

Curacao, a Tourism Dominated Economy?

A Model to Calculate the Influences of Tourism on the Economy of Curacao

Name: Liselotte Jelsma

Registration number: 890121 399 050

Supervisor: Prof W. Heijman

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Preface

This is the report of my bachelor thesis of the department economics for consumers and households. This bachelor thesis is the final stage of my bachelor Economics and Policy with a specialisation in tourism, leisure and environment. With this thesis I tried to include both economics, policy and tourism.

My interest goes to the Island of Curacao therefore I wrote my thesis on this subject. My parents own a house there and whenever I go to Curacao I am curious about the impact tourism has on the Island. This bachelor thesis gave me the opportunity to finally work this out and my curiosity is fulfilled.

I want to thank my supervisor professor Wim Heijman for the assistance throughout the proces. And I like to thank Diana Korteweg Maris for her help and explanation with the model I use in my research.

Chapter 1: Introduction

Curacao is one of the islands of the Dutch Antilles. Curacao, together with Aruba and Bonaire form the “Benedenwindse Eilanden”. Saba, St Eustatius and St Maarten form the “Windward Islands”. Curacao has got a surface of 472 square kilometres and counts 142000 inhabitants and is therefore the biggest island of the Dutch Antilles(www.curacao.nl, 2010). Curacao is a beautiful Caribbean island, with white beaches and a popular under water diving world. Besides it has a tropical climate and temperatures around 30 degrees which makes it a popular holiday destination.

1.1 Research Problem

Curacao is a popular holiday destination, it can be assumed that the tourist sector is important for the economy. This paper discusses the percentage of the economy of Curacao that is based on tourism. From this research conclusions will be drawn about the influence to the island when tourism numbers drop or change. Will this country survive if tourism declines? And which economic sector suffers the most from a decline in tourism?

Curacao is a popular destination for Dutch tourists. But also North-Americans have discovered this Caribbean Island.

One can say that Dutch and North American tourists differ in their holiday pattern; there are people who only stay in their hotel during their holiday (most of the North-American tourists) and people who stay in an apartment, rent a car and go to local supermarkets and beaches (most of the Dutch tourists). If there appears to be a shift between these two tourist types, what kind of effects does this have on the employment in the different sectors?

Tourism is such a big source of employment, therefore the government is willing to invest in the development of tourism (Marcouiller, 2008). It is important to know in which way the government has to invest its money, that benefits are the highest possible. Therefore it is wise to know which tourist group is most contributing to the economy. With the aid of this information advertisement and new buildings can be focused on this group.

Purpose

The purpose of this research is finding to what extent the economy of Curacao is based on tourism. The model can be an aid to find out what will happen to the employment if tourism declines or grows or when it shifts between tourists groups.

Research questions

The following two questions will be discussed:

- How much does the income of tourism contribute to the total income of Curacao?
- Which tourist group has a more positive effect on the employment of Curacao, North Americans or Dutch?

1.2 Methods

For this research a model from ‘adviesbureau ZKA in Breda’ will be used. In this model data are needed stating the amount of tourists staying in different types of accommodations and the expenditures of these tourists. Tourism expenditures are defined as the total expenditure in visitors’ consumption during their journey and stay at the destination(Valdes, 2007). When this data is available the model can be used. The results from the model will be analyzed. Based on literature the background of tourism and allocation of tourism will be sorted out.

1.3 Chapters

The first chapter was an introduction. Chapter 2 will give a reflection on tourism at Curacao. Chapter 3 gives an explanation of the model that is used. In chapter 4 the outcome of the model will be presented and implemented. At last chapter 5 will give a conclusion and reflection.

Chapter 2: Tourism on Curacao

2.1 Definition of tourism

To determine the role of tourism on the economy, tourism has to be defined. The world knows many different definitions of tourism because tourism is hard to define. "Attempts to define tourism are made difficult because it is a highly complicated amalgam of various parts. These parts are diverse, including the following: human feelings, emotions and desires, natural and cultural attraction, suppliers of transport, accommodation and other services and government policy and regulatory frameworks" (Holden, 2008).

In this report the following definition of a tourist is used.

Tourist (international): Any person who travels to a country other than that in which s/he has his/her usual residence but outside his/her usual environment for a period not exceeding 12 months and whose main purpose of visit is other than the exercise of an activity remunerated from within the country visited, and who stays at least one night in a collective or private accommodation in the country visited (United Nations and World Tourism Organization, 1994).

Thus, tourism can be defined as: all social and economic activities following from tourists.

2.2 The role of tourism

2.2.1 The arise of tourism

Since 1950 the phenomenon tourism gained much. The welfare of people grew, therefore the disposable income raised and next to that people got more leisure time. Another factor why tourism got popular is that travel and communication opportunities improved. During the second World War technologies in air travel improved a lot. After the war these technologies were used to help set up the air traffic of passengers on a large scale. With this new development, it became possible for passengers to travel all around the world in a relatively short travelling time (Holden, 2008).

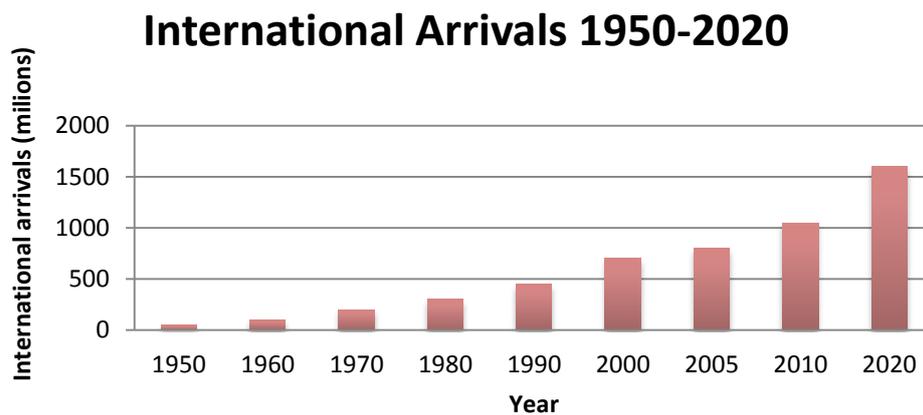


Figure 2.1 International arrivals 1950-2020 (Holden,2008)

Figure 2.1 shows the grow in international arrivals from 1950-2020, 2010 and 2010 are extrapolated. The number of international arrivals is a good indicator to determine the amount of tourism for a period. In figure 2.1 a growing amount of international arrivals is shown, therefore a positive development of tourism can be assured.

