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HEADQUARTERS
FOR THE CARIBBEAN

Building post-pandemic economic resilience by diversifying tourism

The case of
Antigua and Barbuda,
Saint Kitts and Nevis
and Saint Lucia

Sheldon McLean
Rochelle Harris



UNITED NATIONS



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ECLAC

This document was prepared by Sheldon McLean, Coordinator of the Economic Development Unit of the Economic Commission for Latin America and the Caribbean (ECLAC) subregional headquarters for the Caribbean, and Rochelle Harris, consultant.

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Abstract

Through a combination of primary and secondary research, this study sheds light on the effects of the pandemic on the tourism industries of the small island states of Antigua and Barbuda, Saint Lucia, and Saint Kitts and Nevis. Additionally, the study seeks to identify potential areas for niche market development to diversify the tourism sector in these destinations. Using a counterfactual analysis, visitor expenditure losses were estimated at over \$7 billion over the period 2020 to 2022, among the three countries under review.

The easing of restrictions on movement in 2021 and 2022 however allowed for a steady return of tourism, with the United States market performing particularly well. To this end, using criteria adopted from Dwyer and Kim's (2003) integrative model for destination competitiveness and insight from stakeholder consultations, the study identified optimum areas for niche market development. These included integrative products such as cultural heritage tourism, wellness tourism, gastronomic and eco-tourism, and parallel products including sports tourism and education tourism. These areas present opportunities to enrich the visitor experience, diversify the tourism product, create value-added linkages with other sectors and build resilience in the tourism industry.

In addition to the challenges posed by the COVID-19 pandemic, the study identified other factors impacting stakeholders in the tourism industry, many of which are longstanding issues. These include a mismatch between available skills and skills needed to fill current and future roles in the tourism industry; the scarcity of data for strategic planning, monitoring and evaluation; and sustainability. Demographic groups including women in the tourism industry also face peculiar challenges. To address these challenges, the study recommends strengthening strategic planning, improving data collection and analysis, investing in human resources, strengthening stakeholder participation in tourism planning, and improving the business environment among other recommendations.

Introduction

A. Background

The COVID-19 outbreak, declared a global pandemic in March 2020, delivered the greatest shock to the global socio-economic system experienced in the past century. Testament to the intensity of globalization, what began as a health crisis in one part of the world, swiftly evolved into a global health and economic crisis, disrupting global labour markets and supply chains. Strict containment measures including closure of national borders to commercial travel, lockdowns and quarantines implemented to limit the spread of the virus, interrupted movement worldwide. Absent global travel, tourism activity collapsed as destinations across the globe closed for business.

Prior to the pandemic, the tourism industry was one of the key drivers of the global economy. In 2019, the tourism industry directly accounted for 4% of global output and 28% of global trade in services (World Tourism Organization, 2022). However, from a peak of 1.5 billion, international tourist arrivals plummeted by 71% in 2020 as governments acted to contain the spread of COVID-19 (World Tourism Organization, 2022).

As containment measures eased and vaccination rates increased, the industry began to recover in 2021. International tourist arrivals picked up by approximately 4% to 441 million, representing about 30% of pre-pandemic (2019) levels. The rebound continued in earnest in 2022 with the number of international tourist arrivals doubling to 900 million from the number recorded in 2021, representing 63% of 2019 levels (World Tourism Organization, 2023).

Pandemic policy responses completely altered recent tourism trends as restrictions on international travel led to an increase in domestic tourism and staycations. Furthermore, the uncertainty associated with international travel during the pandemic also resulted in reduced booking windows. This trend, however, appears temporary as booking windows have gradually been reverting to normal as travel restrictions ease.

Traveller appetite for longer stays to pack more experiences into their vacation has also increased, underscoring the pent-up travel demand associated with the pandemic. As work activity progressively moved online, combining leisure with business—coined “bleisure” or “workcation”—also became more common during the recovery of the tourism industry. This development has also contributed to extended stays.

Undoubtedly, the pandemic emphasized the value of health and wellness to generations with neither prior knowledge nor concerns about such an event. Interest in experiences that promote health and wellness have grown. The phenomenon of vacationers booking more wellness activities, even if it was not their primary motivation for travel, has taken hold. Travelers also seem more interested in visiting lesser known, less crowded destinations. Interest in secondary destinations has therefore risen in tandem with demand for nature-based activities. Relatedly, while sustainability has long been an area of interest in the tourism industry, post-pandemic this has become more prominent with vacationers seemingly more committed to sustainable travel. Impact and purpose are also driving travel decisions. A survey of travelers from Japan, Australia, Mexico, India, the United Kingdom (UK), and Canada revealed that 81% of respondents want the money they spend on a destination to impact the local community and want to travel to destinations where they will be able to immerse themselves in local cultural experiences (American Express, 2022).

Naturally, the above-mentioned developments have disproportionately affected tourism-dependent Small Island Developing States (SIDS) including those in the Caribbean, which are some of the most tourism-dependent countries in the world (World Travel and Tourism Council, 2022). In 2019, travel and tourism accounted for 13.9% of the Caribbean economy, representing growth of 4.4% while contributing 15.2% of the region’s jobs (World Travel and Tourism Council, 2022). Travel restrictions in the Caribbean and its source markets, however, led to a contraction in the industry’s contribution to the region’s output by more than half in 2020. The pandemic has therefore highlighted the extreme vulnerability of the industry and by extension, the economies of tourism-dependent Caribbean nations. The recovery of travel and tourism in the region gained momentum in 2021 with an increase in the sector’s contribution to GDP by 33.6% (World Travel and Tourism Council, 2022). Notably, the pace of recovery varied significantly across destinations in the Caribbean, largely reflecting differences in travel restrictions. In 2022, Caribbean destinations have rebounded strongly, inviting travelers back to their shores with campaigns such as “your space in the sun” and “venture deeper.”

As tourism rebounds globally, competition among destinations has increased, as they attempt to recapture and expand market share. COVID-19 impacts have underscored the importance of both product development and differentiation to a destination’s competitiveness and resilience. Furthermore, global exchange rate fluctuations, economic conditions in source markets, technological advancement and environmental pressures, coupled with demand-side trends including the demand for more individualized and authentic experiences, emphasis on value-for-money and other factors, have further driven destinations to consider tourism diversification in an effort to align their product with the current environment and changes in consumer tastes. While the original “sun, sea and sand” tourism model afforded significant economic benefits to the Organization of Eastern Caribbean States (OECS), as tourism-dependent countries operating in a hyper-competitive market, diversification and enrichment of their products have become critical to resilience and sustainability of their tourism industries.

In this context, the objectives of this study were to: determine the impact of the COVID-19 pandemic on the tourism sectors of Antigua and Barbuda, Saint Kitts and Nevis and Saint Lucia; examine other challenges faced by tourism stakeholders in these countries; and identify optimum areas for niche market development for diversifying the tourism sector.

The rest of the report is organized as follows: Section 2 outlines the methodology used throughout the study while Section 3 provides an overview of the tourism industry in each country under review. The section briefly describes their tourism products and provides a profile of their tourism industries prior to the pandemic. Section 4 examines the impact of the COVID-19 pandemic on the tourism industry of each country. Key variables including GDP, employment, foreign exchange, and government revenue are featured. Section 5 explores potential tourism diversification and concentration while examining diversification and niche tourism efforts in a post-COVID-19 world. We also identify strategic options for niche sectors with potential for development. Apart from COVID-19, a variety of other issues affect the tourism industry in these islands. Section 6 explores some of these challenges. Section 7 concludes the report with broad-based recommendations for tourism development.

B. Methodology

The study combined both primary and secondary research methods. A desk review was first undertaken to inform the consultant's understanding and assessment of the tourism industry and the policy direction of local authorities in each country under review. Documents reviewed included but were not limited to national tourism strategies, national policy documents, reports and press releases related to tourism, and publications by regional and international institutions such as the Caribbean Tourism Organization, Caribbean Development Bank, and the United Nations Development Programme. A review of relevant peer-reviewed and grey literature was also conducted to gain a comprehensive understanding of the existing knowledge of the subject.

Secondary research also included collection and analysis of relevant data to enhance understanding of the subject matter. Data collected included visitor arrivals and their source markets, employment statistics, and Gross Domestic Product (GDP). Data was collected from a variety of sources including the Eastern Caribbean Central Bank (ECCB), Central Statistical Offices, the World Travel and Tourism Council and publications from national authorities.

Stakeholder consultations complemented findings from the secondary research and deepened the analysis where secondary information was either insufficient or unavailable. The main consultation tool was one-on-one interviews. An interview guide directed discussions but was tailored to specific stakeholders. A stakeholder identification exercise was undertaken to identify stakeholders who could provide valuable insights into the research topic. Stakeholders were also asked to recommend other potential participants who could add value to the study.

Engaging with stakeholders such as policymakers, non-government organizations, and tourism operators afforded deep insight into the experiences, perceptions and needs of the tourism industry in each country. This information was crucial for identifying challenges and opportunities in each country and developing targeted recommendations for future action. Stakeholder responses were coded and analyzed by thematic content analysis.

Limitations

Several challenges were encountered during the research process. One notable challenge was data limitations, particularly tourism data. Efforts were made to mitigate this issue including using proxies, data triangulation, and consulting with stakeholders to obtain deeper insights. Logistical issues and scheduling conflicts were additional challenges faced during the research process. To mitigate these issues, various strategies including conducting virtual interviews were employed.

I. Overview of the tourism industry in the OECS

With its tropical climate and natural beauty the region has been able to attract visitors to its shores for decades. Tourism has not only been one of the largest but one of the most consistent and dependable contributors to economic activity in the Caribbean in its recent history. Further, tourism has been a key driver of many of the region's economic fortunes and in the improvement of social outcomes. Prior to the COVID-19 pandemic, tourism in the countries under review and the wider OECS was on a growth path. The following section provides a general overview of the tourism product, the importance of the tourism industry and pre-pandemic tourism trends in each country under review.

A. Antigua and Barbuda

1. Product overview

It is often said that Antigua and Barbuda's coastline has 365 beaches, which is the primary draw for most visitors. Antigua's tourism product is thus largely based on the popular 'sun, sea and sand' model. The beaches along with mangroves, coral reefs and other components of the island's coastal and marine ecosystem provide the basis for several water-based activities including swimming, kayaking, sailing, snorkeling, and kitesurfing. Land-based activities including hiking and ziplining also take advantage of the island's beautiful landscape.

Antigua and Barbuda has a rich maritime and colonial history. Notably, the country is home to a United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Site, the Nelson's Dockyard, which is said to be the only functioning Georgian naval dockyard in the world. Antigua is dotted with several other historical sites, reminiscent of its colonial past.

Complementary to its maritime history, the country has developed a reputation for yachting. The yachting industry is supported by natural harbours, well-equipped marinas, and other yachting infrastructure. The industry is also backed by an array of marine services including refitting and repair services. Antigua is home to a superyacht dock capable of accepting vessels of up to 400 feet. Several

events on the island's calendar are dedicated to yachting including Antigua Sailing Week, RORC Caribbean 600, Antigua Classic Yacht Regatta, and the Antigua Charter Yacht Show.

Despite growth in sharing economy accommodation in recent years, facilitated by online short-term housing rental platforms such as Airbnb, hotels, many of which are all-inclusive, still dominate the market for accommodation. Consequently, many visitors to Antigua come on a packaged vacation either through all-inclusive hotel stays or via cruise.

Barbuda offers a distinctly different product. The island is known for having some of the most beautiful and secluded white and pink sand beaches in the Caribbean, which offer opportunities for relaxation, swimming, snorkeling, and other water sports activities. Its natural assets also include a diverse range of flora and fauna. Barbuda is home to one of the largest frigate bird colonies in the world. The island also has a rich history and culture. With a hotel room stock of under 100, its allure lies in its perceived exclusivity and unspoilt landscape.

Antigua and Barbuda is generally perceived to be a safe destination which also adds to its value proposition. It has become a popular destination for couples seeking to get married or honeymoon.

Generally, Antigua and Barbuda has established a strong and coherent brand in the tourism market. The Antigua and Barbuda Tourism Authority, the institution responsible for destination marketing, has identified four pillars of focus in its strategy for 2022 to 2024. They are romance, yachting, wellness, and heritage and culture.

2. Role and importance of tourism

The tourism industry is the single largest contributor to economic activity in Antigua and Barbuda. Hence, the performance of the tourism industry generally determines the direction and to a large extent, the magnitude of growth in this country. More specifically, in 2019, travel and tourism in Antigua and Barbuda, was estimated to have contributed 83% to the total economy and accounted for most jobs (World Travel and Tourism Council, 2022).¹ Further, the industry contributed 47% of the country's foreign exchange earnings and accounted for 79% of service exports.² The tourism industry also generally contributes significantly to government revenue. These macroeconomic variables are examined in greater detail subsequently.

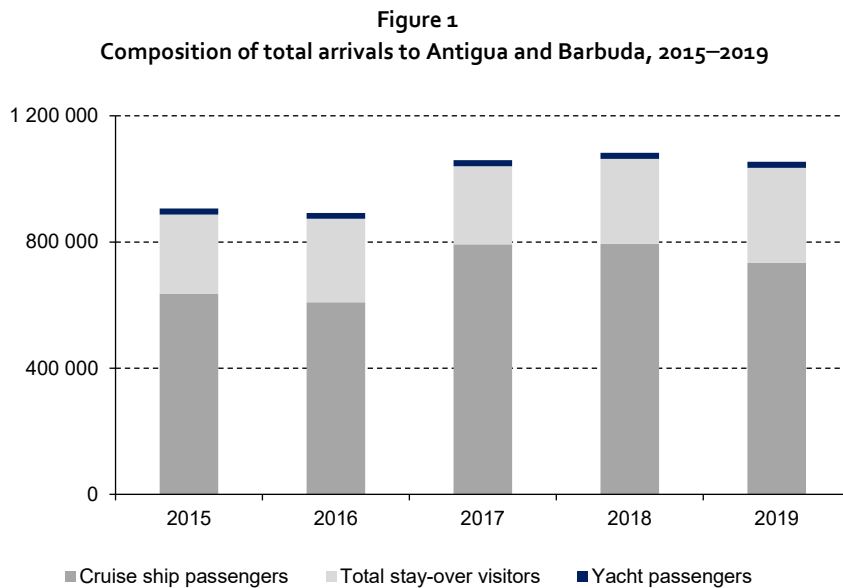
3. Pre-pandemic tourism trends in Antigua and Barbuda

Prior to the COVID-19 pandemic, the tourism industry in Antigua and Barbuda was on a growth path. Stay-over arrivals averaged 266,577 from 2015 to 2019, peaking at 300,990 in 2019. Meanwhile, an average of 713,286 cruise ship passengers and 18,795 yacht passengers visited Antigua and Barbuda during the same period, peaking in 2018 and 2019 respectively³. Despite accounting for the largest proportion of total arrivals, cruise ship passengers are generally estimated to contribute the smallest proportion to tourism expenditure. In contrast, while yacht passengers account for the smallest share of total arrivals, their contribution to total expenditure is estimated to be the highest. Overall, an average of one million visitors per year visited Antigua and Barbuda in the five years before the pandemic, spending an average of \$1,753 million per year. For the first time, visitor expenditure surpassed the \$2 billion mark in 2019. Prior to the pandemic, the tourism industry was projected to expand further in 2020.

¹ The World Travel and Tourism Council estimates for the impact of travel and tourism on GDP and jobs include direct, indirect, and induced impacts.

² Source: Arrivals and expenditure data was retrieved from the Eastern Caribbean Central Bank and services exports data was retrieved from the World Trade Organization.

³ In the five years prior to the pandemic, cruise ship passengers accounted for 71% of total visitors while stay-over visitors accounted for 27% and yacht passengers 2%.



Source: Authors' calculations based on ECCB data.

In the five years before the pandemic, the main source market for stay-over arrivals was consistently the USA which on average, accounted for approximately 40% of stay-over visitors. The United Kingdom (28%) was the second largest source market followed by the Caribbean and Canada. Unsurprisingly, the modal reason for visiting across all source markets was vacation followed by visiting friends and relatives. Pre-pandemic, the largest proportion of stay-over visitors to the country was over 45 years old. In 2020 and 2021 however, the largest proportion of stay-over visitors was in the age group 18 to 44 years old. This demographic shift to younger visitors during the height of the pandemic mirrored the global trend, partially reflecting the greater vulnerability of older persons to COVID-19 and consequently, their lower travel demand. Tourism in Antigua and Barbuda is highly seasonal with the peak season being December to April.

B. Saint Lucia

1. Product overview

With a combination of beautiful beaches and scenic natural wonders, Saint Lucia's diverse landscape has distinct features of both a 'beach bum paradise' and an adventurer's playground, offering a wide range of attractions and activities. The island possesses an abundance of natural assets including the UNESCO World Heritage recognised Pitons Management Area, waterfalls, sulphur springs, rain forests, botanical gardens, and beaches. The island has a rich culture and history influenced by a blend of indigenous Caribbean, African, French, and British cultures. Several historical sites provide a unique allure as part of Saint Lucia's tourism product.

The northern part of Saint Lucia is a hub of tourism activity featuring luxury resorts, beautiful beaches, vibrant nightlife, and a wide selection of restaurants, bars, activities, and attractions. The scenic south offers a more tranquil, leisurely vacation attracting couples and honeymooners. It features several historical sites, and beaches.

Saint Lucia offers a wide range of accommodation from small boutique hotels and guesthouses to all-inclusive resorts. Sharing economy accommodation has also grown significantly in recent years.

Saint Lucia has developed a strong national brand and has regularly earned awards attracting international attention. In 2022, the destination was named the Caribbean's Leading Adventure Tourism Destination at the 29th World Travel Awards. The island is a popular destination for couples, weddings and honeymoons and has been ranked the number one destination in the Caribbean for romance over several years.

The island's tourism industry also features a vibrant yachting sector, supported by marinas, other facilities, accompanying services and amenities. Saint Lucia also hosts several yachting events including the Atlantic Rally for Cruisers.

Saint Lucia is well connected to its major source markets. The current Medium-Term Development Strategy speaks to the diversification of the tourism product through the introduction or enhancement of some of its current tourism products.

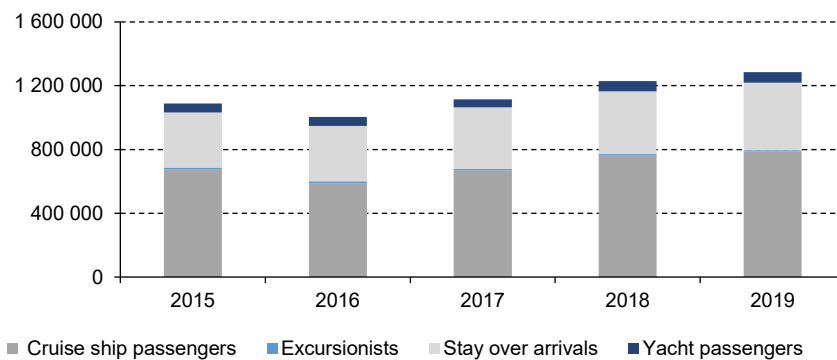
2. Role and importance of tourism

With travel and tourism directly and indirectly, contributing 59.8% to the economy and accounting for the majority of jobs in 2019, Saint Lucia is also highly dependent on tourism (World Travel and Tourism Council, 2022). In that year, 95% of the country's service exports were attributed to travel. Approximately 73.3% of its foreign exchange earnings were also driven by travel. The industry also contributes significantly to government revenue. In 2019, the island attracted a historical record of 1.3 million visitors and recorded total visitor expenditure of \$2,696.2 million. The COVID-19 pandemic, however, drove a 65% decline in total visitor arrivals in 2020 and a further 34% decrease in 2021. However, stay-over arrivals, the most lucrative category of visitors, picked up by 53% in 2021, reflecting pent-up global demand for travel and easing containment measures.

3. Pre-pandemic tourism trends in Saint Lucia

Pre-COVID, the tourism industry was one of Saint Lucia's main engines of economic growth, with each category of visitors recording steady growth and record arrivals in 2019. Stay-over arrivals averaged 379,489 per year between 2015 and 2019, peaking in 2019 at 423,736 visitors. Meanwhile, cruise ship passengers averaged 696,216 over the same period with 786,743 passengers recorded in 2019. Cruise passengers accounted for an average of 60% of total visitor arrivals to Saint Lucia between 2015 and 2019 (See figure 2). Following a similar trend, yacht passengers averaged 58,681 passengers during the period under review, peaking in 2019 at a record number of 66,546 passengers. In total, an average of 1.1 million visitors per year visited Saint Lucia during the period under review, spending an average of \$2,289 million.

