Tourism amidst Armed Conflict:  
Consequences, Copings, and Creativity for Peace-building through Tourism in Nepal

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Abstract
Tourism is sensitive to conflict and responsive to peace. Nonetheless, it has to cope with peacelessness caused by violent conflict and its induced adverse factors. This paper analyzes the impact of a decade long (1996-2006) armed conflict on tourism in Nepal and explores the coping strategies applied by this sector to revive and sustain itself. Based on the historical political transformation of the state and some constructive efforts by the Nepalese tourism actors towards peace building, this paper argues that violent conflict is not always destructive but can also be a constructive social force for tourism if its actors are ‘practical’ and not ‘apocalyptic’. The paper also attempts to add some new knowledge on the complicated relationship between tourism, conflict and peace.

Keywords: armed conflict, tourism sector, consequences, copings, practical terrorist.

Introduction
What are the impacts of armed conflict on a tourism sector? How can the tourism sector cope with the impacts of armed conflict and sustain itself? How can it further revive the industry, improve its image, and act as catalyst for peace so that peace in turn becomes a dividend for tourism? Nepal was a popular destination but a decade-long armed conflict (1996 – 2007) caused it to become crisis-ridden, and it is now in the process of reviving its destination image. It serves as a concrete illustration of the nexus of tourism, conflict and peace.

Fluctuations in international tourist arrivals in response to the absence of peace and occurrence of conflicts affect developed and developing countries (UNWTO, 2006). However, developing countries are more vulnerable as they possess fewer resources and mechanisms to mitigate the impacts.

Nepal, a developing country in the Asia Pacific region, is a very good illustration of such vulnerability, entangled in a tripartite complex involving conflict, tourism, and peace. Nepal’s traditional culture and generally unspoiled natural environment are key attractions for diverse tourist market segments such as holiday-making luxury tourists, pilgrims, adventure lovers, and special interest tourists from all over the world (Bhatt, 2006; Müller-Böker, 2000). Since opening the country to outsiders in 1950, Nepal has acquired a unique identity as a popular tourist destination and the number of tourists coming into the country has constantly increased. However, the decade-long armed conflict termed a “People’s War”, waged by the Communist
Party of Nepal (Maoist) with the aim of transforming the socio-economic and political structures of Nepal, became a turning point that shattered the tourist destination image of Nepal. The conflict resulted in not only the breakdown of peace and harmony in the country but also in the loss of 15,000 Nepalese lives. In addition, some 200,000 people were internally displaced (INSEC, 2007).

The causes of the armed conflict were complex and interwoven (social, economic, ideological, geographical, international, environmental, and political), and exacerbated by rampant nepotism, favoritism, and discrimination. These contributed to frustration among the majority of the people during three decades (1960-1990) of absolute monarchy and one and half decades (1990-2006) of multiparty rule (Pyakuryal, 2005). This had a substantial negative impact on the tourism sector, which in turn affected other economic and non-economic elements throughout the country. However, empirical findings on tourism in Nepal reveal some remarkable positive, but not widely recognized developments that came about because of the conflict.

Tourism, conflict and peace exist in a reciprocal triangular relationship (Figure 1) in which each impacts on the others. We have used this framework to analyze the case of Nepal’s tourism during and after violent armed conflict.

**Figure 1: A conceptual framework for the interrelationship of peace, conflict and tourism**

![Figure 1: A conceptual framework for the interrelationship of peace, conflict and tourism](image)

Source: Upadhayaya, 2008a

**Impacts of conflict on tourism and peace**

Conflict, a state of dispute and distrust, decelerates sustainable growth of the tourism sector if it leads to violence and threatens peace. However, minor conflicts which are manageable have often been conducive to peace if the issues are addressed in a timely manner and involve cooperation among the concerned parties.

Destinations are less appealing to tourists if they are insecure or likely to experience serious conflict (Alluri, 2009) - war, political unrest, terrorism, violations of human rights or heavy crime – regardless of the abundance of scenic or cultural attractions (Sonmez, 1998). Although
there are instances of tourist attractions based on war and atrocities, tourism in general is highly vulnerable to turmoil and can thrive only under peaceful conditions (Mihalic, 1996; Neumayer, 2004; Pizam and Mansfeld, 2006; Tarlow, 2006).

**Impacts of tourism on conflict and peace**

Tourism is perceived as an approach which can supplement social and political reconciliation efforts in post-conflict settings. If tourism is operating with sustainable principles and practices, it can have positive impacts in reducing tensions between visitors and host communities. The significance of sustainable tourism (which is listed as one of the 21 key areas in sustainable development by the UN Division for Sustainable Development) is also associated with its potential for poverty eradication and peace building, emphasized in the UNWTO’s Sustainable Tourism-Eliminating Poverty (ST-EP) programme (Upadhayaya & Sharma, 2010).

