

## ASSOCIATION OF CARIBBEAN STATES

### 24<sup>th</sup> MEETING OF THE SPECIAL COMMITTEE ON SUSTAINABLE TOURISM and 2<sup>nd</sup> Preparatory Meeting of the 3<sup>rd</sup> Meeting of Ministers of Tourism of the Greater Caribbean (TMM-3)

Port of Spain, Trinidad and Tobago, July 16-17, 2013

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#### DRAFT REPORT AND ANALYSIS ON THE PROCESS RELATING TO THE ESTABLISHMENT OF THE ASSOCIATION OF CARIBBEAN CRUISE SHIP DESTINATIONS (ACCD)

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## 1. Introduction

At the 23<sup>rd</sup> Meeting of the Special Committee on Sustainable Tourism (SCST-23) of the Association of Caribbean States (ACS) held in Managua, Nicaragua, on June 28<sup>th</sup> and 29<sup>th</sup>, 2012, the meeting recommended that; **"the Ad Hoc Working Group for the Establishment of the Association of Caribbean Cruise Ship Destinations (ACCD -WG) together with the Secretariat prepare a report of the current situation, the progress to date and agree on modalities and the path to follow in the establishment of the Association of Caribbean Cruise ship Destinations (ACCD).**

This report to be presented before the end of November 2012 would be circulated to Member States for feedback and submitted to the next SCST meeting and subsequently the ACS Ministerial Council for final decision.

N.B.: It should be noted however that a final decision on this matter would then only be forthcoming by 2014. This taking into account that the next meeting of the SCST takes place after the Ordinary Meeting of the ACS Ministerial Council, which is scheduled for February of 2013. It is therefore recommended that this draft report be circulated to Member States and commented on before January 2013, for the Chair and the Executive Board of the SCST to sign off on the final report to be presented to afore-mentioned Ministerial Council of 2013.

The following analysis is provided to facilitate decision making on the manner in which the ACS Membership could proceed in its efforts to enhance co-operation and dialogue in the area of Cruise Tourism. This document will present an overview of cruise tourism in the region, review the processes involved in the execution strategies to develop the ACCD and consider member states input in this regard, offer legal perspectives on an institutional framework, with implications for each option and the advantages and disadvantages thereof, and lastly provide recommendations on the way forward.

## 2. Overview of Cruise Tourism in the Region

### a. Impact of Cruise Tourism

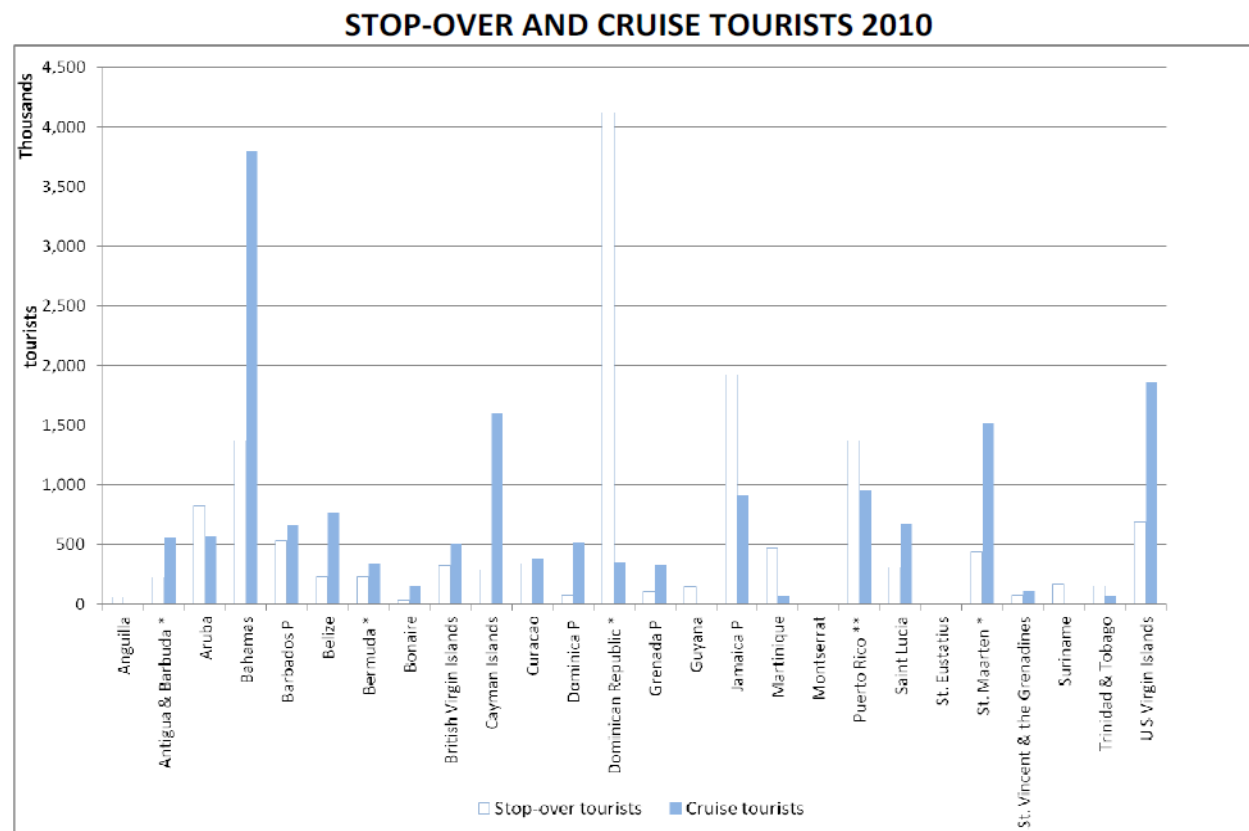
A report by the United Nations World Tourism Organisation (UNWTO) pegged the Caribbean as one of the most tourism-dependent regions in the world with a contribution of the broader travel and tourism economy estimated at 14.8 per cent of the region's GDP and contributing approximately 2.4 million jobs. On a global scale, the Caribbean sub region, with only 1% of the world's population, is assessed to consistently attract approximately 3% of both global tourism arrivals and world tourism expenditure (UNWTO, 2010).

Of the multi-sectoral and complex tourism industry, the cruise sector is arguably the largest and most diverse, and represents a viable and growing industry for the counties in the Greater Caribbean Region. The UNWTO reports that Cruise tourism generates an estimated \$18 billion a year in passenger expenditure and has been the fastest growing sector of the travel industry for the past twenty years with an average annual growth rate of passengers of 7.4%. Cruise Tourism has increased at almost twice the rate of growth of tourism overall and this growth is expected to continue in the future (UNWTO, 2010).

This is consistent with reports from regional organisations, the Caribbean Tourism Organisation (CTO) and Central American Tourism Integration Secretariat (SITCA) which indicate that over the last decade, cruise ship tourism has shown high and steady rates of growth even after the impacts of the United States economic recession and the after-effects of 9/11.

