



Growth Scenarios for Tourism to Sri Lanka: 2021-2025

A Time-Series Analysis Conducted by
Sri Lanka Tourism Development Authority

December 2021



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Introduction

The impact of the COVID-19 pandemic is unprecedented and has almost brought the global travel and tourism industry to a halt. All parts of its value chain have been affected and consumer perceptions and travel patterns have shifted. The number of international tourist arrivals declined by 74 percent in 2020, compared with the previous year (Source: UNWTO Tourism Dashboard, 2021). A protracted recovery is anticipated and a consensus of tourism industry experts do not expect a return to pre-COVID arrival levels until 2024 or later. The low levels of vaccination in many countries, travel restrictions and protocols, vaccination hesitancy, emerging new variants of COVID-19, low traveller confidence and poor economic conditions could be the likely reasons contributing to the slow recovery (Source: UNCTAD, 2021). The growth scenarios for tourism to Sri Lanka are produced in this context.

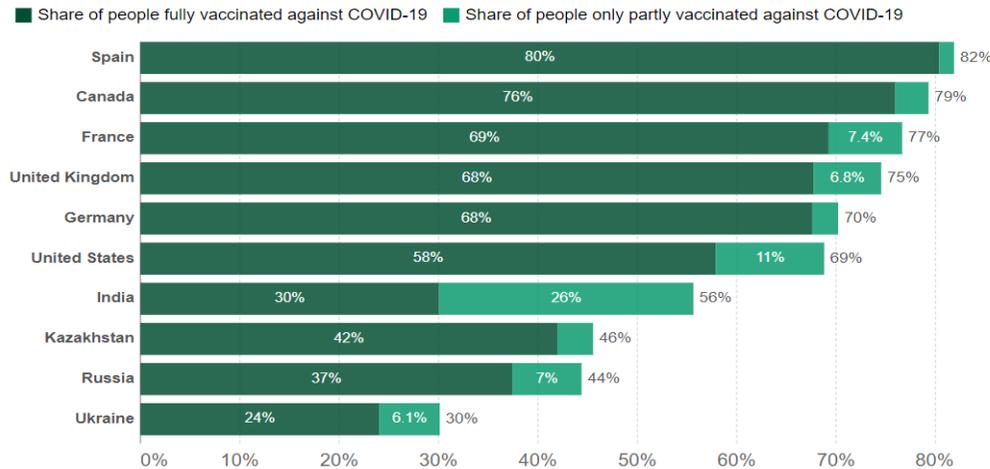
An increasing number of countries are in the process of reopening their borders for tourism when their own populations are vaccinated. Yet the vaccination rates in different regions remain asymmetrical. As of October 30, 54%, of the world population has received at least one dose of the COVID-19 vaccination (Source: Our World in Data). Currently in Sri Lanka, 560,345 confirmed cases have been recorded as of 26th November (Source: Health promotion Bureau, Sri Lanka). The future trend remains uncertain for Sri Lanka given the evolving nature of the pandemic and other correlated variables such as vaccination rates (currently 74%) and efforts in curtailing the pandemic. In addition to the direct impact of the pandemic, there could be other myriad variables that could affect inbound tourism into the country. Therefore, the following document provides growth scenarios based on two main perspectives, a conservative scenario and a more optimistic scenario from 2021 to 2025. The scenarios are meant to provide an updated overview of international inbound tourism arrivals to Sri Lanka on an annual basis. The data is meant to provide a viewpoint on how Sri Lanka's tourism recovery could unfold to support investment, marketing and product development decisions.



Recovery remains ambiguous

Share of people vaccinated against COVID-19, Nov 24, 2021

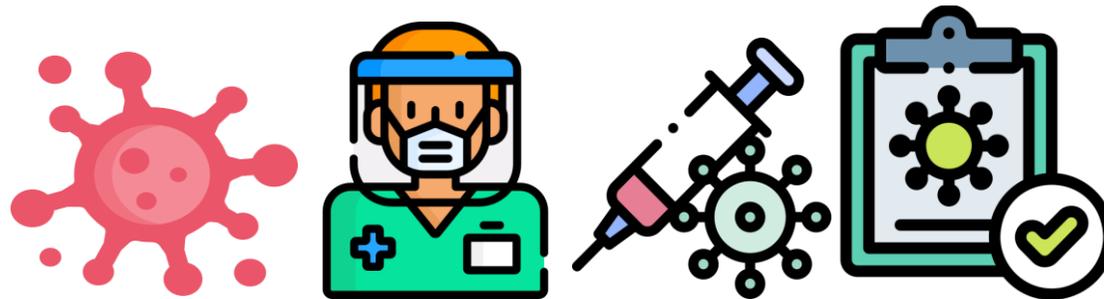
Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.



