

MOZAMBIQUE: BOOMING TOURISM SECTOR BRINGS GREAT BENEFITS TO THE COUNTRY



Mozambique, the south African country, has distinguished itself over the past decade by a particularly dynamic economy with an average growth rate of 7%. While the fall in commodity prices and the very high level of its public debt have negatively impacted its extractive industry, crushing growth to 3.8% in 2016, the African Development Bank (AfDB) – after an improvement to 4.7% in 2017 – forecasts a further increase to 5.3% this year. While this good vintage would be mainly driven by the increase in coal exports and agricultural production, the booming tourism sector should nevertheless be an important factor.

Recent studies show that the tourism sector in Mozambique is expected to be very dynamic in the coming years. Recent surveys by the World Travel and Tourism Council (WTTC) in particular reveal **Mozambique, Angola and Uganda as the fastest growing African destinations for leisure travel between 2016 and 2026**. A tourist force that resides in its "very open" visa policy and its natural resources, including safari parks, its many pristine islands and beaches.

The Next 10 Years Are Promising

According to a country focus published in March 2018 in which the WTTC studies the impact of tourism on the Mozambican economy, the country – after having welcomed 1.57 million visitors – should rise to 2.48 million in 2018, before reaching 3.59 million visitors in 2028. According to the same source, the direct contribution of tourism to GDP in 2017 was 3.4% or 29.1 billion meticaais, coming from the activities of hotels, travel agencies, airlines and other means of passenger transport. The WTTC expects a better performance in 2018, at 31.3 billion meticaais.

At the same time, the total contribution of the tourism sector to Mozambique's GDP, including the broader effects of supply chain investment and induced income, reached 75.2 billion meticaais in 2017, or 8.8% of GDP, and is expected to rise to 80 billion meticaais in 2018, or 9% of GDP. The WTTC forecasts an annual increase of 4.9% to reach 125.5 billion meticaais by 2028.

Attracting Hotel Chains

Last week, the world leader in travel and lifestyle – the French AccorHotels – announced a "strategic" presence in Mozambique where their very first hotel operated under the Mövenpick brand will open its doors in 2021 in Maputo.

Thousands of kilometers from the Mozambican capital, a week earlier, in Nairobi, Kenya – on the fringes of the Africa Hotel Investment Forum (AHIF) – its main competitors were also revealing their plans for

this Portuguese-speaking market where Radisson Hotel Group rushed two years ago, erecting two imposing towers in the middle of the city. Indeed, the American Marriott will sign its entry on this market in 2023 with the Four Points by Sheraton Nampula. Hyatt, on the other hand, is currently "looking for opportunities to set up in Mozambique".

Among the youngest, the appetite for Mozambican hotels is just as strong. The Rani-Africa group of Saudi millionaire Adel Aujan is under construction on the island of Bazaruto – a seaside resort and nature reserve with an international reputation. He is expected to open a five-star hotel there in December, two months from now. The same goes for the Spanish Melia Hotels International, which is preparing to open its first local establishment at the end of the year. For its part, the Onomo group announced last April that Mozambique would be the next step in its development after Cameroon.

Business tourism, the Other Target

It is the promising forecasts that attract international hotel chains. "Thanks to its close ties with South Africa, the economic center of the region, its growing importance as a regional business center and its future tourism potential due to its cultural wealth and protected Indian Ocean coastline, Mozambique is a key country and a growth driver for future development prospects," said Marks Willis, Managing Director Middle East & Africa AccorHotels. He insisted: "The time is right for this establishment in Mozambique, a market of strategic importance".

By setting up in Mozambique, international hotel chains are targeting not only mass tourism, but also business tourism. In a country where business dealings are becoming more and more important, operators are naturally looking to position themselves.

Demanding Market

These investments – whose amounts remain unknown – are precious for the Mozambican government, which has been trying since last year to attract foreign investors as much as possible to increase the country's FDI index. With regard to tourism, several specialists now agree that Mozambique is not yet fully exploiting its potential.

Recently, the government has been trying to explore this avenue, which is fully integrated into the country's development strategy. In this sense, the Ministry of Tourism is carrying out a project to transform the capital Maputo into a tourist center. Budget: €190 million. During a media outing National Director of Tourism Fatima Romero said that, to achieve this, the government is relying on public-private partnership (PPP) and that "a working group has been created, involving the private sector and all stakeholders in tourism sector development in downtown Maputo."

Further from the capital, in the Crusse and Jamali Islands – in the southeastern province of Nampula – the National Tourism Institute of Mozambique (Inatour) is actively seeking investors for the project of a

\$365 million tourist complex. **The site is expected to house five-star hotels, villas, cottages, casinos, golf courses and a shopping center, among others.** These are just a few of the many tourism projects supported by the State.

If Mozambique's tourism growth forecasts come true, there is no doubt that – as with any investment in a buoyant market – the companies that have invested in it could reap significant benefits in the long term, or even in the medium term.

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