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THE FUTURE OF TOURISM
IN THE
EASTERN CARIBBEAN

A Report Prepared By H. Zinder & Associates, Inc.
Under Contract With The
Agency For International Development
And Sponsored By The Regional Development Agency

The opinions, recommendations, and other statements
in this report are those of the contractor.

H. Zinder & Associates, Inc.
Washington, D. C.

May, 1969

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INTRODUCTION

The purpose of this report is to provide advice and guidance to eight islands of the Eastern Caribbean on the subject of tourism development. These islands include Antigua, St. Kitts and Nevis, Montserrat, Dominica, St. Lucia, Barbados, St. Vincent, and Grenada.

Emphasis has been placed on the economic and financial aspects of the tourist business, but the report also includes specific recommendations on how the islands, collectively and individually, can take advantage of their tourism potentials. In effect, the report represents a series of tourism development plans, island-by-island, and regionally. Cost data and suggested sources of financing are included.

A word about terminology. We are concerned here about inbound international tourism, and those things that affect or control international tourists. By "tourist," we mean "any person travelling for a period of twenty-four hours or more in a country other than the one in which he usually resides," a definition approved and then somewhat modified.

by the League of Nations and UN organizations. Wherever possible, we have verified the data included in this report (for example, tourist numbers, expenditures, occupancy rates of hotels), but tourism data are notoriously shaky. And in some cases, we have simply had to develop the data from scratch.

We have used the term "Eastern Caribbean" to refer to those islands listed above. But at various points in the report, we also refer to Trinidad and Tobago, and to Guadeloupe and Martinique, even though those islands are not included in this assignment. We have done so as points of comparison, in some cases; and in others because these additional islands are part of a regional travel pattern of which the eight islands are a part.

Field work for this report was carried out in October, 1968. In most cases, the latest available data were for calendar year 1967, although wherever possible, 1968 data were used. Problems and possibilities described in the report were those that we found in the islands late in 1968.

The report is organized in the following manner. The first four sections discuss the size, structure, and characteristics of tourism as it now exists in the area, and its economic importance; plus our analysis of what can be attained by the islands by 1972 and 1977 and how this would affect the islands' economies. The next two sections (Five and Six) deal with what is needed in the way of new tourist facilities, infrastructures, and programs -- as well as what costs will be involved, and how to get financing.

Our short-term recommendations for a two-year action program to begin as soon as possible are contained in Section Seven. And Section Eight contains long-term recommendations.

The last section (Section Nine) is an island-by-island analysis, and includes those recommendations not made in earlier sections.

Throughout the text, we have used a system of footnotes to give sources of information, or to amplify a given

point. Footnotes to the text are found at the end of each section. Footnotes to all tables are included in the Appendix at the end of the report.

Our special thanks are due to the many people and organizations in the islands who gave their time and energies to help make this report possible. These persons are so numerous that it's difficult to give proper credit to all concerned. Certainly, our thanks are due to George E. Williams of the Regional Development Agency for his helpful assistance, to numerous government officials of the islands who worked with us, and, of course, to the people there who are already involved in or interested in tourism.

My personal thanks are due to Albert E. Koehl of Koehl, Landis and Landan, Inc. and to Thomas P. Walsh of the Zinder organization for participating with me as members of the field team, and for their helpful advice and guidance throughout this assignment. I'm also indebted to J. V. Dillon of Robert F. Warner, Inc., for his assistance on the subject of group business. Helen Sekinger and Joanne McClellan of

of the Zinder firm helped in a multitude of ways and were responsible for getting the report together in its final form; and the visual materials in the report were prepared by Jaime Iribarren.

Harry G. Clement
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May, 1969

SECTION ONE

TOURISM TODAY

General Impressions: From the point of view of the tourist, the principal assets of the Eastern Caribbean are sun and water. From a technical point of view, the principal asset of the region is its geographic position. In other words, it's close enough to the heavy population centers of North America, so that tourists who have been visiting the Northern Caribbean in large numbers are beginning to find their way down to the Leeward and Windward islands.

This can be said another way. The Eastern Caribbean lies "in the way" of an increasing flow of tourists. In this sense, the islands have been riding a wave that they have really not generated themselves, but from which they can benefit.

Compared with other regions of the world, tourism in the Eastern Caribbean is still in its infancy. This is

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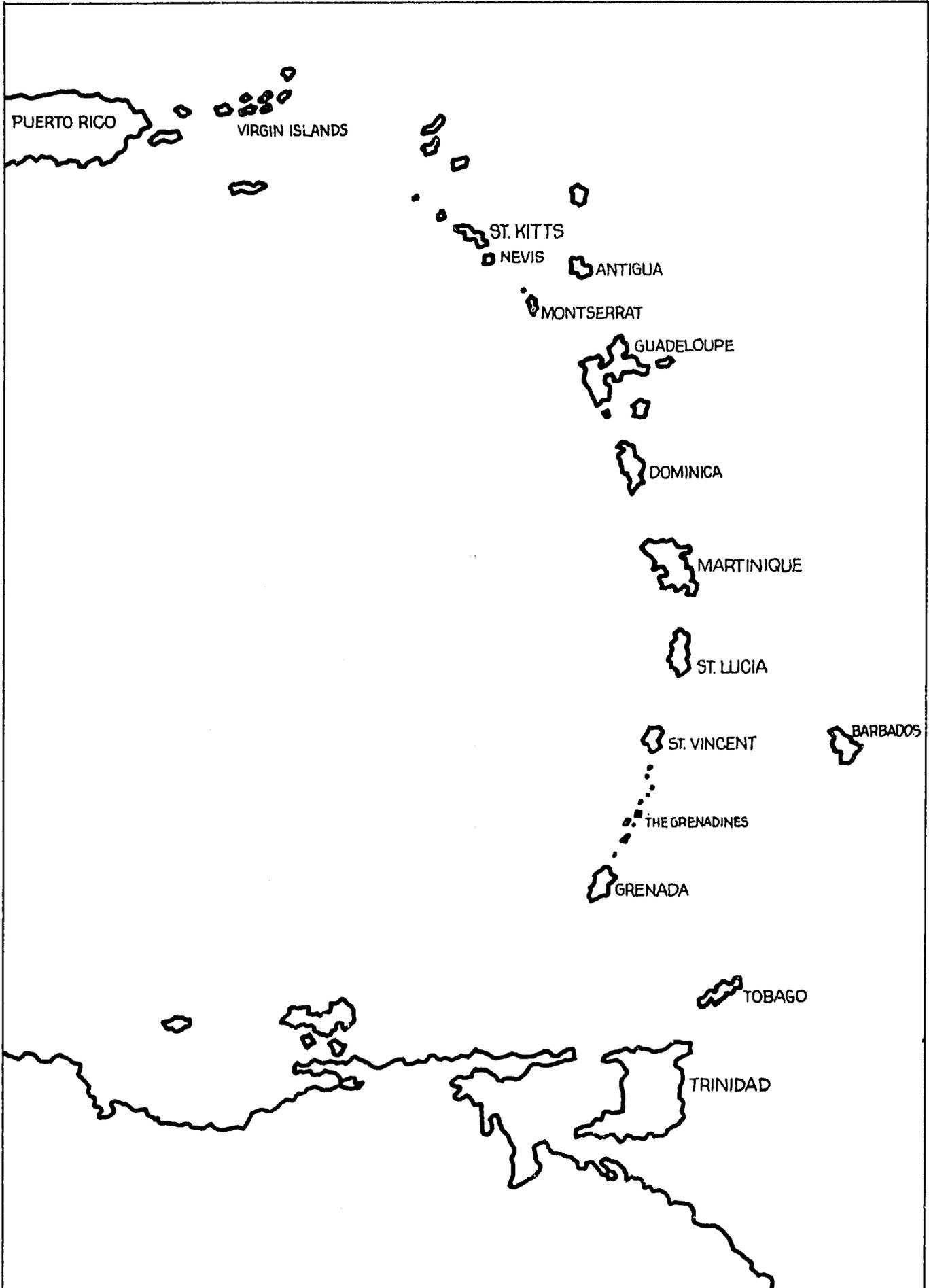
because the numbers of tourists are still comparatively small. Tourist facilities (with some exceptions) are underdeveloped. And there are combinations of problems that, combined, are symptomatic of tourism in its initial stages.

Probably, it would not be an overstatement to say that the region as a whole is benefitting from tourism that, so far, it has done little to develop. However, individually and particularly collectively, there is a great deal that the islands can do to increase tourism and to benefit from it.

The "Northern Tier": We have used this term to connote that combination of islands in the Northern Caribbean that have been doing an increasingly large tourism business, and particularly Puerto Rico and the U.S. Virgin Islands. Jamaica, of course, can be regarded as part of the "Northern Tier"; but from the point of view of the Eastern Caribbean, it's the Puerto Rico - Virgin Islands combination that's important.

EASTERN CARIBBEAN

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For one thing, Jamaica doesn't get the volume of tourism that Puerto Rico and the Virgin Islands get. ^{1/*} Furthermore, it's somewhat "off the track" from the region with which we are concerned. And in any case, specializes in destination, resort-type tourists who tend to stay put.

The "big action" in tourism in the "Northern Tier" is in Puerto Rico (which, according to preliminary reports, got more than a million tourists in 1968) ^{2/} and in the Virgin Islands. This large number of tourists represents a market that is big enough and close enough to the Eastern Caribbean to have a profound effect on both its present and its future tourism.

As we have defined it, the "Northern Tier" represents a large market that is already pushing its way on to other islands, and can be expected to do even more of it in the future. In part, it represents the kind of travel market that can be induced, increasingly, to visit "one more island" by

* Numbers raised above the lines in the text refer to footnotes to the text, which are located at the end of each section.

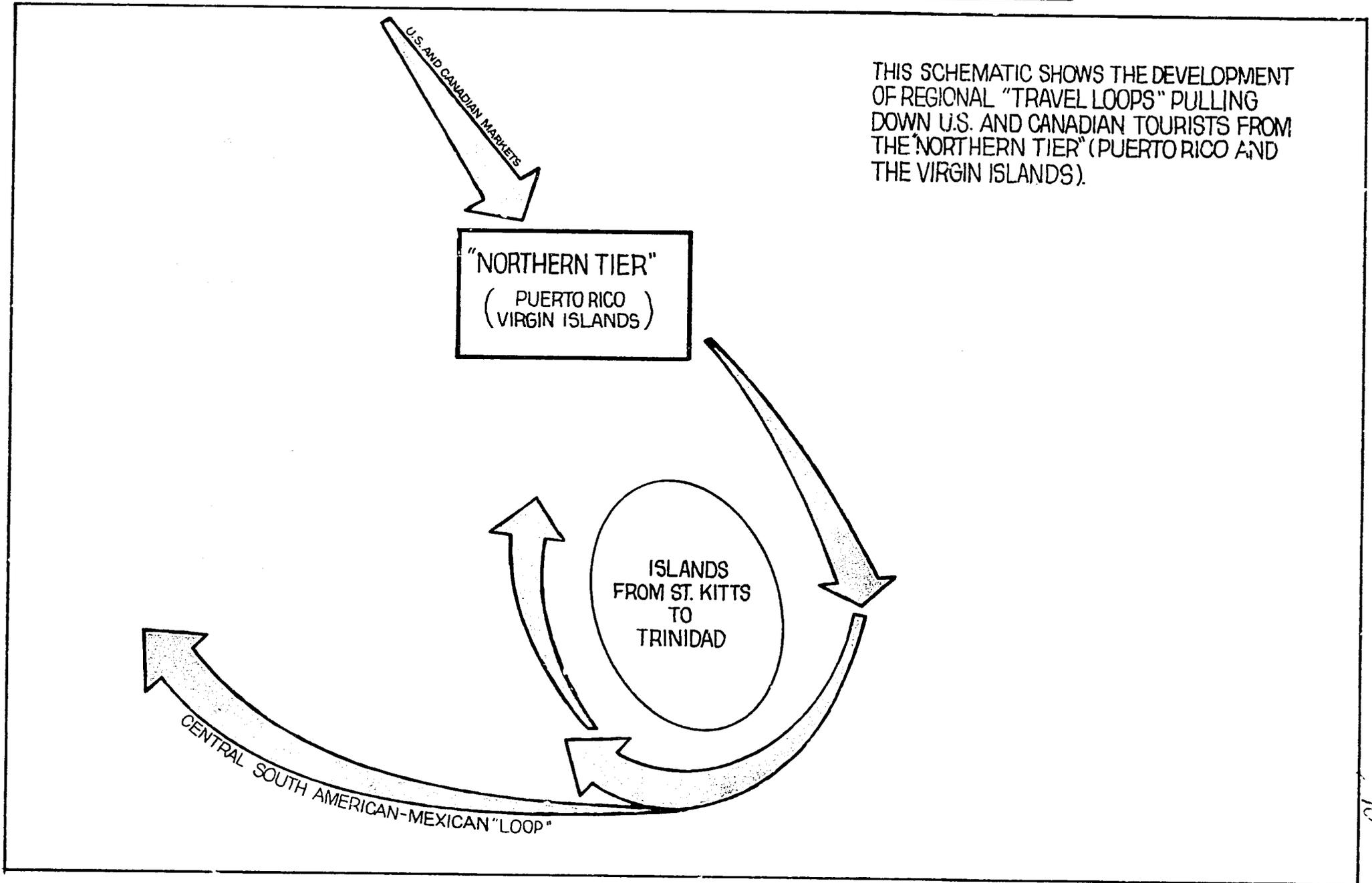
extending its travel pattern down the Eastern Caribbean.

In part, it represents the kind of travel market that can be persuaded to visit the Eastern Caribbean directly in the future.

Because of this combination of reasons, tourism today in the Eastern Caribbean cannot be appraised without referring to the "Northern Tier" idea. What happens in the "Northern Tier" has already affected tourism in the Eastern Caribbean, and can be expected to continue to do so. This doesn't mean, incidentally, that the Eastern Caribbean has to build up a tourism business that mimics San Juan. ^{3/} But what it does mean is that the boom in tourism in the "Northern Tier" has put large numbers of tourists practically in the lap of the Eastern Caribbean. It means that the North American travel market is beginning to become increasingly aware of the "Northern Tier," and increasingly susceptible to promotion from the islands with which we are concerned in this report. ^{4/}

Appraisal of Assets: Earlier, we said that the principal assets (from the tourist's point of

TOURISM DEVELOPMENT MAP: EASTERN CARIBBEAN



view) in the Eastern Caribbean are "sun and water." This meant as a kind of shorthand summary of what the islands have to offer. And "sun and water," with their relationship to the "Northern Tier" are powerful plus factors in the region's favor.

In the process of visiting the islands, and in the process of interviewing people in the tourism business, and of talking to tourists themselves, we prepared a series of "rating charts," in which we rated each island (on a scale from zero to ten) on what it has or doesn't have in the way of tourism assets. On reflection, we have decided not to use this material directly here. This is partly because such a "rating" system is bound to be arbitrary and perhaps subjective. But more importantly, it would probably tend to have a divisive effect on the islands; whereas what is needed for success in tourism is the opposite - almost anything that will help to bring the islands together.

As an alternative to a numerical rating system, we've grouped the various factors together into eight

categories covering the region. Herewith are our comments about these eight categories of assets (or lack thereof), but without the use of ratings or numbers:

► Climate And Beaches: In the weather department, the islands in general can compete with tropical resort areas anywhere in the world. Antigua, with its practically rainless climate has the edge (from the tourism point of view) although it's certainly murder on the island's agriculture. Barbados, St. Kitts - Nevis, and Montserrat are also very strong in the climate category. Perhaps Dominica, with its heavy rainfall, is the weakest of the islands with respect to climate; but all of the islands have good enough climate to attract substantial tourism. And in some cases, the climate is truly exceptional.

As for beaches, Antigua and probably Barbados rate high (compared with other regions of the world), followed by Grenada and St. Lucia. In general, the other islands are not as well endowed, which is why we feel that the Eastern Caribbean's assets can be summed up as "sun and water" rather than sun and beaches.

► International Transportation: Air connections with Antigua and Barbados are good. (And they are almost as good in Guadeloupe and Martinique.) Air connections with other islands are regular, but there is no night flying, and international air schedules are such that Antigua, in fact, is an enforced stopover point, requiring tourists (except those bound for Barbados) to stay overnight before proceeding to the other islands.

Airport terminal facilities are particularly good in Guadeloupe, and good in Barbados. They are adequate in Port of Spain and St. Vincent. They are certainly not adequate in St. Kitts and St. Lucia, and even less so in Antigua (considering the volume of business that Antigua does). In the case of Dominica, Grenada, and Montserrat, new air terminal facilities are a must.

► Relations With and Attitudes Toward Tourists: This is generally not a strong point with any of the islands. The manner in which inbound tourists are handled at airports and subsequently, is more or less average in St. Kitts, St. Vincent, and St. Lucia. And less than average in the other islands, and probably least adequate in Antigua and Montserrat.

Information centers for tourists are reasonably good in St. Lucia and Guadeloupe and adequate in St. Vincent; but much less so in the other islands.

With respect to "attitude" toward tourists (that is, the attitude toward tourism as a business), we found it very good in Barbados, and reasonably good in the other islands except Antigua.

As for friendliness of the people towards tourists, we found this very good in Dominica, Grenada, and St. Kitts - Nevis, and almost as good in Barbados, Montserrat, St. Lucia, and perhaps St. Vincent. Again, Antigua has a real problem in the general category of "attitude," and rates a distant last.

Another aspect of the relationship between tourists and the islands themselves is what might be called "ambiance," or that which makes visitors "feel good" for various reasons. We found Guadeloupe the strongest in this somewhat imprecise but nevertheless important department. St. Lucia rates not quite as high, and probably so does Grenada and St. Kitts. The other islands rate substantially below the above, with St. Vincent and Antigua holding bottom position.

Finally, there is the matter of "image," the general impression that the islands give to the outside world. ("Image," of course, is not necessarily related to facts or to attitudes of the islands themselves.) Here, Barbados easily leads the other islands, and is particularly strong in this category, being followed rather closely by Antigua. Guadeloupe seems to have a relatively fair "image," and possibly Grenada. With respect to the remaining islands, in our opinion, they have little if any "image" in the travel market.

► Hotels: This subject is discussed in numerous places in this report, including the major problems involved in their development and management. As for adequacy of hotel rooms versus numbers of tourists, Barbados comes closest to being able to cope with tourist numbers, and probably so does Antigua, and somewhat less so: Montserrat. The other islands (and particularly Dominica, St. Kitts, and St. Vincent) are weak in number of hotel rooms.

As for quality of hotel rooms, Barbados is very strong here, and we found Antigua reasonably good. Guadeloupe, Grenada, and St. Lucia are somewhat less so (although adequate), but St. Kitts, Dominica, and Montserrat are weak in the quality department.

Things To Do And See And Buy: In our view, all the islands are weak with respect to things to do (including entertainment). Barbados perhaps might be rated as fair in this category, and the others less so. 5/

There is a considerable range in the quality of sightseeing in the islands. St. Lucia ranks very high in "things to see," followed by St. Kitts, St. Vincent, and to a lesser extent by Dominica and Grenada. Sightseeing is weak in Antigua, Barbados, and Montserrat, in our view.

On the other hand, scenery (that is, scenery as is in the raw state) is very good in Grenada and in St. Lucia, and slightly less so in Dominica. Antigua is comparatively weak in this category, and Barbados is in last place, and, in fact, has comparatively little scenery to sell.

Most tourists, if given a chance, will eat some of their meals outside their hotel, so restaurants are an important aspect of the tourism business. None of the eight islands in this survey have any real pretensions in this area, and Montserrat, St. Lucia, St. Vincent, and St. Kitts rank practically at zero. And local foods that could be of interest to tourists can be found in Dominica, Grenada, St. Lucia, and St. Vincent. But as for "availability" to the typical tourist, this is a different story. We found Dominica, Montserrat, and St. Vincent fair in this category, while the other islands certainly are not, and, in fact, rank poorly.

Shopping has become an increasingly important part of tourism, and in some areas, tourism has been developed almost entirely on shopping. This is certainly not the situation in the Eastern Caribbean. 6/ Perhaps Barbados is an exception, having fair shopping facilities and range of goods, and Antigua less so. In the remaining islands, however, it is very much less than adequate.

► Roads, Utilities And Other Services: Our observation is that in some categories, tourist numbers have simply outstripped the ability of the islands to cope with the situation. We found the best roads in St. Kitts and Nevis, and the roads in Barbados are adequate, as they are in Montserrat. (Incidentally, we do not agree that tourists want or must have straight line superhighways.) In the other islands, the roads are less than adequate to poor, with Dominica holding the last position.

Water supply is excellent in Dominica, very good in Grenada, good in St. Kitts, St. Lucia, St. Vincent, and Montserrat, and less so in Barbados. Antigua is the major problem in the region, having such an acute and prolonged water shortage that it has reached crisis proportions, as everyone in the islands knows.

Sanitation and general cleanliness (appearance of the streets, absence of debris, etc.) vary widely. In St. Kitts and Montserrat, the situation appears quite good, and perhaps slightly less so in Grenada and St. Vincent. Barbados and St. Lucia get a fair rating in this category, whereas in Dominica, it's certainly not good, and less than good in Antigua.

Telephone service is good in Barbados and St. Vincent, we found; but it's only fair in Grenada, Montserrat, St. Kitts, and St. Lucia, while it would have to be rated considerably less than fair in Antigua and Dominica.

We found taxi services (adequacy and costs) fairly good in Barbados, Grenada, St. Kitts, and Montserrat, and somewhat less so in Dominica and St. Lucia. In Antigua and St. Vincent, they would have to be rated as not very good.

 Prices: In general, we would rate the islands as a whole quite favorably in this category. For example, we found prices (what you get for what you pay) quite good in Barbados and Grenada, and somewhat less so in Dominica, Montserrat, St. Kitts, and St. Lucia. In the price department, St. Vincent ranks only as fair, and Antigua quite probably ranks lowest.

Size And Structure Of Tourism: Before discussing statistical data, a word about the validity of the figures used in this report. Tourism data throughout the world tend to be shaky, and the Eastern Caribbean is no exception. Data are developed from entry forms that are not statistically effective, and that have their limitations. For example, tourism data tend to reflect entries into a given island rather than volume of tourists. In our case, for instance, the field team entered Antigua four times in a short period of time, and as a result, each member of the team would be counted as four tourists or visitors. And there are other examples of statistical shortcomings. ^{7/}

By and large, however, we don't feel that these shortcomings are of major importance. This is partly

because tourism at present is still so small that a certain amount of distortion in the figures is not too significant. It's also because during our field work, we checked with tourism officials and others in the tourist business to get direct information about numbers of tourists, length of stay, expenditures, and occupancy rates of hotels.

From these various sources, we have constructed Table No. 1. This table is not intended to be definitive, but it does give close general dimensions, and with several exceptions, the data correspond to those published by the Caribbean Travel Association, which, in turn, usually gets them from the various tourism boards involved. Basically, we differ with the published data primarily on "average length of stay" for tourists, which we feel is probably distorted, and on the high side. This is because, among other reasons, length of stay is pushed upward by foreign visitors who own or rent homes, and in some cases by a comparatively long stay by visitors from neighboring islands, in other words, within-region travel. Our position is that the long-distance international traveller who visits the

Eastern Caribbean stays up to five or six days on a given island and somewhat longer in Barbados, as is shown in Table No. 1.

Here are our observations about Table No. 1.

- Of the eight islands covered in this survey, six of them combined got only about 65,000 in 1967. Antigua alone got almost as many tourists, and Barbados got 50 per cent more tourists than the six combined.
- The total number of tourist days spent in the islands shown on Table No. 1 amount to about 1.9 million. The total number of entries [Column (1)] are about 300,000. Thus, the average length of stay per island is around 6 days.
- In no case does the total of Column (1) in Table No. 1 represent the number of individual tourists who visited the region in 1967. It does represent the total number of tourists who cleared through customs, but because many tourists visit more than one island, it does not represent the total number of "bodies" that visited the region.

We estimate that quite probably (as is shown in Table No. 4), this number of individual tourists ranged between 60,000 and 90,000 in round numbers. If the higher estimate is taken, and divided into 1.9 million tourist days, the result is that the typical tourist stays around 21 days in the Eastern Caribbean. In turn, this suggests that the average number of islands visited is 3 to 4. 8/

Table No. 1

SELECTED TOURISM DATA: 1967

(Money Figures Are In E. C. Dollars)

	(1)	(2)	(3)	(4)
	Estimated Number Of Tourists	Estimated Average Length Of Stay (In Days)	Estimated Average Expenditure Per Day	Estimated Gross Expenditure
Antigua	59,000 <u>1/</u> *	5-6 <u>2/</u>	\$50-60 <u>3/</u>	\$17,848,000
St. Kitts, Nevis	6-7,000 <u>4/</u>	7 <u>5/</u>	40-50 <u>6/</u>	2,048,000
Montserrat	5-6,000 <u>7/</u>	7 <u>8/</u>	40 <u>9/</u>	1,540,000
Dominica	7,000 <u>10/</u>	3-4 <u>11/</u>	50 <u>12/</u>	1,225,000
St. Lucia	16,000 <u>13/</u>	5 <u>14/</u>	34 <u>14/</u>	2,720,000
Barbados	91,500 <u>15/</u>	9 <u>16/</u>	40 <u>17/</u>	32,940,000
St. Vincent	10,000 <u>18/</u>	4-5 <u>18/</u>	40-50 <u>18/</u>	2,025,000
Grenada	20,000 <u>19/</u>	5 <u>19/</u>	50 <u>20/</u>	5,000,000
Trinidad & Tobago	77,790 <u>21/</u>	6 <u>22/</u>	66 <u>22/</u>	30,805,000

* Numbers in this and subsequent tables, set off in this manner, / , refer to footnotes which can be found in the Appendix.

They are: (1) U.S. and Canadian citizens, (2) U.K. citizens, and (3) citizens of the West Indies. In all cases, the U.S. travel market represents the single biggest source of tourism for the Eastern Caribbean, typically providing anywhere between a third and a half of tourist numbers.

Canada is showing itself to be an increasingly strong travel market, providing about 20 percent of the tourists for Barbados, and in other cases ranging around 10 to 15 percent of total tourist numbers.

There is a noticeable tendency among many people who live and work in the Eastern Caribbean to overemphasize the importance of the British market. As a matter of fact, all tourism markets are important, but there is no doubt that the U.K. ranks third in order of importance in tourism markets for the region, being edged out in some cases by within-region travel.

Here are some other characteristics of tourists who visit the region: 9/

- About 95 percent of tourist travel in the Caribbean is by air, and the Eastern Caribbean is no exception. In the case of various islands where the data show a higher percentage of visitors coming by sea, this quite probably is within-region travel. The typical, long-distance, international traveller goes by plane, not ship.
- The cruise ship business is important in the Caribbean in terms of overall numbers of visitors. (Cruise ship passengers are excluded from Table No. 1.) But they are not important in an economic sense, at least compared with tourists who arrive by air. Cruise passengers spend very little per visit, and while there are exceptions, the typical cruise passenger spends only a few dollars on shore.
- With respect to age and sex, data on these subjects are not uniformly reported. But where they are, they show that Dominica, St. Lucia, St. Vincent, and Trinidad get substantially more male tourists than female, a sure sign that their tourist business is heavily made up of business travellers. In the case of Barbados, for example, the ratio of males to females is just about fifty-fifty, a pattern that prevails in most resort areas that have attained a fairly high level of development.

Barbados data suggest that there has been no dramatic shift in the age of tourists visiting that island. In 1967, as in 1963, around 43 percent of tourists were under 35; and during the same time period about 36-37 percent of the tourists were over 45.

Characteristics Of The Tourism Business: Today, there are ten or eleven principal characteristics of tourism in the Eastern Caribbean, and most of these characteristics are closely interrelated:

No. 1 - In spite of the volume of tourism currently being done by Barbados, Antigua, and Trinidad, it's still very small compared with other parts of the world. For example, Puerto Rico reportedly did roughly \$200 million in tourism (fiscal year (1967-1968), ^{10/} or twice as much as the whole Eastern Caribbean combined. Hawaii got \$400 million in tourist expenditures. ^{11/} World-wide tourism is about \$15 billion, ^{12/} and domestic tourism in the United States alone stands at about \$40 billion. ^{13/}

In 1968, roughly 1.2 million U.S. citizens visited the Caribbean, ^{14/} and about 1.0 million in 1967. ^{15/} Of the total number of tourists to the Eastern Caribbean, not much more than 45,000 - 50,000 were U.S. citizens. ^{16/} This is less than 5 percent of the U.S. market already visiting the Caribbean, excluding Puerto Rico.

No. 2 - Seasonality has been a serious problem in the Eastern Caribbean as it has elsewhere, and is a characteristic, incidentally, of underdeveloped tourism. Almost everybody in the tourism business in the islands

knows that between roughly December 15 and April 15, hotel occupancy rates climb to 90 or 95 per cent. And the rates then fall to a low point, usually in September, October, and until early December.

Tourism has not yet progressed to the point where major off-season tourism programs have been developed. This is bound to occur, here as elsewhere, and indications are that the wild oscillations in seasonal occupancy rates are beginning gradually to even out. Barbados, for example, is now getting almost a 60 per cent occupancy rate, annually.

- No. 3 - The great majority of the existing hotels and resorts in the islands are small, typically running well under a hundred rooms, and most are operated by a manager-owner. These hotels are almost inevitably underfinanced, and show all the symptoms. They cannot afford effective promotion, particularly of the type that develops off-season package tours. And they pay low wages, in some cases as little as several E. C. dollars a day for an apprentice.
- No. 4 - Each of the eight islands has a tourist board, the organization designed to develop and cope with tourism. These boards are extremely underfinanced, one of which has the distinction of being the most underfinanced tourism organization in the world, so far as we know. (The exception is Barbados, whose budget of about \$850,000 E. C. a year is used almost entirely for promotion.)

The concept of a tourism "development" program, as is discussed later, does not prevail in any of these boards. They don't have, and most can't afford, the calibre of personnel needed to cope with the problems of tourism, or to take advantage of the opportunities. Some tourism boards have no full-time personnel at all.

It's probably a fair statement to say that most of these tourism boards have no policy, no directives to follow, and have little if any political "heft." In many cases, the boards themselves are heavily weighted with hoteliers, some of whom are apprehensive about what a dramatic expansion of tourism would do to their present businesses.

- No. 5 - With respect to plans and programs for the development of tourism, in effect, there are none. There are bits and pieces and fragments of ideas about what ought to be done, or fears about what might happen. But we were unable to find anything approaching a program with agreed-upon goals, the recommended machinery to reach those goals, and recommendations about how to obtain financing.
- No. 6 - Another characteristic that we found was a general lack of controls over tourism, and a lack of zoning needed to preserve and enhance attractive areas, buildings, and customs.
- No. 7 - In some of the islands (Antigua in particular), our impression is that the volume of tourism

has outstripped what government, tourist boards, and the tourist industry have done to cope with it. This situation manifests itself in a wide range of problems ranging from a progressive breakdown of infrastructure (roads, water, electricity, phones), to an increasing lack of trained personnel (in other words, a mounting shortage of skilled or semi-skilled labor.)

- No. 8 - Although we ran into a great deal of criticism about air transportation and the air carriers, our impression is that air transportation (in spite of its many problems) is helping, not hurting, tourism in the islands.

It's true that the Eastern Caribbean is far from being the air-hub of the Caribbean, but there are now direct flights from major travel markets to Antigua and Barbados. LIAT doesn't fly at night (an impediment to tourism), but it provides regular and on-time service between the islands.

Compared with other regions of the world, air fares are reasonable, at least, on a per mile basis. For instance, the cost per mile for a 17-day economy excursion fare between New York and Antigua is 4.51¢ (U.S.), and it's about the same per mile to Barbados. It costs more per mile, for example, to fly to South America (about 7.13¢ (U.S.) per mile to fly to Lima, Peru) and even more to fly to Beirut, Lebanon.

On the other hand the very low air fares between New York and Puerto Rico have probably had some effect on this situation.

Right now, for example, it's possible to fly from New York to Puerto Rico on a 17-day excursion economy fare (round trip) for \$102 (U.S.). This is 3.1¢ (U.S.) per mile compared with 4.5¢ (U.S.) to fly to Barbados from New York.

On some of the islands, the airport is located away from the capital and on the other side of the island (Montserrat, Grenada, and particularly Dominica.) This has given rise to considerable local interest in building of a new international airport in order to make night flying more possible (in some cases, it now doesn't seem feasible because of the hills surrounding the airport) and in order to make it easier and faster for the tourists to get to town. The former (night flying) would be a real advantage. The latter may not be any kind of substantial advantage at all, as is explained later.

No. 9 - We found it difficult to travel between the islands. In the course of doing so (and keeping track of our time), we found that the typical tourist who is on a 16-day vacation will have to spend two days of it getting to and from airports and then getting from island to island. (Based on a visit to the eight islands plus Guadeloupe, Martinique, and Trinidad.) This is partly because of the delays in having to fill out eleven entry and eleven departure forms, plus the requirement of having to be at each airport an hour before departure time, plus (in some cases) trips of an hour or more to get from the hotel to the airport.

In many cases, it's almost impossible to get accurate information (between islands) as to whether hotel rooms are available, or whether an airport is really functioning. Arrival and departure formalities are bogged down in a lot of details that could surely be simplified or eliminated.

No. 10 - As for the attitude of the people in the islands (that we talked to) about tourism and about tourists, we found that it ranges greatly from indifference and hostility on the one hand, to enlightenment on the other. Certainly, there is no widespread understanding about what tourism is, or what it could do to help the islands. Within the tourism business, there is a preoccupation about airplanes and hotel rooms, often to the exclusion of other equally serious problems.

No. 11 - Home construction and investment in second homes (and retirement homes) by foreign visitors is becoming of increasing importance in Montserrat and Grenada, all of which helps to put these islands "on the map," and in itself becomes part and parcel of the tourist business.

Regional Tourism Organizations: Tourists who visit the Eastern Caribbean may operate on a multi-island or regional basis, but tourism organizations don't. At least, not yet. Each of the island's tourist boards is, by and large, concerned primarily, if not entirely, with its own domain and not the region. These boards

have membership in the Associated Tourist Boards of the Eastern Caribbean (ATBEC), an organization of considerable promise, and a logical vehicle for regional tourism programs, particularly in the field of promotion and facilitation, to name just two. But so far ATBEC has little financial support (undoubtedly reflecting the condition of the majority of the tourist boards), and isn't able to do much yet.

The islands also are members of the Caribbean Travel Association (CTA) which gathers statistics, and does a certain amount of tourism promotion for those islands in the Caribbean which are members of CTA.

The only other regional organization that we know about that has done anything in tourism is the Regional Development Agency in Antigua, which has sponsored the survey that has led to this report.

Footnotes To Section One

1. In 1967, Jamaica got around 220,000 tourists, of which about 200,000 were resort-type tourists. Source: Caribbean Travel Association, Jamaica Tourist Board, and Zinder Company field work in October, 1968.

2. "Statistics on Tourism: 1967, "Projections for 1968, 1970, 1975 and 1980. Economic Development Administration, Office of Economic Research, San Juan, Puerto Rico.
3. In fact, we feel that probably the reverse is needed, and point this out elsewhere in this report.
4. The big boom in tourism in Puerto Rico and its causes are not the concern of this report. (Actually it has resulted in a combination of very low air fares, gambling, and low taxes - a tremendously powerful combination of circumstances, incidentally.) The point is that the Eastern Caribbean can take advantage of this boom.
5. This does not refer to beach activities which are, of course, a major attraction in the islands.
6. The exception here probably is Guadeloupe, where we found the shopping good.
7. In some cases, length of stay is reportedly determined by notations made by customs officials on departing forms filled out by visitors, a practice that is effective only if rigorously and uniformly maintained. In other cases, length of stay is taken from a line on the entry form called "proposed length of stay." (Example: Grenada and Trinidad.) The trouble here is that tourists don't always stay as long as they say they will.
8. The Office of Business Economics, U. S. Department of Commerce, estimates that most U. S. tourists visiting the Eastern Caribbean stop in two to three islands.
9. "Report of Tourist Travel to the Caribbean for 1967," Caribbean Travel Association, New York.
10. "Statistics on Tourism: 1967, "Projections for 1968, 1970, 1975, 1980. Economic Development Administration, Office of Economic Research, San Juan, Puerto Rico.