The potential role of tourism in contributing to peace from socio-cultural, political, human rights, social justice, environmental (climate change), corporate social responsibility, health, globalization, intergenerational tourism, and alternative tourism perspectives has been discussed (D’Amore, 1988, 2007; Din, 1988; Eriksson, Noble, Pattullo and Barnett, 2009; Hall, 1994; Higgins-Desbiolles, 2003; Higgins-Desbiolles and Blanchard, 2010; Issac, 2010; Leitner, 1999; Mihalic, 1996; Nielsen, 2001; Tarlow, 2006; Upadhayaya & Sharma, 2010). The relationship between tourism and peace has also been endorsed by a number of institutions. Such initiatives highlight the co-relation and causal relationship between tourism and peace, and support the theory that tourism can be helpful in mitigating conflict and accelerating peace.

**Impacts of peace on tourism and conflict**

Peace is a state that not only indicates the absence of direct violence but also sustains peaceful relationships among all levels and segments of society and between society and nature. It is based on human rights, economic wellbeing, and socio-political equality for all the people. It is also found to have a direct relationship with tourism (Bhattarai and Dahal, 2007; Grandon, 2007; NTB, 2008b; Upadhayaya, 2008b; Upreti and Upadhayaya, 2009).

This article examines the impacts of a decade long armed conflict on Nepal’s tourism sector from both negative and positive perspectives. It discusses the roles of other non tourist actors (e.g. media, diplomatic missions, unstable internal politics, etc.), which along with the insurgency, inflicted detrimental impacts on the tourist destination image of Nepal. It further discusses the strategic responses adopted by the tourism sector to cope with those negative impacts.

Considering the aim of structural transformation as taken up by the Maoists, the selective dual behavior (harm and no harm policy) of these insurgents towards tourists and the tourism industry, the transformation of the country from unpopular monarchy to democratic republic, and some positive results in the tourism industry, this paper, in line with the Social Theory of Terrorism and Tourism (Peters, 2002), argues that even a lethal and destructive armed conflict can be a constructive social force and an instrument for positive change in society.
Study methods

This study is based on a comprehensive review of published and unpublished literature, reports and data and an in-depth field survey. Primary information was collected from July 2008 to December 2009 in three major tourist destinations of Nepal - Kathmandu (the heritage city), Pokhara (the lake city) and Chitwan (popular for wildlife tourism). A total of 75 hoteliers and 40 trekking agencies were selected through non-random (purposive and snowball) sampling. Information was also derived from focus group discussions held with representatives of the tourism sector.

Nepal’s armed conflict and its consequences on tourism

There is not much literature on tourism and conflict in Nepal. Among the few publications (Bhandari, 2004; Bhattarai, Conway and Shrestha, 2005; Bhattarai and Dahal, 2007; Grandon, 2007; Karki and Seddon, 2003; Shakya, 2009; Upadhayaya, 2008a, 2008b, 2009; Upreti and Upadhayaya, 2009; and various issues of Nepal Travel Trade Reporter), most are newspaper articles, policy briefs, and discussions in national seminars, while a few are based on scholarly research. Most focus on the impact of political violence on tourism and are based on case studies (e.g. the potential of adventure tourism, home stay projects, etc.). Some of these publications mention business losses in particular subsectors, and generally hold the government responsible for not being able to proactively manage the crisis in tourism. However, these publications do not cover fully the impact of conflict on tourism from both the negative and positive perspectives, and a literature gap exists concerning information on the strategies applied by the tourism stakeholders to cope with the conflict-induced impacts on tourism.

Unbalanced tourism structure

Tourism in Nepal is a relatively recent phenomenon (Müller-Böker, 1999; Satyal, 2000; Shrestha, 2000). Despite the developments of various forms of tourism, it has been concentrated in only a few cities like Kathmandu, Pokhara, and Chitwan, and is dominated by traditional feudal and powerful elites like the Ranas and the Shahs (the Royal family belonged to these groups) in collaboration with Indian capitalists (Bhattarai, 2003; Bhattarai et al., 2005; Upadhayaya, 2006). Tourism concentration in a few areas and a few popular trekking routes has restricted the market, causing economic disparities for the people of neglected destinations (Pandey, 2005). Data provided by Hotel Association of Nepal suggests that around Nepalese Rupees 100 billion has been invested in the hotel industry which is considered to have the highest local private sector investment (Karki, 2010a). However, out of a total of eight 5-star hotels in Kathmandu, two are solely owned by the Shahs and the other three by the Ranas and the Shahs as shareholders in partnership with Indian investors. Likewise, resorts such as the Fishtail Lodge and the Begnas Lake Resort in Pokhara, the other major tourist hub, are again owned by the Ranas and the Shahs. The oldest and most popular resort, Gaida Wildlife Camp in Chitwan National Park in southern Nepal, was also owned till recently by a Rana family.

