

THE ISLANDS OF THE BAHAMAS ARRIVALS REPORT



**2nd Quarter and Half Year 2010
Ministry of Tourism
Research and Statistics Department**

CAN TOURISM DRIVE THE ECONOMY OF THE BAHAMAS OUT OF THE CURRENT RECESSION?

The Islands of The Bahamas are known for their beautiful beaches, crystal clear aquamarine sea and gorgeous year round weather. Tourism is the number one industry of the Bahamas and has held this honourable position for years. When the Islands of The Bahamas plunged into a deep recession, the Tourism Industry was the only solution for climbing out of the strangling depths that had befallen the islands.

At the sunrise of 2010 hope was once again reborn in the American people and in the hearts of many people around the world. The Bahamian people waited with bated breath to see if the Great Recession that had begun in the United States in December 2007 and spread to the world in 2008 would abate soon. Americans were still in the throes of fear as they wondered if their jobs would be safe. When the recession first began in December 2007, unemployment in the United States was 5%.¹ By December 2009, unemployment in the US had climbed to 10%.² In the 1st quarter 2010, the economy of the United States (the biggest supplier of visitors to the Bahamas) began to show definite signs of recovery. By the end of the 1st quarter, unemployment was 9.7% and the number of unemployed persons in the US had fallen to 15 million.³ The unemployment levels began to fall as the private sector slowly began to add jobs. Job creation in the United States was slow however and by the 2nd quarter 2010, the United States began to see signs of a slowing down in the economy. The GDP was revised down from an expected growth of 2.4% to 1.6%.⁴

In addition to the slow pace of job creation in the United States the slowing economy was also affected by the fact that consumer spending, a very important component of improving the economy although up in 1st quarter 2010 did not increase steadily in the 2nd quarter. Consumer confidence (measured by the Consumer Confidence Index) in the United States continued to fluctuate during the 1st half of 2010 and was highest in April. The slowing in the economy of the United States in 2nd quarter 2010 was further aggravated by housing foreclosures on defaulting loans that were already in the banking system that had to be pushed through. Some of the states that were hardest hit by the foreclosures were California, Arizona, Nevada and Florida. Florida and California are two of the top 10 states that provide visitors to the Bahamas.

Canada, the second largest supplier of visitors to the Bahamas also began to see good signs of recovery at the beginning of 2010. Canada's rate of growth in 1st quarter 2010 was indeed very encouraging. In 2nd quarter 2010, the Canadian economy began to also feel the effects of a slowing economy. The Canadian economy grew by only 2% in 2nd quarter and fell shy of expected forecasts.⁵ The economy of Canada was and still is very dependent on exports

¹ Source: www.miseryindex.us/urbymonth.asp

² Source: www.miseryindex.us/urbymonth.asp

³ Source: www.miseryindex.us/urbymonth.asp and News.yahoo.com/s/ap/20100609/ap_on_bi_ge/us_bernanke

⁴ Source: "GDP report: Sharp slowdown in economic growth" by Chris Isidore, August 27, 2010, money.cnn.com/2010/08/27/news/economy/gdp/index.htm

⁵ Source: Statistics Canada, "Canada Q2 growth slows sharply, misses estimates," reporting by Howaida Sorour; Editing by Louise Egan, Reuters, August 31, 2010

through trade. The United States which also experienced a slowing in the economy in 2nd quarter was and still is their biggest trade partner. The Canadian economy was also affected by a slowing in government spending and consumer spending in 2nd quarter 2010. The housing sector in Canada also showed signs of weakening in 2nd quarter as housing growth grew by only 0.3%. One of the concerns here was that rising house prices could cause future problems. Despite these weaknesses, Canada was still able to hold itself above water and maintain a positive float.

Europe, the third largest supplier of visitors to the Bahamas did not bring in the year with the sweet smelling savour of economic growth. Europe entered into a debt crisis which was also called the 2010 Euro Crisis that threatened to seriously drive down the value of the euro and drag the countries in the EU (“an economic and political union of 27 member states which are located primarily in Europe”)⁶ into a financial tailspin. Greece was one of the countries at the centre of this crisis but it was not the only European country that was in the throes of economic challenges. Other Eurozone (“an economic and monetary union of 16 European Union member states which have adopted the euro currency as their sole legal tender”)⁷ member countries like Spain and Portugal also faced economic challenges. As a result of this debt crisis, the euro which was the monetary currency used by many EU countries found itself in an unsteady plummet into the abyss of instability. The Eurozone countries and the IMF agreed to lend Greece 110 billion euro to bail them out of the debt crisis on the condition that they introduced more stringent fiscal policies. The bailout was the only solution to prevent further deterioration of the euro and solve the debt crisis that could threaten them all. The bailout of Greece was done, but this did not automatically solve the financial crisis experienced by the EU countries. By 2nd quarter 2010, the economy of Europe began to limp its way back to health. Germany posted strong GDP gains in 2nd quarter. Other European countries like the United Kingdom the biggest supplier of visitors to the Bahamas from Europe, France, and Italy all posted positive growth even though small.

Tourism in the Bahamas is influenced by the health of global economies and naturally consumer confidence in those economies. Consumer confidence stimulates consumer spending which in turn stimulates economic growth. The economy of the United States showed signs of recovery in the 1st quarter of 2010 and naturally visitor arrivals began to see new light as the percentage growth in arrivals continued their upward trek. At the end of 1st quarter 2010, foreign air and sea arrivals to the Bahamas were up by 9% (air arrivals were up 5.4% and sea arrivals were up 10.5%) over the same period of 2009. The success of the 1st quarter arrivals to the Bahamas stimulated new hope for the Bahamian people who were in dire need of inspiration. The percentage of stopover arrivals from the United States grew by 0.4% in the 1st quarter 2010 and most of that growth was in March 2010. The percentage of stopover arrivals from Canada grew by 2.7% in the 1st quarter 2010 and most of that growth was in January and March 2010. The percentage of stopover arrivals from Europe grew by 2.4% in the 1st quarter 2010 and most of that growth was in March 2010.