Source: Official data collated by Our World in Data. This data is only available for countries which report the breakdown of doses administered by first and second doses in absolute numbers.
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The recovery for tourism remains uncertain. While vaccination rates continue to be asymmetrical in the world due to various reasons, new variants have emerged making the pandemic a prolonged health, social and economic issue. The new highly mutated version of the virus, Omicron has sent ripples of panic through out North America, Africa and Europe. This has resulted in many countries imposing travel restrictions again to curtail the spread of the virus.

In addition, increasing cases in Europe will further dampen consumer confidence which was gradually building after the devastating Delta variant.





Methodology

The growth scenarios have been calculated primarily based on a time series analysis of actual arrivals to Sri Lanka. In addition, arrival fluctuations by month (peak & off peak), the Pacific Asia Travel Association's 2021 forecast scenarios, and the rate of growth of international arrivals to Sri Lanka from 2010 to 2018 were analysed. Two main scenarios namely, a conservative scenario denoting an average level of growth and an optimistic scenario denoting an upper growth level are presented to provide a possible range of international tourist arrivals to Sri Lanka.

The growth scenarios to 2023, were produced based on a time series analysis of the rate of growth of international tourist arrivals to Sri Lanka for ten months of 2021 (i.e., January through October). Arrival fluctuations in relation to each month were considered in producing the two scenarios.

The conservative scenario for the years 2024 and 2025, was calculated using the average value of the Pacific Asia Travel Association's 2021 forecast scenarios and the time series analysis completed by SLTDA.

The optimistic scenario for the years 2024 and 2025 was calculated using the lower value figure of the 2010 to 2018 arrivals growth trend.

The data presented is current as of the time of publishing (i.e., November 30, 2021) and subject to change given market forces. SLTDA is planning on updating these growth scenarios on a quarterly basis.



Growth scenarios for tourism to Sri Lanka, 2021 to 2025

Conservative vs. Optimistic growth scenarios for each year based on SLTDA Research Team Analysis as of November 2021

