Carribean Strips: Tourism’s Unfulfilled Promises

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Abstract

Caribbean Strips is part of the ongoing research project AL_Caribe by Supersudaca.[64]

The Caribbean’s dependency on tourism amounts to nearly 60 % of its regional GDP. Mass tourism has developed under an economic model controlled by multinational companies while host countries provide entertainment in the world’s biggest theme park. Like other Caribbean countries, the Dominican Republic has experienced great growth in the tourism industry, but by contrast, its foreign debt doubled and inflation went up to 160 % in recent years. The isolated strips of hotels that inhabit the beachfronts have nothing to do with the nearby shantytowns where local workers live under precarious conditions of infrastructure and services. Is there a direct correspondence between this economic model of exploitation and the segregation under which it operates? Could there be alternate models of development along with a new type of territorial organization?

1 Continuation of a historic model of exploitation

It has always been difficult to agree on the exact geographical limits of the Caribbean. Some have accepted the definitions of Antillanos and Caribeños, which differentiate those coming from the islands or the main land. The Caribbean is a lineup of countries and overseas territories, going from Guyana to the Riviera Maya, from Trinidad to The Bahamas. In our view, its limits have become increasingly broader and vague.

A few years after European settlers first arrived in The Antilles, gold mines emptied and the local population totally perished. People fled to the main land lured by promises of greater richness in Mexico and South America. Life in the islands required a new productive activity that could satisfy the new habits of European courts and the needs of their peoples. This productive activity relied on foreign markets that determined the price of local products and the manner in witch the exploitation of the territory would be carried out.
Large plantations of sugar cane and tropical fruits covered the islands while imports on other goods increased. Large numbers of African slaves and workers from China and Southeast Asia were brought in to satisfy the need for labor in the fields as European countries decided which territories to keep as colonies based on their needs for specific products.[65]
Towards the end of the XIX century, agriculture became less and less feasible for countries that could not compete with their continental peers. Once again they were forced to change that came with the emergence of countries with bigger and more efficient and developed economies, increasingly moving towards service industries, finances and eventually tourism. Agriculture is still an important part of the economy of some Caribbean countries, thanks to preferential quotas and subsidies.

[64] Supersudaca (2000) is a space for investigation on urban topics. Its members are Architects/urbanists from different countries of Latin America. Most of them studied together in the Berlage Institute, Rotterdam. The group has done several works in crossed collaborations: from academic researches to commissioned developments. Supersudaca has been working as a group of discussion and critic and as an incubator for projects.
In 2005, Al_Caribe won the Best Entry Award at the Rotterdam International Architecture Biennale and a grant by the Prins Claus Fonds for the continuation of the research and the publication of a book with ACTAR (2007), Barcelona.
65 Sweet Caribbean. Pablo Guerrero/Supersudaca. AlCaribe. 2006

Just as most Latin American countries followed the Washington Consensus[66] to the letter on free trade, privatization and a bundle of neoliberal economic reforms, so have the countries in the Caribbean basin followed guidelines on where should they allocate their resources and to which markets can they sale their commodities.

1.1 Tourism in the Caribbean

According to the WTTC, tourism accounts for 11% of global GDP and employs nearly 8% of the working force. The Caribbean has a modest 2.3% share of the world's tourism market, with approximately 20 million visitors. But for the Caribbean, when considered as a percentage of the regional GDP, tourism currently accounts for a 52%[67]. In real terms it's estimated that its overall impact is over 60%, considering the indirect benefits of the industry in local economies. For some countries the impact of tourism in their economies is estimated at more than 90% of their GDP. Direct employment is estimated at 2,400,000 or a 15.1% of the total work force in the region.[68]

Still, with such a relevant role, tourism has not yet generated wide spread benefits among local populations. This could partly be explained in the lack of linkages between tourism and other sectors of the economy and the subsequent leakages[69] that this generates. Many of the goods and services demanded by the industry are imported, leaving local enterprises and workers with limited participation or with lower and less remunerated jobs. World Bank and U.N. estimates point that only about 10% of the total amount spent by a tourist in an All-inclusive hotel stays in the destination countries while the rest is spent in payments made abroad for travel, lodging and logistics. Out of this, 55 % of revenues leak back to developed countries.[70]

It is worth observing that many individuals, organizations and development agencies, both local and foreign, are making efforts to influence governments and private investors in their decisions concerning the future of the tourism industry and the development of a more inclusive model of operation; however, few of the many stakeholders in the industry have real participation in the process of decision making when it comes to very big investments and the huge revenues generated.

A few multinational corporations have almost absolute control of the industry, especially in the All Inclusive enclaves and the Cruise Ship business. Fifty percent of the world's Cruise Ships business takes place in the Caribbean[71] and yet it is controlled by two companies: Royal Caribbean and Carnival, both with their headquarters in Florida and belonging to larger holdings. Together with independent tour operators, these companies have control of airlines, hotel chains, cruise ships, travel agencies, supply companies, restaurants and travel agents. (Figure 1.1) In the year 2000 the Spanish Federation of Hotels declared that only in the Dominican Republic there where more than 40 hotels belonging to Spanish holdings, making it the first market for Spanish tourism companies.[72]

Another gap that contributed to tour operators' control of the business is the lack of an open-air policy. During the emergence of mass tourism, governments gambled on given monopoly control to a few airline companies resulting in the proliferation of charter flights. Few regular, non-charter flights meant that individual tourists would find immense difficulties for booking flights outside the ones offered in All-inclusive packages.