With the growing development of tourism, the impact that tourism has on the economy and environment is increasing. This because both travel and tourism represent important economic activities that contribute to the vibrancy of regional economies and provide a source of both entrepreneurial and household income (Marcouiller, 2008). Tourism contributes to the Gross Domestic Product (GDP) and generates several jobs. Tourism creates a lot of employment because it is a sector with high labour intensive activities; a service sector. A lot of these jobs are for unskilled and semi-skilled people, which gives a good opportunity to lower the unemployment rate in a region. Therefore, tourism is an important source of income for regional economies (de Boer a.o., 1999). The government gains revenues out of tourism due to tax collection, yet they make cost by improving and developing the infrastructure in the tourism areas. Another socio-economic effect of tourism is that it is essentially an export product which brings in foreign currency to the country.

Above is shown that tourism influences a lot of (socio-) economic factors. But the quality of the tourist product offered is decisive for the economic impact on the regional economy (Pearce, 1991).

2.2.2 The role of tourism on Curacao

The inhabitants of Curacao enjoyed one of the highest standards of living in the less-developed world. But with the two major industries, oil refining and offshore financial services decreasing, this living standard is threatened (Thorndike , 1998). Will tourism than be the big moneymaking sector?

One could expect that tourism should give a large contribution to the GDP, but relative to other Caribbean islands for Curacao only a small percentage of GDP is generated by the tourism industry, namely 2.1% (Piraszewska, 2006). Curacao derives smaller economic benefits from tourism than might be indicated by the intensity of tourism. It has a smaller GDP generated by tourism and a smaller share of employees in the tourism economy in relationship with the intensity of tourism.

Share of tourism turnover in total turnover

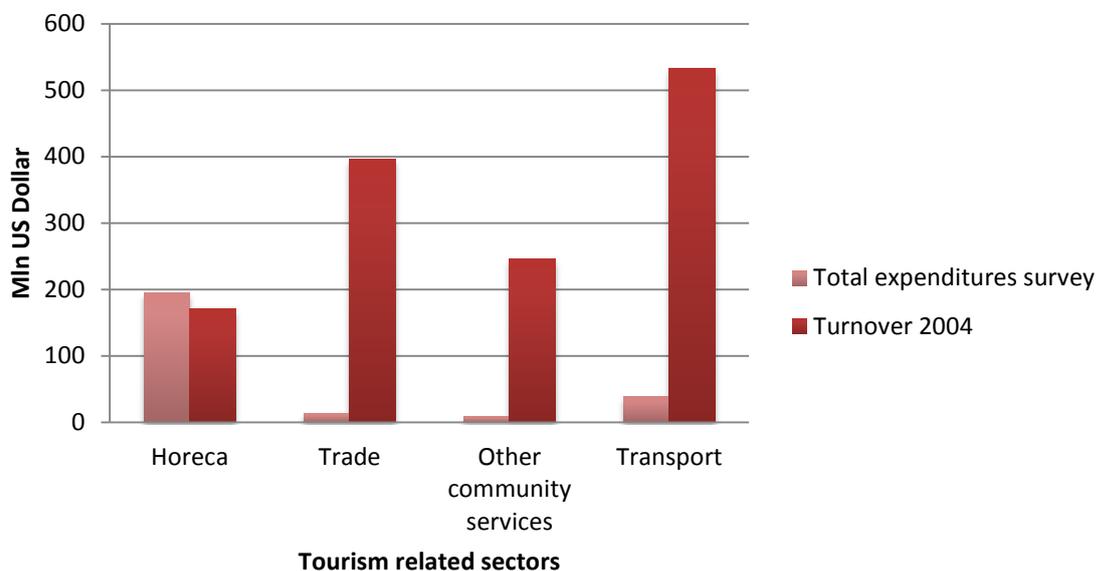


Figure 2.2 Share of tourism turnover in total turnover

The tourism sector is not defined in the NACE¹⁾ list (Ec Europa, 2010), this an non-official NACE sector but it includes parts of the sectors Horeca, Trade Other community services and transport. Figure 2.2 shows that in the four tourism related industries the industry 'Horeca' relies the most on tourism, namely > 100% according to the numbers that are used. There is only a small part of the total turnover in the sectors trade, other community services and transport created by tourism. Indicating that if total tourism decreases, most of all the sector 'Horeca' will suffer from this. And that tourism only gives a small contribution to the bigger picture, namely 19% of the total turnover in these four sectors comes from the expenditures of tourists.

Where does the Island get its money from, if oil refinery, offshore financial services and tourism do not include a large part of GDP? According to Thorndike (1988) Dutch aid is the key with millions of dollars given to the Antilles every year.

¹⁾ NACE stands for Nomenclature des Activites Economiques (common statistical classification of economic activities in Europe)

2.3 History of Curacao

2.3.1 The foundation

In 1499 Curacao was “founded” by Spaniard Alonso de Ojeda. It is estimated that at that time there were about 2000 inhabitants on the island. In 1515 practically all indigenous inhabitants were shipped away to be slaves. In 1527 the Spaniards established definite but the island was controlled out of Spanish Venezuelan cities. The Spaniards imported a lot to the island, they introduced horses, sheep, goats, pigs and cows to the island; they also brought a lot of trees and plants.

Not all goods that were imported maintained good. The cattle did well, but the agriculture did not bear money for the Spaniards. The island, besides the saline’s, didn’t have revenue and there were no precious metals to be found. Therefore the Spaniards called the island an “isla inutil”, an useless island. The number of Spanish inhabitants declined but the original inhabitants came back to the island this caused a population growth.

2.3.2 The arrival of the West India Company

In 1634 the West India Company (WIC) signed an agreement with the Spaniards and the island came in the hands of the Dutch. The WIC shipped all Spaniards and indigenous living on the island towards Venezuela. Only 30 native families were allowed to stay on the island. The reason for this invasion and conquest was that the WIC was looking for a base in the Caribbean. Curacao was favourable because of the geographic location towards the Spanish colonies on the mainland. And the harbour of Curacao was at that moment the best the Caribbean had to offer (Curacao Travel, Hotels & Lodging Guide, 2010).

In the first three years the living conditions were bad for the people of the WIC. For food and building material they were mainly dependent on import from Europe. The delivery was quite unsusceptible, sometimes new delivery came after six months. Soldiers were becoming dissatisfied with the current situation on the island and to prevent a mutiny, salaries and stocks were raised (Curacao.nl, 2010).

