



Sociaal Economische Raad
Social Economic Council

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DRAFT LETTER OF ADVICE

To the Minister of Education, Culture, Youth and Sports
Mr. Wycliffe Smith
New Government Building
Soualiga Road #1
Philipsburg

Philipsburg, February 8th, 2019

Our reference: SER /19/BP/002

Re: Solicited Letter of Advice concerning the feasibility for the development of the Creative industries and Sports Tourism.

Honorable Minister Smith,

The Social Economic Council (hereafter: SER) received the solicited advice request from your predecessor Minister of Education, Culture, Youth and Sports (ECYS) the honorable Ms. Jorien Wuite concerning the above-mentioned advice request and further relevant documentation on June 5th, 2018. In the period of June until November 2018, the SER dealt with several urgent advice requests which required in depth and extensive deliberations. As a result, this Letter of Advice was delayed and discussed in the board meetings of January 10th, 24th, and February 7th, 2019.

1.1. In general

The SER acknowledges and supports the efforts of the Minister of ECYS to research the feasibility of the development of both the Creative Industries (which is also referred to as “The Orange Economy”) and Sports Tourism.¹ The SER commends government on the initiative to establish an Artist Guild and the National Culture Prize. These are positive incentives which demonstrates government's interest to stimulate creativity. The SER is of the opinion that other categories from the Orange Economy should be incorporated. In order to have a better understanding of the term “The Orange Economy” it must first be defined. The color orange has often been associated with; culture, creativity and identity. The Creative industries includes all the sectors whose goods and services are based on intellectual property: architecture, visual and performing arts, crafts, film, design, publishing, research and development, games and toys, fashion, music, advertising, software, TV and radio, and videogames. All of these aspects together make up the Orange Economy.²

The SER recognizes that there are different interpretations of the Orange Economy which are country specific. For Sint Maarten, the SER recommends that the Orange Economy should consider at least the following fields next to the above mentioned: crafts and folk arts, media, arts, film, gastronomy,

¹ Sports tourism is viewed separately.

² UNESCO definition as cited by: <https://connectamericas.com/content/orange-economy-how-define-it>
Also see: <https://www.as-coa.org/articles/explainer-what-colombias-orange-economy>



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literature and music. The SER is of the opinion that a properly structured Creative industries as well as Sports Tourism would diversify our economy and therefore contribute towards sustainable economic development. The investments by both government and visitors would generate revenue and benefit our economy. This economic benefit is both for the (future) actors in the Creative Industries and in Sports Tourism including the existing hospitality sector, if these events take place outside of the peak of the hurricane season.

Furthermore, Sint Maarten would then make better use of its existing infrastructure supporting the economy. In addition, there should be more focus placed on the organic growth of events. The events that start small and continue to build on previous enjoyed success. St. Maarten Carnival & Heineken Regatta, Curacao's North Sea Jazz festival, St. Lucia Food & Rum Festival, Barbados Jazz Excursion, Dominica's Creole Fest, Anguilla's August Monday & Moon Splash are good examples of events that started out on a small/local scale, but due to repeated success have grown to become successful international events/festivals.

Taking the social benefits into consideration, the Creative Industries plays an important role in personal well-being and job creation, but also contribute to improving social issues such as; poverty, education, teamwork and tolerance. As the economy slowly recovers, companies also have the option to contribute through initiatives such as Corporate Social Responsibility or Business Sponsorship programs.

The involvement of the youth in both sports and Creative Industries is another valid reason to research the development of both to its fullest extent, especially because the access to the labor market in times of economic stress tend to burden the youth relatively more than more experienced job seekers. Moreover, both can positively influence national heritage, identity and community spirit.

The SER supports an approach of a preliminary analysis first, which should focus on uncovering insurmountable obstacles. If no insurmountable obstacles exist, only then a detailed feasibility study should be executed. With a feasibility study, possible disappointing results are discovered in an early stage and, therefore, with a minimum of committed resources. Should the feasibility study be positive, this should lead to a business case. If the business case is also positive, this would lead to a decision for government to invest. In addition, based on the feasibility study public and private investors might become interested and decide to invest, which can create a diversified investment pool. The execution of these decisions by government are usually embedded in a project. The SER contends that this sequence is important and none of the steps should be skipped. If a feasibility study cannot be afforded outright, then Government would need to revisit alternative and creative means to raise funding to execute one.

