same species of flora and fauna, as their medicinal, nutritional, aromatic properties and many more unique values. Those genotypes were utilised for the betterment of human beings, and at the same time, they were allowed to thrive in there natural habitats and protected for a sustainable ecosystem.

The use of natural resources for commercial farming and plantation agriculture, deforestation, land fragmentation, screening high-yielding genotypes, trends in industrial development etc. have direct and increased impact on the erosion of bio-diversity and pose a threat to nature tourism. Tourism industry also causes environmental

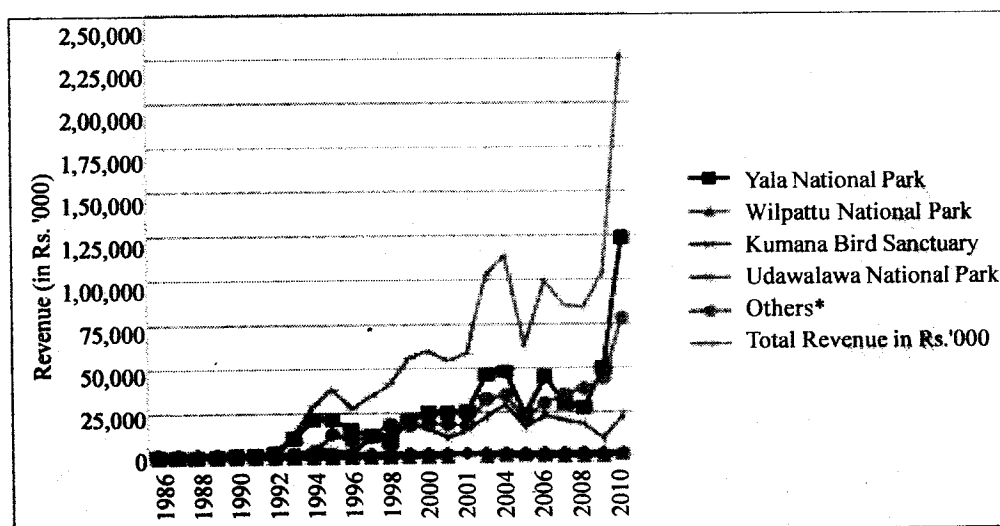


Figure 2: Revenues from Foreign Visitors to National Parks of Sri Lanka
Source : Sri Lanka Tourism Annual Statistical Report 2010.

pollution and greenhouse effects, especially when their levels exceed the carrying capacity of ecosystems due to over crowding. In future, this situation will be further accelerated by the heavy use of genetic modification technology in agriculture. There is a cumulative threat of all these factors to disappear most of the endemic fauna and flora rapidly which is an irreversible loss to the whole world.

Healthier ecosystems and diverse flora and fauna species can withstand climate change impacts better. The climate changes arise as a cumulative result of unplanned human activities is another major threat for ecosystems and tourism development worldwide. Hence, the bio-diversity is considered as the most vulnerable asset of tourism.

Conservation of Biodiversity in Ancient Sri Lanka

Though the biodiversity and its conservation are broadly discussed worldwide as a new concept, safeguarding of fauna and flora has a long history dating back to over 2500 years. In the Buddhist history, there are many evidences of having bio-diversity conservation concepts;

for example, the first Dhamma Dheshana of the Lord Buddha was held at Isipathana Migadaya at Baranasee, which was a sanctuary of dears. Another most interest example from Buddhist culture is one of the higher ordinate *seela* (*upasampada seela*) which prevents the destruction of trees (flora) by the higher ordinate monks.

In Sri Lanka, conservation of biodiversity is as old as the recorded history of the country. "*Mahawansa*" shows, that there was preservation of wildlife in defined areas. For instance, King Devanampiyathissa affirmed an animal sanctuary in the third century BC. Another evidence for wildlife conservation and sustainable use of forests is, that King Keerthi Nissanka Malla proclaimed that no animal should be killed within a radius of seven *Gau* (One *Gau* is equal to 35.7 km) of the sacred city of Anuradhapura. The conservation of bio-diversity in ancient Sri Lanka was ingrained in cultural and religious aspects. The ancient rulers of the country paid special attention to protect those preserved environments, such as, monarchs, sanctuaries, forests and even "urban nature reserves" in ancient Sri Lanka; in today's milieu, those are the protected areas,

(Biodiversity Conservation in Sri Lanka, 1999). Figure 3 shows ruins of an ancient monastery located in Ritigala forest; offering forest for religious purposes is also considered as a measure of conserving the nature.

Tammita Delgoda (1997) described in "Sinharaja" about the conservation of biodiversity of Sri Lanka in detail, "the time of Sinhala Kings, forest and animal life were an important part of the social fabric. For example, Udawatthakale, was a reserved forest where people were not allowed even to gather firewood. Forests were also owned by the king, and considered a Crown property or *Rajasanthaka*. Any kind of activity within these lands was strictly prohibited. In those protected areas, any kind of cultivation, felling trees, hunting or fishing were strictly prohibited, and severely punished, if not adhered to. A *Kale Korala* was appointed by the king to enforce laws regarding forest conservation. All elephants were regarded as the property of the Crown, and killing an elephant was considered as a crime. Conservation of fauna and flora was also a part of their way of life."

Table 3: Revenues from Foreign Visitors in 2010 to Wildlife Parks by Location

Location	Foreign Tickets		Local Tickets		Total No. of Visitors	Total Revenue (Rs)
	No. of Visitors	Revenue (Rs)	No. of Visitors	Revenue (Rs)		
1. Yala National Park	73,580	123,850,107	179,965	10,274,270	253,545	134,124,377
2. Wilpattu National Park	912	1,503,635	16,156	876,140	17,068	2,379,775
3. Kumana National Park	400	445,750	19,201	820,516	19,601	1,266,266
4. Udawalawa National Park	15,560	22,718,483	46,752	2,536,968	62,312	25,255,451
5. Horton Plains National Park	21,846	36,646,400	144,892	7,763,760	166,738	44,410,160
6. Bundala National Park	3,703	4,183,437	5,920	228,700	9,623	4,412,137
7. Wasgamuwa National Park	451	443,500	19,916	726,380	20,367	1,169,880
8. Minneriya National Park	13,479	22,602,970	26,714	1,604,320	40,193	24,207,290
9. Kaudulla National Park	13,085	14,679,537	16,731	652,670	29,816	15,332,207
10. Lunugamvehera National Park	20	21,582	3,601	140,780	3,621	162,362
11. Gal Oya National Park	32	17,055	1,480	69,110	1,512	86,165
12. Horagolla National Park	1	1,145	2,752	104,760	2,753	105,905
13. Maduru Oya National Park	0	-	23	5,600	23	5,600
14. Angammedilla National Park	0	-	1,712	65,890	1,712	65,890
15. Galwaysland National Park	129	135,636	1,271	47,590	1,400	183,226
16. Lahugala National Park	0	-	179	6,780	179	6,780
Total	143,198	227,249,239	487,265	25,924,234	630,463	253,173,473

Source : Sri Lanka Tourist Board, 2010.

