

# Tourism Locations of the Future 2019/20 Winners

THAILAND HAS HELD ON TO ITS TITLE OF **fDi**'S TOURISM LOCATION OF THE FUTURE, FOLLOWED BY MACAU AND PORTUGAL. **NIAMH GORMAN** REPORTS



In association with



**T**hailand has retained its crown as the most attractive location for investment in **fDi**'s Tourism Locations of the Future ranking for 2019/20.

With its impressive capacity for continuous growth in the sector, Thailand continues to be the largest tourism economy in south-east Asia in terms of its contribution to the local economy. Growth in tourism is outpacing the wider economy, growing at an annual rate of 6% compared with the wider economy's 4.4% growth in 2018, according to the World Travel and Tourism Council (WTTTC).

Thailand's wealth of natural wonders, both coastal and inland, paired with the highest number of hotel rooms available yet the lowest prices of all 51 locations benchmarked in this year's study, gives it an enviable advantage that enables it to attract millions of tourists each year. According to the World Bank, Thailand welcomed more than 35 million international tourists in 2017, a number growing at an average annual rate of 7.61% between 2013 and 2017.

In September 2018, US-based AEG, in partnership with Thailand's leading entertainment and retail complex developer the Mall Group, announced a Bt10bn (\$331.37m) investment in Bangkok. This is formed by the development of two new world-class arenas, scheduled to open by the end of 2022. Meanwhile, popular budget hotel chain Travelodge announced plans in

## TOP 20 TOURISM LOCATIONS OF THE FUTURE 2019/20

RANK	DESTINATION
1	Thailand
2	Macau
3	Portugal
4	Maldives
5	Montenegro
6	St Lucia
7	Seychelles
8	Iceland
9	Cyprus
10	Hong Kong
11	Greece
12	Dominican Republic
13	Aruba
14	Antigua and Barbuda
15	Cape Verde
16	Grenada
17	Croatia
18	Dominica
19	Panama
20	Georgia



Winning big: Macau's gaming industry is a major tourist draw



“THIS PRESTIGIOUS ACCOLADE REAFFIRMS THE INTERNATIONAL STANDING OF MACAU AND OUR TOURISM INDUSTRY”

Alexis Tam, secretary for social affairs and culture, Macau Special Administrative Region Government

September 2018 to expand its Thai presence with a new hotel in Phuket.

#### Macau's exciting mix

Macau takes second place in this year's ranking, a jump of 13 places from the 2017/18 study. Located west of Hong Kong on China's southern coast, Macau offers an exciting mix of tourist experiences. It hosts an abundance of ancient cultural attractions, including several Unesco-listed heritage sites, while also being dubbed the Las Vegas of eastern Asia due to it being home to more than 30 casinos and a vibrant nightlife.

These factors make Macau a popular holiday destination, as well as a hotspot for investors in the tourism sector. The special administrative region did exceptionally well in the FDI Strategy category, and outperformed all other locations analysed in terms of capital expenditure in the tourism sector (\$5.53bn between August 2009 and July 2019). International tourist arrivals, as well as inbound tourism travel expenditure, also proved to be strengths for Macau.

Wynn Macau, a subsidiary of US-based Wynn Resorts, is set to invest \$2bn to expand its Crystal Pavilion Hotel complex in Cotai by

2024, adding a 270-degree, fully immersive entertainment theatre, two additional accommodation towers and more.

#### European newcomer

A new addition to fDi's ranking, Portugal is ranked third behind Thailand and Macau and is this year's highest ranked European location. Following the introduction of a 10-year tourism strategy in 2017 that aimed to increase year-round investment, revenue and employment in the sector, travel and tourism measured by contribution to the local economy grew by 8.1% in Portugal in 2018. The country significantly outperformed all others in the EU and more than doubled the EU average of 3.1%, according to WTTC research.

Portugal also boasts the highest number of companies in the tourism sector in this year's ranking, and tourism enterprises make up 16.16% of all companies in the country. Its impressive business-friendly regulations means opening a business in Portugal can be achieved in less than a week. In June 2019, Spain-based hotel chain Acta announced its plans to expand its current presence in Portugal, with two new hotels in Porto and Lisbon. ■

# FDI Strategy

AUSTRALIA TOPS THE FDI STRATEGY CATEGORY OF fDi'S TOURISM LOCATIONS OF THE FUTURE 2019/20 RANKINGS, FOLLOWED BY COSTA RICA AND AZERBAIJAN. NAOMI DAVIES REPORTS

"I'M PROUD AND PLEASED TO ACKNOWLEDGE THE WORK OF OUR TEAMS IN HELPING TO SECURE SUCH A PRESTIGIOUS AWARD FOR OUR COUNTRY"

Simon Birmingham,  
minister for trade,  
tourism and investment,  
Australia

Australia is the overall winner in this year's FDI Strategy category in fDi's Tourism Locations of the Future 2019/20 rankings. Tourism has been an investment priority for the country since May 2012, following a partnership agreement between Tourism Australia and the Australian Trade and Investment Commission. Since its inception, this partnership has facilitated 21 projects, with hotel components valued at more than A\$2.56bn (\$1.75bn).

