

**ONE EGG + ONE BASKET = UNSUSTAINABLE  
DEVELOPMENT : *Lessons from global  
crises for Caribbean Economic  
Development***

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# OUTLINE OF PRESENTATION

- Situational Analysis
  - Overview of main drivers of natural-resource based Caribbean Economies
- Implications of global challenges for sustainable development in the Caribbean : climate change and financial crisis
- Suggested Response

# OVERVIEW OF CARIBBEAN TOURISM

## ○ The Caribbean

- The most tourism intensive region in the world (McElroy 2006).
- Most of the islands of the Caribbean are heavily dependent on tourism as their main source of revenue, foreign exchange and employment (e.g. in the Bahamas 65% of the work force employed in tourism)
- Tourism receipts in relation to GDP is in excess of 40%: Antigua (70%); Aruba, the Bahamas and Barbados, (over 50%); Grenada, St. Lucia, St. Kitts and Nevis (over 40%)

# OVERVIEW OF CARIBBEAN TOURISM

- The USA and Europe are the largest markets for Caribbean Tourism. CTO statistics report **N America. accounts for 50 %** Caribbean tourism market, Europe accounts for another **40% of the region's tourists.**
- Travel within the Caribbean accounts for a fairly small share of the total number of visitors travel within the Caribbean;
- The tourism sector currently employs approximately 13% of the labour force in the region.

# GLOBAL CRISES AND THE CARIBBEAN TOURISM INDUSTRY

- Global warming and climate change
- Global financial crisis

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# GLOBAL WARMING AND CLIMATE CHANGE

6

# CLIMATE CHANGE AND CARIBBEAN TOURISM

## ○ Potential Demand-side impacts

- climate is a very important consideration for the tourist's choice of destination and that the ideal temperature is 21°C. If the climate change predictions are realized, the average temperature could increase and make the Caribbean less attractive as a tourist destination.
- From November 2009 a new tax, the Air Passenger Duty (between £40 and £ 80), will be introduced as part of a drive by the British Government to reduce carbon emissions. Under the new law, passengers flying within 2,000 miles of London will have to pay incremental taxes on their ticket fare. (*London to Caribbean = 4,200 to 4, 900 miles*)

# CLIMATE CHANGE AND CARIBBEAN TOURISM

## ○ Potential Supply-side impacts

- climate change could have negative impacts by (a) increasing the intensity of natural hazards, particularly hurricanes, and (b) SLR impacts on the natural environment (given that the Caribbean tourism product relies heavily on the region's flora and fauna)
- the majority of tourist facilities in the Caribbean are in close proximity to the sea – within 800 metres of the high water mark