11. "Hawaii '68," Bank of Hawaii Annual Economic Review, Bank of Hawaii, Business Research Department, p. 8. Tourist Expenditures for 1967.
12. International Union of Official Travel Organizations, Geneva, Switzerland. World-wide travel in 1967: \$14.130 billion expended in visits. This does not include the \$4.5 billion expended on transportation.
13. National Association of Travel Organizations, Washington, D. C.
14. Preliminary estimate by Office of Business Economics, U. S. Department of Commerce.
15. "Annual Report of the Immigration and Naturalization Service," Immigration and Naturalization Service, U. S. Department of Justice, Table 32.
16. See Table No. 4. Based on a maximum of 50 percent of line 13, Column (2). The estimate of 45,000 to 50,000 is probably high.

SECTION TWO

ECONOMIC SIGNIFICANCE OF TOURISM

Multiplier Concept: All too often, tourism is measured either in terms of the number of tourists, or in terms of the amount of money they spend, or both. Of course, this is a limited concept because it doesn't show the impact of tourist spending on national income or gross domestic product. Nor does it show the volume of taxes generated, or wages created.

In order to make these approximations, the "multiplier approach" is usually adopted, which involves tracing the impact of tourist spending as the money moves through the economy. Studies of this kind are based on an application of work done by Dr. Paul A. Samuelson, Massachusetts Institute of Technology ("Interactions Between The Acceleration Principle And the Multiplier," 1939), in some cases by constructing models. ^{1/} The results of these models vary considerably with different types of economies, ranging from a high of more than eight to a low of about 3.2.

This latter, or low, multiplier effect had generally been assumed to be the low point of multiplier impact resulting from tourist spending, because it involved heavy leakages (the rate at which money flows out of an economy) and because it was based on countries that had underdeveloped economies.

However, we have examined various economic aspects of the islands covered in this survey, and have come to the conclusion that 3.2 is too high. The economies of the islands are such that only a very small percentage of tourist needs are provided by local materials and services. What this means is that the leakage is tremendous. The money spent in the islands by tourists flows out in a great burst, and the economic impact of tourist expenditures, therefore, is held to a minimum.

When it became clear that even the minimum multiplier effects of tourist spending would not apply to the Eastern Caribbean, we decided to build a model in order to determine approximately what has been happening to tourist spending in the islands. The model is shown in Plates No. 1 and No. 2 in the text. Plate No. 3 shows, in graphic form,

the comparative position of the Eastern Caribbean versus other regions with respect to the impact of tourist spending.

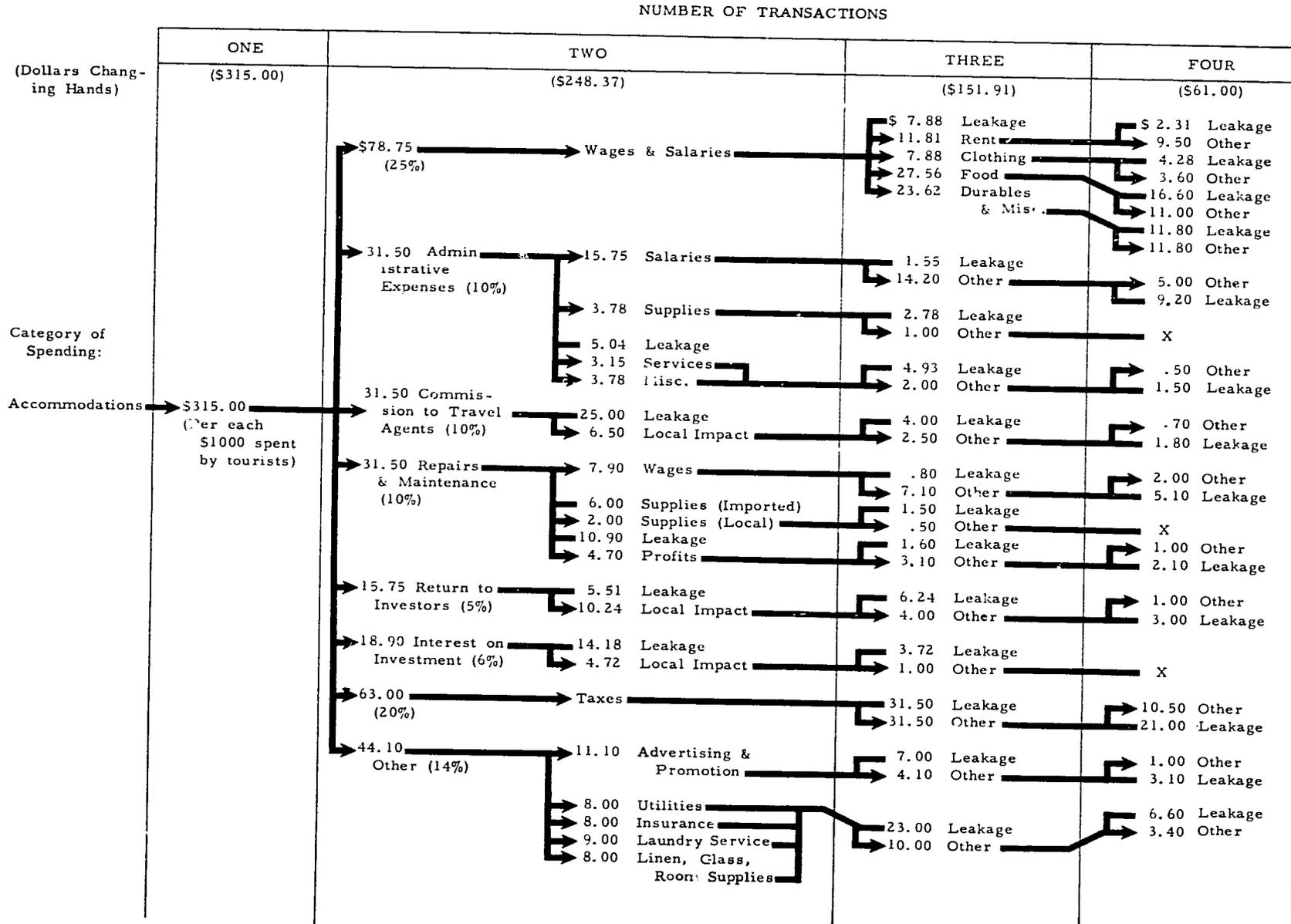
Multiplier Analysis: A wide range of tourism studies shows that in a majority of circumstances, the international tourist tends to spend about 70 percent of his money on a combination of accommodations, food, and beverages. (This refers to spending patterns after the tourist arrives at his destination; it does not include international transportation.) And typically, the ratio of food and beverages, to accommodations, is 55/45.

What this means is that for every \$1,000 spent by a tourist, roughly \$385 goes for food and beverages, and about \$315 goes for accommodations. The balance of what he spends typically goes for purchases (roughly \$150 out of \$1,000), and for sightseeing and local transportation (also about \$150 out of \$1,000 spent). ^{2/} These spending patterns, of course, vary from island to island, season to season, and between different types of nationalities of tourists. Nevertheless, this is the dominant tourist spending pattern prevailing in the Eastern Caribbean.

Plate No. 1

MODEL OF ESTIMATED TOURIST EXPENDITURES FOR ACCOMMODATIONS

(Note: Arrows Point To Dollars Changing Hands.)



Estimated Total Spending: \$776.00

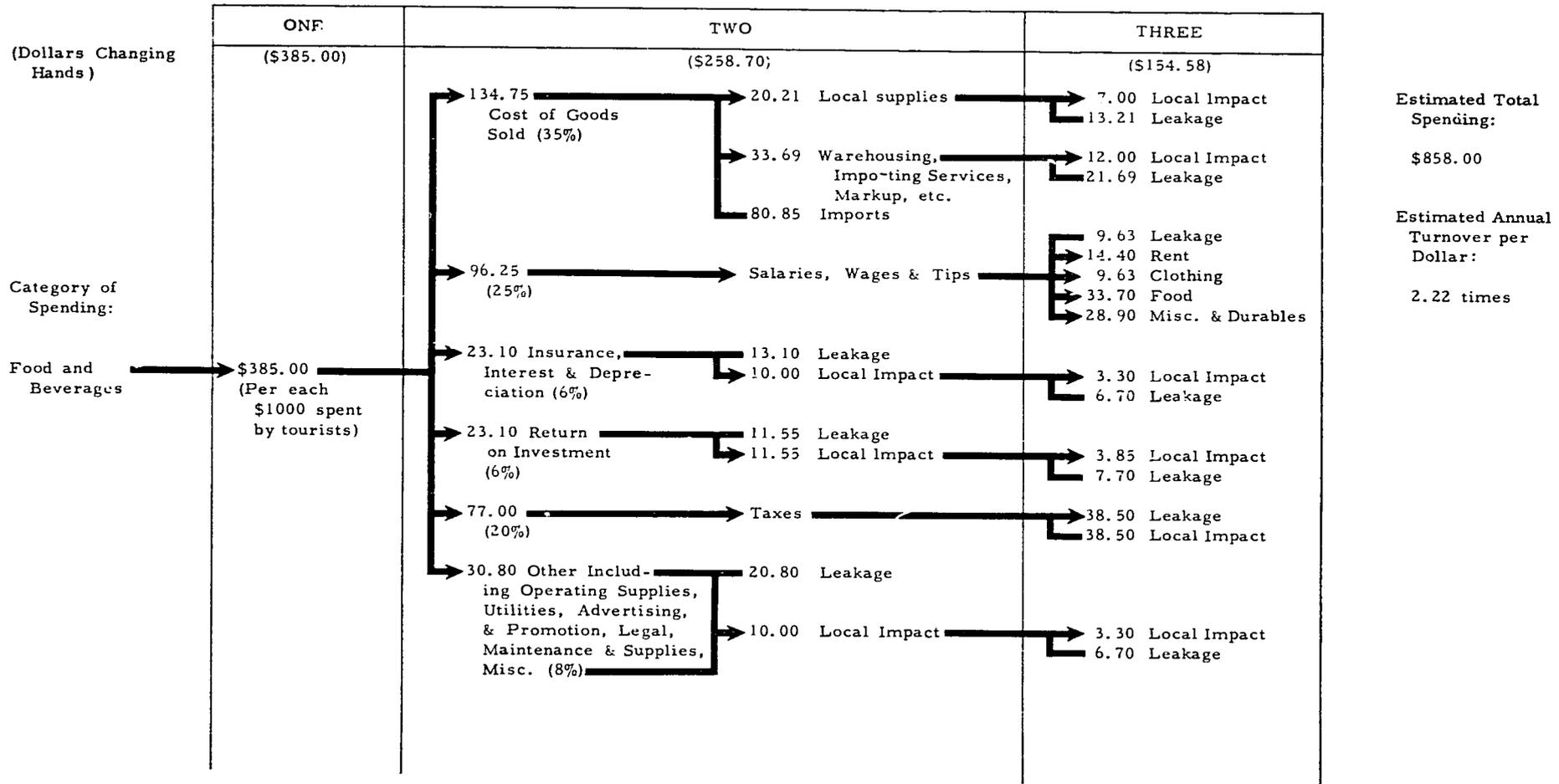
Estimated Annual Turnover per Dollar: 2.46 times

Plate No. 2

MODEL OF ESTIMATED TOURIST EXPENDITURES FOR FOOD AND BEVERAGES

(Note: Arrows Point To Dollars Changing Hands.)

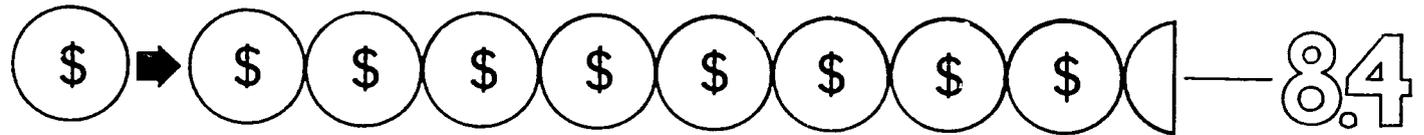
NUMBER OF TRANSACTIONS



COMPARATIVE MULTIPLIER EFFECTS OF TOURIST SPENDING

MULTIPLIER

A CENTRALLY
CONTROLLED
DEVELOPING
ECONOMY¹



8.4

TYPICAL
UNDERDEVELOPED
ECONOMIES²



3.2

EASTERN
CARIBBEAN³



2.3

FOOTNOTES:

1. Yugoslavia.

2. Southeast Asia including Singapore, Malaya, Thailand, Cambodia and Vietnam.

3. Associated States of the West Indies and Barbados.

Plates No. 1 and No. 2 trace tourist money spent for accommodations (Plate No. 1) and for food and beverages (Plate No. 2). Here are some of the factors built into these two plates:

- About 25 percent of expenditures goes for wages, tips, and salaries. One of the things this means is that when a tourist spends, say, \$40 a day, roughly \$8 goes for labor costs and another \$2 for tips.
- As the money moves through the economy, taxes run about 20 percent of the various transactions. In some cases, this may be low. The relationship between tax revenues and national income or (GDP) is as high as 27 percent in Barbados, and 25 percent in Dominica and St. Lucia; see Table No. 2.
- Leakages are extremely high. Wherever supplies or raw materials are used in a transaction, leakage is about 66 percent. Leakage following the spending of tax money is not as high, but still runs about 50 percent, much of which goes to imported machinery, equipment, and supplies. (Leakage resulting from wages paid out, at least, on the first-go-around is somewhat less.)

The application of these factors to Plates No. 1 and No. 2 can be traced by following the arrows. Where there is an arrow, it means that the money continues to move through the economy. Where there is no arrow, it means that the money has "leaked" out of the economy, or left the islands, usually to pay for imported goods or services.

Money Spent For Accommodations: Column One of
Plate No. 1 shows
the \$315 (out of every \$1,000) spent for accommodations by
tourists. This is not meant to suggest that the typical tourist
spends \$315 for accommodations. What it means is that for
every \$1,000 spent by tourists, they average about \$315 for
accommodations. Column Two shows how this \$315 is sub-
sequently re-spent during the second series of transactions.

After the tourist pays over the money to the hotelier,
it is re-spent by the typical hotelier as follows:

- (a) About 25 percent for wages.
- (b) 10 percent for administrative expenses,
which is fairly typical for many hotels.
- (c) 10 percent for commissions to travel agents.
- (d) Another 10 percent for repairs and
maintenance (which is high compared with
other regions).
- (e) 6 percent for interest on investment (which
may be paid in various forms).
- (f) 20 percent for various forms of taxes.
- (g) 14 percent for promotion, utilities,
insurance, etc.

During the second transaction (identified as Column Two on Plate No. 1), the leakage begins, and reduces the impact of \$315 to about \$248. As this \$248 is re-spent (see Column Three, Plate No. 1), further leakages reduce the impact to roughly \$152. And the fourth transaction reduces it to \$61.

When these four transactions are added together, the total is \$776, which when divided by \$315 gives a "turnover" or multiplier effect of \$2.46 per \$1 spent by the tourist.

It can be stated quite fairly that the \$61, shown in Column Four, Plate No. 1, does not completely disappear, and, has a further multiplier effect on the economy. We agree. But projected into further transactions, it produces so small an impact as to be negligible. For example, when drawn out to the point of complete and 100 percent leakage, the multiplier effect for the \$315 spent for accommodations is 2.51 instead of 2.46, a negligible difference.

Money Spent For Food And Beverages: Column One of
Plate No. 2

shows the \$385 (out of every \$1,000) spent for food and beverages by tourists. As the money moves into the second transaction, it breaks up usually into five or six categories:

- (a) The same percentage for wages as in Plate No. 1 : 25 percent.
- (b) 35 percent for the cost of food and beverages.
- (c) 20 percent for various taxes.
- (d) 6 percent for insurance, interest, and depreciation; and 6 percent for return on investment.
- (e) And about 30 percent for all other costs.

In this category of food and beverages, evidence indicates that some 85 percent of the cost of goods sold to tourists are imported in one way or another. For example, if the tourist buys \$100 worth of food and beverages, only about \$15 would go for local items. Of the \$85, however, roughly 25 percent (about \$34) would be retained for at least one more

transaction. And this occurs because of the costs involved in warehousing, handling, markup, etc; see Plate No. 2.

The total of the three categories of transactions shown in Plate No. 2 amounts to \$858, which when divided by the \$385 (see Column One, Plate No. 2) produces a multiplier effect of 2.23.

Arriving At A Total Multiplier Effect: In our opinion, money spent by tourists for purchases moves through the economy in roughly the same manner as money spent for food and beverages, the important components being quite similar. This would mean that the multiplier effect of the \$150 spent for purchases would be 2.23.

Similarly, money spent for sightseeing and local transportation would move roughly the same as money spent for accommodations (2.46). In the case of sightseeing and local transportation, the plus factor of local drivers (locally paid wages) would be easily offset by the negative factor of imported transportation equipment and fuel.

Here, in summary form, are the totals of money impact of the \$1,000 discussed earlier:

Food and beverages	\$	858
Accommodations		776
Purchases		334
Sightseeing and local transportation		<u>369</u>
Total	\$	2,337

For \$1,000, this means a multiplier effect of 2.3 (rounded).

Impact On National Income: The foregoing means that \$1,000 spent by tourists would add, on the average, about \$2,300 to national income (or to GDP) before the impact wears off through leakage. Tables No. 2 and No. 3 have been constructed to help show what this means to the various islands in more specific terms.

Column (2) of Table No. 3 shows the impact on the economy of tourist expenditures shown in Column (1) of the same table. This impact ranges from a high of about \$76 million E.C. in Barbados in 1967 to a low of \$2.8 million in Dominica.

Table No. 2

SELECTED ECONOMIC DATA: 1967

(Money Figures Are In E. C. Dollars)

	(1)	(2)	(3)	(4)	(5)	(6)
	Population (Rounded)	National Income (G. D. P.)	Per Capita G. D. P.	Annual Tax Revenues	Annual Government Surplus Or Deficit	Trade Balance
Antigua	68,000 <u>1/</u>	46,100,000 <u>2/</u>	\$ 678 <u>3/</u>	\$ 7,921,500 <u>4/</u>	\$- 3,057,718 <u>5/</u>	\$-34,125,590 <u>6/</u>
St. Kitts, Nevis	55,000 <u>7/</u>	19,195,000 <u>8/</u>	349 <u>9/</u>	4,288,000 <u>10/</u>	- 1,000,000 <u>11/</u>	- 6,000,000 <u>12/</u>
Montserrat	14,500 <u>13/</u>	6,500,000 <u>14/</u>	448 <u>15/</u>	1,569,000 <u>16/</u>	- 614,000 <u>17/</u>	- 7,560,000 <u>18/</u>
Dominica	70,000 <u>19/</u>	21,280,000 <u>20/</u>	304 <u>21/</u>	5,300,000 <u>22/</u>	- 1,500,000 <u>23/</u>	- 6,300,000 <u>24/</u>
St. Lucia	113,000 <u>25/</u>	38,600,000 <u>26/</u>	342 <u>27/</u>	9,498,000 <u>28/</u>	+ 534,782 <u>29/</u>	-16,276,000 <u>30/</u>
Barbados	251,000 <u>31/</u>	176,300,000 <u>32/</u>	702 <u>33/</u>	40,962,000 <u>34/</u>	+ 1,642,000 <u>35/</u>	-62,000,000 <u>36/</u>
St. Vincent	90,000 <u>37/</u>	29,319,000 <u>38/</u>	325 <u>39/</u>	4,359,000 <u>40/</u>	- 711,000 <u>41/</u>	- 9,344,000 <u>42/</u>
Grenada	105,000 <u>43/</u>	38,000,000 <u>44/</u>	362 <u>45/</u>	6,900,000 <u>46/</u>	- 1,896,000 <u>47/</u>	-15,000,000 <u>48/</u>
Trinidad & Tobago	1,000,000 <u>49/</u>	1,343,000,000 <u>50/</u>	1,343 <u>51/</u>	232,300,000 <u>52/</u>	-52,700,000 <u>53/</u>	+40,435,000 <u>54/</u>

Table No. 3

ESTIMATED ECONOMIC IMPACT OF TOURIST EXPENDITURES: 1967

(Money Figures Are In E. C. Dollars)

	(1)	(2)	(3)	(4)	(5)	(6)
	Total Expenditures By Tourist ^{1/}	Impact On Economy ^{2/}	Tax Revenues Generated By Col. (2) ^{3/}	Tourism Budget (1968) ^{4/}	Ratio Of Col. (3) To Col. (4)	Wages Generated By Col. (2) ^{5/}
Antigua	\$17,848,000	\$41,050,000	\$ 6,157,500	\$ 75,000	82/1	\$ 9,031,000
St. Kitts, Nevis	2,048,000	4,710,000	706,500	18,000	39/1	1,036,000
Montserrat	1,540,000	3,542,000	531,000	20,000	26/1	779,000
Dominica	1,225,000	2,817,500	423,000	12,000	35/1	620,000
St. Lucia	2,720,000	6,256,000	938,000	80,000	12/1	1,376,000
Barbados	32,940,000	75,762,000	11,364,000	846,000	13/1	16,668,000
St. Vincent	2,025,000	4,658,500	699,000	50,000	14/1	1,025,000
Grenada	5,000,000	11,500,000	1,725,000	57,000	30/1	2,530,000
Trinidad & Tobago	30,805,000	70,851,500	10,628,000	924,000	12/1	15,587,000

This doesn't mean that the tourists themselves spent this amount of money. What it does mean is that the money that tourists did spend supported a range of different kinds of businesses that, combined with tourism, produced the impact on the economy shown in Table No. 3.

To put it another way, if there were no tourism, the islands' economies would sag considerably more than just the amount of money directly involved in tourism. The multiplier effects of tourist spending would begin to decline, taking with them a range of businesses that could not survive without the income generated by tourist spending.

Of all the islands covered in the survey, the contribution to national income of tourism is highest in Antigua. In fact, if the income data shown in Table No. 2 are approximately correct, the impact of tourist expenditures is close behind it (\$46 million E. C. versus \$41 million E. C.). This could be due to a combination of circumstances, ^{4/} including the possibility that tourist expenditures shown in Column (4) of Table No. 1 may be on the high side. ^{5/}

When national income is taken into account, and compared with the impact of tourist spending, the islands rank as follows (impact as a percentage of national income):

- No. 1 Antigua - as high as 89%
- No. 2 Montserrat - 54%
- No. 3 Barbados - 47%
- No. 4 Grenada - 40%
- No. 5 St. Kitts - Nevis - 25%
- No. 6 St. Lucia - 16%
- St. Vincent - 16%
- No. 7 Dominica - 13%

The above, of course, shows a really wide range in economic impact, which would be wider still if Trinidad is considered. There, the impact of tourist spending is only 5 percent of national income, the reason being, of course, that national income is already so high (comparatively) in Trinidad.

As for impact measured on a per capita basis, the islands rank as follows (impact divided by population):

No. 1	Antigua	\$604 E. C. per year per person
No. 2	Barbados	301
No. 3	Montserrat	244
No. 4	Grenada	109
No. 5	St. Kitts - Nevis	86
No. 6	Trinidad	71
No. 7	St. Lucia	55
No. 8	St. Vincent	51
No. 9	Dominica	40

Impact On Wages: Plate No. 1 shows that about 37 percent of transaction No. 2 goes for wages.

(In transaction No. 1, there are no wages generated.)

Applying this percentage of wages generated to subsequent categories produces a total of \$171 for wages paid out.

This \$171 when divided by the total impact for this category of spending (\$776) means that about 22 percent of the impact of tourist spending goes for wages.

This percentage checks out with other multiplier studies, $\frac{6}{6}$ and does so in Plate No. 2, where wages fall into the general range of 20 to 25 percent.

Column (6) of Table No. 3 shows approximate wages generated as the result of the impact of tourist spending. The results range from a high of \$16.6 million E. C. in wages for Barbados, to a low of \$620,000 E. C. in wages for Dominica.

Impact On Tax Revenues: These are shown in Column (3) of Table No. 3, and range from a high of \$11.3 million E. C. in Barbados to a low of \$423,000 in Dominica. These estimates were derived from Plates No. 1 and No. 2.

For example, in Plate No. 1, no taxes are generated in the first transaction. In the second transaction: \$63.00 which is 25 percent of the total impact (in this transaction) of \$248.37. The same percentages for subsequent transactions produce a total of \$116.20, which is 15 percent of the total impact for Plate No. 1 (i. e., 15 percent of \$776).

This percentage figure (15 percent) is probably a conservative one, when related to the economy as a whole. For example, the relationship of total tax revenues to

national income (see Table No. 2) ranges from a high of 27 percent in Barbados to a low of 15 percent in St. Vincent. In Plate No. 1, the percentage figure for taxes generated is low partly because no taxes are paid in the first transaction. And the same holds true of Plate No. 2.

Our conclusion is that a conservative estimate of taxes generated by the impact of tourist spending is around 15 percent, and this has been applied to Column (2), Table No. 3.

Taxes generated by the impact of tourist spending (see Column (3), Table No. 3), when compared with total tax revenues of the various islands show some startling results. Once again, Antigua leads the field with a 78 percent relationship between taxes generated (by the impact of tourist spending) and total tax revenues. ^{7/} Here is how the islands rank:

No. 1 - Antigua	78% (Taxes generated by the impact of tourist spending, versus total tax revenues.)
No. 2 - Montserrat	34%

No. 3 - Barbados	27%
No. 4 - Grenada	25%
No. 5 - St. Kitts - Nevis	16%
No. 6 - St. Vincent	16%
-St. Lucia	10%
No. 7 - Dominica	8%
No. 8 - Trinidad	5%

General Comments: Tourism is already of considerable economic significance in raising national income, in generating wages, and in raising tax revenues - particularly in Antigua and Barbados, and also in Montserrat.

But the islands have the dubious distinction of having the lowest multiplier rate (from tourist spending) of countries with known tourism surveys. We recognize that this is a result of long-term dependency on one or two cash crops, and lack of diversity in the economy of the islands. The point needs to be stressed, however, because the very high

leakages (and the need to plug those leaks) complicates the problems involved in developing tourism, and in getting reasonable economic benefits from tourism development.

Footnotes To Section Two

1. See "The Future of Tourism in the Pacific and Far East," U. S. Department of Commerce, 1961. Also, "The Future of Tourism in Yugoslavia," prepared for the Tourism Institute (Belgrade) by Checchi And Company, 1966.
2. These figures are based on studies of the spending habits of international tourists in resort areas (over a period of years) in locations ranging from Hawaii to Jamaica, the Dominican Republic, Puerto Rico, and, of course, including the Eastern Caribbean islands.
3. Based on previously completed tourism studies (see footnote 1. above) adapted to the Eastern Caribbean, and checked during field work there.
4. One of which, of course, is that the data could be wrong. National income statistics are sometimes notoriously high or low. And it may be that the estimated number of tourists shown in Table No. 1 are inflated. But even if there is a statistical error of as much as 50 percent (which seems improbable, in our opinion), it would still mean that economic impact of tourist spending would account for about half of the island's income.

It could also be, of course, that the figures are higher than they appear to be at first glance, and that the island is becoming increasingly dependent on tourism, particularly as the value of agriculture declines due to prolonged drought.

5. In Table No. 1, we have used an average length of stay of 5.5 days, and an average expenditure per day of \$55. Actually, there is a spread in the estimated length of stay, and it may be as low as 5 days. Also, the average expenditure per day may be as low as \$50. This alone could mean that total tourist expenditures in Antigua may be around \$14.7 million E. C. , which, in turn means that impact on the economy is only about \$33.8 million E. C. rather than \$41 million E. C.
6. In Southeast Asian countries ("The Future of Tourism in the Pacific and Far East"; see footnote 1 above), wages generated were 21 percent of impact. In high wage scale countries, of course, the percentage of wages generated is higher.
7. This percentage figure for Antigua seems high to us. However, the 89 percent figure (for impact on income of tourist spending versus total national income) makes sense, this does too. See footnote 4 above.

SECTION THREE

THE OUTLOOK FOR EXPANSION

This section of the report deals with what can be attained by the Eastern Caribbean in the field of tourism development, by 1972 and by 1977. Specifically, this section discusses attainable levels of tourism for the region, and island by island.

Ground Rules For Forecasts: Here, we are dealing with "attainable potentials" with respect to the number of tourists that could be attracted in the future, their length of stay, and the amount of money they will spend.

We are not dealing here with predictions. More specifically, we are not saying here: "This is the amount of tourism you will get, no matter what you do." What we are dealing with here is a series of forecasts that, in our opinion, the islands can attain provided that they adopt a reasonable percentage of the recommendations discussed in Sections Five and Six of this report.

We would like to stress that if an island adopts a passive attitude toward tourism, and decides to "just let it happen," the levels of tourism forecast undoubtedly will not be attained. On the other hand, some islands can certainly do better than the levels of tourism forecast. That is, they can improve on the forecast by adopting an aggressive, intelligent tourism development program.

With respect to methodology, we have leaned on three major factors: (1) tourism trends in the "Northern Tier" of the Caribbean, particularly in Puerto Rico and the U.S. Virgin Islands, and the relationship of the "Northern Tier" to the Eastern Caribbean; (2) past and current trends in tourism in the islands covered in this survey; and (3) an assessment of the situation in each island visited by us and the interrelationships between the islands. The latter reflects conditions as we found them (including organization, attitudes, facilities, etc.), and considerable reflection on our part as to the "probability" involved, in each case, of the various islands attaining the levels forecast here.

Two additional observations about these forecasts. First, they are not "straight line" forecasts, and lean instead on the factors already cited. Second, it so happens that our forecasts are higher than some (for example, the Boeing Company's prepared in April, 1968) ^{1/} and lower than others (the Tripartite Survey). ^{2/} This was definitely not done as a "statistical compromise," so dear to the hearts of many statisticians. It just worked out that way.

Trends In the "Northern Tier": Section One of this report discusses the "Northern Tier," and its relationship to the Eastern Caribbean. Table No. 4 shows this relationship more specifically.

In 1967, there was a general range of 600,000 to 800,000 tourists in the Puerto Rico - Virgin Islands area. At the same time, there were 60,000 to 90,000 tourists in the Eastern Caribbean, or roughly 10-11 percent as many as in the "Northern Tier"; see Column (2), Table No. 4. (Incidentally, this is a declining percentage, as compared with 1961.) These, however, are dealing with medians.

Table No. 4

FORECAST OF NUMBERS OF TOURISTS: 1972 AND 1977

SELECTED CARIBBEAN COUNTRIES
(In Thousands)

	(1)	(2)	FORECAST	
	1961	1967	1972	1977
1. Puerto Rico	397 <u>1/</u>	810 <u>2/</u>	1,700 <u>3/</u>	2,734 <u>4/</u>
2. U. S. Virgin Islands	188 <u>5/</u>	611 <u>6/</u>	1,222 <u>7/</u>	1,950 <u>8/</u>
3. "Northern Tier" <u>9/</u>	200 to 400	600 to 800	1,200 to 1,700	2,000 to 2,700
4. Barbados	37 <u>10/</u>	92 <u>11/</u>	250 <u>12/</u>	500 <u>13/</u>
5. Trinidad & Tobago	45 <u>14/</u>	78 <u>15/</u>	200 <u>16/</u>	402 <u>17/</u>
6. Antigua	26 <u>18/</u>	59 <u>19/</u>	147 <u>20/</u>	296 <u>21/</u>
7. St. Kitts, Nevis		6 to 7 <u>22/</u>	22 <u>23/</u>	49 <u>24/</u>
8. Montserrat		5 to 6 <u>22/</u>	18 <u>23/</u>	40 <u>24/</u>
9. Dominica		7 <u>22/</u>	23 <u>23/</u>	52 <u>24/</u>
10. St. Lucia		16 <u>22/</u>	53 <u>23/</u>	119 <u>24/</u>
11. St. Vincent		10 <u>22/</u>	34 <u>23/</u>	76 <u>24/</u>
12. Grenada		20 <u>22/</u>	67 <u>23/</u>	150 <u>24/</u>
13. "Eastern Caribbean" (Range in the number of tourists in the Eastern Caribbean)	30 to 45	60 to 90	150 to 250	300 to 500
14. Line 13. As A Percentage Of Line 3.	12.5%	10.7%	8.5%	19.1%

If we take Barbados, which got the most tourists in the Eastern Caribbean in 1967, it got about 12 percent as many tourists as the top range of tourists in the "Northern Tier"; and this is an increase from 1961, when Barbados got less than 10 percent of the top range of the "Northern Tier."

With a stepped up tourism development program, by 1972, Barbados should be able to increase its percentage to 15 percent, or about 250,000. This 15 percent, incidentally, is a percentage of 1972 forecasts of the tourist business in Puerto Rico and the Virgin Islands; see Table No. 4. Before commenting further on this forecast for Barbados, the point is that it bears a relationship to forecasts for the "Northern Tier," so here are some comments on those forecasts:

- In recent years, tourist numbers have been increasing anywhere between 15 percent and 30 percent a year.
- Tourist numbers to the Virgin Islands have been increasing between 15.7 percent and 34.5 percent a year since 1962. Even at the lower rate of increase, tourist numbers should double there by 1972; and redouble by 1980.
- Figures for 1972 and 1977 for Puerto Rico are interpolated from forecasts for that island by the Office of Economic Research, Economic Development Administration, San Juan. 3/

- Preliminary figures for Puerto Rico for 1968 suggest that the forecasts for the island may be conservative.

There is no doubt that these substantial increases of tourist numbers in the "Northern Tier" have been due to the expansion of the North American market, particularly the U.S. The outlook for the continued growth of this travel market is good because:

- (1) The U.S. and Canada, combined, represent the world's most potent travel market, having large numbers of people with high income.
- (2) It's worth noting that preliminary estimates of U.S. citizens visiting the Caribbean (exclusive of Puerto Rico) show an increase of about 20 percent. $\frac{4}{-}$
- (3) Contrary to articles in the tourism trade press, the U.S. has chronic long term problems in its travel account, $\frac{5}{-}$ and increasing problems in its balance of trade. As these problems continue, it seems likely that U.S. citizens will tend (voluntarily or involuntarily) to travel in the Caribbean, particularly to U.S. points such as Puerto Rico and the U.S. Virgin Islands. And, of course, to nearby islands.

On the general subject of the North American market, it's worth noting that both Barbados and Antigua have been getting an increasing share of their tourist numbers from

the United States. ^{6/} For example, between 1963 and 1967, the percentage of tourists coming from the United States to Barbados rose from roughly 26 percent to 33 percent, and the jump in Antigua was from 48 percent to 52 percent. Barbados managed to hold its number of Canadian tourists at an even 20 percent between 1963 and 1967. What this suggests is that while the "Northern Tier" has relied heavily on the North American travel market, the same situation is developing in the Eastern Caribbean. For example, in 1967, more than half of Barbados' tourists were either U.S. or Canadian. And 66 percent of Antigua's tourists came from North America (U.S. and Canada).

A word here about other tourism markets. Earlier, we said that all sources of tourism are important, and this applies, of course, to forecasting. The European market, for example, can become increasingly important to the Eastern Caribbean with direct flights already in operation connecting Antigua and Barbados with Scotland and England, and with both of these islands having nonstop service to London. On the other hand, in spite of the importance of

Europe as a tourism market (which should certainly be assiduously promoted), the hard facts are that, compared with North America, the European market ranks a distant second. Following are some comments on this subject:

- Because of the mileages involved, it's more expensive for a European to visit the Eastern Caribbean.
- Income has been rising in Europe, and more Europeans than ever can afford to travel. Accordingly, more Europeans can be expected to visit the Eastern Caribbean by 1972 and 1977 (and the same can be expected of U.S. citizens, of course).
- But U.S. income has been rising even faster, and is more spread out. Income surveys show that the U.S. has at least twelve times more people who can afford to travel internationally than the rest of the world put together. 7/
- Probably, the big hope in developing European travel to the Eastern Caribbean (in increasing numbers) is to tie the region to travel to the United States, or to South America. Tourism in South America, as yet, is still in its infancy. And the U.S. has not yet been able to develop a really effective inbound tourism development operation aimed at Europe. 8/

Interrelationships And Growth Rates: To return to the 1972 forecast for Barbados mentioned earlier, this was developed from a relationship with "Northern Tier" data, previously explained. This relationship produces an increase in tourist numbers to 250,000 which represents a cumulative annual growth rate of about 22 percent. Obviously this is a very high annual increase, but, in our opinion, probably not unattainable, particularly for Barbados which already has under way a substantial promotional program. As explained in footnote 13 to Table No. 4, however, we doubt that Barbados could maintain this growth rate for long, and the island would do well to double its tourist numbers between 1972 and 1977, which involves a growth rate (compounded) of about 15 percent a year.

