

The Virgin Islands Consortium

Carnival CEO Says First Major Ship Will Dock In Cuba May 2016; Commits To Infrastructure Investment

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ST. THOMAS -- As the territory's leaders continue to grapple with ways to improve upon the islands' tourism product in the face of inevitable competition from Cuba's nascent and reemerging tourism market, the CEO of one of the world's most respected and largest cruise ship brands, Carnival Corporation, said in a recent interview that they were on track to set sail in earnest in Spring, 2016.

In mid-September, President Barack Obama moved to further normalize relations between Cuba and the United States by announcing wide-ranging new rules to further ease trade, travel and investment restrictions with the communist nation. The move represented the latest effort to chip away at the longstanding U.S. economic embargo

birthed when relations strained during the Cold War years.

According to Reuters, the changes will allow certain U.S. companies to establish offices in Cuba for the first time in decades, expand banking and Internet activities and eliminate limits on the amount of money that can be taken to the island, U.S. officials said.

Pending Cuba's approval, Carnival plans to have its Fathom brand's 710-passenger ship Adonia sailing to Havana's port by May 2016, according to CEO Arnold Donald, speaking in an interview with Tom Hudson, host of the [Sunshine Economy](#), a syndicated radio show that focuses on key industries transforming South Florida. It will mark the first time in more than half a century that a U.S.-owned cruise vessel has docked at the novelty destination.

"We're on schedule," Mr. Donald told Hudson.

Mr. Donald, who hasn't traveled to Cuba, argued that Carnival was best positioned to thrive in the fledgling destination, adding that cruise line will make substantial capital investments to help upgrade Havana's port, among other needed infrastructure improvements.

"If we're going to bring 700 guests there, ground transportation has to be tended to, receiving areas, those types of things. And not just in Havana, because we're not going to go to just one city. We'll have at least three ports of call," Mr. Donald said. He also pointed out that Carnival once had a strong presence in Cuba, which, he contends, only bolsters the mammoth company's position.

"Costa, our Italian brand, actually managed the Havana terminal for a number of years," Mr. Donald made known. "There are still people around who were very involved in those operations and understand [them] well."

And while major U.S. airlines are currently in extensive negotiations to get scheduled flights to the island (as compared to charters), Mr. Donald is confident that cruise ship companies retain the upper hand.

"We think anything that fosters travel to Cuba from the U.S. is a good thing for us," Mr. Donald said. "The easier it becomes to travel, the more familiar people become with traveling to Cuba, the better."

He added: "The advantage we have as a cruise company is that our ships are the hotel – and one of the shortages that currently exists [in Cuba] is [hotel] accommodations.

"Even with Airbnb and their great effort there, which I think is a very positive thing, there's still a shortage of accommodations. There's hundreds of thousands of American citizens now that go Cuba, and of course Cuba's been open to the rest of the world this whole time."

Back in the territory, leaders in the tourism industry have all acknowledged the potential threat that Cuba poses to the industry here, which currently employs over 20 percent of the territory's workforce, according to data provided by the Bureau of Economic Research.

Department of Tourism Commissioner Beverly Nicholson -Doty, [at a recent Senate hearing](#), said she believes recent developments around travel to Cuba "will have a positive impact on the Caribbean region as a whole, including the U.S. Virgin Islands."

The commissioner said the ability for Americans to gain access to a destination that was once off limits, is sure to spark interest in the Caribbean, as travelers seek to satisfy their curiosity about the region as a whole, not just Cuba.

But while she maintains that the Caribbean will experience overall growth, Nicholson-Doty stressed that it would be "totally unrealistic not to acknowledge and plan for the inevitable risks associated with a new, large competitor in the region."

"We will face increased competition for visitors in the Caribbean, especially during the 2-5 years as travel restrictions are slowly lifted. There is a curiosity for Cuba, having been off limits for half a century, and it should be anticipated that there will be some initial impact on visitor arrivals," she said.

Joseph Boschulte, the West Indian Company's CEO and president, echoed Nicholson-Doty's sentiments, and said that the pressure will push leaders here to fine-tune the territory's already thriving export.

"Lifting of U.S. restrictions against Cuba will present a challenge to our economy and impact our profile in the cruise industry," Boschulte said. "Cuba will become a competing tourist destination, and the entire Caribbean is sitting up and taking notice like never before. It will not be business as usual."