Canary Islands Seizing the Global Growth Opportunity

The region is emerging as a dynamic international hub for technology businesses & investors in Africa

In its long history dating back to the early Phoenician explorers, the Canary Islands have known extended periods of prosperity, notably when the Atlantic archipelago served as a stopping point for European traders on their way to and from the Americas.

Now the islands and their outgoing and vibrant inhabitants are poised for a new era of growth, as nearby countries in northern and western Africa enjoy a sustained economic boom, digital technologies enhance connections with the European mainland, and a corporation tax rate of just 4% attracts increasing levels of investment in high-tech industries and outsourcing centres.

“We are less than 150 kilometres from western Africa, where the level of economic development is gradually converging with European standards,” says Fernando Clavijo, President of the regional government of the Canary Islands. “At the same time we can provide investors with exceptionally low tax rates and with the legal stability that comes from being part of the European Union.”

A combination of trends is driving the internationalisation of the islands’ economy and its diversification away from its traditional mainstay of tourism. On the one hand, international investors are increasingly using the archipelago as a centre for servicing their operations in Africa. “We are emerging as a hub for West Africa, especially for the oil and gas and mining sectors,” says Pablo Martín Carbajal, CEO of Proexca, the economic development organisation for the Canary Islands. “In the same way that Singapore is a base for Asia, so companies can serve African markets from here.” Meanwhile, rising numbers of technology businesses, from television and film producers to online marketers and digital nomads, are discovering the potential of the islands as a low-cost and low-tax corporate base, complete with an enviable quality of life and year-round sunshine.

The competitive advantages of the region are not restricted to its climate and tax rate. Unlike many other island jurisdictions, the Canaries are home to a young, well-educated and multi-lingual population. An increasing proportion of them are now staying on the islands to take up well-paid jobs in the technology and outsourcing sectors.

“In the past, talented young people would graduate from our universities every year and go to work on the Spanish mainland, or in London, Berlin, or elsewhere,” Clavijo says. “We are now creating high-value employment opportunities for them here on the islands. Any foreign company that wants to set up business in the Canary Islands will find a deep pool of local talent, while the quality of life makes it easy to attract internationals.”

“Investment in education and training is critical,” says Pedro Ortega Rodríguez, the islands’ Minister of Economy, Industry, Commerce and Knowledge. “Our internationalisation strategy is preparing our young people for a globalised, diversified Canary Islands.”

Driven by record numbers of tourists and rising levels of foreign investment, Ortega estimates that the regional economy will expand by 3.2% in 2017.

“The key to our economic growth is diversification based on tourism. The sector is the engine of our economy and will remain so: it accounts for 32% of the GDP and 37% of jobs. But we need to develop other sectors with a two-pronged strategy to strengthen our traditional industries and foster new sectors such as sustainability and renewable energies, among others,” he adds.
Technology powers economic diversification

One of the largest technology investors in the archipelago is the French IT services giant Atos, which employs more than 700 people in a global contact centre in Tenerife, the largest and most populous of the islands. At the company’s rapidly expanding facility in Tenerife, Atos employees carry out service desk and help desk operations in multiple languages for more than 100 multinational clients from around the world. José Manuel Rodríguez Macías, Director of Atos in the region, says that thanks to the region’s best-in-class Internet connectivity, “being in Tenerife is the same as being in London, New York or Beijing.”

Carlos Alonso, President of the island government of Tenerife, says that investments by Atos and other digital services companies reflect the genius of the Canary Islands for adopting new technologies to power economic growth. “The Canaries first prospered as a stopover for sailing vessels to the New World, and then when jet airplanes were invented we then became a major tourism destination,” Alonso says. “Now with the spread of digital communications, our distance from Europe is no longer an issue and we are transforming Tenerife into a powerhouse for software development and services.”

To maximise Tenerife’s potential as an international hub for digital services, the government is investing heavily not only in enhancing connectivity but also in training young people in the technical skills and languages that will be needed to prosper in the digital era. With a budget now standing at 140 million euros per year, the Tenerife 2030 strategy is focused on areas such as education, innovation and creativity. “The success of the islands economy will depend not just on how we make the most of our geographical location, but also on how we prepare our human resources,” Alonso explains.

“We want to make sure that the residents of Tenerife are able to take advantage of new employment opportunities in the digital world,” says Antonio García Mariscal, CEO of INtech & Conseillor Tenerife 2030. “As part of this long-term strategy the government has set up the INtech technology park to attract investment from companies, entrepreneurs and start-ups in sectors ranging from video games to software and biotech.”

One of the growth industries in Tenerife is the audiovisual sector and in particular film production, supported by the islands stunning coastal locations and mountain locations all in close proximity, its 3,000 annual hours of sunshine, and a 35% tax rebate for international productions. In 2015, Matt Damon came to Tenerife to film three weeks of action for blockbuster movie Jason Bourne, using the provincial capital Santa Cruz for scenes in settings as varied as Athens, Beirut and Jerusalem. “The Bourne film has given Tenerife a lot of credibility as a location,” says Alberto Bemabe Teje, Tenerife’s Minister for Tourism, Internationalisation and Overseas Promotion. “We are building on its success to bring more Hollywood productions to Tenerife.”

Audiovisual production is also a growth industry on the neighbouring island of Gran Canaria. Antonio Morales, President of the island’s government, says that the administration is planning to construct a special studios for producers to use when shooting on the island. The studios should be ready in 2018, says Real García Britch, the island’s Councilor for Economic Development, Energy and R&D, and the head of economic promotion body SPEGC. “Last year there were eight film and television productions in Gran Canaria,” García says. “The animation sector in particular is growing rapidly.”

“Our aim is to create a thriving ecosystem for all types of audiovisual and gaming companies.”

The INtech Tenerife Science and Technology Park’s objective is to stimulate the creation and development of technology-based projects in Tenerife. Additionally, it works to attract innovative and technological companies to the island and help them get established through its more than 600,000m² of cutting-edge work space, personalised infrastructures and specialised services. In conjunction with the with the insular government’s strategy ‘Tenerife 2030’ and the ‘Tenerife Innova’ programme, INtech also acts as an agency to promote innovation while improving the local socio-economic environment and increasing competitiveness. Tenerife also provides top-notch connectivity, availability of services, infrastructure and the best tax regime in the EU with a 4% corporation tax.

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The shipbuilding sector is booming, image courtesy of Astican

The shipping industry in the Canaries is diversifying rapidly into new areas of business, including carrying out maintenance and repairs for offshore companies and shipping grains to Africa from South America,” says Luis Barra, Chairman of the Port Authority of Las Palmas, the APM.

Extensive dredging at the Port of Las Palmas has deepened waters to 35 metres, so that the so-called Port of Light can now welcome the largest oil rigs and container ships. Major investments are also underway onshore. A new quay is being constructed for completion in 2018, which will be used to expand the port’s ship repair business and to transport food from South America to Africa in bulk carriers.

At the Astican shipyard located at the port, increasing numbers of vessels from around the world are coming to Las Palmas for repairs and maintenance. The shipyard repairs ships ranging from cruise liners to chemical tankers, drilling rigs and fish processing vessels. “In terms of quality, safety and productivity, there is no shipyard in the region that compares with Astican,” says Antonio Germain-Dominguez, the Chairman of the shipyard. “For us it is an enormous competitive advantage to be located in the Canary Islands, on the southern frontier of Europe, with Africa just off the coast.”

The strategic position of Astican’s shipyard is attracting increasing attention from international maritime giants. Astican has built an exclusive service facility for Rolls Royce, which the turbine manufacturer is now using to service and maintain engines used by offshore oil explorers and producers from the Gulf of Mexico to Western Africa. “The maritime industry in the Canary Islands is continuing to diversify and invest in high quality, added value services,” German Suárez says. “Rolls Royce is just one of many multinationals that will come here.”

Meanwhile, on Tenerife, an entire new port is being constructed in the town of Guairella. As well as capitalising on increasing trade flows to Africa, the port will include state-of-the-art facilities to supply liquefied natural gas to the next generation of cleaner, gas-fired ships. “Investment in technological innovation and in the environment will be key to increasing the competitiveness of the ports of the Canary Islands,” says Ricardo Melchor Navarro, Chairman of the Port Authority of Tenerife.

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The world-class hospital infrastructure of the Canary Islands is helping the region emerge as a major hub for health and wellness tourism for the European market, supported by the islands’ ideal climate, healthy cuisine and outdoors lifestyle.

“We are seeing growing numbers of health tourists come to the Canary Islands for treatment,” says Mario Rodríguez Rodríguez, Chairman of Hospitales San Roque, which operates two hospitals on Gran Canaria. “Most of the health tourists come from Europe, because the quality of healthcare we provide is of a high European standard while our prices tend to be lower.”

Hospitales San Roque has invested heavily in international quality certifications and in state-of-the-art technologies that provide health tourists with peace of mind and outstanding treatment. Some of the most sought-after services include plastic surgery of all types and complex dermatological treatments. “We are on the frontline of cutting-edge technologies,” Rodríguez says. “We are always updating our equipment to the latest standards and we are now moving into areas such as genetics and molecular medicine.”

The healthcare provider has also joined up with an exclusive spa to provide visitors with a complete wellness package. “We don’t want health tourists to come here just for surgery,” Rodríguez explains. “We want them to come here with their families and enjoy their vacation as well.”

Pedro Luis Cobiella, Chairman of the Grupo Hospiten hospital network, says rising numbers of foreign visitors are coming to the Canary Islands for treatment and recovery. “Our hospitals have differentiated and specialist services for international patients, and we work with most of the large international insurance companies.”

In addition to the hospital and wellness facilities, the gastronomy and cuisine of the region is also playing a significant part in expanding the tourism offer of the islands, as the region’s seasonal produce and unique cuisine attract growing volumes of prosperous visitors.

“Healthcare and gastronomy are both going to be major drivers of tourism on the islands,” says Paloma Leis, General Manager for the Canary Islands at Spanish healthcare giant Quirónsalud. “Food and drink are the highlights of any traveller’s time in the region. The ham, olive oil, cheese and wines of Spain and the Canary Islands are some of the finest in the world.”

Martín García Garzón, Chairman of Montesano Group, which specialises in cured ham production. With distribution facilities across the islands, and pig farms on the Spanish mainland that produce gourmet products, Montesano’s mouth-watering foods have won countless national and international awards in the company’s long history of more than 50 years. “We have a truly global reputation for quality and our exports are increasing year after year,” García says.
O n a first visit to the Canary Islands, it is not hard to see why it is tourism which dominates the local economy. The Atlantic archipelago is home to an unparalleled diversity of natural wonders, from the majestic volcano of El Teide in the heart of Tenerife to the rainforest-clad hills of La Palma in the west. Across the seven islands, regional and local governments are now working hand-in-hand with the private sector to help increasing numbers of discerning visitors discover all that the islands can offer in addition to their never-ending sunshine and beaches.

“As well as protecting our natural heritage, we want to diversify into niche, high-value tourism segments,” says María Teresa Lorenzo Rodríguez, Minister of Tourism for the islands. “There is much more to the Canaries than sun and sea, such as our cultural heritage, our gastronomy and our suitability for water sports, running and other outdoors activities.”

Tourism plays a crucial role in the regional economy, accounting for 32% of GDP and directly generating 37% of all jobs. Some 15 million tourists visited the Canaries in 2016 – many of them on repeat trips.

“We have developed a very strong emotional bond with many of our visitors,” says María Mendez Castro, Managing Director of Promotur, the official tourism organisation for all the islands. “About 70% of our visitors return, and 1.6 million tourists have visited more than 10 times.”

Mendez Castro says that the Canaries are successfully repositioning themselves as a destination for a wide range of fast-growing segments of the tourism market, including cruising, diving, extreme sports, weddings and congresses and the LGBT market.

Perhaps none of the islands has reinvented its brand as dramatically in recent years than Tenerife. “Tenerife is continuously reinventing its offering for tourists,” says Alberto Bernabé Teja, the island’s Minister for Tourism, “so that we are...
Lanzarote: Unforgettable in every way

La Palma is home to one of the world’s best astronomical observatories, and there are many other interesting destinations for tourists to explore. The island, dominated by volcanic peaks and craters and clad in spectacular natural landscapes, is perfect for anyone who wants to practice outdoor sports. Declared a World Biosphere Reserve by UNESCO in 1993, in addition to the work of local artist César Manrique, demonstrate the island’s commitment to sustainable and cultural tourism.

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Changing the economic model through diversification

Fernando Clavijo Batlle, President, Canary Islands

What were your priorities when you became President in 2015?

There were many priorities as our governmental program had more than 90 pages and covered all the important segments of education, health, industry, energy and tourism. However, the common thread throughout was that we needed to restore basic and essential public services and create jobs. When economic activity is stimulated and jobs are created, government revenues also increase and this money can be used to finance public services. Everything seems to be on track, but these objectives will take several years to accomplish.

What are your main achievements since coming into power?

