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Preface

The World Tourism Organization, in its new capacity as the UN specialized agency in the field of Tourism, is pleased to contribute with this study to the ten-year review of the Barbados Programme of Action (BPOA +10). Since BPOA +10 will examine the development of Small Island Developing States, it is essential that tourism is included in the equation.

International tourism to SIDS represents 3.7% of the world total or more than 26 million tourists in 2003. For most islands, tourism is the main economic activity in terms of income generation, employment creation, and foreign exchange earnings. In many SIDS, tourism is a substantive contributor to GDP.

But due to their small size, islands are quite vulnerable to the negative environmental and social impacts that tourism can sometimes bring. That is why it is vital to plan, manage and monitor tourism development in SIDS, aiming at sustainability objectives. To do so, island destinations need the economic and technical support of international organizations.

This WTO report, *Making Tourism Work for SIDS*, presents a summary of the current status of tourism in SIDS, while providing evidence of the key importance it has for the sustainable development of many islands and for the achievement of the UN Millennium Development Goals. It also addresses the key issues that need to be considered by small island nations in order for the tourism industry to be more sustainable in the long term.

Francesco Frangialli
Secretary-General

Introduction

Tourism at the crossroads of economic, social and environmental considerations

“Small Island Developing States, and islands supporting small communities are a special case both for environment and development. They are ecologically fragile and vulnerable. Their small size, limited resources, geographic dispersion and isolation from markets, place them at a disadvantage economically and prevent economies of scale”

Agenda 21

Agenda 21, the Barbados Programme of Action (BPOA) for the Sustainable Development of Small Island Developing States (SIDS), and the World Summit on Sustainable Development (WSSD), all underscored that small island states are faced with the greatest complexities and challenges of sustainable development.

The WSSD in 2002 addressed the special issues of SIDS in the Johannesburg Plan of Implementation by setting forth a number of targets and timetables related to SIDS. It also called for a review of the implementation of the 1994 Barbados Programme of Action for the Sustainable Development of Small Island Developing States leading to an international meeting in Mauritius in January 2005.

The inadequate attention paid to genuine sustainability in areas where tourism growth is significant or where natural, cultural and heritage conditions are particularly vulnerable was emphasized in Johannesburg where, for the first time, tourism was clearly included in the agenda and several paragraphs of the Plan of Implementation were adopted by the Summit.

Since its foundation in 1975, the World Tourism Organization has been assisting developing countries to strengthen their national and local economies through tourism. Today the central issues in the work of the Organization have become the reduction of poverty through the sustainable development of tourism and the integration of the UN Millennium Development Goals in what is today a pivotal sector of the world economy.

Working in close collaboration with the United Nations as an affiliated agency since 1977, the World Tourism Organization has been designated by the UN General Assembly, in December 2003 as the new UN specialized agency responsible for tourism.

By virtue of this agreement, the UN have signified that tourism has an equal footing with such other principal activities of human society as industry, agriculture, transport, education, culture, health, and labour. This new status in the UN will call for close and continuous coordination among the different bodies and agencies of the United Nations system under the supervision of ECOSOC.

This report intends to demonstrate the importance of tourism in SIDS and the need to support its sustainable development by both, governments and international and bilateral development assistance agencies. It provides policy orientations, guidelines and other tools to the NTAs, the tourism industry and other tourism stakeholders in SIDS on how to develop and manage tourism in a sustainable manner for the benefit of their population.

Executive Summary

Journey on a fragile planet

“By its very nature, sustainable development is a process of transformation in which the exploitation of resources, the selection of investments, the orientation of techniques and institutional change take place in harmony, strengthening present and future potential...”.
1987 Brundtland / United Nations / “Our Common Future”.

We live on a fragile planet that needs to be looked after. This is the concern behind the “sustainable development” concept defined in Rio de Janeiro in 1992.

In the context of the BPOA, a review of progress in the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States leads us here to examine the vital contribution that international tourism is making to the economic, social, environmental and cultural progress of mankind and in safeguarding world peace.

