# Towards Sustainable Tourism: Trends and Opportunities in the CARIFORUM under the Economic Partnership Agreement with the European Union

The CARIFORUM comprises 14 states of the Caribbean Community of Nations and the Dominican Republic. It is home to some 30 million people and the region is the tourism hub for stayover and cruise tourists as well as celebrities and adventurers. CARIFORUM countries entered into an Economic Partnership Agreement (EPA) with the European Union in October 2008. The Tourism and Travel Related Services Sector represents one of the sectors which CARIFORUM States opened for investment, trade and business with EU businesses, investors and professionals.

## 1. Growth in Tourism

The region’s tourism sector will grow between **5.5-6.7%** yearly over the next decade (Source: World Trade and Tourism Council).

## 2. Contribution to Gross Domestic Product (GDP)

Tourism contributes around **30%** of the GDP on average in the CARIFORUM. In 2021, this contribution varied, from **1.3%** in Suriname, **12%** in Dominican Republic, **18.6%** in Jamaica to **61%** in Antigua & Barbuda. As the regional tourism sector continues to recover to pre-pandemic levels, it is expected that the contribution to GDP will rise to **2%** for Suriname, **16%** for the Dominican Republic, **29%** for Jamaica and **83%** for Antigua and Barbuda.

## 3. Contribution to Employment

In 2021, tourism accounted for **1.7 million** jobs in CARIFORUM, with a strong trend towards the pre-pandemic levels (**2 million in 2019**) (Source: World Trade and Tourism Council).

## 4. Stayover visitors and average daily rate

Around **13 million** stay-over visitors stayed an average of 11 nights in **2019**. The average daily spending rate in 2019 was close to USD 220 (Source: STR).

## 5. International Visitor Spend

International visitors spent over **USD 12.7 billion** in **2021**.

## 6. Climate Smart, Resilience and Sustainability

In the wake of the COVID-19 pandemic and catastrophic climatic events, development partners are facilitating CARIFORUM with more climate smart, climate resilient and sustainable initiatives.

## 7. Local Commercial Banks

Local commercial banks are including environmental, social and corporate governance measures in their evaluations to fund climate resilient projects in the sector.

## 8. Sustainable Travel

According to Booking.com, 83% of global travellers think that sustainable travel is vital, with **61%** saying the pandemic has made them want to travel more sustainably in the future.

## 9. Greening of Operations

Global hotels, tour operators and other tourism interests in the region are “greening” their operations.
Sustainable Tourism aims to “optimize the region’s cultural, natural, social and financial resources to promote national development on an equitable and self-sustaining basis providing unique visitor experiences and improved quality of life for its citizens through partnerships among government, the private sector and communities. It is estimated that it will account for approximately 30% of the regional tourism product offering.” (Caribbean Tourism Organization).

**Key Drivers for Investment and Trade Opportunities**

- Thrust to develop the blue economy
- Increased demand for eco, nature, culture and adventure experiences
- Increased Environmental Social and Governance (ESG) requirements
- Climate change results in a quest to reduce carbon footprint, and promote energy independence with renewables and climate smart initiatives
- Increased international competition
- Increased regulations - for example plastic bans
- Favourable investment and tariff regimes

There are several opportunities for European investors to consider in CARIFORUM. Investment opportunities are varied given the diversity of size and stage of development of tourism in each CARIFORUM country.
### Promoting Business and Resource Efficiencies in the Areas of Digitalization, Education and Certification
Relative to their European counterparts, the Caribbean tourism sector is less efficient in a number of ways such as training and maintenance among small and medium enterprises (SMEs). European operators and investors have the opportunity to provide expertise, technology, and funding to help the Caribbean tourism sector become more resource-efficient.

### Investing in Natural Cultural Heritage
Conserving and promoting the natural and cultural heritage are fundamental to sustainability in tourism. In CARIFORUM, this includes the blue economy. Most CARIFORUM countries have at least one natural or cultural site listed on the UNESCO World Heritage list. Most have Nature Trusts to conserve their national parks and several countries have won several prizes related to ecotourism and conservation. This is a growing opportunity for tour operators and tour guides to further take advantage of these developments and invest in providing tours to these areas such as Port Royal, and Blue Mountains in Jamaica, and the Belize Barrier Reef Reserve System which are world heritage sites.