With the arrival of the 2nd quarter 2010, the sunrise that had birthed new hope transformed itself into the hope lives on as arrivals continued on its upward trend despite the fact that the United States the biggest supplier of visitors to the islands had begun to experience a

⁶ Source: en.wikipedia.org/wiki/European_Union

⁷ Source: en.wikipedia.org/wiki/Eurozone

slowing in its economy. Arrivals in 2nd quarter 2010 grew by 12.3% over the same period of 2009. By the end of the first half of the year, foreign air and sea arrivals to the Bahamas were up by 10.7% (air arrivals were up 3% and sea arrivals were up 13.8%). Stopover arrivals from the United States grew by 3.2% in the 2nd quarter. Most of that growth in 2nd quarter was in June 2010. The percentage of stopover arrivals from the United States grew more in the 2nd quarter than in the 1st quarter of 2010 despite the fact that the US economy had slowed somewhat in the 2nd quarter. The percentage of stopover arrivals from Canada grew by 22% in the 2nd quarter 2010. Most of that growth in 2nd quarter from Canada was in May and June 2010. The percentage of stopover arrivals from Canada grew more in the 2nd quarter 2010 than in the 1st quarter despite the fact that the Canadian economy had slowed somewhat in the 2nd quarter. The percentage of stopover arrivals from Europe fell by 5% in the 2nd quarter 2010 compared to the same period of 2009 despite the fact that June's performance from Europe was good. The percentage of stopover arrivals from Europe grew more in the 1st quarter 2010 than in the 2nd quarter despite the fact that the European economy faced a serious debt crisis because of Greece at the beginning of the year. *(Percentage growth in this paragraph is based on year over year 2010/2009 percentage growth comparisons.)*

The increase in air arrivals to the destination in the 1st and 2nd quarters of 2010 was due to a number of important factors such as: the strengthening of the US economy, the strengthening of the Canadian economy, Spring-Break season, and the joint promotional efforts of the Bahamas Ministry of Tourism, the Promotion Boards and the private sector. In 2010, the Islands of the Bahamas in conjunction with the private sector launched a new campaign called "Free Companion Air Fare." This campaign allowed visitors to the Bahamas to save big on flying into the destination and proved to be very successful in generating interest in the islands. The Free Companion Air Fare which ran for most of the months in the first half of 2010 greatly encouraged visitors to come to the destination. Stopover arrivals to Nassau/Paradise Island were up by 8% in 1st quarter and 3% for 2nd quarter 2010.

Stopover arrivals to Grand Bahama Island were down by 19.6% in 1st quarter and up by 10% for 2nd quarter 2010. The dramatic upward shift in stopover arrivals to Grand Bahama came as a result of strategic repositioning of incoming resources namely the re-routing of the Bahamas Celebration from Nassau/Paradise Island to that island. The introduction of the Bahamas Celebration to the Grand Bahama itinerary on March 16, 2010 greatly influenced the increase in the stopover arrivals to the island in 2nd quarter 2010. Both the Discovery and The Bahamas Celebration brought in a sizeable amount of stopover visitors to the island. Discovery Cruise lines offered a great promotion for "\$199 for 3 nights at Our Lucaya Reef Village and Cruise Free" that greatly assisted them in attracting their clientele. The Bahamas Celebration operated by Celebration Cruises was not to be out done. They offered their clientele a 4 night Cruise and Resort Stay for \$170 with free ocean view upgrade. They also offered 6 night stay packages for \$269. The Bahamas Celebration's offers ran in May, June and July. The Islands of the Bahamas also ran another promotion called "Two Fly Free from Nassau" that was geared to drive interest to the Out Islands. The increase in arrivals to the Out Islands was influenced in part by the "Two Fly Free from Nassau" promotion.

It is obvious that Tourism can be the driving force to pull the Bahamas out of the current deep recession. The ingredients to success include creative marketing strategies, strong partnerships between the public sector (Ministry of Tourism) and the private sector (Promotion Boards, hoteliers, Development Boards etc.), and recovering economies. Tourism has been the driving force of The Bahamian economy for decades. The Bahamas has been through many recessions along with the rest of the world and on each occasion, tourism has been the driving force to pull the islands out of their murky depths.

MARKET FACTS

UNITED STATES

- There are some signs that the economic recovery may be slowing for the United States.
- The rate of growth (measured by the GDP) in the United States was revised down to 1.6% from 2.4% in 2nd qtr. 2010. It has been said that a growth rate of under 2% in GDP is too low to encourage companies to start hiring on a large scale again.⁸ The number of jobs losses in the United States has declined but job creation has not increased to the level yet to offset the high unemployment.
- The private sector in the United States has begun to hire again but hiring remains very weak. The hiring by the private sector was slow in May 2010 as it added only 41,000 jobs compared to 218,000 in April 2010.⁹ In June 2010, the private sector in the United States added 83,000 jobs. According to the US Department of Labor the private sector added a total of 593,000 for the first half of 2010.¹⁰
- When the recession began in December 2007, the unemployment rate in the United States was 5% and by December 2009 it was 10%.¹¹
- By the end of 1st quarter 2010 the unemployment rate in the United States had fallen to 9.7%¹² (i.e. 15 million unemployed Americans).¹³
- By the end of 2nd Quarter 2010 the unemployment rate in the United States was 9.5%.¹⁴ In April 2010, there were 15.3 million unemployed persons in the United States and the unemployment rate stood at (9.9%). In May 2010, there were 15 million unemployed persons in the United States and the unemployment rate stood at (9.7%). By June 2010, the unemployment rate had fallen once again and there were 14.6 million unemployed persons in the United States and the unemployment rate stood at (9.5%).¹⁵
- The housing market in the US has stabilized to some degree but foreclosures continue as banks push through the defaulting loans that they already had in their systems. In 2nd Qtr. 2010 more foreclosed homes in the United States joined the pool of foreclosures

8Source: "GDP report: Sharp slowdown in economic growth" by Chris Isidore, August 27, 2010, money.cnn.com/2010/08/27/news/economy/gdp/index.htm)

9 Source: "Job growth disappoints on weak private sector hiring," by Lucia Mutikani, June 4, 2010, www.reuters.com/assets/print?aid=USTRE63F2NT20100604).

