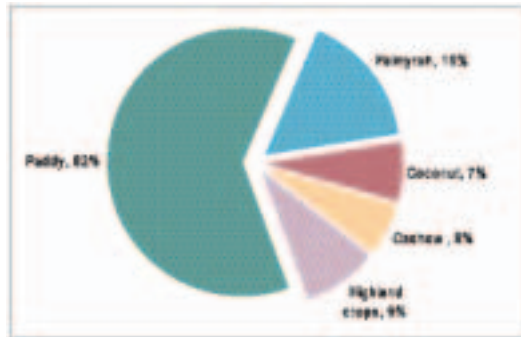


By Anushka Wijesinha, MA (Econ) Economic Affairs Division, Government Peace Secretariat

Mannar district - overview

The total area in the Mannar district is around 2,002 sq. km and hosts around 104,000 people. Out of this 89,232 persons are permanent residents while 14,456 are displaced from other districts. This latter figure is likely to be higher now, given the recent IDP situation in Vanni. It is also estimated that nearly 40,000 displaced persons from Mannar are living outside the region, and an additional 30,000 refugees from Mannar live in camps in South India. In terms of land use, 65% of the land area is forest reserve, while around 10% is paddy cultivation, and 4.5% is coconut and palmyrah. Mannar has a variety of soil types, which can support paddy, other field crops, vegetables, horticulture as well as palmyrah and coconut (especially on Mannar Island). Out of the land available for cultivation, the crop distribution is mainly towards paddy and palmyrah. Coconut, cashew and other highland crops are also grown. In addition to this, the Mannar seas are extremely rich in marine resources. Decades of neglect followed by the war has meant that the people of Mannar suffer greatly from poverty. Recent household income surveys haven't included the North due to the security situation. But this is to be done soon, and would shed more light on the poverty status in Mannar. Water and sanitation is also a key issue for the people, as Mannar is in one of the driest parts of the country. Much of the coastal area water is saline and deep tube wells are needed to reach fresh water aquifers.

Figure 1: Crop distribution in Mannar



Source: Department of Agriculture

Mannar - 'Rice Bowl'

Nearly 20 years ago, Sri Lanka's biggest paddy crop was harvested from this rice bowl. Over 60% of Mannar's population are involved in paddy cultivation. After the district was liberated from the LTTE in June last year, programmes are underway to get paddy cultivation back on track in Mannar. The 'Yali Pibidemu' project of the Ministry of Nation Building is working to increase the paddy harvest obtained from Nanatam, Adampan and Musali in the Rice Bowl area. The farmers in the area are free to engage in their paddy cultivation, as lands have been de-mined and regular livelihood activities are underway. Nearly 25,000 acres are to be cultivated under this programme.

As seen in figure 2, the paddy

harvest is slowly returning to the high levels seen in the early 1980s. However, cultivation now is still far below full capacity and much work needs to be done to reverse the beating it took during the years of conflict. To return it to its previous Rice Bowl glory, Mr. Rex Culas, President of the Mannar District Chamber of Commerce said that, "the immediate need is for the displaced people to be resettled and opportunities for basic paddy farming livelihoods returned to normalcy".

Key issue: milling facilities

A major constraint in the district is the severe lack of milling facilities for paddy produced in the district. Following the displacement of people in 1985 and 1990, the 20 rice or so rice mills operating there closed down. In the past there used to be a large rice mill in Nanattan, run by the Paddy Marketing Board, available for all paddy farmers in Mannar. Currently there are a few small scale rice mills capable of milling only to satisfy local consumption, and that too, barely. As we see in some parts of the East as well, much of the paddy produced in Mannar is transported to Vavuniya and other areas and is milled there and re-transported back to Mannar as rice. The people in Mannar, including the paddy producers, thus have to pay higher prices for the finished product despite having sold the paddy at a lower price. Quality rice milling facilities is an urgent need in Mannar.

The World Bank provided Rs. 385 million under its 'Reawakening' project to rehabilitate the 'Giants Tank'. It provides irrigation to over 30,000 acres in the area and channels water to over 162 small tanks and waterways. The project is set to be completed in 2010, and will benefit over 6,500 families. In addition there are other major tanks like Sannar, Kooral, Akathimurippu and Viyayadhikulam which have a capacity to feed 5,000 acres.

