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## CARIBBEAN TOURISM 2011 – TRENDS AND PROSPECTS

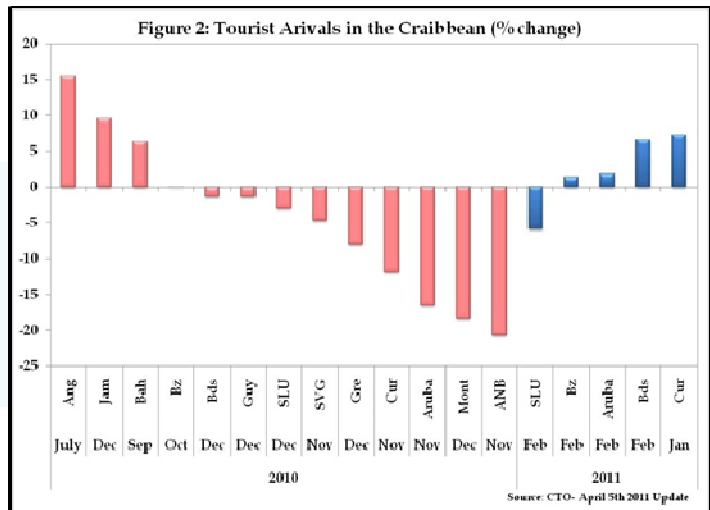
The Tourism sector is a major driver of economic growth for most Caribbean economies. The World Tourism Organisation Yearbook of Tourism Statistics 2010 lists the Caribbean as the most tourism dependent region in the world with 7 of the 10 most tourism dependent countries located in this region. This industry accounts significantly to the GDP of most Caribbean countries (Table1). The fortunes of the tourism dependent economies are sensitive to external factors such as global economic crisis, spending power of consumers, global climatic events and policy measures such as the Aviation tax which was imposed by the UK government. These factors highlight the fragility of the

Aruba, Belize and Curacao. However, Barbados had a significant increase of 14 per cent, benefiting from an increase in its advertising in the UK and an increase in the airlift between the Barba-

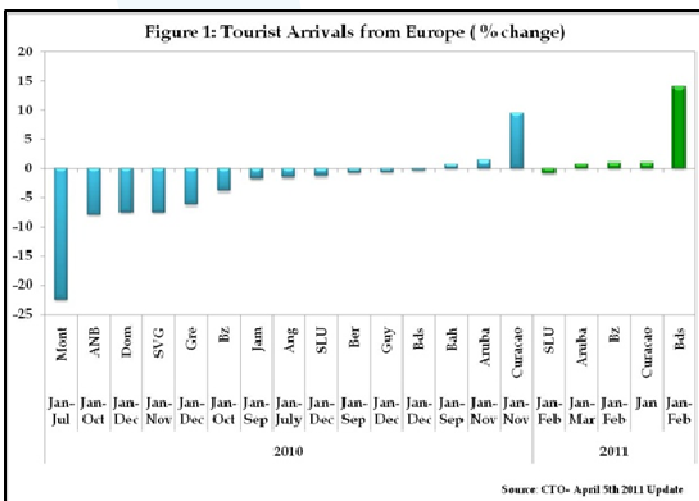
Country	% share	Country	% share
Anguilla	57.4	Former Netherlands Antilles	31.1
Antigua and Barbuda	74.1	Grenada	23.8
Aruba	74.7	Haiti	5.8
Bahamas	46.1	Jamaica	24.4
Barbados	46.1	St. Kitts and Nevis	27.3
Bermuda	18.3	St. Lucia	45.7
Belize	33.6	St. Vincent and the Grenadines	25.5
Dominica	24.9	Suriname	4.2
Dominica Republic	17.5	Trinidad and Tobago	10.6

