

# Caribbean Tourism and development: An overview

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*Final Report*

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## SHORT ABSTRACT

Tourism is one of the fastest growing industries in the world. It is an increasingly important source of income, employment and wealth in many countries and its rapid expansion has been considered as an interesting possibility for sustainable development (including poverty reduction) in developing countries. In the Caribbean region it is the most important industry especially after the crisis of other sectors such as agriculture and manufacturing. But despite its impacts on the local economy its potentialities are under utilized because it remains insufficiently understood especially by local policy makers. This study is aimed at examining the present tourism situation and potentialities of the Caribbean region in order to define a set of recommendations (priorities and actions) that could be taken into consideration by national (governments, associations, etc.) and international (donors, institutions, etc.) stakeholders for promoting tourism as a tool of sustainable development in the Caribbean. Finally, some examples of sustainable tourism projects developed in the region and Latin America are identified in order to show how national governments and international institutions are actively involved in this matter.

## Acronyms

ACP	: African, Caribbean and Pacific Countries
ACS	: Association of Caribbean States
CHA	: Caribbean Hotel Association
CANARI	: Caribbean Natural Resources Institute
CAREC	: Caribbean Epidemiology Centre
CARICOM	: Caribbean Community
CAST	: Caribbean Alliance for Sustainable Tourism
CCA	: Caribbean Conservation Association
CDB	: Caribbean Development Bank
CET	: Common External Tariff
CSME	: Caribbean Single Market and Economy
CTO	: Caribbean Tourism Organization
EC	: European Commission
ECLAC	: Economic Commission for Latin America and the Caribbean
EPAs	: Economic Partnership Agreements
FTAA	: Free Trade Area of the Americas
FEED	: Foundation for Environmental Education in Europe
GATS	: General Agreement on Trade in Services
GDP	: Gross Domestic Product
HIV/AIDS	: Human Immunodeficiency Virus
IADB	: InterAmerican Development Bank
IIED	: International Institute for Environmental Development
INDAP	: Instituto de Desarrollo Agropecuario / Agricultural Development Institute
MICE	: Meetings, Incentives, Conferences and Events
MIF	: Multilateral Investment Fund
NGOs	: Non Governmental Organizations
NTOs	: National Tourist Offices
OAS	: Organization of American States
ODI	: Overseas Development Institute
OECS	: Organization of Eastern Caribbean States
OMT	: World Tourism Organisation / Organización Mundial de Turismo
PADI	: Professional Association of Diving Instructors
PAHO	: Pan American Health Organization
QTC	: Quality Tourism for the Caribbean
SIDS	: Small Island Developing States
SMEs	: Small and Medium Enterprises
TNCs	: Trans-National Corporations
T&T	: Travel and Tourism
TTRS	: Tourism and Travel-Related Service
UNDP	: United Nations Development Programme
UNEP	: United Nations Environment Programme
UNESCO	: United Nations Educational, Scientific and Cultural Organization
WTO	: World Trade Organization
WTTC	: World Travel and Tourism Council

## Executive summary

The overall objective of the study is to review recent experiences and strategies of the Caribbean tourism industry, with a view to determine the potential role of tourism in promoting sustainable development of the Caribbean. Specific attention has been paid to the linkages between tourism and tourism related industries and services, and their impact on sustainable development, poverty alleviation and the conservation of nature.

### Overview of the Caribbean tourism industry

Based on the statistical data of the CTO, the number of total tourism arrivals in the Caribbean region in 2003 was around 17.1 million. This amount is certainly positive compared to 2001 (+6.2%), but still reflects a sharp fall in arrivals to the Caribbean following the negative events of these last years (September 11<sup>th</sup>, Iraqi war, hurricanes in the region, etc.) and around -19% compared to 2000. In addition to the international arrivals, the region recorded also more than 17 million cruise passengers that visited the area in 2003. The United States are the most important market of origin (a share of around 50%), followed by Europe (Germany, UK and France), the Caribbean itself and Canada. Considering the accommodation supply, by the end of 2000 the total accommodation capacity in the Caribbean region (including Cancun and Cozumel) reached 252.500 rooms with an increase of 24.5% compared to 1994. More than half of the region's rooms (52.4%), are located in the Spanish-speaking Caribbean. Investment was stagnant immediately after the September 11<sup>th</sup> terrorist attack, increasing again afterward; based on the Caribbean Development Bank's (CDB) economic review for 2005 further growth is projected in tourism construction activities.

The Caribbean region has developed various tourism products with particular emphasis on its natural assets (sea and beach): sea-sand-sun and cruise tourism are the main tourism products supplied by the region. Other products such as eco-tourism, cultural tourism and health tourism have very good potentialities, but they are still undeveloped and underestimated in the area. The region seems greatly influenced by a tourism development policy that in the past essentially promoted the area as a mass-tourism destination supplying all-inclusive tourism packages (sea-sand-sun).

Finally, tourism is a broad service sector requiring a wide range of simple and complex goods and services to support it and generally generates revenue in the form of foreign exchange earnings, increased income, employment and development of infrastructure. As a region that moves around tourism, the Caribbean Countries have developed several partnerships in order to develop tourism and increase the competitive abilities of their local stakeholders. At the same time, the region is also actively involved in important trade negotiation processes (WTO, FTAA, EPA, etc.) that could have significant (positive) impacts in favour of the sustainable tourism development. However, the main constraint of this regard seems to be the inability of the local policy-makers to identify the role of tourism in these negotiations.

### Sustainable tourism development in the Caribbean

Among the several definitions of sustainable tourism, the most widely accepted is the one of the World Tourism Organisation (OMT): *“tourism which leads to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.”* It means that tourism can become a concrete tool of the policy-makers to stimulate sustainable development, but it has to be understood and well organized because often its positive impacts have been far outweighed by the negative impacts of the industry in the Caribbean.

Based on WTTC statistical data (2004), tourism in the Caribbean generated more than 800 thousand direct jobs and more than 2.4 million indirect jobs (equivalent to 15.5% of the total labour force).

Its impact on *local economies* is significant considering that the tourism demand generated around 40,3 bn dollars in tourism activities, amounting to 4.5% of regional GDP. It generated around 18% of total exports in 2004. From a social point of view, tourism in the Caribbean has generated a few problems. The most important faced by national governments include local community ownership, sex-tourism and gender

inequality. Considering *environmental impacts*, tourism contributes to spreading an environmental awareness among local tourism stakeholders. At the same time, it generates important negative impacts that are seriously affecting the environment in the Caribbean. In particular, the million tourism arrivals in the area every year produce high quantities of solid and liquid waste, high demand of energy and freshwater resources, and are especially damaging to the coral reefs (caused both by the cruise boats and the sport activities of the tourists such as snorkelling, diving, etc.)

Finally, it is important to underline that there have been thousands of sustainable tourism initiatives and projects carried out by national governments, international organizations, private stakeholders and local communities in the Caribbean and Latin America in the last decade. They concern all different aspects of the development which, considering their sustainable goals, could be grouped as follows:

- i) projects focused on the tourism stakeholders' development (e.g. certification process, minimal quality standard, marketing, brand strategies, etc.);
- ii) projects focused on the preservation of the social, cultural and environmental factors;
- iii) projects focused on poverty reduction through tourism.

## Future perspectives and recommendations

The region has to face important problems that could threaten its tourism development. The most important could be summarized as follows:

- i) the Caribbean region is essentially a **mono-product area** with a tourism supply concentrated only on sea-sand-sun tourism;
- ii) the **tourism system has not been adequately developed towards local community development** because the present tourism supply is essentially managed by partnerships among international hotel chains, air companies and tour operators that are promoting all-inclusive holidays;
- iii) the **mass-tourism arrivals** in the region **are seriously threatening the environment** that is the basic resource on which tourism has been developed in the area. In addition, other challenges caused by the international economic crisis, climate changing, new trend demands, growing competition, etc. have to be faced by the national governments in the short term in order to create conditions of sustainable development through tourism.

Notwithstanding all the efforts of the tourism stakeholders (national governments and regional associations, international donors, private sector and local communities, etc.) in promoting tourism development and disseminating the relevant benefits among the private sector, the need exists for a number of activities to be developed further, and then fully implemented especially in favour of the poor communities. As showed by the examples of projects identified in section 4, important steps have already been taken on the path of sustainable tourism development. However, there is still a need to strengthen these activities at national and regional level. Community-based sustainable development could be considered as a pre-condition for the future tourism development of the region.

Based on these perspectives a set of key recommendations are identified for national governments, regional associations and international donors to promote sustainable tourism development especially addressed to the local communities and the poor, including:

- i) development of a community-based tourism policy and strategy;
- ii) identification of a clear pro-poor tourism policy;
- iii) identification of a clear role of tourism in the present trade negotiations processes;
- iv) development of an environmental oriented tourism development strategy;
- v) improvement of tourism understanding and skills of local and regional stakeholders.

# 1 Introduction

According to the TORs, the main objective of this study has been to review recent experiences and strategies of the Caribbean tourism industry in order to identify the potential role of tourism in promoting sustainable development of the Caribbean Region.

Considering the Caribbean tourism industry, it is well known that the Caribbean is one of the premier tourism destinations in the world. Changes in travel patterns, markets and traveller motivations have brought considerable growth and dramatic change to the region's tourism sector. In particular, persistent turbulence in other economic sectors in the region (such as agriculture and manufacturing sectors) has served to enhance the relative importance of tourism as an economic development strategy. Tourism is therefore increasingly becoming crucial for the economic survival of local economies in most, if not all, island microstates in the region.

In 1970, the Caribbean region hosted around 4 million tourists, more than 30 years later this total reached some 17.1 million, achieving an estimated rate of increase of around 5% per annum. Caribbean tourism has weathered the storms of three recessions in the early 1970's, 1980's and 2000's, the oil crisis, the gulf war and the September 11th terrorist attack. Tourism has become the leading growth sector in most economies, as stagnation persisted in the traditional output and export sectors. The region has remained the premier cruise destination in the world, with its share of world cruise bed days averaging around 51 percent in the last decade. Since 1980, cruise passenger arrivals have grown at an average annual rate of 7% per annum, reaching a total of around 17.3 million in 2004 (source: WTTC, 2004 statistical estimations).

Despite this situation of rapid increase of the tourism sector, and its good economic impacts on the region, the present study showed tourism in the Caribbean as also having collateral effects, especially from an environmental and social point of view, that are seriously threatening sustainable development. For instance, the coral reefs are continuously under pressure and damaged because of the cruise ships and the tourism sea activities promoted by the local tourism stakeholders (snorkelling, diving, etc.).

Moreover, the present tourism organization of the region does not seem able to guarantee sustainable tourism development of the area. In particular, the present tourism supply is essentially organized by the international private tourism stakeholders (hotel chains, air companies, cruise companies, international tour operators, etc.) that are pro-business and not too much pro-tourism sustainable development. This situation is clearly limiting the development of these tourism policies that could support local community development.

The present study is structured into four main parts as follows:

**Section 2** briefly explains the approach used for this study and offers some background definitions on tourism, tourism products and industry, and on its connections with poverty (sustainable tourism).

**Section 3** provides an overview of the tourism industry in the Caribbean region. Tourism demand, supply and policies are analysed in order to determine the current structure of tourism in the region. To do so, the analysis focuses on the main institutional context that is characterising the tourism industry with the identification of the main key stakeholders of the regional tourism development. A general overview about the impact of the liberalisation processes has been carried out at the end of this section.

**Section 4** contains a detailed analysis of the main positive and negative impacts on tourism, not only from an economic perspective, but also considering social and environmental aspects. This section offers an overview on how tourism could effectively contribute to sustainable development. In particular, it analyses how local and international stakeholders (governments, international donors, etc.) are working in order to stimulate sustainable tourism development.

**Section 5** identifies the most important future perspectives that will characterise the region in the near future. It outlines a list of recommendations that could be taken into consideration for promoting sustainable development through tourism.

## 2 Methodology and definitions

This research is a desk study in which the most relevant and recent literature (articles, reports, studies, etc.) has been reviewed and synthesised. It analyses the wider Caribbean composed of 34 Countries as follows:

Commonwealth Countries		Dutch Caribbean	French Caribbean	US Territories	Other Caribbean
OECS Countries	Others				
Anguilla	Bahamas (*)	Aruba	Guadeloupe	Puerto Rico	Cancun
Antigua & Barbuda (*)	Barbados (*)	Bonaire	Martinique	US Virgin Islands	Consumel
British Virgin Islands	Belize (*)	Curacao			Cuba
Dominica (*)	Bermuda	Saba			Dominican Republic
Grenada (*)	Cayman Islands	St. Eustatius			Haiti (*)
Montserrat (*)	Guyana (*)	St. Marteen			Suriname (*)
St. Kitts/Nevis (*)	Jamaica (*)				
St. Lucia (*)	Trinidad & Tobago (*)				
St. Vincent & Grenadine (*)	Turks and Caicos				

(\*) CARICOM Countries

To verify that tourism could contribute to a concrete sustainable development of the Caribbean region, two assumptions are made:

- i) tourism is a very complex industry where different stakeholders have to act together; and
- ii) tourism could be concretely useful for developing countries especially in order to reduce the poverty conditions of their inhabitants.

