

**BELIZE**  
**Tourism Sector Diagnostic**  
**1998- 2004**

**PREPARED FOR:**  
**Belize Tourism Board**  
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**January, 2005**

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## *Executive Summary*

In 1998 Belize developed its first-ever national tourism strategy. The Blackstone Report, as it is commonly referred to, established the context for tourism development within Belize and called for a moderate growth scenario that aimed for a 4% compound average annual growth rate and an increase of 20,000 in visitor numbers over a five year period; allowing Belize to develop a niche in small-scale rather than mass tourism. The annual total number of visitors was not envisaged to exceed 140,000. At the time the strategy considered a “what if” scenario of 400,000+ visitors and concluded that visitors in such numbers would result in serious environmental and cultural impact and elimination of ecotourism, and as such would be unsustainable.

The report stressed the need for responsible tourism within an approach that embraced the ethics of eco-tourism, but which called for a more proactive approach by the relevant stakeholders to develop, market, and manage Belize’s tourism industry. This orientation it was argued would allow Belize to position itself to satisfy some of the fastest growing segments of the global tourism market, specifically experiential tourism which includes nature, heritage, cultural and soft adventure experiences.

Since the embrace and implementation of the Blackstone strategy, Belize has experienced significant growth in its tourism industry; at times outstripping the regional averages. In particular, Belize experienced exponential growth in the cruise tourism segment. This brought into question the country’s approach to tourism and established new realities within the operating environment.

The impact of cruise tourism was immediate and dramatic. While some stakeholders were participating or preparing themselves to participate in cruise tourism, other stakeholders across the industry began to raise questions about the impact on the environment and bio-diversity, loss of the niche reputation for which Belize has come to be known, competitiveness issues, and the long term viability and sustainability of the industry. Concerns were also raised over the perceived uneven competitive base of the cruise tourism sector versus the over night sector; and the continued growth of cruise tourism. In fact in September 2004 a Cruise Tourism Impact Forum was convened which had the participation of stakeholders across the industry and where advocates and opponents<sup>1</sup> alike had an opportunity to table their issues.

Given the realities, the Belize Tourism Board commissioned a ‘White Paper’ earlier in 2004 that explored considerations for updating the National Tourism Strategy for Belize. The White Paper reviewed and set

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<sup>1</sup> Affecting the credibility of the pronouncements and resolutions was the lack of representation on the part of the Cruise sector. According to the BTB one representative from the Cruise Tourism Sector was invited to attend and contribute to the discourse.

out, to a large extent, the new context for tourism in Belize including global and regional trends that impacted on that context. This diagnostic report is a cursor to the White Paper and is a pre-cursor to a revised National Tourism Strategy for Belize. It sets out the key issues impacting the sector, with a view to providing the focus for policy discussions and decisions.

As an introduction, the existing policy components are discussed. The 1998 Blackstone report and its dominant role in the establishment of the present strategic context is reviewed along with the related legislative context. The country's capital budget and projects that have played a key role in policy making are highlighted to establish the resources that have contributed to the present structure.

Next, the report highlights the key components and statistics related to Belize's tourism product and develops the following conclusions:

- Cruise tourism generated approximately 14% of total direct tourism expenditures in 2003 compared to 86% for the stayover market. This in spite of the fact that cruise tourism accounted for 72% of total visitors to Belize in 2003 (700,000). This number is expected to meet or exceed 1,000,000 in 2005.
- Belize's tourism sector is dominated by the US market which in 2003 comprised over 60% of all stay-over visitors;
- The occupancy rate for Belize is in the low 40% area. This is somewhat lower than anecdotal evidence showing the Caribbean small hotels sector ranging from 45% to 55%.<sup>2</sup> This continues to present serious challenges for the accommodation sector;
- Visitation statistics indicate that a high proportion of visitors are interested in protected areas and Mayan sites. Cruise ship visitors accounted for the majority of visits to these sites in 2003. Therein lies the dilemma. While the increased number of visitors is welcome, the numbers, on average 650 persons per day<sup>3</sup>, threaten to transform the attraction from an eco-tourism to mass tourism site;
- Developing a market ready tourism product by instituting and enforcing standards is an important issue for the Belize tourism sector. For example, while there are an estimated 400+ tourism accommodation facilities, the BTB estimates that only about 105 of these operations can truly be characterized as offering an "international market ready" product. Given the

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<sup>2</sup> Source: Organization of American States, Small Tourism Enterprises (STEP) Program. 2000-2004

<sup>3</sup> based on Altun Ha visitation numbers

sheer amount of work to be accomplished on the issue of standards in Belize, the effort to address these deficiencies must be well defined and focused. Standards must be developed to support a common vision of development for the tourism sector and be defined by market driven demands and expectations.

- Belize has a diverse and interesting mix of events and cultural experiences but culture tourism is relatively undeveloped in Belize. Culture's specific role in the tourism equation and a national approach to Belizean heritage preservation and cultural development is lacking;
- The large numbers of visitors also raise concerns about the capacities and design inadequacies of the current physical infrastructure (Highway, Road and Bridge System). Although served by a travelable highway system, access to many of the major attractions remain constrained by poor quality roads and facilities. This has been addressed to a large extent under the Tourism Development Project funded by the IDB and the ICDF (Taiwan), and which includes improvements to the approach to archaeological sites and construction of the appropriate amenities at the attractions –i.e. parking, visitor centers, toilets, picnic facilities, etc. Also, given that Belize's natural endowments are more amenable to a tourism product that has more to do with exploration, adventure and experiencing nature than grandiose all inclusives, connected, quality, well signed road systems must be considered a priority to enhance visitor experiences;
- While there are a variety of media being utilised to provide information to the tourism industry, there is no evidence of a clearly articulated strategy for information dissemination once the tourists are 'in country';
- Belize has made significant achievements in developing skills programs and tools for the tourism sector over the past five years. There is now in place a Tourism Training Unit within the BTB, and over 3,000 individuals have been trained to date. While the recent focus on the development of the sector's human resources has had a positive effect on the quality of service provided by the sector, the broad consensus is that there is significant work remaining.
- Although the structure is well established, many of the mechanisms and tools that support effective destination management present challenges for Belize. The most pressing perhaps in the lack of an integrative approach to planning in general and tourism planning in particular. The GOB's

economic strategy does not suggest the type of integrated economic development and planning that has its foundation in a common, clear vision for future economic, social and cultural development.

Global market trends will also influence the future shape and character of tourism in Belize. Those of particular relevance in considering policy directions for the country include:

- Experiential tourism is the fastest growing segment of the tourism market worldwide. 37% of all international trips include a culture/heritage component and that market is growing at an annual rate of 15%. In the United States, 81% of US travellers (representing 118 million adults) who travelled in the past year are considered historic/cultural travellers.
- The WTO ranks eco-tourism, nature tourism, cultural tourism and subsets such as rural and community tourism as among the fastest growing to the year 2020.<sup>4</sup>
- The WTO also suggests in its Vision for 2020 that resort tourism has now matured as a market and there will be more emphasis in the future on activities and experiences throughout the destination including the opportunity for international visitors to learn about the destination.
- Cruise tourism will continue to be one of the top products worldwide.

In the face of these market trends, Belize and the wider Caribbean region continue to struggle with identifying appropriate strategies for sustainable tourism growth. The issue of prioritization (between overnight and cruise tourism), involvement by local entrepreneurs in communities and tourism, and the adoption of market-driven standards to maintain competitiveness all remain on the agenda. Some key considerations for policymakers seeking to grow their tourism sectors on a sustainable basis include:

- National consensus on priorities should define the kind of tourism Belize wants. This shapes the nature of the National Tourism Policy and defines how destination management will be implemented.
- Increasing competitiveness in the global market and increasing recognition by destinations that tourism can be a positive economic driver is leading to a far greater business-like approach to destination management and marketing than ever before. There is now recognition that success factors include management of the

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<sup>4</sup> World Tourism Organization, Tourism 2020 Vision, Volume 7, Global Forecasts and Profiles of Market Segments, 2001

tourism sector as an export industry competing globally, greater attention to international niche market expectations and the recognition that the Internet is providing for significant product diversification matched to market interests, international market-driven standards adoption, trade and competition dictates and, of course, international market trends.

Belize adopted a tourism strategy in 1998 based on work undertaken by the Blackstone Corporation. While this policy has served the country well in the intervening period, several significant changes now make it imperative for Belize to revisit and update its policy for tourism. Indeed, the development of a new policy for the Belize tourism sector should carry with it a mandate and responsibility to review the policy on an annual basis to ensure that Belize remains responsive to changing conditions. It is time to update the National Tourism Policy.

## 1. INTRODUCTION

Belize estimates that tourism is about 16%<sup>5</sup> of the country's GDP or 67%<sup>6</sup> of receipts from all services. This is a significant contribution and places the tourism sector at the forefront of the country's economic activity. The Belize tourism sector plays a role similar to that of many countries in the Caribbean. The WTTC estimates that the Caribbean is the world's most intensive tourism region, accounting for 15% of the region's GDP.<sup>7</sup>

Belize's current tourism strategy is guided by a policy that stresses the need for responsible tourism. Such an approach embraces the ethics of eco-tourism but more, it calls for a proactive approach by all relevant stakeholders to develop, market and manage the industry with a view to creating a competitive advantage, maintaining environmentally sound tourism, cultural promotion and developing respect for local cultures, involvement by local people through community tourism and by developing strong linkages with other sectors. This focus has positioned Belize to satisfy some of the fastest growing segments of the global tourism market i.e. experiential tourism including nature, heritage, cultural and soft adventure experiences, and provides a significant opportunity for the country to strengthen its economy.

The growing importance of tourism in national economies is evident worldwide. The global tourism industry, according to the WTTC, generates about US\$5.5 trillion in travel and tourism consumption, investment, government spending and exports. Like its counterpart World Tourism Organization (WTO), the WTTC forecasts tourism growth over the next several years at 4.5% per annum. It is also now well accepted that tourism can be a generator of economic growth by other sectors. Not only does it contribute direct revenues and foreign exchange earnings, it also contributes to a destination's overall quality of life in several ways:

- through destination marketing that enhances the destination's image and awareness of its export products;
- through motivation for improvements in downtown areas, waterfront development, heritage site and building retention, protection of natural resources, upgrading of national parks and protected areas for sustainable visitor activity, and improved infrastructure; and
- through increases in quality of life, a healthy tourism sector fosters increased interest in investing in a destination for economic activity other than tourism.

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<sup>5</sup> BTB, 2002

<sup>6</sup> BTB, last complete year 1999

<sup>7</sup> WTTC, May, 2004, *The Caribbean: The Impact of Travel and Tourism on Jobs and the Economy*.

With appropriate integration of tourism into the economic development policies of the destination, the vibrancy that a tourism sector can bring to a destination can energize other economic sectors.

Against this backdrop, Belize has an excellent opportunity for tourism growth. However, development must be approached with a properly positioned destination vision and policy that balances the country's aspirations for tourism with that of its economic and environmental priorities.

### **1.1 The Benefits of a National Tourism Policy**

A national tourism policy is essential to define the vision for tourism and a sustainable tourism sector. The benefits are extensive and include:

- greater clarity for industry and government on the priorities for tourism and the desired focus for the country to grow its tourism sector in the short, medium and long term;
- greater clarity for the donor and international financial institution community, thus helping to inform planning and design for projects and funding programs consistent with the country's aspirations for tourism; and
- a clear signal to the regional and international tourism industry and investors concerning Belize's policy and priorities for tourism.

### **1.2 The Role of Tourism Policy in Belize**

The preparation of the 1998 tourism strategy for Belize was the first major step in establishing a context for detailed tourism planning. The strategy has served as a tourism policy for the country without the normal integration into capital budgeting, infrastructure planning and economic planning that one would normally associate with a national tourism development plan. For Belize, this is a significant gap and one that can be filled once Belize updates and formally adopts a national tourism policy.

A typical tourism development plan approach draws on policy established for the sector and builds on that policy with product development, area planning and integration with other economic sectors. Together these establish the tourism master plan.