The SER recognizes that the successful development of the orange economy and sports tourism will largely depend on the contribution the government is willing to make. This contribution concerns the infrastructure of both activities, both physical and in policy and possible subsidies to individual (groups of) actors. The SER furthermore recognizes that both activities form a relatively small part of our economy. The data to calculate the share of both in our GDP is currently not yet available. However, their relative size should not be an obstacle to investments but should serve as expectation manager.



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The SER concludes from the advice request that the current approach is mostly economic, but emphasizes that the social benefits of actors in both sports and cultural activities should also be taken into consideration. Moreover, both sports and cultural activities would also develop the human capital of the actors in both industries, thereby feeding the economy if these actors would acquire (other) labor positions or start businesses which would benefit from their acquired human capital. It is important to note that, if the actors are already engaged in economic activities in an informal way, there is no additional economic “feeding” but rather a shift from informal to formal economic activity. The SER is of the opinion that Government’s role in the Orange Economy should be to facilitate the development thereof.

1.2 The Orange Economy and sports tourism in the Caribbean

The recognition that the cultural industries could contribute to the development of the Caribbean has long been identified. Among others, the regional cultural policy by the Caribbean Community (CARICOM) identified the need for national strategies as precondition for growth of the sector already in 1997. In 2007 Academic studies recognized that the cultural arena has not been identified as a priority for development while certain areas of cultural subsectors had relative advantages in their production chain. Furthermore, these studies identified that the basic economic data on the cultural sector was often lacking. Both the Organization of Eastern Caribbean States (OECS 2011) and CARICOM (2016) have developed strategic and action plans to develop (subsectors of) the cultural industries. The latter produced the (annual) Caribbean Festival of Creative Arts (CARIFESTA) and the Strategic Business Plan for a Caribbean Creative Industries Management Unit (CCIMU). Moreover, other international actors such as The Association of Caribbean States, Organization of American States and the International Labour Organization have establishment the Regional Network of Artisans in Tourism in the Greater Caribbean. This entity seeks opportunities for trade and entrepreneurship³.

Despite these initiatives, the economic contributions of the cultural (sub)sectors have often not been registered. ECLAC undertook a survey to fill in (some of the) data gaps on the subsector of arts and crafts within the cultural industries in St. Lucia and Trinidad and Tobago (case studies) and a wider Caribbean sample. ECLAC found several factors restraining the arts and crafts industries: financing, sales venues, market structure (cheaper extra regional products and more expensive local unique products), lack of government (among other not measuring economic impact) and communities support⁴.

The Caribbean Development Bank (CDB) has established a Cultural and Creative Industries Innovation Fund (CIIF) of USD 2.6 million to increase the competitiveness of the cultural and creative industries in its borrowing member countries (2017). *“The CIIF will support the development of the Creative industries sector, and encourage innovation, job creation and improved enterprise sustainability by providing grants and technical assistance to governments, business support organizations and academia that support the Creative industries sector. It will also provide funding to Creative and cultural entrepreneurs and micro, small and medium enterprises (MSMEs) in CDB’s BMCs (borrowing member countries)”*⁵.

³ ECLAC, an analysis of the arts and craft sector and its potential for sustainable tourism development in the Caribbean, page 12, 13.

⁴ Ibid., page 34-36.

⁵ <http://www.caribank.org/news/cdb-establishes-cultural-creative-industries-innovation-fund>



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Notwithstanding the fruits from international and regional cooperation, the SER concludes that managing and facilitating the orange economy, and especially monetizing it, are a difficult undertaking. A recurrent issue is that economic data on the orange economy are only partly or non-existent in other Caribbean islands. This means that the starting position of the orange economy is largely unknown, nor the space for growth in comparison to other but similar countries where the percentage of their contribution to GDP is known. This also means that Sint Maarten, as a small island developing state (SIDS) should ideally benchmark itself with other but similar SIDS. However, those SIDS most likely do not have economic data on their orange economy available.

