

British Virgin Islands strengthens tourism ties with P. R.

BY TERESA ZARCONÉ-PÉREZ
tzarcone@sanjuanstarmedia.net
Of The STAR Staff

The British Virgin Islands continues to build on already strong ties with the Puerto Rico community, which maintains the spot as the second largest market for the BVI preceded only by the U.S. market.

And developments are underway to keep the neighbor island destination "ahead of the curve in the rapidly changing tourism landscape," a BVI government head official said Wednesday.

"The people of the British Virgin Islands and Puerto Rico have had a long and lasting exchange in business, medical services, trade, financial services and tourism," Chief Minister of the British Virgin Islands Orlando Smith said during a luncheon on Wednesday.

"In fact, since 2003, Puerto Rico has become our second highest visitor," he added, though unable to provide specific figures.

The event, hosted at Club Nautico San Juan, gathered a group of local airline partners, travel wholesalers and tour operators.

The BVI, known by its marketing slogan, "Natures Little Secrets," is an archipelago comprised of 60 islands and cays — which include Tortola, Virgin Gorda, Jost van Dyke and Anegada. It receives more than 600,000 visitors annually.

The U.S. market maintains the top slot as the BVI's bread and butter market, bringing in more than 533,000 visitors in 2004 (includes overnight stays and cruise ship visitors), up compared with the more than 422,000 visitors overall from the U.S. market in 2003.

Puerto Rico is the second largest market for the BVI, receiving some 37,000 visitors (overnight stays) in 2003 according to most recent data available.

The Puerto Rico visitorship, Smith said, has since "risen significantly" during the past two years, particularly since the May 2004 opening of the BVI Tourist Board office in Hato Rey to help boost visitor activity from Puerto Rico to the neighbor islands.

"The international tourism market is in a state of rapid change. Consumer tastes around the world are evolving ... [and] we recognize that in order to meet evolving tastes, we need to encourage new development," Smith said referring to a \$65 million luxury boutique resort project underway.

In October, as previously reported, the BVI celebrated the



STAR PHOTO BY CESAR SILVA

Chief Minister of the British Virgin Islands Orlando Smith addresses local airline partners, travel wholesalers and tour operators.

groundbreaking of the Mainsail Resort Marina & Spa in the British Virgin Islands, a project of Mainsail Development Group Inc. in conjunction with Scrub Island Development Group.

The project on Scrub Island, to include a boutique hotel, a \$2 million spa, 60-slip marina, shopping village, and villas and residences, marks one of the largest developments in the BVI in the past two decades. It is slated for completion in the fall of 2007.

"As we encourage new development in order to offer a wider array of choices for our visitors, however, we affirm our promise that the BVI will forever remain a place where our natural treasures are protected, our serene lifestyle preserved and that our commitment to tranquility is never compromised," Smith said.

Thus, there will be no high-rise condominiums in the BVI, nor

mass-market hotels, he noted.

The BVI currently has a guest room inventory of approximately 1,750 rooms and some additional 1,750 rooms aboard charter boats. Year-round occupancy averaged nearly 63 percent in 2004.

Tourism in the BVI accounts for 45 percent of the gross domestic product, and hotels and restaurants alone in the BVI tourism industry employ more than 2,500 people; figures exclude tourism related transportation and construction.

American Eagle, Cape Air, Caribbean Sun and Liat are among the airlines that provide service between Puerto Rico and the BVI. Ferry services also run between the BVI and St. Thomas in the U.S. Virgin Islands.

BPPR to donate \$10 million to Inteco



PHOTO COURTESY TO THE STAR

Banco Popular of Puerto Rico commits to donate \$10 million over the next three years to the Technology Initiative Oriental Center, known as Inteco. From left are Caguas Mayor William Miranda Marín; Sylvia López, Banco Popular vice president for the Caguas region; and Oscar Jiménez, executive president of Inteco.

Analysts see strange reversal of form in bond market yields

BY JEANNINE AVERSA
The Associated Press

WASHINGTON
Whether a harbinger of troubled economic times or a quirk due to light trading around the holidays, this week's flip in the bond market — where long-term investments for a while fetched lower interest rates than short-term ones — bears close watching.

Yields, or the return, on 10-year Treasury notes on Tuesday dropped slightly below the yields on two-year notes, marking the first time this has happened in five years. This phenomenon, also evident for part of the trading session Wednesday, is called an "inverted yield curve" and

in the past it has often preceded a recession.

Typically longer-term instruments carry higher interest rates than shorter-term ones to compensate investors for tying up their money over a longer time frame — a decision that can be fraught with uncertainty.

When the situation reverses, it signals that bond investors are betting that interest rates down the road will move lower, something that can happen in the event the economy were to slow down or slip into a recession, thus blunting any concern about inflation.

For now, though, many analysts — while keeping close tabs on the behavior of bonds — are not ready to

ring the alarm.

A number of other, more positive forces may be helping to keep long-term interest rates unusually low.

Economists said the low longer-term rates may reflect investors' confidence in the Federal Reserve's inflation-fighting prowess. The hearty appetite of foreign investors for U.S. Treasury securities — viewed as one of the most safe investments in the world — is another factor believed to be behind the low longer-term rates.

Increased competition from an ever-growing global marketplace has helped to keep inflation under control and also may explain the low longer-term rates, economists said.