

**State of the Industry Report**

 **Presented by Hon. Beverly Nicholson-Doty**

 **Chairman, Caribbean Tourism Organization**

 **Government House**

 **Charlotte Amalie**

 **St. Thomas, USVI**

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The state of the Caribbean’s tourism industry is solid, with positive signs that a recovery is in progress.

We see progress in the record number of overall arrivals in 2013. Progress is also manifested in the rapid rise in the number of visitors from South America who are coming to the Caribbean in record numbers. You can tell the industry is improving when a record number of Caribbean residents travelled within the region for leisure, despite the high cost of regional transportation.

One of the strongest indicators of progress is the rise in estimated visitor spend, with expenditure growing faster than visitor arrivals for the first time in three years. Fuelled by the accommodations sector, visitors to the region spent more than 28 billion dollars in 2013, an increase of 2.3 per cent when compared to 2012. The hotel sector performed even better, recording a rise of more than seven-and-a-half per cent in room revenues. During this period all the performance indicators remained positive. According to Smith Travel Research, average room rates were up nearly 10 US dollars to 186 dollars, the average revenue per available room also grew by about 10 dollars to 125 dollars and occupancy levels were at 67 per cent, directly in line with pre-crisis levels. In fact, there wasn’t a single month during 2013 that any of these indicators fell below 2012 levels.

However, these positive signs are tempered somewhat by the fact that the overall growth rate slowed last year in comparison to 2012. Mixed performance among the destinations resulted in a one-point-eight per cent rise in tourist arrivals, a lot slower than the 4.9 per cent rise in 2012. Still the Caribbean welcomed more than 25 million stayover visitors last year, up from 24.6 million in 2012.

Of note is the record number of arrivals in March when nearly three million tourists visited the Caribbean. That’s five-and-a-half per cent higher than the previous record of nearly two-and-three-quarter million in 2008 and 6.6 per cent above the 2.6 million who came in March 2012.

The Caribbean also recorded growth in stop-over arrivals during each month of the summer season, with the exception of July and September, which were flat.

For statistics purposes, the summer season runs from May to mid-December.

The 1.8 per cent rise is an indication that the momentum experienced over the previous two years has slowed, due mainly to the relatively weak economic conditions in key markets. However, while the main source markets are recovering, tourists from South America are flocking to the region in large numbers. The total number of arrivals from that market climbed from an estimated 859 thousand in 2009 to nearly one-and-a-half million last year. That’s 13 per cent higher than 2012 and an impressive 70 per cent over 2009. This is due to the strong economies in South America, particularly Brazil.

**Commonwealth Caribbean**

Our statistics show that arrivals to the 18-nation Commonwealth Caribbean declined by half a percentage point in 2013, with the countries of sub-regional Organization of Eastern Caribbean States (OECS) recording marginal growth of 0.1 per cent. Arrivals to the other Commonwealth countries fell slightly by 0.6 per cent.

**Dutch Caribbean grew quicker than the rest of the region**

On the other hand, the group of Dutch Caribbean countries performed well compared to the wider Caribbean. These territories saw a near five per cent rise in their figures, fuelled mainly by an 18 per cent upsurge in travel from South America. Arrivals from the more traditional US markets were up just under three-and-a-half per cent.

**“Other” Caribbean performed well**

Cuba, the Dominican Republic, Haiti and Suriname, upheld their dominance of the overall market share with 44 per cent of the region’s total arrivals in 2013. Cuba was flat while the Dominican Republic was up two per cent. Consequently, this group recorded an increase of around two-and-a-half per cent over 2012.

**French Caribbean flat while US territories gained**

The French Caribbean countries recorded a slight decrease of 0.6 per cent in arrivals in 2013, while the US territories performed better, recording nearly four million arrivals and a 3.7 per cent rise.

