

World Tourism Day
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Excellencies,

Ladies and gentlemen,

Bonbini to our annual World Tourism Day conference.

A special welcome to the students of the EPI Hospitality & Tourism Unit as well as the students of the Faculty of Hospitality and Tourism Management Studies of the University of Aruba. In the past years we organized a separate session in the afternoon for our students, however this year we decided to have one integrated event for all of our stakeholders and future industry leaders.

So why do we celebrate World Tourism Day? Each year World Tourism Day is celebrated on September 27th, to commemorate the day the United Nations World Tourism Organization adopted its statutes back in 1970. The purpose of this celebration is to raise awareness about tourism on an international level, and how it affects social, environmental, cultural, political, and economic values worldwide.

If we consider the various tourism performance indicators, we often tend to focus more on tangible indicators, those that contribute to economic growth. YES, business in the global travel and tourism industry continues to boom! The number of global visitor arrivals exceeded the UN World Tourism Organization's long-term projections of a 3.8% annual average growth rate, with a growth of 6% in 2018, totaling 1.4 billion international visitor arrivals.

The World Travel & Tourism Council also reported great results: a 3.9% growth of the Travel & Tourism industry in 2018, compared to a 3.2% overall growth of the global economy. Over the last five years, one in five new jobs were created by the travel and tourism industry.

If we zoom in on Aruba, tourism is the heart of our economy and has enabled our island to maintain a stable GDP and to counter three significant moments of crises over the past 10 years: 1) the global financial crisis in 2008; 2) the closure of the oil refinery in 2009 and 3) the collapse of the Venezuelan market, which decreased by 86% in 2018 in comparison to 2015 when it was at its peak in terms of stay-over visitor arrivals.

The significant contribution and strength of our tourism industry was once again confirmed by Standard & Poor's, Fitch Ratings as well as the IMF, earlier this year.

Aruba's Tourism Industry

Tourism Credits as registered by the Central Bank of Aruba, has shown a consistent increase over the period of 2011 up to 2018. It is projected to close 2019 with a growth between 4% and 6%.

We successfully closed 2018, which was a banner year in terms of stay-over visitation from several markets – our primary market the US, saw a strong performance with a growth of 7%, the strongest performance ever since 2004. The Latin American region, excluding Venezuela, also posed a growth last year. All European markets, with the exception of the UK heavily impacted by BREXIT, grew last year. As for North America, Canada grew by 8% while all regions within the US booked a growth in 2018. Last year, Aruba more than fully compensated for the huge loss out of the Venezuelan market. The A.T.A. is estimating to close 2019 with a growth of 3.6%, with increases across all continents, when excluding Venezuela.

For the first eight months of 2019 the revenue per available room, as registered by AHATA, increased with 8.2% and the hotel occupancy rate was at 86.6%, the highest occupancy rate in the Caribbean. We are projecting to close the year with a growth between 5% and 6%.

In 2018, cruise visitation reached a new record. Significant increases in particular in the low season months, were part of the mix. The year 2019 is expected to close with cruise visitor arrival numbers similar to the 2018 results.

So YES, not only on a global scale, but also for our small island state, tourism results have been phenomenal and is something to be proud of. Our fortunes have partially been a result of the misfortunes of other destinations in the Caribbean. In particular, as a result of the devastating impact of hurricanes in a number of Caribbean destinations. Our success however, is greatly attributable to sound partnerships and solid marketing endeavors. Aruba is often cited as an example of how to market and position a destination.

Having said that, and going back to the purpose of today's World Tourism Day celebration, the question for an increasing number of destinations has become, "How much is too much of a good thing?"

We all witnessed this week's news and protests around the world. At the Climate Change Summit, the UN Secretary-General Antonio Guterres, drew the attention of Heads of States, Governments and the entire international community, to one of the most serious and worrying phenomenon of our time: climate change. Four years after the historic Paris Agreement, commitments made by States are still very "weak", and far from achieving the objectives set. The UN Secretary-General, started his address by saying that * 'nature is angry! We fool ourselves if we fool nature, because nature always strikes back and around the world nature is striking back with fury'.