# ECONOMIC IMPLICATIONS OF CLIMATE CHANGE ON CARIBBEAN TOURISM

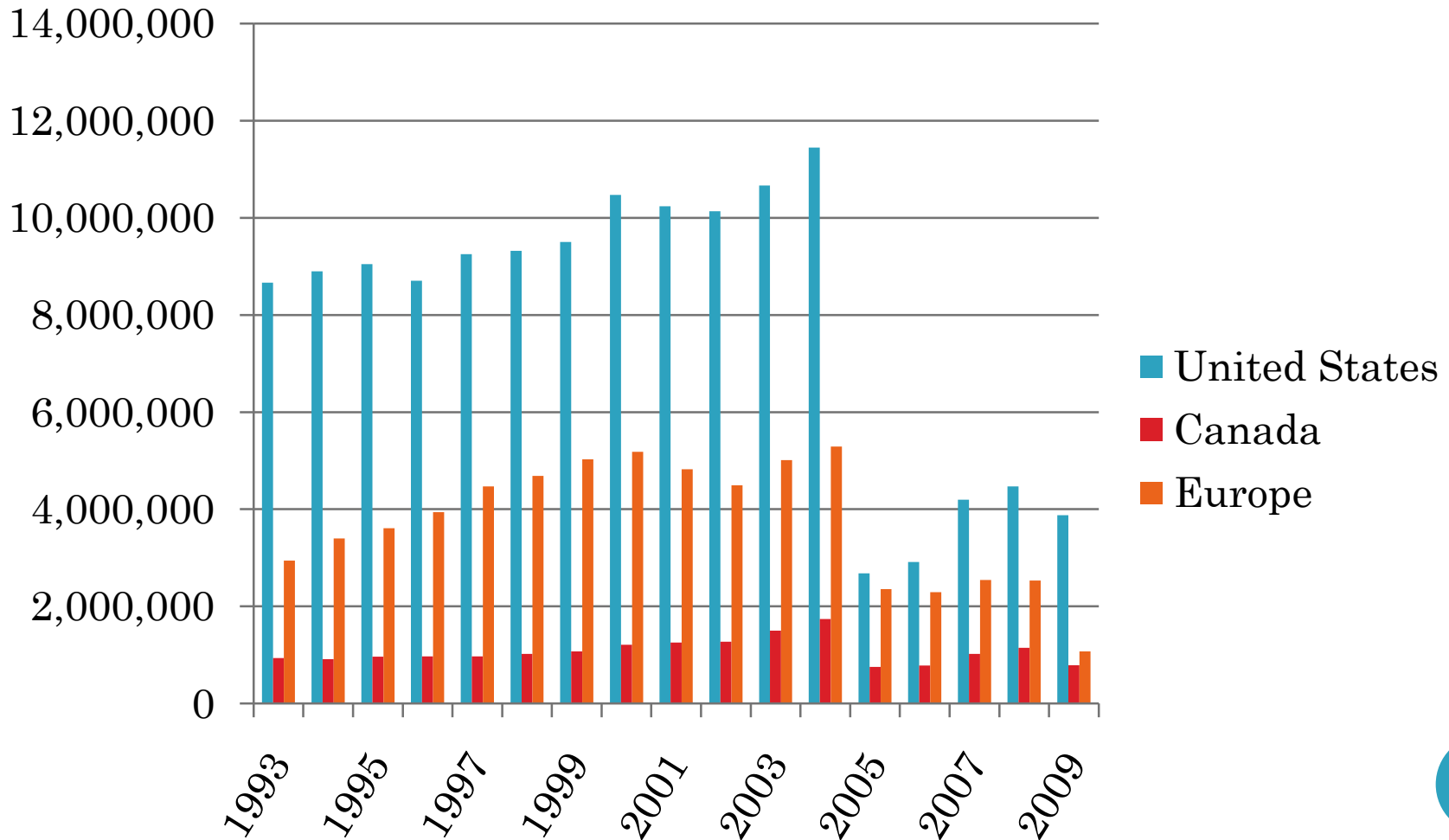
- Annual economic damage from climate change in CARICOM member countries estimated at around US\$11 billion by 2080, or 11% of the grouping's GDP.
- Loss of tourism expenditure alone is projected at \$4 billion, and climate change-related disasters such as hurricanes and floods at \$5 billion

