

PART IV : TOURISM DEVELOPMENT

Chapter 11

Tourism Development in St.Kitts and Nevis: Problems and Prospects

I. The Background

St.Kitts and Nevis is small twin island country in the northeastern Caribbean Sea. The two islands of St.Kitts and Nevis are separated by a 2 mile wide channel referred to as "The narrows". Their total geographical area is 104 sq.miles - 68 sq.miles for St.Kitts and 36 sq.miles for Nevis. The population of the country is about 43 thousands - 35 thousands for St.Kitts and 8 thousands for Nevis. Topographywise both the islands are mountainous and volcanic consisting of central mountain mass rising from the sea. The highest point on St.Kitts is at 3,792 ft. and on Nevis is at 3,232 ft. above the sea level. The mountains are almost fully covered with greeneries. Both the islands have excellent beaches. Climate is tropical with temperature generally remaining between 20 and 30 degrees Celsius (See Table 1). Average annual rainfall is about 55 inches in St.Kitts and 48 inches in Nevis. Water supply is abundant throughout the year on both the islands. Although there are no known commercially viable mineral deposits, the nature has been very bountiful to the islands of St.Kitts and Nevis in terms of scenic beauty of gentle rolling landscapes, tropical rain forests, majestic mountain ranges and climate. The islands are, however, subject to devastating hurricane which strikes the islands once in a while. The last it struck was in September 1989 causing enormous loss of crop, fish and property.

The islands were discovered for the Europeans by Christopher Columbus in November 1493. After a century long struggle between the French and the British, ultimately they became British colony in 1783. In 1967, St.Kitts and Nevis became a "State in Association" with Britain. Only in September 1983, the country gained full independence. It is a member of the British Commonwealth, the Caribbean Community (CARICOM), the Caribbean Development Bank (CDB), the Organisation of Eastern Caribbean States (OECS) and the Eastern Caribbean Central Bank (ECCB). It has a parliamentary democracy with a stable government. It may be noted here that the political climate in the country is one of the most stable in the western hemisphere. It extends cooperation to other member countries of CARICOM in areas such as economic policy, trade, industrial policy, nutrition and foreign relations. It also shares a common currency, regulation of civil aviation and common institutional arrangements for the judiciary.

Traditionally, the economy of St.Kitts and Nevis was plantation-based, dominated by a single crop of sugarcane accounting for 75% of the total arable land (18,618 ha.) and contributing about 50% of the value added by the agricultural sector. The other half is contributed by vegetables, fruits, other crops like cotton, copra, coconut, corn, coffee, etc., livestock and fishing. Forestry is surprisingly negligible. Although the contribution of agriculture in terms of gross domestic product (GDP) has been declining from about 17% in 1981 to 9% in 1989 (See Table 2), the sector has a significant role to play in the economy. It satisfies almost 40% of the domestic food requirements besides generating the largest amount of employment in the economy. Its direct forward linkages are with the sugar industry in the domestic manufacturing sector which accounts for nearly 35% of domestic exports (See Table 2). The declining importance of sugar industry is partly due to problems of management and labour shortages within the industry and partly due to the government's efforts to take economy away from heavy reliance on sugar. It can be seen from Table 2 that food is a major item of import, the other one being machinery. To reduce the import bill, diversification of agriculture to produce vegetables and fruits where the islands have relative advantage is the obvious alternative before the government which is pursuing it rigorously.

The per capita GDP at current prices in St.Kitts and Nevis is estimated at EC \$6800 in 1989. Since EC dollar is pegged to the U.S. dollar, the exchange rate between them is fixed and stable at U.S.\$ 1 = EC \$ 2.70. Thus, the country is classified as belonging to the upper middle income countries category as per the World Bank classification. The growth in the real GDP in the country during the last decade has been remarkable except for the year 1983 when it experienced negative growth in real GDP. Its average annual compound rate of growth during the period 1981-89 works out to be as high as 5.6%. It is, thus, a fast growing economy with manufacturing, construction, trade and 'other activities' (including hotels and transport) expanding more rapidly than other sectors like agriculture, government services, etc. (See Table 2).

In terms of other development indicators also, the islands economy is fairly well developed as can be seen from Table 3. The literacy rate among adults is about 90%. Access of the population to safe drinking water and electricity is 100%. Population per doctor is 2800 and population per hospital bed is only 100. The islands, moreover, have very good road net-work with about 300 k.m. length of roads in the two islands together. Out of these, nearly 127 k.m. length of roads are paved, 96 k.m. are unpaved and 83 k.m. are track roads. The main highway on St.Kitts runs around the perimeter of the island and covers about 53 k.m. length which also represents an attraction in itself. The unemployment rate fluctuates between 10 to 20% as per a rough estimate. There is considerable seasonal variation in it particularly because there are two peak seasons - harvest season and tourist season. The main problem of the economy, however, appears to be the negative growth of population. It is not on account of the natural growth of population but due to migration. There are no institutions of higher learning in St.Kitts and Nevis. The students have to therefore go to other countries either in the Caribbean or north America for higher studies. Many a times, they tend to settle there. Moreover, the local population generally has very close family connections in U.S.A., Canada or U.K. The earning opportunities attract them out of St.Kitts and Nevis though they usually retain land and property here so that they could return here for their retirement. However, temporarily, this causes severe stress on the skilled labour market and has the perverting effect on the cost structure in the country.

The government has perceived tourism as an important source of growth in the country's economy. It not only generates direct income and employment in the hotel sector but also has considerable linkages with other sectors in the economy. In other words, the government considers tourism development as an essential driving force. In the next section, we consider the prospects and potential of tourism in St.Kitts and Nevis. In the third section, then we discuss the role of tourism in the economy. The fourth section is devoted to the review of the government's efforts to develop tourism in the two islands. Finally, in the fifth section, we discuss a few issues emerging out of the tourism development efforts in St.Kitts and Nevis.

II. Growth of Tourism In St.Kitts & Nevis

Tourists arrivals to St.Kitts and Nevis have increased remarkably during the last decade. Between 1981 and 1990, the number of stay-over visitors has increased by 113% or at an annual compound rate of 8.8%. The cruise ship passengers have increased by 213% or by annual compound rate of 13.5% over the same period. The total visitors to the islands have, thus, more than doubled in the last 9 years (See Table 4). It is also very clear from the statistics on the tourists inflow in these islands that more than half of the total tourists who come here are from the North America. U.S.A. has the highest share followed by Canada in the visitor traffic here. The situation was not the same at the beginning of the decade. CARICOM countries and United Kingdom contributed a greater share of the passenger traffic to these islands upto 1984-85 when there was a quantum jump in the visitor traffic from Canada to these islands. This was largely due to the aggressive marketing efforts both by the government's tourist department and the island's largest hotel, Jack Tar which started operating chartered flights from Canada and later from U.S.A.

