Regional environmental policy and sustainable tourism development in the Caribbean

Willard Phillips
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Abstract

Tourism began to emerge in the Caribbean from the mid-1960s, and since that time, the sector experienced consistent growth so as to make it the major economic sector in the region by the early 1990s. While several factors such as the development of air travel, and closeness to the major source markets of the United States of America contributed to the strong growth in Caribbean tourism, the region’s warm weather as well as pristine natural environments comprising of beaches, coral reefs, spectacular scenery and friendly peoples have undoubtedly contributed to the development of the tourism sector in the Caribbean. Today however, after more than 40 years of strong growth, tourism has been shown to contribute to significant impacts on the natural environment with the potential to significantly undermine the same natural resource based upon which the sector has been developed. Many countries, having recognized this development, have sought to implement sustainable tourism policies in order to offset these impacts, as well as to compensate for the cost of such impact on the domestic economies. The aim of this paper is to examine the nature and scope of such policies with a view to determining the effectiveness of sustainable tourism policies in the Caribbean. The study employs a case study approach by assessing policies in three Caribbean countries: Antigua and Barbuda, Barbados and Saint Lucia. It also reviews broader regional strategies for fostering sustainable tourism in the Caribbean.
I. Introduction

As one of the most tourism dependent regions in the world, the Caribbean suffered significantly from the 2008 - 2009 global recession. According to the United Nations World Tourism Organization (UNWTO), international tourist arrivals declined worldwide by 4% in 2009 with a corresponding 6% drop in international tourist receipts.

The impact of these declines was amplified considerably in the Caribbean, with fall off in visitor arrivals reaching as high as 14% for some Caribbean countries in 2009.\footnote{The impact of the recession was somewhat more moderate for the Spanish Caribbean destinations such as Cuba and the Dominican Republic (between 3-6%), but was considerably more severe for the Anglophone Caribbean destinations such as Antigua and Barbuda, Saint Lucia and the Bahamas.} By way of response, several governments implemented either sectoral or broader macro-economic stimulus packages, in order to bolster tourist arrivals, or to protect sector employment. Since the final quarter of 2009, evidence suggests that there has been a bottoming out of the decline, and that the regional tourism sector is now returning to positive growth.

Still, there remain myriad challenges in terms of the environmental costs which the region pays in sustaining its tourism product. Notably, matters of reducing environmental costs and extracting a higher bonus from the use of the region’s environmental resources have not figured prominently in the discussions on the revitalization of the sector after the global economic crisis.
The aim of this study is to assess the prevailing framework of regional tourism policy to determine prospects for enhancing the sustainability of the tourism product, and to identify policy elements which may be important in enhancing the macro-economic prospects of the sector, while minimizing social and environmental costs. The analysis will use a case-study approach as part of the context for a regional analysis, and the three cases examined are Antigua and Barbuda, Barbados and Saint Lucia.

The study is organized into six (6) sections. In section one, the contemporary performance of the tourism sector is examined, with particular focus on the impact of the recent global economic crisis on the sector, and the region’s response. Section 2 explores threats and challenges to tourism sustainability in the Caribbean, while Section 3 explores general approaches towards achieving sustainability. Sustainability in the broader Caribbean context is the focus of Section 4, and the assessment of the regional policy framework as well as three case studies is elaborated in Section 5. Elements for further elaboration of a framework for sustainable development of the tourism sector are developed, and conclusions of the study are discussed in Section 6.
II. Tourism in the Caribbean – recent sector performance

After more than fourteen months of decline in which global tourist arrivals fell by 4.2%, the international tourism sector returned to growth in the final quarter of 2009, with a 2% upswing in international visitors. This trend was sustained in 2010, with a 7% increase in global visitorship for the first two quarters of that year, and an overall projected growth of between 3% - 4% (UNWTO, 2010). The contraction of the international tourism sector was triggered firstly by the global economic recession, which manifested itself during the second half of 2008, and was exacerbated by the A(H1N1)\(^2\) pandemic which significantly curtailed international travel during 2009.

Not surprisingly, the impact of this global decline was very much evident in the Caribbean, with overall fall off in stay over visitor arrivals to the region amounting to 3% between 2008 and 2009 (UNWTO, 2011). Consistent with global trends, there was a return to growth in the region in 2010, with growth in arrivals amounting to 4% over the 2009/2010 period (UNWTO, 2011). Table 1 summarizes the changes in arrivals to selected Caribbean destinations during the period 2008 – 2011.

\(^2\) Swine Flu.
TABLE 1
TOURIST STAY OVER ARRIVALS IN SELECTED CARIBBEAN COUNTRIES: 2008 - 2011

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>265 841</td>
<td>234 410</td>
<td>124 518</td>
<td>241 331</td>
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<tr>
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<td>1 462 040</td>
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<td>754 937</td>
<td>1 344 189</td>
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<td>Barbados</td>
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<td>518 564</td>
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<td>567 724</td>
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<td>200 677</td>
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<td>1 389 932</td>
<td>2 716 317</td>
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<tr>
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<td>3 992 303</td>
<td>2 198 787</td>
<td>4 306 431</td>
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<td>1 831 097</td>
<td>1 010 869</td>
<td>1 951 752</td>
</tr>
<tr>
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<td>1 300 783</td>
<td>742 770</td>
<td>1 449 433</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>295 761</td>
<td>278 491</td>
<td>136 234</td>
<td>312 404</td>
</tr>
<tr>
<td>United States Virgin Islands</td>
<td>683 294</td>
<td>666 051</td>
<td>397 135</td>
<td>678 962</td>
</tr>
</tbody>
</table>


Given the pivotal role of tourism in the economies of most Caribbean states, the global decline also impacted other macroeconomic fundamentals such as GDP, employment, and the fiscal balance. Considering GDP, tourism’s contribution to the overall economy ranged from a low of 4.5% of GDP for Suriname in 2011, to a high of 74.9% of GDP for Antigua and Barbuda during this period (World Travel and Tourism Council, 2012). Sector employment reflected a similar pattern, with tourism employing 4.1% of the work force in 2011 in Suriname, and 69.8% of the workforce in Antigua and Barbuda in 2011. Table 2 below summarizes the economic contribution of the sector to selected tourist destinations in the region.

Not withstanding this recent sector performance, over the past four decades, the Caribbean has enjoyed consistent and significant growth of its tourism sector (ECLAC, 2010a). In this regard, apart from the recent relatively brief period of contraction, the only other period of negative sector growth occurred just after the terrorist attacks on the United States of America when visitor arrivals declined by 2.6% between 2000 and 2001 (UNWTO, 2004). Still, as a region blessed with year-round warm weather, exquisite scenery and natural amenities, and generally friendly people, the Caribbean has consistently managed to attract up to 3% of the global stay-over visitor market between 1990 to 2005, and remains the dominant market for cruise visitors globally.

