Trade/Tourism Nexus: Opportunities Within

The Member States of the Association of Caribbean States (ACS) together represent a combined market place of approximately two hundred and eighty (280) million persons. Historically, trade within ACS Member States has been classified by an excessive dependence on traditional primary product exports, which are not ranked among the most dynamic in international trade, with a few countries proving to be the exception. “In 1999, the bulk of intra-ACS exports consisted of other manufactured goods, including fuels and chemical products. Other manufactured goods accounted for 26.3 percent of total exports in that year, while fuel represented 26.2 percent and chemicals 15.5 percent.” (ACS and ECLAC, 2011)

For many countries of the Greater Caribbean there has been a move away from primary product production, and also a vast reduction of the manufacturing industry. At the same time, the services industry has been gaining more and more ground, and has become a major economic contributor. It has been recognised that trade in services holds numerous opportunities for the Region, and it is important that strategies be employed to promote the development and export of services, as well as encourage increased investment in the sector in tandem with the regional trade agenda.

The Region’s global trade in services has been primarily in tourism and tourism related services. The Caribbean Region ranks number one in terms of dependence on tourism for economic growth – both directly and indirectly. Annual tourist arrivals to the Region are now estimated at around 20 million, in addition to the over 12 million cruise passengers that visit the region annually. The Caribbean Tourism Organization also proffers that there will be continued growth in the sector.

With the expansion of the Services Industry in the Region and the emergence of the many sub-sectors and markets from the traditional mass tourism product, the intrinsic links between trade and

tourism must be explored and exploited to the overall benefit and sustained economic development of the Region.

A number of niche areas in services are gaining prominence and represent a move away from the traditional idea of service economy into fields where innovation and creativity have become watchwords. “Eco tourism and special interest tourism, which include sub sectors such as agro-tourism, adventure tourism, sports tourism, heritage tourism, health tourism and community tourism, are all apart of this new strategic approach.” The development of the creative industries field as well as other specialty products have caused a thrust towards innovative economic growth as these are critical areas where the capacity existing in this Region can be harnessed and utilized to the benefit of Member States.

There are also opportunities which can be gained through the creation of supply value chains. For small economies, deeper inter sectoral linkages will ensure that there are greater rewards to be reaped. Examples can be seen through, agricultural products being supplied to hotels, and cruise lines; which not only raises food production but also opens special markets for specific country goods. Innovation and the creation of innovation mechanisms therefore are vital in this process.

The importance of value added is another issue which is brought to the fore. The development of new value added products is a must to benefit from the growth potential presented by this changing, globalised economic space. The Region in order to compete effectively and sustain competitive advantage is forced to produce a higher quality specialised product - “the Caribbean will depend largely on the ability of the region to deliver a high quality product that corresponds to the changing tastes, needs, wants and demands of the international traveller. Careful segmentation and niche marketing strategies may result in market broadening and growth. This will contribute towards the optimisation of income from tourism, and thereby economic growth.”

Trade is recognised as an important engine of growth and development for the Member Countries of the ACS, and the Association has been actively engaged in projects to promote the increase of the quantity and quality of traded goods and services among countries of the Region. The examination of the synergies between trade and tourism is only one example of the benefits that can be derived from strengthening the linkages between sectors and industries. The expansion of trade in the Greater Caribbean cannot be furthered in isolation of other sectors; it demands the recognition of the indelible link which exists between trade and other sectors, and the creation of lasting connections between these (sectors). The ACS, as an institution has been working within the parameters of this principle with joint projects and initiatives being development between the Directorate of Trade Development and External Economic relations and the Directorate of Sustainable Tourism.

Within the ACS Region there are areas for potential investment and the increase of trade across sectors. These represent the emerging sectors, the untapped markets, niche creation and the innovative entrepreneurial spirit that exists in each Member Country of the Region. There are also benefits that can be realized from reformed policies, strategic approaches, and cross-sectoral and intra-sectoral linkages in the quest for sustainable development and viable economic growth. It is through the effective channeling of investment initiatives in the identified areas, as well as other niches that the Region will fully harness the potential and possibilities existing to the redounding of returns for the countries and peoples of our Greater Caribbean civilisation.