

Richard Doornbosch: Sustainable tourism development in Curaçao - a balanced approach

Speech by Mr Richard Doornbosch, President of the Centrale Bank van Curaçao en Sint Maarten, at the Chata Membership Meeting April 2025, Willemstad, Curaçao, 4 April 2025.

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[Presentation](#) accompanying the speech

Introduction

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Good morning, ladies and gentlemen. It is a pleasure to speak to you at today's CHATA Membership Meeting on a topic that is crucial to the future of our beautiful island: tourism development in Curaçao. This future encompasses not only the economic prospects of our country, but also our social well-being and environmental sustainability.

In recent years, particularly following the COVID-19 pandemic, Curaçao has witnessed remarkable growth in its tourism sector. The island has successfully strengthened its appeal in both stay-over and cruise tourism. Today, tourist arrivals are at record highs, and the sector has firmly established itself as the leading driver of economic growth in Curaçao. According to estimates by the CBCS, tourism now contributes more than 23% to Curaçao's GDP, representing approximately Cg. 1.4 billion. This figure includes also positive spillover effects to other sectors of the economy, such as transportation, real estate, and construction. This growth is particularly striking given that, until the mid-2000s, tourism accounted for only around 8% of GDP.

Additionally, foreign exchange earnings from travel now represent approximately 50% of Curaçao's total foreign exchange earnings from the export of goods and services. This excludes foreign exchange revenues from tourism-related sectors such as the transportation and rental services. Moreover, the tourism sector provides a significant number of both direct and indirect jobs for the people of Curaçao.

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With several ongoing and planned private investments, particularly in accommodation, the island's capacity to host more visitors is expected to increase substantially in the coming years. However, the key question is how we can manage this growth while minimizing potential social and environmental costs. Today, I would like to outline an approach to achieving sustainable tourism development. Without such an approach, we risk locking ourselves into a mass tourism model with high long-term costs – costs that could take decades to reverse.

Growth seen from a different perspective

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Before delving into this approach, allow me to provide a comparison of stay-over and cruise tourism development in Curaçao relative to Aruba and Sint Maarten. Since the 1980s, Aruba and Sint Maarten have experienced more rapid tourism growth than

Curaçao. As a result, Curaçao lags behind both destinations in terms of tourism maturity. Aruba, with its well-established brand, consistently attracts high volumes of American tourists. Meanwhile, Sint Maarten continues to demonstrate resilience and adaptability despite facing natural setbacks. However, over the past 15 years, Curaçao has been narrowing the performance gap with its regional peers. Since 2016, it has even surpassed Sint Maarten in terms of stay-over visitor numbers. Aruba, however, still receives higher volumes of stay-over tourists than Curaçao.

As for cruise tourism, up until the pandemic in 2020, Sint Maarten consistently outperformed both Curaçao and Aruba. In contrast, cruise tourism trends in the latter two countries have generally moved in tandem and on a comparable scale.

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Now, let us assess tourism development in the three countries from a different perspective by focusing on the visitor-to-resident ratio. This ratio is defined as the number of visitors, both stay-over and cruise together, divided by the total population. It may serve as an indicator of the pressure exerted on the environmental and social resources of a destination and its population.

Although a cross-country comparison of the visitor-to-resident ratio should be interpreted with caution due to country-specific idiosyncrasies such as variations in tourism infrastructure and environmental considerations, this graph shows that the visitor-to-resident ratio in Sint Maarten has consistently remained higher than those of Aruba and Curaçao's. In 2023, for example, Sint Maarten welcomed approximately 41 visitors for every resident. This ratio was 19 for Aruba and 8 for Curaçao. This disparity is related to Sint Maarten's significantly larger cruise tourism sector. In fact, Curaçao's visitor-to-resident ratio consistently ranks the lowest among the three countries, indicating a younger stage of tourism maturity.

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Given the rapid growth in tourism that Curaçao has experienced over the past years, let us perform a back-of-the envelope calculation to project the potential development of our visitor-to-resident ratio. Assuming the total number of visitors increases by 8% annually over the next five years, while our population grows by an average of 0.1% per year, which aligns with the average population growth observed over the past decade, all other factors remaining equal, the visitor-to-resident ratio would reach 16 by 2030. The assumed 8% annual increase in the total number of visitors is based on the forecast for 2025 and 2026 outlined in Curaçao's Strategic Tourism Destination Development Plan. As illustrated in the graph, the calculation suggests that the potential pressure on environmental and social resources could double compared to what we are experiencing at this moment.

The Double-Edged Nature of Tourism Growth

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While tourism expansion undoubtedly presents significant opportunities in terms of value added, employment, and foreign exchange earnings, it also carries hidden costs and risks, that, if ignored, could threaten Curaçao's long-term economic stability and quality of life.

