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Dominican Republic - Approaches Towards a Sustainable Tourism Development

A Strategic Concept

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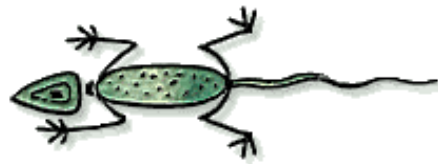


Fachhochschule Heilbronn
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DOMINICAN REPUBLIC:

Approaches towards a SUSTAINABLE TOURISM DEVELOPMENT-

A Strategic Concept



Freie wissenschaftliche Arbeit
zur Erlangung des Grades Diplom- Betriebswirtin
Fachbereich Wirtschaft 2: Tourismusbetriebswirtschaft

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Abbreviations:

AHK	Deutsch- (Dominikanische) Außenhandelskammer
ASONAHORES	Asociación Nacional de Hoteles y Restaurantes (National Association of Hotels)
CAST	Caribbean Alliance for Sustainable Tourism
CBD	Convention on Biological Diversity
CEBSE	Center for the Conservation and Eco-Development of Samaná
CEDOPEX	Centro de Estadísticas de Comercio Exterior (Statistical Center for Foreign Commerce)
CENANTILLAS	Centro de Investigación Económica de las Antillas
CPT	Tourist Promotion Council
CEPAL	Economic Commission for Latin America and the Caribbean
Codetel	Compañía Dominicana de Teléfonos
CTO	Caribbean Tourism Organization
DED	German Development Service
D.R.	Dominican Republic
ECPAT	European Coalition on Child Prostitution and Tourism
e.g.	for example
EMPACA	Ecoturismo Mundial Y Proyectos Ambientales (World Ecotourism & Environmental Projects Co.)
EP	European Plan (Accommodation with no meals)
ESTs	Environmentally-Sound Technologies
FAO	United Nations International Development in Nutrition and Agriculture
Fig.	Figure
GATT	General Agreement on Tariffs and Trade

GDP	Gross Domestic Product
GTZ	German Technical Cooperation
ICCL	International Council of Cruise Lines
IIPT	International Institute or PEACE Through Tourism
Km	kilometers
m	meters
OMT	Organización Mundial del Turismo
OPI- RD	The Office for the Promotion of Foreign Investment in the D.R.
pp.	Pages
SECTUR	Secretaría de Estado de Turismo (Ministry of Tourism)
S.D.	Santo Domingo
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNCED	United Nations Conference on Environment and Development
UNCTAD	United Nations Conference on Trade and Development
USP	Unique selling proposition
USA	United States of America
USAID	The United States Agency for International Development
USP	Unique selling proposition
US\$	US Dollars
Vol.	Volume
VAT	Value Added Tax
WTTC	World Travel and Tourism Council
WTO	World Tourism Organization
WTO	World Trade Organization

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*"El costo de la vida sube otra vez
el peso que baja
ya ni se ve
y las habichuelas no se pueden comer
ni una libra de arroz ni una cuarta de café
a nadie le importa qué piensa usted
será porque aquí no hablamos
inglés*

*ah ah es verdad
do you understand?
do you, do you?"*

*"The cost of living is going up again
the peso which is dropping
can't be found
and you can't eat beans anymore
or a pound of rice or a measure of coffee
no one cares what you think
could it be because we don't speak
English?*

*Ah, that's the truth
do you understand?
do you, do you?"*

Juan Luis Guerra
"El costo de la vida"

1 Introduction

1.1 Problems and Objectives

Often referred to as the 'smokeless industry', tourism has become one of the fastest growing, most dynamic sectors of economic growth in the world. Between 1980 and 2000 the share of international tourism in global economic activity rose globally by 4.6% a year on average and is expected to continue to grow at the same rate per annum in the next decade. With an estimated 698 million international arrivals in the year 2000, tourism has become the world's largest trade.

Tourism is now a key sector or is likely to become so in many developing countries, which show potential. However, over-reliance on tourism, especially mass tourism carries significant risks to tourism-dependent economies. Especially, if tourism development is seen as a unique alternative to a declining agricultural industry or other economic sectors in crisis. Critics point out that tourism in developing countries can create foreign dependency, but as well the creation of separate enclaves, the reinforcement of socio-economic and spatial inequalities, rising cultural alienation and vulnerability to factors outside the control of the destination.

