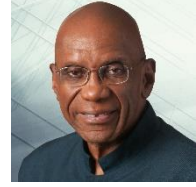




# Economic Letter May 2020



## What May be Done to Revive Caribbean Tourism

Foreign exchange earnings are the fuel that keeps Caribbean economies running. Everything we buy in these islands is either imported or produced locally with the use of imported fuels, materials and other inputs. In the absence of an adequate inflow of foreign exchange all production and commerce slows down.

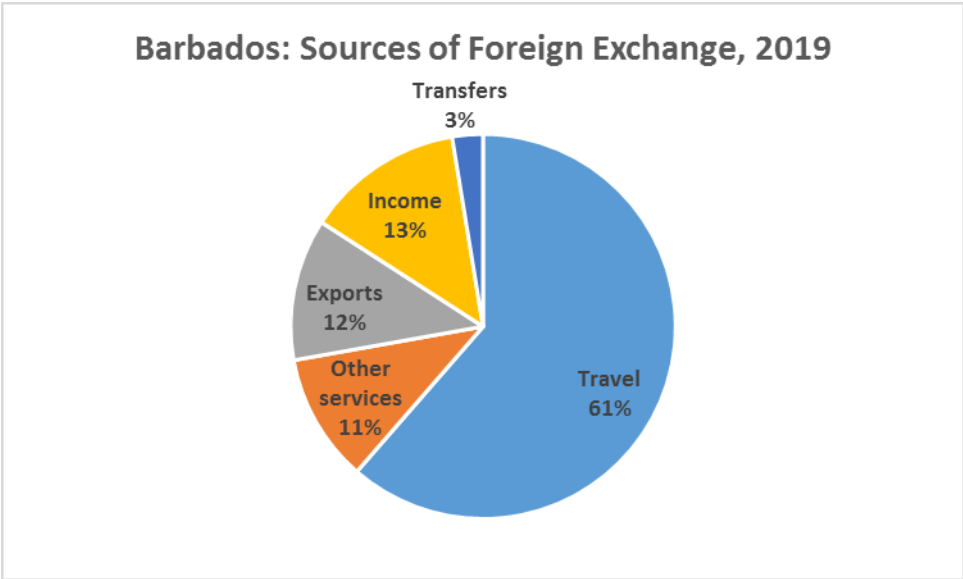
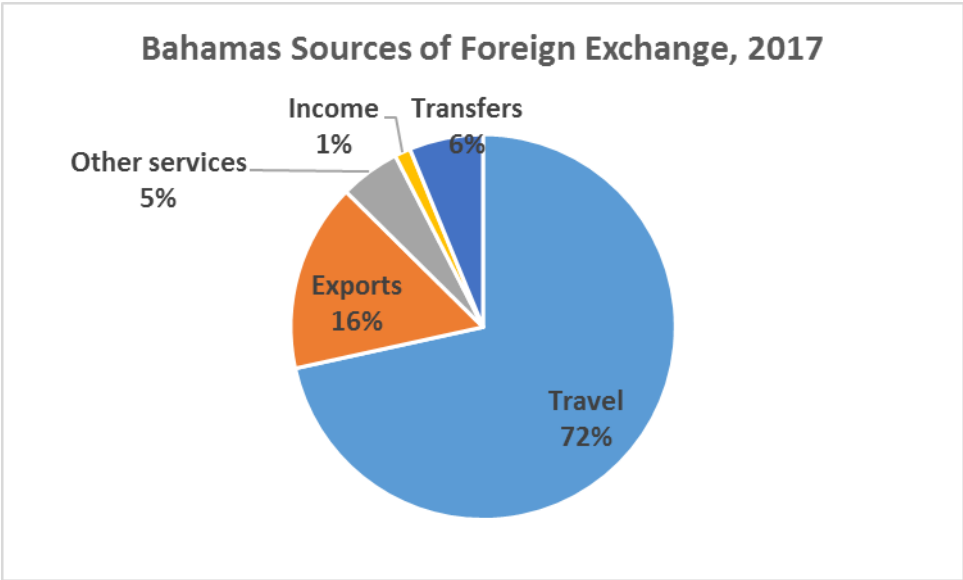
The main source of foreign earnings in many Caribbean countries is tourism. In the Bahamas tourism supplies US\$72 of each US\$100. In Barbados the figure is US\$61 of every US\$100, and in Jamaica it is US\$34 of every US\$100. (In Jamaica remittances are almost as important, contributing another US\$32 per US\$100). This is a major obstacle to easing the lockdown in these countries. If commerce and business begin to revive before tourism does, the country will soon exhaust its foreign reserves, as well as whatever foreign exchange it is able to borrow from the IMF, the World Bank, the Interamerican Development Bank, the Caribbean Development Bank and elsewhere.

It is the travellers who visit the Caribbean from North America and Europe, and the airlines who bring them, that hold the key to reviving the economies of the Bahamas, Barbados, Jamaica and other tourism-dependent countries. Therefore, the first priority for our Governments is collaboration on a strategy for the resumption of Caribbean tourism. Caribbean Governments should partner with the Caribbean Tourism Organisation, the Caribbean Hotel and Tourism Association, major international airlines, major hotel interests, tour companies and other stakeholders in discussing protocols for bringing the international travel standstill to an end. This is a forbidding task, which cannot wait until a vaccine or effective therapies for Covid-19 are found. The challenge is to raise health services for tourists in the Caribbean and other destinations to levels comparable to those in the tourists' home countries. The tourist must feel as safe on holiday, as they are at home, from a fatal attack of Covid-19 or any other infection.

The World Health Organisation, the World Travel and Tourism Council and other international bodies are coordinating the efforts of health and travel specialists around the world to define what arrangements for testing, tracking, quarantines, screening and registration of travelers have to be put in place. What should be obvious to everyone is that international travel has to be resumed in the near term, otherwise the very fabric of modern society is at risk. It is much bigger than tourism, though tourism itself is big enough. A stop to tourism would mean the loss of hundreds of millions of livelihoods all over the world, and it would render worthless trillions of dollars of investment in airplanes, airports, hotels, restaurants, places of entertainment and recreation, and associated economic activity. What will happen instead, hopefully, is that countries and tourism interests will devise protocols and facilities for tourism to resume, similar to the security protocols which are now in place for travel and large social events.

Restoring confidence in travel to the Caribbean in the era of Covid-19 is a formidable challenge; fortunately, resourceful international companies and other influential bodies are as invested in overcoming this challenge as we are. The potential losses they face are no less devastating than for

Caribbean tourism and Caribbean economies. We should therefore contribute our best minds to an international collaborative strategy to fully restore visitor confidence in Caribbean holiday-making. It is the only way to put Caribbean tourism destinations once more on a path to prosperity and better livelihoods for all who depend on the industry and its spinoffs.



### Jamaica Sources of Foreign Exchange, 2017