Figure 2
Composition of total arrivals to Saint Lucia, 2015–2019



Source: Authors' calculations based on ECCB data.

The main source market for stay-over arrivals in Saint Lucia was consistently the United States between 2015 and 2019. Stay-over visitors from this market accounted for 45% of total stay-over visitors. The Caribbean and United Kingdom markets each accounted for approximately 19% of stay-over visitors. Meanwhile, 11% of stay-over visitors came from Canada. Unsurprisingly, leisure is the most popular motivation for visiting Saint Lucia. According to the World Travel and Tourism Council (2022), 90% of tourism expenditure was related to leisure while the remaining 10% was associated with business. Like many countries globally, tourism in Saint Lucia is highly seasonal.

C. Saint Kitts and Nevis

1. Product overview

The primary tourism products of Saint Kitts and Nevis are built on its natural assets including its beaches and picturesque landscape, but it also draws on its historical assets. These features form the basis of land-based activities including exploring dormant volcanoes, hiking, ziplining, and historical tours and sea-based activities such as snorkeling and scuba diving.

Though one country, Saint Kitts and Nevis are generally marketed as separate destinations, each with its own Tourism Authority. Compared to its sister island, Saint Kitts has a wider array of accommodation, a larger number of restaurants and bars and a more vibrant nightlife. It is generally known for its historic sites including the UNESCO World Heritage Site Brimstone Hill Fortress and its beautiful landscape which provides ample opportunity for sightseeing, hiking and other outdoor activities. The island is one of the most popular cruise tourism destinations in the Eastern Caribbean, attracting more than one million cruise passengers per annum in the most recent years prior to COVID-19. It also has direct air access to international source markets, though not yet on the scale of the other islands under review.

Nevis, the smaller island of the two, has one of the oldest tourism industries in the Caribbean. The island attracts a smaller number of tourists on the higher end of the income scale. The island has garnered a reputation for luxury and tranquility. Its lush landscape and sun-kissed beaches are typical highlights for visitors. Tourists predominantly arrive by air through the international airport in Saint Kitts. Both islands are well connected by air and sea, offering tourists the opportunity to experience both islands whether they are based on Saint Kitts or Nevis.

The country's tourism product is complemented by several events including local carnivals, the Saint Kitts Music Festival, and the Nevis Mango Festival.

The accommodation sector in Saint Kitts and Nevis features global brands such as Four Seasons in Nevis and, Hyatt, Marriott, Hilton, and Radisson in Saint Kitts. While some hotels in the Federation offer all-inclusive packages, there are currently no all-inclusive hotels. Complementing the room stock, sharing economy accommodation is growing.

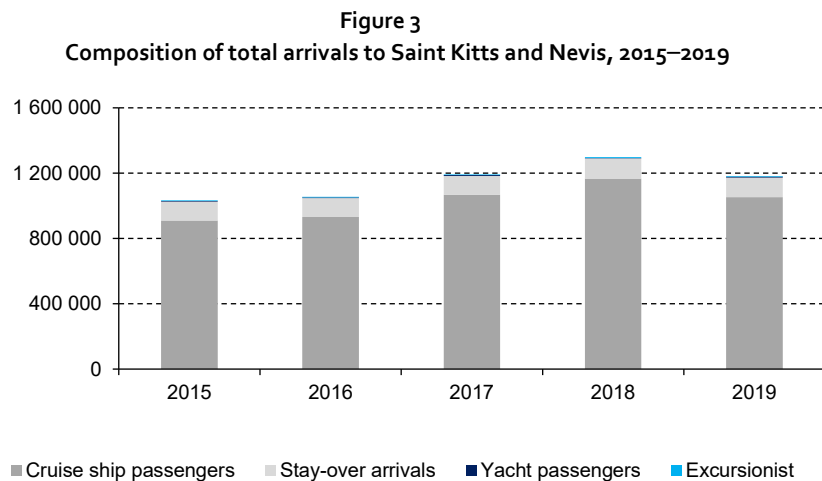
2. Role and importance of tourism

Though smaller than that of Antigua and Barbuda and Saint Lucia, the tourism industry is still a significant contributor to the exports, jobs and the economy of Saint Kitts and Nevis. In 2019, travel and tourism accounted for 43.6% of the economy and 52% of jobs, directly and indirectly (World Travel and Tourism Council, 2022). Travel contributed 30.7% to foreign exchange earnings and comprised 63% of the country's service exports. In that year, total visitor arrivals to Saint Kitts and Nevis was 1.2 million, with visitor expenditure of \$509.7 million. Due to the COVID-19 pandemic total visitor arrivals declined by 75% in 2020 and by a further 90% in 2021 as stringent containment measures continued to shrink tourist arrivals in the Federation, even amid rising global demand for travel. The industry's rebound began in 2022 as travel restrictions were relaxed.

3. Pre-pandemic tourism trends in Saint Kitts and Nevis

Pre-COVID, tourism was a burgeoning industry in Saint Kitts and Nevis. Cruise ship passengers averaged just over one million in the five years before the pandemic, exceeding the numbers recorded in all other ECCU destinations and surpassing the target of one million cruise passengers by 2019, set in the St. Kitts Tourism Sector Strategy and Action Plan 2014 - 2019. In the five years prior to the pandemic, cruise passengers accounted for an average of 89% of all tourist arrivals to Saint Kitts and Nevis reflecting the country's heavy dependence on cruise tourism (Ref Figure 3). The island was set to welcome even more cruise passengers, as its fifth cruise pier opened in the last quarter of 2019, allowing the island to accommodate three of the world's largest cruise ships simultaneously.

Meanwhile, stay-over arrivals averaged 118,106 from 2015 to 2019, peaking at 122,896 visitors in 2018. With the opening of several luxury hotels during this period, the stay-over market was poised to grow. Yacht passengers averaged 4,076 during the same period, peaking at 6,733 in 2017. Overall, Saint Kitts and Nevis welcomed an average of 1.2 million visitors per year between 2015 and 2019, spending an estimated average of \$441.1 million. Average visitor spend in Saint Kitts and Nevis is lower than in the other islands under review, partly because cruise passengers, who generally spend less than other categories of visitors, account for a considerably larger proportion of total visitor arrivals.



Source: Authors' calculations based on ECCB data.

In the five years before the pandemic, the dominant source market for stay-over arrivals was consistently the United States, which accounted for approximately 60% of stay-over visitors on average. The Caribbean (21%) was the second largest source market followed by the United Kingdom (8%) and Canada (6%). According to the World Travel and Tourism Council (2022), 76% of tourist spending was for leisure while the remaining 24% was for business. Tourism in Saint Kitts and Nevis is highly seasonal with the peak season running from December to April.

II. The impact of COVID-19 on tourism

The unique characteristics of a tourism product, including its intangibility, inseparability, perishability, and interdependence on complementary goods and services, coupled with the elasticity of tourism demand, make it highly sensitive to external shocks. Unsurprisingly therefore, the tourism industry in the Caribbean has had its fair share of crises, including but not limited to the September 11th 2001 terrorist attack, the 2008 Global Financial Crisis, and numerous natural disasters. However, as borders closed globally for the first time in recent history, the impact of the COVID-19 pandemic has been unparalleled. The following section briefly highlights the events that took place during the height of the COVID-19 pandemic and evaluates its impact on key variables in each country under review. These measures include the following.

Output – Tourism contributes significantly to the output of the countries under review. Tourism's direct contribution to output can be estimated using GDP, though it is not a distinct sector in the system of national accounts. In the case of the OECS, the hotels and restaurants industry is used as a proxy for the tourism industry. However, transportation, tours, and other tourism services are not captured within this sector but are split across other sectors. Tourism also stimulates output indirectly through the respending of tourism expenditure on other goods and services (Dwyer, Forsyth, & Dwyer, 2020). This respending also generates more economic activity. An important caveat, however, is that the production of tourism goods and services requires the importation of inputs, particularly in the Caribbean. Much of the revenue generated by tourism is, therefore, not retained by the domestic economy.

Service exports – Tourism expands a country's export base, and the export of tourism services generates foreign exchange. According to Dwyer et al (2020), tourism exports account for over 43% of the total services trade revenue of developing countries. As small, open economies with limited natural resources, tourism is a critical export and source of foreign exchange in the countries under review, it accounts for over 60% of total services export receipts, demonstrative of the prominence of tourism in their economies.

Employment – Tourism is a labour-intensive industry, making it a significant source of employment. The industry is among the largest employers in the countries under review. Tourism creates jobs through tourism facilities such as hotels and restaurants and for people providing services such as tours, taxis and so forth. Due to the availability of data, this analysis will mainly focus on employment in the hotels and restaurants sector. However, tourism provides a host of other employment opportunities directly and indirectly through its intricate value chain. Additionally, the industry is also a source of employment for many individuals in the informal economy.

A. Antigua and Barbuda

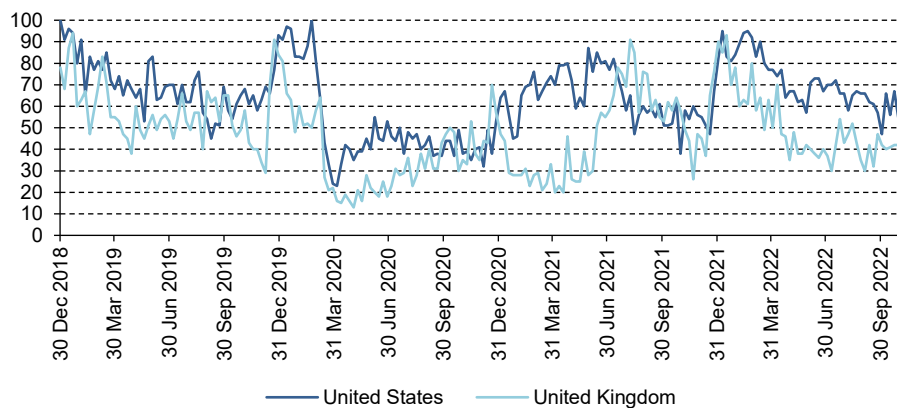
1. The event

The first case of COVID-19 in Antigua and Barbuda was announced on 13 March 2020. Shortly after its detection, the government implemented a suite of containment measures to control the spread of the virus. These measures included lockdowns, quarantines, social distancing, and a temporary closure of the airport to incoming commercial flights.

Restrictions on movement across the world, including Antigua and Barbuda, coupled with muted demand for travel resulted in a 62% decline in tourism arrivals in 2020 to 397,782 visitors, despite a relatively normal first quarter. Indicative of the decline in demand among Antigua and Barbuda's main source markets popularity of search queries about Antigua and Barbuda diminished toward the end of the first quarter of 2020 as illustrated in Figure 4.⁴

Accordingly, visitor expenditure also decreased significantly by 55%, to \$945.25 million in the same year. This shock prompted the temporary closure of hotel plants, restaurants, and other tourism facilities across the island. Social security data revealed that reported earnings from accommodation and food service activities declined by 41% from 2019 to 2020. By the end of 2020, 158 cases of COVID-19 and five deaths had been reported (World Health Organization, 2023).

Figure 4
Popularity of Google search queries about Antigua and Barbuda
among main international source markets, 2018–2022
(Per cent of peak search volume)



Source: Authors' calculations based on Google Trends data.

In 2021, total visitor arrivals fell by a further 37% to 252,218, representing 24% of pre-pandemic levels. However, total visitor expenditure was estimated to have risen by 39% to \$1,318.40 million reflecting a pickup in the more lucrative stay-over visitor market. By the end of 2021, the number of reported COVID-19 cases and deaths rose sharply to 4,295 and 119 respectively (World Health Organization, 2023).

⁴ Google Trends shows the popularity of a search term over a period of time, based on the frequency and volume of searches related to that term. Google Trends data only represents search engine activity and does not necessarily reflect actual sales or usage of a product or service.

Visitor arrivals rebounded considerably in 2022, reflecting the easing of travel restrictions globally and the concomitant growth in demand for travel. Additionally, all COVID-19 protocols to enter Antigua and Barbuda were eliminated on 29 August 2022. 679,807 arrivals were recorded in 2022, an almost tripling of the number recorded in 2021. This represents a 64% recovery of 2019 arrivals.

Accordingly, tourism expenditure increased by 89% to \$2,485.72 million in 2022 from the previous year and surpassing pre-pandemic levels. By the end of 2022, 9106 COVID-19 cases and 146 deaths were recorded (World Health Organization, 2023).

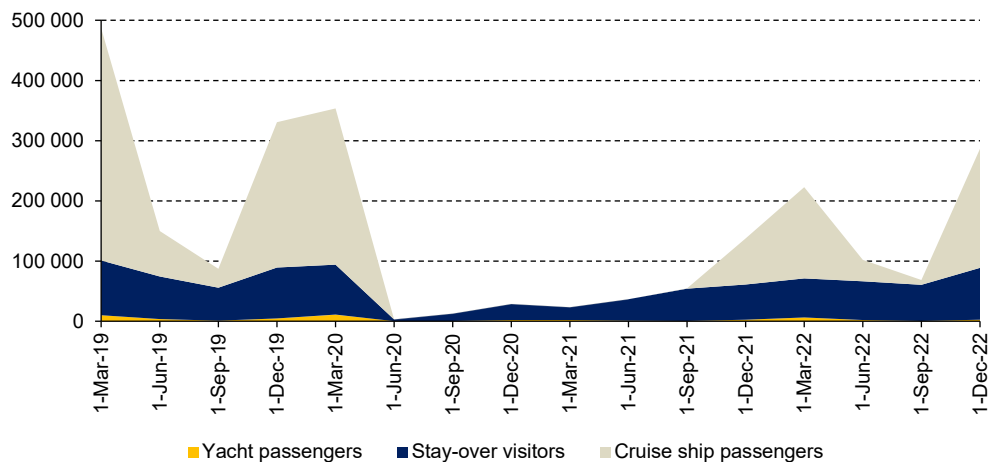
2. Stay-over visitors

On 26 March 2020, the V.C. Bird International Airport closed to all incoming commercial flights. The airport remained closed to commercial flights until a phased reopening commenced in June 2020. Similarly, travel restrictions were enacted in the destination’s main source markets. These circumstances led to a 58% decline in stay-over visitors to 125,088 in 2020. Approximately 67% of the stay-over visitors recorded in 2020 visited during the first quarter which was least affected by the pandemic.

The stay-over market partially rebounded in 2021, mainly in the second half of the year as travel restrictions eased and traveler confidence increased. Overall, stay-over arrivals increased by 35% to 169,469 visitors, representing 56% of pre-pandemic stay-over arrivals. Markedly, in the third quarter approximately 98% of the number of stay-over arrivals recorded in the third quarter of 2019 were recovered, reflecting pent-up demand for travel, aggressive marketing by the Antigua and Barbuda Tourism Authority, a partial recovery in airlift and easy travel protocols relative to some neighbouring Caribbean islands during that period.

The stay-over market rebounded appreciably in 2022. More specifically, stay-over arrivals increased by 63% from the previous year, recovering to 92% of 2019 levels. Notably, stay-over arrivals from the United States (US) and UK markets in 2022 surpassed pre-pandemic levels.

Figure 5
Visitors to Antigua and Barbuda by category, 2019–2022



Source: Authors’ calculations based on ECCB data.

3. Cruise

The cruise industry was arguably the hardest hit subsector of tourist arrivals by the pandemic in Antigua and Barbuda. Cruise lines suspended operations to mitigate the spread of the virus following the announcement of a no-sail order, initiated by the Centers for Disease Control and Prevention (CDC) in March 2020. Subsequently, this order was replaced with a conditional sailing order in October of that year. Hence, there were no cruise calls in the last three quarters of 2020. Cruise passengers to Antigua and Barbuda, therefore, declined by 65% to 259,426 passengers in 2020.

As traveller confidence rose and restrictions eased, cruise ships returned to Antigua and Barbuda in the second quarter of 2021, albeit on a much smaller scale. A total of 77,140 cruise passengers were recorded in 2021, representing a decline of 70% from the previous year and 11% of pre-pandemic levels.

The recovery of the cruise tourism industry accelerated in 2022. The number of cruise passengers rose more than four-fold to 393,152, still 46% of the number recorded in 2019.

4. Yachting

The yachting industry in Antigua and Barbuda remained largely open throughout the pandemic, which hit the country toward the end of the yachting season. Consequently, several yachts remained in Antigua during the first lockdown. However, the pandemic led to the cancellation of several yachting events. In 2020, yacht passenger arrivals totaled 13,268, representing a decline of 30% from the number recorded in 2019. Of this number, 82% visited in the first quarter of the year. The number of yacht passengers decreased further to 5,609 in 2021, representing 29% of 2019 levels.

As travel demand picked up and yachting events returned, 2022 saw an almost doubling of the number of yacht passengers to 10,948, representing 57% of the number recorded in 2019.

5. Macroeconomic impacts

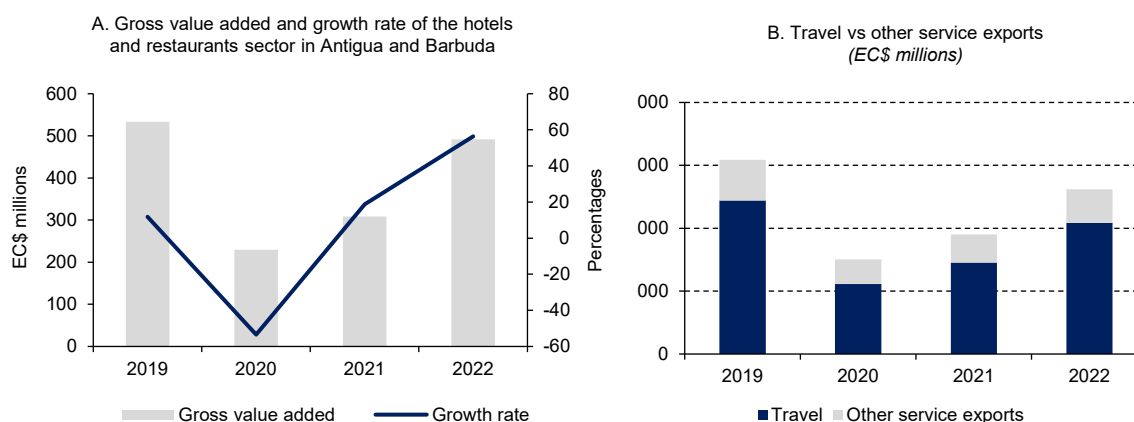
Output/GDP

Based on data from the World Travel and Tourism Council (2022), the overall contribution of travel and tourism to GDP, which includes direct, indirect, and induced effects, is estimated to have decreased from 83% in 2019 to 50% in 2020. With the partial recovery of the tourism industry, the estimated contribution of travel and tourism to GDP rose to 61% in 2021.

Similarly, national accounts data compiled by the ECCB revealed that following growth of 12% in 2019, the hotels and restaurants sector contracted by 53% in 2020.⁵ Accordingly, its contribution to GDP declined from 15% in 2019 to 9% in 2020. Consistent with the moderate pickup in travel in 2021, the hotels and restaurants sector grew by 19% leading to an increase in its contribution to the economy to 10%. The recovery of hotels and restaurants continued in 2022 with estimated growth of 56% and its contribution to GDP rose to 14%. The sector's output in 2022 was, however, still estimated to be below 2019 levels.

⁵ The hotels and restaurants sector does not capture the value of tourism output entirely as it does not include transportation, tours, and other tourism services. Instead, they are split across other sectors.

Figure 6
Change in macroeconomic variables in Antigua and Barbuda, 2019–2022



Source: Authors' calculations based on ECCB data.

Service exports

Travel contributed 79% of total service export receipts in Antigua and Barbuda in 2019, highlighting the crucial role played by tourism in the economy of Antigua and Barbuda.⁶ Due to the pandemic and associated containment measures, total service export receipts from travel declined by 54% to \$1,114.84 million in 2020, contributing considerably to a widening of the current account deficit. Travel is exported through the second mode of supply, consumption abroad, which requires the movement of persons and proximity between consumer and producer. Hence, the restrictions on movement significantly affected the export of this service. Accordingly, travel's contribution to total service exports earnings fell to 74% in 2020.

As global travel restrictions eased in 2021, demand for travel rose resulting in a 31% increase in export receipts from travel to \$1,455.03 million. Consequently, travel's contribution to total service exports rose to 76%. Reflecting continued growth in the demand for travel and a further easing of travel restrictions, export receipts rose by 43% to \$2,087.58 million in 2022, now accounting for 80% of total service export receipts.

