



REMARKS BY OECS DIRECTOR
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WORKSHOP ON A COMMON OECS
TOURISM POLICY WITHIN THE
ECONOMIC UNION

REX RESORTS, ST. LUCIA

MARCH 23, 2011

Mr. Minister, distinguished Delegates, it is a real pleasure to address you this morning during one of the most exhilarating of times in the historical evolution of this grouping of OECS Member States as we continue on a journey along which no other Small Island Developing States have gone before. On January 21st 2011, the Revised Treaty of Basseterre Establishing the Organization of Eastern Caribbean States Economic Union came into effect in so doing capturing the imagination of many - and while we are still celebrating that remarkable accomplishment - the work of bringing its new provisions into full operation has begun on multiple, parallel tracks.

The task of implementing Treaty provisions such as those which provide for the architecture of an Economic Union is by its very nature a collective one that falls in this case to both the OECS Member States and the newly minted OECS Commission. Importantly however is the fact that while the agenda for operationalization of the Economic Union is a most ambitious one, we are by no means starting from 'ground zero'. The OECS has a long and deep history of functional cooperation and integration that has characterized the 30 years of existence since the signing of the Treaty of Basseterre in 1981 which brought the Organization of Eastern Caribbean States into being. In so doing the principles of the OECS Model were set in motion - one in which the sovereignty and resources of the individual islands are pooled to create an array of regional institutional architecture designed to deliver services critical to the building of modern societies while overcoming the constraints associated with small size. Today the reality of the OECS Economic Union brings with it opportunities as well as challenges as we seek to manage what in essence has become a single economic space.

As Senior Tourism Officials gathered here in St. Lucia yours is the challenge of commencing the process of formulating a Common Tourism Policy for the OECS. In so doing you are participating in a process that lies at the very heart of this new phase of the integration movement - the harmonization of national sectoral and developmental policies in order to influence shape, give direction and purpose to this new "Space". The Revised Treaty of Basseterre provides for policy coordination and joint action in several areas, including Tourism. Indeed Article 21 of the Treaty Protocol requires that a common tourism policy be designed to guide the growth and development of this sector. In this way, the Treaty points explicitly to the importance of Tourism as a key player in the development of this region.

Despite the excitement associated with the creation of the Economic Union, the mandate to fashion a common Tourism policy comes at a rather turbulent time in regional economic fortunes - but perhaps this very turbulence is what is required to provide the impetus to ensure that the way forward is charted in terms that are practical and designed to move from rhetoric to action given the context of recent regional economic performance.

The OECS regional economy contracted by 7.0 per cent and by 3.2 per cent in the years 2009 and 2010 respectively. These contractions were driven largely by declines in construction and tourism activity underscoring the sheer importance of these to regional GDP. Construction remained depressed in 2010, contracting by 22 per cent, due to the limited availability of foreign financing and reduced inflows of foreign direct investment much of which has been traditionally driven by tourism. Although there was some indication of a recovery in tourist arrivals in the latter part of 2010 reflected best in numbers coming out of St Lucia and Antigua and Barbuda mainly as a result of increased in capacity in airlift commencing in the latter part of 2009, activity has not returned to the levels realized before the onset of the global financial crisis in 2008.

The continued slump in economic activity in the OECS region partly reflects the prolonged effects of the global crisis on our economies. However it points as well to the inherent lack of resilience and systemic vulnerability inherent in the economies of all of these micro-states. This reality is underscored all the more when viewed in comparison to the boom times being experienced by our neighbors in Latin America where growth has averaged 5% and more in 2009 and 2010, driven largely by global demand for primary commodities, and, in the case of Brazil, domestic demand occasioned by a burgeoning middle class.

