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CARICOM STATEMENT DELIVERED BY AMBASSADOR YOLANDE SMITH, PERMANENT REPRESENTATIVE OF GRENADA,

AT THE REGULAR CIDI MEETING ON THE TOPIC:

“BUSINESS CONTINUITY, MSMES AND THE TOURISM SECTOR IN THE AMERICAS”

HELD APRIL 27, 2021

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**APRIL 27, 2021**

Thank you Chair.

On behalf of the CARICOM member states, I wish to express our appreciation to you for focusing on this important topic at today’s regular CIDI meeting. I also wish to thank the presenters for the valuable insights shared on the inextricable link between the tourism sector and MSMEs and ways in which member states can improve business continuity.

As you can imagine, these issues are a priority concern for CARICOM member states, particularly at this time where economic recovery is imperative for the survival of our countries and our people. The negative effects of the COVID-19 virus on the world economy are evident and growing and for the member states of the Caribbean region, its impact has been devastating. Most CARICOM economies, particularly those of us with major tourism sectors, have experienced severe contractions since the onset of the pandemic as a result of the drastic fall in world travel and tourism.

This significant decline in national income, coupled with major mandatory spending on health care systems to manage the impact of increased COVID-19 hospitalizations has left several member states even more vulnerable to external shocks. The Economic Commission for Latin America and the Caribbean (ECLAC) has estimated that the pandemic will lead to the biggest contraction in regional Gross Domestic Product (GDP) in history and *“will result in the region’s worst economic and social crisis in decades, with highly damaging effects on employment, the fight against poverty and the reduction of inequality”*. Consequently, today’s discussion is both timely and relevant as the region embarks on the journey to economic recovery and restoration.

The Caribbean has been recognized as one of the most tourism-intensive regions in the world. In fact, the Caribbean Tourism Organisation has reported that Caribbean tourism peaked at 31.5 million stay-over/tourist visits in 2019 with spending at an estimated US 40.6 million dollars. Further, the World Travel and Tourism Council’s 2019 estimates highlighted the important role of tourism as a major source of employment providing one in ten jobs. The WTTC also notes that tourism thrives on entrepreneurship and therefore offers prospects for self-employment and offers real opportunities for skilled and unskilled employees thereby alleviating poverty at the local level.

However, ECLAC’s report on the economic impact of COVID-19 on Latin America and the Caribbean states that *“tourism is one of the worst affected sectors and its recovery will depend on how and when borders are opened across the world”.* The report further highlights that tourist arrivals globally were expected to fall by between 20% and 30% in 2020. With a 30% decline in tourist arrivals, GDP would fall by 2.5% in the Caribbean and the spill over effects on employment, household incomes and government revenues would be significant since the sector employs some 2.4 million people and accounts for 15.5% of GDP. The effects of the decline in tourism will be felt especially by micro- and small enterprises, which comprise a large percentage of the hotel and restaurant sector: accounting for 99% of enterprises and 77% of employment.

Consequently, the importance of building resilience in the Caribbean is more pressing at this time and requires the cooperation and collaboration of all member states. To this end, the Conference of Heads of Government of CARICOM established a Working Group of Member States and Regional Institutions on Caribbean Economic Recovery and Transformation (CERT), chaired by the Honourable Mia Mottley, Prime Minister of Barbados and Chair of the Development Committee of the Board of Governors of the World Bank Group, to engage wizth International Financial Institutions on behalf of CARICOM, and to support the formulation of national-level policy reform programmes to ensure economic stabilization and resilience building.

Notably, the Caribbean Tourism Organisation (CTO), in collaboration with other stakeholders hosted the Caribbean Tourism Recovery Forum on October 14 and 15, 2020 with the objective of assisting the region’s tourism industry in recovering from the challenges of the ongoing pandemic. The CTO has also partnered with the George Washington University International Institute of Tourism Studies (GW IITS) to develop a recovery toolkit to provide a useful guide for small and medium-sized tourism enterprises as they plan for their reopening, and a dashboard for ministries and destination management organisations to capture and report on key recovery metrics.

It is also worth noting that the CARICOM Secretariat will launch its new publication titled “The New Normal – A Post-COVID Primer for Business” on April 28, 2021. The publication will provide a guide to businesses to strategize preparation amid the current changing operating environment due to COVID 19, to sustain business development in the post-COVID era.

Chair, as we move towards reopening our economies, it would be remiss of me to not highlight the importance of equitable access to COVID-19 vaccines. Without vaccinating our populations, the dream of economic recovery will remain just that, a dream. The CARICOM member states are committed to working with all member states and the General Secretariat to advance our goal of economic recovery.

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