

The State of Caribbean Tourism: Caribbean Tourism
Overview – 2009/10

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1. Wider Caribbean Region

Tourists arrivals in the Caribbean continue to rebound. Aggregate tourists arrivals to the wider Caribbean as gauged by recorded arrivals from 23 of the 33 CTO member countries increased by 4.5% so far in 2010.

Activity in the US market has resurged admirably recording a 6.5% in the first four months of this year. It has been the most reassuring performance of all the major markets. In contrast, the Canadian market has slowed down, up just 1% so far this year. This was a reversal in the direction and magnitude observed in that market which remained robust throughout the quarters of last year when the global economic crisis was at its deepest.

European markets are doing very poorly as their economies continue to reel under the pressure of the monetary and financial crisis brought about by the global economic depression, aggravated by the Icelandic volcanic ash and industrial unrest in the major UK airline industry. Arrivals declined 4.3% for Europe as a whole. This situation is not expected to ease up in the coming summer as unemployment in these economies remains high and consumer confidence is low. The Euro is also almost 25% lower in value vis-à-vis the US dollar when the present rates are compared with those during this period two years ago.

In total, improving arrivals reveal a scenario of hope. Arrival activity showed signs of rapid recovery after double digit declines in the troughs of the global economic crisis last year. Those countries heavily dependent on the European market are in for a bumpy ride as in light of the current European economic realities.

2. Sub-regions of the Caribbean

The Organization of Eastern Caribbean States (OECS) as a sub-region of the Caribbean was hardest hit by reduced arrivals showing an overall 12.3% decline in 2009. Moderate recovery took place in the first quarter of 2010 driven mainly by increases in St. Lucia, and Antigua and Barbuda to a lesser extent. Overall, there was a 3.3% growth in this grouping over the period a significant turnabout from this time last year.

Barbados and the larger CARICOM countries fared relatively better than the smaller ones. As a group these countries recorded over 5% increase in traffic for the first four months with Jamaica leading the charge with just under 10 percent growth. Most countries in this group have moved in a positive direction in the first quarter.

Dutch Caribbean Territories show a marginal rise in arrivals driven mostly by St. Maarten and Aruba the most dominant nations in that group.

For the other countries Cuba was flat during the first four months (0%) due mainly to the slow down in Canadian and European travel. Dominican Republic showed a slight rise (2.0%), Puerto Rico (8.8%) and USVI (11.5%) relatively good performances under the circumstances.

3. Cruise Tourism

Cruise visitor arrivals to the region as a whole increased 4.5% after a damp period in the previous year. Further increases are to be expected as improved advance booking are reportedly very promising as the cruise lines strive to satisfy their increased capacity.

4. Accommodation Performance

Consistent with the fall-off in arrivals was a weakening in hotels performance across the region in 2009 when occupancy went down 4.1%

averaging 61.6% for the year. The good news is that they have started to rise (over 7%) again in the first quarter of 2010.

- Average Daily Room Rate increased in the Caribbean over 7% in the first quarter of 2010.
- Revenue Per Available Room rose by over 6% reflecting the resurgence in business as arrival numbers and the economies of the confidence of the consumers improve somewhat.

5. Airlines Operations

Major airlines have experienced considerable challenges sustaining an acceptable level of profitability. Airlift has continued to be juggled and adjusted in an effort to balance supply and demand. The coming of the low cost carrier Jet Blue has also added much welcomed seating capacity.

6. Visitor Spending

Although we are in possession of very little hard information on visitor spending across the Caribbean, what we do have indicates that visitors have been exercising considerable prudence in their spending. This has resulted in a fall in average spending which is improving but at a much slower rate than that of arrivals itself.

8. Projections

All available evidence suggests that visitor arrivals have recovered much ground over the past three months. The outlook for this year is mixed with those depending on the US markets having better prospects than those accessing the bulk of their business from Europe.