



Ministry of Tourism & Ports

Remarks for the Cayman Islands Chamber of Commerce Economic Forum

By Hon. Kenneth Bryan

Minister for Tourism and Ports

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CREATING A SUSTAINABLE ECONOMY

THROUGH AN INTEGRATED TOURISM VISION

With protocol having been established,

Distinguished Guests, Ladies and Gentlemen,

It is truly a pleasure to join you at this Economic Forum hosted by the Chamber of Commerce. I want to thank the President, Mr. Nelson Dilbert and Executive Director Wil Pineau for inviting me to speak, and I appreciate the opportunity to share my thoughts on the pivotal role our tourism industry plays in creating a sustainable economy in the Cayman Islands.

Our tourism industry is a powerful catalyst for growth and development. It is an industry that not only carries a huge responsibility; but has the potential to profoundly impact and shape our Islands future, for decades to come.

Tourism is also incredibly dynamic.

It generates revenue, provides employment opportunities for our people, and it is sometimes described as the industry of memories and dreams.

Why?

Because as humans, we crave new experiences; and the wonder and excitement of travel adds so much to the rhythm and richness of our lives.

Sustainability on the other hand, particularly in the context of tourism, is a concept that encompasses the complete tourism experience.

It incorporates the principles of balance, adaptation and responsible travel; and the desire to be a source of positive benefit, rather than a negative impact.

The World Tourism Organization defines sustainable tourism as “tourism that takes full account of its current and future economic, social and environmental impacts, while addressing the needs of visitors, the industry, the environment and its host communities.”

This is a mammoth task, and it requires us to find a delicate balance between short-term gains and long-term sustainability.

Economic. Social. Environmental. Communities.

The government’s aspirations for our tourism industry align with the WTO’s perspective as it relates to those four pillars of sustainability - Economic, Social, Human and Environmental.

Our vision for tourism, particularly over the next decade, is for it to function as a powerful engine for improving the socio-economic prospects of our people. Therefore, it must:

- Stimulate widespread economic activity,
- Foster new growth across our communities,
- Create jobs and offer career opportunities for our people,
- And showcase our unique culture and heritage while preserving our priceless natural environment and assets.

(and hot off the press I am very happy to note that the beauty of our natural environment has led to the Cayman Islands being recognised as number 8 in the world, in the Best of the Best TripAdvisor Travelers' Choice Awards. Fewer than 1% of TripAdvisor's 8 million listings are awarded Best of the Best, which is a wonderful accolade for our Islands.

But I digress.

For tourism to truly function as a catalyst for economic activity and growth, we must develop clear targets for our tourism industry and take a scientific approach to economic benefit and projections. We need to align our revenue goals with the necessary infrastructure investments to support them effectively. By doing so, we can optimize the economic benefits of tourism, while maintaining a sustainable and resilient industry.

We must also continue to empower our local entrepreneurs and enable them to participate in the tourism industry, not only as employees, but also as owners of businesses. Inclusivity and the involvement of

Caymanians in the industry remains our commitment, and the government continues to put frameworks in place to boost their success.

Now, let us paint a picture of what the future of tourism in the Cayman Islands could look like.

Fast forward in time to... say a decade from now, and just imagine:

- An industry where stayover and cruise visitors seamlessly coexist, enjoying an integrated and balanced experience. Where cruise passengers no longer compete with local life, and downtown traffic and congestion are a thing of the past.
- An industry that is decentralized, with Mom and Pop shops flourishing all across the island, especially in the Eastern and Western districts, enabling the benefits of tourism to be spread more broadly and equitably.
- Think about a diverse tourism product, offering a wide range of new experiences, highlighting Caymanian foods, crafts, tours, and attractions, authentically showcasing the culture of our Islands.
- There would be increased Caymanian participation in the industry, with financial benefits positively changing lives and

providing more, meaningful career and professional development opportunities.

- And robust infrastructure – such as interconnected road networks devoid of traffic, airports that support new routes and long-haul service; and Ports that run efficiently and support sustainable growth.

All of this sounds almost too good to be true. But I believe every one of those aspirations is achievable.

So the question is, how will we get there?

What is the plan, and where are we now with respect to that vision?