During the colonial era, dramatic change occurred in the lifestyle of Sri Lankans, which led to erode the biodiversity there in the country.

Current Trends in Conservation of Biodiversity

Conservation of fauna and flora is done by two methods: the first is ex-situ conservation, which is carried out only to a very limited extent in Sri Lanka. The plant genetic resources centre at Peradeniya is the only institution established for this purpose. The second method is in-situ conservation, i.e., preservation of genotypes in their original ecosystems.

Conservation of biodiversity or wise management is a one of the Millennium Development Goals (MDGs), and it targets at achieving a significant reduction in the rate of bio-diversity loss by the year 2010. Sri Lanka, a rich biodiversity destination has dozens of laws and regulations focused at protecting her natural wealth, but their implementation is inadequate. Increased community involvement in conservation is vital in this regard. Eco-tourism would be the best strategy to increase the interest of community.

The Convention on Biological Diversity is an international body

working towards arresting the erosion of bio-diversity worldwide, and catalyses the responsible parties to play their role in relation to this matter. In 1998, Sri Lanka prepared a framework of action for the conservation of biodiversity to preserve natural flora and fauna of the country with the involvement of Ministry of Forestry and Environment, and the task was facilitated by the Convention on Biological Diversity. Many government and non-governmental agencies, including Forest Department, Coastal Conservation Department, Department of Wildlife Conservation, Central Environmental Authority, and Department of Agriculture, Botanical Gardens and Zoological Gardens are involved in sharing their responsibilities of preserving the natural ecosystems with their flora and fauna.

The identification of biodiversity regions is important for conservation. In Sri Lanka, terrestrial bio-regions are demarcated based on climatic and geo-physical classifications, the distribution pattern of flora and fauna and biodiversity density of different areas of the country. The

criteria used for determining terrestrial bio-regions are, degree of threat, population density, development pressure, biodiversity based on available data, economic potential based on road network, forest coverage and watershed value. Fifteen terrestrial and coastal bio-regions were



Figure 3: Ritigala Ancient Monastery

identified based on the above-mentioned criteria.

There is a possibility of using tourism as a solution to loss to biodiversity due to human activities. This can be achieved through raising awareness of the endangered genotypes and by providing incentives for communities who are involving in conservation of these threatened areas (WTO, 2010). Ecotourism can be upgraded by habitat mapping, increasing availability of information, training naturalists, development of interpretation skills, designing hotel gardens and providing sustainable waste management solutions. Sustainable eco-tourism projects should be promoted to protect species, manage and restore habitats and promote the sustainable use of natural resources. Dissemination of knowledge, setting standards and identifying tools for biodiversity conservation are the areas to be addressed to ecotourism culture

Sri Lanka still focuses on nature tourism rather than ecotourism. Ecotourism is the most appropriate type of tourism in Sri Lanka, where six sites have been designated as World Heritage Sites by UNESCO (United Nations Educational, Social and Cultural Organisation) Sri Lanka offers diverse opportunities for nature lovers to widen their experience through wildlife safaris, bird watching, hiking, trekking (Figure 4), photography, cycling, and many more. An ecotourism model for Sri Lanka should be formulated



Figure 4: Trekking in Sinharaja rain forest

to promote tourism and protect important habitats by working with local communities and tourism-related organisations.

Sustainable tourism can directly contribute to biodiversity conservation by—

(i) Introducing less destructive livelihood alternatives to local communities in buffer zones controlling intensive use of forestry and other natural resources, monoculture, hunting etc. For example, Kandyan home garden and, spice garden concepts avoid monoculture and those are strong tourist attractions in Kandy and Matale districts,

(ii) Providing an incentive for landowners in threatened ecosystems to permanently conserve biodiversity-rich properties, and

(iii) Raising visitor awareness, motivating community involvement in conservation issues.

National Eco-tourism Policy emphasises the following areas:

(i) Tourism development and marketing should highlight the country's distinctive religious traditions, cultural and historic and attractions, and its natural beauty and diversity,

(ii) Tourism development should promote the conservation and enhancement of Sri Lanka's natural environment and its historical, social and cultural avoiding any harmful effects,

(iii) Tourism should result in optimal economic benefits to Sri Lanka's economy by way of maximum net foreign exchange income spreading of development through the country and creating significant employments for Sri Lankans, and

(iv) A program of community education, consultation and active participation should be ensured (Sri Lanka Tourist Board, 2003).

To ensure long-term impacts of sustainable tourism on biodiversity conservation, introduction of innovative management systems with special focus on tourism related uses of eco-sites, along with capacity building systems is vital. A consultative process with key stakeholders should be facilitated to ensure their active participation in sustainable tourism of their eco-sites.

Conclusion

Ecosystems with different species of flora and fauna are vital for the functioning of global life-supporting systems. Sustainable use of natural ecosystems while maintaining their diversity are major requirements for sustainable tourism. Tourism should be recognised as a natural resource dependent industry. Poorly-managed tourism leads to erosion of bio-diversity, which in turn will adversely affect the tourism industry. Tourism industry in developing countries is highly affected by this situation. The conservation of biodiversity is crucial for tourism, and the tourism has potential to promote preserving biodiversity worldwide. The future of the tourism of Sri Lanka and its contribution to uphold large number of people involving in tourism depends, to a large extent, on the conservation and wise management of her biodiversity, which is the most valuable asset of tourism of Sri Lanka. The payback of sustainable tourism of social recognition, income opportunities, can provide a strong incentive for communities to protect their natural ecosystems. To ensure that, the distribution of incentives among local communities who directly contribute for this process, should be fair. Sri Lanka will be able to maximise the benefits of tourism, such as increasing investment, job creation and foreign exchange earnings, while minimising negative effects and environment degradation.

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Role of Alternative Tourism in Sustainable Rural Development

Introduction

Tourism is one of the largest industries, making a significant contribution to socio-economic development in developing countries. Although, the contribution of conventional mass tourism to rural socio-economic development in these countries is relatively small, rural tourism has been recognised (Frochot, 2005) as an alternative livelihood that could contribute significantly to sustainable rural development. The rural tourism conceptualises that countryside tangible and intangible resources such as pre-history, history, socio-culture, other anthropogenic aspects, traditional livelihood, and unspoiled atmosphere in the environment enable the rural communities to find their own capital. Further, the diversity of rural tourism generates many opportunities for micro and small entrepreneurs while providing exotic and contented holidays for the tourists. The significance of contribution of rural tourism to local economy has been well documented (Fleischer and Pizam, 1997; Page and Getz, 1997; OECD, 1994). However, the development of rural tourism should be in line with the existing ecosystem and rural resources. Eventually, rural tourism should ensure preservation and conservation of socio-culture, environment and economy while overcoming the existing developmental problems. As the majority of Sri Lankan population is in rural areas, well-planned and designed tourism would contribute significantly to rural development in a sustainable manner.