Australia is the number one tourism market in the world for spend per visitor, and is fast becoming a major destination for tourism infrastructure investment. In 2011, the Australian government launched its Tourism 2020 initiative, which aimed to increase the industry's overnight visitor expenditure from A\$70bn in 2009 to more than A\$115bn by 2020. It has since surpassed this figure to reach a record A\$118.9bn, by reducing red tape and coordinating marketing campaigns to drive demand.

Costa Rica, second in this year's ranking, impressed judges with its natural resources, sustainability practices and training schemes. Investment Promotion Agency Costa Rica (Cinde) has a systematic approach to FDI attraction, and uses fDi Benchmark and fDi Markets, Gazelle, Incentives Monitor, S&P Capital IQ, IBIS World and the Economist Intelligence Unit to profile potential investing companies. Cinde also leverages social networking tools such as LinkedIn Sales Navigator to reach out to investors.

Azerbaijan is in third place. As part of the government's economic development policy, tourism was deemed a priority sector and various initiatives were implemented to increase its competitiveness including visa reforms, overturning the licence requirement for tourism industry entities, and devaluing its local currency. The State Tourism Agency was also established in 2018. As a result, the country is experiencing unprecedented growth in the sector, including a 12.7% rise in the share of tourism services in exports in 2018.

TOP 10 TOURISM LOCATIONS OF THE FUTURE 2019/20 – FDI STRATEGY

RANK	DESTINATION
1	Australia
2	Costa Rica
3	Azerbaijan
4	Cyprus
5	Macau
6	Herzegovina, Bosnia-Herzegovina
7	Colombia
8	Iceland
9	Kaunas, Lithuania
10=	Grenada
10=	Turkestan, Kazakhstan

## SPECIALISM AWARDS

### Activity tourism

Azerbaijan offers a wide range of activities for holidaymakers including mountain biking, skiing, paragliding and ziplining.

Visitors to Costa Rica can enjoy horseback riding, white-water rafting and skydiving. Other popular activities include visiting Monteverde's suspension bridges and riding an aerial tram through the rainforest.

### Academic tourism

Kharkiv, Ukraine, is home to more than 300,000 students. It hosts international conferences and supports the development of hi-tech industries, reinforcing its position as an intellectual centre and hotbed for science and innovation.

### Cultural/heritage tourism

Ethno-villages offer an alternative to the main towns of the Herzegovina region in Bosnia-Herzegovina. Tourists can stay in traditional stone houses, visit the local tavern and buy traditional products such as home-made honey, freshly ground flour, herbs and homemade liqueurs.

Lithuania's second largest city, Kaunas, is preparing for its role as a European Capital of Culture in 2022, which it will use to highlight its contemporary culture, community spirit and local talent.

Turkestan, Kazakhstan, was named the Cultural Capital of the Turkic World in 2017 and hosted the summit of the International Organization of Turkic Culture. The Mausoleum of Khoja ▶



# COSTA RICA: A NATURAL PARTNER FOR TOURISM INFRASTRUCTURE INVESTMENT

**Imagine walking through pristine Pacific beaches, relax in warm thermal waters sipping through the slopes of majestic volcanoes, enjoy diving in lush waters or savour the tropical feel of the Caribbean, all within a short distance in a concentrated land which embraces sustainability.**

For several decades Costa Rica has taken a leading role in sustainable tourism, in full alignment to its economic development vision where, today, over 51% of land is protected, 99% of its electricity comes from renewables and encases 6% of the world's biodiversity.

This conviction and commitment have allowed the country to deliver on a tourism destination that becomes a beacon for hospitality development. Travel & Tourism Competitiveness Report 2019, from the World Economic Forum, ranks Costa Rica as the top country in attractiveness of natural assets out of 140 countries. The country is also the world's third most-searched online destination for travelers seeking natural tourism locations.

According to the same study, the nation is among the world's top 20 world heritage natural sites, above countries like Colombia, New Zealand and Thailand, and Latin America's leader in environmental sustainability.

The Central American country has become a leader in sustainable tourism due to a healthy and thriving society, rich cultural

background and the diversity of its natural environment. These three are listed as the most valuable factors of its attractiveness and the remarkable qualities that make it a unique place for travelling and navigating an unforgettable experience.

## **EXPONENTIAL GROWTH.**

Between 1995 and 2018, the country's total international arrivals have more than tripled, at an annual average growth rate of 6%. In 2018, over 3 million tourists visited Costa Rica, a significant rise over 1995's 784,000 visitors.

The average income generated per visitor has also soared in the past 5 years from \$1,002 in 2014 to \$1,104 in 2018, representing a 17% growth with an average stay of over 12 nights and over 17 nights for European travelers.