The CTO's statistics for 2010 illustrate that for the vast majority of Caribbean destinations, the Cruise Industry's passenger visits often double that of tourist (stop-over) arrivals<sup>1</sup>. This is reflected in **Figure 1** below.

**Figure 1. CTO Cruise versus Stop-over Tourists visits**



As it relates to market share and performance of the Greater Caribbean Region, according to the annual report of the Florida-Caribbean Cruise Association (FCCA)<sup>2</sup>, "The [cruise] industry's

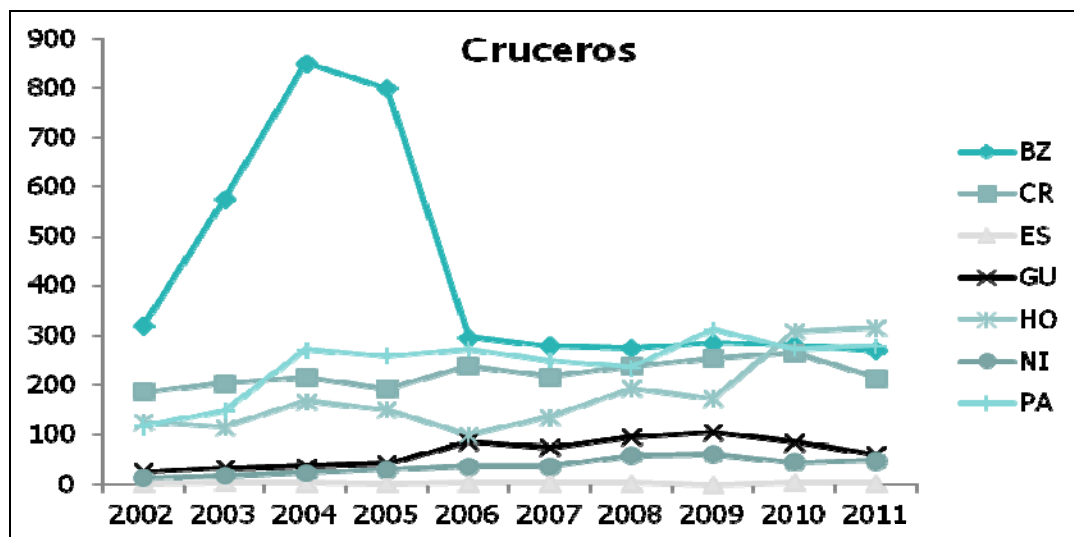
<sup>1</sup> <http://www.onecaribbean.org/content/files/Feb15Arrivals2010.pdf>

<sup>2</sup> [http://www.f-cca.com/downloads/2010-overview-book\\_Cruise-Industry-Overview-and-Statistics.pdf](http://www.f-cca.com/downloads/2010-overview-book_Cruise-Industry-Overview-and-Statistics.pdf)

growth is headlined by the Caribbean, which continues to rank as the dominant cruise destination, accounting for 41.03% of all itineraries in 2010. A report by the United Nations Economic Commission for Latin American and the Caribbean (UN-ECLAC)<sup>3</sup> further indicates that the Caribbean Region remains the #1 region for cruise tourism (with 13.7 million passengers spending more than US\$1.3 billion in 2010). The report notes however, that 41.03% market participation is lower than the 46.69% recorded four years earlier in 2006, and less than the 56% recorded 8 to 10 years prior. ECLAC indicated that the Caribbean has suffered as a result of recent trends in the industry, including competition from emerging cruise ship regions such as Asia, as cruise lines seek new ports of call with adequate infrastructure for their increasingly larger ships. It was further indicated that cruise travel to the region will continue to be threatened as the cruise lines expand to new localities and devise new extra-regional itineraries.

The statistics compiled by SITCA for the period 2002-2011 is consistent with this analysis and indicative of the current state of the industry, which is marked by fluctuation and inconsistency.

**Figure 2. SITCA Cruise Tourists Arrivals 2002-2011**



#### b. Issues of Common Interest

There is a general lack of research carried out in the region regarding the cruise industry. Of the existing literature, one study which is noteworthy was written by Kenneth Atherley in 2003<sup>4</sup> and highlights the challenges that Caribbean cruise ship tourism faces. Atherley identified three main concerns as follows:

1. **Controlling impacts:** economic, security and environmental;
2. **Managing demand:** Caribbean brand, competing United States ports and developing regional home ports;
3. **Managing supply:** physical facilities, attractions and services.

<sup>3</sup> ECLAC Sub regional Headquarters for the Caribbean (2010), *The Tourism Sector and the Global Economic Crisis - Development Implications for the Caribbean*, LC/CAR/L.255, ECLAC, Port of Spain

<sup>4</sup> Atherley, Kenneth A., (2003), *Cruise Industry-Related Challenges Facing the Caribbean Destinations*. Inter-American Committee on Ports. CIDI/CIP/doc. 135/03. OAS, Washington D.C.

A study by the Infrastructure Services Unit of the Natural Resources and Infrastructure Division of UN-ECLAC<sup>5</sup> published in February 2012 is one of the more recent publications to address the topic of the impact of tourism in the Region. According to this document, “currently there are no comprehensive studies for the Caribbean and Latin America on cost benefit analysis of cruise tourism.” Therefore in attempting to provide an initial analysis, the study highlighted the primary benefits of cruise tourism being the revenues generated and the opportunities for entrepreneurship and employment created by the industry, which contribute to the social and economic development of local economies. The main sources of revenue are local spending by cruise tourists and crewmembers, agent fees and ship related port charges. Accordingly the research indicates that cruise tourism generates revenues in the form of foreign exchange earnings and taxes, provides opportunities for diversifying local economies and supports the growth and development of micro, small and medium enterprises (MSME's).

In the broader context, the industry contributes to the development of infrastructure, drives foreign investment and assists in strengthening linkages with the outside world. Additionally, indirect impacts of cruise tourism activity have been known to improve governance and heighten interest and awareness in issues related to cultural and bio-diversity conservation and natural resources management, among other important Regional objectives.

Albeit, cruise tourism is a form of mass-tourism and generally negative impacts from tourism occur when the level of visitor use is greater than the environment's ability to cope with this use within the acceptable limits of change. As it relates to the costs associated with the industry, one of the primary criticisms has been the resultant ecological and environmental degradation caused by pollution including air emissions, noise, littering and releases of sewage, oil and chemicals. The industry has also attracted criticism for over-crowding and over-use of countries natural and cultural resources due to the vast number of cruise tourists visiting the destination at a given time, a number that keeps growing.

Negative socio-economic impacts are induced by a rigid travel trade structure that dominates the cruise industry and promotes all-inclusive packages either as part of the cruise experience or offered by multi-national corporate giants in the sector, to the demise of local MSME's. Additionally, revenue from cruise tourists is reported to be low in comparison to land-based stop-over tourists, and have been declining with the extension of vertical integration in cruise tourism such as duty-free on board, air-land-sea packaging and the diversity and abundance of services and activities that are available on-board the ships. Cruise ship visitor expenditures vary widely (50-250 USD) per day dependent on destination (ECLAC, 2012).

