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THEDIALOGUE

FEATURED Q&A

Will Jamaican Tourism Keep Hitting its Stride?

Champion sprinter Usain Bolt has attracted attention to his home country, Jamaica. // File Photo: drcliffordchoi via Creative Commons.

Q Jamaica's government is hoping that the country's Olympic performance, led by champion sprinter Usain Bolt, provides a bounce for the country's tourism industry, Prime Minister Andrew Holness said Aug. 18 after returning from Rio de Janeiro. The Caribbean country earned $1.3 billion from tourism in the first six months of the year, a 7.5 percent increase as compared to the first half of last year. What factors are driving Jamaica's tourism sector, and is it likely to see continuing gains? How well is Jamaica's tourism sector faring amid competition from other Caribbean destinations, such as Cuba, the Dominican Republic and Puerto Rico?

A Stephen Vasciannie, former ambassador of Jamaica to the United States: "Tourism arrivals in Jamaica continue to depend largely on exogenous factors. In the first place, with the price of oil hovering at just under $50 per barrel, airline ticket prices are attractive, especially for North American travelers. Secondly, circumstances in the U.S. economy, including improvements in the rate of employment and in consumer confidence, have prompted increased travel to Jamaica. And, third, the strong value of the American, Canadian and British currencies vis-à-vis the wobbly Jamaican dollar has meant a reduction in costs to tourists in the domestic arena. Endogenous factors have also contributed to the steady flow of visitors. In recent years, Jamaica's hotel stock has increased in both rural and urban areas, partly as a result of Spanish investments; highway developments resulting from French and Chinese efforts have enhanced access between major tourist attractions; and local public officials remain united across political party lines on the

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TODAY'S NEWS

POLITICAL

Negotiator Warns Against Voting 'No' on Colombia Peace Deal

The government's chief negotiator said restarting peace talks could take a decade if voters reject the government's peace deal with the FARC rebels.

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BUSINESS

Ford Moving U.S. Small-Car Production to Mexico

CEO Mark Fields said the company is moving all of its U.S. production of small cars to Mexico. Ford's production of small cars will be migrated to Mexico within two to three years, he said.

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POLITICAL

Lula Charged in Petrobras Case

Prosecutors laid out charges against former Brazilian President Luiz Inácio Lula da Silva and accused him of masterminding the massive corruption scheme at state-run oil company Petrobras.

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Lula // File Photo: Lula Institute.

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POLITICAL NEWS

Brazilian Prosecutors Charge Lula in Petrobras Graft Case

Brazilian prosecutors on Wednesday filed charges against former President Luiz Inácio Lula da Silva, his wife and six others in connection with the massive corruption scheme at state-run oil company Petrobras. In a news conference, Public Prosecutor Deltan Dallagnol alleged that Lula was the mastermind behind the scheme that siphoned some 6.2 billion reais ($1.9 billion) from the state oil company, The Wall Street Journal reported. Some of the money, prosecutors allege, was directed to Lula's Workers' Party and its allies in an effort to keep the then-ruling party's coalition in power. "He was the conductor of this criminal orchestra," Dallagnol said Wednesday of Lula, Reuters reported. "The Petrobras graft scheme aimed at keeping the Workers Party in power by criminal means." Lula has consistently denied wrongdoing, and his lawyers said Wednesday that prosecutors lacked evidence to support the charges. "This Lula-centered farce was trumped up as an affront to the democratic state and intelligence of Brazilian citizens," said one of the former president's lawyers, Cristiano Zanin. The formal charges against Lula and his wife focus on a more narrow allegation—that the former president and his wife illegally received approximately $1.1 million in improvements and expenses related to a beach-front apartment, paid for by construction giant OAS, which was seeking government contracts, The New York Times reported. Lula has denied ownership of the apartment. While Lula was previously implicated in the so-called "Car Wash" investigation of Petrobras, Wednesday marked the first time that prosecutors accused him of being anything more than a beneficiary, the Associated Press reported. Judge Sérgio Moro, who has already sentenced several people to long prison terms in connection with the Petrobras case, must now decide whether to accept the charges against Lula and the other defendants in order to proceed to trial.

Argentina, Britain Agree to Joint Steps on Falklands

Argentina and the United Kingdom on Wednesday agreed to taking joint steps toward removing restrictions on a number of industries in the Falkland Islands, according to a joint communiqué from the two countries, The Guardian reported. Both sides agreed to "take the appropriate measures to remove all obstacles limiting the economic growth and sustainable development of the Falkland

Duncan // File Photo: British Government.