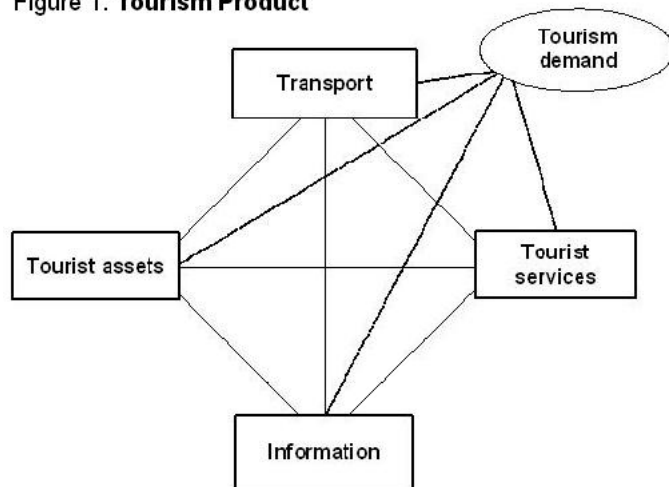
A short explanation of these two assumptions could be useful for the readers.

### 2.1 Tourism product and tourism industry

In the last two decades, different studies have defined the tourism product in various ways, but accepting the OMT's definition, *it could be interpreted as the main requirements behind the holiday motivation*. The tourist has the opportunity to satisfy a specific need thanks to a previously structured tourism supply that fulfils his/her demands.

In the modern concept of tourism we have abandoned the traditional idea of general tourism in favour of the new conception of "different types of tourism". Following this new conception the sun&beach (or sea-sand-sun), MICE, sport and eco-tourism, only to mention some examples, are different tourism products. This is because both the motivation that "stimulate" the demand and the characteristics of the product that needs to fulfil it are different. For each tourism product the tourist' behaviour (length of stay, budget, activities, expectations, etc.), distribution channels, promo-commercialisation and local community involvement actions to be undertaken are different.

Figure 1: Tourism Product

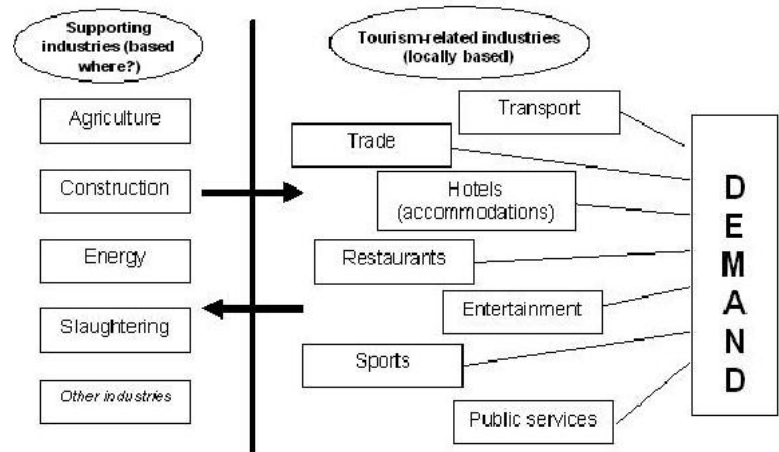


Considering this new concept of tourism development, the tourism product (Figure 1) is composed of the following elements:

- **Tourism assets:** they are the *factors of attraction* of the tourism destination which determines the choice of the tourist in favour of the destination. Normally, a tourism destination has different assets such as natural, historic-architectural, socio-cultural, gastronomic, infrastructural (sport systems, congress buildings, etc.) and their combination makes the holiday more attractive and interesting.
- **Transport:** it is the accessibility of the tourism destination. It has to be assured by both the infrastructures (roads, motorways, railways, ports and airports) and the transport organisation towards the area (number of flights and trains, road conditions, etc.). The easiness of access to the tourism destination obviously makes the commercialisation (and interest) of the tourism product easier.
- **Tourism services:** they are all services provided by local and international operators in order to make the tourism assets of the tourism destination available to the tourism demand. They are public services (public transport, environmental hygiene, safety, traffic/roads, sanitary service, etc.) and private services (accommodation, customer service, airport/rail transfer service, tourist guides, animator staff and entertainment, car rental /bike services, events and festivals, etc.). In modern tourism strategies the tourism services are very important in order to specialise the tourism product following the particular needs of the targeted tourism segments.
- **Information:** it is very important for the tourism product because it permits the connection between the holiday motivations of the tourist and the tourism assets of the destination. The role played by the information system is as follows: i) to allow the knowledge of the tourism assets (factors of attraction); ii) to create a good image of the tourism assets; iii) to influence the tourist choice; iv) to create added-value to the tourism supply.
- **Tourism demand:** this is the element that influences the organisation of the other aspects of the tourism product. The different characteristics and requirements of the several tourism segments have to be taken into account by the tourism suppliers in order to organise a competitive tourism supply.

Finally, it is very important to underline that tourism is accepted worldwide as a multi-sector economy (Figure 2) because many heterogeneous industrial sectors take part in the tourism supply system. These peculiar characteristics of tourism make it one of the main industries in the world for promoting economic development especially for the developing countries. However, because of the composite character of the tourism product (which involves local assets, services supplied by individual suppliers and/or group of suppliers, etc.) the success of a

Figure 2: Tourism industry



tourism product depends on the ability of the tourism suppliers to co-ordinate and organise the different stakeholders involved in the local tourism destination and the critical points are the definition of the relationships and partnerships between each local operator.

When the tourist buys a holiday (tourism package), he knows that he has the right to benefit from various services and carry out specific activities included in the package price. However, he usually does not know how much hard work (co-operation, partnerships, etc.) there is behind the supply of each tourism product. This means that the competition is between the tourism areas/districts in which it has been possible: i) to structure resources, infrastructures and services in a homogeneous way, in order to satisfy the different tourist needs; and ii) to communicate and supply these competencies on the tourism market with excellent tourism products.

## 2.2 Tourism and poverty reduction

Tourism (and especially ecotourism) is often promoted as the best solution to sustainable development and, despite the fact that some experts have doubts about its real capability to be pro-poor, it has relevant advantages such as follows:

- Tourism is mainly consumed at the point of production. Because the *customer comes to the product*, opportunities for entrepreneurs to capitalize on linkages with the rest of the economy (e.g. tourism guide or taxi services) can be greater.
- Most export industries depend on financial, productive and human capital. Tourism depends on these but also on *natural capital* (e.g. wildlife) and culture, which are assets that some of the poor have, or are gaining increasing control over where decentralization and devolution of tenure are occurring.
- Tourism is often reported to be *more labour intensive* than other productive sectors. Several studies<sup>1</sup> indicate that it is more labour intensive than non-agricultural activities, particularly manufacturing, although less labour intensive than agriculture.
- There is a *greater entrance of women in the job market*.
- Tourism is more a multi-sector *industry* than many others and can build upon a wide resource base. This multi-sector characteristic makes it difficult to deal with a single donor, but increases the scope for wide participation.

As a poverty intervention, tourism probably does not compare with more direct tools, such as investment in health, education and agriculture. But *as a strategy for promoting broad-based growth – which is also assumed to be essential for achieving poverty elimination – pro poor tourism can be valuable.*

Finally, the various tourism products have different impacts on the poor. Some of them, such as rural tourism, eco-tourism, cultural tourism, etc. are considered to have a high impact on the poor especially in terms of job creation, handicraft development, etc.. On the contrary, other products (cruise, etc.) have a low (or very low) impact, as they often do not involve local communities.

This study shows that the Caribbean region has developed so far a mass-tourism industry with a very limited involvement of local communities. It is only in the last few years that international donors and some Caribbean national governments have started to invest in promoting sustainable tourism development in terms of community participation, job creation and poverty reduction.

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<sup>1</sup> For instance Deloitte&Touch – IIED – ODI “Sustainable Tourism and Poverty Elimination Study”, 1999.

### 3 Overview of the tourism industry in the Caribbean

#### 3.1 Key features of the tourism sector in the Caribbean region

##### 3.1.1 Tourism demand and supply

Based on the statistical data of the CTO, the total global tourism flow arrivals in the Caribbean region in 2003 was around 17.1 million. This amount is certainly positive compared to 2001 (+6,2%), but it still reflects a sharp fall in arrivals to the Caribbean following the negative events of recent years (September 11<sup>th</sup>, Iraqi war, hurricanes in the region, etc.) and is around -19% compared to 2000.

Table 1 *International arrivals, Caribbean Countries*

Caribbean areas	1996	1998	2000	2001	2003	Growth '00-'03
Commonwealth Caribbean	5.853,4	6.096,6	6.380,7	5.422,3	5.789,4	-10,2%
Dutch Caribbean	1.302,9	1.385,4	1.414,0	1.367,6	1.374,5	-2,9%
French Caribbean	1.102,0	1.241,8	1.369,3	460,4	453,2	-202,2%
US Caribbean Territories	3.437,6	3.818,4	3.948,6	1.828,8	1.943,3	-103,2%
Other Caribbean	4.997,8	5.927,8	7.231,9	6.971,5	7.543,6	4,1%
<b>GRAND TOTAL CARIBBEAN</b>	<b>16.693,7</b>	<b>18.470,0</b>	<b>20.344,5</b>	<b>16.050,6</b>	<b>17.104,0</b>	<b>-18,9%</b>
<i>CARICOM</i>	<i>4.722,8</i>	<i>4.894,8</i>	<i>5.222,0</i>	<i>4.596,1</i>	<i>4.844,0</i>	<i>-7,8%</i>

Source: Caribbean Tourism Statistical Reports (Editions 2000-2001 and 2003)

As indicated by the tourism statistical data of the WTTC, the Caribbean draws its visitors from among the world's largest originating markets. The United States are the most important market of origin (a share of around 50%), followed by Europe (Germany, UK and France), the Caribbean itself and Canada. In 2000 the Caribbean received over 20.3 million long stay visitors, with 1.4 million (around 7%) from the region itself.

Considering cruise passengers, the region was able to generate a tourism flow of around 17.5 million passengers in 2003 and 2004. Cruise passengers' visitation to Caribbean

Table 2 *Tourist Cruise Passenger (thousand)*

Destination	1996	1998	2000	2003	2004 (*)
Caribbean region	10.854,3	12.422,3	15.520,6	17.714,6	17.377,2
<i>Growth</i>		<i>12,6%</i>	<i>20,0%</i>	<i>12,4%</i>	<i>-1,9%</i>

Source: CTO

destinations grew by an average of 6,5% per annum between 1990 and 2004 shifting from 7,8 million (1990) to 17,4 million (2004) with an 124% increase in total cruise arrivals in 15 years<sup>2</sup>. The Caribbean region is the most important area in the world for cruise organizers: considering the cruise bed-days allocated overall, the region had a share of around 48%.

Considering the accommodation supply, by the end of 2000 the total accommodation capacity in the Caribbean region (including Cancun and Cozumel) reached 252500 rooms with an increase of 24.5% compared to 1994. More than half of the region's rooms (52.4%), are located in the Spanish-speaking Caribbean destinations comprising the Dominican Republic (51916), Cuba (38072), Cancun (25434), Puerto Rico (11928) and Cozumel (3966). Room stock in the Commonwealth Caribbean, which accounted for just under one third of the region's accommodation capacity, was made up of 16967 rooms in the OECS and 64024 rooms in the Other Commonwealth countries including 23640 in Jamaica, and 13834 in the Bahamas. The Dutch and French Caribbean reported 15120 and 16993 rooms respectively during the same period. Despite almost tripling its capacity since 1980, increasing at an average rate of 5.7% per annum, growth in the supply of accommodation has slowed down slightly in recent years averaging around 4.6% per annum

<sup>2</sup> Please, note that the real number of arrivals in the region is smaller because very often the same tourists are involved in multi-island tours (it means that the same tourist is recorded by each tourism board).

from 1995 to 1999. The main contributors to this expansion were the Dominican Republic (17148), Cuba (9186) and Cancun (4332). The Commonwealth Caribbean accounted for 16.1% of the additional room stock led by Jamaica with 2.171 more rooms.

Investment in tourism was stagnant immediately after the September 11<sup>th</sup> terrorist attack. But since, investment has increased again. Further growth is projected in tourism construction activities for 2005 (see the Caribbean Development Bank's (CDB) economic reviews).

