



# 'Forging Business Alliances for Developing Sustainable Tourism

## A CARICOM Perspective'

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# Outline

- Context
- Recent performance and current challenges
- Regional policy environment
- Priorities for promoting growth and resilience
- Forging business alliances: Firm level initiatives
- Other collaborative approaches
- Conclusion

# CONTEXT

- The Region is constrained by high debt-GDP, low/anaemic growth, low productivity, high unemployment, and is disproportionately affected by climate change.
- The Caribbean is the most tourist-dependent region in the world (WTTC).
- The Caribbean tourism sector accounts for a small percentage (less than 5%) of international tourist arrivals, but is a significant contributor to income, employment and foreign exchange earnings.
- The Caribbean's dependence on tourism places it at risk given the volatility of the industry, which is subject to external factors such as natural disasters, oil prices movements and other economic factors, the recent financial crisis being one example.
- The potential and opportunities for increased growth of the industry have served as a catalyst for the development of/improvement in other tourism related sectors.
- In order to achieve sustainability, Caribbean tourism must first achieve resilience.

# Contribution of Tourism and Travel to Economies of the Caribbean

- **DIRECT CONTRIBUTION** - US\$17.9bn (4.7% of total GDP) in 2016, and was forecasted to increase by 4% in 2017, and by 3.6% per annum, from 2017-2027, to US\$26.7bn (5.7% of total GDP) in 2027.
- **TOTAL CONTRIBUTION** - US\$56.4bn (14.9% of GDP) in 2016, and was forecasted to rise by 3.7% in 2017, and by 3.6% per annum to USD83.3bn (17.7% of GDP) in 2027.
- **EMPLOYMENT** - In 2016, the total contribution to employment, including jobs indirectly supported by the industry, was 13.4% (i.e., 2,319,500 jobs).
- Employment expected to rise by 3.1% in 2017 to 2,391,000 jobs and by 2.1% per annum to 2,951,000 jobs in 2027 (15.8% of total).

# Contribution of Tourism and Travel to the Economies of the Caribbean

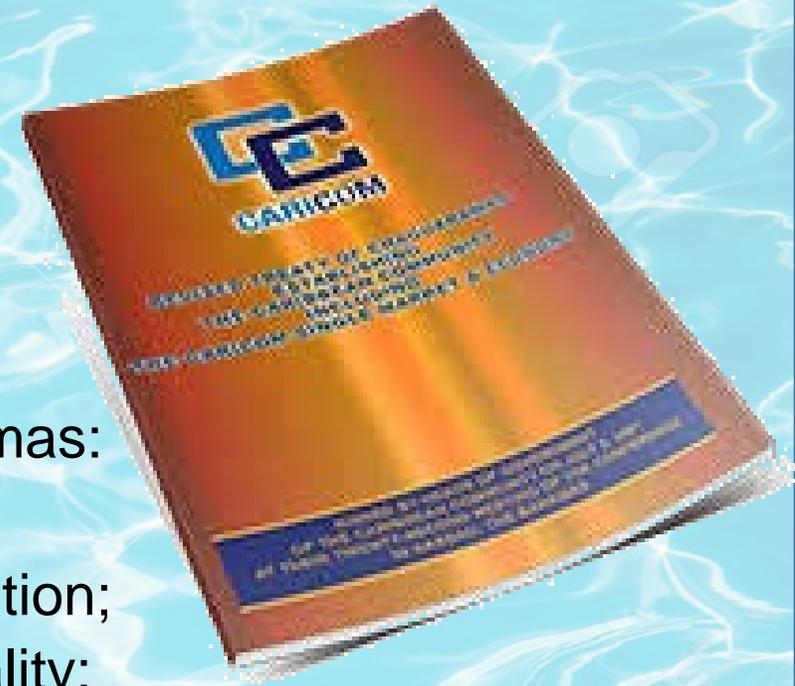
- **VISITOR EXPENDITURE** - US\$31.4bn (20.7% of total expenditure) in 2016.
- Forecasted to grow by 5.3% in 2017, and by 4% per annum from 2017-2027, to US\$48.8bn in 2027 (25.3% of total).
- **INVESTMENT** – In 2016 was USD6.8bn, or 12.3% of total investment.
- Forecasted to rise by 2.5% in 2017, and by 3.5% per annum over the next ten years to USD9.8bn in 2027 (13.9% of total).

