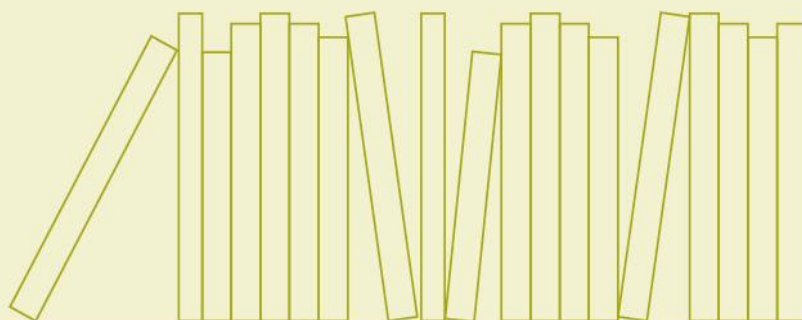


Economic Commission for Latin America and the Caribbean

**ECLAC SUBREGIONAL HEADQUARTERS
FOR THE CARIBBEAN**



Report of the expert group meeting on building economic resilience through tourism diversification post-COVID-19



UNITED NATIONS

ECLAC



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Economic Commission for Latin America and the Caribbean
Subregional Headquarters for the Caribbean

Expert group meeting on building economic resilience
through tourism diversification post-COVID-19

Virtual meeting, 19 December 2023

Distr.
LIMITED
LC/CAR/2024/1
4 January 2024
ORIGINAL: ENGLISH

**REPORT OF THE EXPERT GROUP MEETING ON BUILDING
ECONOMIC RESILIENCE THROUGH TOURISM DIVERSIFICATION
POST-COVID-19**

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A. ATTENDANCE

1. Place and date of the expert group meeting

1. The Economic Commission for Latin America and the Caribbean (ECLAC) subregional headquarters for the Caribbean convened an expert group meeting to discuss the findings of the study “Building economic resilience through tourism diversification post-COVID-19” via Zoom from Port of Spain, Trinidad and Tobago on 19 December 2023.

2. Attendance

2. Representatives from the following institutions participated in the meeting: Ministry of Finance and Corporate Governance, Antigua and Barbuda; Ministry of Sustainable Development, Saint Kitts and Nevis; Ministry of Tourism, Transport and Ports, Saint Kitts and Nevis; National Parks Authority, Antigua and Barbuda; Office of the Prime Minister, Saint Kitts and Nevis; Saint Kitts and Nevis Chamber of Industry and Commerce; University of the West Indies, St. Augustine Campus and United Nations Resident Coordinator’s Office, Saint Kitts and Nevis

3. This meeting was chaired by the Associate Economic Affairs Officer of the Economic Development Unit, ECLAC subregional headquarters for the Caribbean.

3. Agenda

- Welcome remarks and introduction
Dale Alexander, Programme Management Officer of the Caribbean Knowledge Management Centre, ECLAC subregional headquarters for the Caribbean
- Overview and presentation of the study
Sheldon McLean, Economic Affairs Officer of the Economic Development Unit, ECLAC subregional headquarters for the Caribbean
- Plenary discussion on presentation
- Closure of the meeting
Sheldon McLean, Economic Affairs Officer of the Economic Development Unit, ECLAC subregional headquarters for the Caribbean

B. OUTLINE OF PROCEEDINGS

1. Opening of the meeting

4. The Programme Management Officer of the Caribbean Knowledge Management Centre, ECLAC subregional headquarters for the Caribbean, opened the meeting by welcoming the guests. He went on to highlight the importance of the paper and expressed the hope that the study was preliminary to a more extensive research agenda in the area being discussed.

