



## **A FRAMEWORK FOR SUSTAINABLE TOURISM IN ARUBA**

**3rd Annual Tourism Conference 2004  
Background Document**

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## **A FRAMEWORK FOR SUSTAINABLE TOURISM IN ARUBA**

### **THIRD ANNUAL ARUBA TOURISM CONFERENCE – BACKGROUND DOCUMENT**

#### **1. Purpose of the Framework**

The Framework for Sustainable Tourism in Aruba (hereafter called the 'Framework') provides overall guidance for tourism in Aruba over the next 40-50 years. As such, the Framework

- Seeks understanding of tourism in relation to other aspects of economic, social, regional, and physical development.
- Identifies desirable goals for tourism and development.
- Assesses the long-term possibilities for tourism and other developments.
- Provides guidelines and indicators for developing tourism strategy and evaluating projects.
- Develops alternative future scenarios for tourism and demonstrate their correspondence with stated goals.
- Creates a more sustainable competitive advantage by improving and consolidating existing products and developing a number of new products.
- Recommends that Aruba diversifies tourism by culture, visitor base, product, and region in a systematic manner.
- Illustrates a selection of projects based on embedded cultural values and practices identified in Aruba.
- Suggests procedures, institutions that will help the Island to finance, manage, monitor, and evaluate the viability of individual projects and progress towards the chosen long-term goals.

## **2. Structure of the NTC (2005) Framework Report**

For purposes of presentation and analysis, the Framework Report is divided according to long-term, medium-term, and short-term issues.

**Part One (Long-Term 50 years)** discusses historical trends and the possibilities for understanding the past and present tourism development in Aruba and the Caribbean as an essential basis for understanding how it might evolve in the future. It also determines the carrying capacity for tourism in Aruba based on the potential needs of the resident population and shows that this is sufficient for the goals specified for the Framework providing the pace of growth is moderated and diversified to other parts of the Island.

**Part Two (Short-Term 1-5 years)** demonstrates how short-term choices can determine the long-term outcome for tourism and all other development in Aruba. It shows how specific decisions about the size, type, and timing of new projects on a decision-by-decision basis determine the pace of population growth (through new immigration) and public finances (through insufficient net revenues). This ultimately determines the development path over the long-term.

**Part Three (Medium-Term 5-20 years)** combines the mechanisms identified in Part Two with the long-run possibilities identified in Part One to assess the problems in continuing past practice and to demonstrate the viability of alternative strategies based on new products, and strategic management of tourism assets within a portfolio approach to tourism strategy. This argues the need to begin to diversify tourism by culture, product, and region in a systematic manner.

**Part Four (Products and Projects)** introduces a range of new products based on the culture regions of the Island and the possibilities for expanding into new styles of culture- and cohort-based tourism. These ideas draw on the authentic base of embedded cultural values and practices identified in Aruba.

Part Five (Manuals and Technical) provides a more detailed explanation of the empirical work carried out for the Framework. It includes the guide for conducting focus groups in barrios across the Island to elicit new ideas based on the accomplishments, aptitudes and resources of Arubans. It also provides details of the economic, demographic, and tourism models used to develop the strategies scenarios in Part Three.

The Overview (Summary) provides the introduction to the Framework, the National Tourism Council (NTC), and the outcome of the annual Tourism Conferences. It summarizes the history of tourism in Aruba and explains the processes and trends that create the current need for a new direction for tourism. The detailed findings and recommendations from each chapter are highlighted. A new framework for tourism planning is proposed based on public and private coalitions, education and training, new institutional responsibilities, and improved financing for the Tourism Framework. Several of the proposals might be considered Immediate since they should be implemented whatever the prospects for other recommendations.

### **3. The Aruba National Tourism Council**

The first Aruba National Tourism Conference was held in July 2002. The objective of the Conference was to introduce the Minister of Tourism and Transportation's vision for the future of tourism in Aruba. This embodied the commitment to the industry to involve both the public and the private sectors in working together to implement strategic changes in Aruba's development, and to build and maintain the Island's future as a prime Caribbean destination. The participants at the Conference identified four areas or challenges for tourism:

- Sustainable Development for Culture, Heritage, and Environment**
- Quality Assurance, Standards, and Training Needs**

- **Safety and Security for Residents and Tourists**
- **Develop a Collaborative Public-Private Sector Partnership**

Following the Conference, in October 2002 the Minister of Tourism and Transportation officially installed a National Tourism Council (NTC) representing the major public and private tourism interests in Aruba. The primary task of the NTC has been to elaborate the goals indicated above and to establish a **Framework for Sustainable Tourism** development in Aruba.

Preparation of the Framework has been divided into two stages: The first stage, presented at the 2003 Second National Tourism Conference in November 2003 described the rationale, guidelines, and strategic approach to the Framework. The resulting report also identified responsibilities for NTC member departments and organizations, and possible new institutions that would facilitate private-public sector collaboration and ensure that the Framework is monitored and updated in an appropriate and timely fashion. The first stage also presented illustrations of specific tourism products that would be consistent with the goals of the Framework. Also presented was a broad schedule of development of new accommodation by location across the Island, with recommendations for economic and revenue analysis, marketing infrastructure, security arrangements, training, local awareness, and other elements of the Framework.

The second stage, already begun, aims to develop a **Tourism Master Plan** for the future of tourism. This includes an **Awareness Campaign** to improve understanding by Arubans of the importance of tourism to the Island, and a series of **Focus Groups** in districts across the Island to ascertain directly the needs of local residents and to elicit new proposals for tourism development, products, and projects. In addition, a Master Plan is being prepared for development of tourism Seroe Colorado.<sup>1</sup>

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<sup>1</sup> The Awareness Campaign is managed by ECA NV Aruba. The Focus Groups are conducted by AMTI NV Aruba. The Master Plan for Seroe Colorado is being prepared by Sasaki Associates of Boston Mass..

The present composition of the NTC is shown in Table 1.<sup>2</sup> The authors wish to acknowledge the high level of cooperation from all the members of the NTC, and also the Minister of Tourism and Transportation and his staff, trade associations, government personnel, hotel managers, and especially, the staff of the Central Bureau of Statistics who have provided much of the data used in this report.

#### **4. Background for the Framework**

Some of the concerns expressed at the 2002 First National Tourism Conference are of relatively long-standing in Aruba.<sup>3</sup> Others have arisen in the aftermath of the threefold expansion of tourism in the late 1980s. The latter was accompanied by high levels of new immigration to the Island and the accelerated growth of population, leading to urban sprawl and increasing erosion of the Island's natural landscape - primarily adjacent to the Island's Tourism Corridor and Oranjestad. Aruba already has one of the highest densities of tourism and population in the Caribbean (measured as visitors/resident population, or accommodation/area).<sup>4</sup> Thus, the issues confronted by the NTC have to be set within the overarching question of "how far, and how fast tourism in Aruba could or should expand?"

Although questions of sustainability are often relegated to "over the horizon", the fact that the Island is so small, and the pace of growth so fast, requires that long-term constraints – those that are likely to greatly impact present residents and their children – have been identified and incorporated into the Framework.

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<sup>2</sup> Ministry Messenger. Ministry of Tourism and Transportation. December 2002.

<sup>3</sup> Questions about the limits of tourism growth in Aruba were raised, for example, in the 1981 IDAS Tourism Plan. The setting up of the Arikok National Park reflects concerns about loss of natural heritage, and so on.

<sup>4</sup> See, for example, Guidance for Best Management Practices for Caribbean Coastal Tourism by Island Resources Foundation, St. Thomas, Virgin Islands, December 1996., and Caribbean Tourism Organization, 1995.

Aruba is widely recognized as a premier destination in the Caribbean and has enjoyed one of the fastest sustained rates of growth over a 50-year period in the region.<sup>5</sup> Nonetheless, tourism in Aruba, as elsewhere, is vulnerable to downswings arising from economic depressions and political turmoil overseas. Recent years have demonstrated both. These events are especially disturbing for Aruba since tourism, directly and indirectly accounts for 60-65% of GDP and 65-70% of employment.<sup>6</sup> To reduce short-term instabilities requires that the Framework embody a strategic approach to managing the Island's tourism industry.

Tourism is acknowledged to be one of the largest and most internationalized of industries. Many reports by international tourism organizations point to the difficulties that this poses for small island nations.<sup>7</sup> Across the Caribbean, Aruba has possibly the highest level of foreign investment and control.<sup>8</sup> Overall, this relationship has enabled the Island to develop a competitive industry, but it has also meant that public and household income derived from tourism is less than some other competitor islands. Further, the Island has developed a rather homogeneous tourism product oriented to a limited segment of the North American market. Thus, Aruba has neglected other opportunities for "destination branding" based on authentic cultural experience, heritage, and other local attributes that could provide a counterpoint to international chain hotel branding, and a unique location experience.

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<sup>5</sup> The WTTC (World Travel and Tourism Council, *Impact of Travel and Tourism on Jobs and the Economy*, 2002) ranks Aruba at 7<sup>th</sup> in the world in terms of tourism employment (38% of total) and 5<sup>th</sup> in terms of tourism investment (62.7% of total).

<sup>6</sup> S. Cole. 2002. *The Impact of Tourism on the Economy of Aruba*. First National Tourism Conference. Oranjestad. July. 2002. The share varies from year to year depending principally on the number of visitors.

<sup>7</sup> See, for example, *Tourism and the Environment in the Caribbean: An Economic Framework*. Caribbean Group for Cooperation in Economic Development. World Bank/EU June 2000. Report 20453-LAC.

<sup>8</sup> See, for example, *Caribbean Hotel Trends*. Caribbean Tourism Organization. PKF. 1994 Edition.



Aruba's success in tourism is attributed to its natural endowment of "sun, sand, and sea" which it shares with other tropical destinations. More especially it is attributed to the natural warmth and hospitality of the population that is attested to by visitor surveys, the high level of return visitors to the Island, and the enviably high rates of occupancy in the hotels.<sup>9</sup> Aruba is widely recognized as a friendly, secure destination. One reason for this is that with relatively few exceptions Arubans enjoy high living standards, enviable welfare services, public security and so on, often exceeding those of visitors to the island. The challenge for the new tourism Framework in Aruba is to demonstrate how to protect these features, and sustain a high quality profitable product.

The strength of the NTC initiative is that it builds upon the already established relatively high level of cooperation between the public and private sectors in Aruba. The Island's success is also founded on a high degree of public sector participation beginning as early as 1947 with the setting up of the Aruba Tourism Commission.<sup>10</sup> Public involvement continued through formal planning (such as the designation of the Tourism Corridor) and direct and indirect financial support.<sup>11</sup> The Island has shown over the years that it has the ability to use tourism to counter adverse circumstances, although again this has contributed to difficulties, not least the present fiscal crisis confronting the Island government, and the rapid population growth. In arriving at its recommendations, the present report attempts to understand both the positive and adverse consequences of past policies.

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<sup>9</sup> See especially the Annual Tourism Profile of the Social Economics Statistics Division of the Central Bureau of Statistics. This includes the results of surveys from 1996 to 2002 including tourism expenditures, length and place of stay, and visitor satisfaction, etc.

<sup>10</sup> See especially The History of Tourism in Aruba (Draft). Aruba Tourism Authority. 2003.

<sup>11</sup> The level of tourism planning is easily understated since the only substantive plan was the Aruba Tourism Development Plan. IDAS. 1981, and the 2002 First National Tourism Conference is the only initiative of this kind. However there have been numerous consultant reports and workshops on specific aspects of tourism in Aruba, several of which are acknowledged in the present report.

## **5. Framework, Strategy, and Projects: Long, Medium, and Short-Term**

The **Framework** is designed to provide a context for designing and evaluating **Strategies** for tourism development and **Policy** decisions for specific tourism projects. There is obviously a good deal of overlap in the content and timeframe between the Framework, Strategies, and Policy. Strategies here are taken to include regional development proposals such as the Master Plan underway in Seroe Colorado, while a project might be a specific hotel venture as part of the Master Plan.

With respect to time scale, the 40 to 50 year time horizon used for the Framework provides a perspective on sustainability for the next two generations of Arubans. Looking backwards over the last half century of tourism in Aruba - offers some perspective on the type, scale, and uncertainty of the changes that might be expected over the next 50 years. Strategies typically exhibit medium-term horizons, say 5 to 20 years for present purposes. This timescale reflects, for example, investor and public infrastructure costs to be recouped, the time for new regional competitors to emerge, new tourism products to mature, or structural shifts in the international tourism industry.

Strategies generally comprise several similar projects and discrete decisions with a wide impact. While most strategies involve quite secure private and public commitments to be successful, they must also allow some flexibility in the details and timing of individual projects to account for fluctuations arising, for example, from business cycles) or new competing destinations. New projects and policies (or at least policy adjustments) are proposed and implemented on a regular basis – typically taking from 1 to 5 years from the initial proposal to full operation. Within this timescale, there are annual and seasonal fluctuations and irregular events.

Given the continuity and overlap between the different time-frames just described, it is clear that how projects are implemented in the short-term determines how

successfully a strategy with be in the medium-term, and hence how well the goals of the Framework will be achieved in the long-term. For example, opening a new hotel at a time when Island-wide occupancy is low may drive several others out of business; expanding tourism across several regions of the Island simultaneously, even if successful in the medium run, can undermine the longer-term goals for sustainability. In this sense short-term decisions drive long-term trends - whether a resort declines or how rapidly it approaches its carrying capacity. Thus, it is important to ensure that short-term decisions are guided by long-term goals.

This connection between individual short-term decisions and long-term outcomes is especially important for a small island resort like Aruba where most cornerstone projects (hotels, airport expansion, cruise ship terminals, or hospitals) that drive the economy are relatively large (compared to the economy as a whole). The relatively large scale ("lumpiness") of new projects combined with the characteristic variability of tourist driven-island economies makes them somewhat unstable. Thus, new and existing developments need to be especially carefully monitored and managed. In addition, new projects need to be designed so that they reduce, rather than exacerbate existing instabilities. If projects and strategies are well coordinated in size and scale in relation to currently prevailing conditions, considerable synergies and efficiencies can be achieved.

## **6. An Adaptive and Responsive Framework**

For the practical reasons given above, the Framework must be adaptive to unforeseen events and opportunities that can be reflected in new strategies and policies. It also must be adaptive to feedback from the Aruban community. This is because one of the primary objectives of the Framework is to help foster the ongoing public dialogue about the future of tourism in Aruba – between the public and private sector and with society at large. Already the NTC initiative designed to promote cooperation between government and the tourism industry and the

National Tourism Conferences provides a bridge to other sectors and departments. The focus groups and awareness campaign in turn help to promote local interests, provide feedback on proposals, suggest new ventures, and generally enrich the work of the NTC. Updated Frameworks should build on these initiatives and make use of this dialogue.