At the level of the destination the need to maintain individual competitiveness in order to maintain and grow the destination's market share is of ever-increasing importance given the increase in competition both regionally and world wide. Primary areas of concern relate to the ongoing need to protect the natural environment, to engage in product development and more importantly access training and capacity building for citizens to improve opportunities for employment in the industry and enhance the quality of service. Increasing pockets of revenue through encouraging visitor spending at the destination, turning the cruisers into stop-over tourists and promoting the acquisition of local goods and services by the cruise lines are also issues of critical importance.

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<sup>5</sup> Sanchez, R. & Wilmsmeier, W., (2012), *The Costa Concordia Disaster and the Cruise Industry: An Analysis of Risks and Challenges in LAC*. Infrastructure Services Unit, Natural Resources and Infrastructure Division, UNECLAC.

Cruise tourism can endure as a tool for meeting countries development objectives; however this requires that opportunities for revenue and employment are maximised, and negative impacts threatening destination competitiveness and the sustainability of the industry are mitigated. In this regard, research and studies and specific regional interventions that encourage co-operation, knowledge-sharing, multi-sectoral linkages and public-private partnerships at the local and regional level are recommended strategies. Furthermore, agreeing on a regional approach to address these issues of common interest which affect all cruise destinations in the region will assist greatly in positively impacting the growth and resiliency of the Industry.

### 3. Evolution of the ACCD Process

#### I. Mandates

Aware of the importance of Cruise tourism to the Region and in efforts to ensure the maximum benefits from this type of activity for the community, the role of the ACS as a regional forum for cooperation was requested, in order to facilitate dialogue on a collective approach towards the exchange of information and coordination of mutually beneficial areas of interest for the strengthening of the cruise sector in the Greater Caribbean Region. The process began with the **Panama Declaration of July 29<sup>th</sup>, 2005**, which reaffirms the commitment of Heads of State and/or Governments of the ACS to sustainable tourism development; and mandates inter-alia to convene a Tourism Ministerial Meeting with High Rank Officials of the tourism sphere to "exchange experiences and analyze proposals and alternatives on tourism public policies, especially on cruise ships, in order to assess the potential for this type of tourism to better contribute to the sustainable development of the sector in the countries' of the region".

Subsequently, the **First Meeting of Ministers of Tourism of the Greater Caribbean (TMM-1)** was held in 2006 in Havana, Cuba. At said meeting the Regional Ministers of Tourism commissioned a study on the Impact of Cruise Ship Tourism to the Greater Caribbean, within the context of the contribution of Cruise Tourism to the sustainable development of ACS Member and Associate Member States. The tourism leaders also agreed to "[consider] the possibility of establishing an Association of Caribbean Cruise ship Destinations, which contributes to exert more force in the discussions with the industry and has the potential to impact positively in terms of the accruing benefits to Member States and Associate Members of the ACS, particularly through the increase of cruise trips".

The **Second Meeting of Ministers of Tourism of the Greater Caribbean (TMM-2)** was held in 2009 in Barranquilla, Colombia. At said meeting, the Secretariat presented a compilation study on "The impact of Cruise Tourism on the Greater Caribbean"<sup>6</sup>. This study provided a number of possible recommendations for reducing the economic, social and environmental impacts of cruise ship tourism in the Greater Caribbean". The objective of such work was to offer a concrete and practical tool to be used "when deciding to create policies to reduce the impacts of cruise tourism". In its analysis the Secretariat stated, that the region needed to strengthen its bargaining position with the cruise lines and the FCCA, adding that an effective Association of the region's cruise port authorities should be established with urgency.

It was agreed at this meeting "to establish an Ad Hoc Working Group to carry out the task of establishing the Association of Caribbean Cruise ship Destinations", as a mechanism for

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<sup>6</sup> Association of Caribbean States, (2009). *A Compilation of findings and recommendations from studies on the impacts of Cruise ship tourism on the Greater Caribbean*. ACS, Port of Spain.

cooperation through Regional Dialogue among governmental and non-governmental agencies related to the cruise sector. The general objectives of the ACCD were considered as follows:

- Improve profits of cruise ship tourism in destinations within the Greater Caribbean.
- Operate as a leading and governing platform for the integration and sustainable development of cruise ship destinations through the establishment of sustainable strategies for the Greater Caribbean.
- Formulate recommendations from the Association on the Program for the Management of Cruise Ship Destinations.

## II. Implementation process

### a. ACCD Ad Hoc Working Group and ACCD Consultancy

The ACCD Ad Hoc Working Group comprising tourism officials from the various member states was mandated to advance the concept and framework for the institutionalization of the ACCD through preparing the legal documentation, operating plan and schedule to be followed for the creation of the Association. The composition of the Ad Hoc Working Group is outlined below.

**Table 1.** Ad Hoc Working Group for the Establishment of the ACCD

Chair	Nicaragua	
Vice Chair	Haiti and Mexico	
Alternate Vice Chair	Belize	
Sub-Committees		
INTERACTION WITH CRUISE INDUSTRY	STATUTES AND INTERNAL REGULATION	STRATEGIC OPERATIONAL AND FUNDING PLAN
Chair: Mexico	Chair: Dominican Republic	Chair: Columbia
Honduras	Honduras	Honduras
Belize	Haiti	Haiti
	Venezuela	St. Kitts and Nevis
	El Salvador	Venezuela
	Guatemala	St. Lucia
	Cuba	Guatemala
	St. Kitts and Nevis	Dominica
	Dominica	CTO
	ACS Legal Adviser	SICA

A team of advisors whose purpose would be to provide technical support in the creation of the ACCD completed the structure of the ACCD-WG as follows:

- ACS: Technical Secretariat
- United Nations World Tourism Organization (UNWTO), Caribbean Tourism Organization (CTO), and the Central American Tourism Council (CTC) President Pro-Tempore.

The **First Meeting of the Ad Hoc Working Group for the Establishment of the Association of Caribbean Cruise Ship Destinations (ACCD-WG-1)** was held in Managua, Nicaragua on December 10<sup>th</sup>, 2009. This meeting analyzed a document on the *Objectives, Composition, Functions and other Institutional Aspects of the Proposed Association of Caribbean*

*Cruise Ship Destinations (ACCD)*, prepared by the ACS Secretariat, which was then presented to Member States for further consultation, at the 21<sup>st</sup> Meeting of the Special Committee for Sustainable Tourism (SCST-21), in May 2010. The main conclusions and recommendations arising from the First meeting included inter-alia:

- Approval of the Draft Concept Document presented by the Secretariat, so as to allow the ACCD-WG to commence the responsibility assigned.
- To entrust the ACCD-WG with the task of preparing the legal documentation, operating plan and schedule to be followed for the creation of the ACCD.
- In the conceptualization of the ACCD, consideration of the Caribbean region's potential regarding cruise destinations and recognition of the importance of using the large concept of the Caribbean based on the cultural and geographical diversity of the region.
- Recognition of the importance to be given, not only to the economical impact of cruise tourism, but also to its social, cultural and environmental impacts.