Source: World Travel & Tourism Council

region to the developments in the major tourism source markets. In view of the aviation tax it was reported by British Airways that tourist arrivals from the UK had fallen by 25 per cent since November 2009. Figure 1 shows that tourist arrivals from Europe declined significantly in 2010. Available data for 2011 shows there were minimal increases in arrivals from Europe to



dos and the UK. Having experienced a slump in tourist arrivals in 2009, the CTO has reported that visitor arrivals to the Caribbean in 2010 rose by 4.7 percent, with cruise tourism also increasing by 6 percent. The increase in tourist arrivals ranged from 15.5 per cent (Anguilla) to 1.4 per cent (Belize). Despite the generally improving trend on a regional level, some countries did experience a fall in tourist arrivals ranging between -20.7 per cent (Antigua and Barbuda) to -1.38 per cent (Guyana). In particular Antigua and Barbuda continues to struggle to recover from the windfalls of the 2008 global financial crisis and to control increasing crime levels. The mixed growth in tourism for 2010 (Figure2) was a result of the low and slow growth in the developed economies as well as lower hotel prices. Some hotels lowered their prices in order to sustain tourist demand.



The first quarter of 2011 has, however, brought with it new prospects for Caribbean tourism. Some countries have begun to realise an increase in tourist arrivals (Figure2) as significant efforts have been focused on re-energising Caribbean tourism. In this regard, the 1<sup>st</sup> annual Caribbean Tourism Summit – Tourism and Caribbean development was held over the period March 13<sup>th</sup> – 15<sup>th</sup> 2011 in Brussels, Belgium. During this Summit Caribbean tourism leaders and European Union officials discussed key issues to bridge the gap between policy intentions and practice. At the end of the session many recommendations were put forward to bolster growth in Caribbean tourism. They agreed that there is a need for discussions to continue to aid the Caribbean region in sourcing funding for tourism projects; tourism aviation and taxation; tourism and climate change; tourism education and

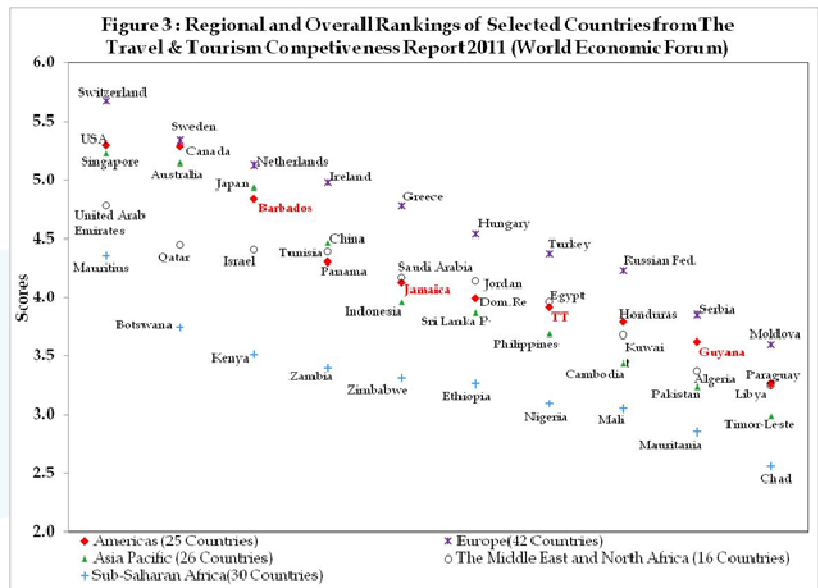
## CARIBBEAN TOURISM 2011 – TRENDS AND PROSPECTS cont'd

training and how the tourism sector can benefit from the EPA between the Caribbean and Europe.

Additionally, in April from the 3<sup>rd</sup>-6<sup>th</sup> 2011, Bermuda was host to over 220 delegates who participated in the 12<sup>th</sup> annual Caribbean Conference on Sustainable Tourism Development with its theme “Keeping the right balance: rising above the numbers”. The main thrust of this conference was to encourage and assist Caribbean countries to develop a tourism plan that promotes Sustainable Tourism - a level of tourism activity that can be maintained over the long term because it results in a net benefit for the socio-cultural, economic and natural environments of the area in which it takes place. Two countries, Barbados and Guyana were given awards for their efforts towards sustainable tourism and a call was made by participants of the conference for the Caribbean to embrace and expand sustainable tourism.