Stayover Visitor Performance

The first priority for our tourism industry is to return visitation to 2019 levels. This might sound scary to some of you but it shouldn't, and I will explain why, shortly.

First off, the reason why we have to get back to 2019's numbers is because it is critical for underpinning:

- Economic sustainability,
- Increasing revenue generation from taxes and fees

- Boosting the availability of jobs for Caymanians, and business opportunities for Caymanian entrepreneurs.

I am happy to report that our efforts to reinstate stayover visitation are proving successful. Between January and December 2023, we welcomed 429,284 stayover visitors – an impressive 85% of 2019's record-breaking numbers. This signals a strong rebound and sets a positive tone for our business community.

Our Hoteliers and reps from the accommodations sector can confirm that ADR is high, having increased by well over 30% in 2023 compared to the year prior, and we have over performed with respect to the collection of tourism taxes.

In 2023 we expected to collect \$25M and I am super excited to say that we did significantly better than that. Between January and December revenue collected from tourism accommodation taxes amounted to \$46.5M.

This not only exceeds our 2023 target by \$20M, it also exceeds the \$36.5M collected from our record-breaking arrivals in 2019 by \$10M, making 2023 the highest year on record. Let me repeat that for those in the back to hear me. 2023 was the highest year on record for revenue collection from tourism accommodation taxes.

This tells us that even though the numbers have not yet fully recovered, we are earning more from our stayover visitors than ever before. And that's an example of quality over quantity.

For 2024 I have set a conservative target of 478,000 visitors, which is an 11% increase over 2023, and 95% of 2019's stayover arrivals. The revenue target is \$40 million for 2024 rising to \$44 million in 2025.

It is important to note that returning to 2019 numbers is a benchmark. It's not the ceiling. Continued growth in visitor arrivals beyond 2019 numbers will continue to occur incrementally, driven by increases in room stock and airlift. Both are expected to increase this year, through notable projects like the new Hotel Indigo, along with growth in home sharing through sites like Airbnb.

Increases in airline seat capacity from big international brands like Delta, which will be adding service from Minneapolis/St Paul and American, with the addition on Charlotte, North Carolina, will also positively impact stayover arrivals.

I am also pleased to say that we are looking at introducing a new Cayman Airways route into the Mid-West for the Winter season.

Cruise Passenger Performance

While I have full confidence that we will get back to 2019 numbers for stayover, the outlook for cruise is not as positive. Cruise passenger arrivals over the period January to December 2023 were at 1.2 Million, which equates to 30% or 560,000 fewer passengers compared to 2019.

The cruise industry is continuing to evolve, moving towards larger and larger ships. To stay relevant as a cruise destination and protect the market that we have, which contributes up to 200 Million to our economy, we must adapt and be willing to rethink the possibilities.

One burning question that we must address is the friction that sometimes exists between our two distinct forms of tourism: stayover and cruise.

While stayover tourism brings greater economic benefits, we must also recognize the opportunities that cruise tourism provides for many Caymanian businesses and entrepreneurs.

This is one of the reasons why it is important to maintain a balanced approach that supports both stayover and cruise tourism, ensuring the ongoing inclusion and success of Caymanian enterprises on both sides of the industry.

At the same time, we must also pay attention to providing the optimum resident and visitor experience. If we cast our minds back to those pre-pandemic years of growth, the industry was booming from an economic perspective. But there were also social impacts affecting our quality of life, as well as environmental concerns.

Traffic, congestion and delays became pressing issues and the strains on infrastructure and the environment began to surface. There were complaints about major attractions being oversubscribed, and there being no place on beaches for our locals to enjoy.

It had reached the point where people would actively avoid George Town, particularly on cruise ship days. And those that couldn't – for example a lawyer trying to get across town to the Courthouse – had no way to avoid it.

Returning to 2019 numbers, while beneficial from an economic perspective, requires permanent solutions to fix the traffic and congestion issues; and better pedestrian management to improve the visitor experience, and minimize the impact on residents trying to go about their daily lives.

The problem wasn't that we had too many tourists in 2019, the problem was that we didn't manage them correctly. What we needed

was more effective solutions to manage pedestrian, vehicle and cruise passenger flows.

I am happy to say that work is ongoing to address all of these issues.

For example,

- By working in collaboration with industry partners such as Disney, solutions are being identified to improve ways in which the movement of cruise passengers is managed.