This increasing number of visitors demanded the availability and supply of more lodging and accommodations. Since 2013, the number of rooms per 100 population has grown 23%, reaching over 57,000 rooms in 2018. This entails an average annual growth rate of 4.2%.

According to the World Economic Forum's Travel and Tourism Competitiveness Report 2019, the number of hotel rooms per 100 population in Costa Rica was 1.15 versus regional leaders like Mexico and Brazil, which had 0.62 and 0.49 respectively.

The number of establishments grew 69% between 2003 and 2018, reaching over 3,700, meaning a sustained average growth of 3.6% annually.

Given the country's proven track record, Costa Rica is gradually attracting large-scale international projects such as the Four Seasons, Paradisus Papagayo, Hotel W, or Planet Hollywood—which opened in October 2018. Additionally, other small but fast-growing players like Selina—a franchise that opened two locations in Costa Rica during the last year including Monteverde and Nosara, both in the Pacific Coast, have also settled successfully.

There are over 30 companies providing air travel services to and from Costa Rica, including direct flights to more than 30 worldwide destinations. As of 2018, there were over 854 weekly flights to Juan Santamaría International Airport, connecting Costa Rica with locations in North America, Europe and South America. Moreover, there are over 94 weekly flights from Daniel Oduber International Airport in Liberia, located in the north area of Costa Rica.

Along with its environmental awareness which allows the country to run almost all year round with clean energy during 2018 and 2019, Costa Rica also holds a strategic positioning globally where there is very little to no business disruption because of natural disasters. The country has only been hit once in history by a hurricane and its strict seismic code is considered state-of-the-art as per evaluation of the United Nations Office for Disaster Risk Reduction. Thus, Costa Rica offers a strong framework for hospitality and premium tourism infrastructure development.

Brands catering towards diverse audiences have established successful operations in the country such as Four Seasons, Autograph, JW Marriott, Auberge Hotels, Andaz, IHG, Hilton, Sheraton, Barcelo, Dreams, Selina Occidental, Hampton, Wyndham and several other leading hospitality brands.

Costa Rica might only have an area of 19,700 square miles, but it sure knows where its priorities stand. Having a strong commitment towards the enhancement of its people and taking care of its visitors' as of their own, has proven to be the right formula for quality of life, wellbeing and sustainable living.

If you're lucky enough to visit anytime soon, you will definitely experience and take a piece of their traditional motto: "Pura Vida!", meaning 'pure life'. Be sure to book your next trip to Costa Rica and take a deep dive into the colorful world of natural attractions ready to be discovered!

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## Specialism and bespoke awards

### SPECIALISM AWARDS

#### Activity Tourism

Azerbaijan  
Costa Rica

#### Academic Tourism

Kharkiv, Ukraine

#### Cultural/Heritage Tourism

Herzegovina, Bosnia-Herzegovina  
Kaunas, Lithuania  
Turkestan, Kazakhstan  
Zvernec, Albania

#### Cruise and Yacht Tourism

Grenada  
Seychelles

#### Eco Tourism

Australia  
Dominica  
Grace Bay, Turks and Caicos Islands  
Iceland  
Seychelles

#### Gaming

Macau

#### Gastronomic Tourism

Azerbaijan

#### Health and Wellness Tourism

Australia  
Azerbaijan  
Dominica  
Iceland

#### High-end Tourism

Grace Bay, Turks and Caicos Islands

#### Medical Tourism

Cyprus  
Lebanon

#### MICE Tourism

Costa Rica  
Kharkiv, Ukraine  
Valle del Cauca, Colombia

#### Regional Tourism

Australia

#### Sports Tourism

Cyprus  
Kaunas, Lithuania

### BESPOKE AWARDS

#### Administrative Reforms

Croatia

#### Climate Resilient Strategy

Dominica

#### Connectivity

Costa Rica  
Kaunas, Lithuania

#### CSR Efforts

Palasë, Albania

#### Economic Impact

Azerbaijan  
Colombia  
Cyprus  
Grenada  
Lebanon  
Macau  
Seychelles

#### Education and Training

Azerbaijan  
Costa Rica  
Herzegovina, Bosnia-Herzegovina  
Jamaica  
Macau

#### Hidden Gems

Herzegovina, Bosnia-Herzegovina  
Palasë, Albania  
Zvernec, Albania

#### Hotel Development and Investment

Australia  
Colombia  
Costa Rica  
Croatia  
Cyprus  
Dominica  
Grenada  
Kaunas, Lithuania  
Macau  
Valle del Cauca, Colombia