In efforts to fulfil the mandates of this Meeting, the Secretariat undertook to source the funds needed for follow-up actions. In this regard, a request to the Republic of Turkey, an Observer Country of the ACS, was approved for a contribution of USD 40,000. An additional USD 10,000 was also allocated to the project from 'Unrestricted Funds' donated to the ACS by said Country.

The **Second Meeting of the Ad Hoc Working Group for the Establishment of the Association of Caribbean Cruise Ship Destinations (ACCD-WG-2)**, was held in La Antigua, Guatemala, the 2<sup>nd</sup> - 3<sup>rd</sup> September, 2010. This meeting sought to discuss progress made fulfilling the mandates of the First ACCD-WG Meeting and to define the next steps in the process to include approval of the plan of activities and proposed budget for the advancement of the initiative. The main conclusions arising from the meeting were as follows:

- The services of an International Tourism Consultant would be contracted to produce the Statutes and by-laws of the ACCD as well as its Strategic Operational Plan to include the Sustainable Funding Plan.
- Through the mechanism of sub-committees, the members of the ACCD-WG and interested ACS Members States with the involvement of CTO and SITCA would provide input to the deliverables of the consultancy.
- The meeting validated the input of the private sector on a country level to be incorporated in the regional approach.
- The meeting agreed to convene a meeting with the Cruise Industry to discuss the ACCD and outlined the objectives and issues to be addressed in that engagement.

Following the mandate of the meeting, a contract was awarded to International Tourism consultant, Dr. Paul Ridoutt recommended by the CTO Secretary General. The consultancy was approved for a 4 month period from November 29<sup>th</sup>, 2011 to February 28<sup>th</sup>, 2012 and entailed the development of the Statutes and by-laws of the ACCD, the Strategic Operational Plan and Sustainable Funding Plan. The costs of the consultancy which included honorarium and related travel expenses amounted to **USD 27, 482.38**.

The project deliverables were received on March 11<sup>th</sup>, 2011, following a request from the consultants for an extension to fulfil the terms of the consultancy. Documents generated by the consultancy were as follows:

- Draft Statutes of the ACCD including the Objectives, Composition, Functions and other Institutional Facets of the Association;

- Draft Internal (operational/administrative) regulations of the ACCD to be an integral part of the statutory documents;
- Formulation of the Strategic Operational Plan for the operation of the ACCD including the development of a sustainable Funding Plan outlining proposed Budget and Membership fees;
- Development of a comprehensive Marketing, Communications and PR Plan;
- Development of guidelines for formulation of the ACCD website.

The project documents were translated into the three working languages of the ACS and circulated to Member States for their input. Member States contributions were subsequently compiled to facilitate discussions and decision-making on the next steps in the process.

The **Third Meeting of the Ad-Hoc Working Group (ACCD-WG-3)** was held in Managua, Nicaragua, June 15<sup>th</sup> - 16<sup>th</sup>, 2011. This Meeting sought to advance discussions on the establishment of the Association. This meeting succeeded in analysing the feedback received from Member States to the draft documents generated by the Consultancy with the aim of finalising these documents, and also made decisions on the next steps to be taken in the process. Among others it was agreed to facilitate subsequent meetings of the working group in order to expedite the formal establishment of the Association. Various Delegations supported the recommendation that the ACCD should not be established as a new regional organization, but as an initiative within the parameters of the ACS in the same manner as the Caribbean Sea Commission (CSC).

The importance of convening a meeting with the Cruise Industry on the proposed ACCD was also reiterated as a priority. In this regard, the Directorate prepared a draft Agenda which was approved and completed research papers on six priority issues that were identified by the ACCD Ad Hoc Working Group as areas for intervention in initial and future engagement of the industry namely:

1. Promote the acquisition of products, goods and services through local providers and/or Member States of the ACS;
2. Generate on board employment for citizens of the Greater Caribbean;
3. Organise familiarisation trips for travel agents on cruise ships;
4. Development of programmes for the protection of the natural environment;
5. Development of a regional infrastructure plan for cruise development in all ACS countries in conjunction with the plan of Mesoamerica;
6. Development of Cruise route cooperation similar to Baltic Cruises.

The research papers were circulated as part of the set of documents at the ACCD-WG-3. The Directorate furthermore updated the desk study it produced in 2009 on the economic, social and environmental impact of Cruise Ship Tourism on the Region.

Following the meeting, the amendments to the documents generated by the consultancy and recommendations emanating there-of were incorporated into revised drafts and circulated for Member States' consideration, with the expectation to finalise deliberations at the **Fourth Meeting of the Ad-Hoc Working Group for the ACCD (ACCD-WG-4)**. The ACCD-WG-4 originally scheduled for October 10<sup>th</sup> -11<sup>th</sup>, 2011 was postponed due to scheduling conflict at the



request of the Chair. Future meetings as it relates to the ACCD, including the proposed meeting with the Cruise Industry are to be decided.

#### b. Overview of Budget Execution

In order to facilitate the execution of the mandates received and the work plan agreed to by the ACCD-WG and consequently endorsed by the Special Committee on Sustainable Tourism, the ACS Secretariat was commissioned to mobilize resources. The following financial breakdown and schematic details the expenditures associated with the execution of the ACCD project for the period May 5, 2010 when the contribution from the Republic of Turkey was first received to current date. The information is presented in accordance with the nature/type of activity and actual costs as it relates to the execution of the budget.

