

Editorial: Too Many Eggs in One Basket

Tourism is one of the economic pillars of the Maltese economy. It is estimated that it contributes about 12% to GDP directly and possibly the same amount indirectly, as a result of demand from other sectors including food and beverages suppliers, laundry services, banking, and transport services. The Maltese Islands are one of the most tourist-dense destinations in the world, in terms of visitors per resident, number of tourist beds per square kilometre and share of tourist expenditure in total final expenditure.

The debate on the pros and cons of tourism has often been conducted with regard to two broad concepts, namely tourism carrying capacity and sustainable tourism, where the economic benefits of tourism are set against environmental degradation and social discomfort. With improvements in income and decreases in the cost of travelling, tourism has exploded over the past decades, and in many destinations, the local communities have started to experience the negative side of high rates of tourist inflows, mostly arising from overcrowding, traffic congestion, misbehaviour by visitors and damage to the physical environment. In recent years there have been several reports in the media and papers in many academic journals describing the exasperation of the local residents with what became known as ‘overtourism’ – signifying that there are too many visitors to a particular destination at the same time.

In the case of Malta there is the added disadvantage that tourism is leading to an unbalanced economy, with excessive dependence on tourism expenditure, which as we have witnessed during the first half of 2020, is a very risky business and can decrease quickly, leading to a sudden loss of jobs and income. During the first half of 2020 it was a virus that downed the tourist industry. But a similar situation might happen if the civil war in Libya flares and spills over into the Mediterranean. We have seen how fragile the tourist industry is when terrorist activity in Tunisia and Egypt dramatically led to a rapid decrease of visitors to

those destinations. The argument that the industry is a fragile one applies to the Maltese Islands as a whole, but even more so to the Island of Gozo, which has a higher tourist density than Malta, in terms of visitors per resident. In 2018, I estimate that the ratio of tourists per person in Malta was 5.4 (which is very high when compared to many other island destinations) while in Gozo this was 11.3 (excluding day trippers). No wonder that many locations in Gozo are becoming highly congested and overcrowded, especially during the summer months.

All this would seem to suggest that Gozo has too many eggs in one basket. This is not an argument against tourism, but one against excessive dependence on this risky economic activity. Gozo could diversify its economy by encouraging investment in other forms of economic activity with suitable incentives coming from the central government. The Gozitan agricultural sector should be supported better for this purpose. Incentives should also be put in place to encourage activities that rely on electronic communications, including financial services. Such diversification may also encourage young Gozitans to seek work in Gozo rather than “emigrate” to Malta to earn a living. Tourism should obviously remain an important economic activity in Gozo, but reliance of this risky industry would be reduced with diversification.

Lino Briguglio

This editorial was written before the onset of the Corona virus outbreak, which is negatively affecting the tourism sector in Gozo, and as a result the Gozitan economy, emphasizing the riskiness of having too many eggs in one basket is a risky economic approach.