



## COLOMBO DECLARATION

### Promoting Regional Corporation for Tourism Sector in South Asia

#### **Introduction**

International Civil Aviation Organization's Secretariat at Sixth Worldwide Air Transport Conference (ATConf/6) held in March 2013 defined connectivity as the ability of a network to move a passenger from one point to another with the lowest possible number of connections without an increase in fare, focusing on, from a commercial perspective, minimum connecting times with maximum facilitation ultimately resulting in benefits to air transport users.

This applies equally to the region of South Asia, which with 22% of the global population, has been witnessing more than 5.5% GDP growth per annum and has a sizeable middle class. OECD study conducted between 1980 and 2013 reveals that air transport is expected to contribute \$1trillion to global GDP by 2026 while tourists in Asia Pacific countries will grow four times as that of the develop countries and international tourist arrival will reach 1.6 billion in 2020, well above the 1.1 billion as of 2013. Aviation industry forecasts that between 2009 and 2018 there will be a demand for 24,951 passengers and freighter aircraft (worth USD 3.1 trillion) would further increase to 32,000. South Asia, with 22% of global population and having sizeable middle class, provides strong reason for inter and intra-regional cooperation in Aviation Sector.

In view of enormous potential, which remain unexplored, the leadership of SAARC CCI strongly feels that South Asia should have Regional Tourism Policy to encourage and promote intra-SAARC Tourism with active involvement of Aviation Industry players and tour operators.

In order to assess the level of cooperation amongst Aviation Industry and tour operators, SAARC Chamber of Commerce & Industry (SAARC CCI) in collaboration with the Federation of Chambers of Commerce & Industry, Sri Lanka and National Chambers of Commerce and Industry from other South Asian countries (ACCI, FBCCI, BCCI, FICCI, CII, MNCCI, FNCCI and FPCCI) in partnership with FNF-Regional Directorate at New Delhi, organized SAARC Investment Forum under the theme "Turning Point in South Asian Tourism" from 30<sup>th</sup> September to 2<sup>nd</sup> October 2015 at Colombo, Sri Lanka.

Aimed at identifying challenges in promotion of tourism in South Asia, the Conference suggested several ways and means to address these challenges and their transformation into business opportunities.

The conference was inaugurated on 30<sup>th</sup> September by Hon. John Amaratunga Minister of Tourism, Hon. Eran Wickramaratne Deputy Minister Public Enterprise Development, and Hon. Harsha De Silva Deputy Minister Foreign Affairs from Sri Lanka. Hon. Lt. Col. Muhammad Faruk Khan (Retd.), Honourable Member Of Parliament also the Chairman Standing Committee Ministry Of Civil Aviation And Tourism & Former Minister of Commerce of Bangladesh, H.E Maj Gen (R) Syed Shakeel Hussain the High Commissioner of High Commission Of Pakistan In Sri Lanka , senior diplomatic officials from Afghanistan, India and Nepal, Mr. M. Ibrahim Ghafoori Director SAARC Secretariat, Mr. Suraj Vaidya Acting President SAARC CCI and Mr. Ajith Wattuhewa President FCCISL too joined the session. The valedictory session was addressed by Hon'ble Minister of Finance Hon. Ravi Karunanayake and Hon'ble Minister for Petroleum Resources Development Hon. Chandima Weerakoody, Government of Sri Lanka.

The conference was also addressed by renowned business figures, Aviation and Tourism Sectors players, experts, practitioners, government officials. The sessions attended by representatives of the Private Sector of South Asia held extensive discussions on important areas with the prime objective to encourage and promote tourism sector by engaging private companies and industrial players in the regional economic integration process. In addition to Inaugural Round, three business sessions were also organized, which discussed scope of cooperation in Aviation Industry under the theme of Open sky policy, business prospects of Tourism and hospitality Industry and possible investment opportunities to forge new business alliances amongst.

After extensive discussions of Stakeholders on various aspects of Tourism Cooperation, the Private Sector of South Asia under umbrella agreed to adopt following observations and proposals as an integral part of "Colombo Declaration" on Tourism promotion in South Asia.

### **General Observations, Issues and Concerns**

The participants were of the concentrated opinion that Tourism and hospitality sector has enormous potential that could be harnessed in bringing South Asian countries closer together while terming it as a driving force for regional integration in South Asia. The region is enriched historical, cultural, religious and ecological values that are unique in the region itself and can play vital role to attract tourists from all around the world.

