

St. Lucia Tourism & Agriculture:

Linking to Enhance Development
and Competitiveness

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Creative Industries

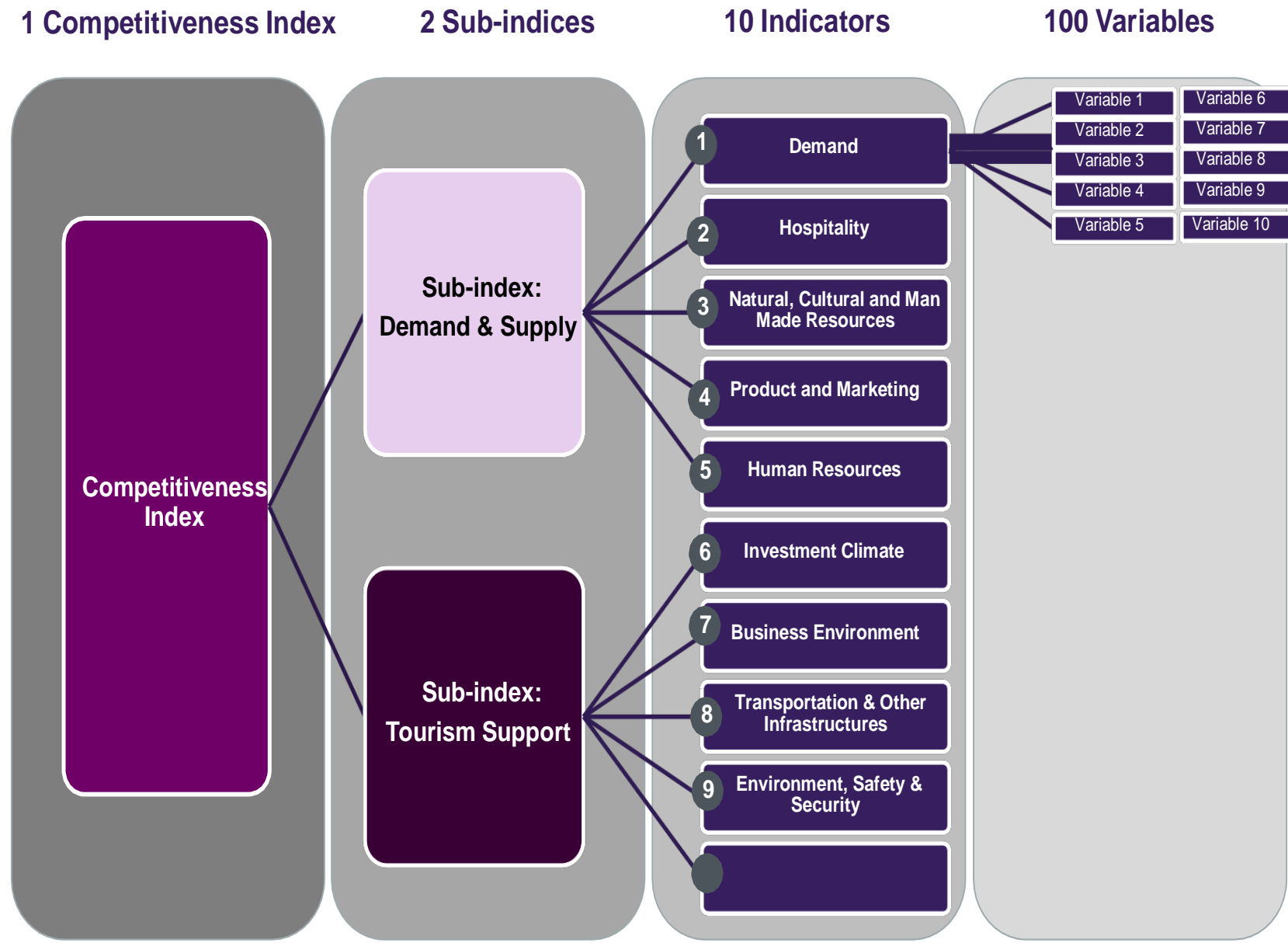
Ministry of Tourism Heritage and

Context

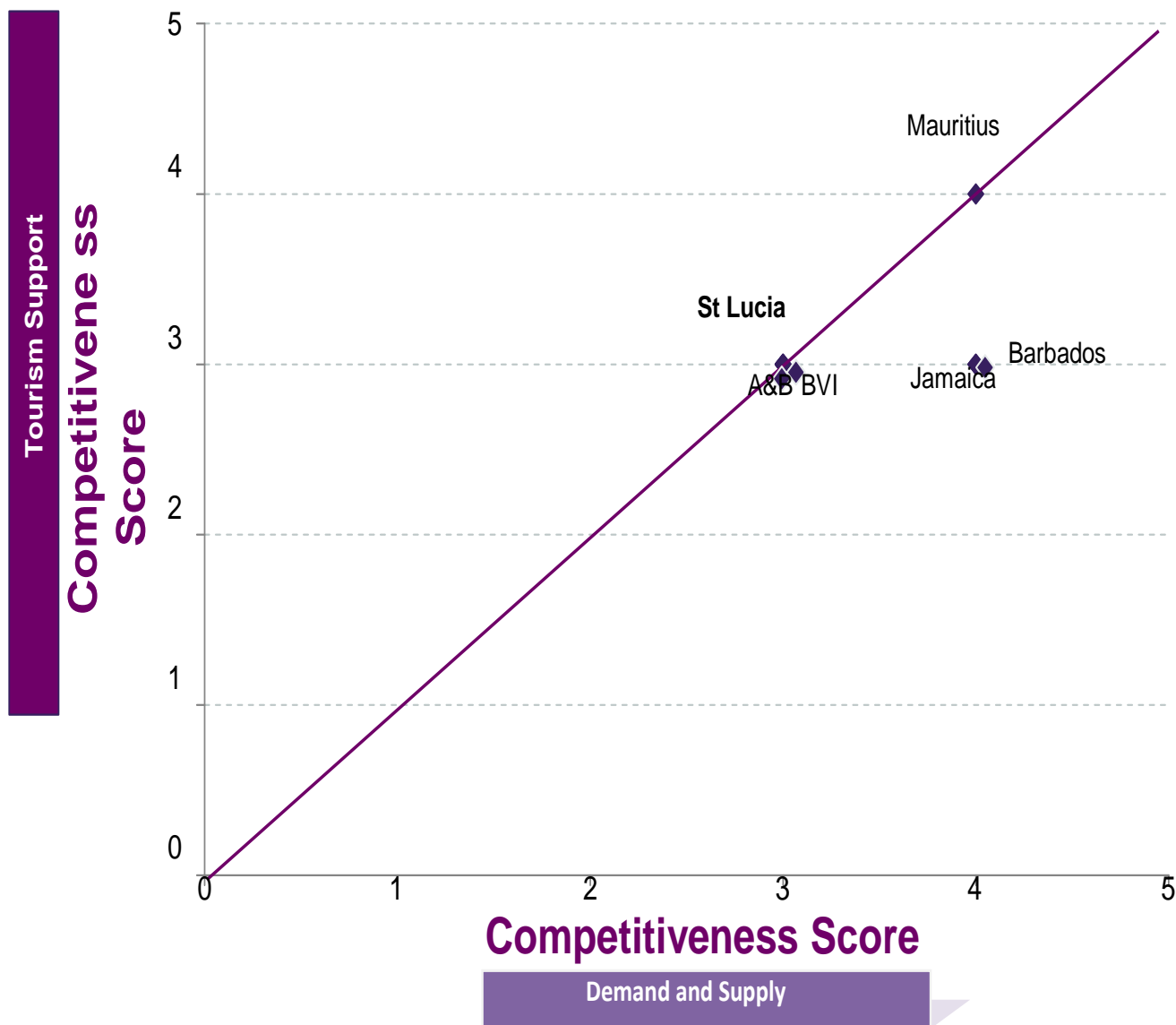
- The promotion of agriculture tourism linkages is an attempt to enhance the local value added of the tourism industry, while at the same time promoting the development of domestic agriculture
- Can St. Lucia maintain its competitive edge within the Caribbean and globally as tourist demand and source markets evolve?
- What must be done to make the sector more competitive?



The Competitiveness Index has been calculated based on 10 indicators Which evaluate tourism competitiveness in destinations



The competitiveness benchmarking analysis of St Lucia shows that it is less competitive than Barbados, Jamaica and Mauritius; at the same time it faces strong competition from Antigua & Barbuda and BVI



St. Lucia recorded 952,390 arrivals in 2013, 318,626 air arrivals (33%) and 594,118 cruise (62%); Barbados recorded 508,520 air arrivals (47%)

