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A D D R E S S

BY

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PRIME MINISTER OF JAMAICA

AT

OPENING OF THE 8TH ANNUAL
CARIBBEAN HOTEL & TOURISM INVESTMENT
CONFERENCE

*"PARTNERSHIPS IN HOSPITALITY FOR
PROSPERITY"*

MONDAY, MAY 10, 2004

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SALUTATIONS.

It is a pleasure for me to join in extending a warm welcome to each of you to Jamaica.

As connoisseurs in the tourism business, as all of you certainly are, you recognize a good product when you see one. So I don't have to spell out all the fine points of the rich product which we offer. For those of you who are returning to Jamaica, I am sure you will have noticed the improvements we have made in terms of our airports, our roads and our quality of service.

For first-time visitors, I also know I need not spend too much time describing the pleasures that await you or that you will experience. After you get a first taste of Jamaica , I expect you will ask yourselves - How could I have missed all of this before? You can make up for the time you have lost by coming back soon, staying longer and making it Jamaica again and again.

This Conference professes to bring together: "Renowned experts in the finance, investment and tourism fields who will discuss the most important developments in this sector and the opportunities available in the Caribbean".

Since I know you would not indulge in false marketing, I proceed on the confident assumption that all of you here are aware of the tremendous potential that exists for further development of the tourism sector in the entire Caribbean region.

The Caribbean region, as we define it in this context, consists of a number of far-flung islands and countries, some say *separated by* but I prefer to say *united by* the brilliant blue waters of the Caribbean which provide a beautiful setting for our lovely beaches, hills and exquisite flora and fauna.

That is what we all have in common... great natural beauty... some more than others, but I won't impose on you my personal ranking in that regard! It might sound self-serving.

Within our region, there is a unique ethnic mix, which reflects our colonial past and mercantile history, resulting in our rich cultural diversity, the gift of creative imagination and an abundance of natural talents.

Tourism is at the heart of the economies of several of our countries in the Region. It carries tremendous potential for development in others.

The most recent statistics available show that as a whole, Caribbean Countries hosted some twenty million stop-over visitors last year, a seven per cent increase over the number for 2002.

This increase came in the context of a 1.2% decline in overall world tourist arrivals, marginal growth 0.4% in Europe and a decline of 9.3% in the Asia/Pacific Region.

The Caribbean's growth rate was also in sharp contrast to the overall 2.2% decline for the America's Region of which it is a part.

Where earnings are concerned, the Region had suffered a decline from US\$19.5 billion in 2001 to US\$18.8 billion in 2002, but preliminary indications are that there was growth of around 10% in 2003 in line with Jamaica's improved earnings performance of near 11%. In the first three months of 2004, the Region's growth has continued with the Dominican Republic having an increase of 9%, the Bahamas 7.9%, Cayman 8.6% and Jamaica 7.0%. April was a bumper month, as stop-over arrivals in Jamaica increased by 17.5%.

Tourism in Jamaica accounts for some 90,000 direct and 227,000 indirect jobs, while generating estimated annual gross earnings of US\$1.36 billion.

This Eighth Annual Conference that we begin today, makes a bold statement about our Region's shared vision with regard to tourism. We know that our people, our history, our culture and our natural attractions combine to give us

competitive advantage in the global hospitality industry. Not only do we have the potential, but as the reports you will receive over the next few days will confirm.. we are on a roll.

Gone are the days when sugar was King. The WTO has dealt a savage blow to our banana industry. Rice, spices, sea island cotton cannot provide a sufficient base on which to build sustainable growth in a competitive global environment.

And so, the entire Region has been forced to make perceptible shifts in our areas of productive emphasis and prioritise those in which we enjoy a comparative advantage. The Hospitality Industry offers the most compelling opportunity.

For our part, the Jamaican Government's approach to national development is to facilitate strategic partnerships that can link various economic sectors in mutually beneficial relationships. For example, the linkages that tourism has with agriculture, manufacturing and entertainment make our

hospitality industry a prime engine of growth for the entire economy.