Bhattarai (2003) calls tourism the monopolized subsector of the economy in Nepal and considers tourism as of benefit for only the ruling classes. Aditya (2002) and Thapa (2008) also claim that outsiders and the upper elites enjoy the larger share of the benefits from tourism in Nepal.
One illustration of the high concentration of tourism resources is the amount of capital investment in hotels in Kathmandu. One study (Bhattarai, 2003) shows that Kathmandu valley has 94.46 percent of the total investments in hotels in Nepal. Two four star hotels with a total estimated investment of Nepalese Rupees 750 million are opening in Kathmandu (Kari, 2010b). This concentration of resources is limited not only to hotels but is also apparent in trekking and mountaineering with limited areas of concentration. Furthermore, the use of tax revenues collected from tourism is not transparent and it is not clear as to how these investments have brought benefits to the local people (NTB, 2005).

Politics of the Maoists armed uprising and the political context of tourism decline

The advent of democracy in 1990, after a successful people’s movement against the monarchy, brought political instability to Nepal. From 1991 to 2000 there were nine Prime Ministers who each led different governments.

The first four years of the Maoist insurgency were relatively calm and had little impact on tourism activities. However, after Gyanendra Shah became king in the aftermath of the massacre that killed all the family members of King Birendra in June 2001, instead of initiating dialogue and peace talks with the Maoist rebels, he intensified military attacks on the Maoist bases. The Maoists retaliated with a number of attacks on government security posts (Grandon, 2007; Pathak, 2005; Upreti, 2009). In response, the government declared the Maoists to be terrorists.

At the same time, the “war on terrorism” policy adopted by the US administration immediately after the World Trade Center disaster of September 11, 2001 created a shift in the paradigm of global insecurity and the terrorism-tourism nexus in Nepal. The US Bush administration considered the Maoist-led revolution in Nepal to be an integral part of global terrorism and supported Nepal with a US$20 million military aid package (Bhattarai et al., 2005; Sunil, 2002). In response, the Maoists began to treat the US and tourists from the US as their enemies.

Examples of this approach to US tourists can be found in the press releases of the Maoists during the armed insurgency and by examining the log books (2002-2006) kept by the Kathmandu Environmental Education Project (KEEP). These log books record the experiences of trekking tourists in and around the Annapurna Circuit Trail in western Nepal. One of the comments in the book made jointly by American and British tourists in December 2003 mentions:

We encountered Maoist graffiti which were mostly aimed at Americans (“Yankee go to home” “Yankee go to hell”). Americans considered hiding their nationality ... (KEEP Log Book, 2002 – 2006).

As a result of such instances, the mobility of American tourists was restricted and US nationals maintained a low profile and even cancelled their trips. The temporary withdrawal of American Peace Corps volunteers in Nepal for six months is one such example (Nepalitimes, 2004).

The dual policy of harm (to ruling class hoteliers) and no harm (to tourists) by the Maoist armed rebels

Although tourists other than US nationals were not targeted by the rebels, they made a number of selective attacks which forced closures of hotels and other properties owned and/or patronized by the Ranas and the Shahs (Table 1) whom they considered as a ruling elite class and the
entrenched barriers to inclusive and equitable growth and transformation of the politics, economy and society.

Table 1: A chronological list of incidents aimed mostly at the ruling elites in the tourism sector

<table>
<thead>
<tr>
<th>Date</th>
<th>Places and nature of incidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 February 1996</td>
<td>Beginning of the Maoist led armed war in Rolpa and Rukum in western Nepal and of Nepal’s image as a war prone tourist destination.</td>
</tr>
<tr>
<td>Spring 2001</td>
<td>Initiation of extortion (forceful tax collection) from Free Independent Travelers (FITs) by the Maoist cadres at the entrances to every popular trekking route.</td>
</tr>
<tr>
<td>Year 2002</td>
<td>Begnas Lake Resort in Pokhara in September and Gaida Wildlife Camp in Chitwan National Park in May were bombed with heavy losses. Both properties were closed for more than a year.</td>
</tr>
<tr>
<td>October 2002</td>
<td>Bombing at the visitor centre of Annapurna Conservation Area Project (ACAP) at Ghandruk (a popular tourist village famous for the indigenous Gurung culture) of which the king was the chief patron</td>
</tr>
<tr>
<td>March 2003</td>
<td>Armed attack on Lukla airport, main gateway to the Everest region in eastern Nepal, resulting in a temporary suspension of flights. The aim was to weaken the government and its source of income from the busiest tourist airport in eastern Nepal.</td>
</tr>
<tr>
<td>Year 2004</td>
<td>A series of bombs exploded outside the compound of Soaltee Crown Plaza in Kathmandu, Gorkha Hill Resort in Gorkha, and Fishtail Lodge in Pokhara.</td>
</tr>
<tr>
<td>August 2004</td>
<td>Forceful shutdown of 12 big multinational and hotel companies mostly owned by the Ranas and Shahs including Fishtail lodge in Pokhara, Hotel Sherpa, Mall, and Soaltee Crown Plaza in Kathmandu, and Tiger Tops Jungle Lodge in Chitwan.</td>
</tr>
<tr>
<td>Year 2005</td>
<td>Cross fire between Maoist rebels and government-led security forces at Lakeside, a tourist hub in Pokhara in western Nepal.</td>
</tr>
<tr>
<td>January 2006</td>
<td>Start of non-cooperation movement by the Maoist-affiliated labor and trader unions of Hotel Yak and Yeti, a five star hotel in Kathmandu. The unmet demands for fair wages, permanent status of temporary employees, and other conditions resulted in closure for nearly eight months.</td>
</tr>
<tr>
<td>September 2006</td>
<td>Restarting of the collection of enforced donations from tourists by the Maoists from major entry points in Annapurna Conservation Area.</td>
</tr>
</tbody>
</table>