We have already had quite a few successes. Employment has continuously increased during the 15 months that I have been President. Social indicators, such as social exclusion and marginalisation have improved. We expect to receive a record 15 million tourists this year and we have also improved regional financing with agreements made at the end of 2015; some of these are now coming to fruition in this year’s budget. Our wind energy plans will go ahead, we had 450 megawatts that had been halted, but which will now be developed over the next two years.

How is the economy in the Canary Islands?

We need to gradually change our economic model away from a dependence on tourism towards innovation and knowledge in industry. Creating an industrial sector is difficult because we have to import everything and there are only two million inhabitants. Therefore, transport and production costs don’t have sufficient scale to allow us to compete on price. Our attractive fiscal regime is allowing us to develop priority sectors such as technology, outsourcing/dischuting, R&D, digital marketing and the audio-visual sector. We are also attracting companies that want to reach the nearby African market.

We need to give value to other sectors by using our geographic location and our tax regime, along with the advantages that have a stable political system and budget provides. At the current time, industry represents only 8% of GDP whilst tourism represents 36% and construction barely reaches 10/11%. We therefore must make great efforts to diversify our economy.

We are focused on our economic and fiscal regime because of the advantages it offers the industrial sector and of course we are committed to professional training so that we provide a skilled workforce.

How important is the human capital on the islands?

We have so much talent here! Our problem has been that the market is so small that there is a brain drain because it is difficult to continue a career path here. Every year we train thousands of students who then leave to work on the mainland. These people want to return to the archipelago, so one of our main priorities in our new internationalisation strategy is to create high-value added jobs to bring them back. Our extremely high quality of life and fantastic internet connections help us to attract and retain talent from all over the world. It’s also an interesting location for international digital nomads who choose the Canary Islands as one of their top destinations. Indeed, any foreign company who comes here finds great local talent, and of course their staff are delighted to move to a place like the Canary Islands. We have many success stories of this type.

We also have two or three knowledge centres that for necessity’s sake have to be located in the Canary Islands. The Institute of Astrophysics of the Canary Islands is based here since it is best place to study the night sky. We also have PLOCAN, which is the Oceanic Platform of the Canary Islands and the Institute for the Study of Diseases which is important for our development towards Africa. These are three important ways that we are able to export our talent.

2015 President Clavijo came into power in the Canary Islands

8% of GDP industrial sector

36% of GDP tourism sector

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The Canary Islands aim for intelligent & sustainable growth

Pedro Ortega Rodríguez, Councillor for Economy, Industry, Trade & Knowledge, Canary Island’s Government

What is your assessment of the Canaries’ economy at the moment?

Our economy is growing strongly and is forecast to reach +3.2% in 2017. Tourism, which is the engine of our economy, is breaking records and unemployment has decreased from 20% to 26%, which is progress although it remains unacceptably high. Industry is growing, commerce is above the national average and is pulled by internal demand, and we are seeing an increase in the average expenditure per tourist. These are positive results that position the Canaries favourably for the future. But our main challenge is reducing unemployment.

What is the strategy of the regional government for boosting economic activity and reducing unemployment?

The key to our economic growth is diversification based on tourism. The sector is the engine of our economy and will remain so; it accounts for 32% of the GDP and 37% of jobs. But we need to develop other sectors with a two-pronged strategy to strengthen our traditional industries and foster new sectors such as sustainability and renewable energies, among others. One of our great assets is our fiscal system, which is the most progressive in Europe. We have recently revised our economic and fiscal regime and this will give a boost to activities such as film and audio-visual production, a sector we want to grow further and ship and oil platform repairs.

Furthermore, we want to internationalise our economy and our local enterprises by taking full advantage of our position as a platform between Europe, America and Africa. We are already making progress, and exports have increased by 4.5% per year for the past four years, which is encouraging.

What are the best business and investment opportunities in the Canaries at the moment?

The key areas which we are looking to develop are energy, innovation and health. The industrial and energy sector already represents 8% of our GDP and there are opportunities linked both to tourism and the African market. The Canaries have great value as a small-scale test lab. For example, the island of El Hierro is almost entirely fossil fuel free and functions mainly with wind energy. It is a prototype of the type of sustainable economy we want to achieve. Another area of interest concerns technologies linked to the sea, such as algae with our Technology Institute of the Canaries (Instituto Tecnológico de Canarias), the platform for Excellence in Algae Biotechnology (Plataforma de Excelencia de la Biotecnología de Algas), and the Canaries Oceanic Platform (Plataforma Oceánica de Canarias). Lastly, we have the sky, with the Astrophysics Institute of Canaries (Instituto Astrofísico de Canarias) and high technology centres through which foreign countries are conducting research.

In this respect, what is the role of the Canaries Agency for Research, Innovation and Information Society (Agencia Canaria de Investigación, Innovación y Sociedad de la Información)?

Its role is to foster intelligent growth and ensure that all the research centres we have here – universities, research institutes and the organisations I mentioned before – work to usher ininnovations that will benefit society. The agency works to create links between the research centres, society and the private sector. The regional government for its part supports the formation and development of clusters such as offshore, audio-visual, ITCs, renewables and marine technologies.

What is the role of innovation in the local government’s sustainable development strategy?

Innovation is key to the development of a green economy. For example, we have recently installed two large wind turbines, which contribute 20% to the energy needed to desalinate water. Indeed, 100% of our water comes from the sea. Water treatment and distribution is managed by a consortium gathering the islands’ seven town councils. Other important projects are the deployment of a tenth wind turbine and the starting-up of a new, 1 MW solar plant, for a 3 million euros investment. We are currently investing in these and other projects so that by 2020 renewables will account for 20% of our energy mix.

Are you looking for foreign investors in the green energy sector?

We are, because we are planning significant investment in this area. All in all, we are looking at an investment of some 30 million euros, i.e. more or less one million euros per megawatt. We are looking for foreign investment in environmental projects, in particular those that require cutting edge technology. But we also want to open the sector to the islanders themselves, individual citizens and local SMEs. Renewable energies can be profitable and we want to socialise those profits.

Lanzarote: the sustainable ‘island of eternal spring’

Pedro San Ginés Gutiérrez, President, Lanzarote Council

The Canary Islands have registered a record year for tourism in 2016. How important is tourism for the island of Lanzarote?

Indeed, tourism is growing throughout the world, not only here in the Canaries. For Lanzarote, known as ‘The Island of Eternal Spring’, it is an essential sector in our whole economy depends. Ninety percent of the island’s GDP depends on services, and tourism contributes 50% to our service sector. Equally, tourism accounts for 50% of the jobs here. The fact that it is growing is very positive but we also have to be cautious, because Lanzarote has reached full capacity. We cannot increase the occupation rate and we do not want to build more either because we want to protect our environment and quality of life.

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Making human capital a priority in Tenerife
Carlos Enrique Alonso Rodríguez, President, Island Council of Tenerife

Can you tell us about the current economic situation in Tenerife? Our economic situation is improving thanks to the tourism sector. We had a record number of visitors in 2016 which brought in 6.2 million euros to the island. Of these 3.6 million tourists, nearly 2 million were British and therefore we believe that future revenues will still sufficiently affect us. However, the record revenues and tourist spending from 2014 onwards have really stimulated our economy. We have increased our public investments to 200 million euros which has also helped us overcome the crisis and resulted in job creation. We can now say that there are the same number of jobs on the island as there were pre-crisis, although since the population has grown considerably, unemployment levels have not fallen.

Our prospects for this year are quite good although there is still the uncertainty of Brexit and of course as in all places, oil prices and financing conditions could upset our economic recovery.

Which of your priorities upon becoming President of the Island Council of Tenerife have been fulfilled and which are still to be completed?

My main priority was to reduce unemployment, diversify the economy and develop our human capital. I believe that education at every level – from nursery schools to workplace education – is vital. We have a bill called Tenerife 2030 which is in place to improve the skills and potential of our young people. It consolidates many different elements of a complex educational vision and is set to improve elements such as language acquisition. We are offering language-immersion scholarships which permit 14-year-olds to spend a school term in England, France or Germany, not only to improve their language, but also to provide them with new experiences that will shape them as people. By 2019, we will be offering 1,000 scholarships a year to different age-groups.

We are also introducing entrepreneurship schools, not just in terms of preparing future business persons, but also to help children develop general entrepreneurial life skills. Innovation is an important aspect and we have programs related to technology innovation, robotics and entrepreneurship as these are vital for the future, but the education system isn’t currently set-up to provide them.

Another important element is to develop children’s creativity, helping them tackle non-traditional tasks in other areas. We are teaching culture and creativity through programs with the Symphonic Orchestra, the Tenerife Space of Arts and the Teniferie Auditorium. Sport is also a fantastic medium for this, but through teamwork, a healthy lifestyle and equality.

We are working with young people, the university and with the Science and Technology Park to help graduates and those with potential to find stable employment related to the transfer of knowledge. This is a long-term commitment, not just for our future elections, but for future generations.

How is Tenerife attractive to foreign investors?
We have always tried using the taxation system as a way of attracting investors. However, if an economic activity isn’t viable then it is pointless to have a great tax system; if there are no profits, then you don’t pay taxes!

Through the project Why Tenerife we are demonstrating that not only do we have a good tax regime, but there is also an attractive social and economic framework between the local government, Chamber of Commerce, Port Authority, Canary Islands Special Zone and the Technology Park as well as qualified and highly-educated workers. We also offer great infrastructure, security and leisure facilities. Naturally, with so many inbound tourists, there are many investment opportunities within the leisure industry itself.

Our model is to seek partnerships for joint ventures and we have a program called “Tenerife Licitas” which helps both local and international companies participate in international tenders.

200 m euros of public investment
1,000 language scholarships offered by 2019
6,200 m tourist revenues in 2016
The economy of the Canary Islands is mainly based on tourism, whereas industry, which mainly consists of food processing, accounts for only 10% of the regional GDP. How do you evaluate the current state of the economy of the archipelago?
Throughout their history, the Canary Islands, and particularly Gran Canaria, have mainly depended on monoculture. This has been the cause of many crises over the years, and it also spurred various waves of emigration. Nowadays, tourism is our mono-culture. Not long ago, we also had intensive agriculture, in particular tomatoes, but this has decreased over the years because of the competition from Morocco. This sector used to employ some 50,000 people but now employs only 5,000. So tourism is really the bedrock of our economy, representing about 31% of our GDP directly and up to 70% if you take into account all the related businesses. Diversifying our economy is therefore our most pressing challenge in order to boost employment and raise living standards.

What are the Council’s plans for diversifying the regional economy?
We have designed a comprehensive strategy that we have entitled Ecosilla (eco-island), which encompasses sustainable mobility, clean waste management, reforestation, and energy and food sovereignty. We have developed the necessary instruments to become an eco-island in Europe in terms of general, sustainable development. Another of our priorities is to internationalise Gran Canaria. We have set up an organisation that gathers local companies, chambers of commerce, trade associations, and the central and regional governments, called BEST in Gran Canaria. Its objective is to promote the internationalisation of our activities, in particular towards Africa, which is nearby. Another avenue of diversification is the movie industry. We are contemplating the building of studios that we could rent to foreign production companies. The fiscal incentives we offer and our climate could make Gran Canaria a very attractive destination for shooting films. We also plan to create studios dedicated to audio-visual production, in particular animation.

To what extent will innovation and R&D contribute to making these ambitious objectives achievable? They will notably contribute towards our objectives of food and energy sovereignty. At present, we are 90% dependent on the outside for both sectors. In particular, in the energy sector, we want to become a world-class experimental ground for renewable energies such as solar, wind and geothermal energy. We have thus created the Gran Canaria Energy Council (Consejo Insular de la Energía de Gran Canaria), which has set the objective of harnessing the total energy needs produced from clean sources. This new Energy Council will bring together public, private and research institutions. Another

847,000 inhabitants
3.2 m foreign tourists
40% of the island are protected natural reserves

Gran Canaria sees its future in green & blue
Antonio Morales Méndez, President, Gran Canaria Island Council

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What are the main tourism attractions in La Palma?
First of all, we obviously have the same year-long warm and sunny climate as the rest of the archipelago. We are traditionally called La Blanca (the Pretty Island), which says a lot about our natural beauty. La Palma is a small island with a remarkable variety of landscapes, with turquoise water and dark-sand beaches as well as spectacular mountains. We have striking, volcanic landscapes. Indeed, this year we will open a new visitors centre at the Todeguche ‘volcanic tube’, which is one of our best known attractions.

Apart from the beaches, we also record growing numbers of visitors who come here for trekking. We have almost 1,000 km of hiking treks. Another aspect that distinguishes us is stargazing and astronomy. We are increasingly marketing the island around that because we offer spectacular skies at night, without light pollution. There are a number of tour operators who are offering stargazing trips, and a growing number of visitors come here for that. Following the April 2016 agreement between Spain and Japan for the deployment of four Large Size Telescopes (LST) here, stargazing tourism is bound to increase. There is an investment of 70 million euros for the building of four ‘telescope hotels’. Another interesting opportunity is that La Palma has been chosen to host the American Thirty Meter Telescope (TMT), which was originally due to be built in Hawaii. And of course, we are already home to the Great Canary Telescope. So La Palma is really one of the three best astronomy locations on the planet, along with Chile and Hawaii.

