



INTELLIGENCE REPORT

TOURISM

INVESTMENT

ATTRACTION

Volume 3  
3rd quarter | 2021

## **DATASHEET**

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Luiz Carlos Belém de Oliveira Filho

### **GENERAL COORDINATOR OF INVESTMENT ATTRACTION**

Juliana Inácio Agostini Ferraz

### **INVESTMENT MAPPING AND MARKET RESEARCH COORDINATOR**

Cinthia Fernanda Garcia Marques

### **ARTICULATION WITH INVESTORS COORDINATOR**

Renata Guimarães Machado Ramos

### **TECHNICAL TEAM**

Debbiê Glória de Araújo Nunes da Silva

George Harrison Gonçalves Fagundes

Paula Schulz dos Santos

# SUMMARY

<b>DATASHEET .....</b>	<b>2</b>
<b>SUMMARY.....</b>	<b>3</b>
<b>PRESENTATION.....</b>	<b>4</b>
<b>DATA AND INDICATOR .....</b>	<b>5</b>
<b>Business Environment .....</b>	<b>5</b>
Competitiveness of the business environment in Hospitality and Tourism - Brazil and Latin America .....	5
Dimensioning of the Brazilian tourist market .....	10
<b>UNITED ARAB EMIRATES .....</b>	<b>11</b>
<i>Country profile .....</i>	<i>11</i>
<i>FDI Overview .....</i>	<i>12</i>
<b>REFERÊNCIAS.....</b>	<b>16</b>
<b>LINKS ÚTEIS .....</b>	<b>16</b>

## **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.

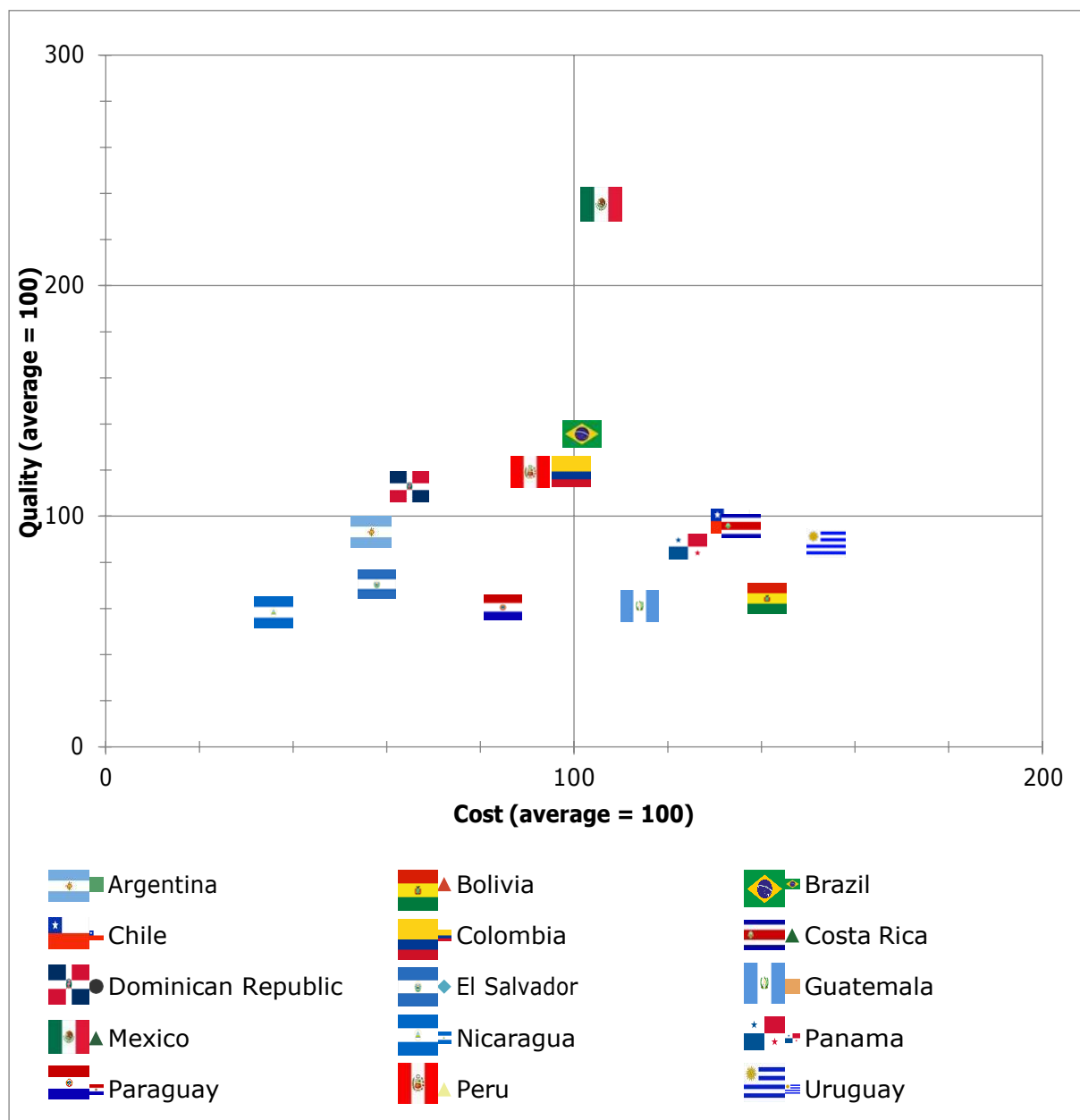
The theme selection was based on Brazil's participation in Expo Dubai, the renowned world exhibition organized by the *Bureau International des Expositions*. The current edition is taking place in Dubai, in the United Arab Emirates, in a period of 6 months: from October 1<sup>st</sup>,2021 to March 31<sup>st</sup>, 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 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2021.