• Source : World Travel and Tourism Council : TRAVEL & TOURISM ECONOMIC IMPACT 2017 (CARIBBEAN)

# Current Challenges

- Inconsistent and uncoordinated Marketing – need common vision;
- Lack of harmonized investment framework & fragmented incentive regimes
- Lack of harmonized sector policies, strategies & legislative framework
- Inadequate human resource development, education and training;
- Issues with intra-regional transportation, unpredictable or lack of affordable airlift from major markets;
- High operating costs (net fuel importers) and taxes;
- Competition from other Regions;
- Lack of strategies to ensure consistent service delivery standards across the Caribbean;
- Outdated infrastructure;
- High rate of leakage of the tourism dollar.

# CARICOM's Sustainable Tourism Policy



- Enshrined in Article 55 of the Revised Treaty of Chaguaramas:
  - ✓ an enhanced image for the Region as a tourist destination;
  - ✓ a diversified tourism product of a consistently high quality;
  - ✓ an expanded market-base;
  - ✓ education programmes designed to ensure that appropriate practices are pursued by service-providers;
  - ✓ **linkages with other sectors in the economy;**
  - ✓ conservation of the natural and cultural resources of the Region through proper management; and
  - ✓ appropriate infrastructure and other services in support of tourism, considering the natural and social carrying-capacity of the Member States.

# Backward and Forward Linkages



# CARICOM's Resilience Model & Sustainable Tourism

## **Integrated Strategic Priorities:**

- Building economic resilience – **Inter-sectoral linkages/Tourism value chain**
- Building social resilience – **Social protection/responsibility, HRD**
- Building environmental resilience – **Climate smart initiatives**
- Building technological resilience – **Responsiveness to disruptive tech.**
- Strengthening CARICOM Unity (Driver) – **Brand Caribbean**
- Strengthening Governance (Driver) – **COTED Tourism**

**Outcomes:** Strong economic growth; improved quality of life; reduced environmental vulnerability; an integrated Community with equity for all.

# The Region's Response to Tourism

- Tourism identified in the CSP as a key driver of economic growth given its potential for linkages with other sectors as well as its importance to most economies in CARICOM.
- Has engaged the attention of CARICOM Heads of Government over the last two years.
- Regional Strategic Plans/Implementation Plans developed for Tourism, Health and Wellness Services, as well as Cultural, Entertainment and Sporting Services.
- Public sector investment initiatives are increasingly focussed on tourism supportive infrastructure:
  - Promoting energy conservation as well as alternative and renewable energy sources;
  - Transport and logistics;
  - ICT capability;
  - Climate change readiness (resilience, adaptation, mitigation); and
  - Human resource development.
- At the policy-making level, CARICOM is reliant on the advice and involvement of the CTO and the CHTA and other tourism industry partners in developing strategies to overcome the constraints faced by the industry.

# Priorities for Promoting Growth & Resilience

- Effective Marketing
- Improving connectivity (air & sea) and promoting hassle free travel
- Developing Human Resources
- Infrastructure Development
  - Landside/airside and access, road networks, seaports/docking
  - Room stock, attractions development (land-use policies)
  - ICT, sustainable/renewable energy
- Creating Inter-Sectoral Linkages



# Effective Marketing

- Marketing and promotion of Brand Caribbean is done through the Caribbean Tourism Development Company (CTDC), a company jointly owned by CTO and CHTA.
- The main challenge to marketing Brand Caribbean is the lack of funds to effectively mount such a campaign.
- Establishment of a **Regional Tourism Marketing Fund** and deployment of a Caribbean Brand in all promotion initiatives.
- **Brand Caribbean** can be used effectively in the design and marketing of multi-destination packages as well as the marketing of the Caribbean to new markets such as Asia and Latin America.

