

# Is Sri Lanka Making use of its Ocean Resources for Economic Take-off?

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Being an island nation, Sri Lanka is blessed with enormous ocean resources, and related opportunities, that can be utilized for the country's economic development. There is a wide array of ocean resources, which include both biological and non-biological components. A number of economic activities including tourism, fisheries, etc., are based on ocean resources and even now are contributing a considerable share to the national economy.

The possible discovery of oil and gas resources in the Mannar Basin will open new avenues for novel economic activities which can have significant impacts on Sri Lanka's economic growth. However, it has been long discussed that the ocean resources owned by Sri Lanka are not fully utilized. As the country is now geared towards its economic take-off, it is high time we make use of the full potential of vast ocean resources that the country is entitled to.

Countries in the South Asian, as well as Asia-Pacific regions have demonstrated that Ocean resources can be utilized for economic development. For instance, ocean-based tourism industry in the Maldives has been able to contribute 22% to its GDP, in 2012 according to the World Travel and Tourism Council. Although Sri Lanka possesses a comparatively high resource base,

earnings from tourism still remains below potential. In addition, lessons can be learned from countries outside the region on how best ocean resources can be used; such as Fiji on tourism and canned fish industry, and from Mauritius on up-market tourism.

Sri Lanka possesses a territorial sea of 21,500 km<sup>2</sup> and an Exclusive Economic Zone (EEZ) of 517,000 km<sup>2</sup>. The EEZ is more than seven times larger than the geological extent of the country. As highlighted in the ten year development policy framework for the fisheries sector (2007-2016), under the UN Law of the Sea, Sri Lanka is entitled to lodge a claim for an extended area of seabed where the thickness of the sediment layer is over 1 km. The claim is being submitted and, if accepted, Sri Lanka will gain an additional seabed area which would be 23 times that of the island's land area. The extended area is also found to be rich in non-living resources, such as hydrocarbons and a variety of economically important minerals including manganese nodules.

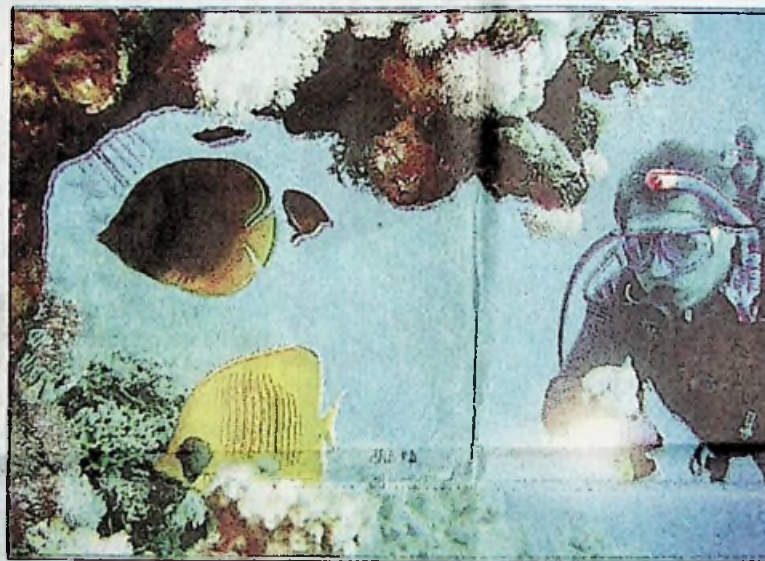
The geo-strategic location of Sri Lanka also brings in immense economic opportunities. For nearly three decades, Sri Lanka had been largely constrained in the utilization of most of its ocean resources due to the conflict in the North/East. The dawn of peace in 2009 has now set a favorable environment for harnessing ocean resources, without major security issues. Thus, increasing the contribution from ocean resources to the economy should be one of the development priorities of the country through the creation of effective strategies with a long term vision.

## Tourism

The ocean, its resources and the natural environment has been a major contributor to Sri Lanka's tourism industry

over the years.

The growth rates in the past few years show the enormous potential that the tourism industry possesses, as one of the major economic sectors in the country. Given the high prospects for tourism in the marine environment in Sri Lanka, it is high time to look for new forms of tourism which can ultimately lead to an increase in the economic benefits. The natural marine environment and its resources can be made use of, to offer a variety of tourism products such as snorkeling, diving, whale and dolphin watching, wind surfing, parasailing, and



water sports, etc. Value additions for 'sun and sand' tourism has been slow to emerge in the hotel sector in Sri Lanka. In terms of the development of unconventional tourism activities, Sri Lanka can learn lessons from countries such as Thailand and Malaysia.

