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Cruise Tourism Declines in USVI, But Air Travel is Expected to Bounce Back to Pre-Pandemic Levels in 2023, B.E.R. Projects

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An aerial shot of Wonder of the Seas docking at the Austin “Babe” Monsanto Marine Terminal in Crown Bay on Tues. March 22 2022. By. ERNICE GILBERT/ V.I. CONSORTIUM

An increase in air arrivals in 2023 is expected to push tourism numbers in the U.S. Virgin Islands to near pre-Covid-19 figures, according to the V.I. Bureau of Economic Research.

BER noted in its budget hearing on Tuesday that air arrivals can be expected to return to “normal levels” in 2023.

Although a specific projection was not provided, B.E.R. Director Allison DeGazon said the bureau expected five times more air passengers than those arriving on cruise ships, and the bureau has adjusted the expenditure budget to reflect it. B.E.R. has asked lawmakers to allow it to budget \$1.1 billion for air expectancy and \$103.8 million for cruise passengers, for a total of \$1.286 billion.

At end of the 2022 calendar year, the bureau expects that air arrivals will have contributed 827,284 tourists, which is approximately 89,000 more visitors than in 2021.

Meanwhile, cruise arrivals have seen a 69 percent decline from 1.4 million in 2019 to an estimated drop of 442,027 for 2022. A total of 245,695 cruise passengers arrived in 2021, and so far for the first four months of 2022, cruise passengers have only totaled \$229,080, Ms. DeGazon said.

The projection for an increase was also shared by V.I. Dept. of Tourism Commissioner Joseph Boschulte during Wednesday's "Inside the Cabinet" program.

"Airlift in the territory is doing better than it was the same period January to May of last year," he touted.

During the era of peak uncertainty in the Covid-19 pandemic, the USVI managed to surpass other Caribbean countries by maintaining strong tourism numbers. Mr. Boschulte attributed the territory's success to an uptick in the use of Airbnbs and vacation rental homes (VRBOs).

"Our sharing economy business started to grow and find its feet after Hurricanes Irma and Maria. And throughout the period 2017 to where we are today, it continues to grow," he said.

"Both those in the sharing economy space and our traditional hotel rooms, we rank at the top or near the top in terms of rates for people who come into the territory."

Despite an increase in rates, including airfares, the commissioner noted that people are still coming to the USVI, explaining that flights especially into St. Thomas are running 20 to 25 percent above the rest of the Caribbean.

"It shows people want to come to the USVI because they are still coming," Mr. Boschulte said.

He noted, however, that it does not negate the fact that rates need to be reviewed and adjusted as travelers become more conscious of how they spend.

"We also are very mindful that we need to see a correction at some point in our rates that we charge and the airfares because we are in a high inflationary period. Fuel costs are high; for the first time in 18 months we have seen a constriction in travelers in the month of May," the commissioner said.

Approximately 1,072,981 visitors traveled to the territory in 2021 and for 2022 B.E.R. is expecting approximately 1.3 million visitors. U.S. travelers represent 95 percent of the territory's visitors.