



State of the Industry Report

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CTO Headquarters

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Secretary General, Hugh Riley, members of the media here with us at the CTO headquarters, regional and international media and industry stakeholders following us on the internet via One Caribbean.org...

The state of Caribbean tourism gives us reason to be optimistic. This optimism is based on the positive signs of growth following earlier down years. We are optimistic because we see arrival numbers rising, particularly out of North America; we see hotel revenues moving in the right direction, albeit with moderate acceleration and we see tourist spend on the increase.

All the signs suggest Caribbean tourism is rallying. The region as a whole has regained ground lost in the heat of the global economic depression in 2008/2009. Last year, the Caribbean welcomed nearly 25 million tourists, that's 5.4 per cent more

than in 2011 and the largest number of stayover visitors in five years. This rate of growth outpaced the rest of the world which saw arrivals increase by four per cent.

However, amidst these positive signs is the stark reality that some of our member countries are still hard pressed to recover, particularly those that rely heavily on the British market. This is because the UK's travelling population continues to be daunted by an ailing economy and further applications of the onerous Air Passenger Duty.

At the same time, cruise tourism has been flat region-wide for each of the last three years. Intra-regional shifting of cruise schedules resulted in fairly significant increases in the northern Caribbean activity offset by reductions in that of the south.

The region's performance in 2012 must be seen in context of the wider global situation. Debilitating effects of the world economic crisis which led to caution and austerity on the part of governments and consumers alike, still linger. These have manifested themselves in lower personal discretionary income and lower aggregate visitor spending.

In the major advanced economies weak growth, high unemployment, financial sector fragility and fiscal austerity are still major concerns which dampened economic performance in 2012 and the outlook for 2013. The global economy is still pressured in the aftermath of the crisis of 2008-2009. However, international tourism proved resilient in 2012. The World

Tourism Organization, the UNWTO, reported that over one billion international tourists travelled the world by the end of the year- 36 million more than in 2011.

CARICOM PERFORMANCE

Our statistics show that tourism within the Caribbean Community (CARICOM) countries is bouncing back, but has not kept pace with the wider region. Overall the CARICOM countries recorded a modest 1.9 per cent rise for the year. This was influenced by a 0.4 per cent decline in the OECS countries struggling with falling British and intra-regional travel.

Dutch Caribbean

On the other hand, the group of Dutch Caribbean countries recovered moderately well in 2012, performing slightly above the wider Caribbean. The grouping recorded a 5.6 per cent increase over 2011 due to rising activity in all the reporting countries. This was largely determined by the return of much of the business from the South American market, a strong one for Curacao and Aruba, two major players in this group.

Spanish Speaking Caribbean

The performance of the Spanish speaking Caribbean can be described as buoyant. This group sustained the positive growth in arrivals experience over the last five years, recording a 6 per cent increase last year. Mexico's Caribbean region was the chief

contributor to this multi-year performance, having climbed by double digits in 2010, thereby regaining much of the ground lost in the wake of swine flu a year earlier.

Hotels in Recovery

As I stated earlier, hotel performance continues to show good progress as it moves in a positive direction and has quickened a bit on previous years. For the second time in four years all four key hotel performance indicators were positive. The overall occupancy for the Caribbean increased by 7.1 per cent; average daily rate went up 4.8 per cent and total room revenues by 8.9 per cent. Revenue per available room also rose by 12.4 per cent. Should these trends continue, it certainly augurs well for 2013.

US Market bounced back

All indications are that Americans are coming back to the Caribbean in their customary numbers. US arrivals went up 4.1 per cent in 2012 when compared to 2011, holding steady with the pre-recession levels of five years earlier. US numbers increased in all of the reporting countries.

Canadians Continue to travel

Of all our major markets, Canadian arrivals showed the greatest buoyancy throughout the challenges of the recessionary period. In fact, arrivals from Canada have continued to move upward over the past five years. Arrivals went up by 5.9 per cent in this

market in 2012. There was also no evidence of falling average visitor spending on the part of the Canadians.

UK Performance

The numbers from the UK suggest that business from this very important market for several CTO member countries remain depressed. A total of one million land-based visitors came from the UK to the Caribbean last year, down from 1.1 million in 2011. That's a steep drop of 10 per cent. The number has declined significantly in the past three years in the backdrop of weak European economies and currently high airfares precipitated by substantial increases in Air Passenger Duty in the last two years.

Intra-Caribbean Visitation sluggish

Travel by Caribbean residents within the region as a whole increased by three per cent last year, a sign that intra-Caribbean visitation is sluggish. However, this modest improvement in travel was not shared by our Eastern Caribbean members and 'other Commonwealth Caribbean' destinations, many of which saw declining traffic from their respective neighbours.

US Caribbean Territories did well

Like the Spanish speaking Caribbean, the US-Caribbean territories did well in 2012, recording positive growth of 6.8 per cent. These countries out-performed other groupings,

doubtlessly benefiting from the renewed travel activity by mainland Americans.

Visitor Spending is Creeping Up

An encouraging sign for CTO member countries was the fact that visitor spending was creeping up. Nearly 27 and-a-half billion dollars was spent by visitors to the Caribbean in 2012, 3.6 per cent more than the previous year and the third successive year of increase. This marks a return of aggregate spending by visitors to the pre-recession level.

Caribbean Tourism Outlook 2013

It is clear that the US and Canadian markets are carrying the sway and are expected to continue to perform well in terms of arrivals in 2013 as airlines continue to manage airlift and airfares in consonance with variable consumer demand.

Travellers are still expected to hold a tight purse in light of continued uncertainty in their home economies and globally. UK travel to the region as a whole is expected to improve marginally at best, although as customary some countries, especially in the Eastern Caribbean, will benefit more than others from this market.

In a bid to stay afloat, hotels and other tourism service providers in the Caribbean will need to maintain the most attractive offers to further boost their rising levels of occupancy and general profitability in light of continued consumer austerity.

Barring any international or regional unforeseen economic or social trauma in 2013, the indicators of Caribbean tourism performance should continue to move in a positive direction. Visitor traffic to the region is expected to increase by another four per cent to five per cent in 2013.