In order to clarify policies related to tourism and to identify the issues that will drive policy development for the Belize tourism sector, a status report on the sector is provided below. It includes commentary on market potential based on Belize's tourism product competitiveness.

## 2. TOURISM POLICY CONTEXT

### 2.1 Tourism Policy and Planning History

The first major tourism strategy developed for Belize was the prepared by the Blackstone Corporation in 1998. This has served to guide tourism sector development for the last six years and has directly inspired the following initiatives<sup>8</sup>:

- Legislation for the establishment of the Belize National Tourism Council, a multi-sectoral committee whose key responsibility is to guide and inform tourism policy making;
- The establishment of the Tourism Training Unit to develop human resources and local capacity;
- The establishment of a Product Development Unit within the BTB to manage the tourism planning/zoning, infrastructure development, industry training, data management, investment opportunities, product enhancement, public awareness and licensing and legislation;
- Legislation such as the Retired Persons (Incentives ) Act, The Gaming control Act, Hotel Accommodations Act and the Water Taxi, Water Sports and Tour Operators Statutory Instruments;
- The creation of a new brand and image to reflect the authenticity and diversity of the destination;
- The upgrade of major archaeological sites and their support infrastructure as well as border facilities.

The overarching strategy recommendation of the Blackstone Report was for moderate but sustained growth patterns and a niche market orientation. Mass tourism was discouraged as an alternative because it threatened to impose a large-scale, consumption based economy on top of a small, fragile, limited ecology, almost guaranteeing that natural and social carrying capacities would be overrun over time.

Since Blackstone's release and implementation, Belize has undertaken a number of initiatives including refining its legislation and developing a significant cruise segment. The context for considering tourism policy must respond to the new situation facing Belize, including the clear need for a tourism development plan or strategy that will carry out the intent of a national policy. The policy context including legislative, tourism planning and global trends are discussed in this section.

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<sup>8</sup> Mid Term Economic Strategy 2003-2005, Government of Belize, July 2002

## 2.2 Projects Shaping Policy – since 1998

The policy context over the last six years has been shaped by a few but significant projects which suggests a focus on increasing the competitiveness of Belize's tourism product through human resource and infrastructure development. These are:

Project	Management Unit	Objective	Donor Agency/Amount
Tourism Development Project	Ministry of Tourism/Works	To increase opportunities, foreign exchange earnings and government revenues from tourism in a manner that is environmentally and archaeologically sustainable	IADB US 14M
Improving MSE Competitiveness in the Cruise Ship Tourism Sub-sector	BTIA	Increase the participation of community based groups in tourism through increased capacity in a range of quality-tourism related products and services	MIF US \$750,000
Project to Revise the Tourism Policy & Develop a Master Plan for the Sector	BTB		CPEC (Grant) CDN \$
Tourism Training Unit Project	BTB/BTIA	Increase HR capacity across the tourism sector	IADB US \$1M
STEP Project Small Tourism Enterprise Program	BTB		OAS Books, computers, training

## 2.3 Legislative Context

There are several acts related to tourism and tourism related activities in Belize. However the Hotels and Tourist Accommodations Act and Subsidiary laws, the Subsidiary laws of the Belize Tourism Board Act and the proposed Cruise Ship Legislation are the only laws that speak directly to and provide guidance for activities within the sector. All other acts provide guidance on the structure and context for policy making.

### 2.3.1 Structure for Tourism Policy Making

#### Belize Tourism Board Act, Chapter 275 Revised (2000)

Establishes the Belize Tourism Board as the main policy making mechanism for the tourism sector and speaks to its composition and

powers and functions as a policy making body with specific reference to the following functions:

- Adoption of measures to advertise and publicize Belize as a tourist “resort” throughout the year;
- increased airline and shipping facilities as well as increase tourist traffic to Belize;
- Secure the most favourable arrangements for the entry of tourists to Belize;
- Development of amenities in Belize to enhance the attractiveness of Belize to tourists with special reference to entertainment, local culture, conservation of local flora and fauna, deep sea fishing, scuba diving and handicrafts;
- To undertake research, experiments and operations to improve the basis of the tourist industry and to control and eliminate any undesirable factors that may affect the industry;
- To foster an understanding of the economic importance of the sector among Belizeans;
- Encourage and promote training facilities for hotel staff;
- Classify hotels according to the standards of amenities provided;
- To foster understanding within Belize of the importance of environmental protection and pollution control and the conservation of natural resources;
- To make regulations, with the approval of the minister, that will improve the board’s ability to carry out the purposes of the Act in particular as it relates to: controlling or eliminating undesirable factors, registration and classification of hotels, information management, training, certification, registration , supervision of standards, levying tariffs, rates and fees and penalties for breach of regulations.

Belize National Tourism Council Act, Chapter 276 (rev. 2000)

This act is a direct result of the 1998 Blackstone report and related tourism policy and is intended to foster an integrative approach to tourism development. The Act brings together the relevant players from the tourism sector, those from the Agriculture and Fisheries sector as well as representatives from Natural Resources and Environment, Culture, Immigration, Human Development, all the tourism sector private sector organizations, including a representative of the international airlines operating in Belize, the Chamber of Commerce and relevant NGOs.

The Council is appointed by the Minister responsible for tourism who also has the authority to remove and replace sitting members. The purpose of the council is to:

- Develop the necessary instruments for the efficient management and development of tourism in Belize in a manner beneficial to the public, tourists and members of the tourism industry;
- Identify and adopt measures that promote favourable marketing and investment in Belize;
- Establish the appropriate legislative instruments where appropriate;
- Develop capacity;
- Develop and implement policy guidelines on public education and awareness;
- Promote and maintain an interdependent partnership between all the relevant players in and supporting the tourism sector to enable full participation of all the players in the development and management of tourism;
- Develop and implement a National Tourism Policy

### **2.3.2 Laws providing Guidance/Standards for Activities within the Sector**

#### Belize Tourism Board Act, Chapter 275(S), Subsidiary Laws (Rev. 2003)

This Act establishes Tour Guide, Tour Operator and Local Water Passage and Water Sports Vessels Regulations. It provides for a committee, defines the powers and functions of the committee and describes the protocol and requirements for licensing and revocation of licenses of tour guides, tour operators, and vessels.

Under the Tour Guide regulations all tour guides must have recognized accreditation, be a Belizean citizen or of permanent residency with tour guiding as main occupation, and must be recommended by a recognized tour guide organization. Licensed tour operators are required to utilize only licensed tour guides, to maintain valid licenses and insured tour safety equipment, possess valid insurance and take all necessary steps to safeguard the environmental, moral, historical and cultural integrity of Belize.

#### Hotels and Tourist Accommodation Act<sup>9</sup>, Chapter 285 (Rev. May 2003)

Law provides for a registrar of hotels and tourist accommodation whose primary responsibility is to ensure the license of all acceptable hotels and tourist accommodation. The law defines the powers and function of the licensing authority and stipulates the taxes to be paid on accommodation charges. The law also requires that minimum standards be observed by hotel and tourist accommodation and stipulates notification of

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<sup>9</sup> Also referred to as the Minimum Standards Act

charges to guests, distribution of service charges, registrar of guests, mode and manner of payment by guests.

Hotels and Tourist Accommodation Act, Chapter 285 (S) Subsidiary laws (Rev. October 2003)

Law expands on the minimum standards to be observed by hotel and tourist accommodations to include extremely specific, measurable requirements pertaining to registration, licensing and operating requirements for hotels, resorts, apartments, condominium, villas, guesthouses and lodges, community based tourist establishment, campsites, live aboard vessels and research facilities.

**2.3.3 Investment<sup>o</sup>**

Currently, there is no specific tourism investment incentives regime in Belize. Unlike most other Caribbean countries, where there are specific investment incentives specifically for the tourism sector, Belize stands almost alone as one of the few countries where such incentives are encompassed as part of the broader incentives regime related to all economic sectors. Recently, the Belize Tourism Board has initiated a program to develop a modernization approach to establish a specific incentives regime for tourism. This calls for tourism sector investment incentives comparable to other jurisdictions in the Caribbean in terms of duty-free imports for new construction and refurbishment/renovations/expansion, tax holidays for new development and transparency in incentives approvals for the tourism sector and investors.

Tourism and tourism related services are required to subscribe to the existing array of legislation enacted by the GOB to encourage private, local and foreign investment. These are: the Fiscal Incentives Act of 1990, the Export Processing Zone Act of 1990, the Commercial Free Zone Act of 1994 and the Retired Persons (Incentives) Act, 2003

Export Processing Zone Act

The investment incentives offered to an EPZ though recently curtailed remain extensive:

- An EPZ business is permitted to import good and supplies necessary from the production and operation of the business including specified service and utility vehicles, spare parts and fuel free of customs duty, tariffs consumption taxes, excise taxes and trade turnover taxes.

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<sup>10</sup> Section relies heavily on the document prepared for the Belize Tourism Board entitled, Modernization of Tourism Policy/Legislation and Regulation Framework: Establishing a Specific Incentives Regime for the Tourism Sector, Oracle Consulting, May 2004

- All exports are exempt from existing export duties and foreign exchange taxes
- The business is exempt from income tax, withholding tax, capital gains tax or any new corporate tax adopted by the GOB after the commencement of the act for a minimum of the first twenty years, with an option to extend. Once the tax holiday expires, the EPZ business pays business tax at the rate of 2%. Dividends are exempt.
- Real property is exempt from property or land taxes and any sale of real property is exempt from transfer tax
- Work permits are granted to applicants who serve EPZ business in senior management or technical positions and up to 15% of the workers of the EPZ business may receive work permits
- Goods in transit are exempted from sales tax

#### Commercial Free Zone Act

The CFZ act provides that any person may apply to establish and operate a wholesale and/or retail business as a CFZ business. However the proposed business must conduct trade and investment activities such as commercial, office, warehouse, manufacturing, insurance services, financial services, banking services, offshore financial services and any other professional or related activities. Some incentives include:

- Tax exempt status for good entering the CFZ for commercial purposes. Fuel and good, including building materials, furniture, equipment, supplies and parts required for the proper functioning of the business are also exempt. Motor vehicle and fuel for personal consumption are not exempted
- Corporate taxes income for CFZ businesses are reduced and range from 2-8%. Additionally tax credits are given in accordance with the number of Belizeans employed on a continuing basis up to 2% of taxable income.
- Up to ten year tax holiday
- Work permits to non-residents required to serve in managerial or technical positions
- Goods in transit are exempted from sales tax

#### Fiscal incentives Act

The fiscal incentives Act is designed to encourage investment in Belize by assisting local and foreign investors through the development stages of their investment project. The fiscal incentives offered under the act include relief from taxes and duties for a specified period of time, usually five years, subject to extension. However, companies engaged in

agriculture, agro-industry, aquaculture or manufacturing whose operations are strictly for export and highly labour intensive may receive a tax holiday for up to twenty-five years. During the duty exemption period, the approved enterprise may import free of customs and stamp duty, all building materials, plant machinery, equipment, tools including specialist hand tools, utility and transport vehicles, fixtures and fittings, office equipment, appliances, spare parts on plant and plant related machinery and agricultural machinery and any raw materials or other items imported for use in the approved enterprise subject to terms and conditions set by the investment promotion agency.

The act was amended in 2002 to make specific provision for small and medium enterprises, defined as enterprises with investment less than \$300,000 involved in numerous activities including tourism related activities such as auto rental, arts and cultural activities, handicraft, woodcraft, jewelry making, hotel, restaurant and other tourism related activities. SME's may enjoy duty exemption for up to two years at a time but may not be extended beyond five years and are not entitled to tax holidays. All approved enterprises are subjected to sales tax and environmental taxes.

#### Retired Persons (Incentives) Act, Chapter 62 (Rev. 2003)

Act provides incentives to persons meeting the criteria for designation as a retired person including the right to enter and remain in Belize along with dependents, to import into Belize personal and household effects and approved means of transportation for personal use free of all import duties and taxes, provided proof of proper disposal exists to import into Belize new means of transportation for personal use, and exemption from payment of taxes on all income or receipts which accrue from a source outside of Belize whether or not such income is remitted in Belize.