Since tourists who visit the Eastern Caribbean tend to visit more than one island, there must be (and is) a relationship in tourist numbers between "key" islands such as Barbados, Antigua, and Trinidad. This relationship has been changing, though. For example, back in 1961, Trinidad

got more tourists than Barbados. By 1967, the ratio was roughly 9 to 8, Barbados over Trinidad. If this relationship prevailed in 1972 (which we doubt it will), it would mean that Trinidad would get some 222,000 tourists, which in turn involves a cumulative growth rate of 23-24 percent compounded. We doubt that Trinidad could hold that annual percentage increase, even with the tourists in the region. We do think though that it might maintain a 20-21 percent growth, which would produce about 200,000 tourists shown in the 1972 column in Table No. 4.

The same approach is used in Antigua. In 1967, the ratio of tourist numbers (Barbados to Antigua) was about 3 to 2. If Antigua could hold that relationship through 1972, it would get over 280,000 tourists, involving an annual growth rate of more than 23 percent. It might do it, but considering current and emerging problems, Antigua would do well to increase its tourist numbers 20 percent a year. This would produce some 147,000 in 1972; see Table No. 4.

In our view, the future of tourism in the other islands depends on what share of the market they can get that will

be flowing to Antigua, Barbados, and Trinidad. This is explained at some length in footnote 23 to Table No. 4. Basically, we've taken the number of tourists now going to each island, and converted it into a percentage of the median number of tourists moving between Antigua and Barbados.

As a general rule of thumb, we feel that each of the islands (St. Kitts - Nevis, Montserrat, Dominica, St. Lucia, St. Vincent, and Grenada) should certainly be able to increase that percentage by a fourth. This produces the forecast shown in Table No. 4, for 1972; and involves a cumulative annual growth of between 27 and 28 percent. This growth, of course, is extremely high, but, frankly, we're dealing with numbers that are so small that growth rates are not as significant as they are when we begin to consider figures in the hundreds of thousands.

It's a serious question as to whether these six islands will, in fact, push themselves to increase their tourist numbers by the amount shown in the forecast, even though the tourists will be well within their grasp. We cannot say

with certainty, and, as we said earlier, this is not a prediction. It does seem likely, however, that some of the islands can and will reach the forecast level (and may exceed it), and others will not - at least, not unless they get moving along the lines suggested in Sections Five and Six of this report.

A Longer-Range Outlook: So far, we have been discussing forecasts for 1972 in terms of numbers of tourists, or more specifically, in terms of numbers of tourist entries for each island. Column (4) of Table No. 4 shows our forecast for the ten year period, 1967 to 1977.

The approach used here is similar to that used for the 1972 forecast: the relationship of Barbados, Trinidad, and Antigua to the "Northern Tier," the growth rates implied, and the relationship of the remaining islands to this situation.

Here are our comments on the outlook for 1977:

..... Barbados probably could reach a level of 500,000 tourists, representing an annual growth rate (cumulatively) of about 15 per cent during 1972-77.

- Trinidad would do well to sustain a 15-percent growth for the same period.
- Similarly, Antigua could probably not hold its earlier (1967-72) growth rate, which should sink to 15 percent too.
- These are not really "outside" figures for these three islands. In the case of Barbados, a 15-percent growth would mean that the island would be getting almost 19 percent of the tourist numbers going to the "Northern Tier" (as compared with 12 percent in 1967 and 16 percent in 1972). This reflects what should be the island's ability to pull into the Eastern Caribbean region increasing numbers of tourists who would tend to be candidates for travel to the "Northern Tier."
- By contrast, the remaining six islands should be able to get an increasing percentage of tourist numbers in the region. We seriously doubt that they could maintain (during 1972-77) a 27-28 percent growth rate, but because they're starting from a smaller base, they should be able to get greater percentage increases during 1972-77 than Antigua or Barbados. By and large, we believe that their geographic position and other attractions should enable them to increase their number of tourists to somewhere between 15 and 20 percent a year during that period. This is reflected in Table No. 4.

In summary form, here are the average annual (cumulative) growth rates for numbers of tourists forecast in this report. These growth rates are expressed as a percentage.

	<u>1967 - 1972</u>	<u>1972 - 1977</u>
Puerto Rico	16	10
Virgin Islands (U.S.)	14.9	9.8
Barbados	22	15
Trinidad	20-21	15
Antigua	20	15
St. Kitts - Nevis, Mont- serrat, Dominica, St. Lucia, St. Vincent, Grenada	27-28	15-20

Basically, these forecasts represent an increasing share of Caribbean tourism going into the Eastern Caribbean, plus a gradual and increasing dispersion of tourists within the region itself.

The high growth rates forecast for 1967-1972 can be expected to fall off during the second five-year period (1972-1977), but with six of the islands getting a faster growth in tourist numbers than Barbados or Antigua.

Length Of Stay: Table No. 5 [Columns (2) and (6)] show that future tourism should involve a

Table No. 5

FORECAST OF ESTIMATED TOURIST EXPENDITURES: 1972 AND 1977

(Money Figures Are in E. C. Dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1 9 7 2				1 9 7 7			
	Number Of Tourists <u>1/</u>	Average Stay (In Days) <u>2/</u>	Average Expenditure (Per Day) <u>3/</u>	Total Expenditure (Rounded) <u>4/</u>	Number Of Tourists <u>5/</u>	Average Stay (In Days) <u>6/</u>	Average Expenditure (Per Day) <u>7/</u>	Total Expenditure (Rounded) <u>8/</u>
Antigua	147,000	4 - 5	\$70	\$ 46,300,000	296,000	3 - 4	\$80	\$ 82,900,000
St. Kitts, Nevis	22,000	6	60	7,900,000	49,000	5	70	17,200,000
Montserrat	13,000	6	60	6,500,000	40,000	5	70	14,000,000
Dominica	23,000	4	60	5,500,000	52,000	4 - 5	70	16,400,000
St. Lucia	53,000	4	55	11,700,000	119,000	3 - 4	70	29,200,000
St. Vincent	34,000	4	60	8,200,000	76,000	3 - 4	70	18,600,000
Barbados	250,000	7	60	105,000,000	500,000	5	70	175,000,000
Grenada	67,000	4	60	16,100,000	150,000	4	70	42,000,000
Trinidad & Tobago	200,000	5	70	70,000,000	402,000	4	80	128,600,000

shorter average stay. Of course, this can be partly offset by a buildup in the development and sale or lease of homes. But as the tourist market broadens, the average length of stay typically falls. The probable exception to this is Dominica where the 1967 length of stay is already quite short, and could be increased with an effective tourism development program.

The (1972) data forecast for length of stay in Table No. 5 average 5.4 days stay per island compared with 6 days in 1967. And the total length of stay, on the average, for tourists will fall from 21 days (in 1967) to 17-18 days by 1972.

By 1977, the average stay per island will probably decline to about 4.2 days, and the stay in the region to about 14 days. Both in 1972 and 1977, the typical tourist would visit three to four islands. ^{9/}

Expenditure Per Day: Forecasts for this important item
are shown in Columns (3) and (7)

in Table No. 5. If the islands begin to develop their tourism potentials, they will have to provide new facilities and new services which will, of course, raise prices and thereby increase average expenditures per day per tourist.

By 1972, average expenditure per day should rise to \$60-\$70 E. C. , and should further rise to \$70-\$80 E. C. by 1977, thereby bringing prices more closely within range of competing resort areas elsewhere in the Caribbean. (Incidentally, these expenditure estimates are in constant E. C. dollars; we have not attempted to adjust the data for changes in the value of money).

A word here about the outlook for tourism markets and the likely income levels of the tourists who can be attracted to the Eastern Caribbean. The fact is that to visit the islands, by air, from the East Coast of the U. S. , it costs roughly \$300-\$400 (U. S.) per person, depending on class of travel, and time of the week the trip is taken. That means that for a family of four, transportation costs alone will be over \$1,000 (U. S.).

In the future, it probably will be possible to reduce air fares, as volume of tourism increases, and by group travel. But the situation still will be one involving comparatively high transportation costs, all of which means that most of the market will be middle-upper income groups, people capable of paying \$80 E. C. per day per person without strain.

This doesn't mean that the market won't "broaden," because it will. As tourist numbers increase, income levels tend to decline. But an expenditure of \$60 to \$80 E. C. per day (at least in the U. S.) does not require a person to be rich, and a great deal of middle-income travel to resort areas elsewhere involves per day expenditures at this level.

In some areas of the world (for example, in much of the Balkans and the Middle East), tourism has to be built upon attracting large numbers of middle or low-income travellers who come in large numbers from Italy and Germany. Surveys in those areas show that a better benefit-cost return can be obtained by going after the higher spending tourists. Yet the geographic position of these regions is such that it's hard for them to do it.

Both in 1972 and in 1977, Barbados would be the No. 1 earner in the tourist expenditure department, grossing over \$100 million E. C. in 1972 and about \$175 million E. C. by 1977.

However, as the other islands begin to develop their tourism, the percentage of tourist expenditures going to Barbados should begin to decline, for example, from almost 38 percent of the money spent by tourists in the region in 1972 to about 33 percent in 1977. And the percentage of tourist expenditures going to Antigua should decline from a high of 18.5 percent in 1967 to less than 16 percent in 1977. ^{10/}

Overall tourist expenditures are forecast as following (for the eight islands, plus Trinidad):

1967	\$ 96 million E. C.
1972	\$277 million
1977	\$524 million

This growth in tourist expenditures, over the ten year period (1967-1977) averages 18.5 percent per year for the region,

which is not quite as fast an increase as tourist numbers 11/ which increase at a little better than 19 percent. This seeming inconsistency occurs because while the tourists will be spending more per day, their average stay can be expected to decline.

Before leaving this section, we should like to stress that the forecasts made here will not happen automatically.

More than 4,000 new hotel rooms will have to be built by 1972 alone. And numerous other steps will have to be taken by the islands, individually and collectively.

See Sections Five and Six of this report for details.

Footnotes To Section Three

1. "Caribbean Tourism, Analysis and Forecast," pp. 6 and 7, The Boeing Company, Renton, Washington.
2. "Report Of the Tripartite Economic Survey Of The Eastern Caribbean," footnote 2, p. 7, Chapter I suggests 250,000 individual visitors to the Eastern Caribbean by 1970.
3. In Table No. 4, we have used for Puerto Rican tourists, data obtained directly from the EDA

in San Juan, late in 1967. These figures coincide with those published by the EDA as "arrivals by air," and not with the "total" number of visitors which is higher.

4. Unofficial estimate, Office of Business Economics, U. S. Department of Commerce.
5. Based on reports prepared for the Commission on Travel, Washington, D. C., 1968.
6. Based on data included in "Report of Tourist Travel to the Caribbean for 1967," The Caribbean Travel Association, New York.
7. Based on a survey prepared for the U. S. Travel Service in 1963 by Checchi and Company, Washington, D. C.; and on similar analyses made last year by H. Zinder & Associates Inc., for the U.S. Treasury.
8. Consensus of working committees for the Presidential Commission on Travel, Washington, D. C., 1968.
9. These computations were developed as follows:
The total number of tourist days for 1972 and 1977 are taken from Table No. 5; Column (1) multiplied by Column (2); and Column (5) multiplied by Column (6). Total tourist days are then divided by the total number of tourist entries, which can be found by adding up Columns (1) and (5), also in Table No. 5. The result is average stay per island.

The average stay in the region is obtained by dividing the total tourist days by the top figures from line 13, Columns (3) and (4), in Table No. 4.

The average stay in the region (for 1972 and 1977) divided by average stay per island produces the number of islands visited per tourist, the range being: 3.5 in 1967, 3.2 in 1972, and 3.4 in 1977.

10. Calculations are based on a comparison of tourist expenditures for Barbados and Antigua, compared with tourist expenditures for the region.
11. Actually, this is based on number of tourist entries taken from Tables No. 1 and No. 5.

SECTION FOUR

ECONOMIC ASPECTS OF TOURISM IN THE FUTURE

The economic benefits that can accrue to the islands by 1972 and 1977 are discussed in terms of their effects on national income, on wages, on tax revenues, and on balance of payments.

Changing Multiplier: Section Two of this report discusses the current low multiplier effect of tourist spending (2.3), and the reasons for it. The fact is that a large portion of the economic benefits from tourism are "getting away from" the islands because of excessive leakage.

In our view, this excessive leakage (brought about primarily through high imports) can be gradually alleviated by the development of a series of small-medium supporting industries that will produce many of the products needed by tourists and the tourism business. (See Sections Five and Six for details).

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The effect of such an industrial development program based on tourism could probably increase the multiplier effect to about 2.4 by 1972, and to roughly 2.6 by 1977. Of course, what's involved here really is altering some fundamental aspects of the islands' economies, and that will take time. Probably, the typical multiplier rate for developing economies (approximately 3.2) cannot be reached until the mid 1980's. Nevertheless, it's economically worth pursuing. For example, if the islands can increase their multiplier rate to 3.2, it would increase by about 40 percent the economic benefits that flow from tourist spending. To put it another way, the islands would then get from ten tourists the same economic benefits that it now gets from fourteen tourists.

Table No. 6 [Columns (2) and (6)] reflect a gradual improvement in the multiplier rate to 2.4 and to 2.6 over a ten year period.

Impact On Income: This is shown in Tables No. 6 and No. 7, which are based on a very modest improvement in the multiplier effect of tourist spending, just discussed.

Table No. 6

ESTIMATED ECONOMIC IMPACT OF TOURIST EXPENDITURES: 1972 AND 1977

(In Millions of E. C. Dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1 9 7 2				1 9 7 7			
	Total Expenditures By Tourists <u>1/</u>	Impact On Economy <u>2/</u>	Tax Revenues Generated By Col. (2) <u>3/</u>	Wages Generated By Col. (2) <u>4/</u>	Total Expenditures By Tourists <u>5/</u>	Impact On Economy <u>6/</u>	Tax Revenues Generated By Col. (5) <u>7/</u>	Wages Generated By Col. (5) <u>8/</u>
Antigua	\$ 46.3	\$111.1	\$ 16.7	\$ 26.7	\$ 82.9	\$215.5	\$ 32.3	\$ 56.0
St. Kitts, Nevis	7.9	19.0	2.9	4.6	17.2	44.7	6.7	11.6
Montserrat	6.5	15.6	2.3	3.7	14.0	36.4	5.5	9.5
Dominica	5.5	13.2	2.0	3.2	16.4	42.6	6.4	11.1
St. Lucia	11.7	28.1	4.2	6.7	29.2	75.9	11.4	19.7
St. Vincent	8.2	19.7	3.0	4.7	18.6	48.4	7.3	12.6
Barbados	105.0	252.0	37.8	60.5	175.0	455.0	68.3	118.3
Grenada	16.1	38.6	5.8	9.3	42.0	109.2	16.4	28.4
Trinidad & Tobago	70.0	168.0	25.2	40.3	128.6	334.4	50.2	86.9

Table No. 7

ESTIMATED RELATIONSHIP OF THE IMPACT OF TOURIST EXPENDITURES

ON NATIONAL INCOME: 1972 AND 1977

(Money Figures Are In E. C. Dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	National Income (G. D. P.) 1967 ^{1/} (In Millions)	Per Capita Income 1967 ^{2/}	Impact Of Tourism On The Economy 1972 ^{3/} (In Millions)	Impact Of Tourism On A Per Capita Basis, 1972 ^{4/}	Col. (3) As A Percentage Of Col. (1)	Impact Of Tourism On The Economy 1977 ^{5/} (In Millions)	Impact Of Tourism On A Per Capita Basis, 1977 ^{6/}	Col. (6) As A Percentage Of Col. (1)
Antigua	\$ 46.1	\$ 678	\$111.1	\$1,633	240.9%	\$215.5	\$3,169	467.4%
St. Kitts, Nevis	19.1	349	19.0	345	99.5	44.7	813	234.0
Montserrat	6.5	448	15.6	1,075	240.0	36.4	2,510	560.0
Dominica	21.3	304	13.2	189	62.0	42.6	609	200.0
St. Lucia	38.6	342	28.1	249	72.8	75.9	672	196.6
Barbados	176.3	702	252.0	1,003	142.9	455.0	1,813	258.1
St. Vincent	29.3	325	19.7	219	67.2	48.4	538	165.2
Grenada	38.0	362	38.6	368	101.6	109.2	1,040	287.4
Trinidad & Tobago	1,343.0	1,343	168.0	168	12.5	334.4	334	24.9

Because the population of the island is comparatively small, the economic impact of tourism in the future can be startling. For example, tourism and the economic effects of tourism can generate about \$111 million in national income in Antigua by 1972, and almost twice that amount (\$215 million) by 1977.

Considering the current level of national income in Antigua, it's clear that the impact of tourism will be the greatest on that island, and can be expected to create not only the benefits that go with such an increase in income, but the problems of adjustment that go along with the benefits.

A comparison of the data in Table No. 7, with Table No. 3 show the following, for Antigua: 1/

- By 1972, the net increase in the impact of tourism would be about \$70 million.
- In turn, this would increase the island's national income to around \$116 million (by 1972).
- And this represents an annual average increase (cumulatively) of about 20 percent between 1967 and 1972.

Between 1972 and 1977, the percentage increase per year in national income (in Antigua) due to the impact of tourism would increase at a slower rate: about 13-14 percent. ^{2/} Even so, this kind of impact can be expected to cause serious economic adjustments. ^{3/}

Table No. 7 also shows an almost identical impact on income in Montserrat. Here, although the increase in tourism expenditures (and this resultant impact) is not of the same volume as in Antigua, the fact that Montserrat has such a small population, produces economic results comparable to those that can be expected in Antigua.

In the case of Barbados, economic impact of tourist spending by 1972 would be about \$252 million. This represents an average annual increase (compounded) of national income of about 14.9 percent, a very high rate of increase although not as high as in Antigua. Between 1972 and 1977, the rate of increase would be somewhat slower: about 10.3 percent (cumulatively) per year.

Impact on income in the other islands would be less spectacular, but substantial. For example, in the case of

Grenada, the impact of tourist expenditures on the economy in 1972 would be about \$39 million, as compared to about \$11.5 million in 1967. This would mean an average annual increase in national income (cumulatively) during the period 1967-1972 of 11.4 per year. ^{2/}

Comment: The reason why the islands can get these impressive increases in national income is because: (1) national income is small at present, so that even a moderate injection of economic activity into their economies produces large percentage increases; (2) the number of tourists in the region is increasing substantially and so are their expenditures; (3) the islands' population is comparatively small, so these expenditures have a big per capita impact.

Another way of looking at impact on income is on a per capita basis, shown in Columns (4) and (7) of Table No. 7. Here we have related impact of tourist spending in 1972 and 1977 to the population of the various islands in 1967. (In other words, we have not made forecasts of population changes, partly because population data trends were incomplete). ^{4/}

Although this approach has limited significance, it does show that impact on per capita income can be expected to be much greater in Antigua than in any of the other islands, both in 1972 and 1977. Montserrat is second, and Barbados is third.

Impact On Wages: Tourism is always a heavy user of labor, and this shows up in Table No. 6. For the eight islands covered in this survey, tourist spending would generate about \$120 million E.C. in wages by 1972. This compares with about \$33 million in 1967, an increase of \$89 million in wages generated.

If we allow \$2,000 E.C. per year as being reasonable for the average wage in the future (which is considerably higher than the current average wage), it would mean that roughly 45,000 new jobs would be created. What this means is that by 1972, the economic effects of tourism could create a new job in about one out of three households in the eight islands. 5/

By 1977, wages generated by tourism could increase to about \$267 million E. C. (see Column (8), Table No. 6), an increase of \$234 million over 1967, and the equivalent of more than 100,000 jobs, depending on how average wages are calculated. ^{6/} In effect, this would be creating jobs for two out of three households. ^{7/}

As a general commentary about tourism as a job creator, it may be worth noting that of these job estimates, probably at least 40 - 45 percent would be created directly by the tourist business. The remaining jobs would be created by the multiplier effects of tourist spending.

A general rule of thumb for employees per room in a resort-type hotel is up to 1.0 employees (per room). In some circumstances, it may be higher; for example, in Jamaica it runs about 1.3.

Later in this report (Table No. 9), we show that by 1972, about 7,420 rooms will be needed in the eight islands to accommodate the forecast number of tourists. This suggests roughly 7,400 jobs. As we explained in Section Two (discussion of the impact of tourist spending), about 31.5 percent of the tourist's dollar goes for accommodations. This tends to suggest that total jobs created in the tourist business by 1972 would be around 23,000-24,000. Multiplier effects on this situation would increase jobs created to around 54,000 (higher than our estimate of 45,000). This estimate of 54,000

may be somewhat on the high side because tourism usually requires a proportionately higher number of jobs than most other types of economic activity. If the 54,000 were correct, it would mean that 43 percent of these jobs (23,000-24,000) would be in tourism. Probably, however, the percentage of jobs created by tourism is higher than that.

Impact On Tax Revenues: A major economic argument for government support of tourism is the tax revenues generated by the money tourists spend. This is shown in Table No 6, Columns (3) and (7).

By 1972, here are the approximate rankings of the eight islands according to tax revenues generated by tourist spending (in millions of E. C. dollars):

No. 1 - Barbados	\$37.8
No. 2 - Antigua	16.7
No. 3 - Grenada	5.8
No. 4 - St. Lucia	4.2
No. 5 - St. Vincent	3.0
No. 6 - St. Kitts - Nevis	2.9
No. 7 - Montserrat	2.3
No. 8 - Dominica	2.0

These estimated tax revenues, of course, do not represent increases in tax revenues between 1967 and 1972 since taxes were already being generated by tourist spending in 1967; see Table No. 2. But even if 1967 tax revenues generated by tourists are deducted from the above, the resulting increase in tax revenues (1972 over 1967) are impressive. For example, they range from an increase of roughly \$2.0 to \$3.0 million E. C. in the case of St. Kitts, Montserrat, Dominica, St. Lucia, and St. Vincent; to \$4.1 million for Grenada, \$10.5 million for Antigua; and \$26.4 million for Barbados.

These increases in tax revenues cannot be expected unless tourism is expanded to the levels discussed in Section Three of this report.

Of course, these net increases in estimated tax revenues cannot be obtained without expenditures by the governments involved. And this is discussed later in this report. But these estimated additional tax revenues do suggest that government can afford to spend a good deal of money to develop tourism, and still come out ahead.

One approach is to examine annual government surpluses or deficits; see Column (5), Table No. 2. Six of the eight islands, in 1967, were running deficits. In all eight of these cases, the increase in tax revenues from tourist spending could more than wipe out these deficits by 1972.

Antigua is worth examining, in this connection. Table No. 2 shows the island running a deficit of about \$3.0 million E. C. Yet Antigua could increase its tax revenues by \$10.5 million by 1972, thereby eliminating its deficit, and still have \$7.5 million E. C. left over, a substantial portion of which might locally be spent in tourism development which contributed to the increase in tax revenues in the first place.

In the case of Barbados, the island had a meagre surplus in revenues over expenditures in 1967. If it can increase its tourist business as forecast in Section Two of this report, it could afford to spend an additional \$5 million E. C., and would still have more than \$20 million E. C. remaining in 1972.

By 1977, tax revenues generated by tourist expenditures double, and in some cases triple (over 1972); see Table No. 6, Column (7).

Impact On Balance Of Payments: Table No. 2, Column (6) shows that all eight islands were running trade deficits in 1967, ranging from a low of \$6.0 million E. C. (St. Kitts - Nevis) to \$62 million (Barbados).

What tourism does to the situation is to bring in foreign exchange at roughly the levels shown in Column (1), Table No. 3. The projected tourist expenditures, however, represent gross, not net, foreign exchange earnings. Foreign exchange must be given up (in the form of needed imports) in order to provide some of the goods and services that tourists need. But as we have pointed out in Section Two, the "leakage" in the islands is so great that the economic benefits from tourist spending are reduced to a new, low record. This applies not only to the effects of tourist spending on income, wages, and tax revenues - but also to the foreign exchange situation and balance of payments.

The forecast of tourist expenditures for 1977 [see Table No. 8, Column (8)] suggests that the volume of tourist expenditures in that year would range between two and three times the size of the 1967 trade deficits. At first glance, this seems encouraging. But the question is: what portion of these foreign exchange earnings (from tourism) must be drawn down to pay for imports? For example, if 100 percent of the foreign currency brought into the islands by tourists were spent to service the tourists, there would, of course, be no net gain. If only two thirds of the foreign exchange brought to the islands by tourists were spent for tourism imports, the net gain (by 1977) would still be enough to wipe out most trade deficits, or would come close to doing so.

Our impression is that there is little restraint in import controls, and that at present, foreign exchange earnings from tourism are flowing out of the islands as through a sieve. What is needed, obviously, is to launch a program to produce on the islands the maximum amount of those things that tourists want and need. This will have

the double effect of increasing economic impact, and of helping to improve the islands' balance of payments.

One comment about tourism that was brought to our attention is that tourism can have a serious negative effect on balance of payments because the impact of tourist spending puts purchasing power into the hands of the local people, and then people, in turn, demand and buy imported goods which they previously couldn't afford.

This situation can very well occur. But the fault lies not with tourism but with a combined lack of exchange controls and a lack of locally-produced goods which local people can buy. Here again, we come back to the need for the development of supporting and import-substitute industries.

Footnotes To Section Four

1. Based on estimated impact of \$111 million (from Table No. 7) in 1972; less \$41 million, the impact in 1967, from Table No. 3. This \$70 million, when added to 1967 national income (\$46.1 million) produces \$116.1 million in national income in 1972. The relationship between this \$116.1 million (1972) and \$46.1 million (1967) represents an average annual increase of just about 20 percent.

2. Calculation is comparable to footnote (1) above.
3. Another factor to be considered here is: is such an increase in national income realistic? See the discussion on this subject in footnote 4, Section Two.
4. Population trends, as reported in four of the islands suggest an annual growth of about 2.5 percent, which means that population could be expected to increase by 13 percent by 1972 (over 1967), and by 28 percent by 1977 (over 1967).

If this population trend were to hold, for example, in Barbados, it would mean that by 1977, the population would increase to about 321,000. This would change the impact of tourist spending from 1,813 in 1977 to 1,417.

5. Based on a total population (1967) for the eight islands of 765,000. Assuming that the average household includes five people, this suggests about 150,000 households.
6. In this case, the average wage would be around \$2,000 E. C. per year.
7. Based on the relationship between 100,000 jobs and 150,000 households. (Again, this does not allow for an increase in population.)

SECTION FIVE

HOTEL AND INFRASTRUCTURE REQUIREMENTS

This section discusses both hotel and infrastructure requirements that will have to be developed if the islands are to accommodate the numbers of tourists forecast in Section Three.

Needed Number Of Rooms: There is no doubt that the existing number of hotel rooms (suitable for tourists) on the eight islands have unused capacity at present. Table No. 8 is an effort to measure this unused capacity, and the relationships between Columns (5) and (4) suggest that if the annual average occupancy for the islands could be raised to 60 percent, existing rooms could provide some 370, 000 additional bed nights. ^{1/}

This number of additional bed nights is used in Table No. 9 which shows: (1) total bed nights needed by 1972, (2) the 370, 000 additional bed nights referred to above, (3) the net number of additional bed nights, and (4) the total number of rooms needed by 1972. From the latter, we

Table No. 8

ESTIMATED UNUSED BED NIGHTS: 1968

(Based On An Attainable Occupancy Rate Of
60 Percent vs. Current Occupancy Rates)

	(1)	(2)	(3)	(4)	(5)
	Number Of Suitable Hotel Rooms 1967-1968 <u>1/</u>	Annual Occupancy Rate, 1968 (Percentage) <u>2/</u>	Total Bed Nights (Actual) <u>3/</u>	Available Bed Nights At 60 Percent Occupancy (Projected, 1972) <u>4/</u>	Net Difference [Col. (4) Minus Col. (3)]
Antigua	750	40	175,200	262,800	87,600
St. Kitts, Nevis	130	35 - 40	28,470	45,552	17,082
Montserrat	65	40	15,184	22,776	7,592
Dominica	60	38	13,315	21,024	7,709
St. Lucia	200	35	40,880	70,080	29,200
Barbados	1,800	50 - 55	551,880	735,840*	183,960
St. Vincent	80	35	16,352	28,032	11,680
Grenada	250	40	58,400	87,600	29,200

* 70 Percent

Table No. 9

ESTIMATED ADDITIONAL ROOMS NEEDED BY 1972

	(1)	(2)	(3)	(4)	(5)	(6)
	Total Number Of Tourist Nights (Bed Nights), 1972 ^{1/}	Number Unused Bed Nights, 1967-68 ^{2/}	Col. (1) Minus Col. (2)	Total Number Rooms Needed By 1972 (Rounded) ^{3/}	Number Of Suitable Rooms, 1968 ^{4/}	Net Difference [Col. (4) Minus Col. (5)]
Antigua	661,500	87,600	573,900	1,540	750	790
St. Kitts, Nevis	132,000	17,082	114,918	310	130	180
Montserrat	108,000	7,592	100,408	270	65	205
Dominica	92,000	7,709	84,291	230	60	170
St. Lucia	212,000	29,200	182,800	490	200	290
Barbados	1,750,000	183,960	1,566,040	3,610	1,800	1,810
St. Vincent	136,000	11,680	124,320	330	80	250
Grenada	265,000	29,200	238,800	640	250	390

have deducted the existing suitable number of hotel rooms, in order to get the number of additional hotel rooms that will be needed by 1972.

By that year, the eight islands will need roughly 4,000 additional hotel rooms, an increase of about 125 percent over and above current suitable hotel capacity.

Location Of Needed Rooms: Section Three of this report discusses our forecasts, and explains how they were made. Table No. 9 reflects these forecasts, and translates them into needed numbers of new rooms, with their geographic disposition broken down as follows:

Barbados	1,810
Antigua	790
Grenada	390
St. Lucia	290
St. Vincent	250
Montserrat	205
St. Kitts - Nevis	180
Dominica	170

Here are several observations about these room requirements. Earlier, we mentioned that our forecasts are not rigid, and that many of the islands have a great deal of latitude in the share of the region's tourism business that they could attract. For example, if Dominica gets moving in the tourism field, it could attract considerably more tourists than we have forecast in Section Three. Obviously then, the 170 rooms listed above would be inadequate.

In our opinion, the room numbers (requirements) shown above are by no means unattainable, particularly considering the active hotel development plans of some of the islands, for example, Barbados and Grenada, to cite just two.

Longer Term Hotel Needs: Tables No. 10 and No. 11 do for 1977 what Tables No. 8 and No. 9 did for 1972. Table No. 10 shows unused bed capacity forecast for 1972, and estimates the extent to which additional bed nights could be made available to tourists if hotel occupancy could be increased to 70 percent on seven of the islands (by 1977) and to 75 percent on Barbados.

Table No. 10

ESTIMATED UNUSED BED NIGHTS: 1972

	(1)	(2)	(3)	(4)	(5)
	Number Of Hotel Rooms, 1972 ^{1/}	Attainable Occupancy Rate, 1977 ^{2/} (Percentage)	Capacity (In Bed Nights) At 1977 Occupancy Rates ^{3/}	Total Number Of Bed Nights, 1972 ^{4/}	Net Difference [Col. (3) Minus Col. (4)]
Antigua	1,540	70	708,246	661,500	46,746
St. Kitts, Nevis	310	70	142,569	132,000	10,569
Montserrat	270	70	124,173	108,000	16,173
Dominica	230	70	105,777	92,000	13,777
St. Lucia	490	70	225,351	212,000	13,351
Barbados	3,610	75	1,778,828	1,750,000	28,828
St. Vincent	330	70	151,767	136,000	15,767
Grenada	640	70	294,336	268,000	26,336

Table No. 11

ESTIMATED ADDITIONAL ROOMS NEEDED BY 1977

	(1)	(2)	(3)	(4)	(5)	(6)
	Total Number Of Tourist Nights (Bed Nights, 1977 <u>1/</u>)	Number Unused Bed Nights, 1972, <u>2/</u>	Net Difference [Col. (1) Minus Col. (2)]	Total Number Rooms Needed By 1977 Rounded <u>3/</u>	Number Of Rooms, 1972 <u>4/</u>	Net Increase In Rooms 1972-1977 <u>5/</u>
Antigua	1,036,000	46,746	989,254	2,150	1,540	610
St. Kitts, Nevis	245,000	10,569	234,431	510	310	200
Montserrat	200,000	16,173	183,827	400	270	130
Dominica	234,000	13,777	220,223	480	230	250
St. Lucia	416,500	13,351	403,149	880	490	390
Barbados	2,500,000	28,828	2,471,172	5,010	3,610	1,400
St. Vincent	266,000	15,767	250,233	540	330	210
Grenada	600,000	26,336	573,664	1,250	640	610

Column (6) of Table No. 11 shows that approximately 3,800 additional hotel rooms would be needed (over and above the 1972 level). It also shows their geographic disposition.

Type Of Rooms Needed: In some situations in the islands (for example, where there's a prevailing breeze), it is possible to get along without air conditioning. But by and large, air conditioning is a "must."

There are also some situations where high-rise construction makes sense, but we recommend that the great majority of the new hotels or resorts be long-slung buildings that fit into the contour of the land. They would be able to take advantage of the availability of land. ^{2/} of inexpensive labor, ^{3/} and the extensive stretches of beach. Moreover, low-slung buildings can be designed to provide "atmosphere" (difficult to do in a high-rise structure) that would have real drawing power in the tourist market.

One of the problems with many existing hotels and resorts in the Eastern Caribbean is that they are small,

having few rooms. Generally speaking, an installation of 100 rooms or more is needed to carry a restaurant to pay for promotional and managerial costs. ^{4/} Accordingly, we suggest that new room construction be in units of 100 rooms or more, [located as shown in Table No. 9, Column (6) and Table No. 11, Column (6)] and designed to permit subsequent expansion.

Infrastructure Needs: This refers to those types of public works types of facilities that are needed by and go along with hotel development. Typically, these include access and other roads, sewer and water systems, telephone and power, and in some cases, site development.

In some cases, in the islands, infrastructure has already fallen way behind the development of tourism, for example, in Antigua, where roads are deteriorating, the water system critically inadequate, and phones difficult to use, and in many cases, nonexistent.

Antigua has no monopoly in this type of problem, however, although it easily leads the other islands in the gravity of its situation. Of the eight islands, the only one whose airport terminal facilities are barely adequate ^{5/} is Barbados. It can be argued that airport terminals are not direct tourism infrastructure, but we don't agree with that. And as tourism expands, existing air terminals (at least three of which can be called "terminals" only by extending the definition) will have to be replaced.

It may well be that the seriousness of poor road construction as a deterrent to tourism has been overemphasized. In none of the islands are the roads adequate as far as sightseeing is concerned. We refer here to the cracks and potholes and hairpin turns that make driving not only tediously slow in some cases, but also dangerous. Often, car drivers live lives of split millimeter coordination between horn blowing, jamming on the brakes, or often backing off the road (or back down the road) when met by a truck.

In some cases, existing roads will have to be rebuilt and resurfaced. Road maintenance is always a major problem and expense in the tropics, but in the Eastern Caribbean it is particularly so because of the poor grade of surfacing used.

However, sightseeing roads don't have to be superhighways; in fact, just the opposite. This is not to de-emphasize the fact that a road improvement program is needed, but we feel that costs could be held down if the roads were straightened out, in some cases, if they were better surfaced and maintained, but not completely relocated.

One of the big points with some people in the islands is that a new road is needed between the existing airports and the capitals (e. g. , in Grenada). We agree that these roads need improving whether they are included in infrastructure or not. But they have appeal to tourists, scenically, and the amount of time that would be saved by tourists by a superhighway is not that significant.

There is also a question about the need for building new airports, or improving the existing ones. From the point of view of tourism development, the major need is for night flying to make it possible for tourists to reach such destinations as St. Kitts - Nevis, Montserrat, Grenada, and other islands too, without an enforced layover in Antigua.