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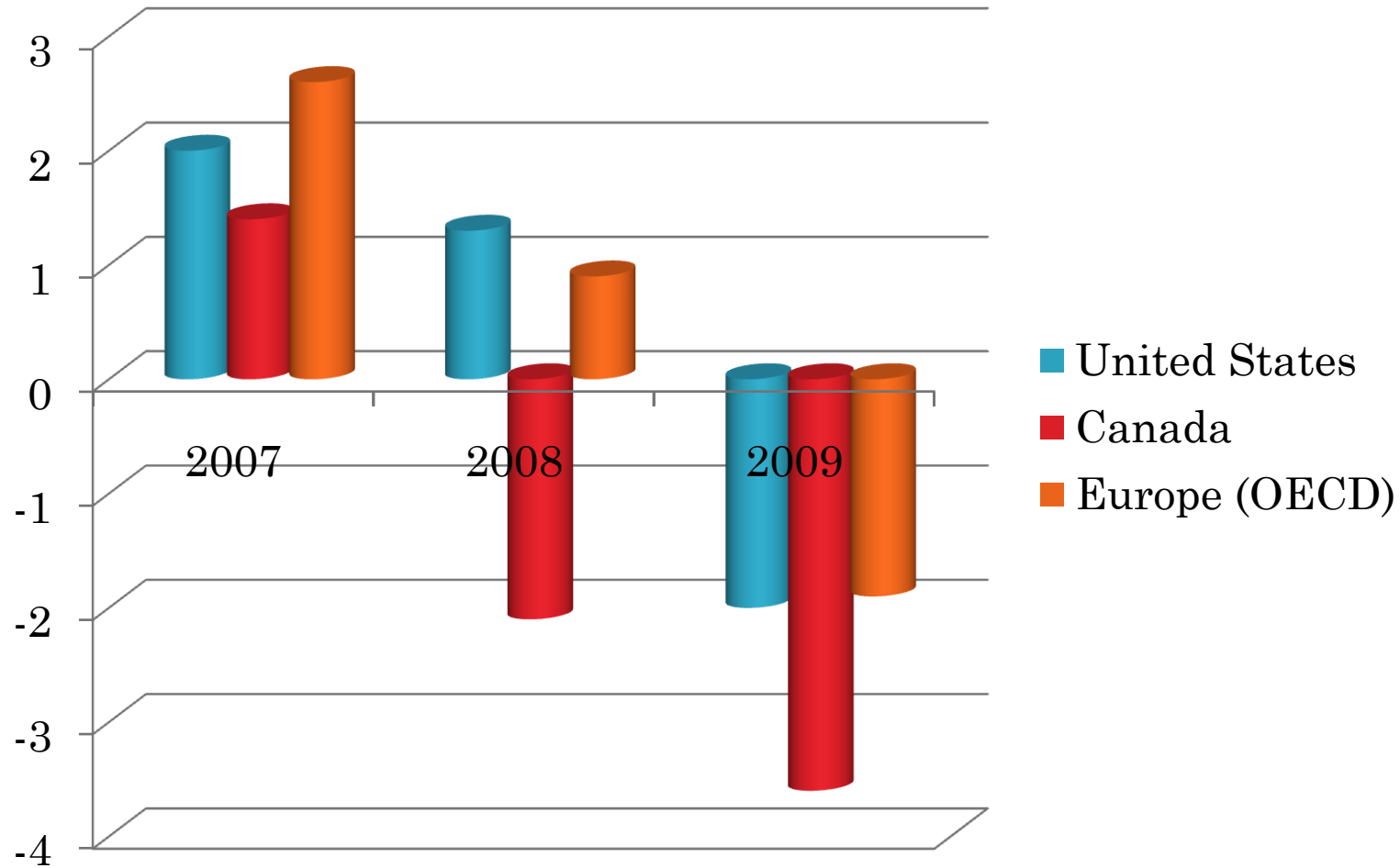
# THE IMPACT OF THE GLOBAL FINANCIAL CRISIS