The high growth of tourism in these islands was achieved by constant effort to improve tourists' facilities in the islands. There was for example a significant increase in the airline seats, telephone subscription and number of licensed vehicles in the two islands as can be seen from Table 5. The aircraft arrivals almost doubled and the telephone subscription increased by more than four-fold during the last decade. We have already seen that in terms of basic infrastructure like roads, electricity and water, the islands are very well equipped. Even the accommodation facilities for the tourists have also expanded considerably during the last decade. In 1980, the total number of rooms in hotels and guest houses were hardly 500 in both the islands together. In 1991, there are approximately 1400 rooms in the two islands - St.Kitts having about 880 rooms and Nevis about 520 rooms. Currently, there are 25 hotels - 16 in St.Kitts with 786 rooms/units and 9 in Nevis with 450 rooms/units. There are about 31 guest houses/appartments/cottages in the two islands.

In order to assess the potential for future growth of tourism in St.Kitts and Nevis, it is important to note some of the recent developments taking place in the two islands in this context. Only in February 1990, the Southeast Peninsular highway was inaugurated. This road, built with a concessional loan from U.S.A. is only 10 k.m. long but allows access for the first time to some of country's best beaches and provides for one of the most scenic drives in the Caribbean. This Peninsula is one of the few remaining undeveloped and now easily accessible areas in the Eastern Caribbean. The eight beachfront properties now made available for development in this narrow stretch of land are hardly 25 minutes or less from the Golden Rock International Airport in St.Kitts with an 8,000 ft. runway capable of easily accommodating large jet aircrafts. The Peninsula is ready for development with all necessary infrastructure for hotel constructions including underground electric and telephone lines. Several international developers and hotels companies are moving quickly to take advantage of the emerging opportunities by coming up with proposals for big and luxurious hotels and resorts. On Nevis also, four seasons and Dumez construction company have completed a 196 room hotel resort with 18 hole golf course at Pinney's Beach on the west coast and have proved to be a grand success. Moreover, there are several additional sites in the area available for sale and development.

That the opportunities exist for hotel construction and development of sites on the islands is clear from the above discussion. Whether these opportunities would be converted into successful business propositions or not could be assessed if we look at the hotel occupancy rates of some selected hotels in St.Kitts. Table-6 presents this information for 1988. As can be seen from the table, the country's largest development viz. Jack Tar Village with 263 rooms has been doing extremely well with the occupancy rates in both the tourists' season (winter) and off-season. Apart from Jack Tar, the average capacity of hotels was only 27 rooms in 1988. Table-7 presents the percentage distribution of total stayover tourists arrivals in St.Kitts and Nevis by months for the last five years. It can be seen that November to March represent months with relatively higher tourist traffic in the two islands with December contributing the highest tourist arrivals. In the light of such a nature of the traffic flows the small hotels suffer from seasonality and low occupancy rates. Moreover, they are not geared to the requirements of large volume international vacation travel. A minimum scale of operation of a hotel which matches hotel beds with seats on wide-bodied charter aircraft like the Jack Tar can only generate volume traffic year round. It is for this reason that bigger hotels with clear clientele identified and ability to market and own tour operators have better chances of success. What is likely to occur in future in St.Kitts and Nevis is that bigger and luxurious hotels would come up on the abovementioned sites. This is further supported by the fact that as per 1990 data, almost 94% of the visitors come here for holiday and pleasure whereas 5% come for business purposes. The remaining 1% are visiting for health or educational purposes. Similarly, in 1990, about 53% of the tourists stayed in a hotel, about 8% stayed in guesthouses, appartments, villa, etc. and about 38% stayed with friends, relatives or own homes. The 1990 data on occupational break-up of visitors also reveal that, out of the total visitors, 4.5% are holding administrative or managerial position, 38.9% are professionals, 18.4% are office workers whereas 9.3% are blue collar workers, 3.6% are in other occupations, 13% are students, 5.3% are housewives and only 3.7% are retired or disabled persons. In terms of the age composition of the visitors, the age-group 30-49 accounts for about 44% of the total visitors to these twin islands.

Table-8 presents the average length of stay in days of the stayover tourists in St.Kitts and Nevis over the years 1981-90. It can be seen from the table that the length of stay of the tourists has considerably increased from only 5.4 days in 1981 to 8.6 days in 1990. This increase alongwith the phenomenal increase in the number of tourists to these islands implies that there has been a tremendous increase in the tourists' time spent on the islands over the last decade. Tourism activities in these islands are indeed booming. The increased average length of stay, moreover, is largely on account of the increase in the average length of stay of tourists in hotels and guest houses as revealed by the Table-8. Thus, demand for hotel accommodation is on increase in St.Kitts and Nevis and if the present trends continue, hotel industry in these islands would be perhaps the fastest growing industry. This is all the more so because the fundamental characteristics of the islands as the natural attraction to tourists viz., clean, green, accessible, sunny, unpolluted beaches and affordable - are not going to change in near future.

III. Role of Tourism in the Economy

The National Development Plan of St.Kitts and Nevis 1986-90 devotes considerable attention to tourism as a sector and observes, "Tourism has been playing an increasingly important role in the development process as indicated by this sector's performance during the last few years. There is full evidence that this sector has considerable potential for further development of the economy. This potential will be fully exploited, given the government's policy of diversification of the economy from its traditional base of sugar. The sector's contributions to Gross Domestic Product (GDP), employment and foreign exchange earnings have increased significantly." (p.121). Thus, the role of tourism in a small island economy like St.Kitts and Nevis is not confined only to its direct contribution to the income, employment and foreign exchange earnings but also includes more important indirect contributions by generating demand in the economy for variety of commodities and services and thereby helping revitalization and diversification of the economic base. Some of the clear beneficiary sectors out of expansion of tourism activities are: Hotels & Restaurants, Construction, Electricity & Water, Wholesale & Retail Trade, Communications and Banks & Insurance. Similarly, fishing and manufacturing other than sugar might also receive some benefits out of increased extent of tourism. Table 9 represents the GDP at 1977 constant prices for all these sectors for selected years. It can be seen from the table that all these sectors and sub-sectors have experienced improvements in their shares in real GDP over the period 1977 to 1988, with the most remarkable growth in the sectors of Hotels & Restaurants and Communications. All these sectors together accounted for nearly 44% of the total real GDP of the country in 1977 and about 60% in 1988. The real driving force behind this large segment of the economy is tourism which is fully recognised by the government of St.Kitts and Nevis.

