

PART III STRATEGIC FRAMEWORK

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14. TOURISM POLICY AND GROWTH OBJECTIVES

14.1 POLICY OBJECTIVES

‘The generations of economic activity, economic growth and ensuring social protection of the less fortunate’ is the goal of the GoCD.¹⁵

Building on the 1997 vision for tourism¹⁶, the **Tourism 2010 Policy** document, sees the tourism sector’s potential contribution to national objectives as follows:

Dominica will pursue sustainable tourism that enriches the lives of all citizens by creating economic, social and cultural opportunities, protecting the natural resources and scenic, heritage and cultural features of the country, nurturing community involvement in tourism at sustainable levels, and by creating career paths for the young people of Dominica.

Sustainable benefits arise from tourism because expenditure by tourists raises the level of economic activity, generates income, provides employment, contributes to foreign exchange earnings, raises additional tax revenue and can bring about better distribution of income and employment opportunities within the country. Tourism also helps to support a level of infrastructure that might not otherwise be justifiable. Tourism can bring benefits to local communities, has strong linkages with other sectors of the economy and is attractive for small and medium sized enterprises.

In addition to these economic and social benefits, tourism can contribute to heritage/cultural protection and enhancement as well as improved environmental management. Tourism’s objectives in these regards are outlined in the *Tourism 2010 Policy* document.

14.2 GROWTH OBJECTIVES FOR TOURISM SECTOR

14.2.1 Macro-Economic Context

The output (GDP) of Dominica’s economy was estimated at EC\$771m (US\$285m) in 2004¹⁷, representing a growth of 8.5% on the corresponding figure for the previous year. The economy appears to be emerging from the long recession caused by the reduction in crop production since the mid 90’s. Preliminary estimates suggest the Dominica economy expanded by a further 3.5% in 2005.

¹⁵ GoCD Ministry of Finance & Planning, 2005/6 Estimates

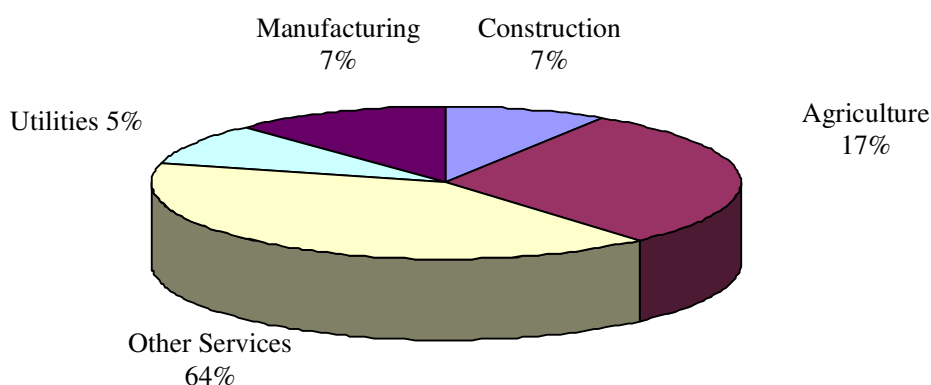
¹⁶ Dr. Maria Bellot, Tourism Master Plan, 1997

¹⁷ CSO, Dominica

Sectoral Breakdown of Economy

As shown on the following chart, the services accounts for about two-thirds of national output.

Chart 14.1: Breakdown of GDP by Sector of Origin, 2005



Source: ECC/CSO Dominica, Feb 2006

Within the services sector, general government services account for 31% of output; transport and communications for 30%; commercial distribution for a further 22% and financial & business services for most of the balance.

The ‘hotels & restaurants’ sector account for about 2.5% of national output. However, this figure significantly underestimates the wider tourism sector’s contribution, since the outputs of ground tour operators, dive centres, craft shops, car rental etc. are not included.

Government looking to tourism as a way forward

Looking to the future, the major challenge facing Dominica is to diversify the economy from its reliance on primary products. This can only be done by identifying and developing value added internationally traded products/services in agri-business, manufacturing and in the service sector. However, the services sector’s capacity to constitute a ‘driver’ of national economic activity is limited by the fact that much of the output is either non-traded (Government services) or sheltered (utilities). Internationally traded services with significant growth potential are few, tourism and financial services being the main ones.

14.2.2 Growth Objectives

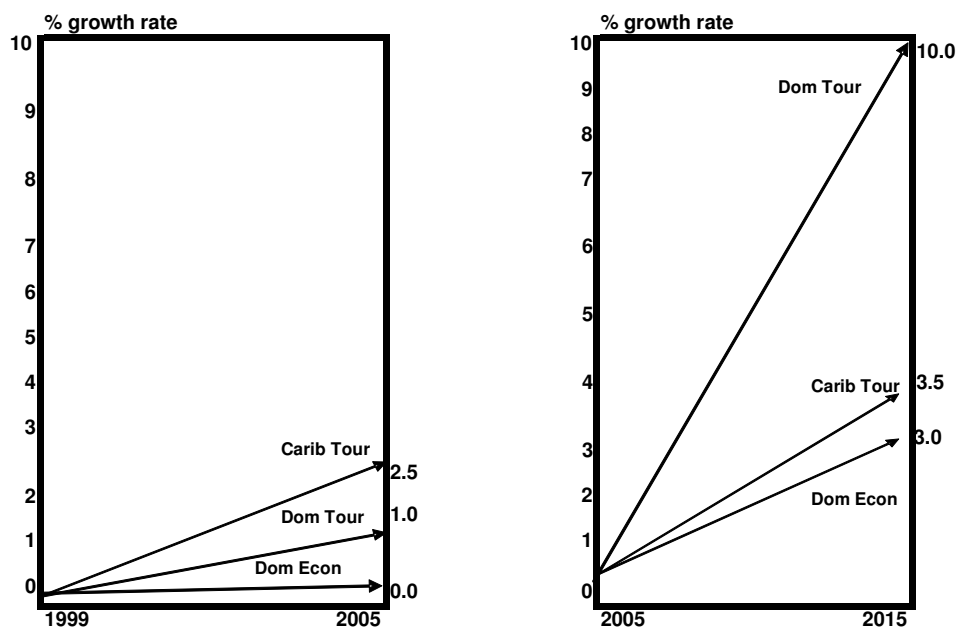
The Government wishes to develop the tourism sector as a driver of national economic activity and diversification. It has established tourism as a priority sector as the country has the natural and cultural resource base upon which to develop a sustainable industry on the one hand and on the other, take advantage of the expanding global market for international travel, projected to grow by about 4% yearly to 2020.¹⁸

The economy is projected to expand by about 3% annually over the medium to long term. However, for the tourism sector to be a ‘driver’ of national economic activity and force for change, the tourism sector’s growth rate must be significantly higher than the growth rate of the economy generally.

This is a formidable challenge, as not only has the tourism sector to consistently outperform the economy generally, but Dominica tourism must outperform the projected growth of Caribbean tourism.

The *Tourism 2010 Policy* statement¹⁹ sets out the growth objectives for the tourism sector, indicating that a target of doubling of tourism expenditure over a seven year period is realistic. This translates to an average growth rate of 10% yearly, which we have extended as the *Tourism Master Plan* growth objective for the sector over the next decade to 2015.