In order to achieve this however, the region has invested heavily in the development of its touristic facilities, to the extent that concerns have emerged regarding the impacts of tourism development on the natural resource base of the region, and the capacity of these small island economies to sustain future growth and development of the sector.
### TABLE 2
TOURISM GDP AND EMPLOYMENT FOR SELECTED CARIBBEAN COUNTRIES: 2011

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of tourism in GDP (%)</th>
<th>Share of tourism in total employment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>70.2</td>
<td>71.7</td>
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<tr>
<td>Antigua and Barbuda</td>
<td>74.9</td>
<td>69.8</td>
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<tr>
<td>Aruba</td>
<td>66.6</td>
<td>68.0</td>
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<td>Bahamas</td>
<td>46.2</td>
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<tr>
<td>Barbados</td>
<td>43.5</td>
<td>42.7</td>
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<td>Belize</td>
<td>33.2</td>
<td>30.1</td>
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<tr>
<td>Bermuda</td>
<td>12.2</td>
<td>17.1</td>
</tr>
<tr>
<td>British Virgin Islands</td>
<td>52.3</td>
<td>59.2</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>23.6</td>
<td>25.4</td>
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<td>Cuba</td>
<td>11.4</td>
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<tr>
<td>Dominican Republic</td>
<td>15.9</td>
<td>14.0</td>
</tr>
<tr>
<td>Dominica</td>
<td>31.8</td>
<td>29.3</td>
</tr>
<tr>
<td>Grenada</td>
<td>22.2</td>
<td>20.4</td>
</tr>
<tr>
<td>Guyana</td>
<td>9.2</td>
<td>8.1</td>
</tr>
<tr>
<td>Jamaica</td>
<td>25.6</td>
<td>24.0</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>6.3</td>
<td>5.4</td>
</tr>
<tr>
<td>Netherlands Antilles</td>
<td>34.0</td>
<td>36.9</td>
</tr>
<tr>
<td>St. Kitts and Nevis</td>
<td>28.0</td>
<td>26.4</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>42.5</td>
<td>42.2</td>
</tr>
<tr>
<td>St. Vincent and the Grenadines</td>
<td>25.3</td>
<td>23.0</td>
</tr>
<tr>
<td>Suriname</td>
<td>4.5</td>
<td>4.1</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>7.0</td>
<td>9.3</td>
</tr>
<tr>
<td>United States Virgin Islands</td>
<td>35.0</td>
<td>39.3</td>
</tr>
</tbody>
</table>

III. Threats/challenges to tourism sustainability

According to Neto (2003), the impact of tourism on the natural environment is manifested in two broad ways namely: 1) overuse of natural resources, and 2) damage to eco-systems. Over time, these impacts degrade the stock of natural resources used in the provision of tourism services. Perhaps more importantly however, environmental decay even undermines tourism activities themselves, as deteriorating natural assets become less attractive, or pose serious health and safety threats, thereby impairing visitor experience. Eventually, with destroyed natural amenities, the sustainability of the tourist destination is weakened as a fall in the number of visitors leads to eventual decline.

But sustainability is not challenged purely on the basis of impacts to the natural resource base which supports the tourism sector. Uncontrolled tourism expansion also imposes social and economic stresses on the host destination. Such stresses include rapid and often unsustainable realignment of domestic market prices; increased rate of extraction of resources beyond that which can be sustained by the destination; the generation of wastes and other nuisances; and the creation of social and cultural pressures which lead to changes in local values, norms and ways of life. Further, tourism development often causes congestion and friction among visitors and hosts alike, as competition for the use of space, resources and social services intensifies.

These phenomena became most apparent with the rapid expansion of mass tourism globally from the 1970’s. These challenges have also manifested themselves in the Caribbean, where, with mostly small island states, a high level of natural vulnerability, scarce natural and human
resources, thin domestic markets and a high degree of trade dependence have added to the complexity of the sustainability issue.

So what then are the specific threats to tourism sustainability in the Caribbean? Firstly, the establishment and subsequent expansion of the physical tourism plant generate significant environmental impacts which compromise long term tourism sector sustainability.

Such impacts include the destruction of mangroves, sea-grass beds and other shoreline vegetation during the construction of resorts; the drainage of wetland areas and the destruction of wildlife habitats; and concomitant coastal and lagoon pollution during both the construction and eventual operation of these facilities. And while in the Caribbean, most tourist facilities are located within the coastal zone, delicate inland watershed areas have also been degraded through the removal of vegetation to facilitate construction of inland retreats, roads, and other supporting infrastructure for tourists. The impact of these actions is often exacerbated by erosion which results in excessive siltation of watercourses, beaches, and coral reefs.

Threats to tourism sustainability are not limited to terrestrial areas, but are also evidenced in the marine environment in the Caribbean. In this regard, the region’s coastal waters receive substantial quantities of solid and liquid wastes from a large number of pleasure yachts, and cruise ships which service the subregion’s large sailing and cruising business. This further contributes to the impairment of coastal water quality, and ultimately affects marine life.

Apart from these anthropogenic impacts, the Caribbean suffers a high degree of vulnerability to many natural hazards which also increase the threats to the region’s tourism sustainability. As noted by McElroy (2000), such vulnerabilities include hurricanes and wind storms, which in recent years have affected the Caribbean with greater intensity as a consequence of global climate change; earthquakes and volcanic activity; droughts; and periods of intense rainfall which produce severe flooding events. All of these natural events have occurred in the Caribbean, resulting in loss of life, and substantial economic losses in the form of destroyed property and economic infrastructure. Given the region’s high dependence on tourism, the passage of any natural event typically implies high public costs to replace public structures, as well as visitor facilities. Moreover, the accompanying disruption of travel and communications services also result in high economic losses as tourism businesses may be suspended for extensive periods while the country effects needed repairs and restoration of services. Such losses may be substantial particularly if, given the seasonal nature of the tourism business in the Caribbean, such events occurred just prior to, or during the peak visitor season.

The sustainability of the region’s tourism sector is also circumscribed by the institutional and economic realities of the Caribbean. In this context, McElroy (2000) identifies a number of planning weaknesses as key factors which could render the sector unsustainable in the long run. These include small labor pools with limited human resource; bureaucratic challenges such as multiple public entities with overlapping jurisdictions; kinship ties and multiple conflicts of interests typical of small communities; and weak governance apparatus which do not facilitate transparency and inclusivity.

On top of all of this are to be added the broader macro-economic and global-integration challenges which usually confront small states, such as limited fiscal space, balance of payments difficulties, openness of the economies to global shocks, and an extremely limited natural resource base. These factors are further elaborated in the section on the context of Caribbean sustainability. Before addressing this however, a brief theoretical on approaches to sustainability is explored in the section which follows.

