

MEMORANDUM

RE: Investing in Tourism – A case for the Public/Private Sector Partnership in the Construction, Development and Operation of Cruise Ports/Terminals throughout The Bahamas

Economic Benefits of “Out Island” Cruising

It is a well known fact that the most important industry in The Bahamas is Tourism. Bahamians have been exporting Sun, Sea and Sand to the world at large for the past few decades. Tourism related employment accounts for at least 50% (directly and indirectly) of the Bahamian workforce and roughly half of The Bahamas’ GDP. However, over the past few years The Bahamas has witnessed a dramatic decline in the industry and can now see the importance of the industry in the context of the current economic situation.

It becomes apparent when viewing islands which currently operate cruise ports/terminals, that an influx of day tourist and/or day traffic on a regular basis has a positive economic effect, undoubtedly. Islands such as Grand Bahama have almost exclusively subsisted on the aforementioned form of tourism. For numerous years The Bahamas has been a part of a Cruising Scheme which includes many of the other islands in the Caribbean. This partnership causes The Bahamas to forfeit valuable tourist dollars which some of our own, lesser exposed, Family Islands would benefit from. If larger Islands such as Grand Bahama and New Providence are able to benefit from the economic advantages which Cruise Tourism is able to generate and deliver, it then begs the question:

“WHAT DEGREE OF ECONOMIC IMPACT WOULD REGULAR CRUISE SHIP VISITS HAVE ON THE SMALLER “OUT ISLAND?”

Marketing

For such an operation to be successful, The Bahamas must cater to the needs of the current economic climate. The motto throughout the world at present is “better value for your dollar” and that is what The Bahamas must propose in order to compete with other destinations. Offering several Bahamian destinations instead of a singular stop will be a tremendous draw to those who have been putting off travel due to the exorbitant cost for little outcome.

The Islands which should initially be considered for this project are those which are not often visited by mainstream tourist, namely:-

1. Clarence Town, Long Island; and
2. Port Howe, Cat Island;
3. Elizabeth Harbour, Great Exuma;
4. Governor’s Harbour or Rock Sound, Eleuthera;

These Islands all have unique attractions making the possibility of finding something for everyone to enjoy far greater. Moreover, as these islands are less traveled, the benefit of a Cruise Ship or “Floating Hotel” becomes apparent. Hoteliers and investors are growing scarcer due to the recent economic crisis. The unlikelihood of building resorts on each of these islands becomes self-evident. By making the “Resort/Hotel” mobile we can offer the beauty of the Out Islands with all the amenities of any level of accommodation. Due to their unspoiled and natural wonders, these islands can offer a new type of tourism for The Bahamas to develop.

Eco Tourism has had tremendous success throughout the world. As travel destinations become more uniform, today’s tourists look for places which offer something not seen in everyday life. Smaller cruise vessels have proven to be both popular and practical for Eco and Adventure Tourism as is evident in the Galapagos Islands off the coast of South America. The aforementioned have been operating Eco-Tours for numerous years with a high level of success drawing visitors on a year round basis from all corners of the globe. Places like the aforementioned are already in existence, and have been for some time, the desire for something new and unseen is at a high and with over 700 islands and Cays, The Bahamas is a perfect destination to accommodate such needs.

Furthermore, as routes become established not only will they be able to serve foreign visitors, but also offer Bahamians an alternate mode of transportation between the Family Islands and promote an internal local tourism which is truly underdeveloped and/or in some cases non-existent.

Job Creation

The number one factor behind the promotion of the Tourism Industry is the creation of jobs for the Bahamian people. Unemployment today is at an all time high as the industry is unable to sustain the amount of people dependent upon it. As we have seen in the more developed islands, day traffic can sustain an Islands’ economy derived from tourism in a meaningful and personal manner. This would be considerably higher in one of the aforementioned Out Islands. Not only will regularly scheduled cruises to those destinations bring Tourism where there previously was none, but the building and maintenance of the facilities necessary to support the project should also create much needed jobs for other factions of The Bahamas workforce.

