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ASSOCIATION

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**CHTA ADVISES ARUBA GOVERNMENT AGAINST ADOPTING
LEGISLATION LIMITING ALL-INCLUSIVE DEVELOPMENT**

THE CARIBBEAN (June 7, 2016) – The Caribbean Hotel & Tourism Association (CHTA) is urging Aruba Prime Minister The Honourable Michiel Eman to abandon proposed legislation in its present form which would limit and control the growth of the all-inclusive segment of the Aruban hospitality and tourism business.

"Evidence suggests that such legislation, if put into effect, will be counterproductive to the health and growth of the Aruba tourism industry, reversing the progress the destination has made in recent years. CHTA strongly advises against the adoption of the legislation as has been proposed," said Frank Comito, CEO and Director General of CHTA.

It has been seen that excessive government interference in free-enterprise typically erodes business confidence, increases operating costs, and stifles investment, noted CHTA, adding, "Recognizing consumer behavior patterns, a growing number of traditional EP hotels (European Plan, providing lodging only) are also offering full or limited meal-inclusive packages, enabling these hotels to increase business activity, consequently retaining and growing staff while generating additional revenue for their company and taxes for the Government."

In a letter to the Prime Minister, CHTA states: "We urge stakeholders from Government, the Aruba Hotel and Tourism Association and other interests to work together to fully assess the AI (all-inclusive) offerings, trends and positive approaches which can be undertaken to address some of the concerns which underpin the reasoning for introducing the proposed legislation."

CHTA sent this letter to the Prime Minister in response to concerns about the all-inclusive accommodations sector and a false belief that the economy will benefit through legislation limiting its growth by stand-alone all-inclusive properties as well as by traditional EP hotels which are incorporating AI packages into their offering.

The letter from CHTA further states: "We strongly disagree with the premise being advanced and counsel that the reverse effect would occur should the legislation be adopted, ultimately

negatively impacting employment levels, the cost and availability of air transportation, and government revenues while reversing Aruba's enviable growth and positioning in the regional and global tourism arena."

CHTA added: "Consumers determine demand and drive supply. The global growth of the All-Inclusive (AI) accommodations sector is being driven by a significant and growing segment of the travelling public which prefers the AI offering."

CHTA advises that all-inclusive resorts have changed considerably in recent years, and now appeal to a vast spectrum of consumers. "The high-spending luxury traveler represents the fastest growing market segment turning to AIs."

The CHTA report quotes Ernst & Young's 2014 Global Hospitality Insights Report which cites the changing demographics of market segments which are attracted to AI resorts at all price points. These include couples, singles, multigenerational families, foodies, health and fitness devotees, honeymooners, active vacationers, millennials, incentive groups and weddings. It points to the changed and changing nature of AI operators to adjust their product to meet consumer demand.

CHTA adds, "All-Inclusive guests spend time and money outside of the hotel property and will spend more if enticed. This particularly pertains to the growing high-end luxury AI guest. Destination stakeholders which recognize this and work together to develop strategies to encourage AI guest spending beyond the property benefit significantly."

The report shows that 60% of guests purchase excursion packages for organized tours and attractions outside of the AI property. Average sale per excursion sold is US\$90.

The Ernst & Young Report points to the changing nature of AI resorts, indicating that many all-inclusives now focus on off-site excursions. They indicate that this not only benefits the attraction and excursion operators, but also supports taxis, restaurants and retailing.

A recent report by the Travel Foundation states that the average all-inclusive client ate outside their hotel at least once and 1-in-4 all-inclusive customers spent less than expected, suggesting they would spend more if enticed. Travel Foundation's Chief Executive Salli Felton says, "More should be done to develop and promote the local characteristics of a destination."

"Additionally both residents and travelers benefit from more and lower cost airlift generated by All-Inclusive resorts," said Comito.

Traditional EP Brands are diversifying offerings to appeal to consumer demand. These include Hyatt, Marriott, Wyndham, Fairmont and Four Seasons. Legislation to prevent the growth of all-inclusives would likely affect investment decisions for Aruba by these and other brands, suggests CHTA.

CHTA added that it is interesting to note that within the Caribbean there are more than 250 AI resorts. The Dominican Republic, Cuba, Cancun and Jamaica have experienced the most growth

in room inventory, most of it attributed to the growth of AI resorts. Correspondingly, these destinations continue to experience the highest growth rate in tourist arrivals.

CHTA pointed to the position they share with the World Travel and Tourism Council in calling for full and open consultation and coordination with the private sector when developing policies and regulations which impact the tourism industry.

Caribbean Hotel & Tourism Association

The Caribbean Hotel & Tourism Association (CHTA) is a federation of 32 National Hotel Associations, with more than 600 member hotels and over 300 allied members. CHTA is the largest representative of the private sector in the Caribbean hotel and tourism industry. We are the voice of the Caribbean hospitality industry for the development of the region in the highly competitive and sophisticated environment of international tourism. Today, tourism is widely recognized as a pivotal industry in the economy of the region – and CHTA functions as the common denominator for this industry in a region of diverse nationalities, languages and styles, identifying mutual problems and marshaling the resources of the active and allied members to devise solutions. CHTA represents all facets of the hospitality industry with more than 600 member hotels and over 300 allied members.

CHTA, including the events staged by the association, is supported by Strategic Partners AskMe Inc., Clear Channel Airport Division, Interval International, JetBlue Getaways, MasterCard, OBM International, SiteMinder, Tambourine and TravelZoo.

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