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3 Kambon (2009) presents Environmental Vulnerability Indices for seven Caribbean countries and shows this to range from 1.86 for Guyana to 4.17 for Barbados.
4 Note that in the Caribbean, the peak tourism season runs from December to April, corresponding to the winter season in the Northern Hemisphere. Also the active Atlantic hurricane season runs from June to November, each year. Hence Caribbean countries run a high risk of losing the economic benefits of the peak tourism season if they were to be severely affected by a hurricane in any given year.
IV. Approaches to sustainability

The idea of sustainable development first emerged in the socio-economic and environmental lexicon with the publication of the World Commission on Environment and Development’s (WCED) Bruntland Report in 1987 (Wagner, 1998). Titled “Our Common Future”, this report reflected growing global concerns over the previous two decades about the clear disconnect between mankind’s pursuit of social and economic development, and the need to protect the environment for future generations. It is this report which first articulated the now well known and often cited definition of sustainable development to be the type of development that “… meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987). In this context, the notion of sustainability was deemed to be tenable to the extent that it incorporated at least two core concepts. The first is the idea of meeting the essential needs particularly of the world’s poor, while the second is the setting of limits in the use of technology and social organization, with a view towards guaranteeing the well-being of future generations. Additionally, Hirano (2008) describes the process of forging national sustainable development strategies as one that is participatory, coordinated and iterative, and involves balancing thoughts and actions in a manner that achieves economic, social and environmental objectives both at national and local levels.

Notwithstanding the extensive discussions and debate which followed its publication, the Bruntland Report is regarded as a key impetus to raising global awareness on the link between economic and

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environmental sustainability, and paved the way for the forging of Agenda 21 – the internationally agreed strategy for sustainable economic development negotiated at the Earth Summit in Rio de Janeiro, Brazil in 1992. Although Agenda 21 did not specifically address the tourism sector, the far reaching implications of this summit, along with the heavy reliance of a rapidly expanding sector on natural and cultural resources, prompted action from global tourism and environmental interest groups\(^6\) to elaborate a special “Agenda 21 for the Travel and Tourism Industry” in 1996.

Over time, the concept of sustainability has also been subjected to scrutiny by the academic community, and several elements pertinent to the application of sustainability to economic development have since emerged from this discourse. These include the need for mechanisms to internalize environmental externality costs in order to optimize, and therefore sustain the use of natural resources; the recognition of ecological or quasi-option values in economic accounting; the setting of safe minimum standards for guaranteeing future resource availability under conditions of environmental uncertainty; and the fixing of appropriate inter-temporal discount factors for costing of future natural resource values. Each of these elements is discussed below.

A. Internalizing natural resource externality costs

Economic agents, acting in the roles of either consumers or producers, do not always bear the full costs, or consume the full benefits of pursuing economic activities. This is because certain actions in the processes of production or consumption generate unintended external or indirect effects on other producers and/or consumers. Such effects are known as externalities (Sankar, 2006).

Externalities may be positive, such as when benefits accrue to society as a whole, from a private enterprise’s production activities. An example of this is where a new technology developed for solving a firm’s specific manufacturing problem, is applied to other situations which yield benefits to the wider society. Negative externalities on the other hand, are those effects which impose costs in the form of burdens on other producers and/or consumers. For instance, the discharge of untreated effluents into a river leads to pollution, and consumers then face costs in the form of health expenditure or in the cost of water purification. Within the domain of environmental management, pollution is a common negative externality.

Because of the array of unintended benefits and costs generated in private consumption/production, externalities are important in influencing public policy since they lead to differences between social and private costs and/or benefits. This divergence between private and social costs/benefits leads to inefficient resource allocation, which has important implications for sustainable resource use. In the particular case of the tourism sector, a resort developer may choose to drain a coastal wetland on privately owned land in order to establish a golf course. As a privately owned enterprise, this golf course may yield private benefits to the developer in the form of normal profits. However, the draining of the wetland may destroy nursery habitats for fish species which are harvested to sustain livelihoods in the surrounding communities. While this social cost would be borne by the local community, it is not internalized by the private developer and therefore is not a disincentive to limit development impacts on the coastal wetland. These externality scenarios are quite common in human engagement with natural resources, and partly explain the tendency to abuse them, thereby leading to unsustainable impacts over time. Hence the sustainable use of natural resources in the Caribbean tourism sector would require a policy framework which allows economic agents to better internalize the externality costs of operation. Such mechanisms could include aspects such as environmental taxes, licenses, performance bonds, and the crafting of strong environmental governance and related regulatory mechanisms.

\(^6\) These groups include the World Travel and Tourism Council (WTTC) – an organization comprised of chief executives from all sectors of the tourism industry; the United Nations Word Tourism Organization (UNWTO); and the Earth Council – an international non-governmental organization created to promote and advance the implementation of the Earth Summit Agreements (Wagner, 1998).
B. Quasi-option values

Quasi-option values are identified as social benefits attendant upon a decision where there is uncertainty about the outcomes of particular choices, and where at least one choice could involve an irreversible outcome (Freeman, 1993). This concept is particularly relevant to sustainable resource policy in small-island developing states (SIDS), since islands typically possess extremely limited natural resource bases. According to Freeman (1993), application of the notion of quasi-option values in natural resource policy would lead to “relatively less irreversible development, and relatively more preservation of natural environments”. This is because, the approach provides for the opportunity to first garner impact information through at least a little development before engaging a more elaborate and extensive development enterprise. Essentially, the approach calls for the adoption of better decision making procedures in respect of the use of the natural resource base. The development experience in the tourism sector in the Caribbean to date suggests that there is merit in considering this concept for the future sustainability of the sector.

C. Safe minimum standards

Uncertainty is also the driver for resource use decisions framed by the consideration of a safe minimum standard. A safe minimum standard is a predetermined threshold below which the flow of eco-system services is not allowed to fall (Margolis and Nævdal, 2004). While quasi-option values are identified as benefits which may or may not be obtained contingent upon certain resource use decisions, the safe minimum standard is established as a hedge against such uncertainty. Natural resource use conditions which are informed by safe minimum standards may include a minimum physical size for the habitat of a wildlife population in order to prevent the possibility of extinction; or minimum discharge levels of pollutants into a water body. Although safe minimum standards have so far found limited application in the regulatory framework for management of the environment in the Caribbean, there is still room for greater application in order to improve the prospects for sustainability in the region’s tourism sector.

D. Inter-temporal discount factors

An inter-temporal discounting factor is a measure of the relative value a society places on having the benefits of a resource over a long period of time, compared to the present. High discount rates\(^7\) (a measure approaching 0.05 and 0.1)\(^8\) indicate a high time preference for consumption. Such a society values current consumption more highly compared to future consumption. Low discount rates (approaching zero) indicate a society’s willingness to forego current consumption now in order to secure resources for consumption in the future. Hence, in the Caribbean situation where the tourism sector is the main economic driver, sustainable tourism policy-making has to balance between maximizing current sector returns in order to support fiscal and social development objectives, while at the same time conserving the natural resource base so as to generate economic benefits into perpetuity.

