

Committee: Economic and Financial Committee

Issue: Sustainable tourism as a means of development of small island states

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INTRODUCTION

In recent years the issue of sustainable tourism has gathered a lot of traction internationally. This is mainly explained due to the current efforts by global organizations to draw attention to environmental issues and concerns that our planet and the human race are facing. Climate change mainly and the issue of rising global temperature are certainly affecting small islands due to a rise in sea levels. However, there are a plethora of other issues that greatly affect small islands. More specifically, international supply chains that support the current form of the tourism industry and the lower economic status of such islands do not allow them to fully function at their maximum capabilities.

This issue is one that greatly affects the international community seeing the great cultural heritage and biodiversity that is heavily present in such small island developing states. Furthermore, given the United Nations' Sustainable Development Goals, we have seen a further shift of the global spotlight towards sustainability and how we can prosper following that in the future. Moreover, the economic growth of such nations through tourism mainly is something that is supported by various global economic and trade organizations as well as similar such as initiatives like the World Trade Organization and the Belt and Road Initiative, which further establishes the importance of such nations on the global economy and how their development can benefit multiple stakeholders.

Given how global leaders are questioning the negative effects of climate change and rapid development, this issue does showcase their real life effects and consequences and how climate change can completely negate smaller and more vulnerable economies and rapid non-sustainable development can stunt the growth of nations and backfire on their goals of major expansions.

DEFINITION OF KEY TERMS

Sustainability

Sustainability, as a general concept, is based upon fulfilling society's current needs without undermining the prospects of future generations. In this context, it would refer to the development of islands by reducing their negative environmental impact to preserve their status.

Tourism

Tourism pertains to economic activities by visitors within a country. This is also known as the visitor economy. Tourism in most of the case is considered to be part of the exports of a country and is known to be a main pillar for smaller non-industrial economies.

Small Island Developing States (SIDS)

SIDS consist of a group of relatively small developing countries that have a unique array of sociocultural environmental and economic concerns. This group contains 52 countries and territories.

Climate Change

Climate change is a phenomenon that describes certain long term patterns and shifts in the climate. However, it is used regularly to refer mainly to the recent general increase in global temperature in the last 70-80 years. One of the effects of climate change is the rising sea levels that threaten the coastlines of a number of islands.

Political Corruption

The manipulation of public authority to advance one's personal agenda and derive benefits that harm or go against the public's interest is considered political corruption. This could include acts such as bribery, embezzlement of public funds, fraud and extortion. Corruption is mainly present in less economically developed nations (LEDCs) since there is limited regulation and overview of government organs.

Cultural Heritage

Cultural heritage is a collection of traditions and practices that have been adopted by certain cultures and preserved from generation to generation. These include places, artifacts, art and even values.

BACKGROUND INFORMATION

There is a variety of issues that the SIDS face when attempting to evolve their economies and compete in the global market. However, there are a few key problems such as their geographical location, the preservation of their cultural heritage, their economic and political status, and the application of the tourism industry.

The issues of Small Island Developing States (SIDS) due to their geographical position

One of the main issues that small islands have to overcome is being able to compete in an international market. Larger economies are able to provide a network of transportation and logistics systems that further support their tourism level. However, smaller economies like the SIDS are incapable of financially creating such infrastructure and systems. Furthermore, this problem is exacerbated further by the fact that the geographical positions of these islands hinders their integration into international supply chains that could support the rapid development in their tourist sector. This logistical issue is not that simple when these islands have to constantly consider issues of sustainability since the geographical location of the SIDS makes them extremely vulnerable to any sort of environmental disaster as well as the dangers of rising sea levels. These issues raise major concerns for such economies and countries since their integration into any international initiatives that do not follow environmental guidelines and procedures set by the international community, but that could generate massive economic growth and help in their struggles, could endanger the survival of their nations and contribute essentially to their downfall. In addition to that, many of these islands contain a rather extensive amount of indigenous wildlife including endangered species of flora and fauna that are protected by various international organizations. All these concerns about sustainability do not only prevent the SIDS from adapting an international supply chain and competing fully with other international tourist attractions but also delay and prohibit the use

of large fiscal packages and expansions that could give the infrastructure needed to develop the economic state of these islands and allow them to gain some degree of economic independence and more stable economies that do not solely rely on domestic transactions and activities.

Those specific climatic conditions, which give the SIDS a relative advantage and a unique element in terms of their tourist industry and allow for their current economic activity, are endangered by changes in climate. Consequently, it is crucial for them to maintain the right conditions for their economy not only to progress and achieve a more increased economic activity but for them to have any form of economy at all.