When the conditions were getting better on Curacao, the Spaniards set up a plan to re-conquer Curacao. But fortunately for the WIC’ers the ships of the Spaniard never made the island because of a storm. If the ships had made it, the WIC would have probably lost because the Spaniards had a larger and stronger force than the WIC thought.

The population of Curacao was growing continuous. There were Jewish people coming from Brazil and the WIC was opening the island for farmers; European merchants who wanted to settle on the island to create agriculture. The purpose was to create enough food to supply the entire population of Curacao, with the intension that the island became less dependent on the import from Europe. The first plantation was constructed around 1650.

In 1665 the WIC began with slave trade. The slaves were supplied out of West-Africa and came to Curacao to get stronger and recover from their journey. Soon there arose a regional slave market where the WIC competed against the English, French and the Portuguese traders, but the WIC was in the best trade position. When the slaves were sold they were shipped to several destination in the Mid and South of America. Only a few Africans stayed on Curacao to work in the plantations.

In the 18th century Curacao tried to maintain its trade position. But trade with Venezuela and other Spanish colonies was prevented by the Spanish coastguard. This was arranged to prevent illegal trade in tobacco and cacao from Venezuela. Meanwhile the English and the French were getting stronger in the Caribbean. Due to these factors the position of Curacao declined, they also found out that the

soil of the island is not appropriate for large-scale agriculture. The agriculture focused on the production for the own population. Slave trade remained the most important source of income (Curacao.nl, 2010).

2.3.3 Colonisation

In 1791 Curacao became a Dutch colony because the WIC got bankrupt. After the English tried to take over Curacao twice, in 1816 Curacao came under the Dutch regulation. Together with Surinam, Curacao form the West-India colonies. When the English forbid the slave trade in 1830, the trade in slaves became economic unattractive. In 1863 the slavery was abolished. A lot of formal slaves found it difficult to find a job on the island therefore they moved to for instance Cuba to work in a sugar plantation.

2.3.4 The influence of oil

Until the beginning of the 20th century the people lived from the benefits of agriculture, fishery and trade. Things changed when in 1914 a big oil reserve was found in Venezuela. Shell immediately settled an oil refinery on Curacao. During the second World War the Island played an important role in the delivery of fuel to allied forces. The arrival of Shell brought a lot of welfare and modernization to the island, but there were big differences in welfare between populations. This caused a big workers' uprising at the gate of Shell. During a mars to the city of Willemstad (the capital city of Curacao) houses were set on fire and people got shot, including the union leader at that moment. After Dutch Marines controlled the situation, big changes in the government were made, to make the island more suitable for the conditions. Shell left the refinery in 1985 and now-a-days the island rent the refinery to a Venezuelan state oil company (NRC Handelsblad, 2006).

2.3.5 Economic timeline

The history that is described above can be, according to Rupert (2002), divided into six economic time periods. All periods had different influences on the economic wellbeing of Curacao. In the table below the different periods in the economic timeline of Curacao are presented.

Table 2.1: History of Curacao (Rupert,2002)

1499-1648 From Cattle Ranch to Naval Base
1648-1790 The Dutch Emporium
1790-1863 Economic Stagnation and Decline
1863-1915 Free but Poor
1915-1940 Welcome Oil
1940-1990 The Post War Years

2.4 Trends

In the future the government of Curacao and/or private enterprises could change their tourism strategy. This means they can focus their advertisement and new buildings to other tourist groups than they currently do. To see how changes in tourism strategy effect the employment of people working in the tourism sector, the ZKA model can be used. How this model works will be explained in chapter 3. In this chapter the possible scenarios of changes in tourism strategy by government and private enterprises are presented.

2.4.1 American versus Dutch Tourism

The yearly arrival numbers (figure 2.3) show that North America together with Dutch tourist take up 38 percent of the total arrivals (CTB, 2009). With this knowledge a shift in the arrivals of North Americans and Dutch will influence part of the economy that is based on tourism.

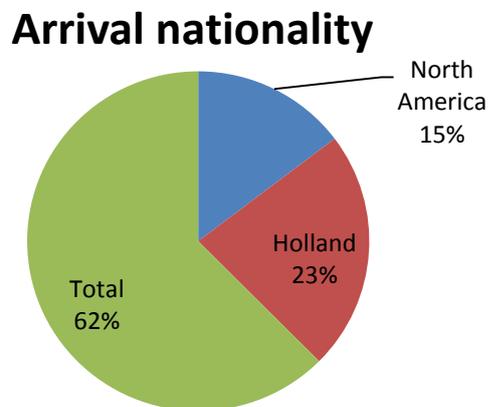


Figure 2.3 Arrival Nationality (CTB, 2006)

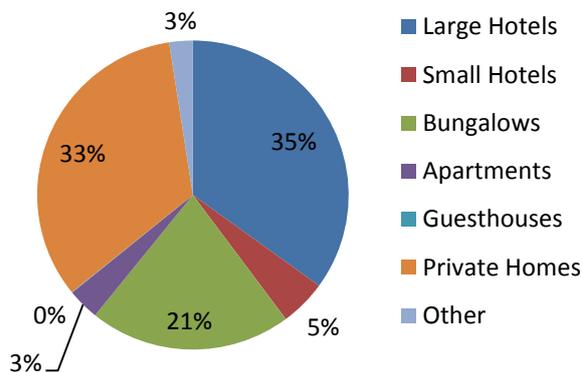
Why does this paper state out these two tourist groups? This is because the Dutch and North American tourists play such a big role in total tourism on Curacao (figure 2.3) and statements are made towards the differences in tourists coming from these countries. If these tourist groups differ from each other, it means that different advertisement and campaigns are necessary to get these tourist to the island. In the future, the types of hotels and apartments that are being build depend on what kind of group the focus is on. It is interesting to see how a North-American and a Dutch tourist differ. First the expenditures of tourists from The Netherlands and from North-America are discussed.

Table 2.2 Expenditures of tourists (CTB, 2006)

	Expenditures per day in US dollars	Length of stay in days	Total expenditures per trip in US dollars
North America	168,55	6,7	1129,285
The Netherlands	119,32	9,8	1169,336

The table above shows the difference in the expenditures of Dutch and North American tourists. The North American tourist spends more per day then a Dutch tourist. On the other hand the length of their trip is shorter than the of Dutch tourist. The total amount of money spend on a trip to Curacao is for both nearly the same.

