

## **The Expansion of the Panama Canal as an opportunity for Cruise Tourism in the Greater Caribbean Region**



The expansion of the Panama Canal is one of the important civil engineering works of this decade, which is expected to be completed in May 2016. Since its creation, there has been undeniable involvement by the Caribbean Region, giving rise to a competitive increase not only in trade, but also in tourism involving the cruise ships navigating throughout the Caribbean Sea and heading to other regions.

In that regard, the expansion of the Panama Canal has not only captured the attention of other countries toward modernising their ports, but it has also encouraged the modernisation of the cruise tourism industry, in terms of those ships that have operated primarily in the Greater Caribbean Region since the early 70's and which, twenty years later, moved to the rest of the world. Moreover, Cruise Lines International Association (CLIA), headquartered in Europe, published via the Caribbean News magazine, confirms that the Caribbean continued to be the preferred destination for this industry, representing more than one third of the market with the capacity to mobilise international tourism in 2015, in addition to which, it is expected that in the coming years, approximately 60% of cruise ship passengers will visit the Region. .

The major companies that traverse the Caribbean include Carnival, Royal Caribbean and Star Cruises, which manage almost 75% of the global supply of cruise tourism and which are currently in an in-depth process of renewing fleets with an increased capacity, since the expansion of the Panama Canal will accommodate boats, vessels and cruise ships with a deeper draught, thereby rendering it more competitive with respect to other important channels around the world.

It is estimated that in some instances, the new cruise ships that will navigate through the Greater Caribbean Region will transport approximately 3,500 passengers, incorporating more on-board tourist services and implementing new concepts that would increasingly encourage passengers to visit the Region. These services will promote the culture and tradition of the Region which benefits the tourist -receiving communities of the countries of the Greater Caribbean.

According to the Panama Maritime Authority, general statistics indicate that said Canal connects

with approximately 144 maritime routes arriving at 1,700 ports in 160 countries, clearly demonstrating the importance of this maritime passage. In that respect, cruise ship arrivals at the Panama Canal continue to be on the rise and it is expected to increase with the expansion of the Canal, receiving an estimated 100 to 150 cruise ships per month, with the United States being its primary user. Similarly, this year the Panama Canal will open its doors to new cruise ships from other countries such as the *Znith* from France operated by the cruise company Pullmantur, in addition to the Norwegian, coming from Miami, Florida, the *Aida Mar* from Germany and the *Monarch*, which belongs to the Royal Caribbean company, from which an average of 45,000 passengers would be disembarking on a monthly basis in and around the Region and which will continue increasing travellers' attraction to cruise ships, while the new itineraries will open up more ports and destinations, connecting to Europe, Asia (to the East Coast of North America) and South America, with the Caribbean always being the main destination recording 37.3% of the itineraries executed at the global level, followed by the Mediterranean with 18.9%, Northern Europe with 11.1%, Australia-New Zealand with 5.9%, Alaska with 4.5% and South America with 3.3 %.

In view of the foregoing, this is perceived as a good sign in order for Greater Caribbean countries to intensify their efforts toward diversifying their tourism products, based on the expected increase in the flow of visitors to the Region in the coming years, which will result in the creation of new jobs, thereby affecting the economy of Caribbean countries since, according to the Florida Caribbean Cruise Association (FCCA), it estimates that passengers visiting the Caribbean are currently spending an average of US\$150 to US\$300, from which the Region's economy would benefit significantly.

In that regard, the magazine *Travel Trade Caribbean* states that new initiatives are being developed in the Caribbean, one of them being Panama- South- Caribbean, a tourism initiative that will add opportunities for travellers to be able to visit destinations like Aruba and Curacao on a single journey. This project emanates from the initiative on the changes in the Panama Canal and from an agreement among the highest authorities of the three countries, to promote tourism, trade and the exchange of information on safety in the Region.

The Panama Canal Authority (ACP) estimates that within the next 20 years, the number of cruise ships crossing the Canal will increase by an average of 3% per annum, with the capacity to receive larger cruise ships more efficiently, opening a new era for this segment of cruise tourism in the Caribbean.

For this reason, emphasis must be placed on the importance that the Region's authorities must give to the development of new tourism products that would present the opportunity to expand the tourism value chain of its countries, thereby offering tourists more activities to engage in, which would result in an increase of their average expenditure and also create awareness of the cultural diversity of the Caribbean Region through interaction with its communities. In this regard, aware of the importance of the Caribbean Sea, the Association of Caribbean States (ACS) continues to support and encourage new strategies to achieve sustainability among the countries of the Greater Caribbean Region taking in consideration the opportunity that this project represents for these economies by generating an increase in cruise ship traffic when compared to other Regions in the World.

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