Chart 14.2: Tourism Sector Growth Targets



¹⁸ WTO Tourism Highlights, 2005

¹⁹ *Dominica Tourism 2010 Policy*, Ministry of Tourism, Jan 2005

15. TOURISM BUSINESS OUTLOOK

In targeting for a significantly higher growth rate than what has been achieved to date, Dominica will have to take account and respond to changing demand trends, technological developments, competitor activities, changing consumer socio-demographics etc. The following are the more relevant.

15.1 STAY-OVER ARRIVALS DEMAND TRENDS

Since 2000, global travel²⁰ has increased by about 3% yearly, constrained by a variety of factors – 9/11 terrorist attacks, sluggish economic growth in Europe, SARS in Asia, etc. Between 1999 and 2004, international travel to the Caribbean increased from 13.5M to 15.4M tourist arrivals**, representing an average growth rate of just over 2.5% yearly. However, this growth was unevenly spread across the region, with Cuba and the Dominican Republic being the high growth destinations. Excluding these two countries, growth to the traditional Caribbean destinations has been averaging about 1% yearly.

Looking to the future, international stay-over tourism to the Caribbean is likely to grow by between 3 to 4% yearly, with some countries (primarily Cuba and the Dominican Republic) expected to record significantly higher growth rates.

15.2 CRUISE SHIP MARKET

Cruise Ship Bookings

With the delivery of new and bigger ships, worldwide cruise bookings are projected to increase from 13.8M in 2004 to 15M in 2006 and 20M by 2012, representing an average growth rate of about 5% yearly.

In the Caribbean (as defined by the CTO) cruise passengers' visits increased by an average of just over 4% yearly between 2000 and 2005. With the continued buoyancy of this market coupled with larger ship sizes, the projected growth rate for cruise ship passenger visits to the Caribbean is about 5% yearly.

Size of Ships

There is a definite trend towards increased ship size. According to the *Cruise Industry News Quarterly, Spring 2006*, few of the ships on order are less than 100,000 GRT and some will be double that size. These ships will be able to carry between 3,600 and 5,000 passengers respectively. This has implications for berthing facilities for destinations wishing to continue to attract cruise ship traffic. However, it should also be noted that demand for the smaller, luxury ship tours is also buoyant.

²⁰ World Trade Organisation, Tourism Highlights 2005 Edition

** excluding Mexico and Puerto Rico

Regional Competitors

Destinations are investing in berthing/port facilities for the cruise ship market. As described in the Jacobs Gibbs study²¹.

- BVI investing US\$28M to develop the Crown Bay Cruise Ship Port
- St. Kitts has redesigned and re-constructed its cruise ship berths
- Grand Turk opened a US\$35M twin cruise berth facility in 2006
- Jamaica plan to expand its facility at Montego Bay
- Antigua had recently completed a US\$22M infrastructure improvements to its cruise facilities

It should also be noted that most destinations have attractive reception facilities – shopping malls, cruise villages.

15.3 NEW PRODUCT DEVELOPMENT IN THE CARIBBEAN

New investment continues apace in the Caribbean with emphasis on up-market, quality developments. These developments cover the whole product range – from mega resorts in the Dominican Republic to a marine theme park in the Cayman Islands. A representative selection of new product developments for 2006 include:

- Puerta Perla beach front resort in the Dominican Republic
 - 8,000 residential units, three golf courses, marina, spa, hotels, restaurants
- 18-hole golf course at Tenemos St. Regis Retreat in Anguilla
- \$200M Bahia Principe Resort in Jamaica
- Tobago promoting birders (twichers) linked with small, up-market hotels
- nature trails in Jamaica (equestrian) and 4x4 off-road safaris in Curacao's Christoffel National Park
- volcanic safaris (Mount Liamuiga) and Sugar Plantation Heritage Tour on St. Kitts
- marine theme park (Boatswain's Beach), Cayman Islands
- boutique hotel and spa (Santasha Retreat & Spa) in Barbados
- Casuarina Beach resorts in St. Lucia
- legendry Hotel Saratoga (96 rooms) reopened in downtown old Havana, Cuba.
- US\$300M+ luxury development on Canouan
- EC\$1.5B resort development in Grenada involving 120 room 5* hotel, 280 residential units, 36 estate lots, marina and yachting facilities and 120 room mid range hotel.

²¹ Feasibility of a New Cruise Ship Berth for Dominica, Jacobs Gibb, 2006

15.4 CONDOMINIUMS/VILLAS/APARTMENTS DEVELOPMENTS

Today, many people want to buy property in vacation destinations rather than to rent villas, condos, etc. These buyers are not only from the U.S. or Europe, but also from within the Caribbean. For example, Trinidadians are buying vacation properties in Barbados. Reflecting this, the major investments are now in residential property developments. For example, in the Dominican Republic at Puenta Perla the 8,000 residential units will be a mix of apartments, village townhouses, golf villas and luxury detached houses, ranging in price from US\$200,000 to over US\$2M. In Barbados, hotels are being replaced by condominium/apartment developments.

Destinations are promoting these types of developments as they ‘anchor’ future tourism. People are obviously more likely to return and stay longer if they own a property in a destination.

15.5 AIR ACCESS AND AIR FARES

Although recent increases in oil prices (primarily due to war in Iraq, BP’s partial shutdown of their Alaskan field, etc.) have exerted an upward pressure on air fares, the likelihood is that these pressures will moderate in the longer term as more stable conditions return to the Middle East and BP’s technical problems are resolved.

However, an issue which may push-up fares is the increasing pressure from environmentalists on Governments to levy airlines in respect of their gas emissions – a carbon tax.

The major development in the aviation sector will be the introduction of the 555 passenger aircraft (Airbus A380) from 2007. Larger aircraft will have a number of implications – consolidation of traffic between the main hubs; competitive fares on main routes; re-configuration of airport passenger terminals etc. It will also increase the demand for greater air access capacity from these hubs to the off-main line destinations, which in turn will impact on size of aircraft and airport infrastructures at these off-main line destinations.

15.6 INVESTMENT PROMOTION

Caribbean states wishing to attract foreign investment in tourism, are providing a range of incentives, which include

- for resorts, tax holidays, waiving of import duties, levies etc.
- for new residential properties, no stamp duty on purchase, no VAT, no income tax on rental income, no capital gains tax when property sold, guaranteed rates of return for certain periods.

15.7 CUSTOMER TRENDS

International tourism and its markets are facing unprecedented change because of increasing affluence, demographic shifts, changing lifestyle values and rapidly evolving technologies. This changing profile of customers makes it difficult to determine the pattern of future tastes and preferences. The complexity of the market makes the concept of the typical or average tourist of little practical use for tourism planning purposes.

Some characteristics of tomorrow's customer provides pointers for Dominica as to their needs:

- they are more affluent
 - increasing numbers purchasing vacation properties
 - taking more than one holiday annually
 - want a quality product
- they are older, more physically and mentally active
 - activities and interests increasingly determine choice of destination
 - greater range and depth of niche market customer segments
- they are increasingly using the Internet to get information on destinations and make bookings, rather than the traditional retail travel agent
 - looking for value-for-money and transparent cost structures
- they are better educated, more discerning and look for fulfilling experiences as well as relaxation
 - 'responsible tourism' becoming increasingly important and determining choice of holiday and destination
 - concepts of nature v. beach holiday; activity v. relaxation holiday; touring v. resort holiday obsolete. It is the capacity of a destination to provide a range of fulfilling experiences that is determining choice.