Tourism in the Development Process

Although tourism had been a social activity contributing to human well-being, today, it has been accepted as a major strategy for developing both socio-economy and environment. As an industry, tourism consists of a large number of enterprises and generates millions of employments (UNWTO, 2011), and contributes to government revenue, foreign exchange earning and income multiplier effects of different sectoral participation and income redistribution within the country. Thus, tourism helps to unite and integrate the communities, expand knowledge, revalue socio-culture, and appreciate and acknowledge the environment. Specifically, tourism has been recognised as a viable means of economic development in developing countries due to their poor physical and monetary resource availability. Moreover, the impacts of global warming and climate change could be mitigated through tourism industry with its value maximisation on green paradigm and environment-friendly concepts. However, the existing conventional mass tourism has failed to achieve sustainable development goals due to negative impacts, such as foreign exchange leakage, poor local community participation, lack of preservation and conservation of socio-culture and environment, etc. Consequently, conventional mass tourism is being replaced with alternative sustainable tourism (Mouforth and Munt, 1998; Sharma, 2000) named as ecotourism, rural tourism, agro-tourism, geo-

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tourism, community-based tourism, cultural tourism, indigenous tourism, etc. Many of these tourism are possible only in rural areas, where sustainable development is an inevitable requirement.

Improving Sustainability in Marginalised Rural Areas

Whether in rural or urban setting, ensuring sustainability is the central issue in development. Sustainable development entails economic development while preserving the socio-culture and environment. Resuscitation of the declining socio-economies in rural areas is common challenge (Ying and Zhou, 2007) for both developed (Dernoi, 1991; Hannigan, 1994; Pompl and Lavery, 1993; Williams and Shaw, 1991) and developing countries (Kinsley, 2000). Although, contemporary development approaches enable the urban community to improve the quality of life up to some extent, it is not so in rural sector. Communities in rural and peripheral areas face challenges for continuous economic development due to the collapse of primary and traditional industries (McDonald and Jolliffe, 2003), which have led to a vicious circle of economic decline and socio-economic problems (Sharpley 2002). Collapse of traditional livelihood and outmigration of the rural

community have made the situation worse. Gradually, the rural areas have largely been abandoned and ignored by the populace, even though rural agricultural communities and their residents were once perceived as the pioneers or 'bread and butter' of the country (Reichel *et al.*, 2000). Although, rural sector contributes immensely to overall socio-economic development in any country, today, the rapid decline of natural resources and degradation of socio-culture and environment have become alarming threats for sustainable development in rural areas.

Consequently, empowering local communities has become one of the most prioritised needs in rural areas for their sustainable development. Although many governmental and non-governmental socio-economic empowerment projects have been initiated, they have failed to achieve the development goals or resolve the prevailing socio-economic and environmental problems in rural areas. However, none of them has been successful or sustainable, though they have provided instant and temporary solutions for some problems related to their survival. They have been political salvation or social charity programmes. Further, as long as funding is available and benefits are generated, the projects display a success and community participation, but, when the funding is stopped, projects tend to be failed and discontinued. The implementation of the projects in top-down approach is the obvious reason for the failure, and hence, they are not consistent with the local resource setting and community perception. Consequently, poor socio-economic regeneration has led to poor capitalisation and entrepreneurial

development. Rural areas require their own capital and entrepreneurship development in line with the existing environment and resource availability to ensure the sustainability in the development of rural areas. Making use of local resources for alternative purposes would be inevitable to stimulate rural economies (Liu, 2005) and very important to create alternative sources of income to retain the economic vitality of the rural areas (Unwin, 1996) rather than providing concessionary packages or schemes. The capitalisation and entrepreneurial development process incorporated with the assessment of human and physical geography of rural areas, local resource identification and inventorisation of local community participation in decision making and development process together with an integrated vision for the rural region (Innoides, 1995) are essential to reach sustainable development goals in rural areas. Furthermore, re-conceptualisation of rural resources as countryside capital (Garrod, *et al.*, 2006) is a widely-accepted strategy in rural tourism development.

Countryside Capitalisation for Alternative Tourism

In alternative tourism, socio-culture, environment, historical and archaeological, anthropogenic and other human and physical geographical resources in rural areas are rediscovered as the capital for rural tourism industry. Meanwhile, other traditional industries, as the substituting source of livelihood, are unable to generate capital from the declining agriculture or other existing resources in the rural areas, nevertheless the rural communities thrive their traditional livelihood with them. Alternative tourism is considered as an engine

for rural economic growth (Hall and Jenkins, 1998); an effective catalyst of rural socio-economic development and regeneration (Sharpley, 2002); a complementary tool for socio-economic regeneration in rural areas (Briedenhann and Wickens, 2004; Fleischer and Felsenstein, 2000; MacDonald and Jolliffe, 2003; Yinga and Zhou, 2007); a means to counteract economic decline and forestall outmigration by the indigenous population (Walford, 2001); a suitable form of economic development for rural areas; a tool to preserve the integrity of the countryside resource while enhancing the local economy and maintaining rural ways of life (Lane, 1994; Hall and Jenkins, 1998; Roberts and Hall, 2001; Garrod *et al.*, 2006); and use the existing resources to achieve new economic growth (Seaton 1996). Moreover, cultural values would be a resource for socio-economic development in rural and peripheral communities (McDonald and Jolliffe, 2003). Alternative tourism would be a strategy to regain and retain the socio-economy and environment of the rural areas. Thus, it could make a value addition on the existing resources such as countryside atmosphere, tradition and preserved socio-culture, anthropogenic resources, traditional livelihood and other human and natural geographical resources and improve the value chain of the rural tourism industry. Moreover, the rural tourism would empower the local community through their own capital and resources, while creating a competitive advantage for their products in the global market. Hence, small start-up cost, minimum risk, availability of resources (Seaton, 1996) and environmental and cultural friendliness (Iaonnoides, 1995) induce local communities to participate actively in rural tourism

projects without any gender discrimination. Unlike conventional mass tourism, alternative rural tourism is appreciated and carried out by the rural women community. Furthermore, locally-owned (Innoides 1995) and self-generated (Khan, 1997) rural tourism is capable of supporting the local community to eradicate poverty and reduce dependency. In the Sri Lankan context, rural tourism would benefit the government, since it would reduce the burden of socio-welfare cost in rural areas. On the other hand, it would minimise the destruction of natural resources and socio-culture. Although Sri Lanka has not reached a notable development with rural tourism projects, we can witness some successful projects, such as Rekawa-Tangalle, Walawe Nadee – Ambalanthota Padavigampola-Rambukkana, Kudawa – Sinharaja community-based tourism initiatives, etc. However, local resources and community perception would determine the products of rural tourism, which would vary according to human, physical and geographical settings.

