



Illustration: Marc Hollingsworth, Media Solutions International

What Really Matters for Caribbean Tourism Growth

The fact that the IMF forecasts growth of no more than one percent for the US in 2023 says nothing about the prospects for the tourist economies of the Caribbean. This is in spite of the fact that the US is by far the largest source of visitors for most of the Caribbean. For countries such as Cuba and Barbados where visitors from Canada and the UK have the largest share, it is also the case that the growth rates for those countries do not affect the prospects of their tourist industries.

The things that affect the numbers of tourists visiting the Caribbean have to do with the total amount of accommodation available, and the success of hoteliers, travel agents and marketers in offering rooms, services and a range of attractions and services that give good value for money. The amount spent per visitor depends on the quality, variety and uniqueness of the cultural, sports, culinary, entertainment and educational experiences available.

Many other factors may come into play: the Caribbean is more readily accessible from North America and some European countries than are other tropical resort destinations. However, countries with daily direct air links to Miami, London and New York have an advantage over others. Social and political unrest is an obvious deterrent to most people thinking of a respite from winter weather in the north. Modern airports, efficient immigration procedures and other public services that tourists might interface with will give countries an edge over the competition. Good roads and convenient transportation, good health systems and modern telecommunications are among the things that contribute to a country's attractiveness for those looking to invest in tourist businesses and for their success in attracting new customers from abroad.

These driving factors for Caribbean tourism do not rise and fall with fluctuations in the growth rates of the US, Canada or any European country. Instead, tourist resort competitiveness, and the extent of their growth in numbers and income, depends on sustaining productivity and new investment over the years, and maintaining and upgrading public services and public utilities in an ongoing process. Also important are a predictable value of local currency in terms of US dollars, and sound, not over-active, macroeconomic policies.

The total accommodation available in all the Caribbean accounts for such a small percentage of overseas travellers from North America and Europe that the region can fill every bed available, provided it is suitably priced, whatever the state of the source country economies. The fact that the demand for Caribbean products and services is unaffected by the growth of the overseas markets to which we sell is a characteristic of all Caribbean economies, and of all small economies worldwide.

The small economy takes the prices at which it sells to and buys from international markets as given. They may sell everything they produce at the ruling price, and nothing whatsoever at a higher price. If they lower their prices, they are likely to lose business, because potential customers can be expected to regard that as evidence of an inferior product or service, *for why would you offer a lower price when you can sell all you can supply at the ruling international price?* On the other hand, a hotelier or supplier who is able to maintain or increase customers when they increase their prices shows evidence of improving their competitive position by offering a product or service of improved quality.

The competitiveness of a small economy has nothing to do with price and everything to do with quality, service and productivity. The target markets to which the small economy sells are so large compared to what these economies produce that it of no consequence to them whether those markets grow or shrink.

My Economic Letters may be found under "[Commentary](#)" at DeLisleWorrell.com