

Panel Presentation by: Frank Comito Caribbean Hotel and Tourism Association





#### What We'll Cover ....

- Tourism's Impact on the Caribbean Economies
  - Overall Contribution to Regional GDP and Employment
  - Outlook, Industry Sentiment and Current Investment Climate
- Caribbean Hotel & Tourism Association's Advocacy Role Re Section 301
  - Drawing Upon Expertise and Reach of Shipping Industry, Broader Caribbean Public-Private Sector and US Tourism and Business Interests
  - Making the Case for Interdependency Between US and Caribbean Economies
- The Power of Engagement and Collaboration





# **Tourism's Impact on the Caribbean Economies**





#### **Tourism's Impact on the Caribbean Economies**



**CARIBBEAN** 2024 Annual Research: Key Highlights

**Caribbean Key Data** 

#### **Total GDP Contribution**

2019	14.0% (of Total Economy) USD 93.7BN	Change in 2020: -52.1%
2023	<b>11.4%</b> USD <b>84.9BN</b>	Annual Change: +14.5% (-9.5% vs 2019) Economy Change: +1.4%
2024 (E)	<b>11.5%</b> USD <b>91.2BN</b>	Annual Change: +7.4% (-2.8% vs 2019)
2034 (F)	<b>13.6%</b> USD <b>136.1BN</b>	CAGR (2024 - 2034): +4.1% Economy CAGR (2024 - 2034): +2.2%

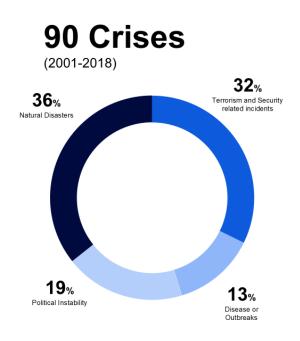
#### Total Travel & Tourism Jobs

	2.86 MN =15.8% (Share of Total Jobs)	Change in 2020: <b>-24.1%</b>
%	<b>2.75 MN</b> =15.1%	Annual Change: +7.4% (-3.6% vs 2019)
	<b>2.90 MN</b> =15.7%	Annual Change: +5.3% (1.5%vs 2019)
	<b>3.61 MN</b> =18.0%	New Jobs (2034 vs 2024): <b>0.71 MN</b>





## Bouncing Back from Crisis – Tourism Industry Improves Capacity....



#### **Key Findings**



- Crises are more frequent but diminishingly disruptive
- Recovery duration has decreased significantly from 26 months in 2001 to 10 months in 2018

#### **Average Recovery Times**

11.5	22.2 months	19.4 months	16.2 months
Terrorism or Security Related	Political Instability	Disease or Outbreak	Natural Disaster
2	10	10	1
months	months	months	month

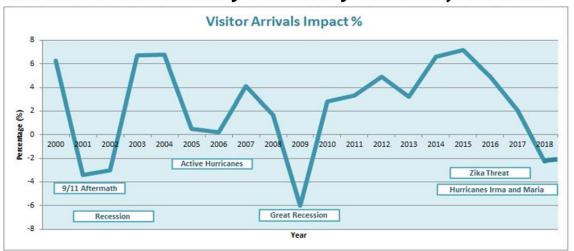


**Minimum Recovery Times** 



## Bouncing Back from Crisis – Tourism Industry Improves Capacity....

#### Caribbean Tourism Industry's Recovery Timeline from Crisis



Note: The Caribbean Tourism Industry Recovered from the Recent Pandemic Faster Than Any Other Region in the World





# WTTC CONDUCTED SPECIAL CARIBBEAN TOURISM ECONOMIC IMPACT STUDY IN 2022

## Key Findings...

- Region's Tourism Recovery Continues to Outpace Most of the World
- On Track to Reach 2019 Peak Performance by 2024
- Potential for Greater Economic Contribution by 2032
  - 4.1% Annual GDP Growth vs. 2.2% 1.34 million new jobs (710,000 with higher growth forecast)

#### What If Factors....

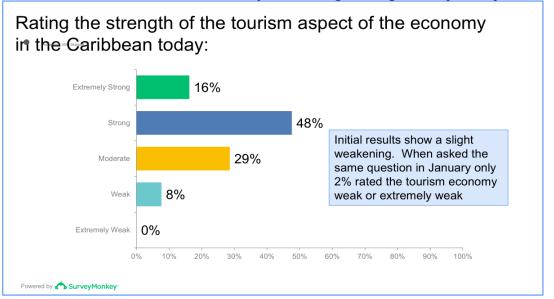
Potential for GDP and employment growth tied to meeting regional challenges

- Address air connectivity and high cost of air travel
- Greater investments in digital solutions, infrastructure and human capital
- Better crisis preparednessand response
- Focus on environmental protection
- Cost and Value Competitiveness
- Collaboration and coordination region-wide by governments and industry

