

**PHD CHAMBER OF COMMERCE AND INDUSTRY INTERACTIVE MEETING**  
**“STRENGTHENING OF TIES WITH SRI LANKA”**  
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At the outset, may I thank the PHD Chamber of Commerce and Industry for inviting me to make a presentation on “Strengthening Ties with Sri Lanka.” Your organization being a business oriented Think Tank you would have expected the delivery of a technical presentation from me. In fact, when Ambassador Krishna Rajan met me and discussed the preliminaries, I requested my Commercial Officer Ms. Upekkha Samaratinga to brief me to provide data to satisfy Ambassador Rajan’s intentions.

However, the episode on April 21<sup>st</sup> 2019 in Sri Lanka made me to rethink. I thought that I should focus on a sector of extreme importance to me, to Sri Lankan and Indian businesses and economic interlocutors like your members. That is ‘Tourism’. Nonetheless, I will briefly touch upon other areas or sectors.

Strengthening ties with Sri Lanka can be viewed at and perceived in several areas. Our ties are historically old. The components of our ties have integrated into our daily lives, through culture, religions, security, and economic concerns of both countries. The foreign relations of both countries have in very recent times reached upgraded proximity, after a limited engagement for a few years just before. Ambassador Yash Sinha is my witness to endorse this statement. Even during that era there had been *ad hoc* institutional mechanisms that proved to be pacifying. By the current deliberations I believe that the existing relationships could be bolstered to a higher level for the benefit of both countries.

I will first deal with the few areas I thought should be taken briefly. If I name them they can be tagged as political, economic, cultural, social, security, sharing of achievements in the areas of education, technology, investments, trade, tourism etc. The list may be even larger.

Being two democracies we have been tied to the values of democracy. There had been turbulent times experienced by Sri Lanka and my personal understanding- please mind, ‘personal’- is that India wishes to respect the neighbor as a friend and to conduct a non-interventionist approach to Sri Lankan politics. That does not mean that India is or was unmindful or unconcerned of Sri Lankan politics. It was well observed when we had the protracted terrorist conflict. India was very concerned as influence of a

terrorist victory for a 'separate state' in Sri Lanka would have created negative political ramifications in India too.

India's security ties had been very strong with us. It spread to training, intelligence sharing, military exercises etc. In positions I held in Sri Lanka made me to be privy to this status. In fact, the covert intelligence assistance is observed even lately, seen by intelligence sharing before the terrorist attack that took place in mid-April last.

Of course, we had some military experiences in late eighties with the Indian Peace Keeping Forces. I consider the final outcome of IPKF experiences was loosening ties between us, than strengthening. However, by now both countries have made up on any misgiving, I presume. One lesson –once again a personal conviction- that could be learnt perhaps with IPKF experience is that there could be tolerance limitations in dealing even with neighbors, who are friends and relations.

Security of Sri Lanka has ramifications for India too. I think the Indian Ocean Maritime Safety, trade routes, movement of Navies of powerful nations etc. have become important and sensitive international issues. Especially it is so since several nations are involved in being partners of these activities. Since these issues are yet being studied by our countries, I keep them aside, as for now.

There are politico- security- economic related activities that created disturbed relationships between the two countries. Without going to details I quote the fisheries problem on the Palk Bay. There had been pointing fingers on either side of the divide and I believe that reasonable, implementable, sustainable actions should emerge for strengthening ties through negotiations.

However, the political understandings will affect the strengthening of economic ties since Indian Government use budgeted funds to participate in development activities in Sri Lanka. I mean the Indian Line of Credit and other collaborations with foreign countries for economic activities in Sri Lanka. The incumbent Indian government has tried to cooperate, collaborate in economic projects. They were based on Understandings between the two governments. I do not think that the interests of the two governments have reached fruition as anticipated by such Understandings, Agreements etc. However, there are some private sector businesses from Sri Lanka like Brandix Apparels Ltd, Damro Furniture, and Boardpac IT Solutions etc. that had been operating successfully in India and this is true of Indian companies in Sri Lanka too. In these cases there had been sufficient integration of political and economic ties.

It is common knowledge that any economic activity, for example, trade agreements or collaborative economic projects or outreaching investments in both countries by the other are culminations involving politicians, policy makers, development planners, economists, negotiators etc. separately or a combination of a few or many of

them. They are understandably biased towards their own countries. These are complex and time consuming activities. There are delays in final outputs and hence final outcomes. These are matters to be sorted out by some of us who are in to such projects and by Think Tanks who support the governments to conclude such arrangements. I wish our deliberations could contribute positively for such needs.

