



# GENERAL SIR JOHN KOTELAWALA DEFENCE UNIVERSITY



# SCRIPT ON EFFECTS OF EASTER SUNDAY ATTACK ON SRI LANKA ECONOMY, SPECIAL CONCERN ON TOURISM INDUSTRY



SYNDICATE 10  
INTAKE XXXVII

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**DS COMMENTS**

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**COVER SHEET**

1. **TOPIC** – EFFECTS OF EASTER SUNDAY ATTACK ON SRI LANKA ECONOMY, SPECIAL CONCERN ON SRI LANKA TOURISM INDUSTRY.
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**DECLARATION**

1. We declare that this does not incorporate ,without acknowledgement, any material previously submitted for a degree or a diploma in any university and only follow the social media, necessary experiment ,researches etc. with in the given references.it does not contain any material previously published any written by another person or our self expect where due to reference is made in the test.we also here by give consent for our dissertation,if accepted,to be made available for photocopying and interlibrary loans, and the title and the for the title summary to be made available to an outside organization.

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2. We dedicate this dissertation to our family, friends, officers, instructors and all those who supported us, gave us encouragement and provided insight throughout this study project. We also pay special gratitude to our loving parents without whom we would not be here today. We appreciate all the troop commanders, squadron commanders and all other military officers who were always behind us, guiding us on the right path forward and encouraging and showing us that anything is possible with hard work and integrity.

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**AIM**

3. Aim of the syndicate presentation is to identify the impacts of easter Sunday bomb attack to the Sri Lanka economy and to give recommendations for implementation of necessary measures to improve the economy with the special concern of tourism.

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### **CHAPTER 1**

#### **INTRODUCTION**

4. Sri Lanka is an island with many naturally inbuilt resources. The economic growth expanded long ago, within the early age where kings and queens were reigning. After the country being a colonial, under the Portuguese, Dutch and British, the introduction of various crops like Tea, Rubber and Coffee, textiles and other the economy seems to mid stay at a certain level. Sri Lanka was ahead of many Asian nations and had economic and social indicators when it gained independence from the British in 1948. The economy also extended by the touristic areas of the country. With a history expanding over 300 years, Sri Lanka holds ancient touristic cities including Anuradhapura, Polonnaruwa and more. Of all the ancient cities Anuradhapura is a kingdom of so many temples monasteries and glorious hospitals and theatres. Sri Lanka's third and the longest serving capital and one of the oldest continuously inhabited cities in the world. Sigiriya fortress which was built in the fifth century AD is one of the most visited cities of Sri Lanka extending to now as well. There are various tourist attractions classified under the Tourist Bureau, as natural and anthropogenic. Anthropogenic attractions include archaeological and cultural attractions, historical and religion sites, performing art and folklore, handcrafts and artifacts.

5. Sri Lanka, a country of peace, religion and culture was overwhelmed by a sudden mass bombing on the 21st of April 2019, Easter Sunday. As Citizens' mobbed to respective church's for Easter festivities, it rather became an easy target to bomb 3 churches and 3 luxury hotels located in the capital of Colombo. More than 250 people were killed, including foreign tourists and suicide bomb attackers, and at least 500 were injured. Later, with the inclusion of government officials and services, the IS militant group was claimed to be responsible for the devastating attacks.

6. With the aftermath of the Easter bombings, the country had to go through severe economic hitches which were added to current political crisis and rising debts. Loss of investors and foreign debt issues are least of them. After 10 years of LTTE warfare, Sri Lanka has regained its position as one of the top destinations in the world for foreign tourism. As tourism being the third largest foreign exchange earner, the industry expected millions of tourist arrivals and revenues up to billions in 2019. According to authorities, almost 70% of a descent of tourists in May and 60% in June have resulted due to the bombings. According to the hotel association of Sri Lanka, there has been an estimated loss of over 1.5 billion dollars in tourism earnings of the year. Around 130-150 thousand of employees worked under the tourist and hotel sector, and with the downfall of the hotel sector, many people lost their jobs and fell to the brink of poverty. And with defense systems increasing, tourists have regained confidence in government security measures. Even with the huge set back that transpired, the tourist sector is seen to have a slow revival with the initiation of rebuilding process.



