



Παγκύπριος Σύνδεσμος Ξενοδόχων Cyprus Hotel Association

SPEECH BY THE PRESIDENT OF THE CYPRUS HOTEL ASSOCIATION THANOS MICHALIDES

**46th CYPRUS HOTEL SUMMIT & HORECA EXPO
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Cyprus at a crossroad Pla, elevate & compete

Esteemed Permanent Secretary of the Deputy Ministry of Tourism
Dear speakers and delegates,

It's a great pleasure to welcome you to the 46th Conference of the Cyprus Hotel Association. This is the industry's most significant annual gathering where we will discuss the opportunities and challenges we face, and exchange ideas on how we can achieve our collective goals.

This past year, our industry reached a new record with tourist arrivals exceeding 4 million travellers. We have surpassed both arrivals and revenue figures of 2019, our best year up to now and 2024 has proven that even amid geopolitical unrest, the Cyprus tourism industry has proven resilient and adaptable.

The success of 2024 has shown that we have the potential for substantially improving the performance of the sector provided we develop a clear vision and a path to year-round hotel operation at a level which is financially viable.

We should take courage from the data of 2024 because we saw an improvement in performance, specifically for the months of March, October, November and December. In fact, if one looks at the monthly arrivals of 2024, March saw a 10% growth in arrivals compared to March 2023, November saw a 13% increase and December saw an 8% boost. These increases outpaced the growth we saw in the summer months. This is an indication that we can indeed prolong the operation of our hotels throughout the year. To achieve this, we need a strategy that addresses the potential areas that can bring more travellers to Cyprus between November and March.

There are several areas we can invest and promote: sports tourism both for professional athletes and leisure visitors, hiking, and special entertainment events such as concerts and international conferences. We must also promote special interest tours such as wine tours, archaeological and religious site tours and art events.

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We need to develop and aggressively promote all facets of tourism simultaneously because there is no single solution to overcoming seasonality. By combining different experiences, we create a cumulative effect, more powerful than the sum of its parts. When we elevate the profile of the destination, and improve the performance of the off-peak periods, we will have an evenly spread labour market throughout the year, and a much-improved profitability of the sector. This improved profitability will lead to more investment in our hotels, thus updating and upgrading our hardware and software.

Ultimately, we will attract a more diverse tourist base including higher spending travellers throughout the entire year. The collaboration between the private and public sector in reaching our goals is imperative. As a humancentric industry we rely on our need for an efficient, responsive and highly-skilled labour market which is at the core of the long-term success of our industry. We have recently come to an agreement with the labour unions and this continues the tradition of productive industrial relations and in conjunction with the new labour strategy, we are confident in overcoming the labour challenges that many countries are facing.

In addition to addressing the labour market challenges we must tackle issues around infrastructure. As the number of visitors will rise while we strive to prolong the season, we will face challenges in water and waste management. We need to provide solutions that will allow us to differentiate Cyprus from its competition. Travellers today are increasingly aware of waste management practices, and a destination's sophistication in these areas is a major factor in their decision-making process. The modern traveller researches and considers the level of sophistication a destination provides for waste management and water availability. As a high value destination, we must take a holistic approach to our offering, ensuring that environmental sustainability is integrated into the business experience.

We continue to have the issue of the short-term rental segment which still operates outside any regulatory framework, avoiding taxes and levies, creating significant instability in the rental market and the tourism industry at large. The legislative branch of the government must proceed into creating a legal framework that allows the short-term rental sector to operate in harmony with the rest of the tourism economy.

Another topic which is increasingly important is the omnipresence of Artificial Intelligence. It is clear that AI is transforming business, and as an industry, we must embrace this change. We must invest in acquiring the knowhow and the skills to incorporate AI into our business to remain competitive. Failure to adapt quickly may render us less competitive and eventually less relevant, in an increasingly fast-moving global market.

We remain optimistic about the future. As the second largest employer on the island, we will continue to play a vital role in Cyprus' economic growth. Throughout the history of the Republic of Cyprus, we have proven ourselves to be the most resilient sector of the economy. As the competitive environment becomes more complex, moving ahead at great speed, now more than ever we need to develop a close collaboration between the public and private sectors.

We must continuously monitor and evaluate the success of our activities to constantly move forward in an effective and efficient manner. To do so, we need to develop a robust data collection system. This will enable both sectors, to make informed data-based decisions, assuring that we move forward with purpose and precision.

To achieve our goals, all stakeholders in the tourism industry must take decisive action. Not only must we address the challenges we face but also position ourselves to lead the way – setting the pace for the industry and contributing to Cyprus' broader economic success.

As the oldest association of Cyprus, established in 1936, we are confident that we will overcome the challenges before us and continue to shape a prosperous future for our industry and the nation. In short, we need to plan, elevate and compete.

I hope this conference will provide you with valuable insights and inspire us all to reach for a brighter future.

In closing, I would like to extend our heartfelt gratitude to our sponsors and supporters namely: ECOMMBX, HELLENIC BANK, HERMES AIRPORTS and UIBS, and to thank all the exhibitors participating in the Exhibition of Products & Services. Our appreciation also goes to IMH for organising today's Conference.
