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SOME TRENDS IN CARIBBEAN TOURISM

The Barbados Advocate on 23 January 2013 reported that the Board of Directors of the Caribbean Hotel and Tourism Association recently called upon Caribbean Heads of Government to convene a regional summit on tourism within the next six months. The weak growth performance of this industry which is of major economic significance in many Caribbean countries warrants consideration at the highest levels of Caribbean decision-making. Six months is none too soon.

Recent Trends in Tourist Arrivals

Caribbean tourism has substantially lagged behind its counterparts in Central America and South America between 2005 and 2011. The average annual growth rate of stopover arrivals in the Caribbean was less than 2% compared to almost 5% in Central America and nearly 6% in South America. Within the Caribbean itself, CARICOM destinations have been performing less well than non-CARICOM destinations. Between 2005 and 2012, the average annual percentage change was negative in The Bahamas (-2.8), Barbados (-0.9), St. Lucia (-0.4), and St Vincent and the Grenadines (-3.2), and close to zero in Antigua and Barbuda. Only Jamaica and Grenada, with average annual changes of 4.5% and 2.4% respectively, achieved growth in international arrivals. In sharp contrast, non-CARICOM destinations experienced substantial growth rates, such as 10.3% in Curacao, 3.3% in the Dominican Republic, 3.1% in Cuba and 3% in Aruba.

The global economic crisis negatively impacted all Caribbean destinations with reductions in tourist arrivals in 2009, except in Cuba, Dominican Republic and Jamaica. Tourism in most countries recovered in 2010 but Antigua and Barbuda, Grenada, and St Vincent and the Grenadines within CARICOM and Curacao outside of CARICOM failed to recover. The non-CARICOM countries have done better than CARICOM countries in sustaining their recovery from the effects of the global economic crisis into 2011 and 2012. Of the six CARICOM countries, Antigua and Barbuda, Jamaica and St Vincent and the Grenadines tourist arrivals grew in each year while The Bahamas, Barbados, Grenada and St Lucia experienced reductions in one of the two years. In contrast, six of the eight non-CARICOM countries, namely Aruba, British Virgin Islands, Cuba, Curacao, Dominican Republic and Puerto Rico, sustained increases in international visitor arrivals in the two years while only two (St Maarten and the US Virgin Islands)

did not.

Cruise passenger tourism helped to improve overall tourism sector performance in most Caribbean countries. Annual average increases in cruise passenger arrivals between 2005 and 2012 were between 5% -10% for Antigua and Barbuda, The Bahamas, Curacao, Jamaica and St Lucia, and between 1% and 4% in Aruba, Barbados, Dominica, Dominican Republic and St Maarten and Dominica. Only in the British Virgin Islands, Cayman Islands, Grenada and Puerto Rico were the average annual changes negative. A problem with cruise tourism, however, is its instability. Passenger arrivals are prone to substantial and frequent annual fluctuations and the downturns can persist for two or three years.

Market Shares Within The Caribbean

One matter deserving of attention at the special summit, if only as a prelude for analysis of the role of intra-Caribbean competition, is the trend in market shares within the Americas and within the Caribbean. The market share of the Caribbean in the Americas has been on the decline while the shares of Central America and South America have been rising. Furthermore, CARICOM countries have been experiencing a reduction of their market share within the Caribbean. In 1990, CARICOM countries had a 34% share of international visitors to the Caribbean. By 2000, this share had decreased to 28% and it declined even further to 22% in 2011. Jamaica, the largest CARICOM destination, held its market share at approximately 9% but the next two largest destinations, i.e The Bahamas and Barbados, lost market shares from 14% to 6% and from 4% to 3% respectively. The big gainers of Caribbean market share are Cuba, whose share increased from 3% in 1990 to 13% in 2011, and the Dominican Republic whose share increased from 11% to 21%.