Grand Bahama also has one of the largest dry docks in the world and already enjoys a healthy client list. We can expect that cruise ships which operate in such close proximity to this facility would take full advantage of its services thus increasing the level of productivity and need for skilled workers thereto encouraging more home porting for the smaller “more boutique” cruise lines.

The Bahamas government may also mandate that certain investments and improvements should be made together with the provision of economic opportunities for Bahamians in its negotiations. Business will flourish in locations where the tourist dollar becomes a reliable source of income thus creating a domino effect of growth and prosperity. The

Cruise Lines operating exclusively at Bahamian cruise ports and terminals should in net be opened for the benefit and betterment of the country at large.

Tourism

The impact this project would have on tourism is immeasurable. As exposure of the islands increase, The Bahamas shall again become the focal point of Caribbean travel. Larger islands such as Nassau and Grand Bahama shall become ports of departure as they have international airports, thus creating an increased flow of traffic and exposure to these Islands as well. When the mainstream Cruise Lines, Resort Owners and local business persons recognize the success being enjoyed by the smaller operators they will regain faith in investing in the construction of new facilities to accommodate the rejuvenation of the Tourism Industry. This exposure will also have an impact on the amount of repeat travelers to these Family Islands. As a person is introduced to a multitude of destinations and realizes the proximity and ease of travel to them, an increase in air travel to particular locations will further strengthen and support the burgeoning business and facilities in place to accommodate the Cruise Ports/Terminals.

Environmental Factors

The Bahamas must be aware that the resources which we are proposing to offer are our idyllic locations and landscapes. In order for this commodity to be long lasting, the Government must ensure that it preserves these resources as best it can. This means limiting the environmental impact operating a project like this may have. One way in which this can be achieved is by imposing strict regulations and heavy penalties for violations of an “environmental code”, which would be specifically developed and tailored for this sector of the Tourism Industry. Regulations, such as being proposed, are already in action in the aforementioned Galapagos Islands which is deemed a National Park. By placing various limits on the size of vessel which can operate in conjunction with this Project the Government can regulate the amount of pollution generated, not only by the vessel itself, but also by the amount of visitors to any particular island at any particular time. This limiting capability in regard to the number of people will also allow for those living on the Family Islands to adjust and assimilate to the Tourism Industry and how to cater to the guest without becoming overwhelmed. It will also let us monitor in a controlled manner what if any environmental aspects may be affected by the introduction of above average traffic to these destinations.

Government Involvement

Other countries have for some time been partnering with large private business which use their waters to operate their own International Cruise Lines. Examples of such partnerships can be found in Greece with Paleogos and South East Asia with Star Cruises. The Bahamas can become involved with private investors in one of two ways, namely:-

1. Entering into a partnership with a private investor(s) and/or operator(s). In doing so, The Bahamas will minimize its initial financial obligation and risk, while

reaping the benefits which come and remain with a significant boost to the economy en masse. Private investors shall be responsible for such financial responsibilities as the maintenance and repair of the vessels. Ownership will be secured for a joint venture company with equity participation being negotiable.

2. A project financed in the manner akin to the building of the Paradise Island Bridge where bonds may be offered to the public at large in order to minimize initial investment demands being negotiable. The Bahamian government would build and maintain the docking terminals and charge fees to those interested in becoming a part of the Project for the right to operate exclusively in Bahamian waters. The availability and provision of grant funding, guarantee and leveraged finance form the International Development Bahamas, World Bank, Multilateral Investment Fund (MIF) and Inter-American Investment Corporation (IIC).

If the project were to be undertaken it would be the largest investment initiative in Tourism by the Government in the history of The Bahamas. By establishing an internal cruising system we can maximize and control the flow and circulation of the tourist dollar within our economy.

In closing, it would behoove the authorities in the Government of The Bahamas to create value in a method akin to all good business, namely:-

**In order for a sustainable return and profit to be enjoyed –
a significant long term investment and commitment must
first be made.**

Gordon Major

Long Island, Bahamas