In terms of employment, it is estimated that 1,572 persons are directly employed in 1989 in tourism related activities like hotels, restaurants, guesthouses, local transport and water-sport¹. With expansion of tourism, there would be significant increase in the demand for workers in most of the above-mentioned sectors/sub-sectors of the economy. Such employment generation is basically the result of the interlinkages obtaining within the economy with the tourism sector. The World Bank study (Nov. 1989), however, draws attention particularly to the likely shortages of labour during heavy construction periods. The islands have already started experiencing serious shortages of labour in the peak agricultural seasons due to more lucrative construction activity expansion. According to the World Bank, the hotel room availability in St.Kitts and Nevis is projected to increase to 2051 in 1994 and to 3303 in 1999. Similarly, direct employment in tourism related activities is also projected to increase from 1572 in 1989 to 4102 in 1994 to 6274 in 1999. Such a rapid growth of employment in a particular sub-sector would have significant effects on the wage-structure in the economy, unless specific measures to train workforce in the relevant occupation are taken along with liberalising immigration policies. Table 10 presents prevalent weekly average wage-rates (in US \$) assuming 45

¹ Second round employment effects in agriculture and manufacturing and employment in construction activities related to tourism are excluded.

hours per week for the year 1987 in St.Kitts and Nevis in selected occupations. As can be seen from the table, the construction workers already have relatively very high wage rates and if steps are not taken to ensure their adequate supply, their wages would further rise. This may become a constraint for the growth of the sector in the country.

The contribution of tourism to the country's foreign exchange earnings is mainly seen in terms of the tourists' expenditure in the country. Table-11 presents estimates of average daily expenditure by visitor categories and total visitor expenditures for the years 1981 to 1990. It can be observed that total visitor expenditure has increased by about 350% over the 9 years 1981 to 1990 implying a staggering 18% rate of growth compounded per annum. In terms of the potential as revealed by the growth in the recent past, tourism has been the single most important foreign exchange earning activity for St.Kitts and Nevis. In fact, since 1987, travel receipts have been higher than the earnings out of all merchandise exports put together in St.Kitts and Nevis. It accounts for almost 45% of the foreign exchange earnings on current account of the balance of payments in the country.

Tourism also contributes directly to the government revenues. In St.Kitts and Nevis, the government has created several avenues to tax the tourist almost directly. The indirect taxes on his consumption items are of course extra. The direct avenues are: hotel room tax, departure tax, travel tax and foreign currency tax. Table 12 presents the actual receipts from these sources and the total actual receipt on recurrent account of the government of St.Kitts and Nevis for the years 1980 to 1989. The proportion of revenue from these four sources to the total revenue on recurrent account has increased from 3% in 1980 to 4.5% in 1989. The tax revenue from these four sources grew at an average compound rate of 10.6% p.a. during the period 1980-89. Compared to the growth of tourist traffic and the tourist expenditure in St.Kitts and Nevis over the same period, the growth in the (direct) tax revenue from tourists appears to be on the lower side. This is particularly so because except the foreign currency tax which was removed in 1983 and reintroduced in 1986 at a lower rate, the rest of the taxes have been revised upwards, e.g. travel tax was 5% and was revised to 7.5% from 1985. Similarly, hotel room tax was 5% and was revised to 7% from 1983. One of the explanations could be the increasing amount of tax evasion by the hotel owners.²

The basic contribution of tourism is to increase the number of people on the islands. When we consider the average length of stay and the volume of visitors, we find that in 1990, the visitor population was equivalent to about 5% of the resident population in terms of total days spent on the islands. This obviously raises the demand for the private goods and services on the islands but it also raises the demand for the public goods and services on the island. To this extent, increased tourist flow could be a burden to the government and it is, therefore, justified in collecting some contribution from the tourists in the form of taxes. A share of 4.5% in the form of direct tax collection from visitors when they are contributing only about 5% equivalent of the resident population appears very reasonable and fair though their actual contribution would be much higher when we add the indirect taxes they have to pay. One can argue, therefore, that the government in St.Kitts and Nevis is discriminating against the visitors and subsidising local population by charging the foreigners more. This argument ignores, however, the ability to pay of the locals and foreigners.

The discussion of the role of tourism would remain incomplete without considering its interlinkages with precise sub-sectors in the economies of St.Kitts and Nevis. Data constraints do not allow precise quantitative estimates but it is possible to list out the sub-sectors and their products through which major interlinkages exist with tourism in the economy. The following is an attempted tabular classification of some major linkages with tourism in St.Kitts and Nevis.

² It is interesting to note here that the Statistical Division in the Ministry of Development has given up collecting statistics on room occupancy in hotels because in their opinion, the hotel owners were deliberately understating the figures for the fear of tax! On the other hand the plan document sets an explicit target for increasing the hotel room occupancy rate from 40% in 1986 to 55% by 1990!

Sub-sector	Product consumed by Tourism Sector
Small Farmers	Vegetables and fruits
Fishery	Fish
Poultry	Eggs and chicken
Dairy	Milk and ice-cream
Food processing	Beef, sausages, broilers, margarine
Beverages	Beer and liquor
Furniture	Wooden furniture, plastic furniture
Repair	Automobile repair and furniture repairs
Garments	Uniforms to hotel employees
Handicraft	Numerous handicraft products and souvenirs
Photography	Pictures and services
Masonry	Concrete blocks and tiles
Electricity and Water	Electricity and water
Communications	Telephones, telex, fax, postal services
Transport	Car-rentals, taxis, sea-port and airport services
Trade	Wholesale and retail trade services
Entertainment	Groups for music and dances

This list is by no means an exhaustive one. It only attempts to list the major areas of linkages of the tourism sector in a small and relatively less diversified economy of St.Kitts and Nevis. Investment in tourism leads to increased activity in all these sectors. In St.Kitts and Nevis, hotel sector is dominated by foreign investment. Somehow, the local investment is less in this vital sector. In the newly developing Frigate Bay area, the land is owned by the locals and the foreigners in equal proportion. In the rest of the residential area, the proportion is 75% : 25% between locals and foreigners. Many locals tend to migrate out to U.S.A. or Canada during their working life. However, they retain their property here so that they can return and settle here during retirement. As a result, several furnished houses are available for rents and are actually rented to visitors even for short periods.

IV. Government's Efforts To Develop Tourism

The government of St.Kitts and Nevis is committed to developing tourism on both the islands as an integral part of its strategy to diversify the economic base of the country and take it away from heavy reliance on sugar. Since it is small country, the labour and tourism departments are put under a common Ministry of Labour and Tourism. Expenditures of the Department of Tourism over last 5 years as given in Table 13 clearly show a rapidly rising trend. In 1986, the actual expenditure of the department was only EC \$ 1.01 million. In 5 years time in 1991, the budget estimate has been more than double at EC \$ 2.07 million. It implies an annual compound rate of growth of 15.4%. Thus, the commitment of the government towards developing tourism gets clear reflection in the fast increasing

budget allocation to the department. Table 13, moreover, reveals that there is also a marked shift in the government's strategy within this sector towards marketing of tourism and away from reliance on contracts. In 1986, the contracts were the most important single item in the budget with 36% share. Marketing expenses were only 33% of the total budget of the department. Salaries and membership to tourism organisations were respectively 9% and 3% of the budget in 1986. In 1991, however, there has been a significant structural shift with marketing emerging as the most important expenditure item having a share of 43%. Contracts on the other hand, have diminished in their importance considerably having only 27% of the share in the department's budget in 1991. Salaries and membership to tourism organizations have also declined in their importance in the budget of 1991 to 8% and 2% respectively. The marked structural shifts in the government expenditure in a short span of 5 years reveals not only the government's firm commitment to develop tourism but also its aggressive efforts to achieve rapid results in the desired direction.