Mannar - Fishing industry

Mannar district has a coastal belt stretching 163 km, from Theavnpiddi in the North to Mullikulam in the East and Talaimannar in the South. In addition, Mannar Island is encircled by a shallow continental shelf rich in fishing banks, a pearl bank and a prawn bank. The full extent of the Mannar seas has a remarkable marine environment suitable for fishing. Although many of the anchorage facilities are in disrepair, there are nearly 30 small fishing harbours spread along this coastline.

The diverse marine environment here has led to a strong tradition of lagoon, coastal and off shore fishing as well as fishing for other marine products through diving. However, most of the fishing now is only coastal fishing. Inland fishing was abandoned during the years of conflict and offshore fishing is constrained by the restrictions



Mannar - have we forgotten its potential?

placed on multi-day boats, due to security reasons.

There are over 9,000 active fishermen in Mannar, but prior to the conflict there used to be around 17,000. Estimates indicate that around 20,000 more fishermen remain inactive in the district. Fisheries provide employment to around 25% of the population, and in some core fishing areas as much as 40-50% of the population relies heavily on fishing. Mannar fishermen produce around 8,500 MT of fish annually, on par with Trincomalee and Batticaloa. However, this can be raised to 10,000 MT, as were the levels prior to the conflict. 15% of fish production is utilised for dry fish production, 5% for local consumption and the remaining 80% is transported to other districts.

The reduction in Mannar fish production not only directly impacts fisheries livelihoods, but also supporting private businesses like those dealing in lubricants, batteries and boat and outboard motor repairs, to name a few.

Potential for high value fisheries

A lucrative business activity which has foreign exchange earning potential is the export of Bêche-de-mer - Sea Cucumber. A few businesses under the chamber of commerce are already engaged in Bêche-de-mer processing. However, stronger private traders who have better export linkages tend to exploit the Mannar Bêche-de-mer fisherman. It is a highly sought after commodity for Chinese food in Singapore, Malaysia, Taiwan, Korea, Japan and China, as well as increasingly in Australia, Europe and America due to the growing Chinese food market

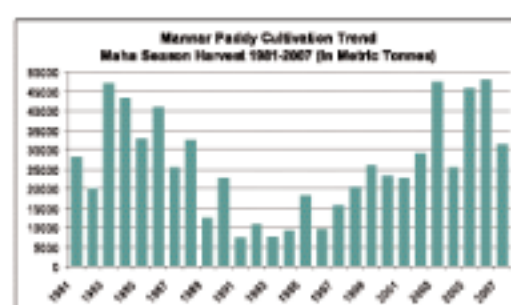
there. Previously, the Southern coastal belt had potential in this, but it gradually waned. The sea cucumber is a high value fish species, and depending on the type, it can fetch between Rs. 400 and Rs. 1,500 per animal. These fishermen ought to be assisted to gain direct access to this lucrative export market.

However, a couple of immediate constraints hamper the fishing industry in Mannar:

Issue 1: Restrictions on fishing

Due to the security issues that prevail, fishermen are only allowed day fishing and only 50 litres of fuel at a time. They are only allowed to travel up to 5 nautical miles off the coast. Powerful 25 horsepower engines are not allowed to be fitted to fishing

Figure 2: Mannar paddy potential



Source: Mannar Plan (2004) and Mannar District Statistical Handbook (2008)

boats, thus limiting the fishing hours even further as more time is taken to travel to and from the fishing locations.

Issue 2: Lack of cold storage and processing facilities

If the fisheries sector is to pick up strong, improvements to the value chain and logistical capabilities need to come about - everything from cold storage to

freezer trucks.

Cold storage is not available in Mannar and Vankalai, and this, together with the dearth in ice, has hampered marketing opportunities for these fishermen. In addition, the delays in cross loading in Medawachchiya cause loss of produce by the melting of ice.