Diversity of Alternative Tourism in Rural Areas

As rural areas or countryside are the geographical locations possessing various kinds of natural and man-made resources and portrayed as a container of traditional cultures, national identities, and “authentic” lifestyles (Kneafsey, 2001), tourism can be very widely diversified (Frochot, 2005). Countryside is capable of attracting and offering a variety of alternative tourism to satisfy various needs of tourists (Frochot, 2005) who are discontented with typical sun-based holidays (Iaonnides, 1995). “The collective imagery of rural tourism based on different

elements, such as naturophilia (returned the values to the natural environment), rural roots, a positive image of the rural environment, quality and authenticity, increased mobility and access, cultural changes in post-modern society, changes in tourist market, and tourist experience” (Canoves *et al.*, 2004), have led the tourists and sellers to come forth with diverse rural tourisms. Alternative tourism intends to rediscover the rural areas as diverse tourist destinations, including segmentation of tourism products (Getz and Page, 1997), intimating with a range of names (Scheyvens, 2002); soft tourism, responsible tourism, agro tourism, cultural tourism, community tourism, ecotourism, indigenous tourism, heritage tourism, folk tourism, and volun-tourism, etc.

Cultural and heritage tourism is attracted by cultural landscape (Kneafsey, 2001) of rural community preserved for generations (McDonald and Jollife, 2003). Hence, tourism industry has found the new concept of cultural rural tourism, which is underpinned a distinct rural community with its own traditions, heritage, arts, lifestyles, places, and values (Ying and Zhou, 2007). Rural communities are interested in cultural tourism for two reasons, i.e., as an important way for socio-economic promotion (Wang and Zhao, 2001) and, as an essential purpose to preserve local socio-culture (Ying and Zhou, 2007). Thus, cultural or heritage tourism contributes to socio-economic development in rural areas while preserving and conserving the local socio-culture.

Another widely-recognised source for rural tourism is agriculture. Agriculture-based tourism would be named as agro-tourism, vacation farms, farm tourism, etc. As agriculture is a main livelihood of many rural communities, downturn

of the traditional local economy, specially, in agrarian industries (Sharply, 2002) led communities to find another income source for their survival (Hjalager, 1996); supplement the declining of agricultural activities of both subsistence and commercial farms, and generate sufficient income (Reichel *et al.*, 2000); provide a logical and appropriate avenue for the diversification for farmers (Fennel and Weaver, 1997); reduce the out-migration of the young generation through providing additional jobs in service sector (Opperman, 1996). Hence, agriculture-based tourism in rural areas enables the rural communities to regenerate and restore the traditional livelihood while improving the quality of their life.

Ecotourism, which is also an important segment of rural tourism emerged with peace and serenity of the existing ecosystem in addition to rural tranquillity, unsoiled atmosphere, unique fauna and flora, and simplistic and authentic rural lifestyle. Thus, it enables the community empowerment through managing natural resources (Scheyvens, 2002) and preserving environment (Ceballos-Lascurain, 1996). It ensures the responsible interaction and utilisation of natural and socio-cultural resources in rural areas while contributing to the local development. It supports the local community to attain social, environmental and economic goals required for sustainable development in rural areas.

The contemporary sustainable rural development perspectives and negative impacts of conventional tourism have led the tourism industry to discover the above-mentioned diverse alternative tourism concepts and products. Although different names and

concepts are tagged with rural tourism, strong participation of local community in the development and decision-making process (Tosun, 2004) is inevitable. Socio-cultural and environmental fabric of the countryside determine the structure, scope and significance of rural tourism, whereas local community should be the main actor in development.

Design and Development of Rural Tourism Products

Although, rural tourism is recognised as a strategy for rural development (Sharpley, 2002, Scheyvens, 2002), identifying and selecting appropriate alternative tourism will determine the sustainability. Rural tourism is a fast-growing small sector in the world tourism (Lordkipanidze *et al.*, 2005) and a suitable means of economic development (Fleischer and Felsenstein, 2000). Moreover, it can balance economic growth with environmental and socio-cultural concerns (Ioannides, 1995). Here, designing and development of tourism products in rural areas ensure the achievement of social, environmental and economic goals.

In the evolution of the rural tourism development, planning includes a number of activities (Reid *et al.*, 2004), such as, physical and human geographical assessment, inventorisation of socio-cultural and natural resources, analysis of developmental gap, demonstration and awareness creation on rural tourism, capacity building, integration of different sectors and stakeholders, value clarification, establishing community-based tourism organisations (CBTO), incarnation of alternative tourism products, establishing facilities, and marketing and promotional campaigns. These should be carried out under the direction of the community. Community-centred

development (Murphy, 1995) process ensures sustainability rather intervention of national government or planning agencies in rural area. It is well understood the importance of the community participation in planning and development of the rural tourism. Therefore, if the rural tourism is planned and developed by an external institution or an individual alone, it would be another alternative avenue for the urban business giants to grab rural resources under the labels of community and sustainability, in spite of contributing to local sustainable development.

Ensuring Sustainability with Rural Tourism

Ensuring sustainability is the major requirement in rural development. As tourism is the key for the sustainable development (Jolliffe and Aslam, 2009), diversification of tourism in rural areas would fulfil this, in addition to preserving and conserving their socio-culture and environment. Small-scale and locally-owned diverse entrepreneurship development, and utilisation of the existing socio-cultural and environmental resources in rural tourism will add value to local resources, create alternative sources of income, regenerate traditional livelihoods and employment for the youth and increase women's contribution to local development. Further, reduction of disparities between urban and rural areas (Liu, 2005), and integration of different sectors would occur. Rural tourism would be a vehicle for safeguarding the integrity of countryside resources, enhancing the rural economy and maintaining the rural way of life (Lane, 1994; Hall and Jenkins, 1998; Roberts and Hall, 2001; Garrod, *et al.*, 2006) with local resource capitalisation, community empowerment, and preservation of socio-culture and environment in rural areas.

In tourists' point of view, visitor satisfaction can be enhanced and broaden through rural tranquillity, unpolluted atmosphere, countryside amicable hospitality, simplistic and authentic lifestyle, exotic and unique natural and man-made attractions (Fredericks, 1993), environmental and biodiversity collectively (Sharpley, 1996) lead to continuous flow of tourists.

Alternative Tourism in Rural Development of Sri Lanka

Currently, alternative tourism is not a widely-accepted development strategy in Sri Lanka. Nevertheless, it has a huge potential for sustainable rural development. Development of rural Sri Lanka is the major political, social and economic perseverance since independence. Although socio-welfare-based economic policies enabled the country to reach a sufficient level in literacy and health, generally, they have not been able to overcome problems in rural development. Many community empowerment projects, such as household coupon, *Janasavi*, *Samurdhi* and other government concessionary packages were able to provide a temporary solution or political salvation rather than providing a sustainable solution. Further, development and decision-making process in the rural areas have ignored the community participation and followed the top-down approach. Tourism also has been no exception and lacks the socio-economically and environmentally balanced and diversified growth in Sri Lanka (Aslam, 2004). So, sustainable development in rural areas has not been entrenched by tourism. Some rural tourism ventures or enterprises have been commenced by privately-owned operators with eco or community tourism labels. Alternative tourism has not been

incorporated or absorbed as a rural development strategy, even though rural areas possess unique and diverse resources. As a result of inadequate and inappropriate capitalisation of local resources, sustainable development of rural areas has not been taken place. Tourism industry in Sri Lanka has failed to diversify the tourism in rural areas to benefit the countryside, nevertheless, there are possibilities for alternative tourism, such as, cultural/heritage tourism, ecotourism, community-based tourism, agro/farm tourism, responsible tourism, homestay tourism, peace tourism, indigenous tourism, etc. Although, ending of the civil war pushes the tourist arrival considerably, tourism industry is unable to widen the benefits to hinterland or countryside for sustainable development.

