

# The COVID-19 Pandemic – Its Effects on the Gozitan Tourism Sector

JOE MUSCAT

Tourism is a major component and contributor of the Gozitan economy. It is a sector that not only injects overseas funds in the economy, but, due to its high multipliers, also creates other job opportunities. The economic benefit of tourism is far reaching and is also beneficial to other directly and indirectly related sectors, which either depend on tourism activity for their custom, or else depend on expenditure generated from tourism for their success. It is estimated that approximately 50% of the Gozitan Gross Domestic Product is generated by the tourism sector.

Prior to the disastrous consequences wrought by the rapid global spread of COVID-19, the tourism sector in Gozo was passing through a relatively strong cycle. However, with the global outbreak, this sector was dealt with a big blow. Up to this day tourism continues to be one of the sectors hardest hit by the coronavirus pandemic, and the outlook remains highly uncertain at least as of these first months of 2021. It is known that international tourism dropped by approximately 80% in 2020

when compared to 2019. Destinations that rely heavily on international business and events tourism, are particularly struggling, with coastal, regional and rural areas faring better.

Encouraging news, due to the vaccination roll out worldwide, has boosted hope for recovery, yet challenges still remain, with the tourism industry expected to remain in survival mode throughout the current year 2021.

## **Decrease in Foreign Tourist Arrivals**

The tourism sector on the Maltese Islands as expected was adversely affected, with year 2020 registering a drop of 2.1 million inbound foreign tourists, or 76.2% less foreign arrivals on the previous year, 2019.

Even destination Gozo experienced similar drops as, according to the latest Regional Statistics issued by NSO, and covering the twelve months of 2020, Gozo registered an expected decrease of 78% in



foreign tourist arrivals in collective accommodation over the same period of 2019. During January to December of 2020, the total bed nights spent in collective accommodation decreased by 79%. Such a decrease was expected when, due to several COVID-19 measures, the Malta International Airport was totally closed between 21st March, 2020 and 30th June, 2020.

### Domestic Tourism

When not hampered by inter-island leisure travel restrictions, domestic tourism is helping to mitigate the decrease emanating from the foreign arrivals. However, it is worth mentioning that during the period January to December 2020, the number of domestic arrivals, as expected, decreased significantly by 16%, over the twelve months of 2019. These arrivals translated into a decrease of 10% in bed nights spent by Maltese tourists, in Gozitan collective accommodation.

As can be deduced from these statistics (as shown in Table 1 below) the COVID-19 pandemic dealt a heavy blow to foreign arrivals in Gozitan accommodation. Yet this was cushioned to a certain extent by the domestic visitors who, due to travelling restrictions, opted for more frequent weekend breaks

to Gozo. This resulted in a cumulative net loss of 47% in arrivals and 58% in bed nights respectively in the collective accommodation.

Another screenshot of the impact of visitors to Gozo can be partially extracted from the inter-island transport by Gozo Channel. The pandemic left its mark on both the number of leisure visitors, local and foreign, as well as on the daily commute of the Gozitan workers, students and others travelling for business, health or other errands.

Table 2, compiled from NSO data, clearly highlights the decrease of leisure travel to Gozo from both the domestic and foreign visitors. Although during 2020, Gozo Channel operated 5% more trips on 2019, it carried 13% less vehicles and 36% less passengers in 2021, when compared with the previous year. Here it is relevant to add that during the first two months of 2020 (January and February), Gozo Channel operated the normal schedule, no COVID-19 cases were reported in the Maltese Islands, and no restrictions were in place as these were introduced in mid-March 2020.

The same pattern, more or less, was reported during the first quarter (Jan-Mar) of 2021 as per Table 3. In fact, Gozo Channel operated 16% less

<b>FOREIGN &amp; DOMESTIC TOURISTS IN COLLECTIVE ACCOMMODATION JANUARY-DECEMBER</b>				
	<b>2019</b>	<b>2020</b>	<b>VARIANCE</b>	<b>%</b>
<b>FOREIGN ARRIVALS</b>	49943	10981	-38962	-78%
<b>DOMESTIC ARRIVALS</b>	49131	41240	-7891	-16%
<b>CUMULATIVE ARRIVALS</b>	99074	52221	-46853	-47%
<b>FOREIGN BEDNIGHTS</b>	219336	41975	-177361	-79%
<b>DOMESTIC BEDNIGHTS</b>	101288	91016	-10272	-10%
<b>CUMULATIVE BEDNIGHTS</b>	320624	132991	-187633	-58%
<b>AVERAGE LENGTH OF STAY</b>				
<b>FOREIGN</b>	4.39	3.82		
<b>DOMESTIC</b>	2.06	2.20		

Table 1: Foreign and Domestic Tourists in Collective Accommodation January - December.