The air schedules are such that arrival times in Antigua (e. g. , from New York and other points) are too late in the day, usually, to permit tourists to change planes, and arrive at their destinations on within-region air flights. And some of the airports (e. g. , the one at Dominica, and others) are reportedly too dangerous to permit night landings, even if they were better equipped.

Airfield surveys are currently being carried out (and may have been completed by now) on possible relocations. Herewith are our comments on this subject:

- (1) If the objective of a relocated or improved airport is to permit night flying, it will be a real help to the expansion of tourism.
- (2) Where a whole new airport has to be built, involving relocation and road development, there's a question as to whether the capital required (which will be very high) could not be better invested in other facilities.

The fact is that tourists will put up with a tremendous amount of inconvenience to get where they want to get. Provided, of course, that they then feel that it was worth the effort when they get there.

- (3) There are some people in the islands who feel that each island must have its own international airport, capable of handling long-range jumbo jets. There may be valid reasons for wanting these new airports, but tourism is not one of them.

The islands already have such airports in Antigua, St. Lucia and Barbados. Considering the fact that a new, international jet airport is likely to cost \$30 million (U.S.) or more, we feel that the region should be able to get along for the foreseeable future by using these three airports plus improvements of the others for within-region flights.

As it is now, many of the between-island flights take only ten or fifteen minutes. How much difference will a jet make on such short runs? Surely, the volume of tourism even by 1977 is not such as to justify each of the islands having direct international flights to the principal tourism markets.

With respect to water requirements (as part of infrastructure needs), a general rule of thumb is 75 to 100 gallons of water per person per day. ^{6/} Some idea of future water requirements (for example, by 1972) is that our forecast suggests almost 3.4 million tourist nights [see Table No. 9 Column (1)] for the eight islands. If this level of tourism is attained, water requirements will be 300 million gallons a day.

By 1977, the number of tourist nights could increase to about 5.5 million [Table No. 11, Column (1)], which means an approximate water requirement of almost 500 gallons a day.

One other aspect of infrastructure that needs stressing is that increased tourist numbers bring increased danger of water pollution through inadequate sewage facilities. The build-up of resort complexes usually requires the development of homes for the workers, plus facilities (shops and public buildings) for both tourists and workers. As these complexes expand, there is danger that septic tank systems sooner or later will result in polluted water. Obviously then, infrastructure should be geared to future tourism needs by providing central sewer systems, which are capable of expansion.

Capital Requirements: First, with respect to needed hotel development, construction costs are usually measured in terms of total costs to build the hotel or resort (excluding land) including furnishings, public space, and equipment; divided by the number of rental rooms. Construction costs typically vary from a low of around \$15,000 E. C. per room to as much as \$50,000 E. C. per room for deluxe establishments in some countries.

On the basis of our field work (including numerous discussions with developers and hotel people), our conclusion is that a first-class, air-conditioned resort hotel can be built in the islands for an average cost per room of about \$30,000 E. C. There are counterbalancing factors here. The need to import a high proportion of materials and just about all machinery and equipment, is offset by lower cost labor, or at least this has been true so far.

Table No. 9 [Column (6)] lists the forecast for additional room requirements by 1972. Ranked by capital requirements this is what will be required of the islands by that year (in millions of E. C. dollars):

Barbados	\$ 54.3
Antigua	23.7
Grenada	11.7
St. Lucia	8.7
St. Vincent	7.5
Montserrat	6.2
St. Kitts - Nevis	5.4
Dominica	<u>5.1</u>
Total	\$123.0 million (E. C. rounded)

During the period 1972-1977, the islands will need an additional 3,800 rooms (over the 1972 level), costing an additional \$114 million (E. C.).

Infrastructure costs, as compared with hotel costs, typically range between 15 percent and 30 percent. The higher percentage prevails in extremely mountainous conditions where nearly everything has to be built from scratch. Considering the terrain of the Eastern Caribbean, we feel that it would be unwise to expect that infrastructure would cost any less than 20 percent of hotel capital costs. This means that by 1972, infrastructure requirements (previously discussed) would run about \$25 million E. C.

But this does not include relocating major roads, nor does it include the cost of building new airports, or major rebuilding of existing airports.

Between 1972 and 1977, an additional \$23 million E. C. would be needed for infrastructure.

The foregoing estimates for capital required pertain only to hotels or resorts, and to related infrastructure.

They do not include other tourist facilities that will be needed, but that do not fall under either of these categories. For example: golf courses, marinas, restaurants, convention centers, air conditioned buses, etc.; these are discussed in the next section of this report.

Footnotes To Section Five

1. This assumes that seven of the islands could raise their room occupancy to 60 percent, and that Barbados could raise its to 70 percent. In our view, these are not unattainable provided that a substantial portion of the recommendations in this report are adopted.
2. High-rise buildings are supposed to be built where land is scarce and expensive. We are aware that in some parts of the islands land is becoming increasingly expensive, and difficult to get. But, in most circumstances, we don't feel that the high-rise is yet justified, particularly in view of the fact that such construction would stick out like a sore thumb, and tend to duplicate the kind of tourism plant already existing in San Juan.
3. High-rise construction is supposed to be labor-saving.
4. At present a substantial portion of existing hotels are owner-operated, and typically (because they are small), lack the financial sources to pay for effective off-season promotion.
5. And the emphasis here must be on "barely." Certainly, the existing air terminal in Barbados can't absorb any major expansion of tourist numbers without a major overhaul.

6. This includes 30 gallons for showers (high in a resort room), brushing teeth, washing, for toilet, and cooking and cleaning. This runs around 50 gallons per person per day, on the average, plus high usage of water for landscape maintenance. At Caneel Bay, incidentally, the average consumption is around 65 gallons a day.

SECTION SIX

FINANCING

In this section, we examine various aspects of financing both hotels and infrastructure, and suggest financing sources. The section also discusses other types of tourist facilities that are needed, and methods of financing them.

In addition, there is a discussion of tourism development "programs" that are needed (both regionally and island-by-island), together with financial recommendations.

Getting Perspective On Hotel Financing: Potential investors in hotels (whether they be public or private) typically try to find data that they can examine showing what the hotel will cost to build and operate, and how these costs compare against projected income. Such data are few and far between in the islands: as a matter of fact, much of the data in this report had to be developed from scratch.

There is no machinery for identifying promising tourism projects (including hotels) or drawing them to the attention of potential investors or lending institutions.

Beyond these deficiencies is another. The typical potential investor in a hotel will try to find out what the "policy" of any given island is toward tourism. In most cases, there is no enunciated policy. Then he will try to find out whether there is an investment act or code that will explain clearly what he can expect and what he can't. Such codes and acts are few and far between, and none are pointed directly at tourism.

Finally, the potential hotel investor who tries to find out whether any given island has a tourism development "program" (and if so, what it is), he will run into difficulties. The fact is: there are no development programs, at least none that approach being comprehensive or effective. There are bits and pieces of promotional programs run by the various tourist boards (none of which are adequate, with the exception of Barbados), but nothing approaching a comprehensive developmental operation. The needs in this area are discussed later in this section of the report. But until

they are remedied (at least in some considerable part), it will be difficult to attract investment into new hotels.

In our view, the responsibility for remedying these deficiencies lies with the tourist boards that, typically, are underfinanced, very poorly staffed, and lack top-level political support. (There are exceptions, but this is the rule.) The tourist boards, if properly backed, could help to develop needed cost data. They could help to identify promising investment opportunities. They could help to shape policy. They could help to formulate and run a development program. All of these things would attract and impress potential investors.

At present, the investor has nobody to turn to in the islands, and must depend almost entirely on his own resources.

Sources Of Hotel Financing: The possibilities here fall into four categories: (1) private, (2) international lending institutions, (3) national lending institutions, and (4) newly created lending institutions.

In our opinion, the chances of attracting capital from these sources for hotel financing would be considerably increased if the islands adopted an investment incentive act specifically for tourism. In some cases, existing investment regulations may be applied, but in the tourism business, incentives such as these are needed:

- Under defined conditions, make it possible to import, duty-free and without restrictions, essential equipment that cannot otherwise be obtained in the islands (in a short period of time and in suitable condition). This includes such items as elevators, air-conditioning equipment, kitchen equipment, replacement parts, power plants (where needed), desalinization plants (where needed), etc.

Where a hotel has negotiated an investment agreement with the authorities (which should include the tourist board's active participation), importation of needed supplies and equipment should be as close to automatic as possible. Long delays in this area get noised about, and discourage potential investors.

- Taxes on hotel and restaurant operations at pre-agreed tourism locations should be waived for a minimum period of five years and much more preferably - ten years.
- Repatriation of foreign investment in tourism facilities must be facilitated, and this includes capital, interest, and profits.

- Importation of skilled and necessary technicians in supervisory positions (needed to train local people) must be permitted, and without a lot of delay and rigmarole. 1/
And so must importation of necessary food and drink items required by tourists, until suitable local products can be manufactured or otherwise produced.

First, with respect to private financing (either local or foreign), the chances for attracting equity capital would be improved if there were "something to sweeten the pot."

This might include any combination of the following:

- Favorable financing of infrastructure, the more favorable the better, the more grants (instead of loans) the better, and the broader the interpretation of infrastructure, the better.
- Land, or part of the land, needed for hotel development could be donated, or made available under favorable conditions for long-term purchase or lease.
- Favorable terms for the balance of the financing. For example, if a substantial part of the hotel capital requirements were financed by a long-term, low-interest loan, it would be a lot easier to attract both equity participation and also additional loans.
- Evidence that the governments of the islands understand tourism, are behind it, and are actively helping to develop it. And evidence that tourism is not a political issue that could spill over at any time.

Specific sources of private financing (under conditions already discussed) could include local investors who traditionally have put their money in sugar or bananas, or in import-export operations. They certainly include foreign investors, particularly the hotel-motel chains in the United States and Europe. And some international air carriers could be approached since they have increasingly become participants in hotel investment in areas served by them. ^{2/}

One of the factors that gives a favorable outlook for getting private financing of hotels in the Eastern Caribbean is the AID guarantee program (covering specific and extended risks for loans and equity) that now applies to six of the eight islands. Applications for hotel projects on the islands have already been received, an encouraging sign.

Second, with respect to international lending institutions, two organizations are worth approaching. The first is the International Bank for Reconstruction and Development, which has made it clear during the past year that it will finance tourism projects. It has established a Tourism Division which recently made a survey in Trinidad, and which

is currently appraising a series of loan applications ranging from infrastructure to resort complexes. So far, loans for hotel development have been made through the World Bank's subsidiary, the International Finance Corporation.

As for eligibility to borrow money from the World Bank, the islands are not members, but the United Kingdom is, and, reportedly, therefore, the islands could get loans from the Bank "by association with Britain." It's not clear whether such loans could be obtained via the U.K. for each island, or through an intermediate financing institution such as a regional development bank. However, the possibilities are worth exploring.

Another international lending institution (that may have more limited possibilities for the Eastern Caribbean) is the Inter-American Development Bank. However, Barbados is a member of the OAS, and we understand became a member of the IDB in March, 1969.

The IDB is in the process of establishing a tourism organization within itself, and has set up rather generalized

policies about lending in the tourism field. Neither the IDB nor the World Bank, as yet, have worked out lending criteria for the tourism field. Both institutions, however, seem to be partial to lending for infrastructure underlying tourism facilities.

Third, as for national lending institutions, again, there's a question about eligibility, and the role of the islands vis-a-vis the United Kingdom. Some of the West German banks have invested in hotel development in various countries, and so has the Export-Import Bank (of the U.S.). Probably, the outlook for getting hotel financing is greater through regional financing institutions (e. g., a regional development bank) than through bilateral aid, in our opinion. And an even stronger possibility may be that of arranging a part of hotel financing through local financial institutions (probably, newly created) that would provide financing, possibly backed by real estate plus a government guarantee, the foundation of which would rest on tax revenues generated by tourist spending; see Section Four of this report.

Fourth, the formation of a regional development bank for the Caribbean, a new lending institution, has been under consideration for some time, and there is a distinct possibility of its being created. ^{3/} Documents prepared so far on this subject ^{4/} do not specifically include or exclude tourism although reference is made to tourism and particularly to infrastructure related to it. If the details can be worked out (and the regional bank actually launched), the outlook for getting financing for it from the IBRD, for example, would in our view, be good. The thing to do, meanwhile, would be to make sure that the regional bank's charter is opened up to refer to tourism more specifically (including hotels), and that the regional bank's application for financing to other institutions (such as the World Bank) also refers to tourism.

Finally, a discussion of sources of hotel financing would not be complete without mentioning gambling, a subject, by the way, that was raised during our field work by numerous islanders. Here are our comments on this subject:

- There is no doubt that gambling is a highly lucrative operation. For example, in fiscal year 1967, gross income from Puerto Rico's thirteen casinos was some \$80 million. Gambling data are almost always shaky, but the net on these operations (after paying off bets) was reportedly about \$16 million.
- With this kind of profitability, hotel financing can usually be obtained if gambling concessions are included. But the problem is that gambling usually "controls" rather than "being controlled." No matter how strong government control may be, the introduction of gambling almost always results, at best, in the introduction of gangsters and hoods.
- As things are now, some of the islands in the Eastern Caribbean are having trouble controlling smuggling. How then could they control gambling, which is more effectively organized, and more difficult to control. Even Puerto Rico, which has led the way in legislation and regulation of casinos and gambling, has had a real battle to keep the casinos honest.
- The Eastern Caribbean can develop its tourism potential, in our opinion, without having to resort to gambling. It has the assets to do so provided it gets going on the recommendations in this report.
- If, in spite of this, it's decided to legalize gambling in one or more of the islands, we recommend that the basic gambling legislation of Puerto Rico (and the ensuing regulations) be adopted. Basically, they do the following:
 - Set up a rigorous set of requirements to get and retain a casino license.
 - Require inspection of gambling equipment at the time it's introduced, and periodically after that.

- Set specifications on personnel used in the casinos.
- Require that minimum investment be made in tourism facilities, as a prerequisite to getting a casino license.

Sources Of Financing Infrastructure: Private sources of financing can be regarded as willing to finance certain types of infrastructure, at least, during the early stages of tourism development. For example, hoteliers in Antigua are currently installing (at their expense) individual desalinization plants. Diesel-driven power plants, access roads, and septic tanks are among the infrastructure facilities that private capital will often finance. However, as tourism expands, and as more infrastructure is required (for example, connecting highways, improved airports, and major sewer systems), it becomes increasingly difficult to draw on private financing, and government must step in. It can do this directly (by drawing on its own revenues, made available as loans or grants, or combinations thereof), or by drawing on national or international lending institutions, already discussed. For

reasons not entirely clear, these institutions usually are more willing to lend money for infrastructure than for hotels, perhaps because the former appear less capricious or, at any rate, are less subject to public criticism.

Bilateral aid can also be drawn upon more often for infrastructure than for hotel financing. Our recommendations on this type of assistance is as follows:

- (a) When bilateral aid is made available for infrastructure, and when the rationale for the infrastructure is tourism, then a few minimum requirements should be laid down.
- (b) One of these requirements (in fact, the prime one) is that the island involved gives some evidence of having adopted a tourism development policy and program that makes some sense. More specifically, the island should agree to carry out its tourism policies and programs through a tourist board that is adequately staffed and sufficiently financed to permit it to do a minimum job.
- (c) Another requirement (in exchange) for financing tourism infrastructure) is that the new facilities to be financed do not conflict with other facilities that have already been developed, or vice versa.

In at least one case, bilateral aid has been used to finance the construction of a school

on a really prime tourism site (one that has both a spectacular view and historical significance), whereas there were alternative sites where the school could have been located. Tourism was just never considered, apparently.

Definitions are subject to argument, but probably the concept of infrastructure can be (or ought to be) extended to include hotel and restaurant training schools, and homes and living facilities for workers needed for new and isolated resort complexes.

There is certainly no question about the fact that the islands have a major training problem now, and that it will get worse in the future. Section Four points out that by 1977, tourism will be creating about 40,000 to 45,000 jobs. As a rough estimate, this is a net increase (over 1967) of around 30,000 jobs. If training is provided for even a third of these jobs during the next ten years, it will mean 1,000 graduates a year, far in excess of the present school capacities in Antigua and Barbados.

In spite of this situation, we understand that there is some considerable feeling to the effect that bilateral

aid might be provided for one hotel-restaurant training school for the region, and that's it. In our view, this may be sufficient for the immediate future, but not for much beyond that. Travelling technical specialists are needed to work on-the-spot in the various islands, providing hotel and restaurant training (see Section Seven), but even so, a single hotel training school with ample facilities seems inadequate.

Workers' homes, in some cases, may be purely in support of new resort complexes, and could be regarded as needed infrastructure. In other cases, the new resort complexes may be large enough to require the construction and financing of workers' villages. This raises the possibility of building new communities, with all that this implies. Housing and community development appear to be favored areas for financing by some international financing institutions, and are characterized as being "social" in nature. But regardless of characterization (in the context discussed here), they are tourism infrastructure, and the outlook for getting them financed could be quite good.

Other Tourist Facilities: In addition to hotels and supporting infrastructure, the islands will need a range of tourist facilities that will provide things to do and see and buy. These include:

- golf courses
- restaurants (outside of hotels)
- marinas
- shopping facilities (stores)
- convention facilities
- sound-and-light presentations
- air-conditioned sightseeing buses

The majority of these commercial tourist facilities (and probably all) can be privately financed. Overall capital requirements for the eight islands probably will be about \$40 million E. C. by 1972 and an additional \$50 million E. C. between 1972 and 1977. These estimates may be on the high side because ordinarily capital requirements for such commercial tourist facilities don't run much more than 20 to 25 percent of hotel and infrastructure capital requirements, combined (Here, they're running above that percentage.)

The following are a series of comments on the need for these types of tourist facilities, plus capital requirements:

Golf Courses: This is a tourist facility that should be stressed. Many resort operators in the Caribbean and elsewhere feel that golf is extremely important in attracting tourists and group business and also in developing real estate sales.

A standard 18-hole golf course runs about \$60,000 E. C. to \$70,000 E. C. per hole, plus the cost of a clubhouse. Conservatively, this runs capital requirements to the general area of \$2.0 million E. C. per course. And we suggest that planning encompass at least one additional first-class course per island for the next five years, and roughly the same number thereafter. In round numbers, therefore, capital requirements will run about \$16 million E. C. (1967-1972 and the same again for 1972-1977).

One approach worth mentioning here is to develop a par 3 nine-hole pitch-and-putt golf course (or a series of them), illuminated for night play. There are some advantages to this approach, one of which is that it will attract golfers at the time of day when it's cool (night), when there's usually a paucity of things to do anyway. A pitch-and-putt course is less expensive, of course, and can be built close to resorts and hotels, so that they keep both players and watchers busy.

Typically, golf courses don't make money, but the club house often does. Profits tend to be in the increased value of land facing or near the course. As a result, investment is more likely to be forthcoming if it is tied to real estate development, or

if it is tied to resort development. (In the latter case, golf is offered to hotel guests in much the same way as beach swimming, and the owners hope to break even on the operation.)

Restaurants: They are a "must" for any first-class hotel or resort, and should be built into the operation from the beginning. Tourists, however, like to get out of the hotel or resort where they're staying, and "eat out" periodically. A really fine restaurant can be a major tourist attraction in itself, and a combination of such restaurants will help prolong the average length of stay.

However, really good restaurants are scarce in the Eastern Caribbean, 5/ and have to be built up. These need not be large operations; in fact, the majority should be very small, exclusive, and deluxe-type operations with not more than 40 or 50 seats. Probably, the majority should also be on the expensive side, and be promoted as prestige items that will help put the islands on the tourism map.

Capital requirements to handle the volume of tourists projected in Section Three of this report will run about as follows: (a) between 1967 and 1972: approximately 1,200 restaurant seats dispersed according to tourist days forecast; capital costs: roughly \$2.4 million E.C.; (b) between 1972 and 1977: approximately 1,350 additional restaurant seats (over and above the 1972 level); capital costs: an additional \$2.6 million E.C. 6/

Sources of financing include restaurant owners now in the islands and those abroad (including some chains), and possibly hotel investors who recognize that outside restaurants are needed, and international air carriers.

Marinas: All of the islands have considerable tourism potential in the areas of fishing and boating (including island-hopping) particularly Grenada and St. Vincent, with the interconnecting Grenadines. Considering the forecasts discussed in Section Three of this report, we feel that roughly another 425 or 450 slips will have to be built by 1972, plus at least another 1,000 in the five years thereafter. 7/

With respect to capital requirements, they will range widely, depending upon whether buildings and repair facilities are included. Capital requirements usually run about \$4,000 to \$5,000 E. C. per slip (excluding bulk-heading). However, a marina usually has to get about a 90-percent occupancy to make money, and the profitability is usually in providing services such as boat sales and repairs, sale of marine supplies, restaurant, bar, etc. Accordingly, if we allow \$8,000 E. C. per slip (on the average), capital requirements for the 1967-1972 period would be about \$3.6 million E. C., and an additional \$4.2 million E. C. for 1972-1977.

As for sources of financing, these would include existing marinas and possibly existing yachting companies. In a substantial number of instances, a marina could be included as part of a resort complex, being built into the complex, much as would a golf course. In that case, financing for the whole package might be drawn from sources already discussed under "hotels."

Air-Conditioned Buses: All of the islands need to build up internal tours, ranging in length from an hour or two, to all-day safaris. The condition and narrowness of most of the roads, however, suggest that "minibuses" be used. They can be bought FOB the plant, including air conditioning for about \$14,000 E. C. for a seventeen-passenger bus with a 138-inch wheelbase, or

for about \$12,500 E.C. (FOB) for a bus with a fourteen-passenger capacity, and also air-conditioned. 8/

A "minibus," with its greater capacity than a taxicab will minimize traffic congestion, which will certainly be reaching a peak in the next few years. As things are now, on cruise ship days, the narrow roads leading to tourist attractions become hopelessly jammed.

Tourists typically are demanding air-conditioning in transportation facilities, just as they are increasingly demanding it in hotel rooms. And it's more economic to install air-conditioning units in buses than in taxicabs.

Applying the forecasts discussed in Section Three, we estimate that about 70 air-conditioned sightseeing buses will be needed by 1972, and another 80 by 1977. 9/
Capital required: about \$1,400,000 E.C. by 1972 and \$1,600,000 E.C. by 1977.

We realize that taxi owners may object to the introduction of such buses (tour operators now rely entirely on the services of taxicabs, many of which are well below par, and none of which are air-conditioned), but there may be two possibilities here:

No. 1 - Try to convince the taxi owners that the upgrading of their island's tourism will lead to higher per capita income for everyone.

No. 2 - Give cab owners a chance to invest in the new sightseeing buses, sharing in their profits.

Sources of financing, in some instances, are exporter credits. And investing in a fleet of sightseeing buses may appeal to local capital, and possibly to a regional lending institution.

Convention Facilities: The design and operation of such facilities is a field in itself. Typically, they include a central meeting hall or auditorium where a convention or large group can congregate, plus meeting rooms, and a wide range of other amenities. Seating capacity of the main room (which can double as a community center) ranges from several hundred up to 10,000.

In many instances, the development of convention facilities is tied to other functions (trade and industrial fairs, entertainment and shows, sports events) so that the building or buildings are multi-purpose in nature. Costs, of course, depend upon what is included, but they can easily be more than \$20 million U.S. 10/

Convention facilities in themselves rarely make money. much less break even, which is the reason why other money-making functions are built on to the convention operation. In the case of the Eastern Caribbean, the overriding reason for going after convention business (and other forms of group business) is that it will help to fill the hotels and resorts, particularly during the off-season. To the extent that this is done, the financing of the necessary auditorium (and meeting rooms) should be regarded as part and parcel of the hotel or resort itself. If the auditorium is a separate structure, it must be as close as possible to the hotel, and preferably under the same roof.

It has been suggested that, as an interim measure, group business and small conventions could be attracted to the islands by the use of movie theatres - a practice that would be difficult, although not impossible. By 1972, however, the islands will need about four thousand new hotel rooms [see Table No. 9, Column (6)], and where these rooms are grouped in complexes of several hundred or more, convention facilities should be included in the design and

construction of the hotel or resort, and financed as such. (This presupposes that the islands in question launch a group business development program discussed later in this report.)

Where convention facilities also serve as a community center, a portion of such facilities can be regarded as infrastructure, and be financed as such. In such instances, many communities will finance the facility (in the form of grants or subsidies) and regard it as a community project.

As a minimum, we recommend that any new hotels built in the region should include a dual-purpose room to handle group meetings. For example, a room that can be used for additional restaurant capacity, social activities for guests or for local functions, etc. as well as for group meetings. This type of room need not be elaborate because most of the group travel now in the Eastern Caribbean is "incentive plan travel" rather than convention as such. However, these dual-purpose meeting rooms should be large enough and sufficiently equipped (for example, with public address systems, movable partitions, etc.) to handle future international group travel, and enable groups that use these rooms to qualify for tax deductions in their home countries. We also feel that, wherever possible, dual-purpose meeting rooms should be built in or adjacent to existing hotels of 50 to 100 rooms.

Other tourist facilities can usually be financed out of income where income usually depends on admission charges (for example, sound-and-light operations) or can be tied to hotel or resort operations, and financed as such. The fore-

going discussion of tourist facilities involves the financing of about \$23 million E. C. in such facilities by 1972 and about \$25 million E. C. in additional facilities by 1977. These estimates, however, do not include facilities for conventions and group business, nor the creation of shopping centers (or at least combinations of shops) that can be expected to spring up as tourism expands and that would be privately financed.

National Tourism Development Programs: Before discussing what they would cost and how they might be financed, we should like to discuss what is involved (or should be involved) in a tourism "development" program.

At present, the concept that prevails in the islands about tourism is that it involves "promotion" and not much else. Promotion is an extremely important part of tourism, but it is only one of the components of a tourism development program. Some of the others include: 11/

- ▷ Becoming involved in the financing of tourist facilities of the kinds just discussed in this section of the report. This includes helping to prepare an effective investment incentive law or code for tourist facilities. It involves working with potential investors. And it certainly should include helping to prepare a "financial plan" for the development of islands in question. (No such plans now exist.)
- ▷ Working to create new activities that will provide tourists with more things to see and to do and buy. This includes actively pushing to get new activities launched during the "dead" part of the tourist day, and during off-season.
- ▷ Helping to develop group and convention business, particularly during the off-season, and as a means of increasing the occupancy rates of hotels and resorts. This includes working actively with hotels and resorts and carriers to create tour packages (at favorable rates), and then helping to sell them to tour operators and travel agents in the principal travel markets.
- ▷ Becoming an active participant in the process of creating new import-substitution industries and businesses that will produce locally a maximum number of things that tourists want and will buy. This includes working with government agencies and with private business, as well as with potential investors.
- ▷ Taking as much responsibility as possible for designing and carrying out the physical planning aspects of tourism development, including the installation of controls and

zoning. Tourism carries within itself the seeds of its own destruction. Without safeguards (and particularly without zoning), the assets of the islands can be expected to deteriorate and to become debauched.

▷ Being an inciting factor in the launching of training programs, and being responsible for their sustained and successful operation. This involves working with the management of hotels and restaurants, and with the unions. It means working with instructors assigned to training schools, or travelling around the islands. It means training of personnel from guides to chefs. And it means helping to arrange the financing for such training.

▷ Launching a research and dissemination operation. This means working actively to develop more reliable (and more complete) data about tourism: numbers of tourists, where they come from and are going, purpose of visit, length of stay, expenditure per day, and what they like and don't like. This includes more creative market research (the Caribbean and Latin America are years behind in this field), assessing the market, its needs and requirements, and then advising people in the tourism business.

Data and facts obtained through useful and original research should be regularly distributed throughout the business community in order to enlist its support and understanding, and also to help it do a more effective job in handling tourists and in planning for future expansion.

▷ Taking the responsibility for carrying out an internal promotion program that will explain to the people what tourism is all about, that

will show them how they benefit, and that will enlist their support. There are specific and proved techniques that underlie successful "pro-tourism" programs of this type. Unless they are adopted, tourism inevitably becomes a political issue, and is sometimes knocked in the head for years because of "lack of understanding" at the local and political level.

▷ Seeing to it that tourists are properly treated and handled from the time they reach any island until they leave it. This includes making the way smoother and more pleasant at air terminals, through customs and immigration, going to and coming from the hotels, at the hotels, and at points of tourist interest.

This is the true meaning of "facilitation," which does not apply just to the filling out of entry or departure forms and to getting cleared through customs.

It's safe to say that none of the tourist boards in the islands runs a program that incorporates these points. In part, this is because the members of these tourist boards (or most of the members) have not recognized that tourism is a business that involves the sum total of the facilities and services used by tourists, or that affect tourists.

Even if the tourist boards were to expand their operations to include the above points, however, they could not do so as they are presently set up. They would have to be

reconstituted. They would have to be supported by a professional staff, for the most part. And they would certainly have to be re-financed in order to pay for the costs involved.

Here, we are concerned with two problems: (1) what sized budget should the various tourist boards have? (2) where should the money come from?

With respect to the first question, it's simply impossible for any tourist board to begin tackling the points discussed above with an annual budget of less than \$200,000 E.C. Here is a breakdown of a minimum budget:

- (a) General Expenses: These include salaries of a director and staff, travel and transportation, maintenance of a main office and information offices at airport and piers; memberships in such organizations as Caribbean Travel Association, ATBEC, etc; stationery, postage, telephone, and entertainment.

It's assumed here that technical help and guidance can be provided in the form of technical assistance provided on a bilateral basis or preferably on a regional basis, to help the tourist boards begin carrying out the points discussed above. Estimated costs \$ 70,000 E.C.

(b) <u>Cooperative Regional Promotion Program:</u>	This is discussed later in this section of the report.	30,000
(c) <u>Promotional Program:</u>	This is the individual promotional program run on an island-by-island basis. We should stress here that we are referring to the national promotional aspects of a <u>minimum</u> budget. This is not what we are recommending for each island.	
.....	Production and distribution of color brochures, sales information kits, maps, etc. <u>12/</u>	\$ 20,000
.....	Direct mail campaigns to tour operators, wholesalers and carriers	5,000
.....	Public relations <u>13/</u>	20,000
.....	Promotional films <u>14/</u>	15,000
.....	Consumer advertising (particularly off-season advertising) in newspapers and magazines	32,500
.....	Trade advertising in the travel press	<u>7,500</u>
	Sub-Total	\$100,000 <u>100,000</u>
	Total	\$200,000 E.C.

With respect to the second question (Where should the money come from?), the answer is: tax revenues generated by tourist expenditures. These are shown in Table No. 3 [Column (3)], and range from a low of \$423,000 E. C. (Dominica) to a high of \$11,364,000 E. C. (Barbados). A quick review of these data shows that of the eight islands, only three are really in a position to allocate at least \$200,000 E. C. to their tourist boards, even if a most favorable benefit-cost ratio were applied.

An analysis of taxes generated versus tourism budgets shows that resort-type tropical areas that have successful tourism development programs (and that are not highly industrialized) spend, at best, \$1 on tourism budgets for every \$6 generated by the money spent by tourists. ^{15/} If we apply this benefit-cost ratio to the islands (using 1967 data), this is what each island would allocate to its tourist boards:

Barbados	\$1,894,000 E. C.
Antigua	1,026,000
Grenada	288,000
<hr/>	
St. Lucia	156,000

St. Kitts - Nevis	118,000
St. Vincent	117,000
Montserrat	89,000
Dominica	71,000

It can be argued, therefore, that five of the eight islands cannot afford (at least, based on 1967) to provide "minimum" support to their tourist boards. There are, however, two points to consider here. The first is that by 1972, all of the islands can easily afford not only \$200,000 E. C. a year, but considerably more. By 1972, if the islands allocated \$1 to their tourist boards for every \$6 generated by tourist spending, their tourist board budgets would be as follows: 16/

Barbados	\$6,300,000
Antigua	2,783,000
Grenada	967,000
St. Lucia	700,000
St. Vincent	500,000
St. Kitts - Nevis	483,000
Montserrat	383,000
Dominica	333,000

What this suggests is, that by themselves, the islands (all of them) could afford to provide minimum financing (\$200,000 E. C) for their tourist boards by next year (1970). ^{17/}

It also means that, no matter how the data are interpreted, none of the islands are currently coming close to a workable benefit-cost ratio of tax revenues to tourist board budgets. For example, if we compare 1967 budgets ^{18/} with what those budgets would be if a 6 to 1 ratio were followed, it turns out that only one of the islands (St. Lucia) is providing half the financing that it should. Here are the ratings (in terms of percentages) of what the islands are spending for tourism compared with what they should be spending: ^{19/}

St. Lucia	51.2 percent
Barbados	44.7 percent
St. Vincent	42.7 percent
Montserrat	22.5 percent
Grenada	19.7 percent
Dominica	16.9 percent

St. Kitts - Nevis	15.2 percent
Antigua	7.3 percent

The benefit-cost ratio of 6 to 1 is certainly not sacrosanct, and in at least one case (Barbados), that portion of tax revenues need not be allocated to tourism budgets. But in the other cases, there is no doubt that the islands are underfinancing their tourist boards to an extreme and impractical degree. Consider, for example, what the competition is doing. Here are some examples of annual tourism budgets: 20/

Florida Development Commission	\$2, 552, 000 E. C.
Southern California Visitors Council	2, 022, 000
Hawaii Visitors Bureau	4, 028, 000

At several different points earlier in this report, we referred to the need for technical assistance being made available to the tourist boards. This is discussed separately, and in Section Seven of the report.

One last point about financing of tourist board programs. For some time now, discussions have been held with the islands about a special grant fund (through bilateral aid) that might be used for some mutually agreed upon purpose. One of the purposes being considered was to draw upon the fund to help finance a tourism office in London for the region. Here are our comments on that subject:

- Financing is in such short supply in the islands that establishing a promotional office in the No. 3 tourism market doesn't sound like a high priority matter.
- A portion of the funds might be used on an interim basis (for example, between now and 1972) to help finance the tourist boards on a negotiated formula. The economic arguments for doing so have already been discussed. And grants-in-aid have already been used, traditionally, to help cover government deficits.
- In the event that the funds in question could not be made available directly to the tourist boards, perhaps they could be disbursed for other economic development projects, with the proviso that the islands, in turn, would then agree to finance their tourist boards adequately

Regional Tourism Development Programs: Although we have spent some time discussing the budgetary situation of the various tourist boards, and how these boards should be financed, the fact is that in many areas of tourism, the regional approach will pay off much better than an island-by-island approach. This is particularly true in the field of promotion, and for the following reasons:

- While it's true that each island has to do a certain amount of promotion on its own (and we have provided for this in the foregoing "minimum" budgets), if the islands "pool" a portion of their promotional funds, they'll be able to buy more for it.
- The long-distance international tourist tends to think regionally. There are exceptions, but most tourists who visit the Eastern Caribbean have only a dim concept about the difference between the islands. As a result, he is interested in seeing what he can of the islands while he is in the region. And this can be expected to increase as the market broadens. Therefore, promotion that is multi-island in nature will tend to be more effective.
- For the foreseeable future, the tourist boards promotional budgets will be limited. The promotion they do

(particularly when directed as suggested above) will be helpful. But it won't make much of a dent in markets where millions of dollars are being spent by the competition. However, regional promotion is capable of making such a dent, perhaps not particularly so in the beginning, but later as more funds become available.

In the foregoing "minimum" budgets for the islands (which apply to only seven of the islands since Barbados is already way over the "minimum"), we have set aside 15 percent or \$30,000 E. C. in each budget for a "cooperative regional promotion program." This would produce \$210,000 E. C., plus an additional \$60,000 E. C. from Barbados, a somewhat arbitrary assignment, but defensible in the light of the size of that island's tourism budget. The resulting budget of \$270,000, we feel, might well be administered by or through ATBEC (Associated Tourist Boards of the Eastern Caribbean), and here is a breakdown as to how this money should be spent:

Salary of a Director

He would be responsible for handling of regional advertising and public relations through qualified firms; would work to develop tour

packages on a regional basis; and work on off-season promotions. He would also supervise office activities, and would travel in order to contact wholesalers, tour operators, etc.	\$ 30,000 E. C.
Salary of a secretary	2,400
Travel expenses (to U.S., Canada, U.K., and within the region)	20,000
Entertainment (essential for the travel business)	10,000
Office expenses (stationery, postage, telephone, cable, memberships, etc.)	20,000
Brochures, sales kits, etc.	30,000
Public relations firm (fee and expenses)	40,000
Advertising	
(a) In "key city" newspapers in New York, Miami, Chicago, Toronto, London	\$50,000
(b) In two or three selected magazines reaching travel conscious audiences. (Examples: "Venture," "Holiday," "Saturday Review," "New Yorker.")	50,000

(c) In selected travel trade publi- cations in the U. S. , Canada, and the U. K.	<u>17,600</u>	
Sub-Total	\$117,600	<u>117,600</u>
Total		\$270,000 E. C.

