



WP/20/243

IMF Working Paper

Perfect Storm: Climate Change and Tourism

by Serhan Cevik and Manuk Ghazanchyan

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

Perfect Storm: Climate Change and Tourism

Prepared by Serhan Cevik and Manuk Ghazanchyan¹

Authorized for distribution by Bert van Selm

November 2020

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.

Abstract

While the world's attention is on dealing with the COVID-19 pandemic, climate change remains a greater existential threat to vulnerable countries that are highly dependent on a weather-sensitive sector like tourism. Using a novel multidimensional index, this study investigates the long-term impact of climate change vulnerability on international tourism in a panel of 15 Caribbean countries over the period 1995–2017. Empirical results show that climate vulnerability already has a statistically and economically significant negative effect on international tourism revenues across the region. As extreme weather events are becoming more frequent and severe over time, our findings indicate that the Caribbean countries need to pursue comprehensive adaptation policies to reduce vulnerabilities to climate change.

JEL Classification Numbers: O44; Q51; Q54

Keywords: Climate change; global warming; tourism; adaptation; resilience; Caribbean

Author's E-Mail Address: scevik@imf.org; mghazanchyan@imf.org

¹ The authors would like to thank Sebastian Acevedo, Bas Bakker, Oya Celasun, Wei Guo, Nicole Laframboise, Adil Mohommad, Inci Otker, Etienne Yehoue, and Jeromin Zettelmeyer for insightful comments and suggestions. The views expressed herein are those of the authors and should not be attributed to the IMF, its Executive Board, or its management.

Contents	Page
Abstract	2
I. Introduction	3
II. Brief Overview of the Literature	5
III. Data Overview.....	6
IV. Empirical Methodology	7
V. Estimation Results	9
VI. Conclusion	12
References.....	14