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### **CHAPTER 2** **OVERVIEW OF EASTER SUNDAY ATTACK**

7. Sri Lanka is a glorious island which had finished the 30 years of war. But on 21 April 2019 some places such as churches in Colombo, Negombo and Batticalo, Shangri-La, Cinnamon Grand, Kingsbury, and Tropical Inn hotels of Sri Lanka were targeted by series of coordinated Islamic terrorist suicide bombers. And in the later day there were some small explosions at a house complex in Dematagoda and guest house in Dehiwala. They had planned second wave of attacks, but Sri Lankan government stopped them by raids with the help of State Intelligence Service. By this all eight bomb attacks total of 267 people are killed including 45 foreigners, three police officers and at least 500 were injured. This all bombers are Sri Lankan citizens and they are associated with the National Thowheeth Jama'ath Association which is a local Islamic group suspected by foreign ties.

8. So in 2018 the National Christian Evangelical Alliance of Sri Lanka (NCEASL) reported a large increase in the number of attacks against Christians in the country that year. They filed a case in supreme court on these attacks. But on Easter Sunday some churches were attacked by Islamic bombers because the church attendance is very high on that day. That was the first time that the country has experienced a major attack since 2009 after the civil war. But government believe that this attack is related to the Christchurch mosque shootings on 15 March 2019 in New Zealand.

9. Christians were attending Easter Sunday services when the bombings took place, targeting churches and hotels around Sri Lanka. And this is planned to cause a maximum damage to the Christian who were attending their worship service and the foreigners who were having their breakfast in the beachfront hotels in Colombo. The first bomb attack took place in the Shrine of St. Anthony, a historic Catholic church, Colombo at 8.25 AM and more than 50 people were killed. The second bomb attack took place in St. Sebastian's Church, Negombo at 8.45 AM and more than 100 people were killed. The third bomb attack took place at Zion Church, Batticaloa at 9.05 AM and killed 30 people. The fourth, fifth and sixth bomb attacks took place in Cinnamon Grand Colombo, Kingsbury Hotel, Shangri-La Hotel between 9.15-9.20 AM. The seventh bomb attack took place in The reception hall of a guest house, the Tropical Inn in Dehiwala, in the later in the day at 2.00 PM. In the later investigation they found that the bomb was planned to target the Taj Samudra hotel in Colombo. And finally the eighth bomb attack took place in housing complex in Dematagoda at 2.15 PM and the three police officers and four other premises including the suicide bomber. The pregnant suicide bomber, whose three children were killed in the blast, was the wife of Ilham Ibrahim, the Shangri-La suicide bomber, and the sister-in-law of Inshaf Ahmed Ibrahim, the Cinnamon Grand suicide bomber.

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10. The bombings killed 269 people and injured at least 500. Initially, 359 fatalities were reported; the Ministry of Health later reduced the number by 106 after cross-referencing DNA samples to body parts. The majority of the dead are Sri Lankans, with at least 45 foreigners among those killed.

The victims included:

- a. Shantha Mayadunne, a Sri Lankan TV chef. Her daughter was also among the victims.
- b. Three of the four children of the billionaire Anders Holch Povlsen, CEO of Danish clothing retailer Bestseller.
- c. A maternal grandson of Bangladeshi politician Sheikh Selim.
- d. A relative of British politician Tulip Siddiq.
- e. Anita Nicolson, her 14-year-old son Alex and 11-year-old daughter Annabel were killed in the restaurant of the Shangri-La Hotel. They are the wife and the children of British great businessmen Ben Nicolson.

At least 45 children, including nine who were foreigners, were killed. On 23 April, the first mass funeral was held at St. Sebastian's Church, Katuwapitiya.

11. After the bomb attack government issued a police curfew starting at 6.00 PM on the day of the attack and imposed a media ban. And the Minister of Education Akila Viraj Kariyawasam closed all the schools for two days. An improvised explosive device was found near the Bandaranaike International Airport in Colombo and was dismantled by the Sri Lankan Air Force. On 22 April, the Special Task Force (STF), the elite counter-terrorism unit of the Sri Lanka Police, located a van belonging to the attackers near St. Anthony's Shrine, the site of earlier blasts. And on the same day police investigated that 87 items of bomb paraphernalia at the Bastian Mawatha Private Bus Station in Pettah. On 25 April, the Criminal Investigation Department (CID) released names and photos of six suspects wanted in connection over the Easter Sunday bombings, seeking public assistance. The government temporarily blocked social media networks and messaging services Facebook, Instagram, WhatsApp, Viber, Snapchat and YouTube within hours of the attack. On 26<sup>th</sup> April, the Sri Lanka Army and the STF carried out a search operation Sainthamaruthu where three explosions and shootout occurred when they attempted to raid a suspect following a tip-off. Three suicide bombers blew themselves up, killing nine of their family members, including three women and six children, while three other terrorists were shot dead by the soldiers. One civilian was caught in the crossfire and died, according to police, while a wounded woman and child were taken to hospital. The blocking included VPN services providers that could be used to circumvent the blocks. On 28 April, police confirmed two of the suspects, Mohamed Iwuhaim Saadiq Abdul Haq and Mohamed Iwuhaim

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Shaahid Abdul Haq, who were arrested in Nawalapitiya and would be handed over to the CID.