Rooms Capacity and Occupancy Rates

The largest proportions of hotel room capacity in the Caribbean are located in a few countries. The Dominican Republic had 66,968 rooms in 2010. Cuba was second with 56,782 rooms and Jamaica third with 30,347 rooms. The next tier of three countries (The Bahamas, Puerto Rico and Aruba) had 37,418 rooms in aggregate which is less than a quarter of the room capacity of the three top tier countries. Many Caribbean

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countries substantially expanded hotel room capacity between 2004 and 2010. The largest percentage increases were in Curacao (49%), and Antigua and Barbuda (43%). Cuba expanded by 30%, the British Virgin Islands by 33%, St Vincent and the Grenadines by 32% and Aruba and Grenada by 28% each. The increases were smaller in Barbados (12%), Dominican Republic (13%), St Lucia (18%) and Jamaica (23%).

Occupancy rates vary considerably across the Caribbean. In 2010, the most recent year of data availability, occupancy rates were at lows of 49.4% in The Bahamas and 50.3% in Cuba and at highs of 78.1% in Aruba and 71.7% in Grenada. In many countries, occupancy rates in 2010 are lower than those in 2007 before the onset of the global economic crisis.

The Caribbean Visitor Component of Caribbean Tourism

The US and Europe are the main source countries for visitors to the Caribbean. Nonetheless, visitors from Caribbean countries are a significant component of the demand side of the market. In 2010, visitors from other Caribbean countries comprised 45% of international arrivals in Dominica, 33% in St Vincent and the Grenadines and between 15 and 22% in Antigua and Barbuda, Barbados, Cuba, Curacao, Grenada, Marti-

nique and St Lucia. The Caribbean visitor component had increased in many of the countries between 2000 and 2004 but then entered into a period of decline coinciding with economic recession and rising costs of air travel in the Caribbean. It is worth noting that Trinidad and Tobago is a particularly important source country for Barbados, Grenada and St Vincent and the Grenadines while Barbados and Guyana are important source countries for Trinidad and Tobago. Dominica is heavily reliant on the French West Indies, the Cayman Islands on Jamaica, Curacao on Aruba, Martinique on the D.O.M.s and St Maarten on the Netherland Antilles. Proximity, cultural and historical affinity and language seem to influence the pattern of intra-Caribbean tourism.

**By Professor Compton Bourne
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REGIONAL NEWS SUMMARY

CL FINANCIAL

- Former Clico business magnate Lawrence Duprey has written to the commission of enquiry into the collapse of Clico to say he is unwilling to appear before it to give evidence. Commission chairman Sir Anthony Colman has ruled that Duprey would not have to respond to requests to attend the hearing on the basis of the police probe and the right to not incriminate himself. (TG 24 Jan)
- CL Financial is hoping to raise more than \$300 million with the private sale of two of the conglomerate's malls – Valpark Shopping Plaza in Valsayn and Atlantic Plaza in Point Lisas as well as the Holiday Inn Express, its hotel at Trincity. (TE 31 Jan)

STANFORD

- James M Davis, the former chief financial officer for Allen Stanford has been jailed for five years for his role in helping the disgraced billionaire perpetrate a Ponzi scheme and for conspiring to obstruct a US Securities and Exchange Commission investigation (Carib360 24 Jan)

CARIBBEAN

- An IMF working paper says since growth in the current global economic environment is “virtually non-existent,” significant fiscal consolidation is inevitable in the region. It says better control of the public wage bill, increasing public sector efficiency and tackling transfers are the obvious targets to reduce spending. Also, fiscal consolidation needs to be complemented by a comprehensive debt reduction strategy including tax policy reforms and structural reforms to boost competitiveness. (Carib360 1 Jan)
- Cable and Wireless (Barbados) Limited, also known as LIME has announced that it will be severing 97 of its 648 workers (Carib360 3 Jan)
- The Antigua and Barbuda government is designing a project that offers temporary economic relief to unemployed people in the country. The 3-year project, which is being established with technical and financial assistance from the World Bank, will benefit at least 1,200 low-income unemployed people between the ages 17 and 50. (Carib360 3 Jan)
- The \$2 million spent to execute infrastructural work in the area of the Careenage will be recovered by the Barbados