- We are also in the process of determining whether it is sustainable for the Cargo Port to remain downtown in the heart of the business district. Operationally, the Port is nearing the end of its lifespan and is struggling to cope with the ever-increasing volume of imports, which is being driven by organic population growth.

- If the Cargo Port moved to another location, the space available to manage cruise operations would virtually double overnight. This would help with the management of the embarkation/disembarkation process, and the flow of passengers travelling to/from tour busses could be organized more efficiently.

- There would be significantly less pedestrian spillover onto the harbour front. Passengers taking tours could be picked up within

the larger footprint of the cruise port, thereby reducing the congestion on our streets – which was one of the most common complaints that residents had voiced.

- Another benefit of moving the Port is that it would allow us to manage imports into the country more efficiently. Port operations would not be confined to only working at nights as they are now; they could also work during the day, essentially doubling the amount of time available to clear imported goods.
- KPMG, along with a company called Stantec are in the process of developing the Outline Business Case which will examine the options - whether the Cargo Port remains where it is or moves to a new location. I look forward to receiving that report with recommendations on the preferred option by the end of the second quarter of this year.

Interconnected Roads Infrastructure

Clearing the congestions on our roads and removing the bottlenecks is not only beneficial for residents, it also improves to the tourism experience for visitors and is a pre-requisite for the tourism sectors continued success as well as growth, if and when necessary.

I'm sure many of you would be aware that the airport connector road is now open, and by all accounts it is already alleviating the weekend pressure points. Plans are in place for the extension of Godfrey Nixon Way to the Harbor Front, which will allow road users to bypass town and get to their destination faster - and in a better mood!

Diversifying our tourism product and introducing more tours, activities and attractions dispersed across the Island, also depends on a well-connected road system. This is another reason why you have seen me and others in this administration lobby for the extension of the East West Arterial.

Think of it this way. If we were to pack a thousand people into this room it would feel chaotic and overcrowded. But if we spread a thousand people across this property, the experience would be far more comfortable, enjoyable and stress free for everyone, like the Kimpton Seafire experience always is.

The same principle applies to the East West arterial in terms of the benefits it would provide in our efforts to diversify our tourism product. Businesses could more easily and effectively set up outside of Town and it would also support the decentralization of the government services,

retail and housing – All with the added benefit of alleviating traffic, which contributes to a better quality of life.

Having that road in place, with activities spread all across the Island, would give visitors more choice of things to do. One of the reasons why products like Stringray City and others are oversubscribed is due to the lack of alternative options.

And speaking about alternative options, this is one of the reasons why the government has been purchasing beachfront property in different locations so that locals, visitors and cruise passengers will all have places to go to enjoy the sun, sea and sand without it feeling overcrowded.

Visitor Experience Development Grant (VEDG)

My Ministry and Department of Tourism are working hard to ensure that all Caymanians, and micro, small and medium-sized enterprises in particular, are meaningfully included in our tourism economy.

To this end, I am happy to say that our government has implemented a programme called the Visitor Experience Development Grant, whereby CI\$500,000 annually has been allocated in the 2024/25 budget to

provide start-up capital to Caymanian entrepreneurs and artisans, to help them develop new visitor experiences.

The objective is to have Mom and Pop shops set up all across the island, especially in the Eastern and Western districts, offering a range of things for visitors to do, which highlight Caymanian foods, crafts, tours, and attractions. We believe this will have a major effect on decreasing the over subscription at other attractions like Stingray city and our beaches, and there is data to support this.

International tourism trends are pointing to a shift from the 'sun, sea and sand' offerings, towards more interactive and experiential tourism. Tourists are increasingly seeking to go beyond the typical tourist spots and want to see more of the destination in unique and authentic ways. According to American Express Travel's 2023 Global Travel Trends Report, 89% of travelers are ready to explore local hidden gems rather than the better-known tourist destinations. So, you can see that we are in line with what the trends are indicating. Gen Z and Millennial travelers especially are looking for more unique spots with authentic adventures, small-town shopping, and local cuisine.

I should be clear though, that with this programme we are not looking to fund another excursion to Stingray City, or another walking tour in George Town. The goal is to spur the development of new enterprises, or the introduction of new tourism products within existing business operations.

