Tourism Performance Summary

Over a period of just over two years, the international tourist sector has undergone a series of what I can only describe as shock events - beginning with 9/11 and followed in quick succession by wars in Afghanistan and Iraq and then SARS - which interrupted the generally upward growth of the industry and, indeed, has left a lasting impression upon it.

As a result, according to the World Tourism Organization, international tourism worldwide declined in 2001, posted a modest increase in 2002 but declined again in 2003.

While the Caribbean tourism industry was similarly affected by the aforementioned events, our own performance has been slightly different. Tourist arrivals to the region declined in both 2001 (down 2 percent) and 2002 (down 3.4 percent), but has been able to stage a fairly robust recovery in 2003.

Based on the latest statistics from our member countries, CTO estimates that tourist arrivals to the region increased by some 6 percent in 2003. This performance caps a period of gradual recovery which actually began in the latter part of 2002 and has generally continued despite the setbacks already mentioned. As a result, 2003 tourist arrival exceeds those received in 2000, which was the region's previous peak

In terms of our major markets, tourist arrivals from the United States increased by 4 percent, despite a fall-off during the period March to June 2003 which was primarily associated with the Iraq War. Tourist arrivals from Europe increased by an estimated 9 percent, which is in sharp contrast with the declines recorded from that market in 2002. But the largest percentage increase was recorded from the Canadian market where tourist arrivals increased by 15 percent, although much of this growth was accounted for by Cuba and the Dominican Republic, which together receive more than half of all Canadian visitors to the region.

Performances among our destinations have varied, although most destinations recorded reasonable levels of growth in their tourist arrivals in 2003. The performances of Cuba (up 13 percent) and the Dominican Republic (up 19 percent) were however particularly noteworthy. Since these two destinations now account for nearly a quarter of all tourists to the Caribbean, their robust performances have clearly boosted the regional average.

Cruise passenger visitation increased by some 10 percent in 2003, well in line with the increased capacity allocated to the Caribbean. However, as have been the tendency since 9/11, the fastest growing destinations have been those closest to the United States.

Prospects

Some of the major factors behind the region's performance in 2003 (in addition, of course, to the promotional efforts and product offer of individual member countries) also figure into any analysis of the Caribbean's likely performance in 2004. These include:

- <u>Weak US dollar</u>: Between December 2002 and December 2003, the value of the Euro has increased by 21 percent against the US dollar, while the Canadian dollar has increased by 19 percent and the pound by 11 percent. Since most Caribbean product is priced in US dollars, this trend has made the Caribbean significantly more affordable for visitors from Canada, the United Kingdom and continental Europe. At the same time, since it has also become more expensive for Americans to vacation in these markets, the Caribbean becomes a more attractive option.

  While there have been some recent rumblings in Europe about the disadvantages of the strong Euro, there has not been any indication of yet that the US intends to act to strengthen it and this changed relationship is likely to last for some time.

- The political instability of recent times and resulted in consumers being much more conscious of security issues. In the current environment, the Caribbean is regarded as a relatively safe region, a fact which has clearly enhanced the region's attractiveness.

And there are other external factors which will likely impact upon the performance of the region's tourism sector in the short term. These include the following:

< Economic conditions in the generating markets have long been an important driver of outbound travel. In this regard, the rapidly improving economic performance of the United States (which recorded a remarkable 8 percent growth in the fourth quarter of 2003), the economic optimism coming out of Canada and the fact that the previously sluggish European economies are beginning to show signs of growth all bode well for Caribbean tourism sector;

< Terrorism, SARS, the Wars and now the "bird flu" has contributed to some re-direction of traffic from the affected areas;

< The Cricket tour from England will benefit those of our countries (in terms of increased visitation of English supports) which are included on their itinerary. The Summer Olympics, on the other hand, will likely lead to some re-directed travel and increased stay-at-home, as has happened in the past

The general consensus is that the international tourism industry will turn out a better performance in 2004 than it achieved in 2003. This, for example, was the unanimous view of the World Tourism Organization's end-of-year survey of its international Panel of Experts. This view has also been supported by the feedback we have received from our own enquiries of travel professionals in the North American and European marketplaces.

The Caribbean tourism sector the industry has been generally on the upswing in 2003, with improving performances as the year has progressed. In our view, this trend is likely to continue into 2004 producing growth perhaps in the 4 to 5 percent range.

