

Cruise Tourism in Belize: Perceptions of Economic, Social & Environmental Impact



Researched and written by
CENTER ON ECOTOURISM AND SUSTAINABLE DEVELOPMENT

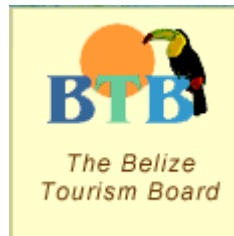
CESD Headquarters:
1333 H Street, NW
Suite 300 East Tower
Washington, DC 20005
Tel: 202-347-9203



www.ecotourismcesd.org

Stanford University Office:
450 Serra Mall
Bldg 360, Rm 362K
Stanford, CA 94305
Tel: 650-723-0894

In collaboration with



November, 2006

EXECUTIVE SUMMARY

Over the last several decades, Belize has built an international reputation for small-scale, nature and cultural stayover tourism, widely known as “ecotourism.” Since 2000, the cruise industry has also put down roots in Belize, and today cruise tourism is widely viewed as a permanent part of the country’s tourism landscape. Beginning in 2002, cruise passenger numbers surpassed stayover visitors and in 2005 (the year of this study), more than 3.5 cruise passengers arrived for every stayover visitor. From 2000 to 2005 in fact, Belize was the fastest growing cruise market in the Caribbean. Today, there are indications that cruise visitor numbers may have peaked and tapered off somewhat, but the sector remains vitally important to ongoing development efforts. The Belize government, like others in Central America and the Caribbean, is faced with choices about how best to use resources in the service of the country’s tourism development. This study is intended to provide data and analysis to assist the Belize government as it, together with the tourism industry, NGOs, local communities, protected area managers, and other stakeholders, prepares for the new Tourism Master Plan.

Globally, both “experiential” forms of tourism (including ecotourism) and cruise tourism are growing rapidly.¹ In Belize, perhaps more than anywhere else in either region, cruise tourism is competing with and in some instances colliding with ecotourism. Belize’s national tourism motto – “Nature’s Best Kept Secret” – and its strategic vision for the new millennium of promoting “responsible tourism” that encourages “a strong ‘eco-ethic’ to ensure environmental and socio-cultural sustainability”² are challenged by the rapid growth of cruise tourism in the last six years. Balancing cruise and stayover tourism has proved an enormous challenge, and there are fears, as the *Los Angeles Times* recently wrote, that “Belize is killing its golden goose” of ecotourism with far too many cruise passenger “day trippers.”³

This study examines the terrestrial impacts – economic, social and environmental – of cruise tourism as they are viewed in Belize. It is based on field research, carried out in 2005 using academic protocols, involving over 600 surveys with cruise passengers and over 100 interviews with a range of stakeholders in Belize. Through analysis of cruise passenger and exit surveys (the latter conducted in 2003 by the Belize Tourism Board and Central Bank of Belize), the study compares spending patterns, activities, perceptions and preferences of cruise and stayover visitors. It also compares the two with respect to employment, taxes, and generated public revenue. Further, this study reviews

1 World Tourism Organization (WTO). “Global Forecasts and Profiles of Market Segments”, *Tourism 2020 Vision*, 2001, p. 7;

UNWTO, *World Tourism Barometer*. (Jan. 2006). , Vol. 4, No. 1, p. 3.

2 Belize Tourism Board. “Strategic Vision for Belize Tourism in the New Millennium,” (2004). Retrieved June 4, 2006 from www.belizetourism.org/policy.html

3 Dickerson, M. “The Curse of the Daytrippers.” *Los Angeles Times*. (2006, April 1).

the history, policy making, and public debate around cruise tourism in Belize, and explores its diverse impact in Belize from the perspective of a cross-section of Belizean stakeholders.

