

*The View from Europe*  
*By David Jessop*

## The long-term future of Caribbean tourism

A week or so ago, the Board of the Caribbean Hotels and Tourism Association (CHTA) passed unanimously a resolution calling on Caribbean Heads of Government to convene a summit on tourism. What the private sector body wants is for urgent high level consideration to be given to the many challenges now facing the industry and the threats these pose to region's tourism-dependent economy.

Since then their request has been dismissed by some commentators as posturing.

Why this should be is in part a reflection of a sense across the region that the industry, and hoteliers in particular, are too well off, that tourism largely involves foreigners, and that those who run it have been crying wolf for too long, without offering solutions that the region's political leadership can relate to.

The matter is not helped by there being an uncertain hiatus between the retirement of CHTA's Director General, and the appointment of a successor; with the consequence that there is, as yet, no indication of who is to follow through, to ensure that such a high level exchange might occur.

Despite this, there is real merit in the concerns expressed by CHTA and a clear need for a policy dialogue on key issues between all key stakeholders in and beyond the region on the future of what has become a highly complex and vital industry.

It may of course not be possible to bring all Heads together, but there would be real value if one, or better still a small group of Prime Ministers who understand the political, economic and social dimensions of tourism, were to provide the political leadership necessary to create such an encounter. This would have particular value if such a group were able to report to their colleagues on the political steps required to enable Caribbean tourism to remain fresh, viable and able to provide sustainable long term support for the Caribbean economy.

The reality of Caribbean tourism today is that although the number of visitor arrivals into the region is again increasing, the value of the tourism economy is moving in the other direction: since 2007, for example, annual visitor spend has fallen by US\$5 billion. Governments ignore this at their peril. If income is falling and profitability has yet to reach pre-2007 levels, it suggests that the Caribbean is becoming less competitive in relation to other destinations, and that current levels of tourism employment and tax revenue may not be sustainable.

There is no shortage of statistics or professional advice to suggest this, but a dearth of industry voices able to articulate this clearly or politically and promote a serious debate not about where the industry now is, but where it might be in twenty years time.

What is even odder is that beyond this there is little if any interest by governments or regional institutions in the econometric modelling of the Caribbean industry to enable the development of models into which assumptions that for instance demonstrate whether the reduction or increase in taxes bring greater or lesser returns. As a consequence, taxes go up, airlines are incentivised and tax holidays are granted without there being any clear understanding of whether the short, medium or long term impact is likely to be positive or negative. For an industry worth more than US\$25 billion

per annum and which employs at least thirteen per cent of the region's workforce, this is truly disturbing.

The absence of clarity and an impact analysis is particularly evident when it comes to airlift. Over the last months, in the Eastern Caribbean in particular, key routes and hubs are being abandoned by the legacy airlines on which the region could previously rely. In their place are low cost carriers that initially offer attractive deals, but which in some cases have driven full service airlines out, leaving smaller islands' tourism products vulnerable and reliant on airlines that then raise prices while offering a product less attractive to the high yield client base of such destinations.

In part this lack of focus has come about because the region's most important industry frequently seems to rely on professionals operating in silos, or on gifted amateurs who understand what is happening to them or their country, but are unclear about how to advocate new ideas at a regional level or bring about change in the policy environment.

The policy concerns of tourism are further compounded by the increasingly diverting nature of a rapidly changing market place and the need for hoteliers to spend ever more time addressing commercial concerns as radical shifts in the demographic profile of visitors to the Caribbean occur, affecting what is wanted from a vacation, and how a destination might be selected and booked.

Space does not permit any detail, but one recent instance quoted by a US firm that monitors such trends indicates that young professionals are increasingly approaching a vacation on the basis that they are globally 'collecting' destination experiences. Put another way, they have no intention of returning, other perhaps than in later life.

In response the industry's leadership is now placing almost all of its emphasis on marketing and new media. They intend encouraging more visitors through new approaches to selling Caribbean destinations through regionally owned search engines like CaribbeanTravel.com that make booking easier, clearer and more exciting.

But this understandable stress on the need to devise a viable short term marketing approach that responds to new commercial challenges, does nothing to address the problems that will make or break the Caribbean tourism product over the next decade. Nor does it ensure that the land based industry gets what it wants; a strong public voice and evidence based advocacy.

Getting the regional marketing offering correct is essential. But just as big a challenge is finding new ways to build public-private partnerships that analyse the long term challenges and come up with solutions that Governments and the industry are committed to implement.

The Caribbean tourism industry desperately needs politically elevating. It requires the emergence of regional tourism visionaries able to convince businesses and governments alike of the benefits of a strategy that ensures the sector not only becomes, but remains globally competitive.

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**The second part of this column, which looks at how the industry might address the challenges it faces, will appear next week.**