However, part of the fall-out of 9/11 and its aftermath, has been a heightened appreciation among tourism destinations world-wide of the economic importance and potential of their tourism sectors. And, as a result, several of these countries are aggressively trying to recover lost business with impressive programs and sometimes impressive results. In short, the prevailing environment

The region, therefore, can not afford to be complacent.

Tourist (stop-over) and Cruise Arrivals in 2003							
Destination (Stay – Over)	**Period**	**Tourist Arrivals**	**% Change 2003/02**	**Destination (Cruise)**	**Period**	**2003**	**% Change 2003/02**
Anguilla	Jan-Dec	46,915	7.1	Anguilla	-	-	-
Antigua & Barbuda*	Jan-Oct	182,423	12.8	Antigua & Barbuda	Jan-Jul	220,308	2.6
Aruba	Jan-Dec	641,906	-0.1	Aruba	Jan-Nov	470,049	-8.3
Bahamas*	Jan-Dec	1,428,599	1.8	Bahamas	Jan-Dec	2,970,174	6.0
Barbados	Jan-Nov	474,248	5.6	Barbados	Jan-Nov	467,848	4.1
Belize	Jan-Sep	171,709	11.9	Belize	Jan-Nov	482,023	82.8
Bermuda	Jan-Sep	213,297	-7.1	Bermuda	Jan-Sep	192,648	15.0
Bonaire	Jan-Dec	64,176	23.2	Bonaire	-	-	-
British Virgin Islands [p]	Jan-Jul	184,777	-4.3	British Virgin Islands [p]	Jan-Jul	178,699	57.3
Cancun (Mexico) **	Jan-Oct	1,768,759	5.3	Cancun (Mexico)	-	-	-
Cayman Islands	Jan-Dec	293,515	-3.1	Cayman Islands	Jan-Dec	1,818,979	15.5
Cozumel (Mexico)	Jan-Feb	62,674	37.5	Cozumel (Mexico)	Jan Only	277,516	38.4
Cuba	Jan-Nov	1,690,799	13.1	Cuba	-	-	-
Curacao	Jan-Nov	200,819	1.3	Curacao	Jan-Nov	246,976	-11.8
Dominica	Jan-Nov	66,252	8.9	Dominica	Jan-Jun	96,105	5.4
Dominican Republic*	Jan-Oct	2,677,082	19.1	Dominican Republic	Jan-May	218,993	54.3
Grenada	Jan-Oct	117,758	7.6	Grenada	Jan-Oct	95,063	-4.4
Guyana	Jan-Nov	87,256	-6.4	Guyana	-	-	-
Jamaica	Jan-Dec	1,350,284	6.6	Jamaica	Jan-Dec	1,132,596	30.9
Martinique	Jan-Nov	405,128	-0.6	Martinique	Jan-Dec	286,218	38.0
Montserrat	Jan-Oct	5,966	-13.4	Montserrat	-	-	-
Puerto Rico **	Jan-Sep	1,013,168	3.7	Puerto Rico	Jan–Oct	938,918	-1.8
Saba	Jan-Sep	7,808	-2.3	Saba	-	-	-
St Lucia	Jan-Dec	276,948	9.3	St Lucia	Jan-Dec	393,262	1.6
St Maarten*	Jan-Dec	427,587	12.3	St Maarten	Jan-Sep	785,706	6.2
St. Vincent & G'dines	Jan-May	28,137	-7.2	St. Vincent & G'dines	Jan-May	34,317	-34.1
Trinidad and Tobago	Jan-Sep	303,788	4.9	Trinidad and Tobago	Jan-Apr	33,477	-18.2
Turks and Caicos Is.	Jan-Mar	47,198	8.1	Turks and Caicos Is.	-	-	-
US Virgin Islands	Jan-Dec	618,703	3.5	US Virgin Islands	Jan-Dec	1,773,948	2.0

** Non-Resident Air Arrivals* ***Non-Resident Hotel registrations only* *- No Cruise Figures are Reported*
[p] Preliminary figures *n.a. Figures not available*
N.B: Figures are subject to revision by reporting countries

***SOURCE** - Data supplied by member countries and available as at April 15, 2013*