Employment in tourism

In the last six months of 2019, there were 43,997 total active jobs in Antigua and Barbuda, 8,862 of which were in the accommodation and food service activities industry, the largest employer after public administration and defense.⁷ In the first half of 2020, which marked the start of the pandemic in Antigua and Barbuda, active jobs in the accommodation and food service activities industry declined by 6% while total active jobs decreased by 5%. As the pandemic continued to weigh on the tourism industry, active jobs in the accommodation and food service activities industry declined further by 26%

⁶ Service exports figures mentioned in this document are based on the Extended Balance of Payments Services (EBOPS) classification, which is a statistical framework used to record and analyse international trade in services. Under this classification, travel refers to a category of services that covers the goods and services acquired by non-resident visitors during their stay in a country including but not limited to accommodation, food and beverages, transportation, and cultural and recreational activities. These figures may differ from other classifications or measurements.

⁷ Hotels and restaurants and accommodation and food service activities are both categories in the national accounts classification system, which is used to classify economic activities for statistical purposes. Accommodation and food service activities is generally a broader category which may include a wider range of businesses.

in the second half of 2020. During this period, active jobs in the accommodation and food service activities industry suffered the steepest decline after active jobs in the transportation and storage industry which plummeted by 27%.

The contraction in active jobs in the transportation and storage industry, which is also closely allied with tourism, partly reflected the reduction in the operations of the regional air carrier, LIAT (1974). Active jobs in the accommodation and food service activities industry decreased further by 12% in the first half of 2021. However, in line with the pickup in tourist arrivals in the second half of that year, active jobs in the accommodation and food service activities industry rose by 45% in the last six months of 2021. Provisional data for the first half of 2022 indicated that active jobs in the accommodation and food service activities industry decreased by 6%.

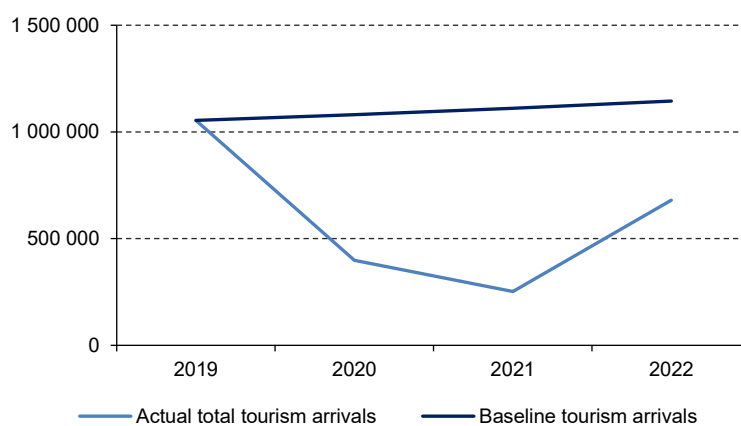
These statistics only reflect those who were formally employed. The incomes of many individuals who were informally employed in the tourism industry were also impacted.

Results from the 2018 Labour Force Survey revealed that women were generally overrepresented in the service sectors. The loss of employment in the accommodation and food service industry would have therefore disproportionately impacted women. Apart from professions in the hotels and restaurants sector, other related jobs were significantly affected by the decline in tourism activity including vending which is a female-dominated occupation.

6. Counterfactual analysis

Given the unprecedented effect of the COVID-19 pandemic, a counterfactual analysis⁸ was conducted to estimate its impact on visitor arrivals and expenditure. A baseline scenario was first constructed which assumed that there were no changes in factors affecting tourism in Antigua and Barbuda from 2019. Counterfactual estimates for visitor arrivals from 2020 to 2022 were developed using an ARIMA model forecast and historical data from January 2000 to February 2020. The baseline scenario pointed to growth in visitor arrivals throughout the period.

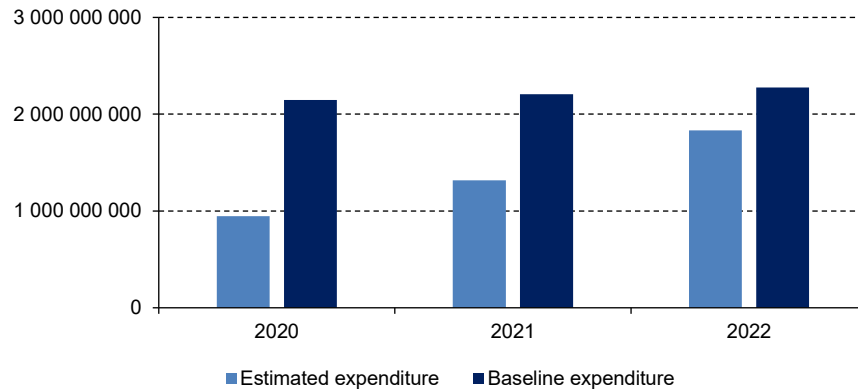
Figure 7
Actual vs counterfactual tourism arrivals in Antigua and Barbuda, 2019–2022



Source: Authors' calculations based on ECCB data.

⁸ See method in Annex 1.

Figure 8
Actual vs counterfactual expenditure in Antigua and Barbuda, 2020–2022
(EC\$)



Source: Authors' calculations based on ECCB data.

Using the estimated expenditure per visitor in 2019, total visitor expenditure for 2020 to 2022 was estimated and compared to actual expenditure. Again, it is assumed that conditions in 2019 remained constant from 2020 to 2022.

The counterfactual analysis revealed that the pandemic had a significant impact on Antigua and Barbuda's tourism industry, with the actual number of visitors and total visitor expenditure for 2020 and 2021 significantly lower than our counterfactual estimates. It was estimated that 2,005,749 visitors were lost to the effects of the pandemic between 2020 and 2022.

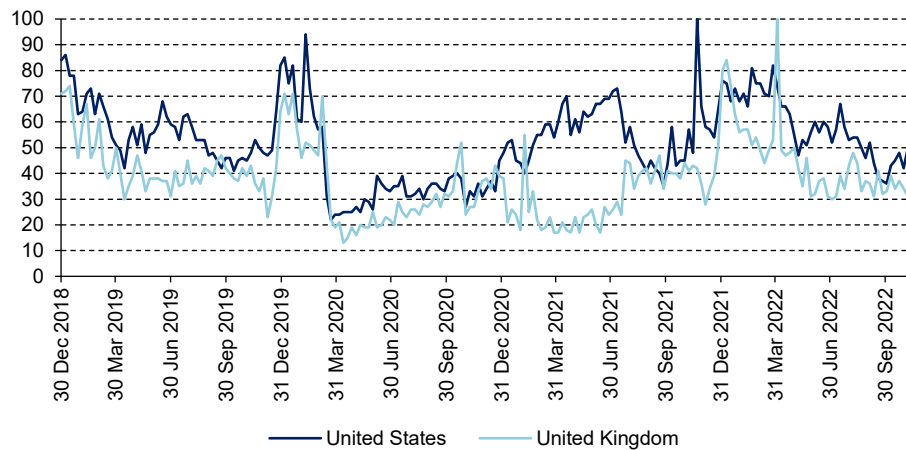
In terms of expenditure, the analysis revealed that the losses during the same period were approximately \$2,536.26 million, illustrating the pandemic's substantial effect on the tourism industry in Antigua and Barbuda. The largest share of the loss was sustained in 2020 when stringent containment measures were in place locally and globally.

B. Saint Lucia

1. The event

Saint Lucia recorded its first case of COVID-19 on 13 March 2020. In the following days and weeks, several measures were implemented to contain the spread of the virus including the declaration of a state of emergency, suspension of non-essential commercial activity, curfews, and the closure of the country's airports to incoming commercial flights. Naturally, local containment measures coupled with restrictions on travel globally depressed tourism activity in Saint Lucia. The decline in google queries about Saint Lucia in the second quarter of 2020, illustrated in Figure 9 below, was indicative of the deterioration in the demand and supply of tourism services. Total visitors to Saint Lucia declined by 65% to 455,408 visitors in 2020. Consistent with the decline in visitors, total expenditure decreased by 68% to \$858.26 million over the same period. In 2020, there were 340 cases of COVID-19 in Saint Lucia and 5 deaths.

Figure 9
Popularity of Google search queries about Saint Lucia among main international source markets, 2018–2022
(Per cent of peak search volume)



Source: Authors' calculations based on Google Trends data.

Amid several surges in COVID-19 cases, total visitor arrivals decreased further in 2021, by 34% to 301,675 visitors. In contrast, total visitor expenditure increased to \$ 1,522.47 million, attributable to a pickup in stay-over visitors, who generally spend more than cruise passengers who account for the largest proportion of total visitors. A total of 13,473 COVID-19 cases and 295 deaths were recorded by the end of 2021, a considerable increase from the previous year.

As containment measures relaxed further in Saint Lucia and globally, tourist arrivals rebounded considerably in 2022. A total of 736,866 arrivals were recorded in 2022, a more than doubling of the number recorded in 2021 and representing a 57% recovery of 2019 arrivals. Accordingly, tourism expenditure increased by 89% to \$2,321.44 million in 2022, representing 86% of pre-pandemic levels. At the end of 2022, 29,748 COVID-19 cases and 409 deaths were recorded.

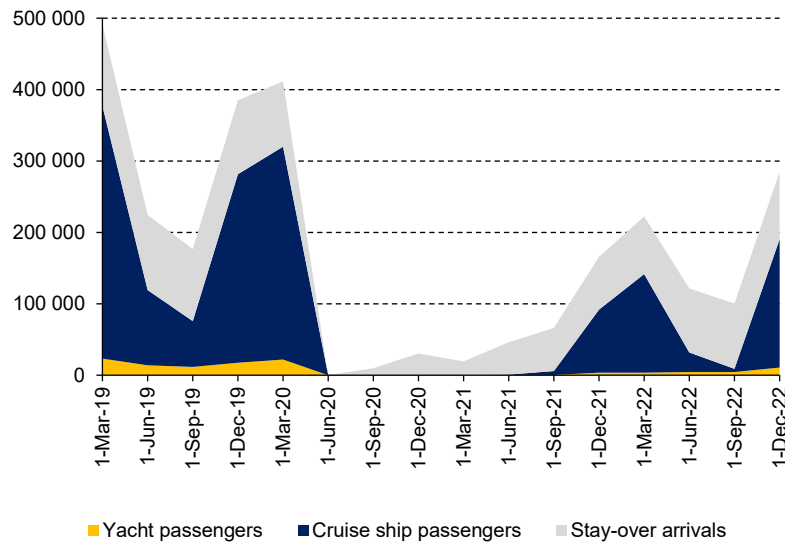
2. Stay-over visitors

The suspension of incoming commercial flights in March 2020 coupled with depressed demand for travel amid the global spread of the virus, severely impacted stay-over tourism in Saint Lucia in 2020. Stay-over visitors decreased by 69% to 130,699 visitors, 70% of which were recorded in the first quarter of the year, prior to the implementation of containment measures in Saint Lucia. The reopening of borders in June 2020 however facilitated the return of tourists in the latter part of the year, albeit at a sluggish pace.

The recovery of visitor arrivals gained momentum in 2021 (Ref Figure 10). Helped by effective marketing, simple entry protocols, and an expansion in airlift, particularly out of the United States, stay-over visitors increased by 53% to 199,347 visitors in 2021, representing 47% of the number recorded in 2019. Notably, the number of stay-over visitors from the United States in the third and fourth quarters of 2021 surpassed the numbers recorded in the same period of 2019.

The year 2022 saw a significant recovery of the stay-over market. More specifically, total stay-over arrivals increased by 79% to 356,237, representing 84% of pre-pandemic levels. The US market performed particularly well with arrivals surpassing the number recorded in 2019. Further, 99% of the UK market was recovered. Conversely, the Caribbean market, continued to face significant challenges related to airlift, resulting in relatively low levels of arrivals.

Figure 10
Visitors to Saint Lucia by category, 2019–2022



Source: Authors' calculations based on ECCB data.

3. Cruise

Saint Lucia's cruise industry was also significantly impacted by the COVID-19 pandemic. Restrictions on cruising implemented by the CDC resulted in a pause on cruise calls in March 2020. Consequently, the island saw a 62% decline in cruise passengers to 297,885 passengers in 2020. Cruise ships slowly returned to the island in the second quarter of 2021 on a much smaller scale. Consequently, there was a further reduction of cruise passengers to Saint Lucia in 2021, by 69% to 93,610 passengers.

Though the pandemic continued to weigh heavily in the cruise industry, there were strong signs of recovery in 2022. Cruise passenger arrivals more than doubled to 349,922, representing 44% of pre-pandemic cruise passengers.

4. Yachting

In 2020, yacht passenger arrivals decreased by 66% to 22,868 passengers, 96% of which were recorded in the first quarter. The continued spread of the virus worldwide combined with associated containment measures continued to weigh on the sector in 2021. Yacht passenger arrivals, therefore, declined further by 80% in 2021 to 4,666 passengers, representing 7% of the number of yacht passengers that visited in 2019.

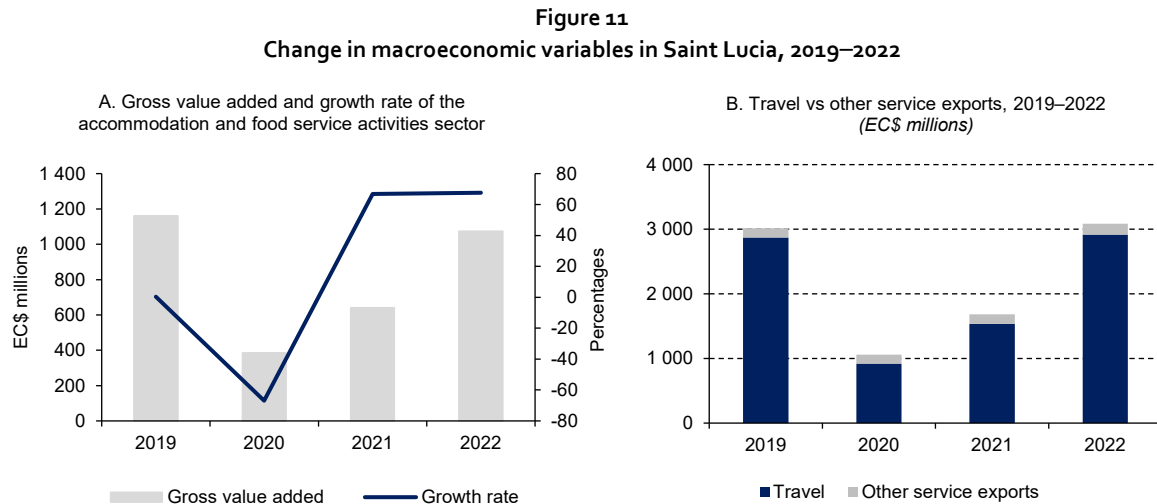
The number of yacht passengers, however, rose more than four-fold in 2022 to 22,815, representing 86% of pre-pandemic levels.

5. Macroeconomic impacts

Output/GDP

The World Travel and Tourism Council (2022) estimated that travel and tourism contributed 27% to Saint Lucia's GDP in 2020, a significant contraction from its contribution of 59.8% in 2019. In line with the partial recovery in global travel, travel and tourism's contribution to GDP rebounded to 49%. National accounts statistics indicate that the accommodation and food service sector, used as a proxy for direct tourism activity, contributed 24% to gross value added in 2019.

However, due to the pandemic, the sector contracted by 67% in 2020, resulting in a decline in its contribution to the economy to 11%. The sector partially recovered in the following year with a growth rate of 67%, contributing to an increase in the sector's contribution to the economy to 16%. Subsequently, the accommodation and food service activities sector continued to grow by 68% in 2022, contributing to a rise in its share of the economy to 23%. This recovery was attributed to the further easing of global travel restrictions, the continued restoration of normal activity in Saint Lucia, and increasing demand for travel. Despite the robust recovery, the output of this sector fell short of pre-pandemic levels.



Source: Authors' calculations based on ECCB data.

Service exports

Indicative of tourism's dominance in the economy of Saint Lucia, travel accounted for 95% of total service export receipts in 2019. Reflecting the falloff in visitor arrivals associated with the COVID-19 pandemic, export receipts from travel in Saint Lucia decreased by 68% to \$919.02 million in 2020, contributing to the reversal of the country's current account surplus in 2019 to a current account deficit in 2020. Travel's contribution to total service exports, therefore, declined from 95% in 2019 to 87% in 2020.

As tourism activity began to rebound in 2021, export receipts from travel rose by 67% to \$1,537.13 million. Consequently, travel's contribution to total service exports rose to 91%. This trend continued in 2022 with a further expansion in demand for travel and a relaxation of travel restrictions. As a result, export receipts almost doubled to \$2,915.97 million, accounting for 95% of total service export receipts.

Employment

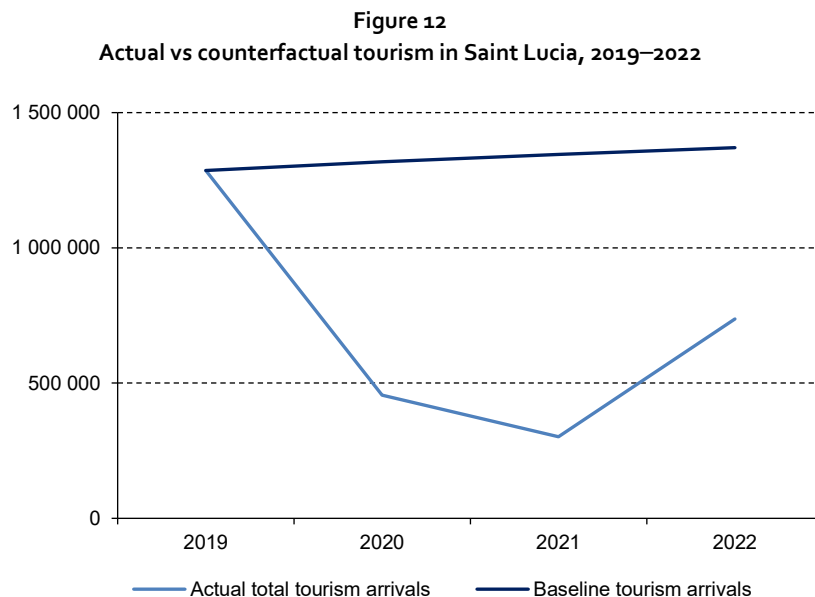
According to data from the Central Statistical Office's Labour Force Survey, the accommodation and food services sector was the largest employer in 2019, with 14,000 employees accounting for 17% of the employed labour force in Saint Lucia. Due to the slowdown in tourism activity as a result of the pandemic, and the subsequent closure of several tourism facilities, the sector experienced a decline in employment with the number of persons employed decreasing by 18% to 11,495 in 2020 and by a further 7% to 10,670 in 2021. As the recovery gained momentum and the total employed labour force grew, employment in the accommodation and food services sector saw a notable increase of 34% to 14,318 in 2022, exceeding pre-pandemic levels and now representing 16% of the labour force.

In response to the severe impact of the pandemic on the tourism industry, the government introduced unprecedented measures to mitigate the economic effect on individuals working in the tourism industry. The Income Support Programme provided a stipend to persons working in the tourism industry who were not registered contributors to the National Insurance Corporation for a maximum period of three months.

Additionally, the Economic Relief Programme also provided economic relief to contributors of the National Insurance Corporation whose incomes were terminated as a result of the pandemic. According to data collected by the National Insurance Corporation, 8,208 persons employed in the hotels and restaurants sector benefited from the Economic Relief Programme (National Insurance Corporation, Saint Lucia, 2021). Persons in the hotels and restaurants sector accounted for 49% of the beneficiaries, 54% of which were women. Moreover, persons under 35 years accounted for 44% of the beneficiaries of the programme.

6. Counterfactual analysis

Given the unprecedented impact of the COVID-19 pandemic on Saint Lucia's tourism industry, a counterfactual analysis was conducted to estimate its effect on visitor arrivals and expenditure. The methodology outlined above in the counterfactual analysis for Antigua and Barbuda was generally replicated for Saint Lucia. The baseline scenario pointed to growth in visitor arrivals to Saint Lucia throughout the period.

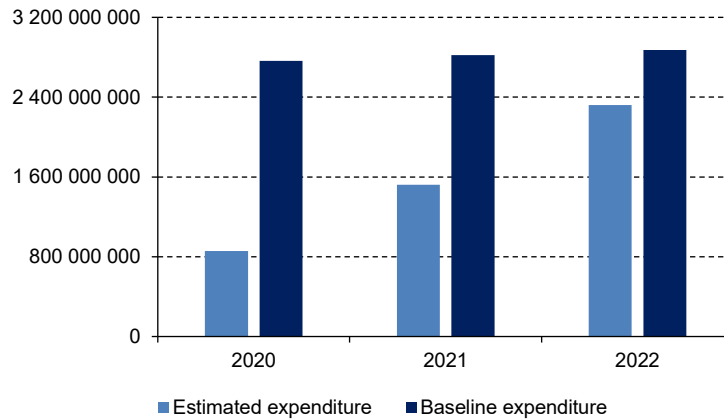


Source: Authors' calculations based on ECCB data.