The conference however observed that despite availability of vast and enriched cultural and traditional heritage, the region as a whole could not succeed in attracting potential tourists from the western countries.

*The participants, on behalf of the private sector and from their respective organizations, emphasized the Policy makers for focused actions to unleash the potential of the Tourism sector and achieving common objectives to facilitate tourism and hospitality management in the region by removing bottlenecks.*

- I- The Conference observed that tourism promotion remains relatively low priority area for Governments in South Asia as compared with other segments of regional cooperation, which has resulted into slow progress in Tourism sector, despite South Asia had enormous tourists attraction destinations
- II- SAARC Tourism Experts Meeting and Ministerial Round don't take place on regular interval and has no binding mechanism to achieve certain goals
- III- Tourism as one of the non-priority sectors under SAARC mechanism and noted that Tourism Ministerial meeting does not take place frequently and termed it as one of the basic reasons for relatively slow cooperation in Tourism Sector.

- IV- The private sector anxiously observed that although, the Tourism Ministerial Meeting held in May 2006 at Cox Bazar, Bangladesh adopted clear-cut roadmap for promotion of Tourism, no concrete action has been taken in this direction, which was termed as ‘lack of commitment’ by member states.
- V- The experts identified non-availability of Visa (particularly in three major economies India, Pakistan and Bangladesh) as the most challenging factor, hampering tourism promotion in the region, on account of which the South Asian Tourists prefer travelling outside the region despite enormous attraction for tourism within the region
- VI- Growing security concern in South Asia and procedural issues faced by travelers during cross border transportation creates disinterest amongst the tourist who otherwise prefer to move in South Asian region
- VII- Lack of quality infrastructure and inadequate logistics facilities have led to poor connectivity due to which traveling has become hectic and tiring.
- VIII- Currency swapping and currency exchange mechanism does not exist in members states (except India-Nepal and India-Bhutan), the money changers don’t convert currency of each other countries due to which travelers have to pay unnecessary commission for exchange of currency.

### **Observations about Air transport/Connectivity in South Asia**

During the course of discussion, the participants observed that while air transportation witnessed considerable improvement between 1980 and 2013 and is expected to contribute \$1trillion to world’s GDP by 2026, the air connectivity particularly between India and Pakistan, Bangladesh and Pakistan and Pakistan and Nepal declined in the same period, despite enormous potential.

- I- The participants observed that although, after deregulations, South East Asian countries pursue an open sky policy the frequent flight operations between some key destinations in South Asia had inadequate connectivity due to restriction of air traffic rights.
- II- The Conference noted that, most airlines particularly operating between India, Pakistan and Bangladesh do not even practice code-sharing, which discourages travel through region-based airlines.
- III- Presently no single airline from any South Asian country operates in all member countries, leaving no option for South Asian travelers but to depend on foreign Airlines. The passenger from Pakistan cannot reach Nepal and Bhutan in the same day, which is equally true for Afghanistan passengers intending to travel to Nepal, Bhutan and Maldives and vice versa.
- IV- Difficulties observed in getting transit Visa although Visa arrival on arrival facility is provided at airports for all South Asian citizens.
- V- Air travel in South Asia is price sensitive and discretionary. Moreover, due to inconvenient travelling schedules – the choice of flights covering the shortest distance to the destination at the correct price yielding value for money, are not available for South Asia travelers.

### **Recommendations for promotion of Air Connectivity in South Asia:**

In view of the above, the SAARC CCI strongly feels that within the broad objective of SAARC, which is to forge cooperation among its members, there is an urgent need to take immediate measures to unleash the potential of airline business in true perspective.

- I. Aviation traffic rights 1 to 5 need to be facilitated within the region and at least flight operations, connecting capital cities need to be initiated as priority concerns and can be extended to other commercial cities.
- II. Aviation policy/agreement at SAARC level need to be negotiated on similar lines of ASEAN Aviation Agreements.
- III. Establish Aviation Secretariat under mechanism of SAARC with permanent structure by constituting public and private sector representatives for effective liaison with aviation, hospitality and tourism promotion organizations, immigration authorities and to encourage and promote investment in member states of SAARC.
- IV. There should be a formal mechanism at SAARC level to hold airline's CEOs annual meetings wherein they could discuss prospects for cooperation to enhance intra-SAARC air connectivity
- V. Countries should introduce mechanism for easy process of visa for the SAARC region.
- VI. To facilitate passengers, all airlines from South Asian countries should provide code sharing facility to make travel easy within SAARC.
- VII. Dedicated counters at immigration points for prompt and smooth clearance of passengers. ASEAN and APEC member countries have established special immigration desks/counters for this purpose.