By the early 1990s, national tourism authorities had generally come to realize that the economic benefits of tourism would not be achievable in the long run unless tourism was properly planned and managed. Thus, in 1996 the tourism industry was the first sector to have launched an industry-specific action plan based on Agenda 21, a comprehensive program of action approved by 182 governments at the 1992 United Nations Conference on Environment and Development (UNCED), the Rio Earth Summit. It provided a global blueprint for achieving a sustainable development of tourism, identified as one of the key sectors of the economy, which could offer a steady source of tourism income and eliminate poverty in the long term.

However, the established policy objective of tourism – to stimulate economic development – should be widened to include the condition that any such development must also embrace an explicit concern for the social and environmental assets upon which its future prosperity depends. Tourism's role in economic development is important, but it cannot be considered in a vacuum.

Since the launch of the document by the three organizations WTTC (World Travel & Tourism Council), WTO (World Tourism Organization) and the Earth Council, they have begun a series of regional seminars to increase awareness of the conclusions, and to adapt the program for local implementation. Furthermore, the WTTC has established the Green Globe program, which offers advice and promotional support for tourism enterprises willing to commit themselves to 'improvements in environmental practices'. Other international industry bodies have also taken action. For example, the IFTO (International Federation of Tour Operators) has funded projects in Majorca and Rhodes, to identify specific targets for sustainable tourism; and the International Hotels Environment Initiative has sought to make hotel management more environmentally friendly by compiling a manual of good practice and giving advice to its members, including major hotel chains. The United Nations (UN) and its agencies have addressed the importance of tourism and sustainable development on various occasions. More recently, the General Assembly declared the year 2002 as the International Year of Eco-tourism, which should encourage eco-tourism practices and promotion in developing countries within the framework for the development of sustainable tourism.

As a result, many developing countries have since espoused the principle of sustainability in shaping their tourism policies. However, few of them have been able to convert this into concrete action owing to the short-term economic interests to which, all too often, priority is given, to the detriment of protecting social and environmental assets.

In summary, tourism presents a great opportunity, but there are a number of challenges to be met if the potential for sustainable development and poverty elimination is to be realized. An active policy implementation process for sustainable tourism development forges partnerships and dialogues between different parties with different interests like private enterprises, governmental institutions, international organizations, but as well local communities.

The purpose of this paper is to create and formulate clear, firm and equitable guidelines in a tourism policy concept that is set in the context of sustainable development and aims further to raise the competitive position of a destination. Theory will be demonstrated in practical terms in the case of the Caribbean tourism destination, the Dominican Republic.

1.2 Scope and Limitations

The proposed sustainable tourism concept should serve as a framework and orientation for national and international stakeholders or investors who should in future contribute with their actions to an ecologically balanced and socially acceptable tourism development in the Dominican Republic. Due to the limited volume of this study, it only comprises the first approaches and cannot be seen as a fully completed strategic concept. The results and recommendations in the study will, rather, 'provide a basis for enhancing the tourism planning process' in the country, where data and relevant information was available. The planning process must include further studies that will be undertaken as well at local and community levels.

Due to the specific characteristics of this Caribbean island, the outcomes presented do not necessarily apply to other tourism destinations.

Furthermore, impacts mentioned in the theoretical part are limited to negative and positive effects that are relevant to the specific case study.

Nonetheless, what underlies this work is a competitive strategy, which nowadays seems to be the most effective one: the concept of sustainable tourism development is recommended as a broad strategy for all destinations.

Detailed measures that could be taken by tour operators or agencies could not be considered here, as this would have gone beyond the scope of the study. However, some remarks will be made where they seem necessary for the understanding of the context.

Though the study had already reached an advanced stage, the impact of the New York attacks and the subsequent tragic plane crash, and their effects specifically on the Dominican Republic, have been considered as far as possible, where information could be assembled.

1.3 Structure of the Work

The present paper is structured in two major parts, including (14) chapters. The first part provides the basic theoretical background.

After an introductory section, the second chapter presents some information on the historical and recent development of tourism, with a main focus on the mass tourism phenomenon, as well as some future tourism trends.