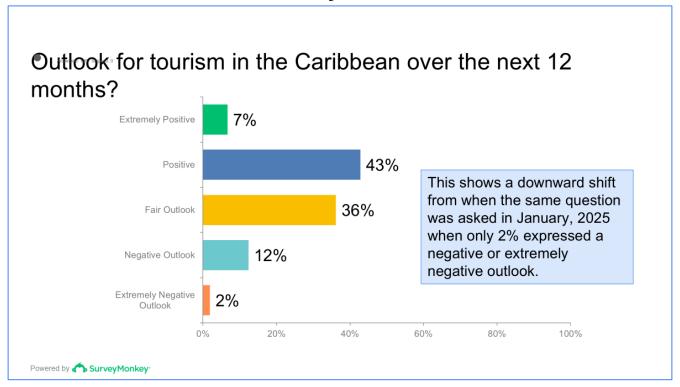


Survey Conducted by CHTA April 25<sup>th</sup> to May 2, 2025 to Read Sentiment on the Potential Impact of a Changing Economic Climate and Tariffs on the Caribbean Tourism Industry

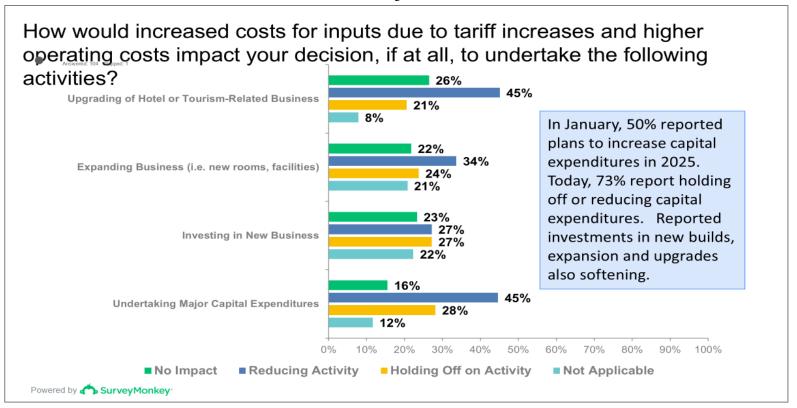
Industry Remains Positive but Results Show We May be Seeing Emergence of a Shift in Confidence and Outlook



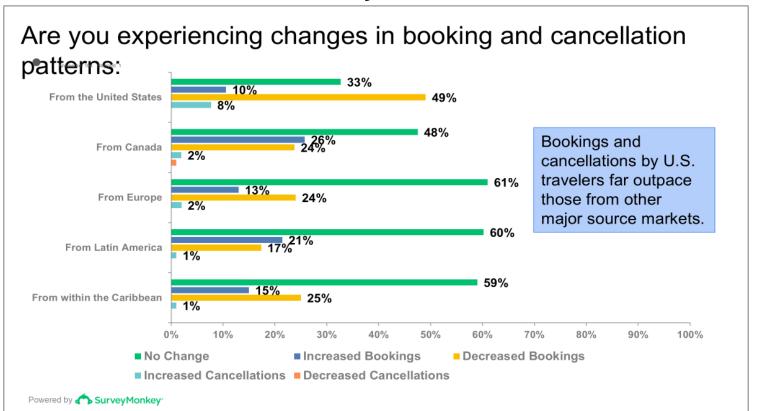








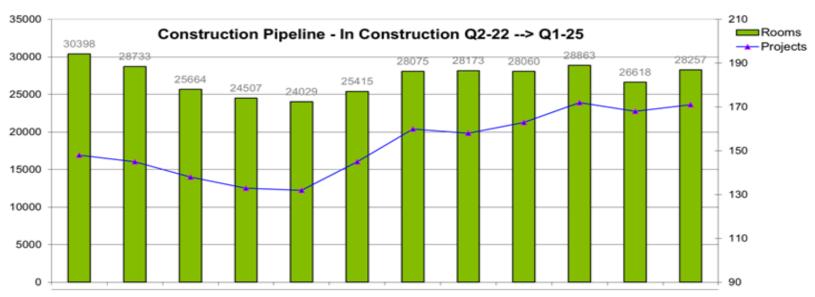






#### Caribbean-Mexico Hotel-Related Investments







#### ALIS CALA- and CHTA-led Investor Sentiment Poll

# **Investor Confidence in Caribbean Tourism Remains Strong**

On April 30<sup>th</sup> CHTA and the organizers of ALIS CALA (Hotel investment conference for the Caribbean and Latin America), polled 98 investors, developers and senior decision-makers for developments from major hotel chain/brands.

#### Here's What They Said....

- Overall, "scaling back investment but remain optimistic while adjusting outlook."
- Luxury is the hotel segment with the best investment opportunities
- Eighty-one percent of respondents also said "money is available but it's expensive"



#### **ALIS CALA- and CHTA-led Investor Sentiment Poll**

When asked....

How would you best describe current global hotel investor confidence?

- Scaling back investment activity but remain optimistic while adjusting outlook 47%
- There has been no major shift full speed ahead 30%
- Delaying investment activity until there's more clarity 23%

How would you rate the current climate for tourism-related investment?

- Good 80%
- Robust 11%
- Mediocre 8%



#### **ALIS CALA- and CHTA-led Investor Sentiment Poll**

#### When asked....

What will costs associated with construction and/or renovation look like for the next 12 months?