The approach of the government to the tourism sector has shifted in recent years from considering it as a service sector to treating it as a modern industry in the world market. It has therefore, started viewing its role as a manager of the tourism product development on the islands. As a result, it has started paying attention to several important activities and matters connected with tourism apart from the accommodation. For instance, tourism sector of the country can compete in the international market only when modern facilities with international standard in some of the areas like shopping, car-rentals, taxis, guides in appropriate places of interest, restaurants, roads, electricity, telephones, sea-ports, airports, etc. The taxi drivers and guides as well as hotel and restaurant staff have to be trained. Natural attraction sites have to be managed and maintained properly. The beaches have to be cleaned and kept tidy. All this requires tremendous efforts which the government is determined to put in. For instance, a tourism shopping complex with 26 duty-free shops and a modern restaurant is almost completed and is likely to open soon.

Since the government's strategy emphasises marketing of the islands as the tourists' attraction, it has also opened its offices in the countries from where it gets maximum tourists' traffic. Thus, the tourism department has its branch in New York (Since 1981), Toronto (Since Sept.1985), London (Since Oct. 1989) and Chicago (Since April 1991). Opening up of offices in foreign countries, on the one hand is costly but on the other, is an aggressive marketing venture which having identified the target population tries to sell the product directly to meet the set goals. In order to help this process further by basing important decisions on facts rather than hunches, there is already an effort to collect, compile and tabulate relevant statistics on tourists segments. Table-14 provides the so collected data on stay-over visitors in the year 1990 classified by countries and occupation. Such data would enormously help identifying appropriate market segment in different countries so that relevant tourism product can be more meaningfully and effectively marketed. It is also worthnoting that these statistics are compiled by the statistical division in the Ministry of Development which passed on the data to the tourism department for its use in planning its marketing action. All these government efforts on various fronts are as per the 1986-90 National Development Plan objectives, targets and policies for tourism sector. Some of the targets set in the Plan have not been fully met but the shortfalls have been minor rather major.

In terms of the policies to promote tourism development, apart from the provision and improvement of the infrastructural facilities like roads, electricity, water supply, telephones, airports and seaport services, the government is fast expanding the capacity to train hotel staff and improve the skills of the existing ones. It also encourages expansion of the existing accommodation establishments. But more importantly, it has assembled a comprehensive package of incentives to promote hotel investment on the islands - particularly the large ones. Briefly the operating investment incentives for hotel construction can be summarized as follows:

1. Tax holidays of upto ten years for all hotels. The holiday exempts hotels from: (a) Corporate taxes, (b) income tax, (c) dividend tax (tax free dividends can be distributed for upto 2 years after the tax holiday expires), and (d) taxes on import of capital and operating items for first

installation. For larger hotels (i.e. with more than 100 rooms and in some cases 200 rooms), the period for tax holiday could be extended to 15 years.

2. Loss carry forward that can be used to reduce taxable profits for upto five years after expiration of the tax holiday.
3. Accelerated depreciation of assets for tax purposes.
4. Duty-free import of materials and equipment necessary for the establishment and operation of a hotel.
5. Repatriation of profits, dividends and imported capital.
6. No personal income tax.
7. Hotels of 250 or more rooms may apply for a casino license.

On the basis of the past trends and likely developments in the economy of St.Kitts and Nevis, the World Bank study (Nov. 1989) on the Long-Term Economic Prospects of the OECS countries has made projections of the growth of tourism in the country. Table-15 summarises the projections. Accordingly, by 1999, the direct employment in tourism industry is likely to increase four-fold, the tourists' expenditure is likely to tripple in real terms, and stayover visitors are likely to be two and a half times the ones in 1989. These figures are no doubt very encouraging for the growth of tourism sector in St.Kitts and Nevis. However, several issues arise in these context. We discuss them in the next section.

V. Issues In Tourism Development In St.Kitts & Nevis

From the foregoing discussion it becomes clear that the government of St.Kitts and Nevis considers tourism development as their main strategy to achieve numerous goals simultaneously and treats it with utmost priority. The main goals that it seeks to achieve thereby are: diversification of the economy from heavy reliance on sugar, reduce vulnerability of the economic performance of the country to natural calamities, achieve respectable growth of the economy with stability, improve balance on current account of the balance of payments and generate productive sustainable employment opportunities in the economy. These objectives on the one hand, and the various government efforts to promote tourism as outlined in the previous section on the other hand give rise to several issues. Some of them are listed below:

1. *Competition among Caribbean Islands:* It should be noted that the economic problems faced by the economy of St.Kitts and Nevis are in no way specific to it only. They are applicable more or less with equal force to several other islands economies within the Caribbean region. Similarly like St.Kitts and Nevis, other island countries in the Caribbean also possess unique attraction for tourists all over the world. If every country within Caribbean region starts focussing heavily on tourism development, the total effect on the World tourists' traffic to the Caribbean region would be worth examining. Assuming that the latter is relatively inelastic to the cummulative effort of the region, countries within the Caribbean region might end up competing with each other which might go against the powerful undercurrents for unification in the region. If the Caribbean island economies end up competing within themselves, some countries would gain at the expense of others. If, however, the tourists' demand of Caribbean destinations are relatively more elastic to the cummulative efforts, the region as a whole would gain and the question of competition among Caribbean countries becomes less relevant. For St.Kitts and Nevis, however, it can be argued that even when the world tourists' demand for Caribbean destinations is less elastic to the cumulative efforts. It is likely to be highly elastic to the efforts of their individual government. This is because currently, their share in the total world tourists traffic to the Caribbean region is very small. For instance, stayover visitor arrivals to

St.Kitts and Nevis in 1986 represented hardly 0.7% of approximately 10 million such visitor arrivals in the whole Caribbean region. Similarly, the share of cruise passenger was hardly 1%. The importance of being unimportant is that proportionately even substantial increases in the share of traffic to the islands would not induce any severe competitive reaction from others.