### Adapting Public and Private Tourism Infrastructure
Adapting to climate change requires big investments. Much of tourism investment is along the coasts and the countries’ main cities. These are at risk due to rising sea levels, natural disasters, such as hurricanes, floods and sargassum blooms. The need for climate adaption is great to mitigate that risk. EU investors can find opportunities in this segment of the Sustainable Tourism eco-system such as using sargassum for fertilizer and animal feed.

### Providing Sustainable Construction Materials, Fixtures, Furniture, Equipment, and Related Services
Expansions and upgrading of tourism facilities must be done with sustainable materials. CARIFORUM countries and companies import much of these materials. They need sustainable sources for which exporters and Angel Investors from the EU may have an interest.

### Enhancing Utility Management and Investing in Eco-Friendly Transportation
Waste and waste water management remain a challenge in the region. There are opportunities for making CARIFORUM more sustainable in the areas of waste disposal, waste water management, and energy efficiency. As Europe is further along in the journey towards sustainability, there is an opportunity for European actors to export appropriate equipment along with the related services (such as know-how and technical support.)
Several countries plan to move to electric mobility and there have been pilots with electric taxis. In some countries there are electric cars for hire. A big challenge is the unavailability of photovoltaic materials and electric vehicles at affordable prices which EU business interests could help address.

### Promoting Food Security and Growing Food Exports
Expansions and upgrading of tourism facilities must be done with sustainable materials. CARIFORUM countries and companies import much of these materials. They need sustainable sources for which exporters and Angel Investors from the EU may have an interest.
There are opportunities to introduce new technologies facilitating more farm to table gastronomic tourism experiences as well as to promote efficiencies along the value chain – such as in the Tourism value chain applied by the CTO and shown below.

There is also an opportunity for CARIFORUM to diversify and/or increase agricultural exports to the EU. Similarly, there is an opportunity for European actors to export their technology, equipment and know how to CARIFORUM.
Role of CARIFORUM-EU Economic Partnership Agreement in Promoting and Fostering Investments in Sustainable Tourism

In 2008, CARIFORUM Member States and the EU Member States signed an Economic Partnership Agreement (EPA). It provides EU firms wanting to invest several benefits such as:

- A competitive advantage as a significant range of EU products is subject to zero tariffs in CARIFORUM states. EU products that have tariff preferences include air conditioning, lighting fittings, solar panels, waste treatment plants, and biodegradable products.
- In many cases, EU operators enjoy the same rights as CARIFORUM nationals in key areas of hotel development, hotel management, marina and spa services, as well as tour guides and tour operator services.
  EU businesses must observe local migration laws and secure special permits where required to buy land, rent facilities for business, and get financing.
- Access to trade and investment opportunities in tourism, and allied sectors such as construction, manufacturing, agriculture, information technology and professional services.
- Access to various stages of the value chain, particularly in construction, outfitting, furnishing, refurbishing, and sale or rent of properties.
- Opportunity for cooperation between parties, to forge strategic alliances and partnerships with local businesses, for example in researching and purchasing sustainable options needed to make the transition to sustainability more affordable.

EPA Provisions Which are Key for Tourism

The Tourism and Travel Related Services Sector represents one of the sectors which CARIFORUM States agreed to open for investment, trade and business with EU businesses, investors and professionals.

The provisions of the CARIFORUM-EU EPA regarding tourism services, including Sustainable Tourism, provide a framework for facilitating trade, business, and investment.

The EPA provides:

- Increased access to advanced technology and exchange of know-how /best practices, especially with EU tourism-dependent islands.
- Greater facilitation of competition.
- Compliance with environmental and quality standards.
- Development of capacity-building activities.
- Greater inclusion of small and medium sized enterprises.
- The movement of persons to provide services in certain sub sectors.
- Creation of new financing tools.
- Opportunities for investments and trade in traditional tourism-related areas such as construction, manufacturing, agriculture, information technology and professional services.

The Tourism and Travel Related Services Sector represents one of the sectors which CARIFORUM States agreed to open for investment, trade and business with EU businesses, investors and professionals. The provisions of the CARIFORUM-EU EPA regarding tourism services, including Sustainable Tourism, provide a framework for facilitating trade, business, and investment.

