

Island Economies of the Future 2017/18 Winners

SRI LANKA HAS BEEN NAMED **fDi**'s ISLAND ECONOMY OF THE FUTURE FOR 2017/18, WITH CYPRUS AND THE DOMINICAN REPUBLIC RANKING SECOND AND THIRD.
CATHY MULLAN REPORTS



Sri Lanka has ranked first in **fDi**'s inaugural study of island economies. According to greenfield investment monitor **fDi** Markets, the south Asian country attracted 172 inward investment projects between 2012 and 2016, the highest of all countries included in the analysis.

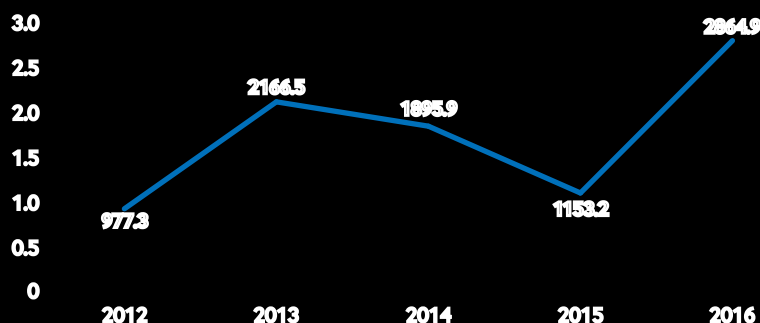
Data shows that 2016 was a bumper year for Sri Lanka's FDI, which increased nearly 147% from 2015, to reach more than \$2.8bn in estimated totals for announced projects, though some plans have been scaled back.

Between 2012 and 2016, financial services was the leading sector by number of projects, recording 43 investments. Food and tobacco, transportation and business services were the country's next biggest sectors for inward FDI across this period, each accounting for nearly 9% of the country's total.

Food for thought

The food and tobacco sector has become a more prominent FDI sector in Sri Lanka, accounting for 6.5% of total FDI in 2012, rising to 16% in 2016. According to a report by the Sri Lanka Export Development Board published in 2016, it is estimated that more than 2 million people are employed in the sector. Major investments have been made by companies such as Nestlé and

CAPITAL EXPENDITURE FROM INWARD FDI IN SRI LANKA, 2012-2016, (\$M)



Fonterra, and span a range of functions including manufacturing, logistics and training.

Sri Lanka is heavily in debt, requiring an IMF bailout in 2016, and this is a hot topic of conversation in the public debate regarding the future of the national economy. But the country enjoys a high GDP, the highest of all economies analysed (more than \$82bn at purchase parity rate), and a relatively low unemployment rate of 4.4% – well below the average of all 27 locations included (which stood at 11.6%).

Costs for potential investors are attractive, with minimum wages among the lowest of all island economies studied and hotel prices are much lower than other island destinations such as Barbados and Saint Kitts and Nevis.

The country boasts a unique geographical position, located on shipping routes between Singapore and India, and performs well on the World Bank's Liner Connectivity Shipping Index, ranking highest of all locations, and contributing to Sri Lanka's appearance in the top 10 locations in the Connectivity category.

In addition to placing number one overall in the first ever island Economies of the Future rankings, Sri Lanka also came top for the second year in a row in **fDi**'s Diversification Index of island economies.

Cyprus's ease of doing business

Cyprus has ranked second overall in the inaugural study, first in the Human Capital and Lifestyle category, and third in both the Economic Potential and Connectivity categories. ▶



Cost effective: Sri Lanka keeps costs low for potential investors, thanks to the lowest minimum wage among the island economies surveyed

**TOP 10 ISLAND ECONOMIES
OF THE FUTURE 2017/18 –
OVERALL**

RANK	CITY
1	Sri Lanka
2	Cyprus
3	Dominican Republic
4	Mauritius
5	Seychelles
6	Bahamas
7	Trinidad and Tobago
8	Jamaica
9	Antigua and Barbuda
10	Maldives

**TOP 10 ISLAND ECONOMIES
OF THE FUTURE 2017/18 –
HUMAN CAPITAL AND LIFESTYLE**

RANK	CITY
1	Cyprus
2	Barbados
3	Bahamas
4	Dominican Republic
5	Antigua and Barbuda
6	Mauritius
7	Maldives
8	Dominica
9	Jamaica
10	Seychelles