At last week's Skift Global Forum this topic was also highlighted, citing Skift: *Business as usual, or a rush to make money before the sector is truly disrupted by environmental or political issues, may very well doom global travel. Leaders across travel need to help build an industry defined by a commitment to green practices. All of the top leaders in the travel and tourism industry were asked what their actions are in terms of responsible tourism Paul, we look forward to your presentation, this morning.

From an economic perspective the travel and tourism industry is booming and continues to expand at a rapid pace. Nevertheless, each one of us, both public and private, have the duty to limit the destructive effect on the environment. Instead of choosing to grow quickly, we have to choose to grow wisely, at a sustainable pace.

So it is not only about the measures that we need to take to foster sustainable growth, but also about how prepared we are as a small island state to quickly recuperate in case hit by adversity.

Looking at the Travel and Tourism industry, history has shown us that it is a remarkably resilient industry, yet also very fragile! Take for instance the case of Puerto Rico. Puerto Rico faced many challenges and moments of crises over the last couple of years. From the Zika epidemic, political turmoil and then the deadly Hurricane Maria – a Category 5 storm barreling over the island back in 2017, completely devastating the island. Their last normal year was 2015. Now two years after hurricane Maria, and in comparison to 2015, cruise passenger arrivals in 2018 as well as 2019 are back on track, showing a strong performance. The average daily rate is higher than it was in 2015 and they now have a fully renovated portfolio of 15,000 rooms.

Three weeks ago, the Central Bank of Aruba organized its Economic Symposium on 'Fostering Economic Resilience in Small Island States'. It was stated that Aruba is one of the most vulnerable economies in the Caribbean, especially when compared to select tourism-dependent economies.

During the symposium, the president of the Central Bank of Aruba, Mrs. Jane Semeleer, stated that we need to continuously ask ourselves the following questions:

- a. How can Aruba foster and strengthen its internal resilience in the face of adversity and increased turbulence?
- b. Are our present models sufficient?
- c. Are our social, political and financial institutions resilience ready? Should we assess that or not? How should we do that?
- d. Are our current policies adequate?

- e. Are we able to continue walking along the same path or do we need to change route?

Mrs. Semeleer then continued to argue that ‘the questions posed are not simple nor are the needed actions, but deeply relevant if we are to strive for sustainable well-being of our island.’

Whilst the Central Bank of Aruba forum addressed the holistic perspective of macroeconomic resilience in Aruba, allow me to comment on these questions from our, the A.T.A.’s perspective.

How can Aruba foster and strengthen its internal resilience in the face of adversity and increased turbulence?

First of all, pursuing economic diversification for the island, is critical and I am very pleased that the Government of Aruba identified six promising sectors, of which Tourism forms and integral part of.

Are our present models efficient? *Is our present tourism model efficient?*

Furthermore, and discussing immediately the subject of the efficiency of Aruba’s tourism model; Looking at our history, two distinct phases can be identified. In the first phase, tourism played a secondary role to the oil industry. The second phase was propelled by the closure of the oil refinery and the transition of Aruba from an industry- to a service based economy. Tourism became the engine of growth for jobs and income. Expansion in number of tourists, migrant workers, and in the product offering were clearly visible.

I believe most of us will agree that Aruba’s tourism development approach to the future cannot be based upon its past success, as it will not guarantee similar results. Imperative in the immediate future is the consistent implementation of a tourism growth model based on a High Value-Low Impact paradigm, with benefits for the community, the visitors and the environment.

How do we accomplish this? In 2017, the A.T.A. developed Aruba's Destination Development Plan, which we called "Cu Mira pa Futuro". This plan contains a list of close to 100 actions, with the respective actors and details. Secondly, and as a follow up on the Destination Development Plan, the A.T.A. facilitated the creation of the tourism carrying capacity study for the Island of Aruba, in 2018 and 2019. The purpose was to develop the pragmatic High-Value, Low-Impact Tourism growth model that will guide a sustainable tourism development which is economically viable, environmentally friendly and socially equitable.