Table 3 *Number of rooms in tourism accommodation*

Areas	1994	1996	1998	2000	Growth '94-'00
Commonwealth Caribbean	68.873	74.470	76.717	81.021	15,0%
Dutch Caribbean	13.429	14.466	15.164	15.120	11,2%
French Caribbean	14.770	15.594	15.771	16.993	13,1%
US territories	14.980	14.332	16.373	16.925	11,5%
Others	78.187	93.556	110.692	122.412	36,1%
<b>Grand Total Caribbean</b>	<b>190.239</b>	<b>212.418</b>	<b>234.717</b>	<b>252.471</b>	<b>24,6%</b>
Total CARICOM	60.377	64.763	67.477	70.625	14,5%
Total OECS Countries	14.176	14.889	15.752	16.997	10,0%

Source: Caribbean Tourism Statistical Report, edition 2001 - CTO

### 3.1.2 Travel trade structure and distribution

In the Caribbean, national and international tourism organisations, airlines and travel agents form the major components of the travel distribution network. While tourism organisations are responsible for the generic marketing of the tourism product, airlines and travel agents often drive the business of intra-regional travel through their own destination packages which usually include air transport and accommodation. Caribbean tour operators focus primarily on the provision of local representation for foreign tour operators. Regional airlines such as BWIA, LIAT and Air Jamaica function as vertically integrated tour operators offering vacation packages that are geared to Caribbean residents. Generally, these packages make use of scheduled flights and include return air travel, hotel accommodation, daily breakfast, use of hotel facilities, hotel taxes and service charges. Intra-regional tours, relying mainly on charter aircrafts, often focus on sports although some are organised to coincide with major cultural events and/or long weekends.

Regionally owned airlines provide both scheduled and charter services within the region and to major international destinations. Virtually every Caribbean country and territory is served by at least a nominal schedule of intra-regional flights. Some islands are hubs for intra-regional air transport. Puerto Rico and Jamaica facilitate travel to the smaller islands of the northern Caribbean, while Barbados facilitates reasonably easy travel amongst the OECS, French West Indies and the southern Caribbean.

Over twenty airlines provide scheduled air service through the Caribbean. Several of the larger airlines, such as American Eagle, BWIA and Air Jamaica, provide services to all of the larger destinations throughout the region. In contrast, many of the smaller airlines restrict their service to a few islands that are relatively close to each other.

*This travel organization greatly limits sustainable tourism development in favour of the local population, especially the poor. The supplied tourism packages "flight&hotel" often are a consequence of agreements among travel agencies, air companies and international resorts located in the area excluding the small size hotels or the local small tourism suppliers.*

### 3.1.3 Tourism products supplied by the Caribbean Region

The Caribbean region has developed various tourism products with particular emphasis on its natural assets (sea and beach). Considering trip purposes, it could be possible to identify seven main tourism products that present a different level of development and impact on the local economy as follows:

- ***Sea-Sand-Sun***: It is the main tourism product supplied by the Caribbean especially with the formula “all-inclusive”. Tourism resorts are a growing phenomenon in the region and some of the most successful resort chains (e.g. Sandals and Super Clubs) are regionally based and have refined the original all-inclusive model developed by Club Med. All-inclusives are characterised by a single package price with no money changing hands with customers at the resort, an orientation to couples and a recreational “sea, sand and sun” experience. This rapid spread of all-inclusive tourism resorts in the Caribbean has given rise to a vigorous debate about the advantages and disadvantages of this type of resort development. There are several countries which regard these resorts as seeking to keep their customers on-site, while discouraging any significant linkages with the local economy (e.g. through tourists using local transportation services, micro-small enterprise development, etc.).
- ***Cruise***: It is the second tourism product considering the arrivals in the area with approximately 17.3 million cruise passengers in 2004. The growth of cruise travel in the Caribbean in the last decades is expected to continue as new cruise itineraries are developed. The impact on the local economy of this typology of tourism product is quite small compared to the other products, but a recent analysis of the Florida-Caribbean Cruise Association showed that this form of travel is attracting new markets to the region and encouraging land-based vacations. Caribbean countries seeking to attract the cruise market are developing attractive touring opportunities and shopping experiences in order to stimulate the tourists' spending in the area. However, the linkage between cruise and land vacations is still debated upon in the tourism sector.
- ***Yachting***: The yachting market in the Caribbean has served as a small but important speciality market for decades. Growth in yachting has been substantial in the last twenty years, for both charter cruises and bare-boating. Popular cruising grounds are centred in the northern Caribbean and the Grenadines, where a variety of ports of call are within easy cruising distance of each other. Continued growth in this market is expected, paralleling the rising interest in recreational boating generally in most developed countries. An important element of the yachting market is the creation of events which help to position a destination as a yachting centre. Antigua's Sailing Week is perhaps the premier event in the region, attracting up to 500 yachts during the second week in April of each year. Successful attraction of yachting markets provides not only direct benefits to a destination, but increases its overall attractiveness as a destination. It adds to the diversity of a destination's tourism product and, in many cases, becomes an attraction in its own right for land vacationers. The yachting market is a small but growing segment. Like the cruise market, the yachting market provides direct and indirect benefits to the region. It adds to the diversity and excitement of a destination's tourism product and creates local business opportunities in a variety of areas ranging from provisioning to yacht repair services.
- ***Sport tourism***: the region is well known at international level for this tourism product, especially for the opportunities related to diving activities and the wonderful coral reefs of the Region attracts thousands of tourists every year. In addition, to this activity several Caribbean Countries are organizing very important sport events such as the Cricket World Cup (Jamaica 2007). All these international events contribute to developing local economy attracting thousands of people among participants, visitors and tourists.
- ***Culture and Events***: Cultural products connected to events and festivals in the Caribbean are receiving increasing attention as a means of attracting tourism and media attention. Many cultural events are organized such as the St. Lucia's annual jazz festival, or the Carnival in Trinidad and Tobago. The success of Carnival is evident in the numerous “copies” that have been made by destinations elsewhere in the Caribbean, North America, and Europe. Festivals are improving low peak seasons too. Time-

limited functions, events and festivals contribute to a country's tourism economy directly through attraction of participants and spectators. They also provide an avenue for improving destination awareness through media coverage and corporate sponsorship. A classic example of this type of linkage is the enormous popularity of Toronto's Caribana Festival held in August, and the associated appeal of Caribbean destinations for Canadians.

- **Ecotourism**<sup>3</sup>: It is still very difficult for countries in the Caribbean to distinguish between those visitors whose primary motivation for travel is to engage in ecotourism activities and those who are interested in more traditional forms of tourism. Countries in the region are unable to quantify the numbers of ecotourism oriented visitors. Ecotourism has been recognized as viable form of sustainable tourism development. Its capacity to generate economic benefits by contributing to the protection of natural and cultural resources and involving the local communities, has made it an alternative form of tourism, especially in protected and remote rural areas. From 1992 to 1996, the Caribbean Tourism Organization (CTO) convened six Caribbean Conferences on Ecotourism where it was recognised that "despite the growing importance of ecotourism and a general concern for the protection of the environment, the Caribbean region has, with the exception of a few countries, not made any serious efforts to examine the potentials which this type of tourism may hold for the region or to capitalise on any advantages which the region possesses". Moreover, several other ecotourism conferences, meetings and symposiums have been organised during the last few years, such as the Annual Caribbean Conference on Sustainable Tourism in Saint Kitts (started in the 1998, it has reached its 6th edition). All these meetings have always recognised ecotourism as the best solution for sustainable tourism development of the region, but without defining any common policy and strategy. This unclear situation about a real ecotourism product policy of the area makes this product still undeveloped compared to its potentialities.
- **Health tourism**: Health tourism has been thriving on the Caribbean islands with an expanding and booming tourism industry and a culture and economy that is geared to looking at tourism markets. The English-speaking Caribbean has many characteristics that could facilitate successful development of health tourism. These include attractive climate and environment; well-trained health practitioners; reliable telecommunications and good transport infrastructure; excellent hotel and tourism services; an educated population; and, lower labour costs than most developed countries (the Bahamas is a good case in point where there are a range of health tourism activities associated with the turnaround in tourism in the last few years). Despite its potentialities, an agreement among CARICOM countries is still absent and this situation is substantially limiting the investment on this tourism product. Significantly, some policy makers are concerned that by providing health services to visitors, scarce public resources could be reallocated away from much needed public health programmes.

In addition, many destinations in the Caribbean have developed circuit partnerships in order to organize multi-country holidays. Pairs of countries and territories with substantial reciprocal traffic include, for example: i) Jamaica and the Cayman Islands; ii) Trinidad & Tobago and Grenada; iii) Antigua & St. Kitts and Nevis; iv) Trinidad & Tobago and Barbados. Tourism statistics also show substantial travel between the French territories and the Creole speaking islands in the OECS (Dominica and St. Lucia) and between residents of the Netherlands Antilles (Bonaire, Curaçao, St. Maarten, Saba and St. Eustatius) and Aruba.

*Despite the fact that many Caribbean countries are rich in inland natural areas such as national parks and historic and cultural resources, these remain relatively undeveloped as tourism attractions. Over the last few years, some initiatives have emerged to develop these resources underway in many countries, including Dominica, Barbados, St. Lucia, the Dominican Republic, Puerto Rico, and Jamaica, but these efforts still fall short from a concrete tourism product diversification strategy.*

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<sup>3</sup> While there is not a universal definition for ecotourism, there is a general consensus about its meaning: it is all nature-based forms of tourism in which the main motivation of the tourists is the appreciation of nature as well as the traditional cultures prevailing in natural areas. For more details, see: WTO-UNEP concept paper "International year of Ecotourism", 2002.

### 3.1.4 Competitiveness on the international tourism market

The international competitiveness of the Caribbean area looks quite low and price, environment and human resources indexes show an extremely low value, as suggested by the statistical data of the WTTC.

Table 4

**TOURISM INDEXES, 2003<sup>4</sup>**

	Price competitiveness	Infrastructures	Environment	Technology	Human resources	Openness	Social
Antigua & Barbuda	6,10	na	57,12	90,00	na	86,04	68,96
Aruba	na	na	na	94,99	44,36	100,00	na
Bahamas	na	68,59	50,88	76,51	na	71,68	57,67
Barbados	26,62	87,05	42,52	78,54	63,01	72,52	67,05
Belize	na	41,38	36,03	50,74	35,27	68,35	59,84
Bermuda	na	na	na	98,79	84,70	na	na
Cuba	na	62,81	41,38	56,76	na	na	59,45
Dominica	36,56	na	40,27	66,98	71,60	46,88	64,49
Dominican Republic	58,05	54,28	42,03	42,32	36,96	63,47	42,23
Grenada	na	81,36	48,30	62,45	48,51	47,62	68,60
Haiti	na	22,97	41,63	7,57	55,35	63,20	18,97
Jamaica	18,23	62,86	19,45	71,75	10,10	78,79	64,41
Puerto Rico	na	na	87,60	84,59	50,70	46,82	na
St. Kitts & Nevis	5,31	73,09	65,74	70,39	na	69,51	69,20
St. Lucia	11,85	na	65,34	60,34	95,95	59,00	73,51
St. Vincent & the Grenadine	na	79,04	47,28	53,93	63,01	66,58	63,85
Suriname	na	63,64	9,76	58,15	60,36	21,35	56,20
Trinidad & Tobago	18,68	69,31	15,54	66,25	38,71	51,75	67,22
Virgin Islands (US)	na	na	na	94,81	60,36	na	na
<b>Tot. Average (Caribbean area)</b>	<b>22,68</b>	<b>63,87</b>	<b>44,43</b>	<b>67,68</b>	<b>54,60</b>	<b>63,35</b>	<b>60,11</b>

Source: World Travel and Tourism Council (WTTC), 2004 (No available data for Aguilla, Bonaire, Cayman Islands, Curacao, Guadeloupe, Martinique, Turks&Caicos and British Virgin Islands)

<sup>4</sup> **Index Value** (Least Competitive is 0; Most Competitive is 100); N/A (Data not available)

The data presented above has been 'recalibrated' by WTTC so that comparison across countries can be made. The value of each index ranges from 0 to 100 to show the level of performance of each country relative to other countries. An index value of 0 represents the lowest achievement and 100 shows the highest achievement. The index values of 0 and 100 also correspond to the minimum and maximum values of the actual data, so that the comparison of achievement is a relative comparison.

### 3.1.5 Links of tourism with services and other sectors

Tourism is a broad service sector requiring a wide range of simple and complex goods and services to support it. Tourism is a multi-sector economy focused not only on tourism components, such as tour operators, travel agencies and lodging, but also involving agriculture, banks, insurance companies, transportation, food, culture and other technical services and material products (machinery, equipment, instruments) required to support travel activities and tourism attractions. It means that tourism generally generates revenue in the form of foreign exchange earnings, increased income, employment and development of infrastructures. Ultimately, growth in tourism is also argued to facilitate foreign capital inflows which reduce the need for domestic savings and capital accumulation.