12. Inquiry of Easter Sunday Attack was done by the former president Maithripala Sirisena and he invoked emergency laws to deal with the current terrorism and extended police powers on this case. Finally, nine individuals charged with this case due to supplying stuffs and having connection with them according to the act of terrorism on 6 May 2019.

**CHAPTER 3**

**BASE OF SRI LANKA ECONOMY**

**Agriculture**

13. Sri Lanka is a developing economy based largely on agriculture, services, and light industry. Agriculture accounts for approximately 21 percent of the gross domestic product (GDP) and employs 38 percent of the workforce. Cash crops namely tea, rubber, and coconuts—are largely grown on plantations. Rice is the principal food crop and the main livelihood for over 70 percent of Sri Lanka's rural population. Manufacturing industries account for approximately 19 percent of the gross domestic product and employ about 17 percent of the workforce. Chief manufactures include textiles, ceramics, petroleum products, vegetable oils, fertilizers, and cement. The service sector is the largest of the Sri Lanka economy, employing 45 percent of the workforce and contributing roughly 60 percent of GDP. Tourism, banking, finance, and retail trade are the major components of the service sector.

14. The country is endowed with many natural resources. It has an equatorial climate with a high average rainfall. Rivers cascading from the central hill country provide energy to generate hydropower, the major source of electricity in Sri Lanka. The country also has rich fishing resources. Sri Lanka's mineral resources include titanium ore, graphite, kaolin, and gemstones. It also has large deposits of unexploited iron ore.

**7. Agriculture**

**7.1 Paddy statistics, 2007-2019**

Year	Extent cultivated (hectares)			Harvested (hectares)			Production (Mt.)			Yield average per net hectares (Kg)	
	Yala	Maha	Total	Yala	Maha	Total	Yala	Maha	Total	Yala	Maha
2007	291,376	525,391	816,767	283,664	512,049	795,713	1,158,150	1,972,931	3,131,081	4,543	4,299
2008	471,393	581,597	1,052,990	464,507	568,352	1,032,859	1,750,030	2,125,219	3,875,249	4,195	4,175
2009	345,431	632,130	977,561	337,606	604,803	942,409	1,267,684	2,383,989	3,651,673	4,186	4,421
2010	419,244	646,037	1,065,281	417,050	643,306	1,060,356	1,671,054	2,629,566	4,300,620	4,444	4,583
2011	493,004	730,136	1,223,140	489,282	613,492	1,102,774	1,898,037	1,996,184	3,894,221	4,347	3,668
2012	364,542	702,075	1,066,617	305,314	684,636	989,950	1,128,984	2,716,961	3,845,945	4,145	4,444
2013	447,613	779,635	1,227,248	446,637	741,591	1,188,228	1,774,452	2,846,276	4,620,728	4,408	4,281
2014	312,979	651,289	964,268	300,725	579,857	880,582	1,144,929	2,235,851	3,380,780	4,204	3,236
2015	480,662	772,626	1,253,288	475,773	734,967	1,210,740	1,942,408	2,876,987	4,819,395	4,527	4,364
2016	385,318	756,005	1,141,323	379,970	742,724	1,122,694	1,517,392	2,909,693	4,427,085	3,092	4,349
2017	249,123	542,556	791,679	236,479	382,856	619,335	909,321	1,473,832	2,383,153	4,291	4,301
2018	373,763	667,191	1,040,954	362,966	619,928	982,894	1,532,905	2,396,926	3,929,831	4,683	4,302
2019	368,906	748,027	1,116,933	346,010	724,120	1,070,130	1,519,475	3,072,581	4,592,056	4,896	4,747

Source: Department of Census & Statistics

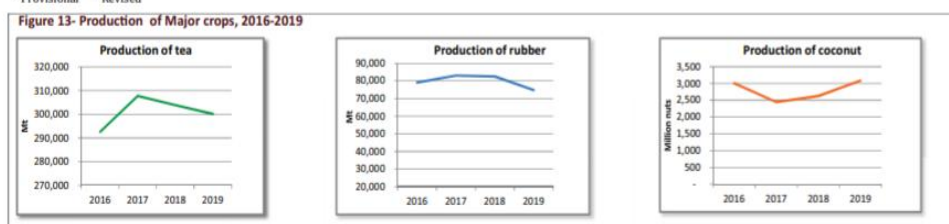
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Figure 1: Paddy Statistics