A key element of the Carrying Capacity Study is the inclusion of a clear roadmap for implementation with assigned roles and timelines. We have to make smart and tough decisions, especially on the area of accommodation development and management -> to be specific what new accommodations shall be added to the mix and where?

Thirdly, and developed concurrent to the Carrying Capacity Study so as to take its findings into account, the niche roadmap was created, last year; it addresses the nation's economic agenda – the first promising sector being 'Tourism – Niche Development' and describes how to best increase the economic value of tourism through niche development which will drive high value visitor markets, drive entrepreneurship and innovation, and create opportunities for local SMEs as well as new hospitality jobs. It includes a proposed set of actions that are needed in order for Aruba's niche products to be fully developed. The proposed actions are clustered in 3 categories: Destination Management, Environmental Conservation and Developing Cultural Heritage. In addition, it includes an action plan per niche.

So...three sets of documents depicting the path towards the High Value, Low Impact Tourism Growth model...

Are our social, political and financial institutions resilience ready? Should we assess that or not? How should we do that? *Is the A.T.A. resilience ready?*

Looking at our institution, the Aruba Tourism Authority...

Is the A.T.A. resilience ready? Probably not 100%, but

Instrumental has been the decision to privatize the Aruba Tourism Authority in 2011. Reengineering Aruba's Tourism Management model through a new organization, this was discussed for a quarter of a century. An incredibly important accomplishment ensuring organizational and financial independence and sustainability.

The financial independence of the A.T.A. entails that the A.T.A. is self-sufficient, and that it disposes of a crisis fund. The mechanism designed for this purpose is the legally mandatory contingency reserve fund, what we call the 'Emergency Fund Marketing and Promotions' (EFMP), which can only be accessed in instances of serious threats to Aruba's tourism industry, resulting from situations of crises.

As per the legislation applicable to the A.T.A., the Fund must be built up to its legally set minimum within 5 years. The fund is fully in compliance with the legislation and disposes of the required minimum amount, currently.

TO ENSURE PREPAREDNESS FOR EFFECTIVE RESPONSE TO EMERGENCIES is one of our strategic objectives, and is part of A.T.A.'s third Business Plan since its inception as an independent body.

With a strong Tourism Emergency Marketing Plan in place, we seek to safeguard continuity of visitation through periods of crisis by ensuring that we know when and how to respond to our markets when in adversity.

Our plan covers communication in case of a natural disaster. *In addition, the A.T.A. as lead of cluster 8 – as part of the nation's national calamity response structure – works closely with key stakeholders and with members of the cluster. Numerous annual crises aspects are dealt with through this structure, as well as national crisis simulation exercises.

So another question posed by the Central Bank ... Are our current policies adequate?

From our perspective, important to note is that as part of our evolution, we transitioned, from a Destination Marketing Organization into a Destination Marketing and Management Organization (DMMO) in 2014. This shift allows us to adopt a more prominent role in the facilitation and implementation of destination management efforts.

Today we increasingly see more destination marketing organizations (DMOs) evolving and expanding their activities and budgets towards destination management, to intentionally elevate the customer experience, but also address destination challenges.

As part of our destination management role we lead, partner and advocate in the case of product development, and seek to influence the development and enforcement of plans, legislation and policies concerning various key endeavors. Actions and strategies that we carefully planned and defined in our current Business Plan covering the period of 2018 up to 2021, are amongst other:

- Facilitate preservation of beach quality as core asset
- Safeguard safety as core asset
- Safeguard and enhance hospitality quality as core asset
- Facilitate preservation of cultural and natural assets
- Safeguard and advocate for a balanced tourism through the carrying capacity findings and framework
- Foster awareness and learning on the value of sustainable tourism amongst the youth and community at large
- Facilitate adoption of digital transaction systems and e-commerce for Aruba's tourism industry
- Foster innovation and entrepreneurship
- Enhance the quality of tourism research and intelligence

These are just to name a few.

At the very core of what we do is promoting Aruba on an international front.

Are we able to continue walking along the same path or do we need to change route?

