



SMALL STATES IN TRANSITION – FROM VULNERABILITY TO COMPETITIVENESS

REDEFINING TOURISM AS AN EXPORT AND DEVELOPMENT OPPORTUNITY

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INTRODUCTION

The Commonwealth Secretariat, together with the International Trade Centre have correctly identified the premise that specifically for small states, “Sustained Improvement in Export performance relies more and more on the existence of a realistic National Export Strategy and the capability to manage it.” While, in a traditional sense, this truism is associated more with the export of goods, agricultural products and other traditional services, in today’s global economy, where more small developing states are becoming more dependant of tourism as their major, and in some cases, their only source of export earnings, there is a need to focus more on the issues of capacity building and competency development in the facilitation of National Export Strategies. The objectives therefore of this Executive Forum, which seeks to reinforce the process of small states’ national export strategy management through acquainting decision makers in the public and private sectors with “best practices” in export strategy management, is both very timely and critical to enhancing the international competitiveness of small states in the less developed wider world.

IMPORTANCE OF TOURISM

Tourism is unquestionably the most important economic sector in the wider Caribbean, employing one in four persons and accounting for some US\$20 billion of gross foreign exchange earnings. For many Caribbean states tourism has also become the economic sector, which generates the largest portion of Government revenues needed to finance social services and the public sector budget in general.

If one were to speak of the fifteen (15) CARICOM states, or the slightly wider region of CARIFORUM which included the Dominican Republic, then the tourism dominance becomes even more exacerbated, reflecting the greater lack of diversity in the economic sectors of the sub-region. It is estimated that tourism contributes over ninety (90%) percent of the foreign exchange earned by the region.

TOURISM DEPENDENCE AND CHALLENGES

The regions’ dependence on Tourism continues to grow as other traditional productive sectors such as export agriculture and manufacturing industries, now facing an end to trade preferences and special pricing arrangements, continue to struggle against tough external competition. However, tourism has faced many challenges even before September 11th, 2001. These have included increased competition from our traditional tourist generating markets of the USA, Canada and Europe, who are encouraging their nationals to go visit and explore their own tourism products. The tourism promotion budgets for inbound and domestic travel of our major source markets have been increased in recent years to levels which small developing states are unable to compete with. Furthermore, the process of globalization, accelerated by technological advances, has also reinforced the growth of consolidation among every component of the major tourism service suppliers with which the Caribbean and the world must do business. These include airlines, cruise lines, tour operators, Computer Reservation Systems (CRS) and Global Distribution Systems (GDS), Electronic Travel Agencies, etc. This development has helped to marginalize the Caribbean’s efforts, and those of other small developing states, as they seek to negotiate the best deals with tourism suppliers.

With regards to cruise tourism, the Caribbean region is the world’s largest recipient of cruise passengers, representing some 48.5 percent of the world cruise bed days, though owning no cruise ships of its own. The cruise line operators now comprise a consolidated oligopoly, dominated by Carnival Cruise Lines and Royal Caribbean Cruise Lines, who together own over 65 percent of the cruise berths worldwide, and with over 70 percent of their combined cruise capacity in 2003 positioned in the Caribbean.

TRADE AND TOURISM LINKAGES

The Caribbean region has historically, branded itself as a sun, sand and sea destination, which in some cases excluded several countries which could not boast of great beaches, such as Guyana, and Dominica just to name a few. In recent times the region has recognized and changed this narrow perception of its tourism product offer, and has widened its product focus to include eco-tourism, heritage, cultural, sport, festivals and other special interest products and services. Fortunately, this current redefining of the scope and breath of the tourism product has coincided with significant changes in consumer demand for such offerings, affording the region the potential to market, promote and sell a more diversified and competitive product.

Of greater importance however, is the recognition by Governments and the private sector of the huge potential for increased linkages between tourism and the manufacturing sector, agriculture, and the creative and cultural industries sectors. Jamaican reggae music and dance has been exported all around the world, being performed in front of large audiences. The same can be said of calypso music including the phenomena of steel pan music.

Historically, Caribbean Governments and I dare say other Governments of small developing states, have issued tourism policy statements that sought mainly to maximize the volume of visitor arrivals on an annual basis, with the head count being the performance indicator of success or failure. An increase in visitor arrivals suggested that the destination had a good year, and a decline in arrivals indicated an industry in crisis. This very narrow short-term commercial objective has to give way to other more sophisticated measurement tools, which speaks to the longer-term developmental and sustainable issues of export development. These would include the level of foreign exchange earnings, the growth and stability of employment, increase output and sales of agro produce, craft and art, and the increased opportunity for artisans to gain employment in the sector and to sell more of their cultural products to the industry.