Tourism is very important in the Caribbean economies. It is without question the foremost export sector in the Caribbean and possesses the inherent ability to diversify the Caribbean economy, stimulate entrepreneurship, catalyse investment, create large numbers of sustainable jobs and help social development in local communities. There are numerous examples of linkages between tourism and services and other sectors in the Caribbean:

**Transportation:** Air access and internal transportation infrastructures and services are key factors for stimulating economic development, and in particular tourism. In the Caribbean, several port, airport and road infrastructures and services that have been developed in order to satisfy specific tourist needs, are also used by the local population and entrepreneurs for their own businesses.

**Agriculture:** it remains a key sector of several Caribbean countries. On the one hand, it has already been proven that the increase in tourism's relative importance is also partially due to the decline in other sectors, such as agriculture and manufacturing. On the other hand, it could be possible to say that the agricultural sector has a double advantage from tourism development. The first advantage is connected to the consuming of food&beverages by the tourists during their holidays (tourism could be considered as an interesting market for the agricultural sector). The second one is related to all tourism activities development by local stakeholders connected to the agriculture (e.g. eco-tourism, rural tourism, etc.). In this case, tourism has been useful in order to create new job opportunities, revenues, etc.

**SMEs (enterprises/handicraft):** tourism is considered an important tool for supporting and developing SMEs and especially the handicraft sector in the disadvantaged regions by stimulating handicraft production, marketing and sales. Little producers are often enabled to easily market and sell their products to the tourists. In particular, tourism in the Caribbean stimulates collaboration among crafts organisations, local producers, tourism enterprises and tourism development and promotion bodies. The result is a more effective development of cultural tourism to meet the employment and economic needs of the local population.

**Financial services:** this is a particularly active sector especially on some Caribbean islands. Focused almost exclusively on beach tourism, investment in tourism has been primarily originated from offshore sources, leaving local entrepreneurs to invest in the small hotels sector. Hence, many countries have established development banks to foster local investment in hotel accommodation. The financial sector of the Caribbean region manifests problems similar to those encountered in many developing economies. Owing to the small size of the individual economies and their geographical location Caribbean countries are more susceptible to economic and financial volatility. These factors, coupled with limited economic diversification, also explain in part the higher cost of banking in the region. In the Caribbean, such as in many other developing countries, the powerful trans-national corporations (TNCs) continue to dominate the international tourism market (estimates suggest that about 80% of international mass tourism is controlled by TNCs). These companies have an almost unhindered access to markets and use this to drive down the cost of supplies. The result is a limited level of revenue retention in the destination or host countries. It has been estimated that in developing countries, on average, at least 55% of tourism expenditure flows back out of the destination country, while in the Commonwealth Caribbean it rises to 75%.<sup>5</sup>

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<sup>5</sup> Ashley, "Pro-poor Tourism Strategies: Expanding Opportunities for the poor", IIED – ODI, 2001

**Taxation:** The tourism sector is perceived as an attractive tax target for governments whose other tax sources are coming under threat. In addition to taxes imposed by Caribbean governments, tourists are also faced with an array of travel-related taxes that are now arguably the fastest-growing area of travel costs. With such a narrow tax base (other than that of the tourism sector), few governments can afford to make drastic cuts in the taxation on tourism establishments unless they are convinced that such measures will be quickly offset by the stimulus provided to sectoral growth and investment. This makes it even more important that applied taxes are equitable and, where possible, hypothecated.<sup>6</sup> One of the most contentious issues in the region is the inequitable treatment of land-based tourists compared with cruise passengers. The former pay significant departure taxes while the latter pay only a token port charge, if anything.

Based on the World Tourism Organisation's barometer<sup>7</sup> "*the ability and modalities to create linkages between Tourism and the rest of the economy in the Caribbean are well established, but the largest weakness in the equation is in the implementation and execution of the effort*". At present, NTOs (National Tourist Offices) and tourism ministries of the different States of the Caribbean are not able to guarantee a focused approach to establishing effective linkages between Travel & Tourism and the rest of the economy.

## 3.2 Institutional and legal context

### 3.2.1 Key stakeholders

As a region that moves around tourism, the Caribbean countries have developed several partnerships in order to develop tourism and increase the competitiveness of their local stakeholders. The most important stakeholders actively involved in sustainable tourism development could be grouped as follows:

*a. Private sector organizations:*

- **Caribbean Tourism Organization (CTO):** The Caribbean Tourism Organization was established in January 1989 out of a merger of the Caribbean Tourism Association (founded 1951) and the Caribbean Tourism Research and Development Centre (founded 1974). It is an international development agency functioning under a Headquarters Agreement with the Government of Barbados where its headquarters are located. It also has marketing operations in the tourism generating markets in New York and London. The purpose of CTO is to establish a forum where individuals, particularly travel agents, connected with selling travel and providing services for the Caribbean, can meet for the primary purpose of developing a greater awareness of the destination and product knowledge and therefore expanding travel and profit opportunities. Its main aims are: i) to continually educate the travel agents on product and knowledge; ii) to bring Representatives and CTO Members together regularly; and iii) to develop a closer working relationship, better understanding of travel.
- **Caribbean Hotel Association (CHA):** The members of CHA represent the entire spectrum of the hospitality industry's private sector. Some 849 member hotels in 36 national hotel associations represent approximately 125,476 rooms in the Caribbean, from the small guest houses to the mega-resorts. The allied members: airlines, tour wholesalers and travel agents, trade and consumer press, advertising and public relations agencies, and hotel and restaurant suppliers, among many, account for more than 536 members. Altogether, they are the hospitality industry of the Caribbean, and CHA is their voice. By the early 1990's CHA developed a host of programmes: the Caribbean Culinary Federation (CCF) for culinary development, the Caribbean Hospitality Training Institute (CHTI), for training and education; the Caribbean Tourism Credentialing Programme (CTCP), for certification and credentialing; the Caribbean Hotel Foundation, for scholarships and grants; and the Caribbean Alliance for Sustainable Tourism (CAST), for environmental management, among many others - all geared to help Caribbean hoteliers increase the quality of their product/service and their competitiveness. As a result of the complete range of initiatives, CHA has become over time the recognised representative of the Caribbean

<sup>6</sup> A hypothecated tourism tax is a tax levied on tourism to raise funds to reinvest in tourism.

<sup>7</sup> Edition: February 2005

hospitality industry, as well as the private sector developmental partner, by international agencies active in the region, such as the European Union, the InterAmerican Development Bank, the Organization of American States, and the United States Agency for International Development.

- ***Caribbean Alliance for Sustainable Tourism (CAST)***: CAST is a non-profit organization established in 1997 by an agreement among the International Hotels Environment Initiative, The Caribbean Hotels Association and Green Globe 21 to promote the tourism industry's adoption of Agenda 21 for the travel and tourism industry. CAST undertakes collaborative environmental activities within the hotel and tourism sector, promotes effective management of natural resources and provides access to expertise in operational efficiencies and sustainable tourism. At present it has 225 members throughout the wider Caribbean.

*b. State actors / organizations:*

- ***CARICOM***<sup>8</sup>: The establishment of the Caribbean Community and Common Market (CARICOM) was the result of a 15-years effort to fulfil the hope of regional integration which was created with the establishment of the British West Indies Federation in 1958. Currently, it does not have a specific tourism development strategy and it does not include tourism in its agenda like a priority. In spite of this situation, its activities influence tourism policies, especially in the following issues: i) standards of living and work; ii) full employment of labour and other factors of production; iii) expansion of trade and economic relations with third States; iv) international competitiveness.
- ***Organisation of Eastern Caribbean States (OECS)***: The OECS was funded in 1981 and currently is composed of nine Eastern Caribbean countries<sup>9</sup>. Its mission is to be a major regional institution contributing to the sustainable development of the OECS Member States by assisting them to maximise the benefits from their collective space, by facilitating their intelligent integration with the global economy, by contributing to policy and programme formulation and execution in respect of regional and international issues, and by facilitation of bilateral and multilateral co-operation. OECS is actually implementing a Caribbean Programme for Economic Competitiveness (CPEC) composed of eight main sectors<sup>10</sup> for possible CPEC attention. In this context, sustainable tourism development is considered the sector with the highest priority.

*c. Resource centres / institutions:*

- ***Caribbean Natural Resources Institute (CANARI)***: The institute is an independent technical and research organisation, which analyses and promotes the participatory management of natural resources on the islands of the Caribbean. Programme. Research themes include: approaches to protected area management, capacity building for collaborative participatory management, natural resource monitoring, and locating livelihood strategies. They are being included more and more in tourism development activities.
- ***Caribbean Council for Europe***: the Caribbean Council for Europe represents, in Europe, the interests of a wide range of private sector associations and companies in the Caribbean as well as sectorial associations involved in tourism, rum, rice and other areas. It has a programme of advocacy in Brussels and European capitals on behalf of these and other interests. It also provides information to its member associations and member companies on developments in Europe that affect their interests.

<sup>8</sup> CARICOM is composed of 15 Members (Antigua and Barbuda; The Bahamas -The Bahamas is a member of the Community but not the Common Market-, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago) and 5 Associates (Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Turks and Caicos Islands).

<sup>9</sup> OECS is composed of the following member states: Leeward and Windward Islands (north of Venezuela), Antigua and Barbuda, Dominica, Grenada, Montserrat, Sant Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines. In addition, Anguilla and British Virgin Islands are associate members.

<sup>10</sup> CPEC identifies 8 sectors in the following order of priority: Tourism, Agriculture and Agro-processing, Financial Services, Manufacturing and Crafts, Informatics, Small and Micro Business Development, Construction, and Commercial Services.

In spite of the efforts by all these stakeholders to promote tourism development in the region, the impact of their actions could be considered still limited. There is a need to increase collaboration and coordination among these stakeholders and, especially, there is a need to define common sustainable tourism development policies and strategies.

### 3.2.2 Legal context

Considering the importance of the tourism industry on the regional economy, the Caribbean has stepped forward on the road to define regional guidelines for the sustainable development of tourism, and in this move all stakeholders are playing their roles. The regional work done by entities such as the CTO, the CHA through its subsidiary CAST, the Association of Caribbean States (ACS), CANARI and the regional programmes of international entities such as the Pan American Health Organization (PAHO) and the Environment and Development Programmes of the United Nations (UNEP and UNDP, respectively) have been complemented by efforts in different areas and of different size at national level.

In addition, the CTO has prepared a Regional Sustainable Tourism Policy Framework that has been approved by the ministers of tourism of the thirty-three member Countries of this organization and this would facilitate the establishment of the Caribbean as a Sustainable Tourism Zone by harmonizing ongoing individual and regional initiatives. Hoteliers in the region, under the guidance of CAST, are seeking to be certified by the *Green Globe 21*, an international environmental management and awareness programme, in recognition of their commitment in implementing environmental management systems on their properties. In the Caribbean Regional Sustainable Tourism Policy Framework, six policy objectives were identified as providing the opportunities for policy intervention:

- i) Improved Planning and Management;
- ii) Maintaining and Developing a High Standard on Environmental Quality;
- iii) Addressing Socio-cultural and Economic Issues;
- iv) Encourage the conservation and sustainable use of natural and cultural resources by tourism enterprises;
- v) Intensity training and in-service education for a more sustainable approach to tourism;
- vi) Involving Local Communities and Other Stakeholders (including the poor).

Currently, the Caribbean region is embarked on a project for the establishment and dissemination of quality standards to ensure healthy, safe and environmentally conscious tourism products and services. The project, "Quality Tourism for the Caribbean" (QTC), is a joint venture between the Caribbean Epidemiology Centre (CAREC) and CAST, with the financial support of the Inter American Development Bank / Multilateral Investment Fund (IADB/MIF). Complementing the QTC work, CTO has defined a Regional Sustainable Tourism Standards and Indicators' Framework, which once approved by the Caribbean countries, would work as a reference in establishing national tourism standards.

Finally, in order to contribute to the protection of its most precious natural asset, the Caribbean sea, the region has started the implementation of the Blue Flag Campaign, a voluntary certification scheme for beaches and marinas that has been operating in Europe by the Foundation for Environmental Education in Europe (FEEE) since the mid 80s, and which has proven to be effective as an environmental tool in enhancing safety management and environmental quality of beaches and marinas. In the Caribbean the campaign has been operated by an inter-agency consortium, comprised of CTO, CAST (through QTC) and the Caribbean Conservation Association (CCA).

### 3.2.3 Liberalisation process

Since the mid-1990s, the Caribbean governments have taken important steps in increasing the integration of their economies into the world economy in order to increase productivity. These have largely taken the form of regional trade integration, which is seen as a step toward establishing even closer forms of monetary and economic cooperation. At present, CARICOM countries are managing simultaneous trade negotiations in three treaties: the World Trade Organization (WTO) with the Doha Round, Free Trade Area of the Americas (FTAA) and Economic Partnership Agreement (EPA) with the European Union (EU), in addition to the implementation of its own Single Market and Single Economy. In particular, Caribbean Ministers are currently working towards making substantive progress in the Doha Development Round and on the importance of special and differential treatment (SDT) for small and vulnerable economies (SVE). They have also agreed to work together for the liberalisation of the services sector, which offers interesting opportunities for the Caribbean. In parallel, they have started negotiations on a CARIFORUM-EU EPA which should have significant implications for the Caribbean development.