**US Market continues its recovery**

The signs began emerging in 2012 that Americans were coming back to the Caribbean in their customary numbers. Although the growth slowed last year, we continue to be encouraged by the upward movement. US arrivals increased nearly three percent in 2013 when compared to 2012, with well over 12 million Americans visiting the region during this period. The US remains the most important supplier to the region, maintaining an average 50 per cent share during the last five years.

**Canada staggers**

Canadian stay-over visitors to the region increased by a small 0.7 per cent in 2013 over 2012. This was the lowest year-over-year growth in this market since 1997.

This performance reflected the fact that the number of Canadians taking international trips, except to the US, was virtually flat in 2013.

**UK/Europe Performance**

The numbers from the UK and the rest of Europe - suggest that business from this very important market remains sluggish. Under a million visitors came to the Caribbean from the UK last year. That’s down nearly one-and-a-half per cent. This fall in demand for Caribbean holidays can be attributed to the Air Passenger Duty and low economic growth of under two per cent last year. There are positive signs however, for example, with British Airways announcing increased service to Barbados later this year.

Overall, the number of Europeans visiting the region last year fell by three-and-three-quarter per cent to four-and-three-quarter million.

The ongoing challenges across Europe, though not as severe as in previous years, affected arrivals.

**Cruise up and down**

Cruise arrivals saw wild fluctuations in 2013, with Grenada recording a near 22 per cent decrease in passenger visits, while Curaçao welcomed more than 45 per cent more than it did in 2012. Overall, there was a two-and-three-quarter per cent rise with nearly 22 million cruise passenger visits to the region.

Twice as many destinations recorded increased activity when compared to 2012, however destinations farthest from the US continued to struggle to boost arrivals. Still, our numbers suggest that the summer months of 2013 were the best ever for summer cruising in the Caribbean.

The CTO is pleased to report that following a meeting with cruise executives last month, we agreed to work more closely together to ensure the destinations and the cruise companies gain the maximum benefit from our relationship.

The cruise industry is an integral part of the region and we want to ensure we in the Caribbean have the opportunity and access to provide our quality products and services for our cruise partners as well as for the thousands of visitors they carry to our shores.

**Caribbean Tourism Outlook 2014**

It’s evident that change is here and the Caribbean anticipates an improved performance in 2014. Clearly, we continue to face challenges, therefore, we can be neither complacent nor over-confident. We have to fight to boost arrivals both from traditional markets and new and emerging markets. The figures suggest that South America has immense potential.

It’s generally expected that global economies will perform better in 2014, with the IMF predicting one per cent growth across Europe and 2.8 per cent in the US. The demand for travel, therefore, will remain buoyant. As a result, tourist arrivals to the Caribbean are expected to rise between two and three per cent in 2014.

Cruise activity is also expected to pick up, with more ships being delivered. Several of these ships will be deployed in our regional waters. The CTO predicts that cruise passenger arrivals to the Caribbean will increase by about three per cent this year.

As with other sectors, tourism is dependent on the whims of the global economy, however, it is clear that the resilience of tourism gives it an extra value dimension.

Smart partnership with commerce is smart, and we have to work in harmony with the airlines, cruise lines, and all other organizations and enterprises which contribute to tourism development.

We must also work with our community-based operators who we are pleased to see are benefiting more and more from tourism.

We often talk about tourism being the lifeblood industry of our region. Now, more than ever, we all must understand and appreciate the true significance of this description.

Without a strong tourism product and infrastructure much of life in the Caribbean as we know it would be dramatically altered. This is as true for individuals, households and communities as it is for governments and agencies, travel enterprises, hotels and hospitality partners.

We must embrace our responsibility to support the sustainable development and progress of tourism with a view to ensuring that all our citizens have an opportunity to contribute to and benefit from this industry. Local artists, entrepreneurs, restaurants, and small business owners alike all have a stake in tourism.

What benefits us benefits them, and we must work with them as partners to build on our past success, capitalize on our strengths and envision bold new initiatives to address our current challenges.

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