

Tourism Locations of the Future 2017/18 Winners

THAILAND HAS TOPPED **fdi**'S INAUGURAL RANKING OF GLOBAL TOURISM LOCATIONS WITH THE BEST POTENTIAL FOR INVESTMENT. THE BALMY MALDIVES IS SECOND, WHILE ASIAN BUSINESS HUB HONG KONG HAS PLACED THIRD. **CATHY MULLAN** EXPLORES THE WINNING LOCATIONS



Thailand's food, beaches and sunshine make it a popular holiday destination for millions of tourists every year. But its popularity does not stop there. Investors are seeing great potential in the south-east Asian country's increasingly important tourism sector. As a result, Thailand has topped **fdi**'s first ever ranking of locations for the attractiveness and investment potential of their tourism sectors.

Visitor exports, investment and employment in the sector, as well as total and direct contributions of tourism to national GDP, are forecast to increase, according to a report from the World Travel and Tourism Council (WTTC).

Thailand's tourism surge

In the five years to 2016, job creation from foreign investment in Thailand's tourism sector increased by more than 200%, from just below 600 in 2012 to almost 1900 in 2016. The country, which hosted the WTTC's 17th annual summit in Bangkok in 2017, also received the highest number of FDI projects in tourism of all 43 locations analysed in **fdi**'s benchmarking study.

In May 2016, UK-based leisure club company Virgin Active committed to invest £100m (\$144.6m) throughout Thailand, with the establishment of 20 new health clubs in

the country. Popular hotel chains have also announced operations, including Accor Hotels, which revealed plans in March 2016 to establish 17 hotels there.

The Belgian-American Carlson Rezidor group detailed plans to triple its hotel network in Thailand by 2021, and the number of tourists arriving grew at a rate of 11.7% annually between 2011 and 2015. This is the highest rate of any location studied, totalling 30 million people in 2015, according to the World Bank. Official projections suggest the country could see 60 million annual visitors by 2030.

The Maldives' fast rise

Second place in fDi's Tourism Locations of the Future 2017/18 ranking goes to the Maldives, an archipelago in the middle of the Indian Ocean that has become synonymous with luxury travel. Tourism in the country began effectively in 1972, with just two resorts, and the Maldives is now home to more than 100, with plans to develop a further 100 islands (typically an island belongs to one resort).

More than one-fifth of the companies in the Maldives are in the tourism sector, the highest of all locations in the ranking. More than 40% of the country's GDP is derived from tourism, with over 1.2 million people visiting the country in 2015, according to World Bank data.

Home to nearly 24,000 companies in the tourism sector, Hong Kong has ranked third in this year's tourism locations ranking. Just south of China, the city-state boasts several business-friendly regulations, and it takes just one-and-a-half days to start a business. Hong Kong ranks third globally for starting a business, according to the Doing Business report from the World Bank.

US-based Norwegian Cruise Holdings invested twice in the city-state in just over a year: first in a sales office, then establishing a customer contact centre to support regional business. Cambodia-based Song Saa Hotels and Resorts established its global headquarters in the city in early 2015, citing proximity to the Chinese target market as a driver in the decision to invest.

Methodology

To create a shortlist for 'fDi Tourism Locations of the Future 2017/18', the fDi Intelligence division of the



Trip of a lifetime: Thailand's tourism industry has become an investment magnet

TOP 20 TOURISM LOCATIONS OF THE FUTURE 2017/18

RANK	DESTINATION
1	Thailand
2	Maldives
3	Hong Kong
4	Greece
5	Montenegro
6	Dominican Republic
7	Croatia
8	Panama
9	Georgia
10	Saint Lucia
11	Cape Verde
12	Antigua
13	Cyprus
14	Jamaica
15	Macau
16	Luxembourg
17	Malta
18	Seychelles
19	Dominica
20	Belize

Financial Times collected data using specialist online tools – fDi Benchmark and fDi Markets, as well as other sources. Data was collected for 43 locations. Locations were determined using the following parameters:

- Countries with at least 10% of GDP derived from tourism receipts; and/or
- Countries with at least 10% of all FDI projects in the tourism cluster.

Countries scored up to a maximum of 10 points for each data point, which were weighted by importance to the FDI decision-making process to compile the overall 'Tourism Locations of the Future 2017/18' ranking.