A few rural tourism development projects in the country witness the success of the endeavours. For example, Rekawa community-based tourism development through Rekawa Development Foundation; Padavigampola Homestay Tourism Village in Rambukkana; Kudawa Community-based Tourism at Sinharaja, Walawe Nadee Community-based Tourism - Ambalanthota enabled the community to find alternative income sources, to generate new employment opportunities, to manage natural resources, to refrain from destruction of natural resources such as forests, mangroves, corals, habitats of turtles, etc, to regenerate the traditional livelihood while preserving the environment and socio-culture. Active participation of communities, integration of tourism with human, physical and geographical resources and bottom-up approach development process substantiate the importance of alternative tourism in rural sustainable development.

Accordingly, diversification of alternative tourism in rural areas would ensure the solutions for the prevailing socio-economic and environmental issues, in addition to improving the well-being of the community.

Conclusion

Tourism is the largest and fast-growing industry capable of overcoming many contemporary socio-economic and environmental challenges in the world. Generally, rural areas are the spacious territories, where development is a burning issue and they need immediate and urgent attention to improve the socio-economic and environmental well-being. Diminishing resource capacity, decline in traditional livelihood sources, outmigration of youth have led the rural community to search for alternative avenues to restructure and regenerate the rural socio-economy while preserving the socio-culture and environment. Diversification of tourism in rural areas makes it possible to overcome these problems to ensure sustainable development. Alternative tourism intends to rediscover the rural human and physical geography as valuable resources and reconceptualise as capital to empower the socio-economy and environment in rural areas. Whatever the names have been tagged with rural alternative tourism products, it should take local socio-culture, environment and economy into consideration. Eventually, participation, empowerment and sustainable development are sequentially interrelated actions in the development process that should be undertaken in bottom-up approach to attain the objectives successfully. As rural areas are the major concerns of the social, political and economic will of Sri

Lanka, many rural community development or empowerment projects and packages were initiated and some were concluded without any success. Yet, sustainable improvement of the socio-economic well-being of the rural community is the biggest challenge for Sri Lanka. Diversification of alternative tourism in rural Sri Lanka would help to overcome the development challenges while preserving the socio-culture and environment.

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WTO: Trade Policy Review – Sri Lanka 2010

Prepared by the WTO, Co-published by the WTO and Bernan, 2010, pp. 178.

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Before the World Trade Organisation (WTO) was formed, a Trade Policy Review Mechanism (TPRM) of GATT (General Agreement on Tariffs and Trade) member countries was introduced on a trial basis in 1989. It became a permanent feature once the WTO was established in 1995. Under the TRPM, the trade policies of developing countries like Sri Lanka are generally reviewed every six years, although the time may vary according to the WTO schedules. The first review for Sri Lanka was completed in 1995 and the second in 2004, and the Report under review is the third one published in December 2010.

The objectives of the TPRM are to improve the adherence by all WTO Members to rules and commitments made under the Multilateral Trade Agreement, and where applicable in Plurilateral Trade Agreements, and thereby, increase transparency in trade policies and practices of member countries for the smoother functioning of the international trading system. It is not intended to serve as a basis for enforcement of obligations under the Agreements or to impose new policy commitments on members, but rather, to highlight the progress and concerns of a member country's trading regime in the context of the smooth operation of the multilateral trading system. The reviews are conducted using two documents, viz., a Policy Statement submitted by the Member Country (in the case of Sri Lanka, prepared by the Department of Commerce) and a comprehensive analysis of the member country trade regime prepared by the WTO experts. On

the basis of these two documents, a final Concluding Remarks is prepared by the Chairperson of the WTO Trade Policy Review Body, and these three submissions are included in the Report. After a brief introductory section, the Report has three key chapters, viz., Framework and Objective of the Trade Policy Regime, Trade Policies and Practices by Measure, and Trade Policies by Sector

The Report first praises Sri Lanka for performing reasonably well, despite major internal and external shocks after 2003. Examining the document, "Sri Lanka's Ten-Year Horizon Development Framework 2006-2016" (TYHDF), the evaluation expresses satisfaction on mainstreaming trade policies with the overall economic development strategy of Sri Lanka. That trade policy should dictate the development path of a country as advocated by ardent neo-liberal economists does not carry favour in the WTO review; this is indeed a positive feature. The Report then acknowledges that Sri Lanka's trade policy continues to be aimed at achieving greater integration into the global economy through multilateral (WTO), regional - SAFTA [South Asia Free Trade Agreement] and APTA [Asia Pacific Trade Agreement] - and bilateral - ISLFTA [India-Sri Lanka Bilateral Free Trade Agreement] and PSLFTA [Pakistan-Sri Lanka Bilateral Free Trade Agreement] - trading, through an incentive regime geared to encouraging exports and investments, and a number of development programmes to improve the infrastructure.

The Report notes that Sri Lanka has been an active member in the WTO Doha Development Agenda (DDA) and has contributed to proposals/debates on technical barriers to trade, geographical indicators, labelling of textile and clothing, footwear and travel goods, preference erosion, trade facilitation, among others. Since the last WTO review in 2004, Sri Lanka has not been involved in any disputes under the WTO rules.

Trade Policy Regime: Framework and Objectives

After highlighting the positive developments in the trade policy regime, the Report expresses concerns on a number of areas. The exports have grown over the years, but the performance is comparatively less impressive vis-à-vis competitors. For instance, in 1990, exports from both Vietnam and Sri Lanka amounted close to US\$ 2 bn., but by 2008, exports of Vietnam amounted to US\$ 61 bn. while Sri Lankan exports amounted to approximately US\$ 8 bn. Moreover, Sri Lankan exports were less diversified, product- and market-wise. The Report while identifying these features of the Sri Lankan export sector, closely observes that the non-US and non-European markets, in particular in Asia, are increasingly becoming important destinations for Sri Lankan exports (while these markets have been large sources of imports to Sri Lanka for many years). The Report cogently argues for consolidating Sri Lanka's links

with Asian markets, in particular, the growing markets of India and China.

The Report states that the trade reforms since the last review show a mixed picture with new border charges which, on average, have increased trade protection, for instance, the average MFN (Most Favoured Nation) tariffs was 11.5% in 2010 as compared to 9.8% in 2003. The Report then goes on to say that trade policy has been guided, to a large extent, by revenue consideration. These points are debatable because the post-2004 economic policies are based on a mixed-economy model where import substitution and SMI (Small and Medium Industries) promotion have received equal priority as export promotion, thus enhancement of the MFN tariffs are as per the TYHDF, although may not be consistent with the spirit of WTO. Moreover, it was not only revenue, but a concerted effort for additional protection that has driven tariffs upwards. The most widely-used tariff rate of 25% was increased to 28% in August 2007 and again increased to 30% in June 2010 after abolition of some nuisance taxes that were imposed on the border.

