
INTELLIGENCE REPORT

TOURISM INVESTMENT ATTRACTION

Volume 3
3rd quarter | 2021

MINISTÉRIO DO
TURISMO



PÁTRIA AMADA
BRASIL
GOVERNO FEDERAL

DATASHEET

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PRESENTATION

The Intelligence Report – Tourism Investment Attraction is a quarterly publication to provide inputs to potential investors, both domestic and international, about the Brazilian Tourism Market. Thus, it is expected to provide more security with base information for entrepreneurs who want to launch new projects in the Brazilian tourist market.

Volume 3 is divided into two parts: the first brings an actualization of studies and analysis of the Brazilian tourism chain presented in Volume 2 and the second is aimed at the United Arab Emirates Foreign Direct Investment (FDI) to Latin America and the Caribbean, with overviews and analysis of the national scene in the referred theme.

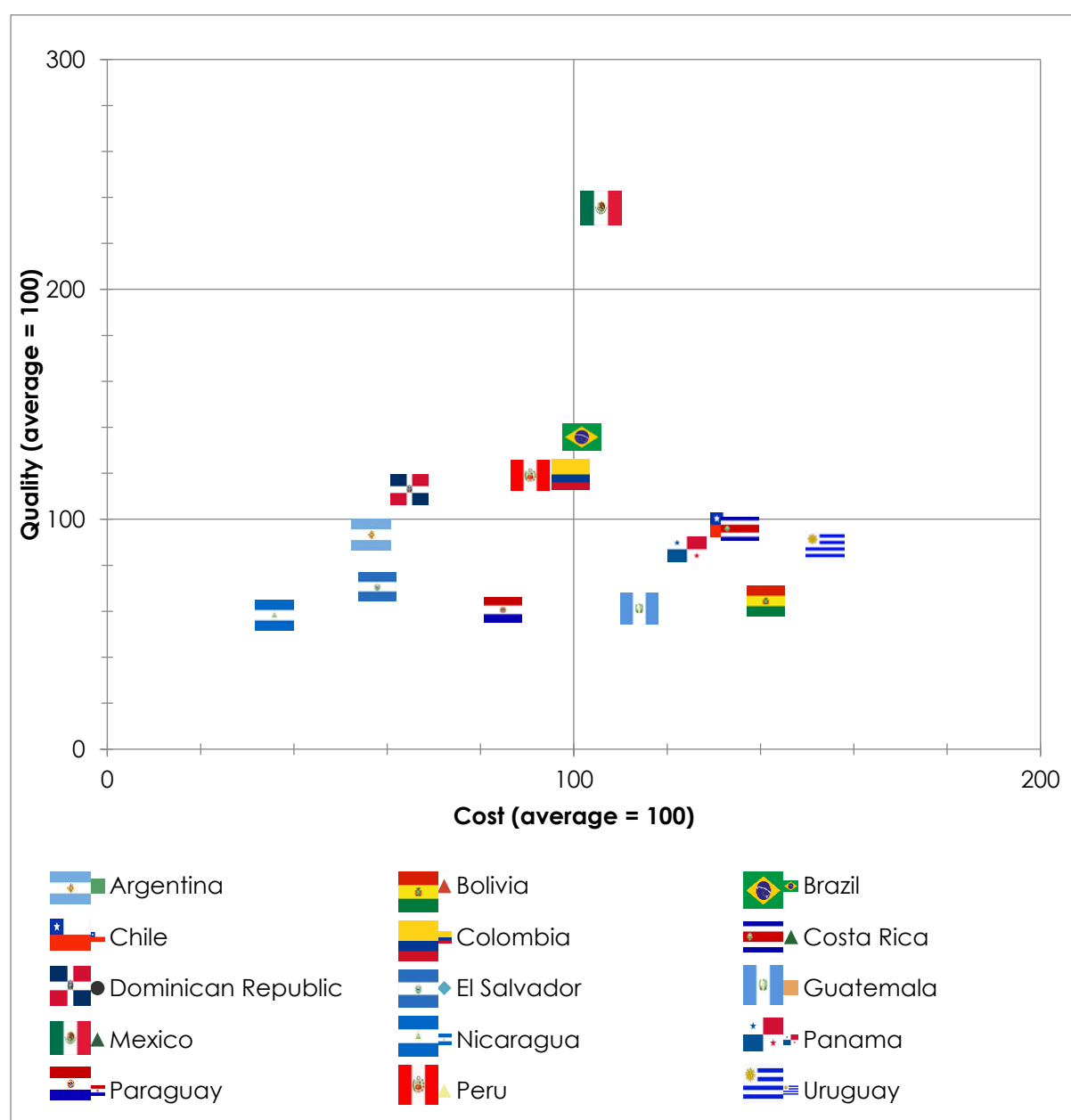
The theme selection was based on Brazil's participation in Expo Dubai, the renowned world exhibition organized by the *Bureau International des Expositions*. The current edition is taking place in Dubai, in the United Arab Emirates, in a period of 6 months: from October 1st, 2021 to March 31st, 2022.