With the phasing out of traditional trading preferences, Caribbean societies are actively engaged in developing the capacity to compete by building new alliances. CARICOM has been vigorously pursuing all opportunities to strengthen the region's traditional regional links, as we prepare for the elimination of trade barriers when the FTAA becomes a reality.

The region has also made joint efforts to develop institutional arrangements that facilitate competitiveness.

This is why we have actively pursued the creation of a single Caribbean Economic Space that can enhance our individual and collective socio-economic welfare. The establishment of the CARICOM Single Market and Economy (CSME) will enable CARICOM countries to adjust to reciprocal trade and investment within a regional market by taking advantage of our geographic proximity and our cultural affinity.

In all of this, Tourism has been a central plank. Caribbean Leaders have devoted two Summits entirely to Tourism. They reflect the seriousness of all the partners in Caribbean tourism to work together to create an enabling environment for tourism's development in the Region.

The outcome has been the emergence of the Caribbean Regional Sustainable Tourism Development Programme and the Caribbean Tourism Facilitator Committee.

The overall objective of the Caribbean Regional Sustainable Development Programme, funded under the 8th European Development Fund, is to contribute to economic growth and poverty alleviation of CARIFORUM countries through increased competitiveness and sustainability of the Caribbean tourism sector.

While an increased competitiveness is required, essentially based on the quality of the product offered, sustainability represents the main concern of the programme.

The essential aim is to build up a real tourism economy, based on high value-added, niche-oriented products and not only an increased number of tourist arrivals.

We in the Caribbean, can no longer regard cruise shipping and land based tourism as alternative choices. The dictates of the market place and the demands of our domestic economies require that we forge a mutually rewarding partnership.

And so I applaud the decision of the Caribbean's three regional tourism organizations – the CHA, the CTO and the Florida Caribbean Cruise Association (FCCA) – to join efforts in pursuing cooperative efforts for the best interests of Caribbean tourism.

I expect the Caribbean Tourism Facilitation Committee (CTFC) to ensure the closest possible consultation on policy issues and seek to reach agreement on such matters as :

- programmes aimed at converting cruise ship passengers into stop-over visitors;

- developing new joint marketing initiatives for approval by the three organizations; and
- revisiting proposals to create a Regional Sustainable Development Fund.

These regional initiatives for tourism development will need to be complemented by national policies and programmes that seek to attract both investors and visitors. Let me use the case of Jamaica as an example as, of course, one in which I am intimately involved.

We have taken some bold initiatives, which are yielding gratifying results. The World Bank recently named Jamaica among the ten best places in the world to do business.

We have achieved this international recognition because we now have in the requisite policies and services to facilitate investors. As a result, we are experiencing investment flows on a scale not seen since the late 1950s to early 1960s.

Foreign direct investment to Jamaica tripled during the latter part of the past decade and continues to be way above the global average. We are also seeing a change in the type of investment inflows.

Instead of the traditional developed-to-developing country flows, symbolized by Jamaica's fledgling textile industry, the island is now benefiting from investments in financial services, deluxe tourism ventures and technology-based industries.

In tourism, the island had, over the past four years, attracted new investments of approximately US\$127.7 million. This derived from the opening of this 430 room Ritz Carlton Hotel and the 396 room Hotel Riu Tropical Bay in Negril .

The Spanish-based Riu opened a second 450 room hotel in Negril last week. Indeed, Spanish hotel investments over the next few years will total some US\$550 – 600 million to build 13 new hotels with 5,000 new rooms, creating 10,000 new jobs.

By the end of this year, Sandals Whitehouse Resort will open its 360 rooms, employing some 700 Jamaicans, thereby providing a catalyst for further tourism and other developments on the South Coast.

We are approaching all these developments with the experience we have gained in other areas of our country to ensure the preservation and vigilant protection of our precious environment, as well as avoid any negative social consequences in our development planning.