The results of the counterfactual analysis indicated that the pandemic had a significant impact on tourism. The actual number of visitors and total visitor expenditure for the period under review were considerably lower than the counterfactual estimates.

More specifically, it was found that 2,540,147 visitors to Saint Lucia were lost due to the pandemic between 2020 and 2022. Furthermore, the analysis revealed that the losses in expenditure during the same period were approximately \$3,755.43 million. The most substantial losses were sustained in 2021.

Figure 13
Actual vs counterfactual expenditure in Saint Lucia, 2020–2022
(EC\$)



Source: Authors' calculations based on ECCB data.

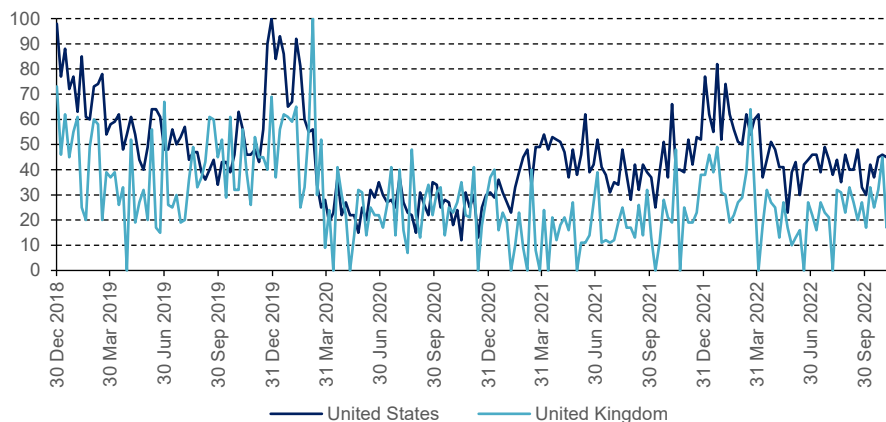
C. Saint Kitts and Nevis

1. The event

After the confirmation of the arrival of COVID-19 to Saint Kitts and Nevis, the government acted quickly to contain the spread of the virus. The country's borders were temporarily closed on 25 March 2020 and a series of complete lockdowns and other containment measures followed.

The COVID-19 pandemic and related containment measures in Saint Kitts and Nevis and abroad led to a 75% decline in total visitors to the country to 300,665 visitors in 2020. Visitor expenditure also decreased by 76% to \$122.9 million in 2020 inducing the temporary closure of a number of hotel plants and other tourism facilities. Indicative of the decrease in tourism demand and supply, online search queries for Saint Kitts and Nevis declined noticeably beginning in March 2020 (Ref Figure 14). By the end of 2020, a total of 32 COVID-19 cases had been recorded and there were no associated deaths (World Health Organization, 2023).

Figure 14
Popularity of Google search queries about Saint Kitts and Nevis
among main international source markets, 2018–2022
(Per cent of peak search volume)



Source: Authors' calculations based on Google Trends data.

In 2021, total visitors fell further, by 59% to 122,609, representing 10% of pre-pandemic levels. Accordingly, visitor expenditure also declined by 37% to \$77 million. Several waves of the virus led to a total of 2,918 cases of COVID-19 and 28 deaths by the end of 2021 (World Health Organization, 2023). Throughout most of the year, stringent protocols for travel to the Federation, including the quarantine of travellers, remained in place. While strict containment measures were in place for visitors entering the Federation, the tourism industry benefitted from increased domestic tourism.

Entry protocols were relaxed in 2022. On 15 August 2022, all COVID-19 related entry testing and vaccination protocols were removed. Total visitors rose more than four-fold in 2022 to 537,308. By the end of 2022, 6,562 cases and 46 deaths were recorded (World Health Organization, 2023).

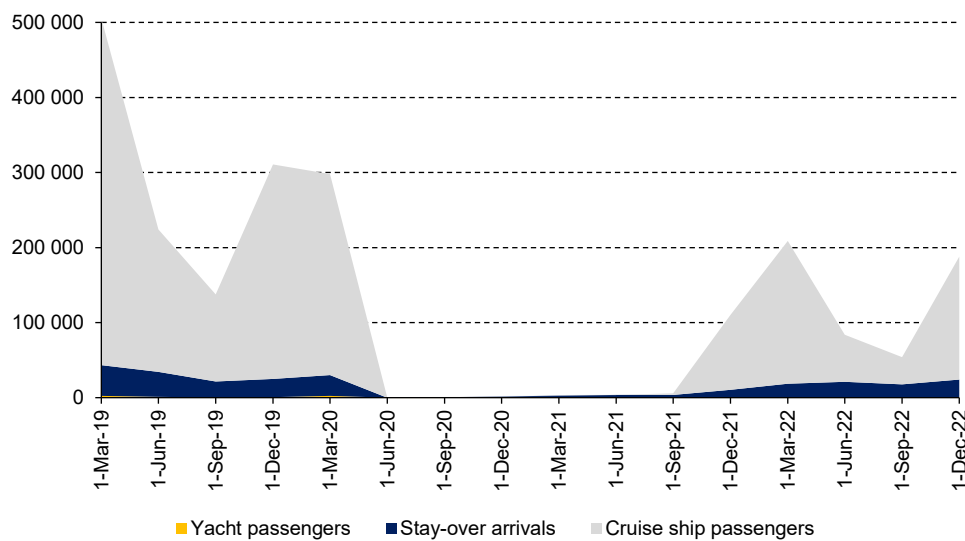
2. Stay-over visitors

The temporary closure of the border from 25 March 2020 to October 2020 had a significant impact on the stay-over market in that year. Stay-over visitors declined by 75% to 29,695 visitors in 2020. Approximately 94% of the stay-over visitors recorded in 2020 visited during the first quarter, prior to the implementation of COVID-19 containment measures. The pandemic prompted an increase in domestic tourism, as residents of Saint Kitts visited Nevis and vice versa.

In contrast to the other countries under review, the number of stay-over arrivals continued to decline in 2021 as stringent entry protocols continued to suppress travel to the destination. More specifically, stay-over visitors declined by 32% to 20,210 visitors.

With the relaxation of COVID-19 entry protocols in the second half of the year, the recovery of the stay-over market began in 2022. Stay-over arrivals more than tripled to 79,767, representing 66% of pre-pandemic levels. Arrivals from the UK and the US led the recovery, rebounding to 71% and 75% of 2019 levels respectively. The Caribbean market, however, lagged other major markets, with arrivals from that region still 50% below pre-pandemic levels.

Figure 15
Visitors to Saint Kitts and Nevis by category, 2019–2022



Source: Authors' calculations based on ECCB data.

3. Cruise

The cruise industry in Saint Kitts and Nevis was gravely affected by the pandemic. Following the implementation of restrictions on cruise operations, cruise calls to the Federation halted in March 2020. Consequently, there was a 75% decline in cruise passengers to the destination in 2020 to 267,562 passengers, all of whom visited the Federation in the first quarter of the year.

In 2021, with restrictions on cruising still in place, particularly in the first half of the year, cruise passengers to the Federation declined by a further 62% to 101,897 passengers. The cruise industry reopened in the second half of the year with 12 and 107 cruise calls to Saint Kitts and Nevis in the third and fourth quarters respectively.

The recovery of cruise tourism accelerated in 2022, though the industry continued to grapple with the lingering effects of the pandemic. The number of cruise passengers to Saint Kitts and Nevis more than tripled to 452,433 passengers, representing less than half of the number of cruise passengers recorded in 2019.

4. Yachting

The yachting sector in Saint Kitts and Nevis is relatively small. As a result of the pandemic, yacht passenger arrivals declined by 43% to 2,382 passengers in 2020. In 2021, only 47 yacht passengers visited the Federation, representing a 98% decline from the previous year. In 2022, the number of yacht passengers rose to 2,202, representing 53% of the number recorded in 2019.

5. Macroeconomic impacts

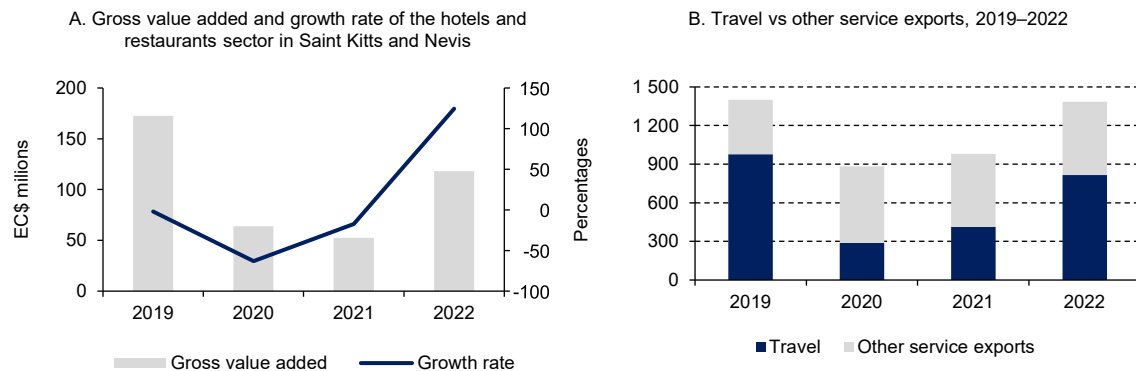
Output/GDP

According to the World Travel and Tourism Council (2022), travel and tourism —encompassing direct, indirect, and induced contributions— accounted for 44% of Saint Kitts and Nevis' GDP in 2019. Due in large part to the pandemic and containment measures, its contribution was estimated to decline to 20% in 2020. In contrast to the global and regional trend of growth in 2021, the contribution of the travel and tourism industry was estimated to shrink further in 2021 to 10%, partly associated with strict entry protocols in Saint Kitts and Nevis.

Similarly, national accounts statistics indicate that the hotels and restaurants sector contracted by 63% in 2020 and by 18% in 2021. As a result, the sector's contribution to GDP also declined from 9% in 2019 to 4% in 2020 and further to 3% in 2021. With the easing and removal of travel restrictions in the Federation, there was an increase in tourist arrivals, leading to an estimated growth of 125% in the hotels and restaurants sector in 2022, and a resulting rise in its contribution to GDP to 6%. Nevertheless, despite the strong recovery, the output of the hotels and restaurants sector in 2022 remained below 2019 levels.

Reflecting the tourism industry's importance to the economy, travel represented 70% of total service exports from Saint Kitts and Nevis in 2019. Driven by the unprecedented restrictions on movement across borders and dampened demand for travel, export receipts from travel in Saint Kitts and Nevis declined by 72% to \$264.60 million in 2020. This resulted in a decrease in travel's contribution to service export receipts to 33% in 2020, contributing to a widening of the country's current account deficit.

Figure 16
Change in macroeconomic variables in Saint Kitts and Nevis, 2019–2022



Source: Authors' calculations based on ECCB data.

In line with the continued deceleration in tourism activity in Saint Kitts and Nevis, export receipts from travel fell further by 43% to \$412.90 million in 2021. Its contribution to total service exports consequently declined further to 42% over the same period. As travel restrictions eased domestically, service export receipts more than doubled in 2022 to \$815.82 million, representing 59% of total service export receipts.

Employment in tourism

Data from the St Christopher (Saint Kitts) and Nevis Social Security Board reveals that the hotels and restaurants sector accounts for the largest number of jobs in the Federation of Saint Kitts and Nevis after Public Administration and Defence. The sector also suffered the steepest declines in jobs due to the pandemic. More specifically, hotels and restaurants directly accounted for a monthly average of 3,277 jobs, 12% of jobs recorded by the Social Security Board in 2022. The implementation of containment measures which prompted the temporary closure of the tourism industry led to a decline of 36% in average monthly jobs in the hotels and restaurants sector to 2,102 jobs in 2020. Average monthly jobs across all sectors declined by 12%.

This decrease in hotel and restaurant jobs shrunk the sector's contribution to total jobs to 9%. The continuation of stringent containment measures contributed to a further reduction in the average monthly jobs in the hotels and restaurants sector by 11% to 1,869 jobs in 2021, representing 8% of total jobs in the Federation. As entry protocols began to ease, average monthly jobs in the hotels and restaurants sector rose by 35% to 2,517 jobs in the first half of 2022, taking the sector's contribution to total jobs up to 10%. Average monthly jobs in related sectors such as transport, storage, and communications; and wholesale and retail trade also contracted, though less sharply.

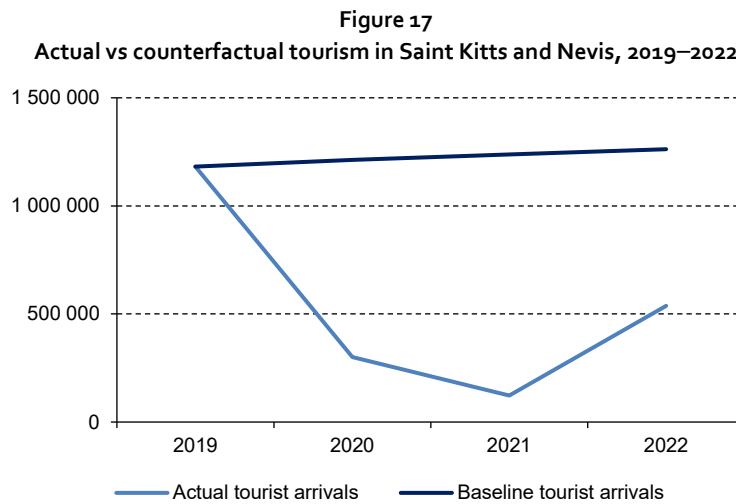
Importantly, persons in the tourism industry who earned an income in the informal sector would not have been captured by this data. In response to the loss of employment, the government implemented several initiatives including income support to persons whose incomes were affected due to the pandemic. Individuals who were informally employed in the tourism industry and other sectors would not have benefitted from this income support. The data also reveal that women are overrepresented in the hotel and restaurant sector. Women were therefore disproportionately affected by the loss of jobs in that sector due to the pandemic.

6. Counterfactual analysis

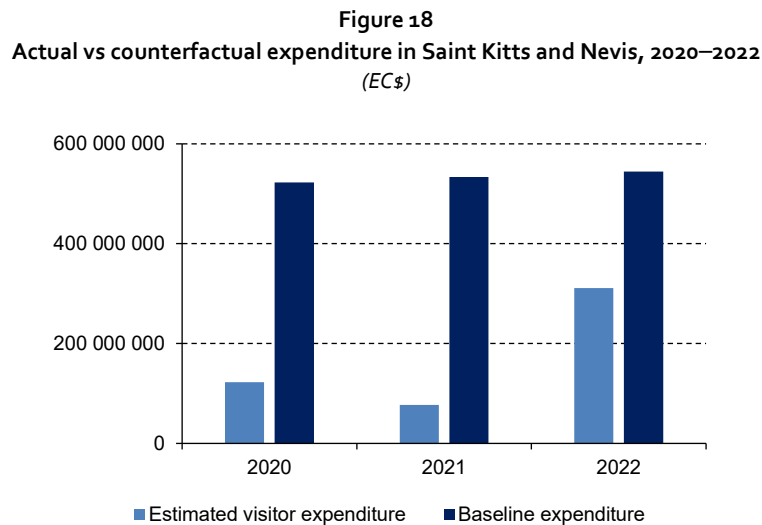
In light of the unprecedented impact of the COVID-19 pandemic on the tourism industry of Saint Kitts and Nevis, a counterfactual analysis was carried out to determine the effect on visitor arrivals and expenditure. The methodology employed for the counterfactual analysis in Antigua and Barbuda, which was outlined above, was largely replicated for Saint Kitts and Nevis. The baseline scenario pointed to growth in visitor arrivals to St Kitts and Nevis throughout the period, influenced by the opening of the new cruise pier in the last quarter of 2019, among other developments.

The results of the analysis showed that the pandemic had a significant impact on tourism, with actual visitor arrivals and expenditure falling far below the counterfactual estimates.

In particular, the analysis revealed that between 2020 and 2022, Saint Kitts and Nevis was estimated to have lost a staggering 2,751,075 visitors due to the pandemic. The largest proportion of visitors was estimated to have been lost in 2021 while the country maintained strict entry requirements. The reduction in visitor expenditure during the same period was estimated to be approximately \$1,089.95 million.



Source: Authors' calculations based on ECCB data.



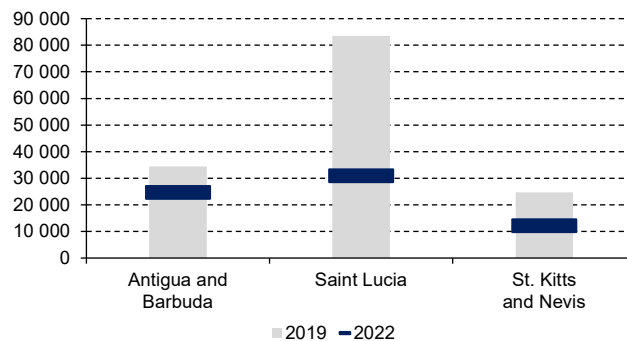
Source: Authors' calculations based on ECCB data.

Box 1
COVID-19 and intraregional travel and tourism

Several legacy issues compounded by the sharp decline in demand for air travel and the closure of most of its destinations to commercial air traffic during the pandemic led to the bankruptcy restructuring of LIAT (1974) in July 2020. Prior to the pandemic, the airline was responsible for the majority of regional air travel, transporting an average of one million passengers per year between 2015 and 2019. In April 2020, the airline's services were suspended, then operations resumed in November 2020 on a limited schedule. From a fleet of ten, the airline now has a fleet of three aircrafts, one of which has been temporarily grounded. Accordingly, it has considerably condensed its schedule, network, and workforce. The number of flights operated by the airline has been reduced by roughly 70% to 75%.

This development has markedly impacted the recovery of the Caribbean market in the destinations under review from the COVID-19 pandemic. Pre-pandemic, it was the second largest market for Saint Lucia and Saint Kitts and Nevis and traditionally the third largest in Antigua and Barbuda but eclipsed by Canada in 2018 and 2019. Caribbean citizens and residents have helped to bolster economic activity in these destinations while visiting friends and relatives, supporting local events such as carnival, music festivals and sporting events including cricket.

Figure 1
Stay-over arrivals from the Caribbean, 2019 vs 2022



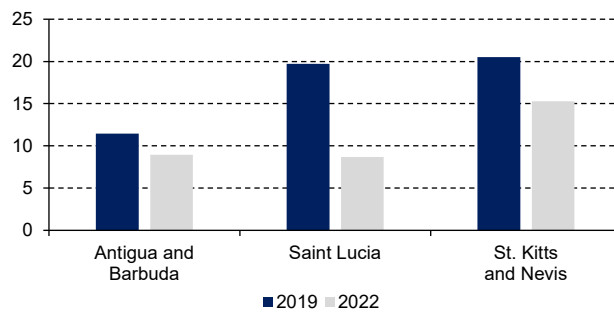
Source: Authors' calculations based on ECCB data.

In 2022, the Caribbean market in Antigua and Barbuda recovered to 71% of 2019 levels. The situation in Saint Lucia and Saint Kitts and Nevis is even more acute. In Saint Lucia, the Caribbean market only recovered to 37% of pre-pandemic levels in 2022. In Saint Kitts and Nevis, the Caribbean market recovered to 50% of pre-pandemic levels in 2022.

A considerable proportion of travellers within the region were transported by LIAT. In contrast, other source markets have fared better, partially reflecting a resurgence in airlift from those markets. Recovery rates of the US, UK and Canadian markets have surpassed that of the Caribbean, with the US market topping 2019 levels in 2022 in Antigua and Barbuda and Saint Lucia.

While other airlines have expanded their networks within the region, connectivity remains below pre-pandemic levels and the average cost has risen. Given the peculiarities of the Caribbean region, geographical and otherwise, it is left to be seen whether private sector airlines can eventually fill the void left by the downsizing of LIAT (1974), which to a large extent provided a public good, profit maximization being a secondary objective to connecting the Caribbean region.

Figure 2
The Caribbean's share of the total stay-over market, 2019 vs 2022
(Percentages)



Source: Authors' calculations based on ECCB data.

Source: Authors' compilation.

III. The future of tourism: opportunities for product diversification and development

Tourism product concentration is defined by Benur and Bramwell (2015) as a destination offering one or a few primary products. Primary tourism products are key pull factors, tangible and intangible, that draw tourists to a destination (Benur & Bramwell, 2015). These products normally depend on the environmental, physical, and cultural characteristics of a destination. Mass tourism, a related concept, is defined by Poon (2003) as a tourism product that is standardized, rigidly packaged, mass-produced, and marketed to undifferentiated customers. Niche products on the other hand are special products that focus on a specific segment of the market. It appeals to smaller groups with a special interest.