7.9 Production and cultivated extent of major crops, 2016-2019

crop	2016		2017		2018		2019*	
	Cultivated extent (hec.)	Production (mt.)	Cultivated extent (hec.)	Production (mt.)	Cultivated extent (hec.)	Production (mt.)	Cultivated extent (hec.)	Production (mt.)
Tea	216,515	292,600	202,540	307,720	200,001#	303,840	200,296	300,120
Rubber	120,867	79,100	136,632	83,070	136,875	82,560	137,608	74,750
Coconut (million nuts) in production	440,457	3,011	452,550	2,445	499,125#	2,623	503,452	3,086

\* Provisional # Revised



Source: Department of Census & Statistics, Ministry of Plantation

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Figure 2: Production and cultivated extent of major crops 2016-2019

**Trading**

15. Foreign trade is an important sector of the Sri Lankan economy. Major imports include petroleum, consumables, machinery and capital equipment, motor vehicles, and various manufactured goods. Major exports include garments, tea, rubber, coconut products, foodstuffs, gems, and jewelry. Sri Lanka is the largest exporter of black tea in the world and the third largest producer of natural rubber. A variety of gemstones, for which Sri Lanka is world famous, are also exported. Significant quantities of high-grade graphite, for which Sri Lanka is a world leader, are also exported. Other major export markets are the United Kingdom, Germany, Japan, Russia (tea), China (rubber), India, and the Middle East. In terms of imports, Japan is the single largest exporter to Sri Lanka. Motor vehicles, spare parts, and woven fabrics are the major items imported from Japan. India is the second largest exporter, followed by Singapore, South Korea, Taiwan, the United Kingdom, and the United States.

Year	Total Export Revenue Merchandise & Services <sup>[86]</sup> (in bn. US\$) [ edit ]	Total Imports Merchandise & Services <sup>[87]</sup> (in bn. US\$)
2016	▲ \$13.7	▲ \$19.1
2017	▲ \$15.0	▲ \$20.9
2018	▲ \$15.9	▲ \$22.2
2019	▼ \$15.8	▼ \$19.9
2020	▼ \$12.8 <sup>[17]</sup>	

Figure 3

## Apparel & Textiles

16. Throughout the years Sri Lankan apparel manufacturers and suppliers have gained a strong reputation worldwide for ethical manufacturing of high quality apparels trusted by the iconic global fashion brands. Sri Lanka's apparel and textile manufacturing industry is the most significant and dynamic contributor to Sri Lanka's economy. Entirely privately owned and operated. Sri Lankan apparel and textile manufacturers have successfully utilized the opportunities in the international market to evolve beyond traditional exports in the process Sri Lankan Apparel has redefined the industry frontiers and connected with global super brands in Europe and the USA.