The present draft of the Framework builds on the outcomes of the 2002 and 2003 National Tourism Conferences. It incorporates the deliberations and suggestions of the National Tourism Council and the Ministry of Tourism. It has made use of historic archives, tourism plans and earlier consultants' reports, and current policy documents, as well as available current and recent statistics on tourism, population, and economy. While it is possible to improve on the data and analysis used in the report (as a consultant's report), the greater need is to embed the concepts and methods used in the Framework into the relevant private and public institutions in Aruba. Thus, while some of the technical sections in this document are not intended for a general audience, the methods and ideas should be absorbed by the relevant institutions in Aruba – for example via the University of Aruba or relevant government departments through mid-career development, and other training programs.<sup>12</sup> The goal here - just as with the product proposals and the focus groups – is to ensure that the methods adapt to suit the Island's purposes and institutions, and also that institutions adapt to facilitate the goals of the Framework.

## **7. Overview of Tourism Framework Strategies**

The Framework shows how the objectives for tourism in Aruba proposed at the First National Tourism Conference may be met.

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<sup>12</sup> The report is designed to be read at different levels, some sections are written for a general audience; others for specialists. In order that some chapters can be freestanding there is some repetition.

The Framework requires that tourism should be managed as a strategic asset in the interests of the Aruban community as a whole within the limitations of the Island's resources. Given the small size of the Island in terms of geographic area, beaches and wilderness, and potential sites for tourism, there are upper-limits on the number of hotels that may reasonably be constructed without over-crowding both tourists and residents. The most pressing constraint on tourism in Aruba is the limited availability of residential land. Since the demand for residential land is driven primarily by the growth of tourism and tourism-related immigration, the recommendation is made that the total level of tourist accommodation should not rise to more than about 12,000 rooms over the next 40 years.

In order to slow the pace of growth whilst continuing to steadily improve living standards also requires that the Island continually improves the scope and quality of the tourist experience. The Framework aims to create a sustainable competitive advantage for Aruba's tourism, improving and consolidating the present style of tourism and developing a number of restricted but highly desirable tourism products designed to maintain both occupancy rates, high visitor return rates, and revenues.

The recommended level would be sufficient to meet the foreseeable needs of Arubans and provide full employment of the resident labor force, improve the situation of public finance, achieve threshold scale economies, and maintain the dynamism of the industry. Typically, this would mean that no more than 50 to 100 rooms should be opened in any year. For a variety of reasons, consistent with the overall goals of the tourism Framework, such as income capture, a more robust portfolio, and greater opportunities for local involvement - the recommendation is for small boutique style hotels. This does not preclude incremental expansion of existing chain hotels and timeshare, or construction of a small number of new larger properties, or redevelopment of existing properties. However, any larger scale projects have to be carefully coordinated with other areas of development, including other tourism activities, the labor market, infrastructure capacity, and public finances.

The transition to a new strategy usually poses a major challenge for policy makers. This is because the need for a new strategy is often crisis-driven by immediate policy issues, such as high unemployment or government budget deficits, which are given higher priority than longer-term concerns, such as disappearing landscape and resources. Unfortunately, hasty solutions to short-term problems often conflict with longer-run goals. Whilst this could become the case in Aruba at the present time, the quandary may be reduced through adjustments in the scale and timing of new projects.<sup>13</sup> Although, overall, and despite some setbacks, Aruba has been successful in using publicly subsidized large-scale tourism as a means to offset occasional high levels of structural unemployment, attending to the issue of long-term sustainability requires a new and more finely tuned approach. Although the Framework poses several challenges for administration and may appear a daunting prospect overall, there is probably no other sustainable alternative.<sup>14</sup> In any case, the Island government already recognizes the need for significant change.<sup>15</sup>

Regional diversification of tourism is a central aspect of the proposed Framework, which is designed to address several objectives simultaneously. Specifically, regional diversification would make better use of Aruba's tourism potential through a variety of new tourism products and projects. This would include the improvement and consolidation of existing tourism products within defined geographic areas which would help to control the direct and indirect burden of tourism activities on already intensively developed areas, and from over-encroachment on the Island's natural environment.

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<sup>13</sup> To make projections, information on policies and trends in sectors that are not directly dependent on the tourism sector are required. A number of current Government of Aruba policy documents are used here. In particular, the Ministry of Finance and Economic Affairs report *Vision, Courage, and Discipline* (hereafter, the *Visions Report*) outlines approaches to diversification of the economy and revisions of the public revenue and spending.

<sup>14</sup> It is possible to envisage, for example, that Aruba becomes a "Singapore of the Caribbean" or adopts a "Hawaii/Honolulu" style of regional development. Neither appears to be favored by Arubans. This is apparent, for example, from the *Vision 2000* study prepared by the Aruba Quality Foundation and from interviews with NTC members and others undertaken for the present study.

<sup>15</sup> This is evidenced by the proposals in *Vision, Courage, and Discipline. Financial and Economical Policies Document 2002-2005*. Minister of Financial and Economic Affairs. August 2002.

The overall goal is to develop a strategic Framework that offers Aruba a means to develop a robust, flexible tourism development strategy. The proposed Framework aims to match expansion of tourism to changes in Aruban needs. The starting point for setting the pace and timing is to match the growth of accommodation to the growth of resident labor force in order to maintain a dynamic high quality tourism sector, and provide an economic cushion for residents against cyclical effects, planned restructuring, and shocks. The Framework requires that the Island prepare for the future through initiation, growth, and maturation of tourist products in a planned sequence across the principal regions of the Island as indicated by emergent social and economic, environmental needs, and potential constraints.

In summary, concern that Aruba may be reaching its carrying capacity in terms of its ability to support a continued growth of tourism and population is central to the recommendations for the tourism Framework. An overarching question addressed by the Framework is how can the Island continue to extract a sufficient and stable level of income from a dynamic, competitive global industry when it is fast approaching its geographic and ecological limits?

The elements of the proposed Framework and the way that these address the goals for economic, social, cultural, and environmental sustainability set for the NTC are summarized by Table 2.

The detailed analyses of the issues discussed above are given in Sections 2 through 7 of the NTC (2005) Report and the Appendixes.

For the Framework to succeed it must meet with broad agreement from all sectors and social groups. It is important to understand tourism in relation to identifiable needs, possibilities, and alternatives on an ongoing basis for the community as a whole. Further, there must be sufficient consensus and stability in terms of goals but sufficient flexibility to be able to respond to changed circumstances. In

particular, the tourism industry must be able to plan over a reasonable investment horizon and the government needs to develop resources to support the industry. This requires a high level of cooperation and coordination between public and private institutions. To facilitate the process of achieving the goals of the new Framework, and to enable better collection and analysis of relevant information, the proposals include recommendations to establish an Independent Tourism Commission and a supporting Tourism Analysis Unit.<sup>16</sup> It is also suggested that District Tourism Offices could facilitate new initiatives in communities affected by the proposals.

### **9. Fifty Years of Tourism in Aruba**

Figure 1 shows the growth of three key variables for international tourism in Aruba since its beginnings in the late 1950s. Several trends are evident. Throughout the time period, growth has been led by the development of relatively large blocks of accommodation and based on large hotels. The first hotels were developed to offset structural unemployment caused by the automation of the Lago refinery. The growth of visitors was relatively steady until the recession years of the early 1980s. The guarantee-driven construction boom following the final closing of Lago slowed with the moratorium on new construction in the early 1990s. Throughout the 1990s, the growth of arrivals was fueled by continued expansion of the US economy: ending with the current recession and the 9/11tragedy. Most notable, from the mid-1960s, average occupancy rates have remained enviably high, with periodic declines following each bout of construction and during recessions.

Figure 2 shows earnings from tourism per arrival and by per capita for the Aruban population.<sup>17</sup> Real income per capita measured as deflated GDP/Population has

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<sup>16</sup> It is noted that several previous consultant reports have made similar recommendations. See, for example, the PKF/Arthur D. Little study - Strategic Marketing Plan for the Future Development of Tourism in Aruba. March 1987.

<sup>17</sup> Data for some prior years are available. GDP per capita is a crude measure of the well being of the population that does not take account of income leakages from the Island. Household income is a somewhat better measure and this is used in the report to evaluate recent and proposed tourism projects.



grown steadily by about 2% since 1972 and continues at the same pace. Until 1990, real earnings per arrival fell steadily, although this is as much the result of the steady loss of jobs from the oil refinery. Most importantly, the real income per visitor began to rise after 1990. Much of this improvement appears to come from productivity improvements within the accommodation sector, and from the expansion of ancillary tourism activities and downstream linkages. It also reflects an institutional commitment to tourism and increasing recognition by the private sector that tourism is the major force driving the Island's economy. However, while this trend is notable, the per capita income from tourism in Aruba falls behind several other Caribbean islands.

Figure 3 shows the relative growth of visitors to Aruba since the beginnings of international tourism compared to the rest of the Caribbean and the World.<sup>18</sup> The chart shows that for almost the entire period the pace of growth of tourism has been faster than the average for the Caribbean and other international destinations. Over the last decade the pace of visitor growth has slowed to slightly above world average. While this trend may appear worrisome, projected average Caribbean growth rates by the CTO or WTO should not be seen as a challenge for Aruba to surpass. The trend reflects number of factors, for example, the maturation of the tourism industry in Aruba, and the fact that resorts tend to grow faster during their early stages. Regional data reflect the combination of growth in other mature resorts similar to Aruba compounded by new and emerging destinations. Thus, the argument made in this report is that Aruba should aim for a rate of growth that provides for the needs of the resident population (including native-born Arubans and settled migrants) and that the foreseeable future does not jeopardize either the standard of living and quality of life for Arubans, or the tourism industry as the Island's primary source of income.

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<sup>18</sup> The scales here are indexed to 1966, the first year for which there are comparable data.

## **10. Historic Growth Processes**

Like most small territories, growth of Aruba's economy is driven by the events and needs of the outside world. Typically, each new export industry or expansion brings new waves of migrants to work in the primary industry and to provide for the needs of a growing population. Figure 4 shows the growth of population over the last 100 years. The period of most rapid growth followed the opening of the Lago in the 1930s and 40s. The period following the initiation of tourism in the 1960s was cushioned because the new jobs compensated for layoffs from Lago, while many former immigrants were repatriated. Moreover, the birth rate of native Arubans fell quite dramatically. New migrants, typically 2,000 each year over this period were roughly balanced the departing residents.<sup>19</sup> The final shut-down of Lago in 1986 led to a considerable loss of jobs – as many as 8,000 from a labor force of about 21,000. However, because of the very rapid expansion of the tourism sector from 1986-91 (with as many as 1,000 new rooms being opened in a single year), the number of jobs created was far greater than the available labor force, leading to another wave of immigration up to and beyond the Year 2000.<sup>20</sup> Although the rate of population growth is less than in the 1930s, the net annual addition to the population is larger.

It is evident that the rapid growth of the oil refinery and later tourism – both served to “pump” new population onto the Island. This same process occurs on a smaller scale whenever the number of jobs created by an expansion far exceeds the number of willing and able unemployed workers. This is generally the case with the construction of new large scale hotel properties in Aruba which, as considered in detail later, can lead directly and indirectly to the creation of several thousand new jobs (approximately 4 jobs per room in total). The natural growth of the labor force (i.e. arising from the resident population) is around one percent of the population, or

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<sup>19</sup> See IDAS (1981) and Latham, E. (1986) and CBS (2002). *The People of Aruba, Continuity and Change*.

<sup>20</sup> In hindsight the number of guarantees issued for hotel development was excessive and went well beyond the level indicated by the prevailing economic analysis.

less than 1000 per year, of whom less than half will work in the tourism industry.<sup>21</sup> Whenever a new large hotel, is developed, immigration beyond that required to supply essential skills will be induced.<sup>22</sup> The historic process is summarized by the upper section of Figure 5. This shows how growing tourism demand (subject to variability due to recessions and the like) has promoted new hotel construction which in turn has led to immigration.

The consequences of this process are shown in the lower part of Figure 5. While some level of immigration is inevitable and desirable, problems are likely to arise whenever immigration proceeds at a rate faster than can be absorbed into the already resident community, or when the total population increase towards the “carrying capacity” of a territory, or where a new development leads to financial burdens for the government. The moratorium on new hotel construction in Aruba during the early 1990s was in part a result of the same concerns about loss of national identity and heritage identified at the First Tourism Conference. While the ultimate limitations of development are a concern for any destination, they are becoming more apparent in Aruba given the high density of tourism and population – especially the demand for residential land due to changing lifestyles and settlement. Finally, public finances in Aruba have suffered in consequence of over-generous incentives, the cost of settlement of new residents (for new social and other services), and infrastructure costs. The need to reduce deficits and/or the need to provide new jobs (noting that each prior wave of immigration eventually creates its own baby boom), eventually leads to proposals for new hotel development, generally in the same style and with similar conditions.<sup>23</sup>

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<sup>21</sup> In part this arises from the preference of Arubans to work in the public sector and the tendency of employees to recruit migrant workers rather than train residents.

<sup>22</sup> Some degree of “lumpiness” in new investment is unavoidable given the need to achieve economies of scale and the regularity of significant economic disruptions which have a similar effect.

<sup>23</sup> Although the original choice of hotel style in Aruba was original conceived to offset high unemployment. Its success led to it becoming institutionalized as the “Aruban style of tourism” and replicated in new development.

## 11. Towards Sustainable Growth

The cyclical historic process just described provides a basis for understanding both the short-term behavior of tourism, migration, and public finances in Aruba. It also provides insights into the forces driving long-term trends in Aruba and possible outcomes and strategies and make tourism growth more manageable.

The basic strategy for the modifying the historical process is indicated by Figure 6 (through the new elements added to Figure 5). It builds upon the existing successful style of development in Aruba, but attempts to limit the disruptions from variability in demand (generally for reasons beyond local control) and from the “lumpiness” of new hotel construction. The former is dealt with, in part, through expanding the mix of tourism products in Aruba to develop a more robust portfolio beyond the existing transient and timeshare operations. This would include new tourism clusters based on smaller hotels and regional assets. Marketing would build on the high visitor return rate enjoyed by the Island, capitalizing on the Aruba’s good reputation and also on the global reach of its international chains – creating a more sustainable competitive advantage in the face of increasing global competition and industry consolidation. Smaller hotels, and smaller increments to the present style, will help to reduce the “pumping” effect described above to reduce the pace of immigration.<sup>24</sup> This in turn would reduce the pressure on land use and ensure that natural areas are preserved and facilitate other environmental policies.

The most important component of the strategy is that the decision to construct new accommodation would be based primarily on the needs of resident Arubans – as

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<sup>24</sup> Here it is emphasized that without the talents and experience of immigrants, many new projects cannot succeed. Moreover, in recessions and downturns migrants also provide a buffer against unemployment for local residents, just as migration to other countries provides opportunities and safe-havens for Arubans. Not least, there is a high level of intermarriage between Arubans and migrants.

determined by desire for improved living standards, natural increase of the labor force, preservation of cultural and natural heritage, and a balanced public budget.