*Table 1: Competitiveness comparison – General Ranking – 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2021*

State	Ranking			Nota		
	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Difference	2 <sup>nd</sup> quarter	3 <sup>rd</sup> 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
<b>Brazil</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>71,1</b>	<b>69,7</b>	<b>-1,40</b>
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 -2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2021*

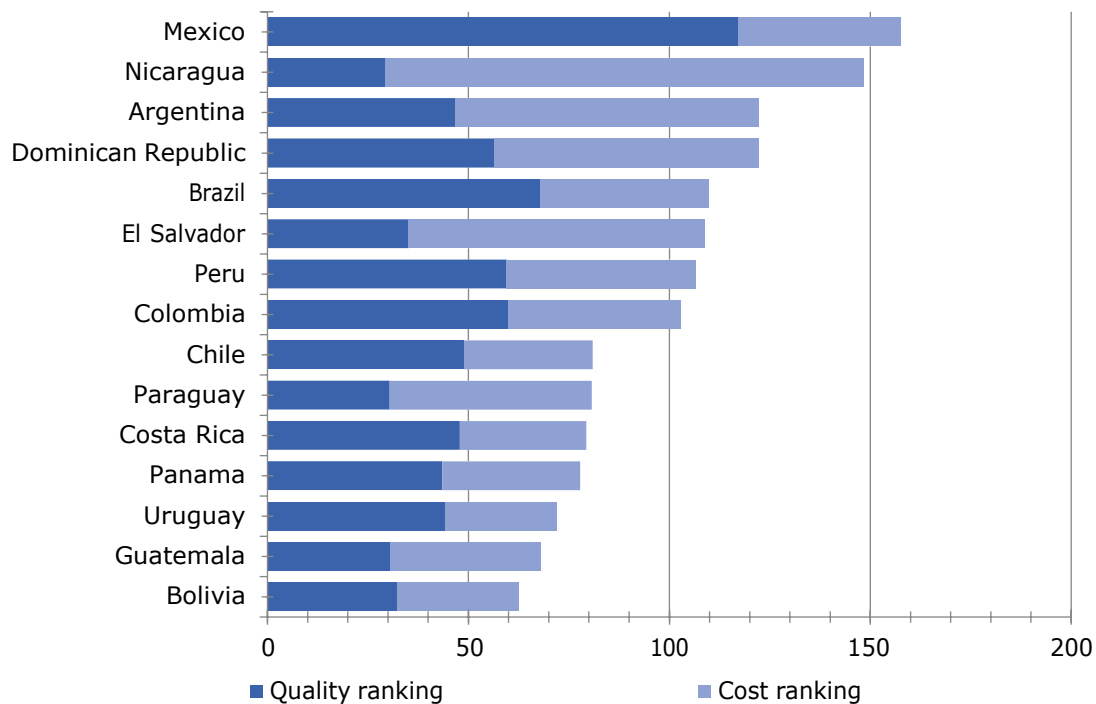
Local	Ranking			Nota		
	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Difference	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Difference
México	1	1	0	229,38	234,48	5,10
<b>Brazil</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>136,56</b>	<b>135,78</b>	<b>-0,78</b>
Colombia	3	3	0	123,39	119,6	-3,79
Peru	4	4	0	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 2<sup>nd</sup> position regarding quality and rose two colocations on the Cost ranking, occupying 8<sup>th</sup> 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 hospitability: Export competitiveness (55% weight), History (20% weight), Industry size (15% weight), and Industry specialization (10% weight)<sup>1</sup>.

