



CARIBBEAN
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OPTIMISTIC MOOD PREVAILS AS HOTEL, TOURISM OFFICIALS GATHER AT CARIBBEAN INVESTMENT CONFERENCE IN BERMUDA

Speakers and Delegates Discuss Potential Growth for the Caribbean Market

CORAL GABLES, FL (April 21, 2009) -- A total of 296 attendees, including bankers, investors, developers, hoteliers and tourism officials, expressed optimism last week as they gathered in Bermuda for the annual Caribbean Hotel & Tourism Investment Conference (CHTIC), a cooperative event organized by the Caribbean Hotel & Tourism Association (CHTA) and the Caribbean Tourism Organization (CTO).

“The mood was surprisingly optimistic despite the dire economic situation that many destinations, hotels and other companies find themselves in at this time,” said Enrique De Marchena Kaluche, president of CHTA. “Many of the speakers and general delegates expressed their overall support for the Caribbean as a region that continues to have potential for growth and expansion.”

De Marchena Kaluche also noted “there are a lot of solid and sound business opportunities in the Caribbean despite the lagging global economy.”

The Hon. Ewart Brown, Premier of Bermuda, keynoted the conference and lauded the timeshare industry, in particular fractional resort complexes, for stimulating the Bermudian tourism economy.



Caption: Premier Dr. the Hon. Ewart Brown (center), Minister of Tourism and Transport for Bermuda, and Norman Masatalir (left), General Manager of the Fairmont Southampton, welcome the Hon. John Maginley (second from left), Minister of Tourism for Antigua and Barbuda and Chairman of the Council of Ministers and

Commissioners of the Caribbean Tourism Organization. CHTA President Enrique De Marchena Kaluche (second from right) and Alec Sanguinetti, Director General and CEO of CHTA. [Click here](#) for hi-res version.

CTO Chairman John Maginley, also Minister of Tourism for Antigua and Barbuda, challenged governments and hoteliers to work together to both maintain the quality of the tourism product as well as find creative marketing solutions to drive visitors to the Caribbean.

Avery Shenfeld, Managing Director and Senior Economist for CIBC World Markets, said “there is some light at the end of the tunnel as new capital and the freezing of the capital markets appear to be easing off. The ultimate weapon is government spending and that all of the current spending will hit the global market in the second half of the year. By 2011 we expect to see all of the green lights flashing.”

However, he also noted that while the U.S. and Canadian economic downfall is slowing, as indicated by some of the recent activity, we are not at the bottom yet.

In looking at the impact of the global economic slide on tourism, Duane T. Vinson, Vice President of Smith Travel Research, said that “the decline in demand has not been that significant, but the room rates and revenue decline has been great and that is the real concern. The Caribbean, in comparison to other warm weather destinations around the world, is down in demand by 6.5 percent compared to double digit declines in other destinations.”

He pointed out that high-end luxury properties are discounting more and that business and corporate travel as well as meetings and conventions are off significantly, which also has a greater impact on the larger hotels.



Caption: The first general session heard optimism from (left to right) Duane T. Vinson, Vice President of Smith Travel Research; Avery Shenfeld, Managing Director and Senior Economist for CIBC World Markets; Simon Townend, Partner with KPMG Corporate Finance; and David Larone, Director of PKF Consulting. [Click here](#) for hi-res version.

Enrique De Marchena Kaluche, CHTA president, opened the conference with a note of cautious optimism. “This is a very perilous time in the history of global economics. A time when the investment community is being challenged every day to produce and succeed, to keep as much of its work force in order not to cause more stress in the economies, and all of that with very little possibility of obtaining any assistance from lending institutions.”

He also noted that “we know that there are solid and sound business opportunities in the Caribbean and it is true that there are a lot of challenges. We need to understand the importance of airlift, the ultimate importance of better public infrastructure, security, health and the relevance of diversifying our markets and taking advantage of that diversification. For example, Canada had a growth of 14% in the number of its citizens that traveled to the Caribbean last year for a total of 2.5 million Canadian visitors.”

De Marchena Kaluche pointed out that “last year, this conference concluded with optimism at an all-time high. We had a record of more than 500 attendees and the projected investments that were being generated and planned for the Caribbean were totaling hundreds of millions of dollars. Today, we have gathered a little more than half of the number that attended last year. And many of the investors that were so truly optimistic a year ago are cautious today.

“But that only makes me more determined to bring everyone together to work in unison to raise the awareness of the importance of tourism to the economies of the Caribbean, and the opportunities that the Caribbean brings to existing and potential investors. And, with this focus we can continue to move forward and grow the tourism and hospitality sector in the region and successfully expand the development and investment outlook for all interested parties.”

He concluded “We are a vibrant industry that will turn around and flourish again as the economy stabilizes. That’s why it is so important that you are here today to look beyond the problems and find new solutions to the future success of Caribbean tourism.”

Premier Dr. the Hon. Ewart Brown, Minister of Tourism and Transport for Bermuda, keynoted the conference focusing on the importance of the timeshare industry to the tourism stability of Bermuda.

He announced a “public-private partnership that will bring a new hotel to our vibrant Atlantic-facing south shore. It has been decades since we have built a new hotel on the south shore in Bermuda.”

