



The Ministry of Tourism
Jamaica

**SECTORAL
PRESENTATION**

2009 - 2010

*CONFRONTING OUR CHALLENGES
SECURING OUR FUTURE*

PRESENTED BY:

**HON. EDMUND BARTLETT, MP
MINISTER OF TOURISM**

**GORDON HOUSE
KINGSTON**

TUESDAY, JUNE 30, 2009

SALUTATIONS

Mr. Speaker, permit me to begin my presentation this afternoon by expressing again my gratitude to the Honourable Prime Minister for his continuing confidence in me and for allowing me to serve my country in the capacity of Minister of Tourism.

I thank my Cabinet colleagues for their support. I especially thank those Ministries with which I collaborate on issues which have an impact on tourism. I thank you for your kind support and willingness to create synergies for the benefit of Jamaica, land we love.

I also thank the members of the tourism sector for your goodwill and for the confidence you have shown in me and my team. We affirm our commitment to live up to your expectations.

I commend my Permanent Secretary Mrs. Jennifer Griffith, Director General Ms. Carrole Guntley - who, as all of you have heard me say from time to time, directs me generally.

Let me acknowledge and thank the team of men and women who are leading the agencies. They are the Chairman of the Jamaica Tourist Board and Jamaica Vacations, Mr. John Lynch; the Chairman of the Tourism Enhancement Fund, Mr. Godfrey Dyer; the Chairman of the Tourism Product Development Company, Mr. Robert Russell; the Chairman of the Milk River Bath Hotel & Spa, Dr. Edward Wright; the Chairman of the Bath Corporation, Mr. Derrick Hamilton; the Chairman of the Devon House Development Company, the Hon. Mrs. Carla Seaga, and the Chairman of the River Rafting Authority, Dr. Carolyn Hayle.

The Executive Directors of our main agencies come in for high commendation in carrying out their duties:

They are – Mr. John Lynch, who I already mentioned as Chairman of the Jamaica Tourist Board, Mr. Earl Patrick, Executive Director of the Tourism Product

Development Company, Mr. Ian Neita, Executive Director of the Tourism Enhancement Fund, and Mr. Lionel Reid, Executive Director of JAMVAC.

Mr. Speaker, the business of tourism is not a nine to five occupation.

The people who work for the Ministry of Tourism and all its agencies put in singularly long hours of work to make this sector successful. I take this opportunity to thank them for their dedication.

I pay tribute to the Opposition and express my appreciation for your continued collaboration. I value your support as we seek to grow this vital industry. I must also place on record the support of my immediate family: my wife Carmen, my son and my brothers, who have been my constant support.

Most notably, I thank my constituents, the people of East Central St. James, without whose support I would not have the honour of serving.

And above all, I thank God for giving me the resilience to think creatively and act with courage.

SITUATION ANALYSIS

Mr. Speaker, just a little over a year ago, I stood as a member of this honourable House to make my presentation to the nation on our plans to take the tourism sector forward.

At that time, our industry worldwide was looking reasonably healthy, and gave much cause for optimism. It is no secret that the global economy has deteriorated and that we now face one of the most severe recessions in generations. Although tourism is more resilient than some other sectors of our economy, we are not immune.

As I prepared to make my contribution to the 2009 Sectoral Debate, I reflected on a line from a great Charles Dickens classic, *A Tale of Two Cities*, "It was the best of times, it was the worst of times ...". Mr. Speaker, surely these words capture, to the letter, the experience of international tourism - indeed the world economy - over the past year.

I know that there are many persons facing financial challenges who go to bed worried, fearful or depressed about the future, wondering how they're going to make it. But in these tough times, it is good to remember the Chinese proverb - "A crisis is an opportunity riding the dangerous wind". In short, Mr. Speaker, difficult times present opportunities, and it is up to each and

every one of us to figure out a way to make lemonade out of the basket of lemons with which we been presented.

GLOBAL OVERVIEW

Mr. Speaker, tourism is one of the largest and fastest growing industries in the world. For many countries, it is an increasingly important source of income, employment and wealth.

For Jamaica, it continues to have the potential to play a significant role in reducing poverty and increasing participation in the economic life of this land.

I see tourism as a vehicle for environmental stewardship – because it is the beauty of our country, our environment – coupled with the warmth of our people that is our product.

If we are to reap the tremendous benefits that tourism offers, we have to defend and guard that product, as we would a precious gem.

The value of tourism is not a secret. The whole world knows it. The World Travel & Tourism Council - WTTC has reported tourism receipts of US\$5.4 trillion, representing 10.4% of global GDP. WTTC predicts that global GDP is expected to contract this year, by around 3.5 percent. Globally, in 2008, international tourist

arrivals reached about 924 million, representing a growth of 2% over 2007.

The best growth performances came from the Middle East region which grew by 11%. Africa grew by 5%, followed by the Americas which were up by 4%. The Asia / Pacific Region recorded a 2% rise, while Europe was flat, with less than 1% growth.

The United Nations World Tourism Organisation – UNWTO, which tracks the performance of the industry across the globe, confirms the rapid slowdown of international tourism growth since mid-2008. On the basis of this reported performance of the industry, UNWTO forecasts an even more modest performance for 2009.

The economic downturn, as well as the current uncertainties, extreme market volatility, and a decline in both consumer and business confidence, are expected to continue taking their toll on global demand for tourism, at least in the short to medium term.

Mr. Speaker, international tourism is not immune to the global economic downturn. It has performed better than other sectors such as construction and real estate or the financial markets.

In light of all of this, it is clear that companies operating in the tourism sector will be forced to concentrate on containment of cost in order to keep their competitive edge.

CARIBBEAN OVERVIEW

The Caribbean is the most tourism dependent region in the world. The contribution of Travel and Tourism to Gross Domestic Product in the Caribbean was estimated to be US\$39.9 Billion in 2008. This represents 14.8.% of GDP of the Caribbean total GDP. The contribution of the travel and tourism industry to employment is estimated to be 2,148,000 jobs (This represents 12.9% of total employment in the Caribbean: i.e. 1 in 7.8 jobs).

Real GDP growth for the travel and tourism economy is estimated to be 2.1% in 2008 and 3.3% per annum over the coming 10 years. It is estimated that stopover arrivals to the Caribbean from the main producing market, the United States, increased by less than 1%; Europe decreased by less than 1% and Canada showed an increase of a remarkable 13.8%.

Jamaica

An overview of our visitor arrivals to Jamaica for reveals the following:

- Total stopover arrivals increased by 3.9%, from 1.7 million in 2007 to 1.8 million in

2008.

- North America - The stopover arrivals from the U.S. market increased by 1.6%, with a total of 1.150 million visitors compared to the 1.132 million in 2007. Stopover arrivals from Canada recorded a 23.9% growth with a total of 236,193, in contrast to the 2007 arrivals of 190,650.

- UK/Europe - The stopover arrivals from the United Kingdom/European region declined by 1.5% during 2008 moving from 288,894 in 2007 to 284,700 arrivals in 2008. The UK with 188,436 increased by 1.5% over 165,057 in 2007.

- The Caribbean and Latin America - The Caribbean region recorded a 6.8% growth with 67,231 stopover arrivals and Latin America had a 32.5% growth with 16,122.

- Asia and the Pacific recorded 6,003 visitors, a 14.8% decline.

- Cruise Arrivals - While cruise arrivals to the Caribbean declined by 17%, Jamaica's declined by 7.4%.

- The average room occupancy in Jamaica was 60.4%, down from 63% in 2007.

- The number of available rooms in the accommodation subsector increased by 9.3%, from 28,000 in 2007 to over 30,000 in 2008.

Mr. Speaker, it is important to note that, given our room stock at this time, in order to achieve a 65% occupancy the growth rate for stopover arrivals would have to be 12-15% per year.

- Earnings from tourism in 2008 recorded US\$1.976 billion representing a 3.5% growth over the US\$1.910 billion earned in 2007.

