

TOURISM IN THE OECS ECONOMIES

ADAPTING TO EMERGING TRENDS



TOURISM IS THE ECONOMIC DRIVER FOR OECS ECONOMIES

Travel and Tourism Sector Economic Contribution (2011, %)

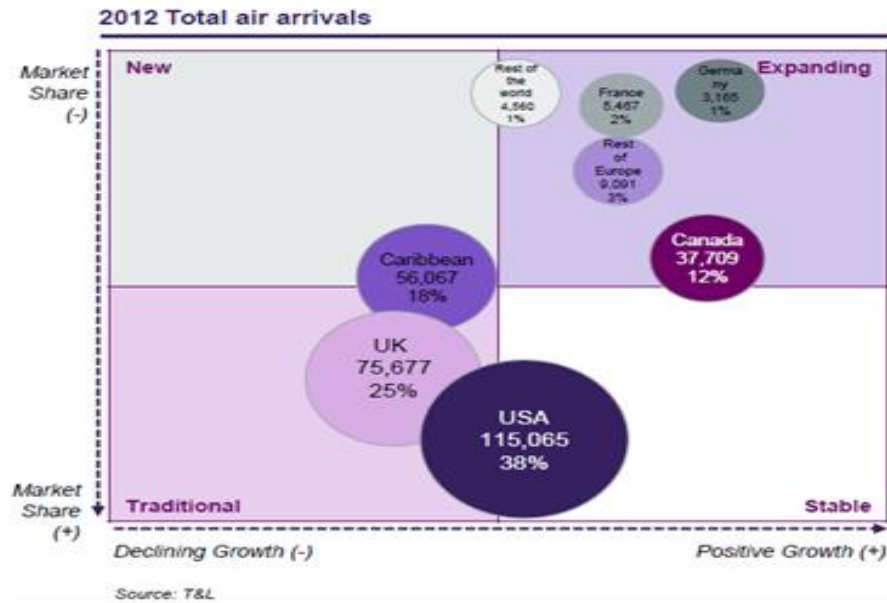
Country	Direct contribution to GDP	Total contribution to GDP	Direct Employment	Total Employment	Exports
Anguilla	22.7	64.4	23.8	65.8	83.5
Antigua & Barbuda	17.8	74.2	18.0	69.0	74.4
BVI	21.1	57.9	24.8	65.6	43.8
Dominica	7.5	24.8	6.9	22.9	45.3
Grenada	7.3	24.2	6.8	22.4	66.7
St. Kitts & Nevis	7.8	28.2	7.7	26.7	44.3
St. Lucia	15.4	45.8	17.5	45.4	60.8
St. Vincent & Grenadines	7.7	26.2	7.1	23.9	51.8

Direct contribution: tourist transportation, food and leisure industries.

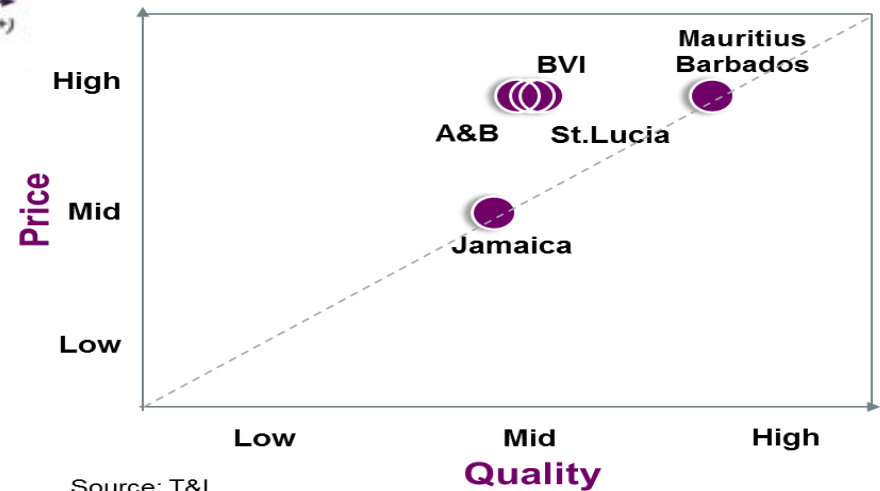
Indirect contribution: capital investment in travel and tourism; government spending to support tourism; and supply chain effects

Source: World Travel and Tourism Council/Oxford Economics; OECS; Caribbean Tourism Organization.