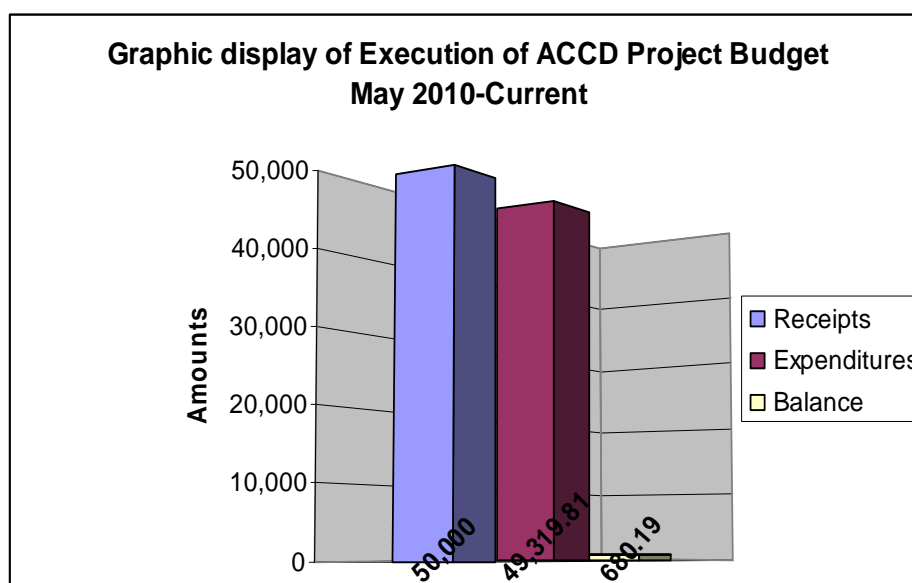
Project Budget Total: **USD 50,000**

Summary of Expenditures to date: **USD 49,319.81**

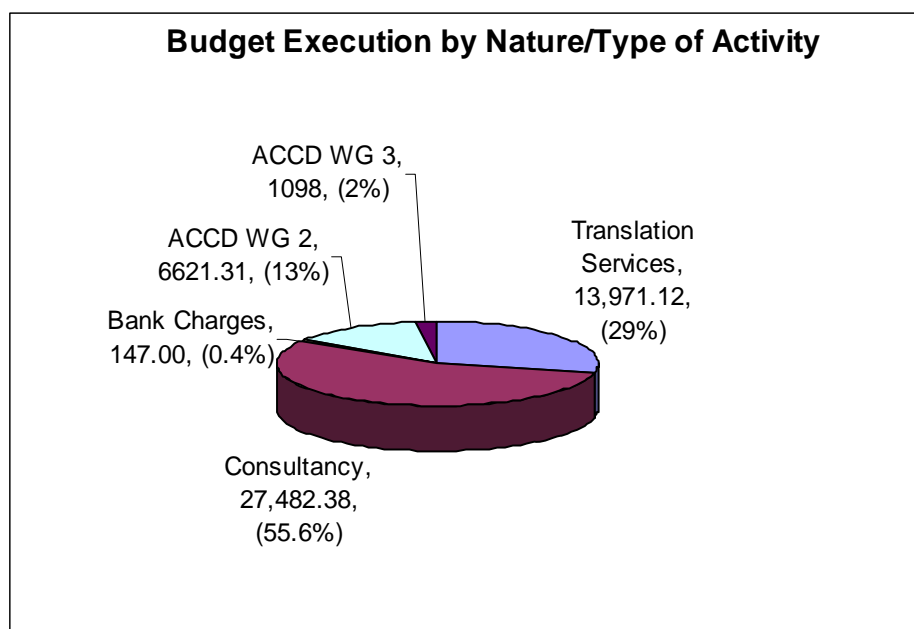
Remaining balance project funds: **USD 680.19**

<b>ACCD Project- Execution by Nature/Type of Activity</b>	
<b>Activity</b>	<b>Cost</b>
Translation Services	13,971.12
ACCD Consultancy	27,482.38
Bank Charges	147.00
ACCD WG 2 Meeting Airfare and Per diem	6,621.31
ACCD WG 3 Meeting Partial Per diem	1,098.00
<b>Total</b>	<b>49,319.81</b>

**Figure 1. Overview of Income and Expenditures for ACCD Project Budget**



**Figure 2. ACCD Project Budget Execution by Nature/Type of Activity**



### c. Member States feedback

From conceptualization and throughout the various stages in exploring the possibility to establish the ACCD, in addition to the input of the Ad hoc Working Group, the ACS Member States were consulted and were also kept informed and engaged. The Secretariat further engaged in two distinct initiatives in obtaining feedback from Member States as follows:

As a first instance, the Directorate in 2007 in assessing the importance of Cruise Tourism to Member States and the willingness to consider a collective approach conducted a survey. A questionnaire was prepared and sent to the Ministries of Tourism of the top Caribbean Cruise Ship destinations among the membership of the ACS, enquiring about their national Cruise Ship Tourism policy as well as the key issues that should be addressed by the Association of Caribbean Cruise Ship Destinations as proposed by the Ministers of Tourism in the Havana Declaration. The recipient countries of the questionnaire were The Bahamas, Mexico, Jamaica, Belize, Aruba and Barbados. Responses were received from The Bahamas, Belize and Mexico. The information provided by these Cruise Ship Destinations facilitated the formulation of the terms of reference of the proposed study to evaluate the economic impact of Cruise Ship Tourism in the Greater Caribbean. It also facilitated the examination of Caribbean experiences in relation to Cruise Tourism policies and the feasibility to establish the Association, which was incorporated in the afore –mentioned compilation study.

2. On a second occasion from March 2011, the Directorate, as referenced in the previous section, circulated the draft institutional framework documents generated from the ACCD consultancy to Member States for feedback.

Formal feedback to these documents was received from 13 Member States of the ACS (Cuba, Honduras, Mexico, Panama, Jamaica, Trinidad and Tobago, Grenada, Nicaragua, El Salvador, Guatemala, Costa-Rica, Colombia, Suriname and one founding observer CCT).

Informal feedback by way of email was received from 2 countries: The Bahamas and Dominica who remarked that there were no recommendations for changes to the documents as presented to date.

It should be noted that the submissions received expressed two different viewpoints:

1. Modifications to the content of the documents as presented, without commenting on approval for establishment of the ACCD (these included Nicaragua, Honduras, Suriname, Cuba, Grenada, Guatemala and El Salvador);
2. Substantive modifications to the documents as presented, with recommendations emphasizing the need for additional exploratory consultation and research (Panama, Jamaica, Mexico, Costa Rica and Trinidad and Tobago).

In general, the comments outlined three distinct characteristics, relating to:

1. The arrangement of articles;
2. The substantive modifications to the content of documents;
3. The raison – d'être of the ACCD as it relates to its functions and costs/ benefits to Member States.

As it relates to the interest and participation of ACS Member States in the process to establish the ACCD, it has been observed that countries kept abreast and remained interested at every stage of the process, although not always providing feedback and/or participating in the meetings. The regional response has been one tempered with caution and careful consideration, with countries maintaining an observant interest but not expressly committing to the process or validating the establishment of the Association. On average attendance at the meetings of the working group was received from 11 member states and Regional partners the CTO and SITCA.

#### **4. Perspectives on the ACCD Institutional Framework**

##### **a. Legal considerations**

Pursuant to recommendations of the ACCD Consultancy as well as Members States feedback, two types of constructs were identified as options for the establishment of the ACCD. The first is that of an autonomous organisation, while the second proposes the creation of an organisation under the umbrella of the ACS as was done with the Caribbean Sea Commission (CSC). Consideration was given to the options of establishing the ACCD as an autonomous international organization or as a sub-entity of the ACS, with preference being given to the latter. In both instances however the challenges being taken into account, there are several areas of concern that are worth noting and should therefore be brought to the forefront. Discussed below are those relating to the preferred option.

##### Funding and Participation

In the area of funding, the primary concern is with regard to ensuring that resources can be mobilised to secure the sustainability of the ACCD. The CSC, from which the ACCD is proposed to take its pattern, has been successful in obtaining funding. Such funding however, to date has been "largely extra-budgetary" given the fact that financial resources are driven by the contribution of donors. The recommendation has been that emphasis be placed on the contribution of Member States.

##### Headquarters

The ACCD as a sub-entity of the ACS can be situated within the organization. However, the practicality of this option must be considered in terms whether the space and resources are in fact available to accommodate this approach.