Competitiveness in terms of total arrivals and total expenditure



Demand Indicator

- St. Lucia recorded a total of **952.390 arrivals in 2013**: 318.626 air arrivals (33%) and 594,118 (62%). Compared Barbados, which recorded 508,520 air arrivals (47% of total arrivals).
- In terms of cruise arrivals St. Lucia recorded approximately the same number as Antigua & Barbuda and Barbados.
- St. Lucia **air/cruise ratio, 33%-67% is dominated by cruise arrivals**. Barbados have more balanced ratio with 46% air vs. 53% cruise arrivals. Jamaica has a 63% air arrivals.
- **Air arrivals** in St Lucia **spend 23 times more than a cruise arrival**.
- The expenditure per arrival (**air + cruise**) in St Lucia (642US\$) is equivalent to Jamaica (652US\$); it is 25% less than Barbados (802US\$)
- According to local sources, St. Lucia records the highest expenditure per **air arrival** (1,798US\$), followed by Barbados (1,611US\$). According to the WTTC and Caribbean Tourism Organisation, air arrival expenditure in St Lucia is lower than the competitive set.
- US market's Average Daily Expenditure in St. Lucia is the highest (\$272), followed by the Canadian market (\$232).
- St. Lucia compared to other benchmarked destinations records the **second highest expenditure per cruise arrival** (77.6US\$) just behind Jamaica (78,9S\$) and followed by Barbados (65.6US\$)
- St. Lucia's air arrivals are mainly from USA (40%), UK (22%) and from other Caribbean countries (19%); following the trend of benchmarked destinations.

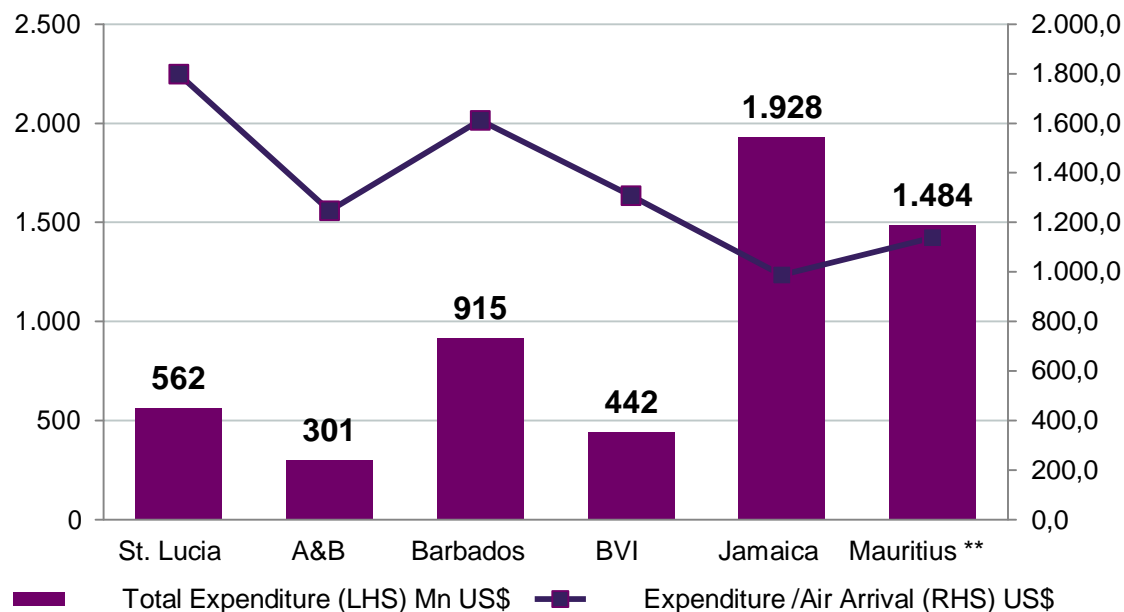
According to different regional sources consulted, St. Lucia has the highest air expenditure per person (1,798.2US\$)

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Air Expenditure

Total Air Expenditure and Expenditure/ Air Arrival, 2011 – Regional Sources:

US\$ Mn (Million)



** Passenger traffic includes traffic between Island of Mauritius and Rodrigues

Sources: Performance report on the tourism sector, 2013, SLTB ; National Sustainable Tourism Development Plan for A&B, 2012, T&L; Ministry of Tourism of Barbados; Tourism Highlights for 2013 (BVI) - Caribbean Tourism Organization; Annual travel statistics 2013, Jamaica Tourism Board; Bank of Mauritius

Expenditure/ Air Arrival, 2011:

US\$	
St. Lucia	1,798.2 US\$
A&B	1,246.8 US\$
Barbados	1,611.7 US\$
BVI	1,307.6 US\$
Jamaica	987.8 US\$
Mauritius	1,138.2 US\$

Average daily expenditure per air arrival in St. Lucia:

US\$	
US	271.69 US\$

Valuation:

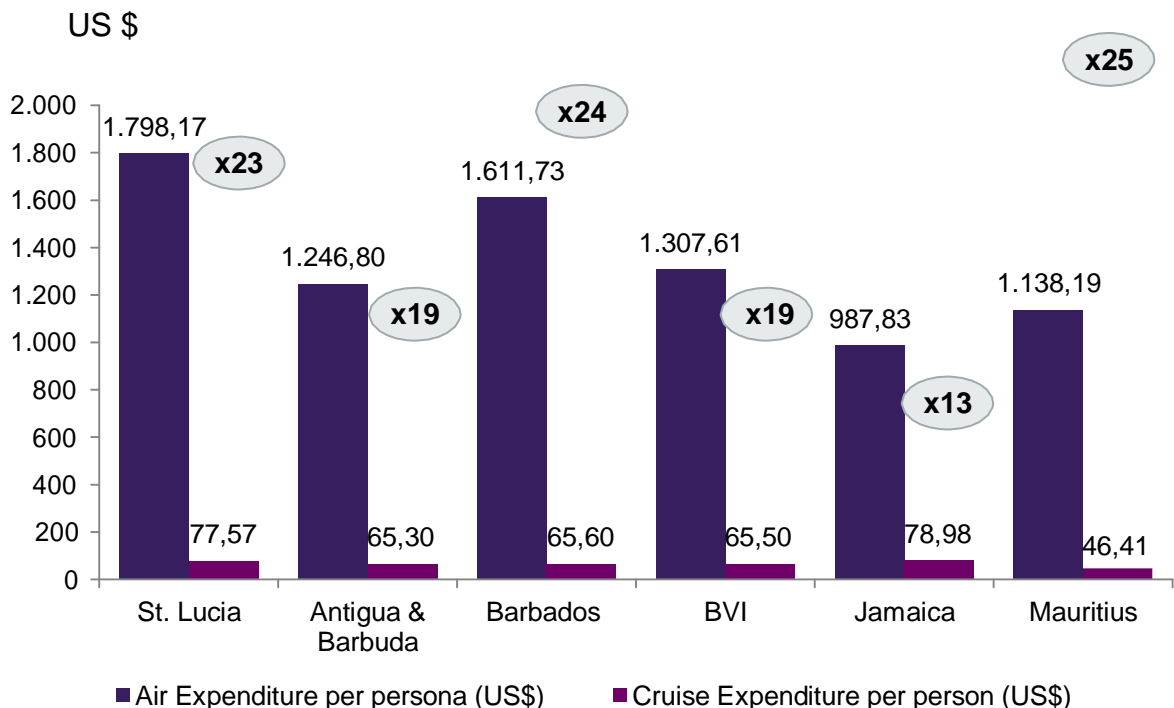
St. Lucia	A&B	Barbados	BVI	Jamaica	Mauritius
5	3	4	3	1	2

Air arrivals in St Lucia spend 23 times more per person compared to cruise arrivals

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Total Expenditure

Cruise and Air Expenditure per person and Multiplier ¹, 2013 – Regional Sources:



- For every air arrival to St. Lucia , 23 cruise arrivals are needed to generate the same expenditure
- St. Lucia has the third higher ratio multiplier among the benchmarked destinations
- The difference between air and cruise expenditure in Jamaica is lower than in the rest of the destinations

¹ Multiplier: number of cruise arrivals needed to get the same income obtained by each of the air arrivals

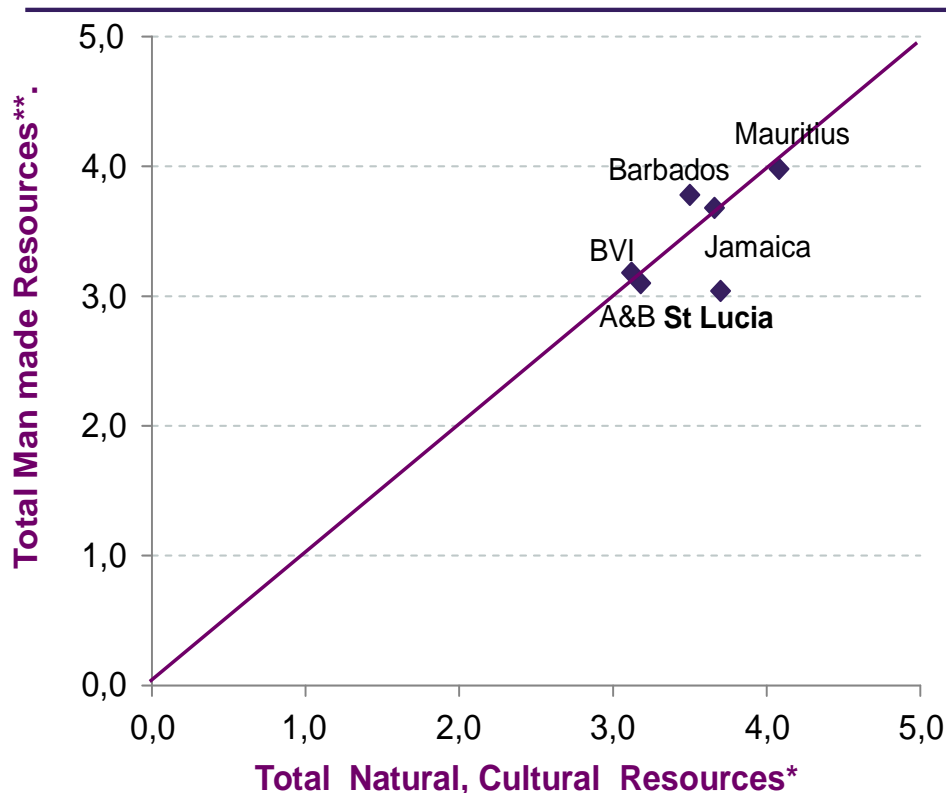
Sources: Performance report on the tourism sector, 2013, SLTB ; National Sustainable Tourism Development Plan for A&B, 2012, T&L, Ministry of Tourism of Barbados; Tourism Highlights for 2013 (BVI) - Caribbean Tourism Organization; Annual travel statistics 2011, Jamaica Tourism Board; Bank of Mauritius ; Economic Contribution of cruise tourism to the destination economies, 2012, BREA