We have been successful and need to certainly build on our strengths and core assets, yet to foster a sustainable development, we need to focus on quite a number of aspects. And we are not alone ... many on the global tourism scene are facing the dilemma that comes with the evolution of the global tourism industry. Some in a bigger fashion than others.

Having said this, we cannot do it alone! Our stakeholders map is an extensive one. And we operate in a complex external and internal environment with dynamics leading to either a great tourism experience, or jeopardizing this for one and all! The tourism value chain is simply complex!

But let me ask you these questions:

Are YOU as a key stakeholder in the industry able to continue walking along the same path or do you need to change course?

What actions are you as an entity currently undertaking on a sustainability, innovation, and leadership front?

And to our students in the audience today ... reflecting on the teachings at school as well as your personal development, what are some of the actions you believe are necessary for a sustainable development of tourism in Aruba? And *how are you contributing to this?

Going back to the UN Secretary-General Antonio Guterres' address of last Monday and to one of the crises we have to mitigate, being 'climate change', he stated 'The climate emergency is a race we are losing, but it is a race we can win. The climate crisis is caused by us – and the solutions must come from us. We have the tools: technology is on our side.'

Having such bright minds in the audience today, can you name at least 3 actions you undertake to help win the race?

.. Now, we do have great local examples, one winning big time on the global, yes GLOBAL, scene, Bucuti & Tara Beach Resort. Their years of focus on sustainability practices is recognized worldwide. They are to be saluted for becoming the very first hotel in the Caribbean to achieve Climate Carbon Neutrality.

Sustainable Practices Content

In 2020, content on sustainable practices will be incorporated into our communications strategy throughout the customer journey. The goal in this regard is for our visitors to get a deeper understanding of people and place, and to actively behave in a more sustainable manner. The communication with the visitor 'during' the visit, shall also be increased to enhance their overall experience and to increase spend on island, through more awareness of options.

I Promise / Code of Conduct

As you might have noticed through our local Ban Serio campaigns, the A.T.A. has been taking the initiative to actively address undesirable behavior of our residents, in an attempt to protect Aruba's natural and cultural heritage for generations to come. We all have most probably, at some point, witnessed situations that involved undesired behavior by our locals. Examples include, driving on sand dunes or beaches and the so-called rock wish gardens that seem to pop up all over the island. Another example is the use of single use plastic items and the effects of not properly disposing of your trash, especially on beaches and near the ocean.

To address undesired behavior of our visitors and to make them aware of what we value, which I trust that the great majority would want to respect, the A.T.A. is launching a new campaign called My Promise to Aruba. Of course, we are also encouraging you to engage in this matter!

This is what we want to communicate to our visitors and you ... [\[video\]](#)

2020

What do we project for 2020?

A.T.A.'s Budget and Plan for 2020 was submitted to the Supervisory Board of the A.T.A. on August 30th, and was submitted to the Minister of Tourism, last Wednesday.

In line with multiple rounds of consultation and the necessary analyses, the following are the projections for the four key performance indicators for 2020:

1. Increase Tourism Credits by 2-3%.
2. Increase Stay-over Visitor Arrivals by 2.2%.
3. Increase Revenue per Available Room by 2-3%.
4. Consolidate Cruise Visitor Arrivals, maintaining the level of 2019.

Closing

We are forecasting a positive year for Aruba's tourism industry! Realizing the envisioned projections, will continue to demand huge efforts from our team as well as you, our key stakeholders.

All of what I shared today, is a result of a tremendous, MEGA collective effort of the A.T.A. team! Those present here today and those following us from our overseas offices! Pabien & Masha danki!

The A.T.A. cannot move effectively without the support and commitment of our Minister of Tourism as well as the Supervisory Board of the A.T.A. Pabien & Masha danki!

And of course, same is applicable for you, our valued partners! Danki!

And finally ... to our students -> you are our future. Keep shining, keep making us proud and be an integral part of a sustainable development of our island, of our tourism industry.

Speak up and take actions now and keep doing so in the years to follow! And remember this year's theme: 'Tourism and Jobs: a better future for all'. The industry needs you!