16. TOURISM PRODUCT DEVELOPMENT POTENTIAL

16.1 MATCHING TOURIST NEEDS WITH PRODUCTS

As indicated in the previous chapter, the complexity of the market makes the concept of the typical or average tourist of little practical use for tourism planning or indeed marketing purposes. The approach now is to match the product offer to motivational characteristics of the customer segment. Thus for example, the development of luxury villas/apartments on golf courses in resort complexes has been one of the fastest growing products in recent years – from Barbados to the US, Portugal, Spain, and South Africa. The reason is that the product matches the needs of the market – an ‘activity’ product, vacation or retirement property, real estate with rental income, facilities second/multiple holiday breaks, luxury setting etc. Another example is residential tourism. Geared to retirees (from 55 years upwards), the product is not primarily associated with particular activity, more with the location – villas/condominiums in secure development in an attractive setting near village, outstanding views, with things to do in the general vicinity. The product matches the retirees needs for stress free living, good climate, things to do, lower cost of living, minimizing tax liabilities.

16.2 PRODUCT-MARKET MATCHING

An assessment of what the market wants, linked to Dominica’s ability to supply the required tourism products is shown on the following matrix. Correlating what the market wants with what can realistically be provided indicates how Dominica’s tourism sector can be developed and what is necessary to achieve this in terms of new product development.

16.3 STAY OVER TOURISTS

• nature and adventure	• golf
• dive	• yachting
• hiking/trekking	• sports
• heritage/culture	• Ross University alumni
• whale watching	• sea fishing
• meetings	• residential
• business	• health/wellness
• Dominica diaspora	• beach resorts

Market Segment	Characteristics	Product Required	Product Availability Issues
<p>A. Nature Tourism/ Specialist Study Tours</p> <ul style="list-style-type: none"> - hill walking - hiking - bird watching - flora 	<ul style="list-style-type: none"> • 3 – 10 days • high use of tourist plant • moderate spend • seasonal • low environmental impact 	<ul style="list-style-type: none"> • number of nature sites • marine park(s), national parks • mountain/forest trails • guides & ground tour arrangements • range of accommodation – mountain huts to small hotels • unique species of flora and fauna • detailed biological information about species and location 	<ul style="list-style-type: none"> • protected nature sites needs to be further developed • additional themed trails required • marine park needs further development/interpretation centres • additional trained guides and ground transportation required • inadequate range of accommodation • interpretation of island and its unique species
<p>B. Activity/Soft Adventure</p> <ul style="list-style-type: none"> - horse back trekking - mountain biking - kayaking 	<ul style="list-style-type: none"> • 3 – 7 days • high use of tourist plant • moderate spend • seasonal • moderate environmental impact 	<ul style="list-style-type: none"> • marked trails • guiding • medical support facilities • range of accommodation – cabins/huts to small hotels 	<ul style="list-style-type: none"> • trekking and biking trails need to be developed • limited availability of equipment • general medical facilities need improvement • appropriate trained guides and ground transportation required
<p>C. Scuba Diving</p>	<ul style="list-style-type: none"> • 1 week • high use of tourism plant • high spend • seasonal • low environment impact 	<ul style="list-style-type: none"> • range of dive sites • dive shops/dive masters • medical support facilities • range of accommodation • things to-see and do for non-dive companions 	<ul style="list-style-type: none"> • sites fully identified and mapped • dive shops available • general medical facilities need improvement • limited range of facilities and accommodation
<p>D. Yachting</p>	<ul style="list-style-type: none"> • short stay • low use of tourism plant • moderate spend • low environ. impact 	<ul style="list-style-type: none"> • jetties/moorings/marina • on-shore facilities – showers, laundry • things to see and do • shopping/provisioning 	<ul style="list-style-type: none"> • lack of jetties/moorings/pontoons • shore facilities sub-standard • limited shopping and eating out facilities

E. Sea Fishing	<ul style="list-style-type: none"> • short stay 2/3 days • high use of tourism plant • seasonal • low environ. impact 	<ul style="list-style-type: none"> • good variety of fighting fish • experienced skippers • adequate equipment • range of accommodation (mid price) – apts., villas, hotels 	<ul style="list-style-type: none"> • large deep sea fishing boats required • pier facilities required • needs packaging and publicity
F. Golf	<ul style="list-style-type: none"> • 1 week stay • combination with other destinations • high use of tourism plant • high spend • seasonal 	<ul style="list-style-type: none"> • 18 hole championship course • hotels/villa/condominium resort • beaches and other activities • good access (for golf equipment etc) • high quality facilities (restaurants etc) • good quality restaurants 	<ul style="list-style-type: none"> • potential sites on island • problems of access capacity even when airport extension completed • lack of other activities • lack of quality facilities • more, better quality restaurants required
G. Eco-Resorts - beach - mountain - wellness/spas	<ul style="list-style-type: none"> • 7 to 10 day stay • high spend • high use of tourist plant • all year demand • low environ. impact • low repeat 	<ul style="list-style-type: none"> • small scale hotels (approx. 20 to 50 rooms) • high quality facilities (tennis, infinity pool) • secluded settings • nature walks, trails, things-to-see-and-do • professional therapists, dieticians, physiotherapists • medial back-up 	<ul style="list-style-type: none"> • number of potential locations available (e.g. Wotten Woven) • small hotels and villas of appropriate scale • quality of food and amenities needs improvement • range of things-to-see-and-do needs to be expanded <ul style="list-style-type: none"> - trails developed - points of interest to be developed • wellness treatment by professionals <ul style="list-style-type: none"> - high quality clinical equipment
H. Short-Break Holiday (weekends/mid week)	<ul style="list-style-type: none"> • 2 to 3 night stay • high spend • high use of tourist plant • off-season • low repeat • intra-Caribbean mainly 	<ul style="list-style-type: none"> • small scale facilities • things-to-see-and-do • good food • entertainment/local ambiance • interesting attractions • competitive car rental tariffs • events/festivals 	<ul style="list-style-type: none"> • improved packaging required • touring product needs development • no entertainment • better quality restaurants required

I. Excursions/Day Visitors	<ul style="list-style-type: none"> • one-day stay • low use of tourism plant • low spend 	<ul style="list-style-type: none"> • competitive access transport • organised tours • things to see/interpretation/shopping 	<ul style="list-style-type: none"> • taxi/tours available • limited shopping facilities • things to-see-and-do need to be expanded
J. Residential/ (long stay) - villa/town houses, appts (ownership, rentals)	<ul style="list-style-type: none"> • retirees • long term stay • high spend • Dec/April • low environmental, impact 	<ul style="list-style-type: none"> • seamless access via E. Caribbean hubs • reassurance about safety and services • things-to-do (golf, scuba, sailing, etc.) • incentives • regulations • medical support facilities 	<ul style="list-style-type: none"> • lack of supply of villa accommodation • lack of activities • insufficient variety of restaurants • lack of information
K. Culture/Heritage - Carib culture	<ul style="list-style-type: none"> • high spend • 3-7 night stay • high use of tourist plant • low environmental impact • all year demand 	<ul style="list-style-type: none"> • number of quality unique cultural and heritage sites • knowledgeable guides & ground tour arrangements • facility to ‘experience’ and learn culture 	<ul style="list-style-type: none"> • current sites needs to be further developed • additional sites and interpretation centres need to be developed • additional trained guides
L. Festivals/Events - World Creole Music - Carnival - Arts	<ul style="list-style-type: none"> • returning nationals and intra Caribbean • short stay • high use of tourist plant • low environmental impact • seasonal demand • high repeat 	<ul style="list-style-type: none"> • unique festivals and events • particular timing to avoid clashing with other regional events • things-to-see-and-do • good local food • entertainment/local ambiance • safety and security 	<ul style="list-style-type: none"> • festivals need to be further developed • problems of access capacity even when airport extension completed • quality of food and amenities needs improvement • limited hotels and other appropriate accommodation • cultural performances need to be more widely promoted and developed
M. Sports - sports meeting	<ul style="list-style-type: none"> • comprise 3 groupings participants, fans and passive spectators • short stay 2 – 4 days • high use of tourist plant • low environmental impact 	<ul style="list-style-type: none"> • good and appropriate sporting facilities • range of accommodation • things-to-see-and-do • good local food • entertainment/local ambiance • safety and security 	<ul style="list-style-type: none"> • lack of sporting facilities • problems of access capacity even when airport extension completed • lack of ground transport • limited hotels and other appropriate accommodation