Last but not least, La Palma is also a cruise destination. In 2016, we received 250,000 cruise tourists.

Is innovation an important part of the Council’s strategy for developing the local economy?
It is very important for our development plans. One of our major projects is the construction of a new telephony tower, which will be dedicated in large part to astrophysics. Another major project is to deploy mobile telephony and ensure connectivity throughout the island, when currently there remains a number of zones without signal. This is key to attract all sorts of professionals, who could move here and enjoy our climate and quality of life while having a professional activity through the internet. We believe we could attract profiles such as graphic designers, engineers and architects, to name a few.

The Canaries are particularly involved in sustainable and green energies. Is it also the case with La Palma?
Indeed, we are very committed to increasing the share of green energies in our mix, and also to increasing our degree of self-sufficiency. For example, we are working on a project to maximise the efficiency of public lighting, which will be remotely controlled and adapted to the levels of consumption throughout the night. We are looking to develop wind and solar energy, although the stumbling block at the moment is transport. We need to have a system that is cost-effective and efficient.
Antonio García Marichal
Tenerife on its way to becoming an innovation hub

Enterprises invested four million euros in R&D. On the other hand, our Investors’ Club invested two million euros in startups, and existing projects were accelerated, and 80 projects were initiated. On the other hand, there is a waiting list. In 2016, 1,200 hours of training and mentoring in entrepreneurship were given; advice was provided for 167 projects, 22 existing projects were accelerated, and 80 projects were initiated. On the other hand, our Investors’ Club invested two million euros in startups, and enterprises invested four million euros in R&D.

What sectors do you see as most promising in the Canaries in terms of innovation?
We have taken into account that tourism is a key sector and our main source of income. This said, there are other interesting sectors. One is astrophysics and, more generally, the earth and sky sciences. We have here the Instituto de Astrofísica of the Canaries (IAC), which is known the world over, and the Canary Islands also have two major observatories, one in El Teide in Tenerife, and the other in El Roque de los Muchachos, in La Palma. The IAC is also a major research centre and as such, attracts significant investment. Secondly, we also want to develop biotechnologies. The University of La Laguna has strong research capabilities and the Tenerife Council has also invested in infrastructure such as the Teide HPC Supercomputer. All this gives an idea of Tenerife’s research potential.

A third sector is Information and Communication Technologies (ICT). Based on the fact that we offer excellent connectivity. We already have [the European IT services corporation] ATOS here, which is an international leader. They could have chosen Berlin or elsewhere but they chose here because of our top-notch connectivity, the availability of services, the infrastructure and also the fact that we offer the best tax regime in the EU with only 4% corporation tax. But there are many more interesting sectors such as videogames, biotechnology, marine biotechnology, and First Lego League, to name a few; and 130 innovation-spreading activities.

We are building three important infrastructures that, together with the three existing enterprise incubators, will allow us to offer 600,000m² of floor to enterprises. I invite companies looking for a location where to settle or open a delegation to know more about Tenerife. Tenerife has an ideal geostrategic situation between three continents – America, Europe, and Africa –, a high quality of life, tax incentives and accompanying programs. We thus offer a wide range of benefits and this explains why there is a growing number of software, animation in 2D and 3D, e-sports and other innovative enterprises that are thriving here. As a matter of fact, 90% of the startups and companies established in business incubators here operate in the ICT sector.

One of the key objectives of Tenerife 2030 is to improve and strengthen education and professional training. Can you give some examples of what has been achieved so far?
Indeed, we are implementing a mid- and long-term strategy over a period of 15 years to educate the new generations and give them knowledge, attitude and skills that match the needs of employers and tomorrow’s globalised and digital world. One example is that each year, we send some 220 youngsters aged between 14 and 16 for three months to Canada, France, Ireland and Germany. They learn maths, physics and other subjects in the native language. Another example is that in 2016, INtech Tenerife delivered over 3,000 hours of training for children, youngsters and professionals through some 150 workshops on topics such as Big Data, Animation in 2D and 3D, and First Lego League, to name a few; and 130 innovation-spreading activities.

Our Investors’ Club invested two million euros in startups, and enterprises invested four million euros in R&D.

Raúl García Brink, Councillor, Economic Development, Energy R&D, Gran Canaria Council

A key objective for the local authorities is to diversify the economy from tourism. What are the main sectors targeted?
Indeed, our economy is growing in large part thanks to tourism, which has increased by about 14% last year in number of visitors. However, we still have an unemployment rate of about 26% in young people. It’s a few years ago but it’s clearly not acceptable, hence our efforts to diversify the economy. The Gran Canaria Council is implementing the diversification strategy through the Society for the Economic Promotion of Gran Canaria.

What are your priorities for the ICT sector?
Our goal is to develop our knowledge-based economy and to transform Gran Canaria into a ‘smart island’. One of the first initiatives will be to develop a big data platform in order to have the necessary infrastructure and support for the whole ICT sector. Another priority is to provide access to broadband to the 120,000 islanders who do not have it. We have set up a company, called Society for the Development of Telecommunications in Gran Canaria, to develop a big data platform in order to have the necessary infrastructure and support for the whole ICT sector.

What about renewables? You have sun, wind, the sea, a lot of potential.
Indeed, some specialists say we could be the Saudi Arabia of renewables. The truth is that we lag behind in this respect, which is why this government has made it a priority and has set up the Island Energy Council (Consejo Insular de la Energía) to develop renewable energies in Gran Canaria. We already have projects for two wind farms and a large photovoltaic plant. We are promoting the EU’s Covenant of Mayors with the objective of reducing by 40% the emissions of carbon dioxide by 2020. Furthermore, Las Palmas will host a new international trade fair on water management, renewables and energy efficiency in October 2017.

Some say we have the potential for becoming a Saudi Arabia of renewable energies thanks to our reserves of sun, wind and sea.

Promotion of Gran Canaria. We are working to create an audio-visual ecosystem that would include film, animation and video games. We are building a film studio that will be ready in 2018, and already, an audio-visual company has opened up in our exhibition park Iferca (Institución Ferial de Canarias). We are also working to develop the existing audio-visual ecosystem by strengthening our training offer. This said, tourism remains a priority. The 1st International Fair of the Atlantic, in November 2017 in Las Palmas, will provide an international meeting point for professionals who buy and sell products and services for the tourism industry.

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Some say we have the potential for becoming a Saudi Arabia of renewable energies thanks to our reserves of sun, wind and sea.
Capitalising on tourism's success to build a sustainable island

María Inés Jiménez Martín, Third Vice President & Councillor for Tourism, Gran Canaria Island Council

The economy of Gran Canaria is based on the service sector, and particularly tourism. 2015 has been a record year with close to 4 million visitors. How did tourism perform in 2016? Indeed, in 2015, we registered a record-breaking number of tourists and 2016 will outperform this outstanding result with close to 4.2 million visitors. This is a very good figure but our main aim now is not so much to attract more tourists than to spread tourism more evenly throughout the year. We want to develop other types of tourism apart from the ‘sun and beach’ model, in particular in our capital, Las Palmas de Gran Canaria, and in areas of the island of Gran Canaria that offer a more rural type of tourism.

Given the importance of tourism for the local economy, is it reasonable or feasible to aim at diversifying the economy?

Diversification is necessary, but tourism is really a transversal sector on which we can develop new economic segments in order to build a sustainable island. Gran Canaria can offer much more than sun and beaches. For example, Las Palmas has a number of interesting museums. It also has the best beach of Europe, Las Canteras, good hotel infrastructure and excellent connectivity. It is a tolerant city with lots of trade opportunities as shown during the Nomad City festival, which in December gathered over 150 digital nomads, i.e. people who combine work and leisure by working and networking on the go through their laptops and the web. We want to position ourselves in this emerging technological tourism segment, and these professional came here to discuss the opportunities available in Gran Canaria in this respect.

In what sense has the security situation in well-known Mediterranean destinations boosted tourism here?

It is clear that our record numbers in the past few years are partly the result of the lack of security in other popular destinations such as Maghreb and Turkey. Nevertheless, our tourism is already consolidated and we have been receiving tourists from Germany, the UK and Scandinavia for years. We also have recently seen a surge in visitors from continental Spain, and we are now aiming to develop emerging markets. It is important to take into account that 61% of our visits are repeat, so we must maintain a high level of service and take care of our existing clients. This makes it all the more important to ensure that our public spaces, transportation and communication infrastructure, and our hotels are of good quality. We have a safe airport, a competitive port, and a great road network.

Gran Canaria has a strong reputation as a haven for the LGBT community. How important is this clientele for you?

Indeed, we have been a sort of paradise for this type of clientele for many years now for a number of reasons. The lesbian, gay, bisexual and transgender tourists have a much higher purchasing power than average tourists, among other things because they don’t usually have kids. They also travel more easily throughout the year, not only during school holidays. Of course, many come during Gay Pride, which attracts about 200,000 people every year in May, but they come all year long. In total, they represent about 13% of the total number of visitors, so it is quite significant.

To what extent does innovation drive tourism in Gran Canaria?

All the tourism stakeholders need to constantly innovate to meet the evolving demands of our customers. In the Council of Gran Canaria, our mission is to support and guide small and large companies, notably by providing them with updated information on the sector’s trends. This is the only way to maintain and improve the quality of our offer. We also work closely with all the service providers such as the local police and the health services.

La Palma: the undiscovered island

Alicia Vanoostende Simili, Tourism Councillor, La Palma

How important is the tourism sector for La Palma’s economy?

We traditionally concentrated on agriculture and somehow turned our backs on the tourism sector. However, as our economic model has changed, the tourism sector is now on a par with agriculture in terms of economic importance. However, its contribution is increasing in importance each year through both direct and indirect job creation. Furthermore, according to ISTAC* tourism revenues increased 38% from 2015 to 2016.

When you became Tourism Councillor in 2015, your initial proposals for tourism to take off were urban planning and experiential tourism. What would you say are your main successes since then?

We have made changes to our building legislation to facilitate necessary construction of new hotel infrastructure at the occupancy rate of La Palma’s 7,500 rooms is now over 90%. Of course, we are very happy that we are successful, but at the same time success has to be managed especially when demand outstrips supply. Innovations are now introduced in the island as they can see that the island’s tourism sector is taking off, there is much more air connectivity and people are beginning to know about us through external promotion. We have worked very hard to encourage experiential tourism on an island. La Palma isn’t known as a typical sun, sea and sand destination, but as somewhere offering hiking and other niche tourism products. Our tourism product is completely different to that of the rest of the islands and in fact sometimes the sun, sea and sand image of the Canary Islands damages ours. The people who come to La Palma are visitors rather than conventional tourists – they feel like true travellers who are discovering a new civilisation. We don’t have touristic areas, so visitors simply immerse themselves in the island’s culture by mingling with the natives. Their experiences are the same as those who actually live here.

What are your priorities to further develop the tourism sector?

We need to increase our tourism promotion overseas and find innovative ways to promote the island to consolidate our position. La Palma isn’t very well known and we are somewhat eclipsed by our giant tourism neighbours, however we are opening many new winter-sun markets through direct flights to Switzerland and Scandinavian countries. Our new airport can receive two million passengers per year and since we currently receive one million, we clearly have the capacity to grow. Thus our 8th and many issues to be resolved on the island with tourism infrastructures that are being built and need to be finished. We are currently building a visitor centre at the El Roque de los Muchachos Observatory that has taken many years to come to fruition but which is now due to be finished before schedule. Since El Roque de los Muchachos is exclusively for scientists, we are also building an observatory for amateurs who wish to observe the night sky.

What are La Palma’s main attractions?

We have a bit of everything; beaches, mountains, gastronomy and culture — all to be found in a relatively small geographic area. Our visitors feel that they truly get to disconnect from their everyday lives. We offer many outdoor activities and since 70% of the island is protected and the whole island has UNESCO biosphere reserve status, there are amazing scenery and biodiversity to be found. The Canary Islands has four national parks, one of which, the Caldera de Taburiente national park, is here on La Palma.

Ten years ago, La Palma became a Starlight Reserve thanks to a law which was passed to prevent light pollution. This means the island is one of the best places on earth to observe the night sky. Our European visitors live in cities where no more than 20 stars can be seen, here they can easily see two or three thousand.

*Instituto de Estadística de Canarias
**What is your assessment of the Canary Islands tourism sector today?**

Tourism is the main economic sector of the Canary Islands, and the base on which we can build our economic diversification. Tourism has supported the local economy in the wake of the 2009 crisis and it is our best comparative advantage. Our Canary Islands brand is very valuable and has a lot of potential. In fact, our GDP looks set to surpass that of the rest of Spain in 2017 thanks to tourism.