He also announced that Bazarian International will break ground at the former Club Med site in the fall of this year. A Park Hyatt Resort will stand where the Club Med once did.

He talked about the “significant progress” in the area of mixed-use resorts, in particular fractional timeshare resorts. “Increasingly more and more of our visitors choose fractional units. Since you were last here in 2006, more than 200 fractional units have sold in Bermuda, according to

the Cabinet Minister responsible for Housing. And that excludes our biggest selling year of 2005. In that year we sold 115 fractional units.

“It has also resulted in significant revenue for the Government. More than \$10 million [was] collected in fees related to fractional units since the start of the 2005/2006 fiscal year. That can pay for a lot of important social programs in a progressive agenda.

“We believe fractional units also play an important part in stimulating our overall tourism product. A fractional unit owner will come to Bermuda at least once a year in some cases and more than once a year in most cases. The thinking here is simple: if I paid for it, I’m going to use it. And when a fractional owner can not use her unit, she is more likely to send a friend or family member.

“We think fractional units also increase the likelihood of visits during the cooler months when our tourism business is at its softest. More importantly perhaps, fractional units help us keep more of the tourism workforce employed year-round – an especially critical point in times like these.

“Overall, we’ve seen our annual air visitor spending on-island skyrocket more than \$100 million between 2005 and 2007—from \$341 million to \$444 million. We think the increased number of fractional owners played a role in that increase.

“So it should be no surprise that our recently opened hotels – Newstead-Belmont Hills and Tucker’s Point – have significant fractional ownership components. Additionally, the Park Hyatt in St. George and the Reef’s Hotel – both currently under expansion – also have fractional ownership in their business models.”

The Hon. John Maginley, Minister of Tourism for Antigua and Barbuda and Chairman of the Council of Ministers and Commissioners of the Caribbean Tourism Organization, said: “There is no doubt that this conference comes at a very difficult time for Caribbean and world tourism, and for the global economy on the whole. This poses several key challenges for our tourism sector. With less revenue, we have less to spend on marketing, yet we have to ensure that we remain visible in the marketplace, and to identify those who will still travel and encourage them to take their vacations in our member countries.

“This calls for creativity, innovation, and, of equal importance, cooperation between the public and private sectors. It calls for everyone involved – governments and hoteliers, airlines and tour operators – to come together as a matter of urgency to devise ways to survive this situation and

to be ready when the economies of the world turn around and people are travelling in large numbers again.

“A reduction in tourism revenue also means we have less to spend on product development, yet we must ensure that the total experience that we offer our visitors, including accommodations and tours, is at a level that we can boast about and, more importantly, they will boast about. Again, the answer must lie in public and private sector cooperation, including those we are seeking to encourage to invest in our region.”

David Larone, Director of PKF Consulting, said that “there are a significant number of broken deals spread around the Caribbean,” however, he added “any new projects have a lot less baggage and are much more likely to proceed. But it’s not going to be easy. The destination must be a ‘can’t miss’ and a new deal is going to happen in a destination that is a home run with good infrastructure, air lift, employees that embrace quality service and attractions.”

He also noted that “developers will need very deep pockets and the resort has to exist first with residential units coming afterwards.” But he added “there are those with equity that still believe in the Caribbean.”

Simon Townend, Partner with KPMG Corporate Finance, said that “the banks are lending, yes.” He added that the “fundamentals of the Caribbean are good, it’s very resilient. You can’t create a beach where there is none. There is a robust level of confidence in the Caribbean and destinations with good air lift will succeed.”

And finally, an optimistic outlook was provided by Jean-Claude Baumgarten, President and CEO of the World Travel & Tourism Council (WTTC), as he presented the Global Travel & Tourism Outlook with a focus on the Caribbean.

He noted the historical resilience of the North American markets with a high priority for travel, but added that shorter and multiple trips and domestic staycations were the new form of travel.

He said: “The Caribbean is the region in the world most dependent on travel and tourism. Long-term travel and tourism prospects in the Caribbean remain healthy, with real GDP growth for the travel and tourism economy expected to average 3.3 percent per annum over the coming 10 years. Meanwhile, [the] travel and tourism economy is expected to contract by a staggering minus 7.9 percent in 2009.

“WTTC suggests that industry leaders diversify their target markets. The region is currently overly dependent on North American tourists. Long-term prospects in the travel and tourism industry are supported thanks to the continued rapid expansion of emerging destinations along with the global increase in per capita income.”

Caribbean Hotel & Tourism Association

The Caribbean Hotel & Tourism Association (CHTA) aims to facilitate the full potential of the Caribbean hotel and tourism industry by serving members’ needs and building partnerships in a socially responsible and sustainable manner. CHTA was founded in 1962; it is the voice of the Caribbean hospitality industry for the development of the region in the highly competitive and sophisticated environment of international tourism. Today, tourism is widely recognized as a pivotal industry in the economy of the region – and CHTA functions as the common denominator for this industry in a region of diverse nationalities, languages and styles, identifying mutual problems and marshalling the resources of the active and allied members to devise solutions. CHTA represents all facets of the hospitality industry with more than 750 member hotels and 525 allied members.

For more information, visit <http://www.caribbeanhotelandtourism.com>.

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