In the 1960s the Ceylon Fisheries Corporation had an operation in Pesalai in Mannar, realising the potential of the fishing industry there. Its main objective was the production of ice to cater to the needs of the district's fisherman as well as making canned fish using the huge quantity of fish caught in the area daily. It produced around 20 MT of ice and around 5000 tins of fish daily. Following the displacement of people to India, production came to a standstill, and despite being restarted the original levels have not been reached.

Production of canned fish has been stopped completely. It is reported that the factory previously employed close to 200 workers directly. The buildings are reportedly still in good condition and need only minor repairs. If this is done and a few pieces of new equipment are provided to kick start the operation once more, around 40 MT of ice and 7500 tins of fish could be produced daily. Excluding staff salaries, this operation could make around 100 million annually.

Ice is very scarce and has to be mostly brought from outside. There are a few ice factories run by private individuals and one flake ice factory run by a Fisherman's Cooperative Society. The production in private ice factories is far from sufficient to meet the demand and the flake ice factory is not functioning at present as the plant has to be repaired. Mr. Rex Culas of the Mannar Chamber noted that "the cost of repairs would be in the range of Rs. 500,000. The fishermen in the area suffer greatly from the lack of local access to ice, and having to bring in much of it from outside the district".

Issue 3: Boat repair plant needed

An urgent need for the fisheries sector in Mannar is a workshop and spare parts facility to repair outboard and fibre glass boats in operation there. Estimates indicate that there are around 3000 fibre glass boats in active operation in Mannar, many of which have out board motors. Out of this, many require repair and tinkering on a daily basis. Due to the lack of such a facility, the fishermen face interruptions to their livelihoods and loss of income, until such time as repairs are made and the boats are sea worthy. The Mannar chamber has suggested that the government agent could set aside a piece of land near the present fish market, and then an appropriate government agency, semi or non-govern-

ment organisation could set up the building. It would be run by a private entrepreneur.

Issue 4: Intrusion by Indian fishing trawlers

A major concern expressed by the fishing industry in Mannar is the intrusion of Indian trawlers into the fishing seas off Mannar. They report that hundreds of Indian fishing trawlers enter Mannar seas 3 nights a week and engage in extensive trawl-net fishing, sweeping a large stock of Mannar's fish resources, particularly lucrative varieties like Bêche-de-mer, prawns and chunk. These trawlers also damage drift-nets used by local fisherman. Local fisherman complain that they are almost completely unable to engage in fishing for about 3 days in a week, as the 'seas are controlled by Indian fishermen'. This has led to confrontations between the two groups quite often.

Mannar - Petroleum resources

Seismic data had shown potential for around one billion barrels of oil under the sea off Sri Lanka's North West Coast, particularly in the Mannar Basin. Following several international roadshows, the Petroleum Ministry had called for bids from international oil companies for exploration of petroleum hydrocarbons in Blocks 2, 3 and 4 in the Mannar Basin. This first phase of the project is a 3,300 sq. km area. Cairns Lanka Ltd, the local subsidiary of Cairns India Ltd, was the successful licensee to obtain Sri Lanka's first 'Petroleum Exploration License' for Block 2. It will commence exploration activities this year, with an investment of more than \$110 million. It will be nearly 4 years before the first barrel of oil is obtained, but this will certainly give Mannar an identity in the country's economic landscape.

Mannar - Vinegar production

Palmyrah and coconut trees are in abundance in Mannar. The large quantity of Palmyrah today tapped daily in Mannar was much more than needed for local consumption. After studying the feasibility of commercialising this opportunity, the UNDP provided machinery worth around Rs. 5 million. However, marketing the product became a problem owing to a bad odour emanating from it. According to reports, no technical expertise has been yet deployed to resolve this problem. Also, market linkages are needed to sell the produce. The chamber reports that the vinegar industry employed around 125 tappers and many more in the production phase, and around 2000 bottles could be produced daily with the existing equipment.

Continued on page 3

Bharti Airtel and Manchester United in a five year exclusive agreement

Bharti Airtel recently announced a five-year partnership with Manchester United Football Club. The partnership is first of its kind for both Manchester United and Airtel.