In addition, surveys were collected under a sixth category, FDI Strategy, for which there were nine submissions. For these, the judging panel awarded bespoke Editor's Choice awards. ■

Editor's Choice Awards

fDi'S INAUGURAL EDITOR'S CHOICE AWARDS FOR TOURISM SINGLE OUT THE COUNTRIES THAT HAVE DEVISED SPECIFIC AND SUCCESSFUL STRATEGIES TO ATTRACT INVESTMENT. BELIZE, CROATIA AND JAMAICA ARE JUST THREE OF THE COUNTRIES PUNCHING ABOVE THEIR WEIGHT, REPORTS **CATHY MULLAN**

BELIZE

Located in Central America and bordered to the north by Mexico and in the south by Guatemala, Belize's eastern coast is on the Caribbean Sea and is popular with tourists. The country has been awarded an **Investment Award for Hotels** owing to several hotel developments, including Hilton's Mahogany Bay hotel, which cost between \$50m and \$65m, creating about 430 jobs.

Belize has also won the **Enhanced Airlift** award, in recognition of the targeted and increased efforts to attract new airlifts, as well as a **Sustainability Strategy** award. The Belize Chamber of Commerce and Industry lobbies for a sustainable tourism framework, which aims to connect investors with opportunities in the national economy.

CROATIA

Twelve-and-a-half million people visited Croatia in 2015, attracted by its Adriatic Sea coastline. The country has been making progress on infrastructure to support increasing tourist numbers (international visitors increased at an average annual rate of more than 6% in the five years to 2015).

The reconstruction and extension of its airports, which includes a new €300m terminal building at the Franjo Tudman International airport in Zagreb, the reconstruction of airports in Split and Dubrovnik, as well as plans to construct the 2.5-kilometre-long Pelješac Bridge connecting the mainland to the Pelješac peninsula, helped Croatia win the editor's choice award for **Infrastructure Upgrades**.

According to Croatia's National Agency for Investments and Competitiveness, it was forecast that the country would welcome 90 million overnight stays by the end of 2017, and the need for hotel beds is increasing. Croatia also won the award for **Accommodation Upgrades**. It saw the opening of 40 new or refurbished hotels in 2016, a

figure set to rise to 50 in 2017.

The number of five-star hotels on offer in the country has increased by 44% in the six years to 2016, while the number of four-star hotels went up by 71%. During the same period, the number of two-star establishments decreased by 29%, thus improving the quality of accommodation on offer.

The country was also commended for its efforts to attract investors in the tourism sector, winning an **Incentives** award. Croatia's Act on Investment Promotion offers investors a range of incentives for establishing hospitality and tourism accommodation facilities rated at four- and five-star level. In addition, investors can enjoy incentives for education and training, grants for capital costs of projects and 0% corporate income tax for up to 10 years.

Croatia boasts 61 marinas with more than 20,000 berths available on the country's famous islands – a distinguishing feature that earned it the **Cruise Industry Investment** award.

Several investors have established a presence in the country's tourism sector, including Hyatt Hotels' €100m Hyatt Regency Zadar Maraska – a development that includes a hotel and 115 luxury residences – and the Kupari complex development, which will be located on 14 hectares of land near Dubrovnik and boast capacity of 1500 beds. These, among other developments, contributed to the country's **Hotel Investment** award.

Croatia is becoming increasingly important as a filming location for TV shows and films, including HBO's Game of Thrones series and more recently Robin Hood. Some 250,000 tourists are believed to have visited as a result of the Game of Thrones franchise, helping the country win the **Film Industry** specialism award.

GAMBIA

According to the World Travel and Tourism Council (WTTC) annual ▶

"WE ARE ESPECIALLY PROUD OF THE FACT THAT SPECIAL ATTENTION IS PAID TO THE CONTINUOUS ENCOURAGEMENT OF INNOVATIONS AND FURTHER NEW INVESTMENTS"

Gari Cappelli, minister of tourism, Croatia

report, Gambia saw annual increases in its tourism arrivals of more than 6% in the five years, to 2015. Infrastructure, accommodation, facilities and events have all increased to accommodate the increased arrivals, earning the country recognition with a **One to Watch** award.