It is well-known that binding tariff levels under the WTO gives more predictability to the trade regime. In Sri Lanka, only 36.4% of tariff lines are bounded at rates ranging from 0 to 75%. In general, applied rates are lower than bounded rates with average bound tariff of 32.7%. The Report notes that 103 HS (Harmonised System) applied rates exceeded the bounded rate. This is an area that needs policy attention.

On the positive side, the number of tariff bands has fallen from 11 in 2003 to 9 in 2009 and to 5 in late 2010. At present, the highest bands 100% and 250% are applied for a handful of products (mostly cigarettes and tobacco) and this is followed by the 30% band (mostly agricultural and food products, consumer goods, chemicals, and other intermediate goods manufactured locally), 15% band

(intermediate products), 5% band (semi-processed raw material), and 0% band. Some 44.4% of tariff lines are on the zero band, 23.1% are on the 15% band, and 21.3% are on the 30% band. Zero-duty items have increased due to the elimination of the 2.5% tariff rate and replacing it with zero duty.

The Report also refers to various add-on taxes at the border, Commodity Export Subsidy Scheme (CESS), Social Responsibility Levy (SRL), Ports and Airport Development Levy (PAL), Nation Building Tax (NBT), etc., which have been highlighted in the past. For instance, in 2007, the overall customs revenue increased close to 8% of GDP (Gross Domestic Product) compared to import tariff revenue amounting to 2 % of GDP due to these add-on taxes (see *The Island, Business*, 30 August 2010). Some of them, such as the SRL, were removed in the November 2010 budget, but more needs to be done to have a transparent and predictable border trade regime and the Report goes on to say that frequent resort to ad-hoc import tax imposition and removal, adds discretion and creates confusion among importers. Despite the complex import tax regime, the Report commends efforts made by the authorities to make available all import charges online.

Trade Policies and Practices by Measure

Sri Lanka has benefited somewhat from donor partners contributions on WTO's Aid for Trade initiative to implement trade-related measures. Most Aid for Trade has been focused on trade facilitation, improving competitiveness and investment climate, and amounted to US\$ 1.77 bn. between 2004 and 2008. Sri Lanka has now implemented the WTO Customs Valuation Agreement (CVA), however the Report expresses concern on domestic legislation permitting use of minimum values which is a departure from CVA rules, citing the example of reconditioned motor vehicles.

Non-automatic import licensing is required for 500 tariff lines,

although Sri Lanka's use of non-tariff barriers is relatively limited. All 103 trade-related technical regulations of Sri Lanka have been notified, including 18 SPS (Sanitary and Phyto-sanitary Measures), to the WTO. The Report notes that the Anti-Dumping Bill that was debated in Parliament in 2005 is yet to be ratified. Whether to implement Anti-Dumping legislation or not could be debated (see Chapter 15, IPS SOE - 2004), but it was opposed in Parliament strangely by a political party representing the interest of the national economy, arguing on the misguided belief that anti-dumping legislation is pro-WTO and against the national interest! Ever since this opposition, the Bill has been kept in cold storage.

The Report shows that the export taxes almost abolished in 1992, now apply only to some mining/mineral items exported in raw form while an export CESS applies to a number of products in order to develop R&D (Research and Development) for those sectors. Since these CESS funds go to the Consolidated Fund, it is difficult to say how much of these funds actually goes for the development of those sectors.

With regard to the Consumer Affairs Authority (CAA), the Report highlights a major anomaly that has been highlighted in previous writings on the subject, i.e., the CAA Act does not empower it to conduct investigations on the existence of monopolies or to examine mergers and acquisitions that have already taken place (Chapter 11, IPS SOE 2004 and others). Utilities that fall under the Public Utilities Commission and listed companies under the Securities and Exchange Commission will only be subject to investigation for mergers and acquisition, but all other companies outside this domain will not be investigated. It is high time that legislation in this area is enacted for promoting a more competitive and consumer-friendly environment.

The Report makes a number of references to the trade-investment

nexus in Sri Lanka (investment follows trade and more trade follows from investment). In regard to the Board of Investment (BOI), the Report argues the case for streamlining all BOI incentives under the Inland Revenue Department, a recommendation which makes resonance with the Presidential Taxation Commission and various Reports of the International Monetary Fund (IMF). The Report emphasises that since the war is over and the economy is showing high growth rates, the case for extra incentives for Foreign Direct Investment (FDI) is not appropriate.

In order to comply with the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement, Sri Lanka enacted new intellectual property rights (IPR) legislation in 2003. This Act covers copyright and related rights, industrial designs, patents, marks and trade names, layout designs of integrated circuits, geographical indications, etc. The terms of copyright protection has been extended to life plus 70 years (from 50 years earlier). Despite this legislation, the Report says that counterfeiting and piracy is a problem due to weak enforcement. The Report recommends training officers, building public awareness, and stricter enforcement as the way forward.

Sri Lanka faces important concerns in formulating IPR policies in agriculture. The major issues include: the implications of IPRs on the price of seeds; the rise of bio-piracy; access of farmers to seeds; and the impact of property rights on biodiversity. Various countries in the South Asian region are currently attempting to evolve a twin strategy of granting both plant breeders' rights (a form of IPR for plant varieties) with farmers' rights (rights of farmers to engage in and benefit from their agricultural practices). The Report does not make any reference to the Protection of New Plant Varieties (Breeders' Rights) Bill of 2001. This Bill has been discussed in a number of seminars, but there does not seem to be any urgency in regard

to debating the Bill and speedy enactment. India has already enacted legislation in this area.

The Report makes strong reservations on procurement procedures. It notes that the government procurement, despite the abolition of the National Procurement Agency in 2008, continues to be used to promote domestic suppliers and products, which is contrary to WTO rules. Moreover, notification is yet to be done to the WTO with respect to State-Trading Enterprises under Article XVII of GATT 1994. In regard to the former, Sri Lanka has not violated any WTO rules as Sri Lanka has still not made any notification in the WTO Plurilateral Agreement on Government Procurement, and is not planning to do so in the future. To strengthen domestic entrepreneurship, the government grants price preferences for locally-manufactured goods to promote value addition to local raw materials and domestic bidders. The latter point is of course valid.

Trade Policies by Sector

The final section of the Report deals with trade policies in agriculture, industry, and services sectors. The Report shows that a consistent trade policy is absent for the agriculture sector. Tariff changes to encourage domestic agriculture production and at the same time to give a reasonable price to the consumer have been a difficult exercise, thus giving an ad-hoc structure to agricultural tariffs. While more protection to farmer has been the preferred government policy, when supply responses are inadequate due to internal shocks and infrastructure inadequacies, the government has resorted to tariff reduction to keep food prices low. The Report argues that a more consistent trade policy could be put in place with developing the agricultural infrastructure/institutions such as marketing chains, storage facilities, transportation, etc. Rationalising domestic support (such as the fertiliser subsidy), improving agriculture infrastructure,

implementing some reforms in the land market, and implementing a more consistent trade policy will increase agriculture productivity, says the Report. This is the correct way forward, but Sri Lanka did a mistake in the mid-1990s by binding agricultural tariffs at a relatively low 50% (compared to other South Asian countries) which triggered many ad-hoc tariff changes and lowered the productivity of the agriculture sector.