## YEARLY SEA TRANSPORTATION BY GOZO CHANNEL

	2019	2020	% VARIANCE
<b>TRIPS</b>	27,631	29,052	5%
<b>VEHICLES</b>	1,782,909	1,522,138	-13%
<b>PASSENGERS</b>	5,917,780	3,773,981	-36%

Table 2: Yearly Sea Transportation by Gozo Channel.

## SEA TRANSPORTATION BY GOZO CHANNEL QUARTER ONE

QUARTER ONE	2019	2020	2021	% VARIANCE
<b>TRIPS</b>	5,449	7,324	6,139	-16%
<b>VEHICLES</b>	363,460	356,997	336,816	-05%
<b>PASSENGERS</b>	1,146,490	1,038,142	710,749	-31%

Table 3: Sea Transportation by Gozo Channel - Quarter One.

trips, resulting in 5% less vehicles and 31% less passengers carried during the first quarter of 2021 when compared to the first quarter of 2020.

Although during particular weekends throughout 2020 Gozo hosted good numbers of Maltese visitors, the above tables clearly indicate the overall negative effect of COVID-19, both in overnight stays, as well as in the commuting patterns of visitors, both local and foreign, to Gozo.

### Inter-industry Linkages

Apart from accommodation, other sectors within the tourism industry were negatively affected during this past year, due to the COVID-19 pandemic. The Gozitan catering establishments, especially restaurants, bars and snack bars, were also badly affected. Apart from the lack of tourists on Gozo, these establishments had to also face occasional lockdowns extending for a number of weeks both in

2020 and 2021. Some of these catering outlets opted to serve take-aways or use delivery services.

During the period that the catering establishments were open they had to face rigorous health protocols, that affected their seating capacity, in order to respect the social distancing of diners. Some of the Gozitan eateries reasoned that for some particular periods, especially the winter months, it was not worth it to operate at all, due to lack of seating space.

Other sectors that had to carry the brunt of the COVID-19, were the diving and transport sectors. These two important components of tourism in Gozo depend totally on foreign guests. Therefore, during these thirteen months or so, both the diving and transport sectors only managed to operate two months during summer 2020 for a small number of foreign visitors. Furthermore, the services of these two sectors are not in demand by the domestic market, as they are both totally reliant on the foreign visitors.



## **Additional Costs to the Industry**

Apart from the lack of revenue brought about by the COVID-19 turmoil, the Gozitan tourism establishments had to face more expenses in their respective periods of disrupted operations. This was mainly due to operational costs incurred in order to meet and keep abreast of the rigorous health protocols that were announced in May 2020 after the opening following the first semi-lockdown. These included several operational additions like perspex shields for food, regular printing of menus, signage, specific cleaning materials and hand rubs, sanitisers and dispensers, temperature readers, extra laundry expenses and even fumigation of tourism establishments.

To mitigate these effects on the tourism sector, the Government, during these past thirteen months, has launched, and is still announcing, a number of mitigating measures. The main objective of these measures continued to be that of alleviating the financial impact of COVID and the subsequent restrictions introduced, culminating in periods of semi-lockdowns, that had to be introduced to control the pandemic spread. The wage supplement was, and still is, an important measure that kept most of the tourism establishments afloat in these tiring times. For those operating in tourism, the wage supplement is considered as the drip that is keeping them in survival mode. This measure assisted the majority of the tourism establishments to retain their employees. Other measures introduced were the rent scheme, the utility bills subsidy scheme, the tax deferrals and bank moratoria, all of which offered additional relief to the tourism sector.

Government continued to encourage local spending by introducing the €100 voucher for every Maltese resident above the age of 16 years. This was yet another measure which impacted positively especially the accommodation and catering establishments in Gozo. This voucher scheme was beneficial to tourism establishments as it regenerated business during the late summer months of 2020, after the Maltese Islands were emerging from the first partial lockdown.

