



Caribbean Tourism Performance and Outlook
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Preface

The performance of Caribbean tourism in 2022 is examined in this presentation. The Caribbean here includes the countries and destinations in the conventional geographical region as well as Belize, Guyana, Suriname and the Mexican Caribbean (Cancun and Cozumel).

OVERVIEW

Global

Tourism in the year 2022 was characterized by strong recovery. According to data from the World Tourism Organization (UNWTO) approximately 917.0 million tourists travelled internationally in 2022. This level of arrivals was doubled that of 2021 and represented 62.6% of pre-pandemic levels.

All world regions recorded significant improvements on their 2021 performances but still trailed against 2019.

Caribbean

In our New Year's message, we would have given the first indication of the strong recovery experienced in the regional tourism sector during 2022. Today, we can confirm that in 2022, the second full year of the global pandemic, the Caribbean tourism industry was resilient and built on the rebound that was noticeable from the middle of 2021. By the end of 2022, there were 28.3 million registered tourist visits in the Caribbean, approximately 52.4% more than there were in 2021. The region accounted for 3.1% of all arrivals worldwide, down one percentage point from the historically high share of 4.1% recorded in 2021.

The 28.3 million registered tourist visits in 2022 made up 88.6% of the visitors who arrived in 2019, which served as the baseline year for typical tourism activity before the pandemic. Thus, the Caribbean was one of the regions with the quickest recovery rates globally in 2022.

International travel restrictions that were further relaxed as well as strong demand in the US, the region's top source market for inbound travel, bolstered the recovery. Strategic marketing initiatives and the restoration of some of the airlift capacity between more markets and the Caribbean also contributed to the positive results.

However, the industry's recovery and growth were undermined throughout the year by the negative effects, including rising prices and intermittent supply chain disruptions caused by the pandemic, labour shortages and disputes, global inflation, and heightened geopolitical tension.

WINTER AND SUMMER

Despite the Omicron variant of the coronavirus' discovery and the reinstatement of some temporary travel bans in a few locations in January, demand for Caribbean vacations was usually strong. Not only were there more visitors each month than in the corresponding month of 2021, but there was also a gradual return to 2019 levels, which was an indication of ongoing improvement.

There were 1.7 million tourist visits during the winter season, from January to April in 2022, 121.4% more than in winter season 2021. During the summer, from April to December, 2022, 19.1 million tourists visited, 32.6% more than for the same time in 2021.

THE DESTINATIONS

Except for Haiti (-20.3%), where the industry was negatively impacted by the well-documented crisis, and the US Virgin Islands (-3.2%), where arrival levels are normalizing, all 27 destinations showed an increase in stayover visitors compared to 2021 of between 8.3% and 16-fold. In addition, 14 destinations saw an increase in arrivals in one or more months in 2022 when compared to the same time in 2019. The US Virgin Islands, St. Maarten, the Turks and Caicos Islands, Puerto Rico, the Dominican Republic, and Curacao are the six countries which have surpassed their total pre-pandemic arrival numbers. A third of the remaining destinations have recovered at least 80.0% of their pre-pandemic arrivals.

All regions of the Caribbean saw an increase in international visitor arrivals over 2021, but only the Dutch Caribbean and the US Territories surpassed their 2019 levels. This is because the results by region matched the results in the destinations.

MARKET TRENDS

Some markets regained market share in 2022. However, the US travel market continued to drive the recovery of Caribbean tourism. Travel from this market recovered the fastest, followed by the European market. The results in 2022 were helped by the region's proximity to its main source market, favourable positioning, and positive image in the marketplaces.

United States

Despite all the headwinds throughout the year, the US economy returned to its pre-pandemic trajectory and residents took more outbound trips. There was an estimated 28.1% increase in visitors coming from the US market in 2022. At the end of the year, 14.6 million American tourists visited the region, 3.2 million more than the 11.4 million in 2021. This market accounted for 51.5% of all arrivals to the region in 2022, down from the 61.4% share in 2021. These results reflect 93.3% of the visitors from this market in 2019 and the highest level of recovery of all of the main markets for the Caribbean.

For the 2022 winter season, arrivals from the US market increased by 74.2% when compared to 2021, and by 14.5% during the summer months.

Canada

Travel restrictions due to Omicron were tightened at the start of 2022 and this made Canadian outbound travel difficult. These limitations were completely lifted in October. As outbound travel rebounded rapidly, the number of trips taken by Canadians each month was closer to pre-pandemic levels. Arrivals to the region increased significantly in 2022 after two consecutive years in decline. Tourist visits in 2022 were 2.1 million and represented 7.2% of the total arrivals to the region. However, this only accounted for 60.0% of the pre-pandemic amount. This market has demonstrated the lowest level of recovery.

Europe

There was a robust resurgence in European travel thanks to reduced and shorter travel restrictions, pent-up demand, and surplus savings accrued during the pandemic, although global pressures loomed. Short-haul travel continued to recover faster than long-haul travel in this market.