KEY CHALLENGES: ACCESS NEW MARKETS & IMPROVE PRICE-QUALITY COMPETITIVENESS



Comparative Price/ Quality Perceptions of Selected Tourist Destinations



KEY CHALLENGE: INFRASTRUCTURE

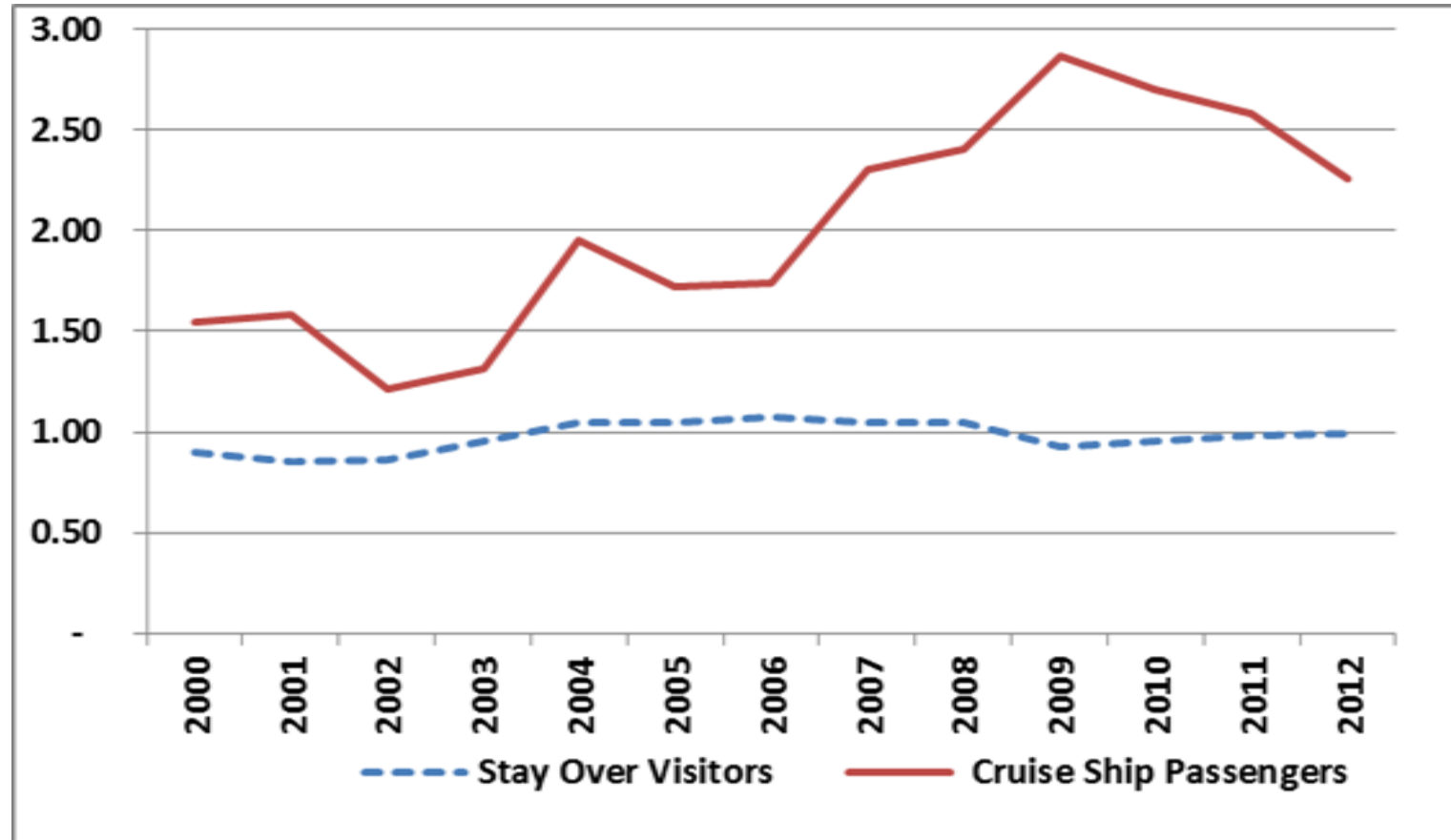
A recent assessment of OECS connectivity for the movement of goods and people found¹