DATA AND INDICATOR

Business Environment

Business environments refer to a network of suppliers, distributors, competitors, workers, and customers of a certain market. Regarding the analysis of this document, the focus is given to the Brazilian business environment in comparison to other Latin American states, that received more than one million overnight tourists in 2019 or had more than one hundred thousand excursionists on maritime cruises. Through this selection, a comparative analysis with the previous Bulletin is carried out.

Competitiveness of the business environment in Hospitality and Tourism - Brazil and Latin America



Data source: fDi Benchmark, 2021

DATA AND INDICATOR BUSINESS ENVIRONMENT

In the Cost ranking, there have been no updates since the first edition of this Bulletin, however, the Quality ranking was impacted with minor changes. Consequently, the table below displays the data and their differences between the 2nd and 3rd quarters of 2021.

Table 1: Competitiveness comparison – General Ranking – 2nd and 3rd quarters of 2021

| State | Ranking | | | Nota | | |
|--------------------|-------------------------|-------------------------|------------|-------------------------|-------------------------|--------------|
| | 2 nd quarter | 3 rd quarter | Difference | 2 nd quarter | 3 rd quarter | Difference |
| México | 1 | 1 | 0 | 100 | 100 | 0,00 |
| Nicaragua | 2 | 2 | 0 | 96,54 | 94,15 | -2,39 |
| Argentina | 3 | 3 | 0 | 80,07 | 77,57 | -2,50 |
| Dominican Republic | 4 | 4 | 0 | 76,9 | 77,57 | 0,67 |
| Brazil | 5 | 5 | 0 | 71,1 | 69,7 | -1,40 |
| El Salvador | 6 | 6 | 0 | 69,92 | 69,07 | -0,85 |
| Peru | 8 | 7 | 1 | 65,74 | 67,65 | 1,91 |
| Colombia | 7 | 8 | -1 | 67,5 | 65,2 | -2,30 |
| Chile | 10 | 9 | 1 | 53,87 | 51,32 | -2,55 |
| Paraguay | 9 | 10 | -1 | 54,28 | 51,21 | -3,07 |
| Costa Rica | 12 | 11 | 1 | 48,77 | 50,34 | 1,57 |
| Panamá | 11 | 12 | -1 | 51,49 | 49,35 | -2,14 |
| Uruguay | 14 | 13 | 1 | 43,97 | 45,69 | 1,72 |
| Guatemala | 13 | 14 | -1 | 45,63 | 43,15 | -2,48 |
| Bolivia | 15 | 15 | 0 | 41,49 | 39,63 | -1,86 |

