

Friday, February 14, 2014, 09:07

Asia Weekly: Preparing for a tourism boom

By KRISHNAKUMAR VR in New Delhi

Sri Lanka sets sights on rising numbers of Chinese holidaymakers and investors to boost economy



Top: Winners of holiday packages to Sri Lanka collect their prizes at The Place mall in Beijing. The competition was part of a shopping mall campaign by the Sri Lanka Tourism Promotion Bureau and Chinese partners. Above: Campaigns to boost Sri Lanka tourism in China last year included the branding of buses in major cities. (AFP)

With its golden beaches, towering mountains, ancient monuments and stunning wildlife all enclosed in a compact island, Sri Lanka is pretty much the perfect holiday destination. But 30 years of conflict between the government and Tamil separatists put many tourists off.

The end of the civil war in 2009 marked a watershed moment, making the country once again a desirable place to visit. And while this is good news for travelers, it is also of tremendous benefit to the Sri Lankan government and people. For with tourism, comes profit.

The island country has set its sights on expanding its tourism services, with a heavy focus on attracting Chinese revenue, from tourists and investors alike.

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Mahinda Chinthana, a document from the Sri Lankan government to outline its "vision for the future", indicates that tourism industry is poised to become a \$3 billion economic hub of activity.

Sri Lanka aims to transform its tourism sector and make it the largest foreign exchange earner, by attracting 2.5 million high-spending tourists by 2016. If the industry is to reach this target, it would need to attract around 1 million Chinese tourists over the same time frame.

Kumar Mallimaratchi, managing director of Associated Hotels and a director of United Hotels, is optimistic about the prospect of increased Chinese visitors.

"One million tourists from China will be a reality in a short period of time," he says.

Sri Lanka Tourism Development Authority data show the number of Chinese tourists traveling to the island nation soared by over 75 percent last year, recording one of the highest growth rates in the country's tourism industry.

"China has the potential to become the biggest source market for Sri Lanka easily if large-scale shopping malls, entertainment centers and duty-free facilities similar to Singapore and Dubai are created," says Mallimaratchi. "Besides, the industry needs to accelerate the training of tour guides in the Mandarin language as large numbers will be required in time to come."

According to the China Tourism Academy, the number of Chinese tourists going abroad is set to rise from 83 million in 2012 to more than 200 million by 2020.

Mahinda Chinthana specifies that upscale tourism will be promoted in Sri Lanka. "Spending per tourist per day is expected to rise over \$200 during the next ten years," the document said. "Eco-luxurious experiences for upscale tourists will be ensured. International shopping facilities will be promoted in major cities to assure shopping experiences for tourists."

Besides, Sri Lanka is planning to showcase indigenous medicines to attract international interest.

"Soon Sri Lanka will be a better tourist destination. This will lead to a better contribution to the GDP while creating various employment opportunities," says EM Wijetilleke, secretary general and chief executive of the National Chamber of Commerce of Sri Lanka.

Recently, the Sri Lanka Tourism Promotion Bureau linked up with The Travel Channel of China to promote the country to prospective Chinese tourists. It is said that the television channel, which has an audience of 650 million, will use a mix of programs and commercials to help promote Sri Lanka.

It is the first country the channel has chosen to provide advertising exposure in the year 2014. The channel will also publicize Sri Lanka through its online sites and other social media tools which reach an audience of around 350 million people in China.

"Tourism is a key revenue-generating sector of the Sri Lankan economy and we have identified China and a few other countries as the potential market to promote our tourism," Rummy Jauffer, managing director of the Sri Lanka Tourism Promotion Bureau tells China Daily Asia Weekly.

The tourism department will also continue with a three-day promotional campaign which will be held in Shanghai.

"The joint mega promotion will take place in March 2014," says Jauffer. "We are also planning to take part in five international travel fairs and organize familiarization tours for around 200 foreign journalists and tour operators in 2014."

Last year, the three-day Sri Lanka Shines in Beijing campaign was conducted in the Chinese capital, while promotional campaigns and a 200-bus branding exercise were carried out in the major Chinese cities of Beijing, Shanghai, Chengdu and Guangzhou for a period of six months.

SriLankan Airlines, the country's national airline, is also chipping in to achieve the goal of attracting 2.5 million tourists by 2016.

"China is a main focus in SriLankan Airlines' marketing and promotional plans, as the future of the travel industry is in this region," says Nishantha Wickremasinghe, chairman of SriLankan Airlines. "We are also making every effort to welcome Chinese to Sri Lanka and provide the necessary facilities on board as well as on the ground."

Chinese-speaking passenger relations officers have been recruited to travel on flights to Beijing, Shanghai and Hong Kong.

Wickremasinghe adds that the airline is upgrading its fleet with more modern planes. "We will induct new aircraft from October 2014. This will provide more 'revenue per seat' to work towards profitability."

Also, the Sri Lankan government reiterated in its vision document that accommodation facilities will be increased with the construction of 50,000 hotel rooms to cater to the expected increase in tourist

arrivals.

During a visit to Sri Lanka, Liu Yunshan, a member of the standing committee of the political bureau of the Communist Party of China central committee, said that a number of Chinese investors were interested in the tourism industry of Sri Lanka.

Meanwhile, China Harbour Engineering Company has signed agreements of investment exceeding \$500 million to build a golf course at a resort in the southern Sri Lankan town of Mattala.

The company will also construct a 250-room hotel and tax-free shopping complex in Mattala. A third project will be a 200-room transit hotel in Katunayake, near the main international airport, which will also have a 1,000-space car park and tax-free shopping facilities.

"Several foreign investors have shown interest in the Sri Lankan tourism sector and we will be seeing many new ventures coming up," says Dileep Mudadeniya, head of brand marketing at Cinnamon Hotels & Resorts.

"This boom is quite healthy and significant; along with the peaceful environment we can see a steady increase in business traffic for events and conventions from around the world, resulting in improved revenue and profits for city hotels," he adds.

Other companies that have already committed major investments include the Hong Kong-based Shangri-La Group, Thailand's Minor Group, Singapore's Aman Resorts, and the Banyan Tree Group, also headquartered in Singapore.

The multiplier effect in the tourism sector is also envisaged in the construction, furniture, transport and food and beverage industries. Estimates suggest that these sectors will provide employment for about 100,000 people along with the new investments.

The government is also planning to improve the productivity of the tourism industry, through building professionalism in the travel and hotel industries. The private sector will be encouraged to set up human resource development centers to meet the emerging needs of the tourism industry locally and abroad.

Nalin Attygalle, secretary general and chairman of the Federation of Chambers of Commerce and Industry of Sri Lanka, concludes: "Increasing Chinese tourists and Chinese investments in the Sri Lanka tourism sector are ensuring economic growth in the island."



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