All of the above factors are relevant to the forging of sustainable development policy, and will be assessed for application in the contemporary policy context of the Caribbean.

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\(^7\) Discount rates are used as interest rates. A discount rate of 1 indicates a high time preference for consumption. Such society values current consumption more highly compared to future consumption. Low discount rates (approaching zero) indicate a society’s willingness to forego current consumption now in order to secure resources for consumption in the future.

\(^8\) Philibert (1999) regarded a discount rate of 5% (0.05) and 10% (0.10) to be a standard high discount rate when applied to the economic analysis of medium to long term economic problems.
V. The question of sustainability in the Caribbean context

Although discussions on sustainability typically revolve around matters of the natural environment, the question of tourism sustainability cannot be limited to this issue in the broader context of sustainable economic development of the Caribbean. This is the case for several reasons. Firstly, as SIDS, these countries possess extremely limited natural and human resource bases for pursuing economic development. One such strategic resource is energy, for which the Caribbean, barring Trinidad and Tobago, is a net importer, and is regarded as being generally energy insecure. This factor also has significant influence on the macroeconomic options for generating and sustaining economic growth in the region. Secondly, smallness confers a high degree of reliance on trade, thus making these economies quite open to international economic shocks. These two factors imply that the Caribbean in general has limited control over the levers of its development. Finally the Caribbean is located in a zone of high vulnerability to natural hazards, which pose a continuous threat to economic and social gains. Each of these factors is further elaborated below.
A. The broader macroeconomy

In spite of the positive performance of the Caribbean tourism sector since the 1970s, economic growth has been relatively weak, with the region showing average growth rates of 5% during the period 1970 – 1990. Since that time, growth rates have been declining, with average rates approximating 3.5% from 2001 to 2008 (ECLAC, 2009). The growth experience is actually somewhat more stark when selected countries are considered. As noted by Alleyne (2009) for instance, the Caribbean region with the exception of Cuba, the Dominican Republic and Haiti achieved average per capita growth rates of just 0.86% for the period 1979 – 1989; 0.93% for 1990 – 1999; and 2.81% for 2000 – 2011. Table 3 shows estimated GDP growth rates for selected Caribbean economies for the period 2008 – 2011.

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
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</tr>
<tr>
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<td>1.0</td>
<td>-6.6</td>
<td>0.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Guyana</td>
<td>2.0</td>
<td>3.3</td>
<td>4.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Haiti</td>
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<td>2.9</td>
<td>-5.4</td>
<td>5.6</td>
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<tr>
<td>Jamaica</td>
<td>-0.8</td>
<td>-3.5</td>
<td>-1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Montserrat</td>
<td>3.3</td>
<td>0.4</td>
<td>-3.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Saint Kitts and Nevis</td>
<td>4.7</td>
<td>-6.9</td>
<td>-2.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>5.3</td>
<td>0.1</td>
<td>0.4</td>
<td>1.3</td>
</tr>
<tr>
<td>St Vincent and the Grenadines</td>
<td>1.4</td>
<td>-2.2</td>
<td>-2.8</td>
<td>0.1</td>
</tr>
<tr>
<td>Suriname</td>
<td>4.1</td>
<td>3.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>2.3</td>
<td>-3.0</td>
<td>0.0</td>
<td>-1.4</td>
</tr>
</tbody>
</table>


This low growth trend reflects the results of macro economic policy, as well as the impact of global shocks on Caribbean economies since the 1960’s. In the case of economic policy, import substitution strategies were adopted by many Caribbean countries in the early 1970’s, with the intention of stimulating a domestic industrial sector based on surplus labour. This strategy was expected to move regional economies away from a monoculture agricultural economy highly dependent on preferential markets. The policy was however largely unsuccessful, and under the weight of the energy oil shock of the 1970’s, structural adjustment demands in the 1980’s, and trade liberalization and globalization in the 1990’s, most Caribbean economies encountered major structural challenges by the end of the decade of the 1990’s. These challenges are manifested today in the form of trade deficits and balance of payment constraints, large fiscal deficits, and extraordinary public debt.

Considering the balance of payments, with the exception of Trinidad and Tobago and Suriname, all Caribbean economies maintained trade deficits for most of the 2000 decade. These ranged from 12.9% of GDP for the Bahamas during the 2004-2006 period, to a high of 82.8% of GDP for Anguilla in 2008. Trade deficits were also generally higher for the smaller economies of the Eastern Caribbean Currency Union (ECCU), compared to the relatively larger economies. Moreover, this deficit shows a decidedly increasing trend for all economies during the period, and along with a similar pattern for the current account balance, reflects the increasing challenges faced by Caribbean economies to integrate...
with the global trading mechanism. Trade and current account balances for selected countries are shown in Table 4 below.

### TABLE 4

**TRADE AND CURRENT ACCOUNT BALANCE – SELECTED CARIBBEAN COUNTRIES, 2004-2008**

(Percentage of GDP)

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade balance</th>
<th>Current account balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004-2006&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2007</td>
</tr>
<tr>
<td>MDCs*</td>
<td>-12.9</td>
<td>-14.3</td>
</tr>
<tr>
<td>Bahamas</td>
<td>-25.2</td>
<td>-28.7</td>
</tr>
<tr>
<td>Barbados</td>
<td>-33.8</td>
<td>-30.7</td>
</tr>
<tr>
<td>Belize</td>
<td>-17.4</td>
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<tr>
<td>Guyana</td>
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<tr>
<td>Jamaica</td>
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<td>-29.8</td>
</tr>
<tr>
<td>Suriname</td>
<td>6.3</td>
<td>13.7</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>25.2</td>
<td>26.2</td>
</tr>
</tbody>
</table>

**ECCU*<sup>a</sup>**

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade balance</th>
<th>Current account balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>-68.7</td>
<td>-77.0</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>-48.6</td>
<td>-53.2</td>
</tr>
<tr>
<td>Dominica</td>
<td>-32.9</td>
<td>-39.9</td>
</tr>
<tr>
<td>Grenada</td>
<td>-44.4</td>
<td>-48.9</td>
</tr>
<tr>
<td>Montserrat</td>
<td>-55.1</td>
<td>-50.8</td>
</tr>
<tr>
<td>Saint Kitts and Nevis</td>
<td>-30.2</td>
<td>-37.1</td>
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<tr>
<td>Saint Lucia</td>
<td>-41.3</td>
<td>-48.7</td>
</tr>
<tr>
<td>Saint Vincent and the</td>
<td>-39.0</td>
<td>-43.2</td>
</tr>
<tr>
<td>Grenadines</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ECLAC on the basis of official data.

*<sup>a</sup> Annual average.

<sup>b</sup> Simple average.

