



10<sup>th</sup> September 2020

By Email: [tlouisy@lucelec.com](mailto:tlouisy@lucelec.com)

Mr Trevor Louisy  
Managing Director  
LUCELEC  
John Compton Highway  
Castries  
St Lucia

Dear Mr Louisy,

Re: Business Outlook for Saint Lucia's Hospitality and Tourism Sector

Thank you so much for your call yesterday. As promised here is a recap of our discussion in regard to the business outlook for Saint Lucia's Hospitality and Tourism Sector.

Whilst a slow recovery curve had been forecasted since the beginning of the crisis, the actual recovery of the tourism industry is even slower than anticipated. This is not only the trend here in Saint Lucia but same applies regionally and also internationally.

Whilst generally, the Caribbean is seen as one of the regions that is a desirable travel destination and may recover sooner than other global travel destinations, the travel volume to the region and to Saint Lucia is highly influenced by several factors:

- COVID-19 conditions in the main originating markets (USA, Canada, UK, Rest of Europe)
- Travel restrictions and quarantine requirements imposed by our originating markets
- Consumer travel confidence
- Consumer confidence in air travel, especially long haul travel
- Trade confidence in the destination
- General economic situation and disposable income
- Stable COVID-19 conditions in Saint Lucia

One of the COVID-19 challenges is the unpredictability of market recovery because of the unpredictability of future COVID-19 outbreaks.

Travel restrictions can change overnight, this has affected consumer confidence in travel and certainly has slowed the recovery process.

Whilst the Caribbean islands initially targeted a harmonized opening, the many different entry protocols now prevalent in the Caribbean are confusing both to the consumer but also travel advisors.



P.O. Box 545, Castries  
2 Alfiona Plaza, Rodney Heights, Gros Islet, St. Lucia  
Tel: (758) 453 1811 / 452 5978 • Fax: (758) 452 7967  
[slhta@slhta.com](mailto:slhta@slhta.com) • [www.slhta.com](http://www.slhta.com)



Incidents where islands have closed their borders overnight after re-opening have created a sense of uncertainty for potential travelers and travel advisors. Some island entry requirements are so restrictive that these restrictions have upset both the traveler and trade, because the requirements are unattainable. For example, it is simply not possible in the United States to obtain a PCR test within 72 hours of traveling. So even though Saint Lucia has done a great job so far and has been fairly consistent with entry protocols (requiring a negative PCR test within 7 days of travel), the destination gets lost in the Caribbean muddle of requirements.

Negative press of large COVID-19 outbreaks in "Latin America and Caribbean" affect Saint Lucia, as there still is so very little geographical understanding of the vastness of the Caribbean region with over 1 million square miles.

Imposing of quarantine requirements or sudden changes of quarantine requirements affect travel also. Canadians still cannot travel overseas without having to observe quarantine upon their return. This is one of the reasons the Canadian airlines have not as yet commenced servicing the Caribbean fully. In the UK, the Foreign Office removed Jamaica from their "travel corridor" overnight, forcing Britons on vacation in Jamaica to observe quarantine upon their return home.

In general, many of the surveys suggest that consumers would restart travel by choosing destinations closer to home and shy away initially from long-haul travel. This may continue to affect Saint Lucia, especially from the UK and Europe.

Latest airlines news indicates that "Airline stocks fall amid concerns that the travel recovery from the COVID-19 lows have slowed"

<https://www.marketwatch.com/story/airline-stocks-fall-amid-concerns-that-the-travel-recovery-from-the-covid-19-lows-have-slowed-2020-09-09>

Saint Lucia welcomed back their first commercial flights on 9<sup>th</sup> July. The island welcomed 42,773 stay over visitors in July 2019, and 1,959 in July 2020. In August 2019, we welcomed 36,342 stay over visitors, and 3,261 stay over visitors for August 2020. The September numbers will not be higher.

Regrettably, the forecasts for the next three months are not promising at all. Actually the low numbers led to airlines further reducing scheduled flights to Saint Lucia for the next two months.

As a matter of fact, by speaking to several of our US based trade partners, they only see an upswing in bookings for Saint Lucia and most Caribbean destinations from March 2021.

The hotels that opened in Phase 1 have sustained great financial losses on a monthly basis with occupancies as low as 25%. As more hotels will become COVID-19 certified and as we go into Phase 2 of the opening, the few visitors arriving on island will be distributed to an even greater circle of accommodation providers.

So, even if there were an increase in visitors over the next few months, the general occupancy in our Saint Lucia hotels will be hovering around 35% with only some hotels reaching 50%. As a guideline, most hotels only "break even" when they reach about 65% occupancy.

A lot of our operational costs remain high even with lower occupancies and as we all know, the cost of operations in the Caribbean is exceptionally high. Plus, appliances such as air-conditioners must be kept running- at least in intervals- even when rooms are not occupied to avoid mildew and damage.

When the Prime Minister was presented with the dire outlook for the Saint Lucia tourism industry, he immediately called a meeting which the SLHTA very much appreciated. We are in an ongoing dialogue with the Prime Minister. We also appreciated that the Prime Minister reached out to LUCELEC.

We all believe in the future of travel but the future that we want may not quite be in our grasp as yet.

Based on Saint Lucia's recorded 2019 visitor expenditure of \$2.6 billion and assuming a 65% reduction, this would signify a reduction of visitor expenditure of \$1.7 billion. Based on GDP which was \$5.73 billion in 2019, with tourism accounting an estimated 42%, a 65% decline would amount to \$1.57 billion.

With a rough 6 months ahead, the SLHTA asks that we all come together and ensure the survival of the industry and by extension, protecting the lives and livelihoods of our hospitality workers.

The SLHTA very much appreciates to have been invited to write to LUCELEC.

If there could be a reduction in the industry tariff to reduce the overall cost of electricity for the next 3-6 months, this would make a big difference.

We stand by to provide further information or answer any questions you may have.

Here is a presentation which speaks to some of our comments made in this letter.

<https://www.dropbox.com/s/imdlw69malb0ge3/SLHTA%20-LUCELEC.pptx?dl=0>

Yours sincerely



KAROLIN TROUBETZKOY

President

Saint Lucia Hospitality and Tourism Association