

# Montenegro: Travel & Tourism Development and Investment Potential

Jean-Claude Baumgarten, WTTC Vice Chairman

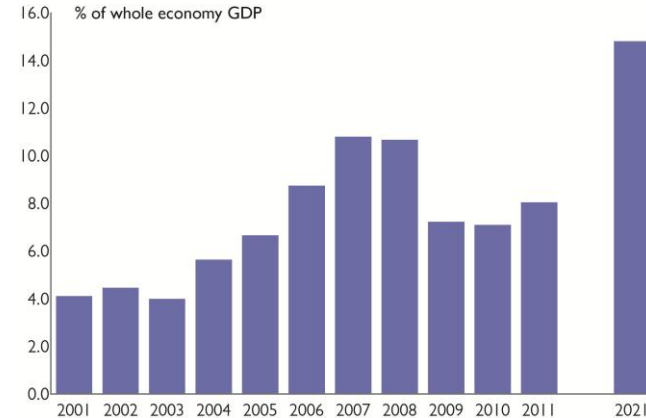
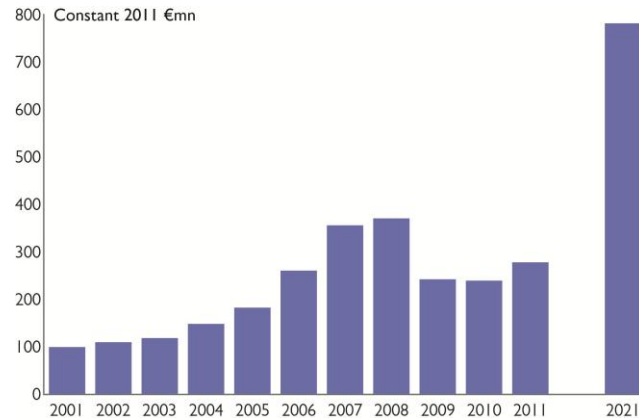
# WTTC and Montenegro

- Third report commissioned by the former Minister of Tourism (& Sustainable Tourism): first two completed in 2004 and 2007.
- Message has changed very little – if anything, we are more optimistic now than seven years ago, despite the global economic recession and credit crisis.
- WTTC's economic impact analysis and forecasts are all very positive.



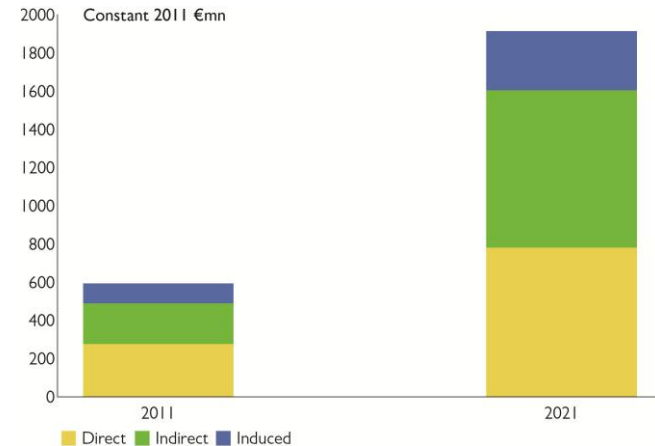
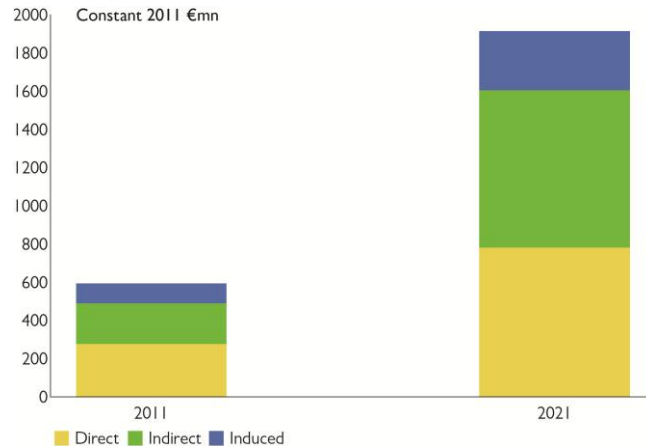
Travel & Tourism:  
Economic Impact  
**MONTENEGRO**

