

2022 SIDS Global Business Network Forum Session 2: Tourism and COVID-19 Recovery

Tuesday 12 April 2022 from 10.45am - 12.00pm
Ngarachamayong Cultural Center, Koror, Palau

Keynote Address by H.E. Ambassador Conrod Hunte, Deputy Permanent Representative of Antigua & Barbuda to the United Nations & Chair of the Alliance of Small Island States (AOSIS) (7 minutes)

Introduction

Excellencies, Colleagues, Ladies and Gentlemen,

Thank you for joining us at the SIDS Global Business Network Forum for this important discussion on Tourism and COVID-19 Recovery in SIDS.

Significance of Tourism Industry in SIDS

As you are all aware, Small Island Developing States (SIDS) are disproportionately vulnerable to global economic shocks due to their small size, narrow economic base, high degree of openness, and dependence on external economies.

Before the global shutdown caused by the COVID-19 pandemic, tourism was one of the fastest growing economic sectors, generating unparalleled direct and indirect employment opportunities, and accounting for nearly a third of the GDP in most SIDS. Considering the intersectoral, trade and welfare effects, it is also an important driver of sustainable development in SIDS.

This industry is also critical for foreign exchange earnings, taking into account the export capacities of SIDS. Tourism accounts for a significant portion of exports, while food, energy and other basic necessities are all imported. This has resulted in large trade deficits in SIDS, which are often double the amount of other developing countries. While remittances and foreign direct investments contribute to addressing these gaps, they have mostly been addressed through external borrowing. Therefore, tourism is an integral source of public finance, investments and servicing debt payments.

The bottom line is SIDS have been reliant on this booming industry for decades, not only for economic growth, but also for climate change adaptation, disaster recovery and sustainable development.

Impacts of the COVID-19 Pandemic

Prior to the pandemic in 2019, SIDS attracted over 44 million inbound visitors, with most arrivals originating from a single source country or region. For example, the USA accounted for 60-80% of tourist arrivals in the Caribbean, Australia and New Zealand constituted 50% of arrivals in the Pacific, and 60% of arrivals in the AIS were from Europe.

In 2020, the COVID-19 pandemic brought the tourism industry to a standstill, with tourist arrivals falling by over 70% to below 1990 levels. This had a significant impact on tourism economies dependent on single source tourism markets, as there is a strong relationship between the source country's GDP and growth rates in tourist arrivals from that country. In addition to this, there is limited domestic tourism in SIDS to make up for the shortfall in external arrivals.

The pandemic has also placed over 100 million jobs directly at risk worldwide, with even further repercussions on ancillary industries such as food supply, transport, hospitality, construction, and recreation. Secondary contractions are already being experienced in retail, trade, and other services, also attributed to the fact that tourism drives food and energy imports in many SIDS economies.

The corresponding fall in Foreign Exchange Earnings have resulted in insurmountable challenges for addressing external debt in SIDS. Our finite domestic resources were diverted to addressing the socio-economic impacts of the pandemic, while also responding to the ongoing impacts of climate change, resulting in large fiscal deficits. However, SIDS are excluded from debt relief initiatives such as DSSI and the Common Framework for Debt Treatments, based on income only criteria. This also continues to be a persistent issue in securing development finance through International Financial Institutions.

Where we are now

Following the ease in global travel restrictions, the tourism industry has slowly started to recover. The revenue generated by this industry is needed now more than ever. However, there are a number of inhibiting factors which still need to be addressed in order to accelerate this recovery:

First and foremost, we must ensure equitable access to vaccines everywhere in the world in order to ensure safe travel and tourism services. While 5 billion people have now received at least one dose, a significant portion of the global

population are still not fully vaccinated, affecting the confidence of travelers. No one is safe from the virus, until everyone is.

At the same time, it is critical to ensure that travel restrictions, quarantine measures, and testing requirements are not overly onerous, while balancing the interests of public safety. The rules and guidelines have been frequently changing in each country over the last two years, so there is also a need to ensure clarity in moving forward. Vaccination passports and the use of digital technologies have proven to be effective in many SIDS.

As tourist arrivals rebound, the workforce must also be better equipped to handle this influx. Investing in skills and training including use of digital technologies can further diversify and expand the industry, ascending its potential to even greater heights. An inclusive approach should maintain focus on rural areas and local communities, including all marginalized groups.

The dire economic situation caused by the pandemic in SIDS also demonstrated that the international framework for assistance and support is ineffective and based on archaic criteria that do not accurately reflect the circumstances on the ground. As a result of this, SIDS are advocating for a Multidimensional Vulnerability Index to be adopted this year, which could be utilized to better direct development aid and relief to where it is most needed, especially at times of crisis.

Sustainable Recovery of the Tourism Industry

In reviving the tourism industry, we must also think about potential improvements. If not managed effectively, tourism can have detrimental impacts on the environment, community and the economy, so sustainability is an important consideration.

There are a number of context specific measures that can also be considered in order to make the industry greener and bluer. In line with our commitments under the Paris Agreement, we are striving to achieve the lofty goal of carbon neutral tourism by 2050. This also includes transport and other linked sectors. Furthermore, there is an urgent need to eliminate single use plastics from this industry, and enforce stricter regulations on waste management, including on cruise ships. There is also great scope for expanding the conservation and protection of natural resources through tourism, which is particularly important for SIDS given their important role in protection of global biodiversity.

However, it is crucial to have a clear understanding of the consequences of these transformative measures in SIDS. For example, transport is a significant

factor determining tourist arrivals in SIDS, due to their isolated geographical nature. Therefore, an increase in fossil fuel taxes or levies could increase transport costs to SIDS more than other destinations. More due diligence is necessary to explore these potential impacts in SIDS, and ensure that the consequences of response measures do not curtail the tourism industry detrimentally. This is a discussion that we are following closely at the UNFCCC, and other relevant forums.

One of the main obstacles to better understanding of this issue, as well as other interlinked dimensions of the tourism industry, is the lack of reliable and disaggregated data regarding the industry in SIDS. These data challenges are a crosscutting issue that need to be addressed holistically, including through enhancing the monitoring framework for the SAMOA Pathway. A comprehensive understanding of the complex ecosystem of tourism services is necessary to redesign and enhance tourism management policies in a targeted and effective manner.

Conclusion

I hope that during today's discussion we can take a deeper dive into some of these issues, and distill concrete solutions that can be implemented with the support of our partners from the SIDS Global Business Network.

As the Chair of AOSIS, we stand ready to work with OHRLLS, UNDESA, the WTO and all other stakeholders to advance progress on this issue, especially in the lead up to the Fourth International Conference on Small Island Developing States.

I thank you again for this opportunity.