The qualifying criteria is in its final stages of development and we expect to be accepting applications by the end of the first quarter of this year.

I am hopeful that this programme will also help Caymanians in the Sister Islands – because we have to be mindful that the Sister Islands also play an integral role in achieving sustainability. And as many of you are aware, in Cayman Brac for example, there are projects in the early stages of development which we believe can offer tremendous benefits from a tourism perspective.

So, as you can see, there really isn't any reason to be scared of returning to 2019 numbers because the issues that caused a lot of the pinch points and affected the quality of life are being addressed.

In fact, to borrow a phrase from one of the great post-impressionist painters, Vincent Van Gogh, who said, and I quote:

“Great things are done by a series of small things brought together.”

And I have to say, I agree with him in this respect.

To further paint the picture of what the future of tourism in the Cayman Islands could look like, I envisage things like:

- the development of a tourism convention centre that would allow us to attract prominent conferences and events to our shores.
- I see interconnected walking pathways, and bike paths, linking purpose-built accommodations with Caymanian-owned restaurants and water-sports activities.
- Ongoing Caymanian cultural performances would be a highlight; allowing our talented Caymanians to pursue careers within their areas of passion, enhancing our arts and preserving our cultural heritage.
- Visitors would have the opportunity to experience so many aspects of our culture and cuisine authentically.

It is important to note that since all industries in the Cayman Islands are interconnected, a well-designed vibrant tourism sector would lead to a more efficient transport system that can be used by all, reducing the number of vehicles on our roads and improving our overall quality of life.

Moreover, we can create a sustainable future for tourism in the Cayman Islands that not only benefits our economy, but is supported by strong educational training opportunities for our people; such as, through the Hospitality School, and the Ministry of Tourism Scholarship Programme.

Ladies and gentlemen, I started my presentation by outlining my vision for tourism and I have provided a very brief overview of the some of the actions and initiatives that will transform that vision into reality. Actions like controlling congestion and improving the experience for visitors and residents, and initiatives like diversifying our tourism product and decentralizing the industry to provide more opportunities for all.

But sustainability in tourism is about preparing for the present as well as the future.

- It is about maintaining the assets and attributes that place the Cayman Islands among the most special locations in the world.
- It is about having a well-planned industry with residents, visitors, businesses and employees co-existing in harmony.
- It is about government and industry partners working together, aligning our efforts and sharing resources to build a more cohesive and resilient industry that is inclusive of all stakeholders.
- It is about continued investment in our infrastructure – like what we’re doing with our roads, airports and seaport to underpin our growth.
- It is about focusing on keeping crime low, to maintain our standing as a safe jurisdiction; and continuing to provide the police with the support that they need.
- It is about keeping and sharing our spirit of Caymankindness; which people love so much and reflects the warmth and friendliness of our people.

- And it is about keeping our islands clean, because no one wants to visit a place that is dirty and littered with derelict vehicles all over the place.

The Beautification Task Force which was established under my Ministry and is being led by Parliamentary Secretary Ms. Heather Bodden is doing tremendous work keeping our Islands clean. I am very pleased with their clean-ups and media campaigns, and the feedback from the public has been immensely positive. I would like to ask all of you, as business owners and corporations to assist in these efforts by keeping your business places clean and well-manicured. It makes such a difference and helps to attract customers to your doors.

Finally, sustainability is a means of expressing our commitment to continue embracing the forward-thinking strategies that, ultimately, will deliver multiple pathways of opportunity and prosperity for all who call these Islands home, but primarily for Caymanians. Because at the end of the day, irrespective of whether we look at sustainability from an economic, social, human or environmental perspective – it is our people who are the heartbeat of this country, and at the core of sustainability.

Therefore, I look forward to a future for tourism in the Cayman Islands that empowers all people, especially Caymanians, that embraces inclusion, and supports the protection of our natural and cultural assets for future generations to benefit from and enjoy.

As the prominent business leader Jochen Zeitz, President and CEO of Harley-Davidson expressed, **“Sustainability is no longer about doing less harm. It’s about doing more good.”**

I believe that by working together, we can achieve all of these aspirations and really do more good, to create a thriving and sustainable industry that benefits our economy, our people, and our beloved islands.

Thank you for your attention and I now look forward to taking your questions.

ENDS