REGIONAL NEWS SUMMARY CONT'D

- Port Inc., through the berthing fees to be paid by yachts. (BAdv 3 Jan)
- The Jamaican Government netted some \$340 million from the six-month-long traffic ticket amnesty. The Minister of National Security said that more than 60% was earned on the last day of the amnesty. (JO 3 Jan)
 - Wendell Mottley's appointment as Chairman of the Unit Trust Corporation has met with approval from various arms of the business sector (Newsd 4 Jan)
 - Couples Resorts is finalising a deal to acquire the 280-room Almond Casuarina Beach Club in Barbados, making it the first Jamaican resort group to venture into that market. (JG 4 Jan)
 - Blue Equity has finalised the sale of the local Shell dealership for an undisclosed sum to the Rubis Group, a global energy company that also controls Chevron/Texaco operations in most of the Caribbean. (JG 4 Jan)
 - JMMB Group reported an almost doubling of net profits to \$2.2 billion and a 50% jump in net revenues to \$6 billion for the year ending March 31, 2012, catalysed by a number of moves that have diversified business lines across the Caribbean (JO 4 Jan)
 - Trade within the Latin America and Caribbean region is still too low. Pointing this out, IDB President Luis Alberto Moreno said that at 19% of overall trade, this was an opportunity for strong growth in the future. (BAdv 4 Jan)
 - Now that Dominica has become a LIAT shareholder, the airline's chairman, Jean Holder, is hoping that other countries will follow suit. (BN 5 Jan)
 - Officials of Guyana's Tourism Ministry have disclosed that 2012 was a very good year for tourism and that the "Rediscover Home" campaign was a significant contributor to this success. (GCO 7 Jan)
 - The St Lucia government says that while it is anxious to bring closure to the wage and salary negotiations involving public servants, it is not going to endorse salaries that would further affect the economic situation and force the island into the clutches of the IMF. (JG 8 Jan)
 - Coalition partners comprising Curacao's new government have agreed on the 2013 budget and indicated their support for austerity measures. (CNnow 8 Jan)
 - The Securities Act, 2012 has been proclaimed and it's the legislation that will from now on guide all matters before the Securities and Exchange Commission in T&T (TG 8 Jan)
 - Prime Minister Dr Ralph Gonsalves is urging nationals to purchase shares in the Bank of St Vincent and the Grenadines as it launched an IPO hoping to raise expansion capital of more than EC\$17 million. The former state-owned bank is offering two million shares at a price of EC\$8.64 (JG 8 Jan)
 - Trinidad Cement Ltd announced a 9.5% increase in the price of its Premium Plus Cement. (TE 9 Jan)
 - Jamaica's social security scheme is projecting that the gap between collections and pension distributions will widen by another J\$100 million, notwithstanding an increase in contributions that went into effect on January 7. (JG 9 Jan)
 - Prime Minister Dr Ralph Gonsalves said that this country's financial system is being strengthened with the launch of the IPO of the Bank of St Vincent and the Grenadines. (CNnow 10 Jan)
 - Guardian Holdings Ltd yesterday announced its acquisition of 100% shareholding of the Dutch Caribbean insurance company, Royal and Sun Alliance (Antilles) NV through its subsidiary Fatum Holding NV. (TG 10 Jan)
 - Couples Resorts of Jamaica has entered into an agreement to lease, with an option to buy in the future, the Almond Casuarina Beach Club, the second largest hotel in Barbados. (Carib360 11 Jan)
 - The public and private sectors across the region need to work "hand-in-hand" to protect national reputations as all Caribbean countries prepare for a "new world order" driven by the recommendations of the Paris-based Financial Action Task Force (Carib360 11 Jan)
 - The Bank of Jamaica has released a draft proposal of an 'enforceable' code of conduct for banks and other deposit-taking financial institutions, but the local consumer watchdog says it is pushing ahead with its own guidelines announced two years ago. (JG 13 Jan)
 - Government has designated tourism as a priority sector, influenced by the National Development Strategy's conclusion that tourism as a sector can contribute to the sustainable development of Guyana; earn foreign exchange and provide job opportunities while conserving the natural environment. (GCO 13 Jan)
 - A high level technical delegation from the Republic of Kenya, met with top officials at the Ministry of Energy and Energy Affairs to discuss possibilities for mutual cooperation in the further development of the energy sectors of both countries (TG 13 Jan)
 - Prime Minister Dr. Denzil Douglas says he will look towards his CARICOM colleagues to help St. Kitts-Nevis deal with the new high income country status placed on it by the United States. (JG 14 Jan)
 - Barbados and Sweden have signed a protocol to amend the convention for avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. (CNnow 14 Jan)
 - Prime Minister Dr. Ralph Gonsalves has presented Parliament with a EC\$799.1 million national budget outlining increased taxes and predicting economic growth for St. Vincent and the Grenadines in 2013. (Carib360 15 Jan)
 - After heaping J\$23 billion in new taxes on the backs of Jamaicans last year, Finance Minister Dr Peter Phillips has indicated that more tax measures are coming. (JG 15 Jan)