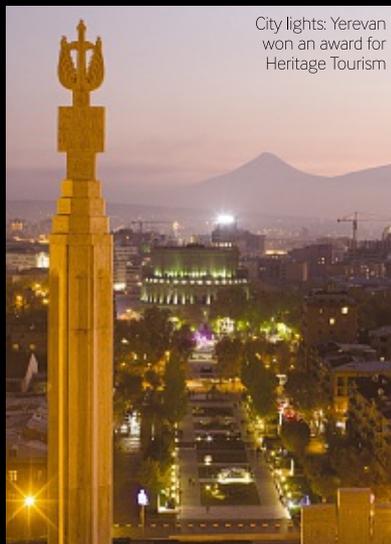
Gambia is also the recipient of the **Inter-agency Collaboration** award, following the signing of a memorandum of understanding between the Gambian Tourist Board and the Gambian Investment and Export Promotion Agency, whereby agencies will work together to attract investment and on cost-cutting initiatives. They also work together when visiting international conferences and exhibitions, with joint marketing collateral and information for investors.

GEORGIA

Investment in hotel space is essential in a country that experienced average annual growth in international tourist arrivals of more than 20% between 2011 and 2015, and Georgia has been recognised with an **Investment Award for Hotels**. Major developments include the €70m Biltmore Hotel, a seven-star hotel in Tbilisi, and the €25m CastelloMare five-star hotel on the Black Sea coast.

The main promotional subsector in the tourism sector for 2017 is spas and wellness, and the government is currently developing Tskaltubo Spa and Wellness Resort. This has earned the country a specialism award for **Spa and Wellness** as Invest in Georgia aims to attract at least three investments in the area by 2018.

Investors in the hotel industry can apply for the Hotel Development



City lights: Yerevan won an award for Heritage Tourism

Incentive from 2018, allowing them to access state-backed finance for the development of hotels. The country has thus been given a **Financing Support** award in recognition of the effort to assist investors in the tourism sector.

Georgia has seen the composition of its tourist arrivals (which numbered nearly 6 million in 2015) develop and expand. Middle Eastern markets have increased, as well as more visitors from India and China. This contributed to the country's **Diversity of Visitors** award.

In 2015, the country introduced an e-visa portal, which allows visitors to apply for a visitor's visa online. However, nationals from 97 countries do not require a visa to enter the country, which is in receipt of the **Ease of Entry** award.

GREECE

Home to nearly 24,000 companies in the tourism sector, Greece has been awarded for its **Infrastructure Upgrades**. According to PwC's most recent Infrastructure Report, €2bn has been invested in 16 infrastructure projects in the country between 2014 and February 2017. More than €21bn is set to be invested by 2022 in a further 69 infrastructure projects, including rail and port investments.

Regional airports are also scheduled to be upgraded or constructed to support the expected increase in tourists, while €309m has been committed to Thessaloniki Port Authority as part of a 25-year upgrading plan.

A slew of new hotel developments has been established, including the €120m Miraggio Thermal Spa Resort in Chalkidiki and a €191m tourist complex in Karysto, contributing towards the country's **Accommodation Upgrades** award.

According to the WTTC annual report, the total contribution of the tourism sector in Greece to national GDP was €32.8bn (or 18.6%) in 2016, which is forecast to rise to nearly €55bn in 2027. According to the same report, employment in the tourism sector accounted for 11.5% of total employment, helping Greece win the award for **Economic Contribution of Tourism**.

Supported by Enterprise Greece, a fast-track licensing procedure has been introduced. This streamlines the investment process by shortening deadlines and accelerating the process for companies, and earned

"CALI AND VALLE DEL CAUCA ARE VERY PLEASED WITH THESE RECOGNITIONS AND OPEN THEIR DOORS TO A BRIGHT FUTURE IN THE SECTOR"

Julian Franco Restrepo,
secretary of tourism,
Valle Del Cauca,
Colombia

the country an award for the **Reduction of Red Tape**.

JAMAICA

The Caribbean country of Jamaica has been awarded for its **Accommodation Upgrades**. Rooms for overnight visitors have doubled in the decade to 2016, when 30,000 rooms were available, and an extra 6000 hotel rooms have been planned by the end of 2018.