Data Source: fDi Benchmark, 2021

Table 2: Quality comparison -2nd and 3rd quarters of 2021

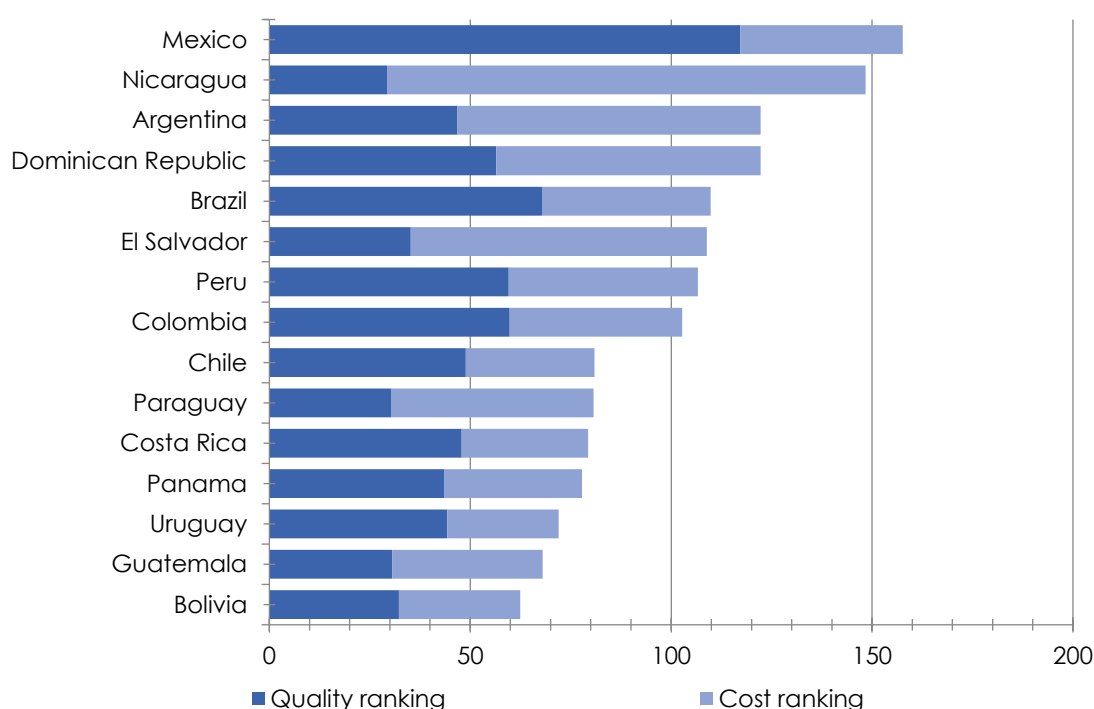
| Local | Ranking | | | Nota | | |
|--------------------|-------------------------|-------------------------|------------|-------------------------|-------------------------|--------------|
| | 2 nd quarter | 3 rd quarter | Difference | 2 nd quarter | 3 rd quarter | Difference |
| México | 1 | 1 | 0 | 229,38 | 234,48 | 5,10 |
| Brazil | 2 | 2 | 0 | 136,56 | 135,78 | -0,78 |
| Colombia | 3 | 3 | 0 | 123,39 | 119,6 | -3,79 |
| Peru | 4 | 4 | 0 | 109,8 | 119,17 | 9,37 |
| Republic Dominican | 5 | 5 | 0 | 106,83 | 112,85 | 6,02 |
| Chile | 6 | 6 | 0 | 103,07 | 97,76 | -5,31 |
| Costa Rica | 9 | 7 | 2 | 88,31 | 95,77 | 7,46 |
| Argentina | 7 | 8 | -1 | 97,35 | 93,56 | -3,79 |
| Uruguay | 10 | 9 | 1 | 80,88 | 88,54 | 7,66 |
| Panamá | 8 | 10 | -2 | 90,99 | 86,89 | -4,10 |
| El Salvador | 11 | 11 | 0 | 69,57 | 70,45 | 0,88 |
| Bolivia | 12 | 12 | 0 | 68,23 | 64,49 | -3,74 |
| Guatemala | 14 | 13 | 1 | 66,67 | 61,2 | -5,47 |
| Paraguay | 13 | 14 | -1 | 67,66 | 60,74 | -6,92 |
| Nicaragua | 15 | 15 | 0 | 61,17 | 58,55 | -2,62 |

Data Source: fDi Benchmark, 2021

DATA AND INDICATOR BUSINESS ENVIRONMENT

Brazil remains in the 2nd position regarding quality and rose two colocations on the Cost ranking, occupying 8th place in a 50/50% parity ratio, which is not ideal to represent the reality but it functions as a method of identifying the direction of the business environment. Considering this, the ranking of countries is present as follows:

Graph 1: Quality and Cost – Weight 50/50 [GHGF1]



Data source: fDi Benchmark, 2021

From the above ranking, note that qualitatively, Brazil and Mexico have the best offers. Also in this sense, considering the 50/50 parity, Brazil, Mexico, Peru, Chile, and Colombia can be seen as the main competitors among themselves, with due regard to the fact that Peru and Colombia have a quality parity.