Valuation:

St. Lucia	A&B	Barbados	BVI	Jamaica	Mauritius
3	2	4	2	5	5

Saint Lucia has natural and cultural resources with great potential to be further leveraged for tourism development; local agriculture, local culture and entertainment is limited in the TVC

Competitiveness: Natural, Cultural vs Man made Resources



*Total Natural Resources include: Iconic Resources, Natural-Fauna, flora, topography, Cultural Heritage, Cultural Living Expressions and Agriculture related food.

** Man Made Resources Include: F&B Facilities, Attractions, Retail and Handcraft, Sports, Events.

Natural, Cultural and Man-made Resources Indicator

- St Lucia main attractiveness lies in the **unspoilt nature, rugged landscapes and lack of over crowding** of its natural resources. Its flora and “greenness” is the major attraction in St Lucia and positioned the destination in a more advanced position compared to BVI and Antigua. Beaches, boat and catamaran trip, the Pitons and excursions (diving, deep sea fishing) are ranked as the top 5 memorable aspects of holidays.
- **St Lucia is less competitive than Jamaica, Barbados and Mauritius in terms of integrating and branding the locally produced agriculture and products** into the tourism offer (locally produced food and local gastronomic experiences). While having rich and diverse agricultural product,
- St Lucia is less competitive than Barbados, Jamaica and Mauritius in terms of the offer of Cultural Living Expressions and Culture Heritage.

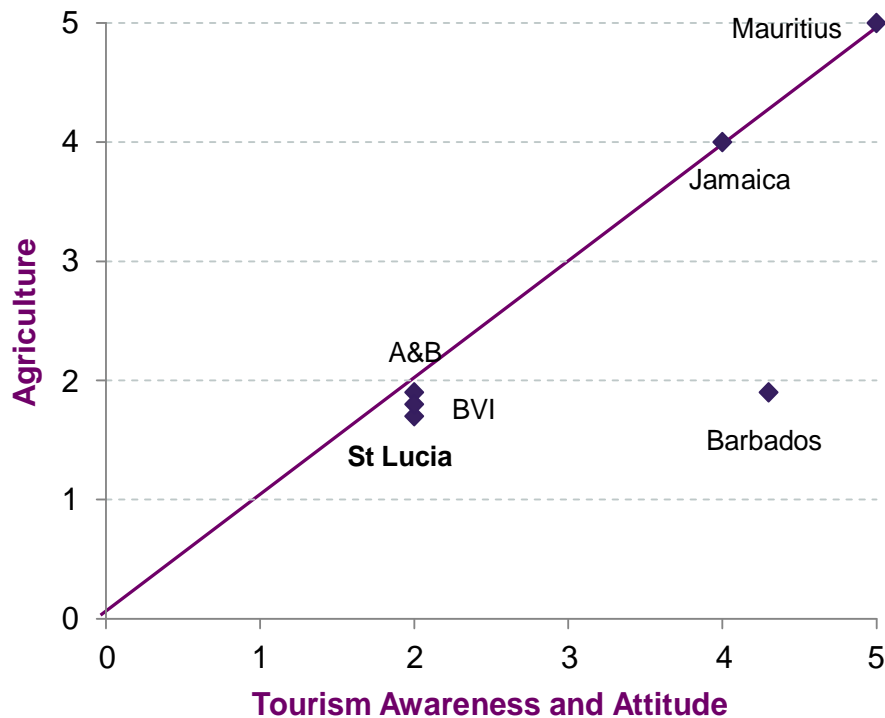
St Lucia has not managed to integrate its agricultural products in the Tourism Value Chain.