# Direct contribution of Travel & Tourism to GDP



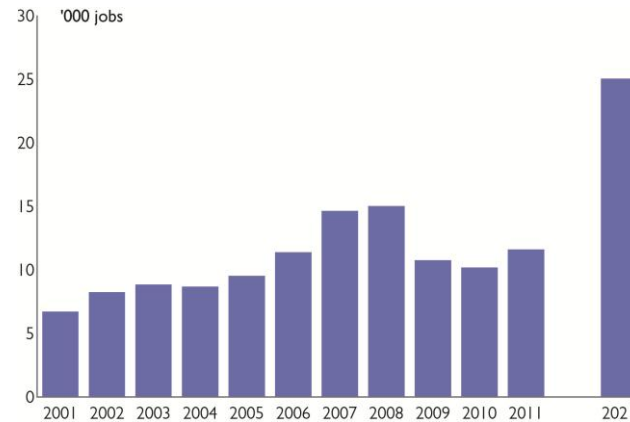
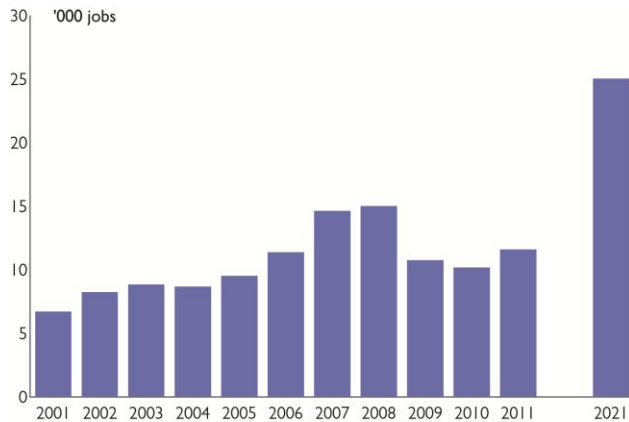
- Direct contribution of T&T to GDP in 2011: €278.3mn, or 8.1% of GDP – recovery from decline in 2009 and stagnation in 2010.
- This reflects primarily the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transport. But also restaurant and leisure industries directly supported by tourists.
- Expected to grow by 10.9% pa to €782.1mn (14.8% of GDP) by 2021

# Total contribution of Travel & Tourism to GDP



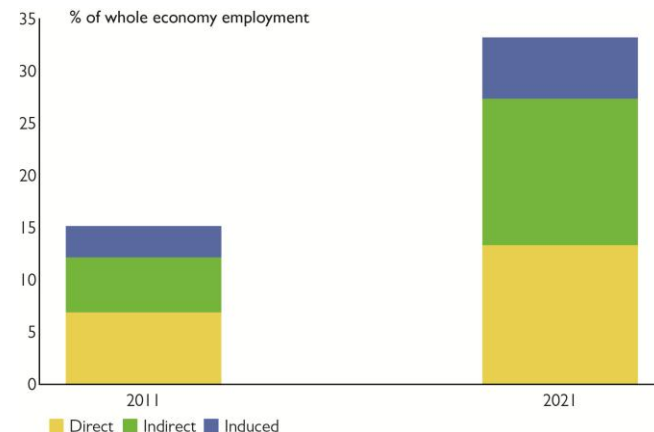
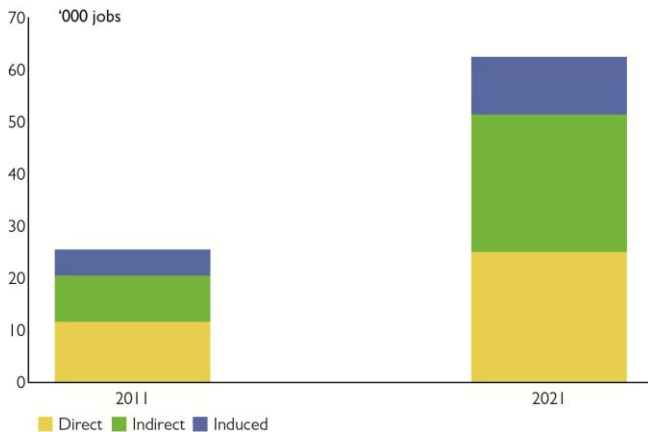
- The total contribution of Travel & Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts) is expected to be €593.8mn in 2011, 17.2% of GDP.
- It is forecast to rise by 12.4% pa from €1,915.1mn by 2021 (36.3% of GDP).
- The total contribution of Travel & Tourism includes its 'wider impacts' (ie the indirect and induced impacts) on the economy.