We suggest that the bulk of the advertising portion of the above budget be spent to promote the "off-season," except for advertising in the trade press which should be on a year-round basis.

In addition to the above outlined cooperative promotional program for the eight islands, and in addition to the individual promotional campaigns of each island, we assume that many of the larger hotels will allocate funds for their own promotion. We do recommend that the Director of the regional promotion program attempt to coordinate all advertising activities in order to achieve maximum effectiveness. This "coordination," of course, also includes promotion carried out by air carriers, cruise ship companies, tour operators, and allied interests.

Another area for regional cooperation in the tourism business lies in remedying a problem. The problem is that, at present, it's extremely difficult to get reasonably quick information about room availabilities, or current information about tourism conditions on some of the islands.

Example: A tourist who is making up his itinerary as he travels through the islands (or a tourist who changes a set itinerary) has a tough time getting information as to whether he can or cannot get a hotel room. Obviously, this slows down and discourages inter-island travel.

Example: At times of high occupancy in hotels (for example, the Christmas season, Easter, and certain periods in February and March), five or six of the islands may be overbooked, while there is still space available on the other two or three.

Example: In our own case, it was literally impossible to find out whether one of the island airports was open. It was supposed to be open, but reportedly more current information was that it was closed for part of the week. We revised our schedules around this information, only to find out when we got there that the information was wrong. Instead, the airport was now open seven days a week. It was simply that the information had not been made available.

What is needed is a "clearing house" or a "clearance system" for information about the tourist business, operating on a regional basis. One way that this could be done is for the individual tourist boards to funnel information into a central office in the region by means of regular weekly reports, or by telephone or cable if the situation demands.

The central office would then be in a position to advise travel agents and tour operators in New York (for example, through the Caribbean Travel Association), Canada, and London. It would also advise air carriers, and see to it that the information is made readily available throughout the tourist business. We understand that consideration is being given to the use of an airlines reservations system. But a simple "sell-and-report" operation 21/ should be a workable expedient.

Organizationally, the "clearing house" system might be sponsored by ATBEC, and should certainly be supported by the Regional Development Agency. The costs to the individual tourist boards should be minor, and could be easily covered if they could get their budgets increased.

Other areas for regional cooperation in tourism include:

- Training: This is discussed, in part in the next section of the report under technical assistance. However, the problem is not just one of providing an expanded curriculum and of bringing in outside technicians. The existing hotel schools in Barbados and Antigua need improved physical plants - new buildings and better equipment.

In our opinion, there is an immediate need for at least one (and preferably two) regional hotel and restaurant training schools, and we suggest that the place to begin is with the improvement of the two existing schools.

These schools, in our view, could serve as headquarters for travelling "training clinics" (a small group of specialists) who would visit and work in the hotels in each island.

Eventually, the financing of regional hotel schools could be borne, at least in large part, by spreading the costs of training between trainees themselves, tourist boards, labor unions, and hotels. For the immediate future, however, in order to begin to cope with the training problem, we suggest that the development and improvement of the hotel schools be handled through bilateral or multi-lateral grants.

- Broader Concept Of Region: Tourists think "regionally," and are just as interested in the French islands (Guadeloupe and Martinique) as they are in Trinidad and Tobago as they are in the rest of the Eastern

Caribbean. The more cooperation between all of the islands, the better it will be for tourism because a stronger tourism "package" can thus be offered to tourists.

As a minimum, ATBEC could explore a cooperative arrangement with Guadeloupe, Martinique, and Trinidad-Tobago on the "clearing house" idea, and also on their participating in a cooperative regional "promotion program." (Both of these are discussed above.) Still another possible area of cooperation is in training.

Eventually, cooperation with these other islands will have to be developed in the tourism field, so ATBEC might as well start now by exploring what could be done, and by maintaining its interest in such cooperation even if it takes years to bring about. And the Regional Development Agency should encourage ATBEC in making the effort.

- Financing Of Tourist Facilities: The regional approach to the financing of such facilities is a promising one (for example, through a development bank), a subject already discussed in this report.
- Technical Assistance: The financing of needed technical assistance on a regional basis, in our opinion, makes more sense than trying to do it island-by-island. This is discussed in the next section of this report.

Footnotes To Section Six

1. We are sympathetic with the need to maximize the use of local labor. But the great bulk of such labor is at present, untrained and seems to be unaware of what's needed. By 1977, tourism could be supporting 100,000 jobs in the islands. Not permitting, or making difficulties about bringing in foreign specialists to train local people, would really be cutting off one's nose to spite one's face.
2. Pan American World Airways is a case in point, operating through its wholly-owned subsidiary, Intercontinental Hotels. Air Canada would certainly be worth approaching. And so would BOAC.

In these cases, however, there is little point in making the approach until the conditions already discussed have been created. And then, only when a specific project (or combinations of projects) has been delineated. Moreover, investment by air carriers ordinarily - not always, but ordinarily - is confined to a limited financial participation, and some carriers operate mainly in the form of hotel managers. Even so, their involvement in a hotel project often makes it easier to obtain additional financial participation from other sources.

3. Consensus of conversations with U.K. and Canadian officials, October, 1968.
4. For example, "Caribbean Development Bank," United Nations Development Programme, Report of the Preparatory Mission, United Nations, New York, 1967.
5. The exception here is Guadeloupe, and to a lesser extent, Port of Spain.
6. These estimates are based on the estimated increase in tourist days for the periods mentioned, and the following factors: (a) the average tourist will eat outside his hotel about 35 percent of the time, on the average;

(b) the average restaurant serves between one and two meals per shift; in other words, around 1.5 meals for lunch, 1.5 meals per dinner, etc; (c) capital requirements average about \$2,000 E. C. per restaurant chair.

7. Based on approximately 250,000 tourists being in the region in 1972, and 500,000 by 1977. Probably this would involve a net increase in tourist days of about 3.2 million (over 1967), and about 4.4 million additional tourist days (over 1972) by 1977. Translated, this means that on any given day in 1972 (on the average), about 8,800 tourists would be in the islands. A rule of thumb is that one slip (or berthing place) is usually needed, where "boating" is a major attraction, for every 20 hotel rooms, but this may be low considering the island-hopping potentials in the Eastern Caribbean. Probably, a more accurate estimate would be that (of these 8,800 tourists) one out of every 20 would require slip usage. This produces an estimated requirement by 1972 of 440 slips; and an additional 1,000 slips by 1977.
8. A small Mercedes bus, 17 standard seats retails in Germany for about \$5,500 U.S. to which must be added \$1,500 U.S. for air conditioning. Freight, insurance, and duty would have to be added, of course. Smaller, air-conditioned Volkswagens with a nine passenger capacity can be delivered in the U.S. for about \$3,300 U.S.
9. This calculation is based on the estimated increase in number of tourist days (in 1972 and 1977) discussed earlier in this report; on 35 percent of the tourists taking one tour a day; and on the assumption that the average bus will make two tours a day, have a capacity of about sixteen tourists, and operates at an average load factor of 80 percent.

10. The new "Netherlands Congress Center" in The Hague opened in March, 1969, and cost \$22 million (U.S.). It includes a main building, a north wing, and a seventeen story 200-foot tower. It has a series of halls, two movie houses, and can (if all its facilities are used at once) accommodate 9,000 people.

A different setup entirely is the Rhode Island Convention Hall, which includes a sports arena, exhibition space, a theatre and restaurant, plus meeting rooms, can seat 10,000 people, and was built for about \$7.0 million (U.S.).

11. These points are in summary form. For a more thorough discussion on the subject, see "Essential Elements Of A Tourism Development Program" prepared for the International Bank for Reconstruction and Development, by H. Zinder & Associates, Inc., Washington, D.C., 1968.
12. This could include, for example, 100,000 folders, costing 10¢ to 12¢ (U.S.).
13. In the initial stages, we doubt that each island should attempt to carry out public relations on its own. Like certain aspects of advertising, this might be carried out by a cooperative arrangement on a regional or multi-island basis.
14. This expense could be non-recurring, involving (perhaps as a minimum) this level of expenditure every five years.
15. Based on a series of studies beginning with "Future of Tourism in the Pacific and Far East," which show that highly industrialized countries, with successful tourism programs, typically have to spend only about \$1 out of every \$50 to \$110 generated by tourist spending. On the other hand, countries heavily dependent on tourism, and in resort-type situations (including the Bahamas and Bermuda) spend \$1 for every \$6 to \$8 generated by tourist spending.
16. Column (3) of Table No. 6 divided by six.

17. If estimated tax revenues generated by tourist spending were prorated (for example, in the case of Dominica), the level of \$200,000 E.C. would be exceeded by next year, 1970.
18. In the majority of cases, we have used 1968 budget figures here.
19. Obtained by taking current budgets as a percentage of what those budgets would be if each island allocated to the budget one out of six dollars generated by tourism.
20. "State, Area and Community Advertising and Promotional Expenditures 1967," "Holiday Magazine," New York, New York. All three of the areas listed here compete for the U.S. tourist who is looking for a tropical resort-type vacation.
21. This refers to the system by which hotels report their booking regularly, by mail, and in advance so that their representatives (or cooperating hotels and organizations) know about room availability.

SECTION SEVEN

RECOMMENDATIONS A TWO - YEAR ACTION PROGRAM

This section of the report discusses those steps which the islands need to take, starting right now, and going on for the next two years - if they are to develop their tourism potentials. The economic and financial rationale for taking these steps is spelled out in Sections One through Four.

Longer term recommendations are in the next section (Eight).

Seminar System: A major problem in any report is to get it discussed, and get it used. In this particular report, the problem is accentuated because:

- the first four sections deal primarily with statistical data, which are always hard to plough through.
- the next two sections deal with financing, an area with little appeal to many people.
- it takes time to wade through this kind of report.

- even with the best intentions, the best that can be expected is that the reader will raise a series of questions, or will want to discuss special problems. Neither can be done without an opportunity to talk about the report, and about what it means.

A series of seminars could provide such an opportunity, and would be a logical followup step to the report itself.

In our opinion, the seminars must definitely include political leaders of the islands (as well as representatives of the tourist business). At least one of these seminars should be on a regional basis, probably sponsored by the Regional Development Agency. Others could be on an island-by-island basis, and some on a multi-island basis.

The purpose of the seminars would be to discuss the report and to explain not only what it means and implies, but to reach agreement on specific next steps. Particularly the next steps discussed in this section of the report.

Sustained Technical Assistance System: So far in this report, we have

pointed out that the tourist boards of the islands are not staffed or financed to do the job that needs doing. But even if they were, they would still need (as would the islands) sustained and substantial technical assistance. It's no good making the difficult effort to re-constitute the tourist boards unless they are also supported by an outside infusion of competent technical know-how. And the gap between what is and what ought-to-be in the technical area of tourism is sufficiently large that, in our opinion, it will take time, a good deal of time, to train people in the islands to take over on their own.

This problem, of course, is not unique to the islands. But it does exist there to an extreme degree. And any recommendations for a two-year "immediate action" program have to be based on the assumption that adequate machinery is available to carry out the recommendations. Yet, for all practical purposes, the machinery does not yet exist. It can be created, both regionally and island-by-island, but its creation must rest, in part, on the initiative and technical competence that will be brought in from outside.

Later in this section of the report, we discuss the types of technical help that are needed, which cover (at least for the immediate present) five subject matter areas. In all cases, these are regional technical assistance assignments, which we recommend for sponsorship by the Regional Development Agency, with (of course) the backing of the islands themselves.

One approach here, which we favor, would be to establish a "tourism development center" or a "tourism services center," attached to the RDA. Technicians assigned to the region would use the RDA as headquarters, and should be under the supervision of a "tourism development coordinator" who would also be brought in via technical assistance, and who would live and work in the region.

Support By The Islands: Although we are convinced about the need for technical assistance if the region is to develop its tourism potentials, we are equally convinced that such assistance will succeed only if the islands get their backs into it for their own part. In

other words, a passive attitude toward tourism won't do.

There are at least three things that the islands need to do, and do now:

No. 1 - As a matter of policy, the individual islands at the highest political levels should agree to support the development of tourism (1) as a matter of priority, and (2) as a form of economic development to be attained by pursuing with vigor the recommendations spelled out herewith.

No. 2 - Policy resolutions are often helpful, but they have to be translated into concrete steps. The first of these steps is for the islands to agree to do the following with respect to their tourist boards:

- (a) Make them permanent statutory bodies, given the authority to cope with the various aspects of tourism. This includes but is not limited to promotion. And it specifically includes those activities previously discussed under "National Tourism Development Programs" in Section Six of this report.
- (b) Make them as apolitical as is humanly possible. If the tourist boards are mere political creatures, subject to turning inside out each time government changes, then the boards will be unable to develop technical competence and cannot become effective.
- (c) Appoint to these re-constituted tourist boards a wider representation from

the islands. At present, the boards, mainly, reflect the attitudes of people concerned with hotels and cruise ship operations.

Yet, the fact is that there is a segment of hoteliers in the islands that resists the expansion of tourism. 1/ And while cruise ship business is important to many shops, its economic contribution to the islands is negligible. Therefore, the tourist board memberships should be "opened up." Members should include heavier representation from the business community at large (including merchants, bankers, investors, entrepreneurs, more air carrier representatives, and hopefully, financially-oriented business types).

- (d) Arrange for the re-financing of the tourist boards as spelled out in Section Six of this report. This means a minimum budget of \$200,000 E. C. at the soonest possible time.
- (e) Designate specific members of the new tourist boards to work with outside technicians brought in via the technical assistance route.

In the long run, there is considerable question as to whether the form of organization followed by the tourist boards is the correct one. At present, they are "governmental" in the sense that their members are appointed by government, and they get their budgets from government sources. 2/

However, the most effective form of tourism development organization is usually one that is quasi-governmental and quasi-private such as the Hawaii Visitors Bureau, The British Travel Association, and many others. These organizations represent both government and business (as does the tourism industry itself), and get financing from both. Eventually, the tourist boards in the islands may have to adapt themselves to some such pattern, and this is discussed under longer-term recommendations in Section Eight of this report.

- No. 3 - Announce their intention to support the development of tourism not only on their own island, but also regionally. This includes support of those regional projects discussed in the preceding section of this report.

Needed Technical Assistance: The following technical assistance is needed in the Eastern Caribbean, and, with the support of the islands, should be sponsored by the Regional Development Agency or by the secretariats of other suitable organizations. ^{3/}

1. Tourism Development Coordinator: This would be one man assigned to the RDA (or to the sponsoring agency). He would coordinate and supervise other tourism technicians. He should be experienced in the broad aspects of tourism development, and be able to provide advice and guidance to the tourist boards in those aspects of tourism development discussed in Section Seven (National Tourism Development Programs.)

This man should be financially oriented, and be able to help the tourist boards lay out a financial plan for the development of tourism, and should be able to assist them in getting their budgets increased, and in setting up budget plans.

He would also work closely with ATBEC as well as the RDA. And a part of his job would be (working with these agencies) to start a retrieval operation for tourism in the region, pulling together reports, data, and information about what's going on in the tourism business in the Caribbean. In effect, he would become a "center" for information, and also (through the other technicians and his own services) of technical help.

2. Tourism Investment Specialist: The responsibility here would be to identify more precisely than this report can do, the investment needs and opportunities in tourism. This should include new hotel and resort complexes, but particular emphasis should be placed on infrastructure. The latter should include an evaluation of proposed new airports, new road development projects, and other forms of infrastructure.

This type of information and documentation could be particularly important to a regional financing institution if it is to get into the tourism field.

If it turns out (and this seems likely) that one man can't handle the assignment, the project might be run by an organization, company, or combination of technicians.

3. Small Industries Specialists: Here, the problem is to build up local production of many items now being imported for use by tourists and by the tourist industry. In

effect, this is "import substitution" which can provide the base for a series of sound new industries. It seems likely, incidentally, that the initial productions of such industries would be to satisfy tourist demands, to reduce economic "leakage" (discussed in Sections Two and Four of this report), and increase the multiplier effect of tourist spending.

At present, the islands lack both entrepreneurs and technical skills. The job of the small industries specialists would be to local potential entrepreneurs (and investors) and arouse their interest in cost and market data which the specialists themselves would have to develop. We doubt that one man could cover the range of industries that need investigating; at least two would be needed, or possibly the services of an organization that would make available industrial specialists as required.

In going through the islands, we found many examples of imported items being used by tourists when the raw materials were available locally. Here are possibilities that could be checked out, as a starter:

- Increased poultry production to help reduce frozen imports.
- Production of poultry feed for sale to existing poultry farms.
- Development of the fishing business to produce fresh or frozen fish to replace imports.
- Increased production of fresh, frozen, tinned, or bottled vegetables (and fruit), also to reduce dependence on imports. 4/

- Improved marketing (and sale) of local foods, particularly to hotels and resorts. These might include fresh water crayfish, yams, bread fruit, etc., all of which have appeal to tourists, but which are difficult to get in most hotels (and which cut down imports).
- Production of fruit juices - fresh, frozen canned or bottled, again to replace name products brought in a can.
- Increased production and better marketing of alcoholic beverages and beer. The cocktail hour is an important time of day for most tourists, and we were appalled by the lack of imagination in almost every island in pushing the sale of locally distilled rums, which are high in quality and low in price. By contrast, Jamaica, Puerto Rico, and the Virgin Islands "romance" and promote this alcoholic beverage in many ways, thereby cutting down on the importation of scotch, bourbon, and gin.

Two breweries in the islands produce an excellent local beer, but it's not available in many tourist areas (although imported beers are).

An effort should be made to see what could be arranged for licensing to permit local production of "name" foreign brands of gin and scotch, to name two products.

- Local production of cocktail snacks, most of which are now imported. Local production possibilities include the processing of coconut meat (toasted and gently salted) which is considered a delicacy in New York, peanuts, potatoes, and bananas.

- Reportedly, cigars manufactured in Dominica compare favorably with those from Cuba, yet it's difficult to get locally-produced cigars on the other islands in the Eastern Caribbean.
 - There is evidence that a start has already been made in the local production of building materials, but it needs to be accelerated, and should include lightweight aggregates, tile, and other construction materials used in tourist buildings (or for tourist infrastructure).
 - Local production of furniture and furnishings can be regarded with some apprehension about ability to develop adequate quality, and maintain it. But the use of locally-made materials enhance the "atmosphere" in tourist areas and buildings, and should be pushed. 5/
 - Local manufacture of glass and glass products including bottles.
 - Increased production of better arts and crafts to improve tourist shopping. Much of such shopping is now based on imported items. 6/
4. Hotel-Restaurant Training Team: As a minimum, this should be a two to three-man team that would work with the hotel schools, and that would travel throughout the islands. While travelling, the team would constitute a "clinic," holding classes and on-the-job-training in a centrally-located hotel on each island. Instruction should be given on room operations, front desk operations, and food and beverage preparation and serving.

The team's capabilities should include special knowledge of food and beverage preparation emphasizing the use of local foods, and local dishes and recipes. (This ties in

to some of the work that the "small industries specialists" would be doing, except that what is needed here is someone who can instruct in the preparation of local dishes in the kitchen, and who can improvise new and appealing dishes from local foodstuffs.)

There has been considerable discussion as to how effective such a "team" would be. Some hoteliers (particularly the smaller ones) seem to feel that they don't want anybody except themselves to provide training; but they are in a minority. Most feel that a visiting team is preferable to sending their staff abroad. (The concern here is that they won't return.) Training abroad (for example, in a hotel school on another island) can sometimes be arranged during the off-season. Also, in our opinion, it's an impossible position to maintain that training should not be given when the need for it is so clear. And this applies to training through travelling clinics, and training in hotel schools. Both are needed.

An advantage to the travelling clinic idea is that it costs less to maintain a small number of instructors than it does to maintain a large number of students. Project costs for the hotel-restaurant training team (or "clinic") would be mainly the salaries and expenses of the instructors. The training space would have to be provided by each island probably plus payment (or partial payment) to the students.

We have some concern as to whether one team can cover all the islands, and experience may show that two teams will be needed. However, we suggest starting with one team, and see how it works out with respect to cooperation by the islands, by the hoteliers, and by the hotel schools. We suggest that (as with the other technicians), the team be supervised by the Tourism Development Coordinator assigned to the RDA.

(Other types of training projects are also needed, in addition to the hotel-restaurant training team, and are discussed in Section Eight under long-term recommendations.)

5. Tourism Promotion Specialist: His services are needed for the following:
- To work with the various tourist boards, giving them direct guidance and assistance in carrying out their "promotional" programs, as spelled out in Section Six of this report.
 - To work with ATBEC in launching the cooperative regional promotional program. If necessary, this would include working with (and/or training) the "coordinator" of the ATBEC regional program.
 - To work with the tourist boards, ATBEC, and the islands in attempting to increase off-season tourism and reduce seasonality (which is discussed separately below). This includes helping to develop tour packages and special off-season events.

These five categories of technical assistance should be provided on a "sustained" or long-term basis. The nature of the problems involved is such that they cannot be solved by a quick in-and-out operation. People can't be trained that quickly. We appreciate that there are constraints in making technical assistance available, both in terms of

money and time. But in our judgment, the above technicians will be needed for three to five years, and preferably the latter. If funding can be arranged only on a year-by-year basis, that would certainly be better than nothing. But the long-term nature of the training problem should be understood and accepted from the beginning.

Seasonality Problem: This has been discussed in bits and pieces (or referred to) in the earlier sections of this report. And there is no doubt that the "seasonality" problem is serious in the islands. However, it is symptomatic of growing pains, and is characteristic of tourism development in the early stages in that almost all countries and regions have suffered from seasonality. The important point is that these other places have licked seasonality, and so can the Eastern Caribbean.

Miami, Puerto Rico, and the Virgin Islands are cases in point because they too suffered from high-low seasonal fluctuations similar to the islands we are discussing. But today, Miami has more visitors during the summer (formerly

the "off" season) than in the winter. There, as in other places, success was attained not by any single thing, but by a combination of things.

And this is our approach. The solving of the seasonality problem will be accomplished by a combination of things, including the following (which have already been recommended in this report):

1. By reconstituting the tourist boards, and getting adequate financing for them. This will enable them to run promotion programs pointed at developing off-season tourism.
2. By establishing a regional cooperative program in the field of tourism promotion. Again, this program would emphasize off-season tourism.
3. By making available to the island, professional help in the form of a Tourism Development Coordinator and a Tourism Promotion Specialist (both provided via the technical assistance route) and a Coordinator of the regional promotional program. All three would be involved in the development of off-season tourism, including the use of sales materials, advertising, public relations, and the development and sale of off-season tour packages.

4. By the development of additional accommodations where needed. In part, this process could be accelerated by drawing on the services of a Tourism Investment Specialist (made available through technical assistance). But it could also be helped by creating investment incentive acts aimed at tourism (discussed in Section Six), and by the formation of a regional financing institution.

The development of additional accommodations is bound to occur in larger units (more rooms per hotel or resort) than most of those now in existence. In turn, this will mean that the newer hotels and resorts will be better able to finance off-season promotion on their own. And they can also be designed and built to accommodate group business and conventions brought in during the off-season.

In addition to the above, we have these suggestions:

- The technicians referred to in (3) immediately above should call on wholesalers and tour operators in the U.S., Canada, and the U.K., equipped with photographs, sales manuals, hotel rates, transportation schedules, and all pertinent facts. Purpose: help to sell off-season packages.

In the case of wholesalers who are already producing business for the Eastern Caribbean, the problem may largely be one of personal contact, entertainment, updating information, etc.

- Hotels and resorts that do stay open during the off-season should be persuaded not to adopt an

"off-season attitude" that involves cutting down on services, quality of food, and entertainment. We visited several resorts on the islands where, despite a 10 to 20 percent occupancy rate, personnel maintained the kind of "chins up" attitude so that guests are made to feel they were being treated the same as on-season guests.

- In one island, an attempt is being made to get six or seven hotels to plan special entertainment for one specific night per week. Then, by means of a dinner-exchange arrangement, guests can see six or seven different shows a week, and not become bored. (And they can enjoy the meals of six or seven different chefs.) This technique, of course, not only tends to lengthen the average stay, but ought to be pushed particularly hard during the off-season.
- Honeymoon promotions are also effective in developing off-season tourism if special rates and features are offered (for example, champagne, corsages, get-acquainted parties with other couples, etc.). One well-known resort in Bermuda gets 35 percent of its off-season tourism from honeymooners. And the Pocono Mountains of eastern Pennsylvania have become a honeymooners' mecca through an extensive and continuous advertising and promotion campaign (plus sunken Roman bathtubs and other "gimmicks").
- Barbados has been successful in promoting its "Bonanza" package during the periods of low occupancy. Hotels give one day free in seven, and so on up to three weeks. Some few hoteliers object to this scheme because in addition to paying for extra advertising, commissions to wholesalers

and retailers, they have to give this extra day free. But it can also be argued that if, in fact, they are losing money, this may be offset by their ability to stay open, and keep their staffs intact.

- Bermuda has a successful "Rendezvous Season" during which special teas are held in the Town Hall on one day, visits to private homes and gardens on another day, etc. all of which is much appreciated by tourists during this possibly "bad weather" period.

- Other possibilities that should be explored include:
 - (a) encouraging special interest groups to visit the islands during the off-season. Garden club ladies, for example, could be lured to see the botanical gardens and lush vegetation on Dominica and St. Lucia.

 - (b) An eight-island art exhibit might be developed for the off-season summer period, planned by a real "pro," and promoted through public relations in art magazines and through art galleries. Technical assistance might be used to show each island how to set up a gallery with proper lighting, framing, seeking out talented local artists; and an eight-island show might then be put on in each island for a week.

 - (c) Off-season packages might be developed for visits by residents of Puerto Rico, Jamaica, Trinidad, and the Virgin Islands.

Regional Projects: These have been discussed earlier in this report, and constitute an important part of a two-year action program:

1. All technical assistance projects recommended in this report are put forward on a regional basis.
2. A cooperative regional promotional program is recommended (probably working through ATBEC); see Section Six.
3. A "clearing house" or "clearance system" needs to be set up on a regional basis, also possibly working through ATBEC; see Section Six.
4. A regional financing institution capable of making loans for tourist facilities and infrastructure is needed. (Again, see Section Six of this report for details).

Footnotes To Section Seven

1. This refers to those hoteliers that feel (perhaps with some justification) that an onslaught of tourists will force them to lose their current position in the islands. These are primarily small operators who operate on small financial margins. In our opinion, they feel that increased tourism will result in increased investment in larger hotels and resorts which will pay more to labor (which they probably will), and increase the competition.

This situation is not unique to the islands, but is world-wide. Many hoteliers fight the expansion of tourism, and particularly fight the introduction of new hotels. But while some hoteliers may suffer as a result, most discover that new hotels bring more not less business. And many hoteliers end up becoming co-investors in the new developments.

It may be worth mentioning here that resistance to tourism in the islands also appears to arise from agricultural and other interests that depend on a substantial amount of low-paid labor, made available as the season requires.

2. Some of the tourist boards increase their income by such devices as selling stamps.
3. We understand that these might include the Regional Secretariat of the Council of Ministers, or the Secretariat of the East Caribbean Common Market, or perhaps by the Regional Secretariat in Guyana (the secretariat for CARIFTA).
4. While visiting one island, we were delighted to see that the dining room in a small hotel had compote plates on each table, generously filled with oranges, bananas, and other local fruits. On closer inspection, we found that they were made of plastic!

5. In Dominica, many resorts make use of the mats, floor coverings, and wall decorations that are turned out by the nuns on that island. (It's an example of how to reduce imports and at the same time produce an interesting product.)
6. Including plastic toys made in Japan, on sale in one of the islands' airport stores.

SECTION EIGHT

RECOMMENDATIONS: LONG TERM

Many of the recommendations made in the preceding section ("A Two-Year Action Program") cannot be completed in such a short time span and will have to be continued for a sustained or "long-term" period.

These earlier (short-term) recommendations are not repeated here. Instead, in this section we discuss additional steps that need to be taken sooner or later, but that do not necessarily have to be included in a two-year action program.

Relate Technical Assistance To Financing: In the preceding section of this report, we recommended five general areas in which technical assistance is needed. The effectiveness of such technical assistance in the tourism field would be considerably increased if (in one way or another) it were tied to financing.

For example, if tax revenues or other funds were allocated to the tourist boards, the technicians would then

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have a much better chance of getting their recommendations carried out. (See "Support By The Islands," Section Seven.) In effect, we are saying that unless and until the technicians have effective organizations to work with, their usefulness will be seriously limited. Moreover, many of the recommendations cannot be carried out unless some of the financing problems (see Section Six) can be solved.

This business of interrelating technical assistance with financing is always difficult. Considering the circumstances that now prevail in the islands, we suggest that one solution might be for the agency that sponsors the technical assistance to require, in exchange, an agreement from the islands that they will, over the long haul, do their best to strengthen their tourist boards (particularly including financing), and will otherwise take the steps discussed earlier under financing (Section Six).

An alternative that may have eventual significance for the islands would be the creation of a regional development bank. Presumably, such a bank would use the spread

in interest rates (what they have to pay for money they borrow, against what they get for lending it) to pay for technicians. If the bank works in the field of tourism development, some of its technicians would have to be tourism specialists who would work with the islands. Under such circumstances, there would be a direct tie-in between technical assistance (made available through the bank) and possible followup loans. Our experience has been that this kind of technical assistance is much more likely to get results than technical assistance detached and separate from financing.

Expand The Functions Of Tourist Boards: In Section Six (under "National Tourism Development Programs"), we discussed tourist board financial requirements. And in the preceding section, we examined the need to reconstitute the tourist boards.

Over the long run, the budgets of the tourist boards will have to be further increased, and their functions expanded. For example:

- By building their own capability to identify investment opportunities in the tourism field. In the beginning, the tourist boards can rely on guidance from a "tourism investment specialist" (see Section Seven); and it may well be that a part of his services could be incorporated in a regional service.

However, the tourist boards need to build their own capability in this type of work, and should designate at least one person to work with the tourism investment specialist, and learn how it's done.

- By working to establish a hotel and restaurant code that would set minimum construction and operating standards. Probably, the tourist boards should be willing to assume the responsibility for enforcing such a code although, in some cases, enforcement might be delegated to another organization.

One question that was raised is whether the islands should "grade" hotels. Our experience has been that a grading system usually results in all kinds of brawls with hoteliers, and doesn't necessarily improve the quality of hotel construction or management. A code with minimum standards can be established (and enforced) without a grading system; and the advantage of a code is that it can be used with considerable effect, to control quality of new hotel development and operation.

- By carrying out better research about the tourism business. This should include systematic market analysis (particularly in the U. S. and Canada), including attitude studies. And it should, of course, include a program of interviewing tourists who visit the islands -

the interview operation being a supplement (hopefully) to improved gathering and analysis of tourism data.

It's important to stress, incidentally, that the results of such research be disseminated throughout each island in order to build understanding of and support for tourism.

There is considerable question in our minds as to whether the existing organizational form of the tourist boards is the correct one. In the preceding section of the report (under "Support By the Islands"), we discuss the need to reconstitute the boards, broaden their memberships, and eventually modify their present makeup by becoming quasi-governmental and quasi-private. This can be done in many different ways. Basically, however, it involves establishing a regular fund-raising drive in the business community, usually with an agreement worked out in advance that government will match private contributions on a pre-agreed ratio, ranging from roughly dollar for dollar, to six government dollars for each private dollar. It also involves sharing control of the organizations involved - between government and private interests.

The advantages of this form of tourism development organization are these:

- (a) Because the business community has contributed financially, it tends to work harder and to cooperate more fully with the tourism organization. Often, this means that the tourism organization can get better technical advice than it could otherwise.
- (b) Drawing upon funds from the business community taps a new source of financing, and gives the tourism organizations more funds to work with.
- (c) It "opens up" the tourism organization, and offsets the tendency to reflect only the government point of view.

Eventually, as the tourist boards begin to get into the kind of work described (see Section Six, "National Tourism Development Programs"), some of the boards might be able to operate more effectively if they were converted into development corporations. This has already been done in some countries, and the broader powers and flexibility enable the tourism organizations to increase their effectiveness considerably.

Enlarge The Training Process: Earlier sections of this report discuss the need to develop and improve hotel and restaurant training schools and the need to establish a travelling training "clinic" that would work in the islands. This will do for a short-term program, but it doesn't include other steps that need to be taken subsequently:

- (1) We found a good deal of insularity in the islands, including a substantial number of people in the tourism business who have not had an opportunity to visit other islands. What's needed is for these people to have a chance to see what's doing in the tourist business in neighboring islands. It will enable them (tour guides, hoteliers, etc.) to do a better job, and to converse knowledgeably with tourists. At present, tourists usually know more about the islands than the islanders.

Machinery needs to be set up to make it possible to get more within-the-region travel by people in the tourism business. Costs might be cut by doing this during the slack season. Seminars and conferences might be arranged, island-by-island. Sponsorship for such a "training" operation might be through ATBEC or RDA, with the cooperation of the hotels and tourist boards.

- (2) There is always a risk in sending trainees abroad, but the risk has to be taken. We recommend that the most promising apprentices (in or out of the hotel schools) be sent to other countries to get intensive training to become top-notch hoteliers, chefs, and restaurateurs.

In some cases, it may be possible to get scholarships from the countries where such training facilities are available. In other cases, it might be financed by the tourist boards (in the islands) as their budgets increase.

- (3) Consideration might be given to establishing in the Eastern Caribbean an eight-island seminar in the hotel and tourism business. Such a seminar was held several years ago in the Philippines, and was conducted by the School of Hotel Administration at Cornell University. The seminar (held in Manila) was for upper echelon staff people, but it helped to instill pride and the concept of "service not servility." It also helped to develop recognition of the value and importance of tourism. Similar successful seminars have been held in the Virgin Islands and in other areas.
- (4) A program needs to be established under which the Eastern Caribbean would bring to the region, on a temporary basis, carefully selected chefs, head waiters, and hotelmen for assignment to operating or proposed businesses, where they would help to provide on-the-spot training for islanders.

Importation of "foreign labor" is always a tricky problem, but it pays heavy dividends, and is a practical way to get practical training. As an example, in Bermuda, dining room services have been improved tremendously by bringing in young Austrians, Frenchmen, and Germans - as waiters. Perhaps this could be done in a more limited way in the Eastern Caribbean by bringing in some good headwaiters and captains to supervise dining room service.

Costs can probably be covered, for the most part, by the hotels and restaurants involved, although

we see no reason why transportation expenses could not be borne (at least in part) by the tourist boards, perhaps in exchange for agreement by the people from abroad to work with the hotel schools, or to conduct training sessions through the hotels.

In this case, as in our other recommendations about training, we urge that the tourist boards and the islands seek the advice and cooperation of the unions, putting forward the valid points that:

- the training process needs the kind of "boost" that skilled outsiders can provide.
- the islanders can't very well train themselves - at least, not yet.
- more and better jobs in the islands will result if better service is provided, and the islanders deserve the chance to learn.

- (5) Part of the training problem in the islands is going to be to arouse the interest of young people in working in the tourist business. One way to help to do this is to make a "big thing" out of the graduation ceremonies at the hotel schools. Top government officials are needed to make speeches, and to hand out diplomas, and make special awards. The process should be covered by photos and stories in the press, of course.
- (6) Another area of training that needs to be pursued is the maintenance and repair of machinery, equipment, and facilities related to the tourism business.

Examples: air conditioning equipment, electrical equipment, kitchen equipment, elevators, desalinization plants (on Antigua), automotive equipment, and water handling equipment including plumbing.