In the case of fiscal balances, for the period 2009 – 2011, the level of fiscal deficits ranged from 11.4% of GDP for Jamaica to 0.2% for Suriname. Possibly the most striking of these macro-economic challenges however, relates to what is regarded as the unsustainable public debt of most Caribbean economies. For example, in 2011, non-financial public sector debt ranged from a low of 24.2% of GDP for Suriname, to a high of 141.1% of GDP for Saint Kitts and Nevis. Significantly, overall public debt for the Caribbean has increased dramatically since 2008, ranging between 19% for Trinidad and Tobago, and 118.5% of GDP for Jamaica, in 2011. The regional average was also estimated at 77.7% of GDP in 2012 (ECLAC, 2012b). Table 5 summarizes fiscal balances as well as public debt for selected Caribbean countries for the period 2009 - 2011.
TABLE 5  
FISCAL BALANCE AND PUBLIC DEBT, 2009-2011
(Percentage of GDP)

<table>
<thead>
<tr>
<th>Country</th>
<th>Fiscal balance</th>
<th>Public debt 2011</th>
<th>Non-Financial Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>MDCs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bahamas</td>
<td>-3.2</td>
<td>-3.8</td>
<td>-2.6</td>
</tr>
<tr>
<td>Barbados</td>
<td>-8.3</td>
<td>-7.8</td>
<td>-5.2</td>
</tr>
<tr>
<td>Belize</td>
<td>-2.8</td>
<td>-1.6</td>
<td>-0.3</td>
</tr>
<tr>
<td>Guyana</td>
<td>-3.7</td>
<td>-2.9</td>
<td>-3.1</td>
</tr>
<tr>
<td>Jamaica</td>
<td>-11.4</td>
<td>-6.4</td>
<td>-5.9</td>
</tr>
<tr>
<td>Suriname</td>
<td>3.7</td>
<td>-5.2</td>
<td>-0.2</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>-6.0</td>
<td>-0.2</td>
<td>-2.8</td>
</tr>
<tr>
<td>ECCU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anguilla</td>
<td>-8.5</td>
<td>-4.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>-10.9</td>
<td>-1.2</td>
<td>-5.3</td>
</tr>
<tr>
<td>Dominica</td>
<td>-2.1</td>
<td>1.3</td>
<td>-9.8</td>
</tr>
<tr>
<td>Grenada</td>
<td>-4.9</td>
<td>-1.7</td>
<td>-3.0</td>
</tr>
<tr>
<td>Montserrat</td>
<td>3.7</td>
<td>1.7</td>
<td>13.2</td>
</tr>
<tr>
<td>Saint Kitts and Nevis</td>
<td>-0.6</td>
<td>-4.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>-2.1</td>
<td>-0.6</td>
<td>-6.0</td>
</tr>
<tr>
<td>Saint Vincent and the Grenadines</td>
<td>-2.7</td>
<td>-3.7</td>
<td>-3.6</td>
</tr>
</tbody>
</table>

Source: ECLAC on the basis of official data.

* Annual average.

B. Vulnerability and natural hazards

As pointed out above, the Caribbean is also vulnerable to many natural hazards. According to Kambon (2009), underlying the notion of vulnerability are the concepts of susceptibility and resilience, which provide a sense of a location’s capacity to withstand and respond to disasters. In this regard, the vulnerability of the Caribbean region is related to its generally small resource base, weak institutions and low level of technical and human resource capacity to treat with the passage of natural events. Given such level of vulnerability, natural events often cause significant economic, social and environmental impacts.

Economic impacts result largely from damage to public infrastructure and capital assets, as well as loss of economic stocks, which in turn disrupt economic activity. At the same time, social impacts include loss of life, injury and ill health, the destruction of homes, and the general disruption of community life. Environmental damage includes the loss of natural capital such as forest cover, destruction of shoreline protection such as reefs and mangroves, the triggering of landslides and mudslides which may alter the physical terrain, and the destruction of habitats.

Although recent evaluations of the impact of natural disasters for the Caribbean region as a whole are unavailable, several assessments of particular events in specific countries offer insights on the potential of natural hazards to undermine sustainability in the Caribbean. Crowards (2000) cites a 1997 study by Pulwarty and Reibsame which notes that between 1960 and 1989, hurricanes in the greater

* This includes business inventory, and inputs for production.
Caribbean resulted in the loss of 28,000 lives, and generated property losses of roughly $US16 billion dollars. Some 6 million persons were also affected by these storms during the period. In a more recent assessment by Kambon (2009), the impact of hurricanes on four countries over the period 1980 – 2004 was estimated to be $US5.6 billion, with 8,033 deaths and 5.8 million persons affected. Rasmussen (2004), in offering a more general evaluation of the macro-economic implications for natural disasters identifies the following broad impacts:

- An immediate contraction in economic output;
- A worsening of external balances;
- A deterioration of fiscal balances; and
- An increase in poverty

All of these factors point to the implications of natural disasters on the economic sustainability of Caribbean countries.

C. Energy insecurity

With the exception of Trinidad and Tobago, Cuba and Suriname, the greater Caribbean is a net importer of energy. Such high dependence on energy imports makes the region extremely vulnerable to global energy shocks such as significant increases in global oil and gas prices or disruption of international supplies due to political instability in source countries. Supply disruptions may also occur with the passage of natural events such as hurricanes which may damage domestic energy distribution infrastructure such as ports, fuel storage systems and power plants. Energy availability is also influenced by costs, since many Caribbean countries spend a significant share (17.4%) of their GDP on energy imports (Whyte, 2008). Hence changes in global energy prices hold the potential to significantly undermine the fiscal and balance of payments position of many Caribbean countries. Given the critical role of energy in all economic activity, this overall situation makes for a generally energy insecure region which contributes to the sustainability challenges of the tourism sector in the region.

D. Socio-cultural underpinnings

The question of sustainability of Caribbean tourism is further brought into focus with the emergence of socio-cultural challenges to the future development of tourism. These challenges include growing conflicts between visitors, tourism sector investors and the host population as competition increases for the use of the natural resource base to support divergent economic interests. Further challenges are also apparent with evolving changes to norms, values, and lifestyles of host communities.

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10 This assessment was for the Cayman Islands, Grenada, Jamaica and Haiti.
VI. Assessment of the policy response

Given the challenges to tourism sustainability outlined above, this section examines the policy response of the Caribbean. Firstly, an assessment of the response of the region as a whole is discussed, after which the responses for three case countries are elaborated.

A. Regional policy response

Having recognized the prevailing threats to tourism sustainability, one of the major region-wide response initiatives was articulated by the Caribbean Tourism Organization (CTO) in 2000. As part of its Regional Sustainable Tourism Programme, the CTO secured funding from the United States Agency for International Development (USAID) to prepare a Regional Sustainable Tourism Policy Framework. At that time, several other regional policy formulation initiatives were underway, and part of the CTO’s policy formulation process involved efforts to achieve regional consensus in the crafting of the policy.

