



NEWSLETTER

# MATI MATTERS

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## MATI, by the industry, for the industry

Maldives Association of Tourism Industry (MATI) is a non-governmental, non-profit organization established in 1984 for the purpose of promoting the tourism industry of the Maldives.

Since 1982 MATI has played a proactive role in enhancing the development of the Maldivian tourism industry. The association has helped in bringing crucial policy changes, and has introduced new means and technologies to deal with issues such as environmental preservation and human resource development. MATI has also been at the forefront of initiating dialogue with foreign and local parties in vital areas such as inter-island and international transport, greatly contributing to the fast paced development of the tourism sector of Maldives. MATI also represents the industry at all major policy and regulatory committees of the government.

The members of MATI include resorts, hotels, local companies and individuals engaged in travel and tourism related activities, local and foreign travel agents and tour operators, water sports and diving companies, suppliers, airlines, banks and financial institutions. The association functions as a common forum for members to discuss issues of concern within the tourism industry, paving the way for mutual collaboration. MATI's programs cover all sectors



### Maldives Association of Tourism Industry

Non-governmental /  
non-profit

Est. 1984

Members include  
resorts, hotels, tour  
operators, travel  
agencies, airlines,  
banks, etc.

that directly or indirectly affect the positive development of the tourism sector and ensures an equitable and just legal framework for conducting business, marketing, finance, investment, human resource development and tourist transportation.

Adapting according to the changing needs of the Maldivian tourism industry stakeholders is a core vision of the association. MATI pays special attention to educating

both the public and members on key tourism related matters, and works on improving and maintaining the quality and standard of the industry as a whole by constantly working to upgrade and improve members' knowledge and skills to fit the evolving needs of the growing industry.

Another core value of MATI is ensuring sustainability of the sector by preserving both the environment and culture of the Maldives. The association provides guidance and assistance to its members in planning and implementing contemporary sustainable methods for safeguarding the country's biodiversity and cultural heritage. MATI additionally assists its members in finding new funding opportunities for environment related tourism projects as well as supporting the development of sustainable tourism products by local stakeholders.

# CHAIRMAN'S MESSAGE

Dear Readers,

It is a great pleasure to me that a newsletter dedicated to informing our members and the public about the role and activities of Maldives Association of Tourism Industry (MATI) is launched. Initially launched as a quarterly printed edition, the newsletter will also be available from the MATI website and an electronic version will be emailed to all members.

Once again, MATI finds itself at the centre of an evolving business environment that presents both challenges and opportunities for the Maldivian tourism and hospitality industry. As the apex body representing the industry, I believe this newly launched newsletter can play a critical role in engaging our members and the industry at large in addressing the challenges we face today. Similarly, the newsletter also provides a long awaited collective voice for the industry to express our concerns and requirements from the government and our stakeholders.

With the changing behaviours of travellers and the



new additions and developments in the destination and Maldives tourism portfolio, it is not only the marketing aspects of the destination that we need to consider. We also need corresponding improvements and changes to our own tourism infrastructure, related laws and regulations, and the protocols already in place for traveller safety and comfort that has made - and sustained - the Maldives as a leading luxury travel destination well into the 21st century.

It is with this progress in mind that I warmly welcome you to the first edition of MATI Matters.



## SECRETARY GENERAL'S WELCOME

It is with great pleasure that I welcome you to the first edition of MATI Matters, a new association newsletter that aims to keep all members informed, updated and in touch. We hope that this new publication will contribute towards the open, fruitful dialogue that we maintain amongst ourselves, as well as with our business associates and relevant government parties.

As we come to the end of another extremely eventful year in the tourism industry, this newsletter provides the opportunity to look back on all that we've achieved this year. Despite the challenges

that we encountered in the face of downturns in several global economies, we have managed to mitigate these circumstances by engaging with new, emerging markets, working collectively to ensure our concerns are heard at a government level, and by sharing our expertise to formulate effective pre-emptive strategies. Looking ahead, I'm confident that this proactive approach will result in further success for MATI and all its members. And as always, I look forward to working alongside all of you in 2016, as together we continue to ensure that the tourism industry becomes all that it can be.

## NEW MEMBERS

■ Castaway Maldives Pvt. Ltd.

■ Coastline Hotels and Resorts Pvt. Ltd.

■ Kanifushi Investment Pvt. Ltd.

■ Jones Lang Lasalle Hotels & Hospitality Group

■ Crystal Plaza Resorts Pvt. Ltd

■ Mega Global Air Services Limited - Mega Maldives

# LEGAL ISSUES

The government recently ratified legislation to extend the tenure of islands leased for resort development from the current 50 years to 99 years, subject to a lump sum payment of USD 5 million, which is provided for in the Seventh Amendment to the Maldives Tourism Act.

