

BUSINESS OPPORTUNITIES CONTINUE TO GROW

BY

ANANDA JAYAWARDANE

The tourism industry which had been in the doldrums for several years due to security concerns showed clear signs of recovery and growth. Tourist arrivals during September and October 2009 have risen by 28.6 % and 7.0% to 37,983 and 37,575 respectively from a year ago. According to tourism authorities, arrivals from European, East Asian and South Asian markets have shown a significant growth. Six leading Sri Lankan companies in the hotel industry have made presentations at the recent Kuon Road Show in the UK to promote Sri Lanka as a destination for tourism. Subsequent to these presentations, about 400 tour agents from various parts of UK who were present at the Road Show have shown their keen interest in obtaining more information on hotels and tourist attractions in Sri Lanka. The Director General of Sri Lanka Tourism Development Authority has announced that the country aims to add about 20,000 hotel rooms in the next seven years to cater to the anticipated boom in tourism. This will be a significant increase considering the present capacity which is only 13,000 rooms. "We have already given land to 13 parties to build 1,000 rooms" the Director General claims. Approval has been granted for the construction of new hotels on a prime beach property on the east coast of the country where some of the best beaches are situated. Authorities claim that a 150 acre tourism zone is being developed at Passekudah in Batticaloa.

Tourism Authorities say that a Sri Lankan tourism package called the 'Ramayana trail' that covers sites mentioned in a 2,000-year-old epic poem popular in South Asia is drawing droves of Indian tourists to the island. This package, which covers sites mentioned in the Ramayana legend, has been launched two years ago. Adventure tourism is another form of tourism identified to be promoted. Raid Amazonas, one of the world's biggest multi-sport adventure events for women has been conducted recently in Dambulla, with foreign and local participants taking part

in mountain biking, trekking and aqua sports. Sri Lanka aims to attract 2.5 million tourists by 2016.

Board of Investment of Sri Lanka (BOI) has signed a one million US Dollar investment agreement with Aero Sense Technologies to manufacture 14 aircraft components for use in Boeing, Airbus, Embraer, Bombardier and Sikorsky aircrafts. The company hopes to expand their investment to US\$ 2 million by mid 2010 if the industry picks up well. In order to meet these targets Aero Sense Technologies, which is owned by Aero Sense Inc in US, Swedcord Development AB of Sweden and Sveritec Limited UK have moved part of their manufacturing arm to Flinth Industrial Park at Kadawatha. The anticipated employment generation over the initial period is estimated to be around 2000.

With a view to revitalizing the Kankesanthurai cement industry in the Jaffna peninsula that was destroyed by the war, the Ministry of Industrial Development has called for expression of interest from local and foreign investors to rebuild the plant. Proposals have been invited from investors having the necessary technology, funds and experience in building cement plants and manufacturing operations to design and build a cement manufacturing plant with a capacity of 1.6 million MT per year.

In the real estate market in Colombo ten bidders are vying to purchase the premises of the former British High Commission. The property with approximately 434 perches of prime waterfront land adjoining the American Embassy is situated opposite the Temple Trees which is the present residence of the President of Sri Lanka. John Keells Holdings (JKH) has confirmed that they are one of the bidders.

Financial results for the first six months or quarter ended 30th of September 2009 recently announced by several leading business organizations show a clear improvement in the performance during 2009 compared to 2008. For example, Aitken Spence PLC has announced a pre-tax profit of Rs 744million for the quarter

ended September which is an increase of 16% over the previous year. DFCC Bank's profits after tax for six months have increased by 14.6% to Rs.895 million. Dipped Products PLC (DPL), the Hayleys Group's globally-significant rubber glove business, has reported a pre-tax profit of Rs 166 million for the six months. The Haycarb Group comprising of manufacturing operations in Sri Lanka, Thailand and Indonesia, has achieved a net profit of Rs 294 million for the six months, more than double the profit made in the corresponding period of last year. Hayleys MGT Knitting Mills, the Hayleys Group's cotton and synthetic fabric manufacturing business has posted a net profit of US\$ 1.77 million for the six months, 25 % over the previous year. Coco Lanka has announced a group net profit of Rs. 66.5 million, a 6% rise over last year. Consolidated profit of Union Assurance before tax has increased by 43% from Rs. 118 million in 2008 to Rs. 169 million in 2009.

In a major boost to Sri Lanka's profile globally, the World Bank's private sector investment arm -the International Finance Corporation (IFC) - has ranked Board of Investment of Sri Lanka as the best in South Asia for investor promotion and facilitation. In the latest issue of Global Investment Promotion Benchmarking 2009, the BOI has been described as the only "Good" performing Investment Promotion Intermediary (IPI) in South Asia. The Commercial Bank of Ceylon has announced that they have won 'The Best Bank in Sri Lanka' award for the 11th consecutive year from the US financial publications, Global Finance. The awards ceremony has taken place in Istanbul, Turkey coinciding with the recent World Bank and IMF sessions held there at which a number of Sri Lankan government and Central Bank officials also participated. The "Best Corporate Citizen Awards 2009" ceremony conducted by the Ceylon Chamber of Commerce will be held on December 10, 2009 at Cinnamon Lakeside. The applications are now being received.

Millcom International Cellular has recently sold its Sri Lanka operating unit which is the third largest mobile phone operator in the country -"Tigo" (earlier Celltel) for 155 million US Dollars. The buyer - UAE's Emirates Telecommunication Corporation (ETC- Etisalat) - has planned to change the brand name for the

second time probably to "Etisalat". Sri Lanka's People's Merchant Bank (PMB), an investment bank of which 39 % is owned by the state-run People's Bank, said it will acquire a finance company license by taking over a subsidiary named "Peoples Merchant Finance Company" which was formally known as " Silverreen Finance Company".

To conclude, outlined below are some of the key findings of a recent study conducted by the USAID in Sri Lanka on Sri Lanka's fishing industry. Around 250,000 people (about 2% of the workforce), were employed in this sector in 2008, generating a Rs. 66 billion (US\$ 600 million) contribution equivalent to 1.5% of the GDP. However only less than 7% of the fish harvested has been exported although 76,000 metric tons mostly dried and canned, costing Rs. 12.5 billion (US\$ 116 million) was imported for local consumption. About 28% of the marine fish caught in Sri Lanka in 2008 was from the Eastern Province. Aquaculture is another area covered in this study. It has the potential to generate new income sources and employment opportunities in the Eastern Province as 14% of the country's total fish production in 2008 has come from inland and aquaculture fisheries. The ornamental fish trade is also a growing export sector of Sri Lanka with US\$ 9 million earning in 2008