You will also be glad to hear Mr. Speaker, that in the first four months of this year, though most of the Caribbean is continuing to have difficulties, of the countries submitting reports to date, Jamaica is one of only three to have recorded growth.

We say this here, but take no pleasure in these facts, for the Caribbean is the most tourism dependent region in the world, and this drastic fall-off in tourism traffic hurts us all, as we are one family.

AWARDS

Mr. Speaker, last year in my presentation, I spoke about a transformational approach to tourism which we were pursuing, which looked at our product development and marketing initiatives. While still fresh, this approach has not gone unnoticed by the international travel community. I wish to share with the

Honourable House some of the several awards and accolades earned by this country during the past year:

North America

- MSN, one of the Internet's most popular websites, has included Jamaica in its "14

Best Destinations for Summer 2009". The list included 12 destinations in the

USA, and Jamaica and Paris were the only two international destinations

represented.

- Readers Choice Awards from Agent@Home Magazine, voted the JTB as the Best Caribbean Tourism Bureau in 2008,

- TripAdvisor, the world's largest cyber-travel community, in its December holiday

travel survey, named Jamaica as being voted among the Top Ten Holiday Dream

Escapes. Jamaica ranks #7, ahead of Rome (#8) and the Bahamas (#9).

- The Canadian Travel Press and Travel Courier named the Jamaica Tourist Board

(JTB) as the Favourite Tourist Board among travel agents. This was done during

the annual Agents' Choice Awards.

- Jamaica also climbed to number two in the category of Favourite Honeymoon Destination, coming narrowly behind traditional honeymoon destination Hawaii.

- Jamaica was the overwhelming favourite honeymoon destination with Quebec travel agents, scoring above Polynesia and Hawaii. Europe

- Jamaica was voted "Island of the Year 2008" at the 14th International Caribbean World Awards in the United Kingdom

- Yours truly was presented with the Pacific Area Travel Writers' Association LifeTime Award for Contribution to Tourism at the ITB Tourism Trade Show in Berlin

China

- Jamaica received a Gold Award for Service Quality, at the recent China Outbound Travel and Tourism Market, for our efforts in establishing cultural and business links in China.

World Travel Awards 2008

Jamaica received a total of 12 awards, including:

- leading Caribbean destination
- leading Caribbean cruise destination
- leading Caribbean adventure excursion operator
- leading Caribbean conference hotel

- leading Caribbean resort
- leading Caribbean airline

Five Jamaican hotels were named leaders in their respective categories.

Mr. Speaker, I use this opportunity to recognise the contribution of our local brands to our sector: Sandals, SuperClubs, Chukka Caribbean Adventure Sunset Resorts and Dolphin Cove.

I also thank the airline companies that demonstrated confidence in our product.

My special thanks also to the travel agents and tour operators who continue to sell Jamaica and encourage their clients to come to this country.

We are indebted to all of you, our partners for your support and trust in us.

CURRENT CHALLENGES

Mr. Speaker, I have already indicated that this will be a challenging year. Indeed, the industry today is guided by one reality, and it is that the only certainty is uncertainty.

This reality defines the complexity of the situation and forces us to innovate and think outside of the box, for the simple reason that no one knows how long the crisis will last.

Our sector's response must be to devise and adopt new business models - a new paradigm - and try new approaches, if we are to maintain market share and even grow. We must create a new architecture for tourism.

H1N1 Virus

At the same time, we must also be prepared to address natural and man-made challenges as they confront us.

In the case of our most immediate challenge, the H1N1 virus, we continue to work closely with the Ministry of Health in monitoring the status of the virus and communicating the information and guidelines locally as well as in international markets through our overseas offices. According to the most recent information we now have on island a reported 27 cases of the virus. We commend the Ministry of Health and Environment for its pro-active stance in confronting this threat to our nation's health.

Air Passenger Duty

Moving to yet another issue with which we must grapple, as we work to increase market share, we are aware that the UK intends

to introduce significant changes to its Air Passenger Duty, with effect from November of this year.

These changes will have a significant impact on tourism to the Caribbean and, by extension, Jamaica, as the UK represents 10.9% of tourism traffic to the island.

The tax is based on distances from London to the capital of the destination country. This means that a family flying to Los Angeles or Hawaii from London will pay duty on their tickets of £90 this November and by November 2010, it will be increased to £120.

That same family flying to Jamaica will pay £100 in duty this year November and £150 by November 2010. This is likely to have a huge impact on arrivals out of the UK.

As you know Mr. Speaker, our Prime Minister and other Prime Ministers in the region have written to Prime Minister Gordon Brown to protest this tax. Indeed, Prime Minister Golding and I were in London recently, where we spoke to Government officials and worked toward lobbying the Diaspora to put pressure on the UK Treasury to reduce the tax.

We took this action because the countries in the region rely heavily on tourism and this would be an extraordinary burden. I

should also inform the House that we have managed to get the assistance of the UNWTO to assist with the discussions.

SECURING AIRLIFT

Mr. Speaker even as we face the challenge of the APD, we are having to overcome enormous challenges in securing airlift. As the global economy slows, and airlines lose their mainstay, which is the business traveller, these companies are trying to reduce costs through rationalizing their operations, reducing the size of their fleets, consolidating their operations through mergers and acquisitions and moth-balling inefficient airplanes. Airlines are constantly reviewing routes, and are requiring many countries to share the cost of servicing those destinations. I want you to consider this most carefully, because our industry relies on airlift.

OTHER CHALLENGES

And of course Mr. Speaker, we face budget shortfalls. We recognise the fact that these are difficult times and that we must all share the burden of governance. We in the tourism sector are committed to doing our part, and are resolute in our will to do more with less, as we honour our promise to increase visitor arrival and increase visitor expenditure.

And then, Mr. Speaker, I wish to state our concern about the negative impact which increasing levels of crime and violence

has on the image of Jamaica, and which subsequently affects our efforts to market the country.

THE WAY FORWARD

If we are to solve our problems and overcome our challenges, we must devise a new way forward. We have charted our course, guided by the clear mandate from the Prime Minister. He has told us, in no uncertain terms, Defend the Jamaican economy and grow the tourism sector.

With that mandate, we do not have the luxury of sitting out the storm and hoping for better days. The response of the Ministry of Tourism and its agencies has been to think big goals and big successes, always remembering that history proves that crises are challenges, not calamities. Moreover, I do believe that if short term actions can be aligned with long term social needs, the overall industry may actually be strengthened by the current crisis.

THE NEW TOURISM

My Ministry has adopted the New Tourism as its long-term vision. The new tourism has, at its centre, inclusiveness and partnership. By inclusiveness I mean that the New Tourism offers each and every one of us a chance to benefit from this great industry. By partnerships, I mean that we are intent on inviting all

the stakeholders to partner with us to make this industry deliver more for the country and the people of Jamaica.

The New Tourism looks beyond short-term considerations. It demands that the private sector embrace sustainable tourism, balancing economic gain with a healthy concern for people, culture and environment. It demands that the entire country share the vision, building a genuine culture of hospitality, and fostering a commitment to service excellence at every level. It focuses on benefits not only for people who travel, but also for people in the communities they visit, and for the natural, social and cultural environments of the host country.

In keeping with my vision of transforming our country's tourism, as stated in last year's Sectoral presentation, we have developed a new architecture for tourism, built on the three pillars of marketing, product development and investment.

In considering this new approach, we have made certain promises to Jamaica regarding how tourism can work for the benefit of the country. We have made good on those promises.

- We have looked at our product, our people and our markets.
- We are satisfied that we have all of the elements – primarily the people - to do the job.

- That is what has given us the audacity to say, with confidence, that tourism will continue to be Jamaica's number one earner of foreign exchange in the foreseeable future.