The quality evaluation unfolding (table 2) is separated in four indicators: Industry Cluster, Infrastructure and Accessibility, Business environment and Quality and availability of workforce. Bellow, the update of the indices and their practical meanings are presented.

DATA AND INDICATOR BUSINESS ENVIRONMENT

The Industry Cluster is the translation of four different indicators of the state sector hospitality: Export competitiveness (55% weight), History (20% weight), Industry size (15% weight), and Industry specialization (10% weight)¹.

Table 3: Industry Cluster comparativeness – 2nd and 3rd quarters of 2021

| Local | 2 nd quarter | 3 rd quarter | Difference |
|--------------------|-------------------------|-------------------------|--------------|
| México | 69,28 | 74,81 | 5,53 |
| Brazil | 55,4 | 54,53 | -0,87 |
| Colombia | 55,77 | 51,78 | -3,99 |
| Peru | 43,52 | 52,86 | 9,34 |
| Dominican Republic | 37,76 | 43,78 | 6,02 |
| Chile | 22,94 | 17,58 | -5,36 |
| Costa Rica | 21,03 | 28,37 | 7,34 |
| Argentina | 31,2 | 27,28 | -3,92 |
| Uruguay | 16,2 | 23,85 | 7,65 |
| Panamá | 17,35 | 13,21 | -4,14 |
| El Salvador | 14,99 | 16,06 | 1,07 |
| Bolivia | 20,89 | 17,2 | -3,69 |
| Guatemala | 14,03 | 8,53 | -5,50 |
| Paraguay | 14,81 | 7,84 | -6,97 |
| Nicaragua | 14,81 | 12,31 | -2,50 |

Data Source: fDi Benchmark, 2021

Overall, Brazil is occupying the 2nd position, with a total score of 54.53 – which is slightly lower than in the previous quarter, but still 82% higher than the country average of 30 – with its best rankings are in Industry Size (largest in Latin America) and History (2nd best).

Taking into account the countries recognized as the strongest Brazil's competitors (Mexico, Peru, Chile, and Colombia), we can observe that, except from Chile, they all are in the high positions in the ranking. Another fact to be considered is that among the countries that registered a drop in their score, Brazil was the least affected. Of the 15 countries selected, 9 registered falls and 6 increases in their score.

The Accessibility and Infrastructure ranking is divided into the Access to the main international markets (weight 60%), Quality of local infrastructure (20% weight), Quality of utilities (10% weight), and ICT Quality (10% weight).

¹ All weights are defined by the fDi Benchmark platform. They can be changed by users, but it is our understanding that the suggested way is the most suitable.

DATA AND INDICATOR BUSINESS ENVIRONMENT

Table 4: Comparative of Accessibility and Infrastructure – 2nd e 3rd quarter, 2021

| Local | 2 nd quarter | 3 rd quarter | Difference |
|--------------------|-------------------------|-------------------------|--------------|
| México | 20,57 | 20,57 | 0 |
| Brazil | 26,09 | 26,08 | -0,01 |
| Colombia | 19,39 | 19,4 | 0,01 |
| Peru | 18,47 | 18,47 | 0 |
| Dominican Republic | 20,22 | 20,25 | 0,03 |
| Chile | 25,54 | 25,55 | 0,01 |
| Costa Rica | 20,21 | 20,24 | 0,03 |
| Argentina | 19,84 | 19,84 | 0 |
| Uruguay | 21,75 | 21,76 | 0,01 |
| Panamá | 25,02 | 25,02 | 0 |
| El Salvador | 18,58 | 18,46 | -0,12 |
| Bolívia | 15,88 | 15,91 | 0,03 |
| Guatemala | 17,39 | 17,38 | -0,01 |
| Paraguay | 15,82 | 15,82 | 0 |
| Nicaragua | 15,2 | 15,22 | 0,02 |

Data source: fDi Benchmark, 2021

In this index, Brazil appears with the highest rate, with a total score of 26.08. In other indicators, the Brazil best performance is in the Quality of local infrastructure, as it is the best of the country selection. On the Other hand, the country finds an opportunity to improve the quality of utilities and access to the main international markets, considering that in these indexes the country is in the last third of the ranking.