On the development of sports tourism, most data and 'checklists' can be found in local sports tourism policies. On the economic impact side, the following reasoning is often found. "Sport tourism can contribute to the overall economic development. However, for this to be accomplished, the number, caliber [type] and status, frequency and duration of sport tourism events hosted are critical inputs to produce an increase in visitor arrivals and visitor spend at the destination"⁶. Sint Maarten also can host training programs, meetings and conferences connected to sports to increase the economic impact and make better use of sports- and existing hospitality facilities, next to our annual/seasonal events such as Heineken Regatta, Boxing tournaments, basketball and baseball tournaments.

1.3 On the Orange Economy on Sint Maarten

On March 21st, 2018, The Ministry of ECYS organized the Creative Industries Interactive Exchange Forum (CIIEF). This allowed artists in the orange economy to start shaping a frame around this industry. Through workshops, panel discussions and exchange of ideas, its ultimate goal is to shed light how the orange economy could become a meaningful contributor to our GDP. The outcomes of CIIEF are, among others, a request to the SER concerning the orange economy, the desires to establish a legal body that represents the interest of all stakeholders in the orange economy and a national culture prize. The SER commends the Minister for organizing CIIEF. The SER recommends that, the next edition of the CIIEF also cater to a broader audience such as; designers, architects, gastronomy, software programmers, radio, film, tv personalities and should also include awareness of intellectual property rights.

Additionally, the SER is of the opinion that in order to improve the Orange Economy on Sint Maarten, more creativity subjects in general should be taught in primary schools and in after school programs. This will enable children from a very young age to appreciate arts, culture and sports and possibly pursue a career in these fields.

From the Department of Culture, the SER learned that CIIEF should be understood as the beginning of shaping the orange economy in economic terms. Very little, besides the general impressions of cultural activities and its dynamic nature, is until now captured by data. The Department of Culture has currently 250 artists registered as economically active in the orange economy and is in the process of acquiring more specific data from them (their monthly costs, type of cultural activity and business, monthly revenue, informal next to formal employment, etc.). The SER recommends including the Department of Economic Policy of the Ministry of Tourism, Economic Affairs, Transport and Telecommunication (TEATT)

⁶ Ministry of Tourism Trinidad and Tobago (2018), Draft Sport Tourism Policy of Trinidad and Tobago, page 12.



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to ascertain this data. The cultural activities are divided into four subsectors: arts, media, creative services and heritage. However, The SER is of the opinion that this field should be expanded to include other sectors such as; gastronomy, literature and fashion etc. The government gives little to no subsidies to cultural activities. The youth is strongly involved in photography, graphic arts, film, video or a mix of these categories.⁷ The CIEF made clear that stakeholders in the orange economy would welcome more government involvement to develop the sector, especially economically⁸. The, until now, lack thereof is in line with the experiences in other islands in the Caribbean.

1.4 On Sports Tourism on Sint Maarten

From the Department of Sports, the SER learned that the sports sector has been slowly rejuvenating itself over the last five years in the sense that government has become more involved in financing and upkeep existing facilities and supporting local sports associations. Beforehand these responsibilities were placed more on the shoulders of private persons. The main issue currently at hand is to repair the damage done by hurricane Irma, upgrading existing facilities and invest in new facilities to ensure more and different sports activities, both for local sportsmen and for international tournaments and training purposes.⁹ Additionally, the SER advises to work on also promoting sports that need little infrastructure or use nature supplied infrastructure such as, swimming, fishing and track and field. These are examples of a sound strategy for our country with budget constraints. Also, focus can be placed on reclaiming our cultural identity such as the boat building tradition (Simpson bay and French Quarter communities). This can stimulate more local involvement in the marine industry.

For sports tourism to develop, the following two conditions must be fulfilled. First, the facilities must comply with the standards of the regional or global sports association under whose flag the tournament is organized. Second, the local sports association must be recognized by and be a member of the regional or global association. The local sports association takes part in the bid to organize the tournament, not the government of Sint Maarten. Therefore, the possibilities to develop sports tourism through tournaments is directly connected to the strength of local sports associations. Sint Maarten has over forty (40) sports associations registered, and approximately nineteen (19) of them have an active status¹⁰. The government subsidizes these local associations through the National Sports Association (NSA). In other words, the strength of these associations depends on the effort and time of the individuals that make up these associations plus the resources government is willing to put into them.

