

# From Overtourism to Undertourism: Small Island States and the COVID-19 Pandemic

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# Structure of the presentation

- Objective of the research
- Background (Literature review)
- Proposed research
- Methodology
- Findings (so far)
- Expected results

# Objective of the research

1. How has tourism in small island states been affected by COVID-19?
2. What have been the policy responses in the short and long-term?
3. How can this event be framed within the debate of vulnerability and resilience in small island states?

# Why is this research relevant?

1. Empirical study on a global crisis effects on small island states
2. Question whether small island states are special cases
3. Explore whether the mass tourism model is sustainable

# Context (Small islands)

- Definition small islands: Small island states with a population < 1.5mn people (~45)



## Characteristics

- Small size
- Insular & remote location
- Susceptible to environmental and climate events

# Context (Vulnerabilities of small islands)

Limited  
resources

Small domestic  
market

Dependency  
on int'l trade

High  
overheads

Limited economic  
options

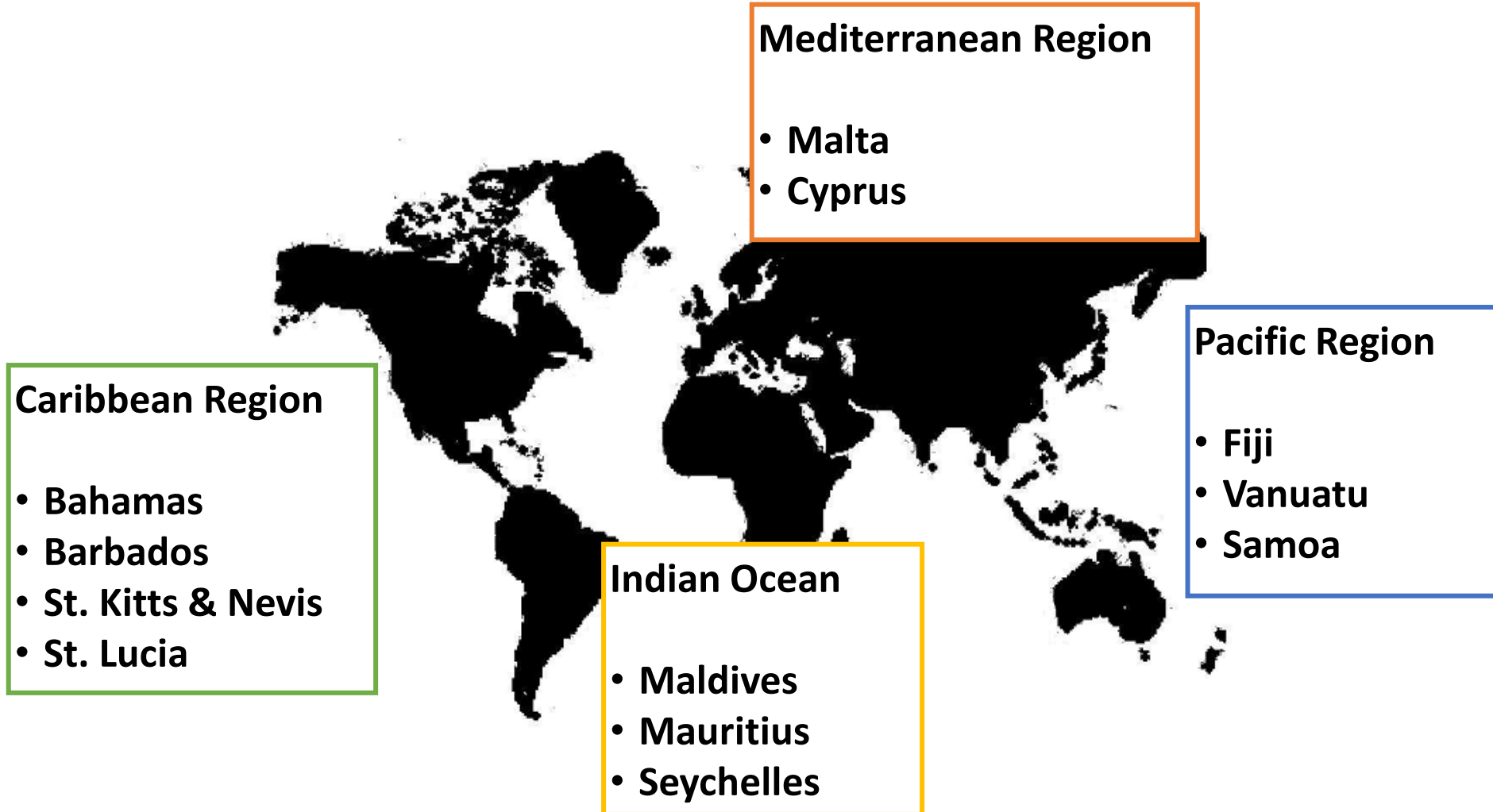
Exposure to  
market  
volatility

Lower  
economies of  
scale

High transport  
costs

High exposure to  
natural disasters

# Context (Small Island States and Tourism)



Countries	Tourism % of GDP
<b>Caribbean area</b>	
Bahamas	43.3%
Barbados	30.9%
St Kitts & Nevis	28.2%
St Lucia	40.7%
<b>Pacific Ocean</b>	
Fiji	34.0%
Vanuatu	34.7%
Samoa	25.0%
<b>Indian Ocean</b>	
Maldives	56.6%
Mauritius	18.8%
Seychelles	40.5%
<b>Mediterranean Sea</b>	
Malta	15.8%
Cyprus	13.8%