1.2 Touchdown

66 After the Washington Consensus: Restarting Growth and Reform in Latin America, John Williamson et. al. 2003
67 WB
68 WTTC
69 ''Leakage is a term used to describe the percentage of the price of the holiday paid by the tourists that leaves a destination (in terms of imports or expatriate profits) or never reaches the destination in the first place due to the involvement of 'Northern' based intermediaries.''Caribbean tourism, local sourcing and enterprise development: Review of the literature. Dorothea Meyer
Centre for Tourism and Cultural Change, Sheffield Hallam University
70Caribbean tourism, local sourcing and enterprise development: Review of the literature. Dorothea Meyer
Centre for Tourism and Cultural Change, Sheffield Hallam University
71 From WB and WTTC
72 UNDP. Human Development Report 2005.

The All-inclusive model has the biggest share in the offer of accommodations, accounting for nearly 60% of all the hotels in the region, growing at a pace of 3.000 rooms per year since 1995 in the four largest markets: Mexican Caribbean 60,000 rooms (48% All-inclusive), Dominican Rep. 59,000 (47% A.I.), Cuba 42,000 (64% A.I.) and Jamaica 24,000 rooms (46% A.I.)[73].

These monofunctional strips go as long as the beach allows. After the waterfront is saturated, new developments occur on the second row, generating parallel strips, usually restricting access to the beaches.
The 4 km long resort strip of Barbados developed in the 80's fails in comparison to the 35 km long developments in Punta Cana and Bavaro developed in the 90s. (figure1.2). This is evidence of permutations in the way the hotel strips emerged and developed in relation to existing settlements and in direct correspondence to the economic model under which it operates guarantying the fastest possible return of investments.

Two main conditions seem to determine the location of an All-inclusive hotel: a pristine beach and an airport within an hour drive. (Figure1.3)

But if this is the case, what prompted Club Med to build its first hotel in Punta Cana in 1979, a place with no roads, no electricity, no running water and most importantly no airport? What about the Mexican Riviera? Cancun was virtually non-existent only 15 years ago.

The first mass tourism developments emerged at the end of the 1970s in Dominican Republic and Jamaica with the support of foreign aid organizations like the World Bank. Their financial support was matched with great participation of local governments in the beginning. Large hotel enclaves just minutes away from the city of Puerto Plata and the new Gregorio Luperon airport, conceived for this reason, were built under this model. But as international investors arrived the business moved to more isolated and more pristine areas where infrastructure was virtually non-existent.

The role of the government was reduced to providing the legislative framework and the basic infrastructure for the operation of the hotels as well as to give huge fiscal incentives to allure investors.

The incentives where so good and the economic condition and foreign exchange crisis so severe that the investments were warranted even if they had to provide for their own electricity, water, and private airport. Out of the six international airports in Dominican Republic two are private. The Punta Cana airport is not only private; it also receives 47% of all foreign arrivals, serving the hotel enclaves of Punta Cana and Bavaro.
The All-inclusive model has generated a very lucrative industry with very powerful owners that have incredible influence in local political and economic decisions.

While local governments have made big investments in infrastructure, these investments rarely touch existing human settlements and in many cases the industry grows so fast that virtually no planning is done for the allocation of secondary services, such as housing or other support infrastructure besides the one needed for the specific functioning of the hotels.(figure 1.4/1.5)

[73] Al_Caribe. Supersudaca. 2003

2 Futures: closer collaborations, more links and leisure immigrants

In places like Riviera Maya and Punta Cana where the government's control is outshined by private interest and investment, it's easy to see where some of these problems manifest. After the first and second rows from the beach, starts a new world that resembles very little the situation found at the hotels. A chaotic line up of informal settlements, maverick private investments in secondary economic sectors and services all trying to keep up with the pace dictated by foreign investors.

In Cuba every single investment in connection to tourism, now its main source of foreign exchange, is handled in partnership with government agencies and state owned companies. As a general rule the government contributes with 51% of initial investments and the revenues are distributed accordingly. The Cuban ministry of tourism even claims that 60% of all commodities consumed at any hotel in the country is supplied or produced locally. Consequently, mid term physical planning and regulations have provided an almost absolute control on where and how investments would be made[74].

Current trends already indicate interesting changes; especially in the lower intensity, wider spread second residence developments happening in the region. Tourists are staying longer or come more frequently. Eco-tourism and other models are also relevant but in a much smaller scale.

This atomization of operations, ownership and initiatives hold a great potential for transforming an industry highly dependent on foreign markets and events into a less adventurous endeavor, while at the same time providing the opportunity for the involvement of local agents in every facet of the upcoming developments.

If the benefits from tourism are to be enjoyed by a larger number of people in the region, countries must find the way to diversify their offers and reduce the leakages and overall loses that the current model causes. While more involvement from local governments is required, certain decentralization and flexible parameters are needed. Likewise, we need better planning and regulation for determining the allocation of limited resources and the more ample assets that foreign investors and visitors/leisure immigrants represent.

[74] AlCaribe. Cuba report 2006

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