According to the World Tourism Organization definition, sustainable tourism development and management refer to the environmental, economic and socio-cultural aspects of tourism, with the establishment of a suitable balance between these three dimensions to guarantee its long-term sustainability. Thus, sustainable tourism should make optimal use of environmental resources that constitute a key element in tourism development, respect the socio-cultural authenticity of host communities, and ensure viable, long-term economic operations, providing social and economic benefits to all stakeholders and contributing to poverty alleviation.

Tourism is not merely a major economic sector and one of the mainstays of international trade. Its role in environmental protection, in preserving biodiversity, in conserving the cultural heritage, in promoting mutual understanding among peoples and peace among nations is highly significant.

Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and corrective measures. Due to their small size, islands are quite vulnerable from both an environmental and a social point of view. No other economic activity cuts across so many sectors, levels and interests as tourism, so there is a vital need to integrate planning for tourism with national development and resource management plans, as well as measuring tourism socio-economic costs and benefits. Sustainable tourism should also maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues.

As one of the most successful export industries in the world, international tourism has become the main economic activity for many island nations - in terms of both income and employment generation, its contribution to gross domestic product, and its substantial impact on the balance of payment, trade and foreign exchange earnings. However, the challenging international economic conditions resulting from globalization increases the vulnerability of nearly all SIDS in their prospects for the future.

SIDS have performed particularly well in tourism over the last ten or fifteen years against other sectors. Between 1990 and 2002, while the average annual rate of total international tourist arrivals

worldwide grew by 3.7%, some island states saw their arrivals grow at much faster annual rates, such as Maldives (9.1%) and Dominican Republic (8.6%).

Tourism growth, while much desired, also brings with it new challenges. SIDS that are trying to strengthen their tourism development have an overriding concern with problems which limit tourism growth in the short term - mainly air access, capital investment and infrastructure development. Besides, pressure on the environment and local communities is increased, requiring a certain number of rules and principles. With the weak institutional capacity of most SIDS, minimizing those impacts would require the establishment of an appropriate framework as well as initiatives aimed at building a wider, more sustainable base of support for tourism, with the promotion of a sense of ownership in order to ensure the success of the industry.

Considered as one of the most successful nature-based industries, tourism is as well a consumer of natural resources. Tourism should be seen as instrumental in conserving biodiversity, on account of its being managed in a sustainable manner.

For Small Island Developing States, the search for sustainability begins at the crossroads of a triple concern involving economic, social and environmental considerations. The quest for economic development without which little else is possible, the quest for greater social justice and the quest for protection and renewal of natural resources that cannot last forever.

This report, built upon the various areas of activity of WTO and especially those concerning the sustainable development of tourism, will help to establish the necessary links between tourism on the one hand, and each of the other priority areas established in the BPOA that impinge on tourism or vice-versa.

The aim is to examine the various areas that need to be considered by governments and the private sector if they wish tourism to contribute successfully to the overall economic, social and environmental sustainability of their territories. A set of WTO recommendations, existing guidelines, key measures, policies and new initiatives are presented in the context of SIDS such as the Tourism Satellite Account, guiding principles for sustainable tourism development for SIDS, Sustainable Tourism Indicators, certification issues, the Global Code of Ethics for Tourism and Sustainable Tourism for the Elimination of Poverty (ST-EP Programme).

With these guidelines and tools, WTO intends to assist governments and other stakeholders in SIDS in their efforts to develop a tourism industry that is sustainable in the long term, maximizing the social and economic benefits and reducing the negative impacts on the environment of Small Island Developing States.

WTO believes that tourism, if it grows sustainably and if it delivers real benefits to the peoples of the developing world, can help island nations in their approach to achieving the Millennium Development Goals.

Chapter 1

Tourism in SIDS: A key economic sector

For many islands, tourism has become the main economic activity over the last fifteen years, in terms of both income and employment generation. Due to their small size, islands are quite vulnerable from both an environmental and a social point of view. This vulnerability may put at risk the long-term sustainability of tourism-based economic development of the islands, if tourism is not appropriately planned, developed and managed.

