

# Growth through diversification

## INTERVIEW WITH FRANCISCO JAVIER GARCÍA

MINISTER OF TOURISM, DOMINICAN REPUBLIC



FRANCISCO JAVIER GARCÍA

graduated in Economics from UASD and also undertook postgraduate studies in Law at the University of the Caribbean. He is a member of the Partido de la Liberación Dominicana (PLD) and the principal director of its election campaigns, including the current campaign of President Danilo Medina and those of his predecessor, Leonel Fernández. Mr Javier has held a number of senior roles in government and public life, and was Minister of Industry and Commerce prior to his appointment as Minister of Tourism, by President Fernández, in 2008.

The historic Fortaleza San Felipe in Puerto Plata: the region was at the forefront of the DR's early tourism development and is now experiencing a revival in visitor interest

### What is your assessment of the current health of the Dominican tourism sector, both in historical terms and vis-à-vis your competitors in the region?

The Dominican Republic leads the Caribbean in tourism growth. 2015 was our most impressive year to date, with a record 5.6 million tourists, about 9 per cent higher than 2014. Growth should continue during 2016, both in arrivals – due to additional tourism avoiding crisis areas in the Mediterranean – and in capacity, with more than 1500 rooms under contract, in order to keep up with the present upward trends.

### What is the current contribution of the industry to the Dominican economy, both directly and indirectly?

Last year tourism generated US\$6.2 billion and over 250,000 direct and indirect jobs. For a country with the ninth largest economy in Latin America – and the largest in the Caribbean and Central America – these are not insignificant numbers. We are talking about a sector that represents 10 per cent of Dominican GDP and generates about the same share of direct and indirect jobs.

Tourism also makes the Dominican Republic more resilient to international shocks. In 2008, the last crisis year for the world economy, tourism managed to grow 3 per cent. Since then, growth rates have picked up and new investments continue to arrive, allowing us to cater to different market segments.



### You have overseen one of the most important periods of growth in the DR's tourism sector since taking office in 2008, and have said that the country's future prosperity depends on the further development of the sector's potential. Is the country's mainstay – the all-inclusive sun and beach model – sustainable, in your view? What is your strategy for diversifying the Dominican tourism offering and moving it further up the value chain?

Diversification for us means moving up-market. There are more villas for sale and for rent than ever before, surrounded by award-winning golf courses. Growth in this segment continues unabated.

New luxury hotels in all areas of the Dominican Republic have opened up. Some belong to the most prestigious networks, such as Relais & Chateaux, the Leading Hotels of the World and the Small Leading Hotels of the World. In all cases, the natural environment is as superb as in the all-inclusive hotels – this is the Dominican Republic after all – but the quality of service and the sophistication of the facilities have reached new heights.

All niches are being targeted: golf travel, eco-tourism, MICE (meetings, incentives, conferences and exhibitions) adventure travel and business-leisure spaces – but we are working to define, support, grow and sustain these categories and initiatives.

Punta Cana continues to receive about 66 per cent of our visitors. While all-inclusive hotels – in Punta Cana and the rest of the country – will continue to be a staple of Dominican tourism, new types of travelers, whether interested in our natural parks or our heritage, in adventure or in luxury, have plenty of lodging options available.

### The Dominican Republic has an 'embarrassment of riches' in niche sub-sectors such as wildlife and eco-tourism, yet is only just beginning to market itself as such. What is your view of the potential of this area, and what is the ministry, and the private sector, doing to capitalise on it?

The potential offerings for eco-minded travelers are rich and plentiful. We are proceeding cautiously and with great care to structure eco-tourism in a way that minimises the impact on our ecosystems, while sustaining the surrounding communities. In order to become successful in these sectors, we must be able to preserve them not only for the enjoyment of

future generations, but with the utmost respect for our indigenous flora and fauna.

Our protected national parks represent about two-fifths of the national territory. They are open and ready for adventurous visitors willing to experience our unique ecosystems, our indigenous flora and fauna and the legendary hospitality of Dominicans in rural areas. In spite of the hype elsewhere, no other country in Central America or the Caribbean has the biodiversity we have in the Dominican Republic. This being recognised more and more and, in a sustainable way, has to become part of what we offer our visitors.