Against this background, the Ministry and its agencies have been consistently increasing our efforts to provide the sector with the necessary support to work through these difficult times. We have been concentrating our attention on seven interrelated initiatives:

1. Introducing a Stimulus Package to reduce the impact of the global recession, including:

- a) Concessionary financing for tourism entities through Tourism Enhancement Fund(TEF);

- b) a J\$50M Development Loan Programme: Commencing December 7, 2008 this scheme provides loans of up to \$ 3 million at 3% over five years for: product development, marketing and system improvements.

This programme is already in place and applications are being processed. Disbursements as at March 20, 2009 were \$12,000,000.00;

- c) a J\$50M Loan Programme for Contract Carriage Operators: JUTA, JACAL, MAXI, which commenced March 2, 2009 and provides loans of up to \$ 1 million at 3% over five years and
- d) reduced GCT for tourism entities

Other initiatives include :

- Implementing an aggressive marketing strategy
- Improving airlift
- Enhancing the tourism product
- Focusing on human resource development
- Addressing certain key policy initiatives to strengthen the sector
- Strengthening our administrative capacity

All of this work is in preparation for the continued growth which we see ahead for the industry.

DRIVE FOR FIVE

In the 2008 Sectoral presentation, I spoke of a concept called DRIVE FOR FIVE, which is geared to accelerating our growth to five million arrivals by the year 2015, and for annual earnings of five billion dollars.

We have been pursuing that objective with an aggressive marketing and product development strategy, and we are seeing results.

Last year, the average daily tourist spend was \$119. By 2015, we hope to increase the number of visitors by 75% and the daily spend to \$160. The objective is to boost revenue for all areas of the hospitality industry, including accommodation, attractions, ground transportation and craft vending.

This huge initiative will have spinoffs in many sectors.

It will make new revenue available to deal with issues like poverty reduction, better education and health provisions, better roads and – in general – a better quality of life for all Jamaicans.

MARKETING

Mr. Speaker, the dynamics of the industry demands high visibility, rapid response and aggressive protection of market share even as we pursue growth.

Our objective has been to make sure that Destination Jamaica remains top of mind for both consumers and the trade.

We routinely review market trends and, on the basis of market intelligence, we know that despite everything, people are still travelling, especially for their passions. As a destination, we must be prepared to offer a product that will appeal to those passions.

We have taken stock of the fact that we are working with reduced dollars, and we realize that we must employ innovative and cost effective means of getting our message to the marketplace.

Over the next few months Mr. Speaker, the intent is to grow our existing markets and make serious inroads into new markets. We will be promoting our destination through an integrated programme of public relations, advertising and sales tactics, and we will be targeting those markets which hold good potential for business to Jamaica.

Now more than ever, Mr. Speaker, we need to be very visible in the market-place. We need to use strategies which will get the most out of every dollar that we spend.

In our package of innovative approaches to reaching our target groups, we have adopted social marketing as a tool to get the word out that Jamaica is the destination of choice.

By that I mean we will be making more use of the Internet and other web-based technologies. These new communication tools have changed the way tourism is marketed, to an unprecedented extent, and keeping pace with the changes comes with its own challenges.

You will recall that Barrack Obama used the vast capacity of the social networks to help him get elected to the Presidency of the United States. We have not been unmindful of the worth of this marketing tool.

These technologies will help us maintain customer engagement, and so improve the promotion of our unique goods and services. We have had to adopt new approaches to marketing, because of the fact that the profile of the traveller is changing. A very important segment of our market is what we call Generation Y – that is, people born after the mid 1980s. This market is different from the more mature market we often refer to as the Baby Boomers.

This younger generation is technologically savvy, attention craving, and passionate about their interests. They travel more and are more inclined to be adventurous. They care about the environment, and tend to be more sensitive to cultures other than their own.

They are blogging, they use Facebook and Twitter, and they are plugged into their hand held communication devices. Our communication must take all of this into consideration and reach these potential visitors where they are most comfortable – on the web.

So viral campaigns, interactive tools, travel resource sites and web monitoring tools have all become a part of our arsenal.

The JTB has created a viral marketing campaign which will use pre-existing social networks like U Tube, Face Book, MySpace,

and Twitter to create additional brand awareness through self-replicating viral processes. Destination Jamaica's presence across the internet will be enhanced through use of the Word of Mouth (WOM) viral concept.

We will also be using interactive tools to enable our web pages to come alive with video and, by so doing, create connections between visitors and visitjamaica.com, which is the JTB's website. We project that this will lead to increased response rates, brand recognition, customer retention and increased revenues.

The monitoring tools which are using allow us to quickly gather, analyze and package destination-specific content from blogs, videos, images and comments.

It is a known fact that Internet users access travel resources websites to determine vacation spots and manage intended trips. The JTB intends to penetrate these sites to reach travellers at all points of the planning process. In that way, we will be able to drive qualified traffic to visitjamaica.com and ultimately increase visitors to the island. We are focusing on highly efficient media vehicles, events and trade shows to make our fewer dollars work harder and reach further.

We have been engaging in more barter arrangements to secure advertising space, bringing in radio and television stations from the US, Canada and the UK to beam live from Jamaica back to their markets, and developing joint promotional activities with major brands.

For example, in Spain, we will be joining with Toyota on a major promotion; in Germany we will be joining with Coca Cola on another promotion, and also with JVC in the US.

In Canada where our numbers continue to grow, advertising has begun in earnest. This year for the first in a long while, we had advertising on English TV in Canada.

The JTB is also taking advantage of unique opportunities to spread the good word about Jamaica. For example, early this year the JTB facilitated a one-hour television programme promoting the island through the eyes of Mrs. Lorna Golding, the wife of the Prime Minister, as she hosted a tour of Jamaica by celebrated journalist Deborah Roberts.

The feature premiered on We TV in March and has had several re-runs. We have also secured permission to air the programme on local TV.

Continuing in the vein of taking advantage of every opportunity, the JTB will this year mount a series of summer consumer

promotions. These will be done in collaboration with industry partners and will have on-air, on-line and in-stores components.

For example, there will be a Jamaica promotion in 650 FYE stores across the US over a 4-week period this summer, which will include at least one email blast to well over 15 million consumers.

PASSION TRAVEL

We intend to sell “passion” travel by focusing on family, music, weddings, faith based tourism, cuisine, sports, edu-tourism, eco-tourism, voluntourism and health and wellness tourism.

HERITAGE TOURISM

For example, we propose to take advantage of the strong Jewish heritage in Jamaica by refurbishing the historic Jewish Cemetery in Montego Bay, which holds the remains the some of the first Jewish settlers in the New World.

EVENTS

We will be paying close attention to events tourism, as we have seen the magnetic pull of major music events in Jamaica,

Which began with Reggae Sunsplash in the late 1970s, and we will capitalise on it.

SPORTS

In sports, we will further leverage on Jamaica's triumphs in Beijing, through our participation in the 2009 World Games in Berlin and the 2010 Winter Olympics in Canada, to promote Jamaica, because we will have Olympic gold medallists running in those games, and a Jamaican skier participating in the Winter Games in Canada.

ECO TOURISM

I want to pay particular attention to eco-tourism, because it makes good business sense to develop and promote that aspect of our product.

There is a growing demand for holidays that leave the smallest possible "footprint" on the environment and local communities, and even those partners who do not traditionally offer an eco product recognize that they have to operate more responsibly.

Eco-tourism is all about uniting conservation, communities and sustainable travel. We are fortunate to have two of the finest

candidates for this focus – in the Cockpit Country and the Blue and John Crow Mountains and these locations will certainly be at the centre of our marketing efforts in this area.

For Heritage Tourism, we have the Ward Theatre, Port Royal, Hope Gardens, Devon House, the Maroon Heritage, the great houses that dot our countryside, and our historic churches and cemeteries. That's a good start. And when we add our rich heritage which is documented in places like the Institute of Jamaica and other museums, we really have the makings of a solid Heritage Tourism product.