2. Overview and presentation of the study

5. The Economic Affairs Officer of the Economic Development Unit started the presentation by giving an introduction of the study and an overview of the tourism industry in the Organisation of Eastern Caribbean States (OECS) countries in general and in the countries under study – Antigua and Barbuda,

Saint Lucia and Saint Kitts and Nevis – in particular. He noted that tourism plays a major role in these countries' economies; it accounts for the highest share of value added in Antigua and Barbuda and the lowest in Saint Kitts and Nevis. Given the importance of tourism in these economies, they were significantly impacted by the COVID-19 pandemic through the restrictions on travel and entertainment. The study uses a counterfactual analysis which compares the estimated tourism arrivals and expenditure from 2020 to 2022 without the pandemic with actual arrivals expenditure to estimate the losses from the event. It was found that Antigua and Barbuda, Saint Lucia and Saint Kitts and Nevis lost approximately US\$ 2.5 billion, US\$ 3.8 billion and US\$ 1 billion respectively.

6. Part of the study focuses on opportunities for diversification of the tourism product in the three target countries. It was noted that diversifying into niche markets can help strengthen the tourism industries in these countries. For Antigua and Barbuda the study proposed diversification into luxury tourism. Barbuda's perceived exclusivity can be leveraged to create more exclusive luxury products that cater to high-end travelers. Investment in general infrastructure will be required to facilitate this transition. In Saint Lucia, an opportunity lies in developing community-based tourism. Facilitating community-based organizations to manage community assets and develop and promote unique community-based products can foster an authentic experience which is representative of local culture. In Saint Kitts and Nevis, sports tourism can be developed through making use of the range of available sporting facilities. The country can seek to attract more international sporting events which would in turn garner more media coverage and promote their traditional tourism products. In addition, promoting off-season training for sports teams can be explored.

7. Beyond the effects of the pandemic, tourism development in the Caribbean also faces other challenges. The tourism sector is vulnerable to global economic shocks and natural disasters. The industry is also characterized by heavy seasonality with most visitors arriving in the northern hemisphere's winter months. Some of the other challenges facing the tourism industry in the target countries include a lack of available data for policymakers, a shortage of skilled workers in the labour force, degradation of natural resources caused by the tourism product and a lack of integration with the creative industries.

8. The presentation concluded with some recommendations for the development of a tourism diversification strategy. These included establishing a strategic planning framework, strengthening risk management and disaster planning, expanding data collection and analysis, improving the ease of doing business, strengthening stakeholder participation in tourism planning, investing in human resources and improving the ease of intraregional travel.

3. Discussion

9. The Senior Assistant Secretary, Office of the Prime Minister of Saint Kitts and Nevis, noted that his country was the last to reopen its borders with the waning of the pandemic and this led to an even greater fallout than in other countries in the subregion. However, he indicated that there is a drive by the government to increase airlift to the country with American Airlines, Jet Blue and other airlines increasing their number of scheduled flights. He indicated, however, that Saint Kitts and Nevis is not capitalizing fully on its cultural heritage to increase its benefits from the tourism industry. He recommended that the country strive to get more sites with potential registered as UNESCO world heritage sites, as was done for the Brimstone Hill Fortress. This, he noted, could be an important selling point for the country. He indicated that the "Deeper Dive" initiative, which encourages tourists to undertake rainforest tours to get more immersive experiences, has been a success and could be replicated in other areas. The Senior Assistant Secretary called for closer collaboration among regional agencies such as the Association of Caribbean States (ACS), the Caribbean Tourism Organization (CTO) and the Caribbean Disaster Emergency Management Agency (CDEMA) in tackling key challenges in the sector such as the sargassum infestation that diminishes the quality of the visitor experience and reduce arrivals and spending in regional destinations.

10. The regional economic consultant indicated that the research was a good start, but that there is need for the use of better data and indicators to assess the structure and performance of the sector and to guide recommendations for increasing its contribution to Caribbean development. He noted that the study should be circulated widely across the region to benefit from the comments of a wider pool of experts. The regional economic consultant indicated that a few central questions need to be addressed. These include: “What is the best approach to develop the regional economy?”; “What is the role of tourism in this process?”; “What is the best approach to encourage people to visit the Caribbean?”; and “How can the subregion maximize revenue from these visitors?”