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**Do you see a significant role for the likes of health and religious tourism in the country?**

We have seen more interest in historic/cultural travel and wellness travel as a whole. Travelers are interested in visiting us to learn about our diverse history and how this has shaped our culture – this includes Carnival parades, visits to Santo Domingo’s Colonial Zone to explore our extremely rich cultural heritage, participating in Holy Week celebrations, making pilgrimages to the Basilica in Higüey or the Santo Cerro (Holy Hill) in La Vega and more.

Visitors also are arriving to our more nature-centric areas, such as Samaná, Puerto Plata and Jarabacoa, to pursue many forms of wellness – seeking to “detox” or to disconnect from their devices and daily stress, and use nature or adventure as a path to their personal wellbeing. More and more of our hotels have outstanding spa facilities, where the healing hands of Dominican masseuses are guaranteed to work their magic on many a painful back.

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**You recently announced new investment projects in Pedernales province. What more can you tell us about the government’s master plan to develop the region?**

We have a strategic master plan to develop the province of Pedernales, beginning in 2017. The plan has been designed to maintain the sustainability of the protected areas that make up 55 per cent of the territory of the province.

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**Despite the evident prosperity of the Capital, and other hubs like Punta Cana, the reality for ordinary Dominicans living in rural areas is very different. What role can the tourism sector play in spreading the economic benefits to those most in need?**

Punta Cana is the destination that sees the heaviest number of tourism arrivals. However, it is just the easternmost tip of the island. We are working to demonstrate to travelers that there is much more to the Dominican Republic than all-inclusive resorts. Other up-and-coming tourism hubs include Puerto Plata, Samaná, La Romana, Jarabacoa and Pedernales, to name a few.

The tourism industry truly benefits the entire country, and all of its sectors. From jobs provided by the existing pillars of tourism – resorts, hotels, restaurants, spas, attractions and transportation – to the creation of new jobs through further developments elsewhere in the country.

Agriculture, animal husbandry and fishing benefit greatly from tourism as well. All of the food served in our hotels is grown locally, ensuring rural jobs and further enhancing the impact of tourism in fighting poverty. Our food-producing sectors supply the Dominican and Haitian domestic markets as well as important export markets in the Americas and Europe. But clearly, the additional demand arising from an additional 5.6 million visitors is an additional source of ‘exports’ to our foreign visitors, without having to worry about international freight rates.

In addition to these, we are still constantly looking for ways that we can do more. This is reflected in our cruise port strategy. Our cruise ports are located near rural areas that so that those areas may benefit from the cruise passengers’ spending on locally manufactured crafts. We are looking for additional ways to increase the number of tourists that arrive via cruise ship, so that we may continue to grow the economies of these surrounding communities.

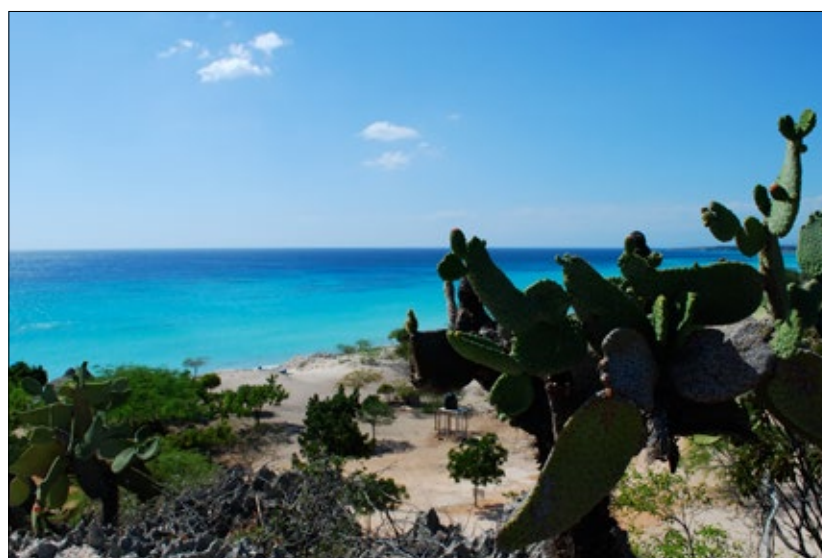
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**How concerned are you about the impact of improved Cuban-US relations and the easing of travel restrictions for US citizens on what is, after all, the DR’s most important source market? Which other countries are you targeting to make up for any shortfall?**