2. *Linkages Within Domestic Economy:* As it appears from earlier discussion, the linkages of tourism with other activities in the St.Kitts and Nevis economy are not strong. This is largely because it is predominantly an agro-based economy in terms of its goods production structure. The economy is far from having a modern and sophisticated manufacturing and service sector. It, therefore, tends to rely heavily on imports even for its domestic consumption - leave aside the tourists. In order to encourage hotel industry on the other hand, the government has liberalised imports to the sector. Since the government of St.Kitts and Nevis like other Caribbean countries believe in operating through moral suasion rather than direct controls and regulations, the issue is how much boost the other activities in the economy would get as a result of tourism development. In other words, would the government succeed in its diversification goal to be achieved with the tool of tourism development? Or is tourism development itself considered diversification of the economic base? These are pertinent questions because, as the statistics reveal, about 34% of the gross income in the hotel sector and about 41% in the restaurant sector is spent on food and beverages, the 80% of which is imported in St.Kitts and Nevis. Similarly, other material constitutes about 23% in hotel sector's and 30% in the restaurant sector's gross income. More than 90% of this other material is again imported in the economy. The gross value added in the hotel sector is about 43% and in restaurant sector is about 29% of the gross incomes in the respective sectors. Since gross value added includes interest, rent, and profits besides depreciation and wages, again a large proportion of this value added would represent an outflow owing to the fact that foreign investment dominates the hotel sector in St.Kitts and Nevis. It may, however, be argued that unless domestic market is developed, the production of other commodities would never take off in the economy. Thus, if hotels have created the domestic market for goods and services, perhaps at a later stage domestic industries might get encouraged and the imported goods could be substituted by domestically produced goods in future. This would, however, take long time because in tourism industry, quality matters most. It would require a very sophisticated technology and equally skilled manpower which is the greatest bottleneck in St.Kitts and Nevis. In any case, the issue of linkages of tourism has temporal dimensions and is truly dynamic in nature.

3. *Large vs Small Hotels:* A related issue to the question of linkages is that of scale of operation. As observed earlier, the government in St.Kitts and Nevis has been encouraging large scale hotels more than the small scale hotels. The large scale hotels have better chances of success because they follow their own marketing strategy and push the image of the island for their own benefits. At a sufficiently higher scale of operation, charter flights of tourists with pre-arrangements also become profitable for the hotel management. Their occupancy rate is also, therefore, far better than the small hotels. However, it is known that larger hotels with their main headquarters abroad deal largely in the foreign currency at the origin rather than destinations. Almost all their materials are also imported. The government also allows duty-free imports of almost everything to them. Their internal linkages with the domestic economy of St.Kitts and Nevis are therefore, negligible and is limited to the tourists' purchases of local items or their visits to local sites. On the other hand, small hotels have much higher linkages with the domestic economy but they are hardly viable. Their room occupancy rates are low and highly fluctuating with seasons. Moreover, they on their own cannot attract larger traffic volume to the country. They depend on the Ministry's efforts to increase the tourists' flow.

4. *Cost-Benefits of Incentives to Hotels:* The preceding two issues point to the basic justification for the various incentives given by the government to the hotel industry. As outlined in the preceding section, government has given major concessions to hotels in terms of tax holiday of 10 years to 15 years and duty-free imports of material and equipment for establishing hotels. For large hotels, even the food and beverages can be imported without duty. The rate of import duty is 45% in St.Kitts and Nevis. Even consumption tax of 15% and stamp duty of 2% can be exempted in special cases.

It is estimated that almost 85 to 90% of the building materials for hotels in St.Kitts and Nevis are imported. Although labour is largely local, its cost share in the total construction value is hardly 30%. On the other hand, the departure tax, the hotel room tax and the foreign exchange spent by the visitors in the country on domestically produced goods represent the flow of benefits besides generating employment in the hotel and its construction. It is, therefore, an empirical issue to determine whether the cost of the incentive package offered by the government to the hotel sector is more than the benefits it generates to the society.

5. *Shortage of Labour:* It is already pointed out earlier that St.Kitts and Nevis have acute shortage of skilled and trained manpower required for modern sectors of the economy. It is also important to note that labour shortage is a more general problem not only confined to the category of skilled workers. Even the construction and farm labour are also in short supply during peak season. In the past, labour had to be imported from Guyana and Puerto Rico. The problem of unemployment is, therefore more structural in nature. With a programme for rapid growth of hotel establishments, there would be further pressure on the labour market particularly in the construction sector and hotel service sector. If these labourers are imported to meet the requirement, again the goal of productive employment generation on sustained basis in the economy would be frustrated. If the local labour has to be employed, their wages would soar up substantially distorting the wage structure in the economy. More capital intensive methods of production would, therefore, be employed reducing the employment generation. It would imply further reliance on imports and less linkage benefits to the domestic economy. Apart from this, a sharp increase in wages in 2 of the fastest growing sectors of the economy may disrupt labour market functioning in the other sectors of the economy leading to overall cost-push effect. The domestic economy may, therefore, tend to lose its competitive edge. If such effects are to be averted, adequate supply of labour should immediately be ensured. Liberal migration policy may lead to socio-cultural politico problems in future.

6. *Openness of the Economy:* Heavy reliance on only one crop like sugarcane and one product like sugar is, of course, very dangerous to the economy. Diversification of the economy through development of a sector like tourism, however, does not reduce the reliance of the economy on external environment. It, in fact, increases the openness of the economy. Although it helps in building resilience in the economy to the natural calamities, it widens the avenues for the world business cycles to destabilise the domestic economy. The volume of tourist traffic depends critically on the performance of the foreign economies on the income and employment front. These 'foreign countries' moreover are the industrialized rich nations of North America and Europe which among them have close trading links. The business cycles in these countries, therefore, tend to synchronise. Since the origin of the volume of visitor traffic to the island is heavily concentrated in a few closely related and co-moving economies, the visitor arrivals usually tend to show wide annual fluctuations (See [Table 4](#)). If diversification in the country of origin of the visitor arrivals is not achieved along with the rapid expansion of tourism sector, the economy of St.Kitts and Nevis may get seriously affected and to a certain extent destabilized by the business cycles in the countries that matter for the tourists.

7. *Limits To Growth:* With the current strategy for the development of tourism sector, the growth of GNP of the country would certainly increase but whether the growth of GDP would increase or not is a matter of speculation. Perhaps in the short-run it might increase because of new expansion in the hotel industry, construction, local trade, etc. But once all the sites are developed, hotels are built and construction activity stops, the economy might again start showing a sign of stagnation. This is because there is a physical limit to which tourism in small islands like St.Kitts and Nevis can develop. The size also puts the constraint on the capacity to hold and accommodate the traffic. No sooner does this potential get fully exhausted than the growth gets tapered off unless by then the domestic linkages of tourism sector get strengthened and start operating. With limited population and little or no growth in it, this appears too optimistic. For long term self-sustaining growth, other alternatives will have to be actively searched. The only other option is to think actively about increasing domestic linkages of tourism sector as rapidly as possible. Among other things, this would require an immediate critical look at some of the policies currently being followed and introduction of some new policy measures.