#### Structure of the Secretariat of the ACCD

The composition of the Secretariat of the ACCD will be determinant upon the administrative needs of the organization and be determined by its regulatory body. Article 12, of the draft statute outlines the initial structure of the ACCD to comprise a Director, a Research Assistant and a Secretary. Where this is deemed sufficient to drive the initial objectives of the Association the composition can stand and be adjusted upon the approval of the regulatory body and the administrative procedures that have been implemented to address such issues. In the case of the organization being founded as a sub-entity of the ACS this structure will also need to take into account the resources that are available within the ACS to accommodate its functions.

#### Membership and voting

The ACCD is proposed to include ACS members as well as non-ACS members. As an autonomous body this is feasible and can be accommodated via the provisions of the constituent instrument.

Two scenarios are proposed re voting rights.

- a) A membership whereby each Member State has a vote before the General Assembly in spite of the fact that each Member has several cruise destinations ,which offers an equal and easy system to proceed when the decisions need to be taken.

The Draft Statute, Section 7, Rights and Obligations of Members, supports this scenario. Article 7.2 provides that:

“Only Full and Associate Members may vote or exercise an active or passive voting right. However, in the event where one state or country has more than one Cruise Ship Destination, the country or state has only one vote”.

The alternative system suggests an approach whereby:

- b) each cruise destination of each Member State can have a vote before the General Assembly. This system will grant each destination of the Member States the opportunity to voice their concerns, however it is a more complex approach and will need to be decided in conjunction with the fees to be applied as well as the manner in which membership will be granted.

However, as a sub-entity of the ACS the implication here is that there will be a conflict between the intent of the parent organization as to membership and that of the sub-organization, where members of the sub group are not members of the parent.

“When it comes to deciding on membership, the point of departure is that each and every organization will have its own rules on the matter.”<sup>7</sup> The manner in which entities such as states and private sector organizations, are admitted to the ACCD ought therefore to be specified within its constituent instrument. As a sub-entity of the ACS the manner in which

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<sup>7</sup> Klabbers, Jan, (2009). *An Introduction to International Institutional Law*, 2<sup>nd</sup> ed. Cambridge University Press: United Kingdom

entities are permitted to participate should coincide with the philosophy of the parent organization.

The Convention Establishing the ACS (the Convention) makes provision for Members, Associate Members and Observers. Article IV (1) of the Convention stipulates that "Membership of the Association shall be open to the States of the Caribbean listed in Annex I".

This category of member has "the right to participate and to vote at meetings". Provision is then made for the acceptance of Associate Members identified within Annex II of the Convention (Article IV (2)). Such members "have the right to intervene in discussions and vote at meetings" "on matters which affect them directly, falling within their constitutional competence".

The ACS also makes provision for Observers as per Article V of the Convention. Ministerial Council Agreement 4/95 provides the conditions for participation of Observers. Part II, Article 6 D and E provide that such status can be granted to:

"D. Other States, Countries and Territories that apply and are accepted by the Ministerial Council, considering the possibility of their technical, scientific and economic cooperation to the development programs and projects agreed by the Association.

E. Other applying Organizations that are accepted by the Ministerial Council."

Part III, Article 7 of the Agreement addresses the issue of **voting** in the following manner:

"Observers may participate, with right to speak and without the right to vote, in the open meetings of the Ministerial Council when invited by the Ministerial Council".

Article 8 provides that:

"Observers may participate, with **right to speak**, in the open meetings of the Special committees which analyze projects and initiatives to which the Observers provide technical and financial cooperation or in which they have a substantial interest."

On the issue of **contributions** Article 9 stipulates that:

"Financial contributions by Observers to the Special Fund, other Funds and Programs which may be set up, shall be used for the benefit of the Member States and Associated Members. Contributions could also take the form of technical assistance."

The Convention also speaks to the recognition of Social Partners by vesting the Ministerial Council with the power to:

"Determine the Social Partners which it recognizes and accepts and define their roles".

The grant of membership to organizations within this category is governed by Agreements 5/95 and 12/97.

On the issue of private sector entities practice has been to facilitate a category of "partial" or "affiliate" members.<sup>8</sup>The World Tourism Organization, for instance includes "commercial bodies"

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<sup>8</sup> Supra.

(public or private) into the category of affiliate members<sup>9</sup>. A similar category is provided for within the European Forest Institute (EFI). The EFI by virtue of the Convention on the European Forest Institute<sup>10</sup> makes provision for Members, Associate and Affiliate, with the latter being granted to non-European institutions. Within this structure the organization is funded via the membership fees of Associate and Affiliate Members and the voluntary contributions of Full Members. Affiliate Members do not participate in the decision making process.

The category of partial membership has also been applied to admit non-Members to full membership of certain organs without being a member of the parent organization<sup>11</sup>. This is particularly so where “[f]or political reasons not all States can be Members of the organization”<sup>12</sup>. The draft Statute of the ACCD contemplates the manner in which membership will be granted within Article 6. Prospective members that are neither Full nor Associate and not covered by the Observer status, are covered in Article 6.4 as follows:

“Other Organizations that represent the Cruise Industry or can make a significant contribution to the work of the Association may become Observer Members if their candidature is approved by the General Assembly by a majority of two-thirds of the Full Membership, which must represent two thirds of the Full Membership.”

This is a formula than can be applied to the ACCD as a sub-entity of the ACS. Consideration can also be given to adding the categories of partial or affiliate membership to encapsulate specific types of entities such as corporate bodies. In this regard, such membership can be granted in the same manner as prescribed for Observer membership with the distinction being the type of entity being considered.

On the issue of contributions to be paid such can be calculated utilizing the ACS formula. As discussed above in relation to the CSC experience, membership fees are a critical consideration for sustainability. Thus one option would be to include a fee structure in which all categories of member contribute in this manner.

A further consideration therefore would be as to the rights that would be afforded to members. The governing bodies of organizations usually comprise Full and Associate Members as provided for in the ACCD draft Statute (Article 7). This can be maintained.

Consequently membership within the ACCD as a sub-entity of the ACS can be maintained in alignment with the Draft Statute so that there are three categories of member or the categories can be expanded to distinguish commercial entities and other prospective members. The voting rights can be maintained within the ambit of the Full and Associate Members.

As it pertains to membership fees, the structure can encompass all categories of member or function in like manner to the CSC whereby funding is based on voluntary contributions.

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<sup>9</sup> Article 7(4) Statutes of the World Tourism Organization, Adopted by the Extraordinary General Assembly of IUOTO held at Mexico City, 17-28 September 1970 and entered into force 2<sup>nd</sup> January 1975. Article 25 of the Statute prescribes that the organization will be financed by its Full, Associate and Affiliate Members. In accordance with an agreed scale of assessment

<sup>10</sup> Done at Joensuu, Finland, 28 August 2003.

<sup>11</sup> For example within the United Nations.

<sup>12</sup> Schermers, H.G. and Blokker, Niels, (2003). *International Institutional Law*, 4<sup>th</sup> edn, Leiden.