The Netherlands



North America

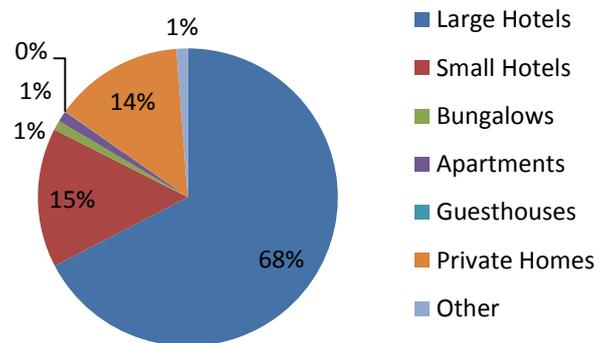


Figure 2.4 Visitor arrivals by accommodation types for The Netherlands and North America (CTB, 2006)

Figure 2.4 shows big differences between the type of accommodation for North American tourists and the accommodation types for Dutch tourists. North American tourists prefer to stay in a large hotel, while the preference of Dutch tourists is more diverse. Dutch tourists prefer a large hotel or bungalow or stay at their private home. These differences in accommodation types obviously lead to differences in expenditure patterns.

These differences in accommodation types, expenditures and length of stay show that there are indeed differences between these two tourist groups. With the ZKA model some possible scenarios which will influence the tourism flow of Curacao if government and private enterprises change their tourism strategy, are calculated. It clarifies which scenario would be good for the employment and which will not. Based on the outcome of these scenarios an advice can be given towards the government of Curacao and private enterprises as regards to their tourism strategy.

Possible scenarios that could happen to Curacao:

- 1) In the upcoming period 2010-2015, the government and the hotel industry are focussing their campaigns and advertisement on the North-American tourists. Therefore American arrivals increase with 20% per year. But no longer advertisement is done towards Dutch tourists, therefore the arrivals of Dutch tourists will decline. Assumed is that people with private homes will keep coming, leading to a decrease of 10%, since a large percent of Dutch tourists stay in. Other arrivals will increase with a normal 5%, because no other changes are made.
- 2) In the upcoming period 2010-2015, the government and the hotel industry are focussing their campaigns and advertisement on the Dutch tourists. Therefore Dutch arrivals increase with 20% per year. No longer advertisements is done towards North-American tourists and therefore the arrivals of North-American tourists will decline with 10%. North-American now prefer the big resorts on neighbouring island Aruba. Other arrivals will increase with a normal 5%, because no other changes are made.

The percentages in these scenarios are an estimation based on the history of arrival numbers (CTB, 2010). Arrival numbers from previous years show that this can be real changes, yet the percentages are rounded to make comparisons possible between the different scenarios.

The results of these scenarios will be presented in chapter 4.

2.4.2 The economic crisis

In 2007 the well known economic crisis elapsed America. The economic crisis is named the credit crunch. The credit crunch influenced the tourism flow substantial as shown in table 2.3.

Table 2.3 Visitor arrivals to Curacao (CTB, 2010)

Visitor arrivals to Curacao			
	total	North America	The Netherlands
2001	204.603	34.464	56.530
2002	217.963	40.903	55.256
2003	221.395	43.805	75.999
2004	223.427	47.218	73.826
2005	222.099	50.792	77.879
2006	234.383	54.850	85.246
2007	299.730	53.097	100.384
2008	408.942	50.924	113.696
2009	366.837	42.055	126.209
2010	365.000	42.000	127.000

Visitors arrival to Curacao

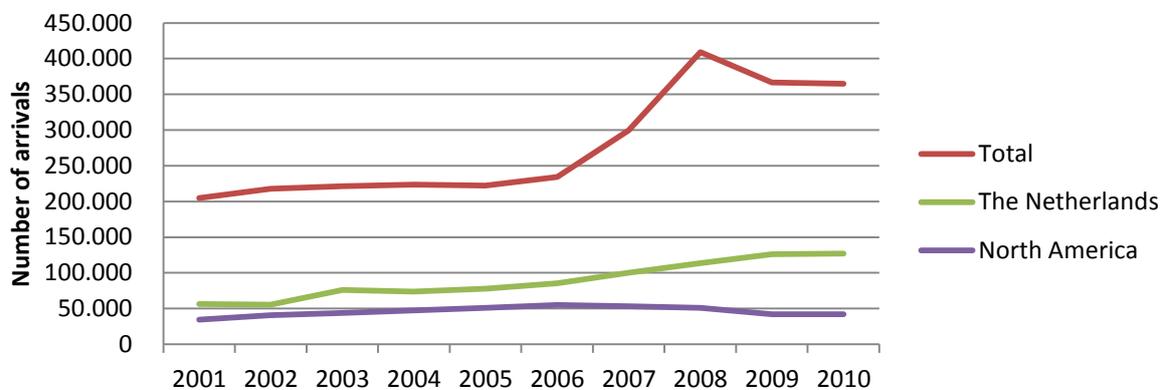


Figure 2.5 Visitor arrivals to Curacao (CTB, 2010)¹⁾

The numbers above (figure 2.5) show that after 2007 there is a decline in visitors landed from North-America. From 53,097 arrivals in 2007, to respectively 50,924 in 2008 and 42,055 in 2009. This because the credit crunch hit North America hard in 2007.

¹⁾The arrival numbers for the year 2010 are estimated.

The overall arrivals was still growing in 2008. How is this possible? Because in the rest of the world the economic crisis started later on. And didn't hit Europe until the summer of 2008 (DNB,2010). Figure 2.6 shows that the amount of arrivals from South-America has grown and was still growing during the credit crunch. A possible explanation is that Latin America has remained relatively stable during the credit crunch that has affected the US financial system." Despite rising fears and forecasts, predicting an economic slowdown in the region, most Latin American economies have shown resilience amid the US market convulsions. Latin America's banking systems may be strong enough to weather the storm because many have not invested significantly in the US market, and their domestic financial markets are not as developed as those of other Western countries" (COHA, 2008).