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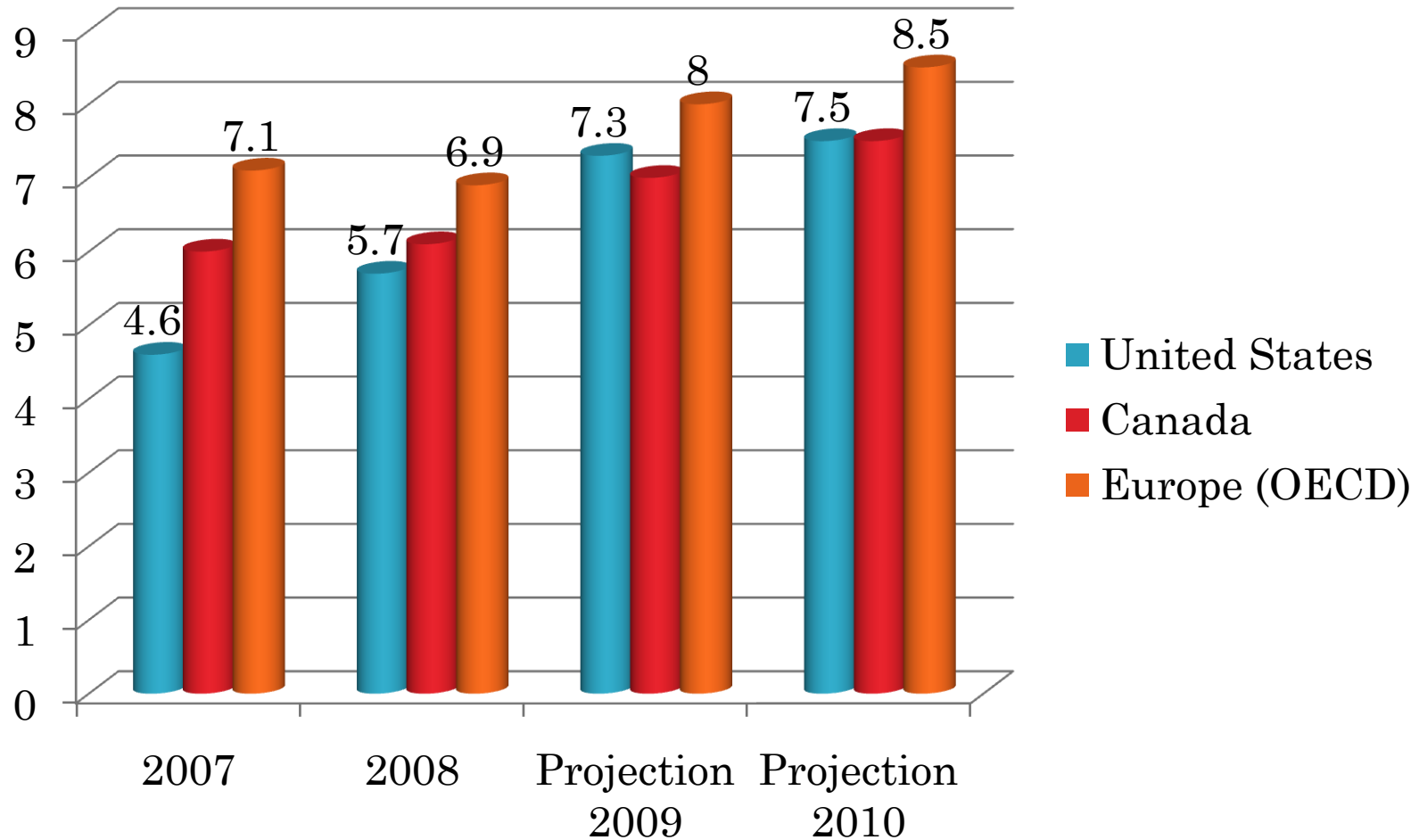
# TOTAL TOURIST ARRIVALS TO CARIBBEAN FROM MAIN MARKETS



