11. TOURISM

World Tourism

During 1997, there was continued expansion in tourism activity as international tourist arrivals grew by over 4.0%, slightly below the 5.5% growth in 1996. With world output expected to continue its expansion in 1998, international travel may experience continued buoyancy, with arrivals growing by about the same 4%. However, the global outlook will not necessarily be the same for all individual/regional destinations as risks and fragilities will ultimately affect their outcomes. The main areas of concern relating to prospects over the short to medium term include risks of overheating (U.S.A.), uncertainties about the EU and its economic and monetary thrust, and the sustainability of capital flows to emerging market countries.

Table 11.1

The tourism markets are becoming increasingly competitive as the industry is now being regarded as an economic generator to create new employment and income or replace existing or defunct industrial infrastructure. New changes to the tourism product will focus on:

a. developing and maintaining environmentally sound destinations in response to consumers' awareness, concerns and international demands.
b. developing man-made attractions, theme-parks or mega resorts which combine general tourist attractions with entertainment and gaming activities.
c. the development of culturally linked and health focussed products which relate to the significant shift in the age cohorts of world population.

GROWTH PROSPECTS OF INTERNATIONAL TOURISM
WORLD AND REGIONAL PICTURE, 1996 - 1998 - TOURIST ARRIVALS - MILLION

Region	Actual Data % Change		Forecasts		Yearly Change %	
	1996	96/95	1997	1998	1997	1998
Africa	21.5	7.0	22.8	24.2	6.2	6.1
Americas	116.1	4.3	120.8	125.5	4.1	3.9
East Asia/Pacific	87.3	9.6	93.0	98.0	6.5	5.4
Europe	351.2	4.6	363.0	375.0	3.4	3.3
Middle East	14.2	4.9	15.5	16.8	9.5	8.4
South Asia	4.5	4.6	4.9	5.2	8.7	6.1
WORLD	594.8	5.5	620.0	644.7	4.2	4.0

Source: World Tourism Oroganisation (WTO)

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Caribbean Tourism

Caribbean destinations generally recorded a relatively modest winter tourist season in 1997, although destinations affected during the 1995 hurricane season, mainly Anguilla, Antigua and Barbuda, St. Marteen and the US Virgin Islands reported large percentage increases as businesses returned to normality.

However, a relatively mild US winter and the threatened strike by American Airlines had the effect of decreasing bookings to the region as potential visitors chose domestic destinations as alternatives.

Cruise tourism grew robustly during the winter season and continued through to summer, despite some repositioning to destinations outside the region. The Caribbean cruise market in 1997 accounted for 48.5% of capacity. For 1998/99 considerable berthing capacity is expected to be added most of which is destined for Caribbean waters. So, together with the growth trend in increasing preference for two to five-day category of cruises, this does augur well for Caribbean destinations which feature these packages. The Caribbean Tourism product should therefore be improved to capture and retain this market.

It is estimated that visitor arrivals for the Caribbean grew by about 3% in 1997 with cruise passenger arrivals alone showing close to 10% increase. The Cuban destination continued to show significant growth during 1997.

Table 11.2

TOURIST (STOP-OVERS) ARRIVALS IN THE CARIBBEAN 1997			
Country	Period	Tourist Arrivals	Overall % Change
Anguilla	Jan-Oct	34,856	17.9
Antigua & Barbuda	Jan-Oct	176,099	6.4
Aruba	Jan-Aug	442,945	5.0
Bahamas	Jan-Jun	908,880	-3.1
Barbados	Jan-Sept	347,021	3.7
Belize	Jan-Jun	48,417	-1.4
Bermuda	Jan-Aug	263,805	-5.9
Bonaire	Jan-Sep	48,149	-3.7
Cayman Islands	Jan-Jul	240,401	2.4
Curacao	Jan-Aug	138,877	-3.0
Dominica	Jan-Jul	39,717	2.9
Grenada	Jan-Sep	84,447	2.5
Jamaica	Jan-Dec	1,192,194	2.6
Martinique	Jan-Apr	242,482	13.3
Montserrat	Jan-May	3,103	-39.9
Puerto Rico	Jan-Aug	689,491	13.6
St. Kitts and Nevis	Jan-Oct	67,641	1.3
St. Lucia	Jan-Oct	205,434	6.3
St. Maarten	Jan-Sep	337,618	22.5
St. Vincent & the Grenadines	Jan-Aug	47,123	16.8
Trinidad & Tobago	Jan-Jun	163,686	25.7
Turks & Caicos Islands	Jan-Jul	56,472	0.6