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Table 1 : Climate for St.Kitts & Nevis										
		1981	1982	1983	1984	1985	1986	1987	1988	1989
Annual Average	Celsius	27.3	25.6	27.1	26.4	26.5	26.6	27.0	26.9	26.7
	Fahrenheit	81.1	78.1	80.8	79.5	79.7	79.9	80.6	80.4	80.1
Annual Maximum	Celsius	31.6	30.7	31.1	30.1	32.1	32.1	31.0	30.7	29.1
	Fahrenheit	88.9	87.3	88.0	86.2	89.8	89.8	87.8	87.3	84.4
Annual Minimum	Celsius	21.7	19.8	23.6	21.0	18.8	18.0	21.3	20.7	23.4
	Fahrenheit	71.1	67.6	74.5	69.8	65.8	64.4	69.8	69.3	74.1
Average Rainfall (mm.)		1428.0	906.0	1319.0	959.0	855.3	1095.2	1822.7	1206.5	1336.0
Average Rainfall (ins.)		56.2	35.7	51.9	37.8	33.7	43.1	71.8	47.5	52.6
Average Humidity (%)		76.0	76.0	76.0	76.0	77.0	76.0	79.0	76.0	73.7
Average Wind Speed (knots)		10.6	11.4	11.0	13.3	13.2	12.7	11.3	12.0	12.0

Source: Statistical Division, Planning Unit, Ministry of Development, St.Kitts & Nevis.

Table 2 : Economic Aggregates and Other Indicators for St.Kitts & Nevis										
Indicators	1981	1982	1983	1984	1985	1986	1987	1988	1989	
GDP at factor cost in current prices (EC\$M)	121.44	138.74	136.39	159.32	171.76	214.38	239.78	278.56	302.27	
GDP in 1977 prices (EC\$M)	84.38	89.7	88.72	96.72	102.11	108.43	116.43	124.62	130.97	
Annual growth of real GDP	--	6.30	(-1.09)	9.02	5.57	6.19	7.38	7.03	5.10	
Per capita GDP at current prices (EC\$)	2,711	3,055	2,980	3,324	3,580	4,863	5,474	6,277	6,808	
Per capita GDP at 1977 prices (EC\$)	1,846	2,002	2,021	2,159	2,321	2,498	2,670	2,808	2,950	
Agriculture (% of GDP)	16.7	15.71	12.96	12.4	11.48	10.75	10.82	9.99	9.16	
Manufacture (% of GDP)	14.72	13.45	12.86	14.2	12.77	15.31	14.75	15.89	15.67	
Construction (% of GDP)	8.93	9.8	10.96	8.05	8.76	7.78	8.89	10.32	11.85	
Producer of Govt. services (% of GDP)	21.94	20.58	21.93	22.65	21.73	19.23	18.62	17.78	18.03	
Wholesale & retail trade (% of GDP)	11.60	11.91	13.39	12.99	13.94	13.04	13.76	12.69	12.63	
Other activities (% of GDP)	28.88	27.89	28.87	29.11	30.18	32.64	33.01	32.11	32.66	
Value of domestic exports (EC\$M)	60.5	46.5	47.1	52.6	48.9	67.9	71.6	76.6	68.9	
Sugar (% of domestic export)	65.8	35.3	66.1	58.0	52.0	40.0	32.3	34.1	35.0	
Value of re-exports (EC\$M)	5.02	4.31	2.67	1.80	6.10	4.30	3.90	5.00	8.9	
Value of imports (EC\$M)	128.8	119.8	133.7	140.1	138.6	169.8	214.6	255.7	275.1	
Food (% of imports)	19.5	20.6	18.3	19.8	21.3	18.0	15.5	15.5	14.2	
Machinery (% of imports)	20.5	18.9	19.2	19.8	20.1	23.2	29.6	32.1	34.0	
Average consumer price index 1st Jan. 1978 = 100	152.3	161.3	165.0	169.5	173.3	174.0	175.6	176.0	189.4	
Population (mid-year) estimates	45,707	44,795	43,889	44,800	44,000	43,700	43,410	44,380	44,400	

Source: Same as Table 1.

Table 3 : Demographic Indicators of Development St.Kitts & Nevis									
	1981	1982	1983	1984	1985	1986	1987	1988	
Crude birth rate (per 000)	25.6	29.0	24.4	24.1	23.3	23.0	21.8	21.3	
Crude death rate (per 000)	11.3	10.1	11.2	10.7	10.0	10.5	10.6	10.5	
Rate of natural increase	15.5	17.8	13.7	14.1	13.3	12.5	11.2	10.8	
Infant mortality rate (per 000)	45.7	42.8	41.2	27.8	30.2	39.7	22.2	24.4	
Neonatal death rate	29.0	26.0	20.1	18.8	20.3	28.8	16.9	14.8	
General fertility rate	21.6	14.3	11.7	10.8	10.3	10.9	10.2	9.0	
Total fertility rate	3.3	3.0	3.0	3.0	2.9	3.0	2.9	2.9	
Gross reproduction rate	1.59	1.42	1.44	1.47	1.43	1.48	1.43	1.39	
Expectation of life at birth (years)	Male	--	64.10	66.12	64.94	65.99	65.45	65.33	65.87
	Female	--	68.46	69.81	68.53	69.67	69.9	70.77	70.98

Source: Same as in Table 1

Table 4 : Tourists in St.Kitts & Nevis: Growth and Origin										
Passenger Arrivals & Departures	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Arrivals (000's)	54.2	51.9	52.4	59.1	68.0	80.6	92.3	99.1	105.2	110.5
Departures (000's)	54.7	52.4	53.5	59.2	68.0	78.9	92.9	100.1	106.5	117.7
Visitor Arrivals										
Stopover visitors	35,476	34,575	34,269	39,866	47,547	56,805	66,450	69,608	72,125	75,689
Yacht/cruise ship passengers	10,850	11,146	22,835	34,062	31,522	26,963	31,438	53,645	36,559	33,941
Total visitor arrivals	46,326	45,721	57,104	73,928	79,069	83,768	97,888	123,253	108,684	109,630
% change over previous year	20.22	-1.31	24.90	29.46	6.95	5.94	16.86	25.91	-11.82	0.87
Yacht & cruise ship calls (no.)	15	12	22	40	73	63	136	197	198	158
Stopover visitors by country/region										
% of total visitor arrivals										
United States of America	34.8	31.4	28.8	36.5	23.2	34.5	41.7	42.3	38.7	38.8
United Kingdom	7.2	7.8	8.3	7.7	7.1	6.2	6.3	6.9	6.9	7.3
Canada	5.8	7.1	6.0	6.3	16.3	18.9	15.9	12.3	16.3	15.7
Caricom	15.5	16.3	16.8	15.6	13.6	11.7	11.3	10.6	11.7	13.0
Others	36.7	37.4	40.1	33.9	29.8	28.7	24.8	27.9	26.4	25.2