#### Improved Access

Azerbaijan  
Herzegovina, Bosnia-Herzegovina

#### Incentives

Australia  
Azerbaijan  
Colombia  
Costa Rica  
Croatia  
Dominica  
Grenada

Herzegovina, Bosnia-Herzegovina

Iceland

Jamaica

Lebanon

Macau

Seychelles

Puerto Rico

#### Infrastructure Upgrades

Azerbaijan  
Cape Verde  
Macau  
Turkestan, Kazakhstan

#### Mega Investments

Herzegovina, Bosnia-Herzegovina

#### Overcoming Seasonality

Croatia

#### Punching Above Its Weight

Kaunas, Lithuania

#### Rapid Growers

Australia  
Azerbaijan  
Colombia  
Costa Rica  
Cyprus

#### Recovery

Dominica  
Puerto Rico

#### Standardisation

Kharkiv, Ukraine

#### Special Economic Zones

Azerbaijan  
Turkestan, Kazakhstan

#### Sustainability

Costa Rica  
Iceland

#### Tour Operators

Cape Verde

#### Untapped Potential

Lebanon  
Palasë, Albania  
Zvernec, Albania

#### Up-and-coming Destination

Turkestan, Kazakhstan

#### Voluntourism

Dominica

#### Wildlife

Costa Rica  
Herzegovina, Bosnia-Herzegovina

Ahmed Yasawi, one of Kazakhstan's most significant monuments and an important pilgrimage site, was recognised by Unesco as a World Heritage Site in 2003.

Zvernec in Albania is home to the monastery of Saint Mary, a medieval Byzantine church.

#### Cruise and yacht tourism

Grenada's cruise and yacht market experienced notable growth in 2018. The country received 342,826 cruise and 24,944 yacht passenger arrivals in 2018 – a respective increase of 14.5% and 18.8% on 2017.

The Seychelles Port Authority is currently in the process of extending Port Victoria to facilitate its growing cruise tourism market.

#### Eco-tourism

In 2019, 42 million visitors to regional Australia engaged in nature and wildlife tourism activities. The country is home to 20 Unesco World Heritage-listed attractions, including the Great Barrier Reef and Uluru, as well as thousands of national parks.

Dominica, also known as the Nature Island, attracts eco-tourists with its lush rainforests, mountains,

waterfalls and volcanoes and offers various eco-lodges and resorts to accommodate visitors.

Eco-tourism is a strong potential market for Grace Bay in the Turks and Caicos Islands. The North and Middle Caicos islands are ready for sustainable development activities, including planned marina development.

Iceland's mid-Atlantic location, well-preserved nature, advanced infrastructure, 100% renewable energy and abundance of geothermal resources make it an attractive location for eco-tourists.

In the Seychelles, the govern-

ment works to maintain protected areas including nature reserves and national parks. As part of the marine spatial plan, 30% of the Seychelles' exclusive economic zone will be designated as marine protected areas.

#### Gaming

According to Macau's Statistics and Census Bureau, in 2017 the proportion of foreign capital in gaming accounted for 68.2% of the total equity capital of enterprises with inward direct investment.

#### Gastronomic tourism

Wine making in Azerbaijan dates to the second millennium BC. Following independence from the Soviet Union in 1991, there were several initiatives to redevelop the industry, leading to rapid growth. Tourists can visit local vineyards, attend wine-tasting and go on 'wine crawls'.

#### High-end tourism

To attract high-net-worth tourists, Grace Bay in the Turks and Caicos Islands is focusing on providing

high-end living standards, including a state-of-the-art communication system and electrical infrastructure that can recover in record time after major disasters. There are more than 150 flights from Providenciales International Airport a week, with access to major hubs and cities.

#### Medical tourism

Medical tourism is an up-and-coming market in Cyprus, thanks to its modern private hospitals and clinics with state-of-the-art equipment, and highly qualified doctors and medical staff. The island offers a one-stop service from treatment to recuperation.

Lebanon is a leading destination for medical tourism in the Middle East, with 13,500 highly trained physicians. Upcoming projects in Beirut include medical tourism facilities (including a specialised hospital for neurosurgery) and wellness centres.

#### Meetings, incentives, conferences and exhibitions (MICE)

Costa Rica's \$35m Convention Centre was built in 2018 to boost the ►

"THESE PRESTIGIOUS RATINGS ARE A CLEAR INDICATOR THAT WE ARE ON THE RIGHT PATH AND IT MOTIVATES US TO AIM EVEN HIGHER"

Visvaldas Matijošaitis,  
mayor, Kaunas

## SPOTLIGHT ON ČAPLJINA ADVERTISEMENT FEATURE



### ČAPLJINA: THE BEST INVESTMENT LOCATION IN SEE

Čapljina is the flower of Herzegovina, a hedonistic paradise with incredible wines, amazing nature beauties and rare endemic species, plenty of sunshine and clean drinking water, and a lot of "must see" locations

Čapljina, the urban pearl of the Mediterranean Herzegovina, one of the most desirable regions of South-East Europe. The leader in so many ways. Neither one other city in Bosnia and Herzegovina has such a remarkable location and transport communication that are a precondition for the development of tourism and other industries. Through Čapljina passes a railway that connects the seaport of Ploče in neighboring Croatia with the entire Europe.