11. With respect to the challenges, the regional economic consultant stressed the need for a careful assessment of the labour market to evaluate what skills and human capital are available and what gaps have to be filled to meet the needs of the sector. In addition, there is a need for data on the structure of the economy and the share of different types of capital by sector. He recommended the use of chain linking to identify the sectoral contributions to the economy over time. The regional economic consultant noted that a careful analysis of the data might indeed reveal that the net value added from tourism is not as high as is expected a priori. Data are also needed to point countries in the areas where they should specialize, for instance, offshore education and financial services which have been strong niches in some countries.

12. The regional economic consultant noted that policymaking is critical. He recommended an assessment of policy effectiveness in developing the sector. For example, policies that influence the capacity to innovate and develop new products and services are vital. He noted that some islands have been quite successful in this regard, such as the Bahamas, Bermuda and the Cayman Islands. To be effective, he noted that countries need to assess whether they have the capacity to do on their own and what complementary factors will have to be provided by foreign investors. Given the capacity limitations, he encouraged collaboration with Compete Caribbean and the Caribbean Development Bank (CDB) in the conduct of a representative labour force survey and the creation of a tourism satellite account in Saint Lucia that could inform policymaking in the other islands of the OECS.

13. With respect to the counterfactual modelling exercise, he recommended the use of an annex to explain the methodology that was used. He also noted that the counterfactual exercise needs to rest on a causal analysis and a comparison needs to be done for other economies. This enables analysis that shows what would happen in Saint Lucia for instance, if the coefficients for the Cayman Islands were applied there.

14. The National Parks Commissioner of Antigua and Barbuda’s National Parks Authority noted that the National Park Awards have been important in Antigua and Barbuda. She reiterated the importance of developing the cultural and heritage segment of the tourism industry and underscored the need for a regional approach to marketing tourism to realize the benefits of multi-destination tourism for the subregion. She indicated that unlike the cruise subsector, the yachting subsector in Antigua and Barbuda was quite resilient during the pandemic. This was in part due to the fact that high-net-worth individuals who own yachts were able to maintain social distancing on board their yachts. However, the National Parks Commissioner indicated that most islands in the subregion do not have enough docking space, especially for the mega yachts that are being built nowadays. There is also the potential for revenue generation from fuel bunkering, repairs and provisioning of yachts in the subregion.

15. The National Parks Commissioner cautioned that even as the Caribbean ventured into luxury tourism and other segments, there is a need to examine the potential impact on the local population, especially poorer households. For example, she noted that a single mega yacht could buy all the supplies in a supermarket in a small island like Antigua and Barbuda. This could push up the prices of goods and services leading to lower living standards for locals. In addition, Airbnb is affecting the housing stock, making it difficult for ordinary citizens in Antigua and Barbuda and other islands to afford rent. She noted

that more focus should be placed on promoting ecotourism and there should be a drive to measure the net receipts from the sector.

16. The finance and trade consultant concurred with the points raised by the regional economic consultant. He noted that adequate data are critical for proper diagnostics of the sector. The finance and trade consultant also observed that the yachting sector is complex, but the capacity of countries to service it is easier due to the Internet and improved skills of persons in the subsector. For example, the subregion can stock parts for repairs and better provision yachts. He indicated that ease of doing business is a major challenge in the subregion with the time to get complete administrative tasks from governments being quite long. He further noted that intraregional travel remains the Achilles' heel of the Caribbean integration movement and is an important constraint on regional tourism. The finance and trade consultant reiterated that the need for capacity-building in key areas such as product development and marketing is important to improve the competitiveness of the sector. In addition, he reiterated the need for improved multi-destination tourism that can leverage the peculiar value proposition of individual countries and enable better shared benefits from the sector. Finally, he emphasized the need to improve linkages in the sector, by better integrating it with the agriculture, craft, creative industries and other sectors.

4. Closing remarks

17. The Economic Affairs Officer of the Economic Development Unit of ECLAC subregional headquarters for the Caribbean ended the meeting by summarizing the discussion and highlighting the overarching recommendations. Before concluding the meeting, he thanked participants for their interventions and encouraged sharing of written comments via email. He assured them that their concerns and advice would be incorporated into this study and future studies.

Annex I**LIST OF PARTICIPANTS**

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