**What are the main challenges facing the sector?**

The Canary Islands is a preferred destination, in particular for ‘sun and beach’ tourism. Up until a few years ago, our surveys showed that although we were well known, we were mainly considered as a convenient destination but not one that was particularly loved. This prompted us to draft a comprehensive strategic plan to reposition ourselves and renew our image. Our most recent surveys show that we have improved our emotional bond with visitors and prospects. This translates notably in the fact that we have a very high number of repeat visitors: 1.6 million tourists come here more than ten times.

**What are the key objectives of Promotur Canarias?**

One of our main objectives is to diversify our markets: we are very well known in Germany, Britain, northern Europe and Spain, but now we are also targeting new markets such as Poland and Hungary. The other two key objectives are to expand our client portfolio and diversify our tourism offer. The ‘sun and beach’ clientele remains the overwhelming majority as it represents approximately 75% of our business. But even within this category, our market research has identified different types of customers, which we have called for example ‘The Simpsons’, ‘The Sopranos’ or ‘The Explorers’, and we want to offer them more customized experiences and services. There are also newer categories of visitors such as those we call the ‘Modern Sibaritas’, which can be translated into modern Howard fans: urbanites who look for authentic and exclusive experiences although not particularly luxurious. Other important segments we want to promote are cruise, conference, nature and outdoor and sport tourism.

**How well is the region receiving large numbers of tourists?**

It is not an issue for us. Last year, we received more than 14 million visitors, and we will probably reach even more this year as airlines increase their offer. We can manage such numbers: a study conducted a few years ago concluded that we could reach up to 16 million. Our strength is that our tourism is not seasonal, it’s all year long so it’s quite sustainable. We also benefit from being in Spain, which is a very strong tourism destination. We share a common culture, we are a safe destination, which is paramount these days, and we also share Spain’s characteristic way of life, while at the same time being more exotic because of our proximity to Africa.

The Canary Islands are Spain’s third most important tourism destination. What do you plan to do to make it even more competitive?

We are indeed already very competitive, but we also face strong competition from other destinations. We need to innovate more, in particular in the know-how and skills of our tourism professionals. We need to train our people, for example in foreign languages, and to attract talent. We also need to do more research on this sector, notably through our universities.

As a public institution, how would you characterise your relationship with the private sector?

Obviously, the private sector is a key player of our tourism industry; and we have good cooperation and communication with private stakeholders. We speak the same language and have the same objective, i.e. developing tourism in the Canaries. We are indeed already very competitive, but we also face strong competition from other destinations. We need to innovate more, in particular in the know-how and skills of our tourism professionals. We need to train our people, for example in foreign languages, and to attract talent. We also need to do more research on this sector, notably through our universities.

**What are your main objectives?**

Our core objective is to create closer ties between Spain and Africa. To achieve this, we follow three main lines of work: what we call ‘cultural diplomacy’ with the aim of increasing knowledge about Africa in Spain and vice versa, public diplomacy, which consists in establishing or strengthening relations with governments and public and private institutions such as the African Union and the African Development Bank, and economic diplomacy, whose objective is to encourage Spanish companies to set foot there and African businesses to come here. We are also a knowledge and resource centre with the largest collection of documents about Africa in Spanish in the world, which positions us very well with Latin America, where there is also a lot of interest about the potential of Africa.

Between 2007 and 2013, the archipelago took part in over a hundred cooperation projects co-funded by the EU, notably in Cape Verde, Morocco, Senegal and Mauritania. Indeed, we are particularly focused on these four countries that are neighbours and with which we have very good air connectivity. We contribute notably to cooperation programs in economy, health and food. The United Nations World Food Program is based here and receives support from our Ministry of Foreign Affairs. This enables the UN to have here an emergency scheme that can intervene quickly in Africa in case of urgent need.
Local airline aims to convert the Canaries into an international trade hub

Pedro Agustín del Castillo Machado, President, Binter

Binter is a reference in the air transport industry, and in October 2016 received the prestigious European Regions Airline Association (ERA) Airline of the Year award. What makes it so successful?

Our key asset is being a company created and based in the Canary Islands, we understand very well the needs and expectations of our local customers. Since we were established in 1989, we put in place the air transportation system that the archipelago needed. Another important factor is innovation: the air travel industry is undergoing major technological changes across the board, from the design of planes to customer management. Binter has always kept abreast with technological change and this gives us an edge.

You announced late last year the creation of a new subsidiary in Africa, in Cape Verde. Why is it interesting for Binter to set foot there?

We started operating direct flights between the Canaries and Cape Verde in 2012. In doing so, we saw that this African archipelago lacked a service similar to the one we have between the islands. Cape Verde is smaller than the Canaries, but nevertheless we saw we had a role to play there. We created a subsidiary, Binter CV, and have started operating with two ATR 72-500. Soon, we will have a third plane operating there. We offer inter-island flights with a view to replicate the existing air transport system of the Canary Islands. We anticipate that Binter CV's workforce will comprise more than 80 people, mostly professionals in Cape Verde, many of whom have already passed through our facilities here for training.

Do you plan to open other routes in Africa in the medium term?

We are indeed analysing opportunities in other countries south of Senegal, but nothing is decided yet. With our current fleet, we can fly at most half an hour more as our planes have a capacity for a maximum of about three hours. We are looking at the market and maybe we will be able to announce something by mid-2017.

What is Binter’s competitive advantage?

Here in the Canaries, our knowledge of the market is unequalled. Furthermore, we offer a great number of flights between the islands. Our service is really like a shuttle: customers can arrive at the boarding gate early and have their ticket changed to embark on the next available flight without any additional cost. Our clients value this flexibility.

When Binter celebrated its 25th anniversary in 2014, it announced it would buy new airplanes from ATR. Where do you stand in this respect today?

We commissioned 18 new planes to replace those we currently operate. These are ATR-600s, which will gradually replace the ATR-700s. In 2016, we started operating four of these new ATR-600s. We plan to have five more operating in 2017, and we will gradually receive new ones each year until 2021, when we'll receive the last of the 18 new planes. Ninety percent of our current fleet is composed of ATR-500s and 600s, and we also have two Bombardier-900s, which we plan to replace with Bombardier-100s that can seat 10 more passengers. We might acquire a third Bombardier in 2018 but this is not decided yet.

How does Binter contribute to developing the economy of the Canary Islands?

We play a key role in making the Canaries an international trade hub, in particular with West Africa. Air connections are obviously key for developing commercial relations between the Canaries and African countries. We are situated very near Africa but we are European and this is very important: we have everything Europe offers such as quality education, social welfare, the European legal framework, etc. We envision that the Canaries could become a sort of European aircraft carrier in the Atlantic, where European companies targeting African markets could set up.

Santa Cruz to develop urban tourism & technology-based activities

José Manuel Bermúdez, Mayor, Santa Cruz de Tenerife

Investors are expressing interest in developing projects in Santa Cruz.”

How do you assess the economic well-being of Santa Cruz de Tenerife?

After several difficult years in the wake of the 2008 crisis, Santa Cruz is going through a period of economic renewal. Unemployment is decreasing, and new companies are setting up here, not only in the service sector but also in industry. Furthermore, Santa Cruz, which was not traditionally a tourism destination, is attracting growing numbers of visitors. Hotel occupancy is very high, we are the second most visited place in Spain, depending on the month. We have two investment poles: on the one hand, we have a significant amount of land available for companies that are looking to set up here, and on the other we are building a new Science and Technology Park in line with our objective of opening up new opportunities in technologies and the information industry.

How does the Santa Cruz City Council promote job creation?

We have replaced the ATR-762 with ATR-72s. We will introduce a free shuttle service similar to the one we have here between the islands. Cape Verde is smaller than the Canaries, but nevertheless we saw we had a role to play there. We created a subsidiary, Binter CV, and have started operating with two ATR 72-500. Soon, we will have a third plane operating there. We offer inter-island flights with a view to replicate the existing air transport system of the Canary Islands. We anticipate that Binter CV's workforce will comprise more than 80 people, mostly professionals in Cape Verde, many of whom have already passed through our facilities here for training.

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We play a key role in making the Canaries an international trade hub, in particular with West Africa. Air connections are obviously key for developing commercial relations between the Canaries and African countries. We are situated very near Africa but we are European and this is very important: we have everything Europe offers such as quality education, social welfare, the European legal framework, etc. We envision that the Canaries could become a sort of European aircraft carrier in the Atlantic, where European companies targeting African markets could set up.

Santa Cruz has a significant amount of land where industrial and technological companies could set up.”

Santa Cruz has the capacity to increase the number of tourists without prejudice to the quality of life. An important aspect we are very vigilant about is air quality: we have sensors throughout the city measuring it. Very few Spanish cities are as equipped as we are in this respect. Our city receives about 20% of all the tourists who come to the south of Tenerife, notably for the beaches and sunny climate, so this is a very important segment for us. Other segments we want to develop are short city breaks and convention tourism. We have an auditorium, the exhibition park, sufficient hotel capacity, and we already host important congresses. For example, in September 2016 we hosted the Seatrade Cruise Med fair, which gathered some 3,000 people. We also have high expectations for the Futurismo tourism fair on 1-2 June 2017, which Santa Cruz will host and which will gather some 700 tourism professionals.

One aspect we are keen to debate at this event is the possibility for Santa Cruz to host large events, such as pop and rock concerts. In July, we will be the last European stop of [American rock band] Aerosmith's farewell tour.
Laid-back Las Palmas is transforming into a fast-moving smart city

Augusto Hidalgo, Mayor, Las Palmas de Gran Canaria

You were elected Mayor of Las Palmas in June 2015. What were your priorities then and how much of your programme have you been able to implement so far? We have been in power for only 18 months, but the changes are already palpable. Our main priority is the fight against inequality, an issue that is debated throughout the Western world and that is particularly pressing in Spain. Our policy in this respect has three aspects: firstly, increasing public investment, in particular in transport infrastructure, to reactivate the economy; secondly, increasing support to those citizens who were particularly hit by the 2008 crisis and its consequences; and thirdly, boosting the local economy in three areas: trade, tourism, and the smart city economy.

The backbone of all this is the improvement of mobility in Las Palmas. The so-called ‘metro-guagua’ project will go a long way towards this goal: it is a bus rapid transit (BRT) system similar to the tramway, except that cars will rely on buses. It enables fast, efficient and flexible public transportation. We are about to start construction work, thanks notably to a 50 million euros agreement with the European Investment Bank (EIB).

What does Las Palmas offer to potential foreign investors? One of our key advantages, not only in Las Palmas but also the whole archipelago, is our preferential fiscal regime compared to the rest of Spain. For example, we have a free zone at the port that has not yet been fully exploited. One of the main activities there is ship repair: we have become the workshops of the Gulf of Guinea oil platforms. We are now looking to develop a new activity, which is film production, a sector for which we have specific fiscal incentives. We have had six film productions in Las Palmas in 2016, and we hope to reach 11 in 2017. We enjoy one of the incentives, modern and efficient infrastructure and technology, and of course our sunny, warm climate.

Las Palmas is the port of entry of a large proportion of the tourists who come to the Canaries. How important is tourism for the city? The Canary Islands were one of the first regions in Spain that opted for the ‘sun and beach’ model of tourism and Las Palmas profited from this mass tourism throughout the 70s. But since then, it got a bit stuck in the background as tourism moved towards other parts of the island or other islands of the archipelago. Now, our strategy is to develop urban tourism, geared in particular towards visitors who arrive by cruise boat. Las Palmas is already the third most important port of call for cruise ships in Spain with about 700,000 visitors a year and a growth of some 30% a year, partly fuelled by the fact that tourists are turning away from Maghreb countries and Turkey. We are already at 1.2 million overnight stays. Our plan is to link cruise tourism with conference and health tourism, and to position Las Palmas as a city break destination, in particular thanks to its cultural offer.

What are your plans in terms of making Las Palmas a smart city? This is indeed a fundamental issue, and Las Palmas has been only one of 14 cities selected by the Ministry of Industry, Energy and Tourism, among 111 applicants, for its smart city development plan. I presented our candidacy personally, as the head of our delegation, to show how important this is for us. We have an 11-point plan for developing technology throughout the city with initiatives that range from installing sensors in all the vehicles of our fleet, all on-ground parking equipment and all the waste containers, to moving towards a full municipal e-government. We have a comprehensive and ambitious project that we are starting to implement, and we are about to publish the first tenders.

What makes the Tenerife Free Zone different from other European free zones? All the free zones in EU Member States abide by the same norms and rules under the European Union Customs Code, the latest version of which came into force in May 2016. What makes us different is the Canaries special fiscal regime whereby corporation tax is only 4%. This gives us an added value compared to other European free zones.

Furthermore, Tenerife benefits from all the advantages of being located in the EU, i.e. legal security and European standards in terms of infrastructure and services. But we are also geographically situated in the African space, which gives us a unique advantage as a platform for doing business with Africa.