- Connectivity is Limiting Tourism and Regional Integration
- System Coordination is a Constraint, Air Transport Infrastructure *per-se* is not
- Import Costs are a Constraint, Maritime Infrastructure *per-se* is not
- Inland Transport is an Emerging Constraint to Exports
- Subsidies to Airlines Introduced to Secure Flow of Tourists and Overcome System Inefficiencies
- Regional Coordination is Key for Success
- High energy costs directly impact price competitiveness



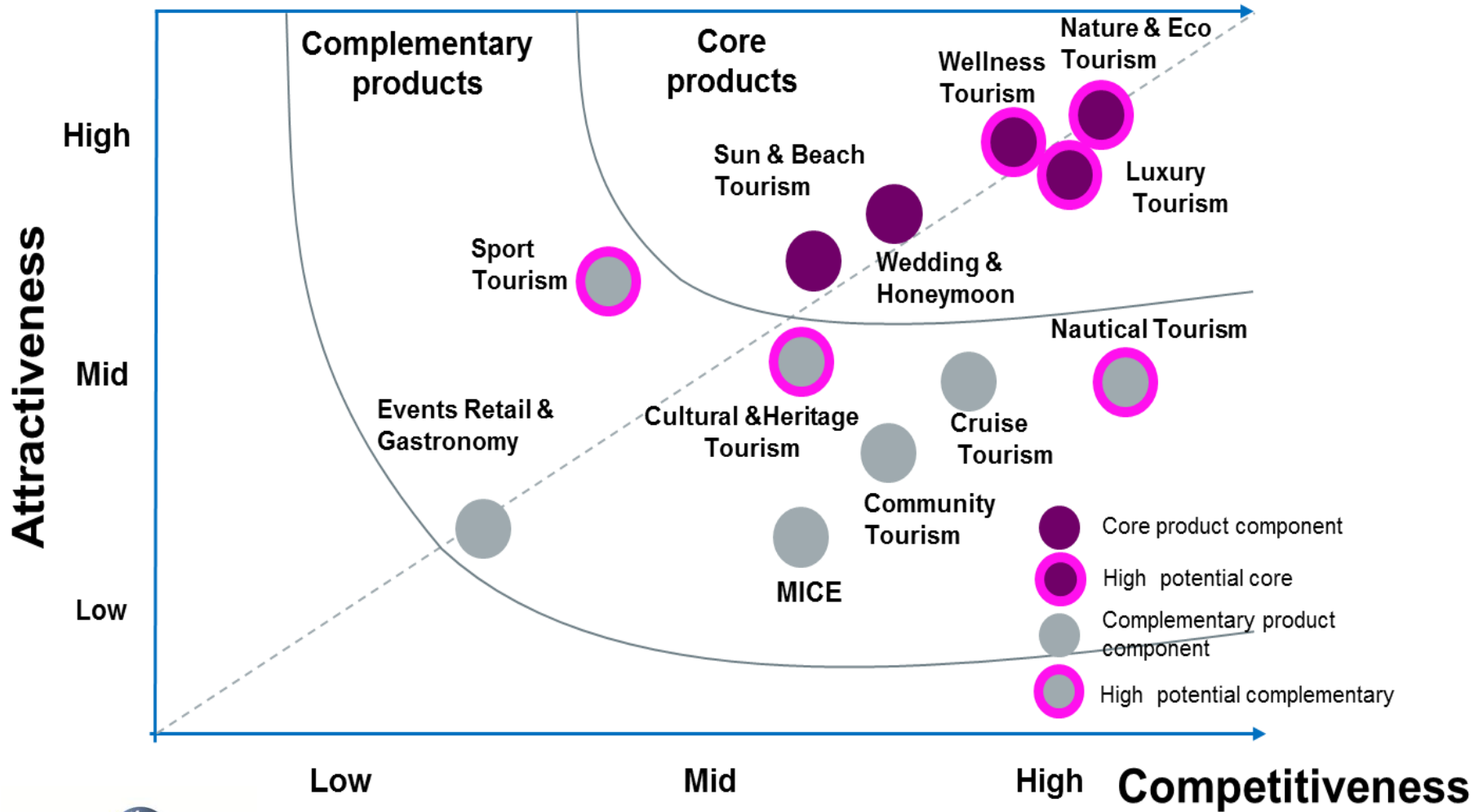
KEY OPPORTUNITIES: INCREASING TOURIST EXPENDITURES

Structure of demand – cruise vs. stay-over tourists



Source: ECCB, 2013. Excl. BVI.

KEY OPPORTUNITIES: TARGET COMPLEMENTARY NICHES STRENGTHENING LINKS TO THE LOCAL ECONOMY



ISSUES FOR DISCUSSION

KEY QUESTIONS FOR THE REGION GOING FORWARD

1. Can the region increase its competitiveness within the Caribbean and globally as tourist demand and sources markets evolve?
2. Will the sector's performance be robust enough to trigger the level of economic growth required for sustainable development?
3. How can the EOCS tourism sector benefit of a regionally coordinated approach to the sector?



TAKEAWAYS

- While the tourism product is not homogeneous across the OECS countries, there are many common features and niches given the natural beauty of the islands – sea and sun, wedding and honeymoon, luxury, health and wellness, eco- adventure, and yachting. Most of these are growth areas identified by the UNWTO 2020 Future Trends Report
- In order to compete for investment and tourists in these niche segments, the OECS countries have to overcome considerable challenges in terms of product development, operational costs, skills, economies of scale infrastructure, investment attractiveness, business enabling environment, and regional (policy) coordination