Sources: Primary information from the field visit, September 2008 – July 2009; Grandon, 2007; Nepalnews.com; and compilation from various issues of Nepal Travel Trade Reporter; Nepal Tourism Board E-News; The Himalayan Times; The Kathmandu Post; The Rising Nepal.

Despite these events and practices, retrospectively, one can state that Nepal was a relatively safe destination for tourists during the decade of armed conflict (Ale, 2009; Grandon, 2007; TAAN, 2003). There was no specific rebel strategy of physically harming tourists and there was
not a single tourist fatality. An observation on the behavior of the Maoists claims that. “In six years of direct interaction with tourists in different trekking areas and 10 years of insurgency, not a single tourist was intentionally harmed, hurt or harassed much less injured or killed (Grandon, 2007, p. 23). A press statement released by the armed rebels during the armed conflict also makes this assertion:

Be assured that foreign tourists are completely safe in our areas and will be so in future. Our only request is that since the tourism business, particularly big hotels and so-called nature conservation areas are mostly controlled by ruling Shah-Rana families, foreign tourist should think twice before patronizing them (Grandon, 2007, p. 31).

The Maoists considered all tourists (except Americans) as their allies because the extortion of a fee, mainly from trekking tourists, was an easy and less risky source of revenue generation due to the lower presence of state security on tourist trekking paths in wilderness and remote areas.

The work of Peters (2002) on the Social Theory of Terrorism and Tourism, as cited by Tarlow (2006), divides terrorists into “practical” and “apocalyptic” groups. In our appraisal the Maoists could be categorized as practical terrorists, because of their strategy of weakening and eliminating the monopolistic class in tourism and non tourism sectors, which they considered to be a barrier to overall inclusive growth and development. Unlike apocalyptic terrorists, who aim for total annihilation of the state and their political enemies, the Maoists aimed not to destroy society and the economy but to revolutionize society and politics against the elites, albeit through violence.

Our study has shown that some of the major negative impacts of the armed-conflict on tourism were decline in the number of tourist arrivals, loss of revenue from tourism, decrease in the average length of stay of tourists, reduction in the quality of services obtained by tourists, increased military or armed police force presence, and increased fear and uncertainty among tourism entrepreneurs. The data regarding most of these consequences can be seen in table 2.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of international tourist arrivals</th>
<th>% Change from previous year</th>
<th>Average length of stay</th>
<th>% Change from previous year</th>
<th>Revenue generated from tourism (in US$ million)</th>
<th>% Change from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>363,395</td>
<td></td>
<td>11.27</td>
<td></td>
<td>116.8</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>393,613</td>
<td>8.3</td>
<td>13.50</td>
<td>1.98</td>
<td>116.6</td>
<td>-1.71</td>
</tr>
<tr>
<td>1997</td>
<td>421,857</td>
<td>7.2</td>
<td>10.49</td>
<td>-2.23</td>
<td>115.9</td>
<td>-6.00</td>
</tr>
<tr>
<td>1998</td>
<td>463,684</td>
<td>9.9</td>
<td>10.76</td>
<td>2.57</td>
<td>152.5</td>
<td>31.58</td>
</tr>
<tr>
<td>1999</td>
<td>491,504</td>
<td>6.0</td>
<td>12.28</td>
<td>1.41</td>
<td>168.1</td>
<td>10.23</td>
</tr>
<tr>
<td>2000</td>
<td>463,646</td>
<td>-5.7</td>
<td>11.88</td>
<td>-3.26</td>
<td>166.8</td>
<td>-7.73</td>
</tr>
<tr>
<td>2001</td>
<td>361,237</td>
<td>-22.1</td>
<td>11.93</td>
<td>4.20</td>
<td>140.3</td>
<td>-1.59</td>
</tr>
<tr>
<td>2002</td>
<td>275,468</td>
<td>-23.7</td>
<td>7.92</td>
<td>-3.36</td>
<td>106.8</td>
<td>-2.39</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Arrivals</th>
<th>% Change</th>
<th>Spending</th>
<th>% Change</th>
<th>Income</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>338,132</td>
<td>22.7</td>
<td>9.60</td>
<td>2.12</td>
<td>192.8</td>
<td>8.0</td>
</tr>
<tr>
<td>2004</td>
<td>385,297</td>
<td>13.9</td>
<td>13.51</td>
<td>4.07</td>
<td>179.9</td>
<td>-6.7</td>
</tr>
<tr>
<td>2005</td>
<td>375,398</td>
<td>-2.6</td>
<td>-9.09</td>
<td>-3.27</td>
<td>148.4</td>
<td>-1.7</td>
</tr>
<tr>
<td>2006</td>
<td>383,926</td>
<td>2.3</td>
<td>10.20</td>
<td>-1.22</td>
<td>162.8</td>
<td>9.7</td>
</tr>
<tr>
<td>2007</td>
<td>526,705</td>
<td>37.3</td>
<td>11.96</td>
<td>1.72</td>
<td>230.6</td>
<td>-4.2</td>
</tr>
<tr>
<td>2008</td>
<td>500,277</td>
<td>-5.0</td>
<td>11.78</td>
<td>-0.02</td>
<td>351.9</td>
<td>52.60</td>
</tr>
<tr>
<td>2009</td>
<td>509,956</td>
<td>1.89</td>
<td>11.32</td>
<td>-3.90</td>
<td>372.30</td>
<td>5.48</td>
</tr>
</tbody>
</table>