The EPA provides:

- Increased access to advanced technology and exchange of know-how /best practices, especially with EU tourism-dependent islands.
- Greater facilitation of competition.
- Compliance with environmental and quality standards.
- Development of capacity-building activities.
- Greater inclusion of small and medium sized enterprises.
- The movement of persons to provide services in certain sub sectors.
- Creation of new financing tools.
- Opportunities for investments and trade in traditional tourism-related areas such as construction, manufacturing, agriculture, information technology and professional services.
Establishing a Business Presence
In accordance with the CARIFORUM-EU EPA, EU firms are allowed access to CARIFORUM states through the establishment of commercial presence or investment. EU firms are accorded national treatment, implying that European firms enjoy the same treatment as domestic firms within the region.
Antigua and Barbuda, Dominica, Grenada, St Christopher and Nevis, St Lucia, St Vincent and the Grenadines, and Trinidad and Tobago have all indicated that foreign investors, of which EU investors are included, must incorporate, or establish their businesses locally. Companies which are not incorporated locally must be registered, but some powers and activities may be restricted, subject to relevant national legislation.

More Favourable Tariff Rates
The EPA also facilitates entry of several European products, including those related to sustainability, into CARIFORUM at tariff rates that are more favourable than those granted to Most Favoured Nations. The tariffs afforded to EU firms for these products generally range between 0% and 4%, compared to between 5% and 20%, e.g., for products made in other regions. The tariff preferences can be found, amongst others, in air conditioning, lighting fittings, solar panels, waste treatment plants, and biodegradable products.

Promoting Fair Competition
Competition contributes to market efficiency and further promotes growth, development and innovation. The CARIFORUM-EU EPA aims to foster competitiveness across multiple sectors and facilitating competition represents an important element in the national regulatory framework of jurisdictions, especially in sectors of economic importance, such as the tourism services sector. Barbados, the Dominican Republic, Guyana, Jamaica and Trinidad and Tobago have implemented competition laws nationally as required under the CARIFORUM-EU EPA and have further established national competition authorities.

Promoting Inclusion of Small and Medium Sized Enterprises
Small and Medium Sized Enterprises (SMEs) account for a significant percentage of the businesses across the CARIFORUM region. The CARIFORUM-EU EPA recognises the economic contribution of these enterprises especially within the tourism sector and promotes the inclusive participation of these enterprises by both CARIFORUM and EU States. This is significant particularly for sub-sectors such as travel agencies and tour operator services where these types of enterprises are more prevalent in the sector.

Technical Support for Tourism Services
The provisions of the CARIFORUM-EU EPA in respect of tourism services - including sustainable tourism - collectively endeavour to provide a framework for facilitating trade, business, and investment. The CARIFORUM-EU EPA also promotes cooperation and the establishment of mechanisms for technical assistance for tourism services.

Promoting Environmental and Quality Standards
The EPA also advocates compliance with relevant environmental and quality standards for tourism services, providing that the application of these standards must not have the effect of being an unnecessary barrier to trade. The promotion and application of these standards represent a key dimension in building a sustainable tourism brand in each CARIFORUM State and, overall, in the CARIFORUM.
Under the EPA (Annex IV-F of the Agreement), CARIFORUM States are formally committed to opening key tourism subsectors of interest for investment, trade, and business opportunities, in terms of market access conditions, and the application of the national treatment principle. They may however apply some limitations that can impact EU businesses. For example, in the hospitality business, though most CARIFORUM countries allow for EU operators to establish a commercial presence, limitations on the size of their operations may apply. St Kitts and Nevis, and Trinidad and Tobago, for instance, impose a threshold on the number of rooms for facilities operated by EU businesses.