- In St Lucia there is a **limited of emphasis of local culture** to create a unique experience: food, music, community based tourism, heritage through the built environment and limited product development

- **More attractions** also need to be developed (entertainment

St Lucia is uncompetitive compared to Jamaica and Mauritius in terms of creating synergies between agriculture and tourism; St Lucia has limited tourism awareness programmes compared to the benchmark set

Competitiveness: Awareness & attitude and agriculture



- The **lack of synergies between the agricultural and tourism** sectors result in leakages in the TVC. In order to maximise the employment impact of tourism country, the St Lucia tourism **needs to leverage synergies between the agricultural and tourism** sectors.
- St Lucia has a **low agricultural contribution to GDP/labour force ratio** (0.14) compared to Jamaica (0.41) and Mauritius (0.5). St Lucia has potential to increase agriculture's GDP contribution by creating more synergies with the tourism sector (e.g: Belle Vue Farmers Cooperative project in 2006¹).
- **62%** of St Lucians believe that **tourism benefits agriculture**.
- St Lucia is **least competitive** (with BVI) in the Caribbean benchmark set in terms of creating **indirect jobs from direct jobs** (St Lucia ratio 2.6 vs. 3.3 in Jamaica and Barbados).
- St Lucia is **less competitive than its benchmark set in contributing to GDP** by its direct employment in tourism. Its GDP/direct employment ratio is 0.9, while that of other destinations is 1 or 1.1.
- Training and skills development programs are needed; as well as partnerships between suppliers and hotels.
- St Lucia's **youth unemployment rate is 41%**; by far the highest rate in the competitive set. St Lucia needs to make the youth aware of opportunities and provide training in tourism.
- Weekly wages in the hotel industry in St Lucia is above the average; but **wages are 15% below the average earnings**.
- In **St Lucia 52% of people understand the benefits of tourism to individuals**; compared to 73% of people in Barbados. St Lucia has had successful campaigns awareness campaign in the past, these are now limited.

The Tourism Value Chain (TVC) analysis has identified gaps and opportunities which can build competitiveness in Saint Lucia

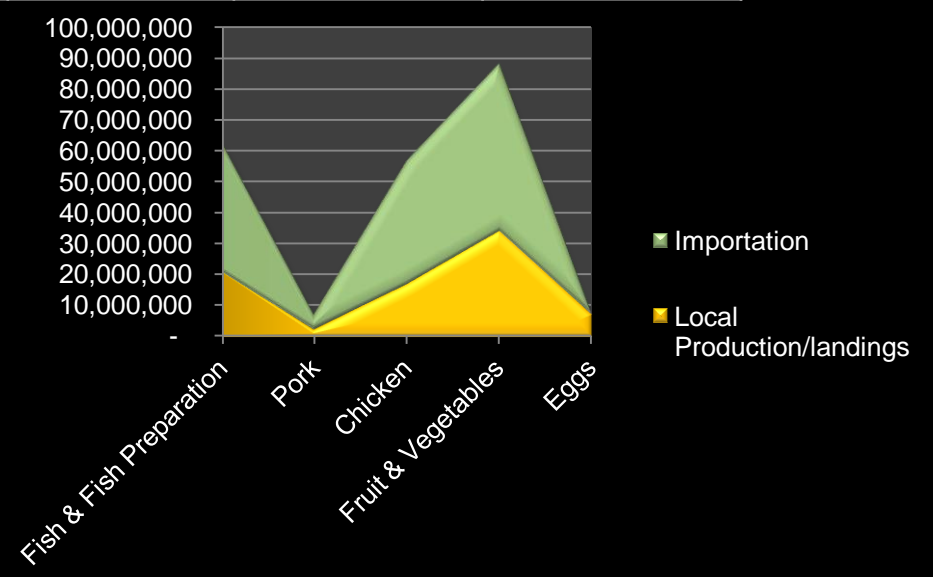
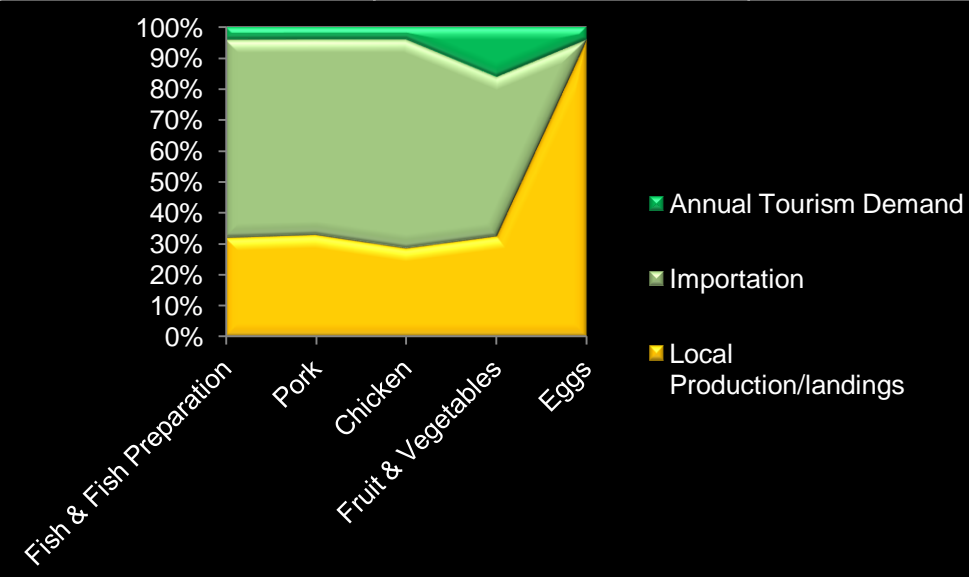