The recent performance of tourism in this region provides reason for some encouragement, but the overall picture is a bit of a mixed bag. Stay-over visitor arrivals to the OECS in 2010 increased by 5.9 per cent to almost 750,000 and arrivals from the USA amounted to over 300,000 - a 16% increase over 2009. Arrivals from Canada were in the range of 60,000, reflecting a 20% improvement on the performance of that market in 2009. Notably however, decreases in arrivals were recorded from the United Kingdom of 6.5 per cent, and the Caribbean of 4.1 per cent. These declines are troubling for the OECS region, given the heavy reliance of many Member States on these tourism source markets.

This situation raises a number of related policy issues and challenges for you with respect of the task at hand. What role, for example, can be played by a common tourism policy in building collective resilience to situations of variable market performance, especially where these have unequal impacts on respective destinations. What can be done to generate more intra-Caribbean travel? Can the common tourism policy point the way to launch a structured and concerted campaign into untapped markets in other regions, for example neighboring Latin America – especially in the wake of the establishment of closer political ties as witnessed by the creation of the Latin American & Caribbean Community launched in Cancun in March 2009, and the establishment of direct air links from Central America via Panama and south America via Brazil?

Harmonization of policies for Member States in the OECS single space is also perhaps one means of attempting to drive home an important point - that the focus of competition

should not be between countries in the Economic Union, but rather between us as a group and the other attractive tropical destinations that abound. It is no secret that the Caribbean has lost market share in tourism arrivals. The share of stay-over visitor arrivals to the Caribbean (as a percentage of total visitors on a global scale) fell from an average of 2.7 percent during the period 1990 to 1995 to 2.2 percent during the period 2005 to 2008. At the same time, the OECS' share within the Caribbean fell from 5.7 percent to 5.1 percent respectively, for the same periods.

In an interesting analysis of the tourism sector the IMF found that higher prices and low quality — instead of limited room supply — seem to be the main reasons for the loss in market share by OECS countries within the Caribbean – to which I would add that attitudes to service in the OECS still leave a lot to be desired, even more so when compared to some other parts of the world where the provision of service is a source of both honor and pride, and every visitor is regarded as a potential goodwill envoy.

The OECS Secretariat has been working towards fulfilling a series of mandates from the OECS Council of Tourism Ministers, which seek to synchronize tourism development activities in the region. Every effort must be made to ensure that these Ministerial mandates are taken into account during your deliberations over the next two days. These include directives aimed at identifying major areas with potential for a collective approach to OECS tourism product development in niche areas: improving regional efficiency in the delivery of human resource development programmes in response to tourism industry needs; establishing modalities for joint marketing and promotion of the OECS tourism product; exploring and expanding opportunities for multi-destination tourism; and strengthening linkages with other key sectors including agriculture, on a regional basis.

Given that the long standing overall failure to establish forward and backward linkages between agriculture and tourism is a source of both bafflement and ample discussion I will focus my remarks on just one of the tourism niche areas in which the OECS has a demonstrated competitive advantage – that of yachting.

In terms of average daily expenditure per visitor, even in the face of far less numbers - yachting continues to outperform the cruise sector in many OECS destinations. The relative economic advantages of yachting are becoming even more apparent with the growth of the mega-yachting sub-sector in the region – yet this sector remains one whose huge potential is still largely untapped even though the OECS lies at the very heart of the best sailing waters in the Caribbean – if not the world. And while the OECS Council of Tourism Ministers has agreed on a number of strategic interventions that need to be embraced as part of the policy making process including facilitating the adoption of a common policy and approach to the clearance of vessels into and out of OECS sailing waters in an efficient, seamless and business-friendly manner, without compromising border security; managing

opportunities for Member States to undertake joint marketing of the OECS yachting product in target markets and formulation of a Code of Ethics for operators in the yachting sector - enough is not being done to move these ideas which have been on the books for years into the series of actionable pieces which will deliver results, revenue and jobs.