## **12. Estimating Tourism Capacity**

As previously described, while the expansion of tourism is driving the economy of Aruba, it is the growth of population rather than the growth of tourism that is the principal source of pressure on the available land. Unless increasing demands for residential land can be brought under control, other environmental concerns will be far more difficult to deal with. Therefore, limits of residential land occupation in Aruba can be used to assess the capacity for tourism in Aruba by comparing the **footprint** for different types of hotel accommodation with the remaining land available for development (i.e. excluding protected land).<sup>25</sup>

Over the last decades, the intensity of residential land use has increased dramatically across the northern half of the Island. Noord, Oranjestad and Santa Cruz are beginning to merge into a contiguous urban area. In contrast, there has been little increase in the intensity of land use at the southern end around San Nicolas. This pattern of land-use is shown in Figure 7 that compares intensity of residential development in the 1960s with the present.

According to the Census 2000 there are 29,000 dwellings in Aruba. Given a continuation of existing suburban-style development in Aruba, about 85,000 new dwelling units could be built if all presently undeveloped land was used. This upper level of development would represent a total urbanization of the Island outside the protected and transition areas with densities similar to Dakota or Ponton. Much of this expansion would likely be in rural areas centered on Santa Cruz. The proposed

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<sup>25</sup> The footprint includes all land used directly and indirectly to support tourism - for hotels, tourism, residence, and supporting business, and government. The Island average total land use, including all support activities for residential development that accompanies construction of one new hotel room, is estimated to be about six times the land required for hotel room and associated tourist use. It is for this reason that residential rather than hotel development is regarded as the primary consideration for assessing the sustainability of further tourist development in Aruba. This is described in Chapter 2 of the Final Report.

Framework for tourism in Aruba is designed to slow residential growth significantly and ensure that designated areas such as Arikok and the North Shore remain protected.<sup>26</sup>

By 2045 the number of dwellings will have reached about 40,000, with a population of up to 120,000. The average intensity of land use would remain below 60% of the maximum level. With this overall level of development, the population could be distributed in a variety of ways. In order to, contain urban sprawl (and for other reasons considered below) the recommendation is to consolidate tourism in the Tourism Corridor and Oranjestad, and foster significant expansion in San Nicolas. The number of dwellings by district resulting from this illustrative land allocation is shown in Figure 8.

Taking average levels of employment in hotels, average job multipliers, number of residents per dwelling, then around 6,000 new rooms are required to meet the goals of the tourism Framework by 2045.<sup>27</sup>

The regional growth of tourism as proposed in the Framework is shown in Figure 11. This shows the paced sequential development of tourism across the selected Island regions and a distribution of activities that is compatible with the regional residential trends shown in Figure 8.

### **13. Matching Growth to Aruban Needs**

Several possible alternative strategies and scenarios have been explored.<sup>28</sup> The overall trends in hotel accommodation growth and population growth from 2000-

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<sup>26</sup> The Ministry of Infrastructure and Social Affairs is drafting a new land-use plan for the Island that proposes that the Island be sub-divided according to five levels of land-use intensity: inner-urban, outer-urban, suburban, transitional zone, and protected areas (including Arikok).

<sup>27</sup> It is estimate that as many as 19,000 rooms could be accommodated. However, this is probably well beyond what is feasible in terms of other social, ecological, or tourist satisfaction concerns.

<sup>28</sup> The calculations related to these are detailed in the Framework Report.

250 are shown in Table 3 and Figure 9 for the three principal alternatives examined. These calculations also demonstrate the viability of the proposed Aruban-needs based tourism strategies.<sup>29</sup>

The detailed results for the strategy proposed in the Framework are shown in Figure 10. Over the entire period, the pace of development of the tourism sector is relatively smooth.<sup>30</sup> This slows the demand for new tourism development. This will have an increasingly positive impact beyond the 2045 horizon. Local unemployment is stabilized at a relatively low level and the rotation of migration is steady. The long-run level of the resident population is kept below 120,000. Moreover, the strategy is comparatively effective in terms of reducing imbalances in public sector finances.<sup>31</sup>

#### **14. Diversification of Tourism Around Culture**

An important concern for the future of tourism in Aruba is that it retains a unique identity within the Caribbean. In part, this identity has been based on the friendly and hospitable nature of the native-Arubans. This phenomenon, together with other aspects of native Aruban culture and history has been investigated in order to impart a truly 'Aruban flavor' into as many other aspects of tourism as possible.

In developing a 'unique Aruban experience' it is necessary to look to the Island's own history, people, and culture. Where possible, tourism products should draw from an authentic base of embedded cultural values and practices, and to the

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<sup>29</sup> Wherever possible, the recommendations have been coordinated with the policies outlined in the 2002 Visions Report. In addition to prioritizing local full employment and long-run sustainability, the additional policies relate to education and training, public sector layoffs, migration, and modifications to some current projects.

<sup>30</sup> In the short-term this is largely the result of coordination between public sector layoffs and speeded up construction. In the long-term it results from increased growth in the non-tourism sectors.

<sup>31</sup> In the short-run this is due to the reduced labor costs. Over the longer-run, public finances improve because the level of local-ownership is higher, and with this the possibilities for more successful tax collection.

accomplishments, aptitudes and resources of the Aruban people. An authentically based product – enriched, meaningful and entertaining – will also increase the possibility for such products to achieve longevity. Another strategy for attaining durability is to attach projects, where appropriate, to existing spheres of everyday life; for example, to village social life, around some economic activity, or to public festivities.

Island regions should be differentiated and enhanced with unique identities to offer more tourism destination hubs across the Island. Here towns should draw upon their history to construct unique identities. Each **Culture Area** would offer an authentic Aruban theme. This strategy will also serve to redirect future tourism development away from the most over-developed areas of the Island, and utilize currently under-used cultural and natural resources.

With the differentiation of districts by history and/or culture, more tourists will be tempted to visit other parts of the Island to see and experience the 'different' sides of Aruba. It is proposed that three regions be developed in this way: Santa Cruz, Savaneta, and San Nicolas. For example, Santa Cruz as a 'culture area' may be developed as the 'folkloric' or 'traditional' heart of the Island; San Nicolas could be developed as 'a Pan Afro-Caribbean town' and 'the musical heart' of Aruba; and Savaneta as an historic site as the Island's first colonial settlement.

Consistent with the overall goals of the Framework, the aim with each regional theme and product recommendation is:

- To make better use of Aruba's diverse tourism potential through new tourism products and projects via authentic regional themes
- To create more economic opportunities for Aruban entrepreneurs
- To improve and consolidate existing tourism products within defined geographic areas



- To control the burden of tourism activities on the Islands natural environment.

### **Santa Cruz as a Culture Area**

Santa Cruz could be characterized as the 'traditional' or 'folkloric' center of Aruba. This region constitutes the oldest inhabited Indian site in Aruba. Legend holds that an Indian Cacique from the Paraguayan peninsular came to Aruba, and converted several Aruban Indians to Catholicism at Santa Cruz. He also erected the first Christian cross on the Island in Santa Cruz. In view of its Indian-associated history, and the continuing traditional character of the Santa Cruzan's, it would be more than appropriate to promote this area as the 'folkloric heart of Aruba'. Even today, the festivals of dera gai, and dande, are celebrated here with a particular respect for their traditional forms. Projects here include the building of a 19<sup>th</sup> century-style museum village, and an annual celebration of folkloric festivals and music. A local restaurant next to the museum village would serve Aruban food and offer folkloric dance demonstrations and lessons.

### **Savaneta as a Historic Culture Area**

Savaneta is the oldest colonial settlement in Aruba – first inhabited by the Spanish, then the Dutch, it was the first 'capital' of Aruba. The Spanish chose this site for its deep harbor, which gave ships access to the Island. After the Dutch moved the capital to Playa (Oranjestad), Savaneta was left to develop as a fishing village, and later, into a large urban settlement. The seafront has retained its original flavor with many old, well preserved classic cunucu houses and narrow streets, first class seafood restaurants, and fishermen's bars. This area should be promoted as 'a historic site, and the location of Aruba's first colonial settlement.' Products here would include a Fisherman's Wharf village-style resort, in the 'heart of a historic seafront'. The 'Old Seafront Village' should be enhanced by cleaning, landscaping and beautification (old cunucus painted in yellow, pink and blue pastels if owners

permit). A 'village walk' could be signed; perhaps some small bars and cafes will spring up in response to the presence of tourists.

### **San Nicolas as a Culture Area**

San Nicolas may be viewed as not only a refinery town, but also as a '1950s Afro-Caribbean town'. It is also widely recognized as the 'musical heart' of the Island. For decades, the town has served as a destination for new migrants – as such the population represents many countries other than the Caribbean. However, the center of the town and many of the original small wooden houses have remained relatively intact since the 1950s and 60s when it was home to thousands of refinery workers from the English Caribbean. As such, San Nicolas has a different ambience than that of Oranjestad and the other larger towns; it is a cosmopolitan town with a lingering 'English' flavor. Together with the cultural composition of the population, this provides the rationale and physical foundation for developing a different and alternate style of tourism here.

Given its history, San Nicolas should be recognized as cosmopolitan, but for the purpose of promoting San Nicolas as a tourism destination, it should be advertised as an 'Afro-Caribbean town'. The Village - located between Bernhardstraat and Zeppenfeldtstraat – has retained its original English Caribbean flavor. Products here include the renovation and painting of all old buildings in bright Caribbean colors (owners permitting), establishment of a 'Music Quarter', which comprises four village blocks of bars with live Caribbean music; a summer 'All Caribbean Carnival'; three Caribbean music festivals, and a colorful central open market (food, arts, crafts, antiques, etc). With the new hotels, landscaping and infrastructure, and increasing tourism-related entrepreneurial activity, San Nicolas will develop a cultural flavor unique on the Island.

The background Focus Group background document accompanying this report presents a number of specific products and projects proposed for these regions. A full listing of products and projects, with detailed descriptions, their locations, and rationales, are presented in Chapter 8 of the Framework Report. Figures 12 to 15 indicate the approximate location for these projects.

Figure 12. NOORD: Palm Beach, Arashi Beach, Druif/Urirama, Malmok, Noord Village, and Hadicurari Beach

Figure 13. ORANJESTAD WEST: Eagle Beach, Manchebo Beach, and Druif Beach; ORANJESTAD EAST: Paardenbaai, Oranjestad town center, and Bucuti

Figure 14. SANTA CRUZ: Santa Cruz town center, Arikok, Boca Andicuri. SAVANETA: Santo Largo Beach, and Seafront Village

Figure 15. SAN NICOLAS NORTH/SOUTH: San Nicolas Town, and Boca Grandi SEROE COLORADO: Baby Beach, Rodgers Beach, and Colorado Point Bay.

## **15. Strategies and Projects for Island Regions**

Palm Beach is the most established tourist area in the existing tourism corridor. Although designated for high-rise hotels, the area now contains a mix of luxury, family, and timeshare accommodation of varying vintages and architectural styles. The area as a whole lacks stylistic coherence and several relevant of the recommendations of the Sasaki Plan are still outstanding. The high demand for workers has promoted rapid residential development inland from the hotels. The goal for this area is quality improvement in order to increase the income to the Island (workers, entrepreneurs, and public revenues) without greatly increasing the number of tourists or labor force (in order to slow the momentum of both internal and overseas migration). Also, the aim is to rationalize land-use and improve the visual aspect of the region.

It is recommended that this area return to an emphasis on higher-end North American style tourism. Properties should be improved to increase income and enhance the general standard of accommodation. The number of rooms in existing hotels should be incrementally increased. It is suggested that older properties -- specifically the Holiday Inn -- should be either renovated or redeveloped. The landward side of Irausquin Blvd opposite the hotels has emerged as an untidy mix of car parks, restaurants, and sports facilities. The quality and type of facilities is appropriate, but the area should be made stylistically coherent. Ideally, this stretch of road should have the atmosphere of a tourist town Main Street, with stylistically similar building facades. Car parks should be moved back behind the road front buildings, and new inset-style plazas built.

Most of the hotels sites specified in the Sasaki Plan are now taken. But there may be available sites adjacent to the Divi Phoenix (Palm Beach at Pos Chikito), and on the Hadicurari side of the Marriott. It is expected that the first site will eventually be developed. Further development of high-rise hotels on the two lots on the northwest side of the Marriott towards Hadicurari is not recommended. This beach area is used by tourists (for exercise and wind sports), as a public beach for recreation and camping by Arubans, and also supports a long established fishing community.

The Palm Beach Road from the hotels to Noord is part of this area. Restaurants along here have served tourists for many years with fluctuating fortunes. Although somewhat out-competed by amenities closer to the hotels, this strip is well established and now also serves the new resident communities in Noord and Bakval, and some apartment-style resorts. However, development along Palm Beach road, and now along Caya Francisco Figaroa from Noord to Malmok, has been piecemeal, and again a consistent style (adherence to frontage, materials, tree planting, etc.) should be developed.

The coastline of the north shore is well frequented by sightseers. Sea Grapes could be planted along inland side of Malmok to California Dunes to enhance the popular coastal walk. Continue to landscape and place tree-shades benches at attractive lookout points along coastal walk. The north shore is loved for its rugged and wild characteristics, and renting a jeep to explore the 'wild side' of the Island is especially popular with tourists.

The landward side of the Boulevard, from the Boardwalk Hotel up to Malmok, consists of vacation apartments (serving wind sports), and private residences (several of which operate vacation rentals). This mixed-use development is a rational and economically viable use of this rocky shoreline, and should continue.

Zoning of water sport activities must be a priority. The 'peaceful beach experience' that tourists to Aruba have long valued, is no longer the case. When water sport activities were placed between hotels, away from the tourist sitting and swimming areas, they were a welcome attraction. Now there are far too many of them. Some set up in front of the hotels where they are loud, turn up their music, (spoiling the peacefulness that tourists repeatedly say they love), and block the view of the sea. These (mostly young) men, also enjoy revving up their boat engines loudly, and accelerating with unnecessary speed. This creates noise, muddy water, and a violent wake for swimmers. Further, they occasionally spill gas into the sea when filling their engines. Kayaks and other small boats occasionally enter the swimming enclosure, which is extremely dangerous.

The hotels do a good job cleaning the beaches, and the 'beach police' are a reassuring presence. However, the 'seacoast experience' has been diminished in several ways: First some local residents bring dogs onto Palm Beach where they fight, bother tourists, and defecate on the sand. 'No Dogs Allowed' signs should be posted from Hadicurari to Manchebo.