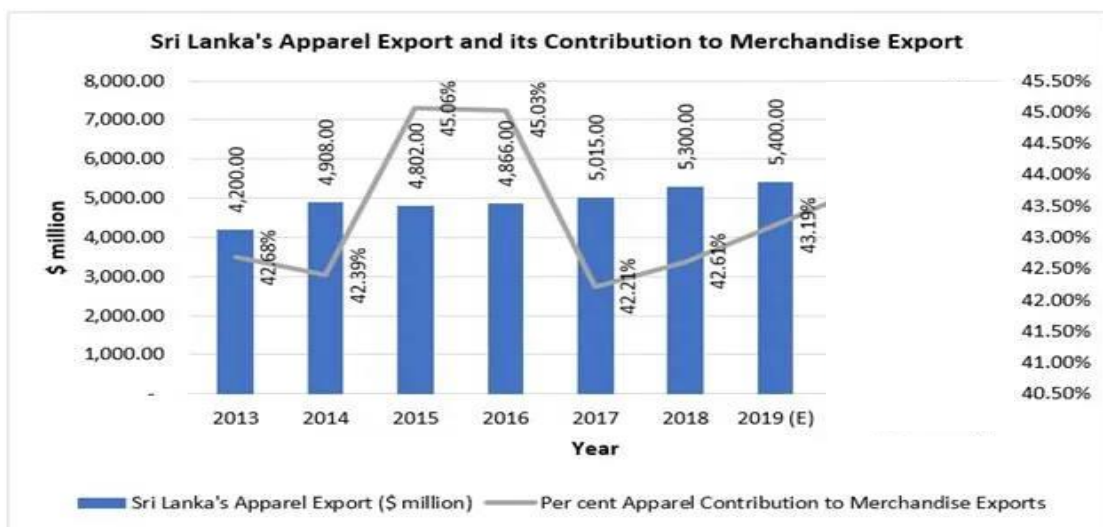


Figure 4

## Tourism

17. Tourism has traditionally been the third largest foreign exchange earner in the country. Sri Lanka recorded over 1.9 million tourist arrivals in 2019, a 21 percent drop from the previous year owing to the aftermath of the April 2019 Easter Terror Attacks. It is estimated that the sector earned around \$3.5 billion in 2019. Approximately 570,000 tourists arrived in 2020. The effects of the global COVID-19 pandemic crippled the sector in 2020, which is currently catering almost exclusively to local tourists and international arrivals under strict "travel bubble" restrictions. Sri Lanka offers a mix of attractions including beaches, wildlife parks, rainforests, tea plantations, ancient ruins, Buddhist cultural sites, and festivals.

**Importance of Geo Politics**

18. Sri Lanka's location in the Indian Ocean region as an island State has been of strategic geopolitical relevance to several major powers. Sri Lanka was colonized by Portuguese, Dutch and the British to be used as a transit hub for trading goods. These powers also used Sri Lankan ports for docking and refueling their ships which were navigating their vast empires. Sri Lanka has established itself as an essential node in commercial and security activities in the Indian Ocean due to its central location and equidistance in the east-west maritime corridor. Sri Lanka has received greater attention since its subscription to China's Belt & Road Initiative (BRI) However, the BRI affords many opportunities, such as, attracting competitive foreign direct investment and the island being considered a key partner in Japan's, India's and U.S.' economic and security initiatives.

**CHAPTER 4**

**TOURISM INDUSTRY OF SRI LANKA**

19. Tourism industry is the service of all business to provide best and good service for travelers to spend their leisure time in a pleasure environment. Tourism industry is mainly made out of six main components. they are,

- a. Tourist boards
- b. Transport services
- c. Accommodation services
- d. Conference and events
- e. Attractions
- f. Tourism services

**Tourist boards**

20. A national tourist board is a national organization whose aim is to promote tourism across the country. There are usually several management bodies that are involved with a national tourist board. They are essential stakeholders who determine many aspects of tourism in the country, such as budgets, taxation, and regulations. Said management bodies include the parliament, the tourist board, an auditing committee and the Prime Minister, President or Head of State. The national tourist board is funded from tourist taxes, membership fees, Government funding and other sources.

**Transport services**

21. According to the most commonly accepted definitions of tourism, a person must travel away from their home environment for at least one night in order to be a tourist. Based on this fact, therefore, transport is an integral component of tourism. Without transport, people cannot reach their intended destination. There are a range of different transport types. The most common and popular methods of transport that make up the structure of the tourism industry, however, are air, road, train and water.

**Accommodation services**

22. Accommodation services make up an important part of the structure of the tourism industry. Whilst accommodation services were traditionally focused mainly around the hotel industry, nowadays accommodation options for tourists are much more varied. This adds an additional layer of complexity to the structure of the tourism industry. Accommodation services make up an important part of the structure of the tourism industry. There are many hotel chains that operate throughout the tourism



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industry and that are a key component of tourism. Hostels and budget accommodation options are popular with budget travelers and backpackers. There are a range of hostels found throughout the world. These are particularly popular in destinations where accommodation is expensive.

### **Conference and events**

23. Conferences and events make up a significant part of the structure of the tourism industry. Conferences, which often come under business tourism, come in all shapes and sizes around the world. From a small academic gathering to a large-scale summit involving national leaders from around the world, conferences are an important component of tourism. Likewise, the event sector is also a significant part of the tourism industry. There are millions of events that take place around the world each year that vary in size and function. Many of these form an integral part of the tourism industry.

### **Attractions**

24. An essential component of the tourism industry are the tourist attractions. There are a multitude of different tourist attractions around the world. Natural attractions are just as it says on the tin – natural. In other words, they are attractions that have not been made by man. Natural attractions are found all over the world and vary in size and scope. Built attractions also make up an important part of the structure of the tourism industry. There are many built attractions throughout the world. Some attractions are built for the purpose of tourism, such as theme parks or museums. Other attractions are built for other purposes but then become tourist attractions.

### **Tourism services**

25. Tourism services are an essential component of tourism. Without many tourism services, the tourism industry would fail to adequately function. Below there are three major tourism services that make up the structure of the tourism industry.