Visitor arrival per continent

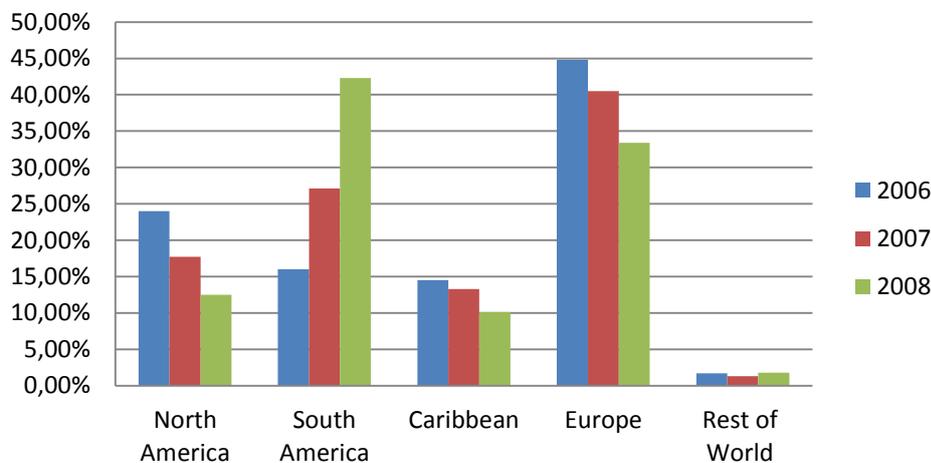


Figure 2.6 Visitor arrival per continent (CTB, 2010)

Figure 2.3 shows that after the credit crunch there is no decline in people arriving from The Netherlands, there is still an up going trend. A possible explanation is that a lot of Dutch people coming to Curacao have a private home, 33% of the visitors in 2006. The only expenses for people with a private home are plane tickets.

2.4.3 New building strategies

At the moment the trend on the Island is to build new luxurious resorts (Renaissance hotel, Hyatt hotel, Kontiki resort). Together with the grow of resorts, old hotels and apartments decline. With this shift in offered stay-over places there will be a difference in employment that tourism generates.

The above described development might create a fourth scenario.

- 3) The government and private entrepreneurs have decided to break down apartments and build new luxurious resorts. Due to the new and extra amount of resorts, the number of hotel/resort stay-over's will increase with 25% and all other accommodation types decline equally with 25%, with the exception of private homes. Expected is that this change in accommodation offers attracts more North-American tourists to visit Curacao.

The result of this scenario will be presented in chapter 4.

Chapter 3: The model

3.1 Explanation of the model

For this paper an impact model, owned by ZKA consultants and planners from Breda will be used. ZKA consultants and planners is a consultancy office that focuses on leisure (ZKA, 2010). The impact model calculates, based on expenditure and reliable key figures, the employment that is generated by the expenditures that tourists make. In a relatively simple way the number of stay-over's and the expenditures of tourist can be contributed to the model. The model calculates the effects on turnover and employment. Figure 3.1 describes all steps that are necessary to calculate the output.

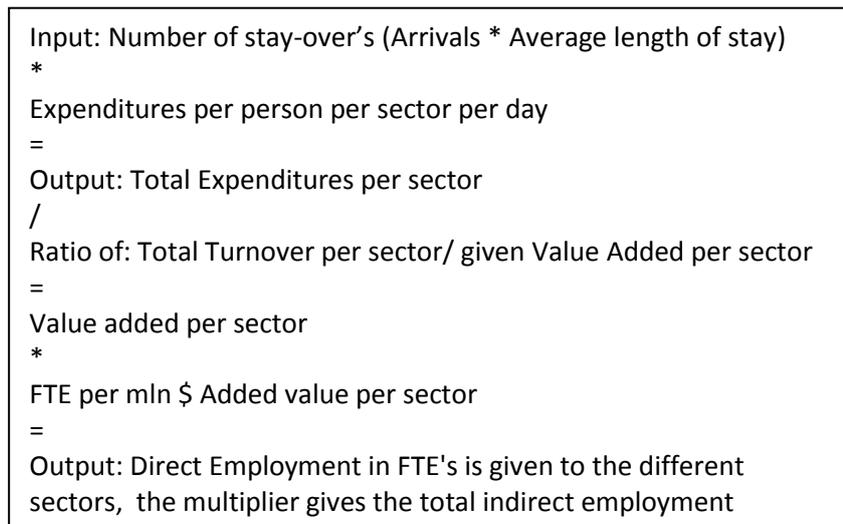


Figure 3.1 Schematic approach of the ZKA impact model

The model uses different ratio's for the different sectors, because not all sectors generate the same percentage of Added Value. Sectors where the repurchase rate is low, will generate more added value than a sector with a high repurchase rate. Another component that influences the ratio is the amount of subsidies that a sector gets from the government and the amount of VAT that sectors have to pay.

In the model the data can be divided into different categories, for this research data is divided into different accommodation types. The model calculates the differences in turnover and employment over the different accommodation types. With the outcome of the model conclusions can be draw about these different accommodation types.

3.2 Multiplier

After the direct employment, generated by the expenditures of tourists, is calculated, the indirect employment can be worked out. The model uses a multiplier to calculate these indirect effects of expenditures on employment. A Multiplier of 1.37¹⁾ is used. This means that 1 FTE direct generates 0.37 FTE indirect. This number is calculated by taking the role of purchase, service providers and others into account. (SES west brabant, 2008)

1) This number is adopted from the research of tourism in West-Brabant by ZKA consultants. No changes are made to this multiplier because the needed data and knowledge to calculate this multiplier are absent in this research.

Chapter 4: Results

4.1 Baseline 2010

The year 2010 is used as baseline. The most recent data about visitors expenditures is available over the year 2006. For this research the assumption is made that the expenditures profiles per accommodation type did not change for the period 2006-2010.

The total arrival in 2010 will be 365000, when assuming that there is no change in tourism strategy and therefore no change in the distribution of tourist over the different accommodation types, and that there will be no difference in economic circumstances. Research has indicated that the average nights, tourists stay at Curacao, is 7.4 nights (CTB, 2005). With this knowledge the total stay over's can be calculated. For 2010 the number of stay over's are presented in table 4.1.

Table 4.1 Number of stay-over's estimate for 2010

Accommodation Type	Number of stay over's
Hotel / resort	1421743
Apartment	301564
Friends / relatives	768686
Own Property	15615
Timeshare	43097
Other	123671
Not Stated	55824
Total	2730200

All necessary input as explained in chapter 3 is inserted in the model. Table 4.2 shows the employment that is generated when the number of stay over's from table 4.1 are inserted into the model.

