

TOURISM

Tourism has become the world's fastest growing industry and its prospects for continued growth are excellent. During the 1960s, Northern Ireland had a growing tourism sector. However, the violence of the late 1960s and early 1970s resulted in a sharp decline in visitors, from which the sector has never fully recovered. The tourism sector in Northern Ireland offers perhaps the best prospect for rapid growth in the short to medium term.

Tourism in Ireland is a \$3.5 billion industry, supporting 97,000 jobs in the Irish economy and accounting for 8 percent of employment and a similar proportion of GNP. Total foreign exchange earnings from tourists -- \$2.4 billion -- represents 11 percent of total exports. The performance of Irish tourism has shown impressive growth over the past few years. The number of tourists to Ireland has grown 7 percent annually between 1985 and 1993.

The economic effects of increased tourism business will consolidate the peace process through creation of much needed employment in the economies, north and south; acceleration of the pace of general economic development, particularly through foreign exchange earnings and promotion of the less developed, more remote regions of the island.

Northern Ireland

Since the mid-1970's the tourism sector has been growing at broadly the rate of that in Great Britain and the Republic of Ireland, although the numbers still fall short of the "pre-troubles level." The sector is currently estimated to contribute an annual 150 million pounds, or 1.2 percent of GDP, to the economy, and employs some 11,000 persons, if a broad definition of tourism is applied. In contrast, tourism in the Republic contributes over four times this amount, and in Scotland the percentage of the workforce employed in the sector is four times that of Northern Ireland.

The tourism sector in Northern Ireland offers perhaps the best prospect for rapid growth in the short to medium term. The country's considerable natural and historical assets have remained quite "undiscovered" due to 25 years of relative isolation resulting from the "troubles." With a continued cessation of violence, it would be reasonable to expect an increase in tourist activity to reach levels currently enjoyed by the Republic and Scotland. If this were the case, an estimated one million additional visitors per year could be attracted by the year 2000.

Northern Ireland's natural assets (lakes, hills, coastline, historic sites, cultural sites and events, arts and crafts, sports and recreation facilities) may be combined into a highly marketable package for tourists. In particular, Northern Ireland has an

unspoiled natural environment, offering the potential for sports-oriented holidays such as golf, hiking, fishing, cycling and boating. Further, because the industry is not yet well developed, it has the opportunity to build upon the experiences of other regions, adopting best practices in developing, packaging and marketing its own tourism "products".

The short term outlook for the industry is very promising. Since August 1994, there has been a significant increase in visitor numbers, largely from the Republic of Ireland. The prospects for the rest of 1995 look very encouraging, with significantly increased interest from overseas tour operators and growth estimates approaching 35 percent. This will be a critical time for the industry. It is likely that a significantly larger number of tourists will visit in the next two years, and it is on the basis of their experience that the reputation of Northern Ireland as a tourist destination will be cast.

The industry offers tremendous scope for job creation in the small to medium-sized firms, of which the sector is traditionally comprised. This enables the industry to respond rapidly to the opportunities created by the new political environment. Under the scenario of a continued cessation of violence, tourism's contribution to the economy in the medium-to-long term can be expected to double. A further 20,000 jobs sustained by tourism could be created if the Province's full potential were realized. A high number of these jobs would be created in relatively disadvantaged rural areas.

Achieving the full potential of the sector would require investment in physical assets and in training. Accommodation standards need to be improved in many places and hotel facilities expanded to meet the expected growth in demand. Northern Ireland currently offers one-third of the number of beds normally expected in a region of its size. The availability of accommodation is also highly fragmented. Only two or three of the large hotel chains have any presence in Northern Ireland (notably Hilton in Laganside, Radisson in Limavady, and Forte in Belfast), and the bulk of the industry is made up of small family-run hotels.

Standards within the hospitality industry in Northern Ireland vary widely. Standards of service can be similarly erratic. Levels of customer care both in Northern Ireland and throughout the United Kingdom have historically lagged behind those of the United States and the world-class tourist centers of continental Europe. The quality of service throughout the UK hospitality industry has steadily improved in recent years, driven partly by competition from American and French operators and franchises, and partly at the insistence of a better traveled and more demanding general public.

Much of the necessary upgrading and improvement of facilities has already begun. Current transport infrastructure projects will benefit tourism. A range of training programs will raise the level of customer service to that demanded by the international marketplace. The International Fund for Ireland offers a Tourism

Program aimed at stimulating private sector investment, particularly in disadvantaged rural locations. In addition, the IBEC/CBI Business Development Program has developed several key initiatives in the tourism sector. Both organizations provide funding and participate in promotional efforts to enhance the tourism sector.

There are significant opportunities for American business in assisting Northern Ireland develop the full potential of its tourist industry. To provide the estimated 18,000 new bed spaces required to meet full potential demand, an additional 9,000 rooms would need to be constructed. This creates opportunities for American investors and franchisors. In addition, each of the potential 20,000 new tourism-related jobs will require at least some level of training in hospitality management, marketing and customer service, fields in which American firms have a reputation for excellence. In addition, the receptivity to American-style cafes, restaurants and fast-food outlets is exceptionally high.

Border Counties

Peace in Northern Ireland offers the potential for the greatest enhancement in tourism on the island in recent decades. This has been recognized by the Irish Government with the launching of "Tourism 2000" in September 1994. This program will bring almost 370 million Irish pounds (\$592 million) of EU money into the Irish economy over the next six years.

Cross-border tourism co-operation between the Irish Tourist Board and the Northern Ireland Tourist Board has been evolving over the past several years. The primary areas of co-operation have focused on the joint marketing of Ireland as a tourist destination abroad, particularly:

- with the assistance of the International Fund for Ireland (IFI) and the development of "Gulliver," the joint information and reservation system, funded through a number of EU programs as well as the IFI;
- the agreement by the British and Irish authorities to undertake the restoration of the Shannon Erne waterway;
- the introduction by the European Commission in 1991 of the INTERREGNUM program which has made funding available for cross-border tourism development; and
- joint participation in 1995 in a \$10 million "Island of Ireland" consumer goods marketing campaign in four countries, including the United States.

More than 100 million Irish pounds (approximately \$162 million) has been invested in tourism capital works since 1988 in the twelve northern counties through funding from the above sources.

There is additional potential to develop a wide range of tourism products on a cross-border basis. Examples include walking and cycling routes, equestrian trails, waterways development, touring routes, round-Ireland sailing, linkages between adventure centers, genealogy/heritage research centers and services, etc.

The increased number of visitors to the entire island of Ireland will generate a demand for more facilities and services, both in terms of accommodation and leisure activities. Potential exists for the introduction of a major international hotel chain. Opportunities also exist for theme park investors and other new product areas, all of which can be supported through EU-funded programs.