#### **2.3.4 Planned/ Pending Legislation**

There are a number of legislative instruments introduced in 2004 intended to impact the activities in the tourism sector. These include:

- Proposed legislation to regulate time share units through licensing procedures;
- Proposed legislation to regulate the cruise ship segment through licensing and registration procedures.

The legislation sets out the powers and functions of the registering authority and requires owners of a registered ship to: Adhere to the guidelines in the cruise tourism policy, adhere to guidelines and policies that limit the number of cruise passengers that visit or remain in Belize on a daily, weekly, monthly or annual basis; observe and comply with all international conventions of which Belize is a party; observe and comply with the Environmental compliance plan and any other policy document

relation to the environment; comply with all tax and other relevant local laws;

- Statutory Instruments to strengthen and refine the tour guide and tour operator regulations;
- A recommended tourism investment incentive regime addressing all types of tourism.

## 2.4 2004/05 Budget

As an important economic sector, one can expect that tourism projects and other issues such as infrastructure impact on the tourism sector will feature prominently in the annual capital budget. Indeed, the annual capital budget, as an instrument of government, implicitly sets national tourism development policy to the extent that it addresses tourism matters or areas that impact on the tourism sector.

In the words of the then Finance Minister, the Honorable Ralph Fonseca, the main objective of the 2004/2005 budget “is to continue carefully stimulating efficient growth while performing a rebalancing of our economy to ensure that this growth works to make affordable even the new basic necessities particularly benefiting low income Belizeans.”<sup>11</sup> The rebalancing initiatives referred to are cross cutting and designed to impact all sectors of the domestic economy. The activities related to tourism occupied a miniscule part of the budget speech and called for the construction of new cruise ship terminals, upgrade of airport facilities, a 30% increase in cruise ship passengers and 4-6% increase in overnight arrivals in 2004/05

The 2004/05 capital budget included the following capital infrastructure projects expected to impact the tourism sector, summarized in the table below;<sup>12</sup>

Budget Item	Description	Capital Budget (04/05) (BZ) \$000	External Funding (BZ) \$000
Tourist Activity Center	Development of a Tourist Activity Center	\$250	
Tourism Development Plan	Phase Two of the Plan	1,200	1,200 (Loan IDB)
Continuation of the Southern Highway Projects	Feeder roads, Section 1, 2, Southern Highway TA (Estep)	2,500	3,350 (Loan, Kuwait, CDB)
Orange Walk Bypass	Road construction around Orange Walk facilitating quicker, more efficient access to Mexico and	2,000	1,000 (Loan, CDB)

<sup>11</sup> Rebalancing Growth to Work for all Belizeans, Budget Speech 2004-2005, Government Press Office

<sup>12</sup> Estimates of Revenue and Expenditures for Fiscal Year 2004-2005, As passed by the House of Representatives on Friday 6<sup>th</sup> February, 2004, Capital II and III, pgs. 524, 525, 535

Budget Item	Description	Capital Budget (04/05) (BZ) \$000	External Funding (BZ) \$000
	Corozal		
Rehabilitation of Highways	Generally	1.000	-
Western Highway Airport Link		33	100 (Loan, RMB)
Placencia Road Upgrade	Upgrade of the feeder road off of the Southern Highway that leads to Placencia	-	1,000 (Loan German Bank)
Caracol project	Upgrading the road to Caracol	336.8	Counterpart

Of interest is that cruise tourism investment was selected for special mention and highlighted as part of the government's rebalancing strategy in the 2004/05 budget.

As it relates to tourism, the 2004/05 budget speech signalled that from among the country's productive sectors, tourism was regarded by the policymakers as the sub-sector with maximum growth potential. In fact the language used to introduce the investment incentives intended for the cruise segment i.e. "rebalancing potential economic generators" suggest perhaps a repositioning of the sector as **the** economic priority. Additionally the emphasis on ports and cruise arrivals suggests that cruise tourism has been identified as the main engine for growth in the tourism sector and the national economy.

### 3. TOURISM PRODUCT

In 2003, Belize hotel operators numbered 466, offering 5,050 rooms and 8,166 beds. This is about 10 rooms per property and illustrates the fact that the Belize accommodation sector is dominated by guest houses and small hotels. In fact, a clear weakness of the Belize tourism sector (as compared to other destinations) is the absence of larger signature properties that would help to establish market awareness for the destination.

The occupancy rate for Belize is in the low 40% area. This is somewhat lower than anecdotal evidence showing the Caribbean small hotels sector ranging from 45% to 55%.<sup>13</sup> This occupancy level is not viable for hotel enterprises and indicates a challenge for stay-over tourism especially given the recent dramatic increase in cruise tourism and its potential “mass tourism” impact.

Supplier Type	Suppliers	No. of Businesses	Total No. of Rooms <sup>14</sup>	No of Flights
Accommodation <sup>15</sup>	Hotels	116		
	Lodges/Inns	46		
	Guest Houses	139		
	Apartments	24		
	Bed and Breakfast	19		
	Cabanas/Cabins	77		
	Motels	07		
	Villas	16		
	Condominiums	18		
	All Inclusive	04		
<b>Total</b>		<b>466</b>	<b>5,050</b>	
Tour Operators <sup>16</sup>		200	-	
Rentals/Charters <sup>17</sup>	Automobile	12		
	Boat	14	-	
	Airlines	4	-	
	Golf Carts	9		
Airline Services/Charters	International	5	-	55 /wk <sup>18</sup>
	Domestic	2	-	Hourly
Travel Agents <sup>19</sup>		15	-	-
Night Life <sup>20</sup>	Night Club/Bars	42	-	-
Dining <sup>21</sup>	Restaurants	58	-	-

<sup>13</sup> Source: Organization of American States, Small Tourism Enterprises (STEP) Program. 2000-2004

<sup>14</sup> Note this information is not readily available and would have required a survey of each establishment within each segment to determine number of rooms per segment. Time constraints did not permit such an involved level of primary research.

<sup>15</sup> Belize Tourism Board, Hotels Department

<sup>16</sup> Tourism & Travel Statistics 2003

<sup>17</sup> Belize Tourism Board, The Visitors Guide, January 2004

<sup>18</sup> Belize Airport Authority flight information stated in flights per week. Gotten from telephone interview.

<sup>19</sup> Belize Tourism Board, The Visitors Guide, January 2004

<sup>20</sup> Belize Tourism Board, The Visitors Guide, January 2004

Supplier Type	Suppliers	No. of Businesses	Total No. of Rooms <sup>14</sup>	No of Flights
Souvenirs <sup>22</sup>	Arts, Craft & Gift Shop	70	-	-
Business Facilities <sup>23</sup>	Meeting and Conference Facilities	23	-	-

In addition to these suppliers, there are a variety of other enterprises, such as the Novelo's Bus line and its subsidiaries, serving the tourism sector.

### **3.1.1 The Issue of Market Driven Standards**

Developing a market ready tourism product is an important issue for the Belize tourism sector. For example, while there are an estimated 400+ tourism accommodation facilities, the BTB estimates that only about 105 of these operations can truly be characterized as offering an "international market ready" product. Although loosely defined, the question of market ready product standards is fundamental to effective sector management and thus an appropriate national tourism policy. Tourism is an export industry and, as such, must meet export market requirements. The issue of export readiness is addressed in more detail in Chapter 4 of this report.

As an eco-destination Belize's tourism industry includes marine (boating, cruising, fishing, scuba, snorkeling, etc.), aquatic (canoeing, rafting, swimming), terrestrial (Mayan sites, hiking, trailing, biking, equestrian, etc.) and sub-terrestrial (i.e. caving, cave tubing, cave diving, etc.) activities. As a traded product that is facing increasing competition internationally and regionally, global competitiveness is critical and Belize needs to become competitive on delivery and quality, in addition to price and product diversity. Delivery and quality are inextricably interwoven with the embrace and enforcement of standards. Despite this, to date standards have only been developed for a select few sub-sectors of Belize's tourism industry and even then it is fragmented and enforcement selective.

One such sub-sector is the accommodations and hotel sector, perhaps a reflection of Belize's focus on the stay-over markets. As noted earlier the Hotels and Tourist Accommodation Act, provides for licensing of all "acceptable" hotels and tourist accommodations. It also requires adherence to minimum standards and stipulates notification of charges to guests, distribution of service charges, registrar of guests, and mode and manner of payment by guests. The Hotels and Tourist Accommodation Act, Chapter 285 (S) Subsidiary laws goes further and explains

<sup>21</sup> Belize Tourism Board, The Visitors Guide, January 2004

<sup>22</sup> Belize Tourism Board, The Visitors Guide, January 2004

<sup>23</sup> Belize Tourism Board, The Visitors Guide, January 2004

“acceptable” in specific terms and expands on the minimum standards to be observed by hotel and tourist accommodation. The scope of the legislation is broad and includes standards for hotels, resorts, apartments, condominiums, villas, guesthouses and lodges, community based tourist establishments, campsites, live aboard vessels, and research facilities. For all its constituent areas, the legislation provides specific standards for accommodation speaking directly to the composition, design of rooms, lighting, reception requirements, cleanliness and signage, and provides for adherence to attendant standards such as those related to public health and food safety, building codes and fire safety.

While the legislation and its sponsors must be applauded for the effort, the legislation and thus the industry would have benefited significantly from a more holistic and integrative approach to the development of a framework for tourism standards and rating systems. Because of the importance of establishing a standard and reputation for quality, it is perhaps incumbent on the tourism industry to align all the related standards and their regulators behind a specific vision for quality, and through an integrative, approach influence the adjustment and creation of new standards that directly impact product quality and competitiveness. For example while the legislation does provide for adherence to the schedule of established public health and safety standards and attempts to define those related specifically to accommodations, the effect is more that of recognition of the linkages among the different categories of standards and an attempt to subsume the tourism product within the existing framework rather than the result of a deliberate attempt by all concerned to develop a framework of standards aligned with a vision of quality for the accommodations sector. In addition the legislation does not provide for penalties for non-compliance, enforcement mechanisms or make provisions for the use of internationally recognized rating systems that would allow consumers to match expectations with the product on offer.

Given the structure and nature of Belize’s tourism industry, standards need to be developed in a number of other attendant areas. In some instances standards exist but are not specifically aligned with or serve the needs of the tourism sector. As a group these include, among others: (1) transportation (by air and over land and water); (2) vending; (3) aquatic and marine based tourism, (4) eco-tourism products and services; (5) tourism product labelling and packaging; (6) attractions and events (historical, cultural, and other); (7) travel agencies and tour operators; (8) restaurants and food catering services; (9) tourism information services; (10) tertiary level tourism education and hospitality management programs; (11) financial services infrastructure<sup>24</sup>.

In the case of tertiary level tourism education and hospitality management programs, the Caribbean Tourism Organization has a

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<sup>24</sup> issues related directly to tourism

Tourism Learning System (TLS), key elements of which include a “unified core curriculum for regional tertiary institutions, use of occupational standards linked to the core curriculum, movement of students across the region and systems for transfer of credit between institutions.”<sup>25</sup> The tourism and hospitality management programs currently offered in Belize either at Galen University and or the University of Belize, as well as the Belize Tourism Board Training Unit could benefit significantly from cooperative measures and linkages here.

In transportation, St. Lucia’s new policy framework for the Tourism Taxi Sub-sector could prove a useful template for Belize. The policy “calls for the introduction of national minimum standards within the taxi sub-sector and the creation of a Disciplinary Committee ... charged with ensuring adherence to these minimum standards.”<sup>26</sup> Taxi drivers must also complete a National Licensing and Certification Program and on completion are issued a taxi permit, identification card, vehicle decal, and special vehicle license plate.

In the area of marine and aquatic transportation it would be prudent to revisit existing standards and legislation from a tourism point of interest to ensure that all the required bases are covered. For example, the categories of safety standards requirements may be different for vessels tendering tourists to and from the cruise ships than for vessels ferrying passengers to marine tourist attractions and sites. In addition there may be different standard requirements for vessel transportation over the open seas than for over Belize’s rivers and inland fresh-water lagoons.

