WORLD TRAVEL & TOURISM COUNCIL

THE IMPACT OF THE 2017 HURRICANE SEASON ON THE CARIBBEAN'S TOURISM SECTOR

EXECUTIVE SUMMARY

Travel & Tourism is one of the most important economic sectors in the Caribbean. The 46.7 million international visitors who came to the region in 2016 spent US$31.4 billion which supported a total of $56.4 billion in GDP and 2.4 million jobs. Meanwhile, the domestic market generates more than 25% of the region's Travel & Tourism GDP.

Overall, Travel & Tourism contributes 15.2% of the Caribbean's GDP and 13.8% of employment. However, in many Caribbean countries, the sector accounts for over 25% of GDP – more than double the world average of 10.4%. In the case of the British Virgin Islands (BVI), the sector contributes 98.5% of GDP – the highest share of any country worldwide.

It is therefore vital to the Caribbean economy that Travel & Tourism recovers as quickly as possible from the damage caused by the unusually severe hurricanes of 2017 – most notably Hurricanes Irma and Maria in September. They had a major impact on popular tourist destinations such as the BVI and Puerto Rico, although around two thirds of the region avoided any damage.

This report by the World Travel & Tourism Council (WTTC) assesses the immediate and long-term impact of the 2017 hurricane season on the Travel & Tourism sector across the Caribbean as a whole and on specific islands.

Based on analysis from Tourism Economics[1], insights provided by the Caribbean Hotel & Tourism Association (CHTA) and the Caribbean Tourism Organization (CTO), contact with affected hoteliers, flight and accommodation data gathered from other analytics sources, and prior research of other crises, we describe the losses that the sector has already experienced[2], forecast when Travel & Tourism is likely to return to its previous level of growth, and recommend government policies and marketing strategies that can help speed economic recovery.

The key findings of the report are:

- The impact of the 2017 hurricane season on the Caribbean's Travel & Tourism sector was significant, and while the islands which were directly hit were worst affected, other islands which were not in the path of the hurricanes also suffered. A public misconception that the entire Caribbean was struck by the storms has been damaging to the region.
- The hurricane season resulted in an estimated (loss) in 2017 of 826,100 visitors to the Caribbean, compared to pre-hurricane forecasts. These visitors could have generated US$741 million and supported 11,005 jobs.
- Research suggests that recovery to previous levels could take up to four years, and if this is the case, the region will miss out on over US$3 billion over this timeframe.
- Governments across the region can work together and with the private sector to speed up recovery through a range of policy initiatives including:
    - **increasing access to capital for SMEs, and easing entry and work permit restrictions for specialised services,** which will incentivise the private sector to speed up recovery
    - **increasing duty-free exemptions on commonly-purchased goods and reduce tourism costs such as departure taxes and resort fees**, which will stimulate travel and traveller spending
    - **improving the ease and experience of traveller arrivals and departures**, though use of technology in airports and visa facilitation, which will increase customer satisfaction and the attractiveness of the region
    - **investing in tourism sector training and education to sharpen and upgrade the skills of temporarily displaced workers**, which will ensure the sector has access to a skilled workforce as it recovers and grows
    - **improving connectivity between islands,** which will increase the competitiveness of the Caribbean as a destination and spread the benefits more widely
    - **providing trip insurance when conditions in the host destination are unstable**, which will encourage visitors to continue to visit
    - **adopting a specialised approach to marketing and public relations,** including establishment of a long term messaging strategy, creating a rainy day fund for tourism marketing and supporting regional tourism marketing programmes

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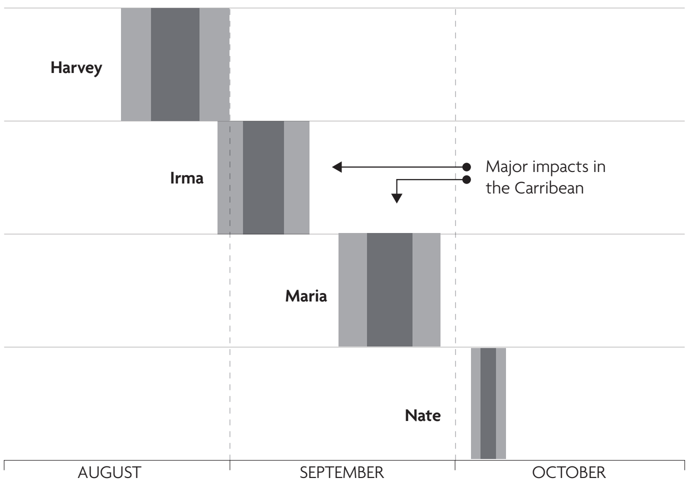
[1] Tourism Economics is an Oxford Economics company
[2] The range of Caribbean countries analysed in the research was dependent on data availability during and immediately after the hurricane period.

The path of Hurricanes Irma and Maria, September 2017

Source: Caribbean Disaster Emergency Management Agency

Timeline of major Atlantic Hurricanes, 2017



Source: National Hurricane Center

Even though the destructive hurricanes came and went in September 2017, their economic impact on residents and the Travel & Tourism sector is likely to continue for up to four years. Natural disasters such as this will continue to hit the Caribbean and elsewhere, perhaps on an increasingly frequent basis because of climate change. As the economies of most islands grow ever more reliant on the sector, it is imperative that governments and Destination Management Organisations (DMOs) in each destination develop and have in place plans and strategies to minimise this long-term impact and encourage visitors and spending to return to pre-hurricane levels of growth as soon as possible.

We hope this report provides the Travel & Tourism community in the Caribbean – and in other global destinations at risk of a natural disaster – with a starting point for this journey.

The World Travel & Tourism Council is the global authority on the economic and social contribution of Travel & Tourism.

WTTC promotes sustainable growth for the Travel & Tourism sector, working with governments and international institutions to create jobs, to drive exports and to generate prosperity. Council Members are the Chairs, Presidents and Chief Executives of the world's leading private sector Travel & Tourism businesses.

Together with Oxford Economics, WTTC produces annual research that shows Travel & Tourism to be one of the world's largest sectors, supporting over 292 million jobs and generating 10.2% of global GDP in 2016. Comprehensive reports quantify, compare and forecast the economic impact of Travel & Tourism on 185 economies around the world. In addition to the individual country reports, WTTC produces a world report highlighting the global economic impact and issues, and 24 further reports that focus on regions, sub-regions and economic and geographic groups.

To download reports or data, please visit **www.wttc.org**

Assisting WTTC to Provide Tools for Analysis, Benchmarking, Forecasting and Planning.

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 250 professional economists; a dedicated data analysis team; global modelling tools, and a range of partner institutions in Europe, the USA and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.