Subsequent to a regional round table in early 2000, the main objectives of a comprehensive regional sustainable tourism policy were identified as follows:

- Improving planning and management;

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¹¹ This report was prepared by Pauline McHardy for the Caribbean Tourism Organization.
- Maintaining and developing a high standard of environmental quality;
- Addressing socio-cultural and economic issues;
- Encouraging the conservation and sustainable use of natural and cultural resources by tourism enterprises;
- Intensity training and in-service education for a more sustainable approach to tourism;
- Involving local communities and other stakeholders.

Considering planning and management, the CTO framework identified the need for an integrated approach which incorporated physical, socio-economic and institutional elements as part of the basis for achieving sustainable development of the sector. Additional specific elements included the setup of integrated coastal zone plans; the integration of tourism development into overall improvement and upgrade of the destinations; identification of acceptable change limits; the strengthening of linkages between tourism and environmental management, and the securing of adequate funding for programme implementation and development financing of hotels.

With respect to the development of high environmental quality standards, the policy framework called for improved management of existing parks and protected areas, and accelerated establishment of new ones; improved management of forest reserves and forest resources; protection of sensitive and threatened terrestrial and marine life; stopping the use of destructive fishing methods; securing public access to near shore waters, as well as safeguarding visual access through the enforcement of building codes; improvements in the management of sewerage and solid wastes; and the provision of adequate safe water to meet the needs of both residents and visitors.

In terms of socio-cultural and economic issues, strategies to reduce direct and indirect leakage from tourism generated spending were identified as a priority for policy. Other related elements included the promotion of community and heritage tourism as avenues to locals to better benefit from developments in the sector; and the development and promotion of local craft for use in the tourism industry. The conservation and sustainable use of natural and cultural resources were also highlighted as key policy objectives within CTO framework.

Towards this end, the need for mandatory environmental impact assessments as a precondition for all new tourism developments was recognized. Several additional policy requirements were also proposed including:

- The promotion of a sustainable approach to site planning and building design;
- Improvement in energy management in regional tourism facilities;
- Improvement of liquid, solid and hazardous waste management;
- Air pollution control;
- Voluntary environmental rating and certification;
- Safeguard of the marine environment and reduction of marine pollution;
- Regulation of water sport activities;
- Voluntary certification of beaches and marinas and;
- Preservation of cultural integrity.

Education and training were also highlighted as critical sustainability pre-requisites by the CTO. In this regard, the policy framework promotes greater attention to environmental matters in education; greater overall care for the environment; the mounting of training programmes on sustainability issues for tourism industry professionals; and the maintenance of public health facilities and systems.
Additionally, strategies to promote community management of natural assets as well as further research on regional environmental matters were also identified.

Strategic elements to involve local communities and other stakeholders in the planning and development of tourism projects were the final broad elements identified under the CTO policy framework. These included the development of joint agendas with local communities and stakeholders; strategies to tap into prevailing civic pride; the development of visitor facilities in local communities; the involvement of local people in tourism initiatives; and the ongoing evaluation of social and cultural dimensions of all tourism development projects.

The following case studies reflect aspects of this broad policy framework, as well as specific policies which reflect national conditionalities. Each of these is further discussed below.

1. **Case study – Saint Lucia**

Saint Lucia is one of the more recently emerged tourism destinations in the Caribbean. While significant visits to the island first began in the 1960’s, the sector has shown consistent growth over the past three decades, and replaced agriculture as Saint Lucia’s main economic driver by the mid-1990s. Since that time tourism growth was affected by two events, these being the terrorist attacks on the United States of America in 2001, and the more recent global economic crisis in 2009. Still, tourism remains pivotal to Saint Lucia’s economy, with the island receiving some 278,491 stay-over visitors in 2009 (CTO, 2010). This represented a slight decline of 5.8% from 2008 figures. Available figures for 2010 however suggest evidence of a recovery with 264,648 stay-over arrivals as at October 2010, this representing a 15.4% increase of year on year figures from October, 2009. Saint Lucia has also developed as an important cruise destination in the southern Caribbean, having received 699,306 cruise visitors in 2009. Reflecting the impact of the global crisis, this amounted to a 12.8% fall in cruise visitors from 2008 (CTO, 2009).

This level of visitorship translates into significant impacts of the tourism sector on the economy of Saint Lucia. For instance, the sector contributed 37.4% to national GDP, and 37.1% to national employment over the fiscal period 2008/2009. Moreover, the sector earnings were estimated at US$296 million in 2007 (UNWTO, 2008).

At the same time, the positive growth of the country’s tourism sector has generated significant effects on the natural resource base, thus prompting the need for policy interventions to ensure the sustainability of the sector. Among the main problems noted are solid waste management, urban waste water, industrial pollution, and agricultural run-off (World Bank, 2004).

By way of policy framework, the early evolution of policy for tourism development in Saint Lucia appeared to have been driven mainly by economic considerations such as earnings generation and job creation, rather than sustainability (Clauzel, 2001). Policy was articulated either as legislative instruments, or economic incentives. Among the first of such policy proposals was the Hotel Aids Ordinance Act which was proclaimed in 1959. This legislation provided income tax holidays and duty-free concessions on materials and equipment required for the construction of hotels and guest houses. However this provision was only invoked briefly in the early 1970’s, during a short-lived building boom, and by 1977, further incentive measures were articulated in a new Saint Lucia National Plan, which promoted the development of smaller hotels and guest houses in the north of the island.

Subsequently, in 1991, a more direct policy – the Tourism Incentives Act was approved. This act was intended to encourage further development and expansion of the tourism industry through income tax relief for investors. Relief in the form of duty free concessions and tax holidays was to be offered for a period of 15 years, for hotels with six rooms or more, restaurants with capital stock exceeding EC$50,000, and wider areas such as tour guiding, taxi operations, vendors and other service providers (Jules, 2005). This act was reviewed and updated in 1996.

In 2003, additional policy prescriptions were outlined in a Draft National Tourism Policy, in which the tourism sector was accorded strategic economic development status, thereby granting the sector priority in the allocation of financial, technical and physical resources.
In spite of all of these provisions, a national plan which articulates a sustainable development strategy has to date not been articulated for Saint Lucia. As noted by the Ministry of Planning (2009), efforts were initiated towards this end, through the mounting of a project titled “Integrated Planning for Sustainable National Development” in 2003. This was however not completed due to a lack of financial, human and technical resources. Not withstanding this, the Government of Saint Lucia has shown awareness and commitment towards the attainment of sustainable development objectives through the crafting of its Medium Term Economic Strategy Paper in 2002, as well as in several annual pronouncements such as the budget speech, and annual estimates of expenditure. Also, there has emerged a very proactive regime of non-governmental and civil society organizations which are playing an important role in raising awareness and advocating for the adoption of sustainable strategies in the overall national development process. Finally, Saint Lucia is a signatory to the St. Georges Declaration of Principles for Environmental Sustainability in the OECS. This framework commits Saint Lucia, along with other countries of the Organization of Eastern Caribbean States (OECS) to adopt strategies which will ensure the long-term sustainability of its development initiatives. Ultimately all of these initiatives hold the prospect of informing and influencing the future sustainable development prospects of the tourism sector in Saint Lucia.