The Caribbean's tourism product is largely seen to fall under the category of concentrated mass tourism, frequently associated with standardized all-inclusive cruise or hotel packages. Factors such as hyper-competition among tourist destinations, seasonality, technological advancement, and environmental pressures, coupled with demand-side trends including the demand for more individualized and authentic experiences, emphasis on value-for-money and other factors, have driven destinations toward tourism diversification. The COVID-19 pandemic has further catalyzed this thrust toward tourism diversification through the development of additional tourism products (Samarathunga & Gamage, 2020).

Tourism diversification involves expanding the range of product offerings which could add value to the existing product. It has been employed as a strategy to enrich the experience of visitors and attract visitors who might not have visited otherwise (Benur & Bramwell, 2015). Destinations which have been able to do so successfully have been able to boost competitiveness by increasing tourist choice and have benefitted from increased profits through the offer of complementary products (Farmaki, 2012).

Slinger-Friedman (2009) observes that in favour of the sun, sea and sand model, Caribbean islands have traditionally been slow to market other natural assets. In this hyper-competitive, post-COVID-19 market, tourism product diversification is a necessary strategy to help the Caribbean retain and increase its share of the market while enhancing the resilience of its economies over time.

Other potential benefits of tourism product diversification include smoothing the seasonality commonly associated with tourism, the full employment of underused resources, the potential for tourists to customize experiences to individual interests and the flexibility to adapt to changes in tastes and preferences (Poon, 2003; Farmaki, 2012; Benur and Bramwell, 2015).

Some also contend that diversification is a compelling strategy to create a more sustainable product through involvement of the community, an appreciation for the uniqueness of the country and its environment and the smaller scale of niche activities (Bramwell, 2004; Benur and Bramwell, 2015). Nevertheless, tourism diversification is not without risks. Diversification might require high investment costs as destinations allocate resources toward the development of new products and supporting infrastructure (Glaesser, 2004; Farmaki, 2012).

This is a prominent risk, especially since profits are not guaranteed. Some have therefore posited that destinations with limited capacity (financial, human, and otherwise) to implement diversification strategies should instead focus on their core product (Webster, 1998). There is also a risk that destinations seeking to reposition through diversification, particularly those with an established brand or identity, may obscure their image in the market (Glaesser, 2004).

Notably, although tourism diversification seeks to differentiate destinations, the threat of standardization exists. That is, destinations run the risk of creating similar products, another form of standardization, leading to the unintended consequence of an intensification of competition (Bacher, 2005). It is also important to note that destinations pursuing a diversification strategy are constrained by their available resources, consumer demand and expectations.

Framework for tourism product diversification

Benur and Bramwell (2015), suggest that tourism products can be diversified by using a parallel or integrative approach. They define integrative diversification as the linking of complementary products in a destination, for example, beach tourism and cultural heritage tourism. On the other hand, they define parallel tourism products as those that attract a completely different clientele from that of a destination's primary tourism product. Hence, they can be developed, marketed, and sold as separate products. Using either approach, mass products which appeal to a large number of people or niche products which appeal to smaller groups can both be developed.

These strategic options for tourism product development and diversification allow destinations to choose the degree of tourism diversification and intensification based on its features.

In the countries under review, the beach is currently and is likely to remain the primary draw or key pull factor for many tourists. However, expanding the variety of experiences available to visitors by adding or enhancing integrative products could add significant value to a destination's offering, allowing visitors to tailor their experience by combining various products. Tourists whose primary motivation is the beach provide a market for consumption of these integrative products.

A dichotomy of sorts exists in each country which expands the possibilities for the development of parallel products. Antigua and Barbuda and Saint Kitts and Nevis each comprise two islands with varying degrees of distinct tourism products. While Saint Lucia is a single island, it has distinct features of both a beach paradise and an adventurer's playground.

The resources available to a country largely determine what products it can competitively produce. Therefore, when exploring options for tourism diversification, existing assets should be an essential consideration. By leveraging existing resources, countries can develop tourism products that are authentic and often require less investment than creating tourism products from scratch. This approach is particularly important given the limited financial resources of the countries under review.

Consequently, the tourism products selected for each island were based on stakeholder feedback coupled with criteria adopted from Dwyer and Kim's (2003) integrative model for destination competitiveness. The model identifies factors that contribute to destination competitiveness. While this model has mainly been applied to competitiveness at the destination level, in this case, it will be applied at the niche, given that the success factors highlighted are also applicable at the tourism product level. Indeed, according to Dwyer, Forsyth, & Dwyer (2020), analysing destination competitiveness at the niche market level is the increasingly favoured approach.

For a niche to be potentially successful, at a minimum, the country must possess the necessary core resources (both endowed and created resources) which define the framework within which a tourism product may be developed. Supporting resources which rely on an enabling environment that facilitates provision of tourism services form the basis of a competitive tourism destination or tourism product. Such supporting factors include but are not limited to general infrastructure, hospitality, and quality of service. Demand conditions—consumer awareness, preferences, and motivation for travel—must also be such that a market exists for the niche offering to be commercially viable.

Other success factors for competitiveness in this model include situational conditions which are external environmental forces impacting tourism demand and supply; and destination management factors including institutional factors such as tourism policy, destination marketing and human resource development which can bolster supporting factors and develop resources.

Based on the foregoing framework, the following sections identify tourism products or niches with the potential for development in each country under review. It is important to note that the list of tourism products we explore is not exhaustive. Notably, cultural heritage tourism has been identified as a niche in all countries under review due to their abundance of historical and cultural assets. Cultural heritage tourism refers to travel that involves the exploration of and experience of the tangible and intangible cultural heritage of a destination. This might include historical sites, museums, art galleries, music, dance, food, and any other form of creative expression that reflects a country's unique heritage, traditions, values, and customs.

The goal of cultural heritage tourism is to provide tourists with a deeper appreciation for a destination's cultural identity and to support the conservation and promotion of its unique heritage and culture.

Since each country's cultural heritage is unique, it is an important part of differentiating destinations from each other and creating truly authentic experiences. Furthermore, a common criticism of mass tourism is the potential that exists for the erosion of cultural and historical assets. Concerted efforts to develop a cultural heritage tourism product in a sustainable manner could contribute to the protection and preservation of the heritage and culture of the islands under review. Tourism also provides a larger market to which local goods and services can be marketed and sold.

A. Antigua and Barbuda

1. Options for tourism diversification

As already mentioned, tourism in Antigua and Barbuda is based on a few primary products and may therefore be described as concentrated. Furthermore, because many tourists visit Antigua and Barbuda on a packaged, 'mass-produced' vacation, it may also be classified as a mass tourism product.

Antigua and Barbuda has established a strong and coherent brand over time, the beach being the primary draw to the destination. While this is unlikely to change, Antigua and Barbuda can diversify its product by adding integrative products to the destination's portfolio, thereby enhancing its value proposition. The destination can also leverage its twin-island status and planned infrastructural developments to create parallel tourism products.

2. Integrative tourism products

Cultural heritage tourism

Antigua and Barbuda possess an abundance of tangible historical assets. Significant potential, therefore, exists for preservation and development of historical sites both to enhance understanding and preservation by citizens and residents of Antigua and Barbuda of the country's history, and to enrich the experience of tourists who visit.

The economic cost of turning these undeveloped historical assets into sustainable tourism attractions and maintaining them can however be prohibitive (McKercher & Du Cros, 2002). Hence, developing a cultural heritage tourism product requires the selection of assets with high tourism potential to be prioritized for development. It may also require collaboration with private investors and creative business models such as the self-financed model used by the Nelson's Dockyard.

In addition to the development of tangible products such as restored historical sites, or specific locations in which cultural and heritage tourism activity takes place, the country's tangible and intangible culture and heritage should be integrated into the tourist's everyday activities while visiting the destination.

Culture provides the lens through which heritage is perceived, understood, and interpreted. The distinctiveness of the culture of Antigua and Barbuda is evident in the island's music, festivals, food, language, architecture, arts and crafts, traditions, and general way of life. In line with the growing demand for immersive experiences, and the country's vision to create experiences that emphasize the destination's unique history and culture, Antigua and Barbuda is well poised to leverage its cultural and historical assets to develop unique tourism products of the destination. Importantly, the country's growing tourism industry could also be leveraged to promote cultural goods and services to a wider audience.

Contributing factors to the destination's competitiveness in cultural heritage tourism are outlined below:

- Core resources
 - Antigua and Barbuda possess an abundance of tangible historical assets, some of which are considered national landmarks. These include former military sites, industrial sites, and historical residences. Financial resources are however, needed to restore and maintain them.
 - UNESCO World Heritage Site, Nelson's Dockyard.
 - Antigua also has a national museum in close proximity to the cruise port.
 - The country has unique cultural resources including local music, food, language, architecture, arts, crafts and traditions.
 - Cultural events including carnival and independence celebrations are held annually.
- Supporting resources
 - Antigua and Barbuda is well connected to major source markets.
 - Antigua and Barbuda has historical links with traditional markets including the US, Europe, and other Caribbean islands and with potential source markets including Africa.
- Demand conditions
 - The importance of heritage and culture in international travel is increasing as tourists seek more immersive experiences. Close to 40% of tourists undertake cultural activities when they travel (World Tourism Organization, 2018).

- Historical sites associated with the transatlantic slave trade such as the UNESCO World Heritage Site, Elmina Castle in Ghana, attract tens of thousands of visitors annually.
- Indicative of the potential demand for cultural heritage products, Nelson’s Dockyard receives a large number of visitors, particularly during peak seasons.
- According to the Booking.com Sustainable Travel Report (2022), 66% of travellers surveyed want to have authentic experiences representative of local culture.
- Antigua and Barbuda faces strong competition from other Caribbean destinations that offer similar cultural and heritage experiences including nearby ECCU islands, Jamaica, Cuba, Dominican Republic.
- Situational conditions
 - Domestic firms and potential entrepreneurs who would like to enter this segment of the market or improve existing products have access to capital from several sources. It is however important to note that there are often barriers that impede potential borrowers from accessing capital including strict lending requirements and limited entrepreneurial skills.
 - An average of a million tourists visit Antigua and Barbuda annually, providing a sizeable market for the consumption of cultural heritage products.
 - Antigua and Barbuda is a relatively safe destination and it is perceived to be so among tourists. The destination is also close to and has direct access to major source markets.
- Destination management
 - The history and culture of Antigua and Barbuda is highlighted in the country’s vision for the tourism industry.
 - Historical and Cultural tourism is also a key pillar for the Antigua and Barbuda Tourism Authority.
 - Improvements in data collection and analysis would enhance knowledge of visitor preferences which could assist in marketing and product development.

3. Parallel tourism products

Education tourism

Education tourism refers to the practice of travelling to a destination for the purpose of engaging in educational experiences which can include but are not limited to cultural exchange programmes and pursuing academic degrees at universities in foreign countries. Naturally, this form of tourism attracts a different clientele than traditional tourism and is typically characterized by longer stays. The development of education tourism can bring several benefits to a destination including the creation of revenue streams through tuition fees, accommodation, transport, food, and other related expenses. It can also create new jobs in various sectors and raise the profile of a destination as an educational hub. In addition, education tourism can contribute to diversification of a destination’s economy, reducing its reliance on a single industry, that being in the case of Antigua and Barbuda, traditional tourism.

Antigua and Barbuda is home to a few tertiary education institutions including off-shore medical universities such as the American University of Antigua. The economic benefits of education tourism have been demonstrated by the presence of these universities in Antigua and Barbuda and other Caribbean countries. Additionally, the fourth physical campus of The University of the West Indies (UWI) was recently established in Antigua and Barbuda. The physical plant is set to expand in the medium-term. UWI is a reputable institution with a strong academic reputation. It is the only Caribbean university to be ranked among the world’s best universities by the Times Higher Education ranking lists.

It is also important to note that the presence of UWI's fourth landed campus in Antigua and Barbuda and the development of an education tourism industry could be an opportunity to upskill the country's labour force and allow residents to participate in the tourism industry and wider economy at a higher level.

Antigua and Barbuda's UWI campus is expected to attract a growing number of students from the Caribbean region, but it could potentially also appeal to international students, particularly where there are cost advantages. However, the growth of the education tourism sector would require significant investment in infrastructure, marketing, and personnel. The real estate sector would also require expansion to accommodate a growing student population.

In addition to improving infrastructure, developing specialized programmes that cater to specific niches such as the blue economy, and climate change, and establishing partnerships with other respected universities could also boost demand for educational services in Antigua and Barbuda.

Contributing factors to the destination's competitiveness in education tourism are outlined below:

- Core resources
 - The fourth landed campus of The University of the West Indies.
 - The presence of offshore medical universities which currently attract international students.
- Supporting resources
 - There is public sector commitment to the expansion of the current campus to include student accommodation, a library, recreational facilities and so forth.
 - The stock of accommodation available to students also needs to grow to facilitate the potential growth in enrollment.
 - Antigua and Barbuda has strong market ties to the OECS countries.
- Demand conditions
 - Investment in promotion is required to build global awareness of the UWI brand and Antigua and Barbuda as an education tourism destination.
 - The UWI brand is well-known and supported throughout the Caribbean.
 - There is growing interest in studying abroad from international markets.
- Situational conditions
 - UWI, Five Islands Campus located in Antigua and Barbuda which has an assortment of natural and cultural assets that can enrich the student experience.
 - Antigua and Barbuda is a relatively safe destination which is important to attract students.
 - Antigua and Barbuda is well connected to major international markets. Regional connectivity has however not returned to pre-pandemic levels. Strong regional connectivity will be important for Caribbean students.
 - Studying in Antigua and Barbuda can provide cost benefits to regional and international students as tuition fees and living costs may be lower relative to other destinations.
- Destination management
 - The public sector has expressed its commitment to the expansion of the tertiary education sector in Antigua and Barbuda. There is however, no public, formal, long-term development strategy for the education sector in Antigua and Barbuda.

Luxury tourism

Luxury tourism is characterized by exclusivity, high-end amenities, personalized service, and excellent quality. Luxury tourism can include a wide range of activities including staying at high-end resorts, enjoying gourmet meals, and engaging in high-end shopping. It is not necessarily limited to a particular set of activities. Rather, it encompasses a certain level of service and experience, considered to be beyond typical offerings in standard tourism experiences. The luxury traveler is often regarded as a high-value customer due to their propensity to spend more on high-end experiences. The luxury market is also typically viewed as more resilient to economic shocks when compared to other tourism segments. While the luxury market can be lucrative, it depends on a destination's ability to consistently deliver value and quality that goes beyond expectations.

Antigua and Barbuda is home to several exclusive luxurious resorts and villas including Jumby Bay Island, a luxury all-inclusive resort on a private island off the coast of Antigua. Additionally, the yachting sector also attracts several high-value clients. Developments in Barbuda will also position the destination to advance the development of a luxury tourism product. Based on Barbuda's perceived exclusivity, limited commercial access, distinctive features, and planned and current infrastructural developments, the lesser-known island is poised to attract high-value clients.

The luxury tourism niche in Antigua and Barbuda can be further developed by creating more bespoke experiences and events catering to high-end travelers. Investments in general infrastructure would also need to be made to support advancement of this niche. Since excellent service is also required to facilitate luxury tourism, efforts need to be made to ensure that service quality consistently meets the expectations of high-value clients. This can be achieved by investing in training programmes for service providers and adopting internationally recognized service standards.

Contributing factors to the destination's competitiveness in luxury tourism are outlined below:

- Core resources
 - Antigua and Barbuda is home to a number of luxury resorts and villas.
 - Antigua has a developed yachting industry which generally attracts high-value clients. The island is home to a superyacht dock capable of accepting vessels of up to 400 feet.
 - Barbuda, the lesser-known island, is perceived to be exclusive and current and planned infrastructural developments are targeted at high-end clients.
 - Both Antigua and Barbuda have been endowed with natural and cultural resources which can be leveraged to create luxury experiences. These resources include, but are not limited to secluded beaches, offshore islands, beautiful scenery, and rich cultural heritage.
- Supporting resources
 - Antigua and Barbuda is well connected to major source markets.
 - Luxury travellers have access to private transportation services including private jet services and helicopter charters.
 - Large-scale tourism infrastructure is being developed in Barbuda.
 - Limited commercial access to Barbuda which supports its exclusivity and the desire of residents to avoid mass tourism.
- Demand conditions
 - Luxury tourism matches the demand for exclusive, high-end experiences among affluent visitors.
 - Antigua and Barbuda faces strong competition from other Caribbean islands such as Saint Barthelemy and other countries further afield.

- Situational conditions
 - Domestic firms and potential entrepreneurs who would like to enter this segment of the market or improve existing products have access to capital from several sources. It is however important to note that there are often barriers that impede potential borrowers from accessing capital including strict lending requirements and limited entrepreneurial skills.
 - Antigua and Barbuda has a low crime rate and is perceived to be a safe destination. This is a unique destination selling point.
 - Adopting international service standards could enhance the service quality of the destination and customer satisfaction. International service standards could also help to ensure that the needs and expectations of luxury tourists are met, helping to enhance the competitiveness of Antigua and Barbuda as a luxury tourism destination.
- Destination management
 - Barbuda is being promoted in a way that speaks to the exclusivity of the island and the residents' desire not to encourage mass tourism.
 - Improvements in data collection and analysis would enhance knowledge of visitor preferences which could assist in marketing and product development.

B. Saint Lucia

1. Options for tourism diversification

Saint Lucia is a mature tourism destination with a well-established identity in the market. In addition to sun, sea and sand, the destination's enticements include romance and adventure. Among the islands under review, Saint Lucia's tourism product is arguably the most diverse made so by natural assets such as beaches, lush landscapes, iconic landmarks including the UNESCO World Heritage recognised Pitons, natural wonders including waterfalls and sulphur springs and a rich cultural heritage. However, opportunities exist for further development and refinement of several tourism niches which can create additional value for the discerning traveler. Hence, based on the island's abundance of assets, a number of integrative products could be developed.

2. Integrative products

Cultural heritage tourism

Saint Lucia has a unique and rich cultural heritage, shaped by a blend of Amerindian, African, French, and British influences. Evidence of the island's rich history and several historical landmarks remain. Saint Lucia's cultural heritage is evident in the island's music, food, architecture, arts, language, traditions and everyday life. Several cultural festivals and events including the Arts and Heritage Festival, Saint Lucia Carnival and the Feast of La Maguerite also support preservation of the island's cultural heritage and provide opportunities for cultural immersion.

Hence, in line with the high and growing demand for authentic experiences, the country can leverage its abundant historical and cultural resources which it can further develop as cultural heritage tourism products.

The further development of this product will however require resources to fund restoration and maintenance of historical sites and development of cultural heritage attractions. Since restoration and maintenance costs are high, sites for development must be carefully identified. To fully leverage the

potential of cultural and heritage tourism however, it is crucial to go beyond the development of tangible products like restored historical sites or specific locations, and also integrate the country's tangible and intangible culture and heritage into the tourists' everyday activities during their visit to the destination. The advancement of cultural heritage tourism will also require skilled professionals to support the effort.

Contributing factors to the destination's competitiveness in cultural heritage tourism are outlined below:

- Core resources
 - Several tangible historical sites remain in Saint Lucia. Financial resources are however, required to restore, develop and maintain historical sites and to develop cultural heritage attractions.
 - Unique cultural resources include local music, food, language, architecture, arts and crafts, and traditions. Saint Lucia is one of the few English-speaking Caribbean islands where French Creole patois is widely spoken.
 - Cultural events and activities include the Arts and Heritage Festival and Saint Lucia Carnival. The country's French creole heritage is celebrated in October with an assortment of cultural events and experiences.
- Supporting resources
 - Saint Lucia is well connected to international source markets. However, regional connectivity following the downsizing of LIAT (1974) remains a challenge. The Caribbean market supported cultural events such as Carnival.
 - Saint Lucia has historical links with traditional markets including the US, Europe, and other Caribbean islands and with potential source markets including Africa.
 - Organisations such as the Saint Lucia National Trust support the conservation of the island's tangible cultural, historic, and natural heritage.
- Demand conditions
 - The importance of heritage and culture in international travel is increasing as tourists seek more immersive experiences. Close to 40% of tourists undertake cultural activities when they travel (World Tourism Organization, 2018).
 - Historical sites associated with the transatlantic slave trade such as the UNESCO World Heritage Site, Elmina Castle in Ghana, attract tens of thousands of visitors annually.
 - According to the Booking.com Sustainable Travel Report (2022), 66% of travellers surveyed want to have authentic experiences representative of local culture.
 - Saint Lucia faces strong competition from other Caribbean destinations that also have a rich cultural heritage including nearby ECCU islands, Jamaica, Cuba, Dominican Republic.
- Situational conditions
 - Over one million tourists visit Saint Lucia annually, providing a sizeable market for the consumption of cultural heritage products.
 - Domestic firms and potential entrepreneurs can access capital from several sources. It is however important to note that there are often barriers that impede potential borrowers from accessing capital including strict lending requirements and limited entrepreneurial skills.