Source: Ministry of Tourism and Civil Aviation, 2009

The decline in tourist arrivals in the years 2000, 2001, 2002, and 2005 (the lowest so far) affected tourism businesses in many ways. The withdrawals of international flight connections by foreign airlines were instrumental in the decrease in tourist arrivals and revenue from tourism (Sharma and Upadhayaya, 2008). The decrease in the number of tourists caused cutthroat competition among tourist service providers and hotel rates had to be lowered. Five hotels in Kathmandu, 10 in Pokhara, and 21 in Chitwan had to be closed due to the shrinking number of guests (primary information from the field trip, January 2009 – December 2010). None of the Kathmandu hotels reopened and three were transformed into department stores. The employment situation worsened, not only in the hotels, but in the entire tourism sector of Nepal.

A ceasefire between the rebels and the government for a period of seven months and the organization of a mega tourism promotion event (Golden Jubilee celebration of the first ascent of Mount Everest) in 2003 spurred growth in tourist arrivals and income generation in 2003 and 2004. However, the year 2005 again witnessed a decrease in tourist arrivals due to the state of emergency and curfews enforced by King Gyanendra after he took power in February 2005. The other mainstream political parties like Nepali Congress, the Communist Party of Nepal – United Marxist and Leninist; and Nepal Sadbhabana Party also adopted the strategies of closures, strikes, street vandalism while in power and in opposition and especially after the kings’ unpopular imposition. This also came under intense media scrutiny and contributed to the growing unattractiveness of Nepal as a tourist destination.

Deterioration of destination image by negative media coverage and travel advisory

The mass media clearly have a role to play as a source of information for potential tourists (Nielsen, 2001). However, there are concerns about the common practice in the media of resorting to exaggeration to sell ‘hot spot’ stories which then have serious impacts on the tourism sector (Beirman, 2003; Despatch Reporter, 2000; Richter, 1997; Sharma, 2004; Sonmez, Apostolopoulos and Tarlow, 1999; The Himalayan Times, 2004a; The Himalayan Times, 2004b).

This study sought to demonstrate how negative mass media reports contribute to the erosion of a peaceful destination image during the conflict years. Although there were some shocking
incidents not relating to the insecurity of and crimes against tourists, many journalists were quick to exaggerate the negative situation and the Indian media were in the forefront in fabricating news with unrealistic sensationalized headlines such as ‘Kathmandu under siege’ portraying Nepal as unsafe for tourists. The Indian Embassy in Nepal acknowledged that the reports were unrealistic and exaggerated, but was unable to rectify the situation (The Kathmandu Post, 2004).

**Table 3: Some examples of media exaggeration during the armed conflict**

<table>
<thead>
<tr>
<th>Date</th>
<th>Incidents</th>
<th>Media comment with impact on tourism sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 1999</td>
<td>Hijacking of Indian Airlines by Indian terrorists from Tribhuvan International Airport (TIA), Kathmandu and suspension of all flights by Indian airlines to Nepal for next seven months</td>
<td>Excessive negative media hype about the lack of strong security measures at TIA and possibility of the repeat of such incidents. Drastic fall (32%) in the arrivals of Indian tourists</td>
</tr>
<tr>
<td>February 2000</td>
<td>First massive attack by Maoist armed rebels on military post in Dang in western Nepal - a non tourist area more than 250 km from Kathmandu</td>
<td>Media reported that Nepal - the whole country - was under the massive attack of Maoist terrorists</td>
</tr>
<tr>
<td>December 2000</td>
<td>Hrithik Roshan episode: The coverage of a speech of a popular Indian superstar, who mentioned that Nepal is a part of India.</td>
<td>Extreme media hype by various Indian Channels. Riots broke out in Kathmandu valley, properties were damaged and the metropolitan city life was halted for some days.</td>
</tr>
<tr>
<td>June 2001</td>
<td>Royal Massacre in which many members of the Royal family were killed in the royal palace in Kathmandu</td>
<td>Almost a week of curfew in Kathmandu created inconvenience for tourist movement; media cell of Nepal Tourism Board had to protest against media broadcasts about physical insecurity to the tourists in Nepal</td>
</tr>
<tr>
<td>September 2003</td>
<td>Protests in the streets of Kathmandu after the killing of 12 Nepali hostages by Al-Qaeda linked group The Islamist Army of Ansar al-Sunna in Iraq</td>
<td>Serious impacts on the tourism industry as reports, especially by Indian media, referred to a lack of tourist safety</td>
</tr>
</tbody>
</table>