At the international level Belize may benefit from initiatives aimed at establishing standards across the global tourism industry. For example, the World Tourism Organization at the third session of its Committee on Sustainable Development of Tourism held in Costa Rica in 2002 “recommended the preparation of a set of guidelines for Governments on certification systems for sustainable tourism.” The World Tourism Organization has also been working with the International Standards Organization (ISO) to develop tourism related standards. To date the only existing ISO International Standard for tourism is ISO 18513, *Tourism services – Hotel and other types of tourism accommodation – Terminology*.<sup>27</sup> The ISO Committee on consumer policy also, in 2001, resolved to develop generic guidelines for standardization of services and to identify consumer priorities for two specific services sectors, namely: tourism and financial services. In addition, “since the beginning of 2004, three separate ISO members ... have expressed interest in developing

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<sup>25</sup> CTO tourism newswire, at URL: <http://www.sidsnet.org/archives/tourism-newswire/2003/msg00126.html>

<sup>26</sup> New Policy Framework to Enhance Tourism Taxi Sub-sector, URL: [http://www.stlucia.gov.lc/pr2000/new\\_policy\\_framework](http://www.stlucia.gov.lc/pr2000/new_policy_framework)

<sup>27</sup> Report for the World Tourism Organization: Opportunities for Collaboration in the International Standardization of Tourism Services, Briefing Paper for WTO-Tourism, April 2004, page 3.

international standards for tourism services [including for] eco-tourism, exhibition terminology and audit procedures, and tourism as a whole.”<sup>28</sup>

Given the sheer amount of work to be accomplished on the issue of standards in Belize, the effort to address these deficiencies must be well defined and focused. These standards must be developed to support a common vision of development for the tourism sector and be defined by market driven demands and expectations. In addition a well defined framework is worthless without effective, consistent, impartial application. A tourism policy and master plan will serve to inform the process and focus the agenda.

### **3.1.2 Tourism Attractions**

The Belize tourism product appeals to a combination of adventure and nature/cultural/heritage markets. The product for which Belize built its reputation is diving and snorkelling along the extensive barrier reef. However, Belize also boasts other attractions such as the rainforest, archaeological sites and diverse cultural inhabitants.

Belize is well known for its archaeological sites located throughout the country. It is an extensive and rich heritage/cultural tourism resource and one that is now recognized internationally through the Mundo Maya initiative. Complementing the archaeological attractions of Belize are its natural features which includes such protected areas as: Cockscomb Basin Wildlife Sanctuary and Reserve, Crooked Tree Wildlife Sanctuary, Chiquibul National Park and, Hol Chan Marine Reserve. These attractions are dispersed across the country and have served to distribute the benefits of tourism countrywide.

Visitation statistics indicate that a high proportion of visitors are interested in the protected areas and Mayan sites of Belize. Visitors, especially by way of cruise ship, accounted for the majority of visits to sites and protected areas/reserves in 2003<sup>29</sup>.

Attraction Type	1998	1999	2000	2001	2002	2003
Parks and Reserves managed by Belize Audubon Society	22,536	22,112	29,717	27,577	28,920	28,670
Hol Chan Marine Reserve	40,048	37,059	36,887	38,687	55,701	74,375
Total Parks/Reserves	62,584	59,171	66,604	66,264	84,621	103,045
Mayan Sites	82,529	85,093	95,790	99,755	162,584	269,196
<b>Overall Total</b>	<b>145,113</b>	<b>144,264</b>	<b>162,394</b>	<b>166,019</b>	<b>247,205</b>	<b>372,241</b>

<sup>28</sup> Ibid, page 4.

<sup>29</sup> Tourism & Travel Statistics 2003

The significant impact of the growth in the cruise sector is evident in the attractions statistics. Those attractions most accessible to Belize City and thus cruise passengers exhibited extraordinary growth in 2003. Examples include those listed below.

Site	2002	2003
Cockscomb Basin Wildlife Sanctuary	6,343	10,062
Altun Ha	58,175	96,861
Cave's Branch	19,278	65,993
Hol Chan Marine Reserve	55,701	74,375
<b>Total</b>	<b>139,497</b>	<b>247,291</b>

The statistics for the more popular cruise passenger attractions indicate the product challenge that Belize is facing. If one assumes an average cruise visitation at 150 days per year (roughly 3 days per week)<sup>30</sup> then Altun Ha visitation on those days amounts to about 650 persons per day and more if 2004 visitation figures are maintained. The 2004 Cruise Ship Schedule recorded 215 cruise ship visitation days and 357 port calls for the year<sup>31</sup>. This is a 13% increase in port calls from the 315 cruise ship calls into Belize port in 2003<sup>32</sup>.

In effect, on port call days Altun Ha is transformed from an eco-tourism site to a "mass tourism" site. This is an issue of concern to those who strive to preserve the destination's pristine natural resources. But the issue extends beyond site integrity and resource protection. Stayover markets attracted to Belize for its world-class nature, heritage and cultural resources do not expect to see sites overrun with hundreds of tourists. Therefore, a balance has to be achieved that meets the needs of cruise markets as well as stayover visitors. If Belize does not establish a clear policy specifying which sites are appropriate for cruise passenger visitation of this level and under what conditions (carrying capacities), then the stay-over market for heritage, nature and cultural tourism will be compromised through site overuse and the degradation of natural endowments.

### **3.1.3 The Environmental Sustainability of Eco-Attractions**

Tourists from all over the world visit Belize primarily for its pristine environment. Its natural/heritage/cultural resources are an important part of Belize's Tourism product and must therefore be utilized in such a way that the stress to the fragile ecosystem is mitigated<sup>33</sup>.

<sup>30</sup> verified with the BTB

<sup>31</sup> Belize Tourism Board Revised Cruise Ship Schedule 2004

<sup>32</sup> Tourism & Travel Statistics 2003

<sup>33</sup> Tourism and Recreation Best Practice for Coastal Areas in Belize, Coastal Zone Management Authority and Institute, February 2002

Although supported by the appropriate legislative and policy making frameworks, a multi stakeholder approach to sustainable tourism continues to be an elusive but necessary objective for Belize. Belize has a very comprehensive Environmental Protection Act supported by legislation guiding the management of specific resources such as the Coastal Zone Act (marine ecology) and the National Institute of Culture and History Act, which includes guidelines for the management of ancient monuments and antiquities and which repeals a previous act by the same name. In addition the linkages between tourism and the environment are well documented and appear in legislation and policy frameworks guiding both the tourism sector and environmental protection activities.

However there continues to be a need for sustained dialogue and public education for resource users on the benefits of the ecosystem and protected areas. Under too much pressure from visitors, a site or ecosystem can be negatively impacted, thus making it less attractive as a tourism destination and even less attractive to donor agencies who currently account for a substantial percentage of the income used to manage these protected areas. In the case of the Belize Audubon Society (BAS), grant funds made up 80% of its income for financial year 2003 while entrance fees contributed only 9%. Yet, 72% of BAS' expense for 2003 was the cost of maintaining the protected areas it manages<sup>34</sup>.

A key component in the sustainability equation is the application of best practices in operating a tourism and recreation venture so that a high level of enjoyment is achieved but only minimal impact to resources and environment occurs<sup>35</sup> By all accounts, sustainable utilization of the natural resources is of paramount importance to the success of Belize's tourism sector and its ability to positively contribute to the economic development of the country.

### **3.1.4 The Role of Culture and Communities in Tourism**

#### **Cultural Tourism**

Belize has a diverse and interesting mix of events, festivals and cultural experiences, ranging from Garifuna activities to Mayan dances. This offers an exciting aspect to Belize's tourism product that enhances its competitiveness internationally. Combining Belize's exceptional nature resources with its archaeological history, modern day cultural festivals and events are a strong combination and is well matched to global market trends for these segments.

Culture tourism is an area that appears to be relatively undeveloped in Belize but it bears consideration as a major product development initiative for the country. Underscoring its commitment to cultural

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<sup>34</sup> Belize Audubon Society Annual Report 2003

<sup>35</sup> Tourism and Recreation Best Practice for Coastal Areas in Belize, Coastal Zone Management Authority and Institute, February 2002

development in 2000 (revised 2003) the Government of Belize passed the National Institute of Culture and History (NICH) legislation. NICH is an umbrella institution that includes the Museum of Belize, the Institute for the Research and Management of Material Culture, the Institute for social and Cultural Research and the Institute of Creative Arts<sup>36</sup>. NICH's mission states its commitment to the enhancement and promotion of traditional and contemporary visual, literary and performing arts; the preservation and management of Belize's ancient and historical monuments and artifacts; and the interpretation of Belize's documented, photographic and oral history.

Admittedly culture's contribution to tourism and the impact of tourism on the socio-cultural aspect of Belize has not been comprehensively studied or analysed.<sup>37</sup> Thus while the linkages between tourism and culture are appreciated by the policymakers, the lack of a focused development agenda for the tourism sector has not permitted consensus on culture's specific role in the tourism equation or a national approach to Belizean heritage preservation and cultural development. Since Belize's culture continues to be marketed as a key feature of the product, understanding the specific linkages and exploiting the synergies between culture and tourism within the framework of a specific tourism development agenda is a key consideration for policymakers.

#### Community Tourism

Community tourism and cultural tourism go hand in hand in many instances. In addition to the excellent potential that Belize offers in community tourism development, consideration must also be given to the quality and aesthetics of these communities.

For the majority of cruise and stay-over customers, entry to Belize is through the airport area and Belize City. Although many stay-over customers may not pass through Belize City, its reputation from a tourism perspective is not positive. This is a serious issue for the tourism sector and one that must be addressed as part of a national tourism policy.

There has, however, been progress. The dramatic increases in cruise arrivals have served to provide an incentive for waterfront development and improvements to the roads and infrastructure within the city of Belize. The new Marine Parade inaugurated in October 2004 is one such example. While many may argue the merits of a particular approach to waterfront development, the improvements to the character and image of Belize City is indisputable.

In addition, a recently devised project<sup>38</sup> (November 2004) to be developed and funded by the IADB and the BTB, under the auspices of

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<sup>36</sup> Medium Term Economic Strategy 2003-2005, Compiled by the Ministry of Economic Development, July 2002

<sup>37</sup> Per discussion with Mrs Lamb, Researcher, Institute of Social & Cultural Research, House of Culture

<sup>38</sup> still a concept paper

the private sector organization, Belize Tourism Industry Association (BTIA) is intended to improve the quality of the community tourism experience by increasing the contribution of community based organizations and micro and small enterprises. The project seeks to address capacity deficiencies in the provisioning of a range of quality tourism-related products and services in four key cruise-ship passenger destination circuits, specifically Altun Ha, Lamanai, Caracol and Belize City. This effort is expected to positively impact the industry's sub sectors and enhance the local communities understanding of and appreciation for tourism and visitors.

The quality and condition of communities within Belize also deserve attention in formulating national policy. As locations for tourism services, as places where events and festivals take place, and where tourists interact with local populations, the conditions and visitor experiences should be positive.

### **3.2 Tourism and the Country's Infrastructure**

Belize is well served by the basics of tourism infrastructure that any destination focusing on tourism requires; international air access and modern road access. In addition, Belize has a network of marine and local air transportation services that enable relatively easy movement throughout the country. In addition, waterfront access points for cruise arrivals have been improved substantially in recent years.

Since 1998 GoB has undertaken a number of initiatives aimed at improving the country's road and tourism infrastructure. In 2001 a Tourism Development Project was launched with the objective of *"increasing employment opportunities, foreign exchange earnings and government revenues from tourism in a manner which is environmentally and archaeologically sustainable."*<sup>39</sup> The project, funded by a US \$14M dollar loan (US\$11 million from the IDB and US\$3 million from the ICDF) has contributed significantly to infrastructure improvement (including improving road access, archaeological work, and building appropriate amenities- parking, visitor centres, toilets, picnic facilities, etc.) at the five major archaeological sites – Caracol, Xunantunich, Cahal Pech, Altun Ha, and Lamanai.