Edu-tourism, where people combine learning and a holiday experience, will also come in for attention from our marketing team.

HEALTH AND WELLNESS MARKET

Our spas - Bath and Milk River - are being upgraded to add to the impressive inventory of hotel spas which attract the health and wellness market - a sector which is a rapidly growing.

NEW MARKETS

While we grow our existing markets, that is – North America, Europe and the UK, we are, at the same time, looking south – to countries that have winter when the north has its summer – and

that outlook has taken us to South America, where we have been getting very good responses to our marketing efforts.

We are working assiduously in untapped markets like China, Japan, India and Russia –and, again, the response has been most encouraging.

In effect, we are marketing both sides of the Equator, for when it is summer in the north, it is winter in the south, and vice versa.

But it is always summer in Jamaica, and that is one of our big selling points.

LATIN AMERICA

Mr. Speaker, we are especially excited at the response to our overtures in the Latin American market, and we have good reason to feel comfortable that we can service this market, primarily because of the presence of the Spanish-owned hotels and their supporting language bridge.

Our mission to Latin America is to continue to showcase Jamaica as the preferred destination from the seven key markets of Argentina, Brazil, Chile, Colombia, Mexico, Ecuador and Panama. I am pleased to announce that, very shortly, we will initiate a substantial charter service out of Ecuador to Montego

Bay. We are currently working with VIAMERICA to bring two flights per week to Montego Bay, each with 120 persons.

In July and August MaxiTravel will also be making two flights per week to Montego Bay.

We plan to further tap into these markets by developing airlift programmes, encouraging charters and increasing destination awareness through an aggressive travel trade campaign and public relations initiatives which are less cost intensive. We are also exploring joint-destination possibilities, where – say – a visitor can do a two destination package, given the availability of airlift.

IMPROVING AIRLIFT

Mr. Speaker, given the significant growth in the accommodation sub-sector and growth in investments for attractions development and the wider tourism sector, we have had to pay very close attention to how we get people to Jamaica. I believe that it is fair to say that Jamaica's positive performance is due largely to our superior airlift capacity. As you know, sir, people don't swim to Jamaica.

AIRLIFT STRATEGY

Our strategy has been a combination of wooing and attracting scheduled carriers, stimulating the market to the point where

charters are coming here in record numbers, and repositioning Jamaica Vacations Limited -- JAMVAC, to:

- promote and increase airlift of visitors to Jamaica
- support other tour operators serving Jamaica,
- operate in-house charters from selected gateways, develop new markets and
- support airlift from targeted markets

This renewed focus will facilitate the thrust of aggressively targeting emerging markets and the development of more robust strategies to acquire adequate airlift from existing European gateways and from emerging markets which we have targeted.

JAMVAC'S BUDGET

The budget allocated to JAMVAC for the year 2008/2009 was J\$193 million.

Of this amount, JAMVAC used approximately \$170 million to continue its programme of risk sharing/seat support as it pursued its mandate to maintain, and increase airlift capacity on both scheduled and charter routes. JAMVAC has already secured agreements with both existing and new carriers, tour operators, and marketing entities to do just this. This support is being provided to markets in Europe, Canada, and the USA.

Jamaica now has better than adequate airlift in place for the summer period, with over 1.2 million seats from the USA alone.

As demand grows, stimulated by aggressive marketing, the Legacy carriers will continue to increase their capacity.

We have a number of new carriers flying into Jamaica, as well. JetBlue now offers service between New York and Montego Bay, with excellent connections to upstate New York and to the West Coast.

The service is doing extremely well, and JetBlue has announced that it will offer service to Kingston, starting in the fall.

Recently Air Jamaica added one more flight from Fort Lauderdale, plus two additional flights from Orlando. Those flights will make it five flights each day from Fort Lauderdale and seven flights per week from Orlando. Funjet will be adding two more flights per week from St. Louis, while charter flights from Chicago will supplement those offered by Air Jamaica and American Airlines.

Delta is increasing the number of flights to five a day, using larger aircraft, and American Airlines now has seven daily flights out of Miami.

AMERICAN AIRLINES ARRANGEMENT

In the spring of 2008, American Airlines gave notice to all its destinations in the Caribbean that, owing to high fuel cost, the carrier was forced to cut routes in the fall and Jamaica was one of the projected casualties.

The American Airlines network is critical to growing our markets to fill the new rooms for 2009, and so we had to move quickly to prevent any cutback in Jamaica's seats, on the understanding that airlift is the lifeblood of our industry. This led to an agreement with American Airlines to increase service to Montego Bay from two of their strategic hubs, Dallas and Miami, commencing November, 2008, and to introduce a new service from Chicago at the end of January 2009.

These things, Mr. Speaker, normally come at a cost, but, fortunately for us and, unlike other destinations, we secured these arrangements only by posting a letter of credit of US\$1.5 million per gateway. I am pleased to report that, up to the end of April, after six months of operating, there has been no call on any of these letters of credit.

American Airlines is the second largest scheduled carrier of passengers to Jamaica, next to Air Jamaica. They are an extremely valuable industry partner, as we seek to achieve

our target numbers. Their major hubs in Miami, Dallas and Chicago have allowed us to get behind gateways we would not normally reach. In addition, their extensive international network gives us access to the several new markets which we are targeting.

For the period January- April 2009 American Airlines carried 96,660 visitors to Jamaica, broken down as follows:

- Northeast (New York) - 30,211
- Midwest (Chicago) - 13,564
- South (Miami) - 23,325
- West (Los Angeles) - 14,546
- Canada (Toronto) - 1,626
- Europe - 12,269
- Latin America – 2,313
- Caribbean – 3,058
- Asia – 918
- Other countries including the Middle East, Australia, Israel- 747

Of this number of passengers, 37,300 were carried on JAMVAC assisted flights.

CHARTERS

On the matter of charters, we have increased the number of lifts flying out of Canada, Germany and, Italy. We have maintained levels in other countries, including Spain, Portugal, and the

United Kingdom. The recent merger of Northwest and Delta will also be a great support for our marketing efforts in China, Japan and India.

It should be noted that that Jamaica no longer has non-stop access to Los Angeles. However, through our partners, visitors from the West Coast of the USA still have access to Jamaica through arrangements with JetBlue, for example, that has excellent connections with the West Coast as it serves at least seven airports in California.

THE POWER OF PARTNERSHIPS

This is the power of partnerships, and our partnerships work for us. We have great relationships with some of the largest tour operators in the world, and it is our intention to foster those relationships, in order to keep their attention focused on Jamaica. This is our response to the challenge of ensuring air lift.

THE CRUISE MARKET

I turn now to cruise arrivals and, though cruise tourism was down in 2008, we have great hopes for 2009/2010.

Pullmantur Cruises, which is owned by Royal Caribbean Cruises Ltd., and headquartered in Spain, will be returning to Jamaica for

the 2009/2010 and 2010/2011 winter seasons. They will make 32 calls to Montego Bay over the two seasons.

In addition, a number of cruise companies have agreed to home port in Jamaica, or in some cases to make the island a partial home port.

The agreement to use Jamaica as a home port is of signal importance to other sectors of the economy, for a number of reasons:

- passengers fly in to connect to their cruises in Jamaica, and are therefore likely to overnight in a hotel;
- because many of these visitors are coming from Europe, where people tend to take longer vacations, there is every likelihood that their vacation experience would go beyond cruising, to include land-based visits;
- ships will have to take on provisions here, so we are urging the manufacturing and agri-business sectors to prepare for what could be a very lucrative business opportunity.

I should also tell you, Mr. Speaker, that work is continuing on the Falmouth Pier, which should bring some significant economic benefits to that area of the North Coast. The expected completion date is May 2010 and bookings are already in place for calls on that port.