Two weeks ago, I also unveiled another major tourism project - Harmony Cove in Trelawny. On land which has been acquired by two public entities, we will be constructing a 1,400-acre five-star resort development.

You will have seen the advertisements for inviting investors and construction firms in yesterday's newspapers. These will appear in the Financial Times and Wall Street Journal later this week.

Already, we have received firm expressions of interest from Corporate entities with a proven track record in high scale tourism development.

In this post 9/11 era, when we feared that the tourism industry would be utterly destroyed, we have much to be thankful for in terms of how well we have recovered from the original negative consequences which we feared would have completely destroyed the industry. Much of the recovery has been made possible by the admirable courage of the American Traveller and also by our own determination to do what the old song suggests: "pick yourself up, dust yourself off, and start all over again."

Here I must thank most sincerely all our partners in the industry who worked with us, as we struggled to get back on our feet again.

A major contributor to our recovery has been the confidence which we have been able to place in the security measures we have adopted both locally and as a Region.

In Jamaica, security at our airports and seaports has improved exponentially, as a result of new equipment and new measures introduced.

Progress on these fronts will continue as we make our island a safer place to live in and to make international travel both safer and more enjoyable for Jamaicans and visitors alike. In continuation of our relentless fight against local and international criminals and in support of the worldwide struggle to combat terrorism, we are passing effective laws to meet these new challenges.

CARICOM BEYOND THIRTY – CHARTING NEW DIRECTIONS.

Right mix of effort from both the public and private sectors for substantial growth of the industry.

In our emerging Single Market and Economy we must address special attention to national and regional policies that encourage expansion.

- strengthening of linkages to regional agriculture, manufacture and services
- specialized areas – e.g. eco-tourism, health tourism
- Sports Tourism – World Cup 2007
- Promotion of multi-destination in the region (Montego Bay as natural hub)

Financial Institutions and Flow of Financial Capital on a regional basis, rather than through a narrow national prism.

What of Regional attractions?

Buccaneer Trail – Panama, Cartagena, Port Royal Cultural
pot pourri – Havana/Port-au-Prince/Tobago?

I have looked at the very ambitious programme you have mapped out for this Conference and I am heartened by the quality of the experts and the range and depth of the subject matter that you will be discussing.

Yu will need to examine –

- tourism in the framework of national trade policy and multilateral negotiations; competition policy and tourism development;
- Communication technologies in tourism development;
- capacity development through training in the field of tourism and information, e.g. HEART/NTA's new mandate and cooperation with TPDCo;
- Role of UWI?

Regional players must be knowledgeable about the various projects and programmes and must position ourselves to access assistance and to negotiate in such a way that the synergies from the various pools of international funding can be maximized to our benefit.

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I trust you will also find place on your agenda to discuss – The survival of the indigenous tourism sub-sectors – small hotels and small business, primarily. They face stiff competition in the current climate of mergers and vertical integration.

The Region must find the right mix between our valued international tour operators and the expectation of indigenous entrepreneurs to be part of the tourism product distribution chain and the providers of the local auxiliary services.

These are serious issues which must be aired, thoroughly examined and realistic strategies developed. I can think of no better team to discuss this and no better time than now.

Over the next few days you will be making concrete plans for the growth of the Region's tourism which we are all agreed needs a judicious mix of public and private sector initiative, commitment, but above all, action.

I trust that the steps taken by the Governments of the Region, which I have outlined for you, have confirmed that we are serious about optimum development of our tourism sectors.

What you bring to the table over the next few days is how to accelerate the process of collaboration between the Governments and private sectors – regional, local and international. We all have a common goal - to make our entire Region a haven of peace, economic prosperity and social and spiritual well-being for the peoples who inhabit it, a superior vacation destination for the visitors we warmly welcome to our shores and a profitable enterprise for all our investors.

Together we can make it work!

In closing, I again express my pleasure at having you here in my beautiful country. I wish you a very stimulating successful and rewarding three days of meetings, discussions and negotiations and some enjoyment, even if in smaller measure!