While it is difficult to gauge the impact of trade liberalization so far, preliminary indications are that it has benefited the Caribbean countries by expanding their exports of goods and services, which has boosted their economic growth. The Caribbean economy has grown to become dependent on services, which accounts for approximately 54% of overall exports (comparative figures for Central America and Panama are 24% and 23% for Latin America)<sup>11</sup> and financial services, professional services, transportation, telecommunication, entertainment services, health services, ship registry and other services are becoming increasingly important, but tourism<sup>12</sup> can be considered as the bulk of CARICOM service exports.

Table 5 *CARICOM's Trade Balance of Services*

Services	1998	1999	2000
Merchandise	-4.913,4	-4.118,4	-3.653,8
Transportation	-601,4	-545,7	-618,0
Travel	3.695,1	3.882,0	4.166,3
Commercial Services	-454,8	-259,2	-508,9
Government Services	19,3	-41,9	-34,4

Source: CARICOM Statistics Service

Various international trade agreements have an important impact on tourism development of the Caribbean region. These include the FTAA process, currently stalled, as well as the on-going WTO and EPA negotiations, discussed here for the sake of illustration.

- **World Trade Organization (WTO)**

World Trade Organization/General Agreement on Trade in Services (WTO/GATS) addresses the tourism industry under the category: tourism and travel-related service (TTRS). This includes hotels & restaurants, travel agents and tour operators, tour guides and others. But the tourism industry encompasses a much wider range of services than is captured under these headings, illustrated by the on going debate about the elaboration of a more detailed 'tourism annex'. In the meantime, however, countries assessing the GATS/tourism relationship and drafting offers for liberalisation of the tourism industry should include in their assessment other GATS categories with relevance to tourism such as recreational services, cultural and sports services, business services, distribution services, transport services, etc.. The GATS requires countries to make liberalisation commitments pertaining to the tourism industry under the three broad headings of market access, national treatment most favoured nation (MFN):

- i) under market access a country may agree to make provisions to allow foreign service providers to provide their services within the domestic market;
- ii) national treatment means that a country agrees to treat foreign service providers no less favourably than local service providers; and
- iii) the most favoured nation principle (MFN) means that a country agrees not to discriminate against the foreign service providers of different countries.

<sup>11</sup> Source: Caribbean Regional Negotiating Machinery – technical paper 2000

<sup>12</sup> Based on WTTC's definition: "Travel & Tourism Exports are expenditures by international visitors for goods and services in a resident economy which include non-visitor exports - consumer goods sent abroad for ultimate sale to visitors (clothing, electronics or gasoline, etc) or capital goods sent abroad for use by industry service providers such as aircraft or cruise ships.

### **Example of liberalisation process for tourism<sup>13</sup>**

In submitting their liberalisation commitments for tourism, Caribbean countries will address each service category under the four distinct ‘modes of supply’ defined under GATS, which refer to the physical mechanisms by which a service is provided to the market. The four modes of supply are: cross border trade; consumption abroad; commercial presence; and movement of natural persons. Examples of the four modes of supply within the tourism context include:

Cross border trade: Travel agents and tour operators provide a large portion of their service via telecommunications networks. Liberalisation would mean that each country would guarantee foreign service providers fair and non-discriminatory access to and use of each country’s telecommunications network in order to ply their trade.

Consumption abroad: The best example of this is tourism itself where consumers travel to foreign destinations to experience the provision of the services. The tourism industry is often viewed as already largely liberalised because this process of consumption abroad has been in place for decades. Measures affecting an individual’s ability to leave home, make a trip and return home uninhibited, and his ability to pay for these transactions, would be factors affecting ‘consumption abroad’ under tourism.

The GATS is unlikely to have much impact in this regard because it does not address a country’s visa and customs requirements or foreign exchange restrictions that a state may impose.

Commercial presence: Liberalisation would mean that each country would agree to allow foreign tourism service providers to establish a physical presence in the form of an office in each country in order to sell their service. This could apply to foreign travel agents, car hire companies, property management companies, etc.

Movement of natural persons: This is where individuals are permitted entry for the purpose of providing a service for a temporary period of time. Movement of natural persons does not apply to people seeking residence in foreign countries. Individuals may move to work independently or attached to a company. The provision of tourism services often depends on applied knowledge and experience that can only be provided by specialists who may have to be brought in from abroad.

This aspect of the GATS applies not only to each country’s importing expertise for temporary employment, but also to the opportunity for local tourism workers to gain experience by temporarily working abroad. The GATS does not prevent states from controlling the security, health or economy of the country and as such national immigration laws are not under negotiation.

The GATS encourages the progressive liberalisation of trade in services and recognises the rights of countries to have measures in place that support national development goals. But, although Caribbean countries acknowledge the great potentialities of the agreement, they prefer to adopt a protectionist attitude toward some issues included in the treaty.

- ***Economic Partnership Agreements (EPAs)***

The negotiations for Economic Partnership Agreements (EPAs), which started in September 2002,<sup>14</sup> are an integral part of the Cotonou Agreement and are supposed to embody the new ACP-EU trade relations. The EPAs are based on four main principles: partnership, regional integration, development, and compatibility with the WTO. These new trade arrangements are supposed to replace the preferential non-reciprocal trade system foreseen by the Lomé Conventions. The objective is to enable ACP States to play a full part in international trade and advance poverty eradication and sustainable development in the ACP. However, a serious point of concern is on their ability to contribute to the general objective of the ACP-EU partnership in some important elements such as poverty eradication and tourism for example. Considering this last one, there are two different perceptions about the potential impacts of EPAs on the tourism sector.

Considering the negative impacts of the EPAs on tourism, a study<sup>15</sup> commissioned by the ACP secretariat on the effects of an EPA concludes that:

<sup>13</sup> Source: Barbados Nation (Barbados Private Sector Trade Team, May 2003)

<sup>14</sup> They are supposed to be concluded by December 2007.

<sup>15</sup> Institute for Development Research, “A Study of the Possible Impacts of an EU-ECOWAS Economic Partnership Agreement on ECOWAS”, Ahmadu Bello University Zaria, February 2003

- reciprocal free trade between ACP countries and the EU will undermine the provisions in the Cotonou Agreement on the promotion of the macroeconomic and structural reform, economic sector development and tourism due to an increase in external debt;
- moreover, EPAs would limit the promotion of human and social development undermining not only the implementation of Art. 25 of the Cotonou Agreement (promotion of the social sector development), but also of Art. 22-24 that include the promotion of the tourism development<sup>16</sup>.

On the other hand, EPAs could have a positive impact by:<sup>17</sup>

- stimulating national and international investments in training (training courses, exchange and twinning programmes, etc.) public and private tourism stakeholders in order to improve their skills and tourism understanding;
- encouraging investment in diversifying the present tourism supply; and
- encouraging a qualification of the present tourism supply through the development of certification programmes especially for hotels, restaurants, etc..

Although many international institutions (such as WTTC, WTO, etc.) or Partnership Agreements (e.g. Cotonou Agreement, etc.) have recognised tourism as a relevant tool for the economic development of the Caribbean countries (and ACP countries in general), it seems that national and regional institutional stakeholders involved in the negotiation processes do not fully understand in which way tourism could be linked with and support the other sectors (e.g.. agriculture, etc.). An improved understanding of the key issues is required urgently.<sup>18</sup>

*In short...*

Tourism is a key industry in the Caribbean with around 35 million visitors per year (including cruise passengers) and its linkages with other services and sectors increase its importance for the regional economy. However, tourism faces serious constraints that could affect the real benefits of tourism development in the region. The Caribbean has a low competitive ability on the international tourism markets as showed by the WTTC's competitive index analysis; moreover it has developed a mass-tourism industry extremely focused on its sea attractions (sea-sand-sun tourism) and based on the all-inclusive supply system that, in general, does not involve local communities and has limited benefits for national economies. From an institutional point of view, the Caribbean region has developed important policy frameworks as well as national and regional tourism organizations (CTO, CHA, etc.) that influence the tourism development of the area. These public-private institutions are committed to promoting sustainable tourism development, but because of the low levels of understanding among policy makers about tourism mechanisms, and especially its role in community-development and poverty reduction, their effort seems limited compared to the real tourism potentialities of the region. This situation is also affecting the ability of policy makers to promote sustainable tourism development in the present trade negotiations (GATS, EPAs, etc.). Therefore mass tourism has a negative social and environmental impact, while institutions and policies are struggling to spread its economic benefits to the population at large. The next section provides an overview of the main impact of the tourism industry in the Caribbean region and identifies concrete examples of sustainable tourism development initiatives that are actually being implemented by national, regional and international tourism stakeholders. This analysis will be used to draw some lessons and recommendations, presented in the final section of the study.

<sup>16</sup> This is because a “*diminished capacity of governments to discriminate in favour of social and human development expenditures resulting from negative revenue shifts would not enable an upgrade either in public or private sectors and, neither the public nor private sectors would be able to compete on the international stage*”. Such a scenario is predicted to lead to inflation, a situation, which could be particularly injurious for the poor.

<sup>17</sup> Source: Electronic discussion on “Sustainable Impact Assessment of an EPA between the CARIFORUM member States and the EU on travel and tourism services”. March 2005.

<sup>18</sup> Source: “Special and Differential Treatment in CARIFORUM-EC EPA Services Negotiations”, International Economic Development Group, ODI

## 4 Tourism and sustainable development in the Caribbean

The idea of sustainable development is only about 15 years old. The concept of sustainable tourism is even newer and we are still learning about it. One way to understand it is to consider sustainability in business terms as a strategy that can be used to achieve different goals. Considering the tourism sector, there are several definitions for *sustainable tourism*, including eco-tourism, green travel, environmentally and culturally responsible tourism, fair trade and ethical travel. The most widely accepted definition is that of the World Tourism Organisation (OMT), which defines sustainable tourism as “*tourism which leads to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.*”<sup>19</sup>

Many developing Countries in the early 1970s embraced tourism as a quick recipe for development. Staggering from high unemployment rates and heavy indebtedness, many governments saw tourism as a source of foreign exchange to fund balance of payment deficits and to repay their foreign debts. Tourism also promised a viable source of investments for their backward economies and a source of quick livelihood and employment for their unskilled workers. In this Section, the impact of tourism in the Caribbean region is briefly analysed, taking into consideration that tourism has a multiple impact, both positive and negative, on livelihoods.

### 4.1 Economic, social and environmental importance of tourism in the Caribbean

At present, tourism is one of the world’s largest industries and for developing countries it is also one of the biggest income generators. Considering the Caribbean region, it has both a positive and negative impact on the local economy, social life and environment.

#### 4.1.1 Economic impacts

According to the WTTC (2004), Caribbean Travel & Tourism was expected to generate US\$40.3 billion of economic activity (total demand) in 2004. It is supposed to grow (in nominal terms) to US\$81.9 billion by 2014 and to generate a significant impact on the regional economy as summarized in the following table.

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<sup>19</sup> In contrast, the OECS defines sustainable tourism development as “*the optimal use of natural, cultural, social and financial resources for national development on an equitable and self sustaining basis to provide a unique visitor experience and an improved quality of life through partnerships among government, the private sector and communities*”.

Table 6 *Economic impacts of the tourism industry*

<b>Direct Impact</b>	<b>2004</b>	<b>2014</b>
Job - Employees (number)	814.550	1.092.100
<i>% of total employees</i>	5,2%	5,9%
Income generated (USD billion)	8,7	18,4
<i>% of tot. GDP</i>	4,5%	5,2%
<b>Indirect Impact</b>		
Job - Employees (number)	2.416.500	3.170.600
<i>% of total employees</i>	15,5%	17,1%
Income generated (USD billion)	28,4	58,5
<i>% of tot. GDP</i>	14,8%	16,5%
Export, services and merchandise (USD billion)	21,7	46,2
<i>% on total exports</i>	18,4%	18,7%
Capital investment USD billion	7,4	13,7
<i>% on total investment</i>	21,7%	22,4%
Government expenditure	1,9	3,7
<i>% on total government expenditure</i>	8,2%	8,7%

Source: "The Caribbean: the Impact of Travel and Tourism on jobs and the economy", WTTTC 2004

Considering the single Countries of the region, the situation is greatly influenced by the dimension of the Country and the internal political conditions. In particular, the small islands (such as Anguilla, Antigua&Barbuda and British Virgin Islands) seem to be greatly influenced by the tourism sector, while on the bigger islands the tourism impact is decisively inferior.

#### 4.1.2 Social impacts

Tourism has made an important social impact on the Caribbean, such as bringing a renewed internal consciousness and celebration of indigenous Caribbean cultures and historic sites. Many local arts and crafts trades have been revived and made into lucrative local industries by local communities, historic sites and monuments have been renovated as tourism attractions, and local festivals and cultural events have been developed and supported because of great tourist participation and interest.