The Čapljina industrial zone is located by the EU border, next to Bijača - one of the two main international border crossings in Bosnia and Herzegovina, and at the center of the inter-regional highway junction: the Adriatic-Ionian highway and the Vc corridor. This makes it an ideal location for investing in logistics centers and manufacturing facilities. Especially attractive for investors is the tourist zone in the immediate vicinity of the famous sanctuary of Medjugorje, visited by millions of tourists every year. There are currently 30 vacant locations in the tourist zone for investment in accommodation and other facilities.

Čapljina is a city on four rivers and seven lakes. In combination with the late antique Mogorjelo and Gabela monuments, the ancient stone town of Počitelj and the exotic Nature Park Hutovo Blato – the biggest bird reservation in Europe, amazing gastronomy and quality premium wines, makes it a perfect area for mass tourism development. The proximity of the three international airports in Mostar, Sarajevo and Split operating regular flights, is an additional indicator

for investors how much potential lies in this city.

In line with Čapljina's long-term vision of becoming an increasingly dominant regional centre, intensive work is being done to develop business infrastructure. Greenfield locations, streamlined procedures, reduced operating costs and a availability of quality workforce await interested investors.

According to Dijana Bošnjak, president of Center for Investments and Entrepreneurship Development (CIRP), a unique "one stop-shop" for investors in Herzegovina, it's the result of political change, coupled with a structured, sustained campaign by the mayor Smiljan Vidić to open Čapljina to the world, and take it from beautiful, but mostly unknown, South European backwater to a global investment hotspot.

Due to the extremely developed environmental awareness of the citizens, Čapljina is proud to carry the title of "the most beautiful and the most organized city in BH", and their mayor the title of the "the best mayor of Central and Southeastern Europe".

[www.cirp.ba](http://www.cirp.ba)  
[info@cirp.ba](mailto:info@cirp.ba)

In association with



“WE ARE PROUD TO SAY THAT WE HAVE EVERYTHING THE MARKET REQUIRES TODAY, AND A HIGH FDI RANKING SHOWS IT”

Dijana Bošnjak,  
president, Center for  
Investments and  
Entrepreneurship  
Development, Mostar,  
Bosnia-Herzegovina

country’s competitiveness as a global business tourism destination. Located 8 kilometres from Juan Santamaría International Airport and 10 kilometres from central San José, the 15,600-square-metre building can host major conventions and social events.

According to recent statistic research, 74% of tourists to Kharkiv, Ukraine, visited the city for business purposes. Kharkiv’s developed infrastructure, including a modern airport, railways and highways, ensures the city can host a wide variety of events and festivals. In addition, its considerable scientific and industrial potential make it a key market for business tourism.

MICE tourism is also a growing market in Valle del Cauca, Colombia, thanks to its favourable weather conditions, infrastructure, cultural offering, excellent air and ground connectivity and impressive venues.

#### Regional tourism

Tourism to regional Australia is on the up, with visitors increasing by 5.6% on average per year over the past five years.

#### Sports tourism

In 2019, Cyprus, in co-operation with Lebanon, Greece, Egypt, Bulgaria and Portugal, founded the International Sports and Tourism Organisation to promote peace and prosperity through sports and tourism. It hosted 189 sports teams and 4500 athletes in 2018, resulting in 40,000 overnight stays.

Several international attendance records have been broken at Kaunas’s Žalgiris Arena, which can accommodate as many as 15,550 spectators. The arena was expanded in early

2019 to include an Olympic-standard swimming pool, spa zone and sports rehabilitation clinic.

#### Wellness tourism

According to the Global Wellness Economy Monitor, Australia is one of the Asia-Pacific region’s top five wellness tourism markets. Wellness destinations including Byron Bay in New South Wales and Daylesford in Victoria, which offer health-conscious visitors a host of activities.

With its rich natural resources ranging from thermal springs to mud volcanoes, Azerbaijan is a well-known healing centre of the Caspian and Caucasus region. Special development projects are currently under way in Naftalan, a resort town named after a rare type of oil traditionally used to cure different ailments.

Wellness tourism is a key sector for Dominica, where services such as holistic massage, yoga, chiropractic care, coaching, pilates, fitness and a range of spa facilities are on offer together with natural products and herbs.

Iceland is well known for its geothermal water, clean air and pure food products. Geothermal destinations are some of the country’s most popular tourist attractions and include the Blue Lagoon and Vök Baths.

#### BESPOKE AWARDS

##### Administrative reforms

After systematically analysing regulations in more than 40 areas, an annual set of measures was adopted in Croatia to reduce costs and unnecessary administrative procedures. This year, 314 measures were foreseen, which will save about €84m.

##### Climate resilient strategy

The Dominica government aims to make the island the world’s first climate-resilient country through the types of investment it seeks to attract, and by making existing tourism investments more robust.

##### Connectivity

Juan Santamaría International Airport in Alajuela, Costa Rica, is undergoing a \$100m expansion, and since 2018 has offered more than 400 weekly flights to locations across Europe and the Americas.