Islands," the Argentine foreign ministry said in a statement, adding that the governments will discuss the areas of shipping, fishing and oil and gas drilling. Tensions rose over the disputed islands last year when then-President Cristina Fernández de Kirchner restricted vessels passing through Argentine waters to reach the Falklands and when an Argentine federal judge ordered the seizure of $156 million in drilling equipment belonging to oil drilling companies operating in the islands. But Alan Duncan, Britain's minister of state for foreign and commonwealth affairs, hailed the agreement as a victory for Argentina's new diplomatic approach. 'The measures agreed today demonstrate we can make progress through dialogue,' Duncan said in a statement, Reuters reported. The countries also agreed to allow more flights between the Falklands and Latin America. The nations have disputed the islands for more than a century and fought a brief war over them in 1982. On Wednesday, the countries said they will speed up the process of DNA identification for unknown Argentine soldiers buried on the islands who were killed in the war.

NEWS BRIEFS

Restarting Talks May Take 10 Years if Colombians Reject Accords: de la Calle

Top Colombian peace deal negotiator Humberto de la Calle warned Colombians to carefully consider their decision before voting in next month's referendum, saying that if the public votes against the government's peace accord with the FARC rebels, it could take 10 years before new negotiations are started, BBC News reported Wednesday. "The 'no' camp's idea of renegotiating seems like a massive mistake to me," he said. "The risk is that if people vote 'no', thinking this will bring about a renegotiation, it is certain that nothing will happen ... If 'no' wins, the process stops."

FIFA Suspends Guatemalan Soccer Federation

World soccer's governing body, FIFA, has suspended the Guatemalan football federation, or Fedefut, over political interference, BBC News reported today. FIFA said local authorities had intervened in undermining a local committee that FIFA had put in charge of running the game there, following a corruption scandal. The national team and all of the Central American country's clubs will be barred from participating in international competitions, though senior FIFA official Primo Coravo said the ban might not be immediate.

Santander Rio Denies It's Purchasing Citi's Argentina Operation

Banco Santander Rio on Wednesday denied earlier newspaper reports that it had purchased Citibank's retail business in Argentina, according to a letter from Santander to the Buenos Aires Stock exchange, Reuters reported. "Banco Santander Rio S.A. has not reached any agreement to buy the retail operations of Citibank in Argentina," Santander said in the letter.

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BUSINESS NEWS

Ford Moving Small-Car Production From U.S. to Mexico

U.S. automaker Ford will move all its small-car production from U.S. plants to Mexico, CEO Mark Fields announced Wednesday, Reuters reported today. Earlier this year, Ford announced it would invest $1.6 billion in small-car production facilities in Mexico, with production expected to start in 2018. Last year, Ford said it would move its Focus and C-Max production out of its Wayne, Mich., plant by 2018. At the time, Ford planned to build its next Focus in Mexico, according the United Auto Workers Union. In April, the company affirmed that it is planning to build to new vehicles in the Wayne

Fields // File Photo: Ford.

plant in 2018. Analysts have said they expect to Ford to build its new Bronco SUV and Ranger pick-up truck there. The United Auto Workers has said the number of auto assembly jobs would remain the same at the Wayne plant despite Ford's decision to move small car production to Mexico, and that workers would be assembling the new, bigger cars in that factory. The decision drew criticism from GOP presidential nominee Donald Trump, who called the move "horrible." He has criticized Ford's Mexican investments for more than a year and, if elected, has vowed to pressure the automaker to become more U.S.-focused. Fields has previously responded to Trump's criticisms by saying that Ford must make business decisions that allow it to compete on a global scale.

ECONOMIC NEWS

Chile to Limit Investment to Boost Spending on Health, Education

Chile's 2017 budget will limit state investment in public projects and increase funding to health care and education reform, said Finance Minister Rodrigo Valdés, Bloomberg News reported Wednesday. Overall fiscal spending will increase from last year, and investment in public projects will not necessarily be cut, but some projects may be reassigned or others will not start next year, Valdés added. The government under President Michelle Bachelet has expanded public spending since 2014, but the announcement reflects the government's efforts to cut the so-called structural deficit by 0.25 percent of GDP every year in order to balance it by 2020. Low copper prices have added a strain to government income and have led to a widened budget gap, despite announced spending cuts in March. Chile is experiencing its third year of sluggish economic growth, and the economy contracted for the first time in six years during the second quarter of this year, when GDP shrank by 0.4 percent over the period. Fiscal spending rose by 2.7 percent during the same period, in an effort to counteract a 0.4 percent drop in household spending. Fiscal spending will not be cut next year, but the government is hopeful that private investment will help drive growth in the coming months.