The SER commends the Department of Sports for writing the report 'The Economic Impact Sports Play in the Local Economy'. This report details the number of tournaments organized in the past and also mentions their gross revenue. Tournaments and events not subsidized by government, including local regular use of facilities, also generate income for government through rent. This revenue is mostly funneled back into the maintenance of the facility and thereby provides employment for those involved

⁷ Source: Ministry of Education, Culture, Youth and Sports.

⁸ Phone call and email exchange with the Head of the Department of Culture, Clara Reyes

⁹ Department of Sports, The State of Affairs of Sport in Sint Maarten; email and phone call exchange with the Head of the Department of Sports, Jonelle Richardson.

¹⁰ Ibid., page 1



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in maintenance.¹¹ If the data in this report is added with specific investments in facilities, the extra gross revenue and resources spend by visitors that these tournaments will bring (athletes, trainers, supervisors, spectators) combined with the percentage the sport sector forms as part of our GDP, would help a feasibility study. On the demand side of hosting international tournaments, the involvement of regional and global sports associations facilitates long term bidding agreements for tournaments this depends on the strength and involvement of the NSA in these international associations. The SER recommends including the Department of Economic Policy of the Ministry of Tourism, Economic Affairs, Transport and Telecommunication (TEATT) to ascertain this data.

1.5 Preliminary analysis

The SER recommends to execute a preliminary analysis. A preliminary analysis studies the initial process at the start of a project that determines whether the concept is viable and if there are any insurmountable obstacles.

Additionally, the SER notes that statistics on both output as well as labor input are necessary in order to estimate GDP contribution in this sector. In the event this information is not readily available a good place to start is by gathering at least the following data before embarking on a feasibility study: the revenue, or alternatively the costs actors in the Orange Economy incur.

1.6 Feasibility Study

The SER is aware that the advice request included a feasibility study, and that this study is not included in the advice. The SER is of the opinion that a preliminary analysis should be executed followed by an external and thorough feasibility study and adds that the current data collection by government on both economic activities, the orange economy and sports tourism, is currently insufficient and needs to enhance. The SER recognizes that concerning sports tourism, the data has partly already taken shape which should help the next step in the process. A feasibility study's main aim is to reduce risk by studying the market, both on supply and demand side, and make an informed decision on whether to invest or not. Lastly, the SER is of the opinion that the decision to be made after the feasibility study to invest and facilitate sports tourism and the orange economy, should not only take the economic side into account, but should be complemented with the social benefits both sectors locally produce.

¹¹ Department of Sports, 2016, The Economic Impact Sports Play in the Local Economy.



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2. Advice

The SER unanimously advises the government of Sint Maarten:

1. To ensure that the economic data on both (sub)sectors is collected, visible, included and maintained in future national economic data.
2. To commission a preliminary analysis prior to the feasibility study.
3. In the event the preliminary analysis is positive, to proceed with a feasibility study to both the development of the Orange Economy and Sport Tourism, followed by a business case in the event a feasibility study is successful.
4. To include the outline of the Orange Economy and incorporate the United Nations Education Science and Culture Organization (UNESCO) definition of the Orange Economy as it relates to Sint Maarten, and recognize seven (7) fields; crafts and folk arts, media, arts, film, gastronomy, literature and music.
5. To include more creative arts subjects in the educational framework as early as possible, as an investment in human capital for Sint Maarten.
6. To promote awareness of Intellectual Property Rights in the Creative Industries;
7. To proceed with the establishment of the Artist Guild and the National Culture Prize, while gradually incorporating the various categories.

We trust to have informed you sufficiently herewith.

Should you require any additional information after reading the above, please feel free to contact us at your earliest convenience.

Respectfully,

Ir. Damien D. Richardson
Chairman

Gerard M.C. Richardson
Secretary-General

Cc: The Minister of General Affairs, the Honorable Prime Minister Leona Romeo-Marlin