	<ul style="list-style-type: none"> • seasonal demand • high repeat 	<ul style="list-style-type: none"> • medical support facilities 	
N. Business Meetings - incentive and small meets	<ul style="list-style-type: none"> • intra Caribbean business persons and spouse/partner/family • businesses/groups/clubs and associations • highly profitable • short stay 2 – 4 days • high use of tourist plant • low environmental impact • seasonal demand 	<ul style="list-style-type: none"> • meeting facilities • up-scale accommodation • restaurants • entertainment • things-to-see-and-do • safety and security • spouse/partner/family programmes and attractions 	<ul style="list-style-type: none"> • limited convention/meetings organisational expertise • problems of access capacity even when airport extension completed • quality of food and amenities needs improvement • limited convention facilities • lack of entertainment/things to do
O. Cruise Visits	<ul style="list-style-type: none"> • mostly mature US, UK and Spanish speaking passengers • high volume • very short stay • high environmental impact • seasonal demand 	<ul style="list-style-type: none"> • interesting/attractive/accessible nature sites • historic sites/old city • cultural and heritage experiences • shopping • ambience • safety and security • things-to-see-and-do 	<ul style="list-style-type: none"> • no cruise village • inadequate cruise terminal facilities • lack of quality duty free and brand shopping • expand carrying capacity and improve management at popular heritage/culture/nature sites • need to implement an active “responsible tourism” sustainability process • more trained guides required • more visible and active passenger security required

16.3.1 Nature and Adventure

This market can be divided into a number of specialist segments but broadly these comprise two general groupings:

- a) Nature tourists who travel to view and enjoy nature generally - hiking, bird watching etc. and,
- b) Adventure tourists who participate in various physical outdoor activities.

Nature tourists fall into three categories

- (i) The *back to nature tourist* – young/middle aged – travel as families or in small groups, very environmentally conscious, spend locally and enjoy living in “local” accommodation.
- (ii) The more *mature nature tourist* - middle aged, travel in groups, likes 3-5 star accommodation and eating in good restaurants.
- (iii) The *specialist nature tourist*- all ages, travel alone or in specialist groups or organized tours. Wide range of accommodation as their primary reason for traveling is for specific pursuits bird watching, flora and fauna photography etc.

Adventure tourists fall into four categories:

- (i) *Soft Adventure* – activities that involve some physical activity but with little risk involved - hiking, horse riding, camping,
- (ii) *Intermediate Adventure* more demanding with some personal risk sea kayaking, mountain biking, horse trekking etc.
- (iii) *Hard Adventure* – physically demanding with high physical risk, white water rafting, rock climbing,
- (iv) *Extreme Adventure* - this is very demanding and carries with it extreme risk. This includes serious mountaineering, deep diving, base jumping etc.

Within these categories the market can be sub divided into different client groupings ranging from general enthusiasts to very specialist segments, and from budget conscious individuals or families to a high spending segment, which perceives cost to be secondary to enjoyment of their specific purpose for travel.

The major source markets for Dominica for these products are USA, with good potential from UK, Germany and French West Indies.

Increasing numbers of these tourists book directly using web sites as the means of information gathering and making bookings.

There are also many specialised tour operators, associations and publications that organise trips to cater for the specific needs of both the nature and adventure traveler.

The nature and adventure segments represent an immediate opportunity for expansion - a blend of nature based tourism (enjoying the outdoors with some soft adventure) and some intermediate and hard adventure products. In this regard a good model for Dominica is New Zealand that blends the “Pure New Zealand “nature image with its ‘Adventure and Adrenaline Capital of the World’” claim.

16.3.2 Dive

Dominica’s dive product is highly rated and has benefited from the investment support from the EU funded ETDP. However the market is considered to be changing as diving becomes more popular. Its appeal has moved from being the sole reason for travel (as with the hard core divers who travel just to dive) to becoming a component of a vacation package. This is reflected in the type of vacation package being offered by many 4 – 5 star resorts in the Caribbean. These resorts now have their own dive facilities and offer equipment, boats and facilities commensurate with their resort star rating.

This market is driven by the dive shops, dive publications and dive shows in the source markets, with the web sites of the destinations and destination dive operators playing a leading role in securing bookings. The USA is the major market for this product and Dominica is well placed to expand its market share. However there is a need to ensure that market trends are monitored and that the Dominica dive product is able to meet these needs and remain competitive in terms of quality, price etc. It is also essential that Dominica is able to promote its dive products at dive shows and in dive publications.

16.3.3 Hiking/Trekking

Hiking/trekking is a major tourist activity worldwide. In the main source markets there are specialist tour operators who provide a range of destinations and categories of hikes/treks. In the UK for example, Exodus is a leading organizer of worldwide walking and trekking holidays providing a wide choice of holiday destinations, style and duration. Hikes/treks are generally graded from a grade A walk (short duration, lower altitudes, four to five hour walk during the day – e.g. Cuba, walking combined with nature and culture) to a grade E trek (long duration, high altitudes, 11 trekking hours per day, rough terrain, climbing experience – e.g. Mont Blanc ascent, Aconcagua ascent). In between there are a range of moderate hikes – e.g. Costa Rica walking in jungle with wildlife viewing, boat trips, riding and beaches.

Dominica has a range of trails. However because of the distances and terrain involved, most of the trails are for *serious* hikers. There is potential to offer a wider range of hiking experiences, short and long hikes, forest, coastal and mountain hikes, easy and physically challenging, guided and independent. Dominica needs to take full advantage of this diversity and design a trail

system themed to attract the widest range of hikers from recreational walkers to serious hikers – from ecological themes to cultural, historic, remote and physically difficult themes.

It is worthwhile noting that few of the specialist foreign tour operators feature Dominica. Inadequate promotion is, of course, one reason. Other reasons include inadequate supporting tourism infrastructure and poor merchandising/packaging.

16.3.4 Heritage/Culture/Festivals and Events

Dominica has much to offer in the way of culture and heritage. Indeed it has the only dedicated Carib Indian territory in the Caribbean. Its festivals and events include music, Carnival, dive fest, flower shows as well as independence and emancipation celebrations. However these events are primarily focused on resident Dominicans and inter Caribbean market. Whilst these are interesting attractions for North American and European visitors they are not in themselves a reason to visit Dominica. Nonetheless there is some opportunity here for Dominica to expand this market to encourage more intra Caribbean and the Dominica diaspora to visit for cultural and music festivals.