# Direct contribution of T&T to employment



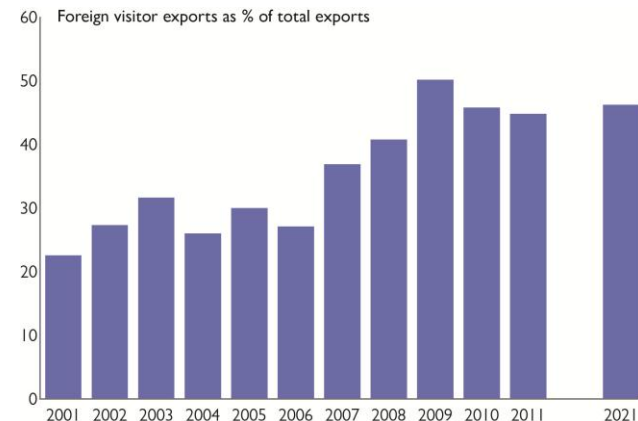
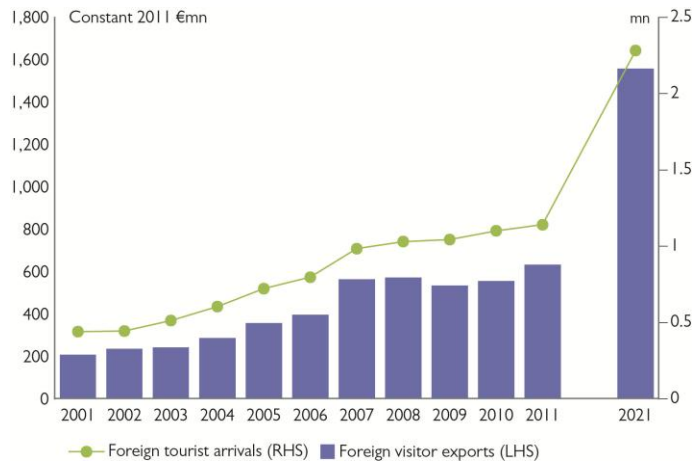
- 12,000 jobs directly in T&T in 2011 – 6.9% of total employment.
- This includes employment by hotels, travel agents, airlines and other passenger transport services, as well as in restaurants and leisure attractions, etc.
- By 2021, Travel & Tourism will account for 25,000 jobs directly – an increase of 13,000 (115.4%) over the next ten years.

# Total contribution of T&T to employment



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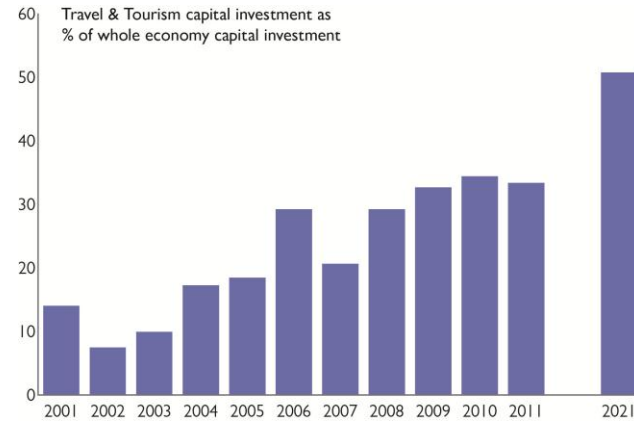
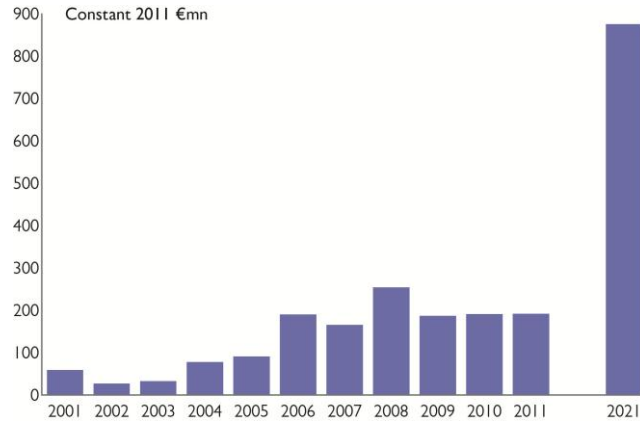
# Visitor exports



- Visitor exports are a key component of the direct contribution of Travel & Tourism. Montenegro is expected to attract 1.15mn international tourist (overnight visitor) arrivals in 2011, generating €633.8mn in visitor exports (foreign visitor spending, including spending on transport).
- By 2021, international tourist arrivals are forecast to total 2.3mn, an increase of 7.2% pa, generating expenditure of €1,558.8mn.



