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Trade Policy for Agribusiness Development: Food and Tourism

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Abstract

Tourism is traveling for recreational, leisure, or business purposes. The World Tourism Organization describes tourists as people who "visit places outside their usual environment for more than twenty-four hours and not more than one consecutive year for leisure, business and other purposes". Tourism is vital for many countries and many island nations due to the large revenues for businesses with the opportunity for employment in the industries associated with tourism. Over time, an ever increasing number of destinations have opened up and invested in tourism development, turning modern tourism into a key driver for socio-economic progress through the creation of jobs and enterprises, infrastructure development and the export revenues earned. United Nations World Tourism Organization (UNWTO) (2010) reports that tourism has experienced continued expansion and diversification over the past six decades, to become one of the largest and fastest growing economic sectors in the world. Over this period, several new destinations and variants of tourism have emerged. Some of these variants include agrotourism, food or culinary tourism, educational tourism, sports tourism and several others.

Despite the world economic meltdown in the past few years, the UNWTO 2020 tourism forecast projects continuous growth in world tourism. UNWTO projects 282 million arrivals to the Americas and this suggest great opportunity for economic growth that would be provided by the expected demand from tourism. Telfer and Wall (1996) showed the competition between tourism and food production to include land, labor and capital symbiosis where both sectors mutually benefit from each other. United States Department of Agriculture's Foreign Agricultural Service (2011) reports that the tourist industry in the Caribbean is growing. The growth has created an increased demand for food which the region has not been able to meet and subsequently increased US food export to the Caribbean to capture tourists' revenues.

This paper suggests that an increase in food production will capture more tourism revenue in the region. The paper uses a two-stage linear model to estimate the relationship between value-added food production and tourism in the Caribbean. The results show a backward linkage between local food production and tourism in the region. The paper suggests policies that will encourage food production, value added food production and create agricultural tourism and culinary tourism, which are unique niches in the tourism industry.

Keywords: Agro-tourism, value-added, two-stage, Caribbean, food production