Source: Same as Table 1

Table 5 : Licensed Vehicles, Aircraft Arrivals and Telephone Subscription in St.Kitts & Nevis									
Type of Vehicle	Number of Vehicles Licensed								
	1981	1982	1983	1984	1985	1986	1987	1988	1989
Private Cars	2032	2174	2319	2392	2475	2649	2796	2815	
Public Service Vehicles	320	405	388	381	375	359	416	415	
Commercial Vehicles	1193	1204	1325	1405	1544	1494	1541	1673	
Total	3545	3783	4032	4178	4394	4502	4853	4903	
Aircraft Arrivals By Port									
Airport									
Golden Rock (St.Kitts)	8.0	7.6	8.7	10.5	9.2	10.2	12.1	11.9	13.0
Newcastle (Nevis)	3.7	4.3	4.6	5.2	5.0	5.1	6.0	6.2	7.2
Telephone Subscribers									
No.of Subscribers (000)	1.8	1.9	1.9	1.9	2.5	3.0	4.2	7.0	8.1
Source: Same as Table 1.									

Table 6(a) : Hotel Occupancy Rates: Selected Hotels in St.Kitts (1988)								
Hotel	# of rooms	Rates ¹ (US\$)				Estimated occupancy		On-site Amenities
		Summer		Winter		Summer	Winter	
		Single	Double	Single	Double			
Banana Bay	20	\$140 ²	\$180 ²	\$180 ²	\$250 ²	47%	82%	a,c,d,h
Fairview Inn	30	\$50-60	\$60-70	\$78-88	\$88-98	50%	80%	b,d,e
Fort Thomas	64	\$50-55	\$60-65	\$78-80	\$80-95	47%	82%	b,c,d,e,g
Frigate Bay	64		\$50-150		\$95-310	50%	85%	b,c,d,e
Golden Lemon	11	\$145-185 ²	\$225-575 ²	\$185-225 ²	\$275-715 ²	52%	97%	a,b,c,d,g
Jack Tar Village	263	\$180 ³	\$140 ^{3,4}	\$190 ³	\$150 ^{3,4}	80%	100%	a,b,c,d,e,f,g,h
Ocean Terrace	54	\$58-176	\$75-176	\$70-270	\$85-270	50%	80%	b,c,d,e,g,h

Amenities Code: a = Beach; b = Swimming Pool; c = Tennis; d = Restaurant; e = Conference Facilities; f = Casino Gambling; g = Shopping; h = Water Sports
1: European Plan; 2: Modified American Plan; 3: All inclusive; 4: Per person

Table 6(b): Number of Rooms in Accommodation Establishments and Average Annual Occupancy Rates, 1984-88.		
Year	Available Rooms	Average % Occupancy
1984	548	n.a.
1985	531	29.6
1986	603	32.0
1987	712	49.9
1988	791	48.4

Source: World Bank: *Long-Term Economic Prospects of the OECS Countries*, Nov. 1989; p.60.

Table 7 : St.Kitts and Nevis Stayover Tourist Arrivals by Month 1986-90 (Percent of annual total)					
Month	1986	1987	1988	1989	1990
January	8.1	9.6	9.3	9.1	8.3
February	8.6	9.3	9.4	9.5	8.9
March	9.1	9.8	9.4	10.0	8.0
April	7.4	10.2	7.7	8.3	8.5
May	6.5	7.4	6.8	7.3	7.9
June	6.7	6.8	6.8	7.0	8.2
July	9.1	8.4	10.1	10.8	9.7
August	9.9	6.9	7.8	8.6	8.2
September	6.0	5.3	6.1	4.9	5.5
October	6.2	6.5	7.2	6.1	6.3
November	8.3	7.4	7.3	7.0	8.1
December	13.7	12.2	12.0	11.4	12.4
TOTAL	100	100	100	100	100

Source: The same as Table 1.

Table 8 : Average length of stay (in days)										
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Average length of stay (in days)	5.4	6.3	6.3	6.3	6.9	6.9	6.9	6.9	8.7	8.6
Hotel	5.4	6.6	6.5	6.5	7.0	7.0	7.0	7.0		
Private houses and others	12.2	12.4	12.5	12.5	12.5	12.5	12.5	12.5	NA	NA
Business	4.8	4.9	5.0	5.0	5.0	5.0	5.0	5.0	NA	NA

Source: Ministry of Finance, St.Kitts.

Table 9 : Gross Domestic Product by Economic Activity, At Factor Cost in Constant Prices St.Kitts & Nevis						
	In EC \$ Million			Percentage Contribution		
	1977	1981	1986	1977	1981	1986
Agriculture - Fishing	0.93	1.46	1.96	1.94	1.73	1.81
Manufacturing - Other	3.94	5.32	7.45	5.69	6.30	6.88
Electricity & Water	0.61	0.94	1.27	0.88	1.11	1.17
Construction	6.59	7.99	10.3	9.52	9.47	9.51
Wholesale & Retail Trade	7.01	9.20	14.50	10.13	110.90	13.39
Hotels & Restaurants	1.42	2.91	6.22	• 2.05	3.45	5.74
Transport	3.81	4.85	6.35	5.51	5.75	5.86
Road Transport	2.90	3.57	4.36	4.19	4.23	4.03
Sea Transport	0.41	0.52	0.90	0.59	0.62	0.83
Air Transport	0.50	0.76	1.09	0.72	0.90	1.01
Communications	2.05	4.44	7.39	2.96	5.26	6.83
Banks & Insurance	3.79	4.19	6.42	5.48	4.97	5.93
TOTAL (G.D.P. at F.C.)	69.20	84.38	108.27	100.00	100.00	100.00

Source: Statistics Division, Planning Unit, Ministry of Development, St.Kitts & Nevis.

Table 10 : Weekly Average Wage Rates (in US \$) Assuming 45 Hours Per Week for the year 1987 In St.Kitts & Nevis	
Housekeeping	
Maid	\$37.00
Houseman	\$37.50
Supervisor	\$45.00
Restaurant and Bar	
Bartender	\$43.00
Waiter	\$41.00
Captain	\$46.00
Supervisor	\$58.00
Kitchen	
Dishwasher	\$36.00
Cook	\$59.00
Kitchen Helper	\$38.00
Chef	\$154.00
Gardener	\$47.00
Receptionist	\$58.00
Construction	
Mason	\$114.00
Carpenter	\$114.00
Painter	\$108.00
Laborer	\$79.00
Foreman	\$202.00
Fringe Benefits	
Annual Paid Vacation	14 days
Paid Holidays	13 days
Source: St.Kitts and Nevis Investment Promotion Agency.	