On the policy side, cruise tourism has been promoted in Belize as a tool for creating employment, improving infrastructure, generating revenue through sales and taxes, spreading the benefits of tourism to many small operators, and increasing tourism by converting cruise passengers into stayover visitors. The study finds that Belize has laid down some important building blocks for sustainably managing its tourism industry, both cruise and stayover. In 2000, Belize became the first country in the region to adopt a comprehensive national Cruise Tourism Policy and to foster multi-stakeholder discussions around both cruise and stayover tourism. While some aspects of the policy were disregarded as cruise tourism grew exponentially, some important policy objectives have been met. Cruise tourism has led to infrastructure improvements, most notably the building of the Tourism Village and upgrading of certain facilities and services in Belize City; some observers cite the new Carnival pier complex, slated for completion in 2007, as a further positive development. Upcoming renovation and repainting of some of Belize City's streets, sponsored by the Florida-Caribbean Cruise Association (FCCA), may also be attributed to the cruise industry. Cruise tourism in Belize has also succeeded in offering passengers a wide variety of tours and excursions based on Belize's natural and cultural/historical attractions. In addition, the Policy's requirement that cruise ships shut down their onboard entertainment activities while in port appears to have helped increase the percentage of passengers coming ashore. Belize has the highest percentage of passengers disembarking—85%⁴—in the entire Caribbean region, and the level of visitor satisfaction with Belize is, passenger surveys found, rather high (Table 3.8). Importantly, Belize is not marketed as a duty-free shopping destination; cruise passengers spend comparatively little overall at the Tourism Village's duty-free shops and they rate it low on the list of preferred activities. Since sales of imported goods put little into the local economy, it can be considered positive that in Belize, in contrast with many other Caribbean ports of call, duty-free shopping has not been a significant activity. Instead, large numbers of cruise passengers shop for local products and souvenirs as well as purchase local excursions.⁵

However, despite these positive developments, Belize falls behind other ports of call in a number of ways and there are a range of concerns about the impacts of cruise tourism, its benefits compared with stayover tourism, and expansion plans which include accommodating more ships and more duty-free shopping. Particularly significant are differences in amount of money cruise passengers and stayover tourists spend locally, both per day and per visit. The average cruise passenger spends \$44 per day that goes into the local economy (another fraction

⁴ Anthony Mahler, BTB Product Development Officer. Personal communication, , July 21, 2006.

⁵ In contrast, Belize has the region's lowest disembarkation of crew members, in part because there is little duty-free shopping or other port area attractions for crew and because the use of tenders makes it time consuming and costly for crews to disembark.

returns to the cruise company), while the average stayover visitor spends \$96 per day, or more than twice as much. Per visit, stayover visitors spend on average 6.8 days in Belize, which translates into an average of \$653, or over 14 times more than the average cruise passenger. In this regard, Belize is not unique: studies in Dominica, Costa Rica and Honduras have found roughly similar differences in spending patterns between cruise passengers and stayover visitors.⁶ Yet in Belize cruise passenger spending is particularly low—57% below the Caribbean average.⁷

This study has also found that some official policies have not been followed, either in fact or in spirit; and a number of objectives have proven unrealistic. The ceiling on the number of passengers permitted to disembark per day has been continually revised upwards and, despite the official limits, there are continuing reports that hundreds of cruise passengers have gone en masse to reefs, parks, or archeological sites; tour groups of 50 or more have been handled by a single guide. There has been no scientific systematic monitoring of tourism impacts on protected areas and there are now indications of environmental damage, especially to the marine park. And the problems are likely to get worse if current plans are fulfilled for more and bigger ships, some capable of carrying 6000 each and new docking facilities capable of accommodating four ships at a time. If, however, arrival numbers continue to decline (as they are projected to do through at least 2007), this could mean some expansion plans are halted and Belize would have an opportunity to reassess its cruise tourism policies. At the same time, some Belizeans who have invested in cruise tourism based on an expanding market, are likely to be financially hurt as numbers decline.

Further, the tendency of cruise operators is to consolidate, through vertical integration, their control of shore-side businesses and to maximize spending onboard through controlling shore visits and expanding onboard offerings. There is, therefore, an inherent tension between the objectives of the cruise industry and those of Belize and other host countries. In addition, despite nearly everyone's hopes and the introduction of promotional coupons offering discounts to cruise passengers who revisit Belize, this study found that by 2005 there was no evidence that more than a small number of cruise passengers return to Belize for longer, stayover holidays. It is important to continue to track, via airport and cruise passenger surveys, to see if Belize's coupon campaign and other initiatives are helping to attract cruise passengers back for stayover holidays.

Over the last five years, the cruise industry has successfully lobbied the Belize government to reduce the passenger head tax, cut or eliminate other taxes and

6 In 2003, cruise tourism to Dominica contributed 15% and stayover 85% of total tourism expenditures, even though 2.4 times more cruise passengers (177,000) arrived than stayover visitors (74,388). DM Russell Consulting Inc. "Dominica: Working Draft Tourism 2010 Policy Report." (August 2004). Prepared for the National Development Corporation. 3, 40-41, 55;

In Costa Rica, passenger spending is US \$55 per visit, while in Honduras it is US \$63.77. In Honduras, CESD's study found that stayover tourism produced 24 times as much income for the country than cruise ship tourism. CESD, "Elementos de política para un turismo de cruceros sostenible en Centroamérica," draft, August 7, 2006, p. 2.