Despite the recent improvements and policy momentum to improve the Caribbean tourism product challenges remain. The World Economic Forum Travel and Tourism Competitiveness Report 2011 which covers only four Caribbean countries out of a total of 133 countries suggest that there are some fundamental issues that the regional tourism industry needs to address (Figure 3). Scores of the four countries reveal that Barbados tops the list having been ranked at 28 while Jamaica (65), Trinidad and Tobago (79) and Guyana (98) were ranked considerably lower. These rankings suggest that with the exception of Barbados, the Caribbean countries have a tourism industry that is losing ground to other destinations within and out of its region. Comparing regions, the Americas appear to be on par with the Asia Pacific and The Middle East and North Africa regions and substantially more competitive than the Sub-Saharan Africa region. The Caribbean countries were given high marks for the Regulatory framework they have in place for Tourism, but for the Business environment and infrastructure and the Human, cultural and natural resources they scored relatively low.

This highlights the need for policy action on the discussions, conclusions and proposed policies of the two conferences held in March and April 2011. The outlook for tourism for 2011 and beyond is optimistic as the Caribbean begins to adopt the “trend” of Sustainable tourism and make it a reality for the region. Combined with the expected global recovery - the WEO April 2011 predicts that the world economy will grow by 4.5 per cent, a boost to the prospects for international travel and tourism to region can be expected.



<sup>1</sup> <http://www.onecaribbean.org/eventsandcalendars/conferences/acts2011.aspx>

<sup>2</sup> <http://caribbeanstc.com/conference-speeches>

## REGIONAL NEWS SUMMARY

### CL FINANCIAL

- Chairman of the CLICO Policyholders Group, Peter Perrell, says his membership feels vindicated by the results of the recent ANSA McAL Psychological Research Centre opinion poll which indicated that 45 % of respondents were not satisfied with the Government's handling of the CLICO matter (TE 4 Apr)
- A Barbados company, Sandridge Ltd, has signed the purchase agreement with CLICO Holdings (Barbados) to acquire CLICO International General Insurance Ltd (TE 4 Apr)
- Former finance minister Wendell Mottley, currently based in the US, has said CLICO could be a target for Latin American businesses that are looking at the Caribbean for acquisition opportunities (TE Apr 6)
- Coleman who is of the Commission of Enquiry into the collapse of CLICO resisted a request from Duprey's lawyers to have the length of hearings reduced from five hours per day. There are expected to be 170 witnesses at the inquiry, 100 bundles of documents from Price WaterhouseCoopers, 50 bundles from the Central Bank and First Citizens Bank has joined the proceedings. (Newsday 7 Apr)
- The first oral evidence hearing of the Enquiry has been pushed back to June 27, to allow the attorneys sufficient time to gather documentary evidence and witness statements (TG 7 Apr)
- The Central Bank is refusing to disclose a series of forensic reports to the Enquiry arguing that the documents are legally privileged as they were prepared - at taxpayers' expense - in anticipation of litigation against CL Financial subsidiary companies. (Newsday 8 Apr)
- The Supreme Court of Barbados has officially appointed Deloitte Consulting Ltd as judicial manager of CLICO International Life Insurance Limited (BN 14 Apr)
- A team of attorneys hired by the Central Bank of T&T has almost completed preparation to start legal proceedings to recover money for depositors and policyholders of collapsed insurance giant CLICO, CLICO Investment Bank and British American Insurance Company. (TE 14 Apr)