Economy and Politics

Something that was superficially elaborated on previously is the economic conditions that limit those islands. These economic conditions mainly have to do with the size of the market that they have and the limitations coming from their culture. The fact is the economy of a SID is extremely limited in some sectors, mainly agriculture/fishing and tourism; this means that mainly the domestic market operates on the profits made and the industries that surround fishing and agriculture while at the same time exporting a small percentage of this finite commodity production in addition to some level of tourism.

This economic activity, unfortunately, makes the economy of SIDS extremely constrained and heavily reliant on those two industries, which present extreme problems when overdeveloped and “mined”. First of all, even if those two industries were fully sustainable and could suffice in terms of financial expansion, it is largely inefficient for an economy to rely solely on two industries since if something were to happen, they would have major economic repercussions as a result and would need major financial capital to escape from such a situation, which in return would push the economy into a cycle of debt that would be followed by a deep recession.

However, this situation makes it increasingly hard to diversify into other industries since many aspects of production in such economies heavily specialize in these sectors and it is very difficult for both the government and the private sector to transfer those industries’ resources to other industries that vary and can result in failed attempts at expansion that can once more push the economy into a deep recession. More specifically about the industries at hand, these industries, as mentioned before, are vulnerable to natural disasters and any changes in the local climate, which means that the industries themselves cannot be sustained in the long run and pose a serious threat to the economy of the nation. Seeing as heavy fishing and

agriculture would only further contribute to the problem that industry can only help the domestic market of the SIDS and not further their exports in order to create a trade surplus so as to promote and aid in their development. To resolve such issues, large fiscal expansions and interventionist supply-side policies, such as increased research and development, could help allay the problems facing these industries.

Generally speaking, the local governments in SIDS tend to be corrupt in certain cases, which does not aid this model of a severely inefficient economy. These political constrictions along with the much-needed help that the economy needs from its government create an uncertain and very scary business environment for foreign investors that are discouraged in a sense from investing funds in the SIDS, when otherwise there could be a plethora of such funds flowing into the economy and supporting its financial expansion. This situation thus leads to a very stagnant economic environment that can only be sustained for the next couple of decades without the huge economic collapse of these nations.

Cultural heritage in SIDS

In general, the societies in such nations appear to be substantially associated with cultural heritage and how that comes into play with their economic advancement. When taking into consideration that a lot of UNESCO cultural sites are limited in terms of what development can be undertaken in certain areas and given their limited physical size, it further worsens the situation. Fortunately, enough, that very same heritage is what gives them a unique advantage when considering their tourist attractions due to the fact that this interesting and highly appreciated culture can be found there. Sustaining this culture is a struggle that a lot of SIDS are faced with while trying to adopt such practices in their tourist industry. Such culture, however, tends to be “primitive” in the sense that they do not follow closely with technological advancements and usually view them as disturbances and disruptions to their culture, which sometimes can be true. In recent years, since such culture has become more and more important and countries rich in such heritage have seen a relatively increased level of recognition by the international community, we have seen how that would help the evolution of such economies and how preserving this culture can lead to economic growth, at least in view of its effects on tourism.

Sustainability and eco-tourism

All these issues collectively accumulate when discussing eco-tourism and sustainability in the case of these islands. Although this concept of tourism being environmentally conscious is not so recent, we have seen that, through environmental campaigns aimed at educating

consumers and the general public the past few years, people are more aware of their carbon footprint. We have seen a rise in the importance of sustainability in tourism and how a greater number of consumers are more conscious and understand the impact of their actions regarding tourism especially in nations that are vulnerable to climate change. Since eco-tourism is in tune with sustainable development, it uses the resources of the nations optimally without essentially disrupting the natural ecosystem and hence preserves the heritage of the area. Moreover, it supports more long term viable economic measures and policies that provide equal financial and non-financial benefits to all involved shareholders promoting equity, and thus providing employment and income to low skilled workers and people with low levels of income, but also, through government revenue, the government can then provide more and more social benefits and opportunities.

The major problem with this form of tourism is how can this applied on a larger scale and offer the same level of economic prosperity to the private sector despite the added costs of having these green initiatives and measures. This application needs extreme levels of rather increased technological development in order to allow sustainable tourism to reach a more expansive range of nations on a major scale.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

Haiti

Several natural disasters and poor uses of economic policies have had a toll in terms of the economic repercussions on Haiti. As a SID itself, its status has not facilitated its growth in addition to its struggle of maintaining political stability. This in return shows that they could surely benefit from a source of regular income such as sustainable tourism that would help the economy achieve some momentum in terms of growth. Through this growth, the region could solve some other issues, such as its justice system and the integrity of its government, which are of grave concern.

Mauritius

As an economy, Mauritius is a great example of what a SIDS economy could look like. Construction and the outsourcing of banking services have been driving forces in pushing its financial activity forward in recent years. Other than that, Mauritius has been for a long time now a very well-known and popular tourist destination and recently classified by the World

Bank as a high-income country. However, environmental concerns about Mauritius have arisen since it is fairly vulnerable to rising sea levels so moving to a more sustainable model is crucial for its prosperity.