All major and minor roads must be signed. This is to make tourist sites more accessible. This is also a good opportunity to impart a native flavor to the Island through the use of native names 'Watapana Avenue', and honor local heroes, sportspersons, artists, and entertainers. Also where a road leads directly to a point of interest, the road should be named accordingly, e.g. Casibari Road, Andicuri Beach Road, Arikok Park Road, etc.

The beaches from Eagle, Manchebo to Druif traditionally have been designated as the low-rise area. Unlike Palm Beach, this area is developing a coherent visual aspect based on an emergent Dutch-Aruban style of architecture. With the advent of Divi Aruba's new golf course – The Links, the quality of this area is improving overall as tourism product. The recommendation is that this area should maintain its orientation towards a European smaller scale of tourism, and as a family-oriented complex. Incremental additions to the number of rooms in existing establishments may be appropriate. With development and in-fill of timeshare and smaller hotels, this stretch also is reaching the limits of development. Thus, apart from modest extensions to existing properties, most development will be in the direction of Palm Beach. At this time the availability of land is unclear due to the expansions of the medical corridor and the upgrading of the sewage water treatment plant (as specified in the Sasaki Plan). However, over time the remaining sites should become occupied by family-oriented timeshare developments and condominiums. Appropriate recreation facilities, notably a recreational water park facility should be developed.

The enhancement of the Bubali Bird Sanctuary to a 'Bubali Wildlife Park' (visitor center, butterfly farm, botanical garden, etc.) should proceed. This will provide an additional amenity for tourists and Arubans and improve the visual aspect from Sasaki Highway and J. R. Irausquin Blvd. Over the next decades the landward side of Sasaki Hwy from Oranjestad to Palm Beach is likely to become fully developed. At present this process has produced a disorganized and untidy succession of fast food restaurants, nightclubs, and retail outlets. The development should be re-

conceived around a series of distinct nodes (for example, moving outwards from intersections, or as well-defined plazas).

With the relocation of the container port to Balashi there will be ample space for the development of new hotels (Royal Dutch Town Hotel) and tourist amenities, including small beaches. However, such expansion could increase overall regional burden in the Oranjestad region. This constraint might reduce if other non-tourist related activities (banks, insurance, government, are relocated outside the city), or decentralized, or when productivity improvements in the tourism sector and the Island economy as a whole have improved. This area eventually could be used for retirement condominiums, small low-rise hotels, restaurants, and entertainment, with parks that promote seascape vistas.

Commercial development along Lloyd Smith Blvd between Certified supermarket and the bus station is vernacular and unsightly. Buildings should be refaced in a consistent Dutch-Aruban style. In some cases offices should be relocated (for example, the public works department) or demolished (the old slaughter house). The Paardenbaaistraat gas station should be relocated releasing this site for the improvement of traffic flow and for landscape beautification.

Oranjestad plays a central role in tourism as the major shopping center, as a historic and cultural center, as the port for cruise ship visitors, and increasingly for the location of hotel, timeshare, and new condominiums. With the redevelopment of the late 1980s, tourist activity was concentrated around the front harbor area with little spillover into the rest of the city. At the same time, the overall growth in tourism and other economic activity has intensified the growth of suburbs around the city. The aim is to attract visitors deeper into Oranjestad, both in terms of its history and culture, and to enhance the picturesque flavor of the city, without excessively increasing the burden on the Oranjestad region as a whole. The refacing of commercial buildings in Oranjestad has significantly improved the built environment

of these areas, and as such, this practice should be expanded wherever possible on streets frequented by tourists.

The airport to town drive is the visitor's first experience of the Aruban physical environment. The poorly maintained verges and large billboards make this an unattractive drive. The billboards should be removed and the verges should be cleaned, landscaped, and planted with an avenue of tall trees.

Santa Cruz as a locale has not participated greatly in tourism. The area is becoming part of the Oranjestad commuter belt, and is a weak focus for regional economic activity. It is expected that the present town center in Santa Cruz will become more fully developed through increasing business from local households. But beyond this, the area has cultural and physical attractions that could be developed. The area could gain economic and other benefits through greater participation in tourism, and this could also reduce the burden on the Oranjestad and Noord districts.

Within the proposed zoning plan, the entire back of the Island up to the ridgeline and including the National Park is designated as a protected area. With the exception noted for Seroe Colorado, this is consistent with the present proposals. The availability of largely untamed vistas and a wild coastline is one of Aruba's defining attractions. With the growing population of residents and tourists, and increased use of off-road vehicles by both, a primary concern must be to protect this environment, and visual integrity of the area.

It is proposed that a trailhead for ATVs and other motorized off-road vehicles is located at the Natural Bridge. Marked trails for these vehicles are established between the Bushiribana Ruins and Arikok Park up to the ridgeline. These trails should be maintained and patrolled on a regular basis. The dunes at Boca Druif, Boca Daimari, and Wariruri, etc. should be physically protected from intrusion. Traditional stone walls and cactus fences could be used here. The goal, as with



motorized water sports is to encourage small scale entrepreneurship in the tourism sector, but limit the environmental damage and risks to visitors and locals that results from uncontrolled use. It is possible also that similar limitations should be placed on hiking, horse riding, and mountain biking with the designation of shared-used trails.

The Arikok National Park needs a more substantial Visitor Center. Center would provide information, trail and attraction guides with maps, a plant and wildlife spotting workbook for hikers, restroom facility, first aid, refreshments, and so on. Bicycle rentals might be of interest.

Additional protection should be afforded to the caves at Guadirikiri with ancient Indian paintings, and other places that have been vandalized over the last decades and crudely commercialized with torch rentals and the like. The natural location of all caves should be enhanced through landscaping and access monitored to protect against vandalism. This latter effort could be achieved by the presence of a 'cave guide' at each site. This cave guide will also give some geological and historic account of the caves, and provide torchlight for visitors (he/she is government paid, may receive gratuities). Additional shade and rest areas might be provided at natural vistas along the coast.

The Alta Vista Chapel is a well visited site. It is used for many religious activities, and is popular with tourists. The site is sunny and open and rather hot during the day. The area within the chapel garden walls is often filled with people. The area outside the walls could be planted with local shade giving trees (Kwihi, etc), and be provided with rest benches.

Savaneta is another historic district that benefits already to some degree from tourism, primarily through its well-established fish restaurants. This area should be developed into a resort area for culture-oriented visitors who enjoy mixing with local communities. The area has many facilities such as retail outlets, restaurants, and

bars - sufficient for a less commercialized style of tourism. The Rooi Koochi area with old aloe fields and stonewalls is especially attractive for bicycling or hiking.

Of particular interest is the coastline at Brisas del mar Restaurant. This area has a fine cluster of older cunucu houses, attractive narrow streets and picnic grounds. This could be designated as a historic area since it was Aruba's first colonial settlement. A small resort could be built here, a possible location being on the north side of Brisas del Mar towards Santo Largo Beach.

The same possibilities also exist for other locations such as Pos Chiquito, with access to the mangrove beaches, sailing and fishing, De Palm Island, and other attractions. However, this area would need unsightly pipelines removed or buried, stagnant ponds drained, a general clean up, and an effective mosquito eradication control program implemented.

Overall, the proposals for this region would use new tourism and related development to stimulate the San Nicolas area economy and boost employment. With increased economic activity and consequential population growth, this would stimulate suburbanization on previously developed terrain in, and adjacent to Seroe Colorado, reducing environmental pressure at the north end of the Island. The developments also would make better use of the presently under-performing infrastructure. The style of development proposed would also add robustness to Aruba's mix of tourist products.

As the location of a major oil terminal and refinery, San Nicolas has traditionally been the industrial town of Aruba. With the refinery, and undeveloped coastline, the area has not benefited from tourism in any significant way. San Nicolas was economically devastated by the shutdown of Lago with consequences for local businesses and the physical fabric of the town. Seroe Colorado, the former colony for executives at Lago, fell into almost complete disrepair. When the refinery later reopened, some physical and stylistic improvements were made to the streets and

densely populated neighborhoods. Although the town has slowly been restored, it still retains a distinctive Caribbean 1950s small town flavor. San Nicolas has long functioned as a dormitory town for new immigrants, many of whom commute the length of the Island on a daily basis to the tourism corridor. Over time, these may choose to relocate, placing further pressure on Oranjestad and Noord. The San Nicolas area is unlikely to develop further without the engine of new tourist-related activity.

The outline Sasaki plan for San Nicolas has led to a community-oriented vision for the town (Plan D-2), and it is recommended that this plan be implemented to fulfill the real immediate needs of the community. In terms of tourism, the principal recommendation is to encourage the development of San Nicolas indirectly by stimulating new tourist developments outside the town. In part, this is because the shoreline in San Nicolas is pre-empted by the oil terminal and the town is cut-off from the sea. Moreover, some neighborhoods inside the town itself have extremely high population while the periphery is rather low density. There are several attractive beaches around San Nicolas and Seroe Colorado: Baby Beach, Rodgers Beach, Boca Grandi, Bachelors Beach, and Colorado Point Bay Beach.

Boca Grandi, Bachelors Beach, and Colorado Point Bay should serve as locations for clusters of small hotels. Although this beach stretch is designated as protected in the preliminary Aruba zoning plan, it includes several hardened roads (in disrepair). Recommended developments will be environmentally low impact. Boca Grandi is increasingly used for water sports, and at least three hotels should be built between Boca Grandi and Colorado Point Bay. These beach resorts are designed to attract wind sports enthusiasts and those who prefer a less commercialized, low-key remote setting and non-motorized recreation (the latter in keeping with the low-key style of tourism preferred by the San Nicolas community). Two hotels are proposed here. An attractive access through the rural area behind San Nicolas would be via the Cura Cabai to Cero Blanco road with an upgraded (approximately 2Km) connection to the coastal road from Rincon to Boca Grandi.

This also would serve as an alternative back entrance to the Arikok Park. New beach protection would be required to protect swimmers and surfers from rip tides.

In the town of San Nicolas, proposals would provide entrepreneurial opportunities for new small restaurants, cafes and bars, and tourist shops. Eventually small guesthouses may emerge. Specific attractions suggested for tourism (beyond the pre-Lenten annual carnival and Charlie's Bar, include a summer All Caribbean Carnival, a Carnival Costume Museum, craft market, a quality town shopping mall, and a refinery museum in the old art deco water tower. San Nicolas should be promoted as the musical heart of Aruba, and three music festivals are suggested.

The refining company built a large bungalow colony and resort area for its American employees. This 'colony' is Seroe Colorado. The resort included clubs, a church, a hospital, and a school. After the refinery closed down, the housing stock was allowed to deteriorate. It is proposed that Seroe Colorado be restored and developed as a cosmopolitan Mediterranean-style town that should be allowed to expand inland. This will draw increased population and buying power into the depressed San Nicolas area. The houses must be refurbished and rebuilt, and sold to residents. A retirement condominium for foreigners is suggested for this location as would create downstream demand for private medical and care services.

There are two beaches in close proximity to Seroe Colorado - Baby Beach and Rodgers Beach. The former is a shallow, relatively safe, reef enclosed lagoon. Two family-oriented resort hotels should be built here, one at the back of Baby Beach, and another closer to the 'pet cemetery'. Rodgers Beach is unsuitable for hotel development because it is too close to the refinery, and has pollution problems. However, it is currently used for water sports, boating, and fishing. A marina should be established in the bay, and the old Esso Club facility should be redeveloped into a service complex: a restaurant, sports bar, souvenir and marina supplies shop, and a marina clubhouse.

On the site of the old Esso tennis courts, a public sports facility could be built which would include new tennis courts, a basketball court, and perhaps a mini-golf putting course. The facility would require public restrooms with food vending machines. This could bring more people to beach area, to provide more facilities for growing Seroe Colorado town community.

Further products and their details are presented in chapter 8.

Maps 7.1 to 7.4 indicate the approximate location for the suggested projects summarized below. Further details of selected projects are given in Chapter 8.

## **16. A Framework for Planning**

The remainder of this Conference Report is devoted to general recommendations for the Framework.

The Framework aims to provide an understanding of tourism in Aruba and to suggest a new direction for its future development. However, even if this direction were to be accepted it must be re-assessed and updated on a regular basis. This is the essence of strategic asset management. This can only be achieved effectively by ensuring that the ability to monitor, evaluate, and redirect tourism becomes embedded in the planning and policy structure of Aruba. It is apparent that the Island has relatively high quality statistics but less analytic capability.<sup>32</sup> Despite this, it should be stressed that Aruba probably has a comparative advantage over most other destinations both in terms of the superior management of the industry and its empirical and analytic resources. If this information is properly used it becomes a valuable asset.

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<sup>32</sup> The Caribbean-wide situation has been summarized as follows by W. Momm, Director, ILO Caribbean Office ILO Tourism, 24th Annual Caribbean Tourism Conference. The first obstacle to analyze the situation is the difficulty to come to a clear definition and delineation of the sector. The second obstacle is the absence of reliable and sufficiently detailed and segregated data. The third obstacle is to determine the true size of those economic activities that - while not being part of the official tourism industry in the strict sense - depend nevertheless entirely or partially on the tourism sector.

The tourism Framework assumes that policy coordination will be achieved and that a similar cooperation will arise between public and private entities via the NTC - through agreement on the broad strategy of a tourism Framework. The Vision report stresses the importance of coordinating policy across government departments, as this too is essential for the Framework to be implemented effectively.

The Visions Report also recommends that policies and their effectiveness be regularly monitored, evaluated, and adjusted. This is consistent with the proposed tourism Framework, which uses principles of strategic asset management to develop a robust portfolio of tourism products consistent with Aruba's environmental, demographic, and social needs and opportunities. General and specific aspects of these possibilities are given in documents provided by the departments of education, social affairs, land use and environment, and tourism.

There are obviously many departments and institutions in Aruba that are concerned directly or indirectly with tourism or whose activities in some way impact the sector. Nonetheless, until the establishment of the National Tourism Council, there has been small effort to bring together these various perspectives. Ad hoc conferences and occasional consultants' reports – usually driven by some immediate crisis – cannot provide a sufficient basis for planning. Crisis management is an important component of planning, but hardly a viable long-run strategy. Much of the effort expended on reports is dissipated – reports are shelved or lost so the analysis and data collection must be repeated each time an issue is addressed, and the experience and skills of Arubans involved are wasted. If the Framework is to succeed then it must be established in a more formal and systematic manner. It is essential to develop a “look-out” capability for Aruban tourism planning, to maintain strategic alternatives, to monitor progress, and to evaluate every new initiative within the overall objectives.

The NTC represents an important initiative in terms of developing a consensus across government departments concerned with tourism and some key sectors of the industry. Most important is that public-private cooperation has begun. However, the difficulties of the initiative have become evident over the course of the present project. On the one hand it is essential to have key players with the knowledge and insights and influence involved: on the other hand such people are incredibly busy and not able to devote the needed level of effort.<sup>33</sup> The need is to have access to their insights and influence but also have the capacity for the day-to-day tasks of data consolidation and analysis.