## 5. Conclusion

The primary objectives for engaging in tourism and by extension cruise tourism are to maximize the revenues as well as the employment and entrepreneurship opportunities which are generated by the sector. For many countries, visitor expenditure on food and drink, local transport, entertainment and shopping is an important pillar of their economies, creating much needed employment and opportunities for development. Apart from the benefits that are derived from cruise tourism, the industry has been criticized for its negative impacts, which include: environmental degradation and congestion due to the increased size of the cruise ships and increase in the number of berths available to the Caribbean; overcrowding and over-use of ecologically and culturally sensitive sites; and the relatively low income generated by cruise tourists as compared to land-based and over-night visitors.

Other implications restricting the full potential of the Regional cruise tourism sector, point to the fact that the cruise ship industry is highly concentrated and dominated by three companies, namely: Carnival, the largest cruise ship corporation, which operates 12 major Cruise Lines; Royal Caribbean, which includes Royal Caribbean and the Celebrity Cruises group of ships; and Star Cruises which includes four international Cruise Lines and the recently established NCL North America cruise ships.<sup>13</sup> These few companies have established several interest associations to promote their interests and those of other cruise ship companies.

For the region, the Florida Caribbean Cruise Association (FCCA) is a trade association of 13 member lines that promotes the cruise ship industry and advocates on issues pertaining to legislation, taxation, port safety and security issues, among others. The FCCA Member lines are the major source of the Caribbean passenger capacity, currently deploying over 100 ships in the Caribbean. As a Caribbean and Latin America focused trade association, the FCCA engages with governments, ports and the private sector in various aspects of promotion and negotiations.

In contrast, neither Caribbean governments nor Caribbean port authorities have established a regional cruise port association. Industry researchers have observed that “since the Caribbean region does not have a unified position the individual ports or countries have a weakened negotiating position”. In 2003 Adam Dunlop recommended that the region develop a common approach towards cruise ship tourism, “to increase the collective bargaining power of destinations in their negotiations with cruise ships and maximise on-shore expenditures by cruise ship passengers, establish environmental standards for cruise operations and mechanisms to increase the benefits of cruise activities to national economies”.<sup>14</sup> Subsequently, in 2004, the World Travel and Tourism Council (WTTC) urged regional authorities of the Caribbean States “to develop and agree on a regional cruise ship tourism policy”.<sup>15</sup>

The ACCD initiative was conceived as a response in order to maximise the potential benefits to be gained from cruise tourism while serving as a platform to address and mitigate the negative impacts. The ACCD project and related initiatives to strengthen cruise tourism in the region

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<sup>13</sup> **Carnival Corporation** includes Carnival Cruise Lines, Princess, Holland America Line, Costa Cruise, P&O Cruises, AIDA, Cunard, Ocean Village, P&O Australia, Swan Hellenic, Seabourn and Windstar; **Royal Caribbean International** includes Royal Caribbean Cruises and Celebrity; **Star Cruises** includes Star Cruises, Norwegian Cruise Line, Orient Lines and the recently established NCL North America United States flagged cruise ships.

<sup>14</sup> Dunlop, A. (2003), *Tourism Services Negotiation Issues: Implications for CARIFORUM countries*. CRNM, Barbados.

<sup>15</sup> WTTC, (2004), *The Caribbean. The Impact of Travel & Tourism on Jobs and the Economy*. London, UK.

have been an intensive, detailed and comprehensive process spanning almost 6 years of concentrated efforts and interventions by the ACS Membership and the Secretariat. This formative work as a means of laying the foundation for future collaboration and dialogue among Member States in the area of cruise tourism remains of relevance.

The issue of cruise tourism is politically a sensitive topic, and numerous attempts have been made in the past to breach the subject with little to no avail. Critically assessing the participation of Member States in the meeting cycles of the ACCD-WG, the following can be concluded.

From the 28 Member and Associate Member States of the ACS, a number of 11 countries were represented at the ACCD-WG meetings. These 11 Member States were made up of a consistent core group of mostly the executive board of the ACCD-WG. In general terms 39% of the ACS Membership attended the exchanges of the Working Group.

In terms of the participation of the Founding Observers, it is noted that the level of engagement differed, whereas SITCA provided both individual as well collective contributions from its Membership; CTO, conversely participated as a Observer in the deliberation process, with the aim of providing their membership with the relevant information. It was clarified that CTO members would individually participate in the dialogue.

With respect to feedback received from Member States concerning the constitutive and operational framework of the ACCD, from the 28 Member and Associate Member States of the ACS approximately 12 countries made contributions to the discussion of the draft documents. From a percentile perspective 43% of the ACS Membership provided input or comments in the process related to the establishment of the ACCD over the afore-mentioned period.

In the event that the establishment of the ACCD is pursued, it should be determined whether modalities need to be explored to guarantee wider representation and ownership of the Membership in future endeavours of this nature.

The dialogue concerning the establishment of the ACCD has to date, not been finalized due primarily to limitations/unresolved issues pertaining to funding, membership fees, the structure and bodies of the ACCD and their respective functions, and other organizational aspects. However, it is worth noting that this initiative succeeded in the issues surrounding **cruise tourism** being placed at the forefront of regional policy discussions which resulted in the ACCD receiving the attention of Regional Tourism Ministers and Policy Makers, both in terms of feedback to the project documents and participation in ACCD Meetings. Outreach activities further contributed to the ACS being commended, by regional partners including the Caribbean Community (CARICOM) and the Central American Integration System (SICA), for its efforts, with the ACCD receiving recognition and endorsement as a cohesive, practical and feasible strategy to approach Cruise Tourism on a regional level.

Cruise tourism is by nature extremely volatile and affected by external macro-economic factors, including economic conditions in the origin countries, energy prices, geo-political developments and currency (USD) exchange rates. On the more micro-level, the image of the industry itself and consumer perception of the region and/or destinations are critical factors which are impacted by on-board incidents, accidents at sea such as the recent sinking of the Costa Concordia, and the political and socio-economic climate of the various destinations including threats from natural disasters. The importance of countries keeping abreast of such factors as well as emerging trends and practises, news, events, consumer feedback and preferences and how these lead to changes in demand and market participation cannot be over stated. In this



regard there is a role and opportunity for the Wider Caribbean Region i.e the ACS to continue its efforts to promote co-operation and dialogue in the area of cruise tourism for knowledge and best practise sharing as well as for capacity-building.

## 6. Recommendations on the Way Forward

Addressing the question of the way forward concerning the ACCD, requires that due consideration be given to the need for continued co-operation in the area of cruise tourism, which is an important mandate from member states, that is still very relevant today. Considering also the afore-mentioned relevance of Cruise Tourism to the Regional Travel and Tourism sector, in addition to the opportunities and challenges associated with establishing the ACCD, the budgetary constraints of Member States and the internal human resource and financial limitations of the ACS, the recommendations of the Secretariat are as follows:

### ❖ Proposals on the continuance of the discussions on the establishment of the ACCD

Considering that consistently less than 50% of the ACS Membership participated in meetings or contributed written feedback in the deliberations concerning the ACCD, it is recommended that countries unequivocally express their interest in, commitment to and level of their involvement in the process of developing and sustaining this body. It is suggested that in accordance with Ministerial Council Agreement 9/95, Article 22, which speaks to the **“Decisions on substantive and procedural matters”**: **“Decisions on substantive matters shall be adopted by consensus of participating members. Procedural matters shall be determined by a two-thirds majority of the members present and voting”** that the position of Member States regarding continuance of the discussions on the establishment of the ACCD is made.