Source: Compiled by authors from various sources

The negative media coverage, travel advisories issued by foreign embassies and diplomatic missions in Nepal and abroad, and removal of Nepal from promotional brochures by tour
operators in tourist generating countries led to a drastic deterioration in the destination image of Nepal (Pandey, 2005; Upadhayaya, 2008b). It is submitted that the highly negative Indian media reports, especially those from the private television channels, contributed to a sharp decline in Indian tourist arrivals in Nepal - 1.82 percent in 1999, 32 percent in 2000, and 33 percent in 2001 (MoTCA, 2009).

USA is the only country in the post-conflict period which has continued to issue negative advisories. These clearly indicate the attitude of the US government towards the Maoists, who have joined mainstream democratic politics in Nepal. Sonmez (1998) argues that such an unrealistically negative travel advisory is associated with power relations and uses tourism as a political tool. He argues that the governments of tourist generating countries can influence the flow of tourists for political reasons through travel advisories. The continuation of US advisories on Nepal supports this notion. The travel advisories not only influence the tourists’ decisions about their destination, but also compel tour operators to drop Nepal from their promotional brochures.

**Positive impacts of the conflict on Nepal’s tourism**

Nepal’s conflict was due to complex and interwoven causes and a high degree of frustration amongst the majority of its people. It was assessed by one school of thought as 'pathological and dysfunctional' and by another as a 'functional means for social change' (Upreti, 2002, p. 44). The latter view accepts that conflict is a constructive social process which helps to establish group boundaries, develops a sense of self-identify, encourages community building, and contributes to progressive economic and social change. Pyakuryal and Ghimire (2010) affirm this positive aspect of conflict and state that it is a necessary condition for change in social relations and hence is useful. In line with this appraisal, some positive consequences of Nepal’s armed conflict in regards to the socio-economic aspects of tourism can be identified.

**Strengthening of the labor movement**

The bargaining power of the workers and employees in the tourist sector became significantly strengthened during the conflict period. A number of labor unions affiliated to the Maoists stood up openly and strongly for the protection of tourism workers’ professional rights and interests, formalization of employment conditions, and removal of an unfair reward system. As the result of these demands, powerfully supported by the rebel forces, mandatory appointment letters in hotels and trekking agencies, establishment of a minimum salary, overtime allowances, and implementation of a ten-percent service charge in hotels and restaurants were realized through signing of an agreement between the Hotel Association of Nepal and the All Nepal Hotel and Restaurant Workers’ Union, putting to an end to a more than two-decade long dispute between the employers and the employees (Pradhan, 2007).

**International promotion of Nepal’s beauties**

National and international media covered Nepal’s crisis during the conflict period and sold insurgency stories. At the same time, some international media reported extensively on Nepal’s beautiful landscapes, its varied ethnic groups and their cultures, and the picturesque traditional lifestyles of its people while covering Nepal’s armed conflict. We submit that this had a positive
impact on the image of Nepal, and contributed to the relatively fast growth in tourist arrivals after 2006. The images of a fascinating, beautiful country were supplemented by the saga of a guerilla war which came to a “homegrown” peaceful end.

Last but not the least, the freedom of tourists to roam freely without fear once they obeyed the Maoist demand to pay a fixed tax levy while trekking in the mountains may have become the subject of word of mouth promotion. For some tourists, the opportunity to interact with guerilla fighters was an additional attraction.

**Shift in attitude towards domestic tourism**

Prior to the armed conflict period domestic tourists in Nepal were considered low yield tourists due to their lower purchasing power. Nearly 75 percent of the respondent hoteliers and trekking agencies accepted that the insurgency taught them to appreciate the value of domestic tourists at a time when there was decline in international tourist arrivals.

**Coping strategies of Nepalese tourism actors**

The Nepalese tourism industry and the government adopted and applied various coping measures to save the tourism sector from the negative consequences of the conflict. Some examples of their efforts are given below.

*Effective use of media:* Leading tourism related associations regularly organized press conferences and familiarization trips for journalists and travel trade writers of tourist generating countries requesting the media to verify the facts before sending for printing or telecasting the news (The Himalayan Times, 2004b; The Rising Nepal, 2004). The aim was not to stop the flow of news but to ensure that the after-effects of the news would not be too damaging to the tourism industry.

