

World Travel & Tourism Council
Economic Impact of USA Passport Changes to Caribbean Travel & Tourism
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The World Travel & Tourism Council has undertaken a special analysis of its proprietary Tourism Satellite Accounting research for 23 Caribbean economies to assess the economic and employment impact of the new USA decision to require all Caribbean visitors of USA origin to hold a valid passport upon return at the end of 2005. On the surface, this decision may be seen as yet another valid security enhancement to protect US borders, however it does impose a significant economic hardship for several Caribbean economies, which depend heavily on USA visitors and must be carefully considered in this regard.

To illustrate the economic impact and jobs in jeopardy, WTTC combined its 2005 forecast for Visitor Exports with USA market share data reported by the Caribbean Tourism Organization and estimates/assumptions of USA passport usage collected from local sources. This data was used to produce an estimate of Visitor Exports for 2005 that would be in jeopardy if the passport requirement were in place today. This dollar estimate was then translated into the direct and indirect jobs, which are associated with this spending.

In respect to USA market share, the range of values for Caribbean destinations run from Martinique on the low end of the scale at 0.9% of visitors are of USA origin to the Bahamas where 86.6% of visitors are of USA origin. Obviously those destinations where the USA market share is highest would be most impacted by the new passport regulations.

In some Caribbean destinations (seven), passports for USA residents are already required so these destinations will not be impacted by the change of procedures. However, twelve other destinations will to some degree be challenged by the new procedure. Two destinations (Puerto Rico and US Virgin Islands) are not expected to be impacted by the new policy at all.

Among the nine destinations that maybe impacted, the largest impact may be in Jamaica where over 80% of USA visitors to Jamaica do not use passports. Antigua and Barbuda have 30% of their USA visitors arriving without passports, Aruba has 27%, Bahamas has 25% and Curaçao has 15%. One of the greatest concerns in the analysis is that 8 destinations actually have no idea what portion of their USA visitors travel without a valid passport, so the impact could be small or it could be quite substantial. For lack of better information, the analysis has assumed that these 8 destinations have 50% of their USA visitors traveling without passports.

After factoring together this information, the results show that Jamaica has US\$1.1 billion of visitor exports in jeopardy. Next in absolute impact are the Dominican Republic at US\$485 million and the Bahamas at US\$446 million. The total estimated impact for the Caribbean under this analysis and these assumptions is US\$2.6 billion.

On a relative scale, i.e. percent of visitor exports in jeopardy, the largest impact will again be felt by Jamaica where 58.4% of its visitor exports might be hurt. Next are the Cayman Islands at 40.5%, the BVI's at 32.2% and the Bahamas at 21.7%. Overall, 12.6% of visitor exports to the Caribbean is in jeopardy.

When these numbers are translated into direct and indirect employment, more than 188,000 jobs are in jeopardy in the region: 114,000 jobs in Jamaica alone, 48,100 jobs in the Dominican Republic and 13,300 jobs in the Bahamas.

Please note that it is expected that some portion of the USA visitors who do not normally travel on passports will move their traffic to Puerto Rico, the US Virgin Island, Florida and other destinations. However, how much and where can not be determined at this time and in either event, those economies identified as impacted in this analysis will still suffer.

Also please note that although there is time and maybe even greater time if the deadline is extended to encourage USA visitors to apply for passports, it should be made clear that this movement in traffic and need to get USA visitors to apply for passports is not a temporary situation. Instead it is a permanent change in traffic and market potential for the Caribbean destinations that have previously enjoyed a freer flow and larger potential market of USA visitors. Even if the deadline is extended, this impact analysis is still valid and local authorities will need to come to terms with the possible change to their economies.