¹⁰ Source: US Department of Labor

11 Source: www.miseryindex.us/urbymonth.asp

12 Source: www.miseryindex.us/urbymonth.asp

13 Source: News.yahoo.com/s/ap/20100609/ap_on_bi_ge/us_bernanke

14 Source: www.miseryindex.us/urbymonth.asp

15 Source: "The Employment Situation," US Department of Labor, www.bls.gov/news.release/archives/empsit_0604201.pdf)

despite the fact that banks tried to delay this process with “short sales and loan modifications.”¹⁶

- Some states like California, Arizona, Nevada and Florida have been particularly hit hard with foreclosures. Florida and California are two of the top 10 states that provide visitors to the Bahamas.¹⁷
- The good news is that there was a decline in the number of persons who owed one or more payments on their mortgages. However, there were still a number of seriously delinquent mortgages in the system.¹⁸ There is concern that the housing market recovery could falter if the economy does not stabilize more, if unemployment deteriorates and if job creation stagnates. Another concern for the housing market is that the housing sales have stagnated because the tax incentives that had been offered by the US government have ceased.¹⁹
- Consumer spending in 1st Qtr. 2010 in the US was up by 7% over the same period in 2009,²⁰ however much of this growth is thought to have come out of savings and not necessarily out of increases in income. Consumer spending in the United States in April 2010 was down -0.1% as Americans appeared to hold on to their money. The personal savings rate as a percentage of disposable income rose 3.6% during that month.²¹ Consumer spending rose 0.1% in May 2010 and was flat in June 2010.²² The personal savings rate as a percentage of disposable income stood at 6.2% in June 2010.
- The Consumer Confidence Index stood at 56.5 in January 2010, 46.4 in February, 52.5 in March, 57.7 in April, 62.7 in May and 54.3 in June 2010.²³ The closer the Consumer Confidence Index gets to 100 the stronger the economy is thought to be. The Consumer Confidence Index is highly influenced by consumer feelings, (***The US Consumer Confidence Index (CCI) is defined as the degree of optimism on the state of the economy that consumers are expressing through their activities of savings and spending.***²⁴) The Consumer Confidence Index measures attitudes about current and future economic conditions.²⁵
- The CPI in the United States fell -0.1% in April 2010, -0.2% in May and -0.1 in June.²⁶ According to the American Heritage Dictionary, the consumer price index (CPI) is “an

16 Source: economiccrisis.us/2010/07/home-foreclosures-reach-record-high-quarter, September 1, 2010 “EconomicCrisis.US)

17 Source: “Foreclosures, delinquencies drop but may climb again,” www.washingtonpost.com/wp-dyn/content/article/2010/08/26/AR2010082605686, The Washington Post)

18 Source: “Foreclosures, delinquencies drop but may climb again,” www.washingtonpost.com/wp-dyn/content/article/2010/08/26/AR2010082605686, The Washington Post)

19 Source: economiccrisis.us/2010/07/home-foreclosures-reach-record-high-quarter, September 1, 2010 “EconomicCrisis.US)

20 Source: “Year-Over-Year Spending Up 7% in March” by Dennis Jacobe, Chief Economist, April 9, 2010, www.gallup.com/poll/127277/year-year-spending-up-7-march.aspx

21 Source: “Commerce Department posts weak consumer spending report”, Associated Press, May 28, 2010, www.masslive.com/news/index.ssf/2010/05/commerce_department_posts_weak.html) and “Consumer spending edged higher in July”, by Martin Crutsinger, Associated Press, August 30, 2010, www.msnbc.msn.com/cleanprint/CleanPrintProxy.aspx?1283454065670

22 Source: “Consumer spending edged higher in July”, by Martin Crutsinger, Associated Press, August 30, 2010

23 Source: www.conference-board.org, The Conference Board

24 Source: Wikipedia, the free encyclopedia

25 Source: Consumer Confidence Index by Kimberly Amadeo, About.com Guide

26 Source: “Economy at a Glance,” U.S. Bureau of Labor Statistics, data.bls.gov/cgi-bin/print.pl/eag.us.htm

index of prices used to measure the change in the cost of basic goods and services in comparison with a fixed base period. It is also called the cost-of living index.”

- Oil prices for a barrel of oil steadily increased for every month in 2nd Qtr. 2010 over the same period of 2009 (increasing oil prices is one of the signs of economic recovery). In April 2010, it was \$84.29 compared to \$49.65 in 2009. In May 2010, it was \$73.74 per barrel compared to \$59.03 in 2009. In June 2010, it was \$75.34 per barrel compared to \$69.64 in 2009.²⁷ The price of oil has increased in 2nd Qtr. 2010 over the same period of 2009 but increases month over month have declined since April 2010 and have slowed in May and June 2010.
- The US Dollar gained strength against some other currencies like the Euro in 2nd Qtr. 2010 even after the bailout of Greece one of the European countries experiencing a debt crisis. The gain was driven by persons who felt that the US dollar was a safe haven against the Euro as a result of this debt crisis in Europe. “The greenback has gained about 8% against the euro so far this year. Many experts said a lot of this rally had to do with the notion that the dollar was now a much safer haven than the euro in light of the debt problems facing Greece, which is one of the nations that uses the euro currency.”²⁸
- The percentage of stopover arrivals from the United States grew by 0.4% in the 1st Qtr. 2010. Most of that growth in 1st Qtr. was in March 2010. Stopover arrivals from the United States grew by 3% in the 2nd Qtr. 2010. (based on year over year percentage growth comparisons)
- The percentage of stopover arrivals from the United States grew more in the 2nd Qtr. 2010 than in the 1st Qtr. 2010 despite the fact that the US economy had slowed somewhat in the 2nd Qtr.