This might be formalized as an **Independent Commission**. The overall responsibility would be to advise on the broad directions for tourism on the Island and also help to ensure that goals are met. The members of the Commission would be invited by the Minister of Tourism or nominated by their respective organizations or co-opted by the Commission itself. In any case, it is recommended that the present membership be extended to include representatives of interest groups and organizations – labor, regional spokespersons, cultural groups, environmental organizations, small hotel and small business proprietors, as well as the new organizations proposed here. The commission should be a permanent body that looks beyond short-run expediency to represent the long-term interests of the Island.

**A Tourism Analysis Unit** must support the commission. As a 'think tank', the Analysis Unit should have a professional staff drawing on institutions represented by the NTC. It should maintain a consistent database, monitor trends, and undertake high-quality analysis to establish the continuing knowledge required for strategic asset management. A primary task would be to cooperate in the preparation and updating of the Tourism Master Plan for the Island, as discussed below.

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<sup>33</sup> This is certainly not intended as a criticism of NTC members. It is simply a fact of life that heads of government departments, trade organizations, government advisors, and the like already have full-time jobs.

To be successful the unit needs to have a wide range of inputs both in terms of statistics and perspectives. To some degree these needs are in conflict since much data are confidential and recognizing different perspectives means accepting criticism. Analysis needs to combine detailed insider knowledge of the local industry and Island with a broader understanding of the outside context. This affects institutional location of the Tourism Analysis Unit (university, ATA, ministry, or elsewhere.) Whatever the institutional location, it is important to make use of the know-how and analytic capacity in government departments, university, tourism school, industry organizations, central bank, development bank, environment groups, private consultants, and so on.

The goals for the Tourism Analysis Unit would be similar to those for the present project. The principle differences are:

- That the Unit would advise the Independent Commission and cooperate with its member organizations on specific responsibilities identified below.**
- That analysis should be on a continuing basis with regular monitoring and updating, as required, and**
- That Arubans should carry out such analysis, preferably as a full-time commitment.**

The tasks of the Analysis Unit would include:

- To Develop and Update Tourism Master Plan:** A next step in the implementation of the proposals is to prepare a Tourism Master plan that identifies the specific sites appropriate to the adopted project proposals or



others to be developed. This requires, that adequate *cadaster* data and current status of relevant terrain and land parcels become available.

- **To Consolidate Information:** Consolidate existing data of Aruba tourism organizations, government, consultant, academic, and agency materials (reports, websites, books, and journals, interviews). Similarly, consolidate information from International tourism organizations, government, consultant, academic, and international agency reports.
  
- **To Maintain a Long-Run Outlook:** The long run outlook for tourism in Aruba should be regularly reappraised. This is necessary to frame discussion about the future of the Island in the light of emerging economic, social, environmental possibilities, constraints, and goals. As circumstances change, this will determine the details of medium and short-term policies.
  
- **To Adjust the Medium-Run Strategy:** Evaluate trends and forecasts (such as continued globalization and consolidation of the industry), as foreseeable level of unpredictability (for example, demand fluctuations), and also to monitor and recognize the more apparent opportunities trends and constraints. The goal is to ensure that the Island maintains a robust, realistic, flexible, and updateable Framework.
  
- **To Advise on Short-Run Policy:** Develop capability to assess individual projects and clusters of projects and contingencies in terms of their impact on economy (e.g. overall, secular, household, revenues), land use and environment (coastal beach, reefs, flora and fauna), infrastructure (roads, land, utilities), and social issue (demographic, cultural resources and change).
  
- **To Develop Analytic Tools:** Improve systems for data analysis and dissemination, forecasting and policy analysis. A first step would be to

establish an inventory of tourism assets, including opportunities in tourism resources, whether environmental, economic, infrastructural, social, or cultural, etc., and also the corresponding potential bottlenecks and limitations.<sup>34</sup>

- **Training:** Improve training in relevant techniques including both quantitative and qualitative analysis methods, forecasting and scenario analysis, cadaster and GIS, spatial location, environmental accounting, focus groups, and survey analysis.

## **16. Institutional Tasks and Responsibilities**

Adoption and implementation of the proposals set out in the Report implies certain responsibilities for the current member organizations of the NTC and others that might be co-opted. Most importantly, the Independent Commission and supporting Tourism Analysis Unit require extended support in order to carry out the tasks identified above. There has been considerable consensus among the NTC members on the main directions for the sustainability Framework for future tourism, but there are nonetheless outstanding issues that require further discussion and collaboration assuming that the broad goals of the tourism Framework are adopted. In some cases it appears that there could be a functional merging of organizations. In other cases greater cooperation is required where interests conflict or overlap.

The key to cooperation here is for all involved to recognize that the sustainability of Aruba rests on the continued prosperity of residents; since it is the Arubans that have created the reputation of the Island as a genuinely safe, friendly, and reliable destination. To maintain this good reputation requires a professional industry, which

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<sup>34</sup> These should be assembled into a regularly updated set of national social-environmental accounts. These should adhere to international accounting recommendations but adapted to the needs and possibilities of the Island.

monitors its standards of operation. Island security and environmental standards also must be improved and maintained.

The following suggestions are intended to illustrate areas where progress could be made. In some areas immediate action is required for the master-planning phase of the new tourism Framework to begin. In others, the necessary expertise may be developed progressively over the next decades. Parenthetically, it is noted that many of these suggestions such as marketing and quality are warranted whatever future course is adopted for tourism in Aruba.

#### **Representative Associations for Accommodation:**

Transient and timeshare accommodation are currently represented by separate organizations (AHATA and the Aruba Timeshare Association), despite the fact that many properties operate in both markets. There are areas in marketing, security, scheduling, and quality assurance where cooperation is evident or should be expanded:

- These organizations might consider merging or developing a more collaborative structure.**
- Most important for the proposed Framework is that a means is found for including smaller properties in this new structure in an affordable, representative, and supportive fashion.<sup>35</sup>**
- It is necessary to reach agreement on disclosure of restricted information that is sufficient to enable evaluation of properties**

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<sup>35</sup> A current but less satisfactory alternative for Aruba's small hotels, inns, holiday villas and apartments has been to join the Caribbean's Small Tourism Enterprises Project which can offer access to marketing, technology, management and finance services.

**performance in terms of the strategic management of tourism assets overall.**

An important responsibility is for independent and chain operators to accept the need for a certain level of return to the public sector for infrastructure improvement, education and public welfare if Aruba is to maintain its status as a premier resort.<sup>36</sup> There may also be opportunities to address some of the cyclical demographic problems identified in this report through developing more flexible yet secure labor hiring arrangements between properties.

**Aruba Tourism Authority:**

The Aruba Tourism Authority can play the pivotal role in the success of the Framework by effective marketing and support for new initiatives. Current marketing plans should be evolved to detail the target markets for the new components of the Aruba Tourism portfolio. This involves providing specific marketing assistance to smaller accommodations and tourism-related businesses, such as web-page development, and providing the destinations-specific marketing and image creation for Aruba.<sup>37</sup> The Authority should cooperate with the analysis unit to develop a directory of potential tourism assets. Together, in cooperation with the CBS, they also must establish a regularly updated and accessible database that permits the key dimensions of the Framework to be evaluated. Unless data are

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<sup>36</sup> The following excerpt from a recent World Bank and European Union report is pertinent here for both sides of the equation. "As the owners of the sun, sea and sand resource, the populations of the Caribbean islands, through their governments, should be the beneficiaries of these rents – the rents are, in effect, payments for the use of the resources. The struggle between different actors in the tourism sector is often over whom captures the rents ... the question for government is therefore how to most effectively capture these rents. This question cannot be answered independently of the broader question of taxes and investment incentives, and to what extent governments must or should give incentive (in essence, giving away part of the rents) to actors in the tourism sector." [World Bank/EU June 2000. Report 20453-LAC]

<sup>37</sup> Marketing destinations, or destination branding has become an increasing aspect of resort tourism. While branding has been applied to consumer product categories for decades, the concept of destination branding only appeared in the mid-90s to assist them to compete more effectively in the intense competitive environment. See e.g. Benefits of Successful Destination Branding. W Baker. Destination Development Group.

properly evaluated the Island cannot capitalize on its competitive advantage in data collection.<sup>38</sup>

Surveys of tourists, such as departure and mail surveys should be redesigned to obtain more useful data, and to identify less stereotypical visitors' future desires and expectations as well as levels of satisfaction with their last experience with established activities. It is important to develop a means of assessing the cost-effectiveness of marketing among visitor cohorts and diverse types of promotion, including media advertising, direct mailing, festivals, airline subsidies, as well as performance monitoring through, for example, quality assurance programs.<sup>39</sup> Thus, marketing strategies can be adjusted to maintain visitor demand in relation to tourist accommodation and other assets.

One way to ensure that that the high level of participation and interest in the Framework seen at the Focus Groups continues is through the establishing of **District Tourism Offices**. In some cases these would be large volunteer arrangements based on and coordinating local interest groups.

#### **Retail, Activity, and Other Business Organizations:**

Many of the remarks above apply to all tourist-related activities in Aruba, but primarily the need to maintain a competitive professional industry. This includes quality assurance for all tourist related activities in retailing, restaurants, land and water sports, tours, entertainment, transport, and public facilities such as clean beaches and restrooms. In water and land-based sports and tours, professional standards of service, safety, and environment must be enforced. In retailing, visitors must be confident of the quality and provenance of their purchases. Eating

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<sup>38</sup> Much data are collected but then effectively 'privatized' within government departments and organizations well beyond the level in other democracies.

<sup>39</sup> Given the relatively marginal net contribution that some types of tourism in Aruba make to the public sector, some promotions via airlines and tourist operators are highly questionable, except under very specific and short-term conditions. Existing methods used by the ATA are inappropriate since they measure gross rather than marginal benefits of expenditures.

and drinking establishments should comply with standards of hygiene and service. In a small economy with only a few "major players" it is important to assure all businesses – large and small - of fair and even treatment and to eliminate unfair business practices. Small and novice businesses should comply with regulations, but the goal should be to foster new entrepreneurs and initiatives in order to maintain a dynamic innovative tourism sector. Commercial banks and the Aruba Investment Bank should work with the analysis unit to develop financial products that support small and medium sized tourism-related businesses.

**Environment:**

The focus in this report on sustainable tourism in Aruba has yet again exposed the lack of information needed for either an overall evaluation of the Island's carrying capacity or information on the environmental impact of existing and new projects. This is especially important since Aruba may be closer to its growth limits than other territories in the Caribbean or elsewhere. It is crucial to develop criteria for environmental assessment and to prepare impact statements for major new initiatives (whether single large-scale projects or multiple small scale activities) and also for current operations that are believed to pose environmental or health risks to humans, sea and wildlife, and reefs, etc. Apparently, most of the laws needed for this are in place, but not enforced. Proposed sites for new accommodation, especially those in the vicinity of San Nicolas, should be individually evaluated. Designated nature areas and protected areas such as dunes and reefs should be adequately sign-posted and patrolled, ATV and other trails should be reconnoitered and marked, and access regulations enforced.

**Education and Training:**

Improving the match between jobs created and jobs offered through expansion of tourism has been identified as critical if Aruba is to develop a sustainable tourism Framework based on maintaining a relatively good standard of living, and reducing

population growth. The Framework has to be supported through education at secondary and tertiary levels, and management and professional training:

- **At the tertiary level, the University of Aruba might develop a graduate program in Tourism Policy and Hospitality Management.**

The program should include both business management and economic development aspects of tourism.

- **At the intermediate level, the Tourism School should be the foundation of the employee training programs.**

However, larger hotels and timeshare might be required to ensure that a significant share (say 5%) of employees be in training.<sup>40</sup> This might be based on a public-private arrangement such as the Department of Social Affairs/Marriott Pathways to Independence Program.

- **It is recommended also that a “tourism awareness” component be introduced into the general education of all students in Aruba, whatever their future careers.**

Given that directly or indirectly, tourism is likely to remain the primary source of income for Arubans, it is important for the younger generation to appreciate its social and economic role. They need to be aware of the opportunities for entrepreneurs and employees in tourism and downstream businesses, but also mindful of the inherent difficulties associated with tourism in small islands. Ultimately, sensible public decisions about the industry will only be made if the population at large is well informed.

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<sup>40</sup> This might be viewed as a PILOT (Payment in Lieu of Taxes) contribution to the Island similar to various security, promotion, and charitable contributions by businesses.

- **Specific to the Framework would be the establishment of a setting up of a vocational College of Arts and Crafts.**

This college would ensure that tourism-related products would reach the level and quality required to ensure a vigorous market demand. Talented students would be encouraged to develop products that reflect their own Island identity, and the Island's historic and cultural epochs. Ultimately, this growing artistic sensibility will, over time, reflect '*nos cultura*' through its products.

#### **Coordinated and Consistent Public Policy Public:**

The report shows that several of the problems with Aruba's tourism might be addressed through coordinated government actions for example, scheduling of public sector layoffs, training, and permits for new accommodation. Public sector employment provides a valuable safety net for Arubans in times of crisis (notably after Lago closed) but it also constrains Island-wide productivity and performance. Island-wide productivity might be enhanced through transferring public sector workers into tourism supportive activities via quasi-governmental organizations Arikok Foundation.

#### **Financing the Tourism Framework:**

Fulfilling the objective of this report to prepare a Framework for sustainable tourism in Aruba has required us to investigate wider issues of demography, environment, culture, and economy. As far as possible, the report attempts to mesh with proposals in other departments of government, finance, land-use, educations, and so on. It is suggested, therefore, that integrating the tourism Framework with other proposals may provide a multi-year program eligible for Dutch support via the Aruban Development Fund. This would provide a financial base for many of the projects suggested in this report.



- **A demonstration that the tourism Framework is overall viable and profitable may allow Aruban matching-funds to be generated through tax-increment financing or a similar arrangement.**
  
- **The economic value of the heritage-based tourism recommended by the Framework should be counted as a marketing cost that attracts visitors to the Island and to all tourism activities.**

Viewed in this light, some projects proposed in this area warrant significant public and private support, even though they may not be strictly commercially viable.

**Sharing the Benefits, Burden, and Risks:**

Tourism is one of the most profitable industries in the world (witnessed by its phenomenal growth) but it may also be one the most exploitative. The goal for Aruba is to ensure that all Arubans benefit from tourism and support the industry in a professional manner. The Framework requires that the Island slow the pace of growth whilst improving the tourist experience – in other words to present Aruba as a restricted but highly desirable product. How Aruba tackles the present structural imbalance will determine the details, feasibility, and outcome of the proposed Framework.