We have a question as to whether it would be practical to establish a training school for the region, covering these skills. At present, the majority of hotels try to do their own maintenance (and some do it badly), relying on local skills, which are often few or non-existent. As tourism expands, the problems inherent in maintenance will increase, both with respect to skills and spare parts. A regional training operation might be considered by the RDA and ATBEC, again with the costs possibly being shared between the islands, tourist boards, people in the tourism business, and trainees themselves.

Improve The Handling Of Tourists: Earlier in Section One of this report, (under "Characteristics Of The Tourism Business") we referred to "attitudes" of the people in the islands about tourism and about tourists. As we mentioned, these vary widely, and we found most of the people in the islands quite friendly. But there were enough exceptions of downright unfriendliness to suggest that there is a long-term problem, which is basically the responsibility of the tourist boards, in convincing labor that tourists may be alien, but don't represent

"the enemy." The solution is probably to launch a "pro-tourism" program (a form of internal promotion) that will explain the facts of life, over a good many years, about tourism, its advantages, and how it can help the working man.

Other solutions lie in just making it less difficult for tourists to get around the islands. For example, in none of the airports of the eight islands was the quality of tourism information very good. The facts about where to go and what to see and what to do just weren't there. Requests for hotel reservations were generally handled with blank expressions. Information about taxicabs was almost always sketchy, at best. And at only one airport did the girl at the tourist office step up, say "Welcome to _____," and hand us a packet of printed tourism materials.

As for taxicabs on the islands, we feel that while the quantity of cabs is adequate (especially during the off-season), the quality leaves much to be desired. Cabs are typically old, for the most part, and lack meters, which instills in tourists an apprehension about being taken advantage of.

This apprehension, incidentally, is not always without foundation. Cab rates for a "going" trip often vary widely from the "return" trip. Moreover, the typical tourist is mystified about how to identify a taxicab because they are usually not easily recognizable.

This is not an all-inclusive list about areas that need improving if tourists are to be handled better. Most of these areas, however, have been referred to elsewhere in this report. They include:

- The delays in getting from one island to another, excessive requirements about having to be at airports an hour ahead of time, and lack of night flying. ^{1/}
- Excessive formalities in immigration and customs clearances.
- Lack of information about availability of hotel rooms and other tourism information, in any given island at any given time. (See "Regional Tourism Development Programs" in Section Seven.)

We have not included in this list the problem of entry and departure cards which have to be filled out twice for each island (arriving and departing). Reason: they do

provide useful data, and shaky though it is, it's better than nothing. By and large, tourists will put up with an inordinate amount of suffering, including the bother and delays in filling out these cards. However, in our view there are other areas of "tourist handling" that take priority of entry-departure forms.

As for the cards themselves, they could be simplified and made easier to read. In some cases, the printing is so small as to be almost illegible. Typically, they use terminology that is unclear to most tourists (particularly to those of the United States), for example: "embarkation" and "disembarkation." And they ask for "maiden name," which disqualifies at least half of the entering tourists.

More importantly, the entry-departure cards don't ask the right questions for statistical purposes, and need redesigning along the lines of the check-off entry form used by the Hawaii Visitors Bureau.

One last comment about handling tourists. There is a real need to improve the quantity, quality, and location

of directional and information signs in the islands. For a tourist who is courageous enough to drive his own car, even if he can remember which side of the road to drive on, he is still faced with an almost unbelievable absence of signs that will tell him how to get to or from airports. Areas of prime tourist interest are also unmarked, and so are points of historical or national interest. Here again, the responsibility for seeing to it that adequate signs are located around the islands should rest with the tourist boards, working with local communities and appropriate government agencies.

Increase The Scope And Range Of Promotion: Various aspects of tourism promotion have already been discussed in the preceding section of this report under "Tourism Promotion Specialist" and under "Seasonality Problem." Promotion has also been talked about under the sections dealing with needed tourist board budgets and under "regional tourism development programs," both in Section Six.

Long-term recommendations on the subject of promotion include the following:

- (1) Expand the public relations aspects of promotional programs run by the islands, and regional programs. This should involve the increased use of professionals to plant stories in newspapers, magazines, and the trade press, to tell the tourism story of the Eastern Caribbean.
- (2) Eventually, the islands may want to pool funds, and open regional tourism promotion offices in key cities such as New York, Montreal (or Toronto), and London. This is always an expensive proposition, usually involving ground floor locations, high rents, plus the cost of staff, out-of-pocket expenses, and supporting promotional materials.

The basic purpose of overseas offices is to develop closer working relations with people in the business: travel agents, tour operators, and carriers. As well as various forms of promotion that require somebody on-the-spot. Here, the idea of cooperation of regional offices appeals to us, partly because of the economies involved, and partly because they would be more effective than each island's trying to do the job on its own.

- (3) None of the islands is using its air terminal effectively, even to promote its own tourist attractions. Air terminal walls are not used to exhibit attractive colored, large-scale photographs of what the island itself has to offer. And there is no cooperative exchange of air terminal space between the islands.

This can be simply done. Each island agrees to make free space available in its air terminal (for promotional purposes) to any other island that reciprocates.

- (4) One of the very positive aspects of the cruise ship business lies in the promotional field. Expenditures by cruise ship passengers may be low, on the average, but cruise ships give free advertising exposure to the visitor who may come back some day by air as a longer-staying or destination-type tourist. Therefore, selling cruise ship passengers on the virtues of the islands is an effective form of promotion that should be pushed by tourist boards and people in the business as well.

Direct sales to cruise passengers (for example, of handicrafts, food, and beverages, as well as brief tours in cabs) give momentary and often large benefits to the islands, but economically, the benefits are small compared to the expenditures of airborne tourists. As we see it, the reason to go after cruise ship passengers is because of the promotional value that will result partly because they may return to the islands themselves, and partly because they'll tell their friends to do so.

- (5) One of the problems in promoting the islands is what to call them. Throughout this report, we have referred to them as the "Eastern Caribbean," simply for lack of better nomenclature. During our visit there, we picked up the following assortment of names:

- South Caribbean
- Windward Islands
- Leeward Islands
- East West Indies
- French West Indies
- French Antilles
- Lesser Antilles
- Dutch Antilles
- Dutch West Indies

We appreciate that they all involve different things, but to the potential tourist, the terminology is not only confusing, but hard to promote. This is particularly so with "The Associated States and Barbados," a real mouthful.

Eventually, the islands (the eight with which we are concerned here) will have to develop a saleable and easy to recognize name in order to maximize impact of tourism promotion. They also need a slogan (which might be "Islands In The Sun"), and a logotype which could be widely used in promotion and correspondence.

Set Aside Areas For National
Parks And Recreation:

We found no comprehensive
plan to delineate and reserve

selected areas in the islands to serve as national parks, recreational areas, or wildlife reserves. In large part, these would be for the islanders themselves, but they could also have considerable appeal for tourists, and have the additional advantage of preserving those attractions in the islands that are unique.

Launch A Regular Spruce-Up,
Clean-Up Campaign:

This is a low-cost operation that can usually be undertaken by the communities involved, and can often be carried out by schoolchildren. The campaign should be launched regularly, and supported by the tourist boards and the government with official ceremonies and prizes and recognition for progress made. Basically, what's involved here is picking up roadside litter and debris, removing or screening unsightly garbage and other dumps, planting trees to hide that which cannot be removed, and planting shrubs and flowers, particularly at points of national importance or of tourist interest.

Update This Report Regularly:

One of the disadvantages of preparing a report of this kind is that by the time it gets into the hands of the people for whom it was prepared, it's often out of date. This becomes even more so if additional time is needed to digest and discuss the report, a process that hopefully will be carried out in this case.

By the time action can be taken on the report, it usually has to be updated, a process, incidentally, that can be done quickly and inexpensively if done within a comparatively short time following the original report.

In our opinion, this "updating" process should be done regularly, say, every year or two. The updating has the double advantage of keeping the report current, and at the same time renewing interest in it.

Footnote To Section Eight

1. Why for example, must a tourist be at the airport a full hour prior to the departure of a 15-minute flight to a nearby island? On one island, for example, we were told that we had to be at the airport the usual one hour before departure time, and arrived one hour and fifteen minutes before the flight; but the customs officials and airport personnel arrived only twenty minutes before flight time.

One of the real irritants about inter-island travel is the early morning departures, and the inability to get a cup of coffee either at the hotels (the restaurants open later) or at the airports (the restaurants open later). The handling of tourists can be improved in situations of this kind by setting up a Silex of hot coffee in the lobby early in the morning, as does the Trinidad Hilton.

SECTION NINE

THE INDIVIDUAL ISLANDS

Here, we discuss separately each of the eight islands included in this report. In the case of each island, we include here a summary of our impressions, plus selected tourism data developed in the earlier sections of this report. We also include a general commentary on special problems and opportunities.

However, this section of the report is not self-contained. These short, island-by-island sections have been developed from the previous sections of the report, and are closely interrelated with them. Consequently, a full picture for each island cannot be obtained just by reading this section. For example, the forecasts of future tourism, plus the recommendations to bring about those forecasts are explained earlier in this report.

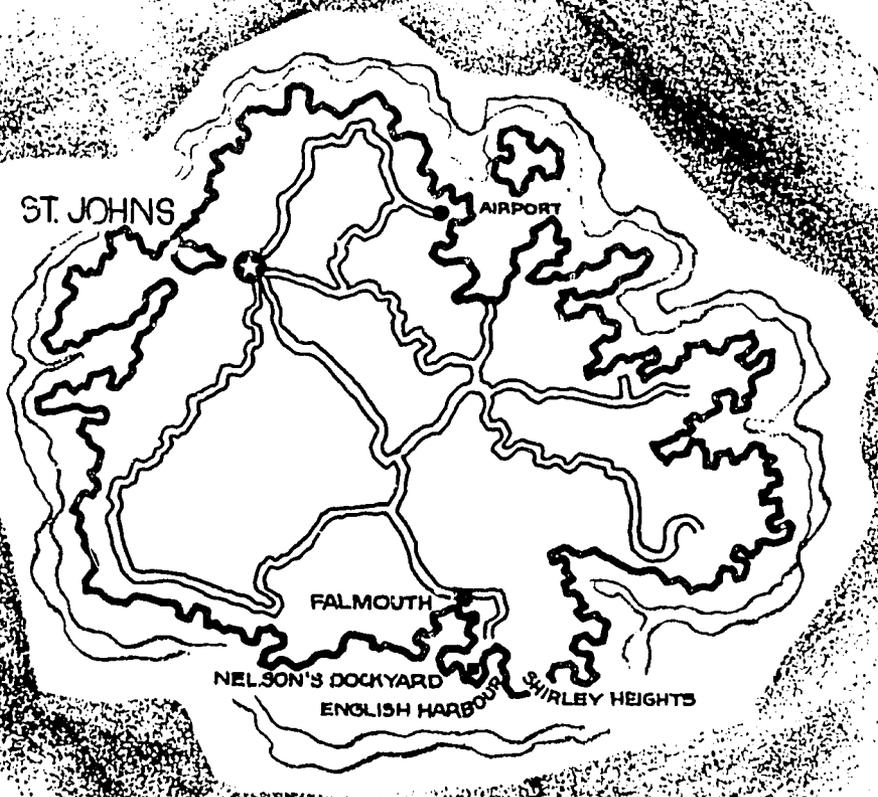
ANTIGUA

Summary Of Impressions: From the point of view of tourists, the island has practically flawless weather because it rarely rains where the

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ANTIGUA

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beaches are. And it has a wealth of very good beaches, among the best in the Eastern Caribbean. Moreover, it has excellent air connections, the best in the region. And next to Barbados, it has the most hotel rooms (of the eight islands) suitable for tourists. ^{1/}

But that's the end of the good part. The rest is a long series of problems. The fact is that Antigua is a water-problem island. Its infrastructure has not kept up with its tourism development. For all practical purposes, it has no tourism development program, and its tourist board is easily the most underfinanced if we compare taxes generated versus tourism budget. Moreover, the island has a serious problem in trying to improve attitudes toward tourism and tourists, and generally in the handling of tourists.

These problems are not unique, but the combination of them, and their intensity suggests that the island will shortly be dealing with a series of crises that have to be solved in short order if tourism is to continue to develop, and reach the level that it could. Antigua has a special reason for solving these problems: the economic impact of

tourist spending on per capita income is more than twice as great as in any other island, 2/ and it can be expected in the future to get more economic impact per capita (from tourism) than any other island. 3/

Summary Of Tourism Data: 4/

(Money figures are in E. C. dollars.)

1967, numbers of tourists	59,000
Average length of stay	5-6 days
Average expenditure per day	\$50-\$60
Estimated gross expenditures	\$17.8 million
1967, estimated impact of tourist spending	\$41 million
Estimated tax revenues generated	\$6.2 million
Estimated wages generated	\$9.0 million

Comment: Economic impact of tourist spending on Antigua is the highest in the Eastern Caribbean. On a per capita basis, it generates about \$600 E. C. a year, at present.

Tax revenues generated by tourist spending are about 78 percent of total revenues of the island.

1972 forecast, numbers of tourists	147,000
Average length of stay	4-5 days
Average expenditure per day	\$70
Estimated gross expenditures	\$46.3 million
1972, estimated impact on tourist spending	\$111.1 million
Estimated tax revenues generated	\$16.7 million
Estimated wages generated	\$26.7 million

Comment: This forecast suggests that the net increase of the impact of tourism in Antigua would be about \$70 million, and an increase in the island's national income to about \$116 million by 1972. Per capita economic impact (from tourist spending) in that year would be about \$1,600.

Taxes generated by tourist spending by 1972 would be about \$38 million, which means that by that year, Antigua could increase its tax revenues by \$10.5 million (as a result of the impact of tourist expenditures), eliminate its current government deficit, and still have \$7.5 million left over.

Forecasts for 1977 show further increases in income, and in wages and tax revenues generated by tourism.

1977, forecast, number of tourists	296,000
Average length of stay	3-4 days
Average expenditure per day	\$80
Estimated gross expenditure	\$82.9 million
1972, additional hotel rooms needed (over and above present rooms)	790
1977, additional hotel rooms needed (over and above the 1972 number of rooms)	610
1972, estimated capital required for new hotel rooms	\$23.7 million
Estimated required infra- structure (which may be a low estimate)	\$4.7 million
1977, estimated capital required for new hotel rooms (over and above the 1972 requirements)	\$18.3 million
Estimated required infra- structure	\$3.7 million

Comment: Financial requirements for hotels and infrastructure, combined, by 1972: about \$28 million. By 1977: an additional \$22 million.

Additional Recommendations: Sections Seven and Eight of this report contain a series of recommendations for both the short-term and the long-haul. Almost all of them apply to Antigua in particular, and so they are not repeated here. We do, however, have these additional recommendations:

- No. 1 - The tourist board in Antigua is not only trying to operate with a budget far under a reasonable minimum, but on a generally acceptable benefit-cost ratio (taxes generated by tourist spending compared with the tourist board's budget) it is getting only 7.3 percent of what its budget should be.

In terms of what the island is getting (tax revenues) compared with what the island is spending for tourism (tourist board budget), Antigua is in last place in the Eastern Caribbean. This, in spite of the fact that it has more tourism problems than any of the other islands.

Obviously, it must spend more for tourism development, particularly including a hefty increase in its tourist board budget.

- No. 2 - Antigua's infrastructure is badly in need of a drastic overhauling and improvement. The following are our comments on (a) water, (b) electricity, (c) roads, and (d) telephones.

- (a) Water: Tourism is being adversely affected by the prolonged water shortage which has required rationing

and periodic unscheduled stoppages in hotels. The result is inconvenience for guests (particularly in the economy hotels) and poor publicity abroad.

Five hotels have either already constructed or will soon construct desalinization plants. These plants reportedly have a capacity of 15,000 gallons, and cost between \$70,000 and \$100,000 U. S. (Larger hotels with 100 rooms or more have to install two or more plants.) Operating costs average about 3¢ (U. S.) a gallon.

The government has suspended all duty charges on this equipment, and has provided for the tax-free purchase of diesel fuel for one year. While such measures are helpful, they fall short of what is needed.

Hotels without a desalinization plant must continue to have water brought in by truck at a cost of around \$12 E. C. per 1,000 gallons. To this must be added the cost of transportation which depends on the distance of the hotel from the water's source. One hotel which is relatively near the water supply spent about \$70,000 in 1967 to bring in water.

This combination of circumstances, of course, not only affects hotels and resorts, but restaurants, business offices, private domestic users, and the island as a whole. Four new wells are scheduled to be sunk in St. Mary's District in the southwest, but some experts believe that the only long-term answer to the water shortage is desalinization of sea water on a large scale.

An island-wide solution to the lack of water is probably the No. 1 priority as far as tourism is concerned since its growth has to be dependent on a solution being found. Certainly, one step that could be taken is to require new hotel construction to include a system of gathering rainwater from the roofs, as is done in Bermuda.

- (b) Electricity: Problems in this area go way beyond tourism, but they certainly affect it, and negatively. Supply is owned by the government, and consists of three generating stations ranging from 3,240 kilowatts to 12,240 kilowatts. All indications are that this is below needed capacity. Moreover, this deficiency is aggravated by the fact that improper maintenance reduces the effective capacity of the existing power plants. Power failures are becoming more frequent and of longer duration, and one of the priorities in the distribution of additional power should be additional street lighting.

Here again, an expansion of tourism will merely make the problem intolerable. So far as we know, no financial rationale has yet been put forward justifying an overhaul and expansion of the power system based, in part, on tourism earnings. This is one of the roles that an expanded tourism board should be involved in, using the financial and economic data presented earlier in this report.

- (c) Roads: Except for the recently completed road along the north-central part of the island (reportedly financed by bilateral aid), road quality on Antigua ranges from fair

to poor. Many main roads traversed by tourists need widening and resurfacing, and some secondary roads are scarcely usable.

In the latter category are included important terminal roads in and around Falmouth and Shirley Heights. The promontory of Shirley Heights offers a magnificent view of English Harbour, yet tourists have to be bounced along a narrow, rutted, unpaved road to get there, a road that is dusty when dry and may be impassable when wet.

Another problem relating to roads is that road signs or markers are a rare exception. On leaving the airport, the tourist gets no indication about how to get to St. Johns or other important points. (Nor is he reminded to drive on the left side of the road.) Junction points throughout the island are unmarked. And the only guide to resort locations are occasional billboards, and since they are not lighted, are of little help at night.

A phased road improvement program is obviously needed, certainly one that will link major tourism points. So is a program of installing and maintaining road signs (properly lit), plus roadside plantings including trees and shrubs.

- (d) Telephone: Telephone service is largely non-existent outside the city of St. Johns. If a visitor wants to call his hotel or resort from the airport, he must give his message to the operator of a short-wave radio station, which may or may not get through. This cumbersome system of communication falls far short of providing minimum service for tourists.

We don't regard the improvement of the phone system as being in the same category of importance with the problems involving water, power, and roads. But it is a problem, and one that is shared by most of the islands.

No. 3 - Antigua is particularly afflicted with the problem of attitudes toward tourists, particularly at places where tourists stay or visit such as hotels, resorts, shops, and the airport. We suggest that the tourist board get together with hoteliers, airport officials, and the unions, and see what can be done to improve the situation. Probably, this is a matter of training. But it's also a matter of informing workers about the importance and value of tourism, and this suggests an internal "pro-tourism" promotional campaign, introduced gradually, and maintained over a long period of time.

No. 4 - Controls: There appears to be a lack of control over the use of land in connection with resort development. One 100-room resort has been built on a location near two swamps. In another case, an attractive beach area reportedly has been ruined by dredging.

This suggests the need for a land-use analysis, and the establishment of minimum standards for resort and hotel construction.

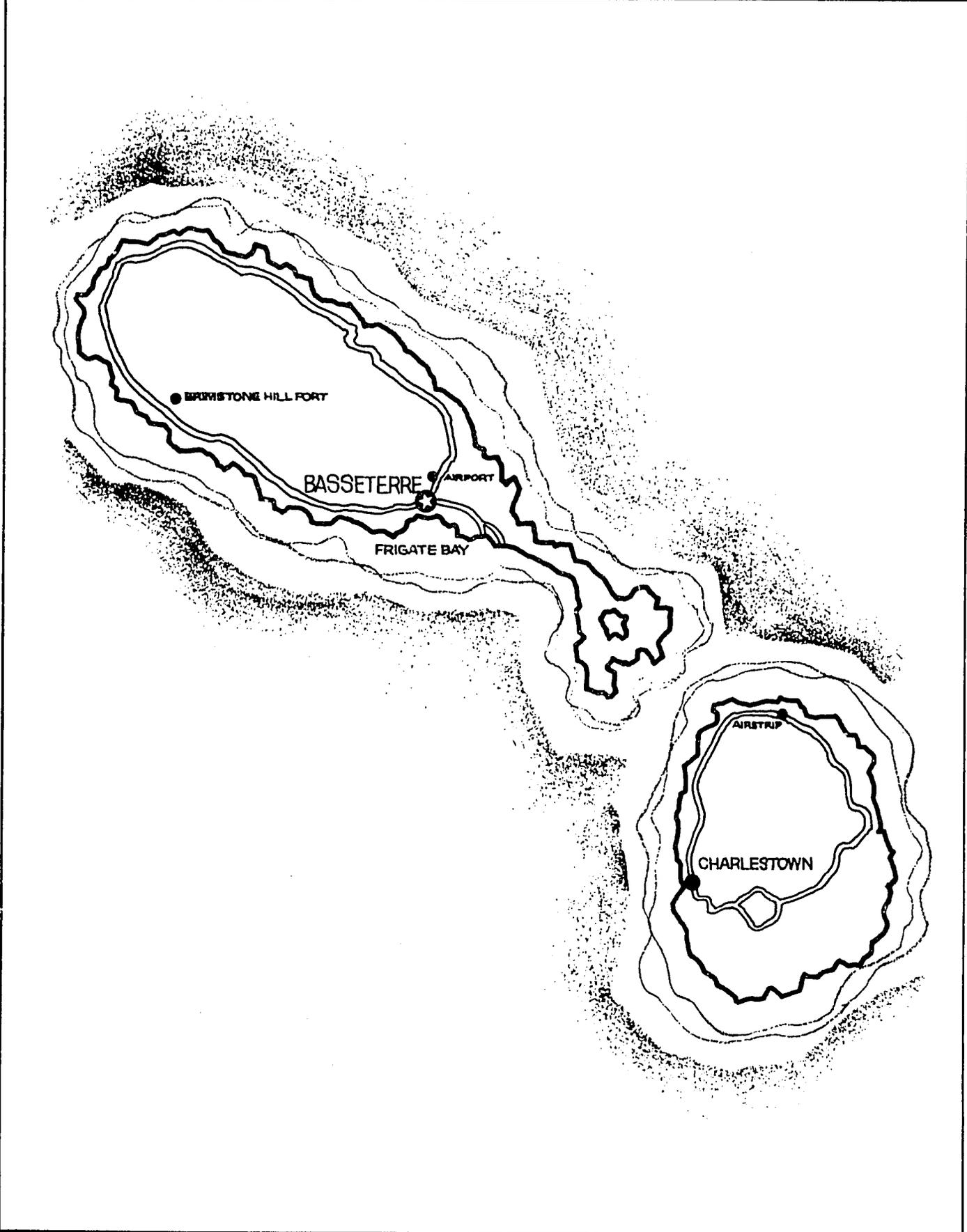
ST. KITTS - NEVIS

Summary Of Impressions: St. Kitts, in combination with the adjoining island, Nevis, make a happy holiday combination. Tourism in both islands is still in its infancy (even more so in St. Kitts than Nevis). On St. Kitts, we were impressed by the friendliness of the people and the cleanliness of the streets; but the big tourist attraction is Brimstone Hill. The combination of the imposing hill and its impressive fortress atop would have tremendous pulling power for tourists, and if properly developed, could serve as a needed stopoff point on a round-the-island tour.

The islands have fair to good beaches, very good climate, and not much to do. Nevis is an unspoiled vacation area that reportedly does more tourism than St. Kitts, Charlestown (on Nevis) is quaint and offers some sightseeing, for example, in Alexander Hamilton's birthplace. Both islands are limited in hotel rooms (around 170 rooms of all kinds), whose construction has lagged. However, there are signs that new resort projects may be developed in the near

SAINT KITTS AND NEVIS

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future. Some tourists fly down to St. Kitts from Puerto Rico, but a good deal of traffic comes over from Antigua, by air.

As in the case of the other islands, St. Kitts - Nevis has no real tourism development program, as yet, and its tourist board has the next to lowest budget in the region.

Summary Of Tourism Data: ^{4/}

(Money figures are in
E. C. dollars.)

1967, number of tourists	6-7, 000
Average length of stay	7 days
Average expenditure per day	\$40-\$50
Estimated gross expenditures	\$2.0 million
1967, estimated impact of tourist spending	\$4.7 million
Estimated tax revenues generated	\$700, 000
Estimated wages generated	\$1.0 million

Comment: The economic impact of tourist expenditures is equal to about 25 percent of national income. Per capita economic impact per year: \$86 E. C.

Tax revenues generated by the impact of tourist spending amount to about 16 percent of total tax revenues.

What this means is though tourism may be still in its "infancy" here, it is of some economic importance already.

1972 forecast, number of tourists	22,000
Average length of stay	6 days
Average expenditure per day	\$60
Estimated gross expenditures	\$7.9 million
1972, estimated impact of tourist spending	\$19.0 million
Estimated tax revenues generated	\$2.9 million
Estimated wages generated	\$4.6 million

Comment: These forecasts may be on the conservative side. For example, substantial plans for the Frigate Bay area reportedly involve some 1,150 new rooms, plus other facilities. Such a development, of course, if it comes into being before 1972 would throw these forecasts into a cocked hat.

Meanwhile, the forecasts themselves (conservative though they may be) would generate enough new tax revenues from tourist expenditures to wipe out the annual government deficit. And per capita impact of tourist spending would increase to about \$345.

1977, forecast numbers of tourists	49,000
Average length of stay	5 days
Average expenditure per day	\$70
Estimated gross expenditures	\$17.2 million
Impact of tourist expenditures (wages, taxes, income) would be proportionately larger by 1977.	
1972, additional hotel rooms needed (over and above present rooms)	180
1977, additional hotel rooms needed (over and above the 1972 number of rooms needed)	200
1972, estimated capital required for new hotel rooms	\$5.4 million
Estimated required infra- structure	\$1.1 million
1977, estimated capital required for new hotel rooms (over and above the 1972 requirements)	\$6.0 million
Estimated required infra- structure	\$1.2 million

Comment: Financial requirements
for hotels and infra-
structure, combined, by 1972: \$6.5
million. By 1977: an additional
\$7.2 million.

Additional Recommendations: These are selected recommendations for St. Kitts and Nevis to which we would like to pay particular attention here. They are by no means complete, however. Sections Seven and Eight of this report contain a substantial number of recommendations for a two-year action program, and also for the longer-term; and most of those recommendations apply to these two islands.

Here are additional recommendations:

No. 1 - The tourist board needs to be strengthened and refinanced. This is discussed in Section Six of this report, but a minimum budget for the board is \$200,000 a year. On the basis of a reasonable benefit-cost ratio (tax revenues generated by tourist spending versus tourist board budget), the government can already afford a budget of \$118,000 a year, and is currently spending only about 15 percent of that amount.

On the basis of our forecasts, by 1972, the government could afford \$483,000.

No. 2 - Nevis, at present, has only a small airstrip that accommodates a 19-passenger De Havilland. Reportedly, even if the strip were extended to the maximum of 2,600 feet, it would still be too short for feeder service to the other islands

(e. g., for the Avro 748). Probably, therefore, the air strip will have to be relocated. Allowing a per lineal foot cost of \$1,000 to \$1,200 (U. S.), including land acquisition and construction of a main runway and parallel taxi runway (but excluding a terminal), the cost would run between \$3.6 million and \$4.3 million.

Concurrent with an improved airport must be an improved ferry service between the two islands. The ferry that now runs between Basseterre and Charlestown and back (daily) has to be upgraded. A modern, spacious ferry (with increased capacity) could convert the present one-hour ride into a tourist attraction.

As for infrastructure generally, the scattered and sparse population of the islands makes infrastructure an expensive proposition in relation to the number of people served. On Nevis, roads require attention; some main and secondary roads need widening, straightening, and resurfacing in anticipation of heavier traffic. We found the road around St. Kitts quite good.

- No. 3- Brimstone Hill can be a major tourist attraction in the Eastern Caribbean not so much because of its historical importance (although that is certainly interesting) but because it is big, and it is high, and it is spectacular. Its potentials could be increased by the introduction of "son-et-lumiere," making it possible at a reasonable price to put on historic productions of the kind now put on at English Harbour in Antigua. The physical setting for such a production at Brimstone Hill is magnificent, and could become the most important attraction on the island.

A cable lift would not only provide easier access to the top, but would provide a sensational ride up the 700-foot ascent. (Probably a restaurant is needed on the Hill; facilities in this department are quite limited in Basseterre.)

- No. 4 - One possibility of perking up the ride around St. Kitts island is to include in the island tour an opportunity to take a ride on the sugar cars. The sugar cars could be made attractive (covered but open at the sides) would provide a refreshing "break" from the usual island tour. The ride on the cars could be between intermediate points of interest, where tourists could then continue their ride by taxi or bus. (The tour should probably also include a stop at a sugar processing plant.) There is a question about whether such sugar car tours could be made during the sugar season. If tourist traffic would obstruct the movement of sugar, perhaps a parallel line could be built along the present one. In any case, there should be no problem between August and January when the train reportedly remains idle.

Perhaps a two-phase project could be designed, with the first phase consisting of simply providing new (or spruced up cars) for use on the present tract; the second phase might consist of providing additional track, as needed.

- No. 5 - With respect to the location of new hotel or resort rooms, we suggest that officials of the two islands agree jointly on areas to be reserved on each island for future tourism development. Prospective investors can then be invited to develop any of these areas. However, we believe

it would be a mistake, at least in the early stage of tourism development, to restrict the choice of investors to specific sites or to specific islands. Government policy probably should be one of offering recommendations. A policy of narrowly limiting an investor's selection would very likely be counterproductive.

MONTSERRAT

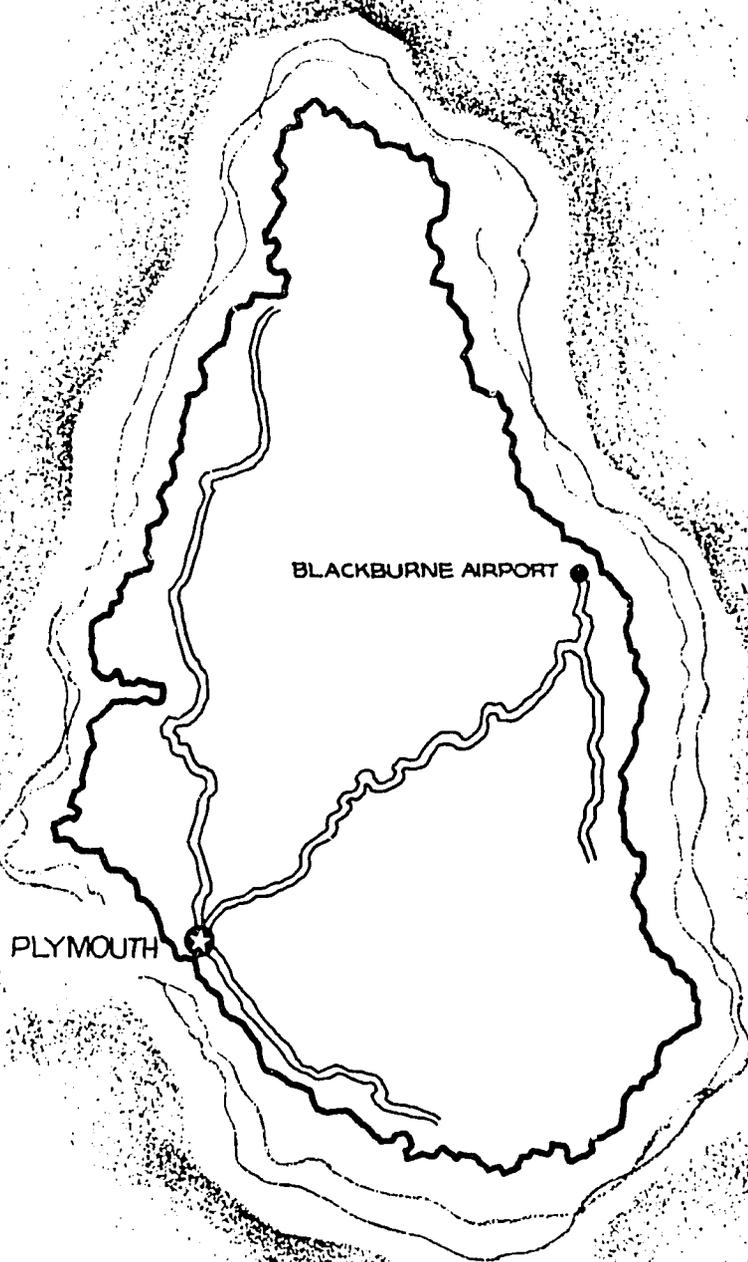
Summary Of Impressions: Montserrat is unique in several ways. First, it stands to gain the most from tourism, per person, because it has the smallest population of the eight islands; consequently, the economic impact of tourist spending is likely to be greater on a per capita basis. Second, it is already beginning to develop tourism through the route of real estate development, and the sale of home plots, principally to U.S. and Canadian citizens. ^{5/}

The island itself (the smallest of those in this survey) is mountainous, tropical, and attractive. It has very good weather, moderately good beaches, and an easy going "ambiance" that is certain to appeal to tourists, and also to people who seek a quiet and inexpensive, yet appealing place to retire.

There is no tourism development program, as yet, and the tourist board is woefully underfinanced.

MONTSERRAT

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Summary Of Tourism Data: 4/

(Money figures are in
E. C. dollars.)

1967, number of tourists	5,000-6,000
Average length of stay	7 days
Average expenditure per day	\$40
Estimated gross expenditures	\$1.5 million
1967, estimated impact of tourist spending	\$3.5 million
Estimated tax revenues generated	\$530,000
Estimated wages generated	\$780,000

Comment: The island has the fewest number of tourists. (It also has the fewest hotel rooms: about 75, of which 65 have a private bath, plus access to beach or pool, and none that are air-conditioned; source: Caribbean Travel Association.)

Even though tourism is small (by any standards), the impact of tourist spending is equal to more than half of the island's national income. On a per capita basis, it amounts to \$244. Also, the economic effect of tourist spending generates tax revenues that amount to 34 percent of the island's total tax revenues.

1972 forecast, number of tourists	18,000
Average length of stay	6 days
Average expenditure per day	\$60
Estimate gross expenditures	\$6.5 million
1972, estimated impact of tourist spending	\$15.6 million
Estimated tax revenues generated	\$2.3 million
Estimated wages generated	\$3.7 million

Comment: This forecast of tourist numbers could easily be exceeded if the island launches a dynamic tourism development program. Even on a relatively conservative basis, however, Montserrat could get real economic impact from tourism by 1972. For example, it works out to over \$1,000 on a per capita basis. The substantial increase in income (particularly because of the small population) can be expected to cause adjustment problems.

But the financing of the steps that must be taken to cope with these problems is possible because the increased tax revenues generated by 1972 (from tourism spending) will eliminate the government deficit (at least the 1967 government deficit) and allow over \$1.0 million E. C. to finance tourism development.

Forecasts for 1977 show even further increases in the economic impact of tourism.

1977 forecast, number of tourists	40,000
Average length of stay	5 days
Average expenditure per day	\$70
Estimated gross expenditures	\$14.0 million
1972, additional hotel rooms needed (over and above present rooms)	205
1977, additional hotel rooms needed (over and above the 1972 number of rooms)	130
1972, estimated capital required for new hotel rooms	\$6.2 million
Estimated infrastructure needed	\$1.2 million
1977, estimated capital required for new hotel rooms (over and above the 1972 requirements)	\$3.9 million
Estimated required infra- structure	\$0.8 million

Comment: By 1977, the impact of tourist spending on Montserrat would be about \$2,500 on a per capita basis. Tax revenues on the economic activity caused by tourist spending would be about \$5.5 million, or about three times more than current tax revenues combined.

Financial requirements for hotels and infrastructure combined, by 1972: \$7.4 million. By 1977: an additional \$4.7 million.

