

CRISIS IN SRI LANKA SLOWDOWNS THE TOURISM SECTOR RECOVERY



Tourism worldwide is slowly recovering after the Covid-19 pandemic, but the situation is not universal across the entire globe. A prime example of this is Sri Lanka, a country that is currently dealing with significant economic struggles which halts any tourism sector recovery.

First the Easter Bombings in 2019, then the pandemic and now an unprecedented economic crisis in what seems to be an irresolvable and paradoxical circle for a country where tourism accounts for 5 % of the GDP.

Record Inflation and Shortage of Supplies

It is clear that tourism is an essential industry for Sri Lanka, which is why **the last two years have damaged the local economy beyond recognition and led the country into a financial crisis.** And, as a result, the tourism sector recovery is now ironically significantly stagnating.

Inflation in Sri Lanka reached an astonishing 17.5 % last month, while power cuts and shortages of cooking gas, fuel and other products across the country have now become a regular occurrence for the local population. At the same time, the government is drowning in foreign debt.

Consequently, many businesses in the tourism sector are relying on the black market to secure fuel and overpaying for basic products due to the skyrocketing prices, while also struggling with the already-mentioned power cuts.

This has led some countries, for example, the United Kingdom, which is one of Sri Lanka's top source markets, to issue a travel warning with regards to supply shortages and power cuts. As a result, reservations from the UK have been essentially halted.

Ukrainian War and Lack of Skilled Workers

Moreover, the tourism sector's recovery is also affected by the ongoing war in Ukraine. In this context, it must be noted that since the country reopened to tourists in November last year, many of the visitors arrived from Russia and Ukraine.

For example, in the first two months of 2022, these two nationalities represented one-fourth of all arrivals.

Now, arrivals from both countries have come to a standstill. From Ukraine for obvious reasons, while from Russia mainly due to the economic sanctions imposed by the United States and the European Union that have made it virtually impossible for Russians to spend or withdraw money abroad.

Finally, another aspect that is hindering the tourism sector recovery is the lack of skilled workers in Sri Lanka. Although it must be said that this has been an issue for some time now.

As the financial crisis deepens, the situation is likely to worsen even more. **Tourism businesses across the country are currently struggling to find employees willing to work for local low**

wages, with many workers opting to leave the country or choose a different career path.

Thus, while the Sri Lankan government expects to achieve a target of 1.3 million tourists by the end of the year, the overall picture and prospects of the tourism industry look very bleak, and it is difficult to predict what would have to happen to reverse the situation in the near future.

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