# Improving Air Access and Promoting Hassle Free Travel

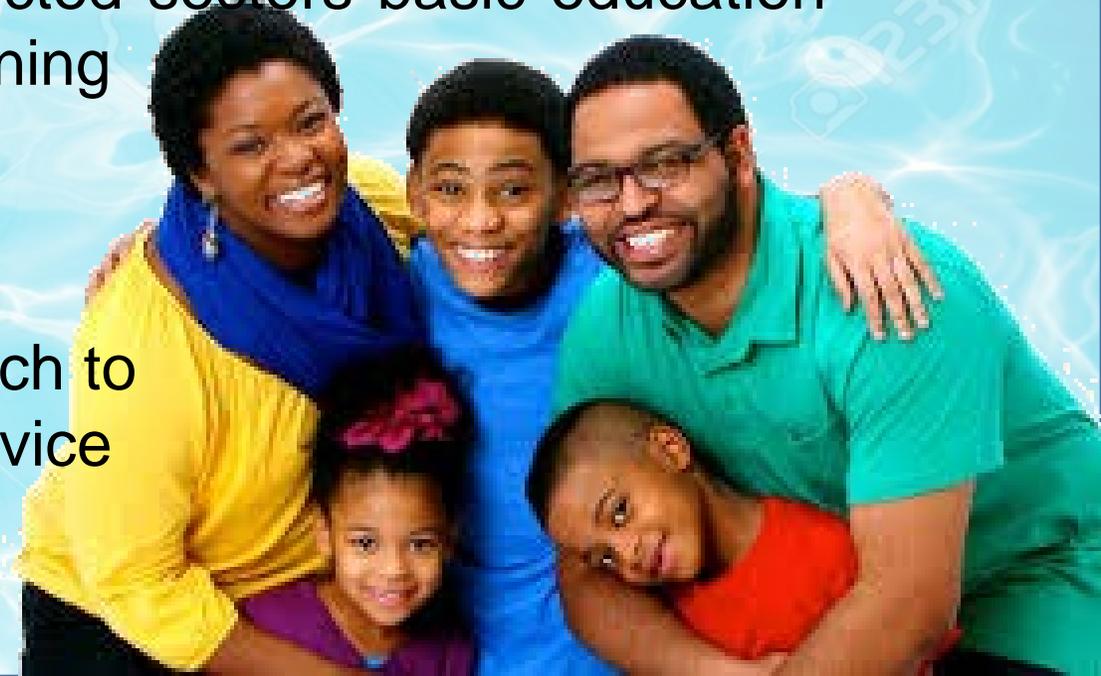


- Transportation continues to present a challenge for the effective integration of the Community for both passengers and freight.
- The Regional Transportation Commission was set up to recommend strategies and policies relevant to developing the sector.
- The recently approved MASA will improve connectivity, facilitate trade in goods and services, improve efficiency and competitiveness, as well as greater access/flexibility.
- **Collaboration** between government-owned regional airlines to look at issues of functional cooperation – procurement and maintenance of equipment, training of personnel, and scheduling of flights and other areas.
- Protocol(s) on Essential Air Services, Subsidies and Single Security Checks on intra-regional flights involving multi-country stops included in the **MASA (built-in-agenda)**.



# Developing Human Resources

- Insufficient level of education, training and awareness is one of the greatest deficiencies of the tourism industry in the Region. To this end, CARICOM has developed and is in the process of implementing the **Human Resource Development 2030 Strategy** (HRD2030 Strategy).
- The HRD 2030 Strategy is intended to address systemic deficiencies and inadequacies by promoting three inter-connected sectors basic education – (ECD, primary and secondary); lifelong learning and tertiary education sectors within a single unified HRD system. **(CVQs developed)**
- There is an urgent need for a regional approach to attract and retain the appropriate skills for service and excellence.



# Creating Inter-Sectoral Linkages: Policy Driven Initiatives

- The Caribbean Tourism Sector needs to **develop tourism-related activities**, not just as niches, but as industries in their own right, fully exploiting the Tourism Value Chain.
- Areas include health and wellness, film, culture, entertainment, sports, environment services and education, Eco/nature tourism, Agro-tourism/Food tourism, Social tourism, Experiential Tourism .
- The development of and fully integrating the **linkages between agriculture and tourism** offers significant potential growth and opportunities for competitiveness and sustainability in the tourism product.
- **Best practice:** Jamaica Linkages Network/Hub/Council.