ACCOMMODATION/ATTRACTIONS

In growing our tourism product we have seen the addition of spectacular new hotels and attractions, and some very stylish enhancements to existing properties. Over the next three to five years, the following accommodation facilities are expected to come on stream:

- Amaterra and Grupo Excelencias in Trelawny
- deCameron and Secrets in Montego Bay
- Beaches Negril and Negril Peninsula
- Dragon Bay in Portland

We expect to see the opening of another Dolphin Cove facility in Hanover within the current fiscal year. We are seeking to encourage more investors to develop more unique attractions such as Mystic Mountain, Chukka Caribbean Adventures, Outameni, among others.

DUTY FREE SHOPPING

We are aware that one of the best ways to enhance economic benefits from tourism is to give visitors more opportunities to spend.

Duty free shopping presents an excellent opportunity for us to achieve that objective, as this is one of the more lucrative

elements of the travel and tourism mix. Studies have shown that the plus for any tourism destination is the shopping experience.

Industry experts reveal that the duty free market raked in US\$37 Billion last year.

- Jamaica is positioned at the bottom of the pile among Caribbean countries, in terms of earnings from duty free sales.
- The island of St. Thomas, for example, earned US\$685 million from duty free sales, with roughly the same number of visitor arrivals as Jamaica, yet we earned just US\$127 million.
- The reality is that Jamaica's per capita visitor expenditure on duty free shopping is significantly lower than that of competing destinations in the region.
- Many destinations, such as Barbados, have zero duty regimes for the sector;
- St. Thomas and St. Maarten have zero import duties but instead levy a 4% and 3% tax, respectively on sales turnover;
- Other successful destinations that levy an import tax have rates of between 3% and 6% of CIF values;
- Taking taxes and operational fees together, Jamaica – the destination with the lowest reported per capita expenditure on shopping - has the highest fees and duties.

We have examined the earning potential of this sector very carefully, and are now positioning it to play a major role in the new tourism paradigm.

Our plan, therefore, is to market the destination as a shopping Mecca.

Proposed changes in the current legislation to allow for arriving passengers to benefit from In-bond shopping will facilitate this.

- An amendment is before Cabinet for consideration now which will allow for an inventory enrichment strategy, so that luxury goods can be imported duty free.
- This will attract the high end market which we are targetting as part of our marketing strategy.
- We also plan to enhance the duty free shopping experience through trunk shows, where merchants can bring in high end goods for sale in our airports.
- Taken together, the strategic approaches which we have planned will create pillars for an explosion in shopping. This is part of the new tourism architecture.

CASINOS

It is a fact that casinos will be a critical component in the growing luxury market, as we further diversify our product to attract the lucrative high end group.

The two mega resorts which have indicated interest in operating casinos, Celebration Jamaica and Harmony Cove, will add over 10,000 new luxury rooms to our accommodation stock.

Mr. Speaker, it is a fact that casino hotels have higher employment ratios than traditional EP and All Inclusive properties, and these two properties are expected to employ about 25, 000 workers. I want to make it very clear, that Jamaica will not be a casino gambling destination.

Rather, casinos will be part of the entertainment experience in tourism. Also, in accordance with the announcement of the Hon Prime Minister during last year's budget presentation, the legislation on Casino Gaming which will govern the operations of casinos locally was tabled in Cabinet recently.

CONVENTION CENTRE

The meetings and convention market, is one that currently offers very high returns.

In fact, the importance of convention tourism has been recognized at the international level, for its benefits to both the national and the local economy. In addition, there are strong indications that the convention industry has huge potential, in terms of the scope, for both immediate and long term advertising

spin-off, while offering an excellent source of revenue for all businesses involved, whether directly or indirectly. For that reason, Government has taken the decision to establish a convention centre in Montego Bay.

The Centre is designed as a modern, state of the art facility, capable of housing large and small meetings, conferences, exhibitions, banquets, weddings and other events.

The Montego Bay Convention Centre will be in the heart of the hotel district and in close proximity to seven of the major hotels with a total of almost 4,000 rooms. We are planning an aggressive marketing programme to support this facility.

UPGRADING THE PRODUCT

With respect to the experience which we promise to our visitors, the Tourism Product Development Company has been restructured and mandated to work closely with the Tourism Enhancement Fund to attend to the upgrading, development and management of high quality attractions. TPDCo's activities continue to concentrate on six main areas:

- The Spruce up Jamaica Campaign
- Development of the Craft Sector
- Resort Development
- Upgrading of Bath and Milk River Spas

- Product Quality
- Hospitality Training

SPRUCE UP JAMAICA

The Spruce Up Jamaica Campaign, for which J \$400 million has been budgeted, is one of the major initiatives of the Ministry of Tourism, and its sole purpose is to strengthen Brand Jamaica, a powerful brand which is our competitive edge. But it is a brand that must be protected and defended.

Brand Jamaica is our environment, it is our people, it is our product.

Several major projects are being implemented under the Spruce Up Jamaica Programme, with funding from the Tourism Enhancement Fund. These include:

- Human capital development
- Development of Artisan Villages
- Upgrading of craft markets
- Beautification of major towns, with the focus on resort areas
- Development of the Elegant Corridor in Montego Bay
- Tourism Service Excellence Programme
- Support for Small, Medium and Micro Enterprises
- A resort community rejuvenation programme

□ A Tourism Youth Ambassador Programme, including a Summer Employment Programme for young people, to expose them to opportunities in the tourist industry.

Placement of the first tranche of students for 2009 in resort properties will begin on July 13.

□ Refurbishing of heritage sites and spas

□ Engaging the National Solid Waste Management Agency to clean up and beautify major cities and towns. This has been done at a cost of J\$143 Million expended over the past six months, and employing some 15,000 persons to date, with work set to continue on this programme

□ Supporting sustainable development of the natural and built environment of the tourist industry

SPAS

In order to improve our opportunities in marketing health tourism, we are focusing on upgrading two of the spas at Milk River in Clarendon and Bath in St. Thomas, both of which have a worldwide reputation for their therapeutic value.

UPGRADING OF HERITAGE SITES

We have been working to upgrade the grounds of Devon House, Kingston's signature attraction, and are in the process of upgrading the mansion and shops. We have repaved the

driveways, landscaped the grounds, and established extensive parking areas.

The restored and improved physical infrastructure has created renewed public interest in Devon House. The allocation for this is J\$92 Million.

We are also restoring the Ward Theatre, which figures prominently in the country's cultural history, and is, in itself, an important landmark. The Ward Theatre celebrates 100 years of existence in 2012 and it has a grand history. We want to ensure that this important site is preserved and, hopefully, becomes an important Heritage Site.

We are also working on enhancement of Hope Gardens at a cost of J\$180 Million, with the intention of restoring this tranquil green space in the city to its former glory. Our partner in this project is the Nature Preservation Foundation.

With respect to Fern Gully, through the Tourism Enhancement Fund, we have provided a grant of J\$50 million to the National Works Agency for the rehabilitation of the roadway. The project is well advanced, with culverts being established prior to the final resurfacing of the road.

I am very pleased to say that Jamaica now has more attractions than any other destination in the Caribbean. Last year we saw the advent of Mystic Mountain, which has already won an award from the Jamaica Hotel and Tourist Association as the current top attraction in Jamaica. A number of other attractions are on a path for early implementation.

CRAFT DEVELOPMENT

In an effort to improve the quality of our craft output, TPDCo is collaborating with a number of partners, including the Jamaica Business Development Centre, the Edna Manley College for the Visual and Performing Arts, and HEART/NTA to produce a craft development strategy. This includes establishment of a Craft Development Institute to provide training in the design and development of high-quality craft products.

This Institute will be a dedicated agent for the research, training and manufacturing of traditional craft of Jamaica, as well as the outstanding fine art being produced by our young artists.

We are in partnership with the UDC to establish Artisan Villages in Montego Bay, Ocho Rios and Port Antonio, with the first of these to be sited in the Success area of Montego Bay, at a cost of J\$200 Million.

