Warm welcome to paradise

With an ambitious government privatizing state-owned enterprises and seeking substantial foreign investment, the Maldives is set for major economic success as greater transparency and new regulatory controls perfect the climate for Japanese investors.

University-recognized as one of the world’s most beautiful countries, the Maldives is entering a golden-era as its ambitious government invites investors to explore a wealth of investment opportunities.

Comparing a chain of nearly 300 coral islands, the sun-bleached fringing atoll has long been popular with tourists and has ecotourism, thanks to its perfect beaches, marine life and lush landscape.

While tourism is undoubtedly the strongest and fastest-growing industry, other areas of interest include financial services, shipping, building, commercial processing, handicraft, and food and sound mining.

Japan is one of the country’s main export partners, along with Thailand, France, the U.K., Sri Lanka, Algeria and Italy.

Foreign enterprises operate successfully in sectors like air transportation, resort management, manufacturing and accounting, but there is still plenty of untapped potential for direct investment (FDI).

The country’s natural beauty and marine ecosystem attract more than 600,000 tourists per year, with the majority staying on one of the 80 inhabited “coast” islands, having flown in to the international airport in the capital Malé.

These enterprises and organizations have helped the economy record average annual growth of 5 percent over the past decade.

The Maldives’ young and lifestyle-friendly nation is a key asset for future growth.

Since the democratically elected government of President Mohamed Nasheed’s “New” Maldives came to power in November 2008, officials have set a number of strategic goals to reform the nation’s regulatory framework and increase its social and economic development.

The blueprint aims to develop the country in a sustainable manner, boost living standards, diminish the gap between rich and poor, and provide better healthcare and basic education. However, a hefty budget deficit left to the previous administration means the Maldives is actively seeking partnerships with foreign private-sector companies in order to meet these targets and improve the quality of life for its 360,000 citizens.

“We want to improve the quality of life for Maldivians and implement changes as quickly as possible. We are asking the international community not to give money to the government but to invest in the Maldives through the private sector,” said Mohamed Nasheed, President.

“Maldives is a small country, but we cover a large area, and can provide a stable and take over the projects in our sectors as our marine security is very high. The Japanese position we have to do a lot more marketing and be aggressive while doing business. We have plenty of capacity yet to be developed,”

President Nasheed adds: “We believe there is a lot of room for diversification in the fishing industry and our sales abroad sectors at our marine resources is very high. The Japanese know this and we expect a lot of our potential users there. This country has two main markets. First, the domestic market which has been developing very well and secondly is the international market which has been growing in the last several years.”

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The Nasheed administration has emphasized on diversifying the catch process to strengthen good governance and local democracy by dividing the country into seven regions. The plan will lead to less red tape for local communities, with joint decision-making on management and the drafting of community-oriented strategic partnerships in areas including real estate, utility networks and transport.

Officials are particularly interested in investments that are capital intensive and commercially-friendly, and that enhance transfer of technology while introducing new skills. The government is also setting up special economic zones, industrial zones and marine zones. It hopes other investments will follow suit.

Economic Development Minister Mohamed Nasheed confirms that the government wants low involvement in the private sector, and encourages investors to act as facilitators and market regulator while bringing complete transparency to the system. “The government should only be making policies, evaluating and regulating,” he says.

“We do not have a diversification to a more form of money. I believe there is a lot of potential here for Japan and I would like them to be investment partners, not just that we are looking into technology transfers. They can use the Maldives as a stop to Europe,”

Foreign investors, irrespective of their size, are encouraged to develop operations in all sectors. Major multinational companies such as banking conglomerates HSBC and accounting giants Ernst & Young and PriceWaterhouseCoopers are strongly established there.

Invest Maldives is a government agency entrusted with promoting and regulating FDI and helping potential investors with all the paperwork involved in registering new business entities. It offers help and advice to investors through a one-stop shop for all investment coming into the Maldives.”

“Invest Maldives is a one-stop entity runs an inter-national community to not give money to the government but to invest in the Maldives through the private sector. "If an investor comes to us, then Invest Maldives will shop for all investment coming into the Maldives,” explains Mohamed Ali Sabine, minister of state for Economic Development.