2. Case study – Barbados

Barbados is one of the Caribbean’s most mature tourist destinations. It offers a relatively high valued diverse tourism product, based on the classic tropical resort elements of sun, sea and sand. Compared to Saint Lucia, the tourism sector began to evolve somewhat earlier in the mid-1950s with the island’s earliest tourists traveling mainly from the United Kingdom and the United States of America. Over the past four decades, the sector has grown dramatically, and by the mid-1980’s, emerged as the dominant sector in the Barbados economy.

In terms of sector performance, Barbados received 518,564 stop-over visitors in 2009, a figure which was 8.7% lower than in 2008 (CTO, 2010) and which reflected the impact of the global economic crisis during this period. The sluggishness in arrivals was maintained in 2010, with only 434,316 stopover tourists having visited by October 2010. This figure however provided evidence of a bottoming-out of the decline as it represented a 3.8% increase over the period, October, 2008 to October, 2009.

Like Saint Lucia, Barbados also draws a substantially higher number of cruisers compared to stopover visitors. In 2009 for instance, cruise-ships delivered some 635,746 passengers to Barbados ports, this being roughly 6.4% higher than 2008 figures (CTO, 2010). Cruise arrivals for January – October 2010 were 463,180, a mere 1.5% less than that of the preceding year.

Overall, the Barbados economy is more dependent on the tourism sector relative to Saint Lucia, with the sector’s contribution to GDP amounting to 39% in 2008/2009 (ECLAC, 2010a). At the same time it contributed 43.7% to overall employment (ECLAC, 2010a), and in terms of earnings, generated US$ 967 million in international receipts in 2006 (UNWTO, 2008). Not surprisingly, the impact of the tourism sector on the natural environment is substantial, warranting the application of policy prescriptions in order to guarantee the long term sustainability of the sector.

With respect to policy framework, Barbados has a very rich institutional legacy, and has shown international leadership in the matter of sustainable development. In 1994, the country hosted the global Conference on Sustainable Development for Small Island Developing States (SIDS), from which emerged the now renowned Barbados Programme of Action (BPOA) for the development of SIDS. This global experience formed the basis for national action on sustainable development with the appointment of a multi-disciplinary National Commission on Sustainable Development in 1997. This commission, comprising members of both government and civil society, was tasked with the mandate of developing a National Sustainable Development Policy (NSDP) which would serve as a guide to sustainable decision-making at all levels of national life. In this regard, the underlying philosophy of the policy was deemed to be a development approach which optimized the quality of life for present and future generations of
Barbados, while at the same time ensuring that economic and social development did not undermine the country’s ecological capital. The policy identified the following specific objectives:

- To formulate (or provide) a national definition of sustainable development and identify national principles for the pursuit of sustainable development;
- To provide a national framework for decision-making based on principles of sustainable development;
- To promote principles of sustainable development and encourage all persons in Barbados to adopt and apply these principles in every aspect of decision-making and;
- To sensitize and educate all persons in Barbados about key issues and conflicts between development and environment and the need to make wise consumption and production choices.

The strategy to support the above objectives included the following:

- Ensuring that quality of life is advocated as the overarching development goal in which economic, social, cultural and personal factors along with income earnings are key elements;
- Taking bio-physical limits to growth into consideration when making resource use decisions;
- That all sectors of society as well as future generations have equitable opportunity to ensure that their quality of life is maintained;
- That all major stakeholders in civil society are involved in the decision-making process at all levels of development.

Quite apart from the NSDP, another broader sustainable development policy framework with specific focus on tourism was the Tourism Development Act. This Act was proclaimed in August 2002, and seeks to promote industry-wide development of high quality products and services by supporting tourism operators through customs duty and income tax concessions.

More recently, the approach to sustainable development was reiterated with the crafting of Barbados’ Medium Term Development Strategy: 2010-2014, in which the government outlined its development mantra to be “Recovery, Adjustment and Sustainable Development” (Ministry of Economic Affairs, 2010). Within this framework, the government aims to enhance the tourism product in a sustainable manner by “optimal use of human resources and services, and through the conservation and managed use of …cultural, built and natural heritage”. Under this initiative, one of the key strategic elements is the development of a Tourism Master Plan, which will be used to guide the sustainable development of the tourism sector. Preliminary steps towards the elaboration of this plan were taken in 2010 with the publication of a White Paper for the Development of Tourism in Barbados. It is expected that upon completion of an extensive process of national consultations and review, this document will be advanced through the national legislative process to inform the finalization of the Tourism Master Plan. Eventually this master plan is expected to become a part of the national sustainable tourism development policy framework.

3. Case study – Antigua and Barbuda

Although over the past decade the Caribbean has sought to reposition itself from the mass tourism profile of ‘sun, sea and sand’, Antigua and Barbuda has consistently promoted itself as a beach destination, catering to high quality visitation. The sector has been built around two key pillars, these being beaches and local congeniality (Ministry of Tourism, 2004). The tourism product has been further enhanced by an appeal to the islands’ cultural elements such as performing arts, crafts, cuisine, dress and speech, as well as its built heritage and prehistoric sites. Among these are to be found remnants of ancient Amerindian settlements, colonial fortifications, sugar estates and related agricultural processes. Antigua and Barbuda has also been unique in the Caribbean by its deliberate policy to develop the yachting and marine water sports sub-sector as an integral part of its overall tourism product.
From a fledging sector in the 1970s, tourism grew at a rate of over 3% per annum during the 1980s, and only began to experience decline during the early to mid-1990s. Like the rest of the Caribbean, Antigua and Barbuda’s tourism sector was impacted both by the terrorist attacks on the United States of America in 2001, as well as the global economic decline of 2008/2009. According to CTO figures, Antigua and Barbuda received 234,410 stay over visitors in 2009, a figure which represents an 11.8% drop from arrival figures in 2008. Available data for up to June 2010, show stay over arrivals amounting to 124, 518, which is 1.4% less than stay over arrivals for the same period in 2009.

With respect to cruise passengers, Antigua and Barbuda also received the largest among the three case study destinations, with 712,792 visitors in 2009, an increase of 22.7% from the previous year.

A comparison of half yearly figures for 2009 and 2010 however, suggests a reversal of this trend with only 358,356 cruise passengers having arrived as at June, 2010, compared to 436,025 cruisers for the same period in 2009. This overall pattern reflects the downward pressures exerted on the international travel industry by the global economic crisis between 2008 and early 2010.