### **Recommendations for Promotion of Tourism**

- I- While identifying lack of information about Tourism Potential and traveling facilities as one of the basic hurdles, the experts recommended for putting in place an accessible information mechanism by creating dedicated websites, having inter-linkages and ensuring access to updated information about incentives for tourists. As a practical measure, SAARC CCI launched tourism website [www.destinationouthasia.com](http://www.destinationouthasia.com) during the Conference, which was inaugurated by Hon'ble Minister for Tourism, Sri Lanka.
- II- Coordination between airlines, tour operators, hotels and relevant public-private sector organizations to introduce competitive packages for tourists in South Asia
- III- Joint marketing strategy within SAARC nations i.e. introduce special hotel rates for South Asian Tourists. Presently some hotels in Nepal and Bhutan offer discounted rates for Indian origin passengers. The same facility should be extended to all South Asian citizens
- IV- Branding SAARC Tourism by applying various tools i.e. marketing SAARC Tourism through video clippings on international TV channels like CNN, BBC on tourism in SAARC.
- V- Usage of social media to promote SAARC tourism, Organize annual SAARC tourism fairs/promotion fairs
- VI- Setup SAARC Tourism Trade and Investment Board under the SAARC mechanism, composing of all Tourism Development Authorities and local brand hotels like Lalit and Taj (India) Peal Continental and Avari, Nishat Group (Pakistan), Ruposhi Bangla (Bangladesh), Druk (Bhutan) etc;
- VII- Organise SAARC Tourism Fair every year as joint initiative of SAARC Secretariat and SAARC CCI
- VIII- Introduce Mechanism for promotion of Health Tourism and using sports as a vehicle to strengthen relationships among SAARC nations – e.g.: Cricket (SAARC Cup)
- IX- Convene frequent meeting of SAARC Committee of Experts on Tourism to devise out SAARC Tourism Policy to be endorsed by all member states
- X- Introduce specialized diplomas and degrees for hospitality management with international accreditation, mutually recognized and acceptable to all countries and provide them work permit
- XI- Open SAARC tourism promotion desks in all relevant public sector organizations and a liaison office in Chambers of Commerce & Industry
- XII- Provide roaming facilities among SAARC countries to improve connectivity and encourage SAARC Roaming by introducing special discounted package.

- XIII- Introduce training and vocational education to empower women to consider tourism sector from grass root level.
- XIV- SAARC Visa facility, to be extended to aviation sector frequent travelers and business investors for a long duration i.e. minimum of one year. SAARC member Countries to ensure “visa on arrival” facility and transit Visa

### **Investment Opportunities in Tourism Sector**

The session made an attempt to identify investment opportunities in the Tourism Sector to enhance regional tourism. The importance of private public partnership in development of tourism and usage of this cooperation was suggested as a model to attract investment within and outside the region was discussed.

Based on the potential opportunities in the tourism sector, the representatives from Board of Investment from South Asian member countries identified following drawbacks and recommendations for investments opportunities in the tourism sector.

#### **Issues and Concerns:**

- I. Non availability of tax concessions, which results into high investment costs for potential high-end investors
- II. Strict regulations imposed on investors restricting freedom to invest in the country.
- III. Lack of information sharing between SAARC nations on available investment opportunities in the tourism and allied sectors
- IV. Lack of direction on future potential investment opportunities
- V. Avoidance of Double taxation treaty and Investment agreements on SAARC level are not available, on account of which investors find it difficult to involve in direct investment

#### **Recommendations**

- I. The businessmen from all South Asian member countries should be allowed investment through Director channels under the sovereign guarantee of the member states
- II. Focus on health, medical and ayurvedic tourism opportunities – establishing world class standard hospital facilities and treatments with the SAARC region.
- III. Consider tax holidays and exemption of certain taxes and facility for refund of GST tax be ensured to all South Asian passengers.
- IV. Streamline policies and relaxation of regulations in the country to attract potential investors and investments.
- V. Sign and impelment Regional Treaty on avoidance of double taxation and Regional Investment policy
- VI. Governments, to look at private sector domestically as well or within SAARC region airline and encourage investment opportunity within cross country charters.

*SAARC CCI strongly recommends for implementation of decisions taken in Tourism Ministerial Meeting held in May 2006 at Cox Bazar, Bangladesh and subsequent meeting in letter and spirit and without further delay*

Adopted October 2, 2015  
Colombo-Sri Lanka