THE WAY FORWARD... ACTIONABLE IDEAS

- Develop a strategic approach to tourism
 - Developing national tourism strategies → **proposed at the CGF in the Dominican Republic and Antigua & Barbuda**
 - Branding and marketing the OECS as a tourist destination
 - Develop and implement a regional tourism strategy
- Train semi-skilled and skilled workers and well-trained managers to deliver the service quality required by international tourism companies and visitors
- Mobilize the private sector through public-private partnerships (PPPs) and other financing vehicles – particularly for large infrastructure investments
- Introduce a regional coordinated approach to policy and investment decisions



THE WAY FORWARD... ACTIONABLE IDEAS

Streamlining national policies, incentives and harmonizing regionally to

- Eliminate discretionary and costly incentive policies
- Eliminate regional competition on incentives
- Target product development and attract investment for strategic product development
- Reduce economic distortions
- Optimize revenue foregone



THE WAY FORWARD... CGF PARTICIPANTS' RECOMMENDATIONS

- **Conduct Energy Audits to reduce the cost of energy and increase the sector competitiveness (CGF: Grenada)**
- **Improve Connectivity and Coordination of Air Transport including the creation of a Single Air Space and Facilitate efficient free movement of people within the OECS (CGF: Antigua and Barbuda, Grenada, Saint Lucia)**
- **Reduce the cost of inland transportation and logistics of moving goods (CGF: DR, Saint Lucia)**
- **Reduce specific Port charges and simplification of procedures for importing and exporting goods**
- **Improve the Processing Time of Passengers entering and leaving Dominica at the Ferry Terminal (CGF: Grenada and Saint Lucia)**