Rapid and uncontrolled tourism growth can impose substantial social costs. Uncontrolled expansion often leads to overcrowding, especially in peak seasons. For instance, the inner-city areas of Punda and Otrobanda become particularly congested on days when the harbor is filled with cruise ships. Beaches also become overcrowded with visitors, which not only affects residents' quality of life but also diminishes visitors' experience.

In addition, a significant rise in tourist arrivals can lead to an increased cost of living. Currently, various construction projects of new hotels and residential buildings intended for Airbnb or tourist rentals are underway. As a result, housing prices have risen significantly over the last few years, making it difficult for locals to find affordable housing and thereby reducing their quality of life.

Moreover, intensified tourism activity can escalate environmental degradation through increased pollution and loss of biodiversity, potentially diminishing the overall visitor experience in the long run. Curaçao's unique ecosystems, coral reefs, and pristine beaches -its main attractions- are vulnerable assets that require vigilant stewardship to ensure they are not adversely affected by large scale tourism.

Strong tourism growth can also put severe pressure on Curaçao's public infrastructure. Already, increased road congestion is observable, particularly on the Caracasbaaiweg, a situation that will likely worsen with more stay-over arrivals. In addition, more visitors pose challenges for the provision of public goods such as sanitation and waste management, as well as utilities such as electricity production. Furthermore, capacity constraints at Curaçao International Airport could emerge as a bottleneck, limiting potential growth and reducing the overall attractiveness of Curaçao as a travel destination.

People, profit and planet as principles for sustainable tourism development

Recognizing both the opportunities and potential costs of tourism development, Curaçao stands at a pivotal crossroads. Instead of focusing on a mass tourism model, we must embrace a balanced approach to ensure that tourism contributes sustainably to our economic prosperity, environmental stewardship, and social well-being.

Central to this strategy must be the clear identification of the type of tourists Curaçao seeks to attract. Sustainable tourism development should aim to welcome travelers who provide higher economic returns while imposing fewer social and environmental burdens. Attracting high-yield, low-impact visitors - those interested in immersive cultural experiences, culinary excellence, sustainable adventure tourism, or niche markets such as eco-tourism - will ensure more robust economic benefits for Curaçao. The focus should not be on volume but on value.

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The following graph compares the Average Daily Rate (ADR) of Curaçao with those of other Caribbean countries in 2023. ADR is a key performance indicator that reflects the average revenue earned per occupied room over a specific period. The fact that

Curaçao ranks at the lower end of the selected Caribbean countries, with an ADR of USD224.67, implies that there is potential to increase the value that we derive from our tourism product.

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A robust and holistic framework for sustainable tourism development should be encapsulated by the "People, Profit, Planet" principle, emphasizing the balanced and interconnected approach needed for sustainable development.

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Let us first start with the first principle, 'People'. Tourism must benefit the local population of Curaçao, enhancing their quality of life and providing ample opportunities for participation and growth. Equitable benefit-sharing through employment opportunities, training programs, and empowerment initiatives, including entrepreneurial skills, ensures that the community remains central to tourism development. In addition, actively engaging residents in decision-making processes helps ensure that tourism development aligns with local values and cultural heritage.

The second principle is 'Profit', which focuses on economic sustainability. Curaçao's tourism industry must continuously strive for economic viability, ensuring profitability for businesses, employment opportunities for locals, and tax revenues for the government. Emphasizing quality tourism experiences over quantity will encourage higher spending, extended visitor stays, and repeated visits, thus increasing overall economic sustainability.

The final principle, 'Planet', emphasizes the critical importance of protecting Curaçao's natural environment. Sustainable tourism development must prioritize minimizing ecological footprints through responsible practices, such as reduced waste generation, energy and water conservation, and biodiversity protection. Sustainable management of our natural resources should safeguard the unique beauty and biodiversity of Curaçao for future generations and maintain the island's long-term attractiveness as a tourism destination.

By harmonizing these three principles - People, Profit, and Planet - Curaçao can ensure a resilient and sustainable tourism sector that benefits all stakeholders equitably while safeguarding the island's natural and cultural heritage.

Understanding Tourism Carrying Capacity: Four Key Dimensions

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Assessing and respecting the tourism carrying capacity should also be an integral component of the sustainable tourism development framework. The United Nations World Tourism Organization (UNWTO) defines tourism carrying capacity as "the maximum number of people that may visit a tourist destination at the same time, without causing destruction of the physical, economic and sociocultural environment and an unacceptable decrease in the quality of visitors' satisfaction". Carrying capacity is a multi-dimensional concept and must be understood across four dimensions.