The Cadastur information is available by the CGST in the [Dados Abertos do portal do MTur](#)². The increase recorded in the last year is due to the enlargement in the amount of the General Tourism Found (FUNGETUR) since 2020, due to emergency credit. Below, the table 5 presents the difference in numbers of service providers registered between the 1st and 2nd quarters of 2021.

² The registration is mandatory for Tour Guide, Tourist Camps, Tourism Agencies, Accommodation Facilities, Theme Parks, Tourist Carriers and Event Organizers. Therefore, it should be noted that the number of active developments may be higher than reported.

DATA AND INDICATOR

Dimensioning of the Brazilian tourist market

Table 5: Comparative of inscription on Cadastur – 2nd and 3rd quarter, 2021

| Activity | Numbers of servisse provides | | | |
|---|------------------------------|---------------------------------|------------|--------|
| | 1st quarter/2021 | 2 nd quarter/2021 | Difference | % |
| Tourism Guide* | 24.885 | 25.266 | 381 | 1,53% |
| Tourism Camp* | 366 | 387 | 21 | 5,74% |
| Tourism Agency* | 33.778 | 32.682 | -1.096 | -3,24% |
| Hosting means* | 16.761 | 15.884 | -877 | -5,23% |
| Theme Park* | 198 | 210 | 12 | 6,06% |
| Tourism Carrier* | 14.568 | 14.040 | -528 | -3,62% |
| Venues and Tourist Entertainment Equipment | 435 | 510 | 75 | 17,24% |
| Convention Center | 216 | 203 | -13 | -6,02% |
| Enterprise to Support Nautical Tourism or Sport Fishing | 302 | 329 | 27 | 8,94% |
| Entertainment and Leisure Development and Water Parks | 406 | 438 | 32 | 7,88% |
| Rental of vehicles | 1.873 | 1.943 | 70 | 3,74% |
| Event organizer* | 7.188 | 7.606 | 418 | 5,82% |
| Event Support Infrastructure Service Provider | 3.886 | 4.406 | 520 | 13,38% |
| Specialized Provider in Tourism Segments | 5.717 | 6.267 | 550 | 9,62% |
| Restaurants, Cafes, and Bars | 13.768 | 16.823 | 3.055 | 22,19% |
| *Registration required | | | | |

Data Source: CGST/MTur, 2021

Based on the table 5, we can infer that there was a large increase in the registration of Restaurants, Cafes and Bars, Venues, and Tourism Entertainment Equipment, and Event Support Infrastructure Services Providers. This phenomenon can be explained by the flexibility of the rules of isolation and social distancing – instituted due to the pandemic of Covid-19 -, as well as the advanced of vaccination in Brazil, which is early November 2021 already reached the mark of 54.38% of the fully immunized population.

UNITED ARAB EMIRATES

Country profile



97% of the country is a desert
The remainder of the population is divided into cities, oases, mountainous areas, and reforestation projects
8% of its territory is made up of islands

The negotiations with entrepreneurs in the country occur mainly in English and using the dollar as main currency



The United Arab Emirates investments grew 482% between 2010 and 2019. About the investments, 100% was invest on “Total Capital”, which demonstrates long-term interest in Brazil by companies in the United Arab Emirates.



DUBAI



Dubai has 3.31 million of habitants (2019)
Represent more the 90% of the GDP of United Arab Emirates
Dubai constitutes the business mainly center of the country and the larger consumer market