- a. Travel agents
- b. Ancillary services
- c. Tour operators

### **When considering tourism industry in Sri Lanka**

26. After the civil war there was a great increment of foreign income to the Sri Lanka. But with this pandemic corona situation we have loose our income with a considerable percentage. Mainly Sri Lankan economy is based on the tourism industry. Sigiriya, Nuwara Eliya, Pinnewala Elephant Orphanage, Polonnaruwa Sacred City, Mirrisa, Yale National Park, Jaffna, Ulpotha are some of the main tourism attracted

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places in Sri Lanka. Tourism & Leisure industry is the third largest foreign exchange earner in the Sri Lankan economy. The government of Sri Lanka has positioned tourism as a central pillar of the economy valuing Sri Lanka's exceptional island-wide natural and cultural endowments.

27. The government is determined to nurture world-class visitor experiences firmly rooted in the inherent natural, cultural, historic and social capital of Sri Lanka and its people, and to ensure that these experiences generate island-wide economic value. The industry is poised to offer great growth and investment potential. As a result, Sri Lanka has become an increasingly popular destination among international travelers.

**CHAPTER 5**

**EFFECT OF EASTER SUNDAY ATTACK TO ECONOMY AND TOURISM**

**INDUSTRY OF SRI LANKA**

**Foreign Debt Issues**

28. The Sri Lankan economy is heavily in debt. The external debt to GDP ratio of Sri Lanka is over 80%. This means a lot of Sri Lankan debt is not denominated in Sri Lankan rupees. Instead, it is denominated in currencies like Yuan, United States dollars and even the Indian Rupee. This means that if Sri Lanka , it may have difficulties paying down foreign debt. This could be problematic for the island nation since the last time they couldn't afford to pay a debt, they had to hand over their port to the Chinese.

**Lower Tax Revenues**

29. Rising terrorism in Sri Lanka is bad news for the economy in general. The GDP of Sri Lanka is expected to slow down in the forthcoming years. This means less economic activity in general. Also, since the government of Sri Lanka earns tax revenues based on the level of economic activity in the country, it is bad news for the government of Sri Lanka as well.

**Loss Of Investor Confidence**

30. Sri Lanka is a developing country, it relies extensively on foreign investment. However, with terrorism becoming a real threat, investors are likely to shy away from the island nation. Also, as mentioned above, the economy as a whole is likely to remain subdued. Also, unfortunately for Sri Lanka, the dollar is also gaining strength. Hence, foreign investors are more likely to repatriate their money into a growing American economy instead of holding it in a volatile emerging economy like Sri Lanka. In the absence of these terror incidents, the foreign investments would have continued unabated. Hence, it would be fair to say that the terror incidents are likely to set back the Sri Lankan economy by many years.



Figure 5

### **Effect on Tourism**

31. Bomb blasts and terrorist attacks have an obvious effect on the tourism industry of any nation, and Sri Lanka is no exception. The problem is that in most nations, tourism accounts for a relatively small portion of the government's revenue. However, in the case of Sri Lanka, tourism is by far the biggest industry in the country. After the decades of civil war that tore the country apart, Sri Lanka had recently become a peaceful tourist destination. The number of tourists visiting Sri Lanka has grown rapidly. For instance, in 2009, the number of tourists visiting Sri Lanka was less than half a million. However, in 2018, the same number had climbed to over two million.

32. Sri Lanka has been frequently mentioned in the Lonely Planet's list of top global tourist destinations. In 2019, the country was rated as the number one destination to visit by Lonely Planet magazine. This is because, according to them, Sri Lanka offered something to everyone. The country has ancient temples and also beaches which are frequently used for adventure water sports making it a preferred destination for tourist worldwide. Also, tourism is a labor intensive business. This is the reason why this sector also provides a lot of employment to the people in the small island nation. An adverse impact on tourism would therefore automatically become an adverse impact on the unemployment in the region.

## **Effects of Easter Sunday attack on tourism industry**

33. Most recently, Sri Lankan tourism industry is affected by Muslim extremists and it has created a huge negative impact on the tourism industry. Sri Lanka is nominated as an unsafe country to travel due to this situation. Standing as a developing country and as an evolving tourist's destination, Sri Lanka faced a drastically crisis due to this Easter attack. Many more negative consequences (direct and indirect) were happened and yet to be happened because of this terrorism. This article is supposed to elaborate direct and indirect impacts that took place on to Sri Lankan tourism industry after the crisis of terrorism.

### **Direct consequences**

34. Sudden reduction of tourist's arrivals to the country due to the travel advisories issued from respective countries created a big issue for the accommodation establishments. The hotels and other firms suffered from lower occupancies even now leading to the travel plan price reductions.

**a. A drop of tourist's arrivals to the country leading to the zero occupancy rates at accommodation sites.**

Sudden reduction of tourist's arrivals to the country due to the travel advisories issued from respective countries created a big issue for the accommodation establishments. The hotels and other firms suffered from lower occupancies even now leading to the travel plan price reductions.