Each village will offer several elements of Jamaican life, including art and craft, traditional cuisine, music and entertainment, combined with a working artisan community devoted to the demonstration of skills in pottery, carving, weaving, jewellery making, leather craft, and much more. Recognising the need to upgrade the existing crafts markets, we have undertaken rehabilitative work on seven existing markets, which are currently at varying degrees of completion. The Old Fort Craft Market in Montego Bay is completed. The Harbour Street Market – also in Montego Bay - is 60% completed; the Negril Craft Market is 20% done, and the Musgrave Market in Port Antonio is near completion. In addition, we are refurbishing many other existing craft markets.

RESORT UPGRADING

We turn now to recreation space for visitors as well as residents. In this regard, we have been working along with the Urban Development Corporation to transform the lands along Gloucester Avenue, known as the Old Hospital Site, into a beach park that will be a symbol of beauty and relaxation. This project is expected to cost J\$30 million. Work will commence in July of this year, and completion is expected in October – ahead of the winter tourist season.

We speak next of the Elegant Corridor, which spans the area from the Montego Bay Airport roundabout to Iberostar Hotel at the eastern border of the Rose Hall area. Along this stretch of roadway, you will find some of the finest properties available in the Caribbean.

It is our intention to transform this corridor into a thing of beauty that will attract both our visitors and citizens. The main features will be the lighting and landscaping of median and verges for the entire strip.

This upgrading programme is a classic example of public/private sector partnership, as the hotels and other properties along the strip will be adopting areas for landscaping and maintenance, in keeping with predetermined designs and standards.

The contract for lighting is being carried out by the Jamaica Public Service Company, at a cost of J\$200 million, and will be completed within three months.

We have invited tenders for landscaping and this is expected to be completed within a three month period, as well.

One of the largest projects being undertaken by TPDCo, with TEF support, is the Resort Upgrading Programme. As we reported last year, the Ministry is undertaking comprehensive resort upgrading

programmes in Negril, Montego Bay and Ocho Rios, with the objective of turning them into world class destinations.

The cost of the three plans is approximately J\$200 Million. The Montego Bay plan is completed, and the Ocho Rios and Negril plans are expected to be completed within the next six weeks. These plans will be shortly presented to the Economic Development Council of Cabinet.

HUMAN CAPITAL DEVELOPMENT

The industry is currently faced with an increased demand for qualified workers, with greater demand projected within the next three years. This is the projected result of at least 20 new entities in the accommodation sub-sector by 2010 – an increase of room capacity in the industry by 77 %. The overall expansion will create over 33,000 jobs over the next two to three years in the accommodation sub-sector alone.

The Ministry's working committee, spearheaded by TPDCo and in collaboration with key stakeholders from the tourism and education and training communities, is developing an optimal strategy for ensuring that the industry will have access to the needed human resources as it grows.

While a number of institutions currently offer training for tourism and hospitality sector – including the HEART Trust/NTA, the University of the West Indies, the University of Technology and Northern Caribbean University, and some of the community colleges - the level of training and certification still demands some attention. We believe that, while the theoretical programmes currently offered are sound, there is insufficient exposure to practical, on-the-job training. There is every indication that there will be a greater shortage of trained supervisors and managers in the industry as the steady growth of investment in the sector continues.

HOSPITALITY SCHOOL

For that reason, the Ministry of Tourism, through the Tourism Product Development Company (TPDCo), has signed an agreement with The University of Technology (UTech) to implement a Hospitality School to be located in Montego Bay. The School will incorporate a fully operational hotel, providing on-the-job training. It will mirror the model established by the Hospitality School of the University of the Balearic Islands, a five star hotel that also provides training.

Instructors and administrators will be offered opportunities to study the best practices of the Spanish hotel and hospitality models, designed to meet the immediate needs of the sector.

When completed, for opening early next year, the school will be positioned as a regional institution, providing a first degree programme, and certification for persons already working in the industry.

We acknowledge, with thanks, the support of the Spanish Government, which has committed US\$1 million for technical assistance and soft loans for the development and training process.

Other training activities include:

- Team Jamaica (Heart Trust/NTA and TPDCo) – a comprehensive hospitality training programme
- Skills Upgrading Programmes

TOURISM SERVICE EXCELLENCE PROGRAMME

We turn now to the matter of service excellence, which is one of our main areas of focus in product development and preparation. Mr. Speaker, excellent visitor experiences are often underpinned by exceptional customer service. Striving for tourism excellence needs to be a continual and ongoing process in identifying and developing quality visitor experiences that meet and ultimately exceed expectations.

Service excellence is therefore inextricably linked to customer service. I am very pleased to report that our first attempt to recognize service across the industry, through the Tourism Service Excellence Awards, was a great success. The awards programme was created to identify and celebrate individuals and organizations that consistently surpass the standards for service delivery during a given year.

We were aiming to get 50 applicants for the first awards, and we ended up with over 100, and that was a most reassuring start to what we believe is a long overdue initiative.

It is my very great pleasure to congratulate the winners - Michael Campbell of Island Car Rentals whose company emerged as the National Champion Organization and Fiona Hartley from Beaches Boscobel who won the award as the National Individual Champion for service. They are indeed worthy ambassadors of our industry.

We encourage all members of the sector to aim to take part in this programme because an encouragement and celebration of excellence can only be to the benefit of all of us. This programme complements very well the awards programme for service excellence conducted by the JHTA for its members.

PRODUCT QUALITY

Mr. Speaker, the Ministry is engaged in a number of other initiatives to make our product even more wholesome and appealing.

These include:

- product quality assessment and inspection to ensure that properties comply with stipulated international standards, which allow them to be marketed by the Tourist Board; grants of \$300,000 per property were granted to 10 small properties to allow them to upgrade, in order to meet the compliance standards
- coordination of an HIV/AIDS Policy for the Tourism Sector
- resuscitation of the Bed and Breakfast Home Stay Programme which was developed to provide additional rooms for visitors to Cricket World Cup 2007.

SUPPORT FOR SMALL, MEDIUM AND MICRO ENTERPRISES

The tourism industry offers numerous opportunities for economic advancement. In recognition of this, the Ministry has developed a Tourism for Prosperity Entrepreneurship Drive which aims to encourage more Jamaicans to take advantage of these opportunities.

TPDCo has been charged with the responsibility of providing technical assistance to transform innovative ideas into viable income generating business activities. In addition, support is being provided for small attractions as well as hotels with 10 to 100 guest rooms.

Last year, Mr. Speaker, I told you about the introduction of a financing window for small hotels and attractions.

I am now in a position to report on developments with respect to that particular initiative. Through a partnership with Jamaica National Small Business Ltd., we have provided a \$150 Million facility on the following terms:

- Maximum loan \$3 Million with interest rate of 3%
- Repayment period 5 years.

There is no facility available to any industry in Jamaica at such concessionary terms, and this was made possible because we were able to work with our private sector partner to deliver a package that the industry wanted.

To date 28 loans have been disbursed, totalling, some J\$120 Million.

Mr. Speaker, we are doing all of this because we believe that small businesses are vital to the product mix and to the economic sustainability of the industry and, indeed the country. Our loan facility has worked very well. However, we believe that we need to take our involvement to another level and, here, we are talking about providing seed capital for businesses that want to tap into the value chain ... and want to assist in the expansion of the economic base of this industry. I have instructed the TEF to examine the possibility of creating a venture capital facility that would operate on the principle of matching funds.

Mr. Speaker, someone with a good idea should be able to approach us with a properly structured business plan and access funding to a maximum of \$5 million, provided that they are also investing a minimum of \$5 million in equity. But we strongly believe that there should be an investment in acquiring sound business acumen prior to the involvement of the TEF, and so we are creating an opportunity for training and skills development, as well as the establishment of unique small businesses that will stimulate growth in the sector.