Table 4.2 Employment generated by tourism in FTE's for 2010

Accommodation Type	Accommodation	Horeca	Trade	Entrance fees	Transport	Direct	Indirect	Total
Hotel / resort	2836	1189	105	146	267	4542	1681	6223
Apartment	243	66	57	33	48	448	166	613
Friends / relatives	186	279	374	8	94	941	348	1289
Own Property	0	3	8	0	3	14	5	20
Timeshare	11	32	6	4	3	56	21	77
Other	41	26	24	17	2	110	41	151
Not Stated	118	25	5	2	15	165	61	226
Total	3435	1620	579	210	431	6276	2322	8598

4.2 Scenario 0

This scenario describes what will happen when policy remains unchanged. The credit crunch will still effect the tourism flow to Curacao, but rock bottom was already in 2009. In the period 2010-2015 the tourism flow to Curacao is not declining anymore, although no grow can be expected due to the effects of the recession. Figure 4.3 shows the expected number of stay over's for 2015 and gives the percentage change for the period 2010-2015. Table 4.4 presents the employment that is generated when the number of stay over's from table 4.3 are integrated in the model, the number of employment under scenario 0.

Table 4.3 Number of stay over's for scenario 0

Accommodation Type	2010	2015	% difference
Hotel / resort	1421743	1421743	0%
Apartment	301564	301564	0%
Friends / relatives	768686	768686	0%
Own Property	15615	15615	0%
Timeshare	43097	43097	0%
Other	123671	123671	0%
Not Stated	55824	55824	0%
total	2730200	2730200	0%

Table 4.4 Employment generated by tourism in FTE's for scenario 0

Accommodation Type	Accommodation	Horeca	Trade	Entrance fees	Transport	Direct	Indirect	Total
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Apartment	243	66	57	33	48	448	166	613
Friends / relatives	186	279	374	8	94	941	348	1289
Own Property	0	3	8	0	3	14	5	20
Timeshare	11	32	6	4	3	56	21	77
Other	41	26	24	17	2	110	41	151
Not Stated	118	25	5	2	15	165	61	226
Total	3435	1620	579	210	431	6276	2322	8598

4.3 Scenario I

In the upcoming period 2010-2015, the government and the hotel industry are focussing their campaigns and advertisement on the North-American tourists. Therefore American arrivals increase with 20% per year. But no longer advertisement is done towards Dutch tourists, therefore the arrivals of Dutch tourists will decline. Assumed is that people with private homes will keep coming, leading to a decrease of 10%, since a large percent of Dutch tourist stay in. Other arrivals will increase with a normal 5%, because no other changes are made. Figure 4.1 shows graphically the percentage change describes above and shows that with the policy used for scenario I the total arrivals will stay the same for 2015 as in 2010.

Vistor arrivals for scenario I

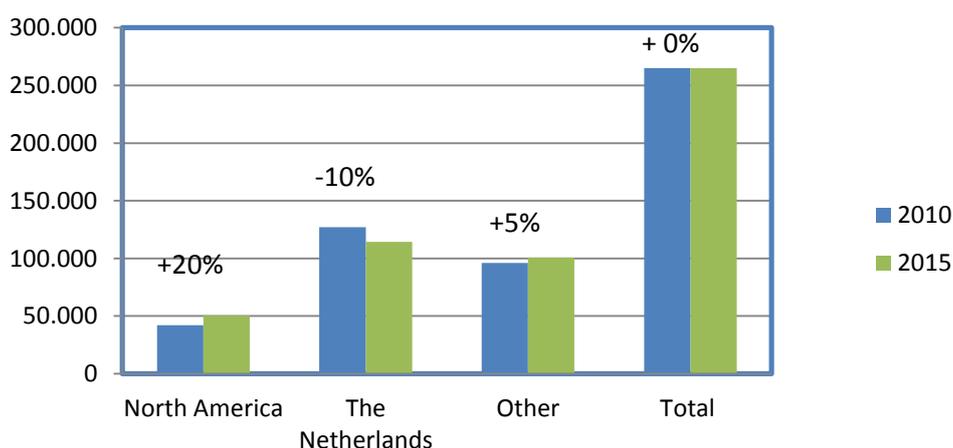


Figure 4.1 Visitors arrival for scenario I

According to the visitors survey (CTB 2006) the average length of stay for tourists on Curacao is 10.3 nights. With the aid of the survey (CTB 2006) and data gathered by the immigration at the airport, an estimation about accommodation preference for 2010 is considered.

With this knowledge the number of stay over's can be calculated. For scenario I the number of stay over's are presented in table 4.5.

Table 4.5 Number of stay over's for scenario I

Accommodation Type	2010	2015	% difference
Hotel / resort	1421743	1477645	4%
Apartment	301564	282735	-6%
Friends / relatives	768686	804035	5%
Own Property	15615	15277	-2%
Timeshare	43097	43097	0%
Other	123671	122031	-1%
Not Stated	55824	55824	0%
total	2730200	2800644	3%

Table 4.6 Employment generated by tourism in FTE's for scenario I

Accommodation	Accommodation	Horeca	Trade	Entrance	Transport	Direct	Indirect	Total
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Type				fees				
Hotel / resort	2948	1236	109	151	277	4721	1747	6467
Apartment	228	62	54	31	45	420	155	575
Friends / relatives	195	291	391	9	98	984	364	1348
Own Property	0	3	8	0	3	14	5	19
Timeshare	11	32	6	4	3	56	21	77
Other	40	26	24	16	2	108	40	149
Not Stated	118	25	5	2	15	165	61	226
Total	3539	1675	597	214	443	6468	2393	8861

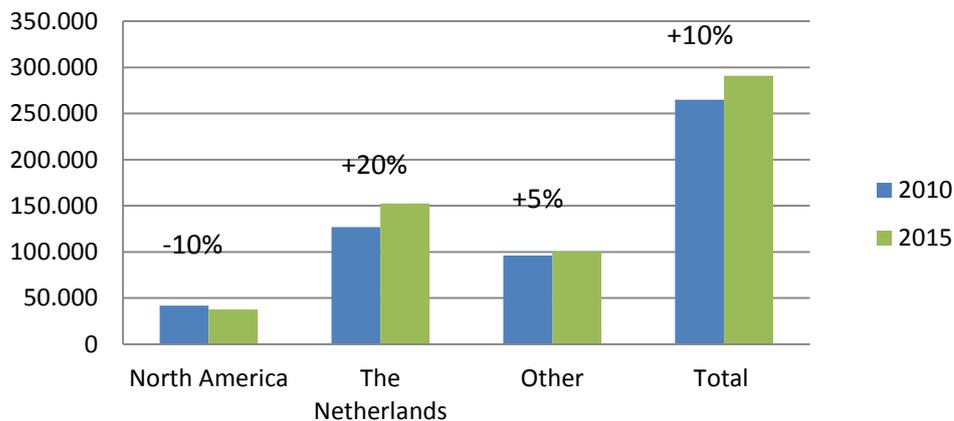
Table 4.6 gives the employment generated by the expenditures of tourists for scenario I.