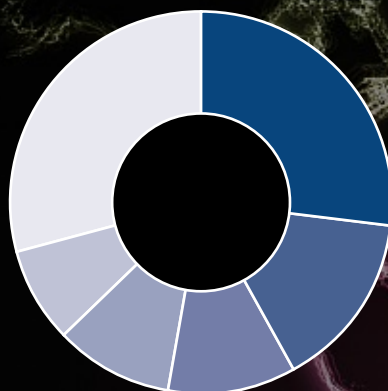
**TOP 10 ISLAND ECONOMIES
OF THE FUTURE 2017/18 –
CONNECTIVITY**

RANK	CITY
1	Dominican Republic
2	Bahamas
3	Cyprus
4	Mauritius
5	Maldives
6	Jamaica
7	Sri Lanka
8	Seychelles
9	Vanuatu
10	Micronesia



Worth the trip: the Dominican Republic's strong connectivity is the key to its thriving tourist industry

TOP SECTORS FOR FDI JOB CREATION, DOMINICAN REPUBLIC, 2012-2016



- Hotels and tourism 27%
- Business services 15%
- Real estate 11%
- Textiles 10%
- Consumer products 8%
- Other 29%

Source: FDI Intelligence

The only European economy to be included in the study, it boasted the second highest GDP per capita of all locations studied, nearly \$23,000 at purchase parity rate, and the highest

level of outward FDI of all locations.

Cyprus is home to several companies that actively invest in other countries, including online trading services company IronForex, which invested in 19 FDI projects between 2012 and 2016, and wood manufacturing company Kronospan Holdings, which invested in 12 projects.

Of the locations analysed, Cyprus is also the easiest country in which to do business, according to the World Bank.

Dominican Republic's connections

The Dominican Republic has ranked third of all island economies, also finishing first in the Connectivity category. The country is well known for its tourism industry, which between 2012 and 2016 was the leading sector for FDI job creation, accounting for just over one-quarter of the total FDI jobs created.

The country's six international airports serve 73 international destinations, the highest number of any location in the study. The Caribbean country welcomed nearly 6 million visitors in 2016, according to World Bank data. ■

TOP 10 ISLAND ECONOMIES OF THE FUTURE 2017/18 – ECONOMIC POTENTIAL

RANK	CITY
1	Sri Lanka
2	Seychelles
3	Cyprus
4	Dominican Republic
5	Antigua and Barbuda
6	Trinidad and Tobago
7	Bahamas
8	Mauritius
9	Saint Lucia
10	Maldives

TOP 10 ISLAND ECONOMIES OF THE FUTURE 2017/18 – COST EFFECTIVENESS

RANK	CITY
1	Timor-Leste
2	Vanuatu
3	Mauritius
4	Cape Verde
5	Maldives
6	Dominica
7	Samoa
8	Papua New Guinea
9	Solomon Islands
10	Trinidad and Tobago

TOP 10 ISLAND ECONOMIES OF THE FUTURE 2017/18 – BUSINESS FRIENDLINESS

RANK	CITY
1	Jamaica
2	Sri Lanka
3	Trinidad and Tobago
4	Dominican Republic
5	Saint Lucia
6	Madagascar
7	Cyprus
8	Mauritius
9	Antigua and Barbuda
10	Cape Verde



Clockwise from top left: Cyprus, Jamaica, Barbados, Dominica

FDI Strategy

A LOOK AT THE FDI STRATEGIES OF A NUMBER OF LEADING ISLAND ECONOMIES:
BARBADOS, CYPRUS, DOMINICA, JAMAICA, SAINT LUCIA AND TRINIDAD AND TOBAGO

BARBADOS

Staff at Invest Barbados are fully trained to international best practice standards in attracting investment, working with agencies such as IDA Ireland and the Caribbean Association of Investment Promotion Agencies to train staff. The agency is focused on expanding into foreign markets in efforts to attract investment, and is reaching out to potential investors through roadshows and in-market seminars.

Medical tourism is one of the agency's key target sectors, and the Barbados Fertility Centre is a world-class facility, where couples enjoy 75% success rates on treatment. Two new schools are planned in addition to the existing American University of Barbados, and students from the US can access federal loans and grants to study in the country.

CYPRUS

Working to help the southern European economy recover from a tumultuous period, Cyprus Investment Promotion Agency runs events and initiatives as part of a promotional campaign to attract invest-

ment. Promotional efforts abound, with exhibitions, conferences and roadshows taking place both domestically and internationally. A fresh and interactive website has been launched, and the agency is working with a social media consultant to improve its presence across social media platforms.

Each year, Cyprus Investment Promotion Agency runs awards that are bestowed upon companies that have made a significant contribution to the local economy. Companies are invited to speak with agency representatives at several events during the year in order to have any issues addressed.