REGIONAL NEWS SUMMARY CONT'D

- A Japanese aluminium company believes that there's big money to be made from Jamaica's red mud deposits and has put up US\$3 million for a pilot project that could result in Jamaica earning billions in foreign exchange. (JO 16 Jan)
- National Commercial Bank has been given the regulatory nod to go ahead with Jamaica's first mobile money project. The pilot aims to disburse Development Bank of Jamaica funds through micro-finance lenders using SMS text messaging technology and ABMs. (JO 16 Jan)
- The Barbados economy is expected to grow by 0.7% this year. This is the projection released by the Central Bank of Barbados' review of the country's economic performance for 2012 and prospects for 2013. Last year the performance of the economy was flat, which resulted from declines in tourism, other traded services, agriculture, and manufacturing. (BAdv 16 Jan)
- The Barbados economy had a dismal performance in 2012, registering no growth, and the Central Bank is predicting hardly any increased economic activity in the country this year. (BN 16 Jan)
- Final inflation figures released by the CSO for 2012 show that headline inflation, which is driven by food prices, fell to 7.2% in December from 8.1% in November and a high of 12.6% in May. (Newsd 16 Jan)
- According to the recently released Economic Review of 2012, it revealed that the fiscal deficit has jumped to approximately 6% despite the measures that were implemented to reduce Barbados' fiscal deficit. (BAdv 17 Jan)
- Grenada is investing a US\$375,000 grant from CARTfund, administered by Caribbean Development Bank, to expand and develop the country's marine and yachting sector. (Caribseek 17 Jan)
- Between 60 and 80 jobs are expected to be created with the opening of Mall Internationale's new food court, which will include international fast food restaurant Burger King. (BN 17 Jan)
- The European Union is providing more than Euro 1.7 million for two projects in St Lucia - one to facilitate the completion of the New National Hospital and the other to improve access to safe drinking water. (Carib360 18 Jan)
- Moody's Investors Service has affirmed the Baa1 government bond rating of Trinidad and Tobago. The rating outlook remains stable. (CNnow 18 Jan)
- Guyana is looking to expand its Petrocaribe trade with Venezuela, Guyana Manufacturing and Services Association President Mohindra Chand said. (GuyTim 20 Jan)
- Government has signed an agreement with the IDB for the largest loan ever granted to any country in the English-speaking Caribbean. Minister of Planning and the Economy Dr Bhoendradatt Tewarie and president of the IDB Luis Alberto Moreno signed off on a US\$246.5 million facility, the first tranche of a US\$546.5 million loan, which is to be used towards a three-phase wastewater rehabilitation programme in the country. (TG 20 Jan)
- CARICOM rum producing countries are holding high-level talks with the United States on resolving issues surrounding the rum industry in the region, The situation is so serious that Barbados is prepared to take its case to the World Trade Organization if a solution is not forthcoming. (TG 21 Jan)
- Fitch Ratings has revised the rating outlook on Jamaica's sovereign ratings to negative from stable. (CNnow 21 Jan)
- Bahamas Prime Minister Perry Christie has issued a warning that there is no bigger threat to the future viability of tourism in the region than crime. (JG 22 Jan)
- In an effort to boost the drug fight and introduce a more effective declaration system at Guyana's main port of entry, the Guyana Revenue Authority has installed a new scanner at the Cheddi Jagan International Airport (GuyTim 23 Jan)
- Angostura has been listed as one of the top ten rums used in the world's best bars. In the second installment of the Brands Report, Angostura placed tenth, following several brands from around the world. (Newsd 23 Jan)
- The 2012 projected budget deficit of \$6.6 billion has been slashed to \$3.1 billion, Finance Minister Larry Howai said when presenting a supplemental bill to vary the 2012 appropriation bill by \$1.2 billion. (TG 24 Jan)
- Government has empanelled a ministerial team to fine-tune the necessary procedures for a national minimum wage in Guyana, the Government Information Agency has reported (SN 24 Jan)
- The Barbados Investment and Development Corporation is concerned about Barbados' failure to grow exports under the CARICOM free trade agreement and the EPA with the European Union. (BN 24 Jan)
- Monday marked two years since the independent member countries of the Organization of Eastern Caribbean States commenced operation of the OECS Economic Union; a new development designed to enhance the way of life for people of the region in the long term. (CNnow 24 Jan)
- Fifteen years after Audrey Marks pioneered the service, the Bank of Jamaica has decided to add bill-payment companies to its list of regulated entities. (JG 25 Jan)
- Scrap metal traders in Jamaica will have to abide by a number of stringent rules to keep their licences when the trade officially resumes on January 28. (JO 25 Jan)
- The Bahamas Hotel and Tourism Association has flagged a potentially crippling development within the United States tax legislation that could have far reaching implications for hoteliers and tourism attractions across the Caribbean. US credit card companies have been mandated to implement an automatic 28% withholding fee unless the merchant receiving the payment is compliant with new Inland Revenue Service regulations. (Carib360 25 Jan)