In the third chapter the precursors of sustainable tourism development will be outlined. Some relevant development theories that can be considered in the context of tourism in developing countries will be summarized.

The main positive and negative impacts of tourism development will be outlined in the fourth chapter.

The fifth chapter will quote the general trends that make a sustainable tourism development indispensable in our common future.

Finally, a theoretical insight of the strategic concept of sustainable tourism development will be provided in the sixth chapter. It also concludes the tourism planning elements for the successful implementation of a tourism concept and a general overview of fundamental competitive strategic decision-making options. Some limiting factors of sustainable tourism development end this chapter.

The first part will be closed with a reflection or comparison between '(sustainable) mass tourism' and '(sustainable) eco tourism' as forms of tourism development.

The second part will attempt a practical application of theory in the case of the Dominican Republic.

After an introduction, the next chapter, of the second part presents some general aspects of the Dominican Republic.

The second chapter in part 2, starts with some tourism trends in the Caribbean and the historical development of Dominican tourism, before analyzing the supply and demand side as well as its main competitors. This includes also the role tourism plays for national authorities and the identification of the general tourism market structure of the island. An evaluation of the economic contribution or negative economic, social or environmental impact of tourism in the Dominican Republic will as well be done in this chapter. This will comprise some quantitative economic data, but also provides some qualitative socio-cultural and environmental considerations.

A critical evaluation of the Dominican tourism industries' strengths and weaknesses, in consideration of future trends, will be part of the tenth chapter.

The results will be used in the eleventh chapter as terms of reference for the formulation of the grand strategy; as well as for essential future recommendations and necessary actions that will be given in the twelfth chapter.

The work will close with a critical assessment of limitations or challenges for sustainable tourism development in the Dominican Republic and ends with a final conclusion.

1.4 Methodology and Information used

To accomplish these ends recent studies from the supporting consulting company, *Horwath Sotero Peralta & Asociados*, were reviewed and research data collected. However, to guarantee an overall objective evaluation, supplementary papers and statistics were gathered from a broad range of national and international institutions (e.g. National Bank, Chambers of Commerce, *CPT*, *Kiskaya Alternativa*, *UNDP*, *USAID*). Other sources like local universities, private and public libraries as well as some newspapers and the Internet (e.g. websites of *CTO*, *CEPAL*, *OPI- RD* and *CAST*) provided further information. Moreover, an important source of information has been the library of the German NGO *Tourism Watch* in Bonn.

Besides secondary research, primary information was basically obtained through the series of informal interviews with key government officials (e.g. Tourism Ministry and Ministry for Women), private sector stakeholders (e.g. *ASONAHORES*, *GTZ*), agents of tour operators and hotels as well as representatives of NGO's (e.g. *CEBSE*, *DED*). All these interview partners were asked to identify issues, recommend strategies or assess options for the future tourism

development of the Dominican Republic. With this methodology it was intended to receive input from various key stakeholders together. These activities not only helped to clarify specific issues but had to a certain extent a brainstorming character. As a result of travel to almost all important tourism areas, and of work experience in the tourism sector, the author of this paper has been able to make a certain comparison with personal experience and judgments. Thus, some of the results are descriptive or qualitative in nature.

The process of gathering information was often delayed due to the fact that sometimes two or three meetings were necessary as the data required was either not available or not provided in a timely or efficient fashion. It also appeared that tourism-related businesses were not able or willing to supply the literature needed. This difficulty in collecting information was very time consuming.

It is well-recognized that tourism plays an important role in the economy of the Dominican Republic. However, there have been few comprehensive studies that measure the economic impact of tourism and its linkages to other sectors in the economy. The latest detailed secondary literature in this area tends to be incomplete or out of date. Thus, collecting and analyzing up-to-date information has often involved considerable challenges.

Furthermore, it was hard to find latest tourism research literature; even public libraries or the most popular private universities where 'Tourism' or the 'Hospitality Industry' are subjects of study, could not provide two important European and especially English tourism research journals, like the *Annals of Tourism Research* or *Tourism Management*. This might be a result of the general strong North American influence, or the lack of a profound research culture in the area of tourism in the Dominican Republic.