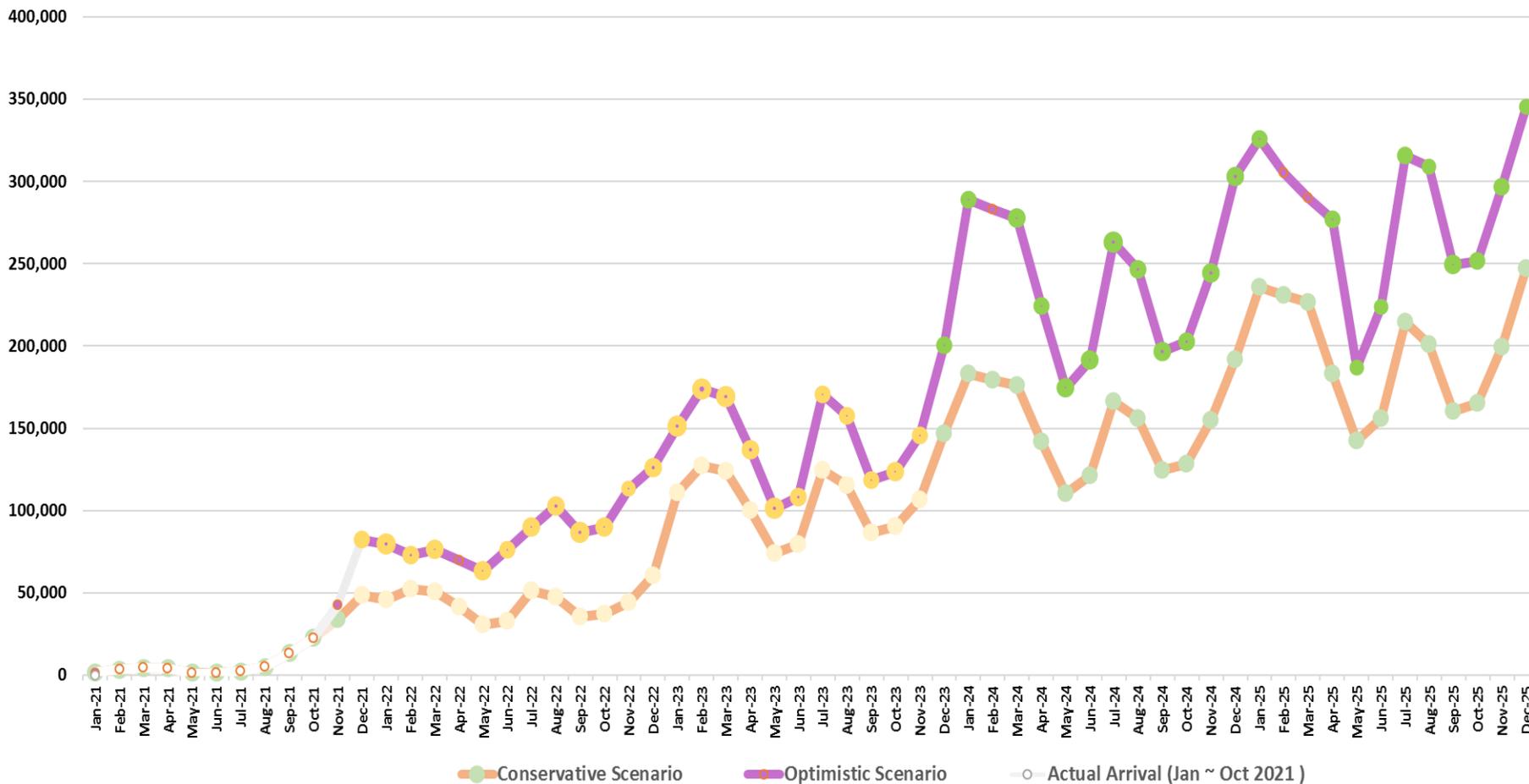
Month	2021		2022		2023		2024		2025	
	Conservative scenario	Optimistic scenario								
January	1,682*	1,682*	45,606	79,764	82,671	93,323	183,148	289,131	235,785	325,599
February	3,366*	3,366	52,438	73,114	85,928	102,179	179,258	282,992	230,779	305,455
March	4,581*	4,581	50,976	76,454	89,181	111,290	175,870	277,642	226,416	290,099
April	4,168*	4,168	41,303	69,783	92,430	120,647	142,065	224,274	182,895	276,726
May	1,497*	1,497	30,517	63,104	105,675	130,242	110,446	174,358	142,188	186,805
June	1,614*	1,614	32,712	76,416	108,916	140,068	121,077	191,142	155,876	223,568
July	2,429*	2,429	51,397	89,720	112,154	150,119	166,542	262,915	214,406	315,641
August	5,040*	5,040	47,520	103,017	115,388	160,389	156,134	246,485	201,009	308,956
September	13,547*	13,547	35,743	86,308	118,619	170,873	124,692	196,848	160,529	249,254
October	22,771*	22,771	37,148	89,591	121,847	181,565	128,444	202,771	165,358	251,492
November	34,075	42,565	43,982	112,869	125,072	192,461	154,722	244,255	199,189	296,671
December	48,419	82,419	60,465	126,142	128,294	203,557	191,817	302,816	246,945	345,521
Total	143,189	185,679	529,808	1,046,282	1,286,185	1,756,712	1,834,215	2,895,630	2,361,376	3,375,787

Notes:

1. '*' denotes actual arrivals figures
2. Conservative & Optimistic scenarios: The Conservative scenario considers the average value obtained from the time series analysis of the first ten months of 2021 and arrival fluctuations (Peak/Off peak), while the Optimistic scenario considers the upper value obtained from the time series analysis of the first ten months of 2021 and arrival fluctuations.
3. The 2024 & 2025 Conservative growth scenario was calculated using the average value of the Pacific Asia Travel Association (PATA) 2021 Scenarios and the time series analysis of SLTDA.



Chart 1. Growth scenarios for tourism to Sri Lanka, 2021 to 2025





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