## REGIONAL NEWS SUMMARY cont'd

- Members of the CLICO Policyholders Group have agreed to shell out 1 % of the total value of their investments with the collapsed insurance company to help fund the cost of litigation which the group will start pursuing this week. (TE 18 Apr)
- Effective April 11, 2011, the Eastern Caribbean Supreme Court has approved the appointment of Richard Surage of PKF Professional Services Inc, as judicial manager of the Saint Lucia branch operation of CLICO International Life Insurance Limited (CNnow 19 Apr)
- CLICO policyholders in Barbados and Trinidad and Tobago are working together, even as they wage separate fights to get back money owed to them by the financially-troubled insurance company. (Carib360 22 Apr)
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### WIDER CARIBBEAN

- Norwegian Minister of Environment and International Development, Erik Solheim, has announced that his country will immediately make available to Guyana the second tranche of US\$ 40 million under the existing climate deal, while assuring that the strictest standards of transparency will be applied (GuyTimes 1 Apr)
- The Committee for Financial Supervision has advised the Kingdom Council of Ministers to give St. Maarten instructions on how to fix its budget crisis immediately, because the island still does not have a balanced budget that complies with the Kingdom Act on Financial Supervision for Curaçao and St. Maarten (Caribseek 1 Apr)
- The Dutch Parliament's Second Chamber is keeping a close watch on the appointment of the board of the Central Bank of Curaçao and St. Maarten (Caribseek 1 Apr)
- The Bahamas has been named as the jurisdiction where \$176 million was allegedly laundered in a scandal linked to a senior Panamanian government official, and this may mean further reputational damage as the country continues to struggle to shake off the tax evasion/money laundering stigma (CNnow 1 Apr)
- As much as 60% of Capital and Credit Merchant Bank's loan portfolio is in arrears, but CCMB is insisting that it has sufficient asset cover for the billions of dollars that are past due from borrowers (JG 1 Apr)
- Local insurance group Guardian Holdings Ltd has turned itself around and back into profitability. The group's net profit after tax for its year ended December 31, 2010 stood at \$425 million (TE 1 Apr)
- IFC has taken a 4% stake in Sagicor Financial Corporation under a US\$100-million deal that pumps fresh capital into the insurance group to shore up its equity base (JG 1 Apr)
- The 2010 Annual Report of the Institute of Private Enterprise Development (Guyana) reflects a 13.8% increase in the value of loans disbursed to its clients last year over the previous year (SN 1 Apr)
- Sandspring Resources Ltd, a Canadian gold mining company operating in Guyana, announced its intention to join in large-scale production by the year 2013. It reported significant increases in the quantities of gold discovered during exploration in the Toroparu, Upper Puruni area of Region Seven. The actual figures for mineable gold amounted to 3.51 million ounces plus potentially mineable 4.93 million ounces (GCO 6 Apr)
- The United Kingdom's DFID has granted Jamaica a total of J\$327 million (US\$3.9 million) in debt relief (Carib360 6 Apr)
- A US-based consortium is examining building Guyana's first oil refinery in the next 18 months, to provide cheaper fuel in an initial investment estimated at US\$75M (SN 6 Apr)
- Jamaica's Coffee Industry Board has shipped the first batch of 16,500 kilograms of green coffee bean to Zhejiang Dunns River Import and Export Company Limited in China, under a supply deal to sell 70,000 kg to the Asian company (JG 6 Apr)
- Laurence Clarke from Guyana has been elevated to the number three position in the World Bank (CNnow 8 Apr)
- Ansa MCAI (Barbados) Ltd recorded a massive 44 % increase in profit before tax from continuing operations to the end of 2010 (BN 9 Apr)
- Haitian businesses are hoping that even as there is a sustained focus by CARICOM countries on reconstruction and rehabilitation, the broader goal of economic integration with the region should not be forgotten, particularly as it relates to the Caricom Single Market (TG 10 Apr)
- Barbados has featured prominently in a billion-dollar uranium takeover deal involving executives and firms in Russia and Australia. According to the Financial Times, "after days of intense negotiations between executives, bankers and lawyers in Barbados, the two sides thrashed out terms" valued in cash terms at just over US\$1.05 billion (BN 10 Apr)
- Angostura Holdings Limited has reported net profit of TT\$366.8 million for the financial year ended December 31, 2010, bouncing back from a loss position in the previous year (JG 13 Apr)
- Jamaica could grow its annual GDP by 5.4 percentage points, if the country reduces its crime levels to that of Costa Rica, the World Bank suggests (JO 14 Apr)
- There has been a rebound in tourist arrivals in Barbados, mainly from the US and the UK, during the first three months of the year and, as a result, the Barbados Central Bank reported that the economy has improved significantly (CNnow 14 Apr)
- Georgetown Chamber of Commerce and Industry President Komal Ramnauth says the registration of 99 new companies last year, including the creation of 3,246 new businesses during the first six months are evidence of significantly increased business activity in the country (SN 15 Apr)
- An economist that the Jamaican government place greater emphasis on infrastructural development to drive economic growth (JG 18 Apr)
- Member states of the OECS have adopted their own lines of engagement with Libya, and they are now concerned