The €5.8bn Rail Baltica project will connect Kaunas, Lithuania – primarily with Poland and ultimately with the rest of Europe –

allowing visitors to commute at 249 kilometres per hour.

#### Corporate Social Responsibility (CSR)

Palasë in Albania has been commended for its CSR efforts. Local development agency Auleda is working to attract strong businesses to increase its Guaranty Fund, which is focused on start-ups from young professionals, people from disadvantaged groups and women.

#### Economic impact

Between 2015 and 2018, Azerbaijan recorded 51.4% in nominal growth in the share of tourism-related industry sectors in the country’s GDP.

Since 2013, the tourism sector in Colombia has experienced an income increase of 35.7%, going from \$4.7bn to \$6.6bn in 2018.

The tourism sector is considered the backbone of Cyprus’s economy, breaking historic records in both arrivals and revenue for the past four years.

In 2018, Grenada achieved a historic milestone, welcoming more than 500,000 visitors to its Caribbean shores.

In Lebanon, the total contribution of the tourism sector, both direct and indirect, was estimated at a respective \$10.4bn or 19.1% of GDP in 2018, which is the second highest ratio in the Middle East.

In terms of tourism value added (TVA) being used as a measure of the direct contribution of tourism activities to the local economy, the share of TVA in total gross value added of all industries of Macau rose, going up by 1.7% from 46.7% in 2015 to 48.4% in 2017.

The Seychelles recorded \$563.9m in total tourism earnings by the end of 2018, an increase of 14.3% compared with 2017’s earnings of \$483.3m.

#### Education and training

Existing tourism vocational schools in Azerbaijan are being upgraded. In addition, a new tourism education facility is set to open.

In Costa Rica, IPA Cinde works closely with academia and the local ecosystem to develop talent. The agency develops working groups and forums to identify gaps in the market, helps foster academic alliances between local and international universities, and drives the creation of custom training programmes.

In recent years, a worker retrain-

ing centre was established in Herzegovina, Bosnia-Herzegovina, to train chefs, waiters, tour guides and project managers.

Jamaica's Ministry of Tourism has established the Jamaica Centre of Tourism Innovation to upgrade workers' skills, provide international certification for existing competencies and foster innovation in the sector.

The Macau Government Tourism Organisation collaborates with training institutes and tourism entities to bolster opportunities for local sectors, especially in hospitality, catering and business tourism.

### Hidden gems

Plans are ongoing to position Herzegovina as a top European tourist destination. These include the construction of new hotels and hostels, increased promotion abroad, improved railway and highway infrastructure and new airline routes.

Palasë plans to foster its eco-tourism potential as well as that of its adventure and cultural tourism. Located in the middle of Albania's Narta Lagoon, Zvërnec is a growing eco-tourism destination and boasts rich biodiversity.

### Hotel development and investment

European investment giant AXA acquired a portfolio of four Accor hotels in Australia, including three in Sydney's Olympic Park, for A\$330.4m (\$226m) from the Abu Dhabi Investment Authority.

In the past five years, 15 world-renowned hotel chains have invested in Colombia; 82 hotels are set to open between 2019 and 2020, providing more than 11,000 rooms.

Panama-based Selina opened two new hotels in Nosara and Monteverde, Costa Rica, in February 2019. The company now has 10 locations across the country.

According to data by the Croatia National Bank, FDI in accommodation was about €58m in 2018; 10% more than the previous year.

Based on current hotel developments, an 18% increase in the total number of beds is anticipated across Cyprus, which includes a new casino resort project that is expected to contribute an additional 1000 rooms by 2021.

The most significant foreign investments made in Dominica during the past year were hotel proper-



A raft of ideas: Herzegovina is taking steps to rebrand itself as a tourist destination

ties, partly financed by funds from the Citizenship by Investment programme. These include Tranquility Beach, part of the Hilton Curio Collection, and Anichi Resort & Spa, part of the Marriot Autograph Collection.

Within the past year, it was announced that two new five-star resorts will open in Grenada; the Silver Sands Resort and Six Senses hotel.

Several global hotel chains are coming to Kaunas, Lithuania, including a 175-room, three-star Moxy by Marriott Group hotel, and a four-star Hilton hotel that will feature about 210 rooms and a conference centre.

The number of hotels in Macau is on the rise, from 103 in 2013 to 124 in July 2019. There was also a considerable increase in the number of overnight hotel guests, from 10.7 million in 2014 to 14.1 million in 2018.

Most of the tourism capital investment in Valle del Cauca, Colombia, currently focuses on hotel infrastructure, especially in Cali. Recent investors including Marriott, NH Hotels, Ibis, Spiwak and Spirito.

### Improved access

In 2016, a visa-on-arrival procedure

was introduced in Azerbaijan for a defined list of countries, and in 2018, an e-visa regime applicable to more than 80 countries was established.

Abolishing the visa regime for many countries has led to an increased influx of new visitors to Herzegovina from China, the US, Canada and Arab countries.