Stakeholders across the Tourism Value Chain have an important role to play in building competitiveness. Consultation among public and private sector partners in these “links” will result in the identification of opportunities for building competitiveness

Opportunities are never lost; someone will take the one you miss.

Author Unknown ...

Commodity	Local Production or landings	Importation	Total Demand	Local Production as a % of Total Demand	Annual Tourism Demand
Fish & Fish Prep	20,986,000	41,887,000	62,873,000	33.4%	2,766,412
Pork	2,463,310	4,709,000	7,172,310	34.3%	308,409
Chicken	16,862,200	39,682,000	56,544,200	29.8%	2,431,401
Fruit & Vegetables	33,951,802	53,899,000	87,850,802	38.6%	16,691,652
Eggs	7,126,000	-	7,126,000	100%	306,418





Specific Policy Initiatives

In April 2014, the OECS Secretariat convened a regional validation workshop which brought together sellers (farmers/producers/supplier s) of agricultural products and buyers from the hospitality sector, to discuss and validate the preliminary findings emerging from the Agro-Tourism Demand Study. The discussions at the workshop were analyzed and are reported here.

COMMON PRODUCTS FOR BOTH FARMERS AND HOTELIERS		PRODUCT OPPORTUNITIES FOR FARMERS TO SUPPLY HOTELS
Pineapples		Coconuts
Watermelon		Greens
Mango		Okras
Papaya		Iceberg lettuce
Orange		Onion
Lime		Squash
Bananas		Zucchini
Plantain		Arugula
Tomato		Thyme
Sweet pepper		Parsley
Hot pepper		Chives
Sweet potatoes		Irish potato
Pumpkin		Beef
Lamb		
Chicken		
Pork		

Issues Encountered by Farmers when Supplying the Hospitality Sector

- **Inadequate information on demand** – in terms of quantity, quality demanded and prices hotels are willing to pay.
- **Spot market model** – hotels require produce on demand which tends to facilitate imports rather than advance notice being provided to local farmers to allow time to plan production to meet hotels' needs.
- **Intra sub-regional transportation** - there are serious difficulties in transporting goods within the OECS region, especially for quantities less than a container load.
- **Late payment** – hotels sometimes do not pay farmers in reasonable time - a 90 day wait time is not uncommon.
- **Border issues** – sanitary and phytosanitary (SPS) measures to manage pests and diseases are sometimes used as barriers to entry even within the OECS region. This limits the ability of farmers to supply the needs of hotels in neighbouring countries.
- **Processed products** - manufacturers face the challenge of seasonality of raw material supplies from local farmers in order to produce products for the tourism sector.
- **Caribbean cuisine** – discouraging attitude of international chefs towards using local produce in their menus.
- **Politics of corporate hospitality industry** - concerns were raised by farmers about the business model practised by hotels, which minimises the opportunity for local farmers to participate in the growth opportunities presented by the tourism industry.
- **Hotels are price-driven** - thus making price competitiveness of local products challenging given the lack of economies of scale among local farmers.
- **Product returns** – hotels return many products to farmers e.g. due to lack of storage.



Issues that are encountered by Hotels when Purchasing from Farmers/Producers

- **Barriers to importation from the region** – Hoteliers raised concerns about the difficulty of importation of products into the region due to restrictions imposed by regional governments.
- **Stringent importation regulations due to issues such as diseases** (mad cow disease, canker, mealybug, citrus greening etc.) –While hoteliers understood the need for protecting countries from the spread of diseases, they felt that the implementation of some of these regulations was too stringent.
- **Lack of availability when products are out of season locally** – hoteliers expressed a willingness to support local farmers but raised concerns about their inability to import some locally produced items due to lack of local availability. They suggested a need for a more structured importation policy.
- **Lack of consistency among local farmers.** Hoteliers complained about farmer's inability to produce all year round to fully support the local hospitality industry.
- **Transportation of goods** - costs of transporting goods to the islands. Hoteliers raised the issue of the high cost of importing into the OECS and suggested a need for a closer working relationship among the OECS to address this issue. Suggestions included the further development of a ferry service between OECS countries to increase trade and to improve product availability.
- **Marketing intelligence/information sharing** – lack of information on product availability Hoteliers indicated that they had no idea of the availability of local products which would allow them to minimise importation. They recommended the development of a marketing system that would be accessible to the industry and improve their ability to plan their menus.