## REGIONAL NEWS SUMMARY cont'd

- about what will become of Libyan investment projects in region (Carib360 18 Apr)
- A price war has started as new entrant and low-cost airline REDjet prepares to take to the Caribbean skies and airfares on other carriers operating in the region have dropped dramatically (BN 19 Apr)
- Public-sector workers in Jamaica will face an unprecedented fourth year of wage freezes this financial year, even as the Government says it owes public servants J\$30 billion (JG 20 Apr)
- Financial advisers in TT now have the opportunity to obtain specialised certification from the Institute of Banking and Finance of TT to better serve their clients (Newsd 21 Apr)
- The Bank of Jamaica is to be given oversight for the stability of the entire financial sector, a move that will transform the central bank into super regulator of the system (JG 21 Apr)
- THE Demerara Distillers Limited Group has recorded an after taxation profit of \$1.140 billion in 2010, marking a 10% increase over 2009 (GCO 25 Apr)

## CALL FOR PAPERS

The Department of Management Studies, Caribbean Centre for Money and Finance and Sir Arthur Lewis Institute of Social and Economic Studies, UWI, wish to announce the staging of:

### THE 4TH BIENNIAL INTERNATIONAL CONFERENCE ON BUSINESS, BANKING AND FINANCE

To be held on June 22-24, 2011 at The Trinidad Hilton and Conference Centre, Trinidad

*"Restoring Business Confidence and Investments in the Caribbean"*

#### Conference Aims and Objectives:

This international conference will be a forum for exchange of ideas on critical business, banking and financial issues facing the Caribbean region at this time. It will serve to bring together leaders of the local and regional business communities, governmental policy makers and international scholars and researchers. Through their joint participation, the conference aims to:

- Critically explore and share experiences on key emerging issues pertaining to financial stability, financial integration, business confidence and related developments, with lessons for the Caribbean and other emerging economies;*
- Identify strategies to be pursued at both the business and governmental levels to rebuild confidence of domestic and overseas business firms in Caribbean markets;*
- Enhance understanding and collaboration between academics and leaders of business and government so as to improve the quality of decision-making on developmental issues confronting emerging economies.*

#### Conference Sub Themes:

Diversification and opportunities for growth and development  
 CARICOM at cross-roads  
 Impact of new regulations on financial markets  
 Strategies for stimulating growth  
 Foreign exchange risks and capital flows  
 Lessons from the financial crisis  
 Conglomerate business models  
 Corporate sustainability  
 Consumer confidence and its impact on business

Corporate risk governance  
 Business restructuring  
 Crime, corruption and business confidence  
 Macro Prudential regulations, systemic risk and financial stability  
 Innovations in financial markets  
 Ethics in finance  
 Micro finance and credit  
 Islamic Banking

Registration fee is US\$400 per person, which covers the conference material, meals and social activities and abstracts should be submitted latest by **March 31, 2011**. For more details please visit <http://sta.uwi.edu/conferences/bbf4/>

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