- Destination management
 - Public sector commitment to the development of this niche and support from the Saint Lucia Tourism Authority.
 - Improvements in data collection and analysis are necessary to enhance knowledge of visitor preferences which could assist in marketing and product development.

Gastronomic tourism

Gastronomic tourism, also known as food tourism, refers to travel that involves experiencing and exploring local food and beverage offerings. It focuses on the unique flavours, techniques and ingredients that are part of a country's culinary tradition. In addition to enjoying a destination's food and drink, the objective is also to gain a deeper understanding of the cultural and historical significance behind the culinary offerings. Related activities can include visiting local markets and restaurants, attending food festivals, taking cooking classes, and food and beverage tours.

Saint Lucia's rich culinary heritage and unique cuisine, combined with the growing demand for authentic and immersive travel experiences, make it an attractive destination for food enthusiasts. The island already offers a number of gastronomic experiences including food tours, festivals, and a plethora of local eateries that showcase the island's rich culinary traditions.

Further developing gastronomic tourism in Saint Lucia would require the increased promotion of local cuisine, the development of additional culinary tourism products and experiences, support to local farmers and producers and increased access to and awareness of training and education opportunities in culinary arts and entrepreneurship. With continued investment and promotion, Saint Lucia could position itself as a leading gastronomic destination in the Caribbean.

Contributing factors to the destination's competitiveness in gastronomic tourism are outlined below:

- Core resources
 - Saint Lucia has a distinct cuisine, sometimes referred to as creole cuisine, reflecting its fusion of historical and cultural influences.
 - Culinary events including the Saint Lucia Food and Rum Festival are featured on the island's event calendar.
 - Saint Lucia has an assortment of restaurants and culinary businesses, many of which incorporate local ingredients and use local traditions and techniques.
 - A number of gastronomic activities and experiences which allow visitors to experience local food and beverage offerings. These include the Kabawé Krawl, community fish fries, cooking classes and opportunities to learn about the production of certain food and beverages on the island.
- Supporting resources
 - Saint Lucia is well connected to international source markets. However, regional connectivity following the downsizing of LIAT (1974) remains a challenge. The Caribbean market supported cultural events such as Carnival.
- Demand conditions
 - According to the Booking.com Sustainable Travel Report (2022), 66% of travellers surveyed want to have authentic experiences representative of local culture. This can include experiences associated with the local cuisine.

- Further promotion of unique French-creole cuisine is required to increase awareness among visitors.
- Saint Lucia faces strong competition from other Caribbean islands such as Jamaica which is known for its local cuisine.
- Situational conditions
 - Over one million tourists visit Saint Lucia annually, providing a sizeable market for the consumption of local food and related products and experiences.
 - Domestic firms and potential entrepreneurs can access capital from several sources. It is however important to note that there are often barriers that impede potential borrowers from accessing capital including strict lending requirements and limited entrepreneurial skills.
- Destination management
 - Culinary programmes currently exist which train culinary professionals in Saint Lucia.
 - There is need for entrepreneurial training to equip culinary entrepreneurs with skills to create and brand quality products and operate and promote businesses.
 - Improvements in data collection and analysis would enhance knowledge of visitor preferences which could assist in marketing and product development.

Wellness tourism

Wellness tourism focuses on promoting health and well-being through various activities and services. Ultimately, the goal of wellness tourism is to provide opportunities for travelers to improve their physical, mental and emotional well-being while travelling. It is a growing niche as people prioritize health and wellness in their daily lives, accelerated by the COVID-19 pandemic. It can include activities and experiences such as yoga, meditation, fitness, hydrotherapy, wellness retreats and healthy eating options.

With its tropical climate, beautiful landscape, and natural assets including sulphur springs and beaches, Saint Lucia provides the perfect backdrop against which such activities can take place. Several created assets including spas and wellness centres also support the advancement of a health and wellness tourism niche. Cultural resources could also be drawn upon to provide unique and authentic wellness experiences including healthy local meals, herbal remedies, and other cultural experiences. Based on these assets, Saint Lucia has significant potential to further develop its wellness tourism product, a complement to the primary motivation of leisure among visitors to the destination.

The advancement of this niche requires further development of wellness attractions, facilities and experiences, investments in training, and increased promotion of Saint Lucia's wellness offerings. Creating and promoting specialized wellness packages could also boost demand for the country's wellness product.

Contributing factors to the destination's competitiveness in wellness tourism are outlined below:

- Core resources
 - Saint Lucia's natural assets including lush greenery, natural sulphur springs, mud baths and beaches provide the ideal environment for health and wellness activities. The sulphur springs, for example, are claimed to have therapeutic and medicinal properties. These should be investigated by UWI scientists. The natural environment provides a serene setting in which to relax and participate in activities such as yoga and meditation and hydrotherapy.

- The island is home to several spas and wellness centres offering a variety of treatments.
- Saint Lucia can also leverage its cultural assets to contribute to the development of wellness products. These assets include traditional remedies and healing practices.
- Availability of healthy food and beverage options including seamoss which is locally harvested and touted to have numerous health benefits due to its high nutrient content.
- Supporting resources
 - Saint Lucia is well connected to international source markets. However, regional connectivity following the downsizing of LIAT (1974) remains a challenge.
- Demand conditions
 - The Booking.com Sustainable Travel Report (2022), notes that 66% of travellers surveyed want to have authentic experiences representative of local culture. This can include experiences associated with the local cuisine.
 - Health and wellness tourism has become increasingly popular as tourists seek to incorporate health and wellness into their travel experiences. Before the pandemic, wellness tourism grew at double the rate of tourism in general (Global Wellness Institute, 2018).
 - The COVID-19 pandemic has accelerated the trend towards health and wellness tourism.
- Situational conditions
 - On average, over one million tourists visit Saint Lucia annually, providing a sizeable market for the consumption of health and wellness products and experiences.
 - Domestic firms and potential entrepreneurs can access capital from several sources. It is however important to note that there are often barriers that impede potential borrowers from accessing capital including strict lending requirements and limited entrepreneurial skills.
- Destination management
 - Support from the tourism authority for the development of this niche.
 - Improvements in data collection and analysis would enhance knowledge of visitor preferences which could assist in marketing and product development.

Community-based tourism

Community-based tourism refers to travel to local communities to engage in experiences hosted and managed by local communities, allowing travelers to closely connect to local communities and learn about local cultures and traditions. It emphasizes the involvement of local communities in tourism development and management and typically involves smaller-scale operations that prioritize community engagement, cultural exchange, and sustainable development.

A growing number of community-based initiatives have been established, in line with increased interest from visitors in interacting with local communities and making an impact, and the growing trend toward sustainable travel which prioritizes the needs of host communities. Moreover, community-based tourism in Saint Lucia is supported by existing community organizations which can provide support to community-based businesses and manage community attractions. The most advanced organization of this kind is the Soufriere Regional Development Foundation whose mission is to foster the social, cultural, and economic development of Soufriere.

To advance community-based tourism in Saint Lucia, it is essential to further develop and formalize community-based organizations to manage community assets and deploy resources toward the development of the community. It is also necessary to raise awareness of resources available within communities and educate community members about leveraging these assets to develop and promote unique and attractive community-based products.

Additionally, greater awareness of existing support mechanisms should be promoted. Moreover, entrepreneurial training and skills-building programmes are important to provide communities with the tools needed to start, operate, and scale community-based initiatives. Collaboration and partnership between community-based tourism businesses, organizations, the government, and private sector entities are important to build strong networks, create economies of scale and other efficiencies, boost the visibility of community-based initiatives, and generally create more sustainable community-based tourism initiatives.

Contributing factors to the destination's competitiveness in community-based tourism are outlined below:

- Core resources
 - Several locally owned small boutique hotels and guesthouses located in communities and growing sharing economy accommodation which facilitates easy access to host communities.
 - Many communities have a rich village culture with unique cultural practices, traditions, and stories.
 - There is a growing number of community-based tourism activities.
- Supporting resources
 - Saint Lucia is well connected to its international source markets.
 - Presence of community-based organisations which can work closely with communities to develop and promote community-based tourism initiatives and provide resources such as community knowledge and cultural insights.
- Demand conditions
 - According to the Booking.com Sustainable Travel Report (2022), 66% of travellers surveyed want to have authentic experiences representative of local culture.
 - Only 21% of respondents to a Euromonitor survey were familiar with community-based tourism. The promotion of community-based tourism and community-based tourism activities is therefore essential to raise awareness (Euromonitor International, 2019).
 - The same survey revealed that 44% of respondents would consider doing community-based tourism activities in the Caribbean (Euromonitor International, 2019).
- Situational conditions
 - Individuals, communities, and small businesses can access financing, training, and operational support through the Community Tourism Agency.
 - Financing for community tourism initiatives is also available through the Saint Lucia Development Bank as well as other sources. It is however important to note that there are often barriers that impede potential borrowers from accessing capital including strict lending requirements and limited entrepreneurial skills.
 - Over one million tourists visit Saint Lucia annually, providing a sizeable market for the consumption of community-based tourism activities.

- Destination management
 - Community-based tourism is incorporated into Saint Lucia’s tourism planning and development. A Community Tourism Agency has been established to facilitate the development of tourism-based activities.

C. Saint Kitts and Nevis

1. Options for tourism diversification

The twin-island nation of Saint Kitts and Nevis possesses an array of endowed and created assets which can be leveraged to develop several integrative and parallel tourism niche products. As a growing tourism destination, diversification of its product through the development of these niches will serve to augment the experience of visitors, promote the destination’s unique identity, and increase its market competitiveness. The distinctive features of each island and efficient connectivity between them are valuable assets, serving to expand the experiences currently and potentially available to visitors, irrespective of their place of stay.

2. Integrative products

Cultural heritage tourism

Based on an interview with market experts, the 2014-2019 strategic plan lists heritage and culture as one of the unique selling points of Saint Kitts and Nevis. Indeed, Saint Kitts and Nevis has a plethora of historical sites including UNESCO World Heritage Site Brimstone Hill Fortress in Saint Kitts and Bath Hotel in Nevis, which could potentially earn the same status. The spatial proximity of historical sites allows visitors to explore multiple sites on both islands during their stay. Further, the national museum of Saint Kitts is conveniently located within walking distance of the main cruise ship pier, making it easily accessible to cruise ship passengers, who account for the overwhelming majority of visitors to the island. There is immense potential to build on what currently exists and create a well-established world-class cultural heritage tourism product.

The country also has a rich culture fashioned by African, European, and indigenous influences. Hence, there is tremendous potential to create authentic cultural experiences based on the country’s food, music, traditions, art, crafts and so forth.

There is significant scope to further develop the cultural heritage tourism product through the restoration and preservation of heritage sites, the development and staging of heritage attractions, the development of cultural experiences, and the integration of these experiences into the tourism product. Developing the cultural heritage tourism product would require bolstering the capacity of the country’s human resources to deliver services required by the cultural heritage tourism niche, and financial resources to undertake restoration and product development activities. The niche would also benefit from strengthened collaboration among partners in the industry.

Contributing factors to the destination’s competitiveness in cultural heritage tourism are outlined below:

- Core resources
 - Over 250 historical sites including a UNESCO World Heritage Site and others with the potential to gain the same status such as the Bath Hotel in Nevis.
 - Museums are in both Saint Kitts and Nevis. The national museum in Saint Kitts is near to the cruise ship dock.

- Rich culture, which was identified as a unique selling point by a panel of market experts (Saint Kitts Tourism Sector Strategy and Action Plan 2014 – 2019).
- The islands have historical links with traditional markets including the US, and the UK and with potential source markets including Africa.
- Supporting resources
 - A number of organisations such as the Nevis Historical and Conservation Society and the St Christopher National Trust work to preserve the cultural and natural heritage of the islands.
 - While the Federation is connected to major source markets, there is significant room to improve airlift, especially post-pandemic. Efforts are currently underway to boost airlift. An inadequate supply of skills to support the advancement of the sector has been reported.
- Demand conditions
 - The importance of heritage and culture in international travel is increasing as tourists seek more immersive experiences. Close to 40% of tourists undertake cultural activities when they travel (World Tourism Organization, 2018).
 - According to the Booking.com Sustainable Travel Report (2022), 66% of travellers surveyed want to have authentic experiences representative of local culture.
 - Historical sites associated with the transatlantic slave trade such as the UNESCO World Heritage Site, Elmina Castle in Ghana, attract tens of thousands of visitors annually.
 - Saint Kitts and Nevis faces strong competition from other Caribbean destinations that also have a rich cultural heritage including nearby ECCU islands, Jamaica, Cuba, Dominican Republic.
- Situational conditions
 - Heritage and cultural experiences would be staged in the beautiful landscape of Saint Kitts and Nevis.
 - An expanded budget for the restoration and preservation of historical sites essential to develop the cultural heritage niche.
 - Over one million tourists visit Saint Kitts and Nevis annually, providing a sizeable market for the consumption of cultural heritage activities.
 - While domestic firms and potential entrepreneurs can access capital from several sources, that there are often barriers that impede potential borrowers from accessing capital including strict lending requirements and limited entrepreneurial skills.
- Destination management
 - The new marketing campaign for Saint Kitts, “venture deeper” highlights historical landmarks and cultural experiences and encourages visitors to immerse themselves deeply into the natural and cultural environment.
 - Improvements in data collection and analysis would enhance knowledge of visitor preferences which could assist in marketing and product development.
 - The most recent tourism strategy identifies cultural heritage tourism as a strategic market niche. Though this strategy has expired, the current sentiment still mirrors this desire to develop a cultural heritage niche.

Ecotourism

Ecotourism refers to travel to natural areas while minimizing negative impacts on the natural and sociocultural environments and promoting conservation efforts and supporting local communities. It can involve activities including hiking, wildlife observation, snorkeling, kayaking, visiting farms, and conservation projects among other activities.

Saint Kitts and Nevis has a lush and diverse natural environment that provides opportunities for eco-tourism and outdoor recreation. Known for its fertile land, the federation also possesses agricultural resources which can be used to incorporate sustainable farming practices into tourism activities including farm tours and farm-to-table experiences. Ecotourism emphasizes supporting local communities, in line with residents' desire for increased local benefits from tourism. Moreover, it emphasizes sustainability which is compatible with the government's push toward geothermal energy. By focusing on these unique features, Saint Kitts and Nevis can offer a valuable experience that benefits both residents and visitors and minimizes the environmental impact.

To further develop the ecotourism industry, both islands could make further investments in sustainable infrastructure, promote eco-friendly practices, provide training for local tour guides, build awareness of the islands as ecotourism destinations and partner with international ecotourism organizations to gain exposure. Since ecotourism emphasizes community, it is also crucial that local communities are consulted in the development of the niche and that mechanisms are put in place to ensure that the communities benefit from it.

Contributing factors to the destination's competitiveness in ecotourism are outlined below:

- Core resources
 - Saint Kitts and Nevis both have a diverse range of natural attractions, including rainforests, volcanic peaks, and marine reserves.
 - St. Kitts and Nevis has several national parks and protected areas that are home to a variety of flora and fauna.
 - The islands also have several trails which are perfect for hiking and other eco-activities.
 - Known for its fertile land, the federation also possesses agricultural resources which support a range of activities including farm tours and farm-to-table experiences.
- Supporting resources
 - While the Federation is connected to major source markets, there is significant room to improve airlift, especially post-pandemic. Efforts are currently underway to boost airlift.
 - The presence of organisations dedicated to the preservation of natural, ecological, and marine assets and support the sustainable management of the islands as tourism destinations. These organisations include the Saint Kitts Sustainable Destination Council, the Nevis Turtle Group, the Saint Kitts National Trust.
 - Public sector push toward energy sustainability.
- Demand conditions
 - With increasing knowledge of climate change, people are increasingly seeking more sustainable travel options that minimize negative impacts and support conservation efforts.
 - According to the Booking.com Sustainable Travel Report (2022), 81% of travelers surveyed confirmed that sustainability is important to them.

- On the heels of the pandemic, people are also increasingly interested in visiting natural areas as a means of enhancing well-being.
- Situational conditions
 - While domestic firms and potential entrepreneurs can access capital from several sources, that there are often barriers that impede potential borrowers from accessing capital including strict lending requirements and limited entrepreneurial skills.
 - Over one million tourists visit Saint Kitts and Nevis annually, providing a sizeable market for the consumption of ecotourism activities.
- Destination management
 - The most recent tourism strategy identifies ecotourism as a strategic market niche.
 - The destination is being positioned as one in which visitors can immerse themselves into the natural and cultural environment through the new marketing campaign for Saint Kitts, 'venture deeper'.
 - Promotion of ecotourism compatible with resident values. The 2021 Resident Satisfaction Survey revealed that protecting Saint Kitts' natural area and biodiversity was important to residents.
 - Improvements in data collection and analysis would enhance knowledge of visitor preferences which could assist in marketing and product development.

3. Parallel product

A well-established sports tourism product will attract visitors whose primary motivation for travel is some sporting event or activity. It could however also double as an integrative product, attracting tourists visiting for the destination's primary product but include sporting activities in their itinerary.

Sports tourism

Saint Kitts and Nevis has a range of sporting facilities and has hosted international sporting events. For instance, the Caribbean Premier League (CPL) cricket franchise, an annual Twenty20 cricket tournament, has been based in Saint Kitts since 2015. Saint Kitts has also hosted the Caribbean Free Trade Association (CARIFTA) Games, Federation Internationale de Football Association (FIFA) games and international cricket and other international and regional sporting events. Nevis also hosts an annual triathlon.

The Federation could leverage these core resources to attract more international sporting events and become a leading sports tourism destination. Hosting international sporting events could generate international media coverage for the destination, creating significant marketing value. Sporting events also create substantial activity in the domestic economy.

There is also immense potential to expand the destination's offerings in sports tourism outside of special events. For instance, the destination could attract sports teams to do off-season training. The island's tropical climate and natural beauty provide ideal conditions for training year-round. These conditions are attractive to athletes who prefer to train in a warm environment during the colder months in their countries.

To further develop the sports tourism product, the country would need to market itself as a sports tourism destination, highlighting its existing infrastructure, warm climate, and natural beauty. Training residents to provide sports-related services including physiotherapy and coaching would also add significant value to the product. Investment in sports infrastructure, including the maintenance and upgrading of existing facilities would also be critical in further developing the sports tourism product. In

addition, partnering with other countries to host events can expand the reach of the destination to a larger audience and attract more participants. It can also create opportunities for knowledge-sharing, capacity building and risk-sharing.

Importantly, adequate airlift to the destination from both the international and Caribbean markets would be an essential component of developing a successful sports tourism product.

Contributing factors to the destination's competitiveness in sports tourism are outlined below:

- Core resources
 - Created resources include sporting facilities of international standards on both islands. In Saint Kitts, there are international football, cricket and track and field sporting facilities. Nevis is home to an international nine-lane Mondo track and a drag racing track. Both islands also have international standard golf courses.
 - The country also has accommodation suitable for hosting participants in major tournaments.
 - The islands also have a rich culture and heritage, beaches, and a beautiful landscape, all of which complement a sports tourism product.
 - The year-round warm climate makes the island an attractive destination for sporting events and warm weather training.
- Supporting resources
 - While the Federation is connected to major source markets, there is significant room to improve airlift, especially post-pandemic. Efforts are currently underway to boost airlift.
- Demand conditions
 - Sporting events have a large fanbase including the domestic market.
 - Demand for Saint Kitts and Nevis as a sports tourism destination could be expanded through marketing, and increased airlift. Furthermore, media coverage of international events could create significant marketing value for the destination.
 - Saint Kitts and Nevis has many sporting facilities of an international standard relative to neighbouring islands. However, other Caribbean competitors include the Bahamas and Jamaica.
- Situational conditions
 - Saint Kitts and Nevis receives over one hundred thousand stayover visitors annually, providing a sizeable market for the consumption of sporting activities.
 - Saint Kitts and Nevis is a relatively safe destination for tourists.
- Demand management
 - Sports tourism is listed as a strategic market niche. However, an updated tourism sector strategy for Saint Kitts has not been published to date. Nevis does not currently have a sector strategy and the Federation, nor does it have a joint tourism strategy.
 - The destination is not typically marketed as a sports tourism destination. The increased promotion of this product would be essential.
 - An improvement in data collection and analysis could allow for more targeted marketing and monitoring and evaluation.