Can you talk us through the Mid-Atlantic Free Corridor Project (Corredor Franco del Atlántico Medio)? It is a project to ensure connectivity between America, Europe and Africa through their respective free zones, using the free zones of Panama, Tenerife and the association of Panama’s Free Zones (Asociación de ZonasFrancas de Panamá, AZOPAR). The Mid-Atlantic Free Corridor will boost trade flows & business between America, Europe & Africa.

The Tenerife Free Zone: great ambitions to unlock Tenerife’s potential

Gustavo González de Vega, Special Delegate of the State, Tenerife Free Zone

What are your short-term priorities for the development of the Tenerife Free Zone? Our activity started only four years ago so we are still in the initial phase. We mainly have three objectives. Firstly, to consolidate spaces earmarked for development, which amount to a total of some 250,000 m². Secondly, to enlarge the port of Granadilla, which would be the second phase of the Free Zone, with a total of some 500,000 m². The third main objective is to promote the Tenerife Free Zone throughout the world. Since it’s quite recent, it is not as well known as others and we need to communicate about the advantages we offer, in particular the Canaries special fiscal regime. In this respect, the three-day Atlantic Free Zone Forum, held here in early December 2015, enabled us to present our competitive advantages and the role we can play in boosting exchanges between America, Europe and Africa.

Furthermore, Tenerife has been chosen as the host city for the 2017 Assembly of the Free Zones of the Americas (Asociación de Zonas Francas de las Américas, AZFA), which will give us heightened visibility. This is very significant for us because there are over 10,000 companies based in Latin America’s free zones, and also because we have been chosen as the European venue for this very American event. This highlights the role of Tenerife and the Canaries as a bridge between Latin America and Europe. The 2016 AZFA assembly in Costa Rica, gathered more than 600 representatives of 19 Latin American countries.

The Tenerife Free Zone obviously greatly depends on the Canaries Port Authority. How would you evaluate the Port of Tenerife today? It is buoyant! The Port of Santa Cruz de Tenerife is going through its best period ever. Just like the whole economy of Spain, it was hit by the 2008 crisis, but it started to grow again some four years ago. Now, traffic is constantly increasing and new activities have started, such as ship repair. The fact that the port’s activities are growing and that the Tenerife Free Zone is consolidating its position and role leads us to see the near future very positively. We have now new opportunities and are ready to unlock Tenerife’s huge potential.
What are some of your priorities as the CEO of the Tenerife Tourism Corporation?

Naturally, there are many different priorities. Our Why Tenerife project encourages sectors such as animation, video games, augmented reality and the like to come to the island. There are now more than six companies within this realm who have set up in Tenerife, attracted by the island’s tax benefits, qualified workforce, excellent quality of life and production costs which are lower than in the rest of Europe. The island is also interesting for sectors such as ICT, light manufacturing and Health Science.

The Tenerife Film Commission was set up to attract audio-visual productions to the island. In fact, Jason Bourne was filmed here last year as well as other big-name productions. The popularity of the film industry has been boosted by the introduction of tax breaks and because an active industry has now been established. When a film or production crew arrives on the island, they can easily find experienced professionals and companies who are able to provide any services they may need. The number of daylight hours and the huge diversity in Tenerife’s landscape and scenery also favourably position the island’s film industry.

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The health tourism sector is increasingly important in the Canary Islands. Hospitals San Roque provides a great range of medical and surgical specialties and are renowned for their excellent care and technology. They are also at the top of the ranking for the best hospitals in the Canary Islands. Can you tell us more about the healthcare that your hospitals offer tourists? When Spain and part of the Spanish government realised the great potential of health tourism, a joint effort was made to enter this sector. The problem is that we acted very late, although we are now going full steam-ahead. The sector has really taken off both in Spain and internationally and each year around 100,000 million euros are spent on health tourism, a figure which is growing remarkably year-on-year. However, the offer must be uniform and there must be a quality guarantee so that our criteria are the same as hospitals anywhere else. Hospitals that are working in the health-tourism sector are now getting all the necessary certification in line with European quality demands. We have almost achieved that now. All the hospitals offering these criteria should provide a united front to attract health tourists to Spain. It is not something that can be done overnight — our hospital has taken 10 years to reach it is today by installing all the equipment and reaching the right quality standards to be accepted by health tourists.

What services do you offer to your international patients? Health tourism mainly takes place during the winter months and the rest of the year there are fewer health tourists. We offer high-ranking hospitals which are well equipped and with qualified personnel. We have put the infrastructure in place to provide interpreters for our patients from all over Europe and even China and Russia. Essentially, health tourism is for specialties such as plastic surgery, rhinoplasties, eyelid surgeries and the such and for other types of surgery. We also offer dermatology treatments as many Scandinavians have psoriasis and other skin complaints and our warm climate and treatments help them. We provide a whole range of services and since I am also President of Gran Canaria Spa, Wellness & Health, we have even made deals with the spa and offer hydrotherapy and wellness treatments, preventative measures and creams.

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Which ports come under the Port Authority of Santa Cruz de Tenerife and what have been the challenges since you joined in 2015?

The ports in the islands of Tenerife, El Hierro, La Gomera and La Palma come under the Authority. One of our main challenges is the Port of Granadilla in Tenerife, which is still being built. We hope that ships will begin to dock and occupy part of the port during the first half of this year. We’re running out space at the Port of Santa Cruz and there is a lot of traffic.

One of our objectives was in fact to increase traffic at the port by increasing the number of cruises and attracting ships or platforms to come in for repairs. We need to grow the ship repair industry to regain the importance it had before Nueva’s bankruptcy. A few shipbuilders will be opening in two or three months’ time and we have all been making a huge effort to train specialists for this industry. This offers a great potential for the island and this is the second challenge.

Our third challenge is the cruise terminal that is about to open and which is mainly for the cruise ships that have their base in Tenerife. There are around 1,500 passengers who disembark and the same number who then board. Everything must be ready by then.

What measures are you taking to make the Port even more competitive?

In today’s globalised world, competitiveness is key to ensure your future.

In today’s globalised world, competitiveness is key to ensure your future. We are working on becoming more competitive in four areas; quality in the service we provide, respect for the environment, and ensuring that our ports, cranes and warehouses are as efficient as possible as well as keeping up-to-date with innovative technology.

For example, we are currently developing the supply of natural gas for the ships that come to Tenerife. We have therefore placed a gasification plant in the Port of Granadilla and this will allow us to lessen the pollution caused by ships entering European ports. Natural gas is the cleanest fossil fuel that exists.

You recently said that 900,000 cruise ship passengers are expected to arrive on the island this year. Are you prepared for this number of passengers?

We are preparing for them in all the ports that depend on the Port Authority and this is a big challenge for us. There is a huge increase in cruise ship passengers worldwide. We are one of the most important destinations for winter sun cruises, but we don’t want all of them to be concentrated during the winter and as we also want to receive summer cruises. We are hoping that this happens. Our visitors are very satisfied and that is very important. Most people who come and try the island, then return and that is what we want.

Apart from our logistical capacities, our main characteristic is our proximity to Africa.

How do you plan to develop the port’s activities, apart from strengthening your role as a hub for Africa?

A key objective for 2017 is to position the port as a grain hub for South America. This is something that the port community stakeholders have been pushing for for quite some time, but up to now we didn’t have available space for such an activity. The port has grown and new zones have been conditioned, and we are just about to start construction work for a new dock, which will be completed in 2018. This is where the grain activity will take place. This will allow the export of corn, wheat, soya, etc. from South American producers to Africa in a much more efficient and cheaper way than what is being done now, whereby shipments are being sent to the north of Europe and loaded into containers. Las Palmas can handle much larger boats than the majority of West African ports, and can thus become a hub for that region. Indeed, this is why the United Nations chose us as one of its five ports worldwide for its emergency food program. Most of the boats that bring goods here from Europe return empty. Our plan is to use these return trips, which are very cheap, and we are very confident this could start this year.

How important is the special fiscal regime of the Canaries for the activities of the ports?

Apart from our logistical capacities, the fact that the Canaries have the best fiscal system of the European Union is a key advantage. We have a free port area that is fundamental for trade with Africa since all the goods that transit here can be shipped tax-free. Furthermore, we benefit from the Canaries Special Zone status, which allows a company to pay as little as 4% tax when it invests 100,000 euros and creates five jobs. We receive a lot of requests but the problem until now was that we lacked sufficient space for companies to set up.

We hope that our project of grain port and the new dock will enable us to increase the number of concessions.
Global ship repair yard capitalises on the Canaries unique position in the Atlantic

Antonio G. Suárez Domínguez, President, Astican Group

Based in Las Palmas, Astican is a private ship repair company that caters to clients from all over the world. Would you say that it is proof that the Canaries can diversify the economy from tourism?

Indeed, I totally agree with this assertion. We are an industrial company that provides qualified ship repair and naval transformation services to clients from all over the world. On average, 50% of our yearly turnover comes from abroad.

One of our strong points is that we are based in the Canaries on one of the most important maritime routes in the world: we cater to boats that navigate across the Atlantic and we offer the best quality, safety and productivity standards in West Africa, apart from South Africa. This gives us a strong competitive advantage.

What kind of ships do you manage, and from which countries?

We provide services for all types of ships and floating facilities, from small and medium ro-ro ships to fishing factory boats, chemical tankers, bulk carriers, scientific research boats, etc., as well as large oil platforms and drillships that operate in the Atlantic Ocean and the Gulf of Mexico. Our main clients are from Europe (Germany, Norway, Russia, Sweden, the UK), North America (U.S. and Canada), and Asia (China, Korea, Japan). As you can see, we are highly diversified and we contribute to making the Canaries an international trade platform.

How did the recent oil price slump affect your activities?

It has had a very strong impact on us. Oil prices went from $100 per barrel in 2014 to as low as $25 in February 2016. Oil companies that had planned exploration for oil or gas stopped drilling $25 in February 2016. Oil companies that had planned exploration for oil or gas stopped drilling altogether, and clients who build drilling equipment saw their market shrink by 50%. As a consequence, we also saw a 50% reduction in the orders passed by this type of clientele. However, we managed to maintain a good level of net profit and strong financial performance thanks to our policy of diversifying into different types of markets. In particular, we benefited from repair projects on passenger and fishing vessels.

In October, the regional authorities presented the competitive advantages of the Canaries as an investment destination to 15 EU Member States ambassadors. What would you say are the main assets of the Canaries in this respect?

We have to make it clear that we are not geographical situation at the southern tip of Europe, with Africa right nearby. It is an emerging continent with huge potential for the future. We offer very good conditions, not only in terms of quality of life but also of safety and legal security, which are particularly interesting for companies targeting the African market.

Another key advantage is our special fiscal status, which is recognised by the EU and is even more attractive than that of Ireland. It is one of the reasons why Rolls Royce has opened at the port of La Luz and Las Palmas a maintenance centre for its marine division, which caters to all sorts of ships and oil platforms that have Rolls Royce equipment and transit through this area of the Atlantic Ocean, on the West African coast.

The third key advantage is connectivity for both passengers and freight: from here, we are at most 24 hours away by plane from anywhere in the world. It is because connectivity is so important for the Canary Islands’ business activities that I am a significant shareholder in the Canarian airline Binter.

You also have significant investments outside of Spain...

Indeed, apart from our important presence in Spain, the Canaries and Santander, our parent company, in which I am also a significant shareholder, has a direct presence in Europe, America and Asia, notably in Athens, Hamburg, London, Shanghai, Pusan and Montevideo, to name a few. But the most important is our staff of over 3,000, including the crews, which makes it possible to efficiently manage this whole group.

Best taxation in Europe for the growth of regional economy & employment

Beatriz Barrera, President, Canary Islands Special Zone (Zona Especial Canaria, ZEC)

How important is the Canary Islands Special Zone for the economy of the archipelago?

The Canary Islands Special Zone is a low-tax zone authorised by the European Commission, under the supervision of the Spanish Ministry of Finance and Civil Service. Its purpose is to help the Canaries diversify the local economy. It is a tool that isn’t applicable to the whole economy but only to those sectors that are earmarked as particularly promising in view of this objective. Hence sectors such as financial services, construction, retail, real estate, hotels and restaurants are not included in the Special Zone. Rather, it applies to industrial activities and services such as auxiliary services to tourism, health tourism, wholesale trade, new technologies, ship repair, and audio-visual production, to name a few.

For example, an airline can benefit from this scheme if it invests to increase connectivity with the Canary Islands.

What are the main advantages of the Canary Islands Special Zone?

There are three main advantages. The first one is fiscal: companies registered under this scheme pay only 4% corporation tax under the condition that they invest a minimum of 100,000 euros if they are based in Spain or that they invest a minimum of 500,000 euros if based in another island, and create a minimum of five new jobs. Another important advantage is that dividend payouts are not subject to tax in Spain. This clause applies only to corporate shareholders, not individuals. Dividends are taxable in the country where the corporate shareholder is fiscally resident.