# Forging Business Alliances: Firm Level Initiatives

- A strategic alliance is a partnership between firms whereby resources, capabilities and core competencies are combined to pursue mutual interests (Das & Teng, 1996).
- Motivated by the need to cut costs, increase profits and gain competitive advantage by utilizing each other's resources and sharing risks.
- Alliances may take the following relational forms:
  - Buyer-seller (meeting planner and conference hotel)
  - Supplier-distributor (airlines and travel agencies)
  - Alliance between two or more suppliers (spectrum from code sharing, co-branding to tactical promotion)
  - Joint Venture between two or more companies
- **Steps:** Initialize; internal audit; choose partner; terms; continuation.

# Exploiting the Tourism Value Chain



## FOREIGN SUPPORT SERVICES

International Marketing  
Travel Trade Negotiations  
Training and Education

## REGIONAL SUPPORT SERVICES

Caribbean Community Secretariat  
Caribbean Tourism Organisation  
Caribbean Export Development Agency  
Caribbean Hotel and Tourism Association

## LOCAL SUPPORT SERVICES

Ministry of Tourism / Tourist Board  
Destination Management  
Investment Promotions  
Infrastructure Development  
Immigration and Customs  
Maintenance of Sites and Attractions  
Local Marketing  
Training and Education

# Other Collaborative Policy Level Approaches

- Safety and Security;
- Single/Integrated Airspace;
- Single Domestic Space;
- Statistics.



# Safety and Security

- The Council for National Security and Law Enforcement (CONSLE) has oversight for regional security matters.
- Regional security initiatives are administered by the CARICOM Implementation Agency for Crime and Security (**IMPACS**) – APIS and e-APIS.
- Commissioners of Police, Heads of Immigration and Heads of Customs meet to collaborate and advise on a wide range of security related issues, including intelligence sharing and the processing of passengers at ports of entry.
- The Caribbean Aviation Safety and Security Oversight System (**CASSOS**) has been established to oversee CARICOM's efforts in aviation safety and security.

# Single/Integrated Air Space

- The Region has been exploring the creation of a single/integrated airspace through development and implementation of a Regional Multilateral Air Services Agreement (**MASA**). This agreement was recently signed off by Heads of Government at its Twenty Ninth Inter-Sessional Meeting.
- Even while the technical work is being undertaken, issues affecting “*Hassel Free Travel*” are being addressed.
- Two of the more important bottlenecks requiring attention relate to:
  - the inconvenience of **security check-points** on every segment of a flight; and
  - the practicality of a **single immigration card** for all CARICOM Member States. The possibility of no E/D cards have even been floated.

# Single Domestic Space

- Single Domestic Space in place during Cricket World Cup (CWC) in 2007 with the following elements:
  - Freedom of travel for CARICOM nationals;
  - Single entry point for non-CARICOM nationals;
  - **A common visa regime.**



# Statistics (DATA MATTERS)



- Development of Tourism Satellite Accounting (TSAs) in Member States.
- Work on tourism statistics and tourism satellite accounts commissioned in November 2016;
- Four member states provided with direct technical assistance – Belize, Haiti, Suriname & Trinidad and Tobago;
- Ten tables comprise the TSA (i.e., expenditure, consumption, supply of goods and services, employment, fixed capital formation, non-monetary indicators);
- 3 MS have compiled TSAs, 3 have not started, others in train.

# Conclusion

- The Caribbean tourism industry is at a point where it is being re-examined/reinvigorated with a view to capitalising on the industry's potential to drive the Region's economies.
- Attention is also being paid to supportive sectors.
- Marketing, access to transportation and Human Resources are key to the development of the sector, particularly resilience building.
- **The development of sustainable tourism rests in:**
  - Building resilience (**Public Policy**)
  - Identifying/creating inter-sectoral linkages (**PPP**)
  - Forming strategic alliances within and across sectors (**Firms**)

THANK YOU!