Best Practice in Tourism Development requires a collaborative approach between the Public and Private Sectors in an attempt to enhance the value of a given tourism product. With regards to the public sector, I am not suggesting the Ministries of Tourism or the Tourist Boards only, but ALL departments of Government, which impact in some way on Tourism. Here I refer to:

- The Department of Aviation, Sea ports and Transportation
- Ministries of Culture and the Environment
- Ministries of Health Sanitation and the Police/Immigration/Customs
- Ministries of Sport and Export Development
- The all important Ministry of Finance which in most cases includes the Prime Minister's office
- All other relevant agencies of Government, which can enhance the product experience.

In recent times, the inclusion of Non Governmental Organizations (NGO's) and community groups and organizations have been added to the list of entities that must be included in National Tourism Strategy Planning and Development, given that tourism is a very invasive industry, competing with local communities, villages, towns etc. for common assets and geograph. This would further suggest that in small states, town or villages, the supply of food, fish, agricultural and other products and services, should first be sought from within the local community thereby building respect and harmony with the local community and having them feel a part of the vacation experience. Similarly, tourism service providers should first seek to contract the services of local musicians, cultural groups and other creative elements in the society in an effort to expose the visitors to the local history and heritage of the destinations. Where possible, and at all times, the decor of hotel rooms, restaurants and other public areas should be adorned with local arts and craft, promoting and demonstrating the creative skill sets off the region and or destination, and facilitating the interaction between artist, musicians, poets, craftsmen et al. to induce greater linkages with tourism and expanded value added and value retention.

INSTITUTIONAL AND OPERATIONAL IMPLICATIONS

It is very easy to prepare a very colourful and well-written Tourism Development Strategy, bounded between two covers and circulated to all of the relevant people. This action, in itself will not ensure a pro-active, Sustainable Export Oriented National Tourism Strategy that is developmental in scope and maximizes the linkages between tourism and other economic sectors.

The following is therefore being recommended:

1. That Small States Tourism Development Strategies be developed through cooperative private/public sector/NGO/community group/ dialogue, focused on sustainable long-term developmental consideration with measurable outputs such as increased employment, export earning, and community involvement.
2. That such a developmental strategy must be based on timely Research and Market Intelligence involving, not only destinational service providers, cultural and creative groups, but also market based service providers such as airlines, Tour Operators and the travel trade in general.
3. Having decided on the STRATEGY, the next most important activity would be to establish a number of Tourism Product Clubs, comprising key players and motivators from the various sub-sectors or activities that comprise the destinational product offer. These should include:
 - A Dive Tourism Club
 - A Wedding and Honeymoon Tourism Club
 - A Sports Tourism Club
 - A Music/Festival/Cultural Tourism Club
 - A Cruise Tourism Club
 - A Ground Transportation Tourism Club
 - A Marketing and Promotion Tourism Club
 - A Product Development Tourism Club
 - A Intra-Government Agency Tourism Club
 - An Aviation Tourism Club
 - A Heritage Tourism Club

These clubs would be coordinated by the Governmental tourism agencies but will comprise private sector and community service providers, and should be private sector driven. The public sectors' role should be to facilitate, stimulate, encourage, where necessary enhance, change or other wise inform public policy as it impacts on industry performance. The public sector could also be a provider of financial resources to seed or kick start developmental projects and services, or to enter into coop funding of well researched export projects with any of the members of the tourism product clubs.

What is most important for the public sector and I dare say the private sector as well, is that there exist the appropriate Institutional and Operational capacity to:

- a) provide the vision for the Strategy;
- b) obtain the confidence and support of the private sector, NGO's and the society at large;
- c) institute as many tourism product clubs as are necessary or practical, and facilitate their meetings and access to market intelligence and research;
- d) acquire a cadre of well trained, well experienced, and respected tourism practitioners to staff the relevant public sector ministries and agencies; and

- e) listen to the local and marketplace private sector service providers and community leaders, and to seek to incorporate “Best Practice” across the full spectrum of tourism products and services.

The Tourism Industry touches and impacts upon the lives of all host populations, either directly or indirectly, and is responsible for delivering the quality of life and standard of living that we have become accustomed to. There are few alternative sectors or industries that can stimulate small developing economies in the way tourism can. Small developing states with limited alternative export product and services, must therefore recognize this fact and seek to implement a tourism development strategy that addresses both short-term commercial objectives and long term sustainable and developmental programmes.