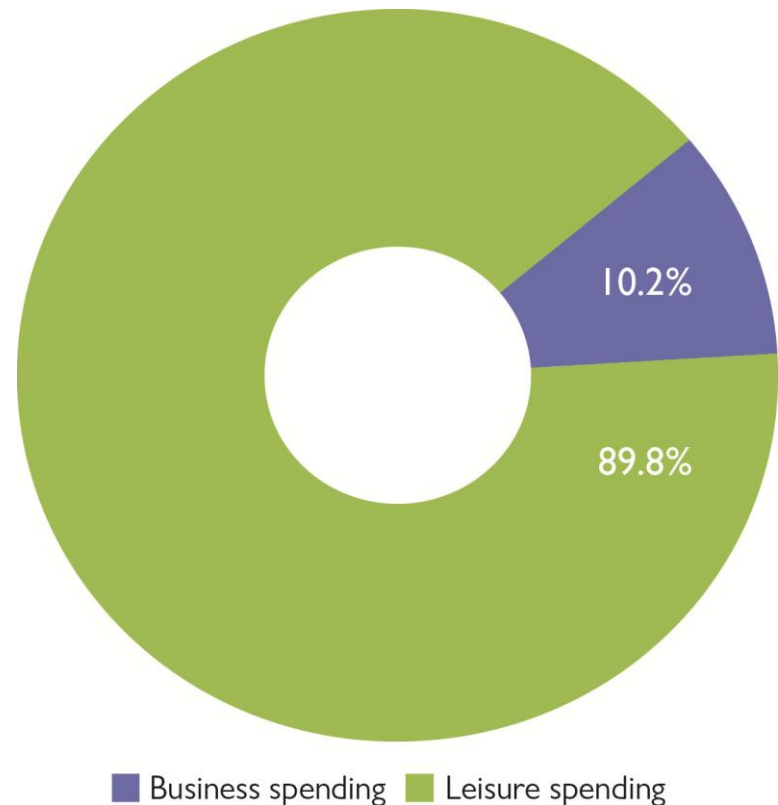
# Investment



- Travel & Tourism is expected to attract capital investment of €192.1mn in 2011, rising by 16.4% pa to €876.4mn in 2021.
- Highest annual growth in the world!
- This means that Travel & Tourism's share of total national investment will rise from 33.4% in 2011 to 50.8% in 2021.