7 Belize Tourism Board. Belize Tourism Policy. (March 2005). p. 7.

duties, privatize cruise piers, and ignore ceilings on visitors/day and on size of tours. "Preferred" tour operators that sell their tours directly to the cruise lines must agree to sizeable mark-ups (typically over 100%) of their products and services, while over 50% of the head tax returns go to the Tourism Village owned by Royal Caribbean and Diamonds International. The study shows (a) that the use of the head tax to underwrite the private Tourism Village and (b) that plans to provide tax breaks and head tax subsidies to the new Carnival pier complex both diminish substantially the public revenues that could flow to Belize from the cruise sector. While more than 3.5 cruise passengers arrived per stayover visitor in 2005, cruise tourism generated only 17.5% of the total tourism revenue (including spending on excursions, food, souvenirs, etc., plus taxes and fees). Cruise tourism generated \$30.6 million in 2005 compared to \$144.1 million for stayover tourism⁸. We believe that these findings and others must be factored into the search for balance in Belize between cruise tourism and ecotourism.

This study found other important differences between cruise and stayover passengers which, we believe, have significance as Belize plans for its National Tourism Strategy. The stayover market has proved less volatile, rising slowly but steadily since the late 1990s, while the cruise sector has both grown faster and proved more volatile to man-made and natural disasters. Nearly all cruise passengers (99%) are from North America (96% are US citizens), making this type of tourism heavily dependant on the political and economic well-being of the United States, while the stayover sector is more diverse, with about 38% coming from countries other than the US. Spending by cruise visitors is heavily concentrated in the vicinity of the port and Belize City, while stayover tourism is spread much more widely throughout the country and therefore provides wider benefits. In terms of employment, in 2004, it was estimated that only 10% of jobs in the tourism industry were a result of cruise tourism, while 90% were in the stayover tourism sector.⁹ Stayover visitors conduct their activities in smaller groups, are said to be more interested in and respectful of Belize's natural, cultural, and archeological offerings and are viewed as having less negative environmental and social impact. In contrast, cruise passenger groups of 50 per guide are common, and sometimes hundreds of cruise passengers visit the same site at the same time. Finally, the stayover industry is viewed as more deeply committed to Belize, contributing in a wide variety of ways to the country's well-being, and stayover visitors are much more likely to return to Belize and to recommend the country to friends and colleagues.

Based on these and related findings, CESD proposes four broad policy recommendations, and a series of specific reforms to Belize's cruise policy. These are:

⁸ BTB, 2006. Tourist Arrivals, 1998-2004, personal communication from Raymond Mossiah, BTB staff, (April 4, 2006).

BTB. Belize Tourism Statistics, Retrieved July 12, 2006 from www.belize-tourism.org/revenues.html

⁹Espat, M. (2004, Sept. 29). Keynote address. Given at Cruise Tourism Impact Forum, Radisson Fort George, Belize City, Belize. Retrieved on June 11, 2006 from www.btia.org/news_industry_detail.pho?release_id=93

1. Improve the social, environmental and economic value of cruise tourism to Belize. We recommend that the government of Belize enter into negotiations with the cruise lines to modify their existing operations to deliver greater benefits. We suggest offering a united, cohesive, and transparent package, nationally discussed and endorsed by the local tourism industry, NGOs, protected area managers, and other key stakeholders, and, if possible, in unison with other countries in Central America. Given the strength of the cruise conglomerates, only this unified approach can permit Belize to ensure a beneficial set of conditions for government, communities, and its private sector. Some specific recommendations as components of a broad national negotiating position include increasing the head tax, reexamining the fee structure of commissions paid to the cruise companies by local businesses, creating a more equitable and transparent system for licensing “preferred” companies and vendors, creating a community development fund supported by cruise line and passenger donations, and developing a similar fund for environmental conservation and monitoring.