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need to promote 'Brand Jamaica.' In this context, Usain Bolt's phenomenal athletic achievements must surely enhance Jamaica's international image and reinvigorate interest in the country. Naturally, Jamaica faces competition within the Caribbean and Central America. But this has always been the case. The challenge, therefore, is to rely on the mystique and appeal of Jamaica to attract visitors in increased numbers, even as we contemplate package deals with friends in Caricom, Cuba and the Dominican Republic. The cultural diversity reflected, for instance, in Hispanic Cuba and Anglophone Jamaica augurs well for coordinated tourism efforts between both countries."

Yuri Seedial, analyst at First Citizens Investment Services in Port of Spain, Trinidad and Tobago: "Over the past five years, Jamaica's tourism industry has successfully transformed the island's image into one of an 'ideal tourist package' capable of catering to the needs of all visitors. The latest available statistics from the Jamaica Tourist Board points to a year-over-year increase, between January and July, of 2.7 percent and 10.4 percent in tourist arrivals and cruise ship passengers, respectively. Tourism in Jamaica has traditionally been dominated by North American visitors, with U.S. and Canadian tourists making up more than 83 percent of the total in the first seven months of this year, according to data from the Jamaica Tourist Board. Attracting greater interest from Europe has been a top priority for Jamaican policymakers, given that the region has consistently been the fastest-growing source market for Caribbean tourism over the past several years. A stronger U.S. economy (relative to 2010)

> **"A stronger U.S. economy (relative to 2010) and lower oil prices have spurred highly discretionary tourism spending."**
>
> **— Yuri Seedial**

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and lower oil prices have spurred highly discretionary tourism spending. Although Europe accounts for only approximately 13 percent of total tourist arrivals in Jamaica, it has been the fastest-growing tourist supply region for the island, averaging 15.2 percent growth over the past three years. Concerns regarding the spread of the Zika virus may affect Jamaica's tourist industry. The Jamaica Hotel and Tourist Association has said it is being proactive and carrying out vector control in the island's resort areas. The tourism group has also said that since the outbreak of the virus in 2014, there have been no reports of tourists contracting the disease while vacationing on the island. We also expect some positive spillover effects of increasing tourism in the Caribbean region. The Caribbean Tourism Organization is projecting that tourist arrivals to the region will exceed 30 million for the first time ever this year. The partial lifting of the travel ban to Cuba from the United States is expected to increase tourist arrivals in the medium term, as the tourism market is very underdeveloped and would take some time to get up to par with the other islands."

Sally Yearwood, executive director of Caribbean-Central American Action in Washington: "Few countries have been as successful as Jamaica in linking a positive national identity to their globally recognized citizens. Like royalty, Jamaica's famous sports and cultural icons are often inextricably tied to their flag and nationality. Google Usain Bolt images, most of them come back with the Jamaican flag, or 'Jamaica' showing in the images. Is there anyone who listens to reggae who doesn't know where Bob Marley is from? Maybe a sad few. Why is this important to tourism? A March 2010 article in The Economist, 'The Celebrity Effect,' discussed how bringing a celebrity onto a company board increases the company's visibility and often creates an immediate jump in investor interest. Translated into tourism, when Usain Bolt's Jamaica-cloaked image appears in Olympic programming every day, multiple times a day, over multiple platforms, for two weeks, there can be little doubt that Jamaica is being given a marketing bump. A July 21 article by Steve Knopper that ran in The New York Times, ('In Jamaica, Running in Usain Bolt's Footsteps') includes an email interview with Usain Bolt himself, who wrote: 'Jamaica is more suited to sprinting than long-distance running ... However, we have a lot of rolling hills, beautiful weather, scenic countryside and sandy beaches, which makes it enjoyable for long-distance running, too.' I'm not a runner, but danged if I don't want to go to Jamaica and give it a try. There is always competition from other destinations, regionally and internationally, and there are any number of factors that can impact tourism's growth trajectory, so these are always considerations in planning and marketing. Jamaica is lucky though; after all, not every country has had an ambassador with the charisma or fame of Usain Bolt at the forefront of international consciousness for two weeks. In mid-August, Jamaica's Tourism Minister, Edmund Bartlett, projected that Jamaica will continue its current growth and see four million tourists by the end of 2016. I believe him."

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>
> **— Sally Yearwood**

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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