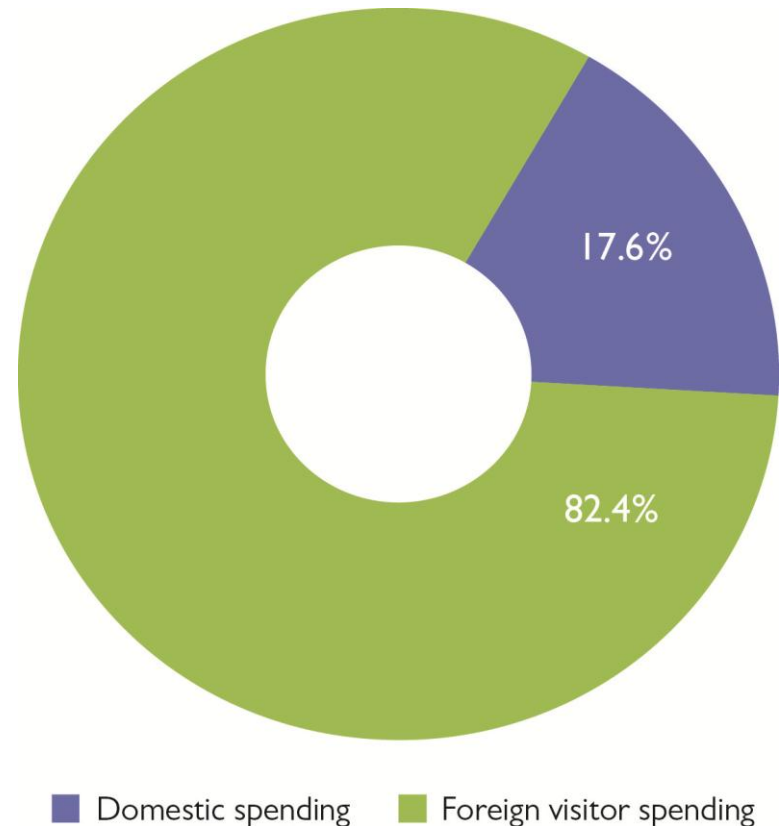
# Business vs leisure

- Leisure travel spending (inbound and domestic) is expected to generate 89.8% of direct Travel & Tourism GDP in 2011 compared with 10.2% for business travel spending.
- Leisure travel spending is expected to total €682.8mn in 2011, rising to €1,523.7mn in 2021.
- Business travel spending is expected to total €77.4mn in 2011, rising to €212.7mn in 2021.



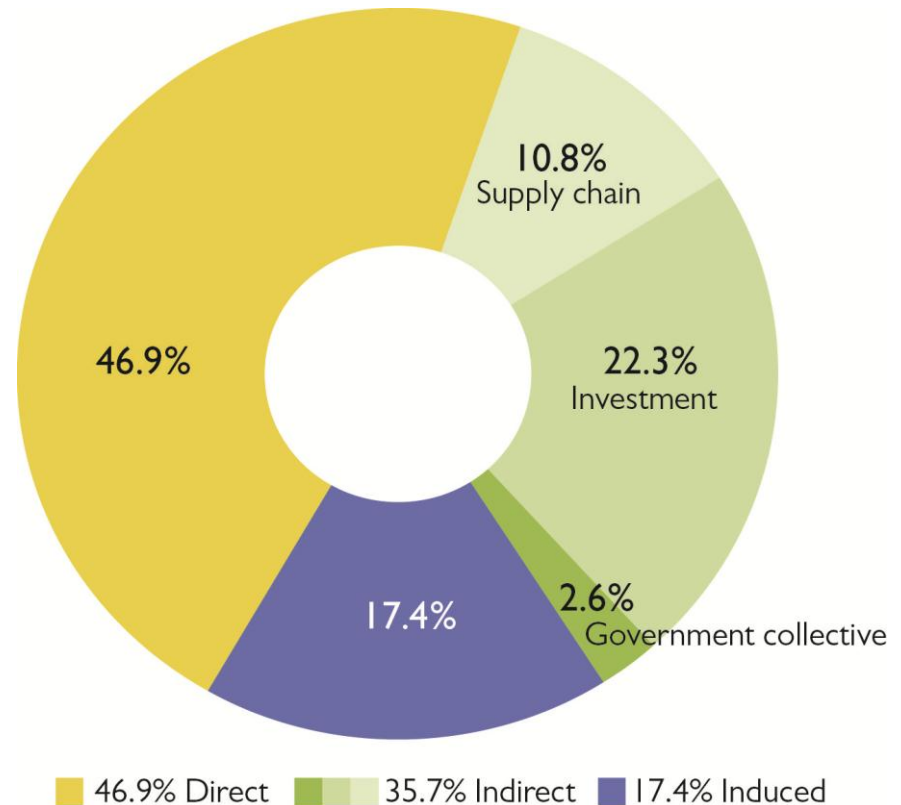
# Domestic vs foreign travel

- Domestic travel spending is expected to generate 17.6% of direct Travel & Tourism GDP in 2011 compared with 82.4% for visitor exports. (ie foreign visitor spending or international tourism receipts).
- Domestic travel spending is expected to total €135.6mn in 2011, rising to €200.5mn in 2021.
- Visitor exports are expected to total €633.8mn in 2011, rising to €1,558.8mn in 2021.



# Breakdown of T&T's total contribution to GDP, 2011 (%)

- The Travel & Tourism industry contributes to GDP and employment in many ways.
- This shows the direct contribution (yellow 46.9%) as against the indirect contribution (green 35.7%, comprising government collective spending and investment) and, finally, the induced contribution (blue 17.4%) – eg spending by people working in T&T.