16.3.5 Whale Watching

While whale watching is an increasingly important leisure activity for tourists visiting Dominica and produces substantial revenue each year, it is not itself a driver of tourism but is an important attraction that adds to the factors for choosing a vacation in Dominica. Consideration should be given to making more of this attraction by the development of a “marine interpretation centre where the sea life around Dominica could be showcased and where the whale watch boats could arrive and depart from, similar to the approach used by the operators in New Zealand (Kaikura) that offers shops, restaurants, interpretation centres, films etc.

16.3.6 Meetings

This is unlikely to be a growth market for Dominica of any significance, at least in the short/medium terms. Dominica’s best option for this market lies in attracting small groups whose meeting subjects or interests relate to Dominica itself – nature and marine subjects, geology, history. There is also an opportunity to target incentive or management groups where use could be made of the adventure products in Dominica for management training and team building courses.

16.3.7 Business and Leisure

Intra Caribbean travel to Dominica is very important being its largest source market. However very little is known about them – who they are, why they come, how long they stay, what they spend etc. Generally the reason for travel is to visit friends and family, cultural and sports events, music festivals and carnivals and for business. There is an opportunity here for Dominica to

market some interesting packages to the intra Caribbean market as add-ons to the prime reason for the trip. For the business trips market, “add-ons” to see some of the nature and cultural attractions that are different to the other Caribbean islands or participate in some of the specialist activities like whale watching, river tubing and other soft adventure activities, are required.

16.3.8 Dominica Diaspora

There are two roles that the Diaspora can play in developing the tourism sector. The first is as returning tourists. For example, Grenada has introduced a reward programme called Spiced Holidays to encourage Grenadians and their families to return for holidays. Grenadians living abroad can register online to get a card which entitles them to discounts of between 5 and 20% from numerous accommodations, restaurants, facilities and attractions. The Diaspora is primarily motivated by competitive fares. The second is to promote Dominica in the countries where they live. To encourage Dominicans to promote Dominica as a tourism destination would require the development of a regular means of communication, collaterals and an incentive scheme as a recognition of their efforts.

16.3.9 Ross University Alumni

As with Diaspora, there is a similar role that Ross University can play in promoting tourism via its alumni and current students. Incentives and communications methods would need to be developed to encourage them to participate actively in promoting and selling Dominica.

16.3.10 Sea Fishing

A very popular leisure pursuit in the US and indeed many Americans travel to Mexico, Costa Rica, and Florida for this activity. However discussions with tour operators indicate that it is difficult to sell Caribbean deep sea fishing as a stand-alone product. It is best sold as an attractive activity to participate whilst on vacation, thus adding to the overall attraction of the destination.

16.3.11 Residential

Residential tourism, where affluent people who are on guaranteed income and/or have a minimum wealth level are encouraged to take up residence, has long been an important part of the tourism industry in a number of countries in the region – Belize, Costa Rica, St. Kitts and, (before the volcanic eruption) indeed was the tourism lynchpin of Montserrat. This product continues to grow as hotels are replaced by condominiums and apartments as is currently happening. The attraction to investors is lower risk coupled with a quicker return than a hotel and easier to raise finance.

Residential tourists stay longer and return frequently with family and friends. Their spend impacts more directly on the local economy as they shop locally, eat locally and employ builders, gardeners, pool and maintenance workers etc. Often, residential properties form part of a leisure complex including golf,

tennis, etc that also provide facilities and jobs for local people. Dominica is well placed to enter this market though this will depend on the availability of suitable land at attractive prices and the quality of the developments.

The Government has published a White Paper outlining proposed incentives and regulations for the development of this product.

16.3.12 Health/Wellness Resorts

This is a market that has considerable potential for Dominica because of its natural environment (sulphur lakes, fresh water pools, waterfalls etc) and abundance of natural herbs and traditional “plant medicines” .

The market is generally divided into a) those who visit a spa and undergo a programme of wellness and b) those who wish to combine the vacation experience with added health benefits. However development of this product requires careful monitoring to ensure that ethical rules, codes of practice and conduct, licensing of premises and personnel and safety of the customer are paramount.

16.3.13 Beach Resorts

Dominica does not have the natural beaches to develop a large-scale beach resort project that is the hallmark of destinations such as Barbados, St Lucia, Antigua etc. However Dominica does have the potential to develop medium scale beach resorts, environmentally designed to be non obtrusive with facilities of natural gardens, infinity pools, tennis etc. The concept is of seclusion in natural surroundings with high standards of food, service and, a spa/health/wellness centre. Dominica has a number of locations that can accommodate this development.

16.3.14 Golf

Golf tourism has enjoyed a growth far in excess of general leisure tourism over the past decade. Indeed many Caribbean destinations are capitalising by developing even more golf and leisure resorts (Cuba, St Lucia, Barbados, Dominican Republic).

16.3.15 Yachting

The yacht market in Dominica is a small but has potential. In order to build a yachting product Dominica will need to build the necessary infrastructure of safe moorings, support services – chandlers, equipment, boatyard marina. Dominica’s location in the hurricane belt makes it only viable during the dry season.

16.3.16 Sports

The importance of sports tourism can be seen from such events as Cricket and Soccer World Cup. However there are many levels below this where countries such as Dominica can participate. The construction of the stadium in Roseau will provide an opportunity for intra Caribbean athletics and other sporting events. Moreover, the natural environment of Dominica provides opportunities for more physical international competitive events - for example a "Caribbean Iron Man" competition, or mountain bike racing, sea kayaking.

16.4 DAY VISITORS

16.4.1 Cruise

Demand

Cruise is a major product for Dominica. As outlined in Ch.10 earlier, Dominica attracted 234 cruise ship calls with 301,500 passengers in 2005. The total spend associated with cruise is estimated at EC\$30m, - representing almost one-fifth (19%) of total tourism expenditure.

Although the number of cruise visitors to Dominica are 50% higher than seven years ago, there has been no discernable pattern to this growth. However, as illustrated on Table 11.3, this has been the experience of almost all Caribbean destinations and indeed, the Caribbean as a whole. Within this market context, Dominica attracts about 4.5% of cruise ship arrivals to Eastern Caribbean destinations and about 1.6% of total cruise ship arrivals to the Caribbean.

The Product

Dominica's popularity among cruise ship companies is that it offers a dramatically different experience for their clientele – *'a walk on the wild side'* in a semi-tropical rainforest with natural attractions of waterfalls, pools, rivers, more evocative of a South Pacific island than the Caribbean. (For the cruise ship itineraries other islands offer different experiences – St. Maarten for shopping; Antigua for beaches).

Tours to Dominica's nature sites is the primary product sold to cruise visitors. According to the NDC/Jacobs Gibb²² study, approximately

- 50% of cruise ship passenger take on-board pre-sold tours;
- 5% take the NDC dispatched private tours;
- 10% of the passengers remain onboard ship;
- 20% make other arrangements, outside the restricted area with other taxi operators;
- 20% get off the ship (walk around etc.) but do not take tours.