**b. Loss of direct tourism employment.**

Due to the less no of occupancies and arrivals at the hotels and other tourism-related bodies generates price reductions. Those price reductions create a low turnover for them. (Sometimes zero business transactions also.) The owners are unable to pay salaries for the employees as usual and downsizing strategies were implemented to prevent shutdowns. So the loss of direct employment happens.

**c. Loss of investment opportunities towards Tourism.**

The potential investors are at the risk of their investments due to the uncertainties prevailing in the country.

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d. **The invalidity of planned tourism projects and plans.**

Proposed and planned tourism projects stagnate due to the attack. The authorities couldn't take decisions whether those projects should be activated again or not with the prevailing situation of tourism in the country.

e. **Cancellation and postpone of planned tourism conferences.**

Tourism-related business conferences and meetings such as "Sancharaka Udawa 2019, CITESCoP18, FOOD EXPO culinary show, FOXHILL RACE were postponed and canceled due to the terrorist threat.

f. **Loss of foreign currency earning to the country**

Tourism regarded as the 3rd foreign exchange earning in Sri Lanka. Due to this attack, most tourists' establishments run with losses.

### **Indirect Consequences**

35. The Indirect Consequences are as follows.

a. **The threat to the students who are about to finish education regarding the tourism industry.**

Since tourism is at its peak when the attack happened, it evolves as the main subject to be followed by students. It is the professionals in tourism; most students follow various courses and degrees regarding tourism. Those students are at risk of finding internships and jobs while after passing out. Their money and effort may become sometimes worthless.

b. **Loss of indirect employment in the tourism industry.**

Not only the direct employment opportunities, but lots of indirect employment opportunities also lost such as car rental companies, SME restaurants, homestays, tuk-tuk and another mode of taxi driver's jobs, food suppliers and other hotel supplies, tour guides, etc.

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c. **Losses to the finance companies who rented out vehicles and loans to the tourism industry.**

Without profits, no business will be able to repay the obtained loans and leasing. The companies who have granted loans and leasing facilities are also at a risk.

d. **Effect on local community who survive from tourism.**

Host communities who do handicrafts, carvings, food stalls, food supplies, and equipment suppliers are also affected. Those mentioned few consequences are not all the negative outcomes due to the terrorist attack. There are hidden impacts also.

### **Higher defense spending.**

36. The small island nation of Sri Lanka now finds itself in the throes of one of the deadliest terrorist attacks that the world has ever seen. On 21st April, on Easter Sunday, suicide bombers attacked heavily crowded churches as well as hotel lobbies. They ended up killing close to 350 people and destabilizing the entire region. The human effects of the deadly terrorist attacks are being widely documented. However, it is also important to understand that these attacks also have an economic undercurrent.

37. Sri Lanka is still a developing economy. This means that it needs to spend a high portion of its GDP on essentials such as education, health, and sanitation. However, for the past many years, Sri Lanka has been spending a lot of money on defense. This is because the country has been living in a perpetual state of civil war. Now, with Islamic terrorism on the rise, the country may again have to spend a lot of money on defense. From an economic point of view, this spending does not add any value to the economy. However, the Sri Lankan government will be forced to spend huge sums of money on these non-essential items. It may also end up going deeper into debt thanks to this massive spending

38. Information surfaced about the run-up to the Easter attacks suggests that Sri Lanka needs improved arrangements to coordinate and process intelligence on security threats. In particular, the National Security Council, currently with no formal status, rules, or staff, needs to be both better resourced and subject to more meaningful oversight. It should be given a statutory foundation, headed by an appointed national

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security advisor and supported by its own secretariat. The government should establish clear lines of authority between the different intelligence agencies and clear procedures for sharing information.

39. Such changes will only be effective, however, if the new arrangements are protected from political interference and manipulation. Parliamentary investigations have made clear how easy it is for senior politicians to control, manipulate or abuse intelligence. To make this harder in the future, parliament needs to enact legislation giving it a formal, regular oversight role on intelligence matters.

40. Sri Lankan government need very high effective defense system to ensure the safety of the srilankan people. Therefore, since Easter Sunday attack the srilankan defense spending very higher than the before.



## **CHAPTER 6**

### **MEASURES TO UPLIFT TOURISM**

#### **Use “Product” for recovery plans**

41. Product diversification should be done according to the current situation. Develop new concepts like “Wonder of Asia”, “Re build Sri Lanka” According to the current situation. Disaster management system implemented with the prevention method, detection, response, recovery and restoration. Creating industry recovery strategy and response plan. Further domestic tourism products promotion not only the budget tourism with the ensure safety and security inside of the country. Otherwise should be target quality of the production than the increase number of production.

