

**August 7<sup>th</sup> 2020**

**Excerpt from the 2020 Budget Address on Tourism**

**Introduction**

A cursory review of recent economic growth numbers reveals that tourism-dependent Caribbean economies have been growing faster than non-tourism economies. Saint Vincent and the Grenadines has not benefitted to the same extent as others with a more developed tourism product.

Of course, by the same token, global downturns have more deeply affected countries which place too many of their economic eggs in a single tourism basket. Saint Vincent and the Grenadines is striving to achieve the appropriate optimal mix and balance for our circumstances – large enough to contribute more to the economy and take advantage of global upswings, but not so large as to crowd out other productive activities where we retain a distinct regional advantage.

Within this framework, the future of tourism in Saint Vincent and the Grenadines is bright. The opening of the Argyle International Airport has spurred a rush of new investment in the Vincentian hospitality sector. Our Government recognises that, in this moment of rapid change and expansion, it must play an important role in shaping the tourism product, managing its growth, and ensuring that the Vincentian people are the ultimate beneficiaries of increased visitors.

2019 was a positive year for tourism in Saint Vincent and the Grenadines. We recorded increases in arrivals by air and sea. We improved our number of stayover visitors. We once again broke our record for cruise ship arrivals. We welcomed more yacht visitors than we have at any point over the last decade. During the Christmas season, scores of private jets were parked wingtip-to-wingtip across the tarmacs of our Argyle and Canouan airports.

We fulfilled our 2019 budget pledge to add more flights at AIA. In 2018, we received 99 direct flights from Toronto, Miami and New York. In 2019, that number increased to 191 round trip flights. Those flights carried over 21,000 passengers each way, into and out of AIA. We were pleased that Air Canada added a second weekly flight during the tourist season, and that American Airlines also flies a second flight from Miami each week. The second American Airlines aircraft – a Boeing 737-800 – has 25% more seating capacity than the Airbus A319 that originally began servicing our destination. Both airlines fly into Argyle at or near capacity. Air Canada’s average occupancy rate was 88% coming from Toronto, and American Airlines came from Miami 97% full.

## **2020 very optimistic**

The Tourism Authority is optimistic about route expansion in 2020, including the likelihood of new regional and international carriers announcing services to Saint Vincent and the Grenadines this year. Additionally, by late 2020, it is likely that we will welcome direct flights from new destinations– including destinations beyond the continent of North America.

Now that the AIA is up and running, the largest remaining obstacle to major growth in the tourism sector is our room stock – particularly the number of available rooms on mainland Saint Vincent.

Historically, our tourism product has been shaped by limited air access and the multiple islands of our archipelago. Our hotels have evolved to be small, scattered and unconnected to major marketing brands. While discrete, diffuse accommodation is ideal for the Grenadines, it is ill-suited for developing mass tourism on mainland Saint Vincent.

Only 35% of Saint Vincent and the Grenadines’ room stock is located on mainland Saint Vincent, and the single largest component of that stock is in apartments. Excluding apartments, the data show that the islands of the Grenadines are home to almost 75% of the national stock of hotels, resorts, guesthouses and villas. Our current airlift of twice-weekly flights from Air Canada, Caribbean Airlines and American Airlines has more seats than we have beds on mainland Saint Vincent.

Airlines and tour operators frequently ask how many rooms are located within a 45 minute drive of a country’s airport. Including apartments, there are fewer than 1,000 registered rooms on mainland Saint Vincent. By contrast, Antigua and Barbuda has almost 4,000 rooms and Saint Lucia has over 5,000. Further afield, Barbados and the Cayman Islands are home to roughly 7,000 rooms each, and the Bahamas has over 17,000.

Simply put, to leverage fully the developmental potential of tourism in Saint Vincent and the Grenadines, we need more rooms. Tourism Authority data indicate that room stock in Saint Vincent and the Grenadines grew by 5% between 2017 and 2018. In percentage terms, that growth was second only to Saint Lucia within the OECS, and reflects the growing belief of our private sector in the potential of hotels, villas and apartments. But incremental growth is insufficient. We must raise our ambition and lift our game.

## **More Hotel Rooms on the mainland**

The Government and the private sector have embarked on an ambitious plan to double the room stock on Saint Vincent within three years. That means adding 1,000 rooms. As promised, almost 350 of those rooms will be built by the Government, in the form of the new Marriot resort and Holiday Inn Express hotels. The Black Sands Resort at Peters Hope will add another 400 rooms. The Royal Mill Hotel at Ratho Mill will be a 200-room facility, while the recently commenced The View, and Myah’s Luxury Suites – a boutique business hotel –

will add 50-plus. The likely refurbishment and reopening of the resort at Buccament Bay will add over 250 rooms to the mix. These hotels, totaling almost 1,200 rooms, are scheduled to be operational at various points between 2021 and 2023, directly employing almost 1,500 Vincentians. We fully expect continued steady expansion of existing hospitality operators over that time period, meaning that our three-year 1,000 target may be both ambitious and conservative. One thousand five hundred additional rooms on mainland Saint Vincent by 2023 is a distinct possibility.

The Government has been reliably advised that there are multiple, credible, expressions of interest for the closed hotel at Buccament Bay. We are more than hopeful about a positive conclusion to ongoing negotiations on this matter in the near future, and we eagerly await the final determinations from the investors and the trustees of the property.

These rooms will attract additional flights and larger planes from more distant points of origin, connecting Saint Vincent and the Grenadines to more of the world.

Budget 2020 does more for tourism than its large commitment to hotel expansion. We have made significant investments in creating new tourism sites and maintaining exiting ones.