In regard to the manufacturing sector, the Report highlights that tariffs for manufactured products range from 0% to 30% with processed goods receiving a higher protection than semi-processed goods, and raw material are duty free. Average MFN tariff for manufactured products (WTO-NAMA [Non-Agricultural Market Access] products) increased from 8% in 2003 to 9.2% in mid-2010 resulting from an increase of rates applied on all main industrial categories. The tariff structure basically reflected the government strategy of promoting value addition in manufacturing and the domestic industry's high dependence on imports of raw materials and intermediate goods, although adjustments of tariffs in June 2010 adversely affected some import substitution industries. Only 26% of manufacturing tariff lines are bound at an average bounded rate of 21.3%. Applied rates on 143 HS tariff headings exceeded the bound rates, and this matter needs addressing.

Incentives are the preferred policy instrument to promote manufacturing when exchange rate policy is restricted by debt management, cost escalation, and other issues. However, fiscal space for granting incentives are limited and the BOI incentives, as stated earlier, need streamlining, and in this context, maintaining flexibility and stability of the exchange rate becomes a vital policy issue for the growth and sustenance of the manufacturing sector.

In regard to services, the Report notes that it is the largest sector in Sri Lanka's GDP, however its exposure for international trading

has so far been limited. Sri Lanka has made commitments in three service sub-sectors, viz., tourism, telecommunication, and financial services. In its schedule of commitments in these sectors, horizontal limitation and conditions relating to commercial presence is described. Commercial presence with foreign equity in excess of about 40% is subject to case-by-case approval under the discretion of the BOI. Sri Lanka considers services liberalisation as an important tool to attract FDI. The Report notes that Sri Lanka's actual market access conditions are more liberal than those stipulated in its GATS (General Agreement on Trade in Services) schedule of specific commitments. It also notes that under the DDA, Sri Lanka has considered the possibility of making further commitments in sectors, such as, tertiary education, retail trade, and professional services, where the initial offer has already been submitted.

There is a detailed description of these three sectors with special reference to the regulatory structure governing them. In tourism and financial services, the regulatory structures have made rapid progress to withstand further liberalisation of the sector. But in financial services, the presence of two large State banks is seen as an impediment for private sector

expansion, although this assertion is disputed by the government claiming that the lending to the private sector by both these banks have increased significantly. The regulatory framework vis-a-vis the telecom has some way to go to encourage more private sector participation, according to the Report. The Telecom Regulatory Commission Proposed Ten-Year Development Plan (2006 – 2016) identifies some of the problems in the sector as the lack of a seamless interconnection regime, the reluctance to share infrastructure facilities among operators, the lack of an effective surveillance mechanism to monitor compliance, and insufficient enforcement powers in current legislation. Since the government has identified IT-enabled services (13% of service exports amounting to \$ 250 Mn. in 2009,) in particular, Business Process Outsourcing (BPO) as an area offering significant potential, it is all the more imperative to address the shortcomings in the telecom regulatory framework as early as possible.

In sum, the section on services highlight some of Sri Lanka's strengths and the need to expose the services sector for international trading to gain the maximum opportunities from economies of scale.

Concluding Remarks

Despite the slow progress of the DDA, the WTO creates a framework within which local decision making can unleash important opportunities flowing from a rules-based international system. Strong signals to the market can be given by 'locking-in' the trade policy regime (while giving due policy space) under these rules by trade policymakers. This will also enhance the credibility of the country in multilateral forums.

The Report is very comprehensive and gives a broad brush scrutiny of the trading regime which is not normally found in economic reports produced on Sri Lanka. While welcoming the progress that Sri Lanka has made in trade policy, the Report has highlighted the major shortcomings that needs the attention of policymakers, in particular, lack of notifications and going beyond bounded tariff levels and not renegotiating these levels under Article 28 of GATT. The contents of the Report will have to be carefully examined and addressed by the government of Sri Lanka. Given the diversity of issues raised in the Report, the government may also have to seriously consider setting up an integrated approach to formulating trade policy in Sri Lanka in the near future.

* www.ips.lk

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industry. Most of South-Asian countries will be attracted for such training programmes in near future.

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contd. from Diary of Events

The UN Chief Ban-Ki Moon was tried to attack in Cairo by Gadaffi supporters.

23rd The External Affairs Minister of Sri Lanka Prof. G.L.Pieris said in Parliament that Sri Lanka as a member State of the UN does not approve or encourage the air strikes on Libya

The Libyan Leader Muammar Gaddafi claimed that his country is 'ready for battle' while Western leaders planned their next steps.

The World Bank Chief Economist said, China could overtake the United States as the world's largest economy if it maintains annual growth of 8% over the next 20 years.

Iran's supreme leader Ayatollah Ali Khamenei accused the United States of assuming contradictory stands on people's revolts in Arab countries and criticised its inability to understand Middle East events.

The Russian Duma (lower chamber of Parliament) approved a statement demanding the end of military actions against Libya, echoing similar opinions of Prime Minister Vladimir Putin.

24th The Pakistan President Assif al Zardari condemned the attacks made by US drones in the northwest of his country and urged President Barack Obama to stop incursions.

Russia and Bolivia decided to work to strip Barack Obama of Nobel Peace Prize.

A major earthquake hit Myanmar. At least 75 people were killed and hundreds were left homeless. Bangkok, Vietnam, and Chinese borders were also threatened.

25th The Secretary General of NATO (North Atlantic Treaty Organisation) Andres Fogh Rasmussen said the alliance had agreed to enforce a no-fly-zone over Libya "to protect civilians" but not to carry out ground strikes.

The Russian President Dmitry Medvedev urged US counterpart Barack Obama to avoid civilian casualties in Libya.

A massive sand-storm hit Kuwait.

27th Pope Benedict XVI called the international community to immediately begin a dialogue on Libya to bring about a ceasefire.

30th Al-Qaeda in the Arabian Peninsula welcomed the wave of revolutions engulfing the Middle East as a "tsunami of change",

The Libya's foreign minister flew into Britain, telling officials that he no longer wanted to represent the Tripoli regime.

The Bolivian President Evo Morales rejected the decision of the United Nations and its Security Council to endorse military action in Libya.

31st China has urged immediate cessation of US-led military air strikes against Libya.

Ministers and Bankers of the G20 nations met in China to discuss challenges facing the global monetary system due to Japan's quake disaster and Euro zone woes, such as budget deficits, public debt and private savings.