While the ICDF funding is specifically for improving the Caracol road access – i.e. upgrading the road between Santa Elena Town, Cayo and Caracol, there are other infrastructure investments. These include the upgrading of the Belmopan-Sibun Bridge section of the Hummingbird Highway (funded by the European Communities); paving of the Burrel Boom Road (funded by the World Bank); paving of the Southern Highway

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<sup>39</sup> Tourism Development Project Executive Summary, IADB

(funded by the IDB); and upgrading sections of the Hummingbird Highway (CDB) and Southern Highway (Republic of China Taiwan).

Notwithstanding the infrastructure improvements to date, some constraints remain. For example, Lamanai is accessible by road only throughout the dry season. However this may improve shortly as indications are that the GoB plans to construct highways from Orange Walk to the crossing between La Union Mexico and the village of Blue Creek<sup>40</sup>. This would significantly shorten the length of unpaved road to Lamanai and make it accessible on year round. Also, in the case of Altun Ha the access road from Sand Hill remains narrow and unsuitable for the high volume of bus traffic currently generated by cruise tourism. Any further growth in cruise tourism is likely to exacerbate this. On the other hand, according to the Draft Archaeological Development Strategy Plan (ADSP) access roads are proposed for other sites such as Lubantuun, Nim Li Punit, and Cerros and this should greatly alleviate the current difficulties experienced in accessing those sites<sup>41</sup>.

In addition, new facilities were inaugurated at both the Western and Northern Borders thereby significantly improving border management; a Belize City waterfront development project was completed in 2004; the Phillip Goldson International Airport is scheduled for expansion starting early 2005, and improvement works on smaller airfields such as Caye Caulker airstrip have commenced.

### **3.2.1 Highway & Road System**

Given Belize's natural endowments and existing growth strategies, appropriate road infrastructure is particularly important. The country's competitive advantage for tourism is not in grandiose all inclusions like much of the Caribbean where the customer arrives at the destination, is whisked to the beach, and remains there for seven or more days. Belize's tourism product has to do with exploration, adventure, and experiencing Belize's nature, history and culture in various locations throughout the country. As such, the transportation sector (including the road system and the transportation services system) needs to be responsive to the competitive advantage that Belize enjoys by ensuring that appropriate infrastructure and attendant services are available to facilitate and enhance the visitor experience. This means quality, well-signed road systems with particular attention to corridors that access and link the more popular tourist sites. This was an integral recommendation emanating from the Blackstone report, which recommended developing specific zones or corridors such as the Northern Eco-tourism Zone; the Toledo Eco-Cultural Zone; the Hummingbird Highway Corridor; and a Mixed Use Zone to

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<sup>40</sup> Draft, Archaeological Development Strategy Plan, pg. 207

<sup>41</sup> "ibid

mention a few<sup>42</sup>. The Archaeological Development Strategy Plan takes the concept one step further by recommending the development of regional site routes that would “unite the attractiveness of groups of sites, to encourage increased multi-site visitations.”<sup>43</sup>

The impact of an efficient road system on Belize's tourism product demands that road infrastructural improvements and expansion together with appropriate signage be aligned with national and regional tourism priorities. Currently, this is not the case although the IDB Tourism Development Project has accomplished a lot of work in this regard. Nonetheless, weaknesses in the road system remain that compromise the capacity of visitors to effectively tour Belize, including:

- *Inappropriately surfaced roads or roads that can only be accessed seasonally – i.e. in the dry season;*
- *Insufficient general infrastructure capacity for the elevated level of bus traffic generated by the exponential growth in cruise tourism;*
- *Inappropriate and insufficient signage along the routes to and from the existing tourism products (such as the archaeological sites, nature reserves, and protected areas and parks);*
- *Inappropriate standards for the public and tourist transportation systems, including buses, taxis, tour vehicles, etc.;*
- *Lack of physical infrastructure planning in particular in the rural communities in and around utilized tourism product areas;*

The issue of transportation services (specifically passenger transport), as a component of the transport sector, also needs to be seriously addressed. Belize's transportation sector is plagued by low economies of scale and high access and operating costs. Transportation services are primarily by means of road transport (buses, taxis, tour vehicles, private rentals). Currently there are two (2) licensed tour bus operators, although there are a number of other bus operators not licensed for tourism but who provide tourist passenger transportation services. There are also roughly seventy taxi operators within the tourism village and another one hundred or so who provide services to tourists from outside the village. There are also a number of auto rental services across Belize. There are no legislated standards for the transportation sector however, and as a result de facto minimum standards prevail for quality of transportation services, vehicles used in these services and quality of

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<sup>42</sup> A Tourism Strategy Plan for Belize, Blackstone Corporation, pg 8-3

<sup>43</sup> Draft Archaeological Development Strategy Plan, page 81.

drivers. Given the current realities, there exists a dire need for the economic and regulatory characteristics of the road transport sector to be studied and recommendations made as it relates to a series of points, including:

- *The carrying capacity of Belize's roads and highways for all types of transportation including buses, coaches, taxis, private rentals, tour vehicles, motorcycles and scooters, etc.;*
- *Quality and Standards, including technical specifications, of the vehicles and services deployed in tourism services;*
- *Regulatory characteristics of the sector generally and of specific sub-sectors where appropriate (i.e. for buses, taxis, tour guide vehicles, auto rentals, motorcycles & scooters, etc.);*
- *The high costs of operation, maintenance, and repair resulting from high costs of fuel and of vehicle acquisition;*
- *Auxiliary services concerned with road transportation including baggage handling services, rental and reservations services, passenger terminal services, etc.*
- *Operation of foreign licensed vehicles within Belize's borders;*
- *Privatisation and Liberalisation of road transport services in light of the CSME, FTAA, Plan-Puebla Panama, World Trade Organization.*

Transportation in the tourism sector also occurs over water (sea and rivers) by means of tour ships, water taxis, cruise tenders, and recreational and tour boats. The Belize Ports Authority (BPA) is responsible for regulating maritime transportation, and for licensing and registration of vessels. A number of issues need to be addressed for maritime passenger transportation including:

- Harbour and port services;
- Passenger traffic services and safety;

### **3.2.2 Tourism Information**

From a strategic perspective, destinations that specialize in the type of product Belize has to offer are also concerned with ensuring that there is easy access to information on the experiential interests of the visitor. Tourism information services that encourage visitors to explore further (and spend money) become an important strategic tool in enhancing the visitor experience and growing the sector.

Belize currently utilizes a variety of media for providing information on the tourism industry and sector, including print and

electronic formats. For example, there is the Belize destination guide, the official tourist guide to Belize, published jointly by the BTB and BTIA. The guide, produced annually, provides general information on Belize, and is segmented by district. Also the BTIA, with support from the BTB, publishes individual destination brochures for the various tourist destinations (i.e. San Pedro, Placencia, Cayo and Belize District). The brochures provide information on attractions that are available within and specific to the respective destinations. The BTB also publishes a visitors guide, posters, and maps.

The industry is also in the process of developing an innovative program to market its community tourism constituents. “The Toucan Trail” is a cooperative marketing effort of over 160 small hotels who together sponsor a website that will provide information on each affiliate accommodation as well as the attractions of the resident communities. The purpose of the program is “to promote socially-responsible, environmentally-sound, sustainable tourism to benefit both the local communities and their visitors”<sup>44</sup>. The complete website is expected to be operational by March 2005.

In addition, there is the toll free number (1-800-624-0686) maintained by the BTB which responds directly to queries. This is supported by a Ful-fillment House operated out of Houston, Texas which provides additional information to persons requesting more detailed information from the toll free number.

The BTB also manages tour information desks at the two key tourist ports of entry, specifically the Tourism Village and the P.S.W. Goldson International Airport. In addition, the newly created National Institute of Culture and History (NICH), provides tourist information services through a series of ‘desks’ operated from select archaeological sites including at Xunantunich, Altun Ha, Cahal Pech, and Lamanai.

General and specific information is also available via the internet, for example at BTB’s website at [www.travelbelize.org](http://www.travelbelize.org) and at the Belize Tourism Industry Association (BTIA) at [www.btia.org](http://www.btia.org). Other organizations also carry visitor information on Belize including the Belize Hotels Association (BHA), Program for Belize; and the Protected Areas Conservation Trust (PACT). The BHA for example makes available information on accommodations available across the country in the form of brochures published by the respective accommodation properties themselves.

Finally, the tour ship companies themselves disseminate information particularly for the sale of tours. Given the exponential growth of cruise tourism in Belize it is critical that this be examined in

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<sup>44</sup> [www.toucantrail.com](http://www.toucantrail.com)

light of Belize's express tourism message and to ensure that the information on Belize's tourism industry and sector provided by the cruise ships are consistent with the branding and messaging of the BTB.

What is not evident however is a clearly defined strategy for information dissemination on Belize's many attractions once the tourists are 'in country'. Although the BTB does well at disseminating information at the various international trade shows which it attends, in the domestic environment information dissemination is ad hoc and reactive. In this regard, perhaps consideration may be given to articulating an tourist information and dissemination strategy that would afford a more proactive approach to information sharing and dissemination than the sit-and-wait type approach currently employed at the few information booths. Such a strategy may contemplate establishing a tourism channel for television that is beamed into hotel rooms; and to publicising, at the ports of entry, events and activities taking place within Belize outside of the regularly scheduled tours.

### **3.2.3 Human Resources Development**

Through a combination of partnerships with international organizations such as the Multilateral Investment Fund (MIF), CPEC, and others, Belize has developed a strong set of skills programs and tools for its sector. Besides a cadre of over sixty (60) internationally and regionally certified trainers, there is a Tourism Training Unit (TTU) in place within the BTB to in the first instance, develop and deliver and then oversee the quality and accessibility of tourism related training<sup>45</sup>. To date the TTU has trained in excess of 3,000 individuals within the sector on subjects such as Customer Relations, Communications Skills, Front Office Operations, Tourism and Hospitality Marketing, Food and Beverage and the like. In addition Belize has been affiliated with the OAS's Small Tourism Enterprise Project (STEP) since 1998 and the organization has sponsored a walk-in resource centre for the industry and several training programs for small hotels. In 2004, appropriately qualified volunteers were deployed in each district to train small hoteliers in culinary arts and relevant information technology applications.

One of the sectors key priorities is the development of a world-class tour guide program. In accordance with established regulations, tour guides operating in Belize have to possess a license to operate. The TTU currently facilitates this process by offering the only tour guide certification program available in the country. As a result, the TTU's most popular program and that inspiring the largest demand is tour guide training. Of the roughly 3,000 enrolments<sup>46</sup>, tour guide training accounted

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<sup>45</sup> Ex-post evaluation of the Tourism Training Unit, Launchpad Consulting., October 2004

<sup>46</sup> Over a two year period

for just over 1200 or just under 50%<sup>47</sup>. The focus has served Belize well and it has been so successful it has been replicated in many countries throughout the Caribbean.

Augmenting the efforts of the TTU are the contributions of the formal education system. The primary and secondary school curricula includes an introduction to tourism as part of the formal Social Studies program. In addition as a part of its undergraduate degree in business, the University of Belize offers electives in Food and Beverage Service and Preparation, Housekeeping, Hospitality Accounting Procedures and Catering Techniques. Galen University, a fully private institution offers a full undergraduate degree in Hospitality and Tourism Management with specialities in either Hotel or Tourism Management.

While the recent focus on the development of the sector's human resources has had a positive effect on the quality of service provided by the sector, the broad consensus is that there is significant work remaining. Without a well defined policy and trajectory for the sector, the HR development focus is generally diffused and unguided; but there are a few programs targeted for improvement. For example the BTB is reviewing the curricula and plans to increase the capacities of the tour guides by offering advanced guide training in Marine Resources, Archaeological Resources, Birding and Caving. In addition, to provide for a more sustainable solution to the provision of accessible tourism related training the TTU intends to strengthen its relationship with its partners in the formal education sector to design tourism related training into the nation's technical (TVET) and sixth form structures. Currently a number of the programs developed under the TTU are being offered by sixth form and technical and vocational facilities and plans are in place to increase the offerings and expand the number of facilities to capture every district.