4.4 Scenario II

In the upcoming period 2010-2015, the government and the hotel industry are focussing their campaigns and advertisement on the Dutch tourists. Therefore Dutch arrivals increase with 20% per year. No longer advertisements is done towards North-Americans tourists and there for the arrivals of North-American tourists will decline with 10%. North-American now prefer the big resorts on neighbouring island Aruba. Other arrivals will increase with a normal 5%, because no other changes are made.

Figure 4.2 graphically shows the changes in visitor arrivals described above and shows that total

Vistor arrivals for scenario II



arrivals will go up with 10% under scenario II.

Figure 4.2 Visitors arrival for scenario II

Table 4.7 presents the number of stay over's for scenario II. Moreover it shows the percentage difference for the period 2010-2015 in number of stay over's.

Accommodation Type	2010	2015	% difference
Hotel / resort	1421743	1508014	6%
Apartment	301564	350550	16%
Friends / relatives	768686	810205	5%
Own Property	15615	17514	12%
Timeshare	43097	43097	0%
Other	123671	137677	11%
Not Stated	55824	55824	0%
total	2730200	2922884	7%

Table 4.7 Number of stay over's for scenario II

Table 4.8 Employment generated by tourism in FTE's for scenario II

Accommodation Type	Accommodation	Horeca	Trade	Entrance fees	Transport	Direct	Indirect	Total
Hotel / resort	3008	1261	111	154	283	4818	1783	6600
Apartment	282	77	66	39	56	520	193	713
Friends / relatives	196	294	394	9	99	991	367	1358
Own Property	0	4	9	0	3	16	6	22
Timeshare	11	32	6	4	3	56	21	77
Other	45	29	27	19	2	122	45	168
Not Stated	118	25	5	2	15	165	61	226
Total	3661	1722	619	227	460	6689	2475	9164

Table 4.8 gives the employment generated by the expenditures of tourists for scenario II.

4.5 Scenario III

The government and private entrepreneurs have decided to break down apartments and build new luxurious resorts. Due to the new and extra amount of resorts, the number of hotel/resort stay-over's will increase with 25% and all other accommodation types decline equally with 25%, with the exception of private homes. Expected is that this change in accommodation offers attracts more North-American tourists to visit Curacao.

Figure 4.3 graphically shows the changes in number of stay over's for the different accommodation types mentioned above.

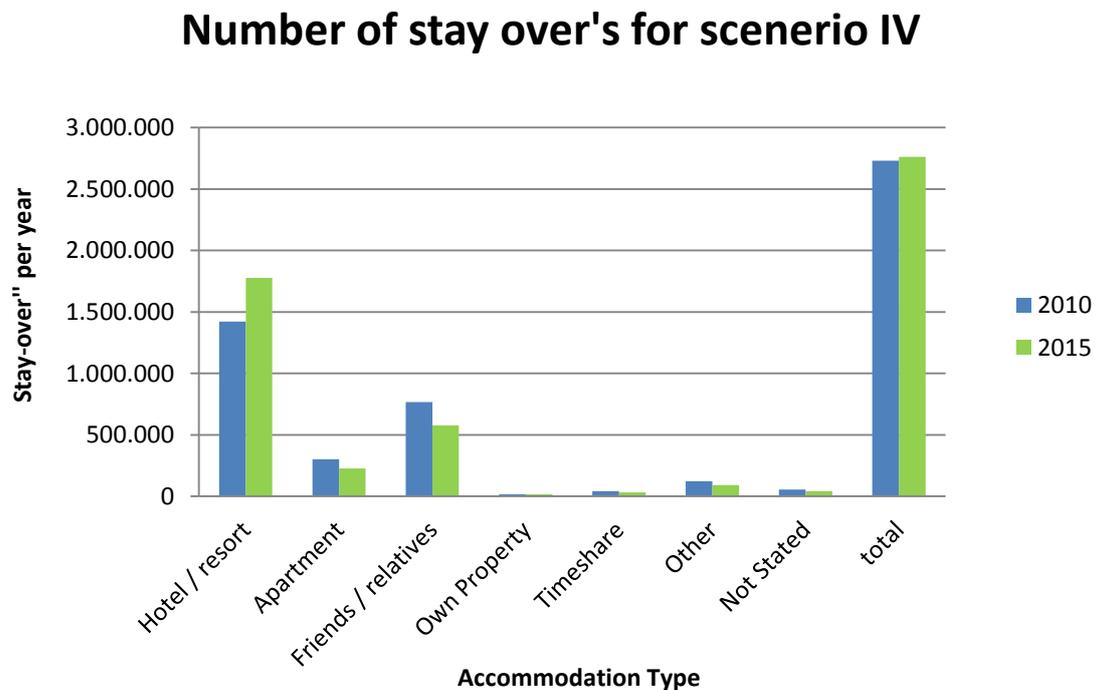


Figure 4.3 Visitors arrival for scenario III

Table 4.9 shows the number of stay over's for 2015 under scenario III, and the percentage change for the period 2010-2015 is presented. How the number of stay over's are derived from the change in accommodation type is explained in appendix 2.

Table 4.9 Number of stay over's per accommodation type for scenario III

Accommodation Type	2010	2015	% difference
Hotel / resort	1.421.743	1.777.179	25%
Apartment	301.564	226.173	-25%
Friends / relatives	768.686	576.515	-25%
Own Property	15.615	15.615	0%
Timeshare	43.097	32.323	-25%
Other	123.671	92.753	-25%
Not Stated	55.824	41.868	-25%
total	2.730.200	2.762.425	1%

Table 4.10 Employment generated by tourism for scenario III

Accommodation Type	Accommodation	Horeca	Trade	Entrance fees	Transport	Direct	Indirect	Total
Hotel / resort	3545	1486	131	182	333	5678	2101	7778
Apartment	182	50	43	25	36	336	124	460
Friends / relatives	140	209	280	6	70	705	261	966
Own Property	0	3	8	0	3	14	5	20
Timeshare	8	24	5	3	2	42	16	58
Other	30	20	18	13	1	82	31	113
Not Stated	89	18	4	2	11	124	46	170
Total	3994	1810	489	231	457	6981	2583	9564

Table 4.10 gives the employment generated by the expenditures of tourists for scenario III.

Chapter 5: Conclusion and Discussion

5.1 Conclusion

How much does the income of tourism contribute to the total income of Curacao?