CANADA

- The economic growth in Canada slowed in the 2nd Qtr. 2010 when compared to the 1st qtr. 2010. It grew by only 2% after having grown by 5.8% in the 1st Qtr. 2010.²⁹
- The growth in the Canadian economy in 2nd Qtr. 2010 was hampered by trade as the growth in imports exceeded the gain in exports. Exports are a very important part of the stability of the Canadian economy. This means that the stability of the Canadian economy is largely dependent on the stability of other world economies. The United States is Canada’s biggest trade partner.
- Despite the slowing in growth experienced by Canada in the 2nd Qtr. 2010 the Canadian economy is still thought to be in good shape. “Momentum in growth has waned, but the report still signals a domestic economy that is in fairly good shape,” said Derek Holt, an economist at Bank of Nova Scotia’s Scotia Capital unit in Toronto.³⁰

²⁷ Cushing, Ok WTI Spot Price FOB (Dollars per Barrel),
<http://tonto.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=rwtc&f=M>

²⁸ Source: “No Greek tragedy for the mighty dollar,” by Paul R. La Monica, editor at large, May 3, 2010, money.cnn.com/2010/05/03/markets/thebuzz/index.htm

²⁹ Source: Statistics Canada, “Canada Q2 growth slows sharply, misses estimates,” reporting by Howaida Sorour; Editing by Louise Egan, Reuters, August 31, 2010

³⁰ Source: “Canada 2nd-Qtr Growth Slows to Less Than Forecast 2%,” by Theophilos Argitis, Bloomberg Businessweek, August 31, 2010

- Government spending and consumer spending also slowed in 2nd Qtr. 2010. “Consumer spending rose 0.7 % in the 2nd Qtr. from the 1st qtr. down from a 1st qtr. increase of 1%, on slowing purchases of home-related goods such as furniture.”³¹
- The housing sector in Canada has also shown signs of weakening. “Housing growth was 0.3%, the slowest quarterly gain in five quarters.”³²
- The Canadian Housing Market is in a much better state than the one in the United States but it is not without problems. There are concerns that rising housing prices in certain markets could lead to future problems. “The bursting of housing bubbles is a rare event in Canada, but the steep rise in house prices in so many cities displays all the hallmarks of an accident waiting to happen,” says the report's author, David Macdonald, a CCPA research associate.”³³
- Business investments in Canada are up. “The jump in business investment was led by commodity producers as the country benefited from rising demand for commodities from emerging economies such as India and China, helping it to recover from the slowdown better than other G-7 countries. Canada is the world’s second-biggest exporter of natural gas, and sits on the largest pool of oil reserves outside the Middle East.”³⁴
- The growing strength and better stability of the Canadian economy is one of the major reasons for the growth in stopover arrivals in both 1st Qtr. 2010 and 2nd Qtr. 2010.
- The percentage of stopover arrivals from Canada grew more in the 2nd Qtr. 2010 than in the 1st Qtr. 2010 despite the fact that the Canadian economy had slowed somewhat in the 2nd Qtr.
- The percentage of stopover arrivals to The Bahamas from Canada grew by 2.7% in 1st Qtr. 2010 and 22% in 2nd Qtr. 2010. (based on year over year percentage growth comparisons)
- The Canadian economy gained momentum in 1st Qtr. 2010 and lost some of that thrust in 2nd Qtr. 2010. If the economy stops weakening and begins to once again strengthen over the next few months, stopover arrivals for 2010 will continue to show positive growth.
- Although Canadians come to the Bahamas all year round, the high season for Canadian visitors to really come to the Bahamas are all of the cold winter months November to April.
- The private sector in Canada is hiring. The unemployment rate in Canada was 8% by the end of 2nd Qtr. 2010.³⁵
- The Canadian dollar has reacted to what was happening in the global economy over the two quarters. It has seen high days and low days.

³¹ Source: “Canada 2nd-Qtr Growth Slows to Less Than Forecast 2%,” by Theophilos Argitis, Bloomberg Businessweek, August 31, 2010

³² Source: “Canada 2nd-Qtr Growth Slows to Less Than Forecast 2%,” by Theophilos Argitis, Bloomberg Businessweek, August 31, 2010

³³ Source: “Canada reports square off over housing bubble risk,” www.foxbusiness.com/markets/2010/08/31/canada-reports-square-housing-bubble-risk

³⁴ Source: “Canada 2nd-Qtr Growth Slows to Less Than Forecast 2%,” by Theophilos Argitis, Bloomberg Businessweek, August 31, 2010