With this, Airtel customers across Sri Lanka, India and the Seychelles will get exclusive access to rich football content of Manchester United (MU) on Airtel mobile phones. In addition, Airtel users will also get an opportunity to participate in the Manchester United Soccer Schools programme currently operated by Manchester United Merchandising Limited. Airtel customers will also get an opportunity to watch football matches at Old Trafford and travel to Europe to watch Manchester United play the UEFA Champions League.

The announcement was made by Sanjay Kapoor, Deputy CEO, Bharti Airtel in the presence of Manchester United Club CEO David Gill, Sir Alex Ferguson and Manchester United players Wayne Rooney, Carlos Tevez and Darren Fletcher at Old Trafford, Manchester City, UK.

"We are very excited to partner with Manchester United, a powerful global brand with huge following across the world and in India," said Sanjay Kapoor, Deputy CEO, Bharti Airtel, in. He added "Football is definitely seeing a growing interest amongst the young population in India. Therefore, we are making a pioneering effort to bring to them rich football content on their mobiles, a fantastic opportunity to be part of the world's leading football club through participation in soccer schools, and also an opportunity to watch foot-



ball matches across Europe."

Manchester United Club CEO David Gill said: "Manchester United is delighted to announce the partnership with Bharti Airtel, India's largest telecommunications company and one of Asia's emerging global brands. This partnership demonstrates the enduring strength of the Club internationally. We are very proud to have Bharti Airtel as the first Indian company to partner with Manchester United Club. This major partnership will bring the action and the passion of Manchester United directly to the millions of fans of Manchester United across India and other Asian countries."

Key Highlights of the agreement

Airtel will be able to bring for its customer rich exclusive content such as Video clips of Premiership matches and UEFA Champion's

League Highlights, Classic Goals and Games of Manchester United, Match Feeds & reports and editorial features. Also, downloads of Mobile Games, Ringtones, animations, and Wallpapers of popular Manchester United first team players such as Ronaldo, Rooney, Ferdinand.

Airtel customers will be able to access the internationally popular Manchester United Mobile Portal where rich Mobile Products and content will be exclusively available for the Airtel customers.

Airtel customers can also watch Manchester United Football matches at the Old Trafford Ground in the Premier League, FA Cup, Football League Cup, UEFA Champions League. A few lucky Airtel customers will also get an opportunity to travel with the Manchester United first team during their away UEFA Champions League matches.

Football enthusiasts among Airtel customers will get an opportunity to train at one of the Manchester United Soccer Schools (MUSS). MUSS are currently run in Hong Kong, Seattle, Toronto and Dubai as well as Manchester and it enables people around the world to participate in soccer activities. These programmes take their lead from the coaching at the Manchester United Academy and First Team training sessions.

China injects \$38b into Asian crisis fund

China, Japan and South Korea Sunday finalised details of an emergency \$120-billion liquidity fund to help 13 Asian economies counter the global economic downturn.

The three nations will contribute on a 2:2:1 ratio - \$38.4 billion from China and Japan and \$19.2 billion from South Korea - making up 80 per cent of the fund, known as the Chiang Mai Initiative.

Japan has also launched a separate scheme to supply up to 6 trillion yen (\$61.5 billion) to support nations hit by the economic crisis.

Both announcements were made on the Indonesian island of Bali, on the sidelines of the Asian Development Bank's (ADB) annual meeting.

South Korean Minister of Finance Yoon Jeung-hyun told reporters after a meeting with counterparts from China and Japan that Beijing and Tokyo would each contribute 32 per cent to the regional initiative.

South Korea would provide 16 per cent, while the rest would come from the 10-member Association of South East Asian Nations (ASEAN), he said.

The fund will give emergency balance of payments support to any country experiencing the



Chinese women shops at a luxury fashion boutique in Beijing, China on Wednesday April 15, 2009. Sales of designer clothing, jewelry and other goods in China are expected to climb at least 7 percent this year while global industry revenues could fall by 10 percent, consulting firm Bain & Co. says. (AP)

kind of capital flight that marked the Asian financial crisis of 1997-98.

"The three countries have reached an agreement, recognising the importance of our cooperation in the region," said Yoon.

The deal between the key players over what would be the

region's first anti-crisis fund makes it likely all countries involved would conclude negotiations on the initiative by the end of the day. ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. -ANN