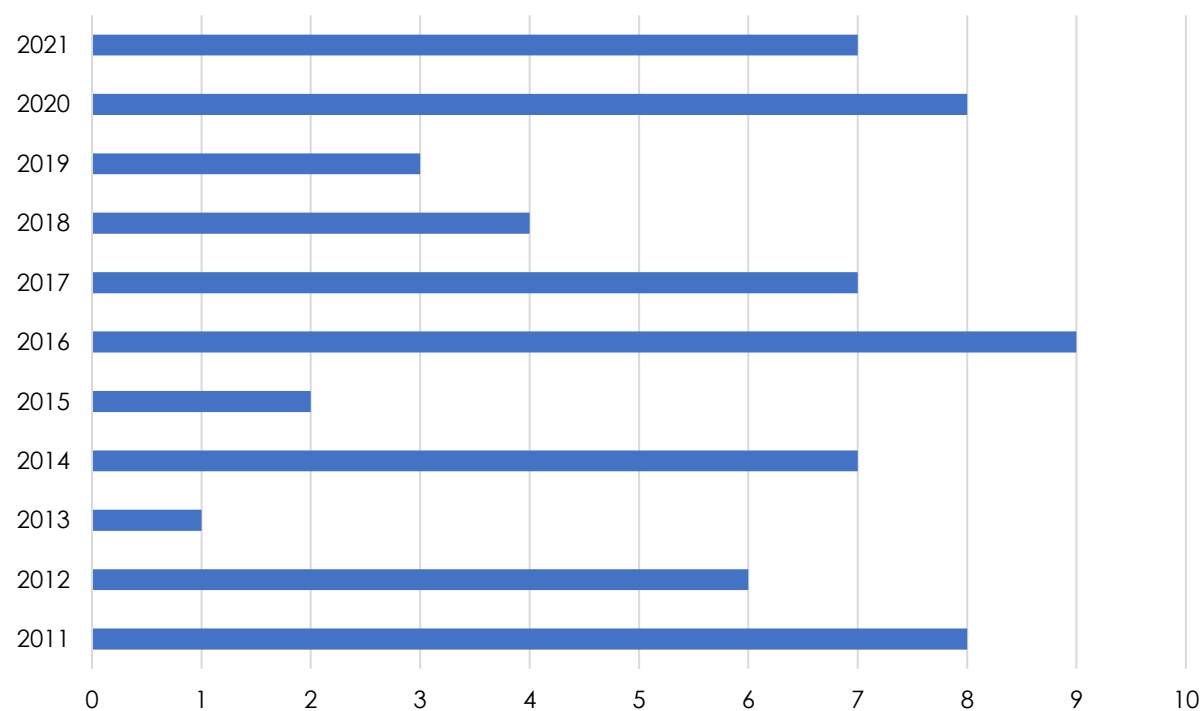
Fonte: Apex Brasil e Uruguay XXI, 2021

UNITED ARAB EMIRATES

FDI Overview

Between 2011 and 2021, there were 61 UAE projects of Foreign Indirect Investment (FDI) in Latin America and the Caribbean. Of these, 7 were on tourism.

Graph 2: Projects numbers of Foreign Direct Investments of UAE in Latin America and Caribbean, 2011-2021



Data source: fDi Markets, 2021

The 61 projects generate a total of 10,443 jobs and total investments of 5.2 billion of dollars, according to the table below:

Table 6: Projects per year, Capex and jobs in Latin America and the Caribbean

| Year | Projects | Capex (USD m) | Jobs |
|--------------|-----------|----------------|---------------|
| 2021 | 7 | 665,3 | 682 |
| 2020 | 8 | 347,7 | 2.650 |
| 2019 | 3 | 57,7 | 371 |
| 2018 | 4 | 23,4 | 50 |
| 2017 | 7 | 728,9 | 1.717 |
| 2016 | 9 | 2.270,6 | 1.678 |
| 2015 | 2 | 12,7 | 34 |
| 2014 | 7 | 340,3 | 828 |
| 2013 | 1 | 124,0 | 167 |
| 2012 | 6 | 157,3 | 665 |
| 2011 | 8 | 542,4 | 1.601 |
| Total | 62 | 5.270,3 | 10.443 |

Data source: fDi Markets, 2021

UNITED ARAB EMIRATES

FDI Overview

The tourism projects reported were carried out in the year 2011, 2012, 2014, 2017 and 2020. To reach this selection, a survey was constructed on the fDi Markets platform with the following limits:

| | |
|-------------------------------|---|
| Investment destination | Latin America and Caribbean |
| Origin Market | United Arab Emirates |
| Sector | Hotel and Tourism; Leisure and entertainment; Real estate market; and Transport and Storage |
| Keyword | "Tourism" |
| Date | Between January 2011 and October 2021 |

Thus, the results found were 7 projects, with Capex of US\$ 267,7 and 1.1148 jobs, which are divided as follows:

Table 7: Tourism projects per year, Capex, and jobs

| Year | Projects | Capex (USD m) | Jobs |
|--------------|----------|---------------|--------------|
| 2020 | 1 | 83,9 | 412 |
| 2017 | 1 | 70,5 | 350 |
| 2014 | 2 | 21,0 | 16 |
| 2012 | 2 | 73,0 | 359 |
| 2011 | 1 | 15,3 | 11 |
| Total | 7 | 263,7 | 1.148 |

Data source: fDi Markets, 2021

Of these, two projects were destined for Brazil, both in the transport and storage sector with an investment of US\$ 13,000,000.00 and generation of 15 jobs. Their descriptions are above:

October 2017 – Hadid International Services in Brazil

Hadid International Services (Dubai, UAE) is investing in Brazil in the Transport and Storage sector in a Sales, Marketing, and Support project.

The Hadid International Services, headquartered in the United Arab Emirates, opened a new branch in Brazil. The branch, together with its operations in the United States, will serve the market in the Americas. The Company has also strengthened its business structure around the world, establishing offices in India, the United States, Saudi Arabia, Sri Lanka, Turkey, Malaysia, and South Africa. The change makes it easier to serve Hadid's customers with local employees and media.

UNITED ARAB EMIRATES

FDI Overview

Jobs Created: 6 (estimated)

Investment: US \$ 10,50 million (estimated)

Type of FDI project: New

January 2012 – Emirates Airline, a subsidiary of the Emirates Group in Brazil

The Emirates Airline, a subsidiary of the Emirates Group (Dubai, United Arab Emirates), is investing in the city of the Rio de Janeiro, Brazil, in the Transport and Storage sector in a Sales, Marketing and Support project.

The Emirates Airline, headquartered in the United Arab Emirates, an international passenger air transport company, opened a new office in Rio de Janeiro, Brazil. The office will house nine employees and will support the launch of the airline's Rio-Dubai flight.

Jobs Created: 9

Investment: USD 2,50 million (estimated)

Type of FDI project: New

With the analyses of the projects, we can infer that, in the tourism sector, there is no relevant relationship between the United Arab Emirates and Brazil. However, this is not a trend in another sector, considering that, according to APEX Brazil, "the UAE's investments in Brazil grew 482% between 2010 and 2019". In addition, the 100% of the investments reported by Apex are equity holdings, it is possible to infer that the country has a long-term interest in Brazil.

Thus, is important to understand the investment profile of UAE, to model the best alternative to present the Brazilian tourism projects to possible Arab investors. Therefore, there are several bases of comparison that can be used in this investigation.

In this way, considering the Brazilian geography location and the Distance Decay Model (DDM) presented in the previous Bulletin, this exercise will be carried out about investments in tourism made by the UAE in other countries in Latin America and the Caribbean in the last 10 years. This is not the only way to analyze the world market about Brazil, but an adequate form due to its geographic peculiarities and its offer of attractions, which can be like those of other countries in this context.

UNITED ARAB EMIRATES

FDI Overview

In addition to the projects destined for Brazil, Latin America received another 5 investments from the UAE. The origin of this investments was from the Range Developments and the conglomerate Emirates (through its Group and Airline Companies). Below, there is a summary table of them:

| Ywar | Projetos | Capex (USD m) | Empregos |
|-------|----------|---------------|----------|
| 2020 | 1 | 83,9 | 412 |
| 2017 | 1 | 70,5 | 350 |
| 2014 | 2 | 21,0 | 16 |
| 2012 | 2 | 73,0 | 359 |
| 2011 | 1 | 15,3 | 11 |
| Total | 7 | 263,7 | 1.148 |

The Range Developments is a subsidiary of Range Holdings, founded in 2011. The company is primarily engaged in the development of luxury resorts in the Middle East and the Caribbean. It invested in Grenada, Santa Lúcia e São Cristovão e Névis. Their investment motive is usually tied to countries that offers incentives such as citizenship for investment³.

The Emirates conglomerate has the profile of investing in its operation, mainly focusing on airports with the inauguration of airline flights. For this reason, their investments have lower Capex and a reduced number of jobs created.

³ Brazil also has a form of incentive for granting Golden Vista, a visa for international investors who invest R\$ 1,000,000.00 in the South, Southeast, Midwest, or R\$ 700,000 in the North and Northeast regions, according to the law

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