In addition, Sri Lanka can get benefit from cruise ships to promote its tourism activities. The geo-strategic location of Sri Lanka can provide an advantage when attempting to entice cruise ships and other vessels, to include Sri Lanka as a destination or stop-over point. Attempts should also be made to create a yacht marina in the Galle harbour, or at a location close by, to attract yachts sailing in the Indian Ocean. In addition to sightseeing, a number of other avenues have to be explored, such as restaurants, and shopping malls, etc., to attract high-end tourists associated with ocean tours. Accordingly, there are a number of ways that Sri Lanka can increase its marine tourism

earnings, by using appropriate strategies with the focus on the long term potential.

## Fisheries

The marine fisheries sector in Sri Lanka constitutes of major sub-sectors, namely coastal fisheries and deep sea fisheries. In 2012, the total marine fish production in Sri Lanka amounted to 417,220 MT of which 62 per cent came from the coastal sub-sector. Although the deep sea area possesses a huge potential for fisheries, its contribution to total marine fish supply still amounts to 32 per cent. The main constraint for the under-utilization of deep sea fishing in Sri Lanka has been the lack of technology and investments. It is a good sign that Sri Lanka is in the process of looking for collaborations with countries with high technological and investment capabilities, such as Japan and China, for harnessing the deep sea fishery resources.

According to the ten year development policy framework (2007-2016) for the fisheries and

aquatic resources sector, by 2016 fish production is expected to increase to 461,959 MT, and thereby increase the fisheries sector contribution to national GDP to Rs. 138,587 million. The expected increase in contribution to GDP is more than 3.7 times the level of fisheries sector earnings in 2011. It is also intended to increase export earnings to Rs. 41,147 by 2016. The deep sea fisheries sub-sector can play a pivotal role in achieving the targets set by the government.

In addition, due to lack of technology and investments, huge research gaps exist in terms of marine fisheries management in Sri Lanka. The sustainable utilization of fisheries resources requires research findings on fish stocks, maximum sustainable yield, which are not readily available in the case of Sri Lanka.

## Sea Transportation

Sea transport is also a possible avenue from which the coun-

try could benefit. Although not implemented yet, there have been long discussions on the utilization of the ocean as a mode of transport. The possibilities of having an ocean transport routes to neighboring India, as well as between the Northern and Southern regions of Sri Lanka, have been looked into by policy makers. The security issues which prevailed during the conflict period greatly constrained the implementation of such programmes. However, Sri Lanka can now make use of the ocean as a low cost mode of passenger and goods transportation. The proposed ferry service from Colombo and Tuticorin, India, is viewed as an important avenue for increasing connectivity with India, which can thereby generate economic gains for Sri Lanka through India-Sri Lanka goods and passenger transport. However, the financial viability of the initiative needs to be enhanced through appropriate strategies, before going forward.

## Ocean Energy

Sri Lanka has now called for the second round of bidding for petroleum exploration licenses. It has been an encouraging sign that world's leading oil exploration companies have shown interest in Sri Lanka's petroleum resources. It is important that Sri Lanka look to other countries, such as Norway, that showcase the best practices with regard to this. Domestic capacity building has been a main policy priority in the case of Norway, which was achieved through the establishment of a national oil company, specification of licensing conditions, and where technology transfers from foreign companies to domestic institutes was often a requirement.

In addition, Sri Lanka is also blessed with other ocean-based energy resources which are not fully tapped. Sri Lanka has a good potential for ocean generated wind power. According to the Sustainable Energy Authority, nearly 5000 km<sup>2</sup> of land has good-excellent wind resource potential. As of June 2012, 6 wind power projects have been in operation, closer to the sea and another 9 projects are under construction. In addition, Sri Lanka's strategic geographical location can be used to generate wave energy as the country has been identified as retaining a huge potential for wave power.

## Institutional Set Up

Several institutions are involved in the management of ocean resources in Sri Lanka. Ministry of Fisheries and Aquatic Resources, National Aquatic Resources Research and Development Agency (NARA), Coastal Conservation Department

(CCD), Ocean University, and also international institutions such as Indian Ocean Marine Affairs Co-operation (IOMAC). A coordination mechanism among these agencies is a must for the sustainable use of ocean resources. In addition, international collaboration also comes into play when collective decisions are to be made in utilizing the resources.

## Way Forward

It is highly opportune to identify the ways and means that Sri Lanka can make the best use of the ocean resources via tourism, fisheries, sea transportation, petroleum/gas, and other resources. Investments in the appropriate technologies are a must for gaining the maximum benefits in most of the sectors. Also, there are large research gaps existing in an array of scientific and socio-economic aspects related to ocean resources. In order to increase and sustain the ocean resources' contribution to economic growth, adequate attention has to be paid to the issues which hamper the increased utilization and sustainability of the resources. As of now, there is no comprehensive database on ocean resources in Sri Lanka, which is vital for effective policy formulation. Although there are regulations in place, they are not properly enforced to handle the unsustainable activities associated with most of the ocean resources. Effective coordination among the institutions involved in managing ocean resources is also a key aspect in this regard. Those remain areas where immediate policy attention is needed.

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