Additional Recommendations: These recommendations are not all-inclusive for Montserrat. Sections Seven and Eight of this report discuss short-term and long-term recommendations, most of which apply to this island.

The following are additional recommendations:

No. 1 - Section Six of this report analyzes budget requirements of the tourist boards, which, as a minimum should be \$200,000 a year. Based on accepted benefit-cost ratios followed by other areas with successful tourism development programs, the government of Montserrat could already afford to spend \$89,000 a year on its tourist board programs, but it's currently spending only about 23 percent of that amount.

Our forecast suggest, however, that by 1972, the island could afford a budget for its tourist board of roughly \$383,000. In brief, the Montserrat Tourist Board needs strengthening and refinancing, and there is a financial rationale for doing so.

No. 2 - Some hoteliers claim that they must pay excessively for water and power. In any case, the strain on the island's infrastructure by increased tourism (with tourist numbers equalling the population by 1972, and substantially exceeding it by 1977), ^{6/} will be severe. Accordingly, we recommend a review of development plans with respect to required roads, power, water,

and telephone. Probably, the tourism component of expansion of these services would not exceed about \$2.0 million, although this may be a conservative estimate.

See Sections Five and Six for a further discussion of infrastructure.

- No. 3 - The impact of tourism on this small island will require a vastly stepped up training program; see Sections Seven and Eight for suggestions.

A new air terminal will be needed (is already needed), but we doubt the wisdom of trying to build a new international runway capable of handling large jets. Part of the charm of the island is that it is somewhat "off the route." And Montserrat can get all the tourist it can handle without such an airport.

Another area in which steps must be taken, however, is zoning and controls. Plymouth is a town with considerable interest to tourists, and has atmosphere. However, there are already signs of a lack of a central plan or direction in the town, and indications are that the impact of tourism will quite probably cause the deterioration of these assets unless protective steps are taken to preserve and enhance the town's assets.

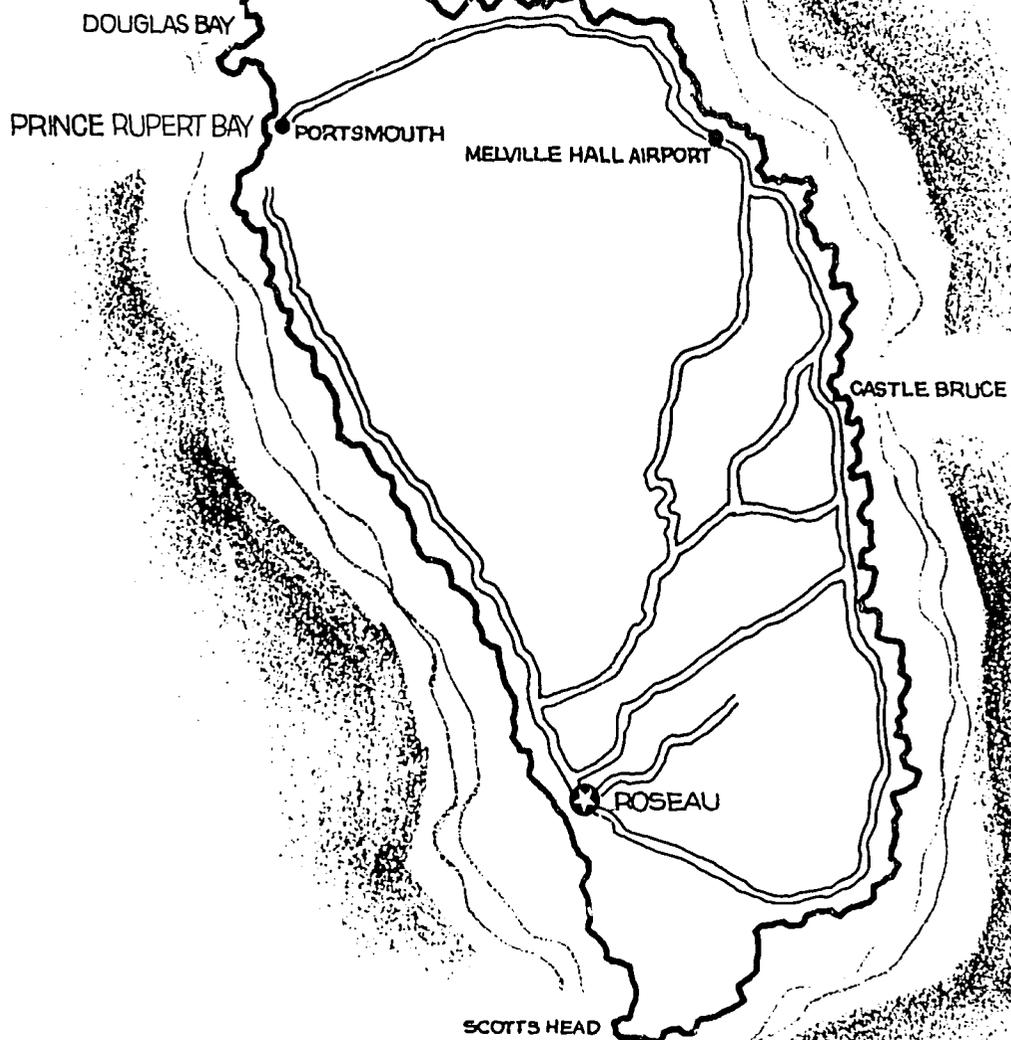
DOMINICA

Summary Of Impressions: None of the eight islands is the same, and Dominica is certainly "different" from the others. It offers a wild, mountainous topography, apparently endless rain forests, dense and interesting vegetation, hundreds of streams, hot and cold springs, and an unspoiled atmosphere. Scenery is its big "plus," and it is scenery that's unusual and unique, and around which tourism could certainly be built. The people are friendly, and the island abounds with unusual and sometime exotic foods (not yet readily available to tourists) including dasheen, guava, tannia, crapoud or "mountain chicken," fresh-water crayfish, shrimp and lobster, citrus fruit of almost every type, and, of course, coconuts, avocado, papaya, plantain and others.

On the other hand, the island has not really yet made up its mind whether it wants tourism or not, in our opinion. There is no tourism policy. Dominica has the fewest number of tourist days and the lowest level of tourist expenditures of all eight islands; it has the fewest hotel rooms, the worst roads, and the most under-financed tourist board.

DOMINICA

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Summary Of Tourism Data: 4/

(Money figures are in
E. C. dollars.)

1967, number of tourists	7,000
Average length of stay	3-4 days
Average expenditure per day	\$50
Estimated gross expenditures	\$1.2 million
1967, estimated impact of tourist spending	\$2.8 million
Estimated tax revenues generated	\$420,000
Estimated wages generated	\$620,000

Comment: These data simply mean that tourism is practically non-existent on the island as yet. (At least, not compared with some of the other islands). The impact of tourist spending per capita is only about \$40. On the other hand, per capita income is so low (about \$300) that the economic effects of tourism - small though they may be - are salutary.

1972 forecast, number of tourists	23,000
Average length of stay	4 days
Average expenditure per day	\$60
Estimated gross expenditures	\$5.5 million

1972, estimated impact of tourist spending	\$13.2 million
Estimated tax revenues generated	\$2.0 million
Estimated wages generated	\$3.2 million

Comment: This forecast could be very much on the low side if the island were able to launch successfully a major resort project of the dimensions discussed for the Sunday Island Port Authority (the area north of Portsmouth on the Caribbean side). On the other hand, we encountered little convincing evidence that officials are dedicated to making a breakthrough in tourism.

If the island attains the levels forecast here by 1972, it will increase the economic impact of tourist spending to about \$190 per capita (up from \$40 in 1967). It will also have increased its tourist numbers, cumulatively 27-28 percent a year.

1977 forecast, number of tourists	52,000
Average length of stay	4-5 days
Average expenditure per day	\$70
Estimated gross expenditures	\$16.4 million

1972, additional hotel rooms needed (over and above present rooms)	170
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1977, additional hotel rooms needed (over and above the 1972 number of rooms)	250
1972, estimated capital required for new hotel rooms	\$5.1 million
Estimated infrastructure needed	\$1.0 million
1977, estimated capital required for new hotel rooms (over and above the 1972 requirements)	\$7.5 million
Estimated required infra- structure	\$1.5 million

Comment: Impact of tourist spending on per capita income by 1977 would increase to about \$600. And tax revenues on the economic activity generated by tourism would increase to \$6.4 million, or more than all tax revenues in 1967. Wages generated by tourist spending in 1977 would be about \$11 million.

Total financial requirements for hotels and infrastructure combined, by 1972: \$6.1 million. By 1977: an additional \$9.0 million.

Additional Recommendations: These are not all-inclusive recommendations, and this part of the report does not represent our full recommendations for Dominica. Almost all of the recommendations

included in Sections Seven and Eight apply to Dominica. The following are over and above those included in the aforementioned sections, and are included here to give special attention to them:

No. 1 - There is a sufficient range of problems affecting tourism on the island that we feel that the place to begin is for the highest political level of the government to issue a policy statement or directive supporting tourism as a priority matter, and pointing to its economic benefits as justification for its future development. Such a policy statement (widely circulated) would do a great deal to ease some of the other problems.

No. 2 - As in the case of the other islands, Dominica needs to reorganize, reconstitute, and refinance its tourist board. Details of our recommendations on this subject are included in Section Six, which points out that a minimum budget for a tourism development organization is \$200,000 a year.

If we apply a benefit-cost ratio that has worked elsewhere (ratio of taxes generated to tourist board budgets), Dominica would be giving its tourist board an annual budget of \$71,000. This is still far short of the "minimum," but about six times larger than its current budget.

By 1972, however, the island could afford a tourism development budget of \$333,000, more than enough to get its program rolling. (The fact is, of course, that it needs to get it rolling now, and in 1969 can afford to increase its

tourism budget to at least \$130,000 because of tax revenues that will be generated this year as the result of tourist spending.)

No. 3 - We have considerable question as to whether private investors can be induced to invest substantially in hotels or resorts without some clarification of conditions under which foreign capital can invest. We recommend that a review of the situation be made (for example, under the technical assistance operation discussed in Section Seven), and covering these points:

- What appears to be a complicated and protracted process of buying land; see procedure required under "Alien Landholding Act."
- Apprehension of investors (and potential investors) that they can be refused the annual renewal of their "Resident Permit," for example, for criticizing the government.
- The extent to which the 1968 "Seditious and Undesirable Publications Act" does, or will, diminish the attractiveness of real estate development and tourism investment opportunities.
- The effect on tourism investment of regulations that make it difficult to import needed skilled labor, plus the requirements surrounding such importation.

No. 4 - Infrastructure requirements between now and 1977 will amount to at least \$2.5 million in connection with hotel and resort development. (The island is blessed with a horrendous supply of water, around 250 inches a year, so water is no problem. Nor is it much of a detriment, in our opinion, since much of the rain occurs in the mountains, and often at night.)

However, these estimates do not include needed improvements to the road system, or to the airport. At present, it takes about an hour and a half of hair-raising driving to get from the airport to Roseau. The road does need widening, straightening, and resurfacing. And it also needs periodic "view" points cut out of the jungles so that the tourists can see the spectacular views. (The foliage is so dense that little can be seen, at present.)

If the road could be sufficiently improved to cut the trip to Roseau to about 45 minutes, this would be adequate as far as tourism is concerned. (The drive itself is a tourist attraction, but not the blind S-turns, the excessively narrow stretches, the incessant horn-blowing, and the instantaneous confrontations with banana trucks coming out of nowhere.) Probably, the money would be better spent in improving this road (and the costs would be a lot less) than in building a new airport.

The Melville Hall Airport, its adequacy or lack thereof, and its improvement or relocation, have all been under discussion for some time. Reportedly, the air strip cannot be lengthened, and the requirements for night flying allegedly cannot be met. In our view, there is no doubt that the island would benefit if safe night flying were possible. If this cannot be done at the

current airport, an alternative airport location might have to be selected. But we don't feel that (as far as tourism is concerned) the island needs an airport to accommodate jumbo jets. It does, however, need a shuttle service to Antigua and Barbados, preferably one that can land at night.

Again, on the subject of roads, it was not possible while we were on the island (October, 1968) to drive from Roseau to Portsmouth since the road there had not been completed. We have no doubt that the Portsmouth area will have to be opened up for tourism development. And improvement of the road between Roseau and Portsmouth, and from Portsmouth back down to the airport will help to make it possible to develop a much needed circular tour around the island.

- No. 5 - The recent development of "safaris" on the island is an encouraging development, and should be given fuller support by government and the tourist board, and promoted as widely as possible. Tourists need more things to see and do on the island, and short tours (or one day tours) have great potential.

We appreciate that cab drivers on the island may see the "safaris" as encroaching on their business, but the 4-wheel-drive jeeps and Land Rovers can get to points that cabs can't. Moreover, the promotion of the "safaris" in the tourism markets abroad will produce visitors who would probably not come otherwise; and these new tourists will use cabs to get to their hotels, and for many other purposes.

For its part, government should set about improving road access to the lakes, springs, and scenic sites of the island, many of which are almost inaccessible at present.

No. 6 - Dominica has beaches ranging from light brown fine grained sand to black, volcanic sand. There are resort potentials on the island, built around these beaches. Although there are few beaches currently in use, some of the best undeveloped stretches of beach are at Mero, about 11 miles north of Portsmouth; at Castle Bruce directly across the island on the Atlantic side; at Douglas Bay and Prince Rupert Bay. Until resorts in such areas as these do get developed, the main emphasis in tourism will center on Roseau. In turn, that means a short average length of stay.

The direction to take is probably a combination of tours (featuring scenery), and seaside resorts.

No. 7 - In effect, the island has no tourism promotional program yet. (Section Seven and Eight discuss various aspects of promotion.) And it has a special problem, in our opinion, in that it has no "image" at all in the tourism market. Tourists and potential tourists confuse the island with the Dominican Republic, and mispronounce the name, Dominica. Accordingly, a long-term promotional effort is needed to convey what the island has to offer, probably plus a slogan, logotype, and a great deal of word-of-mouth advertising.

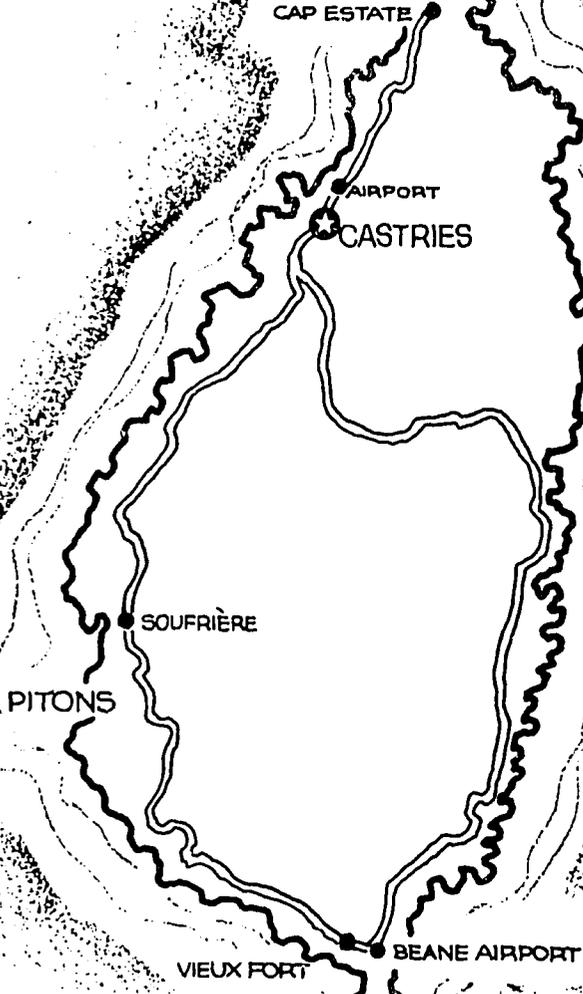
ST. LUCIA

Summary Of Impressions: This island and its capital city of Castries must be one of the most photographed in the Eastern Caribbean. To tourists, it offers first-class scenery, including majestic volcanic mountains that rise right out of the water (The Pitons), a walk-in live crater at Soufriere, lush forests, and beautiful bays. St. Lucia has very good and extensive beaches, and a good climate. And it also has two international airports, one which is two miles from Castries, and a second major airport at the southern extremity of the island currently being increased in size to handle large jets. This combination of assets augurs well for future tourism built around resorts and sightseeing.

So far as we could determine, however, the island has no financial plan, nor a physical development plan for tourism. The attitude toward tourists and tourism is good, but the tourist board is greatly underfinanced and needs reconstituting.

SAINT LUCIA

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Summary Of Tourism Data: 4/
 (Money figures are in
 E. C. dollars.)

1967, number of tourists	16,000
Average length of stay	5 days
Average expenditure per day	\$34
Estimated gross expenditures	\$2.7 million
1967, estimated impact of tourist spending	\$6.3 million
Estimated tax revenues generated	\$940,000
Estimated wages generated	\$1.4 million

Comment: These data mean that in spite of the island's tourism assets, tourism as a business has hardly begun. And the impact of tourist spending, per capita is only about \$55.

1972 forecast, number of tourists	53,000
Average length of stay	4 days
Average expenditure per day	\$55
Estimated gross expenditures	\$11.7 million
1972, estimated impact of tourist spending	\$28.1 million

Estimated tax revenues generated	\$4.2 million
Estimated wages generated	\$6.7 million

Comment: This forecast represents a very substantial increase in tourist numbers by 1972, and a cumulative growth rate per year of around 27 percent. As an indication that the forecast may be low is the fact that about a thousand new hotel rooms are reportedly in various stages of planning. ^{7/} We have allowed here for the possibility that some of these new rooms may not be in actual operation by 1972, either because of the difference between reported planning and actual construction, or because of the lead time needed to get a hotel or resort into actual operation.

On the other hand, if these one thousand additional rooms do become available, the island could expand its tourism business substantially beyond this 1972 forecast, provided it can also move ahead along the lines of the recommendations made in Sections Seven and Eight of this report.

If St. Lucia does attain by 1972 the level forecast by us, it will increase the per capita economic impact of tourist spending to about \$250 (almost \$200 over the 1967 level).

1977 forecast, number of tourists	119,000
Average length of stay	3-4 days
Average expenditure per day	\$70

Estimated gross expenditures	\$29.2 million
1972, additional hotel rooms needed (over and above present rooms)	290
1977, additional hotel rooms needed (over and above the 1972 number of rooms)	390
1972, estimated capital required for new hotel rooms	\$8.7 million
Estimated infrastructure needed	\$1.7 million
1977, estimated capital required for new hotel rooms (over and above the 1972 requirements)	\$11.7 million
Estimated required infra- structure	\$2.3 million

Comment: If the island can reach the level forecast for 1977, it will (by that year) generate tax revenues of about \$11.4 million, about 22 times the modest government surplus in 1967. It will also generate almost \$20 million in wages and produce an impact on per capita income of about \$670. These economic benefits, of course, will require substantial adjustments in the economy. If the forecast is exceeded (for example, by additional room construction), the adjustments needed will be more serious.

Total financial requirements for hotels and infrastructure combined, by 1972: \$10.4 million. By 1977: an additional \$14.0 million.

Additional Recommendations: The following is only a partial list of the recommendations for St. Lucia, those to which we would like to pay special attention here. The balance can be found in Sections Seven and Eight of this report, which include most of our short-term and long-term recommendations.

- No. 1 - The tourist board cannot help to cope with the forecast level of tourism unless and until it is reconstituted and refinanced; see "National Tourism Development Programs" in Section Six, "Support By The Islands" in Section Seven, and "Expand The Functions Of Tourist Boards" in Section Eight.

A minimum budget for a tourist board in this region is \$200,000. On the basis of an effective benefit-cost ratio proved successful elsewhere, St. Lucia should have been getting about \$156,000 for its tourist board back in 1967, and more than \$200,000 right now. By 1972, the island should be allocating \$700,000 a year for its tourist board operations.

- No. 2 - Some of the functions that a reconstituted tourist board should undertake are discussed in Section Six. To these should be added the preparation of a development plan based on two principal tourism centers on the island: one at Castries (and the resort area north of the capital running up to Cap Estate), and the other at Vieux Fort. We are talking about a phased physical plan here, one that would include recommended zoning, set-asides,

and controls, centered on the two tourism centers plus sightseeing tours developed between and around the centers.

- No. 3 - Another function that a reconstituted board might help to undertake is that of developing a financial plan for tourism, in support of a physical plan. Here, should be included a delineation (or review) of infrastructure requirements, including existing road development programs, plus such improvements as tourism may require in the future. We doubt, incidentally, that the \$4.0 million for infrastructure by 1977 (see above) will cover road needs, or for that matter, a major development of sewer systems, or a major overhaul in the power system.

When cost estimates are completed and a financial shortfall (deficit) determined, it may then be possible to seek out sources of financing, an area discussed in Section Six.

Assistance in No. 2 and No. 3 above could be obtained if the technical assistance recommendations made in Section Seven are carried out.

- No. 4 - Special attention should be given to encouraging the development of first class restaurants (see "Other Tourist Facilities" in Section Six), marinas, and better shops. We note, with enthusiasm, that golf is already being developed on the island.

BARBADOS

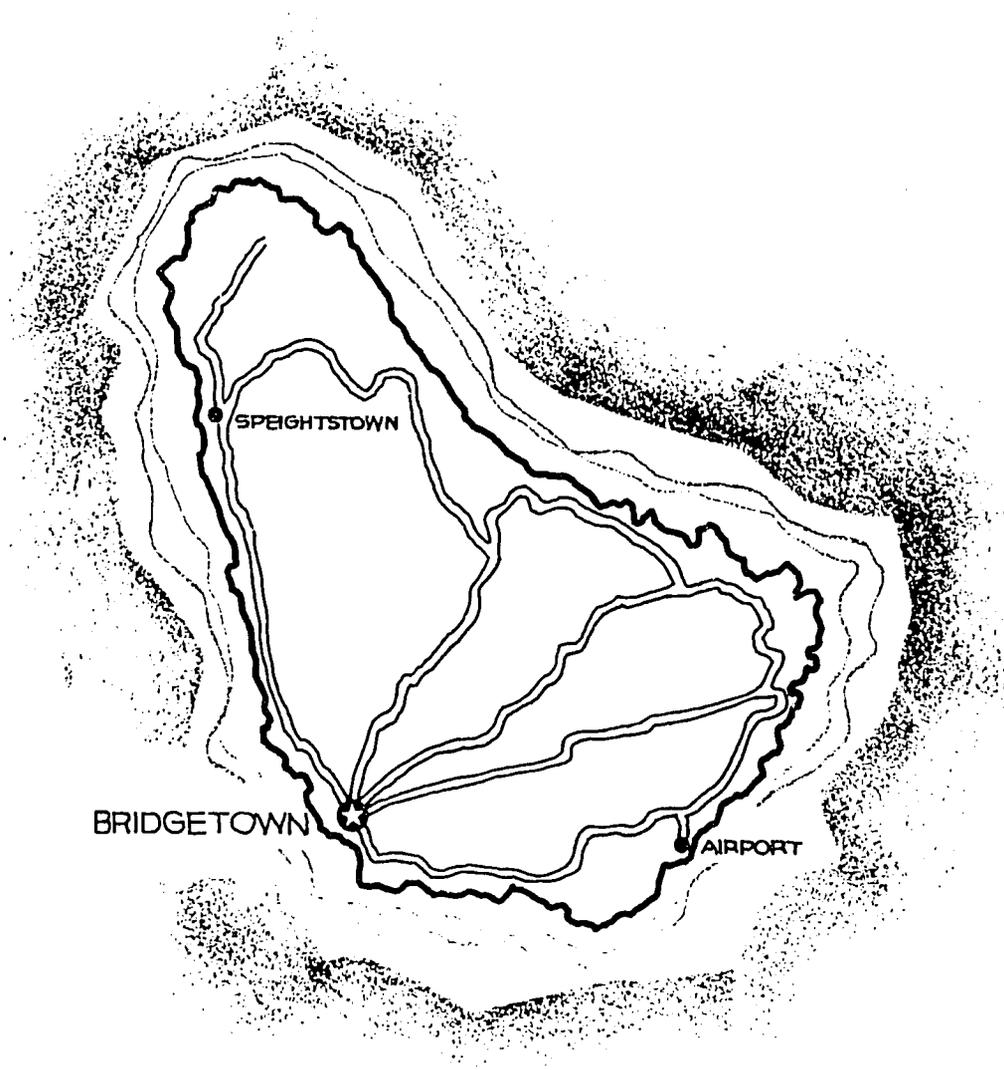
Summary Of Impressions: The island is well advanced and knowledgeable in the art of tourism promotion. It gets the most tourists, has the most hotel rooms, 8/ and the budget of its tourist board is almost three times as large as the other seven islands put together.

Barbados' tourism assets are formidable, and include good weather, 9/ very good beaches and plenty of them, and rolling hills in the north with beautiful views. The island has excellent plane connections including non-stop flights to New York and Toronto, London, Bermuda, and Caracas. Its roads are about the best we've seen in the region. 10/ And Barbados has a good attitude toward tourism as a business; and in our view, has developed the best "image" in the principal tourism markets.

Although Barbados has done a great job in selling itself in the tourism markets, it has not yet really begun to cope with the series of interrelated problems that affect tourism development, and that are discussed under "National Tourism

BARBADOS

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Development Programs" in Section Six of this report. This shows up in the budget of the Tourist Board which goes almost entirely for promotion, and for promotion only.

In the tourism business, "everybody has his problems, and Barbados has its." But the fact is that if there's any single island in the region that brings tourists in, it's Barbados. And in that sense, it's a linch pin in the development of tourism on a regional basis in the Eastern Caribbean. Leaders and officials in Barbados realize their position, and evidence a willingness to work with the other islands on the belief (and a correct one) that as far as tourism in the region is concerned, what helps one island helps them all. And, of course, vice versa.

Summary Of Tourism Data: ^{4/}
 (Money figures are in
 E. C. dollars.)

1967, number of tourists	91, 500
Average length of stay	9 days
Average expenditure per day	\$40
Estimated gross expenditures	\$32.9 million

1967, estimated impact of tourist spending	\$75.8 million
Estimated tax revenues generated	\$11.4 million
Estimated wages generated	\$16.7 million

Comment: The impact of tourist spending is already generating around 43 percent of the island's national income. On a per capita basis, the impact of tourist spending was about \$300.

Tax revenues generated by tourist spending amounted to better than 25 percent of total government revenues.

1972 forecast, number of tourists	250,000
Average length of stay	7 days
Average expenditure per day	\$60
Estimated gross expenditures	\$105 million
1972, estimated impact of tourist spending	\$252 million
Estimated tax revenues generated	\$37.8 million
Estimated wages generated	\$60.5 million

Comment: The above data mean that if Barbados reaches the tourism levels forecast here, by 1972, the economic

impact of tourist spending will rise to about \$1,000 on a per capita basis. And tax revenues generated by tourist spending will increase the modest government surplus 24 times. 11/

1977 forecast, number of tourists	500,000
Average length of stay	5 days
Average expenditure per day	\$70
Estimated gross expenditures	\$175 million
1972, additional hotel rooms needed (over and above present rooms)	1,810
1977, additional hotel rooms needed (over and above the 1972 number of rooms)	1,400
1972, estimated capital required for new hotel rooms	\$54.3 million
Estimated infrastructure needed	\$10.9 million
1977, estimated capital required for new hotel rooms (over and above the 1972 requirements)	\$42.0 million
Estimated required infra- structure	\$8.4 million

Comment: It may be that the 1972 estimates of new hotel rooms needed is overstated, depending on what base we start from. Tables No. 8 and

No. 9 in the text start with a base of 1,800 hotel rooms in Barbados in 1967. The above hotel requirements, therefore, are not strictly those over and above "present needs," but over and above the 1967 level. (See footnote 11 to this section of the report.)

The above shows that total financial requirements for hotels and infrastructure combined, by 1972 are about \$65 million. By 1977: an additional \$50 million.

If Barbados can reach the level forecast for 1977, it will generate about \$68 million in tax revenues (from the impact of tourist spending), and will also generate about \$118 million in wages. The impact on per capita income in 1977 would be about \$1,800, representing a tremendous boost in income.

Additional Recommendations: The following should not be viewed as representing our full recommendations for the island. Sections Seven and Eight of this report develop a series of recommendations, many of which apply to Barbados. These recommendations that follow are over and above those in the earlier sections:

No. 1 - We are impressed by the calibre of leadership of the Barbados Tourist Board, the fact that it is a statutory body, and that it has been able to launch such an effective promotion program.

But the fact remains that the Board now needs to broaden its field of operations to include those spelled out in Section Six of this report.

This taking on of additional functions will, of course, cost money. Compared with the other seven islands in this survey, Barbados has a generous budget for tourism. But in actuality, the Board is underfinanced particularly if it were to undertake additional responsibilities (which it must).

If we apply to Barbados a benefit-cost ratio that has worked elsewhere (see Section Six), it would have a budget of \$1,894,000; or more than twice its present budget. By 1972, Barbados could put over \$6 million a year into its Tourist Board, and still be way ahead financially.

So the financial rationale is there for enabling the Board to expand its sphere of operations. In Section Seven, we recommend for the region a series of technical assistance projects. If they are developed, the island could draw upon the technicians for guidance in expanding the functions of the Board. We think it particularly important that the Board do this, in large part because the island needs it. But also because Barbados can assume a leadership role in tourism development; and we doubt that it can do it if the Board itself doesn't expand its scope of work.

- No. 2 - The Board should become involved in developing a financial plan for tourism, and a physical development plan for the island (in the tourism field), including a full range of construction and operating costs of needed facilities and infrastructure. These materials could serve as a base for borrowing money on favorable terms,

for example, from the Inter-American Development Bank, of which the island is now a member.

- No. 3 - A series of steps might be taken to improve the handling of tourists after they arrive on the island:
- See what can be done to streamline the handling of tourists at the air terminal, perhaps by only spot-checking arriving luggage. The problem of delay is obviously going to accelerate as tourism increases.
 - Try to get air-conditioned minibuses introduced (with PA systems), and used to push tours outside of Bridgetown and around the island. Such tours need to be built up, improved, and promoted. The island is short on things to see, and to a lesser extent on things to do. Better tours would help, including one-day tours to other islands.
 - Work to get better controls over taxicabs, including qualifications to be a licensed cab driver. Cab meters should certainly be required even if special financing has to be arranged.
 - Certainly, there would be happier tourists if the island had more and better restaurants. Also, shopping is good, but could be expanded (and improved) along with the increase in tourism.
- No. 4 - The situation appears to be ripe for the development of more group and convention business. This could certainly include wider development and use of dual-purpose meeting rooms (see discussion of "convention facilities" in Section Six). Eventually, a convention center may prove

feasible (for example, near the bigger hotels) and future conditions may warrant it, but for the present, the hotels are spread out sufficiently to raise a problem about the practicality of such a center.

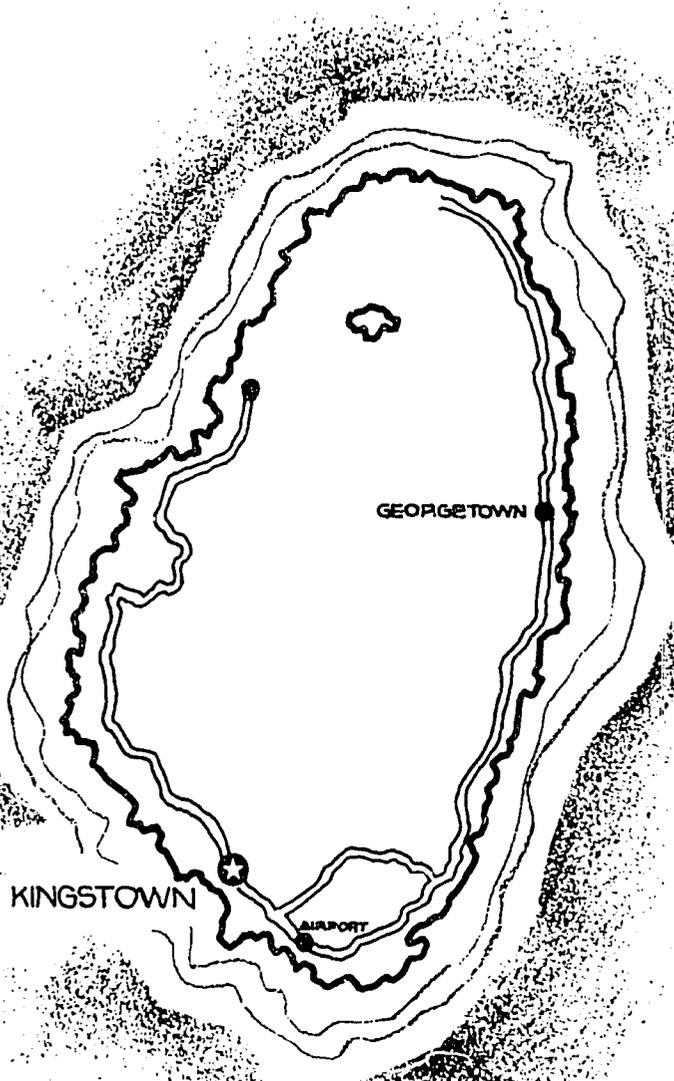
ST. VINCENT

Summary of Impressions: In our opinion, the major tourism asset of St. Vincent is its geographic position at the top of the Grenadine islands. These unspoiled islands are a true paradise for the yachtsman. There are more than 100 islands (including all the cays and islets) offering terrific white sand beaches, great swimming and fishing. Nine of these islands, including Bequia, are dependencies of St. Vincent, and offer tremendous tourism potential in the form of sailing and boating, plus resorts.

St. Vincent itself is an attractive, mountainous, volcanic island with good weather, an active tourist board, and a good attitude toward tourism as a business. However, its beaches are not in a class with some of the others in the region, and poor roads have held back development, although the scenery is interesting and sightseeing could be developed and improved. The island has only a limited number of rooms suitable for tourists. ^{12/} and a non-statutory tourist board that is greatly under-financed.

SAINT VINCENT

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Bequia (about two hours by boat from St. Vincent) has very good beaches, charm, and resort potentials, but as yet, has no roads or cars (only jeeps and Land Rovers), or phones. ^{3/}

Summary of Tourism Data: ^{4/}
(Money figures are in
E. C. dollars.)

1967, number of tourists	10,000
Average length of stay	4 - 5 days
Average expenditure per day	\$40 - \$50
Estimated gross expenditures	\$2.0 million
1967, estimated impact of tourist spending	\$4.7 million
Estimated tax revenues generated	\$700,000
Estimated wages generated	\$1.0 million

Comment: The above data mean that tourism on St. Vincent is at best in the incipient stage. Impact of tourist spending on a per capita basis is only about \$50, but considering how long per capita income is (about \$325), this is still a significant contribution.

1972, forecast, number of tourists	34,000
Average length of stay	4 days
Average expenditure per day	\$60
Estimated gross expenditures	\$8.2 million
1972, estimated impact of tourist spending	\$19.7 million
Estimated tax revenues generated	\$3.0 million
Estimated wages generated	\$4.7 million

Comment: By 1972, the per capita impact of tourist spending would increase to about \$218, an increase of about \$170 over 1967. The increase in tax revenues (over those generated by tourist spending in 1967) would be about \$2.3 million, enough to wipe out the government deficit (of 1967), and still have \$1.6 million to spare.

1977 forecast, number of tourists	76,000
Average length of stay	3 - 4 days
Average expenditure per day	\$70
Estimated gross expenditures	\$18.6 million
1972, additional hotel rooms needed (over and above present rooms)	250

1977, additional hotel rooms needed (over and above the 1972 number of rooms)	210
1972, estimated capital required for new hotel rooms	\$7.5 million
Estimated infrastructure needed	\$1.5 million
1977, estimated capital required for new hotel rooms (over and above the 1972 requirements)	\$6.3 million
Estimated required infrastructure	\$1.3 million

Comment: If St. Vincent can attain the level forecast for 1972, the money spent by tourists will generate about \$7.3 million in tax revenues. This is an increase of about \$6.6 million over the 1967 level, and is about 50 percent more than total tax revenues for the island in 1967. By 1972, the impact of tourist expenditures, on a per capita basis, can be expected to rise to about \$538, representing a dramatic increase in income for the island.