²² Feasibility of a New Cruise Ship Berth for Dominica, Jacobs Gibb, 2005 (first draft)

Based on NDC statistics and research by Jacobs Gibb, the most popular tours purchased by cruise visitors are:

- Trafalgar Falls/Rainforest
- Emerald Pool/Rainforest

In comparison, relatively few cruise visitors purchase tours to the other attractions – Wotten Waven Sulphur Springs, Carib Territory, Aerial Tram, River Tubing, Layou Valley Drive.

Facilities

Cruise ship facilities in Dominica comprise three cruise ship berths and related infrastructure, located at Roseau, Woodbridge Bay and Cabrits. The characteristics of the jetties are described in the Jacobs Gibb Study (op. cit.). The operations and management of the facilities are the responsibility of the Dominica Ports Authority.

Currently, the Roseau Cruise Ship Berth is being upgraded and when completed, will be capable of accepting the Queen Mary 2 and Carnival Destiny Class (3,400 passengers and 1,000 crew).

Woodbridge Bay Port, (nearly 2km north of RCSB), is the main port for containerised shipping, but is also used for the larger cruise ships and when there are a number of cruise ships in port. However, the condition of the jetty is of concern and is being investigated. Rehabilitation works will be necessary, though the extent and cost are speculative at this time. The possibility of constructing an additional jetty (effectively an extension to the existing), increasing Dominica's capacity to four berths, is being assessed by the Jacobs Gibb study.

There are no passenger facilities at Woodbridge.

The other cruise ship berth at Cabrits National Park near Portsmouth is a dedicated cruise facility. It includes a 12,000 sq. ft (1,114m²) passenger reception centre which houses offices, craft shops and a cafeteria. With only the smaller vessels occasionally using this facility, this cruise ship berth is under-utilized and will be until there are additional attractions in the Portsmouth area and in the north generally to make it worthwhile for the cruise companies to use this facility.

Prospects

Cruise has been one of the fastest growing tourism products in recent times. Since 1980 the cruise industry has experienced an average passenger growth rate of 8.5% yearly. With the expansion of the cruise fleet, passenger numbers are expected to reach 15 million worldwide in 2006 (compared with 13.8 million in 2000) and 20 million by 2012.

According to the Jacobs Gibb study, there is an underlying growth trend in the ‘Caribbean’ market of 5% per year. Added to this, their research points to a number of developments which auger well for Dominica’s prospects. These developments include:

- continuing high satisfaction levels amongst cruise passengers with their experience in Dominica
- a healthy booking schedule for the next two seasons
- one of the biggest companies, RCCL, now expects to make 23 visits in 2007
- problems at Puerto Rico seem to be easing. Puerto Rico is a major homeport for the region and this will help Dominica
- Carnival is expected to sign a new contract in 2006. This is particularly important as they make year-round visits
- the DPA is understood to be in discussion with MSC, another major cruise line
- Barbados’s position as homeport for P&O and possibly later for another European line, is likely to benefit Dominica
- EasyCruise is based in Barbados and could be a future possibility for Dominica.

Objectives for Cruise Tourism

The national tourism policy statement – **Dominica Tourism 2010 Policy** document specifies a target of doubling revenue from cruise tourism over a seven year period, representing an average growth rate of 10% yearly.

Carrying Capacity and Other Issues

If the construction of a ‘new’ jetty at Woodbridge goes ahead, Dominica’s berthing capacity increases to four ships with others prepared to anchor. The capacity constraint then becomes Dominica’s capacity to manage peak demand for disembarking cruise visitors.

Carrying Capacity Issues

The main carrying capacity issues concern Roseau and several nature sites – Trafalgar Falls and Emerald Pool primarily.

Roseau City: Although no empirical evidence given, the Roseau Development Plan states that as Roseau City is nearing its carrying capacity, further growth of cruise tourism could ‘lead to social and environmental problems’. The Plan also points to the fact that ‘present cruise arrivals are statistically twenty five (25) times the population of Roseau’.

With regard to Roseau’s carrying capacity, the issue is not the total number of cruise visitors in a year compared with the city’s population. As cruise visitors only stay a number of hours, the relevant comparison is the number of disembarking passengers on a peak day. According to berthing schedules, on the busiest day in 2005/6 Roseau handled 5 ships with a carrying capacity of

about 7,800 passengers and 2,400 crew. Assuming 8,000 disembarked, this represents about half the population of Roseau. Moreover, relatively few of these disembarking passengers walk about the town (1,000 to 1,500 at most). This is evidenced by the fact that there are no reports of shops or restaurants being overcrowded on cruise ship days. Additionally, there are only a few days of the week when cruise ships visit Roseau and not year round.

With regard to the nature sites, capacity carrying issues are arising on peak days when visitor numbers can be of the order of 1,700 at Trafalgar Falls and 1,500 at Emerald Pool.

Other Issues

The other issues mainly relate to

- traffic congestion and parking problems in Roseau when cruise ships are in port
- social disruption caused by closure of Bay Front Road
- possibility of reduction in duty free shopping business in Roseau City if cruise village/shopping mall constructed at Woodbridge
- underutilization of Cabrits cruise ship berth.

Future Development

Because of its uniquely different product offer for cruise lines, Dominica is very well placed to take advantage of the growing cruise market.

According to the Jacobs Gibb study future demand will be for the larger ships, probably more passengers but not more ships. Consequently, the ‘capability of the systems to handle larger ships and to disburse the increased numbers of passengers disembarking on any one visit will therefore be critical’. In this context, a balanced strategy should be to

- improve the capacity at Woodbridge Bay through
 - rehabilitation of existing jetty
 - possibility of a new jetty (depending on findings of Jacobs Gibb study)
 - development of a cruise village
- greater promotion of Cabrits to the luxury/niche operators
 - in longer term expansion of capacity of Cabrits to handle larger ships when West Coast Road upgraded, rehabilitation of Fort Shirley completed and marina/residential developments put in place
- expansion of carrying capacity at more popular nature sites
- development of new attractions to relieve pressure on existing ones
- creation of more opportunities for cruise visitors to spend more
- cruise ships to pay more for using the island’s resources, especially water supply, waste disposal, berthing and entrance fees to nature sites.

Additionally, conversion of cruise passengers to return for a vacation should be a promotional focus and as such, this should be borne in mind when dealing with cruise visitors – how they are treated on-shore and what their impressions are on their short visit. These factors will set the scene for their decision whether to return or not. According to Royal Caribbean Cruises, some 80% of cruise passengers think that cruising is an excellent way to sample various destinations and they may plan a return visit as a stay-over guest. Some 50% expect to return to take a land-based vacation.

16.4.2 Excursionists

Although Dominica is well located being in the centre of the Caribbean it has only managed to attract an excursion market from the French West Indies (primarily from Guadeloupe). Discussions with local operators indicate that this market is largely composed of groups, rather than independent travellers, generated by a small number of agents in Dominica and agents/ferry operators in Guadeloupe. There is considerable potential for developing the excursionist product (together with a short stay product as with cruise passengers). Excursionists are looking for destinations with interesting things to see and do including nature trips, visits to heritage sites, cultural events, opportunities to meet local people and good shopping. However, this market segment is dependent on access transport – connections, competitive fares and schedules.

17. TOURISM DEVELOPMENT OPTIONS

17.1 PIVOTAL ASSUMPTIONS

Any consideration of future development scenarios will be predicated by a number of assumptions concerning the fundamental factors determining growth – market demand, supply of labour and skills, availability of land, government support policy, etc. Similarly in Dominica’s case, but unlike most other destination four factors will have a determining influence on the nature and pace of tourism development on the island.

