

IMF adds to Tourism Gloom

The short-term outlook for Caribbean tourism is not promising, according to the International Monetary Fund.

The IMF's latest Regional Economic Outlook said the effects of the financial crisis on the Caribbean will likely persist into 2010 because tourism depends on employment conditions in advanced economies, which typically lag growth recovery.

In the 2001 recession, for example, declines in tourist arrivals to Mexico and the Caribbean followed increases in jobless rates, which did not improve until 2003 despite an output recovery the year before. The IMF said estimates of arrivals to the region, factoring in unemployment, suggest a regional decline of between 10-15%. The outlook for tourism, the IMF added, could be further affected by spillovers from a relaxation of US travel restrictions on Cuban-Americans and a potentially sharp recovery in Mexico, where swine flu contributed to a downturn. Steep declines The IMF noted that many Caribbean tourist destinations have attempted to slow collapsing arrivals by cutting prices. Although the hotel price data are limited, by the end of 2008 hotel rates had declined by 7% in both the Caribbean and Latin America, with even greater cuts observed in 2009. "These price cuts underscore the potential for steep revenue declines

and consequent reductions in foreign exchange earnings in the coming months," the report said. Evidence of the bleak times has been provided by the important UK market, with the Association of British Travel Agents (ABTA) saying that winter holiday bookings to the Caribbean, are down by 19%. The association feels that while those figures, which were compiled up to September should improve in the coming months, the long-term outlook isn't very rosy. It acknowledged that any improvement in the Caribbean outlook will be seriously affected by the UK government's decision to, in some cases, double its air passenger tax for some long haul flights come November the first. This, despite strong opposition from the region, some in the UK travel industry and several British MPs, who say the Caribbean has been unfairly treated vis a vis other destinations. By some estimates it would mean an additional £300 for the cost of a Caribbean holiday for a family of four flying from the UK. 'Diversify offerings' And there's another warning to the region, sun destinations near Europe, such as Turkey and some states in North Africa, have actually seen an increase in tourism arrivals. Sean Tipton an ABTA spokesman, told BBC Caribbean that the Caribbean should see this as a threat and diversify its offerings to travellers, if it's to compete effectively. "What customers are looking for are not just cheap holidays, but better value. "Any country that finds itself in competition with other winter sun destinations like North Africa, needs to look very closely at its product and its pricing levels if its to remain competitive." The Caribbean tourism industry needs the upcoming winter season to be a good one, to offset the impact over the past year of the global economic downturn. Hundreds of people have lost their jobs in the industry across the region. Regional industry officials fear that this would result in fewer bookings for Caribbean holidays in an already depressed market.