# Context (COVID-19 and Tourism)

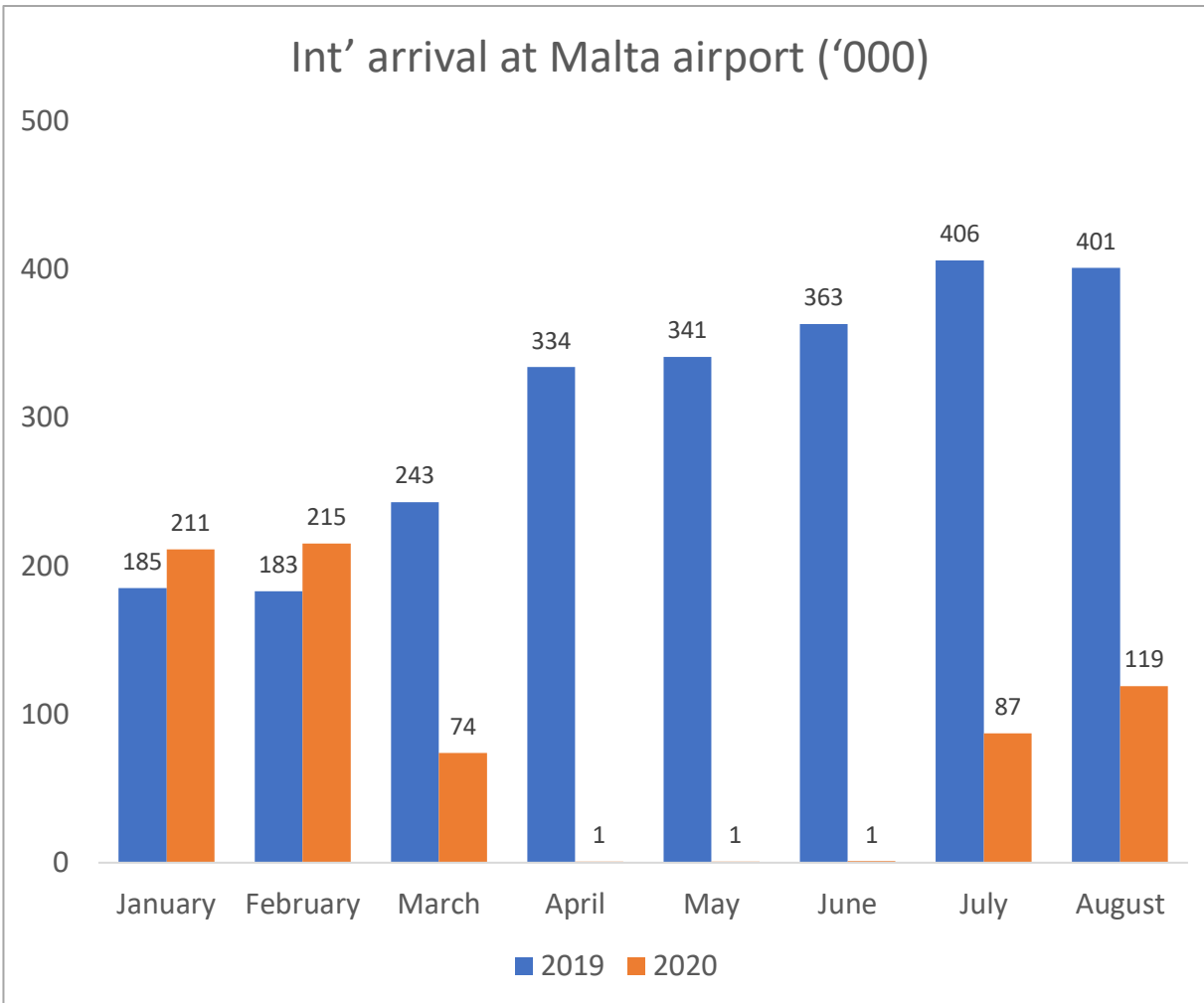


Comino (Malta) – summer 2016



Comino (Malta) – July 2020

# Context (Tourism crisis)



- Different causes (e.g. terrorism, 2008 Financial Crisis, Hurricanes, COVID-19)
- Volatility due to demand and/or supply imbalance
- Resilience based on domestic policies
- Financial fund availability and state intervention are fundamental



# Proposed research

1. Impact of COVID-19 on tourism sector of small island states (vulnerability)