According to CBS (2010) Curacao counts 142180 inhabitants at the moment. The latest data about employment derives from 2009, showing that 56582 people are employed. Assuming that there are no big changes in the number of employed people, the same employment rate for 2010 is used. Only 40.8% of the inhabitants of Curacao has a job, jobs of the unofficial market are not taking in to account. The outcome of the baseline model shows that 8598 jobs are generated by the expenditures of tourists in 2010. This means that 15.2% of total employment is generated in the tourism sector. In chapter 2 is mentioned that only 2.1% of GDP is generated by tourism in 2006. There are no big economical changes in the period 2006-2010 therefore assumed is that the part of GDP that is generated by tourism in 2010 will be nearly the same. When only 2.1% of GDP is generated by tourism, labour productivity must be low because 15.2% of the overall employed people are working in the tourism related sectors. This is in line with earlier statements about the skill factor that people working in the tourism sector have. The labour productivity for jobs with unskilled and semi-skilled people is low.

Which tourist group has a more positive effect on the employment of Curacao, North Americans or Dutch?

In chapter 2.4 is mentioned that there is a difference in tourism profile between tourists from North America and The Netherlands. Figure 2.3 shows that in 2006 more Dutch than American tourist visited Curacao. Knowing that the total expenditures per visit are nearly the same for both tourist groups, and in absolute numbers more Dutch tourist arrive, it can be said that Dutch tourists are better for Curacao, because in total they bring more money to the island. On the other hand North American tourist spend more per day, when there is a 100% occupancy of North Americans, they bear more money.

The employment that is generated by the expenditures of tourists are shown in table 5.1.

Table 5.1 Total employment in FTE's for all different scenario's

Scenario	Total employment in FTE's	% difference according to baseline
Baseline	8598	
0	8598	+0%
I	8861	+3.1%
II	9164	+6.7%
III	9564	+11.2%

For both scenarios tourism from other countries increase with 5%. In scenario I North-American tourism increases with 20% and Dutch tourism decreases with 10%. This gives a rise to employment of 263 FTE's. In scenario II North American tourism declines with 10% and while Dutch tourism increases with 20%, this gives a rise to employment of 566 FTE's.

In scenario II the total number of arrival is grown with 10% and in scenario I there is no change in total arrivals. In scenario I no extra arrivals are necessary to create 3.1% more employment. Yet in scenario II 10% extra arrivals are necessary to create 6.7% more employment. The new distribution of tourists origin in scenario I leads to a higher generation of employment.

With this information the conclusion can be made that the expenditures of one North American tourist creates more employment then that of one Dutch tourist.

Table 5.2 shows that the sectors where the jobs are located, and the part that they include of total employment. Again there are no major differences between the two scenarios.

Table 5.2 Share of total employment

	Accommodation	Horeca	Trade	Entrance fees	Transport	Direct	Indirect	Total
Baseline	39,95%	18,84%	6,73%	2,44%	5,01%	72,99%	27,01%	100,00%
Scenario I	39,94%	18,90%	6,74%	2,42%	5,00%	72,99%	27,01%	100,00%
Scenario II	39,95%	18,79%	6,75%	2,48%	5,02%	72,99%	27,01%	100,00%
scenario III	46,45%	18,93%	5,11%	2,42%	4,78%	72,99%	27,01%	100,00%

Scenario II describes the changes that occur when people prefer to stay in large hotels and resorts. From baseline to scenario III there are only 1.2% more arrivals. Yet, the total amount of FTE’s has grown with 11.2%. It is obvious that a shift towards large hotels and resorts is positive for the amount of employment that is generated by tourism expenditures. Table 5.1 displays the differences in sectors for the employment. When hotels and resorts cover a bigger part of the total arrivals more jobs will derive in the accommodation sector and less jobs in the trade sector.

Figure 2.4 shows that 83% of all North American tourist prefer to stay in hotel or resort, only 40% of the Dutch tourist prefer this.

From the scenarios used in this research it appears that it is wise for the Government of Curacao and private entrepreneurs to focus their campaigns on North American tourist when they want to create job opportunities for the people of Curacao. An extra plus is that there are a lot more North Americans then Dutch, and thereby more potential.

5.2 Discussion

When more and more people prefer to stay in hotels and resorts the job opportunities in the trade sector will go down. This means that for example supermarkets will have less income, so unfortunately prices will probably go up. It is interesting to see if in a few years hotels and resort are more popular and if the extra jobs in the accommodation sector will compensate the possibly higher prices in supermarkets.

The conclusion of this research is that North American tourists are better for the economy of Curacao. Yet for the culture of the Island I think it is good when Dutch tourism is aswell stimulated. Curacao and its history are important for The Netherlands, it would be a shame if this will all disappear by North American mass tourism. And as mentioned in section 2.2.2 Dutch aid is very important for the CDP of Curacao. When the island gets alienated from The Netherlands the aid can be at risk.

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Appendix

1 Used data

For the input of the model several sources of data are used.

1 Expenditures

According to Valdes e.o. (2007) the best method to collect information about tourist expenditure is to ask the visitors during their stay in the region, this because tourism is mainly an activity based on demand. Therefore an expenditures a survey is used. This survey is purchased by the Curacao Tourist board in 2006. In total there were 935 surveys handed in.

Given are the total expenditures in dollars per accommodation group divided over 19 different expenditure posts. However the total of these 19 post does not cover the total expenditures. For this research we made an assumption, and all post were raised with an equal percentage so that the total expenditures of the post are equal with the overall total expenditures.

Because the survey is from 2006 is it difficult to draw future scenarios.

2 Number of Stay over's

This data is from www.CTB.nl

3 Other

All other data is obtained from Central Bureau of Statistics, Curacao.

2 Calculation not included in the model

From % change in visitor arrivals from different countries to changes in stay-over's at accommodation type.

The numbers of accommodation types per country are known(CBS, 2010). With the following steps the change in stay over's per accommodation type can be calculated.

- 1) Number of arrivals per accommodation type per country X percentage change stated in the different scenario's . In this way you get a number of arrivals for 2010 and for 2015 per accommodation type per county.
- 2) Count up the number of visitor arrivals for 2010 per accommodation types for all countries. And do this also for the year 2015.
- 3) Calculate the percentage difference between the numbers of 2010 and 2015 (2015-2010/2010).
- 4) Multiplier the original stay over's per accommodation type (numbers for 2010) by the percentage difference per accommodation type. Now you have the predicted stay over for 2015 per accommodation type.