US Virgin Islands	Jan- Oct	410,429	11.7

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Table 11.3

TOURIST ARRIVALS BY MAIN MARKET - 1997									
Country	Period	Tourists U.S.A.	%Change U.S.A.	Tourists Canada	% Change Canada	Tourists Europe	% Change Europe	Tourists Other	% Change Other
Anguilla	J-Oct	21467	20.1	1195	30.6	4166	110.8	8028	-8.6
Antigua & Barbuda	J-Oct	53907	9.2	14836	21.1	67168	4.3	40188	1.6
Aruba	J-Aug	254108	1.0	17706	11.5	38192	9.9	132939	11.3
Bahamas	J-Jun	752970	-4.6	55320	2.9	61665	10.1	38925	1.6
Barbados	J-Sep	81322	-5.7	42248	6.4	158485	7.4	64966	5.9
Bermuda	J-Aug	214211	-7.1	22363	-8.4	20982	6.5	6249	10.1
Bonaire	J-Sep	22420	3.4	627	-54.3	16413	-3.2	8689	-12.9
Cayman Islands	J-Jul	181231	1.5	11204	18.5	18349	-2.3	29617	5.6
Curacao	J-Aug	19703	-1.3	1235	-38.8	48901	-4.2	69038	-1.5
Dominica	J-Jul	9300	4.9	1192	4.9	7617	-0.1	21608	3.1
Grenada	J-Sep	22551	-3.0	3745	14.5	27944	1.1	30207	6.9
Jamaica	J-Dec	804361	3.9	99226	-2.9	210632	1.1	77975	-0.1
Montserrat	J-May	834	-52.8	198	-50.2	549	-41.0	1522	-22.5
Puerto Rico	J-Aug	571.068	12.8	7186	12.8	21841	7.7	89396	20.0
St. Kitts & Nevis	J-Oct	30808	5.3	6083	-14.1	10337	8.6	20413	-2.3
St. Lucia	J-Oct	61195	-4.9	12974	52.5	79315	17.6	51950	-1.9
St. Maarten	J-Sep	140594	36.5	17262	91.3	95668	9.7	84094	10.1
Trinidad & Tobago	J-Jun	58624	30.4	19182	6.8	37243	44.4	48637	17.0
St Vincent & G'dines	J-Aug	14373	23.3	3332	22.2	13496	6.6	15922	16.8
Turks & Caicos Is.	J-Jul	40489	0.5	6400	-3.1	4323	-13.9	5062	24.7

Jamaica's Performance in 1997

During 1997, the tourism sector survived the harshness of and depression of the local economy and managed to show some growth in its overall performance. This resulted mainly from increased visitor arrivals and expenditure. There was a 4.6% overall increase in arrivals, that is stop-over and cruise passengers. The estimated visitor expenditure for 1997 was US$1.140 billion or 4.4% above earnings for 1996. The sector therefore, continues to be the country's largest earner of foreign exchange. Factors influencing this outcome were:

a. There was increased numbers of visitors to the island both as stop-overs as well as cruise passengers.

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b. Although the average length of stay for stop-overs fell marginally from 10.8 to 10.7 nights - their average estimated expenditure improved to US$91.5 daily for winter rates and US$85.5 daily for summer which should have resulted in a higher level of spending.

c. While the growth in stop-over visitors was just 3%, cruise passengers visiting rose by 8.2%. With an estimated expenditure of US$85.4 daily, which almost equals that of stop-over visitors, this should have led to increased sector earnings also.

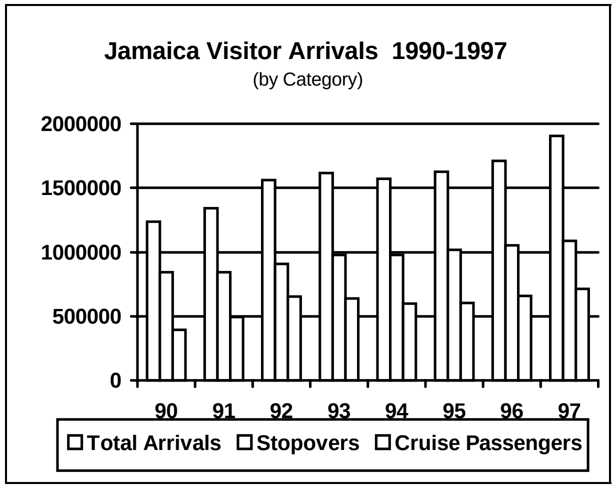
Visitor Arrivals

The sector, during 1997, recorded an increase in total visitor arrivals of 4.6% or 83,266 more arrivals than in 1996 when a 3.9% growth was experienced.

Total arrivals (non-nationals and nationals) for the year saw 1,903,893 persons visiting. This comprised stop-overs of 1,085,399, cruise ship passengers of 711,699 and nationals 106,795. These figures represent increases of 3.1%, 8.1% and a decline of 2.3% respectively in these categories when compared with the 1996 figures.

A significant boost to the arrivals figures was the strong growth in cruise passenger visitors. The year saw a five percent (5%) growth in cruise ship calls and an eight percent increase in cruise passenger arrivals. This gave Jamaica an increased share in this international market which, since 1996, has continued to experience robust growth. 1997 saw cruise ship passengers surpassing the 700,000 mark for the first time. The port of Ocho Rios welcomed

Figure 11.1



the greater portion of cruise visitors which rose by 17% compared with 1996, to 532,408. Cruise ship calls also rose by 13%. Montego Bay experienced an 11% fall in cruise passenger arrivals and a 3% decline in ship calls.