#### **3.2.4 The Question of Priorities**

The preceding discussion of infrastructure for the tourism sector carries with it a concern about priorities for tourism sector development. In the absence of a clear national policy on priorities, the industry is unable to efficiently allocate resources. Other ministries and agencies making investments in infrastructure that influence tourism are equally unable to take full advantage of tourism's input. Accordingly, establishing clear priorities that provide tourism's perspective on the priorities for investment in tourism infrastructure is a critical feature of a national tourism policy.

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<sup>47</sup> Ex-post evaluation of the Tourism Training Unit, Launchpad Consulting., October 2004

### 3.3 Tourism Sector Performance

The Belize tourism sector generated over 700,000 visitors in 2003, the majority (72%) of which were cruise passengers. The remainder were tourist arrivals at Belize's airport or border points in Belize.

Segment	1998	1999	2000	2001	2002	2003	2004 (to Sept) <sup>48</sup>
Tourist Arrivals – Airport	108,568	115,089	131,634	133,774	129,675	151,978	126,575
% of Total Tourist Arrivals	61.7%	63.7%	67.2%	68.3%	65.0%	68.9%	71.1%
Tourist Arrivals – Border Points	67,486	65,706	64,132	62,181	69,846	68,596	51,529
Tourist Arrivals Total	176,054	180,795	195,766	195,955	199,521	220,574	178,104
Cruiseship Arrivals	14,183	34,130	58,131	48,116	319,690	575,196	611,206
% of Total Visitor Arrivals	7.5%	15.9%	22.9%	19.7%	61.6%	72.3%	77.4%
Total Visitor Arrivals (Tourist plus Cruise)	190,237	214,925	253,897	244,071	519,211	795,770	789,310

Source: Belize Tourism Board

Cruise arrivals as of November 2004 had reached 850,000<sup>49</sup>. This places Belize as one of the most popular cruise destinations in the Caribbean exceeding visitation by most other Caribbean countries of a similar size. It also brings with it special challenges that Belize must address in order to take advantage of the benefits cruise tourism has to offer on the one hand while ensuring the quality of the Belize tourism destination and the integrity of its product on the other.

#### 3.3.1 The Cruise Sector in Belize<sup>50</sup>

Over the last four years, cruise tourism has exploded in Belize with arrivals reaching a record high in 2003 of 575,196. There were 315 cruise ship calls into Belizean ports in 2003, a 58% increase in cruise ship calls over 2002. In 2004 the numbers are expected to reach or exceed 900,000. This growth is expected to continue given the interest and investment of Carnival, Royal Caribbean and Norwegian cruise lines.

Even though the rate of disembarkation in Belize at 80% is consistent with the rates in other Caribbean destinations, the average expenditure for cruise passengers in Belize is \$US 45.00; roughly 57% below the Caribbean average. And, Belize has the lowest rate of

<sup>48</sup> Courtesy BTB

<sup>49</sup> *ibid*

<sup>50</sup> This section draws heavily on the presentation delivered by Dr. Vincent Palacio of the Belize Tourist Board at the Cruise Tourism Workshop held in Belize City on September 310-31, 2004

disembarkation for crew members. This is the direct result of a lack of shopping amenities available onshore.

Belize's main attraction as a cruise destination resides in the diversity of tours on offer. According to the BTB, approximately 60% of all passengers purchase tours from the cruise lines, this is roughly 25% more than for the rest of the Caribbean. One feature contributing to the higher than average disembarkation rate, is the relatively low head tax. Belize is one of the destinations with one of the lowest head tax in the region at US \$5.00 per head. The average in the Caribbean is US \$8.44 per head. According to the BTB there are plans in place to increase the head tax to \$7.00 per head in 2005.

Currently all cruise tourism activity in Belize is subjected to the Hotels and Tourist Accommodation Act. However cruise tourism legislation spearheaded by the BTB is currently in draft and once promulgated and proclaimed should provide better guidance for the operators in that segment and will shape Belize's response to cruise sector potential. The legislation will be guided by the core elements of the country's cruise tourism policy also developed by the BTB and its partners and will stipulate the terms and conditions for licensing and operating a cruise ship to call on Belize and operation anywhere within Belizean territorial waters. The objectives of the policy are to:<sup>51</sup>

- Manage the number of cruise ship calls and passenger arrivals in a sustainable manner based on properly researched acceptable visitation levels for available tourism sites;
- To optimize the revenues generated from cruise passengers;
- To increase the overall benefits from cruise tourism by creating and strengthening inter-sectoral linkages to allow cruise lines to source supplies from Belizean suppliers;
- To expand the absorptive capacity of the country by developing existing and new visitor attractions;
- To further develop present port facilities and explore the possibilities of ports outside of Belize City,
- To identify suitable anchorage sites off the Coast of Belize
- To develop and implement programs that convert cruise passengers to stay-over visitors

It is hoped that this legislation will be in place by January 2005.

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<sup>51</sup> Belize Cruise Ship Policy, pg. 4 & 5

### 3.3.2 Belize Stay-over Segment

The Belize stayover segment is served by 450+ accommodation facilities offering a total of 5,050 rooms. With an average size of 10 rooms per operation, the Belize tourism sector is dominated by smaller properties. Other than the Radisson Fort George and the Belize Biltmore Best Western, there are no signature flagged properties in Belize, unlike most other Caribbean destinations. Properties falling under the definition of "hotels" as per the *Hotel Accommodations Act* comprise 25% of Belize accommodation facilities with a further 10% comprising lodges and inns. The remainder are largely smaller properties including guest houses, bed and breakfast facilities, apartments, cabanas, villas and related accommodation.

The Belize Tourism Board estimates that there are 105 market ready accommodation facilities in the country. This leaves over 350 operations that require some product upgrading in order to meet market ready standards, a major challenge for the tourism sector.

The Belize tourism sector is dominated by the US market which in 2003 comprised over 60% of all stayover arrivals. Europeans find Belize a popular destination, providing 12% of Belize stayover visitors in 2003. These two markets together produce 70% of Belize's customers.

Tourism Arrivals by Nationality	1998	1999	2000	2001	2002	2003 <sup>52</sup>
American	87,991	92,695	104,717	106,292	104,603	127,288
European	25,638	24,746	27,674	29,115	29,115	33,528
Canadian	9,416	8,430	9,205	9,492	9,185	9,831
Belizean living abroad	13,104	14,545	14,106	12,999	11,896	7,799
Guatemalan	9,631	12,162	17,313	15,652	21,184	17,632
Mexican	8,877	8,258	8,688	7,739	8,413	6,312
Other	21,397	19,959	14,062	14,045	15,126	18,182
<b>Total</b>	<b>176,054</b>	<b>180,795</b>	<b>195,766</b>	<b>195,955</b>	<b>195,521</b>	<b>220,572</b>

Note: Totals may not add up due to rounding.

### 3.3.3 Tourism Expenditures

The tourism sector generated an estimated US \$156 million in direct visitor expenditures in 2003. The visitor expenditure performance for the last several years is shown below.

Revenue Indicator	1998	1999	2000	2001	2002	2003 <sup>53</sup>
Tourism Expenditures (US\$ millions)	108.3	111.5	120.2	120.5	132.8	156.2
Estimated Cruise Expenditures (US\$)	0.2	0.6	2.2	1.8	12.2	22.0

<sup>52</sup> Courtesy of the BTB

<sup>53</sup> Courtesy of the BTB

millions)						
Percent Cruise Segment of total expenditures	0.2%	0.5%	1.8%	1.5%	9.2%	14.1%
Tourism as a % of GDP	15.7%	15.2%	14.5%	13.9%	14.4%	15.8%

Assumes US \$20 (1988-99) and US \$45 (2000-2003) direct spending in Belize per cruise passenger arrival

The expenditures to date demonstrates the importance of the stayover market for Belize, with cruise contributing about 14.1% in total direct tourism expenditures in 2003 as compared to 85.9% for stay-over visitors.

### **3.4 Destination Management - Issues and Challenges**

Destination management is assuming more importance for destinations as they strive to increase market share, maintain and enhance competitiveness, ensure sustainable tourism development and foster greater local involvement by entrepreneurs and communities in the tourism sector.

#### **3.4.1 Structure and Key Players**

The destination management structure in Belize is well established, with a professional Belize Tourism Board and partnerships on tourism matters forged with the Belize Tourism Industry Association and other NGOs. Indeed the Belize National Tourism Council Act, introduced to oversee the implementation of Belize's first policy, provides an efficient structure for integrative management of the tourism sector.

Unlike the experience in other destinations, the Belize Tourism Board itself takes on the role of policy development, in collaboration with the Ministry of Tourism. In addition to this policy function, the Belize Tourism Board also undertakes destination promotion and marketing, product development, licensing and training, and performance monitoring.

The Ministry of Tourism has oversight for the Belize Tourism Board and includes the following functions:

- the Belize National Tourism Council;
- the Archeological Management Authority; and
- the Mundo Maya Organization.

The Belize Tourism Board operates as a partner with the private sector in promoting and developing tourism within the country. The lead private sector organization is the Belize Tourism Industry Association (BTIA). It serves as an umbrella organization for several tourism and community NGOs including:

- Belize Hotel Association
- Belize National Tour Operator's Association
- Belize Tour Guides Association

- Belize Watertaxi Association

Several non-governmental organizations play a significant role in tourism as well; notably:

- the Belize Audubon Society – with parks and protected area
- Programme for Belize
- the Belize Zoo and Tropical Education Centre
- Green Reef.

### **3.4.2 Land Management**

Government of Belize, through the Ministry of Natural Resources and the Environment established consecutive loan agreements with the IADB to fund (1) a Land Administration Project intended to determine the feasibility of conducting a national cadastral mapping and registration program to bring all lands in Belize under the operations of the Registered Land Act and to fund the development of a computerized land administration system<sup>54</sup> and (2) to address the security of land tenure through a Land Management Program designed to improve the enabling environment for private and public sector development through land security and effective land markets. The program is expected to promote a coherent land policy framework contributing to sustainable development and efficient use of land resources<sup>55</sup>. The Land Management Program was inaugurated in 2004 and the effects are yet to be determined.

These activities suggest that Belize has a land management focus, structure and systems that recognize the linkages between tourism and the environment and supports the aims of the existing tourism strategy. More important however is that both sectors have the opportunity through the National Tourism Council, of which the Ministry of the Environment is a part, to continue dialogue and input into both sectors' policies.

### **3.4.3 Challenges**

Even though the legal instruments and institutional structures are in place, many of the mechanisms and tools that support effective destination management present challenges for Belize. For example, there is a need for an updated policy that reflects national priorities and consensus for tourism development, as well as modern regulations governing tourism standards, and better coordination between the department's and ministries that ensure tourism's interest. These departments include, among others, the Ministry of Environment, the Ministry of National Development, the Ministry of Natural Resources and

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<sup>54</sup> Main Address, National symposium "Towards a national Land Policy", Honorable John Briceno, May 6, 2004

<sup>55</sup> Executive Summary, Land Management Program, IADB

Lands, the Ministry of Finance, the Ministry of Investment, and the Department of Archaeology.

A review of the Government of Belize's Medium Term Economic Strategy (2003-2005) suggests an appreciation for the importance of tourism as an economic sector. This official government publication recognizes tourism's contribution to the economy as the single largest contributor to the country's economic growth and the single largest foreign exchange earner for the country and signals GOB's "firm commitment" to the development of the sector because of its potential to create jobs and entrepreneurial opportunities for the people of Belize<sup>56</sup>. The publication also indicates GOB's commitment to environmental planning and protection and effective land use planning and recognizes its importance to tourism, particularly eco-tourism and community based tourism<sup>57</sup>.