*Formation of crisis management body:* In 2004, in response to mounting pressure from the private sector, the Ministry of Culture, Tourism and Civil Aviation formed a high level Crisis Management Coordination Committee to handle the crisis arising in the tourism sector (NTB, 2008b).

*Short term policy regulations:* A number of recovery strategies were also adopted by the state which included reducing entrance fees to the world heritage sites, waiving of visa fees for three-day visitors, offering free visas for transit visitors for up to 3 days, opening of 15 new peaks for mountaineering in 2002, and another 103 in 2003, waiving of royalties on over 70 peaks for 3 years (High level Task Force, 2005; NTB, 2008b).

**International support for peace building through tourism during armed conflict**

Realizing that poverty was one of the root causes of armed conflict and lack of peace in Nepal, international development agencies such as the United Nations Development Programme, Netherlands Development Organisation, and Department for International Development supported the Ministry of Culture, Tourism and Civil Aviation (MoCTCA) in implementing a project titled ‘Tourism for Rural Poverty Alleviation Programme (TRPAP)’ in September 2001 (NTB, 2008a). This program, funded with US$18.72 million, ran for a period of five years, and targeted 6 pilot districts, 48 villages and 28,337 households (Upadhayaya, 2006).
TRPAP, based on a “bottom up” approach, the Appreciative Participatory Planning and Action tool (a social empowerment tool that promotes Discovery, Dreaming, Direction, Design and Delivery/Destiny) focused on empowering economically inactive women, disadvantaged ethnic groups, and other socially deprived communities through participatory decision-making in the implementation of rural tourism.

This programme aimed to mainstream pro-poor tourism by developing a sustainable tourism policy for adoption by MoCTCA. These policy documents included: (1) a Pro-poor tourism policy, (2) a Tourism Industry Strategic Plan, (3) a 15 year tourism marketing strategy, (4) district tourism development and management plans for all six programme districts, and (5) the Sagarmatha (Everest) national park management and tourism plan.

Despite the intensification of the insurgency and absence of elected representatives at the local levels, TRPAP became a boon to those areas because of its people-centered programs and locally recruited staff (Pandey, 2008). The policies of TRPAP have helped institutionalize sustainable and participatory tourism practices which are oriented towards equity, equality and social justice. These elements are the pillars of peace.

Creativity for the post-conflict peace building through tourism: Opportunities and challenges

It is largely accepted that tourism tends to thrive in peaceful conditions. How tourism could engage in conflict prevention, conflict settlement or post-conflict peace building via ‘peace through tourism’ has been analyzed in various studies (Alluri, 2009; Leong, 2008; Richter 1997, 1999; Richter and Waugh 1986; Satani, 2004; Strong-Cvetich, 2007).

Opportunities

A 19-day long Jan Andolan (2nd People’s Movement) in April 2006 by the fusion of different political parties, Maoist rebels, and the Nepalese people on non-violent approach overthrew the absolute monarchy, reinstated parliament, and restored democracy and civilian supremacy. Nepal entered a post-conflict stage with the signing of a Comprehensive Peace Agreement (CPA) between the Maoists and the government in November 2006. The formation of the post constituent assembly government led by the Maoists on 22 August 2008 is a milestone in the peace process and the image building of Nepal from a tourism point of view. This became decisive in re-attracting tourists into Nepal and increasing the foreign currency earnings (Table 2) in post conflict years.

However, in a state of heightening disputes and disagreement among political parties on various issues in the post-conflict period, tourism is the only agenda item which was able to overcome such disagreements and to bring political parties to a single platform for a common cause. The introduction of a new Tourism Policy 2009 was unconditionally accepted by the government formed after the collapse of the Maoist-led government in May 2009.

The government, communities, and private sectors, envisioning the various opportunities for peace and prosperity through tourism in the nation, are continuing their efforts to strengthen the tourism sector and widen its benefits. There are increased efforts in encouraging greater participation and developing new initiatives, a few of which are described below:

1. Introduction of a new tourism policy in March 2009 which incorporated promotion of rural, adventure, agro, health, and educational tourism. The concept of home-stay tourism is a major
focus. The Ministry of Tourism and Civil Aviation approved a short term working policy in July 2010 involving community and private home-stay. This is expected to boost new tourist destinations in rural areas, lead to wider participation of village people in tourism, allow tourists to stay with local people in their homes and observe and appreciate family and social relationship, expand self-employment opportunities for people in rural areas, and create opportunities for harmonious interpersonal and cross cultural relationships between guests and hosts. These opportunities for wider participation in tourism in rural areas will support equitable growth and socio-economic justice.

2. Launching of the Nepal Tourism Year - 2011 (NTY 2011) with the theme “Together for Tourism.” NTY 2011 is an attempt to re-brand Nepal’s tourism image which was tarnished during the insurgency. Major political parties are committed to fully supporting the campaign. Nepal Tourism Year not only targets international tourists, but also aims to support infrastructure development through appropriate planning for sustainable development of tourism.