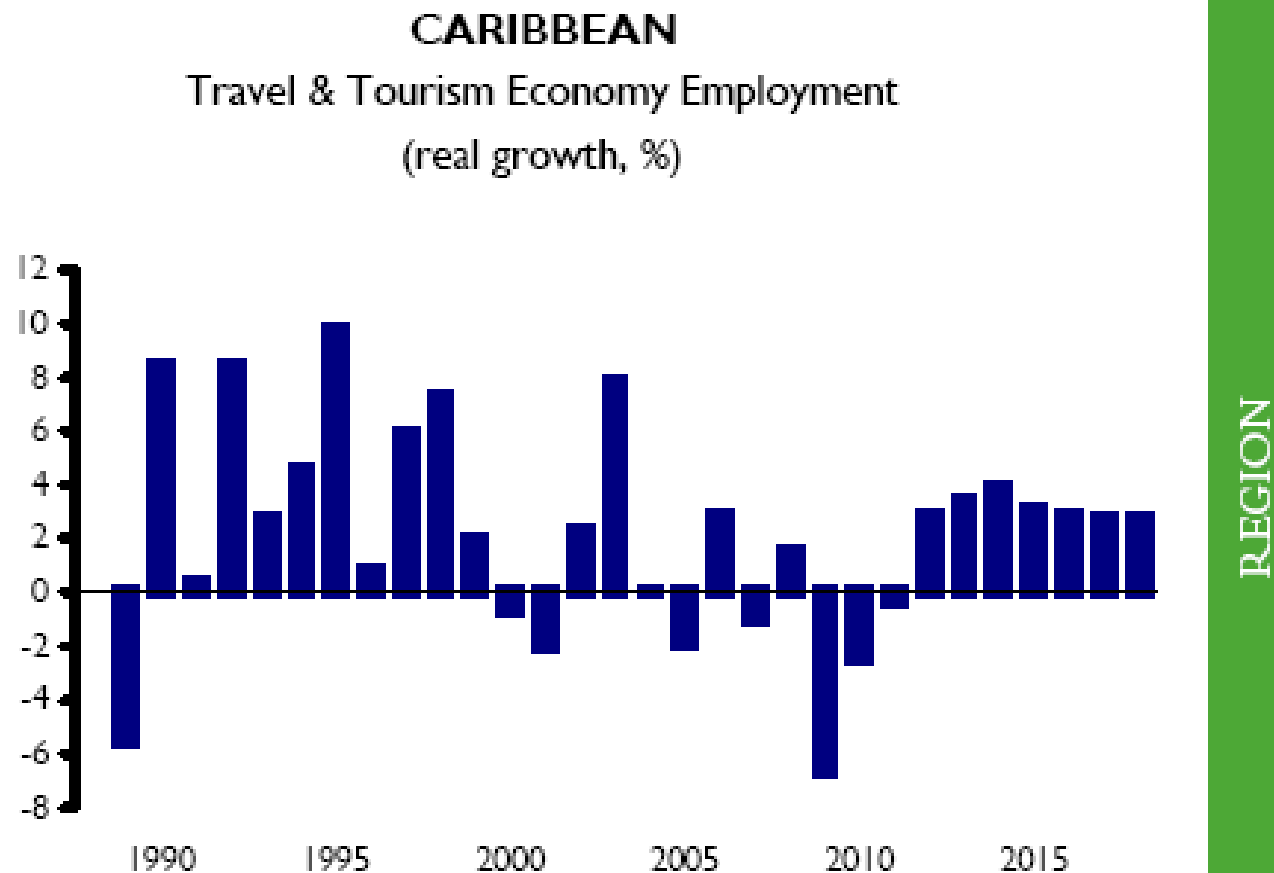
# GDP GROWTH RATES IN MAIN TOURIST MARKETS



# UNEMPLOYMENT RATES IN MAIN MARKETS



# EMPLOYMENT IN THE TOURISM SECTOR



Source : Travel and Tourism Economic Impact: Caribbean, 2009 (WTTC)

# ECONOMIC IMPACT OF GLOBAL CRISIS ON CARIBBEAN TOURISM

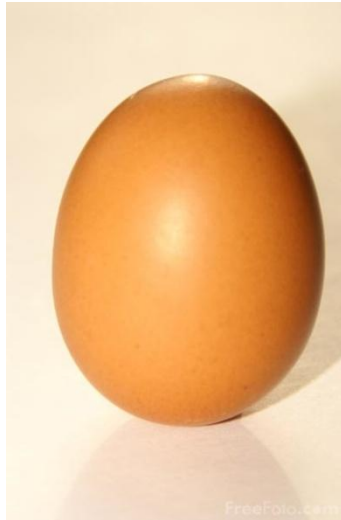
- December 2008 ... Sandals Resorts International announced lay-offs of 650 Caribbean hotel workers in the Bahamas, Jamaica and St. Lucia, representing 7% of its workforce.
- November 2008 ... 500 workers released in the DR major Cap Cana resort, a development which includes four luxury hotels, three golf courses and a mega-yacht marina.
- Barbados Central Bank has projected 4 - 5% drop in tourist arrivals in 2009 because of the global recession, and a significant fall-off in revenue from the country's largest foreign exchange earner with a loss of jobs

# THE CASE FOR ECONOMIC DIVERSIFICATION

- Inability of the tourism sector to fully support the labour market
- The difficulty of stabilizing the stream of revenues from the tourism sector given the increasing volatility of tourism revenues
- Suggest diversification tourism products and markets to rural /agro tourism, cultural/heritage tourism in order to spread the benefits of tourism away from the coastal resorts into the hinterland
- Long-term financial and technical support is essential if tourism is to continue to play an effective role in Caribbean economies
- Appropriate incentives to increase the share of Caribbean tourists



# OF EGGS AND BASKETS ...



Tourism Sector like the egg is fragile based on its heavy dependence on the environment which is under threat from climate change and also the tenuous nature of the tourist market

Economic development for many of the Caribbean countries dependent on the one tourism “egg”