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**Caribbean Tourism and Agriculture: Linking to Enhance
Development and Competitiveness**

Abstract

This study examines current trends in tourism and agriculture in Caribbean countries and the strategy for linking them in order to facilitate their future development. The tourism industry has, in the past, developed largely apart from other sectors such as agriculture. On the other hand, agriculture has developed mainly to satisfy export markets. Domestic agriculture has had limited development and has therefore been displaced to a considerable extent by food imports. The recent promotion of agriculture tourism linkages is an attempt to enhance the local value added of the tourism industry, while at the same time promoting the development of domestic agriculture. However, it is argued that agriculture-tourism linkage *per se* will not facilitate the development of either tourism or agriculture. The nature of the tourism product in each country has to be understood before effective strategies could be devised for improving competitiveness. A similar approach is also necessary in respect of the agriculture sector. Increased linkage between tourism and agriculture could be enhanced through the adoption of a cluster-based strategy for improving the competitiveness of the tourism sector and for improving the livelihoods of communities and rural areas.

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CARIBBEAN TOURISM AND AGRICULTURE: LINKING TO ENHANCE DEVELOPMENT AND COMPETITIVENESS

I. Introduction

The focus of this study, which looks at tourism and agriculture in the Caribbean, was determined largely by relatively recent initiatives to increase the linkage between the tourism and agricultural sectors. The objective of those initiatives has been to stimulate the development of the agriculture sector given the high level of food imports in the subregion especially by the tourism sector. Agriculture in some countries in the subregion has been facing decline on account of trade liberalisation, the erosion of trade preferences in protected developed country markets and a number of domestic problems, including natural disasters, such as hurricanes, flooding and drought.

Tourism, on the other hand, has recovered since the downturn following the terrorist events in the United States in September 2001. However, the Caribbean has been increasing its dependence on the industry given the uncertainties facing the traditional export-oriented industries. But this increased dependence has brought increased concern about the leakage of earnings due to significant amount of imports to satisfy tourist demand for goods and services. Since most Caribbean countries have been promoting the development of their tourism industry, this has led to increased competition to attract tourists and increase tourism revenues.

The purpose of the study is to examine whether and how agriculture can be linked to tourism to enhance the competitiveness of each and how increased benefits from tourism can redound to the poorer segments of the local population. The initial methodology favoured for this study was a survey of tourist accommodations and agricultural suppliers in the subregion. This was to be followed by case studies of selected tourist and agriculture areas. A questionnaire survey of accommodations was carried out mainly through e-mail because of lack of resources to directly administer them. The intention was to elicit information on tourist establishments' agricultural purchases from local suppliers, the adequacy of their physical and human resources, their sources of financing and their restructuring requirements. However, the response rate was poor except from the home base of the study, Trinidad and Tobago, which is not a tourism dependent country. The study has therefore not been able to explore first hand the relationship between tourism operators and agricultural producers. Nevertheless, it benefited from case studies on the linkage between agriculture and tourism that were presented at an agro-tourism workshop held in St. Kitts and Nevis in October 2005.¹

The study is organized as follows. Section 2 examines the concept and indicators of competitiveness. In Section 3 the performance of tourism and agriculture is set out as well as the nature of the tourism industry in Caribbean countries. Section 4 situates the analysis of the tourism agriculture linkage within the competitiveness framework. In Section 5 competitiveness

¹ "Agriculture and Tourism: Partners in Development", International Workshop on New Opportunities for Agriculture in the Caribbean, organized and co-sponsored by the Technical Centre for Agricultural and Rural Cooperation (CTA), The Centre for the Development of Enterprise (CDE), The Caribbean Tourism Organisation (CTO), The Inter-American Institute for Cooperation on Agriculture (IICA) and The Government of St. Kitts and Nevis at the Eastern Caribbean Central Bank, St. Kitts and Nevis, 3-5 October 2005.

is again considered along with the possibilities for development of tourism and the supplier agriculture industry in relation to each other.