³⁵ Statistics Canada

EUROPE

- 2010 did not bring the best news for Europe as it entered a debt crisis (2010 Euro Crisis) that threatened to seriously drive down the value of the Euro. Greece was one of the countries at the centre of this crisis.
- Greece was not the only European country that experienced economic challenges in the first half of 2010.
- Other European countries such as Spain and Portugal also in the Eurozone were also affected in the Euro Crisis.
- EU or European Union “is an economic and political union of 27 member states which are located primarily in Europe)”³⁶
- Some of the members of the European Union are also a part of the Eurozone.
- The Eurozone (“is an economic and monetary union of 16 European Union member states which have adopted the euro currency as their sole legal tender”)³⁷
- By the end of the 2nd Qtr. 2010 the European Economy began to huff its way back up the hill.
- Germany posted strong GDP gains in 2nd Qtr. 2010. “Real GDP grew by 1% in both the euro area and the European Union driven by record growth of 2.2% in Germany...GDP growth was 1.1% in the United Kingdom, up from 0.3% in the previous quarter; 0.6% in France, up from 0.2%; and 0.4% in Italy, unchanged from the previous quarter.”³⁸
- The exchange rate for the Euro against the US dollar went from 1.43574 at the very beginning of the 1st Qtr. to 1.35093 by the end of the qtr.³⁹
- The exchange rate of the Euro against the US dollar was 1.2271 by the end of the 2nd Qtr. 2010.⁴⁰
- The percentage of stopover arrivals from Europe grew more in the 1st Qtr. 2010 than in the 2nd Qtr. 2010 despite the fact that the European economy faced a serious debt crisis in large part because of Greece.
- The percentage of stopover arrivals to The Bahamas from Europe grew by 2.4% in 1st Qtr. 2010 and fell by 5% in 2nd Qtr. 2010. (based on year over year percentage growth comparisons) March was the strongest month in 1st Qtr. 2010 and June was the strongest month in 2nd Qtr.
- Although Europeans come to the Bahamas all year round, the most popular months for Europeans visitors to really come to the Bahamas are the summer months of July and August. It is safe to say that the Bahamas has still not seen the best month out of Europe yet for 2010.

³⁶ Source: en.wikipedia.org/wiki/European_Union

³⁷ Source: en.wikipedia.org/wiki/Eurozone

³⁸Source: OECD Quarterly National Accounts, Paris, 18 August 2010.

³⁹Source: Exchange-rates.org

⁴⁰ Source: www.x-rates.com/cgi-bin/hlookup.cgi

BAHAMAS

- By the end of June 2010, foreign air and sea arrivals to the Bahamas were up by 10.8% (air arrivals were up 3% and sea arrivals were up 13.8%).
- The unemployment rate in the Bahamas stands at 14.2% as of May 2009.⁴¹
- The hotel sector in The Bahamas was not the only area affected by this economic recession that had begun in the United States.
- Job losses in the Bahamas began to occur in other industries as well. In 2009, industries in the Bahamas such as: Construction, Manufacturing (15% decline), Transportation/Storage/Communication Sector (-22%), Community/Social/Personal Service Industry (this sector includes the civil service, police and domestic service), Skilled Agricultural and Fishery Workers (-26%), the Professionals/Technicians/Associate Professionals (-12%) and Elementary Occupation (-11%) all contributed to an increased unemployment rate in the Bahamas.⁴²
- In 2007, before the recession took control of the economy in the United States, the unemployment rate in the Bahamas was 7.9%.⁴³
- In 2008, the unemployment rate in the Bahamas rose to 8.7%.⁴⁴ By May 2009, the unemployment rate in the Bahamas had increased to 14.2%.⁴⁵ Unemployment in the youth appeared to be the most affected. In 2008, youth unemployment stood at 17.6%, but by 2009 it had risen to 26.2%.⁴⁶
- In addition, to the increase in unemployment between 2007 and 2009, average household income in the Bahamas declined from \$43,459 in 2008 to \$38,314 in 2009.⁴⁷

⁴¹ Source: The Department of Statistics Labour Dept.

⁴² Source: The Department of Statistics Labour Dept.

⁴³ Source: The Department of Statistics, Labour Dept.

⁴⁴ Source: The Department of Statistics, Labour Dept.

⁴⁵ Source: The Department of Statistics, Labour Dept.

⁴⁶ The Department of Statistics, Labour Dept.

⁴⁷ The Department of Statistics, Labour Dept.

CRUISE ARRIVALS
2nd Qtr. 2010

CRUISE ARRIVALS TO THE BAHAMAS
1ST PORT OF ENTRY ONLY
2010

	April to June 2nd Qtr.			June		
	2010	2009	2010/2009	2010	2009	2010/2009
	Cruise Arrivals 2nd Qtr.		% Chg	Cruise Arrivals June Only		% Chg
Nassau/Paradise Island	412,949	458,864	-10.0%	114,191	136,701	-16.5%
Grand Bahama	164,628	86,128	91.1%	59,463	31,574	88.3%
Abaco (Castaway Cay)	15,501	28,144	-44.9%	5,364	10,356	-48.2%
Andros	-	-	0.0%	-	-	0.0%
Berry Islands	132,826	84,495	57.2%	50,618	26,560	90.6%
Bimini	-	-	0.0%	-	-	0.0%
Cat Cay	-	-	0.0%	-	-	0.0%
Cat Island	-	-	0.0%	-	-	0.0%
Eleuthera (Princess Cay)	71,797	29,674	142.0%	16,765	-	100.0%
Exuma	-	-	0.0%	-	-	0.0%
Half Moon Cay	105,079	85,736	22.6%	31,282	35,963	-13.0%
Inagua	-	-	0.0%	-	-	0.0%
Long Island	-	-	0.0%	-	-	0.0%
San Salvador	-	-	0.0%	-	-	0.0%
Bahamas Overall	902,780	773,041	16.8%	277,683	241,154	15.1%

Source: Immigration and Customs various ports of entry in the Bahamas. **Sea Landed arrivals are not listed above.**

2nd and 3rd port of call cruise arrivals are not listed in the above table.

Princess Cay, Eleuthera which normally closes in May for a few months did not close in May or June 2010.

All numbers are subject to revision.

- ❖ Cruise Arrivals to the Bahamas Overall for 2nd Qtr. 2010 were up by 16.8% (1st Port of Entry).
- ❖ Cruise Arrivals to Nassau/Paradise Island for 2nd Qtr. 2010 were down by 10% (1st Port of Entry).
- ❖ Cruise Arrivals to Grand Bahama for 2nd Qtr. 2010 were up by 91.1% (1st Port of Entry).
- ❖ Cruise Arrivals to the Out Islands for 2nd Qtr. 2010 were up by 42.6% (1st Port of Entry).