Yet while there appears to be recognition of a relationship between tourism and other economic sectors, the country's economic strategy does not specifically identify tourism as a priority sector or signal recognition of the specific linkages between tourism and other economic sectors. In fact the GOB's economic strategy does not suggest the type of integrated economic development and planning that has its foundation in a common, clear vision for future economic, social and cultural development. While the GOB has clear macro-economic and social growth objectives for the relevant period, its strategy document does not provide clear direction on the priority sectors, the linkages and synergies that could be exploited between sectors or how each economic sector is expected to contribute to the macro-economic objectives. Also important is that while the document is replete with references to "building competitiveness" nowhere is there a clearly defined, logical framework for achieving competitiveness that could be used to inform and unite the strategies in the respective productive sectors.

Further evidence of the lack of an integrative approach exists in the extremely polemic climate of the current tourism sector inspired by the phenomenal and encouraged exponential growth of cruise tourism. The 2004/05 budget speech signalled overwhelming support of the expansion of the cruise segment through the design of an extremely hospitable investment climate.

The expansion of visitation through cruise ship tourism has meant increased government revenue in the form of gate fees to sites, increased revenue for select bus lines and tour operators, increased total spending by visitors, increased employment and general economic expansion within the sector. The costs of this expansion will only be determined with time and will likely include:

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<sup>56</sup> Medium Term Economic Strategy (2003-2005), pg. 34

<sup>57</sup> *ibid*, pg 11

- wear and tear on the site facilities;
- the costs to hotel operators and the stay-over segment;
- opportunity costs in the form of negative impact on visitor experience as degradation of resources and overcrowding may result in loss of cultural heritage resources and reduced visitation over time, degradation of natural resources, reduction in stay-over segment, reduction in hotel and exit taxes, reduction of tour and hotel operator income opportunities, the subsequent loss of multiplier effects from domestic spending and losses due to leakages.

Not only are there internal impacts from visitor increases that may exceed the attraction's resource base and infrastructure capacity to cope, there are also impacts on the international image of Belize as one of the world's premier nature, heritage and cultural destinations. Indeed, the interviews conducted in the Spring of 2004 related to specialty tour operators interested in packaging community tourism experiences (as well as nature and cultural experiential activities) revealed that many were concerned about where "Belize was going" with its cruise tourism industry. Several noted that mixing cruise customers with specialty stayover customers would be detrimental to the experience for the stayover customer.

In some quarters, the projected growth of the cruise tourism sector is interpreted as the unbridled degeneration into mass tourism, a most undesirable condition given Belize's natural endowments and carefully crafted niche strategy. On the other hand, those participating in the cruise segment identify it as a way to empower the local entrepreneur and allow the tourism boom to trickle down toward more of the local citizenry.

Perhaps the only irrefutable fact emanating from the entire issue is that this state of affairs presents unprecedented challenges for Belize's tourism planners. In the upcoming months, choices will have to be made and priorities established through a comprehensive integrated approach that is ideally, continually adaptive to changing circumstances and customized to the appropriate stage of the product's life cycle and geomorphology. This however will have to be accomplished within the current context of a well structured but fragmented industry, under-resourced institutional capacity (both Ministry and implementation) and uncoordinated resource (donor and budgeting) processes.

## 4. CONSIDERATIONS FOR THE POLICY MAKERS

There are several key trends and issues that are critical to resolve as part of the National Tourism Policy. The discussion in this chapter draws on both the global tourism market and business trends identified in the White Paper and the tourism sector assessment presented in Chapter 3 of this report to identify those most relevant to Belize.

### 4.1 Market Potential

The tourism market worldwide is changing. Areas of greatest growth are no longer in beach resorts but in nature, heritage, and cultural tourism, cruise tourism, adventure tourism and sub-segments of the beach resort product. Generally speaking, this represents a trend towards "experiential tourism", now recognized by industry leaders and observers as one of the primary motivations for tourism travel. Highlights of these global market segments include the following:

- Globally, the WTO estimates that 37% of all international trips include a culture/heritage component and that the market is growing at an annual rate of 15% or more.
- 81% of U.S. travellers who travelled in the past year or 118 million adults, are considered historic/cultural travellers. These travellers include historical or cultural activities on almost 217 million trips in 2002, up 13% from 192 million in 1996.<sup>58</sup>
- TIA and the National Geographic Traveler identified a consumer market of 55 million "geo-tourists" – defined as consumers whose attitudes, behaviours and travel habit profiles show a high incidence of travel and a distinct preference for culturally and socially-related travel.<sup>59</sup>

TIA, together with its research partner National Geographic Traveler, suggest that the geo-tourist market estimate of 55 million could grow to over 100 million with a further 58 million travelling Americans also moving in the direction of the "geo-tourist" or "sustainable tourist" category. The WTO 2020 Vision for Tourism (2001) reports on 10 "hot" market segments for tourism. These are:

- sun and beach tourism;
- sports tourism;
- adventure tourism;
- nature-based tourism;
- cultural tourism;

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<sup>58</sup> Travel Industry Association of America and Smithsonian Magazine, 2002, The Historic/Cultural Traveler (2002 Edition).

<sup>59</sup> Travel Industry Association of America and National Geographic Traveler, 2002, The Geo-tourism Study, Phase 1.

- urban tourism;
- rural tourism;
- cruises;
- theme parks;
- meetings and conference tourism.

While Belize cannot compete in all 10 of these hot segments, Belize can offer a competitive product in several, such as:

- Adventure tourism – estimated by the WTO to grow at rates of 15-20% per year over the next several years. While the WTO notes these are order of magnitude estimates, it is generally acknowledged that adventure tourism will exceed the global tourism growth rate of 4.5% per year.
- Nature-based tourism – offering a similar growth potential at 20% annually according to the WTO.
- Cultural tourism – here, the WTO estimates that cultural tourism constitutes about 10% of all tourism arrivals globally. It includes the range of experiences from heritage and architectural tours to music festivals and performing arts activities. The WTO suggests that:

*" Cultural tourism is growing in popularity faster than most other tourism segments, and certainly faster than the rate of growth of tourism worldwide." Whilst there are few statistics covering a global perspective, several countries have undertaken studies which show that arts and cultural activities are growing in popularity faster than the growth in visitor arrivals, and arts and crafts are tourists' most popular purchases."*

- Community tourism – where the markets are demonstrating a growing interest and a variety of tour operators are now offering community tourism and related projects such as agratourism, rural tourism and cultural tourism in a rural context.
- Cruise Tourism – One of the fastest growing segments in the industry

The Belize product and global market trends are indeed well matched. Although Belize focuses on nature in its destination marketing, in fact it can offer nature, adventure and culture on an internationally competitive basis and take advantage of the greater than normal growth rates expected for these segments.

#### **4.1.1 Specialty Tour Operator Feedback (2004)**

In early 2004, tour operator specialists from the CPEC project undertook a survey for Belize to identify potential community tourism operators. The results indicate that a minimum of 34 operators were interested in expanding their business in Belize and/or introducing new

business to Belize. The enthusiastic response of the tour operators indicated that there was an interest in developing new product and, further that Belize had the right mix of resources for that product.

In Dominica recently (2004) a similar survey was undertaken of 40 operators who were pre-qualified as possibly being interested in offering nature, heritage, cultural and adventure tourism packages for Dominica. In this survey of 40 operators, 33 expressed interest in visiting Dominica to explore the prospects for doing business. None of these operators had Dominica on their itinerary before.

In Guyana, a more modest experiment by CPEC in 2003 identified 10 operators who were invited to Guyana to review that country's product. These are specialty operators in product areas similar to that offered by Belize. Eight of these operators expressed interest in doing business with Guyana (in spite of Guyana's tourism reputation) and 6 are scheduled to go forward in 2005.

#### The Implications for Belize

These recent experiments provide empirical evidence that any destination with experiential product should be considering a significant initiative as part of its destination promotion to establish effective and lasting relationships with the specialty tour operator community. There is clearly business to be had in this international market space. There is also clearly a gap in the distribution channel that needs to be filled by the destination itself. No one individual supplier in Belize or elsewhere can take this on. In this regard, it is interesting to note that the Caribbean has traditionally followed a marketing model that has been evolved over the years based on a beach resort tourism product and is dominated by the larger hotels and resort products.

In the case of specialty tour operators, these are market niches that provide business for smaller to medium size tourism enterprises, communities and others within the country. As such, it is strategic for destinations that have such a product base to pursue a specialty market. It is noteworthy that this market has grown from niche operators numbering in the 50 to 100 area ten years ago to over 1,000 today. This alone is evidence of the degree to which the global tourism market is differentiating itself and pursuing its interests.

## **4.2 Some Key Priorities for the Belize Tourism Sector**

The Caribbean region continues to struggle with the question of priorities for growing the tourism sector. Recognizing that tourism is the world's fastest growing industry and is projected to have a year-over-year growth rate of about 4.5% annually, it represents a superb opportunity for any country in terms of economic development. Add to that the fact that the fastest growing segments within the world tourism growth are expected to be in the experiential tourism area – adventure, nature,

culture/heritage and cruise tourism, and Belize appears to be very well positioned to grow its tourism sector.

#### What Kind of Tourism?

In order to set priorities for tourism sector growth, a destination must decide "what kind of tourism" it wants. From a national policy perspective, the question for any destination relates to the model that it should adopt for managing its tourism sector, taking into account:

- its vision for tourism and aspirations related to the contribution tourism can make to the country's quality of life in economic, social and cultural terms;
- the country's comparative advantage and competitive niche;
- the type of tourism that it should pursue that will ensure sustainability for the next generation; and
- the type of tourism that will maximize the meaningful participation of the citizens and communities in the tourism sector.

National consensus on the issues represented above define what kind of tourism a destination wants.

#### Tourism is a Business

In today's global economy, many tourism destinations are adopting business practices in their approach to destination management. This involves a market-driven orientation that considers visitor expenditures and spin-off benefits generated in the destination as the "revenues of the business" and management of the revenue stream through the implementation of traditional business practices such as; delivering market/export ready products, marketing, quality control, maintaining a competitive edge, application of sound ethical and environmental practices, responsible fiscal policies and management of external relationships.

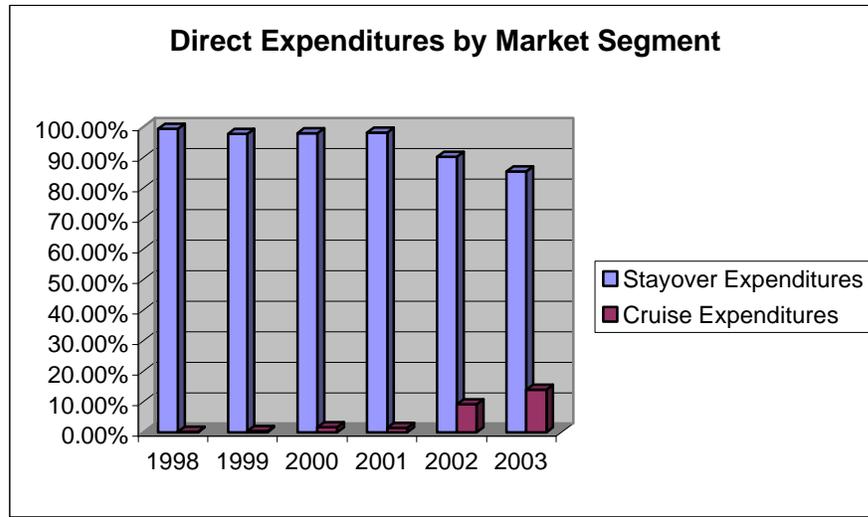
The underlying principle behind this approach is that success in today's global tourism environment comes through recognition of tourism as an export industry. Just as one would approach agricultural exports, technology exports and manufactured goods in seeking to increase exports, tourism requires:

- attention to international market (including niche market) expectations;
- adherence to international standards;
- the normal requirements expected for international business relationships;
- market intelligence and knowledge of market trends;
- strategic marketing; and

- regular performance monitoring.

### Managing Stayover and Cruise Segments

Given the challenges and opportunities facing the Belize tourism sector, selection of the appropriate growth model is subject to the selection of priorities and the crafting of a national vision for tourism. From a pure revenue perspective, it is useful to consider the contribution to tourism by the country's two primary market segments; stayover and cruise. This is illustrated below.