*Table 3: Industry Cluster comparativeness – 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2021*

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

Data Source: fDi Benchmark, 2021

Overall, Brazil is occupying the 2<sup>nd</sup> 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 (2<sup>nd</sup> 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).

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<sup>1</sup> 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 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Difference
México	20,57	20,57	0
<b>Brazil</b>	<b>26,09</b>	<b>26,08</b>	<b>-0,01</b>
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
Bolivia	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](#)<sup>2</sup>. The increase recorded in the last year is due to the enlargement in the amount of the General Tourism Fund (FUNGETUR) since 2020, due to emergency credit. Below, the table 5 presents the difference in numbers of service providers registered between the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2021.

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<sup>2</sup> 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 – 2<sup>nd</sup> and 3<sup>rd</sup> quarter, 2021*

Activity	Numbers of servisse provides			
	1st quarter/2021	2 <sup>nd</sup> 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



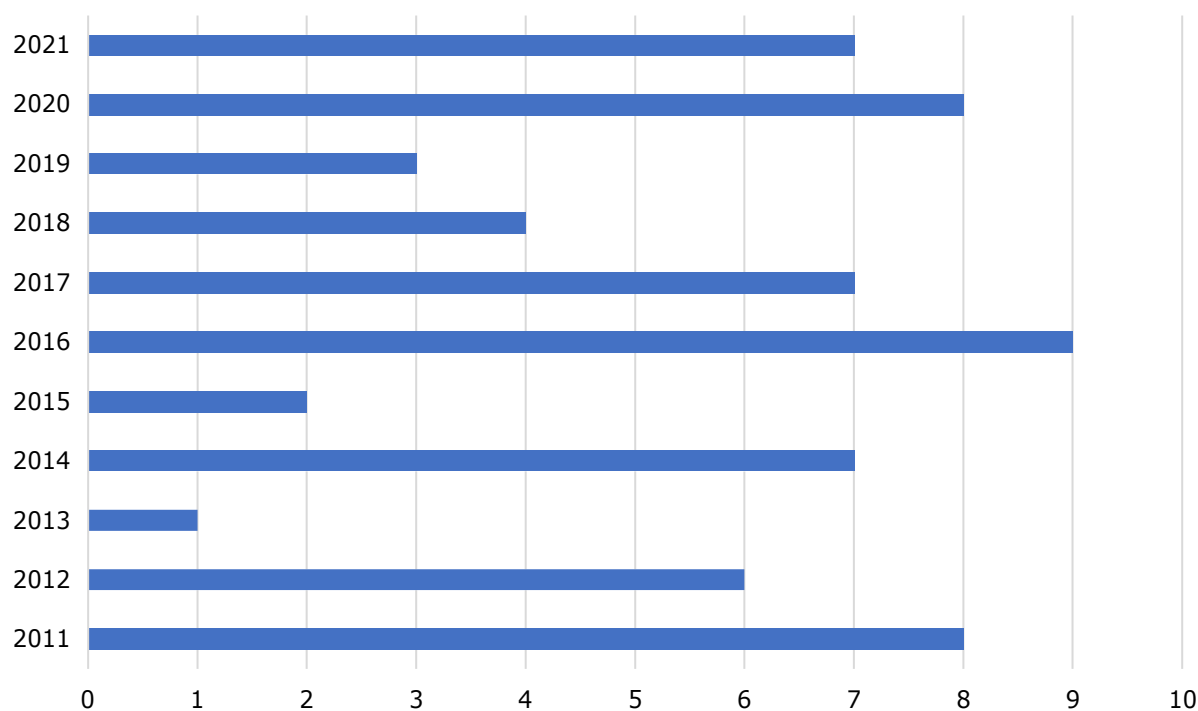
Dubai has 3.31 million of habitants (2019)  
Represent more the 90% of the GDP of United Arab Emirates  
Dubai constitutes the business mainly center of the country and the larger consumer market

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
<b>Total</b>	<b>62</b>	<b>5.270,3</b>	<b>10.443</b>

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:

<b>Investment destination</b>	Latin America and Caribbean
<b>Origin Market</b>	United Arab Emirates
<b>Sector</b>	Hotel and Tourism; Leisure and entertainment; Real estate market; and Transport and Storage
<b>Keyword</b>	"Tourism"
<b>Date</b>	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
<b>Total</b>	<b>7</b>	<b>263,7</b>	<b>1.148</b>

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 these investments was from the Range Developments and the conglomerate Emirates (through its Group and Airline Companies). Below, there is a summary table of them:

Year	Projects	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 investment<sup>3</sup>.

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.

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<sup>3</sup> Brazil also has a form of incentive for granting Golden Visa, 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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## USEFUL LINKS

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