I may now move on to the core of my speech, as mentioned earlier.

As we are aware tourism is a mainstay of our economy. It is so due to several justifications. It has contributed to the Sri Lankan economy US \$ 575.9 in 2010, US \$ 2.9 billion in 2015 and US \$ 4.4 billion in 2018 and a set target of US \$ 5.5. billion for 2019 exists. Tourism has been developing at a fast pace, with hotel room accommodation increasing from 14,714 rooms in 2010 to 18,954 in 2015 and 24,757 in 2018, which will be further increased with new hotels being constructed now, including a hotel owned by ITC India. Tourist arrivals has increased from 654, 476 in 2010 of which 126,882 (19.4%) had been Indians to 1.8 million in 2015 of which 316,247 (17.5%) were Indians to 2.3 million in 2018 of which Indians had been 424, 887 (18.2%) and from an estimated number of arrivals of about three million by end 2019, we expect 550,000 visitors from India.

Even after the Tsunami devastation, which affected the tourist industry, especially due to tourism infrastructures being by the seaside, Sri Lanka has resurrected the industry quickly. However, the April 2019 disaster is different by nature of impact. We will get over the infrastructure devastation that is comparatively small. President Maithripala Sirisena has already pledged to restore the tourism industry and promised to appoint a Cabinet Sub Committee to look in to promote tourism, including provision of financial assistance under concessionary terms. The Prime Minister Ranil Wickremesinghe has reassured fast tracked financial support for tourism revival which will be an urgent requirement due to heavy cancellations of future room bookings. The other issue is to get over the psychological trauma due to the disaster- not only domestically but internationally and in tourists and businessmen.

In the disaster background we have to look at the priorities for tourism. I am told by the Air Lanka Management in Delhi how the tourists have cancelled their tickets to Sri Lanka. One crucial event was spotted where some passengers on board of an Air Lanka plane wanted to disembark when the plane was moving on the tarmac to fly off to Sri Lanka, having heard of the dastardly event. The travellers were disembarked. Customer is the King! For Air Lanka high technology responses of i-phones have borne negative results, but to the travellers it was positive consequence!

What does this incident show? What is the psychological impact of the disaster? It is that with the terror blast the 'positive location interest' psychology has blasted. If

there were any investors flying to Sri Lanka for business, this would have shattered their business world in Sri Lanka. I am personally aware of one such case. It shook the image of the country, its business, politics, security etc. Therefore, it is essential to restore confidence of customers, because all those mentioned above are 'tourists' in some way or the other. We have to create the 'visit intent' in them.

I have read an academic's article explaining the diversity in a tourism disaster. Accordingly, the diversity is due to (a) multiple participants work towards a single goal, i.e. the satisfaction of tourists, (b) the product or service is not transportable to the consumer and rather the traveller visits the destination where the product or service is experienced. It means that we have to address the perceived anxieties influencing visit intentions. What we have to address is how to reestablish trust on the tourist destination, its security, safety, service delivery capacity etc. We may have to even engage psychologists to solve this problem.

Taking the destination to customers is undertaken through public communication, brochures, videos, power point presentations, television shows, tourism road shows etc. Of course, we were the best world tourist destination on the 20<sup>th</sup> April 2019. The challenge is to reach that day again.

I will tell you my latest experience in this regard. I discussed with several Tourist Association Executives, such as National Committee on Tourism and Hospitality under the Confederation of Indian Industry, Outbound Tour Operators Association, Travel Agents Association of India and Indian Association of Tour Operators, to hold a seminar in Delhi to create awareness and give publicity to the tourism clientele groups. The event planned before 21<sup>st</sup> April episode had to be postponed since some of them thought that the timing is wrong. In my own mind I think differently because I am a believer that this is the "gestation period" for advertising, publicizing the destination, preparing the visitors psychologically to rebound and hence requested them to proceed. I think that it is possible to rebound and rewind the industry. We must patiently strive to reach this objective. I am reminded of a saying- "Storms may pass, patience is virtue!"- by a former President of NEC Japan Konusuke Matsushita.

