

TOURISM & AVIATION CHALLENGES & OPPORTUNITIES DÉJÀ VU.....ALL OVER AGAIN!

EL PERIAL
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TOURISM

“AN EFFECTIVE WAY OF EXPANDING AND DEEPENING ECONOMIC ACTIVITY THROUGH THE TEMPORARY EXPANSION OF THE POPULATION OF A COMMUNITY BY PERSONS WITH A DISPOSITION TO EXPENDITURE ON SERVICES THAT PROVIDE VALUE”.

CARIBBEAN TOURISM

- ▶ A KEY SOCIO-ECONOMIC SECTOR
- ▶ FOCUS ON INTERNATIONAL VISITORS
- ▶ HOTEL/VILLA ORIENTED
- ▶ LOSING COMPETITIVE POSITIONING
- ▶ DEPENDENT ON EFFECTIVE AIR SERVICE
 - INTERNATIONAL
 - REGIONAL

AIR SERVICE?

- ▶ A “PUBLIC GOOD” – RELATED RESPONSIBILITIES FOR EFFECTIVENESS AND TRANSPARENCY
- ▶ AIR SERVICE OR AIRLINE OWNERSHIP OR BOTH?
- ▶ EFFECTIVE AIRLINE SERVICE = AIRLINE VIABILITY

THE GRIM REALITY

- ▶ REGIONAL AIRLINES – HISTORY OF UNPROFITABILITY
- ▶ CAL – PROFITABLE ON US\$50/BBL OIL
- ▶ LIAT – SAYS RECENTLY PROFITABLE BUT NO PUBLIC ACCOUNTS
- ▶ SURINAME AIR – NOT PROFITABLE
- ▶ **CAN REGION CONTINUE TO SUPPORT??**

REGIONAL AIRLINE OWNERSHIP

- ▶ PRIVATE SECTOR BADLY BURNT
 - HOWEVER REDJET INITIATIVE
 - MANY 3RD TIER AIRLINES
- ▶ PUBLIC SECTOR IN RETREAT
- ▶ CAL AND CAL/JM – GORTT OWNERSHIP & SUPPORT
- ▶ LIAT – BGI/ANU/SVD OWNERSHIP
 - ▶ DO T&T, BGI/ANU/SVD HAVE A REGIONAL OBLIGATION?

IMPACT ON TOURISM

CAL & CAL/JM

LIMITED TRANS CARIBBEAN SERVICE

DIASPORA FOCUSED INTERNATIONAL SERVICE

LIAT

PRIMARY EASTERN CARIBBEAN SERVICE

SURINAME AIRWAYS

DIASPORA FOCUSED INTERNATIONAL SERVICE

3RD TIER AIRLINES UNDERUTILISED

REGIONAL AIRLINE SHORT TERM NEEDS

- ▶ FLEET AND TECHNOLOGY UPGRADE
- ▶ CHALLENGE TO FINANCE WITHOUT SHAREHOLDER SUPPORT
- ▶ SHAREHOLDERS UNABLE TO SUPPORT
- ▶ INCREASED OPERATING COSTS, DECLINING SERVICE QUALITY AND COMPETITIVENESS
- ▶ REDUCED CAPABILITY TO SUPPORT TOURISM OBJECTIVES

**ARE WE READY
TO REALLY
CONFRONT THE
CHALLENGE?**

INTERNATIONAL SERVICE

- ▶ ACCELERATING MOVEMENT AWAY FROM REGIONAL AIRLINE SERVICE – MORE AIR SERVICE OPTIONS
- ▶ FOCUS ON:
 - STIMULATING DEMAND
 - GUARANTEEING SERVICE IF REQUIRED
 - DE FACTO ‘OPEN SKIES’ BEHAVIOUR
- ▶ RECOMMEND INTENSIFYING THIS STRATEGY
 - OPEN SKIES ASAS
 - TOURISM PRODUCT IMPROVEMENT
 - SINGLE PUBLIC SECTOR AIRLINE WITH L/A EQUITY

REGIONAL SERVICE

- ▶ THE GREATER CHALLENGE – LIMITED AIR SERVICE OPTIONS

- ▶ RECOGNISE REGIONAL DEMAND POTENTIAL

- ▶ FOCUS ON:
 - STIMULATING REGIONAL TOURISM DEMAND
 - ‘OPEN SKIES’ MASA
 - GUARANTEE SERVICE AS NECESSARY
 - STRONG LIAT/CAL COLLABORATION

- ▶ ENCOURAGE 3RD TIER AIRLINES

KEY STRATEGIC RECOMMENDATIONS

- ▶ INTRA-REGIONAL TOURISM
- ▶ MULTI-DESTINATION TOURISM
- ▶ DIASPORA TOURISM
- ▶ REDUCED INTRA-REGIONAL AIR FARES
- ▶ OPTIMISATION OF HUB & SPOKE SYSTEMS
- ▶ REGIONAL & INTERNATIONAL OPEN SKY ASAS
- ▶ MAINTENANCE OF IASA CATEGORY 1 STATUS
- ▶ OPTIMISATION OF CASSOS
- ▶ ESTABLISH A COMMON AIR SPACE
- ▶ CAL/LIAT CUSTOMER SERVICE INTEGRATION
- ▶ SINGLE STATE AIRLINE WITH L/A AIRLINE EQUITY
- ▶ ENCOURAGE PRIVATE SECTOR PARTICIPATION