During the past weeks of March and April 2021, Government announced a tourism recovery

plan aimed to re-start tourism activity, whilst contemporarily effecting the necessary changes in the Islands' tourism priorities to ensure an optimised long-term tourism mix. Furthermore, this plan is based on a number of pillars including: air connectivity, marketing, sustaining tourism businesses and emphasis on quality sustainability and seasonal spread.

To this end several schemes and incentives were already announced, targeting different areas, from the aforementioned recovery plan. Worth noting and of particular interest to Gozo is the FIT incentive scheme whereby the independent travellers booking their overnight stays in hotels will be given a €100 per person per stay incentive to be spent on accommodation, food and beverages and other services offered by the hotel. Tourists staying in Gozitan hotels will get an additional 10% value on the aforementioned incentive.

Furthermore, another scheme that was launched was targeted towards the guest houses and non-collective accommodation, or the self-catering sector, which in Gozo is very prevalent. In fact, out of the approximately 8000 MTA licensed beds, 75% or 6000 of these are found in the non-collective segment. This scheme offers funds to operators and owners of these units in order to be utilised specifically for digital marketing of this type of accommodation. Other incentives targeting other areas of the tourism sector, like diving, are also to be announced.

The survival of tourism establishments is at great risk without the continued government support and although the Maltese Government has taken remarkable action to cushion the blow to the tourism sector, to minimise job losses and to build recovery in 2021 and beyond, more needs to be done in a more coordinated manner.

## **Conclusion**

As briefly explained here, the tourism sector is passing through very challenging times. While all of this is taking place, different stakeholders including the Gozo Tourism Association, mobilised all efforts to engage in lobbying with the authorities to get the best possible assistance for the Gozitan tourism establishments.

Within the Gozo Tourism Association, the tourism establishments on Gozo found the comfort of an interlocutor between the tourism stakeholders and Government. The Association lobbied with the various ministries, always bringing forth the different and particular constraints that affect tourism business on Gozo. Up to this date the Gozo Tourism Association is still carrying on with this important mission in assisting not only its members but the whole tourism sector on Gozo.

Now, tourism is at a critical stage to restart the recovery as from 1st June 2021, when the first foreign tourists will start arriving. Yet real recovery is dependent on a number of important factors and is not always in the control of the Maltese Government. The restart of international tourism requires global co-operation and evidence-based solutions, so travel restrictions can be safely lifted.

Key priorities in this regard include: restoring traveller confidence, continue supporting tourism businesses to adapt and survive, provide and facilitate air connectivity, provide clear information to travellers and build more resilient and sustainable tourism. While flexible solutions are needed to enable the tourism sector to live alongside the virus in the short and medium term, it is important to look beyond this and take steps to learn from the crisis.

The COVID-19 experience is an opportunity to rethink tourism for the future. Tourism is at a crossroads and the measures put in place today will shape the tourism of tomorrow. The long-term implications of COVID-19 need to be considered while capitalising on digitalisation and promoting the transformation needed to build a stronger, more sustainable and resilient tourism sector.

Several tourism realities were brought to the forefront with the COVID-19 pandemic. The fact that the Gozitan economy depends so much on tourism is not ideal. Along the years, it was not prudent to put most of Gozo's economic eggs in the tourism basket. The repercussions on tourism will definitively reflect on the island's Gross Domestic Product for 2020 and 2021. While the tourism sector needs to be continuously nourished and sustained, it is high time to start diversifying

the Gozitan economy and focus on the digital and green economies.

Through this COVID-19 period, the domestic market proved to be an important component for the Gozitan tourism sector. Let us enhance it and sustain it. There is no shortage of remarkable ideas, let us have the will to execute them.

Finally, the COVID-19 experience also revealed yet another niche market that dovetails perfectly with Gozo's unique selling propositions. The concept of remote working has now become an everyday reality. During the past months Gozo started experiencing the niche of digital nomads. With improved technologies, especially with the introduction of the second fibre optic cable on the Island, Gozo has a potential and ticks all the boxes to attract the market of Digital Nomads. However more needs to be done in order for Gozo to have a competitive edge on other destinations already attracting this kind of tourism.

In the end, irrespective of COVID-19, tourism on Gozo needs to continue to develop its touristic offer in a sustainable and well-planned manner, respecting the same characteristics that destination Gozo is known, sought and visited for.

Joe Musact is CEO of the Gozo Tourism Association.