Arrivals from the European market increased by 81.0% in 2022 when compared to 2021. The 5.2 million tourists from this market were almost double the 2.8 million in 2021. This represented 18.3% of all arrivals in 2022, a gain of almost 3.0 percentage points. The arrivals in 2022 were 87.7% of this market's total in 2019.

Arrivals grew by more than 3.2 times in the wintertime. Summer arrivals increased by 38.7%, but these trailed the seasonal outcomes in 2019 by -20.2% and -7.5% respectively.

In terms of specific European country results, most destinations saw rises in tourist arrivals from these markets in 2022. Data for the United Kingdom from only 20 destinations showed a tripling of visits in 2022, from 0.3 million to 0.9 million. However, arrivals were approximately 80.5% of the number in 2019.

In the German market for a similar number of reporting destinations, only half of the German tourists from 2019 came in 2022, with 0.2 million registered for the year, more than double that in 2021.

The Caribbean (Intra-regional Travel)

Intra-regional travel for leisure and business increased when compared to 2021 but lagged 2019 figures. Connectivity between countries was hampered by insufficient airlift and the relative gaps in arrivals between 2022 and 2019 ranged from -0.6% to -72.6%. The fact that destinations for whom this market contributes significantly to annual arrivals only recovered between 30.0% and 50.0% of the 2019 arrivals is noteworthy. Total arrivals in the reporting countries were 0.9 million, up from the 0.4 million in 2021 but down from the 1.1 million of 2019.

Hotel

In 2022, the Caribbean area had improvements in all significant performance indicators for the hotel sector according to STR. From 44.4% in 2021, hotel occupancy increased to 60.7% in 2022. The average daily rate increased by 21.7% to \$290.60 during this time, and the revenue per available room surged by 66.4% to \$176.46. The number of available rooms was up by 4.4%, as well as room income which increased by 73.6%.

Cruise

Now that the restrictions designed to control the spread of the coronavirus have been lifted and the tourist sector has rebounded, so too has the cruise sector.

In 2022, the total number of cruise visitors in the region reached 19.2 million - five times more than those in 2021 and this was 63.3% of the record number of cruise visits (30.4 million) set in 2019.

The Northern Caribbean emerged as the most visited region in 2022, with an estimated 6.5 million cruise visits (six times more than in 2021) and 91.9% of the pre-pandemic arrivals. These destinations benefited from their proximity to the main homeports for the cruise lines. Cruise visits to other regions were either four or five times more than in 2021. However, while the Eastern and Western Caribbean recovered 55.0% of their 2019 figures, the Southern Caribbean could only muster 51.3%.

Aviation

After two challenging years for the aviation industry, global air passenger traffic recovered significantly in 2022.

International revenue passenger kilometers (Demand) rose by 152.7% during January to December 2022, but remained -37.8% below the 2019 level.

Carriers in Latin America and the Caribbean also achieved growth in international RPKs between January and December 2022, rising by 119.2%. This is -26.9% down from the 2019 performance.

To meet passenger demand, the airlines have been restoring capacity. The international available seat-kilometers (Supply) grew by 85.2% in 2022 compared to 2021, continuing the recovery in global capacity but remained -35.0% down compared to 2019. Available seat-kilometers in Latin America and the Caribbean also grew by an above-average 93.3%.

Given the above, more seats were filled with passengers in 2022 than in 2021. The international passenger load factor (PLF) of 78.5% was 21.0 percentage points ahead of 2021 but -3.5 percentage points behind 2019.

Visitor expenditure

The majority of destinations stopped collecting survey data, which hampered the generation of tourist expenditure figures. However, a few sectors that are involved with the tourism industry would have signalled increased revenues in 2022. Significant increases in visitor spending would have been generated by longer stays in destinations, higher costs due partly to inflation and larger volumes of travellers and their willingness to spend money while travelling.

It is estimated that visitors to the Caribbean region spent between US\$36.5 billion and US\$37.5 billion in 2022, an increase of 70.0% to 75.0% compared to 2021.

Outlook and conclusion

The outlook for travel is promising despite global pressures like high inflation, the war in Ukraine and the ensuing energy crisis, as well as the impending economic recession.

International travel from other markets will contribute to the region's already substantial benefits from the United States. Nearly 90% of the region's travel demand for 2019 has already been recovered, and some destinations have even surpassed their pre-pandemic levels.

When compared to 2022, it is expected that overall arrivals to the region will increase by between 10.0% and 15.0%. This means that between 31.2 and 32.6 million tourists can be expected to visit the region this year. Thus, tourist arrivals this year, might surpass pre-pandemic arrivals.

In 2023, the cruise industry is also anticipated to continue recovering and expanding. As more ships are deployed, the capacity for cruises will rise and demand will stay high. All ports in the region have reopened, and some have started homeporting. In the region, there should be between 32.0 million and 33.0 million cruise visits overall, which is a 5.0% to 10.0% increase over the pre-covid baseline figure.