REGIONAL NEWS SUMMARY CONT'D

- On Wednesday, the Central Statistical Office released its bulletin on the Index of Retail Sales, which showed that retail sales in all the section levels increased by 14.1% between the second quarter 2012 and the third quarter 2012. (TG 25 Jan)
- Crime and violence have had a dramatic impact on women, youth and the economic well-being of families in Latin America and the Caribbean, according to several studies commissioned by the IDB. (CNnow 28 Jan)
- Bahamians voted overwhelmingly in a national referendum on Monday to reject proposals legalising web-shop gambling and a national lottery. (Carib360 29 Jan)
- The United States Department of the Treasury and the Internal Revenue Service have issued what they describe as "comprehensive final regulations" to combat Caribbean and other offshore tax evasion. (Carib360 29 Jan)
- Prime Minister Freundel Stuart announced yesterday evening that Barbadians will be heading to the polls on February 21. (BN 30 Jan)
- The Barbados Investors and Policyholders Alliance has served Pre-Action Protocol Letters to the Directors of BAI-CO and Clico, as well as the Supervisor of Insurance, the Attorney General of Barbados and auditors PricewaterhouseCoopers. (Newsd 30 Jan)
- RBC Royal Bank, in a move which it says is aimed at positioning its business in Jamaica for long-term growth and profitability, will be closing four of its branches considered to be low performing. The posts of 60 workers will be affected. (JG 30 Jan)
- RBC Capital Markets, in conjunction with RBC Merchant Bank (Caribbean) Limited, has successfully placed a US\$300-million amortising bond issue for the Caribbean Development Bank to bolster regional development and stimulate economic growth. (JG 30 Jan)
- Oil production in the country has fallen by close to 50% in the past seven years, Finance Minister Larry Howai said (TE 31 Jan)

COMING SOON

The Financial Evolution of the Caribbean Community published in 1997, is a standard work of reference on Caribbean financial systems which covers the period 1970 – 1996. The final version of the second edition of the publication which is edited by Prof. Ramesh Ramsaran, will cover the period 1996 – 2008 and is due for full electronic publication in two weeks. Visit our website www.ccmf-uwi.org for downloadable copies of The Financial Evolution of the Caribbean Community 2nd ed.

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