

UK tax threatens Caribbean tourism

(Courtesy of the BBC)

THE Caribbean is the most tourism-dependent region in the world, but a big drop in visitor numbers is being blamed on Britain's air passenger duty.

The region has seen a 16 per cent drop in arrivals from the UK over the last five years which has had an impact on the local economy where it is estimated that one in nine people work in the tourist industry.

The Caribbean Tourism Organisation is joining the country's politicians and the leading UK airlines in calling for the tax to be reformed or scrapped ahead of a planned rise in April of 8 per cent.

The tax has also become an issue for many Jamaicans with relatives in the UK as it is making it more expensive for them to visit each other.

Josef Forstmayr, president of the Caribbean Hotel and Tourist Association, said: "It is a total negation of colonial history and responsibility. Many of our people have helped to build the economy of the United Kingdom.

"Families with children and larger families are just not able to travel because it puts it out of reach for them to buy the ticket.

"It is an average of £75 (\$118) per ticket which is going to go up to £83 (\$130) per ticket in economy."

There were originally two bands for APD, one for European destinations, and one for all non-European destinations, which included the Caribbean.

But this was later replaced by a four-tier banding system based on the distance between London and the destination country's capital city.

Competitive disadvantage

The Caribbean was placed in band C, a decision that Caribbean governments argue places them at a competitive disadvantage to, for instance, holiday destinations in the US which have been placed in lower bands. South Florida and the Florida Keys are in a lower tax band despite being further away from London.

The former tourism minister for Jamaica, Edmund Bartlett, said the decision to set the tax based on the distances between capitals worked against the interests of the Caribbean. Hawaii — which was one and a half times the distance from London as Kingston — was treated more favourably than Jamaica.

He said: "The Caribbean is the most tourism dependent region on Earth — pretty close to 40% of the foreign exchange generated in the region is from tourism.

"We are disappointed. We see it as a slap in the face for the Caribbean."

He has argued for parity in taxation with other North American destinations.

The duty was originally introduced for environmental reasons, a way to tackle climate change and combat greenhouse gas emissions from the airlines.

Passengers whose journey originated in the UK paid between £5 (\$7.80) and £40 (\$63) per ticket. They now have to pay from £24 (\$38) to £170 (\$267).

Falling visitor numbers have prompted hotels to discount their room prices.

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The tourism industry is also looking for new markets closer to home such as South America.
Too expensive

The tax also hits people in the Caribbean who want to visit the UK. Many Jamaicans have relatives in Britain.

Jeff and Randi Lewis, who run a small printing business in Kingston, have family in London but can't visit them.

They say taking their children Emma and Joshua to Britain is now beyond what they and friends can afford.

Randi said: "It is practically impossible right now with all the expenses that we have.

"We can't afford to take a family vacation and go to the UK to visit family or friends. It is just too expensive."

Their cry has been heard by some of the world's biggest airlines.

British Airways, Virgin Atlantic, Easyjet and Ryanair have called on the UK government to hold an independent review of the tax.

Willie Walsh, the chief executive of International Airlines Groups said: "I am surprised that more people have not campaigned against this because the level of the taxes that the UK applies are way in excess of the levels that other governments apply and indeed in the case of Europe there are 22 countries that don't apply any tax.

"I believe this is creating a major problem for the tourist and aviation industries."

But for now the tax seems here to stay and is being extended to private jets.

A Treasury spokesman confirmed the rise would go ahead as planned.

"The government has always said that the aviation sector must play its part in reducing the deficit and restoring the public finances.

"We took action for air passengers and airlines at the last budget by freezing APD for 2011, postponing an APD rise until April 2012," said a Treasury spokesman.



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