

## Tourism in the Caribbean - The Way Forward to Recovery

### Webinar Recap

On Thursday, 2<sup>nd</sup> July The Caribbean Council hosted the latest of its LIVECaribbean webinar series on “Tourism in the Caribbean - The Way Forward to Recovery”. We were privileged to have three fantastic tourism speakers: Vincent Vanderpool Wallace - Principal Partner at The Bedford Baker Group; David Weatherson - Business Development Manager at Sun Group; and Patricia Affonso-Dass – Group General Manager of Ocean Hotels and President of the Caribbean Hotel and Tourism Association, who each shared with us their experiences and lessons learned during the COVID-19 crisis. Some of those insights are set out below.

What is clear is that tourism will be different after COVID-19 and, while the sector has been impacted on an unprecedented scale, there are valuable lessons to be learned and positive changes to be implemented.

### COVID-19: Impact

The magnitude of the COVID-19 crisis - in terms of its economic impact - has been greater than any known shock to the Caribbean. The global tourism industry has taken a “nuclear hit”, the airline industry is tarmacked, and thousands of businesses are shuttered as closed borders are only now progressively reopening in the region.

Between March and May 2020, estimates show that global lockdown measures have resulted in a US\$6bn loss in tourism earnings and a US\$2bn loss in tax revenue from tourism-related activity in the Caribbean. One million temporary job losses related to tourism alone have also been reported. According to the UN WTO, tourism arrivals to the region had declined by 22% in March and forecasts estimate a decline of up to 78% by the end of the 2020.

Much remains completely out of the control of the region, in which most governments took swift and decisive action to contain the spread of COVID-19 and to flatten the curve. The Caribbean’s response to suppress the virus has, for the most part, been a success with some islands managing to keep the infection rate at zero for weeks. This has not been the case for many of the region’s key source markets, where COVID-19 continues to spread. The region will not be able to open its borders to source markets that do not meet health pre-requisites for travel.

The Caribbean therefore remains dependent on scientific developments to monitor, treat and prevent the spread of COVID-19. The absence of a vaccine, and a lack of rapid and widely available tests place serious constraints on the Caribbean’s process of reopening to tourism.

How can the region move forward? Many lessons are being learned by the private and the public sector.

### Tourism permeates nearly every aspect of the region’s economies

The sector has proven a crucial source of employment, particularly for the islands in the region, as the only sector able to absorb a wide set of skills. It has proven a pivotal generator of wealth and income, as well as tax revenue both through direct and indirect taxes. It is also a sector through which economic diversification can be achieved, by providing opportunities for destinations to test the receptiveness of potential consumers of, for example, cultural or financial products.

Given the importance of tourism, governments will need to collaborate with the private sector and enable them to pave a path forward. Of note, governments are being encouraged to rethink ways that the sector is taxed, including taxes on air travel, in order to create incentives and remove obstacles to tourism.

### **Continued regional collaboration on protocols and guidelines is needed**

In preparation for economic reopening, CARPHA, the Caribbean Tourism Organisation (CTO), the Organisation of Eastern Caribbean States (OECS), and the Jamaica-based Global Resiliency and Crisis Management Centre, have collaborated to establish guidelines, protocols and provide training with the aim of building consumer confidence, and ensuring the safety of the region's employees. National tourism associations have supported local and regional efforts with data collection and dissemination in order to inform a collaborative and coordinated approach.

This downtime has also given the sector room to reflect on ways that the Caribbean can be made more commercially resilient. Post-COVID-19 travel arrangements remain an unknown, but as the region moves forward to recovery, it is evident that contractual terms with supplier partners will need to be adapted so that the sector is not left financially exposed to shocks. Payment terms and indemnity clauses are being reviewed to that end.

### **Commercial strategies will need to adapt**

Recovery is far from straight forward as the region relies on how well its source markets are able to weather the storm. Hotels, tour operators and airlines will likely try to appeal to a younger, less at-risk demographic, but will have to adapt their service offering to account for pressures on disposable incomes of potential travellers, and the possibility of a global recession.

The Caribbean is reliant on the airline industry to get tourists to the region. Recovery speed will likely be impacted by reduced service, increased airfare, and the airline industry's reliance on already stretched government aid to remain afloat. A more coordinated approach to making travel to and across the region more efficient and less costly will be needed to promote regional tourism.

Business models will need to evolve, staffing needs will change, hospitality delivery, aesthetic and style will also need to adapt in keeping with health and safety requirements.

### **Technology and data-literacy are now paramount**

The crisis has also revealed the need of a more prevalent use of data and analytics. COVID-19 containment measures and the phasing out of lockdowns across the region have been guided by scientific data. The tourism sector is hoping that systematic data-driven decision making will now transfer to government policy and commercial planning in the tourism industry.

There has been an unprecedented level of regional collaboration thanks to technology. Now tourism stakeholders across the Caribbean are collaborating on a variety of issue areas without having to spend time and money on travelling. Quality Wi-Fi has therefore become a mandatory piece of infrastructure.