Table 1. Membership of the National Tourism Council (2003)

<b>Public Sector:</b>	<b>Private Sector:</b>
Ministry of Tourism and Transportation	Aruba Merchants Association
Ministry of Labor, Culture and Sports	Chamber of Commerce
Ministry of Public Health	Aruba Hotel and Tourism Association
Ministry of Economic Affairs	Aruba Timeshare Association
Ministry of Infrastructure and Social Affairs	St Nicolas Business Association
Ministry of Education	Aruba Bankers Association
Aruba Tourism Authority	

Table 2. How Elements of the Framework Further NTC Goals

<b>FRAMEWORK STRATEGIES</b>							
<b>GOALS</b>	Slow Growth Rate to Match Aruban Needs	Regionally Distribute Tourist Rooms	Consolidate and Improve Existing Products	Evolve Additional Small-Scale Tourism	Develop New Culture-Based Activities	Tourism Portfolio as a Strategic Asset	Institutions and Planning Tools
Long-Run Environmental Sustainability	X	X					
Improved Economic Well-Being		X			X		
Sustainable Competitive Advantage			X	X	X	X	
Limit Economic and Social Vulnerability		X	X	X		X	
Enhance Culture and Heritage	X	X			X		X
Foster Public Private Cooperation	X	X	X	X	X	X	X