IV. Beyond COVID-19: other challenges to tourism development

The COVID-19 pandemic was one of the greatest challenges of all time to travel and tourism. However, other challenges, which have preceded and are likely to outlast the effects of the pandemic, if not addressed. For a tourism diversification strategy to be implemented successfully, these challenges must be identified, and solutions implemented. Many of these challenges are pervasive. That is, they are widespread challenges which affect multiple stakeholder groups across the length and breadth of the tourism industry.

Most of the challenges identified are also common across countries. One of the common and pervasive challenges to tourism development in the countries under review is the industry's susceptibility to external shocks. The tourism industry is extremely vulnerable to external shocks, the latest being the COVID-19 pandemic, which motivated this study on building resilience in tourism. However, the industry has historically faced numerous negative shocks including the Global Financial Crisis, the September 11th terrorist attacks, and natural disasters.

Anything that affects the demand for, or supply of travel and tourism services directly affects the tourism industry and by extension the economy. These factors have included economic crises, inflation, oil crises, pandemics, natural disasters, disruptions in the supply of critical goods and so forth. Despite these countries' extreme vulnerability, comprehensive and holistic disaster and risk management at the national level are not sufficiently developed. While some individual tourism entities have developed disaster management plans, there is a need for coordinated efforts to establish national-level tourism risk management and disaster management plans that address multiple risks and disasters.

In addition to the susceptibility to external shocks, several other commonalities were found across the countries under review. Notably, their tourism industries are all affected by data limitations, sustainability, and an inadequate supply of skills to meet the demand of the labour-intensive industry. These challenges can limit the competitiveness, growth, and sustainability of the industry. This section provides an overview of key challenges facing the tourism industry in each country, as identified through

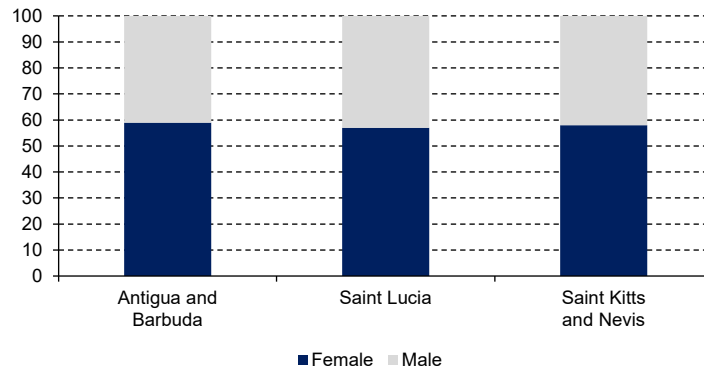
stakeholder consultations and secondary research. It will also highlight challenges faced by specific demographic groups. It is important to note that this list is not exhaustive, but rather highlights the issues that emerged most prominently.

Box 2
The tourism industry: women and youth

As illustrated in this study, tourism is an essential industry in the growth and development of the Antigua and Barbuda, Saint Lucia and Saint Kitts and Nevis, and women have played a vital role in developing and sustaining it. The service industry in all countries under review is among the largest employers and women are generally overrepresented. Hence, the hospitality industry provides significant employment opportunities for women.

However, many women are concentrated in lower-paying jobs and work in precarious part-time, seasonal, or informal positions within the hospitality industry, making them extremely vulnerable to economic shocks, including COVID-19. In addition to this economic vulnerability, many women in hospitality face other challenges. Reports from stakeholder consultations highlight concerns such as sexual harassment, limited work-life balance due to family care responsibilities; and barriers to advancement due to factors including gender-based discrimination and unequal pay.

Figure 1
Pre-pandemic employment by sex in the accommodation and food services/hotels and restaurants sector
in Antigua and Barbuda, Saint Lucia, and Saint Kitts and Nevis
(Percentages)



Source: Authors' calculations based on data from the Central Statistical Offices of Antigua and Barbuda, Saint Lucia and Saint Kitts and Nevis.

Despite facing considerable obstacles and gender biases, women in the Caribbean have been breaking barriers and blazing trails in this important economic sector, making significant contributions across all levels of the industry. Labour force survey data indicates that there were more female than male managers and professionals in the labour force across all countries. Notably, however, women still lag their male counterparts in terms of ownership of businesses, excluding microenterprises (International Labor Organization, 2018; Antigua and Barbuda Statistics Division, 2020).

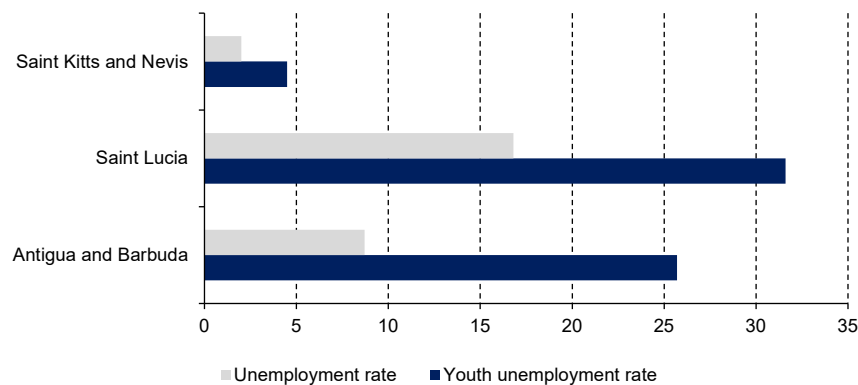
To build a more equitable and resilient tourism industry in the countries under review, it is essential to address gender gap and barriers faced by women. This includes creating an enabling environment that would support women in business ownership, providing training and support for career advancement, and promoting gender-sensitive policies that address issues such as pay equity, work-life balance, and harassment prevention.

The youth are also a vital demographic in the tourism industry, as they represent its future. Youth in the Caribbean are however more likely to be unemployed or underemployed, particularly in Antigua and Barbuda and Saint Lucia where the youth unemployment rate is much higher than the overall unemployment rate.

As the hospitality industry is among the largest employers, it can provide significant opportunities to promote youth employment and entrepreneurship. This can be achieved through policies and programmes that provide training and mentorship opportunities, support youth-led enterprises, and promote innovation and creativity in the industry.

Women and youth are key stakeholders in the tourism industry in the Caribbean, and it is essential to promote their empowerment and participation in the sector. By addressing the unique challenges faced by women and youth in the tourism industry, we can promote sustainable tourism and social development, and create new opportunities for economic growth and prosperity in the region. Importantly, the collection and analysis of gender and age disaggregated data would facilitate the identification and measurement of challenges facing these groups and allow for more targeted solutions. As we look to the future of tourism in the Caribbean, it is essential to prioritize gender equality, youth empowerment, and sustainable development, to ensure that the industry benefits all members of society.

Figure 2
Pre-pandemic youth unemployment rate vs overall unemployment rate
(Percentages)



Source: Authors' calculations based on data from the Central Statistical Offices of Antigua and Barbuda, Saint Lucia and Saint Kitts and Nevis.

Source: Authors' compilation.

A. Antigua and Barbuda

1. Incomplete statistical coverage of the tourism industry

While Antigua and Barbuda has made strides in collecting tourism statistics, substantial gaps remain. While some data such as visitor arrivals are readily available, there are significant gaps in other areas such as visitor expenditure and accommodation statistics. Notably, there is generally a dearth of data in the yachting and cruise industries. Partly because of the paucity of data, authorities have thus far, been unable to construct a tourism satellite account. A tourism satellite account is critical to allow for the economic measurement of tourism since it does not exist as its own sector in the system of national accounts. Hence, there is no information on the full size and scope of the entire tourism industry in Antigua and Barbuda. The economic impact of the tourism industry and its sub-industries is therefore not fully understood and is likely underestimated. The current institutional framework for data collection within the tourism industry has not been fully effective in bridging these gaps. This lack of data inhibits objective economic analysis, informed strategic planning and evidence-based decision-making, affecting policymakers, investors, and entrepreneurs.

2. Insufficient strategic planning for tourism development

Strategic planning is crucial to ensuring long-term sustainability of the tourism industry. Importantly, it ensures that all tourism stakeholders are systematically working toward the desired future state, provides a framework for the deployment of resources, allows practitioners to plan for changes in the operating environment, and identifies new opportunities for growth and plans for the sustainability of the industry. Several gaps exist in the tourism industry of Antigua and Barbuda, which stakeholders have attributed to inadequate strategic planning.

These gaps include infrastructural development lagging behind the expansion of the tourism industry, an inadequate supply of skills in certain areas, slow adoption of technological solutions, a lack of continuity in tourism planning due to personnel changes and inadequate attention to sustainability in tourism development. This has led to tourism product development being primarily driven by market-based choices of individual actors, rather than coordinated destination-level policies.

Efforts have however been made toward strategic planning in the industry. Tourism is included as a key sector in the country's medium-term development plan. Additionally, the Ministry of Tourism and Investment launched a vision for the tourism industry in 2022 titled, "VISION 2032: A Vision for the Tourism Industry of Antigua and Barbuda". The vision was developed based on feedback from tourism stakeholders about their hopes for tourism in Antigua and Barbuda in the next ten years. While the vision refers to a strategy and implementation plan as the next step, it has not yet been developed. Therefore, there is a need for a more comprehensive and coordinated approach to strategic planning that addresses the identified gaps to ensure the long-term sustainability and competitiveness of the tourism industry in Antigua and Barbuda.

3. Lack of collaboration among stakeholders

Feedback across different stakeholder groups was inconsistent regarding collaboration with the government on matters of tourism. While some private sector stakeholders enjoy a collaborative relationship with public sector institutions, others opined that formal channels through which they can consistently share concerns or participate in tourism planning are limited. Consultations also revealed that private sector stakeholders could benefit from closer collaboration within and among industry groups. A lack of collaboration among stakeholders can lead to inefficient and ineffective decision-making, stakeholders pursuing conflicting objectives, duplication of effort among different stakeholders and slow development of solutions to address issues plaguing the industry.

4. Inadequate local participation in the tourism industry

Feedback from residents suggests that opportunities to participate in tourism planning or contribute suggestions for tourism development are inadequate. While the resident perception survey is one channel which allows a sample of residents to express their feelings toward tourism, results from the survey conducted in 2019 revealed that 83% of the respondents felt that there were no opportunities to be involved in tourism planning. Furthermore, 76% of respondents reported that there were no opportunities to share suggestions on ways to make tourism more successful in Antigua and Barbuda.

The survey also (rps) revealed that residents are generally dissatisfied with the current level of tourism impact in their communities, though there is a high level of interest.

Furthermore, stakeholder consultations revealed that there is a perception of systematic inequity regarding prime opportunities in the tourism industry. That is, existing formal and informal institutions (or lack thereof) disproportionately discourage local participation in the industry beyond a certain level. For instance, there are little to no formal incentives for foreign investors to employ locals at the managerial level in their tourism businesses. Additionally, limited access to entrepreneurial skills and capital are seen as obstacles to local ownership in lucrative tourism-related businesses which require high levels of investment and know-how.

Over time, a negative perception of tourism could lead to a deterioration in support for tourism development by residents.

5. High operating cost

Operating costs in the tourism industry in Antigua and Barbuda are relatively high. For instance, electricity costs are among the highest in the Caribbean region and the country also has one of the highest minimum wages among its peers. Hence the provision of high-quality tourism services and operating, maintaining, and upgrading tourism facilities can in some instances be prohibitive. Supply chain disruptions and recent inflationary pressures have further compounded this issue.

6. Insufficient pool of skilled labour

Despite an expansion in access to training and education in tourism over time, stakeholders have reported a pronounced shortage of skilled workers in key areas in the tourism industry such as yachting services and culinary arts. This shortage has emerged as a significant challenge for the industry, affecting businesses and investors alike, and impeding the industry's growth potential. The lack of skilled workers has been attributed to various factors, including limited awareness of employment opportunities, a mismatch between skills being produced by the education system and skills in demand, and the perception of a glass ceiling for local employees in tourism businesses. The pandemic has worsened this challenge as some individuals who were laid off from the tourism industry found alternative sources of employment, exacerbating the shortage of skilled workers in these fields. Stakeholders have also recognized the need for more robust entrepreneurial training to support the advancement of entrepreneurship in the tourism industry. In addition to the shortage of skilled workers, low service quality has also been identified by some stakeholders as a concern in the tourism industry.

7. Lack of integration of creative industries with the tourism industry

The creative industries, which encompass a broad range of fields such as arts, culture, music, film, and design, are important drivers of economic growth and job creation, and they have significant potential to support and enhance the tourism sector. While efforts are being made to incorporate the creative industries into the tourism industry, it is still recognized among stakeholders that there is significant scope for further integration of the two industries. Existing challenges include insufficient collaboration and coordination between the two industries and the fragmentation of the creative industries themselves, with many SMEs operating independently and lacking the resources to collaborate with the tourism industry effectively. There is also a need for greater recognition of the value of the creative industries in enhancing the visitor experience. Importantly, the lack of integration between both industries can result in missed opportunities to market local goods and services produced by creatives to an international audience.

B. Saint Lucia

1. Incomplete statistical coverage of the tourism industry

Like other islands, statistical coverage of the tourism industry in Saint Lucia is incomplete. Challenges to data collection include low response rates to statistical surveys. Additionally, there is generally a paucity of data covering the cruise and yachting sectors of the tourism industry. While the Central Statistics Office of Saint Lucia has been able to generate supply and use tables which provide a wealth of information on the tourism industry, the tourism satellite account is not yet regularly constructed. The full impact of the tourism industry on the economy of Saint Lucia is therefore not understood. There is also a lack of coverage of the creative industries.

2. Inadequate supply of skills to meet the demand of the tourism industry

Stakeholders in Saint Lucia have also reported a deficiency of skilled labour in the tourism industry. Skills in food and beverage operations were consistently highlighted as being in short supply. Competition for skills from the cruise industry and misalignment of educational opportunities and skills in demand has been put forward as contributing factors. Soft skills, including customer service, have also been highlighted as inadequate in the tourism labour pool. Moreover, rising interest in entrepreneurship in tourism and the wider economy has also highlighted the need for an increase in training to equip entrepreneurs with the necessary skills to establish and run successful tourism-related businesses. The need to upskill the labour force to support the development of a higher quality product and to allow residents to participate in the industry at a higher level was also apparent.

3. Rising cost of operation

Increasing operational cost, including the cost of food and utilities, has been highlighted as a significant challenge among tourism businesses. Supply chain disruptions due to the pandemic and recent inflationary pressure have been major contributors to this challenge. Rising operational costs can have negative implications for reinvestment and reduce the price competitiveness of a destination.

4. Infrastructural challenges

Improvements in infrastructure are necessary to support tourism development and improve competitiveness as a destination for tourism and investment. The development of tourism depends largely on the availability of quality infrastructure to support the influx of visitors. Infrastructure, including transportation, and waste management systems therefore need to be maintained and, in some cases, upgraded. Infrastructure and facilities around attractions and popular tourist sites also need to be improved and maintained. For example, improvements which allow persons with disabilities to access these attractions is increasingly important. Energy and telecommunications infrastructure are also important.

5. Difficulties in the doing business environment

The business environment, which was cited as an area of concern among stakeholders, can have a significant impact on the growth and development of the tourism industry. Complex and time-consuming regulatory processes and bureaucratic hurdles can be a source of administrative burden for businesses. In addition, issues such as crime and safety are also rising concerns which can impact the doing business environment and Saint Lucia's competitiveness as a tourism destination. It is also critical that investments are made in the security infrastructure to improve the safety of tourists and residents.

6. Insufficient trickle-down of benefits of tourism to small businesses and host communities

Despite tremendous economic gains associated with tourism, it was noted that the benefits do not always reach small businesses and host communities which form an essential part of the tourism ecosystem. Competition with large tourism facilities with significant financial and operational resources sometimes crowds out smaller establishments. For instance, one challenge reported by some small tourism operators is competition with all-inclusive hotels which provide several elements of a vacation in a package including accommodation, food, transport, and entertainment. Hence, though these hotels do collaborate with some small businesses to varying degrees, contact between host communities and their guests can be limited and the majority of their guests' spending typically takes place within the hotel.

While foreign investors receive generous incentives to invest in the tourism industry, stakeholders have also highlighted the need for greater financial assistance and fiscal incentives for local investors. Efforts have however been made to promote the more equitable inclusion of small businesses and communities in the tourism industry. For example, the Community Based Tourism Agency has been established to expand local ownership by growing small tourism businesses and creating opportunities in tourism within the local communities.

7. Lack of integration of creative industries with the tourism industry

The integration of the creative industries into mainstream tourism is an ongoing effort at different levels, but there is still significant scope to further connect the two industries. One issue highlighted is that there may be a lack of understanding and appreciation of the value that the creative industries can bring to the tourism and a lack of awareness of economic opportunities in the tourism industry for creatives. Deeper integration between both industries can provide significant opportunities to market local goods and services to an international audience and to create a more authentic experience for visitors.

C. Saint Kitts and Nevis

1. Incomplete statistical coverage of the tourism industry

The tourism industry in Saint Kitts and Nevis is an important and growing contributor to the country's economy. However, there are significant data gaps in the coverage of the tourism industry in Saint Kitts and Nevis. For example, comprehensive datasets on room stock, employment, and motivation for travel are unavailable. Moreover, like the other countries under review, data on the yachting sector is limited. This challenge could hinder effective policymaking for the tourism industry. Obstacles to collecting and analyzing tourism data include low response rates to statistical surveys and unsuitable reporting of administrative data. Although the Statistics Act mandates individuals to provide statisticians with any information requested, the law is not enforced. Despite these challenges, efforts are underway to enhance tourism data collection and analysis. These initiatives are crucial to the development of the tourism industry and will provide policymakers with better insights to make informed decisions.

2. Inadequate strategic planning to support the development of the tourism industry

Strategic planning and the policy framework supporting the tourism industry in Saint Kitts and Nevis could benefit from further strengthening and refinement. Though elements of the Saint Kitts Tourism Sector Strategy and Action Plan 2014-2019 are still relevant today, Saint Kitts lacks a current tourism strategy. The authorities have, however, expressed their commitment to developing a current strategy which will consider lessons learnt from COVID-19. Additionally, the tourism industry in Nevis is also not guided by a tourism strategy. The absence of standards, aged and fragmented legislation governing the industry, inadequate skills to support the industry's growth, and inadequate formal incentives and support to facilitate local investment, have been identified as key shortcomings of the industry which could also be addressed through strategic planning and a strengthened policy framework. These factors could ultimately limit the sustainable growth of the tourism industry. Emerging issues including water shortages will require strategic planning as the tourism industry grows.

3. Insufficient pool of skilled labour

Stakeholders have reported that there is generally an insufficient pool of skilled labour to meet the needs of the tourism industry. More specifically, a shortage of skills to support the development of the yachting and marine sector, accommodation sector and niches such as cultural heritage tourism among others were reported. Stakeholders have partially attributed this challenge to a lack of awareness of the

opportunities in tourism, a misalignment between the skills being produced by the education system and those in demand, and competition for skilled workers in the global tourism industry. This shortage of skilled labour limits the range and sometimes the quality of services on offer and could have implications for overall industry competitiveness. Low service quality has also been cited as a concern with the industry's human resources.

4. Inadequate airlift

Though incremental improvements in airlift were made up to the pandemic, tourism businesses would have benefitted significantly from an expansion in airlift. Today, international, and regional airlift to Saint Kitts and Nevis remains below pre-pandemic levels, inhibiting the full recovery of stay-over arrivals. More specifically, in January 2023, inbound seats to the destination were over 40% below that of the corresponding period of 2019. As a result, there has been a reduction in revenue for tourism-related businesses, including hotels which have witnessed unsustainable declines in their occupancy rates. Inbound travel to the destination is also expensive relative to similar destinations, impacting the destination's price competitiveness.

However, efforts are being made by the government to restore the island's connectivity. For instance, Inter Caribbean Airways, a regional airline, added Saint Kitts and Nevis to its network commencing 12 March 2023. This will help by enhancing connectivity and reducing travel times from main source markets, especially the Caribbean.

5. Challenges in doing business

Consultations revealed that the tourism industry in Saint Kitts and Nevis would benefit significantly from improving the ease of doing business. Complex, time-consuming, and sometimes unclear regulations and procedures, bureaucratic hurdles and the slow processing of applications, for example, have been a challenge for investors, tourism businesses, and visitors in some instances. These challenges can diminish the destinations attractiveness for investment.