The assumptions are:

- significant improvement in the business environment for investment
- timely improvements of the roads, airport, cruise jetties and other proposed economic infrastructure projects
- improved air and sea access – frequency of service and connectivity
- sustained and adequately funded destination and product marketing campaigns

17.2 GROWTH OPTIONS

Three possibilities arise in considering future growth options for tourism on Dominica, viz

- **low growth option**
This can be interpreted as to what would be likely to happen if no initiatives are undertaken and tourism development continues to be constrained by the existing shortcomings in respect of lack of investment, non-conducive enabling environment, poor access, etc.
- **moderate growth option**
This can be understood as what is likely to happen if development continues to focus primarily on nature tourism, dive tourism, soft adventure and cultural tourism, with some improvement in the enabling environment and sector management.
- **high growth option**
This can be seen as the rate at which the tourism sector could expand if sufficient public and private sector capital were attracted in developing the necessary supporting infrastructure, facilities and services, coupled with significant improvements in the enabling environment and sector management, reflecting the repositioning of the sector as called for in the **Dominican Tourism 2010 Policy** document.

17.2.1 Low Growth Option

Under this option it is assumed that no initiatives are taken to reposition the tourism sector. Although the economic infrastructure projects are completed and the EU funded Waitukubuli Trail is constructed there is no improvement to the enabling environment and sector management. Basically, things continue much as they are today with no further improvement to the economic infrastructure, continuation of the non conducive investment climate, and no sustained destination marketing undertaken. No expansion of the tourism sector occurs.

In terms of stay-over tourist arrivals, numbers are projected to increase between 1% and 2% annually; - similar is the rate of growth recorded since 1999. The profile of visitors is likely to remain unchanged, with the majority coming to visit/stay with friends and relatives.

Indeed, because of the low growth in tourist arrivals, there is likely to be disinvestment in the tourism sector, with a number of the properties currently experiencing financial pressures closing down. The Waitukubuli Trail most likely will deteriorate due to the failure to generate sufficient fee income from hikers/trekkers to maintain the trail network and with no rehabilitation of the cruise ship jetty at Woodbridge, the number of cruise ships decline.

17.2.2 Moderate Growth Option

Whereas the outcome of the low growth option is likely to be disinvestment and deterioration of the tourism industry, the thrust of the *moderate growth* option is the improved operational viability of existing tourism enterprises.

The characteristics of this scenario are:

- continued focus on nature tourism
 - Waitukubuli Trail an impetus to the hiking, trekking product
- expansion of the dive product
- development of the sports product
- establishment of health/wellness spa/boutique hotel resort
- upgrading of existing accommodation properties
- reconstruction of cruise ship jetty at Woodbridge
- some improvement in sector management
 - additional resources for destination and niche product marketing

As continued focus on a primarily ‘nature tourism product’ driven strategy will involve only limited investment, Dominica will not develop any competitive advantage in the market. In this respect, it must be borne in the mind that other Caribbean destinations are not ‘standing still’ with regard to investment in their respective tourism products. As described in Chapter 15 earlier, they continue to expand and upgrade, offering increasingly stiffer competition.

An analysis of the performance of Dominica's competitor grouping in the marketplace provides a good indication of the growth prospects for tourism with the primarily nature tourism driven strategy (Section 10.2). Since 2000, Dominica's competitor grouping's share of total tourist arrivals to the Caribbean has remained constant. The implication for Dominica tourism under the primarily nature tourism product driven strategy is for growth to be in line with tourism to the Caribbean.

With this strategy, stay-over arrivals are projected to increase from 75,000* in 2005 to 100,000 in 2015. Cruise ship visitors are projected to increase from 300,000 to 400,000 over the period. Total tourism expenditure is projected to increase from EC\$150M in 2005 to EC\$215M by 2015, representing an average growth rate of just over 3.5% yearly.

17.2.3 High Growth Option

The high growth option reflects the implementation of the recommended initiatives outlined in the **Dominica Tourism 2010 Policy Statement**, and would include:

- strengthening of existing products:
 - Biopark to showcase Dominica's nature assets
 - expansion of carrying capacity of intensive use nature sites
 - further development of the scuba dive product
 - upgrading and refurbishment of accommodation properties
 - strengthening of Waitukubuli Trail and related nature trails

- new product development:
 - yachting, marina at Portsmouth
 - health and wellness tourism
 - sports tourism, including cricket, mountain biking
 - golf tourism
 - residential tourism
 - general touring
 - adventure tourism
 - culture tourism such as festivals, local cuisine, village feasts
 - community tourism
 - marine visitor centre

- designation of priority areas for tourism development to include:
 - Roseau city – waterfront, heritage buildings, city park
 - Roseau Valley
 - West Coast/Layou River Valley
 - Cabrits/Portsmouth for cruise and yachting
 - north east coast resort area
 - Melville Hall to Roseau corridor parkway
 - scenic parkway designation for coastal roads
 - heritage corridor.

* excluding Ross University students

- strengthening tourism infrastructure:
 - enhancing air access through improvements to Melville Hall airport
 - upgrading road system to include signage, viewing points
 - improved cruise ship infrastructure at Woodbridge
 - cruise village at Woodbridge
 - pursuing the development of an international airport providing jet access
 - development of fisheries harbour at Marigot to allow for ferry access from Guadeloupe.

- improved and strengthened destination management through:
 - more appropriate institutional arrangements
 - destination and product marketing campaign
 - foreign direct investment promotion campaign
 - more investment friendly business environment for investors
 - tourism and environmental awareness programme
 - rationalised and integrated HRD programme
 - enhanced visitor security
 - improved air access capacity and connectivity
 - cultural tourism programme
 - preparation of land use plan and planning guidelines
 - heritage protection policies to preserve the country's patrimony.

The realisation of this high growth option will necessitate a significant public and private sector investment driven strategy.

Under the high growth scenario, tourist arrivals are projected to increase from 75,000 in 2005 to 155,000 in 2015, representing an average growth rate of approximately 7.5% yearly. The numbers of cruise ship visitors are projected to increase to 500,000 over the ten year period.

Total tourism expenditure is projected to increase from EC\$150M in 2005 to EC\$400M by 2015, representing an average growth rate of 10% yearly. The higher growth rate of visitor expenditure is a reflection of higher per capita spend for leisure, business and cruise visitors along with a longer length of stay.

18. ASSESSMENT OF DEVELOPMENT OPTIONS

18.1 METHODOLOGY

The starting point is to measure the costs and benefits of the three growth options from the standpoint of the Dominica economy in order to see whether, in general, they are economically viable, and if so, which scenario is to be preferred from a national economic standpoint.

Following this analysis, the results would be weighted to reflect other factors such as employment generation, Government tax receipts, social impacts, sectoral linkages etc.

One method of computing the net benefits to Dominica of the different scenarios is to calculate their respective net present values (NPVs) to society, i.e. the current value of the estimated future benefit of each scenario. Another approach is to derive estimates of the Economic Rates of Return (ERR) for each scenario, based on the net incremental benefit streams.

Although NPVs and ERRs could be computed for each of the scenarios, the exercise would be largely theoretical as there is no hard information on how much tourists would spend, how long they would stay etc on the one hand and on the other, there is a lack of information on costings. Moreover, it is likely that the results would be very sensitive to changes in the key parameters such as the discount rate used, construction costs etc.