DOMINICA

Invest Dominica Authority's investment promotion strategy centres around attracting investment in its tourism sector. The country's Hotel Aids Act grants a tax holiday spanning 20 years, and applies to approved hotel developments, and also offers a tax waiver on hotel furniture and building materials. Infrastructure developments include road infrastructure

improvements, and a new urban development project that will support new hotel projects. The agency's website, previously available in English, French and Spanish, is now also available in Chinese, to better reach prospective investors in Asia.

JAMAICA

Jampro, the agency for the Jamaican government's Ministry of Economic Growth, takes care of investment promotion activities, and runs a network of global offices from its main base in the capital, Kingston. Attracting the attention of potential investors at various roadshows in targeted markets, the agency has the support of the prime minister in championing the island's strengths, which lie in the BPO, tourism, agriculture and logistics sectors.

Jamaica's government is working to expand the road and highway network. It is investing in targeted projects including the Norman Manley International Airport and the Garmex, Kingston and Montego Bay special economic zones. ►

SAINT LUCIA

Tourism is the principal FDI sector in Saint Lucia and is heavily promoted by the national investment agency, Invest Saint Lucia. The sector accounts for 11% of the island's GDP and 13% of its workforce. The country enjoys a reputation for high-end luxury tourism, and demand for high-quality hotel accommodation outstrips supply. In addition, the agency seeks investments in manufacturing, which accounts 5% of the country's GDP.

Investors can benefit from trade conditions under rules employed by the Organisation of Eastern Caribbean States Economic Union and the Caribbean Single Market and Economy, both of which Saint Lucia is a member. Invest Saint Lucia's recently redeveloped website carries information on priority sectors and investment projects, while a newly released app and increased social media marketing will make it easier for the agency to reach investors.

TRINIDAD AND TOBAGO

Trinidad and Tobago's government is keen to wean the country from its dependence on the oil and gas sector, and move it towards hi-tech investment. As such, the Tamana InTech Park was established to focus on technology and innovation, and counts the University of Trinidad and Tobago as its anchor tenant.

The park offers investors energy-efficient and modern infrastructure, and Invest in Trinidad and Tobago is targeting local, regional and international investors in the software, BPO and financial services sectors.

The agency has produced a short video to attract investors, which is played on its website and conference presentations, and is given to potential investors as video cards at events. It has been translated into Mandarin, Spanish, Portuguese, Korean and Arabic. Digital ads are also on display at the national airport and a social media strategy ensures as many potential investors are reached as possible. ■

SPOTLIGHT ON DOMINICA ADVERTISEMENT FEATURE



A HOME FOR GLOBAL CITIZENS

Dominica has proven itself a world-class investment destination, earning high-profile recognition

Dominica is an emerging investment destination offering exciting opportunities for foreign investors in such sectors as tourism, wellness, ICT and water; and its potential for investment has now been recognised in the prestigious rankings by fDi Magazine.

In the **fDi** Island Economies of the Future 2017/18 rankings – which identifies the island nations with the best potential for future investment – Dominica has placed within the Top 10 list in two important categories. The country places sixth for Cost Effectiveness and eighth for Human Capital & Lifestyle. With companies searching for good quality talent and low costs, Dominica's scores in these shortlists prove the virtue of its cost-quality occasion.

Dominica as an eco-tourism destination is at its cusp of economic and social development, the island has the natural resource base on which high end, sustainable niche investment opportunities such as luxurious high-end boutique hotels, geothermal energy and other green energy industries, export of mineral and spring water, agro-processing and manufacturing of niche products can be explored and translated into sustainable investment opportunities that will redound to the benefit of investors and citizens. The island is known for its flora and fauna, and is the best place to live evident by the number of centenarians per capita, as well as its low crime rate.

Opportunities exist in the following areas:

• **Eco-tourism** There is a growing demand for sustainable tourism focusing on the incorporation of renewable energy. The topography of the island lends itself to properties and adventures centered on nature.

• **Health and wellness** Dominica provides a particular niche in health and wellness with its abundance of natural herbs with medicinal properties, volumes of clean water both surface and spring, hot water springs, sulphur and lush forests with various flora and fauna.

• **Water export** Due to the volumes of clean surface and spring water, the island provides the opportunity for export of pure mineral water and spring water.

• **Business Process Outsourcing** The information and communication sector is a budding sector that seeks to attract small specialised niche business outsourcing companies.

Dominica also has the right business climate for foreign investments. It has the attributes that global citizens are looking for and it is no wonder that we are considered the preferred island for the attainment of citizenship in the Caribbean. Dominica is the right place, for now and for the future.

Sponsored by