### Incentives

Australia's Tourism Major Project Facilitation service provides proponents with a central government contact person to help guide them through government approvals processes.

Azerbaijan's Investment Promotion Document envisages discounts in tax payments and customs duties for imported goods.

A special rate of 9% has been established for hotels, theme parks, agritourism, ecotourism and dock projects in Colombia.

Companies investing in tourism infrastructure in Costa Rica can apply for both fiscal and non-fiscal incentives. General incentives include ICT training, accessing up-to-date market behaviour information, and marketing through [visitcostarica.com](http://visitcostarica.com).

Croatia offers a supportive entrepreneurial framework, offering financial support through vari- ▶

“WE WILL CONTINUE TO CREATE SUSTAINABLE CONDITIONS OF COMPETITIVENESS VIA UNIQUE TAX PREFERENCES PROVIDED BY THE SPECIAL ECONOMIC ZONE AND OPEN TURKESTAN TO THE WORLD”

Umirzak Shukeyev,  
governor, Turkestan  
region

ous incentives, grants, subsidised loans and government guarantees.

Dominica offers incentives for investors including a tax holiday on profits for up to 20 years and a waiver on import duties on building materials, furniture and fittings for tourism investments.

Grenada offers incentives that include an investment allowance, tax credit for training and customs duties exemptions.

Herzegovina offers investors low tax rates of VAT (17%), profit tax (10%) and income tax (10%). Bosnia-Herzegovina has the lowest such rates in Europe.

Iceland focuses on a favourable environment for businesses in general, including low corporate tax, availability of land and efficiency in a European legislative framework.

Investors in Jamaica can enjoy several benefits, including product input relief, capital allowance and employee tax credit.

Incentives for greenfield FDI in the tourism industry in Lebanon include 100% exemption from corporate income taxes for up to 10 years and a reduction of up to 50% on construction permit fees.

Investors in Macau can apply for tourism incentives through the Macau Government Tourism Office and successful applicants may receive tax exemption benefits including property and income tax.

Business owners in the Seychelles across various industries (including hoteliers and restaurateurs) pay 0%

of taxes on the first SRs250,000 (\$18,188) of their taxable income; and 15% on the remainder.

The Puerto Rico Department of Commerce incentives include a 4% corporate tax rate and 100% exemption on property taxes.

#### Infrastructure upgrades

Azerbaijan has undertaken numerous projects aimed at improving infrastructure throughout the country, including new airports, railroads, highways, visitor accommodation facilities and attractions.

An ambitious construction programme for transportation networks was launched in Cape Verde, which saw the government allocate an average of \$147m per year to infrastructure.

In Macau, the opening of the Hong Kong-Zhuhai-Macau Bridge in October 2018 has enhanced transport and economic connection between the urban agglomerations.

Several infrastructure projects are under way in Turkestan, Kazakhstan, including construction of an airport, reconstruction of the roads and the establishment of the International Hospitality and Tourism Management College.

#### Mega investment

Herzegovina has been commended for its mega-investment luxury water park. Part of the City of the Sun complex, the €100m attraction spans 79,000 square metres. Once completed, the complex will employ 2000 people and have a capacity of 20,000 visitors a day.

#### Overcoming seasonality

One of the main goals of Croatia's Tourism Development Strategy and Strategic Marketing Plan is to tackle high seasonality in summer by promoting its natural and cultural heritage, wellbeing facilities and medical services.

#### Punching above its weight

Kaunas in Lithuania saw annual tourism increases of 19% in 2016; 12% in 2017; 8.2% in 2018 and 11% by mid-2019.

#### Rapid growers

Tourism is one of Australia's fastest growing industries. In 2017-18, tourism GDP grew at 5% in real terms, almost double the average growth rate of 2.8% reported for the wider economy.

Azerbaijan's tourism sector recorded unprecedented growth of 2.1%, 6.9% and 7.6% growth, respectively, in 2016, 2017 and 2018.

Colombia's tourism sector has undergone significant growth, becoming the country's second foreign income generator.

In 2018, more than 3 million tourists visited Costa Rica – a substantial increase on 1995's 784,000.

With a 7.8% year-on-year increase, tourist arrivals in Cyprus have increased from 2.4 million in 2014 to 3.9 million in 2018.

#### Recovery

Dominica experienced a drop in tourism figures in 2017 due to the damage caused by Hurricane Maria. With a focus on 'voluntourism' and being open for business, tourism figures saw a sharp increase in 2018, surpassing 2016's figure.

Puerto Rico suffered a serious decline in tourism activity in 2016 due to the outbreak of the Zika virus, and in 2017 due to Hurricanes Irma and Maria. However, since mid-2018, tourism activity is on the rise and to date in 2019 is exceeding pre-Hurricane Maria levels.

#### Special economic zones (SEZ)

Special tourism and recreation zones are being created in Azerbaijan, where investors are offered special tax and customs duty incentives to invest in accommodation, food and beverages and attraction facilities.