However, an important point is that this applies only to countries that abide by regulations on the exchange of information, namely not tax havens. This guarantees full legal security for the companies, but also for the Spanish State and the European Union. The third advantage is that any proceeds from the pursuit of the company’s activity are exempt from the Canary General Indirect Tax (Impuesto General Indirecto Canario, IGIC).

The third goes for goods and services traded between companies registered in the ZEC.

Two years ago, there was an agreement between the regional and the national government for a reform of the fiscal regime of the islands, which obviously included the ZEC. What have been the results so far?

Our objectives are to diversify our sectors are those that are included in the fiscal reform, in particular the offshore, audio-visual, and new technology industries. The Canaries have huge potential in these three sectors, and the reform has undoubtedly had a positive impact. We are now analysing other sectors that have not yet grown much but are nevertheless very promising, such as health tourism and recycling.

We believe in particular that health tourism has huge potential, and the regional government is determined to encourage its growth. Another positive effect of this reform and the ZEC is that we are now on the radar: businesses throughout Europe are increasingly aware of the advantages we offer. For example, a Norwegian company specialised in statistical development for sport-betting companies chose to set up here recently because of the legal safety we provide, the fact that we are part of the EU, and also the quality of life we offer.

How do these fiscal advantages position Canaries on the global stage?

We want to position the Canary Islands as one of the most competitive fiscal zones in the world, with the added value that we offer legal security under the supervision of the government of Spain and the European Union. Furthermore, we offer a unique platform for knowledge, innovation, technological development and outsourcing for exports. We are a gateway to Africa and America.
A model of business success in the Canary Islands

Maria Victoria López Fuentes, CEO, Grupo Fedola

Last year the Chamber of Commerce of Tenerife named Grupo Fedola as one of its models of business success in the Canary Islands. Why do you think you were chosen? I think it’s because we have values that have helped us to grow in a sustainable way. We are very transparent – we call it “being credible”. We don’t cheat anyone; we don’t cheat our workers, nor our suppliers, nor our clients. People believe in us and trust our company.

What are the Group’s strengths? Without doubt, it’s our discipline. We have very well trained employees who always work as a team. Everyone is equally as important as everyone else, because each person has their own important role to play. Working as one big family is our main success. We always try to promote internally and offer training to anyone who wants to grow within the group. We are just about to open our new hotel and we are therefore providing specific training to find the future leaders of this establishment.

Grupo Fedola is nearly 60 years old and has 25 different business units in diverse sectors such as agriculture, industry and services. Why did this family group choose a diversification strategy instead of concentrating on a niche sector?

Unquestionably, our most important sector is tourism. Construction used to be very important for us, but during the crisis the sector completely collapsed and so now we’re careful not to put all our eggs in one basket. If one sector fails, we will have others to help us survive.

The current challenge is discovering how best to diversify so that tourism isn’t the biggest sector in our portfolio - not by opening new business units, but by growing those that we already have. Construction is beginning to move again, but we also have smaller companies to grow. We have some units that were originally created for our own use, but we are now seeing if they can be competitive in the open market.

Can you tell us more about your flagship property, the Victoria Suites on the Costa Adeje in Tenerife? When is it due to open? It has been quite a gamble as we have made a huge investment for a property with relatively few rooms. We are hoping to have it open by summer and then have it full with families by winter. The property has family leisure facilities unlike that of any other hotel in the Canary Islands. When we talk about family, we always tend to think of parents with young children, but as children grow and reach different ages, their needs and wants change. Therefore, the property will also offer lots for teenagers to do. One of the swimming pools will have wave machines for surfing, there will be tree houses with zip wires, climbing walls and seven-metre-high slides. We are going to lay on special entertainment for their age group such as hip hop classes, make up tutorials and so on.

Best of all, there will be kid-free areas where parents can be free without being bothered by children! There is a swimming pool with relaxation zone and an adult-only spa, although there will be also a spa where the whole family are welcome. The hotel’s concept is to maximise the health and wellbeing of families, whatever it being providing Asian relaxation classes, diets to alleviate stress or other conditions or a whole host of other activities.

The hotel is extremely innovative, 90% of its energy will be generated through renewable sources such as solar panels and other state-of-the-art machinery. Even our lills generate energy when they go up empty or go down full. We have invested three million euros on sustainability and have even been awarded a prize as being one of the top 10 most sustainable hotels.

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Can you tell us more about your flagship property, the Victoria Suites on the Costa Adeje in Tenerife? When is it due to open? It has been quite a gamble as we have made a huge investment for a property with relatively few rooms. We are hoping to have it open by summer and then have it full with families by winter. The property has family leisure facilities unlike that of any other hotel in the Canary Islands. When we talk about family, we always tend to think of parents with young children, but as children grow and reach different ages, their needs and wants change. Therefore, the property will also offer lots for teenagers to do. One of the swimming pools will have wave machines for surfing, there will be tree houses with zip wires, climbing walls and seven-metre-high slides. We are going to lay on special entertainment for their age group such as hip hop classes, make up tutorials and so on.

Best of all, there will be kid-free areas where parents can be free without being bothered by children! There is a swimming pool with relaxation zone and an adult-only spa, although there will be also a spa where the whole family are welcome. The hotel’s concept is to maximise the health and wellbeing of families, whatever it being providing Asian relaxation classes, diets to alleviate stress or other conditions or a whole host of other activities.

The hotel is extremely innovative, 90% of its energy will be generated through renewable sources such as solar panels and other state-of-the-art machinery. Even our lills generate energy when they go up empty or go down full. We have invested three million euros on sustainability and have even been awarded a prize as being one of the top 10 most sustainable hotels.

Consolidated in the Canary Islands & growing internationally

Pedro Luis Cubiella, President, Grupo Hospiten

The Hospiten Group is one of the largest Spanish healthcare conglomerates offering a wide variety of medical and surgery specialties. Can you tell us about your success? We base our model of excellence on three pillars. Firstly, we have an excellent team and each professional offers the highest degree of specialisation. We also have the most up-to-date technology which guarantees a first-class health service and thirdly, but just as importantly, we have an innovative philosophy for the wellbeing of our patients. Hospiten’s management model is to improve the efficiency of its activities and services through our commitment to quality and the environment. We have been certified in the international quality standards of ISO 9001 and ISO 14001. We also have the EFQM 400+ stamp for European Excellence that the European Foundation of Quality Management awards for recognition of organisations that have excellence as the basis of their strategy.

What extra services do you offer your international patients? We work with most of the international insurance companies which gives our patients peace of mind. Furthermore, our hospitals provide customised and specialised services for international patients such as our public relations and interpretation services which are carried out by professionals of the highest specialisation.

You are also President of the cancer clinic, MD Anderson. Can you tell us about this part of the group? We were offered the opportunity to purchase the Hospital MD Anderson Cancer Centre Madrid eight years ago. The hospital had a fabulous medical team, but it was owned by two venture capital companies that didn’t have any experience in running hospitals. We finally bought the centre six years ago and Houston are very happy with what we are doing and how it is constantly improving. We sent our doctors over to Houston to learn about the latest advances in cancer treatment and we carry out joint protocols of care, clinical trials, medical congresses and numerous training activities. We are very excited about it especially as the Americans are so satisfied.

Today Grupo Hospiten are present in the Canary Islands, on the Spanish mainland as well as in the Dominican Republic, Jamaica and Mexico. How did the internationalisation of the Group come about and are there any new projects on the horizon? One day, I had lunch with the President of the European Union. Two Operators who told me that they needed us to solve a big problem with the Dominican Republic. We bought some land in Bavaro and built our hospital. We also teamed up with one of the most important financial groups on the island for a joint venture hospital in the capital, Santo Domingo. Although we had a great relationship with them, we have since bought out their share. We were also invited to build a hospital in Cancun and have since built another in the Riviera Maya and bought three more in Mexico, we still start work on the one in Cabo San Lucas in the next few months. We are continuously studying new projects, both in Spain and abroad and we are currently at an advanced stage on a couple of other opportunities.

What are your main professional, business and social goals for 2017? From a business point of view, we are consolidating our three Mexican centres as well as the one we opened in Jamaica just over a year ago. We are also looking at new markets on both sides of the Atlantic: to help us to continue our international growth. We are especially proud of the work we are doing in the MD Anderson Cancer Foundation in terms of investigation, clinical trials and disease prevention. At a social level, we will continue collaborating with various charities in line with our social responsibility strategy everywhere we have interests. We are especially advocating sport to promote a healthy lifestyle and encourage healthy habits.
Internationalising the Canary Islands
Pablo Martín Carbajal, CEO, PROEXCA & General Director for African Affairs, Canary Island’s Government

What is the aim of PROEXCA?
We promote the internationalisation of the Canary Islands in two ways. Firstly, we help companies from the archipelago to export and set themselves up abroad. We have a few companies that are doing extremely well, but the rate of our companies limits us. We already have around 120 companies that have set themselves up in the African countries which are closest to the Canary Islands such as Morocco, Mauritania and Senegal. We also have companies that are starting to invest in South America. Our other aim is to attract investment to the Canary Islands both on our own and in cooperation with other institutions such as ZEC and the Island Councill.

When we travel around the world to talk about our fiscal regime, people are often surprised because they didn't know about it previously. Our incoming trade missions are always impressed by what they find here as they don't expect to encounter so much development and infrastructure. Although we have a great product, we have to showcase the islands hand-in-hand with the government, port authorities, airport and the private sector. We are doing a good job; in the last two years, around 40 international companies have set up their businesses here with PROEXCA's help.

What makes the Canary Islands attractive to foreign investors?
We have the most advantageous fiscal regime in Europe with only 4% corporate tax and provide direct tax rebates with cash-back for priority sectors. These include up to 78% for R&D, 45% for tech innovation and 35-40% for filming. These are also dividends exempt with no withholding tax for countries who enjoy double taxation agreements with Spain. We also offer the security of working in a European country with amazing weather, great infrastructure and a high quality of life, which makes it easy to attract and retain top talent. Since we have various communities of European residents, we are one of the most cosmopolitan regions in Spain where potential investors can find multilingual and skilled staff.

With more than 400 flights from the UK and Germany and Binter Canarias now providing more than 40 weekly flights to servicing African countries, we have great connectivity. Excellent telecommunications with best-in-class internet connectivity, ports and shipping, retail, tourism, renewables and the audiovisual sector. Our main challenge is to diversify our economy and we still have a lot of work to do.

There have been 100 cooperation projects co-financed with European funds together with neighbouring African countries such as Cape Verde, Morocco, Senegal, Mauritania etc. What role can the region play in African economic development?
These programmes are very important and have been funded with 110 million to promote institutional cooperation with these countries. We want to be a gateway for West Africa, especially in the oil and gas and mining sectors as they are demanding services from the Canary Islands as can be observed from all the rigs in our ports now. At the same time, we can provide services for the growing middle class in West Africa given that there are 10 African countries that can reach the Canary Islands by air within two hours.

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Exporting digital services around the world through great connectivity
José Manuel Rodríguez Macías, Director, Atos Consulting Canarias

How important is the good connectivity that the Canary Islands enjoys?
For a company like Atos that provides digital services, good connectivity was one of the main prerequisites for being based in Tenerife. The Canary Islands and Tenerife in particular are committed to connectivity and the island has overtaken the rest of the country by creating a hub below Granadilla called the D-ALiX project. This connects Europe, Africa and America by underwater cables and creates a neutral access point. I believe that this is one of the island’s main achievements. We are the biggest IT company in Europe and in the top four worldwide and without good connectivity, logically we wouldn’t be able to keep growing.

Atos Canarias has become an important player within the French multinational. What services do you offer?
We resolve technological problems for 107 multinationals in 42 countries by offering a highly specialised technical service and help desk. We have more than 700 employees, but are about to grow to 800/900 people. We expected to reach this number by 2018, so we are beating our goals by almost a year and half. Atos Canarias is positioned itself as one of the company’s global service centres by applying the philosophy of “follow the sun” and becoming a centre of excellence for the company. We also offer all the general services such as consulting, integration of systems, big data and security services. We introduced and developed the super computer TriedicHPC here in Granadilla, which is the second biggest in Spain and is part of the D-ALix project.

There is a very interesting joint public-private project for developing software called CEMI (Centre of Excellence for Development and Innovation). It is the only project in Europe which is committed to training. Young people who have just finished studying come here and are trained by important engineers who show them the technology and methodology that the market is demanding today. We prepare them and then hire them.

Atos Canarias has become an important player within the French multinational. What services do you offer?

