Economic Dependence on Tourism Example

Good morning. My name is Madison Zinn, and my presentation will be about economic dependence on tourism in some countries and how we can restrict that dependency.

Tourism affects economies worldwide and serves as a major factor in national income for many countries, but for countries and areas that are more dependent on tourism than others, there can be the problem on too much reliance towards that tourist income. According to The Telegraph UK, about twenty countries (the majority being small island countries) have 11% or more of their GDP dependent on tourism annually. With an economy having such a massive portion of their GDP coming from income from tourists, what would happen to it if the tourism industry were to suddenly decline?

Panama City Beach, Florida, U.S.A., is a popular tourist destination for the southern United States region. Tourism brings in a rough estimate of $2.7 billion U.S.D to the area annually, as stated to the Panama City News Herald by the Visit Panama City Beach spokeswoman, Catie Feeney. After October of 2018, post Hurricane Michael, along with a drop in consumer spending, county officials worried over the tourist decline that would be received from the destruction to the beach and its sister cities. Panama City Beach relies on its spring break and summer tourism income to support the economy year-round, so concern over hurricane destruction is significant to the year-round economy. This dependency on tourism didn't seem an issue until Hurricane Michael hit and much of the area was destroyed, including damage to tourist attraction sites and damage to construction of new condominiums and attractions. Also, many of the residents affected by the storm were forced to move to the Beach, taking up places to stay that are usually for tourists who spend more money than locals. This, and rebuilding caused the holiday tourist season in November and December to decline, so officials are now heavily focused on the spring break season in March to bring the Panama City economy back up.

In Puerto Rico and the British Virgin Islands, a similar problem has also been faced. The British Virgin Islands have tourism making up 35.4% of their GDP, as according to The Telegraph UK. In 2017, Hurricane Irma plowed through the islands, causing around $3.47 billion U.S.D in damage and causing a drop in the economy due to efforts going towards rebuilding. Now, a year later, the British Virgin Islands are relying solely on tourism to help pull their economy back into shape. In Puerto Rico, after Hurricane Maria, damages decreased tourism income so much that an estimated 150 businesses were forced to file bankruptcy, as reported by Village Voice (Pacheco). The Puerto Rican economy continues to struggle even a year after the hurricane due to tourists not coming back at the rate they did before Hurricane Maria.

Over tourism can also be a downfall towards economies. In the Maldives, which relies on tourism for 39.6% of their GDP, too many tourists are destroying the environment. This is causing the Maldives government to possibly lease thirty-one islands for sale, according to The Independent UK. In the same article, the former Prime Minister of Tourism expressed his resignation towards resigning being due to not agreeing with this new idea, and believing it would cause economic hardship. More high inflation risks were also be warned in response to the Maldives government spending at a high level for tourism rates.

Natural Disasters, over tourism, and even just a seasonal decline with no particular reason are all inconveniences that can be faced in the fragile structure tying together economy and tourism. Areas such as Puerto Rico, the British Virgin Islands, the Maldives, or the Florida panhandle, are all examples of areas heavily dependent on tourism, and these regions have seen their economies fall due to tourism failing for whatever reason. Certain solutions to this over reliance on tourism could be strengthening the economy by promoting more local income.

The promotion of local businesses not only increases local income, but it also creates less foreign spending on resources if they can be available locally. More businesses opening require more employees, which creates more jobs to boost the economy from a local standpoint. Resources can be produced more locally, such as manufacturing, or mining and farming depending on the climate of the area. This income of local money would bring away dependency from tourism, even if only a small percent. Also, promoting research and development in the local areas could expand the economy through researchers, workers, and construction. Another solution could be drawing in other business industries to help bring their economy income up. These solutions all provide more jobs for locals, and more reliable means of income year-round rather than just the seasonal income of tourism.