3. Philanthropic travel and VolunTourists are becoming popular and are supporting economic prosperity, goodwill, harmony, and peace building in post-conflict Nepal. As an agent of change, they are building harmonious intercultural relations while volunteering their knowledge, skills, and resources. Many health centers, mobile health services, rural schools, community run guest houses, trusts, and solar-power generators are built and being funded by tourists in villages and remote areas of Nepal which were earlier in a disadvantaged state. These tourists have set out to establish cultural rapport and develop connections with local communities in art, culture, history, geography and health, etc. They are the creators of win-win situations as both the helpers and the helped develop understanding about each other, and they are actively demonstrating the role of tourism in peace building.

**Challenges**

Dividing the country into a number of federated states, drafting a new constitution and holding a free and fair general election thereafter are upcoming major tasks for the transformation and stability of the nation, for which a consensus among major political parties is absolutely necessary.

Although the ongoing peace process, with the signing of CPA and mainstreaming the Maoist rebels into democratic politics has not been seriously disrupted in Nepal, there are manifestations of new conflicts posing challenges for sustainable peace. These include:

1. The proliferation of small armed groups in Terai in southern Nepal near the border with India, and incidence of murders, robberies, abductions and sexual violence are posing severe challenges. Illicit trade in and use of small arms are hindering post-war reconciliation and reconstruction efforts (Upreti, 2010). The establishment of militia youth wings among ethnic, social and political groups has undoubtedly damaged the image of Terai tourism.

2. The lack of cooperation, consensus and trust among the political parties is creating a fluid political environment and conflicts in the forms of *chakka jams* (wheel strikes), *bandhas* (closures), *dharnas* (demonstrations) by political parties and social institutions throughout the nation are rampant. This has at least indirectly affected the image of Nepal as a peaceful tourist destination.

3. Increasing labor unrest has resulted in temporary closures of hotels at many tourist spots (Upreti and Upadhyaya, 2009). Labor union members affiliated with various political parties are used to gain and exercise power. Such misuse of energetic young members of the labor union
by political parties has affected the reliability and the quality of service delivery in hotels in Nepal (Upadhayaya, 2009).

Because of these challenges, the rate of the growth in annual tourist arrivals in the post conflict years (especially after 2007) has been slow and uneven (Table 2). The application of coping strategies by the tourism sector to mitigate the impact of conflict is being continued through the Tourism Crisis Cell (formed jointly by the Nepal Tourism Board and the Himalayan Rescue Association in July 2010), providing free visas to Mount Everest summiters for two years in 2010 and 2011, fixing the minimum salary of Nepalese Rupees 4600.00 for employees, persuasion to apply a ‘code of ethics’ in business operations, and urging diplomatic channels to review their travel advisories.

A ‘hire and fire’ policy, introduced in 2010, follows the ‘no-pay-for-no-work’ principle, and was incorporated after demands from the private sector including the tourism industry. They believe that it will protect against the loss of business arising from increasing absenteeism of the workers in hotels where there is excessive influence of unionism and unions are highly politicized. Employees, on the other hand, have considered it an injustice given the absence of a social security system and state fund for unemployed laborers in Nepal. Whether or not there will be any improvement in labor-management relation is a challenging emerging issue.

**Conclusion**

A study of the decade-long armed conflict impact on the tourism sector of Nepal demonstrates that peace (maintenance of security and unhindered mobility for tourists) and unbiased reportage (correct and timely information to both existing and potential tourists by the media) are preconditions for tourism to sustain, revive and develop during conflict periods.

The Maoist armed rebels had serious differences with the political system of Nepal, but they were not against the growth of the tourism sector in the country. The ‘no physical harm’ policy for the tourists and tourism entrepreneurs other than the ruling class (monopolistic) businesses allowed safe movements of tourists for trekking and mountaineering activities once the tourists agreed to pay a levy.

That conflict is not always destructive and may be useful has been supported in the case of Nepal with the strengthening of workers’ rights in the tourism sector, positive publicity about Nepal’s natural and cultural attractions, and enhancement of domestic tourism.

This study has revealed that tourism can be both benefactor in and beneficiary of conflict. Similarly, conflict can also bring peace and stability for tourism if and when its root causes are addressed. Tourism can be an effective tool in coping with and responding to conflict and can be an agent for peace by assisting in the development of a supportive environment. Durable peace through tourism requires its utilization to alleviate poverty and achieve equitable socio-economic progress in Nepal where unemployment-fueled conflict has just ended.

The experience of Nepal reveals that in the aftermath of armed conflict, there is a need for stronger tourism crisis management able to respond to practices such as media exaggeration and unrealistic travel advisories. The starting of the peace process and the ongoing political reforms together have helped rebuild the image of Nepal as a secure tourist destination. However, the sustainability of tourism, highly dependent on peace, security and safety, will remain a dream until there is a lasting positive peace in the country.
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