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State of the Industry News Conference  
CTO Headquarters  
Wed 15 February, 2012**

The Caribbean tourism industry is holding its own, remaining afloat and resilient amidst turbulence in the marketplace. Tourist arrivals to the Caribbean region remained buoyant in 2011, continuing the recovery process which began in 2010. Still, there were signs that we are not yet out of the woods, the figures revealed uneven growth among the destinations and revenue continued to lag arrivals.

Overall, the Caribbean welcomed an estimated 23.8 million tourists in 2011, 3.3 per cent rise over 2010 when just over 23 million stay-over visitors came to our shores.

With the exception of May and October, which were down marginally, the region recorded a rise on arrivals every month in 2011 over the corresponding month of the previous year. Tourist arrivals during the winter months (January to April) were up 4.4 per cent over the previous winter, which had grown by 3.9 per cent over 2009. The summer period ending December recorded a lower than expected increase of three per cent. Among the

factors contributing to this performance were low consumer and business confidence and a weak US dollar.

The larger destinations, including Cuba, the Dominican Republic, Puerto Rico and the U.S. Virgin Islands, continued the historical trend of leading growth in the region. This subgroup, which accounts for more than half of all arrivals to the region on an annual basis, grew by 4.2 per cent.

Tourism in the Dutch Caribbean performed slightly better, recording a 4.9 per cent rise, with robust performances in Curaçao and Aruba of 13.9 per cent and 5.6 per cent respectively.

Reflecting poor performances from the European markets, the Caribbean Community (CARICOM) had a much slower rate of recovery, with arrivals up by just 1.2 per cent. This was as a result of modest growth of 1.8 per cent in the O E C S countries, coupled with one per cent increase in arrivals to the Other CARICOM Countries.

The larger grouping of Commonwealth Countries made up of CARICOM plus Bermuda, the British Virgin Islands and the Cayman Islands recorded a 2.2 per cent rise, while Martinique, the lone French Caribbean destination reporting during the period, saw arrivals go up 3.9 per cent.

## **Market Performance**

The Caribbean recorded modest performances from all major source markets in 2011. Stay-over arrivals from the **United States** were up 1.7 per cent when compared to the previous year. Anguilla, Barbados, Belize and Curaçao were among the destinations with increased business from the US. Contrary to the norm, there were fewer US residents arriving in some destinations that traditionally benefit the most from this market.

On the other hand, **Canada** continued to outpace all other markets, with arrivals from there up 6.8 per cent over 2010. This represented a continuation of the sustained growth experienced in the market over the last five years. The arrivals pattern has not changed much, with Cancún, Cuba and the Dominican Republic receiving the majority of Canadian tourists. However, 13 other CTO member countries also recorded increases in arrivals from Canada.

Of the 23 destinations with market details, 14 reported increases in arrivals from **Europe**, with Barbados (6.0 per cent), Cancún (3.9 per cent), Curaçao (2.9 per cent) and Cuba (1.1 per cent) being the best performers, receiving hundreds of thousands of European. Several other destinations recorded growth in arrivals from Europe on smaller numbers. Still, compared to 2010, the overall figures from Europe remained flat, with the Caribbean recording a 0.6 per cent increase.

The **United Kingdom** continues to be one of the most important markets in Europe for the CARICOM countries. When we take into consideration only the countries that have reported, the CARICOM countries received over 58 per cent of all arrivals from the UK in 2011. This figure is likely to change, however, when we receive data from the remaining member states.

With 23 countries reporting, we experienced a decline in arrivals from the UK for the third straight year, mainly due to a weak economy and increases in the Air Passenger Duty. Total arrivals from this market to the CARICOM sub-region increased modestly by 1.7 per cent, thanks to increases of four per cent or greater to Anguilla, Antigua & Barbuda, Barbados, Montserrat and St. Vincent & the Grenadines. It should be noted, however, that arrival levels were still below those of 2007.

There were encouraging developments in intra-regional traffic, which grew by three-and-a-half per cent when compared to 2010. But there were concerns for those OECS countries for which the Caribbean remains the most important market. This sub-group recorded a 9.8 per cent drop in arrivals from the Caribbean. On the other hand, the larger countries in the Commonwealth Countries Group experienced a 10.3 per cent rise, led by Barbados, Guyana and Jamaica which reported robust 15 per cent increases.

The hotel sector performed marginally better last year than it did in 2010. According to Smith Travel Research, average room occupancy was 61.8 per cent compared to 60.3 per cent in 2010,

while the average room rate reached US\$167.56 compared to US\$163.36 in 2010. These results indicate some measure of recovery within this sub-sector.

This, notwithstanding, indications are that the pattern of visitor spending is changing significantly throughout the region. Nervous cost-conscious tourists are using the most economical sources of goods and services available in the destinations. This switching from higher cost to lower cost suppliers has resulted in the reduction of average spending which has contributed to stagnant or ebbing foreign exchange revenue streams.

### **Caribbean Performance - Cruise Activity**

In 2011, there was continued growth of the cruise industry internationally, with the grouping of cruise lines serving the region, the Florida Caribbean Cruise Association, reporting that fourteen new ships were inaugurated from international ports-of-call with convenient departures from nearby catchment cities.

Current cruise ship orders extending through 2014 include 26 new builds (19 ocean-going vessels and 7 European cruise riverboats), with 51thousand berths at a value of nearly 12 billion US dollars. Huge investments in cruise ships reflect the commitment and optimism of that industry's stakeholders.

But, destinations in the Southern Caribbean were severely affected by the redeployment of several cruise vessels, particularly during the summer months. Much of this rescheduling saw the relocated ships plying routes outside of the Caribbean. Consequently, the Caribbean Cruise sector showed no appreciable change in 2011, with cruise passenger arrivals increasing marginally by only 0.3 per cent to reach 20.6 million.

This inconsequential change in Caribbean cruise arrivals was in contrast to the 6.6 per cent increase worldwide predicted by the cruise industry for their international arrivals in 2011.

### **Prognosis For 2012**

Economies in both North America and Europe are still under considerable stress. Higher than usual unemployment continues to prevail in the main source markets, while monetary and fiscal systems remain under intense pressure. The US is into an election year and while some may anticipate this as a reason for US travellers to stay home, there is no hard evidence to substantiate this. The Olympic Games in England this year could also be a significant distraction from North-South travel.

It is expected that the continued addition to cruise stock internationally will have a positive effect on Caribbean schedules, if only residually. However, high oil prices and the tendency to home-port close to densely populated catchment areas in places like the Mediterranean and other large European countries, especially in summer, will be some of the factors

contributing to the dampening of Caribbean cruise business overall in 2012. In light of these realities, arrivals to the Caribbean are not expected to exceed a three per cent increase in 2012 and visitor expenditure is also not expected to grow meaningfully during this year.

Based on preliminary schedules, cruise arrivals to the Caribbean are also not likely rise by more than two to three per cent.