

Emsley D Tromp: The Caribbean Hotel & Tourism Investment Conference

Speech by Dr Emsley D Tromp, President of the Bank of the Netherlands Antilles (Bank van de Nederlandse Antillen), at the cocktail reception hosted by the Bank van de Nederlandse Antillen on the occasion of The Caribbean Hotel & Tourism Investment Conference, Willemstad, 9 May 2007.

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Good evening ladies and gentlemen,

On behalf of the Central Bank of the Netherlands Antilles, I welcome each of you to our beautiful island by extending you a warm "Bon Bini". We are very pleased in having you here at the Bank for a cocktail party on the occasion of the Caribbean Hotel and Tourism Investment Conference.

Ladies and gentlemen, the Caribbean region has made impressive economic progress in recent years. In 2006, our region recorded a growth rate of around 5 percent. The services sector has been the main driver of growth in the Caribbean. In most countries in the region, tourism has played an important role in the expansion of the services sector, and hence the economic growth. According to the World Travel and Tourism Council, the Caribbean is the most tourism intensive region in the world. Based on the latest statistics of the Caribbean Tourism Organization¹, the region hosted approximately 10 million stay-over and 8.6 million cruise visitors in 2006.

In all the Caribbean countries, tourism has shown to be a highly labor intensive sector that provides possibilities for many small and medium enterprises that are connected to, or offer products and services to the industry. Its impact is especially strong in the retail trade, hotels & restaurants, and the construction sectors. Tourism in most Caribbean economies is a major employment and foreign exchange generator. According to the World Travel and Tourism Council, nowadays, tourism contributes to approximately 15 percent of the Caribbean's GDP and 16 percent of total employment.

Similar to the other Caribbean countries, tourism is also an important sector of the Netherlands Antilles' economy. This is reflected in our recent economic performance. In 2006, economic growth in the Netherlands Antilles was sustained by an encouraging performance of stay-over tourism, particularly on the island of Curacao. Rising occupancy rates triggered a wave of new hotel projects and expansion of existing hotels.

The tourism sector is also a crucial contributor to foreign exchange receipts, which is about 36% of our total foreign exchange earnings from the exports of goods and services.

Ladies and gentlemen, similar to other economies in the Caribbean, the Netherlands Antilles is characterized as a small and open economy, which makes it highly vulnerable to external shocks. The achievements of the tourism sector in the Netherlands Antilles and other Caribbean islands are mainly due to the many positive endowments we are blessed with in this region. These include favorable locations, excellent climates, the advantage of the English language in most countries – Spanish, French, and Dutch in other cases, an early targeting of primary education, strong traditions of democratic participation, and political stability for most countries.

However, nowadays, the Caribbean tourism sector is facing increased competition from emerging economies, namely Asia and the Pacific, and the rapidly changing nature of global tourism demand. However, the strong growth expected in global tourism and the emerging of new market segments, create possibilities for growth in the Caribbean tourism sector.

Ladies and gentlemen, the tourism industry will only remain an important driving force of our regional economic growth, if we address certain issues in our economies. In this, the improvement of the investment climate is crucial for all countries in the region. A good investment climate provides opportunities and incentives for firms to invest productively, create jobs, and expand their activities. More investments in the tourism industry will not only raise activities in this sector, but also stimulate additional investments in related sectors, and hence contribute to economic expansion. It is therefore crucial that the investment climate gives the correct signals and encourages higher quality and more productive private investments.

¹ Caribbean Tourism Organization, latest statistics 2006. February 16, 2007.

The policy agenda to enhance the investment climate is relatively similar to most countries in the region, and consists of several actions. First, improve the quality and effectiveness of the human resources. Second, make the public sector more cost effective and efficient. Third, address the level of taxation and infrastructure deficiencies. Fourth, diversify the economy with more knowledge-based activities. And lastly, address the issue of crime in some countries. At the same time, governments in the region should pursue sound macro-economic policies.

Moreover, Caribbean countries can enjoy the benefits of tourism fully and create strong linkages with national economies if they take specific aspects of tourism development into account. As a result, each and everyone in the community will benefit from the tourism growth.

Ladies and gentlemen, the tourism sector in the region is facing many challenges, but at the same time it has great potential for growth. In order to realize this potential, the region, as I have mentioned will need to improve its investment climate, and manage and market the tourism sector more effectively. To accomplish this, it is necessary for the public and private sectors to work in synergy.

Today, I understand that you have dealt with many of the challenges and issues that impact the future investment and growth of tourism in the Caribbean. In addition, tomorrow you will address some key topics related to the development of the Caribbean tourism product. I wish you all success during the plenary sessions and in the workshops tomorrow, thereby contributing to a further dynamic development and reinforcement of the competitiveness of Caribbean tourism. Once again I bid you all welcome and hope that during the conference you will have an inspiring exchange of views.

I thank you for your attention.