2. Policy responses to COVID-19 pandemic effects (resilience)
3. Debate on vulnerability and resilience in small island states

# Methodology

- Mixed methodology
- Quantitative – Vulnerability & Resilience index
- Qualitative – Survey in 12 selected small island states

4 Groups of respondents  
(aim 10 replies from each group – total ~480)

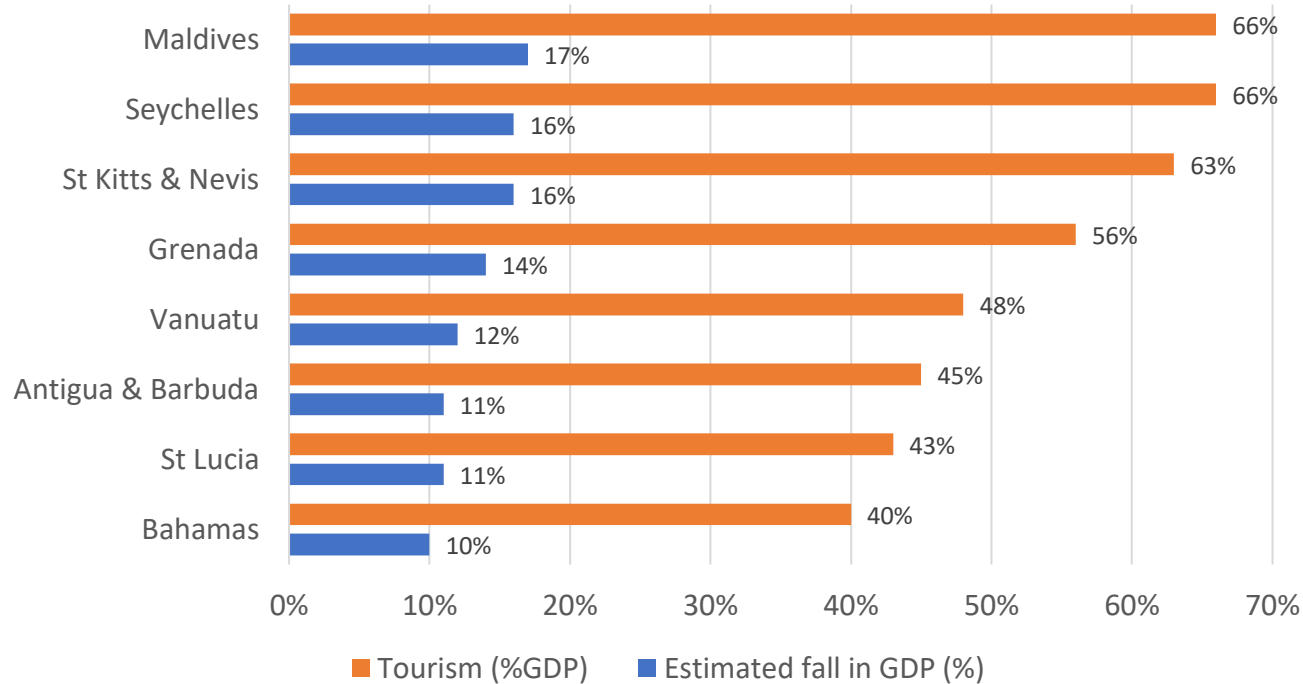
- Public service (e.g. tourism authority, govt reps)
- Civil society (e.g. NGOs, citizen associations)
- Tourism business
- Academia