# **COUNTRY LEAGUE TABLE RANKINGS**

**10-year real growth  
2011-2021**

# T&T's direct contribution to GDP

## Travel & Tourism's Direct Contribution to GDP

2011 - 2021 (10-year real growth % pa)

<b>1</b>	<b>Montenegro</b>	<b>10.9</b>
45	Bosnia Herzegovina	5.7
53	Poland	5.5
83	Macedonia	4.9
	World Average	4.4
110	Croatia	4.4
124	Russian Federation	3.9
130	Slovenia	3.7
149	Slovakia	3.2
161	Italy	2.6
167	Czech Republic	2.3

# T&T's total contribution to GDP

## Travel & Tourism's Total Contribution to GDP

2011 - 2021 (10-year real growth % pa)

<b>1</b>	<b>Montenegro</b>	<b>12.4</b>
44	Bosnia Herzegovina	5.7
60	Poland	5.4
82	Macedonia	4.8
108	Croatia	4.3
	World Average	4.1
118	Russian Federation	4.0
128	Slovenia	3.7
152	Slovakia	2.8
169	Italy	2.0
174	Czech Republic	1.7

# T&T's direct contribution to employment

## Travel & Tourism's Direct Contribution to Employment

2011 - 2021 (10-year real growth % pa)

<b>I</b>	<b>Montenegro</b>	<b>8.0</b>
74	Poland	2.7
	<b>World Average</b>	<b>1.9</b>
122	Macedonia	1.7
127	Italy	1.6
131	Bosnia Herzegovina	1.5
134	Slovenia	1.5
149	Slovakia	1.0
150	Croatia	1.0
161	Russian Federation	0.2
172	Czech Republic	-0.2



# T&T's total contribution to employment

## Travel & Tourism's Total Contribution to Employment

2011 - 2021 (10-year real growth % pa)

<b>I</b>	<b>Montenegro</b>	<b>9.4</b>
87	Poland	2.3
	<b>World Average</b>	<b>2.2</b>
122	Macedonia	1.6
126	Bosnia Herzegovina	1.5
134	Slovenia	1.3
142	Croatia	1.1
144	Italy	1.0
153	Slovakia	0.4
158	Russian Federation	0.0
173	Czech Republic	-0.9

# Travel & Tourism investment

## Travel & Tourism's Investment

2011 - 2021 (10-year real growth % pa)

<b>1</b>	<b>Montenegro</b>	<b>16.4</b>
15	Poland	7.3
30	Russian Federation	6.4
31	Macedonia	6.4
58	Croatia	5.6
	<b>World Average</b>	<b>5.4</b>
80	Bosnia Herzegovina	5.0
85	Slovakia	4.8
100	Slovenia	4.4
151	Czech Republic	2.6
168	Italy	1.7

# Visitor exports

## Visitor Exports

2011 - 2021 (10-year real growth % pa)

<b>2</b>	<b>Montenegro</b>	<b>9.4</b>
34	Poland	6.3
50	Bosnia Herzegovina	5.9
78	Macedonia	5.2
99	Croatia	4.6
	<b>World Average</b>	<b>4.3</b>
118	Slovenia	4.0
140	Slovakia	3.3
144	Russian Federation	3.3
156	Italy	2.5
171	Czech Republic	1.7

# WTTC's conclusions ...

- Everything a country needs to develop as a leading tourism destination:
  - Spectacular natural resources... beautiful beaches, unspoilt nature, fascinating history and culture
  - Opportunities for all kinds of activities, from swimming and sunbathing to yachting, golf, hiking & biking and adventure sports, including niche segments like bird watching
  - New destination that has avoided many of the pitfalls suffered by the Mediterranean hotspots (over-building...)

# WTTC's conclusions ...

- Most importantly, government commitment to tourism development
- Commitment to developing the basic infrastructure to stimulate, support and facilitate investment
- Commitment to creating the underlying conditions necessary for market confidence, dynamism and – most importantly – sustainability
- Simplifying procedures, cutting taxation, improving legislation – all with the aim of generating ‘smart growth’ in line with the longer-term goal of being a green economy.

## **... and recommendations**

- Ensure that the basic Travel & Tourism infrastructure is adequate and appropriate to support the forecast growth in demand, as well as the planned development of hotels, resorts and other tourism facilities and attractions
- Improve accessibility, especially with regard to air links into the country
- Invest more heavily in human resource development and training

## **... and recommendations**

- Extend the tourism season and spread the benefits of tourism more equitably across the country, to all local communities
- Improve the quality of tourism products and facilities
- Encourage market and product diversification
- Increase investment in marketing and promotion.

**Thank you**

**Any questions?**