ALL BAHAMAS

- ❖ The increase in cruise arrivals for 2nd Qtr. 2010 (1st port of entry) was 16.8%.
- ❖ Most of the increase by 1st port of entry to the Bahamas Overall came from Royal Caribbean International's "Oasis of the Seas." Royal Caribbean's other ships, "Freedom of the Seas," "Grandeur of the Seas," "Explorer of the Seas," and "Voyager of the Seas" all helped to push the increase in cruise arrivals even higher. Royal Caribbean

International brought in 51.6% more passengers to the Bahamas Overall and these ships contributed heavily to that success.

- ❖ Norwegian Cruises (especially the Norwegian Jewel and the Norwegian Sky ships) and Carnival Cruise lines subsidiary Princess Cruises (especially the Emerald Princess, the Crown Princess and the Star Princess) were the next big contributors to the increase in cruise arrivals to the Bahamas Overall.
- ❖ Discovery Cruises was another big contributor to the growth in cruise arrivals to the Bahamas Overall in 2nd Qtr. 2010. The Discovery Sun brought in 105% more cruise passengers in 2nd Qtr. 2010 than they had in the same period of 2009 despite the fact that the Bahamas Celebration (another cruise ship from a different cruise line) had begun service to the island and were bringing in both sea landed and cruises passengers too.

NASSAU/PARADISE ISLAND

- ❖ The decline in cruise arrivals for 2nd Qtr. 2010 (1st port of entry) was 10%.
- ❖ Cruise arrivals by 1st port of entry to New Providence declined because some of the cruise lines decided to send their ships to Grand Bahama or their Out Island first before they came to Nassau. One exception was Royal Caribbean International. They significantly increased the number of calls and the amount of ships that they sent into Nassau/Paradise Island as a 1st port of call during 2nd Qtr. 2010.
- ❖ The decline in cruise arrivals by 1st port of entry to Nassau/Paradise Island was due to a number of factors. Carnival Cruise lines decided to send a high percentage of their ships to Grand Bahama and the Out Islands (Half Moon Cay and Princess Cay) first before they went on to Nassau/Paradise Island as a second port of call. In addition, the route for the Bahamas Celebration was changed from Nassau/Paradise Island to Grand Bahama. Moreover, Disney Cruises significantly reduced the number of calls to the island by the Disney Wonder during the 2nd Qtr. of 2010.
- ❖ If you look at Nassau/Paradise Island in isolation, cruise arrivals were actually up for the island when 1st, 2nd and 3rd port of call are taken into consideration. *(Please refer to the Appendix for further information on the definitions of 1st, 2nd and 3rd Port of entry)*

GRAND BAHAMA

- ❖ Grand Bahama Island had an increase in the number of cruise passengers that came to them as a 1st, and 2nd port of call for 2nd Qtr. 2010.
- ❖ The increase in cruise arrivals for 2nd Qtr. 2010 (1st port of entry) was 91.1%.
- ❖ This increase came from four major cruise lines, Celebration Cruise Lines, Carnival Cruises, Discovery Cruises (Discovery Sun), and Norwegian Cruises (Norwegian Sky).
- ❖ Celebration Cruise lines ship “Bahamas Celebration” began service into Grand Bahama in March 2010. The Bahamas Celebration which was re-routed from Nassau/Paradise Island to Grand Bahama was in full operation in 2nd Qtr. 2010 on that island. The

Bahamas Celebration did not go to Grand Bahama in the same period of 2009 as they had been sailing to Nassau during that time.

- ❖ Carnival Cruises (namely Fascination, Fantasy, Carnival Triumph, Carnival Glory and Sensation), brought in 39% more cruise passengers to Grand Bahama in 2nd Qtr. 2010 than in the same period of 2009 (1st Port of Entry). They were the second biggest contributor to the increase in cruise arrivals to the island during the quarter by first port of entry.
- ❖ The Discovery Sun still remained an important component to the arrival mode for cruise passengers to Grand Bahama and actually brought in 105% more passengers in 2nd Qtr. 2010 than in the same period of 2009.
- ❖ Norwegian Cruises brought in 31% more cruise passengers to Grand Bahama in 2nd Qtr. 2010 than in the same period of 2009 (1st Port of Entry).

OUT ISLANDS

- ❖ The increase in cruise arrivals to the Out Islands for 2nd Qtr. 2010 (1st port of entry) was 43%.
- ❖ The increase in cruise arrivals for 2nd Qtr. 2010 (1st port of entry) to the Out Islands came as a result of the fact that
- ❖ Royal Caribbean International who owns Little Stirrup Cay increased the number of calls that they made on the island by their ships, hence the significant increase to the island in both May and June 2010 when compared to the same period of 2009. They brought in 53.6% more cruise passengers in 2nd Qtr. 2010 than in the same period of 2009.
- ❖ Royal Caribbean's Freedom of the Seas, Monarch of the Seas, Grandeur of the Seas, and Majesty of the Seas all helped to push the increase in cruise arrivals higher to the Bahamas overall and namely to Coco Cay, Berry Islands.
- ❖ Norwegian Cruises brought in 59.5% more cruise passengers to Great Stirrup Cay, Berry Islands in 2nd Qtr. 2010 as a 1st port of call than in the same period of 2009.
- ❖ Norwegian Cruise lines sent their Norwegian Sky into Great Stirrup Cay as a 2nd port in 2009 instead of as a 1st port. In 2009 the Norwegian Sky went to Nassau and GBI before going on to Great Stirrup Cay.
- ❖ Princess Cruises which is a subsidiary of Carnival Cruises brought in 138.5% more cruise passengers to Princess Cay, Eleuthera in 2nd Qtr. 2010 (1st port of entry) than in the same period of 2009.
- ❖ For many years it became the custom for Princess Cruises to send their ships to Alaska or somewhere else during a portion of May and the summer (May to August). In the past Princess Cay was normally closed for much of the summer months. In May and June 2010 however, they did not do this. Princess Cruise's ships the Emerald Princess and the Crown Princess both brought in significantly more cruise passengers in 2nd Qtr. 2010 than in the same period of 2009.

