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**Excerpts from the 2019 Budget address: Part Three
Solid Progress continues amidst Challenges: Tourism**

Tourism

As a Caribbean country – particularly one so geographically blessed, one so imbued with cultural and historical riches, and so populated with a warm and welcoming population – Saint Vincent and the Grenadines comes to mass tourism relatively late. By almost any measure – length of time with an international airport, number of hotel rooms, presence of major hotel brands, number of cruise ship berths, etcetera – we have lagged behind our neighbours and competitors, (with the possible exception of our yachting subsector). The reasons for this belated commitment to the potential of mass tourism are numerous, but are rooted, in the main, in challenges related to access. Lacking an international airport, and located farther south in the island chain than any other nation with a similar impediment, it was more difficult, more time-consuming and more expensive for tourists to get in and out of Saint Vincent and the Grenadines.

The Government of Saint Vincent and the Grenadines, in partnership with our hospitality sector, is in the process of radically transforming the Vincentian tourism sector with a variety of initiatives. These initiatives are already bearing fruit. Last year, preliminary numbers indicate that we welcomed over 52,000 more visitors than we did in 2017, a 17.3% increase. Stay-over arrivals were up 4.6%. Yacht arrivals rose 10.7%. And cruise ship arrivals increased a whopping 25% to 218,000 – the largest number of cruise arrivals in our history.

The AIA

The game-changing construction of the world-class Argyle International Airport (AIA) is the cornerstone of the Government’s thrust to capitalise on our country’s vast tourism potential. 2018 marked the first full year of operation of AIA. And what a year it has been. The AIA welcomed 99 direct, round-trip flights from Toronto, New York and Miami, carrying a total of roughly 14,500 passengers each way. Those direct flights from various North American cities have been indispensable to the 4.6% increase in visitor air arrivals last year. The naysayers, the prophets of doom, and the political opportunists have been proven irrevocably, embarrassingly wrong. Even in its infancy, the AIA is an unqualified success in laying the foundations for the future of Vincentian tourism: International visitors can and will come directly to Saint Vincent and the Grenadines, and our infrastructure is now more than up to the task of receiving those visitors in style and comfort.

Regionally, air travel in and out of Saint Vincent and the Grenadines is now markedly more reliable because of the in-built advantages of AIA versus our former airport. In 2019, we

shall add more flights, from more airlines and more destinations. Discussions are well advanced with additional carriers that will expand the growing reach and scope of the AIA.

Additionally, work will begin in 2019 on a high-end Fixed Based Operator and VIP lounge for private travelers. As proud as we are of the results of its first full year of operations, the AIA's best years are undoubtedly still ahead of us.

More Hotel Rooms

Going forward, the next challenge to overcome in the growth of our tourism sector and the increase in international traffic to the AIA is the dearth of adequate hotel room stock. Simply put, we need more rooms to get more people. As such, a major developmental priority over the next two to five years is facilitating a rapid acceleration in the construction of high quality guest accommodation in Saint Vincent and the Grenadines.

Already, the private sector is doing impressive work in expanding and enhancing our room stock. New hotels, like The Liming in Bequia, opened in 2018, while others, like Hotel Alexandrina and Beachcombers are expanding their existing room stock. Other south-coast hotel developments are imminent. The Mandarin Oriental in Canouan enjoyed its first full year of operation, while the refurbishment of the Tamarind Beach Hotel is underway, and plans are being completed for the construction of a luxury Aman Hotel resort in the north of that island.

Over US\$500 million has been spent by developers in Canouan over the last 12 or so years, and the ongoing construction has employed, at peak, some 1,000 Vincentians. The island will soon join Mustique among the most exclusive and sought-after vacation destinations in the world.

Construction of the Black Sands Resort – a 40-villa development with an additional 200-room resort hotel – is underway at Peter's Hope. The Buccament Bay Resort, for years a magnet for British tourism in our country, has emerged from the limbo of receivership and now finally has new ownership. The Bankruptcy Trustee's prolonged search for appropriate investors for Buccament Bay, has pleasingly found success in an investment group led by Vincentians who are familiar with our tourism product and our aspiration to become a first-class destination.

Less noticeable, but no less significant, is the explosion of Vincentian entrepreneurs who are constructing and listing individual small properties on online marketplaces like Airbnb. Today, over 300 listings, representing over 600 bedrooms across Saint Vincent and the Grenadines, are offered on Airbnb. Two weeks ago, our Tourism Authority commenced negotiations with Airbnb on a Memorandum of Understanding to, among other things, ensure that these providers pay their fair share of fees and taxes.

As indicated in the 2018 Budget Address, the Government can and must play a role in accelerating the increase in hotel room stock, and in establishing the identity of Saint Vincent and the Grenadines' mass tourism product. One of the advantages of our

comparatively late arrival to mass tourism is the ability to adopt best practices and avoid the pitfalls of some of our neighbours who have longer experience in this sector. For example, we recognise that the relationship between visitor arrivals and economic growth can be tenuous, if the Government does not implement policies to ensure the participation of local businesses and providers in the tourism value chain.

To be continued.....