The OECS Secretariat has itself actively promoted and pioneered a number of initiatives in the yachting sector over the past few years but the vital public – private sector partnerships needed to sustain these initiatives have not developed. Under the tag line: “Many Islands... One Sea”, the Secretariat secured funding, spearheaded and coordinated the first OECS regional presence as a guest of honor at one of the world’s premiere yachting events – the Grand Pavois in La Rochelle. The Secretariat assisted with the development of Marine Trade Associations in several Member States; used the ARC to work with Member States in the hosting of an OECS Rally; met with the largest French Charter company in France, to negotiate issues relating to provisioning for the yachting industry, and systems for the prepayment of clearance fees; held meetings with the Yachting Community on crime, safety and security and on simplified procedures for clearing in and out – initiated discussions at the highest level between ST Vincent and the Grenadines and Grenada on the concept of the Grenadines as a single maritime space - all important, worthwhile initiatives which regrettably did not develop the traction required for their follow up and sustainability. The potential of this industry is too vital to the social and economic development of the OECS to be left to the vagaries of chance; it represents an incredible resource literally on our doorstep and must be given the attention it deserves. It lends itself exquisitely to the development of a common policy framework, and members of the yachting fraternity have always been willing partners in the bid to ensure the growth of the sector.

In preparation for this meeting I contacted a couple of well known personalities in the world of Caribbean yachting. One is Sally Erdle, long standing editor/publisher of the 15 year old Caribbean Compass an important source of information and communication within the yachting community. Most of the issues which we discussed years ago still exist to the detriment of a vibrant yachting sector here in the OECS. She emphasized the importance of standardization of clearance procedures and entry fees. OECS Member States charge fees per person, by boat length and by tonnage; some charge in US\$, others in EC\$; some have monthly fees, others flat fees, still others have different combinations; charges are variously called Port, Customs, Cruising Permit or Environmental fees. Her view? Harmonized fees and simple procedures would encourage yachts to visit the OECS, and encourage clearance compliance once here.

In addition to differences in fee structure, the procedures and paperwork are also diverse: in some countries the yacht must clear through a port of entry, in others the yacht can anchor anywhere and the skipper clear in by taxi. In some countries only the skipper must go alone to Immigration (with everyone’s passports), in others everyone aboard must appear. Chris Doyle owner/author of one of the most influential cruising guides in the Caribbean points to the need for infrastructure – the importance of dingy docks to ensure

that yachters spend money ashore. He too also underscores the willingness of members of the yachting community to work with the public sector to ensure that plans for the industry are practical and result in the best outcomes. The Revised Treaty of Basseterre identifies Oceans Governance and management of the single maritime space as one of the important aspects of the work of the Commission. It is within this context that articulation of a common tourism policy is also both timely and vital.

In articulating the broad elements of a common tourism policy it is also important that consideration be given to fashioning a common approach to the management of marine parks and protected areas. While the OECS Secretariat has done quite a bit to promote a regional approach to the management of marine parks and protected areas through the World Bank financed OPAAL project, the recently executed MOU between the USVI and the OECS to cooperate in a number of areas – including that of the management of marine parks and protected areas - is of tremendous value. St John's in the USVI has an enviable scientifically based permit driven system in place for oceans governance as it relates to the use of the maritime space – we in the OECS can benefit tremendously from their approach.

Let me concede that the effective coordination of tourism development in the OECS region is no easy task. From time to time challenges may arise that could threaten to derail the process. The biggest challenge lies perhaps in our minds. We must reshape our thinking to embrace the unique qualities of the totality of this space which is the OECS and celebrate that which each Member State contributes in the making of one of the most beautiful corners of the world. Instead of trying to be like everywhere else, let us focus instead on identifying, promoting, protecting and projecting what makes the OECS Space special, and different to any other. Let that be our brand.

I wish you well in your deliberations and look forward with great interest to the product of your time spent here. In closing, allow me to take this opportunity to express, on our collective behalf, sincere appreciation to the Commonwealth Secretariat for providing technical assistance in support of this vital project.