Figure 1. Long-Run Occupancy and Levels of Visitors and Accommodation in Aruba

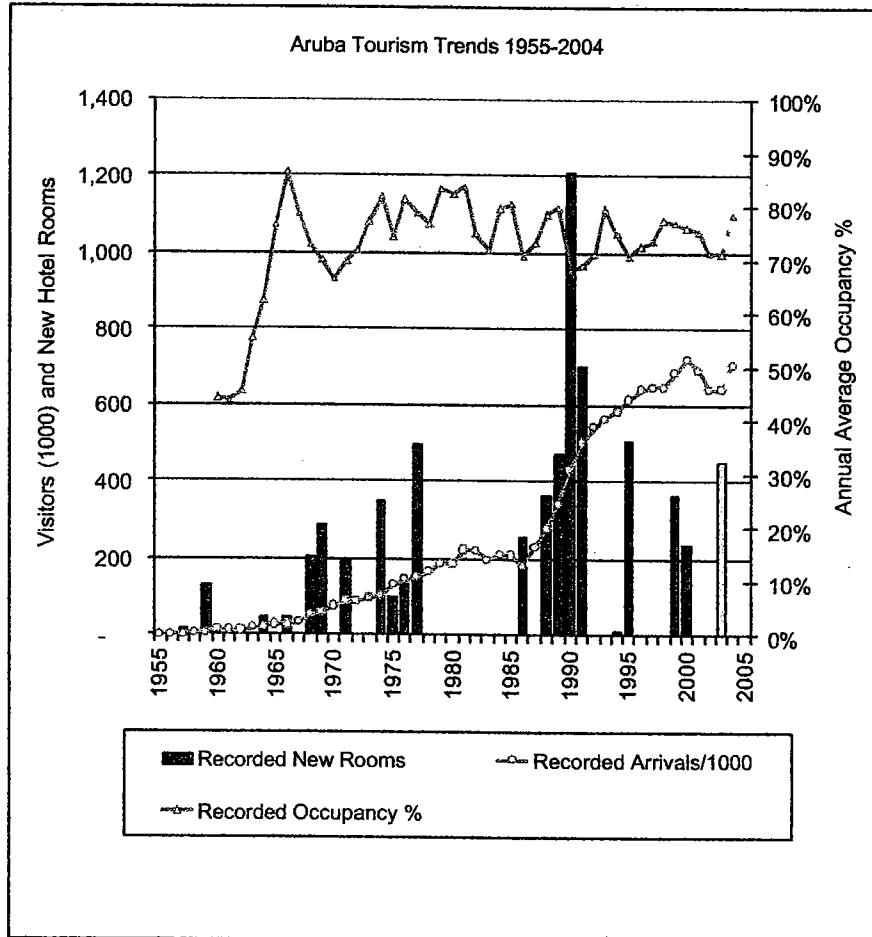


Figure 2. Per Capita Income Compared to Tourist Arrivals 1972-2002

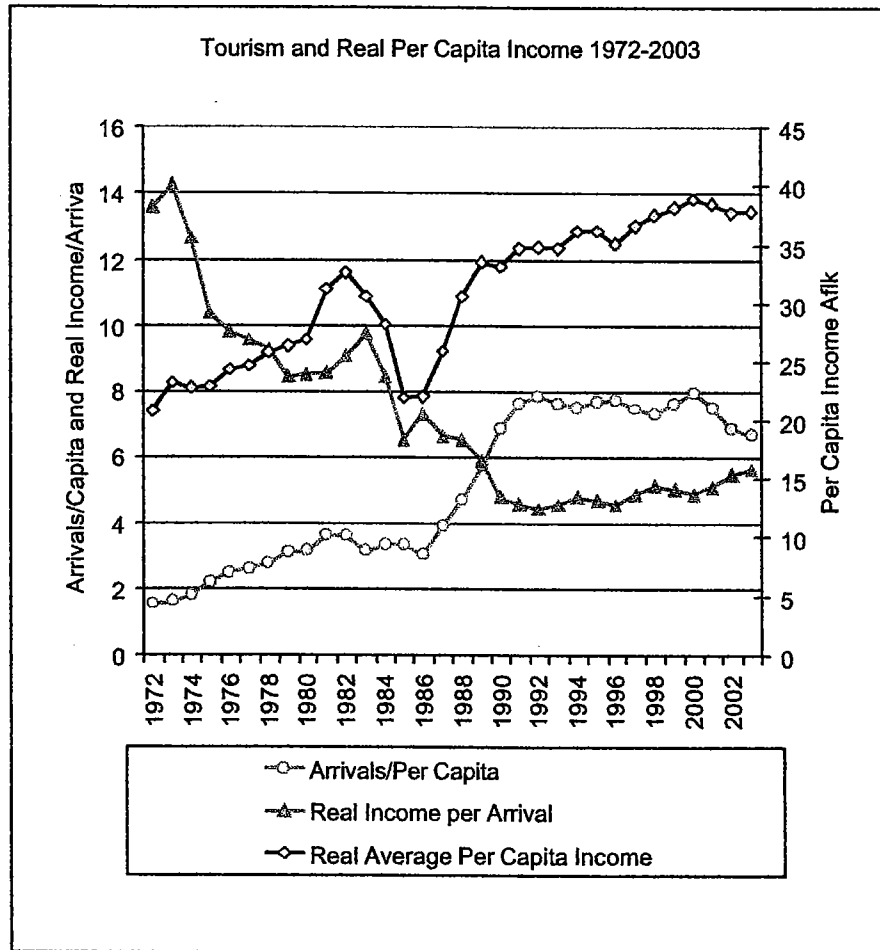


Figure 3. Arrivals to Aruba Compared to the Caribbean and the World

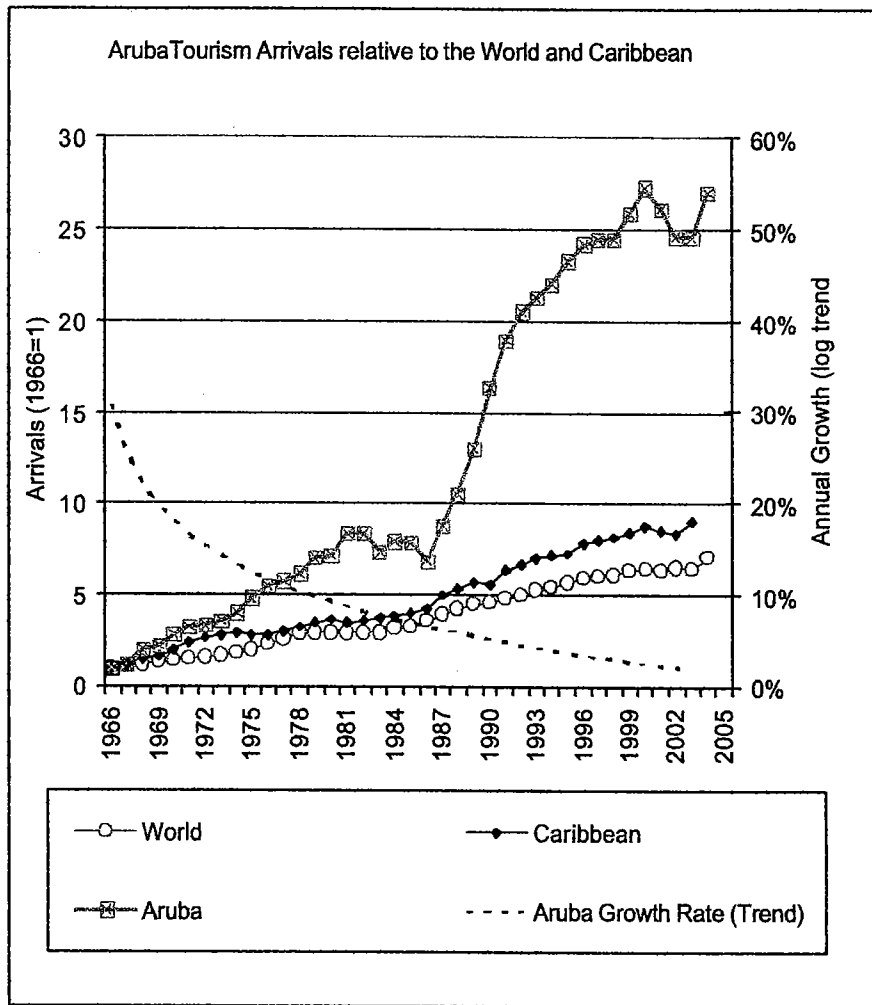


Figure 4. Population Growth, Migration, and Industry 1900-2000

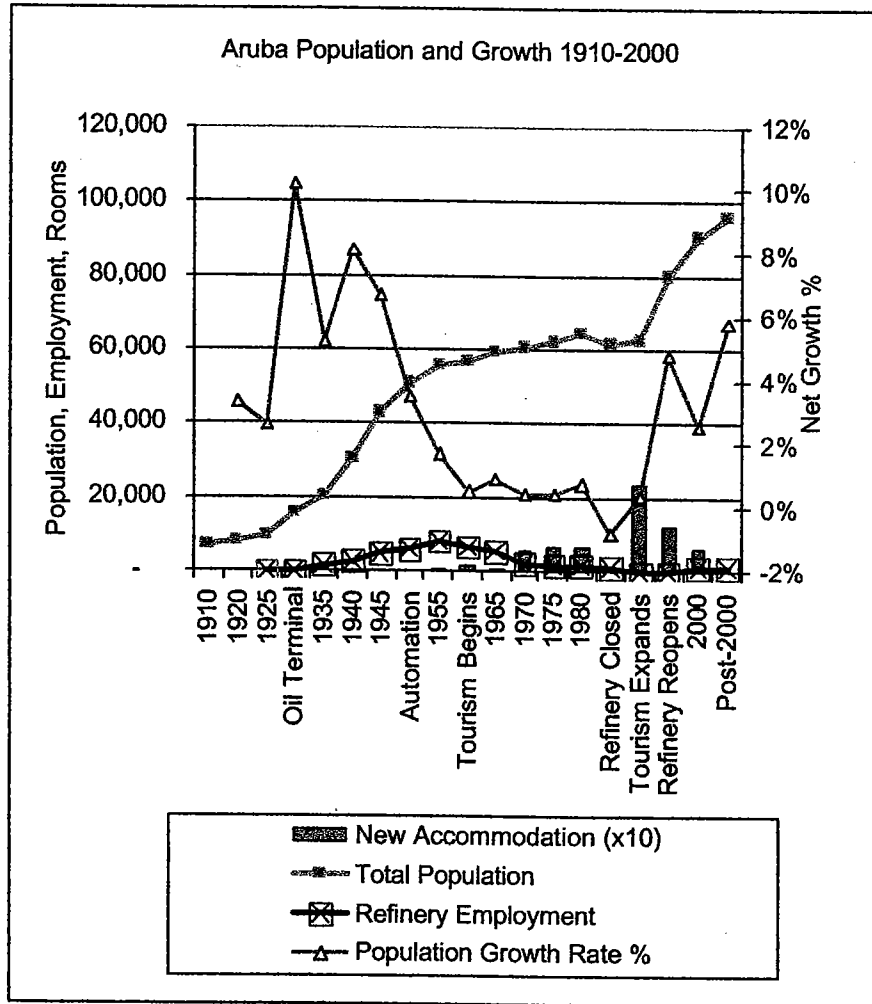


Figure 5. Historic Growth Process in Aruba

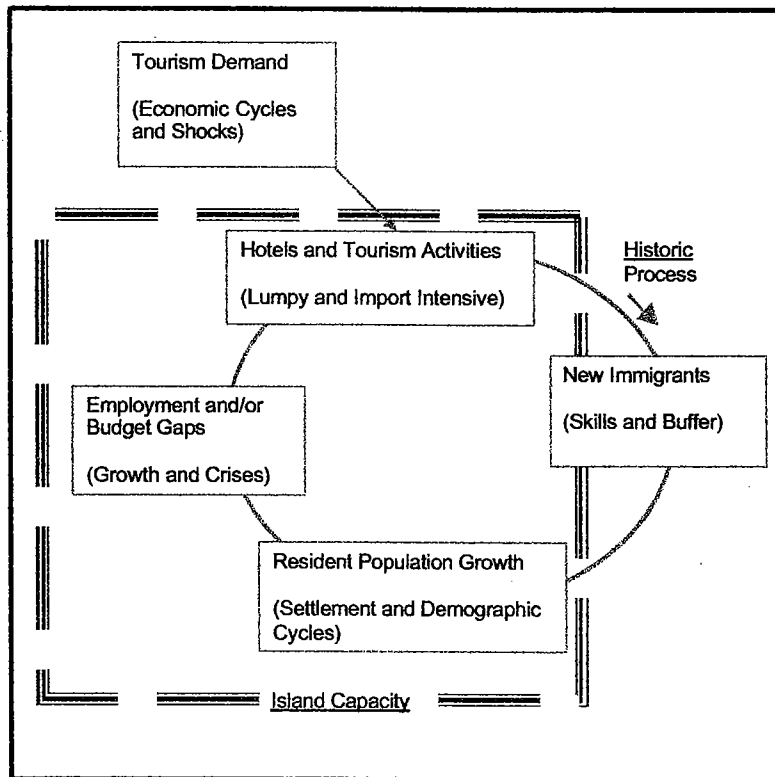




Figure 6. New Complementary Elements for the Aruba Tourism Framework

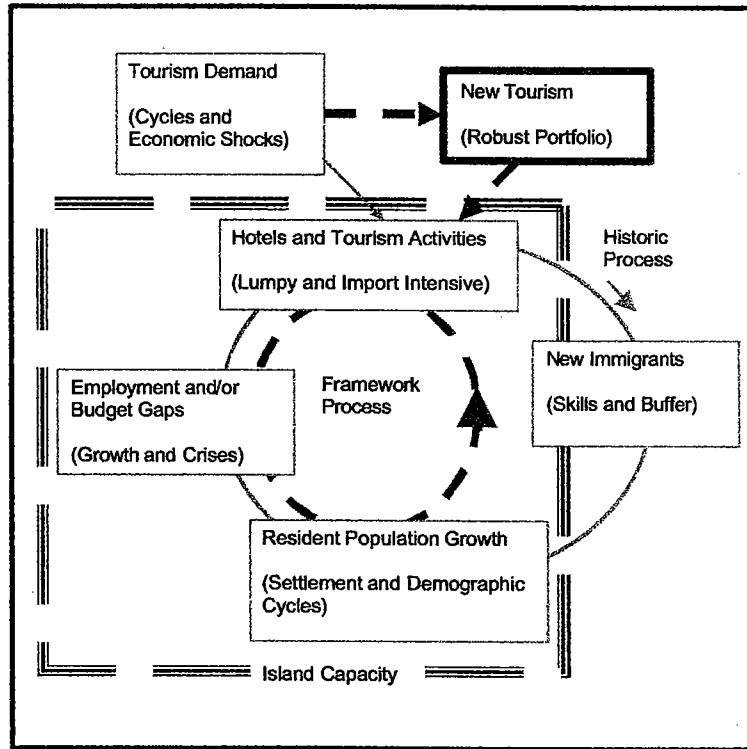


Figure 7. Intensity of Residential Land Use in Aruba 1960s and 2000

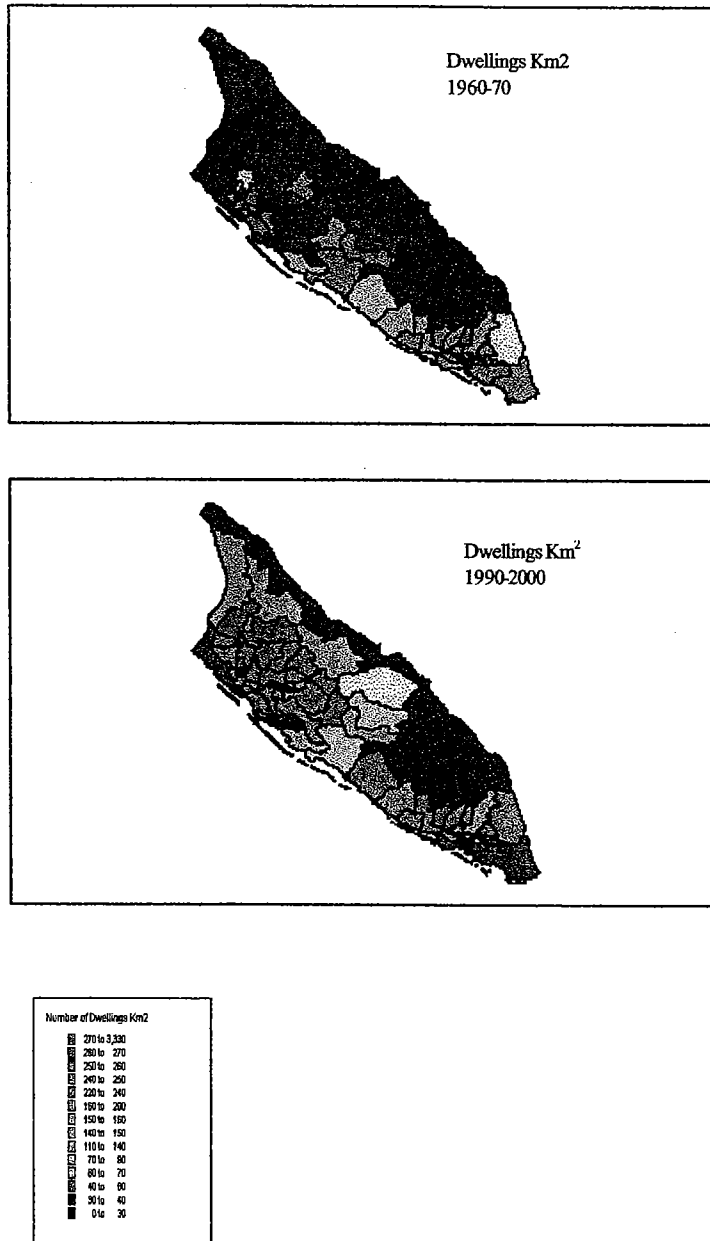


Figure 8. Illustrative Projection of Dwellings Based on Proposed Tourism Framework

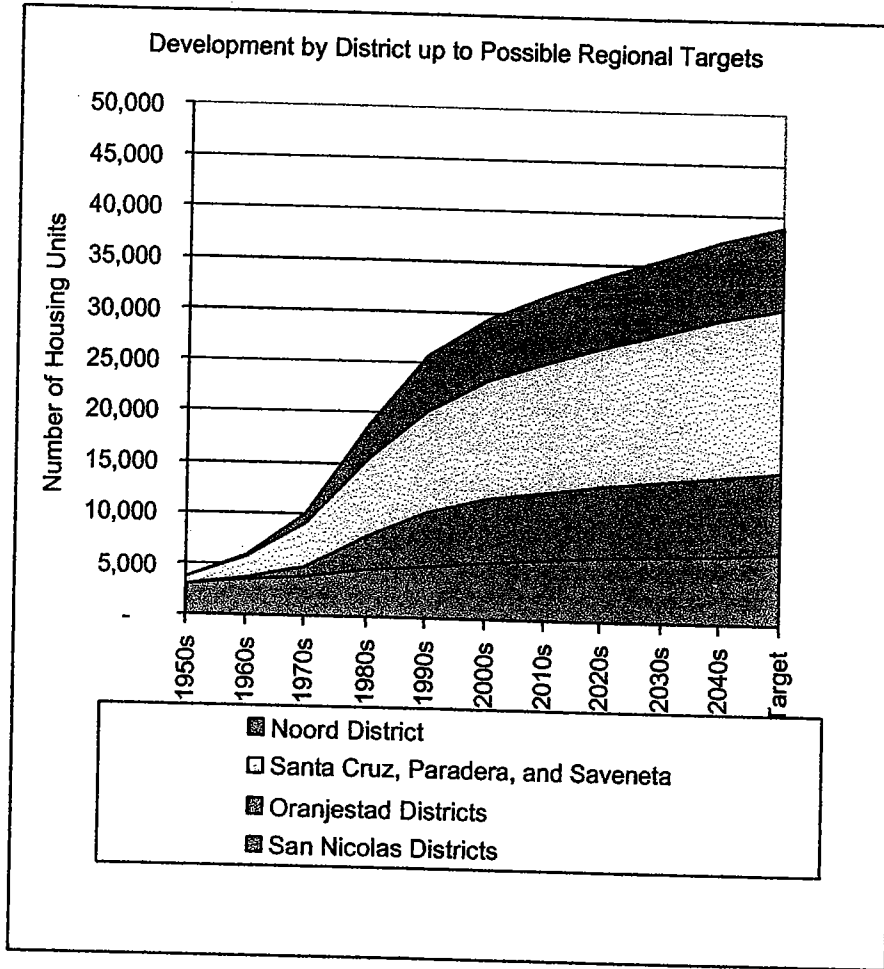


Table 3. Alternative Tourism Styles and Policies

	<b>POLICY</b>	<b>STYLE OF HOTEL</b>	<b>OUTCOME</b>
<b>Strategy 1</b>	Occupancy driven tourism	Luxury chain hotels	Reproduces problems in past policies
<b>Strategy 2</b>	Growth targeted tourism	Aruba average hotels	Accelerates approach to limits of tourism development
<b>Strategy 3</b>	Match growth to Aruban needs	Small boutique hotels	Provides starting point for Framework

Figure 9. Illustration of Trends in Tourism Growth in Alternative Scenarios

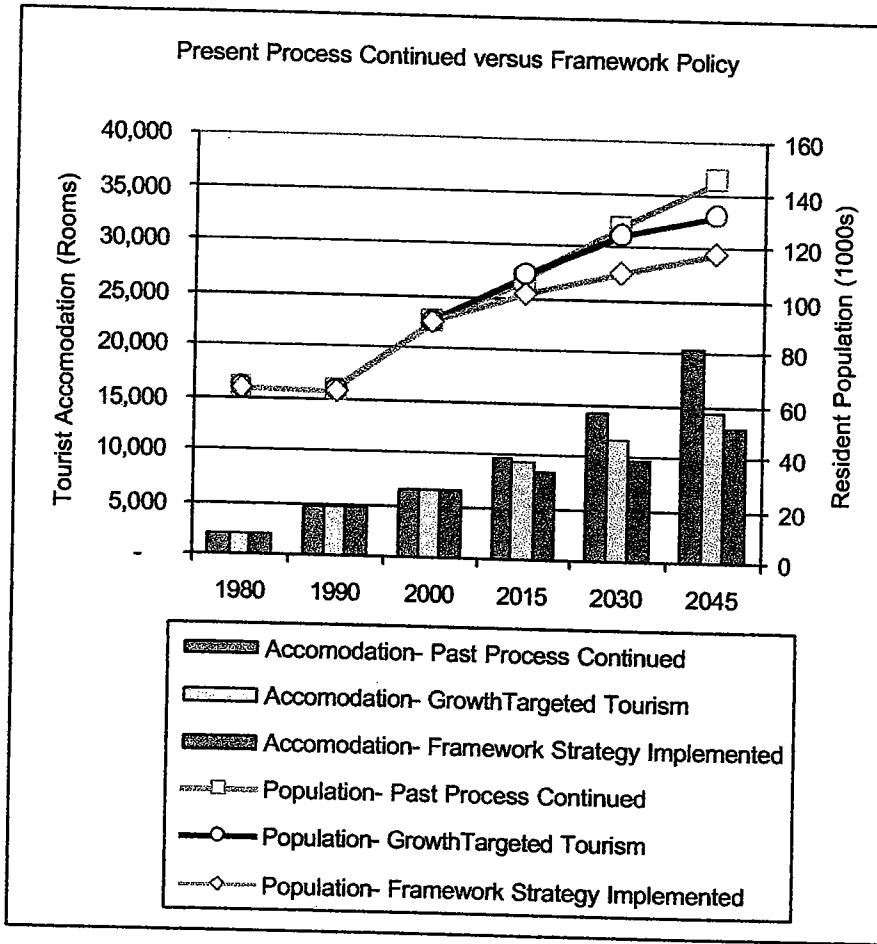


Figure 11. Tourism, Demographic, and Economic Developments with the Proposed Framework (see key below)

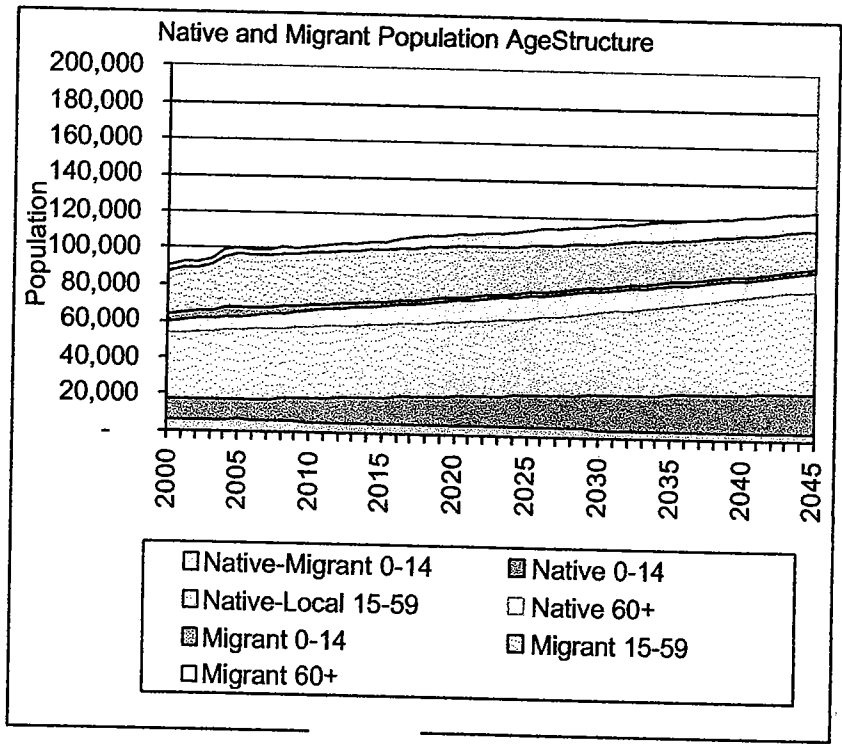
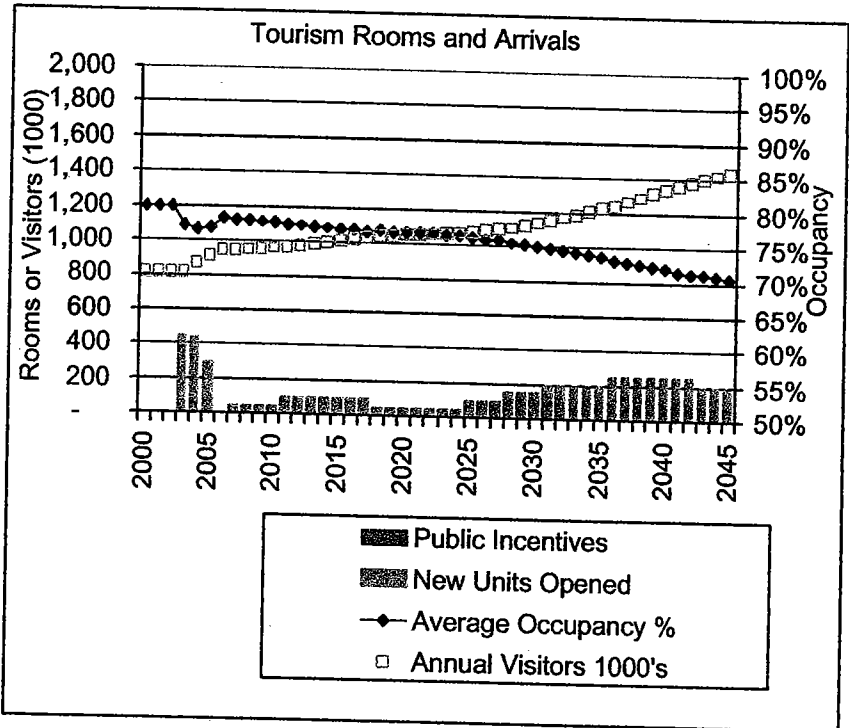
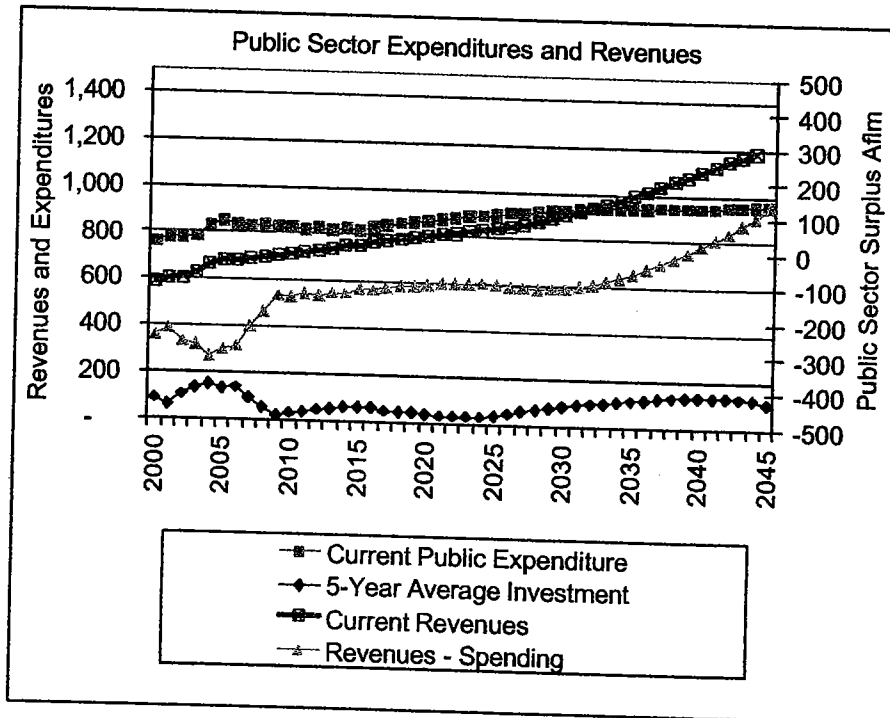
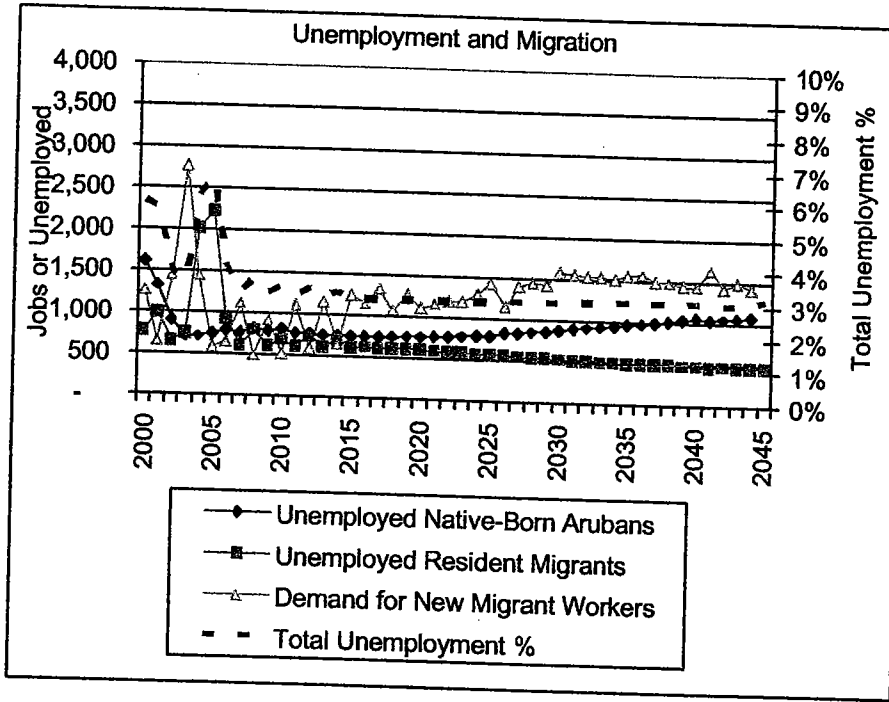


