



**WP/17/100**

# IMF Working Paper

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Revisiting the Potential Impact to the Rest of the  
Caribbean from Opening US-Cuba Tourism

by Sebastian Acevedo, Trevor Alleyne, and Rafael Romeu

***IMF Working Papers* describe research in progress by the author(s) and are published to elicit comments and to encourage debate.** The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

I N T E R N A T I O N A L M O N E T A R Y F U N D

**IMF Working Paper**

Western Hemisphere Department

**Revisiting the Potential Impact to the Rest of the Caribbean from Opening US-Cuba Tourism****Prepared by Sebastian Acevedo, Trevor Alleyne, and Rafael Romeu\***

Authorized for distribution by Trevor Alleyne

March 2017

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**Abstract**

The Cuban revolution and the subsequent US embargo on Cuba helped shape the tourism sector in the Caribbean, facilitating the birth and growth of alternative destinations. Therefore, the apprehension of the Caribbean tourism industry towards a change in US travel policy to Cuba is understandable, but likely unwarranted. The history of tourism in the region has shown that it is possible for all destinations to grow despite large changes in market shares. Our estimations show that liberalizing US-Cuba tourism could result in US arrivals to Cuba of between 3 and 5.6 million, most of it coming from new tourists to the region. We also identify the destinations most at risk of changes in US-Cuba relations.

JEL Classification Numbers: F13, F14, F15, Z30.

Keywords: Tourism, Cuba, Caribbean, Trade, Gravity model.

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\* We thank Hanlei Yun for excellent research assistance.