- ❖ Carnival Cruises lines increased the number of calls that they made on Half Moon Cay in 2nd Qtr. 2010. They increased the number of passengers that they brought into the island by 40%. Their ships the Carnival Destiny, Carnival Glory, Carnival Liberty, Carnival Miracle, Fascination and Imagination all brought in more cruise passengers to the island in 2nd Qt. 2010 than they had done in the same period of 2009. In addition, Holland American Cruises a subsidiary of Carnival Cruise lines did not significantly reduce the amount of passengers into Half Moon Cay as they had normally done in the past. In the past, it was the norm for Holland American Cruises to greatly reduce the number of passengers into the island because the ships had been re-routed to other destinations. This did not happen in 2nd Qtr. 2010. As a result of all of these factors, the number of cruise arrivals to Half Moon Cay went up significantly.
- ❖ Every major cruise line did not bring in more cruise passengers to the Out Islands.
- ❖ Disney Cruises brought in 45% less cruise passengers to Castaway Cay, Abaco in 2nd Qtr. 2010 (1st port of entry) than in the same period of 2009.
- ❖ The decline in cruise arrivals to Castaway Cay is normal for this time of year. Disney normally sends the Disney Magic to Europe to cruise the Mediterranean for the whole summer months. Sometimes they make up the number of calls to Castaway Cay by sending the Disney Wonder there as a 1st port before it goes on to Nassau but they chose not to do that as much this year as they had done last year. Instead when they sent the Magic to Europe they primarily still continued to send the Disney Wonder to Nassau 1st before Castaway Cay.

APPENDIX A: DEFINITIONS

- *“The gross domestic product (GDP) or gross domestic income (GDI) is a measure of a country's overall economic output. It is the market value of all final goods and services made within the borders of a country in a year. **It is often positively correlated with the standard of living.**” Sources: Wikipedia, the free encyclopedia and Sullivan, Arthur; Steven M. Sheffrin (1996). *Economics: Principles in action*. Upper Saddle River, New Jersey 074589: Pearson Prentice Hall. pp. 57, 305. ISBN 0-13-063085-3.*
- *A cruise stopover is a person who comes to the destination on a cruise ship, stays in the destination for 24 hours or more and does not use the cruise ship for accommodation (primarily seen in Grand Bahama). A cruise stopover is not the same as a cruise arrival who does use the ship for accommodation purposes. Cruise stopover visitors, other sea landed visitors/sea stopovers [i.e., boaters/yachters] and cruise arrivals make up the sea arrival numbers.*
- *1st Port of Entry refers to the first port of call in the Islands of the Bahamas for a cruise ship. Some ships make more than one stop in the Islands of the Bahamas. The second stop is the 2nd Port of Entry and refers to the second port of call in the Islands of the Bahamas for a cruise ship. If a cruise ship makes a third stop in the Bahamas this 3rd stop is the 3rd port of entry and refers to the third port of call in the Islands of the Bahamas.*
- ***In this report we have concentrated on 1st port of entry numbers, because the report is based on the Overall Bahamas. If a person wanted to get a total count of the number of cruise visitors to the island of Nassau/Paradise Island only, they would have to add 1st, 2nd and 3rd port together.***

TYPE OF VISITORS

Visitors to the Islands of The Bahamas can come to the Bahamas by air or by sea.

- ⇒ *Air arrivals, are visitors who come to the destination by air and may include stopover visitors, day visitors, and transit visitors.*
- ⇒ *Sea arrivals, are visitors who come to the destination by sea, i.e. cruise arrivals. Sea arrivals also include stopover visitors like boaters/yachters.*

Main Types of Visitors

- ⇒ *Stopovers, defined as persons staying for 24 hours or more, hotel visitors help to make up the stopover visitors. Boaters/yachters are also stopover visitors even though they may come to the islands by sea.*
 - *Cruise Stopover Visitors, are a special category of visitors that we have for Grand Bahama primarily. These visitors come to The Bahamas on a cruise ship but stay in land based accommodations and stay 24 hours or more.*
- ⇒ *Cruise Visitors, defined as persons visiting The Islands of The Bahamas by cruise ship and using the cruise ship for their accommodation.*
- ⇒ *Day Visitors, defined as persons visiting The Islands of The Bahamas for less than 24 hours*
- ⇒ *Transits defined as persons in transit from one country to another.*

APPENDIX B:
ARRIVAL TABLES

FOREIGN AIR AND SEA ARRIVALS 2ND QTR. 2010

FOREIGN AIR AND SEA ARRIVALS TO THE BAHAMAS
1ST PORT OF ENTRY ONLY
APRIL TO JUNE 2010

	2010	2009	2010/2009	2010	2009	2010/2009
	Air and Sea			Air Only		
			% Chg Air/Sea			% Chg Air
Nassau/Paradise Island	686,078	731,224	-6.2%	271,059	270,047	0.4%
Grand Bahama	228,125	141,310	61.4%	32,715	36,973	-11.5%
Abaco	46,502	56,191	-17.2%	27,845	25,694	8.4%
Andros	3,019	3,235	-6.7%	2,920	3,107	-6.0%
Berry Islands	135,828	87,349	55.5%	2,544	2,419	5.2%
Bimini	18,134	18,385	-1.4%	5,102	5,046	1.1%
Cat Cay	4,230	4,625	-8.5%	1,568	1,663	-5.7%
Cat Island	515	784	-34.3%	515	770	-33.1%
Eleuthera	82,792	38,751	113.7%	10,627	8,699	22.2%
Exuma	8,334	5,887	41.6%	7,973	5,574	43.0%
Half Moon Cay	105,079	85,736	22.6%	-	-	0.0%
Inagua	366	237	54.4%	57	25	128.0%
Long Island	556	241	130.7%	540	196	175.5%
San Salvador	4,887	4,441	10.0%	4,839	4,400	10.0%
Bahamas Overall	1,324,445	1,178,396	12.4%	368,304	364,613	1.0%

Source: Immigration and Customs various ports of entry in the Bahamas.