Table 11 : Estimates of Average Daily Expenditure by Visitor (in millions of U.S.Dollars)										
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Cruise-ship	15.5	16.0	17.0	17.50	20.00	21.20	22.47	23.82	NA	NA
Excursionist				33.00	33.00	34.98	37.08	39.30	NA	NA
Hotel	71.4	75.0	80.5	84.50	84.50	89.57	94.94	100.64	NA	NA
Private homes and others	14.3	15.0	16.5	17.50	17.50	18.55	19.66	20.84	NA	NA
Business	76.2	80.0	84.0	88.20	90.00	95.40	101.12	107.19	NA	NA
Total Visitor Expenditure	9.85	10.8	11.60	15.20	20.06	26.47	33.54	37.63	39.70	43.66
Definitions: Excursionists are those who stay for less than a day. Stayover passengers are the ones who spend more than a day in the islands.										
Source: ECCB.										

Table 12: Inland Revenue from Tourism Related Heads; St.Kitts and Nevis Budget 1986-1991					
[EC\$ in 000]					
Year	Actual Inland Revenue from				
	Hotel room tax	Deaprture tax	Travel tax	Foreign currency tax	Total recurrent account
1980	147	167	---	1366	55752
1981	423	232	192	1726	55363
1982	422	213	277	1844	51098
1983	365	204	310	1900	47956
1984	688	204	272	---	50554
1985	834	458	406	---	49118
1986	1327	695	472	246	62295
1987	1652	762	524	583	73020
1988	1770	786	607	834	80550
1989	1859	826	573	940	93017
1990*	2200	1200	700	900	96969
1991**	2200	1350	700	900	103598

* Revised estimates
** Budget estimates
Source: Ministry of Finance: Annual Budget Estimates for St.Kitts and Nevis.

Table 13: Expenditures of Department of Tourism over the Last Five Years (in EC \$)						
Details of Expenditure	Actual 1986	Actual 1987	Actual 1988	Actual 1989	Revised 1990	Estimates 1991
Salaries and Wages	90,155	89,059	97,120	135,043	115,000	166,960
Transport Allowances	5,850	3,390	5,610	6,543	6,000	9,000
Contingencies	299	180	180	280	450	450
Telephones, Telegrams and Official Postage	33,009	22,771	24,763	34,366	35,000	35,000
Office Expenses	135,140	186,000	238,467	245,225	356,000	356,000
Marketing	335,120	434,986	647,984	850,753	710,000	900,000
Contracts	364,561	405,947	419,541	436,428	554,210	560,000
Organisations	32,576	26,799	34,895	41,000	43,000	45,000
Item not repeated in 1988	17,149					

Source: Budget Documents.

Table 14: Tourists By Country of Residence and Occupational Group in St.Kitts & Nevis (January to December 1990)										
Country of Residence	Occupational Group									
	Admin Manag erial	Profession al Technical	Office workers	Blue collar workers	Other occup ations	Students & children	House wives	Retired or disabled	Not stated	Total
Total Visitors	3,251	28,204	13,352	6,747	2,587	9,429	3,848	2,692	2,414	72,524
United States	1,269	12,635	5,429	1,956	724	2,652	1,587	1,700	665	28,617
Canada	625	4,859	2,681	1,075	240	1,022	523	415	270	11,710
Europe	425	3,138	1,067	487	152	705	397	202	293	6,866
United Kingdom	331	2,268	885	358	136	552	365	171	165	5,231
France	39	463	38	74	5	64	13	9	82	787
West Germany	26	161	101	23	5	28	8	12	14	378
Holland	9	34	4	3	3	6	3	2	8	72
Rest of Europe	20	212	39	29	3	55	8	8	24	398
Italy	3	15	8	5	0	4	0	0	1	36
Denmark	0	7	0	0	0	0	0	0	0	7
Norway	1	12	1	1	0	7	0	2	3	27
Sweden	3	44	6	8	0	4	1	1	2	69
Switzerland	7	99	16	13	1	20	4	4	11	175
Luxemburg	0	0	0	0	0	0	0	0	0	0
Austria	3	23	8	0	1	12	1	0	1	49
Belgium	2	7	0	0	1	7	0	1	5	23
Greece	0	1	0	1	0	0	0	0	0	2
Portugal	0	1	0	0	0	0	1	0	0	2
Republic of Ireland	0	0	0	0	0	0	0	0	0	0
Spain	1	3	0	1	0	1	1	0	1	8
Other Europe	0	0	0	0	0	0	0	0	0	0
Caribbean	890	6,974	4,034	3,158	1,451	4,909	1,280	365	1,109	24,170
Commonwealth Caribbean	543	4,510	2,308	1,682	793	1,906	572	171	349	12,834
Caricom	415	3,648	1,750	1,072	452	1,111	327	90	194	9,0594
OECS Countries	189	2,005	1,174	665	331	829	181	61	138	5,573
Antigua	99	926	578	301	143	497	78	25	77	2,724
Dominica	22	277	140	84	66	74	22	8	16	709
Grenada	14	100	101	33	10	23	12	2	3	298
Montserrat	18	335	188	107	64	146	35	17	24	934
St.Lucia	27	183	123	32	19	55	22	2	4	467
St.Vincent	9	184	44	108	29	34	12	7	14	441
Other Caricom	226	1,643	576	407	121	282	146	29	56	3,486
Belize	0	2	1	2	0	0	0	0	0	5
Barbados	117	596	290	71	30	101	40	11	16	1,272
Guyana	12	142	38	71	15	44	29	0	9	360
Jamaica	23	311	94	24	19	43	12	2	4	532
Trinidad & Tobago	74	592	153	239	57	94	65	16	27	1,317

Source: Statistics Division, Planning Unit, Ministry of Development, St.Kitts & Nevis.

Table 15: Summary of Projections for Tourism Sector in St.Kitts & Nevis.			
Item	1989	1994	1999
1. Employment			
a) In Accommodation	881	2461	3632
b) In other Tourism Enterprises	691	1641	2642
c) Total Direct Employment	1572	4102	6274
2. Traffic			
a) Available Rooms	864	2051	3302
b) Available Bed-nights	630.7	1497.2	2410.5
c) Rented Bed-nights	315.4	718.7	1108.8
d) Arrivals (in '000)	48.5	102.7	158.4
e) Tourists staying in Private Homes (in '000)	32.38	44.0	52.8
f) Total Tourists (in '000)	80.8	146.7	211.2
3. Receipts from (in EC\$ million)			
a) From Stayover Tourists	97.39	191.05	306.58
b) From Excursionists	0.28	0.35	0.44
c) From Cruise Passengers	3.54	4.42	5.53
d) Total Receipts	101.21	195.82	312.55
Source: World Bank (1989): <i>Long Term Economic Prospects of the OECS Countries</i> , Annex VI.			