Adding to an already long list of investor-friendly policies, the change

is expected to help support further investment into the tourism industry. Longer leases are more attractive to investors because resorts require significant upfront capital expenditure and a longer lease allows investors more time to recoup their initial capital and generate returns on investment. With the opportunity to extend leases now in place, Maldives' lease terms compare favourably against

other regional markets.

The lease extension is part of an overall legislative and regulatory reform package that also includes import duty exemption for development and refurbishment projects for tourist resorts that is designed to give investors concessions and confidence in investing in the tourist industry.

# TOURISM STATISTICS

**International tourist arrivals in the Maldives totalled 1,234,248 for 2015. This is an increase of 2.4% compared to the arrivals in year 2014.**



**The numbers:** Dec 2014 to 2015

**4.3%** ▼  
Total bed nights

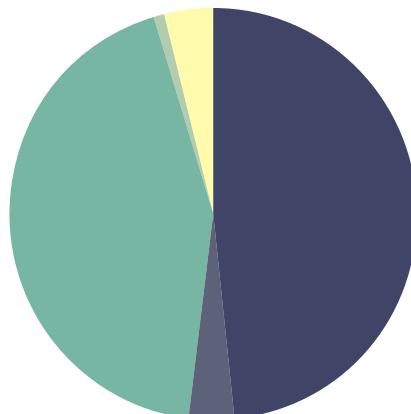
**5.1%** ▼  
Average occupancy rate

**0.4%** ▼  
Average duration of stay

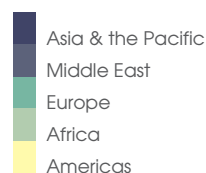
Compared to the year 2014, in 2015 the total bed nights declined by 4.3%, and average occupancy rate dropped by 5.1%. The average duration of stay also reduced from 6.1 days in 2014 to 5.7 days in 2015. Compared to Dec 2014, Dec 2015 saw total bed nights decline by 4.4%, average occupancy rate drop by 6.2%, and average duration of stay decrease from 6 days to 5 days.

## SOURCE MARKETS

Majority of tourist arrivals in the year 2015 were for Asia Pacific region with China as the market leader currently holding a market share of 29.1%. Compared to the previous year, in 2015, tourist arrivals from China decreased by 1.1%. Arrivals from Africa, Americas and the Middle East increased by 13.9%, 13.6% and 12.8% respectively in 2015.



Market share 2015:



DATA FROM THE MINISTRY OF TOURISM

Dec 2014 - 2015:

**1.1%** ▼  
Chinese arrivals

**12.8%** ▲  
Middle Eastern arrivals

# NEWS UPDATES

## Green Tax

MATI advocated on behalf of the industry to make sure the green tax, which was to be introduced late 2014, was delayed by one year to make sure the industry had time to adjust to this change.



## Fire and Safety Act

The initial draft of the proposed Fire and Safety bill, which was drawn up to a very high standard by MNDF, would have been cumbersome and very expensive for small properties to implement. We made sure that the bill was redrafted to meet adequate safety standards while also being practical and easy to implement in smaller resort properties.



## Amendment to the Tourism Act

MATI welcomes the new amendments to the Tourism Act which give investors the option of extending resort leases for up to 99 years. This will provide investors with much needed confidence and would bring in greater investments to the country.



## GOT ANY QUESTIONS FOR MATI?



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## ECONOMIC INDICATORS

The latest Monthly Economic Review published by the Maldives Monetary Authority reveal that real GDP growth for 2015 is expected to slow down to 4.8% from 6.5% in 2014 according to estimates made by the National Bureau of Statistics in October 2015.

## OUTLOOK 2016

According to the publication, for 2015 this is 5.7% lower than the forecast made in October 2014, and is largely due to the slower than expected growth of the tourism sector.

Growth is expected to pick up to 6.4% in 2016. And this change is expected to be driven by the growth of the construction sector, stemming from large infrastructure projects planned for 2016. Tourism sector is also expected to improve over the next year, resulting in a boost to the overall economic growth.

The fiscal deficit is projected to decrease to MVR3.4 billion (6% of GDP) in 2016 from an estimated MVR3.6 billion (7% of GDP) in 2015.

Meanwhile, according to the balance of payments forecasts made in October 2015, the current account deficit is projected to widen to US\$427.6 million (13% of GDP) in 2016 from US\$399.9 million (12% of GDP) in 2015.

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