However, many critics contend that any relative social benefits of tourism have been far outweighed by the negative impacts of the industry in the Caribbean. Some examples could be listed as follows:

**Ownership:** an important problem for sustainable tourism development in the Region is the lack of inclusion of local communities by the private tourism service sector.<sup>20</sup> Thus, the sense of ownership of the tourism product by local inhabitants is not great. Besides, a potentially enhancing dimension of the tourism product - community tourism - is being neglected. In addition, tourism development in the Caribbean (as in several other parts of the world) often prevents people from having the right of access to land, water and natural resources.

**Sex-tourism:** it is an enduring feature of Caribbean Tourism. The region is a famous target of many tourist customers looking for male (Barbados, Jamaica) and female (Cuba, Dominica Republic, etc.) sex suppliers. Moreover, this problem is connected to the transmission of several infectious diseases such as HIV/AIDS. The region has the highest incidence of HIV/AIDS outside of Africa.<sup>21</sup>

**Gender:** tourism is often reported to be more labour intensive than other productive sectors. Several studies<sup>22</sup> indicate that it is more labour intensive than non-agricultural activities, particularly manufacturing, although less labour intensive than agriculture. The formal tourism industry seems to be a particularly important sector for women (46% of the workforce are women, compared to 34-40% in other general labour markets)<sup>23</sup>. Working conditions are often not up to standard, especially for unskilled labour, which mostly includes

<sup>20</sup> Information based on an interview of Ralph Taylor (chairman of the Caribbean Hotel Association Charitable Trust) in 2003.

<sup>21</sup> World Bank (2003), Caribbean Youth Development: Issues and Policy Directions.

<sup>22</sup> See for instance Deloitte&Touch – IIED – ODI “Sustainable Tourism and Poverty Elimination Study”, 1999.

<sup>23</sup> Source: “Gender and Sustainable Development” - Minu Hemmati and Rosalie Gardiner, 2002

women, children and casual labour. Even in formal areas of the profession women tend to receive lower remuneration and less prestigious jobs.

#### 4.1.3 Environmental impacts of tourism

The natural environment is an important resource for tourism. Several rural areas, in both industrialised and developing countries, are becoming increasingly popular sites of tourism destinations. In the Caribbean region, mass tourism development has been the primary postwar strategy of choice, but large-scale resorts and infrastructure along delicate coastlines and hotels and condominiums are causing irreversible damage to the native natural and cultural patrimony. One source of the problem has surely been the absence of a comprehensive measure of tourism's socio-economic and environmental impact.

Tourism in the Caribbean often brings large groups of people to the region, which create a variety of threats for the environment. The most relevant of them are:

- Tourists generate substantial amounts of **solid waste**. Tourists in the Caribbean have been estimated to generate twice as much solid waste per capita as local residents. Tourists also generate substantial amounts of **liquid waste**, much of which goes untreated. According to some estimates, as much as 75 percent of wastewater treatment plants operated by hotels and resorts (so-called package plants) in the Caribbean did not comply with basic effluent discharge criteria in 1996.
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- Tourism facilities are often **built in environmentally sensitive areas**. In the Caribbean, the majority of tourism facilities are located within 800 meters of the high water mark, and most tourism activity takes place in the area between the back bays and fronting reefs.
- 
- Tourists place **high demand on energy and freshwater resources**. Tourists typically use much higher amounts of both energy and freshwater than local residents.
- 
- The simple presence of tourists can have an **adverse environmental impact on some particularly sensitive ecological systems**. In the Caribbean, a common example is the impact on coral reefs from various recreational users. Tourism impact on coral reefs include both a direct and an indirect impact. Activities with a direct impact are: snorkelling, diving and boating, which can cause direct physical damage to reefs, and fishing, which can contribute to over-exploitation of reef species and threatening local survival of endangered species. Indirect impacts relate to the development, construction and operation of tourism infrastructure as a whole (resorts, marinas, ports, airports, etc.).

In addition to these direct impacts, tourism can also create environmental threats indirectly:

- **Induced settlement**. Tourism areas often attract large numbers of settlers. Housing and support infrastructure for this induced settlement is often inadequate, leading to substantial problems of solid and liquid waste disposal.
- **Demand for goods and services**. To the extent that the tourism sector acquires a variety of goods and services within the country, additional impacts may also be induced depending on how these goods and services are produced. (The concept of "ecological footprint" – the wider impact of an individual or industry via direct and indirect effects – may be a useful way to assess the broader impact of tourism).

## 4.2 Examples of sustainable tourism in the Caribbean and Latin America

There have been thousands of sustainable tourism initiatives and projects carried out by local governments, international organizations, private stakeholders and local communities in the Caribbean and Latin America in the last decade. They concern all different aspects of the development, but considering their sustainable goals, they could be grouped as follows:

- ***Tourism stakeholders' development:*** several projects are focused on the development of the public and private stakeholders involved in the tourism sector. The activities especially concern capacity building, tourism product and package development, tourism organization and legislation, marketing strategies, etc.. All of them have specific purposes such as: i) improvement / development of the competitive capacity of the tourism destinations on the national and international markets; ii) quality development of the SMEs working in the tourism sector (e.g.. certification process, etc.); iii) increasing of the tourism flows in the destinations; iv) tourism product diversification and development of linkages among urban and rural areas. The most important promoters of these kinds of projects are governments and, especially, international donors such as IADB, World Bank, etc. These last ones have created special programmes in order to finance the development of small and medium tourism enterprises: the Multilateral Investment Fund (MIF)<sup>24</sup> programme is a valid example provided by IADB. The MIF, established in 1993, has become a key mechanism of the Inter-American Bank Group in promoting economic growth in Latin America and the Caribbean. Equipped with US\$1.2 billion, and a mandate to support innovative private sector development, MIF's goal is to develop broadly based growth and improve economic prospects for those less equipped to benefit from market reforms. The MIF is composed of different clusters and one of them is focused on sustainable tourism (it was created in 2004 in order to qualify and increase the competitiveness of the SMEs working in the tourism sector).
- ***Preservation activities:*** this category includes all projects focused on the preservation of nature, culture, traditions, social life, etc. It could be considered the first motivation for which tourism stakeholders started to talk about sustainable tourism. Considering the negative impact of tourism on local communities and environment, governments and international institutions decided to promote and support the development of tourism activities that could also be sustainable from an environmental, cultural and social point of view. The key stakeholders of these kind of projects are normally the NGOs that, using their own financial resources (or provided by international donors such as the European Commission, World Bank, UNDP, etc.), carry out several micro projects in order to maintain entire local ecosystems, cultures, traditions, etc..
- ***Pro-poor tourism:*** this new approach of tourism development focuses on the poor communities. In the last decade, considering the important positive impact generated by the tourism sector (labour intensive, inclusive of women and unskilled workers, based on natural and cultural assets of the poor, and suitable for poor areas), international tourism stakeholders have stimulated the development and support of this kind of tourism approach in favour of the poor populations living in the developing countries. There are several examples of pro-poor tourism projects, ranging from one private enterprise working with poor neighbours, to a national programme enhancing participation by the poor at all levels. In all cases, NGOs could be considered the most important implementers of these activities.

The next Sections highlight some examples of initiatives carried out in the Caribbean region and projects carried out in some Caribbean and Latin American countries in order to develop tourism in a sustainable way.

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<sup>24</sup> With just over 650 projects for a total MIF commitment of US\$950 million approved as of the close of 2004, MIF is the major source of technical assistance grants for micro and small business development in the region. Together, MIF and its partners have directed over US\$1.6 billion in technical assistance and investment projects to develop the private sector throughout Latin America and the Caribbean. (In 1999, MIF approved around US\$ 1.3 million dollars to the Caribbean Action for Sustainable Tourism in order to improve the tourism industry.

#### 4.2.1 Sustainable regional tourism initiatives

The Caribbean region has prompted several initiatives to be undertaken by major national, regional and international entities in the Caribbean. Research, studies, projects and programmes have been developed many of them concentrating on tourism's negative impact on the natural environment and resulting implications for the overall sustainability of the tourism product. The major tourism initiatives include the following:

- (i) The proposed establishment of the *Sustainable Tourism Zone*, agreed by the ACS countries in Cartagena, Colombia, in November 1997, which represents a tool for the integration of efforts in the development of sustainable tourism plans at national and regional level.
- (ii) The *Global Conference on Small Island Developing States (SIDS)* held in Barbados from 26 April to 6 May 1994 which produced a Programme of Action dealing with Tourism Resources and outlining national, regional and international actions. It currently helps some Caribbean countries<sup>25</sup> to implement Agenda 21 and assists in the strengthening of their capacity to develop and implement sustainable development plans. In January 2005 the UN organized a meeting on "Programme of Action for the sustainable development of SIDS" in Port Louis (Mauritius) where it was recognized that in order to promote sustainable tourism there is a particular challenge to make appropriate linkages to other sectors, in particular to create synergistic linkages between tourism and the agricultural sector by promoting island food and beverages supply chains, rural hospitality and agro-tourism.
- (iii) The Caribbean Hotel Association's *Caribbean Action for Sustainable Tourism (CAST)* Programme, launched in 1997, which has as its aim to work with Caribbean Hoteliers, to manage in a better way the utilization of local natural and cultural resources, whilst promoting their environmental effort (the *Green Globe Caribbean programme*).
- (iv) At sub-regional level, the *Organization of East Caribbean States/Natural Resources Management Unit* held consultations with a number of key stakeholders and in mid 1997 developed an OECS strategy for sustainable tourism development which includes a special focus on community-based sustainable tourism activities.
- (v) Ministerial decisions regarding sustainable tourism development, as taken at the ECLAC sponsored Caribbean Ministerial Meeting on the Implementation of the *Programme of Action for the Sustainable Development of Small Island Developing States*, Barbados, November 10 – 14, 1997.

Other regional and international agencies with an environmental focus such as the United Nations Environment Programme (UNEP), the Global Environmental Facility run by the United Nations' Development Programme (UNDP), the World Bank Group and IADB, etc., have all been undertaking a number of environmental projects which are linked with the tourism product at national or regional level. Table 7 highlights some key initiatives.

<sup>25</sup> Barbados, the British Virgin Islands, Dominica, Grenada, Jamaica and St. Lucia

Table 7: Key tourism issues and related programmes &amp; projects in the Caribbean

Issue Area <sup>26</sup>	Situation	Examples of current programme activity
<b>Human resource development occupational standards</b>	Occupational standards for the tourism sector is a concern for many destinations world-wide. And certification processes based on occupational standards are now recognized as necessary for the industry.	Several programmes now being funded by the MIF in Jamaica, Bahamas, Trinidad & Tobago, including a regional credentialing project being delivered through the CHA. In addition, MIF expects approval of a programme for Belize.
<b>Human resource development - skills training</b>	One of the most important weaknesses of the tourism development in the developing countries, including the Caribbean Countries, is the tourism stakeholders and local communities' little knowledge of the tourism phenomenon. This situation greatly limits the positive impact of tourism in the destinations.	There are many examples of projects funded by the private sector itself, individual countries, and regional organizations such as the CTO. In many cases international donor support is involved.
<b>Physical product quality accommodation</b>	An issue for small properties throughout the region, minimum standards are legislated in all countries but typically these are not based on market driven expectations. This is a major issue for the region for small properties.	Several efforts at standards development implementation are already underway. Some of the most important stakeholders in this issue are the European Union (package travel directive), the CAST/CAREC (programme to develop health and safety standards), the OAS (small hotels brands and standards' project), IADB and WB (certification programmes).
<b>Tourism product diversification</b>	It is one of the most important problems in the Caribbean region. Strengthening of the sites, attractions, community tourism, events and festivals and cultural product areas is essential for the region's competitiveness in the future.	Several initiatives have been developed such as the St. Lucia Heritage Tourism Project, the OAS-funded St. Vincent and the Grenadines Heritage Tourism Projects. National programmes such as those in Barbados, Trinidad & Tobago, Jamaica and Bahamas are also making progress in these areas.
<b>Availability of the "local" tourism product experience</b>	An important ingredient of tourism product diversification is the opportunity for the tourist to have this unique "experience" during his or her holidays. But the Caribbean tourism sector does not seem to have embraced this product potential forcefully. Constraints include the lack of strong linkages between tourism and agriculture, tourism and culture, and tourism and a country's history and heritage. Encouraging such linkages is fundamental to developing local product experiences that are internationally competitive and distinguish the Caribbean from other destinations.	There have been nationally based programmes seeking to support agriculture - tourism linkages, development of viable arts and crafts centres and the like throughout the region. In addition the success of marketing by the region's tourism sector to the region's markets is successful and not recognized as an important part of tourism, particularly for small tourism enterprises. The growth of events and festivals has also been a major success.
<b>Technology adoption as a competitive strategy</b>	The tourism sector worldwide is embracing technology at a phenomenal pace. Internet marketing is now generally recognized as a mechanism suitable for small properties and offers the potential to "level the playing field" somewhat. In addition, efficiencies through technology adoption improve the balance sheets of small properties.	The OAS Netcorps and related volunteer programmes applied to the small hotels sectors set a net standard for encouraging technology adoption on the part of small, indigenous tourism operators.