I am proposing that this fund be seeded with an initial capital of J\$100 Million. This Venture Fund should have three main objectives;

- to foster the incubation of new businesses in the industry

- to provide a much needed stimulus to existing small businesses and to transform existing businesses that are floundering, because we believe that, in the New Tourism some businesses will not be able to continue operating the way they have been used to operating in the past.

You may find, for example, a small hotel being converted to an alternate use facility, such as apartments for accommodation of hotel workers, and similarly you may find residences being converted to bed and breakfast home-stay facilities. In the new dynamics that faces us, the Venture Fund will play a role in growth, survival and expansion of this sector, and allow for more inclusiveness, through local participation in the sector.

I plan to take to Cabinet a proposal to provide further technical and financial assistance to the small accommodation sub-sector, which will have the following components:

- an incentive programme for small properties which do not now qualify for any of the existing incentives
- design and planning assistance
- marketing assistance
- training
- a fiscal programme to provide low interest loans and relief from GCT and customs duties on items required to refurbish the properties

In order to access this loan, properties must be willing to have a complete assessment of their operations to determine the need, including compliance requirement and the future potential of the facility. The loan will be unsecured, requiring a promissory note, supported by personal guarantees of directors and/or owners. Details of the programme are being finalised.

TOURISM ENHANCEMENT FUND

Mr. Speaker, I turn now to the Tourism Enhancement Fund, also known as TEF, which was established four years ago for the sole purpose of implementing the recommendations of the Master Plan for Sustainable Tourism. TEF is mandated to:

- encourage sustainable development of Jamaica's tourism sector
- facilitate greater linkages with other sectors in the economy
- encourage better management of environmental resources in Jamaica.

TEF's major focus for financing falls within the following categories:

- Heritage tourism projects, be they built or natural
- Resort enhancement, which covers product development, diversification and beautification
- Community tourism

- Sports and entertainment
- Environmental management
- Culture, and support to tourism small and micro enterprises

The Fund currently has just over J\$3.5b in investments pending deployment in various projects and programmes.

In addition, The Prime Minister recently announced that a sum of One Billion dollars is to be earmarked for infrastructural development in informal settlements around the resort areas of Montego Bay and Ocho Rios, over a two year period.

Mr. Speaker, while we acknowledge the importance of the projects which are being funded by TEF, there is a major challenge which I should like to put on the table.

The TEF Act provides for the collection of fees from incoming air and cruise passengers. The mechanism for collecting from air passengers is in place and working very well.

However, we have not yet been able to finalise a mechanism for collection of the cruise component. Through inter ministerial efforts we are now very close to consummating an arrangement which will to rectify the situation.

STRENGTHENING CROSS-SECTOR ECONOMIC ACTIVITIES

Mr. Speaker, the proper function of tourism in an economy is linked to that of many other related economic activities, which accounts for the importance of its economic, social and

environmental stability. The extent to which the business operations of tourism are linked, backward and forward with other sectors determines the level of performance and profitability of the industry, the extent of the multiplier and spill-over effects, and the retention of value added – what we call the linkage effect.

The tourism value chain is a whole complex of integrated activities and transactions that facilitate the business of travel and tourism. An examination of the tourism value chain would reveal significant linkages with just about every other sector in the country.

Elements of the value chain include:

- Agriculture and food processing
- Manufacturing industries providing furniture, construction materials and other articles required by tourism establishments.
- Air, ground and marine transport
- Marketing services
- Reservations for travel and tours
- Financial services
- Telecommunications and information technology services
- Professional services such as construction design and engineering

- Environmental services
- Security services
- Government services

Some of these sectors are crucial for the proper linkage of tourism with foreign markets – what we would call forward linkages- because they constitute the platform for “taking off” and keeping the national tourism providers fully integrated with international tourism flows.

All of this points to the highly integrated nature of tourism, hence its impact on the rest of the economy. There is a dramatic multiplier impact on employment, because all of the activities which I have named in the value chain generate employment and income for thousands of people. In fact, this is what gives tourism its great value as an engine of growth. The flow-through effect is what allows tourism to be the driver of our economy. It is not simply accommodation.

If we reflect on the other lead industries in the economy, for example, mining and traditional export agriculture, we will see where hundreds of persons have recently been laid off because of a slow- down in those sectors.

The livelihood of persons in scores of towns and districts has been affected. By contrast, thousands of jobs are generated in resort towns, and the numbers continue to grow.

Tourism must therefore be viewed as a very sustainable support and safety net, because it generates considerable direct and indirect employment.

At the same time, I must emphasize that tourism's success calls for certain deliverables from our partners in the linkage process.

We must have:

- high quality in the goods and services that are provided for the industry
- consistency in production and delivery
- competitive prices

When a hotel makes an arrangement with a supplier for food to be delivered in certain quantities, at a certain time, at a certain price – he can't afford not to get his order on the agreed terms.

That is not good for business.

I want to make the strong point to the productive sector in this country that tourism offers an expanded market. When we increase arrivals, we expand the domestic market- which, by the way, also increases foreign exchange earnings.

POLICY INITIATIVES

For all of these reasons, Mr. Speaker, we recognize the importance of creating a legislative and regulatory framework that can facilitate the linkages of which I speak, particularly with agriculture and manufacturing. Cabinet is presently looking at this matter and we propose to proceed with the full collaboration of the Ministers of Agriculture, Industry and Commerce, Finance and the Public Service, JHTA, JMA and other stakeholders.

We have committed ourselves to achieving results in a number of areas, and these include:

- Repositioning Tourism as an Export Sector
- Measuring Tourism's Contribution to the Economy
- Promoting Investment through Administering of Incentives Programmes
- Introducing a Pension Scheme for Tourism Workers
- Addressing Time Share
- Developing an Attractions Incentives Programme (AIP)
- Amending the Hotel Incentives Act (HIA)
- Reviewing the Resort Cottage Incentive Act (RCIA)
- Attending to regulations governing in bond shopping and casino gaming

TOURISM AS AN EXPORT SECTOR

I particularly want to address the matter of repositioning tourism as an export sector. In my contribution to the 2008 Sectoral debate, I contended that tourism is not now seen as a sector within the National Accounts, let alone an export sector. We felt that this was untenable, and we set about to address the situation.

This Government gave an undertaking to Jamaica that tourism would be made an export sector, in order to enhance competitiveness and improve the efficiency of tourism operators.

Mr. Speaker, we in the industry see tourism as an integral part of the export sector. Consider, for example, that when a delivery truck rolls up to a hotel, loaded with Red Stripe Beer, when our farmers' bananas go into gallons of fruit punch and banana daiquiris, when visitors enjoy our famous rum, when they take in our attractions, we are earning foreign exchange.

We are doing so in much the same way as if those products were put on a ship or a plane and sent to a foreign country.

Because we recognize that tourism is really an invisible export, Government has committed itself to implementing policies that

will enhance the competitiveness and improve the efficiency of tourism operators.

Consultations have taken place within the framework of a Steering Committee – comprising representatives from Government and private sector. Further inter-Ministerial meetings involving the Ministries of Tourism, Agriculture and Industry, Investment and Commerce will be held with the aim of developing an appropriate framework of policies for competitiveness among hotels and tourism entities, including but not limited to, fiscal incentives.

Mr. Speaker, tourism's importance and its real role of bringing in foreign exchange is often underestimated, because we do not have proper statistics. The conventional ways of interpreting National Income statistics have proved inadequate, as tourism is captured in the "Hotels and Restaurants" Sector.

I should note that tourism is not explicitly identified as an industry in the national accounts.

Rather, it is connected to, and therefore forms part of various industries. It is therefore not possible to show its direct impact on the Jamaican economy by the standard presentation of the National Accounts.

The industries in the national accounts are presented from the perspective of the producer, while tourism is primarily measured from the perspective of the consumer. What we are attempting to do now is to disaggregate our national accounts and identify tourism as an accounting sector, in order to measure its direct contribution to GDP.