II. Competitiveness issues

Caribbean countries have been focusing on increasing the competitiveness of their tourism offerings in light of the growing importance of tourism services to their economies and the current problems facing economic sectors, such as agriculture. However, to increase competitiveness means that one would have to first know what competitiveness is and how it is measured.

The concept of competitiveness is a relative one; a country is competitive relative to other countries in some or all of the goods and services it produces; an industry is competitive relative to similar industries in other countries; and a firm is competitive relative to other domestic or international firms in the same industry. The concept then is about the ability to compete or withstand competition successfully. It is related to two other concepts – comparative advantage and competitive advantage.

Comparative advantage is about specialising and trading in products based on factor endowments and productivity. However, the theory has been criticised on account of its static nature and its failure to explain new developments such as job mobility and outsourcing based on absolute advantage in wage costs. Competitive advantage theory was proposed in response to the criticisms of the theory of comparative advantage. This new approach differs from the earlier one in its emphasis on the creation of resource endowments as against a predetermined existence of abundant factors of production. Specialised factors of production, such as skilled labour, are critical to sustaining competitive advantage and these can be created through, among other things, cooperation between public and private sectors.

The relevance of the theory of comparative advantage is in pointing to the benefits that can be derived from unrestricted trade providing all resources are fully employed and allocated according to the principle of comparative advantage. Competitive advantage, on the other hand, focuses on strategies that would effectively transform a country's comparative advantage into international competitiveness. It emphasises key specialised factors such as specific skills, infrastructure, technology and the existence of industry clusters.

What countries, including countries in the Caribbean, focus on is achieving overall competitiveness, that is, competitiveness of the country as a whole. To get a better understanding of competitiveness, it is necessary to know what the objective of achieving competitiveness is, since competitiveness cannot be an end in itself. The implicit, if not explicit, objective is to improve/sustain the standard of living of the population. One definition of competitiveness refers to the factors, policies and institutions that determine productivity and hence the level of economic prosperity in a country.² This definition informs the measures of competitiveness used to rank countries in the World Economic Forum (WEF) Global Competitiveness Reports. The aim is to highlight the determinants of the differential growth experiences of the countries surveyed.

² This is the definition of the World Economic Forum in its Global Competitiveness Report 2005

Another definition of competitiveness is that of the Organisation for Economic Cooperation and Development (OECD), “the degree to which a country can, under free and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the long term”.³ The operative term here is “under free and fair market conditions”. To the extent that market conditions are not “free and fair”, public policy has to assume a significant role in fostering competitiveness.

It is the absence of free and fair trade that has led to the preoccupation with the Porter model of competitive advantage. Studies adopt the “diamond” framework for assessing competitiveness, which is based on: firm strategy and rivalry, factor conditions, demand conditions and suppliers and related industries. The bottom of the diamond “suppliers and related industries” points to an industrial cluster, which has become the focus of most studies.

Now competitiveness has been applied essentially to the production of goods, which have historically been traded in international markets. Trade in services has been a relatively recent occurrence. The application of the concept of competitiveness to services is therefore a challenge given the complexity of the services sector in terms of composition as well as trade. Assessing competitiveness in tourism services is an even greater challenge given the various elements that make up the tourism sector. This is where the cluster approach could provide insights for restructuring tourism to enhance competitiveness as well as addressing poverty issues, especially in rural communities in developing countries.

Competitiveness has been measured in terms of market share. Increase in a country’s market share for a particular export product is indicative of that country’s competitiveness on the international market. On the other hand, a fall in market share indicates a decline in competitiveness. Within the Americas region the Caribbean has the second largest market share after North America. The Caribbean market share increased from 12.9 per cent in 1995 to 14.5 per cent in 2004. However, the Spanish-speaking Caribbean, in particular Cuba and the Dominican Republic gained market share whereas the share of the Caribbean Community (CARICOM) countries has remained essentially the same over the 10-year period from 1995. By contrast, all of the countries of Central America, including Belize, which is part of CARICOM, increased market share from 2.4 per cent in 1995 to 4.6 per cent in 2004. By this measure of competitiveness CARICOM countries have not increased competitiveness over the decade from the mid-1990s.

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