Figure 1.6. (continued) An Aruban Needs Focused Strategy with Coordinated Policies



Key to Charts Used to Compare the Outcome of Strategies

<p><b>Chart 1. Tourism Sector</b></p> <p>Number of rooms opened each year and the number of visitors. Also the level of public support required and expected overall occupancy based on overall intensity of land use.</p>	<p><b>Chart 2. Jobs and Migration</b></p> <p>Number of unemployed native-born and migrant workers by year, and the number of new migrants required.</p>
<p><b>Chart 3. Population Trends</b></p> <p>Age structure of native born and migrant populations for each year, including first generation native-born population.</p>	<p><b>Chart 4. Public Sector</b></p> <p>Government revenue balance, with current total revenues based on current tax code and expenditures including infrastructure contribution.</p>



Figure 11. Overview of Regional Tourism Growth 1950-2050 in Proposed Tourism Framework

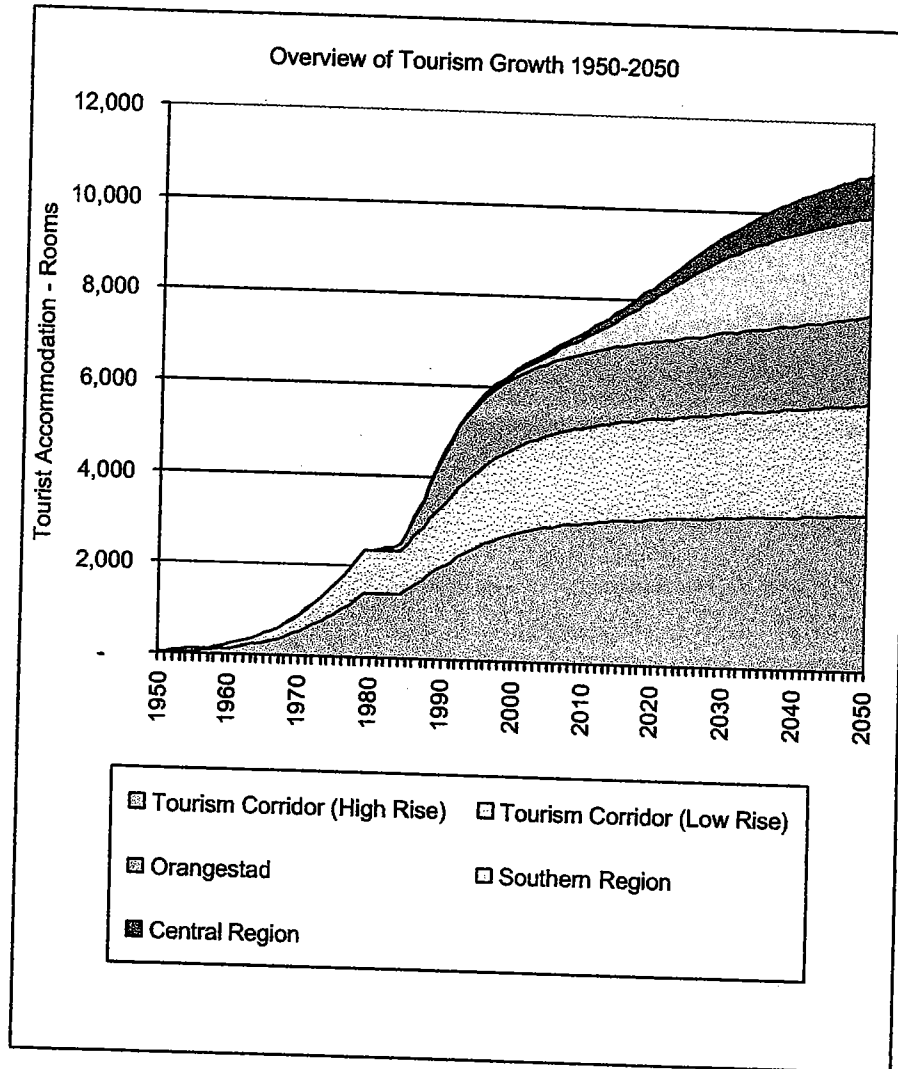


Figure 12. Tourism Corridor Projects

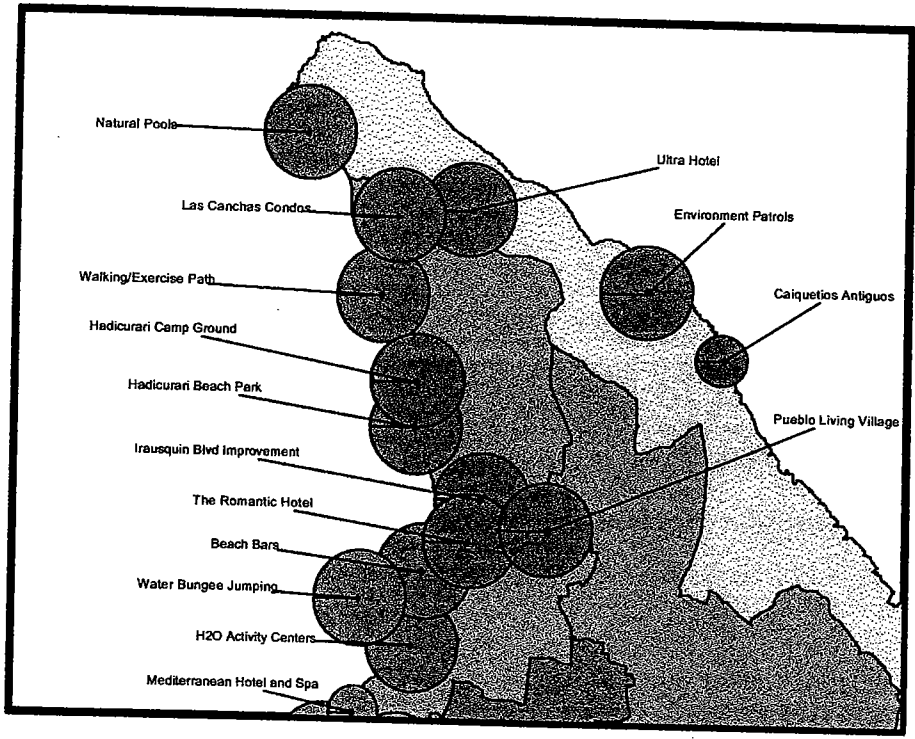


Figure 13. Oranjestad Area Projects

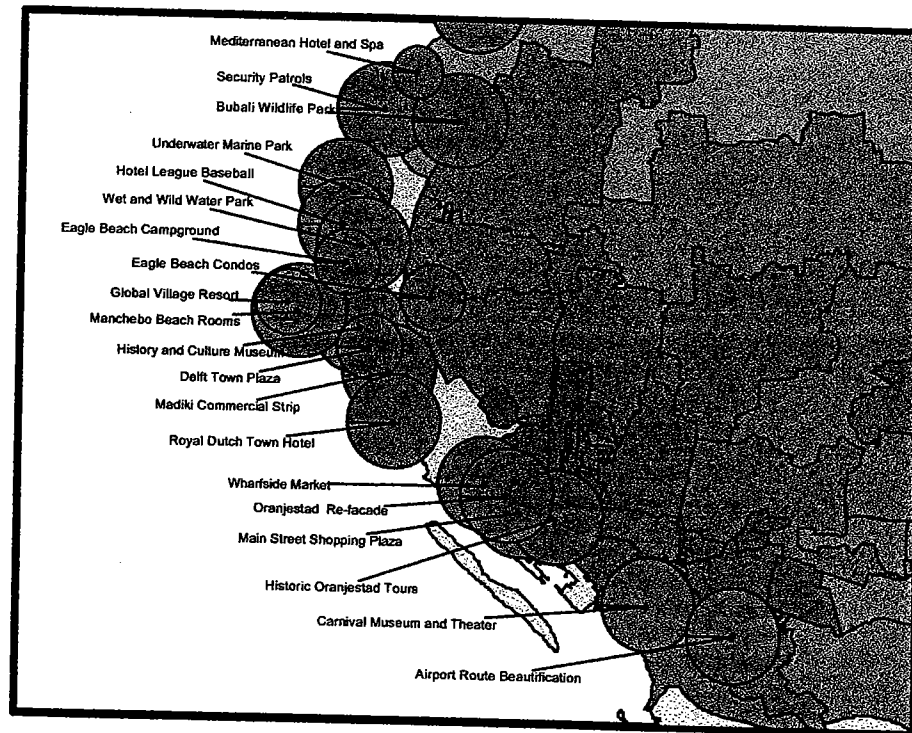


Figure 14. Santa Cruz and North Shore Projects

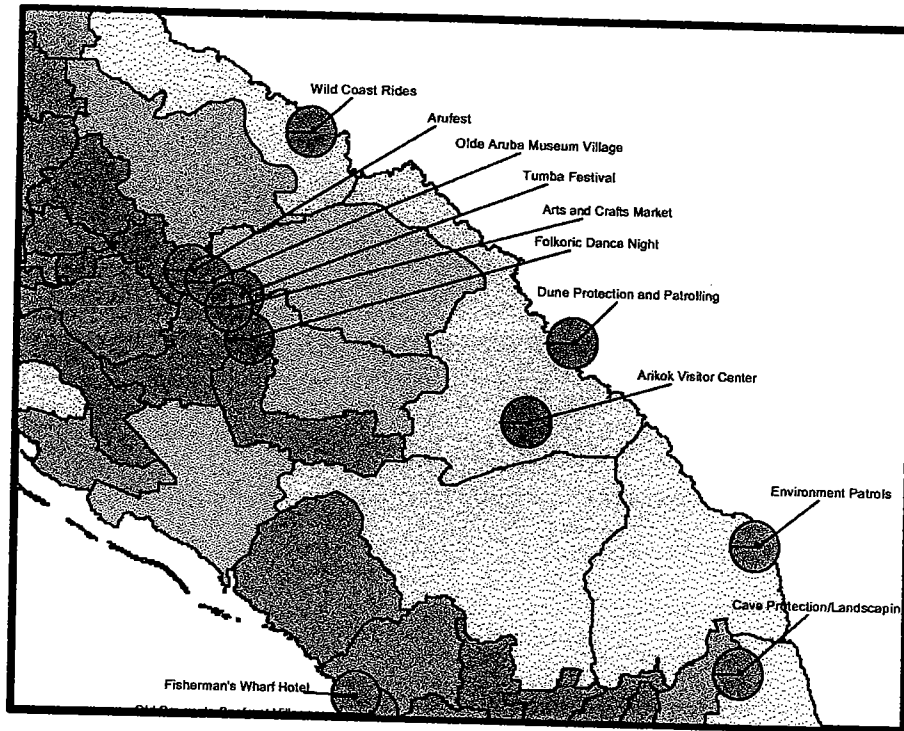


Figure 15. San Nicolas and Seroe Colorado Projects