Lifting travel restrictions from the US to Cuba should increase the rate of growth of the Cuban economy. The logical consequence is that greater growth in Cuba

**Last year tourism generated US\$6.2 billion and over 250,000 direct and indirect jobs in the Dominican Republic**

Bahia de las Aguilas in Pedernales province, near the border with Haiti, is widely considered one of the finest beaches in the world



All photographs: Ministry of Tourism of the Dominican Republic

All of the food served in our hotels and resorts is grown locally, ensuring rural jobs and further enhancing the impact of tourism in fighting poverty in the DR

Santo Domingo's Colonial Zone: the centrepiece of the government's strategy to develop the capital's tourism potential

should result in more Dominican growth: our private sector has a history of catering to the needs of the Cuban market in a number of areas, from construction materials to toiletries to foodstuffs. Moreover, it should benefit the Caribbean as a whole by making it a more diverse and unique travel destination for the US tourist.

The hotel industry in the Dominican Republic is conscious of the capacity constraints in Cuba, a market with which they have been competing for non-US tourists for many years now. Once these are overcome, we will continue to be prepared for further competition by providing to the most discerning tourists something unique – our very diversified tourism product, with our nine distinct ecological zones, our rich and unique cultural heritage, our growing roster of luxury resorts, our award-winning golf courses and our gastronomy. We are well-prepared to welcome the new waves of travelers that should become ever more interested in the Caribbean as a result of the changes in Cuba.

In addition, the Dominican Republic is investing in growth opportunities outside of North America, and these have already begun to see success. Markets include, but are not limited to Brazil, Argentina, Chile, Venezuela and Colombia.

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**The Hard Rock Hotel chain is developing a 40-storey property in Santo Domingo, which seems a pretty bullish move, to put it mildly. What is the Ministry's strategy for attracting more visitors to the Capital – and where does the MICE segment figure in your plans?**

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The city is a booming hub for business travel. Its conference and meeting spaces offer the latest in presentation and professional technology, in a setting that is as cosmopolitan as it is historic. We are working

to demonstrate to a variety of niche markets that our capital city has much to offer, whether that may be a family looking for an educational vacation, a group interested in haute cuisine, travelers searching for a boutique hotel experience or business travelers looking to make the most of their trip.

We are similarly confident in the opportunities for growth in Santo Domingo, and are doing the necessary research, so we have the hard data to support our goals. A recent example is the feasibility study we conducted on building a new convention centre in Santo Domingo by 2017.

The MICE segment is an important one for this destination, particularly given Santo Domingo's central location and the accessibility to the other destinations of Punta Cana, Samaná, Puerto Plata and others.

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**It is probably fair to say that many visitors to the DR are unaware that it shares the island of Hispaniola with Haiti. The private sector-driven Quisqueya Initiative [to promote cross-border investment and economic development between the two] represents an important step in improving economic – and hopefully, political relations. What potential do you see for greater collaboration in tourism?**

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We have already set several things in motion to help Haitian tourism regain its growth potential. We have developed a special committee of leaders from the private and public sectors of both countries. Together, they are working to develop and promote not only tourism to Haiti, but also understanding how we can work together to grow as a multiple destination – once they are ready.

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**Mosquito-borne diseases such as Chikungunya, and most recently, Zika, have caused widespread alarm, particularly among those travellers thinking of starting a family – such as honeymooners, who have long favoured the Caribbean as a 'dream' destination. What impact has the outbreak had on tourist numbers in the DR so far? What is the Government doing to address the issue, and what would you say to would-be visitors worried about the situation?**

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We have not seen a significant change in visitor numbers, nor many travel cancellations. We have long been aware of various mosquito-borne ailments and have been taking proactive measures against such diseases for many years. Due to this, the impact of the recent alarm on the country has been minimal – tourist areas have not been impacted, as we have dedicated teams working to treat for the insects and educate hotel operators and locals alike on how to safely destroy mosquito breeding grounds, which includes regular removal of any standing water. F