6. Resident perception

The 2021 Saint Kitts Resident Satisfaction survey revealed that while residents of Saint Kitts and Nevis generally have positive feelings about the tourism industry and are interested in participating in it, there are some concerns about the degree to which locals, particularly those of the working class, benefit from the tourism industry. This sentiment was generally echoed during stakeholder consultations. However, it has also been argued that there is a lack of awareness among residents of the value of and opportunities in the tourism industry, which may hinder their ability to fully engage and benefit from it. Failure to address these concerns could erode residents' generally positive perception of the tourism industry.

7. Rising cost of operation

The rising cost of operation, including the cost of food and utilities, has also been highlighted as a concern among tourism-related businesses in Saint Kitts and Nevis. Major contributors to this challenge have been supply chain disruptions due to the pandemic and global inflationary pressure have been. Rising operational costs can reduce levels of reinvestment and can also affect the price competitiveness of a destination.

8. Lack of integration of creative industries with the tourism industry

Like the other countries under review, there are ongoing efforts to integrate the creative industries into the tourism industry, but there is still a significant need to enhance the linkages between the two industries. Challenges that have been identified include the lack of coordination and collaboration between the two industries and the possible lack of recognition of the value that the creative industries can offer to tourism. It has also been argued that there may be a lack of awareness of the economic

prospects in the tourism industry for creatives. The creative industries themselves also face challenges which can limit their integration into other sectors including access to finance for the creative industries, insufficient or ineffective promotion and branding and a shortage of skills and training. By further integrating the two industries, there can be significant opportunities to promote local products and services to an international audience.

Box 3
Sustainability in the tourism industry

For many who visit, the Caribbean is synonymous with paradise, largely attributable to the abundance of coastal resources with which the region is endowed. Antigua and Barbuda, Saint Lucia and St Kitts and Nevis boast beautiful beaches, a diverse marine environment, and lush forests among other natural resources on which their tourism industries are built. Hence preservation of these natural resources is paramount to 'guaranteed' longevity of a successful industry.

As illustrated in this study, tourism is a significant driver of economic development in these islands. However, while the industry has brought many economic benefits, there are growing concerns about its sustainability. That is, the industry's ability to meet current needs without compromising the ability of future generations to meet their own needs by preserving natural and cultural resources.

Over time, tourism development, which is typically concentrated in the coastal zone, has contributed to varying degrees, to the degradation of coastal and other natural resources. A deterioration in these resources naturally leads to a decline in the quality of, and demand for the tourism product. The industry has also placed significant demands on the countries' waste management infrastructure and potable water resources, negatively impacting the environment and local communities. As such, there is a pressing need to pursue sustainable tourism practices that promote more responsible use of natural resources that minimize negative impacts on the environment and local communities.

While governments in the region have taken various measures to promote sustainability and responsible use of natural resources, and as society is becoming increasingly more sensitive to these issues, the attitude and behaviour of humans towards sustainability have not kept pace with changes in the environment. It is therefore also an urgent need to educate and raise awareness about the importance of sustainability among all stakeholders across all levels, including at the level of policymakers, to accelerate the transition toward a sustainable future.

Source: Authors' compilation.

V. Conclusions and recommendations

The COVID-19 pandemic has been one of the largest and most pervasive external shocks to tourism industries of countries globally, including those under review. The resulting declines in output, exports, foreign exchange, government revenue and employment have had far-reaching economic and social effects and consequences.

Due to the industry's vulnerability to external shocks, building resilience ought to be a cornerstone of the recovery from the COVID-19 pandemic and of tourism planning in general. The tourism industries of Antigua and Barbuda, Saint Lucia and Saint Kitts and Nevis are currently concentrated on a few primary products, largely seen as sun, sea, and sand destinations. Hence, one important strategy for building resilience in the tourism industries of these countries is tourism product diversification. Antigua and Barbuda, Saint Lucia and Saint Kitts and Nevis all have abundant resources which they can leverage to further the development of additional products as outlined in the previous section. By further diversifying tourism offerings, these countries can enhance competitiveness, build resilience, and generate sustainable economic growth in the long term. This is especially critical in the post COVID-19 era, as destinations globally compete to recapture market share.

In their pursuit of tourism product diversification, the following are recommended.

- (i) Establish strategic planning framework – A strategic planning framework provides a systematic approach to guide decision-making and resource allocation in pursuit of tourism product diversification. To this end, it is important to set clear goals, identify and prioritise products for development, build partnerships, allocate resources, and monitor and evaluate progress toward tourism diversification.
- (ii) Develop a clear branding strategy - With the further development and marketing of niches, the countries under review ought to ensure that already established, coherent brands are not obscured. A clear branding strategy which introduces niche products without confusing the market is therefore important. Creating and or enhancing thematic synergies among diversified tourism products and attractions could support a strong destination brand, encompassing a more diverse range of offerings.

- (iii) Invest in training and education – countries must have the human resources needed to support the development and delivery of new tourism products. Investing in training and education that is aligned with the current and future needs of the tourism industry is therefore critical.
- (iv) Develop product clubs – Product clubs are partnerships between businesses that share a common interest in promoting and developing specific tourism products. They can comprise a range of stakeholders including hotels, tour operators, restaurants, attractions, and vendors and can collaborate in a variety of ways including on market research, product development, and marketing. Examples of product clubs in tourism include cultural heritage tourism associations and eco-tourism alliances. By working together, product clubs can offer more unique and comprehensive packages and experiences. Further, by sharing knowledge, and pooling resources and expertise, these clubs can help to address common challenges within their niches, improve the quality of the tourism experience for visitors and enhance the overall competitiveness of the destination.

Successfully implementing a tourism diversification strategy, however, requires addressing longstanding challenges that predate and, if not addressed, are likely to outlast COVID-19 pandemic impacts. These challenges include the general susceptibility of the industry to external shocks and inadequate risk management at the destination level, inadequate strategic planning, data scarcity which impedes informed planning, monitoring and evaluation, an inadequate supply of skilled labour, and high operating costs among others.

To this end, the following are recommended:

- (v) Strengthening strategic planning – Strategic planning is essential to safeguard the long-term sustainability of the tourism industry and to ensure that tourism development is aligned with broader economic, social, and environmental objectives. It also identifies priorities, provides a framework for the deployment of resources, allows practitioners to plan for changes in the operating environment, addresses challenges, and identifies new opportunities for the growth of the industry. For tourism to be sustainable, its development must consider the interests of all stakeholders. An inclusive and participatory approach to strategic planning, involving a wide cross-section of stakeholders from the public sector, private sector, civil society, and the general public, should therefore be adopted.
- (vi) Strengthening stakeholder participation in tourism planning – By involving a diverse range of stakeholders, including the government, residents, businesses and industry experts, decisions can be made with a more comprehensive understanding of the needs and interests of all parties involved. This participatory approach can help to prevent decisions being made solely based on political considerations or the interests of a small group of individuals. Moreover, it can help to ensure the continuity of policies and projects despite changes in political administrations and tourism personnel, as they are supported by a wider range of perspectives and expertise. This approach can also help to build trust and cooperation among tourism stakeholders, which can be essential for the success of tourism initiatives. Strengthening private sector and non-government organizations and associations can also help provide a unified voice to advocate for their needs and concerns to the government. They can also help improve collaboration and communication between and among different segments of the industry, which can lead to more effective problem-solving.
- (vii) Strengthening risk management and disaster planning - As a small, open, tourism-dependent country, vulnerability to external shocks is may be considered a chronic condition that is unlikely to change. Sustainability of the tourism industry in the destinations under study

therefore, depends on their ability to manage these shocks effectively thereby enabling quick recovery when inevitably, they arise. Hence, a systematic and coordinated approach to managing risk and disasters at the national level is essential to building resilience. Drawing from the expertise of regional entities such as the Caribbean Tourism Organisation (CTO) and the Caribbean Disaster Emergency Management Agency (CDEMA), countries should develop and implement comprehensive disaster and risk management plans that address various types of external shocks that the industry may face. Additionally, regular reviews and updates of these plans are necessary to ensure their effectiveness in dealing with emerging risks. This requires a coordinated effort between the government and industry participants.

- (viii) Investing in human resources – Building a resilient tourism industry requires adequate and high-quality human resources. While training and educational opportunities exist in the countries under review, there is still a gap between the pool of skills available and industry needs. Closing this skills gap requires the development and implementation of a strategy for skills development, informed by an audit of skills currently available and the identification of skills required to fill existing and future roles in the tourism industry. This requires the engagement and collaboration of all tourism stakeholders including educational institutions which train the tourism workforce, and industry stakeholders who can provide insight into the skills and knowledge required for current and future job roles. Such a strategy should be underpinned by a robust governance framework to guide policymaking and to ensure that the strategy aligns with the country's overall development goals. Further, investing in the upskilling of the human resource pool could facilitate the participation of residents in the tourism industry at a higher level, allowing them to extract higher dividends. Expanding the scope and depth of training programmes to include business management and entrepreneurship is also essential. Such programmes can help individuals, including those in the creative industries, to start and operate scalable businesses which can be integrated into the tourism industry. By encouraging entrepreneurship, residents will have more opportunities to participate in and benefit from the tourism industry's growth.
- (ix) Expanding data collection and analysis – Data collection and analysis are essential for effective tourism planning, marketing, and monitoring and evaluation. Collecting and analyzing relevant data can provide valuable insights into visitor behavior, market trends, challenges facing the industry, the performance of the industry and the impact of tourism and its subsectors on the economy. This information can then be used to make informed decisions and develop targeted strategies to address challenges and enhance the competitiveness and sustainability of the tourism industry. To this end, efforts to enhance tourism data collection and analysis, including increasing the capacity of Central Statistical Offices, and developing supply and use tables and tourism satellite accounts, should be fast-tracked. Further, to help address the data collection challenges outlined above, building relationships, and improving trust among statistical agencies and the community will be important. Raising awareness of the value of statistics among policymakers, businesses, and the general public can also help create demand for data among stakeholders. To improve the collection of administrative data, a central integrated system for data collection should be developed so that data from multiple institutions can be collected and shared in a structured and systematic way.
- (x) Improving the ease of intraregional travel – As illustrated above, the Caribbean is traditionally a significant source market for the countries under review. Therefore, strategies to restore the Caribbean market to pre-pandemic levels and propel even further

growth, including improving the ease and affordability of intraregional travel, should be implemented. Improving the ease and cost of regional travel can potentially be achieved by fully implementing the Multilateral Air Service Agreement among Caribbean countries, improving operational efficiencies and facilitating the increase of aircraft utilisation through the extension of airport opening hours, among other strategies.

- (xi) Improving the ease of doing business – Creating a more favourable business environment would be beneficial to the tourism industry in attracting investment, encouraging entrepreneurship, and improving the visitor experience. Based on consultations, this can be achieved through the streamlining of regulations and procedures to start and operate a business and reducing bottlenecks, the implementation of electronic systems to make processes and payments more efficient and convenient, and the provision of support to entrepreneurs and businesses. Ultimately, improving the ease of doing business requires collaboration with stakeholders to identify specific needs and challenges that businesses face in operating in specific countries. Engaging stakeholders can help ensure that the solutions are tailored to the specific needs of the tourism industry and are therefore more likely to be effective in improving the business environment.
- (xii) Strengthening linkages of the tourism industry with other economic sectors including the creative industries – To fully realize the potential benefits of the tourism industry, it is crucial to strengthen linkages between the tourism industry and other economic sectors, including the creative industries. Improving linkages can help to create more opportunities for local businesses and entrepreneurs to participate in the tourism value chain and promote the development of more diversified and resilient economies by creating opportunities for new industries and for the advancement of existing sectors. Achieving deeper linkages requires a collaborative effort between government, private sector, and civil society stakeholders. To create an enabling environment for fostering linkages between the tourism industry and other economic sectors, several measures can be taken. These measures include establishing working groups to identify opportunities for collaboration and develop strategies to promote linkages; developing policies that promote linkages by providing incentives for collaboration between industries; and capacity building and skills development programmes which help entrepreneurs and businesses in other sectors to understand the potential benefits of working with the tourism industry and equip them with the necessary skills and knowledge to do so effectively. By strengthening linkages between the tourism, creative industries and other economic sectors, the tourism industry can benefit from the unique resources of other sectors, while other sectors can benefit from increased exposure and economic opportunities in the tourism industry.
- (xiii) Sustainable development of tourism infrastructure – The growth of the tourism industry in the islands under review has placed pressure on their infrastructure to varying degrees and without further development, the industry’s potential will be limited. It is therefore imperative that these countries prioritize infrastructural development to meet the demands of the industry and to facilitate its further development. In doing so, it is also essential to prioritize sustainability as the preservation of the countries’ natural resources is critical to the long-term success of the industry. Sustainable practices in the construction of new facilities, the management of waste and energy and the conservation of ecosystems and biodiversity are all essential to the industry’s continued growth.

Due to the longstanding nature of the challenges highlighted in this report, many stakeholders have developed a sense of skepticism surrounding their resolution. Addressing these challenges requires political will and recognition that some solutions, including those recommended above, require long-term management and that change is often gradual and cumulative. By adopting a collaborative

approach that brings together stakeholders and prioritizes sustainable development, the tourism industry may continue to play a crucial and more inclusive role in sustainable economic growth of the destinations here reviewed.

There should also be a cognizance that many Caribbean countries, including the tourism-based countries, are increasingly conditioned by high public debt (in excess of 70% of GDP on average), fiscal deficits and high debt servicing costs (averaging 40% of government revenue in 2022). This has considerably limited the fiscal space for investing the requisite modernization of tourism-related infrastructure etc. Moreover, whilst this paper reveals clear avenues for diversifying the tourism industry of the three (3) OECS economies considered in order to build resilience, the demonstrated extreme economic vulnerability of these tourism-dependent economies to exogenous shocks that impact negatively the tourism sector, suggests that there should be a parallel effort to reduce these economies' overreliance on tourism.

The acute impact of the spill-over effects of the pandemic in 2020 on the subregion's tourism-based economies lends credence to this view. At the height of the pandemic (2020) Caribbean economies contracted, on average, by -7.6%, in contrast output in subregional tourism-based countries declined by -15.2%. Moreover, the economies of Antigua and Barbuda (-20.2%), Saint Lucia (-20.4%) and Saint Kitts and Nevis (-14.2%) saw even steeper declines in GDP.

However, movement along this alternative track of structural transformation which considers bespoke products and services that would command higher returns in export markets, must not only be gradual but be done in such a way that focusses on sectors that don't veer too far away from their areas of comparative advantage. In this regard, analyses conducted by UN ECLAC, utilizing comparative advantage matrices, suggests that non-tourism sectors in which the subregion has demonstrate increasing comparative advantage include charges for the use of intellectual property; financial services; personal, cultural and recreational services; telecommunications, computer, and informational services; and other business services (including business process services). The creation of inter and intra-sectoral linkages between the good, tourism and non-tourism services sectors is equally crucial. Success in effort at structural change, would require a dedicated focus on the part of Antigua and Barbuda, Saint Kitts and Nevis and Saint Lucia to emerge as knowledge-based economies in the medium-term. This in turn would require the institution of domestic innovation, research and development systems with input from both the public and private sector.

To this end, this study and its recommendations are seen as a necessary precursor to the formulation of a broader industrial policy for the OECS that robustly investigates and identifies the real drivers of growth in the Eastern Caribbean Currency Union (ECCU), which ECLAC will seek to formulate, building on the results of this study. However, in addition to the opportunities for tourism diversification proposed here, such a subregion-wide undertaking geared towards instructing the economic restructuring of the OECS economies, may also require the conduct of a labour market survey and the construct of a tourism satellite account for a country like Saint Lucia, which can be assumed to be representative of a typical OECS economy. ECLAC will therefore also seek to undertake these two additional crucial bodies of work, in collaboration with development partners within the Caribbean, to investigate the state of the subregional labour market and the degree to which it is undercapitalized; and calibrate more deeply, the contribution of the tourism sector to the OECS economies. Collectively, this body of work will be useful in informing industrial policy-setting for the OECS as they seek to build back better post COVID-19.

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Annex

Annex 1

Methodology for counterfactual analysis

Counterfactual analysis is a methodology that is used to statistically compare the outcomes of an intervention to the outcomes that would have been realized if the intervention had not been implemented. This framework can be used in health economics to analyze the effectiveness of treatment. However, it can be extended to other economic analysis. For instance, it can be used to estimate value under a scenario where a natural disaster was prevented, and statistically compare it to a scenario where a disaster was not prevented. Therefore, counterfactual analysis is methodology which statistically compares the outcomes from a scenario to the outcomes of other scenarios.

It involves creating a hypothetical situation, known as the counterfactual, where certain conditions are assumed to occur. Then creating alternate scenarios, where specific conditions may be varied to achieve different outcomes. This methodology is effective in analyzing or estimating the economic value of different policy interventions, treatment options, or impacts of specific events.

Given the unprecedented effect of the COVID-19 pandemic, a counterfactual analysis was conducted to estimate its impact on visitor arrivals and expenditure. A baseline scenario was first constructed which assumed that there were no changes in factors affecting tourism in the countries under review from 2019 onwards. Counterfactual estimates for visitor arrivals from 2020 to 2022 were developed using forecasts based on the Autoregressive Integrated Moving Average (ARIMA) methodology and monthly historical data from January 2000 to February 2020. In particular, a seasonal ARIMA model is used to account for seasonality in the time series. The baseline scenario pointed to growth in visitor arrivals throughout the period.

ARIMA is a univariate regression model that is used to produce forecast. Univariate means that a forecast can be made using only 1 variable. Therefore, past values of 1 variable can be used to forecast future values of the variable. In fact, the ARIMA model uses past values of a variable (the autoregressive term), past values of the forecast errors (the moving average term), and a transformation to account for time (non-stationarity) to produce a forecast. The ARIMA model is considered a traditional time series model. Its notable limitations are its assumption of linearity and normality. This is because time series data is often non-linear (meaning there can be curves and slopes in the data), and not normally distributed. Despite this, the ARIMA model is still frequently used since it is an easy econometric model.

A seasonal ARIMA model is used to forecast visitor arrivals in the focus countries. It will use a time series of visitor arrivals to forecast future values of visitor arrivals. The model contains both seasonal and non-seasonal components and is written as ARIMA (p, d, q) (P, D, Q)m. The uppercase is the seasonal part of the model and the lowercase represents the non-seasonal, m is the number of observations in a year. ARIMA modeling is generally iterative, according to the steps as proposed by Box-Jenkins. A grid search algorithm is used to identify the optimal models and estimate the parameters, diagnostic checks (Ljung-Box tests) are done then forecasts obtained. The best models identified by country were as follows:

Country	Non-seasonal (p, d, q)	Seasonal (P, D, Q, m)
Saint Lucia	0, 1, 1	1, 0, 1, 12
Antigua	1, 0, 1	4, 1, 1, 12
St Kitts	1, 1, 2	1, 0, 1, 12

The seasonal ARIMA model can be expressed mathematically as:

$$\phi(B)\Phi_p(B^s)(1-B)^d(1-B^s)^D y_t = \delta + \theta(B)\theta_q(B^s)\varepsilon_t$$

Where ε_t in the above equation is Gaussian white noise. $\phi(B)$ is the non-seasonal autoregressive and $\theta(B)$ moving average components of the model. $\Theta_Q(B^s)$ and $\Phi_p(B^s)$ are the seasonal autoregressive and seasonal moving average terms of the model, respectively. Lastly, $(1-B)^d$ and $(1-B^s)^D$ are the non-seasonal and seasonal difference components of the orders d and D .

However, there are downsides of ARIMA models. Due to their simple structure, they do not generally able to forecast a turning point. Alternatively expressed, if the data has an upward trend, the ARIMA will always forecast an upward trend. It will not be able to forecast when the trend will change to a downtrend. In fact, most univariate models will be unable to forecast a change in a trend, simply because the change in the trend is likely to be caused by an external factor. Hence the reason why a structural model (that is a model with a dependent variable and several independent variables) can be used for forecasting in the short run. Nonetheless, there were no anticipated changes in the trend over the forecast periods for the countries.

Using the estimated expenditure per visitor in 2019, total visitor expenditure for 2020 to 2022 was estimated and compared to actual expenditure. Again, it is assumed that conditions in 2019 remained constant from 2020 to 2022.

The counterfactual analysis revealed that the pandemic had a significant impact on Antigua and Barbuda's tourism industry, with the actual number of visitors and total visitor expenditure for 2020 and 2021 significantly lower than our counterfactual estimates. It was estimated that 2,005,749 visitors were lost to the effects of the pandemic between 2020 and 2022.

In terms of expenditure, the analysis revealed that the losses during the same period were approximately \$ 2,536.26 million, illustrating the pandemic's substantial effect on the tourism industry in Antigua and Barbuda. The largest share of the loss was sustained in 2020 when stringent containment measures were in place locally and globally.



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