- +10% or more increase 60%
- +0.1% to +9.9% increase 35%
- Flat 2%
- -0.1 to -9.9% decrease 1%
- -10% or more decrease 1%

What hotel segment presents the best opportunities for investment, given the current economic climate?

- Luxury 44%
- Upper Upscale 25%
- Upscale 15%
- Midscale 14%
- Economy 2%



# Caribbean Hotel & Tourism Association's Advocacy Role Re Section 301 CHTA's Efforts Focused on...

- Drawing Upon the Expertise and Reach of the Shipping Industry, the broader Caribbean Public-Private Sector led by the CPSO, and US Tourism and Business Interests
- Using Economic and Spending data, CHTA's position appealed to the economic, security and historical co-dependence between the US and the Caribbean
- Showing Real and Direct Consequences to US and Caribbean businesses, employment and local, state and national tax revenues
- Ensuring broad outreach in our messaging to US and Caribbean Government leaders and policy-makers and the general public.





## Navigating Trade Shifts:

The Impact of U.S. Section 301 Actions on Shipping Industry

#### **Tourism's Contribution to Caribbean Economies and U.S. Impact**

- Tourism Contributed an Estimated \$91.2BN to the Region's Economies in 2024 (WTTC)
- Tourism Generated an Estimated 2.9M jobs in the Caribbean in 2024 (WTTC)
- The Caribbean Welcomed 16.9M stayover visitors in hotels/other accommodations from the U.S. in 2024 representing half (34.1M) of stayover visitors to the region (Caribbean Tourism Organization)
- Visitors via Cruise Ships, most originating from the United States, accounted for 33.5M visitors to the Caribbean in 2024.
- WTTC Projects Caribbean Tourism's Best Case Annual Growth Contribution to GDP to range Between 5.5% and 6.7%. Their 2022 ten-year forecast assumes no major risk factors affecting demand (i.e. higher operating/travel costs, economic crisis, natural disasters)
- Tourism-Related employment in the region is forecasted to grow between 916,000 and 1.3M new jobs by 2032 (WTTC)



## **Navigating Trade Shifts:**

The Impact of U.S. Section 301 Actions on Shipping Industry

#### Caribbean Tourism's Contribution to the U.S. Economy

- The U.S. is the largest supplier of food products to the Caribbean (USDA)
- Food & beverages represent tourism's highest input costs with an estimated 70–80% coming via maritime shipping from the U.S.
- Each stayover visitor (staying in hotel/guest accommodations) to the Caribbean contributes an
  estimated \$944 (directly and indirectly) toward incremental US imports, approximating \$6.2 billion in
  US exports to CARICOM countries in 2023 (CPSO)
- Each cruise visitor to the Caribbean is estimated to contribute \$23 (directly and indirectly) in incremental US imports, therefore approximately USD 0.3 billion in the US' exports to CARICOM in 2023 were directly and indirectly attributable to cruise visitors. (CPSO)
- Most cruise visitors to the Caribbean originate in the US, where ships are provisioned by US suppliers/shippers contributing significantly to US businesses, employment and local, state, federal tax revenue
- Using the Caribbean SIDS group (which includes CARICOM and Associated States + DR and other total value of exports from the U.S. to the Caribbean in 2023 was USD 37.5 Billion. (CPSO)



#### Key Factors Affecting Caribbean and US Tourism Industry's Viability and Growth Potential

- Proposed Port Service Fees and higher tariffs can have a devastating impact on the tourism-dependent economies of the Caribbean and Florida
- Tourism Economics revised its forecast for growth in international travel to the United States in March, 2025, from 9 percent growth to a 5 percent decline in 2025
- The Caribbean is one of the highest cost travel destinations in the world. Additional input costs would negatively impact tourism-dependent revenue and employment in the US and the Caribbean
- Higher operating costs fueled by five years of inflation are impacting profitability with 34% of Caribbean tourism-related businesses reporting a net loss in 2024. Higher costs will contribute to business failures and lower imports to the region (CHTA 2024 Performance and Outlook Research)
- Caribbean residents and the U.S.-based Caribbean diaspora are major contributors to the respective economies and higher costs will contribute to a diminished two-way travel
- Fifty-Percent of Caribbean-based hotels and tourism-related businesses reported intentions to increase capital expenditures in 2025 with most purchases coming via the United States (CHTA)



## The Power of Engagement and Collaboration

- Public-Private sector collaboration has underpinned Caribbean tourism's success, providing a blueprint for the future locally, regionally and with the United States and international partners.
- We've seen this with the pace of recoveries due to natural disasters, particularly hurricanes.
- This was best recently exhibited through the local and regional partnerships between health, government and tourism officials resulting in the region rebounding from the pandemic faster than any other region in the world to the benefit of industry, governments and our major travel and trade partners
- **Business leadership** has proven over and over it's value, particularly when investing its time, expertise, and resources to initiate and/or respond to change.
- Caribbean shipping interest, exemplified by the decades-long commitment and leadership by individuals like Rick Murrel have contributed immeasurably to the region's development and growth.



# Thank You!

Frank Comito
Caribbean Hotel and Tourism Association