2. Invest public funds in accordance with public benefit. The passenger head tax is widely recognized as a tax the cruise industry pays to host countries and therefore these funds should be used to manage and improve public sites and protected areas and to further improve infrastructure. At present US \$4 of the US \$7 head tax goes to the privately owned Tourism Village. Belize should examine whether there is potential to renegotiate the terms of both the Tourism Village and the Carnival pier contracts. The goal should be to refrain from offering a portion of the head tax to finance any privately owned infrastructure or business projects of the cruise industry or other private entrepreneurs. Alternatively, additional passenger or cruise line fees should support environmental monitoring, conservation, and social development.

3. Mitigate negative environmental and social impacts and damage to national tourism assets. Despite the positive contributions of cruise tourism summarized above, there are a number of negative impacts from the cruise industry that must be mitigated. First, large groups of cruise passengers are now using the same sites and attractions, during the same peak seasons, as stayover tourists. As we found, there are widespread complaints that this demand is deteriorating the infrastructure and quality of the ecotourism experience. In order to protect Belize’s extremely important stayover market, we recommend separating cruise and stayover visitors by designating certain sites for cruise tourism and by further improving the infrastructure and offerings in and around Belize City. We suggest that cruise passengers be routed to appropriate high-volume terrestrial attractions near the City, and not offered excursions to Belize’s most pristine and valuable eco-systems and cultural sites in the interior, which should continue to be protected for stayover ecotourism. Second, even at sites deemed appropriate for cruise passenger visits, Belize should establish and adhere to realistic carrying capacity numbers for visitation. Third, while only

indirectly studied in our investigation, we also recommend setting and adhering to clear policies about off-loading waste from cruise liners.

4. Strengthen the country's core assets and international tourism reputation. Belize has earned an international reputation for its outstanding coral reef, national parks, archeological sites and small hotels catering to a discriminating and high-value ecotourism clientele. This study confirms the overall importance of such ecotourism to the tourism sector of the Belizean economy, and calls for a parallel detailed study of this subsector to better understand non-cruise tourists' needs and activities. Such a study would be timely both to strengthen Belize's tourism mainstay, and to assess and mollify erosion, if any exists, that cruise tourism may have caused Belize's international tourism reputation. Meanwhile, asset strengthening is also appropriate for the cruise sector itself. Belize can better showcase its culture, climate, and character, by offering cruise passengers more variety and higher quality handicrafts and souvenirs (rather than expanding duty-free shops), by expanding offerings of local cuisine, and by developing new products in or near Belize City such as spas and hotels offering massages, yoga, mineral baths; dance and language (local dialect) lessons; or, for example, tours of organic coffee and other farms. By late 2006, we are pleased to note that initiatives in some of these areas were in place or in development, but more can be done. Finally, we note that there is currently no on-going, scientific monitoring of tourist attractions and protected areas used for cruise tourism in Belize, despite reports that damage is being done. If national assets are to be used for cruise tourism, logically cruise revenues should also contribute to their maintenance. We urge the establishment of an active monitoring system of attractions and protected areas using a small fraction of revenues from cruise tourism.

CESD hopes that this study will help the Belize government, tourism industry associations and businesses, host communities, NGOs, and managers of parks, protected areas, and other tourism sites to be better equipped to formulate economically, environmentally and socially sustainable strategies and policies that may result in an optimal blend of cruise tourism and stayover tourism. We hope the findings will help inform discussions in Belize around a new Tourism Master Plan as well as become part of regional discussions around how governments and other stakeholders can develop common policies for better managing the balance of cruise and ecotourism.

Table A: Comparison of Cruise and Stayover Sectors

Topics	Cruise Sector	Stayover Sector
Arrivals (2005)	800,331	236,573
Country of Origin	96% from U.S.	Almost 40% from countries other than the U.S.
Market stability	2000-2005: 14 fold increase 2005-2007: significant decline	Gradual increase: 4% - 8%/year
Passenger Spending/day	US \$44/day	US \$96/day
Passenger Spending/visit	US \$44/visit (average 8 hours)	US \$653/visit (average of 6.8 days)
Taxes	US \$ 7/passenger	US \$36.25 airport exit tax; 9% hotel tax
Total Passenger spending in local economy (BTB, 2005)	US \$30.6 million	US \$144.1 million
Employment ¹⁰	1/10 tourism jobs	9/10 tourism jobs

¹⁰ Minister of Tourism Mark Espat gave this figure at the 2004 Cruise Tourism Impact Forum, however, BTB official Anthony Mahler said in August 2006 that total employment by Belize's tourism industry is about 13,000, there is no accurate breakdown of the number working for cruise tourism and for stayover tourism. A sizeable number of Belizean work in both sectors.