Right now we have Emergency Regulations declared and night curfews are operative in areas where investigations are going on. The curfew hours were reduced by day and it will be totally out in the whole country, I hope very soon. However, National Security is a more important issue and should be given priority. One positive side of the Curfews and Emergency Regulations is the Military and Police find the hidden loads of explosives, arms, grenades, *kathi* knives etc. It means cleansing terror. This enhances the confidence level and attachment to the much loved destinations in the minds of the previous and potential visitors. While the Emergency is on, tourist arrivals can be organized on a selective destination basis on confidence levels. In such

circumstance there is a role for the Sri Lankan travel and tourism business to be collaborative with foreign friends of the same category.

While we have the online visa system, considered as working without any hitch, the Government took a decision to implement free visa issue system from May first this year, to fit in to the lean season. It was hailed as a correct step by several Delhi Ambassadors. This has been stopped due to the 21st April episode. If this could be re-introduced it will certainly attract tourists more. But in a disaster background like what we experienced recently, it will not gain easy coinage with Security Forces as an urgent need. Contrarily, they may ask for tighter visa and border control systems. I think those are required too. Therefore, while agreeing that visa relaxations lead to positive results, we have to find a middle path solution, sometimes with new border security systems and improved security technology being introduced. We will.

Regarding tourist movements earlier, there had been relaxed operations at the airport. The tourists were received with open arms and easy Security, Passport and Customs clearance procedures were used to transfer tourists. Now the back-packer tourists will be subjected to tighter security checks for obvious reasons, which cannot be avoided immediately. Therefore, terrorists if they want to operate will come as "Gentlemen Visitors". However, if the guest country tourist operatives undertake acceptable security responsibility for the tourists who arrive in Colombo, there could be motivation for early relaxation and coordinated checking systems. The travel and tour operational companies in a "guest country" have a responsibility to assist the "host country" authorities and businesses. It will be a way to reassure normalcy, when the guest country motivates customers. Such action in cooperation and collaboration will send a clear message to the tourists, as well to the businesses here and in Sri Lanka that the destination is safe and secured by the Business itself. Solving these issues early will be beneficial to tourism businesses in both countries. Please note that I am requesting you to support yourselves too, while helping our tourist industry.

The message given by the Sri Lankan tourist industry and business community is material for revival. I found a senior Sri Lankan business personality who is extremely hopeful stating in the press as follows:

"Sri Lanka has got the best publicity after 10 years. It was LTTE that gave publicity but it was local. Now it is Muslim extremism international. Sri Lanka being a small island nation, if all security systems are de politicized and independent, Muslim extremists can be completely wiped out in a few days. This is the time to give visa free entry. .....**Discount inbound travel on Sri Lankan Airlines by 40%**. ..... This may increase load factor to 95% from current 65% and result in Sri Lankan breaking even. **Discount hotel rates by 40%**. This will increase

hotel bookings to 90% during the next season. **Give international publicity and visitors** who take the challenge to come. ***Travel agencies around the world will give adequate publicity as Sri Lanka being a great destination to be in at attractive prices.*** International websites have already given publicity of attractions on Sri Lanka and what a great holiday destination Sri Lanka is. ***This will encourage new visitors who are looking for an affordable holiday. Their Facebook, Twitter sites will do needful after a great holiday in paradise.***

**All those involved in tourism big or small should be given a grace period to settle loans to banks and other financial institutions.**

I trust the authorities will start to give our tourism a boost without having sad faces and crying tourism has been hit by \$ 1.5 b. We may make \$ 2 b if this is done.

Make use of this opportunity. Nothing is lost. We are known globally now even better than what LTTE did for us.

Success depends on depth you desire. Within our dreams and aspirations, we find opportunity.” (Tissa Jayaweera in Guest Column-Daily FT 30-4-2019)

(Highlighting, underlining and italicizing are by the write.)

This is the feel the business fraternity has on revival. These changes if happen should receive immense publicity for which the Sri Lankan Government should invest. If resilient country image is not created, and, the chest thumping tales of woe and the finding of gelignite sticks or grenades or *kathi* knives is the only message we orchestrate to the world, it will not upgrade or re-grade the image of the destination. We can learn from the USA after the Twin Tower episode, Paris terror attacks etc. on how to rewind during post-disaster times quickly.

The recent disaster has shown the weaknesses of the hotel industry security systems. In some countries even in the region, there are some basic security precautions that are missing in Sri Lankan hotels. Scanning of persons, baggages, delivery of kitchen requirements of hotels, entry point security etc. is some that I am reminded.

Nowadays renting apartments reinforces tourism. Sometimes tourism related apartment companies could generate transactions that should be scrutinized for prevention of money laundering. These are taken care by inbuilt management systems

in hotel/ apartment business. I am made to understand that they are connected to government security and financial scrutiny authorities in India.