<sup>26</sup> Source: CPEC's web-site (Caribbean Programme for Economic Competitiveness)

## 4.2.2 Sustainable projects undertaken by Caribbean Countries

This Section lists a number of examples<sup>27</sup> of sustainable tourism projects, to show their impact on local development.

### *i) Bonaire National Marine Park*

The Bonaire National Marine Park surrounds the islands of Bonaire and Klein Bonaire covering an estimated 2'700 hectares. Its objectives are to protect and conserve the island's marine resources whilst maximizing returns from both recreation and commerce.

The Park receives annually approximately 26'000 to 28'000 divers and an unknown number of snorkellers, sport fishermen, windsurfers and local people. The Park is self-financed through diver admission fees. An annual fee costing US\$10 is sold to each diver using the Marine Park. The Marine Park also collects fees from 41 public yacht moorings with a charge of US\$10 for a boat under 60 feet and US\$15 for a boat over 60 feet. Specific projects are funded by outside agencies or donations.

The "Tortuganan di Boneiru" is one of the Marine Park projects to teach local kids to snorkel and about the marine environment. The project has been running since 1995 and it has successfully certified over 250 "tortuganan" as well as 15 "ScubaKids" to PADI openwater/advanced open water level.

### *ii) St Lucia Heritage Tourism Project*

The St. Lucia Heritage Tourism Programme is an initiative of the Government of St. Lucia, jointly funded by the European Commission (EC). It was initiated in 1998, to establish heritage tourism as a viable and sustainable component of St. Lucia's tourism product by facilitating a process of education, capacity building, product development, marketing, credit access and the promotion of environmental and cultural protection for the benefit of host communities.

The Programme works simultaneously at five levels. The public awareness and community mobilization element is centred around national campaigns focusing on economic and employment opportunities, and on the link between environmental management and sustainable tourism development. In the area of institutional strengthening and capacity-building, the Programme seeks to build the capacity of individuals and organisations, within government, civil society and the private sector, through training, technical assistance, strategic planning and organizational development processes. Product development is another important component, where the Programme offers a range of facilities and services aimed at facilitating the involvement of new, smaller entrepreneurs, and at creating new tourism products. The Programme also collaborates with relevant national and regional partners in order to define and market the Heritage Tourism product, as well as promoting the island as a sustainable tourism destination. Additionally, it advocates for a supportive policy framework for the involvement of communities in the development of Heritage Tourism.

### *iii) Las Terrazas Tourism Complex in Cuba*

This new social-rural experience began in the 1960's, focusing primarily on reforestation through cutting terraces in degraded mountains which gave rise to its name. It was conceived as an integral project based on sustainable principles involving the local population, aiming to improve their social and financial situation. Terraces covering 1500 km were created and 6 million trees were planted; 150 km of roads were built and la "Comunidad", where the local population settled and currently lives in, was founded.

In 1994 tourism was brought to improve the project's income-yield capacity. Las Terrazas Tourism Complex was created to boost the financial life of the zone in a sustainable way, based on tourism, involving the local population, and to properly manage the natural and cultural values of the zone.

The Complex is located in the middle of the Sierra del Rosario Biosphere Reserve (declared by UNESCO in 1995), acting as a buffer area for the reserve. An Ecology Station was created in the Complex to carry out environmental-scientific studies.

Tourism is the central activity of the Complex, comprised of a 26-room hotel - the Moka Hotel, and a network of trekking trails. In 2000 Las Terrazas received 30.000 visitors (30% more than in 1999). The

<sup>27</sup> Source: Mercedes Silva, CTO, article published in "Industry and Environment", a publication of the United Nations Environment Programme, Division of Technology, Industry and Economics (UNEP/TIE), Volume 24 No. 3-4, July - December 2001.

tourism facilities are the most important work source for the local population, including women. Other management areas are: forestry, farming and animal husbandry, light industry, and social services such as health, education, and culture.

*Lesson:*

These experiences as well as many others show that community participation is a critical point for sustainable development. These are not outsiders' projects seeking community "participation" but ones where the initiative and drive come from people within the communities themselves. From the point of view of eradicating poverty in a way which addresses not only its economic but also its social, cultural, structural and psychological components, this is by far the preferred approach.

In order to support this typology of projects, there is the need for integrating economic, social and environmental priorities. Local communities could be involved and stimulated into participating in sustainable tourism development, and national governments and international donors should strengthen this approach.

#### **4.2.3 Sustainable projects undertaken by Latin American Countries (pro-poor tourism)**

*i) The Eco-escuela de Español – Guatemala*

It is a Spanish language school created in 1996 as part of a Conservation International project in the Guatemalan village of San Andres. The community-owned school, located in the Maya Biosphere Reserve, combines individual language courses with home stay opportunities and community-led eco-tours. It receives around 1'800 tourists yearly, mostly from the US and Europe, and employs almost 100 residents, of whom around 60% were previously engaged in mostly illegal timber extraction, hunting and *milpas*, or slash-and-burn agriculture. Careful monitoring in 2000 showed that, among the families benefiting from the business, the majority had significantly reduced hunting practices, and the number and extension of "slash-and-burn" agricultural plots. Furthermore, as most families in the village benefit directly or indirectly from the school, community-managed private reserves have been established, and social pressure against hunting has increased.

*ii) Cabalgatas por Salta: Mountain excursions on horse-back - Argentina*

Cabalgatas por Salta is a private firm specialised in organizing mountain excursions on horseback. The itinerary takes trekkers through the Lerma Valley forest, with trees up to 20m high, before crossing the 2500-metre mountains of the arid Valles Calchaquíes with its reddish earth and multicoloured hills. Accommodation is provided among the local mountain communities, allowing visitors to learn about and experience "gaucho" life (the gaucho are the horsemen working in cattle breeding). This initiative was conceived by the current owner and began with the participation of other partners who pulled out of the business due to the lack of short-term profits. In order to carry out this initiative, it was necessary to have the support of the local communities living in the mountains. They supplied the horses and participated in the design of the itinerary.

The main benefits derived from this project were:

- *Contribution to the conservation of natural areas:* Awareness-raising activities are carried out among the local communities with special emphasis on the conservation of the environment and eliminating rubbish.
- *Community involvement and benefits:* the local communities have benefited significantly. They are responsible for providing food services to visitors. They also serve as guides during horseback excursions through the mountains. Local communities are encouraged to produce traditional food and handicrafts for subsequent sale to tourists. Training activities have been carried out in the area of first aid and improving customer service.

**iii) Turismo Rural Weche-Ruca: Mapuche ethnic tourism - Peru**

The project brings together 10 families belonging to the Mapuche ethnic group and involves rural tourism activities based in a ruca (traditional house) on an agricultural property. This building acts as the reception centre and venue for cultural events organised for visitors. In it, visitors are able to talk to the members of the community about their traditions and history and to drink *mate* tea and try local food. Visitors also learn about typical utensils, musical instruments, costumes, etc.

Accommodation is offered in the homes of local families and demonstrations of agricultural activities and handicrafts are given.

The project aims to educate visitors about the Mapuche culture and began in 1998 in response to the demand in the sector for information about the life style of the Mapuche families. The Antonio Hueche community reacted to this demand, and organised a project with support from an NGO, State organisations and the INDAP in order to create a structure for the activity. Now various activities relating to the Mapuche culture are carried out, such as gastronomy, excursions, sale of silverware crafted by hand by the community, participation in traditions, etc. All this is included in with accommodation in the community family homes. Thanks to the project, most of the community members are now employed as guides or entertainers or in crafts, promotion, etc. It has led to an improved quality of life for the community. For example, bathrooms are currently being built in the homes, mobile telephone signals can be received and some local children are receiving higher education. This was impossible before the project.

**Lesson<sup>28</sup>:**

Pro-poor tourism strategy addresses its activities into generating new opportunities and benefits for the poor. Moreover, the focus and the scale of pro-poor tourism intervention vary enormously and its impact on the poor is different. In general, while a few are able to escape from poverty, many others can see a reduction in vulnerability. Benefits tend to be dispersed – though unevenly – across communities and are particularly significant in remote areas. As in the community-based development projects, also in this case the community participation is critical in order to spread positive impacts of the tourism development to the poor.

#### **4.2.4 Sustainable projects undertaken by Latin American Countries (SMEs Tourism Development)**

##### ***Development of a Branding and Joint Commercialisation Scheme for Small Tourism Companies in the Estrada Real – Brazil***

This is a project financed by the MIF-IADB. The objective is contributing to the improvement of the competitiveness of the tourism SMEs along the Estrada Real (State of Minas Gerais). The purpose of the project is to develop a network of tourism SMEs based on a system of brands and a joint commercialisation scheme. The Estrada Real is a tourism circuit developed around the theme of the historic towns of the golden mining age in Brazil and the transport corridors of the period. The circuit is 1400km long and it links Rio de Janeiro and Paraty with Ouro Preto and Diamantina going through 177 municipalities most of them in the State of Minas Gerais.

The Instituto Estrada Real, based in Belo Horizonte, was created by the Federation of Industries of Minas Gerais to promote tourism and will be the executing agency. The project is expected to improve the ability of the local SMEs to develop, promote and sell competitive tourism products and services, targeting both the national and international markets, and deliver competitive tourism services. The main components of the project are: i) design and organisation of a Network of tourism SMEs; ii) technical assistance for product development, iii) Promotion and commercialisation at national and international level, iv) awareness and

<sup>28</sup> Pro Poor Tourism Strategy, Ashley - ODI

training, and v) combining funds for technical assistance and training, addressing the needs of specific companies.

*Conclusions:*

The tourism industry has a significant economic impact in the Caribbean region especially regarding the job opportunities for local inhabitants. But the present tourism supply, mainly focused on mass-tourism, is seriously threatening the social life and environment of the Caribbean. Prostitution, infectious diseases (such as HIV/AIDS), liquid and solid waste, etc. are only some examples of the main tourism negative impacts in the region. Despite these current difficulties, the long-term outlook for sustainable tourism in the Caribbean is optimistic. The Caribbean's natural beauty, unspoiled environment, and cultural richness provide unlimited potential for developing community-based programmes. As showed in this section the national, regional and international development organizations are actively supporting the community-based tourism expanding awareness of the tourism importance and trying to diversify the present tourism product portfolio (ecotourism, cultural tourism, etc.) in order to reduce poverty and preserve the environment. Important steps have already been taken on the path of sustainable tourism development, however, there is a need to strengthen these activities at national and regional level. International donors could consider community-based sustainable development as a pre-condition for the future tourism development of the region.

## 5 Future perspectives and Recommendations

### 5.1 Future perspectives

The Caribbean region is one of the main tourism destinations in the world. It is particularly well known in the international tourism market for its natural assets and the most important tourism product seems to be the so called "sea-sand-sun". During its tourism development, the Caribbean region focused its strategy on mass-tourism, especially from North America and Europe. Despite the world-wide negative trends of the last few years in tourism travel as a consequence of the international policy instability (terrorist attacks, Iraqi wars, etc.), economic crisis and epidemics (SARS, chicken-flu, etc.), tourism in the Caribbean region has outperformed the industry world-wide, and the region has increased its market share (at global level the Caribbean has lost around 19% of the tourism arrivals compared to 2000, but important tourism destinations such as Cuba and the Dominican Republic increased their tourist arrivals by around 8% in the period 2000-2004).

This situation seems to show optimism in the development of the tourism industry in the region: as a result of a generation of mass tourism development, the Caribbean has become the most tourism-penetrated region in the world. But deeper analysis of the tourism phenomenon shows that the area has to face important problems that could threaten its tourism development. Some of these are directly connected to its own tourism development, while others are a consequence of the globalisation process. In particular:

- The Caribbean region is essentially a **mono-product area** with a tourism supply concentrated only on sea-sand-sun tourism.
- Despite the presence of other potential tourism objectives, the **specific advantage** of the region compared to other international competitors remains the wonderful **natural assets** of the coasts.
- The **tourism system has not been adequately developed towards local community development**. Actually the tourism supply is mainly organized by the international hotel and resort chains that in collaboration with air-companies and tour operators essentially supply all-inclusive holidays to mass-tourism markets. These tourism packages were particularly appreciated during the eighties and nineties, but today they seem in decline. In addition, it has been demonstrated that this tourism

supply is unable to spread real benefits to the local communities, as 75% of the generated income returns back to the market of origin<sup>29</sup> (Commonwealth Caribbean).

- The **mass-tourism arrivals** in the region **are seriously threatening the environment** that is the basic resource on which tourism has been developed in the area.