Princess Cay, Eleuthera which normally closes in May for a few months did not close in May or June 2010.

All numbers are subject to revision.

FOREIGN AIR AND SEA ARRIVALS HALF YEAR 2010**FOREIGN AIR AND SEA ARRIVALS TO THE BAHAMAS
1ST PORT OF ENTRY ONLY
JANUARY TO JUNE 2010**

	2010	2009	2010/2009	2010	2009	2010/2009
	Air and Sea			Air Only		
			% Chg Air/Sea			% Chg Air
Nassau/Paradise Island	1,498,662	1,427,541	5.0%	535,264	520,480	2.8%
Grand Bahama	392,583	283,906	38.3%	66,982	70,620	-5.2%
Abaco	92,366	108,563	-14.9%	45,383	42,115	7.8%
Andros	4,967	5,390	-7.8%	4,792	5,185	-7.6%
Berry Islands	280,067	224,733	24.6%	3,955	3,755	5.3%
Bimini	24,101	25,064	-3.8%	7,807	7,967	-2.0%
Cat Cay	6,137	6,493	-5.5%	2,734	2,743	-0.3%
Cat Island	763	1,331	-42.7%	757	1,317	-42.5%
Eleuthera	179,267	150,801	18.9%	20,433	16,355	24.9%
Exuma	15,405	12,620	22.1%	14,791	12,157	21.7%
Half Moon Cay	202,875	189,051	7.3%	-	-	0.0%
Inagua	554	421	31.6%	171	47	263.8%
Long Island	970	471	105.9%	945	408	131.6%
San Salvador	9,289	8,121	14.4%	9,213	8,033	14.7%
Bahamas Overall	2,708,006	2,444,506	10.8%	713,227	691,182	3.2%

Source: Immigration and Customs various ports of entry in the Bahamas.

Princess Cay, Eleuthera which normally closes in May for a few months did not close in May or June 2010.

All numbers are subject to revision.

**STOPOVER VISITORS
BY COUNTRY & BY MONTH
ISLANDS OF THE BAHAMAS
PRELIMINARY
2010**

Month	USA			Canada			Europe			Caribbean			Latin America			ROW		
	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg
Jan	65,221	68,960	-5.4%	12,763	11,794	8.2%	6,950	7,175	-3.1%	1,273	1,248	2.0%	1,993	1,596	24.9%	2,957	2,906	1.8%
Feb	79,248	84,606	-6.3%	13,994	14,104	-0.8%	6,144	6,239	-1.5%	1,289	1,274	1.2%	1,427	1,250	14.2%	2,646	2,605	1.6%
Mar	126,377	116,234	8.7%	15,256	14,995	1.7%	7,739	6,935	11.6%	1,470	1,663	-11.6%	1,949	747	160.9%	4,897	2,879	70.1%
Apr	106,137	108,280	-2.0%	11,143	10,881	2.4%	7,122	8,099	-12.1%	1,404	1,787	-21.4%	1,283	1,702	-24.6%	3,011	3,018	-0.2%
May	105,601	103,872	1.7%	9,085	6,387	42.2%	5,974	6,260	-4.6%	1,443	1,594	-9.5%	1,311	1,076	21.8%	3,000	3,286	-8.7%
Jun	127,342	116,275	9.5%	6,059	4,281	41.5%	5,406	5,121	5.6%	1,777	1,632	8.9%	1,425	1,280	11.3%	2,821	2,603	8.4%
Jul																		
Aug																		
Sep																		
Oct																		
Nov																		
Dec																		
Total	609,926	598,227	2.0%	68,300	62,442	9.4%	39,335	39,829	-1.2%	8,656	9,198	-5.9%	9,388	7,651	22.7%	19,332	17,297	11.8%

All numbers are subject to revision as Immigration cards come in. Stopover Visitors in this table are based on place of stay and not port of entry.

CRUISE ARRIVALS 2ND OTR. AND HALF YEAR 2010

**CRUISE ARRIVALS TO THE BAHAMAS
1ST PORT OF ENTRY ONLY
2010**

	April to June 2nd Qtr.			January to June YTD		
	2010	2009	2010/2009	2010	2009	2010/2009
	Cruise Arrivals 2nd Qtr.			Cruise Arrivals YTD		
			% Chg			% Chg
Nassau/Paradise Island	412,949	458,864	-10.0%	958,407	902,626	6.2%
Grand Bahama	164,628	86,128	91.1%	280,601	167,909	67.1%
Abaco (Castaway Cay)	15,501	28,144	-44.9%	43,352	63,426	-31.6%
Andros	-	-	0.0%	-	-	0.0%
Berry Islands	132,826	84,495	57.2%	275,484	220,372	25.0%
Bimini	-	-	0.0%	-	-	0.0%
Cat Cay	-	-	0.0%	-	-	0.0%
Cat Island	-	-	0.0%	-	-	0.0%
Eleuthera (Princess Cay)	71,797	29,674	142.0%	158,355	133,935	18.2%
Exuma	-	-	0.0%	-	-	0.0%
Half Moon Cay	105,079	85,736	22.6%	202,875	189,051	7.3%
Inagua	-	-	0.0%	-	-	0.0%
Long Island	-	-	0.0%	-	-	0.0%
San Salvador	-	-	0.0%	-	-	0.0%
Bahamas Overall	902,780	773,041	16.8%	1,919,074	1,677,319	14.4%

Source: Immigration and Customs various ports of entry in the Bahamas. **Sea Landed arrivals are not listed above.**

2nd and 3rd port of call cruise arrivals are not listed in the above table.

Princess Cay, Eleuthera which normally closes in May for a few months did not close in May or June 2010.

All numbers are subject to revision.

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