In addition to the afore-mentioned a wider approach to the participation in the dialogue on cruise tourism should be sought, by assessing the possibility of including the stakeholders in the logistical cluster of the Cruise Tourism Sector such as Immigration and Port authorities.

### ❖ Proposals on the legal and institutional form of the ACCD

Should the decision be made to continue the discussions on the establishment of the ACCD, considering that it has been agreed that the ACCD would be established as an entity under the ACS umbrella, it is recommended that;

1. A decision is taken whether the ACCD will have a similar status as the Caribbean Sea Commission (CSC); therefore having its own governing structure and exercising its own resource mobilization efforts, taking into account that the CSC is not financed by the ACS budget.
2. Another option is to consider the inclusion of regional dialogue and cooperation on Cruise tourism as a permanent fixture under the agenda item relating to Multi-Destination Tourism. As a consequence, this option would incorporate Cruise Tourism within the work programme of the Special Committee on Sustainable Tourism. Funding for projects or activities would be secured via the conventional modalities.

### ❖ Proposals on the agenda of the ACCD / future cruise tourism initiatives

Depending on the legal format confirmed, it is recommended that:

1. Options to obtain more knowledge-based or academic data via studies, symposia or surveys etc., on issues of mutual interest to the destinations in the Region are explored, so as to facilitate ongoing dialogue and co-operation on Cruise Tourism in the Greater Caribbean;
2. It would mean that if an Association or Commission is still considered, the discussion on the operational framework should be pursued.

N.B.: It is recalled that as an impetus to strengthen the efforts undertaken with regard to regional dialogue and cooperation in the area of Cruise Tourism, the Secretariat presented a project "Cruise Tourism and Entrepreneurial Strengthening in the Greater Caribbean: Opportunities for Women". The primary objective of this initiative is to increase awareness of the potentialities and provide information, tools and strategies to improve the competitiveness and maximise the entrepreneurial opportunities for women, generated by tourism in general and cruise tourism in particular. The main components of the project entail: commissioning of a Study and development of a Training Program focusing on women with MSMEs in the Tourism sector; subsequently, hosting of a Regional Training Workshop and Symposium. This project will assist in highlighting the importance of tourism more specifically cruise tourism as an engine for increased trade while also harnessing its capacity to contribute to the socio-economic development of vulnerable groups, MSME's and women. The project has been presented to financing agencies to be considered for funding.

#### **❖ Proposals on the implementation process and next steps**

##### **Option 1.**

Following the afore-mentioned recommendations on the continuance of this initiative and the legal nature to be considered, it can be recommended that the ACCD-WG retain its structure and lead ACS dialogue and co-operation in securing the implementation of the ACCD initiative; where in this regard the following approach is taken;

1. The ACCD-WG Executive Board convenes a meeting within the next month, preferably before December 2013, following receipt of this report. This meeting can be facilitated via electronic means;
2. The ACCD-WG Executive Board agree on the modalities to execute the proposals as presented in the report on the way forward, which will be circulated to Member States for feedback for a period one (1) month. A report incorporating Member States feed-back will be presented by the Chair of the ACCD-WG to the 24<sup>th</sup> Meeting of the Special Committee on Sustainable Tourism (SCST-24) and the Ministerial Council;
3. The Chair of the ACCD-WG in collaboration with the Secretariat prepares a report incorporating Member States feed-back, and also submits in a draft Ministerial Agreement on the ACCD, the decisions with respect to the legal form or nature of the ACCD and the way forward, to be presented to the next meeting of the ACS Ministerial Council. The Ministerial Council will endorse this decision per this body's acceptance of the ACS Ministerial Agreement.
4. Future Chairmanship of the ACCD-WG as well as its structure and composition to be considered and decided at the 24<sup>th</sup> Meeting of the SCST-24 Meeting.

Option 2.

Conversely, an alternate approach is to have the current ACCD-WG dissolved as the initiative is integrated under the programmatic area of Multi-Destination Tourism and discussed within the context of the Special Committee.

Finally, it is summarized that the options presented are provided in an effort to facilitate the participation of the ACS Membership and ultimately maximize the benefit that Member and Associate Member States can obtain from a concerted effort in the field of Cruise Tourism.

The matrix below is developed to facilitate Member and Associate State Feedback on the proposals concerning the future direction of the discussion and efforts relating to the establishment of the Association of Caribbean Cruise Ship Destinations.

**Matrix to facilitate Member and Associate Member State Feedback on the proposals concerning the future direction of the discussion and efforts relating to the Establishment of the Association of Caribbean Cruise Ship Destinations**

<b>THE ESTABLISHMENT OF THE ASSOCIATION OF CARIBBEAN CRUISE SHIP DESTINATIONS</b> <b>COUNTRY POSITION ON THE WAY FORWARD</b>					
DECISION ON	OPTIONS	MEMBER STATE FEEDBACK			
		AGREE	DISAGREE	ABSTAIN	OTHER (PROVIDE COMMENTS)
<b>1. <u>Proposals on the continuance of the discussions on the establishment of the ACCD</u></b>	A. Proceed with the discussions on the establishment of the ACCD.				
	B. Proceed with Regional Initiative on Dialogue and Cooperation in the area of Cruise Tourism.				
	C. Explore a wider approach to the participation in the dialogue on Cruise Tourism, by including the stakeholders in the logistical such as Immigration and Port authorities.				
<b>2. <u>Proposals on the legal and institutional form of the ACCD</u></b>	A. The ACCD is established similar to the Caribbean Sea Commission (CSC); having its own governing structure and exercising its own resource mobilization efforts.				
	B. Cruise tourism incorporated as a permanent agenda item relating to Multi-Destination Tourism as part of the ACS Sustainable Tourism Work Programme.				
<b>3. <u>Proposals on the agenda</u></b>	A. Obtain more knowledge-based or				

<b><u>of the ACCD / future cruise tourism initiatives</u></b>	academic data via studies, symposia or surveys etc., on issues of mutual interest to the destinations in the Region, so as to facilitate ongoing dialogue and co-operation on Cruise Tourism in the Greater Caribbean.				
	B. Pursue discussion on the operational framework of the ACCD, if a Commission is considered.				
<b><u>4. Proposals on the implementation process and next steps</u></b>	A. The ACCD-WG retain its structure and lead ACS dialogue and co-operation in securing the implementation of the ACCD initiative.				
	B. The current ACCD-WG is dissolved as cruise tourism will be integrated under the programmatic area of Multi - Destination Tourism and discussed within the context of the Special Committee.				