In 2007, tourism contributed J\$176 Billion to GDP. This did not take into consideration some activities which are related to tourism directly and indirectly.

It is our view that the availability of the TSA will now facilitate more accurate measurement and comparison of the economic contributions of the tourism sector to the national economy. As there is a continuing need for tourism statistics for planning purposes, the Ministry will continue to support research and analysis to ensure that relevant data on the sector are available on a timely basis.

We will continue to work with the Planning Institute of Jamaica and do the relevant and current impact assessment which will show the direct tourism linkages to the other sectors of the economy.

POLICY FRAMEWORK

Mr. Speaker, there are a number of other areas which are critical to the health and success of the industry, for which we must have a strong policy and regulatory framework. I speak, for example, of a pension scheme for tourism workers. Last year, the Ministry indicated its intention to address this problem of limited access to pension benefits for these persons.

We said that we would encourage and facilitate the collaboration of employers and workers in the tourism sector in the development of suitable pension and retirement schemes.

A Steering Committee was established to bring together Government and the private sector to examine this problem and propose solutions. Based on recommendations received, Government has now invited providers in the pension industry to submit proposals for pension and retirement schemes in the tourism industry, and will be partnering with suitable providers in ensuring that pension and retirement benefits are widely accessible to workers in the tourism industry as quickly as possible.

Government's role will however be primarily one of facilitator, supporting the private sector partners in the tourism and the

pensions industry in implementing suitable schemes in the various tourism entities.

- With respect to Time Share, the Ministry has sought expert technical advice

from the United Nations World Tourism Organization (UNWTO), for the development of Vacation Ownership legislation. The first draft of the Time Share legislation is now being reviewed by the relevant technical authorities and stakeholders.

- A review of the Tourist Board Act is being done to include all sectors of the industry and make it more relevant to trends in the local and international tourist industry. The revision will also take into consideration the new demands of the dynamic and expanding tourism sector and facilitate easier monitoring and administration;

- A review of the Travel Agencies Regulation Act of 1956 is needed to chart the way forward. We are now conducting research with a view to commencing consultation with JATA, IATA and other stakeholders for an amendment of the Act.

- A number of Incentive schemes are under review to strengthen the tourism sector. One very important revision is that of the Hotel Incentives Act (HIA) , which has now been approved by Cabinet and allows for:

- a waiver of the General Consumption Tax on items purchased locally.

The current regulations allow duty free concessions only for imported items.

- a definition of what constitutes a convention hotel
- an expanded Duty Free concession list of items

The existing duty free concessions available for the attractions sub-sector will be revised before the end of the fiscal year to bring it in line with concessions offered by the HIA.

- The Ministry of Tourism, has partnered with the Office of Disaster Preparedness and Emergency Management on a Multi-Hazard Contingency Programme, to plan for and manage disasters that might affect us.

A Tourism Emergency Management Committee has been established in each resort area to address natural and man-made disasters which might occur;

- The promotion of good environmental practices in the tourism sector remains a priority for the Ministry.

In consideration of this, we will this year, be putting forward submissions to Cabinet for the development of a White Paper on Water Sports Activities in Marine Recreational Areas and Recreational Use of Rivers.

TOURISM OUTLOOK SEMINAR

For the third year, Jamaica will host the annual tourism Outlook Seminar, which brings together international tourism partners with representatives of the local industry to examine trends, issues and predictions relevant to advancing the tourism industry.

In 2010, the UNWTO will partner with this Ministry in hosting the seminar and will invite the participation of their member countries of the Caribbean, and members of the Caribbean Tourism Organisation.

ADMINISTRATION

Jamaica Tourism Centre was opened last week (June 25) in Montego Bay to house the offices of the JTB, the Tourism Product Development Company, JAMVAC and the Tourism Enhancement Fund. The Regional Tourism Centre was seen as a key measure to:

- enhance the role of tourism as a key driver of economic development
- more effectively address stakeholder needs

- increase services to the tourism industry in the main resort areas
- increase the accessibility of the Minister and Ministry of Tourism to stakeholders in the resort areas
- enhance responsiveness and improve communication with tourism industry stakeholders.

Restructuring of JTB and TPDCo

In view of the strategy of intensified marketing and promotion of land-based attractions, cruise and other marine tourism activities, the management of the JTB has been modified and strengthened. This has included the addition of a new department responsible for the marketing and promotion of cruise and marine tourism and attractions.

Change within the JTB has also been brought about through the use of technology. Operationally, we have created a single virtual office which includes all the offices, both here and overseas. This allows for easy electronic communication and collaboration among staff in different areas.

We have leveraged technology to establish and maintain a number of databases to assist with better resource management

and decision making. For example, we have established a growing database of travel agents who sell Jamaica. We are also using MIST (the Management Information Systems for Tourism) which assists us in generating statistical reports and analysis. The JTB website has been rebuilt to make it more responsive to market needs, at a cost of US\$350,000.

TPDCo has been reorganized into four main divisions:

- Attractions Development and Technical Services
- Training
- Product Quality
- Corporate Services

CONCLUSION

In closing Mr. Speaker, please allow me to reiterate a few key statements about this very vital industry upon which we all depend.

- I believe we all see the critical role that tourism plays in the Jamaican economy, and would therefore agree that tourism is the real “engine” of growth. However, if this engine is not moving at full throttle, the economy cannot reach its full potential.
- My Ministry and the Agencies under its purview have sought to provide an enabling framework for the sustainable development of the tourist industry through the strengthening of policies and

incentives. In so doing, we are facilitating partnerships which will provide synergies for growth.

- Today, I want to use this opportunity to speak directly to our partners who make up the tourism family: those who provide accommodation; those who provide transportation; those who provide the food and beverages; the attractions providers; the entertainment providers; our arts and crafts people and the numerous services that are necessary to maintain the quality of our tourism product and the competitiveness of "Destination Jamaica".

We know there are challenges but if we are to secure our future, we must all redouble our commitment to this "new Tourism architecture".

- We have to commit to combining a healthy concern for people and respect for the environment with economic success ... that is how, together, we will make the tourist industry strong and sustainable for future generations.

- I also want to appeal to my fellow Jamaicans - men, women, and young people to do everything possible to rekindle true kinship and respect for self so that we can cultivate a genuine "hospitality culture."

Then and only then will we really add value to the slogan - "Jamaica, Once You Go, You Know".

There is no doubt that we face tough challenges Mr. Speaker. But history reminds us that if we are to secure our future, we must confront those challenges with firm resolve, and as one team.

I am convinced that if we as a nation are able to implement our different activities using this “new Tourism architecture” as a platform, we all – the Government, the private sector and the Jamaican people – we all will be able to achieve the goal of a better quality of life for all our people.

I am reminded of a poem I learnt a long time ago, which speaks to many challenges we may face, but ends with the beauty of true Jamaican strength of character. It says ...

We have neither Summer nor Winter

Neither Autumn nor Spring.

We have instead the days

When the gold sun shines on the lush green canefields – Magnificently

The days when the rain beats like bullets on the roofs

And there is no sound but the swish of water in the gullies

And trees struggling in the high Jamaica winds.

Also there are the days when leaves fade from off guango trees

And the reaped canefields lie bare and fallow to the sun.

But best of all there are the days when the mango and the

logwood blossom

When the bushes are full of the sound of bees and the scent of

honey,

When the tall grass sways and shivers to the slightest breath of

air,

**When the buttercups have paved the earth with yellow stars
And beauty comes suddenly and the rains have gone.**

Nature by HD Carberry

**Doesn't that poem, Nature by HD Carberry, truly reflect Jamaica?
God has blessed richly us with ... beauty of land, a rich and invigorating
culture and a warm, hospitable people ... I am convinced, Mr. Speaker,
that together, WE CAN confront our challenges and secure our future
for Jamaica, land we love.**