Wherever there is laxity they have to be improved so that any visitor who checks in is confident of the stay in-house or outdoors. Post disaster redevelopment should always follow upgrading of systems. The experts and business doers here should be able to critically examine the *status quo* and propose technical solutions to assist the Sri Lankan tourist and travel trade, because you in the trade and industry are experts.

The government and the private sector functionaries should give the message of resilience and resolve to overcome devastation. This is not only by way of rebuilding the affected infrastructure but through attitudinal change to resilience. The media – State, private, tourism, institutional and foreign media- should assist the processes of rebounding. Already Kingsbury and Cinnamon Grand Hotels have commenced customer relationship building at a personal level which shows quick return to outreach business. Even a small infusion as such creates happiness.

Right now it is the horror images we see in the media. Of course, the President, Prime Minister and the Leader of the Opposition attending the Mass with the Cardinal of the Catholic Church was a starting point, which should be carried through and it should develop attitudes to return to normalcy.

Already Sri Lankans have started approaching these sentiments in a futuristic manner, without trying to whitewash the episode, as seen in this video.

### VIDEO

I think a Think Tank like yours should be able to support the tourism industry here to assist them by evolving a cohesive and coordinated plan using a tourism disaster management framework for sustainable outbound tourism, following a sudden calamity to guide all actions purposefully. This should be done in Sri Lanka too by the inbound tour and travel tourism authorities.

In addition to Think Tanks we may get endorsements by a few well known and well associated celebrity figures to get tourists back and organize a mega international event in Colombo. Already Sri Lanka Tourism has started this in Dubai last week at a one day event. Further, Sri Lanka Tourism will address the tourism community at the prestigious Fifth UNWTO World Forum on Gastronomy Tourism in San Sebastian in Spain; the Sri Lanka Conventions Bureau will also be present at the IMEX in Frankfurt. The only tourism and travel fair will be held in Sri Lanka during the first week of June. This Fair will be open to the business within the local tourism ecosystem and organized by the Sri Lanka Association of Tour Operators in collaboration with the Sri Lanka Tourism Promotion Bureau. You are welcome to recreate relationships.

Looking at events in India I am pleased to mention that Sri Lanka Tourism will be participating in Travel Fair in Kolkata in July 2019, and also Sri Lanka Tourism together with my Mission will organize a MICE event in Kolkata. In August there will be a Tourism Road Show in Delhi organized by Sri Lanka Tourism in association with Sri Lanka High Commission. A few more Road Shows will be held in other Metro Cities such as Chennai, Mumbai and Bangalore in August next. These will be good opportunities for you to interact to gauge our return to normalcy and to stand with us solidly.

Some of you must be having contacts with our organizations for sure and I wish that you would renew relationships. I know some of you may still have concerns. To address those concerns, I have to only quote Chairman of Sri Lanka Tourism on such fears, if any.

“We cannot allow ourselves to become paralyzed by fear. Nearly half a million families across the island depend on us for their daily living; the impact on our economy must be mitigated.

We are working to regain the confidence of global travellers and operators by demonstrating that Sri Lanka’s response to the incidents is effective, while reassuring future tourists that all appropriate steps are being taken by the Sri Lanka Government to prevent any future incidents and ensure the continued safety and security of tourists within the country.”

What the tourism industry thinks it should and could manage in the disaster outcome scenario seems to me as very wide, heavy and large. But, as long as we go along with the Chairman of Sri Lanka Tourism, there is greater and larger hope. Since the product cannot be taken to the consumer like a pack of Sri Lankan tea, we have to consider how consumers could be returned to the location, relationships are built, nurtured, broadcasted and safety and security are reassured and sustained. Let us convert the disaster to a business opportunity. I am confident that by doing so you will achieve the target of 550,000 Indian visitors to Sri Lanka set by us, a reality. Please be reminded that this will increase your profits because they are your clientele too!

We had to pay a big price on the 21<sup>st</sup> April 2019 and let us strive to swiftly return to 20<sup>th</sup> April 2019 with much vigor, dedication, cooperation, collaboration and large hearted brotherly and sisterly spirit. I need not ask as the country representative from you for your contribution, as I know you will give it, even if I had not asked for it, because you are my friends, neighbors and more than that my relations. In disaster management it is said that your family, neighbor and relation are the first to come to save you; and, you have received the grand opportunity to prove this disaster



management theory is more than right and you are one of those positive actors. Do come along with me!

Thank you.