Offering perfect set locations & tax incentives
Juan Cano, Executive Producer, Sur-Film

Why are the Canary Islands and especially Tenerife the ideal place for audio-visual productions?
The Canary Islands has become a reference for cinema in Spain and Europe since 2009 when Warner Bros came to Tenerife to film Clash of the Titans. There are many reasons for our success. Firstly, we have some amazing locations with incredible diversity in scenery and a very special light. Our crew has learnt so much in working on the big productions that have been filmed here and this in turn has allowed many of them to work internationally. In the future, they will be our best ambassadors. Another advantage is that the islands have fantastic hotels which are a maximum of one hour from the filming locations which is a great plus for shooting schedules. We are also within a three or four-hour flight to anywhere in Europe. We offer a one-stop-shop together with the help of the Film Commission and the island councils and offer everything that is needed to shoot here: machinery hire, hotels, security companies etc.

The Government of the Canary Islands wants to encourage the film industry and has created tax incentives for the audio-visual sector. How important is the support of the local governments? The Canary Islands are taking the sector very seriously. It’s been almost 20 years since the establishing entities such as the Tenerife Film Commission as a link between the Canarian production companies, the public institutions and the Tenerife Tourism Authority. We also have the Canary Islands Audio-visual Cluster and both these institutions have helped us to communicate with the various island councils as well as the regional government.

I think the fact that we work together as a team is what gives the Canary Islands a competitive advantage over the rest of the Spanish regions.

How does shooting a Hollywood movie in the Canary Islands positively impact the region? It has a very positive impact on the economy. There is a myth that the audio-visual industry only needs technicians. However, it also involves lawyers, tax advisors, bookers, translators, carpenters, painters, drivers and so on.

The tourism industry is also boosted especially for somewhere like the Canary Islands, where the main economic engine is tourism. Together with Paramount, we brought Brad Pitt and Marion Cotillard to Gran Canaria and featured them in film Allied. What tourist campaigns could pay for that publicity?

How have Sur-Films managed to attract so many blockbusters to the islands?
We have put the Canary Islands’ audio-visual sector on the international map. 10 years ago, no-one knew about us. We have found it easier to capture international clients than those from Spain because our partners are based outside of the country. This contributed to developing Sur-Film internationally and working with Warner Bros in 2009 opened the doors to other studios. We’ve made the most of these opportunities by working extremely hard and providing a fantastic team. When an international production team arrives, we must immediately show them the value of the whole team and reassure them about their decision to choose the islands as their location.

I’m sure that they will be our best ambassadors. Another advantage is that the islands have fantastic hotels which are a maximum of one hour from the filming locations which is a great plus for shooting schedules. We are also within a three or four-hour flight to anywhere in Europe. We offer a one-stop-shop together with the help of the Film Commission and the island councils and offer everything that is needed to shoot here: machinery hire, hotels, security companies etc.

Sur-Film has produced commercials for prestigious brands such as Porsche and Jaguar and box-office hits such as Allied and Jason Bourne. What does 2017 promise? There is going to be some incredible news for 2017 as we are about to finalise the details for a new blockbuster that is going to be filmed here. Although Sur-Film has already worked with some very important studios - Warner Bros, Universal and Paramount - this time we will working with a different studio which will open a new window in Hollywood. This is an extremely important development for us.

The Canary Islands will go down in cinematic history – I can assure you of that.
Lanzarote: an out of this world destination, right next door
Héctor Fernández Machado, CEO, Society for the External Promotion of Lanzarote

The Society for the External Promotion of Lanzarote (SPEL according to the Spanish acronym) is tasked with promoting the island in foreign markets. Is your activity mainly linked to tourism, given it is the main economic sector of Lanzarote? Indeed, then we also promote the tourism sector and develop Lanzarote’s economic activities in order to ensure the island’s economic growth, and in particular tourism, which is the backbone of the economy. It is to be noted that the SPEL is a public-private entity. This is important because it enables us to work closely with the private sector and thus take into account a whole range of factors and stakeholders who contribute to this vital industry. We take all our decisions in a collaborative manner, in particular regarding what markets we want to target, and it has proved a very efficient way of working.

The number of tourists has gone up by 10% in 2016 and this has boosted the whole local economy, from agriculture to services, with more consumption and the creation of new enterprises and jobs. Tourism also has a social dimension, not only because so many local families are involved in it, but also because foreign visitors and other temporary communities of British and German expats shape our society. We are quite multicultural.

Growing numbers of travellers choose their destination depending on the degree of environmental protection.

What infrastructure projects are currently being developed that will impact tourism? For instance, the enlargement of the cruise ship dock; it is a very important project for the island. Another major area for large projects is connectivity. In 2016, Lanzarote airport received 6 million passengers and 3 million tourists. There are seven airlines operating at the airport offering routes to European capitals, Ireland, France, Italy, and Scandinavia. Lanzarote is an attractive destination for European tourists because of the sun and beach crowds thanks to our volcanic landscape. It is of course very striking, but another aspect that makes it truly unique is the tourism model it has pursued for the past twenty odd years. We have refused to build too many hotels and other types of accommodation, and have kept a tight control on the number of buildings being built and their height and characteristics, which must match the traditional architecture. All the buildings must blend with the landscape. This gives Lanzarote a special look and feel, something different and exclusive.

What are your main tourism markets? Our main markets are in Europe: United Kingdom, Germany, Ireland, France, Italy and Scandinavia. But we also receive a large number of visitors from mainland Spain. One of our strong points as a destination for European tourists is our excellent connectivity. In 2016, Lanzarote airport received 6 million passengers and 3 million tourists. There are seven airlines operating at the airport offering routes to the United Kingdom, with some 50 flights a week. In terms of the type of tourism we offer, we cater obviously to the sun and beach crowds thanks to our sunny and warm climate and excellent quality-price ratio. But other segments are growing, in particular sport and food tourism. We have even created a brand, “Tasting Lanzarote” (Saborea Lanzarote), to promote our unique cuisine and local produce.

What distinguishes Lanzarote from the other islands of the Canary Archipelago? The Canaries are special as such, in particular because each of the islands of the archipelago has a different personality. There is no question that the six other islands are marvelous but I believe that Lanzarote has something really special that makes it particularly attractive. Its volcanic landscape is of course very striking, but another aspect that makes it truly unique is the tourism model it has pursued for the past twenty odd years. We have refused to build too many hotels and other types of accommodation, and have kept a tight control on the number of buildings being built and their height and characteristics, which must match the traditional architecture. All the buildings must blend with the landscape. This gives Lanzarote a special look and feel, something different and exclusive.

A young, innovative 80-year old entrepreneur
Martin García Garzón, President, Montesano Group

Montesano is a leading Canarian food company, specialised in pork products. What is your assessment of the food sector in the Canary Islands? There is a difference between the sector in the Canaries and mainland Spain. Here, the economic engine is tourism and all the related services. The contribution of the secondary sector to the local GDP is much lower than in continental Spain and Europe. All the economic actors are aware this is not a desirable situation because it is unbalanced, but it is obviously linked to the resources and characteristics of the archipelago. Concerning the food sector, the situation is similar there is a marked difference between mainland Spain, where the sector is very mature and strident, and the Canaries, where it is not as strong and where we are confronted with strong competition from abroad.

We operate in a very dynamic and mature sector, where innovation is key to keep ahead of the curve.

Is this why Montesano has diversified in recent years? Indeed, the Canaries is a small market, which is why many local businesses diversify their operations. It is a difficult market because it is fragmented: there are seven islands, each is a distinct market. Here, we need more imagination and effort compared to our operations in mainland Spain. We started diversifying 20 years ago when we opened a subsidiary in Jerez de los Caballeros near the frontier with Portugal, which is specialised in Iberian pork products. It is growing nicely. More recently, we opened a factory near Seville that is specialised in meat-cutting and the fabrication of ham and other Iberian pork products. The reason we created these two subsidiaries in mainland Spain is because Spanish meat products are doing well in foreign markets and we wanted to take advantage of this upward trend. Obviously, it’s easier and more cost-effective to export from mainland Spain than from here.

How would you qualify the Spanish meat sector? It has grown a lot in the past decade or so, bi in pork or poultry, and it has carved a good standing in international markets. In particular, the Spanish jamon is very appreciated throughout the European Union, in places like China, Japan, Korea, and Singapore, and the Americas. We are currently working on opening markets in the United States, where we have started the certification process for our products. On balance, the Spanish meat sector has done really well. The only caveat is that although production is going up, domestic consumption has remained at the same level in the past few years, it has not grown.

How important is innovation in the development of your company and sector? Montesano is a very dynamic and mature sector, where innovation is key to keep ahead of the curve. Innovation is not so much about the product itself anymore, a lot already has been done, but increasingly for production technology, packaging and marketing. Innovation has to be perceived and I spend many nights thinking about what can I do differently and how we can improve for our customers.

How is the meat sector doing in mainland Spain? The meat sector in mainland Spain is very mature and striving, and the situation is similar there is a marked difference between mainland Spain and the food sector, the situation is similar there is a marked difference between mainland Spain and the Canaries, where it is not as strong and where we are confronted with strong competition from abroad.

What recommendations would you make to young, would-be entrepreneurs? It is important to determine when is the right time to set up a company. Then it is essential to have a very clear vision of what you want to achieve, and to dedicate 100% of your attention and effort to the project. If you don’t have the means, the time to get out and find what you need. Last but not least, take risks because it’s the only way to achieve anything.

You were recently finalist for the prestigious EY Entrepreneur of the Year award for Spain, representing the Canary Islands. Were you surprised? Well yes! I was surprised because I’m almost 80 years old and I thought this award was more about young entrepreneurs. I was of course honoured. Even though we did not win the prize, we are proud to have been recognised for our dynamism, innovative spirit, and our contribution to the Canary Islands economy.

What recommendations would you make to young, would-be entrepreneurs? It is important to determine when is the right time to set up a company. Then it is essential to have a very clear vision of what you want to achieve, and to dedicate 100% of your attention and effort to the project. If you don’t have the means, the time to get out and find what you need. Last but not least, take risks because it’s the only way to achieve anything.
Amid Achi Fadul, President, Grupo Número 1

You founded Grupo Número 1 some forty years ago as a modest fashion shop in Santa Cruz de Tenerife. Today, you are the largest multi-franchise operation in Spain, with over 200 shops, 16 brands and some 1,500 employees. How do you evaluate the franchise business model?

I believe that the only franchise business model that works well, in the Canaries or anywhere else for that matter, is when both the franchisee and franchisor are equally involved. The risk must not be shouldered only by the franchisee, which is what often happens, it has to be fairly shared. Also, for me, the word ‘franchise’ is associated with the fact that goods are on consignment. Our group doesn’t have proprietary brands — we have 202 shops, with about 20 franchises.

On what criteria do you select a franchise you will work with?

I attach great importance to the personal contact with the owners or managers of the franchise I am dealing with. It is an important aspect to take into account when evaluating the future potential of the franchise. We look for good quality, strong franchises that do not depend on circumstances that are beyond the control of the owner, that do not need to borrow, and whose products are well adapted to the Canaries market.

Many Spanish companies, and even a few European ones, use the Canaries as a platform for doing business with Africa. Grupo Número 1 started operating in Senegal in 2011 through Número Uno SNG. How do you evaluate the African market for your company, and how can the Canaries contribute to Africa’s economic development?

We are really replicating in Africa what we did here when we founded and developed the group. We see that Africa, in particular Senegal where we are now operating, has the same needs as the Canaries had some years back. Our objective is to grow throughout Africa with Senegal as our base of operation. As for the Canaries, they are the natural bridge between Europe and Africa. I believe the Spanish government should authorise the creation of a financial centre in the Canaries that would cater to the growing number of African savers who prefer to put their savings in a London or Paris-based establishment rather than at home, because they feel more secure in Europe. It would make sense to have such a financial centre here because of our proximity to Africa. Another important point would be to offer education to African students in our universities. But for this, we’d need to deliver courses in French and English. There is a lot of talk in the Canaries about the importance of Africa for us, and now is the time to put this into practice and for us to invest there and attract investors from there.

How important is tourism for the group’s activity?

About 40-50% of our sales are made in tourist areas, so we rely a great deal on tourism. Furthermore, all the people who work in the Canaries’ tourism sector also buy in our shops, so the better they fare, the better we do as well. Everything in the Canaries depends one way or another on tourism, because it is really the heart of our economy.

What would you say is most important to grow further the Canaries economy? I believe the most important is education and training. We need practical training for our young people so they can swiftly enter the job market. It is also fundamental that they speak languages.

What are your main objectives for 2017? The main challenge is to consolidate and develop our staff. For me, our staff is paramount. I do whatever it takes to not only maintain jobs but also increase staff. In 2016, we managed to create 200 jobs, and we think we can reach the same number in 2017. For example, we created some 1,200 indirect jobs in the two commercial malls we built last year.

Why is Adeje such a unique tourism destination? We are proud to boast that our tourism product is unique for several reasons. The Canary Islands has the best climate in the world, and Adeje’s climate is the best within the archipelago itself, enjoying some of the most constant temperatures in the world. With 320 days of sun a year, we are privileged with an almost tropical climate without the downside of the tropics such as mosquitos, disease etc.