Maldives

This nation is considered to be a prime example of a development success seeing its rapid economic growth over the last 40 years showing the effect that correct subsidisation and fiscal stimulus can have on an economy. It is a country that not only interests private investors but also offers a sufficient level of public services and social benefits with extremely strong indexes in a review of their education and health care systems. As is the case with most SIDS, its physical vulnerability to rising sea levels means that climate change currently threatens the mere existence of the nation and its primary focus is now tilted towards following a sustainable route to deal with the issue at hand.

Singapore

Singapore as an economy has a very pleasant environment for businesses and foreign investments, which has helped attract a substantial amount of financial capital and infrastructure including skyscrapers and a major airport to support its exponentially increasing levels of tourism that make it one of the world top destinations. Following all that, the government in Singapore heavily promotes sustainability in the construction industry and now has moved that initiative to tourism as well, while at the same time promoting their unique cultural heritage as a main tourist attraction.

Timor-Leste

Although in recent years Timor-Leste has seen some level of economic growth and relative political stability, its economy has remained heavily reliant on fiscal policy and in general revenue coming from natural resources. Although in the short term this does not pose a problem, in the long term the nation will need to find a way to sustain its growth given the finite supply of these scarce resources. The government now is looking to expand its tourism levels and establish a more sustainable revenue channel.

TIMELINE OF EVENTS

Date	Description of Event
June 1992	The SIDS are first recognized by the UN.
April 1994	The UN adopts a programme to promote sustainable development in such island states.
September 1999	The UN General Assembly reviews the implementation of its programme for the SIDS and warns about the dangers of rising sea levels.
September 2002	The case of SIDS is discussed at the World Summit on Sustainable Development.
January 2005	The Mauritius Strategy and Declaration are adopted that focus on the areas that should be supported on the issue of SIDS.
September 2010	The GA evaluates the Mauritius Strategy.
December 2012	The GA calls 2014 the “International Year of SIDS”.
September 2014	The third International Conference on SIDS is held.

PREVIOUS ATTEMPTS TO RESOLVE THE ISSUE

Previously, many private investors have tried to resolve issues and provide solutions to accommodate this different form of tourism. For example, in Singapore, many foreign construction companies have created a new “green” infrastructure to house the new wave of tourism coming to the city and help proceed with their new sustainable habits.

POSSIBLE SOLUTIONS

The issues that the SIDS are faced with are rather large and significant and many of the solutions that could be applied in this case contradict and negate the effects of one another at times, so the best possible way to resolve the issue at hand would be a “package” of solutions aimed at resolving the issue with the main focus targeting on the concerns of sustainability.

First of all, sustainable tourism is a fairly obvious and most apparent solution in this case, since it resolves the problems associated with economic growth and preserves biodiversity and

cultural heritage in the region. Through sustainable tourism, the economy can expand at a fast pace and can evolve despite current environmental concerns. Unfortunately, the application of such a form of tourism is rather hard to realise as multiple nations do not have the financial stimuli to aid the usage of such a system and still a large percentage of tourists would rather have lower costs or be able to afford certain luxuries rather than being environmentally friendly. This further stresses the problem that, economically speaking, there is no one guaranteed way to implement this change in tourism. Nevertheless, what could be implemented is a range of market-based policies that would on the one hand apply strict environmental regulations on the market while also increasing competitiveness (with the use of financial incentives) to have more firms offer effective and low price solutions so as to have the ability to compete with other conventional tourist destinations.

Another possible solution could be directed foreign investment which would mean financial capital from abroad in the form of investments in local businesses that could increase the level of domestic economic activity. More specifically, this could be in the form of subsidizing the exporting industries other than tourism or creating forms of infrastructure that could ameliorate the economic conditions and build towards a more technologically advanced society that could in return fully support its evolving industries. This in return would result in equity in terms of income and wealth distribution and also support a level of prosperity and better standards of living. This would mean though that a more favorable economic environment for businesses should be adapted and thus more economic reforms would be needed.

An additional idea would be the provision of government subsidies to support local businesses that support the cultural heritage of such regions. In such a case, other than preserving their cultural identity, the SIDS would have the opportunity to enhance economic activity at a domestic level while also enhancing their major exporting sector. This would further the development of a strong and independent economy that would be non-reliant on aid coming from outside factors like MEDCs.

Finally, technological advancements, at least in the agricultural industry could result, provided they have a sustainable focus, in a more efficient and green industry that could export larger quantities of commodities abroad and thus explore having a positive trade balance supported by a sector other than tourism. This would mean in return that a large amount of fiscal stimulus could be provided to create these positive economic externalities, which would in return need some level of borrowing or private investment that would need to be rightfully targeted by governments.

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