In 2018, SEZ Turkestan in Kazakhstan was established. Tenants benefit from numerous tax and customs preferences without any restriction on the company's size and minimum capital requirement.

#### Standardisation

As part of plans to reopen the oldest zoo in Ukraine, Kharkiv is working in co-operation with the European Zoo Association to meet all European standards for taking care of animals. Kharkiv is a member of the Eurocities network and was also the first Ukrainian city to be awarded the Europe Prize.

#### Sustainability

The Costa Rica Tourism Board (ICT) has developed the Sustainability Certification programme to categorise and distinguish companies that demonstrate sustainability within their operations.

**METHODOLOGY**

To create a shortlist for fDi's Tourism Locations of the Future 2019/20 ranking, the fDi Intelligence division of the Financial Times collected data using the specialist online FDI tools fDi Benchmark and fDi Markets as well as other sources. Data was collected for 51 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 in order to compile the overall 'Tourism Locations of the Future 2019/20' ranking.

The UN World Tourism Organization is a data partner for the ranking and supplied its statistics to

support the study.

In addition, surveys were collected under a sixth category, FDI Strategy, for which there were 22 submissions. Locations submitted details about their strategy for promoting FDI, which was then scored by fDi's judging panel. ■

**DATA POINTS**

- Number of companies in the tourism sector
- Number of companies in the tourism sector as a % of all companies
- Time to start a business
- Number of companies in the tourism sector per 100,000 people
- Dealing with construction permits – number of procedures
- Time to register a property (days)
- Total tax rate (% of profit)
- Migrants per 1000 population
- Average price of ticket to feature film (\$)
- Cost of 4\* hotel per night (\$)
- Food costs
- Cost of establishing a business (absolute value using GNI)
- Cost of establishing an electricity connection (absolute value using GNI)
- Cost of registering a property (absolute value using GNI)
- Dealing with construction permits – cost (% of warehouse value)
- Price of electricity (US cents per kWh)
- Employment in tourism as a % of total employment (2018)
- GDP per capita, PPP (current international \$) (2018)
- International tourist arrivals 2017
- Compound annual growth in international tourist arrivals (2013-2017)
- Inventory of registered aircraft operated by air carriers per 100,000 people
- Population, total (2018)
- Rate of urbanisation (2015-20 estimated)
- Tourism revenue as % of GDP
- Inventory of registered aircraft operated by air carriers
- Capital investment (\$m) in the tourism cluster (August 2009-July 2019)
- Capital investment in the tourism cluster per 100,000 people (August 2009-July 2019)
- Inward FDI projects in the tourism cluster (August 2009-July 2019)
- Inward FDI projects in the tourism cluster per 100,000 people (August 2009-July 2019)
- Number of FDI jobs in the tourism cluster (August 2009-July 2019)
- Number of FDI jobs in the tourism cluster per 100,000 people (August 2009-July 2019)
- Number of libraries (national and public) per 100,000 people
- Political risk

**PROVIDED BY THE WORLD TOURISM ORGANIZATION**

- Inbound tourism – expenditure (travel)
- Number of hotel rooms
- Inbound tourists plus domestic tourists/ population
- Inbound tourism travel expenditure per 100,000 arrivals
- Number of hotel rooms per 100,000 arrivals

In Iceland, the Tourist Site Protection Fund promotes the development, maintenance and protection of tourist attractions across the country. Since 2012, the fund has allocated nearly 1kr4.8bn (\$38.96m) to more than 650 projects.

**Tour operators**

Cape Verde's tourism sector is dominated by international tour operators such as TUI and Thomson, as well as local independent players. They propose all-inclusive destinations with packages often including an airfare, a room and board, enabling them to apply competitive prices and enjoy economies of scale to create value.

**Untapped potential**

Lebanon's tourism sector offers promising investment opportuni-

ties across various niche markets. Ready-to-market tourism and hospitality concepts are growing, as demand for entertainment increases from both the local population and foreign visitors.

With Albania not yet a standard touristic market in the Balkans, Palasë and Zvërnec offer investors the chance to invest in a new market, with several government incentives offering land facilities.

**Up and coming destination**

To revive Turkestan's rich history and support further development, the state government has approved a new strategy for the tourism sector for 2019 to 2025.

The main strategic aims are to increase tourist flows to 9 million by 2025, while developing touristic infrastructure rapidly.

**Voluntourism**

Voluntourism packages are available in Dominica, inviting travellers to assist in the clean-up and rebuild of the Nature Island following Hurricane Maria.

**Wildlife**

According to data from the country's Ministry of Environment, Costa Rica is home to about 6.5% of the world's biodiversity in just 0.03% of the world's territory. Additionally, according to Protected Planet's database, more than 28% of terrestrial area is protected, covering over 14,600 square kilometres.

Herzegovina is in the heart of the Via Dinarica mega-trail, home to Hutovo Blato – a unique sub-Mediterranean wetland, one of the richest wetland bird reserves in Europe – and Blidinje Nature Park. ■