PEOPLE'S REMITTANCE

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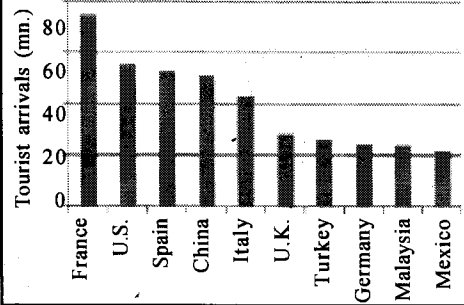
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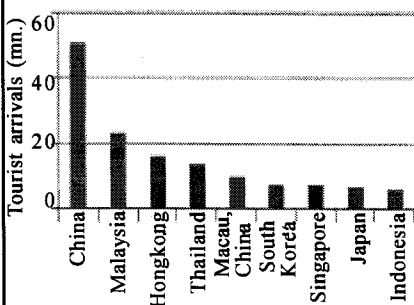
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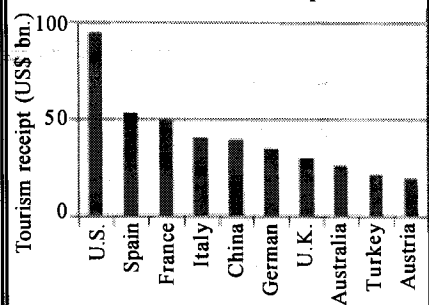
Ten countries in the world with highest international tourist arrivals - 2009



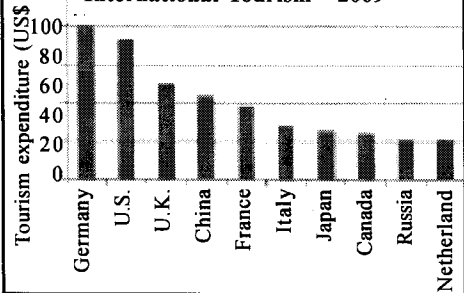
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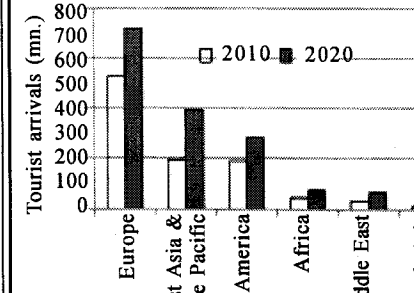
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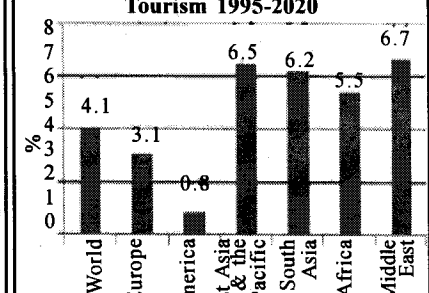
Ten highest spenders on International Tourism - 2009



Tourist Arrivals-Forcasts

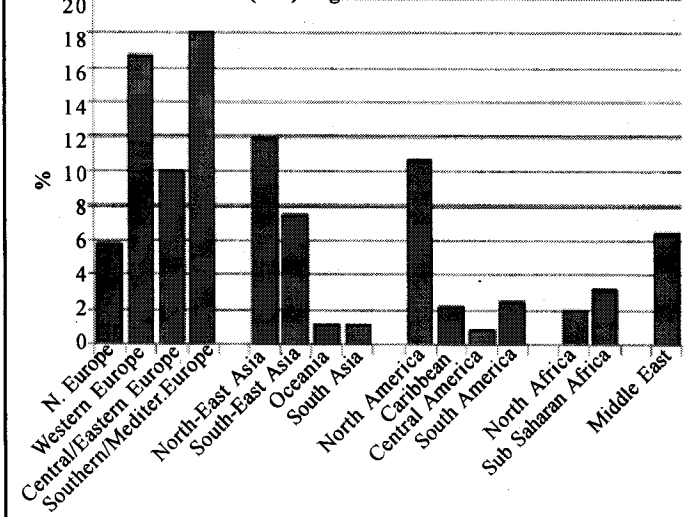


Average Annual growth rate (%) of Tourism 1995-2020

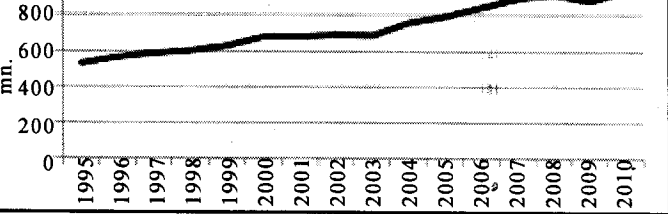


Source: <http://en.wikipedia.org/wiki/Tourism>

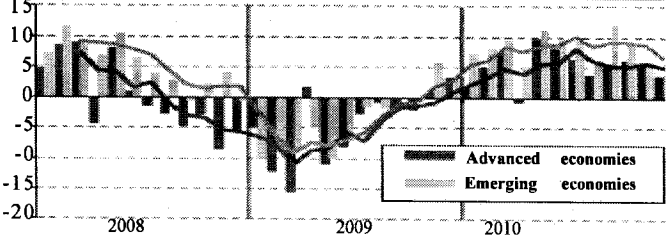
Share distribution of world International tourist arrivals by (sub) region - 2010



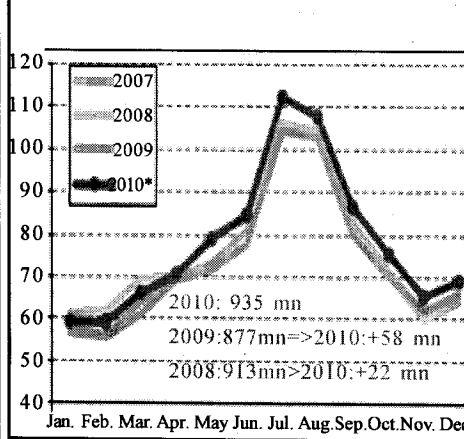
Growth of International tourist arrivals



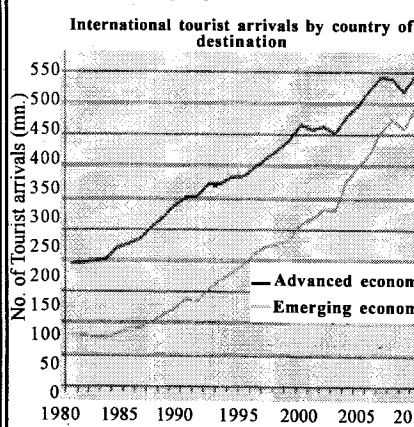
International Tourist Arrivals, monthly evolution Advanced economies & Emerging economies (% change)



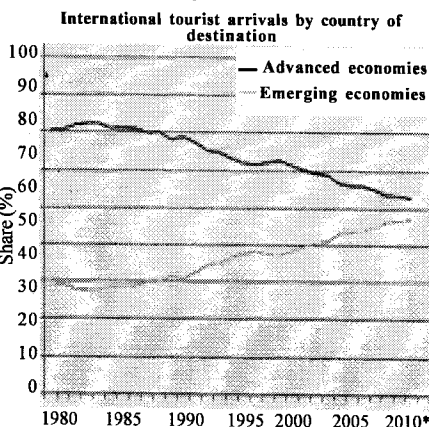
Seasonality of Tourist arrivals



Growth driven by emerging destinations



Growth driven by emerging destinations



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