Because of their geographical isolation and resource limitations SIDS face enormous difficulties when developing their economies. Land is the scarcest resource and few island nations have sufficient natural resources to develop industries such as mining or agriculture or a manufacturing base to a scale that would make them economically viable or to provide significant economic revenues for the local economy.

Small Island Developing States are the most challenged entities when it comes to developing large-scale industries that can provide maximum economic benefits with minimum use of resources. Furthermore, most SIDS are heavily dependent on imports for their daily needs, which increases the degree of leakages in their economies, and they are even further challenged, since each island has to be self sufficient in terms of energy, freshwater, sewage treatment and solid waste disposal.

Tourism is an expanding sector with broad opportunities for island development. Sustainable island development depends on an ability to manage island resources on an overall basis to ensure their conservation and the preservation of the island's human, economic, natural, and cultural heritage. Given the close interrelationships among all these factors on islands and tourism's potentially polarizing force, development of the tourism sector will only have a solid foundation and a generally positive influence to the extent that it is economically viable, ecologically bearable, and socially acceptable.

1.1 International Tourism

International Tourism ranks in the top five exports categories in the world. Since the 1960's, tourism has been growing at very high annual rates, except for the last three years, when political instability and terrorism have made tourism more vulnerable. However, these external shocks have as well highlighted how much tourism is vital for SIDS in terms of their overall economic performance. WTO has played an instrumental role during these years of crises in establishing a network and a working committee (Recovery Committee) as well as a quarterly publication compiled by the WTO's Marketing Intelligence Department (Tourism Barometer), to share information, assist and guide member states to face and overcome the crises. Since 2004, an increase in tourist arrivals at most destinations, including islands, shows that the **vulnerability of tourism is coupled with resilience**. The growing importance of tourism in SIDS takes place within a general, sustained growth of tourist movements worldwide.

International tourist arrivals have grown from a mere 25 million in 1950 to 456 million in 1990 and to over 700 million in 2002. This represents an average annual growth rate close to 3.7% over the last 12 years, with receipts generated growing at a higher rate than that of arrivals.

But more important than this growth has been the diversification of destinations that has taken place during the last years. While in 1970 fifteen countries, all of them from Europe plus USA and Canada, accounted for 75% of total international tourist arrivals, in 2002, their share of the market had fallen to 60%. In parallel, many developing countries saw their tourist arrivals increase significantly, including several island states.

Benefiting from this diversification, many SIDS have performed particularly well over the last ten or fifteen years. While total international tourist arrivals worldwide grew at an average annual rate of 3.7% between 1990 and 2002, island states saw their arrivals grow at much faster annual rates, such as Cuba (18.2%), Cape Verde (13.2%), Maldives (9.1%), Dominican Republic (8.6%), Mauritius (8.4%), or Samoa (6.2%), to name but a few.

Tourism is by far the fastest-growing economic sector in all SIDS regions. Earnings from tourism as a proportion of total exports value exceeded 20% in 19 SIDS, 30% in 13, and 40% in 8. In Antigua the proportion is 86%, in Bahamas 84%, St Lucia 75%, Maldives 70%, Barbados 59% and St Kitts and Nevis 52%.

The forecasting study conducted by the World Tourism Organization to examine how the tourism industry, and particularly tourism demand, is likely to evolve in the next twenty years provides a valuable framework to the discussion about sustainability in tourism. The results indicate that international tourist arrivals are likely to increase at an annual average rate of around 4 per cent, to reach nearly 1.5 billion by the year 2020.

At the turn of the Millennium tourism has become one of the most dynamic industries in the world. It is therefore no wonder that a number of island nations have identified tourism as a vehicle for socio-economic growth and poverty reduction.

1.2 Tourism contribution in SIDS performances

Since the adoption of the Barbados Programme of Action in 1994, SIDS have achieved on average positive annual growth rates in their economies. Most SIDS have also recorded human development indices in the medium to high range, reflecting strong, positive performance in important social indicators, particularly literacy and health.

The generally strong economic performance is attributed to the efforts of SIDS at economic diversification, focusing on tourism, the exploration of niche markets for goods and, in some successful cases, such as in the Bahamas, Barbados and Mauritius, development of the financial services sector, particularly off-shore banking services.