

CUBAN TOURISM FALLS DRAMATICALLY - BY 6%



Tourist arrivals to Cuba continue to plummet, dropping 6% over last year. The effects of the US sanctions have already begun to be felt with a steep decline of American visitors to the island.

The dramatic turn on an influx of travelers registered its worst moment at the end of September, with almost all markets of origin showing numbers below the ones reached from January to September of last year, according to the most recent report of Cuba's National Statistics Office (ONEI).

Only trips by Cubans abroad (470,290 travelers) and Russian travelers (104,300 tourists) registered sustained growth in the period from January to September 2019. Of the Cuban visitors, those living in the US traditionally represent 85% of the total visitors, which represents a figure of 399,000 travelers.

However, for the first time since 2017, the number of Americans visiting Cuba decreased, in what seems to be a decline triggered by the sanctions imposed by the Trump administration in order to toughen the embargo. The number of Americans that visited the island under the 12 categories of authorized travel shrunk to 436,453, 5% less than last year.

The decline of American travelers can be seen as a symptom of the ban on recreational vessels, including cruise ships and private boats to the island, decreed last June. According to the Cuban Tourism Ministry (MINTUR), 55% of Americans arrive in the country on cruise ships.

The situation regarding visits from the US could worsen after the announcement of the US government to suspend commercial flights to Cuba, which will come in effect on December 10. The measure announced by the White House limits flights exclusively to the José Martí International Airport in Havana, leaving the business of travel to other charter companies across the island.

The new sanctions of the White House that ban flights to the provinces in Cuba will become a rollercoaster for Cubans who travel to see their relatives as everything will result in a spike in prices and, of course, in more difficulties to travel.

So far, 6 charter airlines account for 32% of the Cuban tourism market, with an average of 69 weekly flights according to numbers from The Havana Consulting Group. Airlines that connect Mexico and Cuba could operate as an alternative if the Trump administration denies licenses to charter airlines, who will assume the void of the regular flight contracts. The Cuban government could also hire charters that cover domestic flights and connect Havana to the rest of the provinces affected by the measure.

The behavior of the US market will be essential for the Cuban government to reach the goal of 4.3 million visitors by the end of 2019, after readjusting its forecast of 5.1 million that was expected at the beginning of the year.

In fact, the number of US visitors has already taken the lead from the Canadian market to Cuba. American, Cuban and Cuban-American travelers add up to 906,743 as of September, surpassing the 858,770 Canadian tourists.

However, the fall of Canadian tourism is not the only cause of concern for the island. The real blow to the Cuban economy comes from the collapse of European visitors, with a record drop of 25% in the number of travelers from Italy and the UK, and significant falls from Germany (14%), France (13.5%) and Spain (13.3 %).

The figures for September cannot be more alarming for Cuban tourism authorities, with a loss of 28.8% over last year (213,151 fewer travelers). The recovery could be right around the corner with the winter season, but **it is unlikely that the country will receive 1 million international visitors in the last quarter of the year and reach the 4.7 million arrivals of 2018.**

Even so, the concerns of the Cuban government are not limited to the number of visitors, but also to the international tourism receipts. Although the statistics showed stability in arrivals until the first semester, expenditure had decreased by 0.2% and the occupancy rate by 7%.

Last year, international tourism receipts fell by 282 million USD compared to 2007, when the country reported 3.185 billion in tourism revenue.

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