Solutions Proposed by Farmers

- Encourage the development of relationships between farmers and hoteliers via lunch meetings, networking etc. to get to know each other.
- Identify target crops and develop specialised training approaches to improve farmer productivity and competitiveness.
- Develop a regional information system (data on quantity, price etc.) populated at the national level and entered in a regional database to improve demand and production forecasts.
- Integrate sub-regional SPS / health and food safety systems to facilitate greater intra-regional trade.
- Improvement in payment arrangements –timely payment to allow hotels to plan, invest in mechanization, storage etc.; debt factoring might be an option.
- Establish more farmer/producer co-operatives that can through combined efforts overcome to some degree the scale disadvantages affecting small farmers in the region.
- Employ more local chefs and train foreign chefs to utilise more local produce in hotel menus.
- Joint events – collaboration between farmers and hoteliers at tourism events e.g. Taste of the Caribbean.
- Establishment of a regulatory environment by sub-regional governments that fosters local consumption that is linked to the incentive regimes for the hospitality sector (e.g. tax holidays on condition of a certain percentage of use of local produce in purchasing programme).



Solutions Proposed by Hoteliers

- **Government policies and regulations** to:
 - Facilitate mechanisms to certify regional farmers/producers to allow greater sub- regional importation
 - Develop a marketing intelligence system to track production and availability of produce to supply markets including hotels.
 - Negotiate with hospitality businesses to increase the use of local produce in hotels and to infuse more local cuisine in hotel offerings.
- **Establishment of a more robust agro-processing industry** to process produce when in season, preserve, extend product life and maintain value.
- **Improvement in intra-regional government information sharing** through the deepening of our technology footprint. This can be achieved by creating a platform that captures price and production information across all OECS countries and facilitates linkage opportunities between buyers and sellers. For example if hoteliers in Grenada require tomatoes which are available in Dominica, contact would be made with the linkage committee in Dominica to facilitate dialogue between Dominican farmers and Grenadian hoteliers to arrive at an agreement to facilitate movement of the product to Grenada, subject to the sanitary and phyto-sanitary rules of both countries.



Recommendations and Next Steps

- **The development of a broad based governance** model to manage the relationship between the agriculture and tourism industries for each country is of vital importance. The governance model should be:
 - Facilitated by government or designated agencies
 - Supported by establishment of a forum for dialogue
 - Underpinned by government import policy
 - Private sector driven (farmers, hoteliers & intermediaries)
 - Represented by key stakeholder
- **Collection of statistics and the establishment of systems** for annual or bi-annual collection of hotel demand data and market information system for trade linkages between agriculture and tourism to manage buyer/seller relationship. Jamaica and Trinidad and Tobago are two models that can be used to enhance the data collection effort.
- **Development of a strong marketing campaign** to convince the tourism sector of the value of building the tourism agriculture linkage relationship, especially through the timely provision of relevant data. Alternately, tourism and agriculture ministries should expand their information requests to be accessed by hotels.



Recommendations and Next Steps continued

- **Development of more frequent partnership fora** to inform the agricultural and agro- processing sectors of opportunities for trade in tourism .
- **Development of long-term contractual relationships** between farmer groups and hotels based on specific targeted crops.
- **Agreement among both groups regarding target crops** (this may change from time to time) based on a periodic assessment of product competitiveness.
- **Training of producer groups** to meet tourism market specifications.
- **Adoption of new financing models** to assist farmers in their production drive. e.g.
 - **Invoice discounting (or Factoring)** , where farmers discount their invoices with an agreed intermediary, who would present to the hotel for collection.
 - **Crop lien - loans** through the credit union movement underpinned by farmer/hotel contract.
- **Commitment to infusing Caribbean cuisine** within the regional tourism space.
- **Commitment to systematically develop and introduce Caribbean cuisine** within the menu options of the Caribbean as a key strategic goal of the linkage policy



FINALLY . . .

As is clearly enunciated by the **OECS Common Tourism Policy**, the **reliance on sun, sand, and sea** is an increasingly difficult strategy to implement given the plethora of destinations around the world utilising such characteristics in their tourism promotion programmes. “The critical issue is what differentiates the Caribbean from other destinations. A critical differentiator is our food, which historically, has not featured on the menu that is offered to guests.”





THANK YOU.