This chart illustrates that cruise contribution to visitor expenditures has been increasing to levels that now amount to about 14.1% of total visitor expenditures for the country. If one takes into account the contribution by border crossing tourists versus airport arrivals, the expenditure profile demonstrates that airport arrivals generate the most direct visitor expenditures for Belize. While cruise has been increasing dramatically, it would take about five times the number of visitors in cruise arrivals to match current stay-over levels, assuming current spending patterns remain.

Under these circumstances, and considering the tourism sector as comprising two distinct "lines of business", the strategy for growing the tourism sector is probably based on the following principles.

1. Applying effective management of the destination for the cruise sector to ensure high customer satisfaction while putting in place aggressive conversion programs (to convert cruise passengers to stayover visitors).
2. Ensuring that the cruise business does not compromise the stayover business, particularly in those areas where Belize has internationally comparative advantages and an international image.
3. Focusing on growing the stayover segment, given the contribution that it makes to the national economy, both in terms of overall

foreign exchange, but also in terms of the distribution of foreign exchange benefits to all corners of the country.

The challenge is therefore to arrive at the best balance between cruise and stayover that maximizes benefits for Belize in terms of its vision for tourism and its expectations of the tourism sector in terms of national economic, social and cultural development.

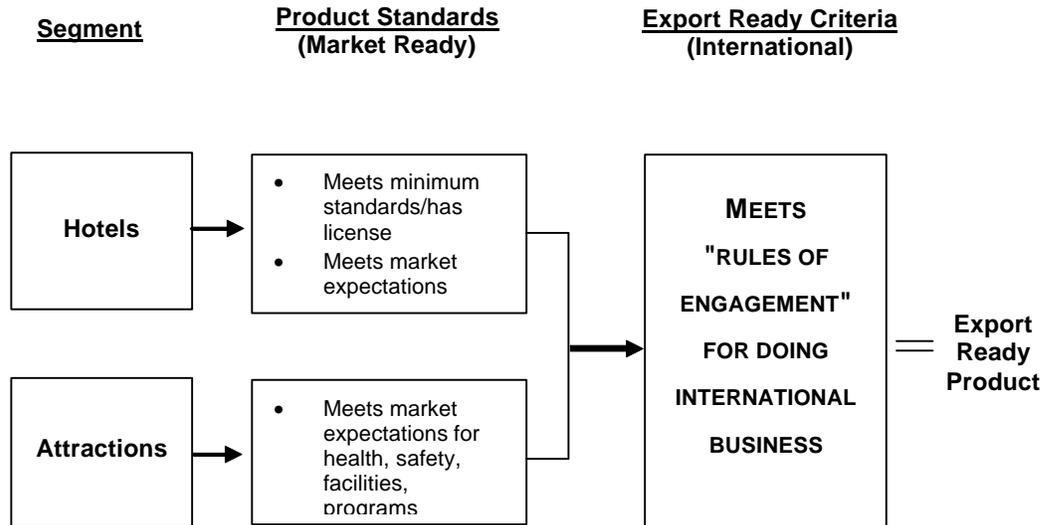
Export Ready Considerations

The tourism sector is essentially an export sector. When one considers the experience of other economic sectors such as manufacturing and agriculture, it is clear that products that do not meet international standards cannot be exported internationally. Countries have a variety of programs to "classify product" in terms of export readiness. A common example uses a tiered system with Tier 1 being export ready, Tier 2 being near export ready, and Tier 3 requiring significant upgrading and investment. "Export ready" for the tourism sector includes not only product standards but also includes the requirements for doing business with the international travel trade. This is important for participating in international marketing programs and packaging arrangements and is illustrated below.

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**Export Ready Product – the Tourism Sector**

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This concept is particularly important for Belize because the majority of its tourism product is not export ready. For these products, one typically should not be including them in the international destination marketing and promotion campaigns given that they will compromise Belize's reputation with the international travel trade. The National Tourism Policy will need to set a direction concerning the development of more export ready product in Belize and specific programs aimed at helping operators to achieve export ready status across a wider spectrum of tourism activities.

It is important to note that export ready applies not only to accommodation but also to attractions and experiences offered to the international tourism market. While hotel standards have a long history in are relatively well-known, the question of market ready standards is less clear when it comes to attractions and experiences.<sup>60</sup>

#### Area Priorities

Setting geographic tourism development priorities will be an important component of the National Tourism Policy (in terms of direction) and a tourism development plan (in terms of implementation). Setting the tourism development priorities by geographic area in the National Tourism Policy will help to establish a framework to which both the industry and the public sector (including all government agencies with programs that touch on tourism) can respond. In this way, the tourism interest becomes an important policy criterion that garners attention by those involved in infrastructure, education, social programs, community programs, cultural programs, and so on. It also provides the basis for the destination managers to liaise and coordinate with other agencies.

#### Technology in Tourism

The impact of technology on tourism is changing the way destinations are marketing their tourism sectors. In the Caribbean, the traditional marketing model had a heavy reliance on the large resort and hotel properties driving business through their reservation systems and mainstream tour operator relationships. In this model, CTO support was instrumental in increasing effectiveness through its regional programs including the "One Caribbean" web site and travel agency partnership programs. This is now changing. The increasing interest in experiential tourism on the part of markets has been facilitated by Internet technology that enables markets to find specific products of interest to them in locations around the world. Such product differentiation was never before available right in the home of the consumer. This means that destinations

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<sup>60</sup> Market ready product refers to product that generally meets accepted international standards. For example, in the hotel industry most destinations worldwide follow the general provisions of the AAA or AA systems. Export ready product refers to product that is "market ready" and also has the capacity and knowledge/skills to engage in tourism packaging at an international level. For non-hotel products, the benchmark is less clear and will be a function of the needs and expectations of fully independent travellers (FIT) and tour operators delivering customers to the product in question.

are now targeting specific interest groups matched to their product base and provide web portal access to assist these customers in trip planning, fulfilment and booking.

A modern, state of the art web site, though, is not enough. In its Vision 2020 report, the WTO described a survey of national tourism agencies concerning their future destination marketing intent. Eighty-four of these agencies reported that they would be increasing their destination marketing budgets in the future to maintain or grow market share.

#### A Focus on the Destination

In the Caribbean, the last several decades has focused on beach resort development. The global markets are changing (WTO's Vision for 2020), with an emphasis on the authentic experiences destinations can offer in the areas of local culture, learning, closeness to nature, wellness and adventure. The destinations that are up to the challenge of providing high quality experiences within their destination will prevail. It will require investments in such areas as destination infrastructure, land planning and management processes that protect the environment and the resources on which tourism depends, tourism information services, safe and high quality transportation services, and community tourism development.

#### Land Use Planning

An approved physical development or land use plan for a destination is now regarded as an essential tool for the tourism sector. Such plans protect tourism interests (whether they be important natural resources, heritage and archaeological resources, or community development programs and scenic viewscapes). The degree to which tourism development priorities and the physical development plan are integrated is important. The two have to "work together" in order to ensure that the country's aspirations for sustainable tourism development are met.

### **4.3 The Need for a Tourism Master Plan**

While a National Tourism Policy establishes government's position on the tourism sector, it can only go so far. Many destinations prepare development strategies in the form of tourism master plans, tourism development strategies or growth managing strategies for tourism. These plans and/or strategies start with the overall direction provided by the national tourism policy and translate that into investment programs for the priority tourism development areas. The investment programs form an integral part of the country's economic development strategy and capital budgeting/financing program. In addition, the tourism master plan defines a blueprint for industry development including programs to assist industry with product development and achieving export ready status, strengthening of destination management and marketing including

modernized technology use, and integration with policies and programs of other economic sectors to maximize synergies.

The next logical step following the completion and adoption of the National Tourism Policy is the preparation of the country's blueprint for implementation of the Tourism Policy in the form of a Master Plan.

## 5. THE ROAD AHEAD

### 5.1 It is Time to Update the National Tourism Policy

Belize adopted a tourism strategy in 1998 based on work undertaken by the Blackstone Corporation. While this policy has served the country well in the intervening period, several significant changes now make it imperative for Belize to revisit and update its policy for tourism. Indeed, the development of a new policy for the Belize tourism sector should carry with it a mandate and responsibility to review the policy on an annual basis to ensure that Belize remains responsive to changing conditions.

The preceding chapters in this report have described these challenges and opportunities. Those which are particularly relevant in considering a new National Tourism Policy for Belize include:

1. The extraordinary increase in cruise tourism, now forecast to reach one million cruise visitors by 2005.
2. The impact of cruise tourism on Belize's eco-tourism sites, which is gradually changing the characteristics of visits to popular cruise tourism sites from eco-tourism experiences to mass tourism experiences.
3. The opportunity Belize has to capitalize on the growth of the experiential market, given its natural endowments and existing focus.
4. The proximity of Belize to the United States and the opportunity afforded to Belize to offer a quality destination experience together with increased security.
5. The increasing competitiveness that Belize faces globally and regionally as destinations seek to develop their competitive advantages and enhance their own tourism sectors to increase market share at the expense of their competitors.
6. The increasing orientation of competitive destinations to managing their tourism sectors based on business practices, but always within the context of a national vision and tourism policy.

These alone justify updating of the Belize national tourism policy.

#### Integration with Economic Policy

In addition to these external factors, one of the clear gaps in the national tourism strategy for Belize prepared in 1998 was integration of the tourism sector strategy within the overall economic strategy for the country. Without such integration, it is much more difficult to align decisions in government policy areas such as infrastructure, air access, investment promotion, export development, and community and regional development. Tourism is an export industry and a tourism policy fully

integrated with the country's economic policy will maximize effectiveness and help to assure implementation.

## 5.2 National Tourism Policy Contents

Following an industry-wide review of the results of this tourism sector assessment and key directions for national tourism policy, the next step will be to prepare the draft policy for submission to the Belize Tourist Board and, through that organization, to Cabinet. Prior to transmittal to Cabinet, the BTB expects to provide industry with an opportunity to provide final comments on the draft policy report.

An illustrative Table of Contents for the National Tourism Policy Report is described in outline form below.

Section	Content Areas
<b>The Role of Tourism in Belize</b>	<ul style="list-style-type: none"> <li>• tourism sector performance and potential</li> <li>• tourism's economic contribution to Belize</li> </ul>
<b>Issues and Challenges</b>	<ul style="list-style-type: none"> <li>• key issues and constraints for tourism</li> </ul>
<b>Tourism Vision and Objectives</b>	<ul style="list-style-type: none"> <li>• what kind of tourism do we want – the vision</li> <li>• guiding principles for the tourism sector</li> <li>• key objectives for tourism sector development and growth including specific targets</li> <li>• critical success factors</li> </ul>
<b>Policies Related to Tourism Development</b>	<ul style="list-style-type: none"> <li>• destination positioning</li> <li>• market-driven product quality and standards</li> <li>• export ready program</li> <li>• linkages to environmental, heritage and cultural resource management policies</li> <li>• tourism investment regime including investment incentives, financing tourism, programs for local entrepreneurs</li> <li>• tourism human resources development</li> <li>• safety and security</li> <li>• tourism infrastructure development</li> <li>• tourism development priorities</li> <li>• community tourism</li> </ul>
<b>Tourism Stakeholder Roles</b>	<ul style="list-style-type: none"> <li>• national government</li> <li>• local government and communities</li> <li>• private sector</li> <li>• NGOs</li> <li>• media</li> <li>• labour</li> <li>• women</li> </ul>
<b>Destination Marketing and Promotion</b>	<ul style="list-style-type: none"> <li>• destination promotion</li> <li>• partnerships with the international travel trade</li> <li>• specialty marketing programs</li> <li>• technology and marketing</li> </ul>
<b>Destination Management</b>	<ul style="list-style-type: none"> <li>• Ministry of Tourism</li> <li>• Belize Tourist Board</li> <li>• private sector associations</li> </ul>

<b>Section</b>	<b>Content Areas</b>
<b>Destination Management Programs</b>	<ul style="list-style-type: none"><li>• product development</li><li>• performance monitoring</li><li>• business planning</li></ul>

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8. Environmental Protection Act
9. National Institute of Culture and History Act
10. Coastal Zone Management Act

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