The first dimension, economic carrying capacity, considers the ability of the economy to absorb and benefit from tourism without generating inflation, wage disparities, or

unsustainable price increases in housing and basic goods. It evaluates whether tourism revenues are widely distributed or concentrated among a few sectors, and whether the benefits outweigh the potential displacement of local industries.

The second dimension is the environmental carrying capacity. This dimension addresses the physical limits of Curaçao's ecosystems to accommodate tourism. It focuses on the impact of tourism on coral reefs, beaches, water resources, waste generation, and biodiversity. Monitoring visitor volumes in environmentally sensitive areas and applying zoning, restoration, and eco-certification measures are key to staying within safe environmental limits.

Meanwhile, the social carrying capacity reflects the ability of local communities to absorb tourism development without experiencing a decline in social cohesion, cultural integrity, or quality of life. It includes public attitudes toward tourism, perceived fairness in benefit-sharing, and tolerance for changes to local customs, space, and lifestyles.

And finally, the fourth dimension, governance, plays a critical role in managing tourism sustainably. It includes the capacity of public institutions to plan, regulate, and monitor tourism development effectively. It also involves legal frameworks, inter-agency coordination, stakeholder engagement, data collection systems, and transparency mechanisms that ensure tourism growth aligns with public policy goals.

By assessing and managing tourism within these four dimensions, Curaçao can avoid the risks of over-tourism and ensure that the island remains a vibrant, welcoming, and sustainable destination. In this regard, it is a positive development that Curaçao is proactively conducting a Destination Carrying Capacity Study to evaluate the economic, environmental and social impacts of strong tourism development.

The next step in this approach would be to identify a long-term vision focused on quality, authenticity and environmental responsibility. This vision should be commonly shared by all key tourism stakeholders. Next, growth scenarios should be defined that set clear targets for, among other things, tourist arrivals, employment and reductions in ecological footprints – aligned with the island's carrying capacity. In addition, the necessary investments in areas such as infrastructure, human capital and green innovation should be identified, along with relevant policy reforms, to strengthen the island's carrying capacity and achieve the outlined long-term vision. Ultimately, all initiatives must align with the principles of People, Profit, and Planet to ensure economic viability, social inclusivity, and ecological integrity.

Social cost-benefit analysis to effectively manage sustainable tourism development

To effectively manage sustainable tourism development and prioritize tourism projects, the framework should include rigorous social cost-benefit analyses, particularly in the case of major tourism investment projects and public tourism-related infrastructure projects. These analyses extend beyond traditional economic evaluation and incorporate broader social and environmental dimensions that are critical for informed decision-making.

Social cost-benefit analyses for tourism projects not only assess the direct economic contribution in terms of employment and tax revenues, but also the social impact of such projects, including their effect on community well-being, housing affordability, public infrastructure pressures and local quality of life in general. Also, these analyses assess the environmental impact of tourism projects such as ecological footprints, resource depletion and pollution levels.

One benefit of conducting social cost-benefit analyses is that they enable policymakers and stakeholders to explicitly evaluate both the positive and negative impacts of tourism development projects with a focus on society as a whole rather than only short-term financial gains. In addition, these analyses allow for the prioritization of tourism projects that provide genuine, sustainable benefits while minimizing negative externalities.

Conducting social cost-benefit analyses is a complex, multi-dimensional exercise that demands technical expertise across several areas and extensive data. It is important that Curacao develops its own expertise in this area and focuses on having up to date economic, tourism, social and environmental data. This also requires cooperation and collaboration between public and private stakeholders.

Conclusion

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Ladies and gentlemen, Curaçao has been experiencing robust growth in its tourism industry, becoming the main pillar of our economy. While this growth brings immediate economic benefits, it is crucial that we also focus on long-term development strategies that encompass economic progress, social well-being and environmental sustainability. By acknowledging and addressing the potential costs associated with tourism development we can implement measures to mitigate these challenges effectively.

Today, I have outlined a balanced approach for sustainable tourism development centered around the principles of people, profit, and planet. In this regard, it is crucial that Curaçao continues advancing the initiatives outlined in its Strategic Tourism Development Destination Plan while also developing a comprehensive long-term strategy for sustainable tourism development that incorporates the concept of carrying capacity. Through a participatory process we must define acceptable levels of the economic, social and environmental impact of tourism on Curacao. Curacao is a unique tourist destination with potential to contribute even more significantly to Curacao's economy. However, it is crucial that we also prioritize sustainability by steering away from mass tourism and focusing more on value rather than on volume. Sustainable tourism development can serve as a catalyst for economic prosperity, and social wellbeing while ensuring environmental preservation. By embracing this balanced approach, we can secure a thriving future for Curaçao that honors our heritage while safeguarding our natural resources for the generations to come.

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Thank you for your time and attention.