

## Principal Sectors

**Tourism.** Tourism is the main industry in Barbados and the major source of foreign exchange, contributing 9.9 per cent of GDP. After a decline in tourists in the early 1980s the sector has recovered somewhat. Nevertheless, few new hotel developments or expansions are currently planned with only one new hotel being built. The island's large tourism industry requires significant upgrading and modernization.

Tourism experienced a slight contraction of the market in 1986 in comparison with the increases experienced by Barbados' competitors in the region. Increased promotional activity, more competitive pricing, the introduction of air tours from the U.K. and Canada, and the greater availability of passenger seats appeared to have achieved some success in 1987. Tourist arrivals expanded by 13.9 per cent with a strong performance in summer visitor traffic and continued buoyancy in cruise ship activity. Arrivals exceeded 400 000 in 1987, with increases of 40 per cent from the U.K., 7 per cent from Canada and 9 per cent from the U.S. The U.S. remains Barbados' largest market accounting for 40 per cent of all visitors, while Canada accounts for 17 per cent. Despite the increased number of visitors, tourism receipts were up no more than 5 per cent.

**Manufacturing.** The manufacturing sector consists largely of firms producing garments, furniture, processed foods, chemicals and electronic assembly for re-export. Comparatively good infrastructure, stable industrial relations, low labour costs and a range of incentives have attracted a wide range of foreign companies to Barbados.

The closure of important labour-intensive firms in the electronic components (in particular INTEL) and garment industries and the downturn in the levels of trading in regional markets have contributed to a slump in the manufacturing sector. Output in manufacturing declined by 6.6 per cent in 1987 reversing the modest gains in 1986 despite improvement in garment production.

Through the efforts of the Industrial Development Corporation and others to find alternative foreign exchange earning activities, new ventures, such as three data processing firms in 1987, have been encouraged to establish facilities in Barbados. Relaxation of import restrictions and quotas by Trinidad