Most of the Caribbean countries are classified as Small Island Developing States (SIDS) characterized by small (in nature and function) and fragile economies. Despite its volatile characteristics (eg. depending on weather conditions, etc.), tourism could play an important role in order to support the economic, social and environmental development of the region. Tourism stakeholders in the Caribbean are working hard in developing the tourism competitiveness of the area and they already know that they have to face several challenges in the near future. The main ones can be outlined as follows:

- ***Tourism supply in the Caribbean***: this group includes all challenges connected to the competitiveness of the Caribbean tourism system. Some example could be as follows:
  - diminished economic growth in many Caribbean source markets;
  - reduced profitability of airlines;
  - more countries seriously adopting tourism as a viable development option;
  - increased leisure travel options within major Caribbean markets;
  - changing consumer patterns; and
  - changing distribution systems.
- ***Climate change issues***: several climatic factors have seriously influenced the tourism development in recent years:
  - sea level rise (most tourism facilities in the Caribbean are located in coastal areas and no farther than 800 meters from the coast);
  - global temperature (e.g. warmer winters in northern markets could change the tourism seasons and warmer summers in the region could be less attractive for tourists, etc.); and
  - precipitation patterns (the frequent hurricanes in the area could cause loss of infrastructures and affect the region's image as a safe destination).
- ***Consumer trends - New standards of expectation***: these challenges are directly connected to the new image of the tourist in the travel and tourism system. In general, this new type of tourists is more experienced, with specific needs that influence the choice of destinations and more awareness about the necessity to respect the environment, culture and social-life of the local communities. Such tourists are:
  - less likely to be satisfied with sun, sea & sand alone;
  - more knowledgeable & independent;
  - more environmentally conscious;
  - more security-concerned; and
  - more likely to travel in family/groups.
- ***Economic crisis and political instability***: important events such as “September 11<sup>th</sup>”, the war in Iraq and the international economic crisis are limiting the tourism development in several countries. Examples of connected challenges include:
  - safety and security (the first one concerns travellers both in terms of Air travel and safety at the destination);
  - shorter booking times (in the Caribbean it has been reduced from three months to as little as four weeks); and
  - economic decline followed by increased unemployment.
- ***Growing competition***: many destinations in the world are organizing and developing new tourism product portfolios in order to satisfy all the needs of the tourists. Some of the main challenges are:
  - higher levels of service outside the Caribbean;
  - freer cross-border travel (notably Europe);

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<sup>29</sup> “Pro-poor Tourism: putting poverty at the heart of the Tourism Agenda”, Caroline Ashley – ODI, Natural Resource Perspectives, Number 51 – march 2000

- huge growth in cruise ship inventory and cruising destinations;
  - better scheduled flights to other regions; and
  - lack of investment and innovation in product development in the Caribbean region.
- **Local communities:** many destinations in the world are implementing several activities in order to involve more and more local communities in the tourism development process. This has become a necessity not only for promoting tourism diversification, but essentially for creating the conditions of sustainable development of the tourism destinations. The spreading of benefits generated by tourism to the local communities could be considered the precondition for limiting its negative impact at economic, social, cultural and environmental level. In this respect, the key challenges are:
- political stability at national and regional level;
  - limiting corruption;
  - facilitating linkages among urban and rural areas; and
  - facilitating the empowerment of the local communities, especially the disadvantaged category such as the poor, women, children, un-skilled, etc., in order to stimulate their participation in the tourism policy and strategy identification and implementation.

## 5.2 Recommendations

Notwithstanding all the efforts of the tourism stakeholders (national and regional governments and associations, international donors, private sector and local communities, etc.) in promoting tourism development and disseminating the relevant benefits among private stakeholders, the need exists for a number of activities to be developed further, and then fully implemented, especially in favour of the poor communities. One thing is the intention of the tourism stakeholders in promoting a sustainable tourism development strategy, and another is to concretely identify and implement useful actions for spreading the benefits on all communities in the Caribbean region and to transform it into a factual reality of the economic, environment and social development of the region.

Wide impact of sustainable tourism depends on governments' recognition of the important contribution which can be made by this sector. With appropriate policy incentives, regulatory frameworks, and facilitated access to resources, knowledge and other forms of support, this sector holds significant potential for benefiting local communities.

Considering the regional guidelines for sustainable development, tourism development has to take into consideration the basic needs of the people and the priorities set by Governments. Sustainable tourism development requires further international support and cooperation in respect of efforts undertaken by the Caribbean at national and regional level to develop and promote environmentally sound and nature-based tourism.

In view of the complexities and the peculiarities inherent in any tourism development and the present tourism development of the region, the focus of the recommendations suggested here are on specific pro-poor sustainable tourism development actions that could be supported by the institutional stakeholders. These recommendations take into consideration the main issues and constraints of the present tourism development of the Caribbean Region. Moreover, they take into account the lessons learned through the existing sustainable tourism development projects as identified in section 4 of this study. As successful cases show, participation of communities from the initial design of the project is crucial and should feature more prominently in regional and national policies as well as in Donor-funded initiatives.

### ***I) Community-based tourism development***

- (a) In order to involve local communities in the tourism supply, efforts should be made to develop community-based tourism products (eg. eco-tourism, rural-tourism, agro-tourism, etc.) that could increase the distribution of benefits to a wide range of population. New tourism cooperation processes,

already experimented in several other tourism destinations<sup>30</sup>, such as “tourism product clubs”, “tourism enterprise networks” and “tourism mixed public-private networks” at national and regional level could be promoted and supported with special financial funds;

- (b) involvement of farmers and handicraftsmen could be stimulated through the organization of “tourism enterprise incubators”, especially in the rural areas. Special funds could be identified for NGOs, community associations, cooperatives, etc.;
- (c) tourism aggregations<sup>31</sup> could be stimulated among the citizens of the local communities in order to develop dedicated tourism services that could be included in the local/national tourism supply (eg. homestay/B&B in the rural villages, etc.);
- (d) enhancement of sustainable tourism could be supported through the adoption of appropriate regulations, such as a code of conduct, criteria for best practices, and other innovative measures;
- (e) tourism products should be developed in consultation with local communities and should be based on what they would like to offer visitors. Community-based tourism development studies could be financed in order to collect information from the population (especially disadvantaged categories) and dedicated forum/conferences could be promoted;
- (f) community-based tourism development must ensure that authenticity of local culture does not deteriorate.

## **II) Tourism policy development**

- (a) Caribbean countries could adopt a clearly pro-poor tourism policy as defined by the United Nations Commission for Sustainable Development, which encourages local residents to set up tourism related enterprises through tax incentives, financial preference for loans, management and technical training.
- (b) Planning, development, management and promotion of tourism should be undertaken with the involvement of all stakeholders. Participants could include national governments, municipalities, private sector, local communities including the poor, NGOs and any other parties, which may be involved in tourism.
- (c) Special measures to strengthen empowerment of communities including the poor, women and disadvantaged groups should be implemented so that they can fully benefit from tourism. Forum and working groups are examples of platforms to carry out such actions.
- (d) International donors promoting sustainable tourism development in the Caribbean should coordinate their efforts both in order to optimise the available financial resources and concretise the positive impact of tourism on the local communities (especially on the poor). A special study could be financed in order to carry out a detailed mapping of what bilateral, regional and multilateral donors are currently promoting and financing. This exercise should be a valid tool for coordinating future cooperation programmes and actions for tourism development of the Caribbean.
- (e) National governments and regional institutions could dedicate more effort in improving the job market of the area. Possible actions should cover issues such as working conditions, contracts, flexible job opportunities and the way job-vacancies are advertised. It is also about strengthening the local supply, addressing issues such as auditing of sources, quality (minimal quality standards) and reliability. It would be useful to carry out research on the seasonality of tourism employment in the Caribbean, and on the need for training.
- (f) At present, different tourism taxes have been adopted by single Caribbean countries officially, in order to support sustainable tourism development at economic, social and environmental level (e.g. levies on cruises, etc.), but their impact in favour of sustainable tourism development seem to be limited. Considering this situation, it would be helpful to stimulate national governments in identifying a clear tourism taxes policy that especially benefits micro enterprises, local communities, and disadvantaged groups.
- (g) National governments and regional institutions could dedicate more effort to clearly promoting linkages between tourism and other sectors of the economy. As mentioned earlier *“the ability and modalities to create linkages between tourism and the rest of the economy in the Caribbean are well established, but the largest weakness in the equation is in the implementation and execution of the*

<sup>30</sup> An example of a tourism product club is “Le Gîtes de France”. Examples of tourism mixed public-private enterprise networks are A.TI.CO (Italy – [www.rivieradeicedri.it](http://www.rivieradeicedri.it)), WTAY (Canada, <http://www.touryukon.com/index.asp>). An example of a tourism enterprise network is “Organización y Gestión del Destino Turístico de Santa Cruz (OGD), Bolivia.

<sup>31</sup> See projects “Turismo Rural Weche-Ruca: Mapuche ethnic tourism, Peru” and “Cabalgatas pro Salta: Mountain excursions on horse-back, Argentina, described in section 4.2.3 iii) of this study.

*effort*<sup>32</sup>. In order to stimulate community-based sustainable tourism development, national and regional tourism policies should clearly indicate how tourism could be linked to other sectors, especially agriculture (the sector offering broadest linkages with sustainable tourism development). Moreover, special agreements and support could be provided for stimulating national and regional stakeholders (i.e. environmental associations, etc.) to tighten such linkages while implementing community-based tourism projects.

### **III) Capacity building**

There is a need to stimulate dialogue between public and private sector interests for developing a common understanding of the importance of sustainable tourism development to the Caribbean countries/region. Governments, in partnership with the private sector, local communities, and non-governmental organisations, and with technical and financial support from regional and international organisations, could be encouraged to:

- (a) support institutional capacity building in the tourism sector and promote environment and culture through community-level awareness programmes;
- (b) support the use of modern technologies and communications systems that effectively maximise the use of global, regional and national information in support of sustainable tourism development;
- (c) support and assist the development of regulatory frameworks that support sustainable tourism;
- (d) establish partnerships for sustainable tourism to effectively conserve and utilise limited resources; this partnership should actively involve the private sector and be based on consumer and market demand, development of community-based initiatives, and support for destination marketing that promotes people, cultures, and environment;
- (e) develop human resources at all levels of tourism to build institutional capacity, create frameworks conducive to the development of small management enterprises, and improve the capacity to utilise modern technologies;
- (f) continuous efforts should be made to enhance awareness of government officials, policy makers, private sector, civil society and local communities about the role that tourism can play in developing the local economy and alleviating poverty. Organization of twinning programmes, best practice exchanges could be some examples of these training activities;
- (g) special training programmes should be conducted in order to spread tourism understanding among local communities and to improve competences and skills of the local tourism stakeholders. Special financial funds could be made available for supporting the present training activities promoted by regional associations (CHA, CTO, etc.) and/or other stakeholders (national governments, NGOs, etc.).
- (h)

### **IV) Environment**

There is a need to recognize the importance of environmental conservation as a prerequisite for tourism. As a consequence:

- (a) regional and national stakeholders should be encouraged to stimulate the development of micro-small tourism enterprises based on the conservation of nature and environment in general;
- (b) national development policies should put eco-tourism / rural tourism as a priority on the development agenda; and
- (c) establishment of regional and national environmental audits for determining carrying capacity of natural resources, including the social and cultural implications of tourism development could be financed;
- (d) local governments could encourage and support local people in improving the environment in their villages, coastal areas and countryside, through co-ordination, action groups and other incentives.

### **V) International trade negotiations**

There is a need to recognize the importance of sustainable tourism in international trade negotiations in a better way. It is recommended:

- (a) to stimulate the discussion about the negotiation of a sub-agreement in the EPA focused only on sustainable tourism development with specific emphasis on training and awareness activities, product diversification and local community involvement, linkages with other economic sectors;

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<sup>32</sup> The World Tourism Organization Barometer, February 2005 edition.

- (b) to improve the teamwork, and to strengthen the links among key players such as such as CARICOM, CTO, CHA, 32 National Tourism Organisations, National Tourism/Hotel Associations and academic institutions, etc.;
- (c) to finance specific studies (one for each Caribbean country) on what kind of tourism could be best linked to other sectors; and
- (d) to finance statistical frameworks for the measurement of the commercial presence (mode 3) and movement of natural persons (mode 4) in Caribbean countries to be used for discussion by GATS negotiators.

In addition, considering the trade liberalisation of tourism services (e.g. convention services, tour operators, travel agencies, hotels, tourist guides, etc.), the Caribbean's negotiations with the EC should be guided by the following principles:

- (e) Considering the different development levels of the Caribbean countries, any trade liberalisation should be progressive and asymmetrical, commensurate to the level of development of each single Caribbean State;
- (f) EPA negotiations should preserve the space for Caribbean states to continue promoting their own national processes of tourism development, through active public policies;
- (g) EPA negotiations should address the special needs of small Caribbean service suppliers to take advantage of market access opportunities in the EU.

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