Tourism is an even greater contributor to the economy of Antigua and Barbuda compared to Saint Lucia and Barbados, with GDP shares for the sector estimated at 73.5% for 2008/2009 (ECLAC, 2010a). The sector also provided the largest share of employment, hiring 80.6% of the workforce during the same period (ECLAC, 2010a). In terms of tourism receipts, the sector also earned US$ 338 million in 2007, which was a 3.4% increase in earnings over the previous year. Needless to say, such dominance of the tourism sector has also generated social and environmental impacts, and the Government of Antigua and Barbuda has proposed several policies to mitigate impacts, and to secure the future sustainability of the tourism sector. Some of these policies are summarized below.

Given the dominance of the tourism sector in Antigua and Barbuda, the policy framework for economic activity largely reflects this reality and is detailed under the Fiscal Incentives Act which was passed into law in 1975. This act provides a regime of incentives to all investors, including tourism investors, and includes duty-free imports, tax holidays and exemptions from local taxes and levies. With the growth of the tourism sector, possibly the most comprehensive policy framework for the sector is the “Tourism Strategic Policy and Plan (2005 – 2009)” which was finalized for implementation in 2004. This plan was intended to arrest the apparent decline in the tourism sector since the mid-1990’s, and presented a number of provisions for enhancing its long term sustainability. This plan identified 13 specific strategic initiatives which are summarized as follows (Ministry of Tourism, 2004):

- Tourism Management, Planning and Research;
- Tourism Product Development;
- Communication, Public Education and Awareness;
- Safety and Hygiene;
- Barbuda Tourism Development;
- Access;
- Marketing and Promotion;
- Human Resource Development;
- Natural Resources, Heritage and Culture;
- Yachting Tourism Development;
- Cruise Tourism Development;
- Investment Planning and Promotion;
- Tourism in Communities.
This policy also outlines the broad goal of promoting environmental sustainability, preserving and restoring heritage sites, and advancing cultural protection, as an approach to the management of the tourism sector. Among the specific objectives identified under this goal were the following\(^\text{12}\):

- Promote the understanding of history and value of culture to nationals, residents and visitors;
- Lobby for new policies concerning land purchases and land use;
- Promote the sustainable use of natural resources and heritage sites through the preservation and conservation of these natural assets;
- Monitor and minimize the potential adverse impacts of tourism on the environment and national culture;
- Increase opportunities for small business/enterprise participation in the management and maintenance of natural resources and the provision of services at public sites.

Finally, Antigua and Barbuda, like Saint Lucia is a signatory to the *St. Georges Declaration of Principles for Environmental Sustainability in the OECS*, and therefore shares the same strategies, obligations and commitments to long-run sustainability of all its development initiatives, including the tourism sector.

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\(^{12}\) See strategic framework for Natural Resources, Heritage and Culture in the Tourism Strategic Policy and Plan.
VII. Elements for future sustainable policy response framework

Although the case studies elaborated above provide a broad policy framework for advancing sustainable development of the tourism sector in the Caribbean, the following specific areas are identified as key requirements for further enhancement:

A. Improved institutional framework for environmental governance

An effective framework for environmental governance provides the opportunity for all economic agents to earn rewards from the use of environmental resources, while paying their true environmental cost. In the case of the tourism sector, such agents include visitors, host communities, tourism sector investors, sector employees and state agencies. Within the Caribbean, environmental governance is advocated through the establishment of environmental departments, which typically play a regulatory function in the setting of environmental regulations. This framework is however weak since it gives little room for the participation of myriad sector interests, particularly with respect to tourism development decisions which have high environmental impact on the national community. In order to address this deficiency, some Caribbean countries have proposed the establishment of national sustainable development committees. This notwithstanding, the overall mechanism for environmental governance in the region remains weak, and would require considerable improvement in order to support a sustainable development strategy in the medium to long term.
B. Mechanisms to better incorporate environmental externalities

Related to the above, is the lack of an appropriate fiscal regime which allows countries to better account for environmental externalities which may arise in the conduct of tourism activities. For instance, only a few countries in the region have implemented environmental or ‘green taxes’, or other fiscal incentives for the protection of the environment. Possibly the most widely known environmental taxes in the region are the Barbados environmental levy applied as a tipping fee for disposal of solid wastes in land fills, the Waste Levy for a similar purpose in Jamaica, and the Green Tax imposed on the corporate sector in Trinidad and Tobago. Yet, and in the particular case of Trinidad and Tobago, weak institutional and legislative infrastructure has stymied the mobilization of the green fund towards the intended environmental remediation of areas degraded by development activities. After more than 10 years, less than 0.1% of this accumulated fund has been disbursed (Kenny, 2010).

By way of incentives, tax relief was also provided by Barbados to facilitate the development and application of solar technologies for hot water in both commercial and residential buildings.

The region has also implemented, or sought to implement deposit/refund schemes for minimizing the impact of disposal of beverage containers on the natural environment. This was achieved in Barbados, and Jamaica, while it has received protracted delays in the legislative process in Trinidad and Tobago (Huber and others, 1998). In general however, the implementation of a regime of full cost pricing and market based instruments to account for externality costs in the use of natural resources has not found widespread application in the Caribbean. This is a critical requirement for achieving sustainable development in the region.

C. Strategies to strengthen ancillary sectors and reduce linkages

Given the dominance of the tourism sector in Caribbean economies, as well as growing global competition for international visitors, the economic sustainability of the tourism sector will depend on the capacity of the region to forge stronger linkages with ancillary economic sectors. These include the agriculture, food and beverage sectors, creative sectors including handicraft and performing arts, information and communications technology sectors and maritime services. Improved linkages will enable the region to extract a greater return on public sector investments in tourism, thereby providing greater fiscal space for future investments for long term development.

D. Public awareness and education on sustainability

Finally, sustainable development policy is best implemented in a society which is well aware and informed of the requirements and implications for sustainable development. Hence policy prescriptions should be buttressed by activities to build public awareness of the intents of sustainable policy among the widest range of stakeholders, as well as to identify the roles and responsibilities of various stakeholders in attaining policy goals.
VIII. Conclusions

The policy framework employed by Caribbean economies in the development of the tourism sector focused initially on the growth of the sector with relatively little regard to matters of environmental sustainability. Such policies included a regime of fiscal incentives, as well as legislative and administrative arrangements. However, upon recognition of the threat of sector development to the tourism industry itself, the region has sought to implement sustainability strategies at both the national and regional levels. Still, the prevailing framework remains weak because of deficiencies in governance infrastructure, as well as a clear link between the incentive framework and the externality costs which arise from the use of environmental services in the tourism sector. These deficiencies need to be addressed in order to ensure the long term sustainability of the tourism sector in the Caribbean.
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