5 sections of the survey (Likert scale)

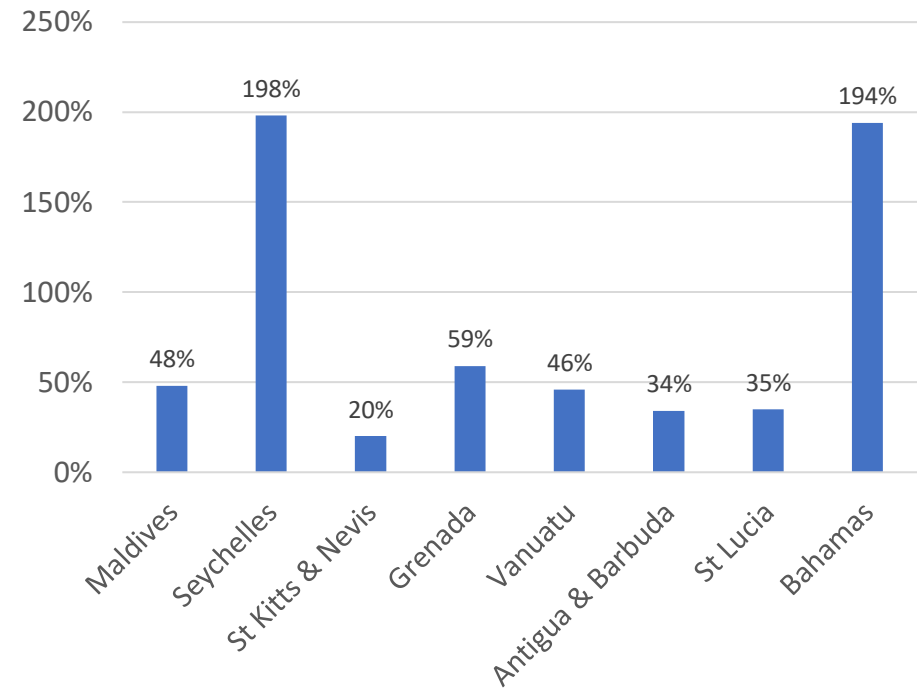
- Effects of COVID-19 on tourism
- Effectiveness of govt policy in the short term
- Opinion on plans to restart the tourism sector
- Rethinking of tourism model in the country
- Resourcefulness of people during the crisis

# Results so far – tourism and economy

Tourism sector (%GDP) and GDP fall estimate  
(as April 2020)



External debt (%GDP)



# Results so far – Funding

## Virtuous

- Prudent fiscal position
- Accumulated trade surplus in past years
- Sovereign wealth funds
- Can self-fund

## Need external funding

- High external debt
- Require urgent fund from IMF, WB, etc.

## Cut expenditure

- Bad financial risk assessment
- Cut state expenditure

# Results so far - Policies undertaken

<u>Category of the policy</u>	<u>Application</u>	<u>Notes</u>
Measures to safeguard the tourism sector	High	<ul style="list-style-type: none"> <li>• Tax deadline extension, tax cuts, safety net benefits, facilitation of bank lending, training</li> </ul>
Reopening to int'l tourists	Limited	<ul style="list-style-type: none"> <li>• Applied by Malta and Cyprus (EU)</li> <li>• Limited in few other small islands</li> <li>• <b>Increase of vulnerability</b></li> </ul>
Travel bubbles	Limited	<ul style="list-style-type: none"> <li>• European Union</li> <li>• Proposed Trans-Pacific area</li> </ul>
Long term plans	Limited	<ul style="list-style-type: none"> <li>• Organise full restart of tourism</li> <li>• Rethinking of tourism model</li> <li>• Sustainable model</li> </ul>



# What expected from data

- Small island states protected by virus initially but need to reopen borders to survive economically
- Diversified economies fare better
- Government action can shift the vulnerability/resilience balance
  - High resilience is connected to sound economic policies and a prudent fiscal position

Thank you for your attention!