We are also unique thanks to the wide variety of hotels and luxury shopping on offer. Visitors can enjoy gastronomic restaurants, world-class attractions such as Siam Park and year-round water sports. We also have 10,587 inhabitants (Canaries Statistics Institute ISTAC) which is helping us to consolidate our position as a tourism destination of excellence. We are also in the midst of a very important process of modernising and updating our existing tourism product.

Why would you sum up your 30 years as Mayor of Adeje?

I would have to say that it has been an extremely positive experience. I have had the privilege of taking part in the development and generation of Adeje throughout its various stages. From its humble beginnings, Adeje’s tourism industry is now focussed on the luxury sector and boasts the highest concentration of 5-star hotels in Europe. We have also invested in training, our tourism personnel so they can follow a career-path within the industry. This way, not only do we guarantee the quality of our service, but it means that employees enjoy higher-quality jobs with better working conditions. Our political stability has attracted a great deal of investment which is helping us to consolidate our position as a tourism destination of excellence. We are also in the midst of a very important process of modernising and updating our existing tourism product.

El Hierro, pioneer in sustainability & connectivity
Belén Allende Riera, President, El Hierro Council

El Hierro is the smallest and westernmost island of the Canaries. Does that make your tourism model different from the rest of the archipelago? The Canaries are keen to develop sustainable tourism and to protect their unique and delicate environment, but I would say that El Hierro is arguably the most committed to environmental protection and sustainability of all the seven Canary islands. Our first plan for sustainable development came out in 1997, we were pioneers. Today, some 60% of our territory is protected. It is also here that the first marine reserve of Spain was declared in 1996. Our sustainable development model takes into account tourism, a key sector, but also agriculture, fisheries, and the environment, which is so spectacular on this volcanic island.

El Hierro reached a world record in clean energy in February 2016 by using 100% renewables in its mix for more than 24 hours. How far are you from relying 100% on clean energy all year long? Indeed, our hydro-wind plant, which started operating in 2013, is the first “Smart Island” in the world following the deployment of a free, island-wide Wi-Fi network. What benefits has this brought you? Indeed, the issue of connectivity is key for us, given that we are Spain’s smallest and furthest island. We want to be a laboratory in the middle of the Atlantic Ocean, connected to the rest of the world. Digital technologies will be key in retaining young people here, but also in ensuring that they are trained for tomorrow’s jobs.

A unique destination in Tenerife
Miguel Rodríguez Fraga, Mayor of Adeje

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Adeje boasts the highest concentration of 5-star hotels in Europe in 2014, a key asset in our objective of reaching 100% reliance on clean energy. Actually, we have now reached a record of 76 straight hours. Obviously, we have to take into account a certain degree of unpredictability as we cannot plan the strength of the winds. We also must also further improve our distribution system to make sure that all residents can access this clean energy. Furthermore, we are counting on our plan for sustainable mobility, which entails the use of electric cars throughout the island.

In 2013, El Hierro became the first “Smart Island” in the world following the deployment of a free, island-wide Wi-Fi network. What benefits has this brought you? Indeed, the issue of connectivity is key for us, given that we are Spain’s smallest and furthest island. We want to be a laboratory in the middle of the Atlantic Ocean, connected to the rest of the world. Digital technologies will be key in retaining young people here, but also in ensuring that they are trained for tomorrow’s jobs.
Lanzarote to become smart Biosphere Reserve
Echeguiy Domingo Anselmo Hernández, Councillor for Tourism, Lanzarote Council

Tourism in the Canaries reached record levels in 2016. How did it fare in Lanzarote in particular? We have indeed broken records in the number of visitors and in economic downfall, which is very good news for Lanzarote, an island whose GDP depends almost exclusively (90%) on tourism. We also broke records in our seven arts, culture and tourism centres. The trend we observed last year shows that not only were there more visitors, but that they've also spent a bit more than the previous year.

The trend we observed last year shows that not only were there more visitors, but that they've also spent a bit more than the previous year. We believe there are many interesting opportunities in hotel renovation. Currently, we have 85% occupancy rate all year long, and demand is very high. This means investment in hotel renovation can bring good returns quite fast. Indeed, we are already seeing tourism companies from outside of Puerto de la Cruz invest here.

Can you tell us more about this project of new leisure port? We are now waiting for planning permission for a very long time and expect to be able to kickstart it within two years. Our priority, rather than rapid expansion, is to consolidate our position in this luxury segment with products that will accompany our crown jewel, the Bahía del Duque, as well as to grow internationally.

A family that shaped the economy of the Canaries
Francisco Javier Zamorano, CEO, Compañía de las Islas Occidentales (CIO)

Having started in 1850 as a family business selling Cuban tobacco, the Compañía de las Islas Occidentales (CIO) (Western Islands Company) operates in various sectors: tourism, food, services and real estate. Why did you diversify rather than focus on one sector? Indeed, we already have the fourth generation working in the group. Since the beginning, the Zamoranos sought to keep the company as a family business and ensure that we did not put all our eggs in the same basket. The company was started as a tobacco distributor, an activity that was sold in 2005 to the UK-based Gallaher tobacco group. Then in 1975, we went into the food sector with a mineral water production company under the Fuentealta brand. And in the 1990s, we diversified into luxury hotels and real estate. The CIO as it stands today was set up in 2005. Like everybody else, we were hit by the 2008 financial crisis but we managed to recover quite quickly. Nowadays, our strong point is quality, but diversification and long-term planning have been key to our longevity and success.

What is the ‘crown jewel’ of the group? It is our luxury resort Bahía del Duque in Tenerife. But our main asset is really our staff, because they’re the ones who deal directly with our customers. The quality of service we provide is paramount and we dedicate a lot of effort and care into it. We have built a family brand, The Tais, which also encompasses the Villas in Bahía del Duque. We have worked very hard on our brand, always with the same long-term vision.

La Palma, the Canaries best kept secret
Jordi Pérez Camacho, Councillor, Sodepal, La Palma

The economy of the Canary Islands is based on tourism. But each of the seven islands is different from the others. Is tourism also a key sector for La Palma? Actually, La Palma is quite different from the rest of the archipelago because the primary sector is the most important contributor to our GDP accounting for 57.7%. In particular, we are well known in Spain and on the continent for our bananas. We are top producers and exporters. This, combined with the fact that the geography of our small island doesn’t allow for mass tourism, has resulted in a relatively small tourism sector compared with the other islands.

But now our ambition is to promote tourism more decisively, and in particular our spectacular and pristine nature. We are a UNESCO Biosphere Reserve and this is a very strong point for nature-loving tourists.

Do local authorities, including the Society for the Promotion and Economic Development of the Island of La Palma (Sodepal), plan to diversify the economy? Indeed, we consider that diversification is necessary to guarantee the sustainability of our economy. As far as the primary sector is concerned, we want to encourage more production of local produce, such as our unique wine and goat cheese. We also aim at developing our organic production. Sodepal actively supports small producers, in particular in marketing.

Concerning other sectors, one of our key assets is our leading position in astrophysics, notably through the presence of the Canaries Institute of Astrophysics. We want to develop an ecosystem in this area, with providers of services such as maintenance, small manufacturing, and real time remote control. Sodepal is also very involved in event planning. We organise events in sport, environmental conservation and marine life, to name a few. One of our most important achievements in this respect is the Transvulcania running competition, which gathers some 4,000 athletes from some 60 countries and is known to be one of the toughest in the world.

Sodepal, plan to diversify the economy?

What are the main achievements of the Tenerife City Council since you were elected Mayor in 2015? I would say that our most important achievement so far is that we have enacted the urban renovation plan for Puerto de la Cruz. We are a top tourism destination not only in the Canaries but also in Spain and have been so for decades. This means that part of our urban infrastructure and hotels are now outdated and in need of refurbishment and modernisation. Now that the urban renovation project is definitely approved, we can go ahead with our plan to upgrade public transport, road traffic, parking spaces, and commercial areas. Furthermore, we are launching the very important project for a new tourism and commercial port. This is something that the population has been demanding for years, and it will obviously have a significant impact on our tourism offer.

Can you tell us more about this project of new leisure port? We are now working on an ambitious project to become an Intelligent Biosphere Reserve, Destination. We are now working on an ambitious project to become an Intelligent Biosphere Reserve, which involves the use of new technologies in traffic, parking spaces, and commercial areas.

What are the investment opportunities in Puerto de la Cruz? We want to grow in a sustainable manner and make sure that tourism doesn’t have a negative effect on local residents. We definitely prioritise quality over quantity. This said, we are developing four particular segments, with the objective of generating jobs for the local population: gastronomy through the brand “Taste Lanzarote”, which involves a whole range of SMEs in agriculture, services and marketing; sports through the brand “European Sports Destination” (water sports, trekking, running); MICE (meetings, incentives, conferences and exhibitions), and lastly sustainability.

In this respect, we are already well positioned thanks to our status as a UNESCO Biosphere Reserve and UNESCO Geopark. Furthermore, we are the only place certified as a Sustainable Biosphere Reserve and UNESCO Geopark. We are also working on an ambitious project to become an Intelligent Biosphere Reserve, which involves the use of new technologies in environmentally-friendly tourism.

Another important point is security and safety. Our record in this respect—on roads, at large events, in our towns—is very good. It is also a factor that visitors take into account when they choose a destination.
Tenerife Hotels aim at upmarket clientele
José Fernando Cabrera, President, Golf Resort Group, Tenerife

Tourism in the Canaries reached record levels in 2016. What are the main challenges for 2017?
Our main challenge is excellence. Tourism is doing very well in the Canaries but now we must become undisputed world leaders. We want to push the sector towards more quality, attract a new category of visitors that spend more, which entails improving the quality of our offer and services as well as the professionalism of our staff. We cannot and do not want to attract more clients because we want to preserve our environment and have sustainable tourism, but we can generate more revenue from tourism by increasing quality.

What properties does Golf Resort manage in Tenerife?
We have two family tourism establishments, both four-star, the Royal Garden Villas & Spa and the Gran Oasis. They both offer excellent gastronomy and prices that have been adjusted as much as possible given the quality we offer. The Royal Garden Villas & Spa’s baseline is “Simply Special”. By this, we mean that we offer top service, with a high ratio of personnel per customer. The occupancy ratio in both our hotels is very high, with a high level of repeat guests as well. Furthermore, about 50% of our clientele call us directly, rather than through tour operators, which is quite exceptional. We are now developing a project for a new hotel that will be very unique. We plan to open it in 2019.

Canarian Hotels innovate to keep ahead of the curve
Jorge Alexis Maricha González, President, Ashotel

You are the President of Ashotel, the Hotel Association of four of the seven Canary islands, Tenerife, La Palma, La Gomera and El Hierro. How do you evaluate the Canaries’ hotel portfolio?
The portfolio is quite good. For example, Tenerife is the European island with the highest number of five-star hotel rooms. Nevertheless, some tourist areas are now a bit outdated so it is important that hotel owners undertake renovation work when needed. But it is equally important that public authorities adapt legislation and regulation to encourage hotel owners, in particular those situated right by the beach, to keep their establishments up to the highest standards while maintaining price competitiveness.

What is Ashotel’s main priority?
One of our main concerns is the professional training of our staff. We pride ourselves on their level of competence, but you can always do better. For example one objective is that all tourism personnel in the Canaries are at least bilingual. Ashotel trains more than 2,000 people each year.

Canaryfly was the most punctual airline in the world in the first quarter of 2017.
Régulo Andrade Torres, Managing Director, Canaryfly

What is Canaryfly’s mission?
Canaryfly wants to consolidate itself as the best alternative to travel between islands. It’s true that we are a young company and the first few years haven’t been easy. However, due to our new structure and philosophy, we have achieved remarkable things in a short space of time.

According to the latest reports from OAG FlightView (one of the most renowned companies generating statistics for the aeronautical sector), Canaryfly was the most punctual airline in the world in the first quarter of 2017. Furthermore, we have obtained the prestigious 9001 Quality Certificate and the 14001 Environmental Management System.

How do you differentiate yourselves from the competition?
We wanted to attract passengers who were no longer flying between islands because of the prohibitive costs involved or had decided to use ferry services. Indeed, it was with these passengers in mind that we brought out our new fares and programme last November.

Offering a cheaper alternative for inter-island travel
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Perhaps we don’t offer as many flights as other airlines, but our prices are unbeatable and our service is flawless.

People still can’t believe that we can offer inter-island flights for just 10 euros. It used to be common to hear complaints that it was cheaper to fly to the mainland than to another island. Economically speaking, offering such low fares has required a great deal of analysis and management behind the scenes at Canaryfly. What people sometimes don’t understand is that operational costs practically double on very short journeys, not so much in terms of fuel, but because of the use of installations and airport services.

At the beginning, we were told that it would be impossible to change the habits of the Canary Island residents as they have traditionally bought their airline tickets a day or two before flying. Today, our passengers are buying around 20 days before they fly and so we have shaken things up. Canaryfly is today the cheapest option to travel within the Canary Islands.