“We are trying to speed up this process and the whole administration is now very transparent, with government projects no longer receiving preferential treatment as they did under previous administrations,”

The State Trading Organization, plc (STO) is a public company that was initially founded to promote local fisheries and now faces the tough job of developing the fishery sector in packing, processing and shipping to Japan.

“We are the main importers and distributors of staple foods to the country” says STO Chairman Parveen Umar. “We are also responsible for providing energy security because we are the main importer and distributor of oil and fuel.”

“We are very interested in developing a good relationship with Japan and are looking for FDI in hotel development as well as our commodity operations in Singapore. STO is most interested in the fishery sector in the Maldives and we are looking into technology transfers with Japan to promote local fish products as a premium brand in global markets. We are promoting the marine resource potential here.”

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“We want to open up sectors such as transport, real estate, health education, airports, utilities and airlines.”

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The Maldives has a strong tourism industry, with international and domestic tourists contributing significantly to the national economy. The government has recognized the importance of tourism and has taken steps to develop infrastructure and promote the islands as a prime destination. The Maldives has a runway that is capable of handling both passenger and cargo operations, and it is the only airport in the world that is solely owned by a private company. The airport has been expanded and modernized, and it is now equipped to handle international flights and operate as an international airport.

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Tourism is key to success

The Maldives’ sun-kissed shores and crystal-clear waters are a dream destination for any vacationer. Its tourism industry is thriving in response to new, luxury resorts and hotels — most of them foreign owned — are opening monthly as record numbers of visitors enjoy the country’s stunning natural beauty, high-class hospitality and friendly welcome.

Tourism remains by far the strongest sector of the Maldivian economy, with more than 600,000 tourists staying at 114 facilities, in a world-wide selection of 94 resorts and 13 hotels in 2008 — a 12 percent increase from the previous year. Asia is the country’s second-largest source of tourists, with 160,000 visitors in 2008, up 0.8 percent from 2007. The average duration of stay jumped to 8.8 days last year, from 7.9 days in 2007, as tourists continued to enjoy the idyllic stunning natural beauty. Up to 15 new resorts and hotels are slated to open in the next year.

While many tourists focus solely on the beaches and turquoise-water Indian Ocean, the Ministry of Tourism, Arts and Culture plans to showcase the country’s rich 3,000-year history with several heritage sites that we hope to uncover. I feel that Japan is more than just a market — it’s also a partner to the tourism sector. We are trying to promote ourselves to the Japanese in different ways so that we can offer them something fresh and attractive.

Beating five island resorts with more than 1,000 rooms, Villa Kalamu is the largest hotel in the Maldives.

The brand-new five-star Shangri-La’s Villingili Resort & Spa, Maldives www.shangri-la.com

“Tourism is more than just a market — it’s also a partner to the tourism sector in the Maldives.”

Alfried Ali Rassum, Minister of Tourism, Arts & Culture

One major project currently under consideration will be interesting to increase cooperation between the Maldives and Japan: a Japanese carrier that will fly to the Maldives.

“We are interested in finding international partnerships. Japan is more than just a market — it’s also Japan. We have done a lot of business with Japan during my career, and feel that Japan is more than just a market — it’s also Japan. We have done a lot of business with Japan during my career, and feel that Japan is more than just a market.”

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“At Lily Beach Resort & Spa, we have introduced a premium all-inclusive Platinum Plan that is the first of its kind in the Maldives. Giricura is currently backwater friendly, this product is the perfect answer for clients looking for absolute value.”

Also in the high-end range, and created exclusively for the luxury resort market, Shangri-La Resorts are seen as hallmark of excellence. The company’s Resortбал development was recently voted the world’s best resort by readers of a leading travel magazine. The resort has the perfect mix of water villas and beach villas.

Luxury hotel group Tropicana Pvt. Ltd. is run by locally owned company Lily Hotels Pvt. Ltd. and operates two top hotels in the Maldives — Island Bungalow and Lily Beach Resort & Spa. “Given the variety of wonderful resorts in the Maldives, the challenge was to create unique experiences within the luxury segment,” says Alheid Morte, managing director of Lily Hotels.

“We have successfully produced two luxury resorts under the Tropicana Experience marketing umbrella to offer the discerning customer a unique Maldivian luxury experience.”

This report was produced by Global Insight. It can also be read online at www.japantimes.co.jp/international reports.