Overview of CARIFORUM States “Open for Business” under the CARIFORUM-EU EPA in Key Tourism Services Subsectors

<table>
<thead>
<tr>
<th>Hotels and Restaurants</th>
<th>Travel Agencies and Tour Operator Services</th>
<th>Spa Services</th>
<th>Marina Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>Dominican Republic</td>
<td>Antigua and Barbuda</td>
<td>Antigua and Barbuda</td>
</tr>
<tr>
<td>Barbados</td>
<td>Guyana</td>
<td>Barbados</td>
<td>Barbados</td>
</tr>
<tr>
<td>Belize</td>
<td>Jamaica</td>
<td>Belize</td>
<td>Belize</td>
</tr>
<tr>
<td>Dominica</td>
<td>Suriname</td>
<td>Dominica</td>
<td>Dominica</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Trinidad and Tobago</td>
<td>Dominican Republic</td>
<td>Dominican Republic</td>
</tr>
<tr>
<td>Grenada</td>
<td></td>
<td>Grenada</td>
<td>Grenada</td>
</tr>
<tr>
<td>Guyana</td>
<td></td>
<td>Guyana</td>
<td>Guyana</td>
</tr>
<tr>
<td>Jamaica</td>
<td></td>
<td>Jamaica</td>
<td>Jamaica</td>
</tr>
<tr>
<td>St Lucia</td>
<td></td>
<td>St Kitts and Nevis</td>
<td>St Kitts and Nevis</td>
</tr>
<tr>
<td>St Kitts and Nevis</td>
<td></td>
<td>St Lucia</td>
<td>St Vincent &amp; the Grenadines</td>
</tr>
<tr>
<td>St Vincent &amp; the Grenadines</td>
<td></td>
<td>Suriname</td>
<td>Suriname</td>
</tr>
<tr>
<td>Suriname</td>
<td></td>
<td>Trinidad and Tobago</td>
<td>Trinidad and Tobago</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Potential Opportunities

1. Hotels and Restaurants

- Some Spanish hotels in CARIFORUM such as Grupo Pinero, are actively greening their operations. There are opportunities for EU investors to help other hotel operators in CARIFORUM achieve this certification.
- The Barbados Tourism Master Plan 2014-2023 highlights sustainable and regenerative tourism as a key component of its economic development strategy.
- Grenada, Carriacou, Petit Martinique and the Bahamas offer the perfect opportunity for boutique hotels, and eco-tourism adventures.
- Guyana is recognized as a top eco-tourism site, having won at least 6 prizes for sustainability since 2019. The Guyana Tourism Strategic Action Plan 2018-2025 aims to establish designated tourism zones in the hinterland regions under special regulations designed to support sustainable tourism projects.
Many investors choose St. Kitts because of its mostly undiscovered and unspoilt landscape, abounding with scenic natural beauty and a vibrant blend of flora and fauna. St Kitts and Nevis’ tourism policy aims to diversity tourism products and services while protecting biodiversity, natural resources, culture, and history.

In St Lucia, Fond d’Or is adjacent to Fond d’Or Heritage Park, which makes it ideal for an eco/nature tourism undertaking.

2. Travel Agencies and Tour Operator Services

Travel agencies and tour operators can organize tours for tourists to the Soufriere volcano in St Vincent, and the Barrier Reefs and Cays in Belize. Barbados and St Kitts are also hot spots to view monkeys. The crocodile farms and the Black River Safari in Jamaica are also premier sites for the eco-adventurer. Crocodiles are endangered species in Jamaica.

The National Sustainable Tourism Master Plan for Belize 2030 has opened the market for several opportunities of investment. These opportunities include nature-based ecotourism and adventure tourism systems of themed natural and man-made nature-based concepts structured into integrated recreational ecotourism.

Dominica’s pristine environment, unspoilt eco-systems, rich biodiversity, and World Heritage status for its Morne Trois Pitons National Park, and the country’s efforts at conservation, makes it an ideal place to develop bio-parks.

In Suriname, green tropical jungles offer great experiences for bird watching. Massive rivers running through and connecting the different regions boasting exotic species of wildlife while also offering great fishing expeditions can be a tour operator’s dream.

The Trinidad and Tobago National Tourism Policy 2020-2030 promotes foreign investment as well as nature and cultural preservation. Trinidad and Tobago offers several unique locations for world-class eco lodges – for example, the Eco Lodge on the Ortoire River, a plantation style lodge has capacity for detached cottages on the property. Facilities may include a restaurant and viewing deck amid attractions such as nature trails, river boat rides and bird-watching.