The country is ranked 17th globally for medical tourism, and opportunities are beginning to be widely recognised. Jamaica's newest medical facility has been established by the Spain-based Hospiten Group, and the government is finalising its medical tourism policy, which will include incentives for the sector and the implementation of national standards. fDi Magazine has recognised the progress and potential, awarding Jamaica with a **Medical Tourism** specialism award.

In addition, the country has been given a **Community Tourism** specialism award for developments on the island. Airbnb, in particular, has brought tourists to areas not traditionally associated with tourism, and five community tourism enterprises have been licensed by the Jamaica Tourism Board to date.

Jamaica was also awarded the **Shovel Ready** award in recognition of its 'Shovel Ready' investment programme, which aims to offer investors pre-packaged opportunities allowing the fast-tracked development of hotels and facilities for the tourism sector. The initiative will include preliminary approvals and capacity studies.

SAINT LUCIA

Saint Lucia, a Caribbean country that is part of the Lesser Antilles group of islands, has been awarded for its **Incentives**. Its Tourism Incentives ▶



Editor's Choice Awards

Infrastructure Upgrades

Croatia
Greece

Accommodation Upgrades

Croatia
Greece
Jamaica

Incentives

Croatia
St Lucia

Investment Award, Cruise Industry

Croatia

Investment Award, Hotels

Belize
Croatia
Georgia
St Lucia

Specialism: Medical Tourism

Jamaica

Specialism: Film Industry

Croatia

Specialism: Community Tourism

Jamaica

Specialism: MICE Sector

Valle del Cauca, Colombia

Specialism: Heritage Tourism

Yerevan, Armenia

Specialism: Spa and Wellness

Georgia

Specialism: Nature Tourism

Valle del Cauca, Colombia

'Shovel Ready' Award

Jamaica

Economic Contribution of Tourism

Greece

Financing Support

Georgia

Enhanced Airlift

Belize

Sustainability Strategy

Belize

Diversity of Visitors

Georgia

Ease of Entry

Georgia

Reduction of Red Tape

Greece

International Outreach

Yerevan, Armenia

One to Watch

Gambia

Inter-agency Collaboration

Valle del Cauca, Colombia
Gambia

Act offers investors duty-free imports on building materials and equipment for tourism facilities. The Tourism Stimulus and Investment Act offers investors exemption from corporate income tax for up to 25 years, and the Special Development Areas Act offers a range of incentives, including stamp duty exemptions and industrial building allowances.

There have been several hotel developments in the country in recent years, including major investments from Ritz Carlton, Sandals Resorts and Hilton, earning Saint Lucia a **Hotel Investment** award.

VALLE DEL CAUCA, COLOMBIA

Boasting the third largest conference and event centre in Colombia, Valle del Cauca has won the specialism award for the **Meetings, Incentives, Conferences and Events** sector. The Valle del Pacífico convention centre

has capacity for 14,000 people and was host to the XII Pacific Alliance Summit in 2017, attended by presidents from four countries.

The region on the west coast of Colombia has also been recognised with a **Nature Tourism** specialism award. Colombia is home to nearly 2000 species of birds, and Valle del Cauca houses more than half of these. Efforts have been undertaken to improve infrastructure in areas such as the western Andes bird-watching route, the provision of equipment, eco trails and sighting towers.

Valle del Cauca has been named **One to Watch** in this year's awards, as the number of foreign tourists increased by more than 50% between 2013 and 2016, and in particular, holiday tourism grew by nearly 40% between 2014 and 2015.

YEREVAN, ARMENIA

The capital of Armenia, Yerevan has been recognised with a specialism award for **Heritage Tourism**. Many opportunities exist in the city for investors in the areas of heritage tourism and leisure facilities. One such opportunity is the restoration of Erebuni, a historical archaeological museum reserve.

The city has also been commended for its **International Outreach**, in its efforts to put itself on the map for foreign investors. Yerevan co-operates with more than 50 cities globally, and is a member of eight international organisations. Initiatives are in place to expand international ties with sister and partner city agreements. ■

"CROATIA IS PROVING TO BE THE ATTRACTIVE AND COMPETITIVE INVESTMENT DESTINATION OF EUROPE"

Zdenko Lucić,
managing director,
Agency for Investments
and Competitiveness of
the Republic of Croatia



Hut property: Gambia is fDi's One To Watch