Consequently, we have adopted a practical approach to evaluating the different strategic options. The approach is based on the premise that investment undertaken in the tourism sector will be primarily to attract vacation, business tourists, excursionists and cruise visitors. For each strategic option we have estimated the marginal increase in visitor numbers and expenditures associated with the required public and private capital investment, along with the additional costs of any necessary technical, marketing and HRD training support. This methodology is based on the concept of Incremental Capital-Output Ratios (ICORs), which are a measure of the productivity of capital.²³

The results are shown on Table 18.1 following.

²³ It is recognised that ICORs are crude measures of the profitability of capital as they don't take into account the lifetime of an asset and the stream of incoming arising. Nonetheless, they are a useful yardstick to rank projects when there is a lack of hard data.

TABLE 18.1 ANALYSIS OF GROWTH SCENARIOS

Growth Scenario	Visitor Numbers		Visitor Expen.(EC\$)		Increment	Investment & Sector Management (EC\$M)			
	2005	2015	2005	2015		Public Sector	Private Sector	Public/Priv/Partnr	Sector Management
A. Low Growth						- road improvements - sports stadium - airport improvements - Roseau cruise berth rehab - Waitukubuli Trail devlpt - ETDP sites/projects rehab	- disinvestment through closure of accommodation properties		
A.1 Stay-over									
VFR vacation	40,000	45,000	62.0	72.0					
Non-VFR vacation	23,000	24,000	42.0	42.0					
Business	9,000	10,500	14.0	16.0					
Other	3,000	5,500	5.0	9.0					
A.2 Day Visitors									
Cruise visitors	300,000	250,000	24.0	20.0					
Excursionists	700	1,000	*	*					
A.3 Yachties	12,000	12,000	3.0	3.0					
Total			150.0	162.0	12.0	150.0			
B. Moderate Growth						- road improvements - sports stadium - airport improvement - Roseau cruise berth rehab - Waitukubuli Trail devlpt - ETDP sites/projects rehab - capacity increase at Emerald & Trafalgar - Woodbridge cruise rehab	- upgrade of properties - new boutique hotel	- nature tourism promotional campaign - dive promotion campaign	-destination marketing - HRD programmes - selective fiscal incentives
B.1 Stay-over									
VFR vacation	40,000	50,000	62.0	80.0					
Non-VFR vacation	23,000	33,000	42.0	67.0					
Business	9,000	11,000	14.0	22.0					
Other	3,000	6,000	5.0	9.5					
B.2 Day Visitors									
Cruise visitors	300,000	400,000	24.0	32.0					
Excursionists	700	1,000	*	*					
B.3 Yachties	12,000	15,000	3.0	4.5					
Total			150.0	215.0	65.0	175.0	50.0	*	50.0
C. High Growth						-road improvements -sports stadium -airport improvements -Roseau cruise berth rehab -Waitukubuli Trail devlpt -ETDP sites/projects devlpt -capacity increase at Emerald & Trafalgar -Woodbridge cruise rehab and new jetty - new airport - redevlp. Marigot harbour for ferry access	- resorts (golf, beach) - upgrade of properties - new boutique hotel - residential (villas, condos) tourism	- marine intrep centre - cruise - village - biotech park - Roseau waterfront - marina at Cabrits	-destination marketing - HRD programs - air access promotion - institute. re organ. - sea access promotion - range of fiscal incentives
C.1 Stay-over									
VFR vacation	40,000	55,000	62.0	88.0					
Non-VFR vacation	23,000	77,500	42.0	197.0					
Business	9,000	15,000	14.0	30.0					
Other	3,000	7,500	5.0	11.5					
C.2 Day Visitors									
Cruise Visitors	300,000	500,000	24.0	60.0					
Excursionists	700	10,000	*	1.5					
C.3 Yachties	12,000	30,000	3.0	12.0					
Total			150.0	400.0	250.0	863.0 to 1003.0	1,278.0	524.0	100.0

Notes: *less than EC\$0.5M N/A: not available (a) revenues & cost figures at constant 2005 money values; (b) PPP – public private partnerships

(c) VFR: stay-over tourists visiting & staying w/Dominican friends & relatives (d) Ross University students excluded from calculations

The figures must be interpreted with caution. Firstly, the projections for vacation tourist numbers and excursionists are based on qualitative assumptions concerning the international tourism markets and a judgement of what could be achieved. Secondly, the public and private capital investment figures are indicative of the magnitudes that could be involved – not rigorous costings of project designs. Thirdly, and perhaps more crucially, the figures do not incorporate the probabilities of actions/projects occurring.

18.2 ECONOMIC EVALUATION

The **Low Growth** option is essentially a ‘do nothing’ option and is rejected on the basis that it is a retrograde strategy in that it is likely to result in a disinvestment in the tourism sector, primarily through the failure/closure of accommodation properties and deterioration of the product (trail network, facilities and amenities). Failure to rehabilitate the Woodbridge Cruise jetty results in fewer cruise ships with consequent decrease in cruise visitors from 2005 levels. At replacement capital cost values, this scenario could result in a disinvestment of about US\$20 to 30M over the period.

The **Moderate Growth** option has minimum risks, minimum investment and minimum returns. Although the strategy would not reposition the tourism sector as a driver of national economic activity, it would have the advantage of improving the viability of the tourism plant currently in operation.

- average annual room occupancy rates would increase to between 55% and 66%
- quality upgrading of properties with 600 ‘export ready’ rooms available by 2015
- new boutique hotel (35 rooms)
- expansion of carrying capacity re Trafalgar Falls and Emerald Pool
- rehabilitation of the Woodbridge cruise jetty

Under this development option, the tourism sector is projected to expand by about 3.5% yearly – broadly in line with the projected growth for the national economy over the period.

The **High Growth** option will add to the economy. The tourism sector will become a driver of economic development. Public sector investment is kept to the minimum necessary while private sector investment would be funded primarily from external sources.

In addition to the improvements outlined under the Moderate Growth option:

- public/private partnerships key to mobilising investment for the proposed Roseau Waterfront, Cabrits/Portsmouth marina, Marine Visitor Centre and the Biopark developments
- significant new investment in tourism plant involving resorts developments at Hampstead, Woodford Hill and Cabrits/Portsmouth
- development of a Biopark in Layou River Valley
- cruise village at Woodbridge
- new airport to accommodate long haul services from North America and Europe
- redevelopment of the Marigot fishery harbour to facilitate seas access from Guadeloupe

Under the High Growth option, the tourism sector is projected to expand by an average of 10% yearly.

- tourism to represent between 8% and 12% of GDP by 2015
- foreign exchange earnings of EC\$400M by 2015
- government receipts from tourism between EC\$50 and 60M annually by 2015
- up to 3,000 new job opportunities created by 2015
 - hotels, restaurants, guides, transportation services, attractions

In addition, the Dominica economy will receive further stimulus from the new investments in facilities and infrastructure. Over the period of the plan this new investment will amount to about EC\$2,665M (about US\$1B), representing an injection of about EC\$300M annually to the building and construction sector (primarily) and the commercial sector in general.

18.3 INDUSTRY GROWTH PATH

It should be noted that the low, medium and high growth scenarios are not mutually exclusive. Over time, and depending on both external and internal conditions, the moderate growth scenario can evolve into the high growth scenario as illustrated on the following diagram.

Diagram 18.1: Industry Growth Path