Total financial requirements for hotels and infrastructure combined, by 1972: \$9.0 million. This may be a low estimate for infrastructure, considering Bequia's needs). By 1977: an additional \$7.6 million.

Additional Recommendations: These recommendations supplement those included in Sections Seven and Eight, the great bulk of which apply to St. Vincent. The following are included here because they merit special attention:

- No. 1 - St. Vincent should reconstitute its tourist board (see Section Six under "National Tourism Development Programs"; also see "Support By The Islands" in Section Seven, and "Expand The Functions of Tourist Boards" in Section Eight). And the Board should definitely be put on a statutory basis.

The Board also needs a major financial overhaul, and a minimum budget of \$200,000 a year to permit it to do what must be done. If we apply a benefit-cost ratio that has worked successfully in the tourism field elsewhere (ratio of taxes generated to tourist board budgets), St. Vincent would have given its Tourist Board a budget of \$117,000 in 1967, and at least \$200,000 this year (1969). By 1972, the island can afford a budget for its Tourist Board of \$500,000 (see Section Six). In addition to the functions recommended earlier for tourist board operations, the Board in St. Vincent should actively encourage the formation of a hotel association.

- No. 2 - We feel that the island's big hope in expanding its tourism business is by pushing the development of boating and yachting between St. Vincent and the Grenadines, and the other islands. The idea is to encourage better boat tours, linking St. Vincent not only with the Grenadines that

are dependencies on the island, but the others as well, and particularly with Grenada which is becoming a major yacht base.

As a matter of fact, the more that yachting (and here we are referring not to yachting by yacht owners, but yachting by tourists who rent a boat for part of a day or for weeks) is developed in the islands, the more St. Vincent will benefit. It needs, of course, to make itself more attractive to yachting-tourists. For example, it needs more and better restaurants and shops. It will have to build more marinas and servicing facilities.

- No. 3 - With respect to air transportation, the island will benefit from around-the-clock shuttle service to nearby islands, particularly to Barbados. But, from the point of view of tourism, we doubt that a new airport capable of handling jumbo jets is needed.

Consideration is being given to the need for an air strip on Bequia, capable of handling smaller 18-passenger Otter planes. In our view, the estimated investment needed (about \$1.0 million E.C.) could probably better be invested in tourism infrastructure on Bequia. Part of the charm of Bequia is in its "inaccessibility" although the boat service could be improved.

- No. 4 - As for St. Vincent itself, it will have to develop first-class accommodations in the form of resorts, reasonably accessible to Kingstown and the airport. It could be helped by the development of around-the-island tours, plus the facilities already mentioned (marinas, shops, restaurants) and golf.

GRENADA

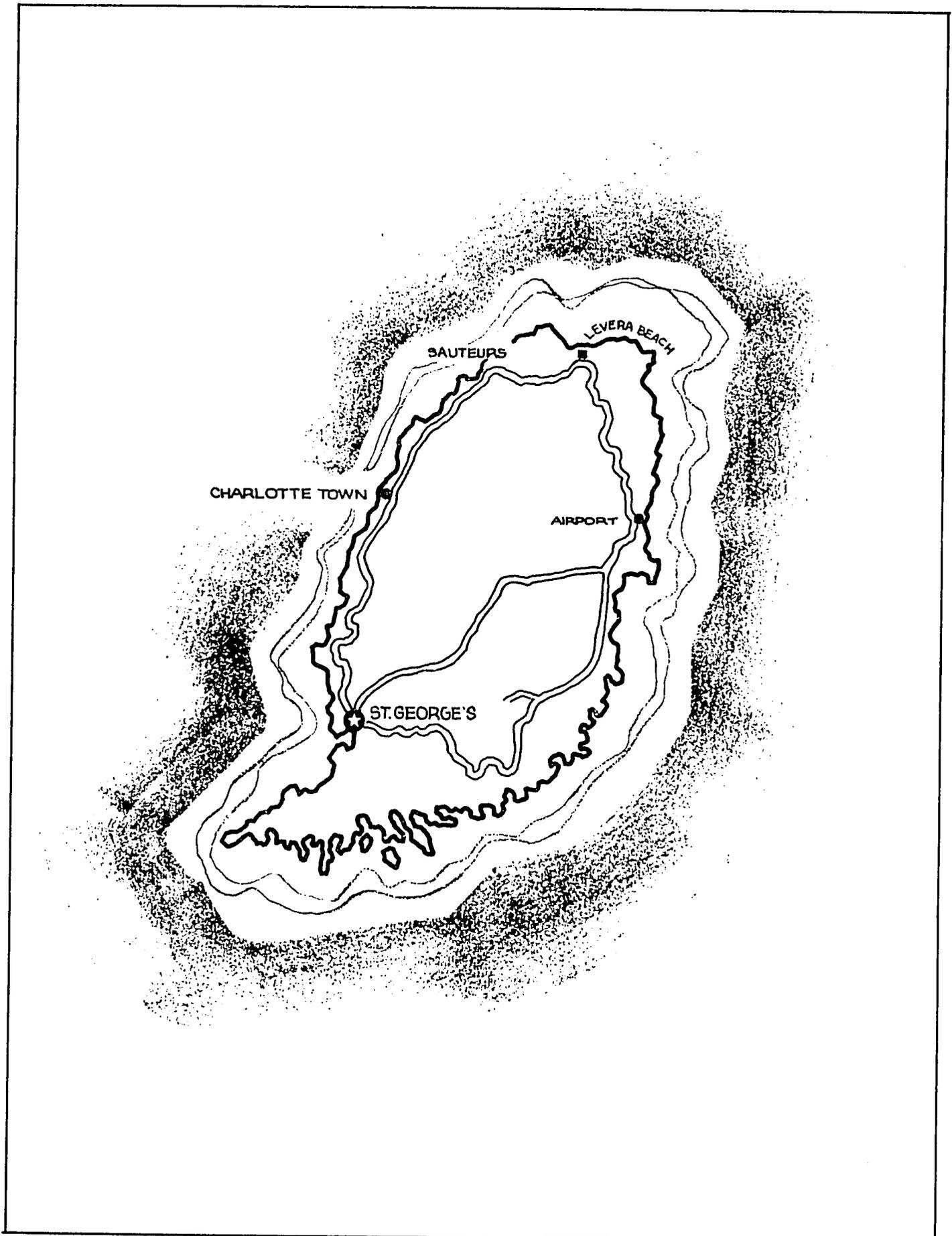
Summary of Impressions: This is a charming island with great tourism potentials. St.

George's is probably the most attractive town in the Eastern Caribbean, with very strong appeal to tourists. The island has very good beaches (including some with both sand beaches and surf, a rare combination in the Caribbean), a good climate, and as interesting and varied scenery as the best in the islands. Some of Grenada's other tourism assets include a good attitude toward tourism as a business, increasing real estate development and sales (particularly in the southwest part of the island), and an active hotel construction program involving roughly 300 new rooms by 1971. And to top it off, the island is the southern anchor of the chain of Grenadine islands ideal for boating, swimming, and fishing; and are generally regarded as the yachtsman's dream.

However, if the island is to develop its tourism potentials, it will have to solve a series of interrelated problems. In effect, it has no tourism development program; its tourist board is very greatly underfinanced and needs professional

GRENADA

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help; it has road and airport troubles; and needs to develop techniques and facilities for handling tourists better. On balance though, the outlook for tourism on Grenada is a rosy one if the island can get going in solving its problems.

Summary of Tourism Data: ^{4/}

(Money figures are in
E. C. dollars.)

1967, number of tourists	20,000
Average length of stay	5 days
Average expenditure per day	\$50
Estimated gross expenditures	\$5.0 million
1967, estimated impact of tourist spending	\$11.5 million
Estimated tax revenues generated	\$1.7 million
Estimated wages generated	\$2.5 million

Comment: The above suggests that although tourism is not yet big business on the island, the impact of tourist spending, per capita, amounts to \$109, an amount that is important when per capita income is only \$362. Also, the tax revenues generated by the effects of tourist spending are just about equal to the annual government deficit.

1972	forecast, number of tourists	67,000
	Average length of stay	4 days
	Average expenditure per day	\$60
	Estimated gross expenditures	\$16.1 million
1972,	estimated impact of tourist spending	\$38.6 million
	Estimated tax revenues generated	\$5.8 million
	Estimated wages generated	\$9.3 million

Comment: The above forecast represents an annual average (cumulative) growth rate in tourist numbers of almost 28 percent. If the island can attain these increases shown above, it can raise the per capita impact of tourist spending to about \$367 (up from \$109 in 1967). Tax revenues generated by tourist expenditures in 1972 would represent an increase of \$3.6 million over 1967, and would wipe out the annual government deficit (at the 1967 level), and leave a surplus of about \$1.7 million.

1977	forecast, number of tourists	150,000
	Average length of stay	4 days
	Average expenditure per day	\$70
	Estimated gross expenditures	\$42.0 million

1972,	additional hotel rooms needed (over and above present rooms)	390
1977,	additional hotel rooms needed (over and above the 1972 number of rooms)	610
1972,	estimated capital required for new hotel rooms	\$11.7 million
	Estimated infrastructure needed	\$2.3 million
1977,	estimated capital required for new hotel rooms (over and above the 1972 requirements)	\$18.3 million
	Estimated required infras- tructure	\$3.7 million

Comment: The level of tourism fore-
cast for 1977 would generate
tax revenues more than twice as large as
all the tax revenues in 1967. The impact
of tourism spending would generate about
\$28 million in wages, an increase of more
than \$25 million over 1967. And the econo-
mic impact of tourism, on a per capita
basis, would be over \$1,000.

Total financial requirements for hotels
and infrastructure combined, by 1972:
\$14.0 million. ^{14/} By 1977: an additional
\$22.0 million.

Additional Recommendations: The following recommendations are not all-inclusive for Grenada. Sections Seven and Eight include short-term and long-term recommendations, most of which apply to Grenada. The following are supplementary to those already made in these earlier sections:

- No. 1 - The island's Tourist Board has a budget only about a fourth as large as a "minimum" budget needed to start doing the job that must be done. (See Section Six under "National Tourism Development Programs".) The Board needs to be reconstituted and refinanced. (See also "Support By The Islands" in Section Seven, and "Expand The Functions Of Tourist Boards" in Section Eight.)

If a benefit-cost ratio that has been successfully used in tourism development elsewhere (ratio of taxes generated to tourist board budgets) is applied to Grenada, the tourist board would have had a budget of \$288,000 in 1968. In fact, its budget was less than 20 percent of that amount.

By 1972, the island can afford a tourist board budget of \$967,000; see Section Six of this report. If the Board is to undertake the additional functions described in Section Eight, it will have to have these additional funds. It will also have to be able to draw upon professional help and guidance of the type proposed in the technical assistance discussions in Section Seven.

- No. 2 - Grenada needs a physical plan for the development of tourism, including zoning and controls

to help offset the deteriorating influences that usually accompany uncontrolled tourism. For example, St. George's now has such charm that it's a shame to let it be spoiled by the indiscriminate posting of commercial signs, across-the-street banners, and advertising. (Incidentally, this is one of the indications of lack of controls, and is usually a warning of things to come.)

Another example is the lack of a set-aside system for tourism, that is, allocating important areas (historical, scenic, etc.) for tourism development. The great view at Sauteurs, for example, (in some ways the best in the island) is marred by the construction of a new school which surely could have been put in another spot with less historic and scenic qualities. ^{15/}

It seems to us that the development of such a physical plan should be one of the early chores of the reconstituted Tourist Board.

- No. 3 - Yachting around the island and between the islands needs to be encouraged at every opportunity. Reportedly, there are already about 35 yachts now based in St. George's. Roughly 80 percent of their purchases for each cruise are bought in St. George's; and the tourists who use the yachts typically spent several nights on the island.

Yacht rentals is a growing business, and is tied in with travel agents and yacht brokers, most of whom work on the higher income tourists (an important segment of the North American travel market). Expenditures of such tourists for supplies and services go mainly to Grenada because of its yacht repairing and servicing facilities; and these expenditures can be important because they cover costs for, say, two weeks needed to go from Grenada to Martinique, or three weeks

to Antigua. Reportedly, at least 80 percent of such expenditures are made in St. George's.

The Tourist Board ought to help promote yachting (it has a promotional value of its own), and otherwise assist its expansion by cooperating with other islands and particularly with St. Vincent. Air-sea tours through the Grenadines would appeal to some tourists, particularly if aggressively promoted. And around-the-island sea tours would help get around the problem of the inadequate roads.

- No. 4 - Road tours around the island could become an important part of tourism, but as yet they have no focal point. Under different conditions (see footnote 15), a restaurant or perhaps a resort development on the heights of Sauteurs might have been developed, and still might be.

The spice mill at Charlotte Town is an interesting stop-off point; but a north coast development is needed, if not at Sauteurs, then possibly in the Lavera Beach area. Probably the latter would require a relocation (or certainly an improvement) of the road, and certainly seems to have great potential for resort development.

Improved "handling" of tourists requires not only better tours, but additional things to do. Restaurants are certainly needed in the St. George's area, and so is a center for better-type shops. And a tourist information center would be a boon.

- No. 5 - Infrastructure estimates included earlier (about \$6.0 million E. C. by 1977) won't cover the costs of an island-wide road improvement program. But as tourism increases, the roads will have to be widened and straightened (although not into

anything approaching a super-highway which would probably have a negative effect on tourism.

There is considerable discussion on the island about relocating the airport from its present site. If this were done to permit night flying, it would be a real help to tourism, but probably not a decisive one. And the capital required might better be used in other ways, for example, on road improvement and other forms of infrastructure that will have to be overhauled as tourist numbers mount.

If the proposal to relocate the airport is to permit jumbo jets to land, we don't feel that tourism should be used as the reason. Fast shuttle service to Port of Spain, Barbados, and the other islands should be adequate, at least until Grenada has gotten a good grip on the tourism situation. But certainly, the existing air terminal needs to be replaced.

Footnotes To Section Nine

1. Total number of rooms are variously estimated at running between 750 and 870. Rooms with private bath and easy access to beach, or with pool: about 700. Rooms with private bath, easy access to beach (or with pool) and air conditioning: 409. Source: Caribbean Travel Association; also field work for this report, October, 1968.
2. Derived from Tables No. 2 and No. 3.
3. Table No. 7, Column (4).
4. These data are taken from Tables No. 1 through No. 11, and from portions of the text accompanying those tables.

5. Land owners hold membership in a 100-acre, 9-hole golf course; golf course privileges serve as an inducement to purchase plots.
6. When tourist numbers exceed the local population, it means that economic impact can be expected to be large. It does not necessarily mean that the local people will be "swept away." Other areas (for example, Hawaii, the District of Columbia) have fewer citizens than tourist numbers.
7. These include a 750-room property to be built in three stages of 250 rooms a year by a consortium, at Vieux Fort; a 200-room Holiday Inn next door to the St. Lucia Beach; and a 90-room hotel at Cap Estate.
8. Including a variety of hotels of every type and price structure.

There may be some discrepancy in our information about hotel rooms in Barbados although this may be due to different time periods. For example, in Table No. 8, Column (1), we show 1,800 hotel rooms in Barbados, based on Caribbean Travel Association data. Information obtained in Barbados in October, 1968, indicates 5,400 beds on the island at that time, which, in turn, suggests about 2,700 rooms. The difference may be due to CTA data being for 1967.

9. And the weather is very good indeed, but not up to that of drought-ridden Antigua.
10. There are, of course, exceptions including the road running north from Bridgetown out past the resorts.
11. This refers to the 1967 annual surplus; see Table No. 2, Column (5).
12. Field work indicates that late in 1968, there were about 175 beds in St. Vincent (including Bequia) suitable for international tourists, which suggest around 100 rooms.

13. Also no electricity until October, 1968 (when a member of our field team visited the island) at which time there was a "lighting up" ceremony.
14. There may be offsetting factors at work with respect to our forecast of hotel requirements by 1972. Table No. 8 shows an average annual occupancy rate on the island of 40 percent, but an analysis of 1967 tourism data (see Table No. 1) against hotel rooms suggests that occupancy rates may be somewhat higher than 40 percent. This, in turn, means that the island does not have the unused bed nights shown in Table No. 8, which, of course, means that more rooms would be needed by 1972 than we have forecast.

On the other hand, the 390 rooms shown as needed by 1972 are based on available rooms in 1967. Since then, additional rooms have already been built.

15. We single out this particular example because the cliff area at Sauteurs has a truly superb view of the most southerly of the Grenadines; the place could serve as an anchor-point for a round-the-island tour. But now it probably can't be unless the church and graveyard were removed (a dubious development and not recommended). Yet, even if that were done, the school's being right on top of the site limits its usefulness for tourism. (Incidentally, the school reportedly was financed by bilateral aid.)

APPENDIX

FOOTNOTES TO THE TABLESTable No. 1 Selected Tourism Data: 1967

1. The Antigua Tourist Board, St. Johns, Antigua, October 17, 1968.
2. Ibid. Taken from Embarkation and Debarkation Cards.
3. Based upon interviews with local hoteliers, Antigua Tourist Board, St. Johns, Antigua, October 17, 1968.
4. Ministry of Trade Development and Tourism, Basseterre, October 3, 1968.
5. St. Kitts/Nevis/Anguilla Tourist Board, Basseterre, October 3, 1968.
6. St. Kitts/Nevis/Anguilla Tourist Board, Basseterre, October 3, 1968. Estimate \$10.00 (U.S.) a day plus hotel expenditures.
7. Consensus of interviews, Montserrat, October 4, 1968. Note: "Caribbean Travel Association 1967 Report" shows 6,000. Office of the Administrator figure excludes business visitors.
8. H. Zinder & Associates, Inc., estimate. Note that "Caribbean Travel Association Report for 1967" estimates 10 days which we feel is high, because of the effect of people who buy or rent homes there.
9. Montserrat Tourist Board, October 4, 1968.
10. Dominica Tourist Association, October 7, 1968.

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Table No. 1 (Continued)

11. Based upon interviews with local hoteliers and Dominica Tourist Association, October, 1968.
12. Based upon interview with ATBEC (Associated Tourist Boards of the Eastern Caribbean) representative, October 17, 1968.
13. Ministry of Trade, Production and Labor, St. Lucia, October 10, 1968.
14. Based on interview, Caribbean Travel Association, St. Lucia, October 8, 1968.
15. Barbados Tourist Board, Bridgetown, Barbados, October 11, 1968.
16. Ibid. Based upon average stay in summer of 7 days and average stay in winter of 10 days.
17. Ibid.
18. The Statistical Office, St. Vincent, reports an average length of stay of 4 to 5 days, an average expenditure of \$40 to \$50 E. C. per day, and gross expenditures around \$2.5 million E. C. CTA (for 1967) reports about 7,200 tourists.

However, considering the number of available rooms, occupancy rate reported to be about 40 percent, and the length of stay, it suggests that the tourist numbers may have been closer to 10,000.
19. The Grenada Tourist Board, St. George's, Grenada, October 13, 1968.
20. ATBEC (Association of Tourist Boards of the East Caribbean) July, 1968.

Table No. 1 (Continued)

21. Trinidad and Tobago Tourist Board, "Information Bulletin" Series F. 83 - No. 6. "Tourist Trade Statistics," June, 1968. 1967 number of tourists.
22. Trinidad and Tobago Tourist Board, Port of Spain, Trinidad, October 16, 1968.

Table No. 2 Selected Economic Data: 1967

1. Development Division, Premier's Office, St. Johns, Antigua, October 17, 1968. Population for the year 1967, based upon Antigua census of population, 1960.
2. Ministry of Finance, Government of Antigua, October 17, 1968.
3. Ibid.
4. Ibid.
5. Ibid. Revenue: \$13,919,110 E.C., Expenditures: \$16,976,818 E.C.
6. "Annual Trade Report," Ministry of Trade. Production and Labor, Government of Antigua. 1967 Imports: \$39,094,190 E.C. Exports: \$4,968,599 E.C.
7. "AID Fact Sheet," 1966, U.S. Department of State.
8. Ministry of Trade Development and Tourism, Basseterre, October 3, 1968.
9. Ibid.
10. Ibid. This figure includes customs and excise; port, harbor, and wharf dues, inland revenue, fees and fines, etc.

Table No. 2 (Continued)

11. Ibid. Revenues: \$8,000,000 E. C., Expenditures: \$9,000,000 E. C.
12. Ibid. Balance of visible trade.
13. "Report on Vital Statistics for the Year 1967." Table X, Government of Montserrat.
14. Office of the Administrator, Government of Montserrat, October 4, 1968.
15. Ibid.
16. "Montserrat Estimates - 1968," Approved February 6, 1968, Montserrat Printery. p. 27.
17. Office of the Administrator, Government of Montserrat, October 4, 1968. 1967 Budget: \$3,000,000 E. C.
18. Ibid. Estimates for 1968 Visible Trade. Imports: \$8,176,000 E. C. Exports \$600,000 E. C.
19. Acting Financial Minister, Government of Dominica, October 7, 1968. Based upon Dominica census of population, 1960.
20. Office of the Minister of Finance, Dominica, October 7, 1968.
21. Ibid.
22. Ibid.
23. Ibid.
24. Ibid. 1967 Visible Trade. Imports: \$17,300,000 E. C. Exports: \$11,000,000 E. C.

Table No. 2 (Continued)

25. Development Planning and Statistical Division, Office of the Premier, St. Lucia, October 8, 1968.
26. "St. Lucia - 5 Year Development Plan, 1966 - 1970," Government of St. Lucia.
27. Column (2) divided by Column (1).
28. Development Planning and Statistical Division, Office of the Premier, St. Lucia, October 8, 1968. Government budget for 1966.
29. "West Indies Yearbook, 1968," Thomas Skinner & Co. Ltd., London, p. 446. Estimated budget for 1967.
30. Development Planning and Statistical Division, Office of the Premier, St. Lucia, October 8, 1968. 1966 Visible Trade. Imports: \$28,386,000 E. C., Exports: \$12,109,000 E. C.
31. Assistant Director of Statistics, Government Statistical Service, Barbados, October, 1968.
32. "Barbados Economic Survey, 1968," Economic Planning Unit, Office of the Prime Minister, pp. 23-25. 1967 provisional estimates.
33. Column (2) divided by Column (1).
34. "Barbados Economic Survey, 1968," Economic Planning Unit, Office of the Prime Minister. Table XL "Current Revenue by Head, 1963/64 - 1967/68," p. 68. This figure includes import duties and internal consumption taxes, income tax and death duties, and license fees.
35. Ibid., Table XXXIX "Central Government Current Revenue and Expenditure 1960/61 - 1967/68," p. 67.

Table No. 2 (Continued)

36. Ibid., Table I, "Imports, Exports and Visible Trade Balance 1950 and 1957/67." p. 6. 1967 Imports: \$134,311,000 E.C. Exports: \$72,310,000 E.C.
37. "Facts for Investors on St. Vincent," The Economic Planning Unit, Government of St. Vincent, p. 2.
38. Ibid. p. 7.
39. Column (2) divided by Column (1).
40. Accountant General's Office, Government of St. Vincent, October 14, 1968. This figure for 1966 includes: import and export duties, income tax, excise duties, license fees, and port dues.
41. Ibid., 1966 Government budget.
42. "Facts for Investors on St. Vincent," The Economic Planning Unit, Government of St. Vincent, p. 8. 1966 Imports: \$16,054,400 E.C., Exports: \$6,710,800 E.C.
43. Chief Statistical Officer, Government of Grenada, October 14, 1968.
44. Ibid.
45. Column (2) divided by Column (1).
46. Chief Statistical Officer, Government of Grenada, October 14, 1968. Tax revenues for 1966 include: customs and excise taxes, income tax, license fees, and port dues.
47. Ibid.
48. Ibid. 1967 Imports: \$24,000,000 E.C., Exports: \$9,000,000 E.C.

Table No. 2 (Continued)

49. "Continuous Sample Survey of Population," Central Statistical Office, Government of Trinidad and Tobago, Port of Spain, Trinidad.
50. Ibid.
51. Column (2) divided by Column (1).
52. Ministry of Finance, Development and Planning, Government of Trinidad and Tobago, Port of Spain, Trinidad, October 16, 1968. Tax revenues for 1967 include customs and excise dues, income tax, license fees, port dues, and taxes on production and industry.
53. Ibid. This is based on a 1967 expenditure figure of \$285,000,000 T. T. which includes \$60,000,000 T. T. for the Development Program.
54. "Quarterly Economic Report, April-June, 1968," Central Statistical Office, Government of Trinidad and Tobago, Port of Spain, Trinidad. Table 1, "Balance of Visible Trade," p. 1. 1967 Imports: \$725,342,000 T. T., Exports: \$765,777,000 T. T.

Table No. 3 Estimated Economic Impact of Tourist
Expenditures: 1967

1. From Table No. 1, Column (4).
2. Based on multiplier model following p. 16.
3. Ibid., multiplier model; in effect, this amounts to 15 percent of Column (2).
4. Based on field interviews, October, 1968.

Table No. 3 (Continued)

5. See footnote 2. Column (6) is the equivalent of 22 percent of Column (2).

Table No. 4 Forecast Of Numbers Of Tourists: 1972 And
1977, Selected Caribbean Countries

1. Puerto Rico Planning Board, Balance of Payments Section. This figure is for fiscal year 1961-62, as published in "Selected Statistics on the Visitors and Hotel Industry in Puerto Rico, 1966-67," Economic Development Administration, Commonwealth of Puerto Rico. Table 3, p. 9.
2. "Statistics on Tourism: 1967 (Projections for 1968, 1970, 1975, 1980)." Office of Economic Research, Economic Development Administration, San Juan, Puerto Rico.
3. Ibid. These data include forecasts for 1970 (1,310,000 "arrivals by air") and 1975 (2,290,000 "arrivals by air"); these figures suggest that by 1972 Puerto Rico would get about 1,700,000 "visitors."
4. Ibid. Forecast for 1977 is interpolated.
5. U. S. Virgin Islands Department of Commerce, Visitors Bureau. This figure is for fiscal year 1961-62.
6. "Annual Report from the Governor of the Virgin Islands to the Secretary of the Interior - Fiscal Year, 1966-67," p. 86.
7. Numbers of visitors to the U. S. Virgin Islands have been increasing between 15.7 percent and 34.5 percent per year since 1962. Even at the lower growth rate, the numbers should double in the Virgin Islands by 1972. See pp. 33-34,

Table No. 4 (Continued)

"The Outlook for Tourism in the Dominican Republic,"
H. Zinder & Associates, Inc., May, 1968.

8. Because of the large numbers involved, we doubt that the Virgin Islands could double its visitor numbers by 1977 (over 1972) which would involve a cumulative annual growth of almost 15 percent. However, it might well do so by 1980. The figure of 1,950,000 in Table No. 4 is an interpolation of the approximate level of tourism in the Virgin Islands by 1977 if it reaches 2.4 million by 1980.
9. These are approximate ranges of the number of tourists visiting the "Northern Tier" of Caribbean Islands. For the most part, tourists who visit this part of the Caribbean do stop either in Puerto Rico or the U. S. Virgin Islands. Accordingly, we've used the Virgin Islands numbers as a "low" figure for the "Northern Tier" and the Puerto Rican figures as a "high." (Jamaica is not included because it includes a special vacation-destination market, for the most part distinct from that which visits Puerto Rico-Virgin Islands.)
10. Barbados Tourist Board as published in "Report of Tourist Travel to the Caribbean for 1965," Caribbean Travel Association, New York, New York.
11. See Table No. 1, Column (1).
12. Based on Barbados getting approximately 15 percent of the top range of tourist numbers going to the "Northern Tier"; see line 3. Reported figures late in 1968 (Barbados Tourist Board, October 9, 1968) suggest that Barbados would get (in 1968) 110,000 to 115,000 tourists, which is about 12 percent of the top range of tourist numbers going to the "Northern Tier" in 1968.

The increase to 250,000 by 1972 represents a cumulative growth of about 22 percent. Its probable increase in 1968 over 1967 was around 20 percent.

Table No. 4 (Continued)

13. With a stepped-up tourism development program, Barbados should be able to increase its tourist numbers to 18 or 19 percent of the "Northern Tier," which would be roughly 500,000. This is close to a compounded growth per year of 15 percent, a lower growth rate than for the period 1967-1972, but still a substantial one, considering the numbers of tourists involved. In effect, this represents a doubling of tourist numbers in the five-year period (1972-1977).
14. Trinidad and Tobago Tourist Board as published in "Report of Tourist Travel to the Caribbean for 1965," Caribbean Travel Association, New York, New York.
15. See Table No. 1, Column (1).
16. Tourist numbers going to Trinidad (1967) are about 8 to 9, in ratio to Barbados. If this ratio held until 1972, Trinidad would get about 222,000 tourists. But this would represent a growth rate (cumulatively) of 23 or 24 percent, which would be hard to maintain. It does seem likely, however, that Trinidad could maintain a growth rate of 20 to 21 percent for the period 1967-1972, which would raise its tourist numbers in 1972 to around 200,000.

This forecast (as well as the one for Barbados) may well represent a maximum attainable level for 1972.
17. Represents the same growth rate (1972-1977) as Barbados: 15 percent, and a doubling of tourist numbers between 1972 and 1977.
18. Antigua Tourist Information Office as published in "Report of Tourist Travel to the Caribbean for 1965," Caribbean Travel Association, New York, New York.
19. See Table No. 1, Column (1)

Table No. 4 (Continued)

20. In 1967, Antigua was getting roughly 6 tourists for every 9 that went to Barbados. If that ratio were maintained, by 1972, Antigua would get about 282,000. However, this represents a cumulative growth of slightly more than 23 percent, and we doubt that Antigua could maintain it. A growth rate of 20 percent would increase Antigua's tourist numbers to almost 150,000 by 1972 (actually, to 147,000).
21. We doubt Antigua could maintain a 20 percent growth rate for any sustained period; see footnote 20 above. The growth rate used in Table No. 4 for the period 1972-1977 is 15 percent.
22. See Table No. 1, Column (1).
23. The forecasts for these six islands are based on their ability to maintain the current ratios of tourist numbers vis-a-vis Antigua and Barbados. The median (of tourist numbers) between Antigua and Barbados in 1967 was about 75,000. And the number of tourists going to the six islands in 1967 can be expressed as percentages of this median:

St. Kitts - Nevis	8.7
Montserrat	7.3
Dominica	9.3
St. Lucia	21.3
St. Vincent	13.3
Grenada	26.7

By 1972, the six islands (above) should be able to get a more substantial share of the tourists going to Antigua and Barbados, increasing the above percentages by roughly 25 percent. This would mean that St. Kitts - Nevis could get roughly 10 or 11 percent of tourists going to Antigua - Barbados. Montserrat: 9.13 percent; Dominica: 11.63 percent; St. Lucia: 26.63

Table No. 4 (Continued)

percent; St. Vincent: 16.63 percent; and Grenada: 33.38 percent.

By 1972, the median number of tourists visiting Antigua - Barbados would be around 200,000. Applying the percentages immediately above produces the figures shown in the 1972 column of Table No. 4. These forecast figures, incidentally, represent a cumulative annual growth of between 27 and 28 percent, a very high rate of increase. However, growth rates don't mean too much dealing with such small numbers. St. Kitts, for example, could absorb the entire tourist increase by building only 200 more rooms by 1972.

24. We doubt that the six islands could maintain a 27-28 percentage growth rate for a sustained period running to 1977. On the other hand, because the tourist numbers are comparatively small in the six islands, they should be able to get a growth rate somewhat greater than Antigua or Barbados (15 percent). Probably, they could maintain an annual percentage increase of between 15 and 20 percent during the 1972-1977 period, thereby increasing still further their share of tourist numbers going to Antigua - Barbados.

Table No. 5 Forecast Of Estimated Tourist Expenditures:
1972 And 1977

1. See Table No. 4, Column (3).
2. By 1972 (and as the number of tourists increases), the average length of stay can be expected to decline. The exception to this is Dominica, where the current length of stay is reportedly the shortest in the region; a development program, however, could produce a modest

Table No. 5 (Continued)

increase in the length of stay in Dominica by 1972. See Column (2), Table No. 1 for length of stay in 1967.

3. As the islands build up their tourism plant, the expenditure per day can be expected to increase to the general range of \$60 to \$70 E. C. per day, per person.
4. Column (1) multiplied by Column (2), multiplied by Column (3).
5. See Table No. 4, Column (4).
6. This represents a further decline in the average length of stay. The reason for the decline is that the market base is broadened, drawing more and more on travellers who have a limited time available for vacations. Another reason is that the average stay per island will decrease as tourism becomes more widely spread between the islands.
7. The increase in average expenditure per day (by 1977) should easily reach a level of \$70 to \$80 E. C. per person. In many resort situations elsewhere in the world this level of expenditure has already been exceeded (in 1968-1969).
8. Column (5) multiplied by Column (6), multiplied by Column (7).

Table No. 6 Estimated Economic Impact Of Tourist
Expenditures: 1972 And 1977

1. See Table No. 5, Column (4), rounded.
2. Based on a somewhat improved multiplier (over 1967), the increase being from 2.3 to 2.4.
3. See multiplier model; Column (3) in Table No. 6 amounts to 15 percent of Column (2).

Table No. 6 (Continued)

4. Based on an increased share of economic impact allocated to labor, the increase being from 22 percent [see Table No. 3, Column (6)] to 24 percent by 1972.
5. See Table No. 5, Column (8) rounded.
6. Same as footnote 2 above, except the multiplier effect has been raised to 2.6. At this rate of improvement, in about fifteen years (roughly 1984), the multiplier effect of tourist spending will reach 3.2 which is ordinarily regarded as a minimum impact in developing economies with high leakage.
7. Fifteen percent of Column (6); see multiplier model. Here as in Column (3), the assumption is that the ratio of tax revenues to national income will be maintained.
8. As in footnote 4, above, this is based on labor getting an increased share of economic impact; in this case, the increase is from 24 percent in 1972 to 26 percent in 1977.

Table No. 7 Estimated Relationship Of The Impact Of
 Tourist Expenditures On National Income:
 1972 And 1977

1. Table No. 2, Column (2).
2. Table No. 2, Column (3).
3. Table No. 6, Column (2).
4. Column (6) divided by population data from Column (1), Table No. 2.
5. Table No. 6, Column (6).

Table No. 7 (Continued)

6. Column (6) divided by population data from Column (1), Table No. 2.

Table No. 8 Estimated Unused Bed Nights: 1968

1. Caribbean Travel Association 1968, modified by interviews, October, 1968.
2. Field interviews, October, 1968.
3. Column (1) multiplied by an average of 1.6 beds per room, multiplied by 365, multiplied by Column (2).
4. Calculation is the same as footnote 3, but multiplied by an occupancy rate of 60 percent. In the case of Barbados an occupancy rate of 70 percent is used.

Table No. 9 Estimated Additional Rooms Needed By 1972

1. Derived from Table No 5; Column (1) of that table multiplied by Column (2).
2. Table No. 8, Column (5).
3. In the case of seven islands (excluding Barbados), this formula is used: one room with 1.7 beds (slight increase in beds per room over 1967) would provide 620 bed nights. With an occupancy rate of 60 percent, it would be 372 bed nights per individual room. Column (4), therefore, is obtained by dividing Column (3) by 372.
4. Table No. 8, Column (1).

Table No. 10 Estimated Unused Bed Nights: 1972

1. Table No. 9, Column (4).
2. Assumes that other recommendations in this report have been carried out, gradually raising the average occupancy rate to around 60 percent by 1972 and to 70 percent by 1977. Occupancy rates in Barbados (already the highest in the Eastern Caribbean) could, under the same circumstances, increase to about 70 percent by 1972 and to 75 percent by 1977.
3. Calculation is based on Column (1) multiplied by 365, multiplied by Column (2), multiplied by 1.8 beds per room. The gradual increase in the average number of beds per room is symptomatic of an increasingly effective tourism development program.
4. Table No. 9, Column (1).

Table No. 11 Estimated Additional Rooms Needed By 1977

1. Table No. 5, Column (5) multiplied by Column (6).
2. Table No. 10, Column (5).
3. Based on 1.8 beds per room and an average annual occupancy rate of 70 percent, except in the case of Barbados, where 75 percent was taken.
4. Table No. 9, Column (4).
5. Column (4) minus Column (5).