The growth in stop-over visitors to the island in 1997 was 3.0%, indicating a declining growth trend when compared with a 3.4% growth rate in 1996. Stopover arrivals for the 1997 winter (January to April) saw no growth, however there was improved performance in the May to December period when 4% growth was recorded.

Stopover arrivals from major markets showed overall growth. There was a 3.9% increase from the USA, 1.1% from Europe/UK and 10.5% from Latin

America. Deteriorating economic conditions in Canada and Japan led to a 2.9% and 29.2% fall respectively in arrivals from those countries.

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During the year, there was a 2.3% fall in the number of non-resident Jamaicans visiting. This, following a 14.6% fall in 1996 for this category of visitors, indicates a continuing decline in the number of Jamaicans visiting home.

Developments in the Sector during 1997

The infrastructural support to the tourist sector continued, in 1997, to be highlighted as needing drastic overhauling and upgrading. During the year, work continued, albeit hampered by industrial action, on the sewerage systems in Negril, Montego Bay and Ocho Rios. Work on upgrading the water supply systems in these and other areas as well as on the facilities at both international airports was also undertaken. However, many of these projects were plagued with various problems which hampered their smooth operation and scheduled completion. This caused major disruptions in towns and cities and the creation of conditions not conducive to the growth of the industry.

The anti-harassment programme initiated in 1996 and continued into 1997 was not successful during the year in stemming this scourge on the industry. As tourist harassment continues and escalates, the problem is being regarded as a serious deterrent to growth in the local industry.

The travel advisory posted on Jamaica by the U.S.A., following on the US Ambassador's frank and forthright criticisms re the heavy pollution of Jamaica's coastal waters, could have had damaging

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effects on the industry. However, it also awakened the sector to focus on the urgency of effecting corrective actions to the problem.

Jamaica ranked number two (2) in the world as a honeymoon destination during 1997. It also had an inaugural visit from the megaliner 'Enchantment of the Sea'. The liner brought 3,000 passengers to Ocho Rios in October 1997. There was also a dispute between the cruise-shipping interests and the Government re the effect of the head-tax on the cruise sector. This brought an adjustment in the rates.

There was a call for a review of Government's policy re the use of casinos in the industry as an added attraction to improve sector earnings. Increased expenditure was undertaken during the year to advertise the Jamaican tourist destination, sensitize Jamaicans to the importance of the industry to them, while encouraging their participation, care and nurture in all aspects of the industry.

Outlook for 1998

Failure to make significant improvements to the tourism product, eradicate harassment, successfully complete the strangling infrastructure works in the major tourist resorts, and clean up the pollution of the marine environment, will condemn the industry to stagnation, decay and decline. Thus in 1998, if those problems remained unsolved, the result could well be just a marginal increase in visitor arrivals and earnings over the 1997 figures.

For 1998, there are, in the pipeline, proposals to construct a number of hotels around the island. Only one or two will come on stream for 1998 but a couple more should be operational by 1999 providing the industry with additional rooms.

The Jamaican tourist industry has come to be regarded as the country's major foreign exchange earner, boasting a number of regionally comparable advantages. It should therefore in 1998 be focussing on implementing projects aimed at:

a. providing new rooms while aggressively marketing its current capacity so as to maximise returns from them;
b. developing sports-related tourism products; and
c. focusing on developing the vacation/retirement/health aspects of tourism, using to greater advantage, the country's ambiance, climate and skills of its people to enhance the implementation of these ventures.

As world trade liberalization becomes more entrenched, the country will experience greater shifts to and reliance on the services sectors of the economy to earn the bulk of the foreign exchange needed for BOP purposes. The tourism sector could be the major service sector for filling this gap, so the thrust towards structural and purposeful development of the sector should have taken off already.

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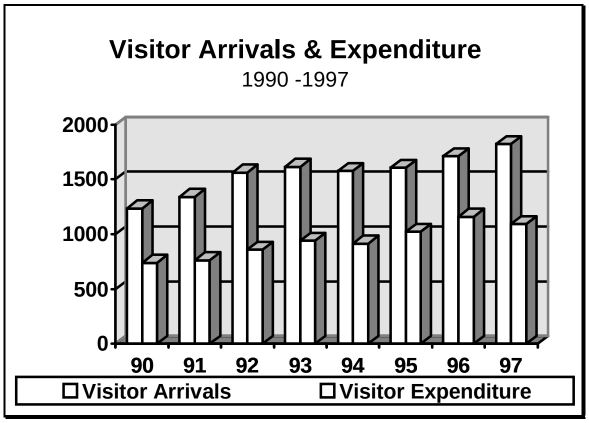
Figure 11.2



In 1998, the tourism sector will continue to struggle to maintain profitability as the overvalued Jamaican dollar continues to squeeze margins in the industry. The deteriorating economic situation will put increasing pressure on the tourism industry, as the actions of unemployed workers add to the problems of tourism harassment.