- a. Product diversification
- b. Promote hidden tourism attractions which are newel among visitors.
- c. Encourage traditional events among visitors.

#### **Use “Price” for recovery plans**

42. Short term discount and price reduction, Special promotional offers, variety of inspiring package offers can use as a pricing strategy.as well as financing and fundraising for small scale business operators to remaining their business operation. Tourism service providers also may be in a position to provide much needed services.

Ex: Discounted prices for rooms

Current situation, Government of Sri Lanka has been deducting vat charges for hotel and Travel agencies from 15% to 5%.but, tourism industry is not depending on Hotels or other travel sectors. Large number of service providers provide their support for tourism industry. Like that kind of situation all the stakeholders like SME, not only hotels and travel sectors should be encouraging and should provide packages for all the tourism stakeholders. Should be provide incentives for local investors and provide tolerance for foreign investors for rebuild Sri Lanka.

#### **Use “Place” for recovery plans**

43. According to the kind of situation, in the future tourists not like to stay and accommodate at the Colombo and other crowded city areas. They spared inside of the country and some kind of remote areas. because, the safety and security. Therefore, other areas should develop as a tourism destination. There should be ensuring uniqueness of the destination.

**Use “Planning” for recovery plans**

44. Behavior of the local people is very important. When consider about the previous news Tourists faced many unfavorable incidents at some places. It created bad image about Sri Lanka. Because, should be plan ethical and favorable behavioral model for service providers and local community. When came to the Sri Lanka should be ensure tourist’s safety and security at the airport. Based on the modern technology government can easily adopt for this kind of alternative strategy. Planning is the foundation of re build Sri Lanka. We must have to established heavy foundation. Should be examine tourist’s mind set consider about the new tourism concepts. Ex: Volunteer tourism

**CHAPTER 7**

**CONCLUSION AND RECOMMENDATIONS**

**Conclusion**

45. This research aimed to identify, the impacts of Easter Sunday bomb attack to the Sri Lanka economy and give recommendations for implementation necessary measures to improve the economy of the country. Based on the quantitative and qualitative analysis we were able to cover up a few facts.

- a) Sri Lanka being a third world country from the early stages, has maintained its country's net worth on tourism. But due to the civil wars occurred in a series, its economy has depleted quite drastically. But with the reconciliation of peace, the country has able to rise in economy with the lead of tourism in the country, as the soil is gifted with its own natural beauty. Therefor Sri Lanka has been able to uplift the market with hotel tourism and exportations.
- b) The Easter Sunday attacks against civilians carried out in city hotels and religious churches create a huge destructive effect on the whole of the country's economy.
- c) Due to civil wars and now terrorist attacks, the country has to spend more of the money on extra defense. Since Sri Lanka is a developing country it needs to feed mainly on education, health and sanitation.
- d) In the emerging market the country has highly valued business with good quality management, but with the ongoing attacks, investor confidence dropped to seemingly low level. As tourism account 5%of the country's gross domestic product and is the third largest source of foreign currency, by analyzing quantitatively, the tourist arrivals have dropped drastically in April and May 2019.
- e) With all the damage and drastic downfall of the economy, the tourism industry had to build a strategic approach to recover from this serious problem.
- f) Crisis management centers have focused on possible ways to overcome the effects of the crisis in order to ensure a sustainable recovery strategy. The government and related tourism authorities has had a very keen interest in the implementation of the recovery strategic approach, and is now seen a slow revival of the country's economy and tourism.

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### **Recommendations**

55. It is recommended to implement under mentioned recommendations for recovery and uplift the economy of Sri Lanka with special concern to tourism industry.

- a. Ensure the safety and security at the airport so that tourists get a good impression at the beginning.
- b. Train the police dogs in Explosive Ordnance Disposal Unit of Sri Lanka Police Department to find the bombs and explosive thing in the public places.
- c. Provide financial support for small scale business operators to remaining their business operation by introducing short term discount and price reduction, Special promotional offers, variety of inspiring package.
- d. Provide incentives for local investors and provide tolerance for foreign investors for rebuild Sri Lanka.
- e. Special attention to be given to attract high spend tourists than low spend tourists and to promote the image of safe Sri Lanka through international marketing.
- f. Launch tourisms island wide by developing other areas as tourism destination.
- g. Plan ethical and favorable behavioral model for service providers and local community.
- h. Ensure tourist's safety and security at the airport and inside the country.
- i. Introduce product diversification according to current situation.
- j. Promote hidden tourism attractions which are newel among visitors.
- k. Encourage traditional events among visitors.

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