

SUSTAINABLE FOREIGN DIRECT INVESTMENT IN TOURISM SECTOR OF DEVELOPING COUNTRIES

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Abstract

Tourism-related capital investment has grown massively during the last few decades and is predicted to continue growing after 2010. Also, there is increasing motivation on the part of all stakeholders in tourism sector to make this investment more sustainable. Foreign direct investments (FDI) are one of the possible funding sources in the tourism sector, particularly in developing countries. Developing countries, if they wish to promote sustainable development in the context of tourism, should be extremely cautious in attracting FDI in this sector. It is necessary to attract sustainable FDI.

Central questions which will be addressed in this article are what is meant by sustainable FDI in the tourism sector, what the basic dimensions of such investments are and why should developing countries need them. These questions will be addressed through the literature review of FDI in tourism sector and their relationship to principles of sustainability, the results of up to date researches of this topic. The authors will try to draw the attention of IPAs in developing countries to the main components of all four dimensions of sustainable FDI in tourism sector. The final aim of the authors is to inspire the IPAs in developing countries to enter the fourth generation of investment promotion in hope that this will ensure the sustainability of tourism sector in such countries.

Keywords Foreign direct investment, Tourism sector, Sustainable development, Competitiveness

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