In the Bahamas, there is wide scope for investments in beach and sea-based activities, outdoor adventures with a thrill factor and activities that incorporate the authentic culture of country.

3. Spa Services

Several CARIFORUM countries have been mentioned in the World Spa Awards over the years including Antigua and Barbuda, The Bahamas, Barbados, Dominica, Dominican Republic, Grenada, and St. Lucia. Bath and Milk River Spas in Jamaica rated amongst the best in the world because of their high mineral content are open for investment. Jamaica’s Masterplan for Sustainable Tourism (under Vision 2030) aims to improve the resorts and attractions of the country while encouraging community-based development and environmental sustainability. The Bahamas also seeks investors for spas, weight loss centres, and other specialized medical facilities. The demand for spa services is rising and Europeans have become increasingly interested in these services since COVID-19. EU investment in Spa Services in CARIFORUM is therefore a major opportunity especially since Europe ranks first worldwide for wellness tourism trips and spa revenues (Global Wellness Institute, 2021).

4. Marina Services

Jamaica upgraded the historic Port Royal, Kingston Harbour, Port Antonio and Falmouth ports to receive cruise ships. Other CARIFORUM countries such as the Bahamas can also consider upgrading their ports and marinas with EU investments and technology. The demand for marinas is largely derived from the yachting tourism industry which has proven to be resilient. Yachting visitors may also integrate within local communities and support several related economic activities. Investment in more world class marinas is therefore an opportunity to pursue.
Challenges Impacting Sustainability in the CARIFORUM Tourism Sector

High Cost of Intra-Regional and Inter-Island Travel

Migration of hotel workers especially in the wake of COVID-19 poses a constraint on available certified human resources. This could be mitigated by improving the training and working conditions of hotel workers with the support of EU tourism players.

Migration of Hotel Workers

The high cost of intra-regional and inter-island travel between CARIFORUM countries impedes the ability of operators to drive across or reach the nearest equally small town or country to hear, see and benefit from their lessons learnt. This is a clear opportunity for EU operators to invest in cost effective intra-regional travel solutions whilst at the same time showcasing the blue economy of the region.

High Cost of Goods and Services

The costs to both CARIFORUM countries and tourism operators to scale up are considerable. They experience disadvantages especially in the areas of their research and capabilities to procure sustainability tools. EU businesses with the relevant expertise can invest in sustainable tourism outfits which will help address this challenge.

Need for Investment in Infrastructure

Most CARIFORUM countries still need investment in infrastructure relevant to sustainable tourism. This includes ports, marinas, roads, bridges, and intra-regional transportation. Public-Private Partnerships (PPP) with CARIFORUM Governments could provide win-win opportunities for EU investors and service providers. An example of such a successful partnership is in the provision of toll roads in Jamaica where Trans Jamaican Highway Limited, a company fully owned by French companies, has been providing services to operate Highway 2000.

Tourism is ‘big’ in CARIFORUM and offers abundant and diverse opportunities. Given the considerable and growing spend of tourists in the region, their appetite for longer more sustainable tourism experiences and the region’s vulnerability to catastrophic climatic events and other shocks, the pressure is on to move the industry to more sustainable operations. As the region is largely at the introductory phase of the transition, a stronger partnership between European investors and CARIFORUM tourism players under the umbrella of the CARIFORUM- EU EPA could go a far way to make this a reality far sooner than later.

Useful Links

Use My Trade Assistant to locate information on duties and tariffs for various products. Caribbean Export promotes trade and investment in the region by providing export development, export promotion and investment promotion services. Caribbean Export is an EU implementing partner for the CARIFORUM-EU Economic Partnership Agreement.

Get to know more about the CARIFORUM-EU EPA or browse through the text of the Agreement to find out more about the provisions that would be relevant to your business.

Additional Resources and Contacts

- Caribbean Association of Investment Promotion Agencies
- Caribbean Chamber of Commerce
- Caribbean Hotel and Tourism Association
- Caribbean Spa and Wellness Association
- Caribbean Tourism Organization
- Eurocamara of the Dominican Republic
- European Business Chamber in Trinidad and Tobago
- Eurochambres Members

Follow below social media pages for more updates on the CARIFORUM-EU Economic Partnership Agreement.