

GTI *Digital* OBSERVATORY

WEBINAR

EU Islands' economy & COVID-19

26th May
2020

Actual situation & requests from islands
EU plans for the recovery after crisis

The Actual Situation and Priorities of Island Economies

Joseph Borg – President INSULEUR

in partnership with



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Problems and Issues faced by island economies

- Lack of Diversification of island economies
- 2012 Opinion of the EESC

“Many European islands have found tourism to be an essential factor for the survival of the local population, their identity, cultural traditions and values, and landscapes. It has generated economic growth, created more jobs and brought considerable diversification to their economic foundations through tourism-related services. Island economies have, however, become too dependent on tourism: diversification towards activities that are complementary to tourism is needed, facilitating the economic development of islands in the face of crises . “

European Economic and Social Committee. 2012. Opinion of the European Economic and Social Committee on 'Specific problems facing islands' (own-initiative opinion) (2012/C 181/03).

Problems and Issues faced by island economies

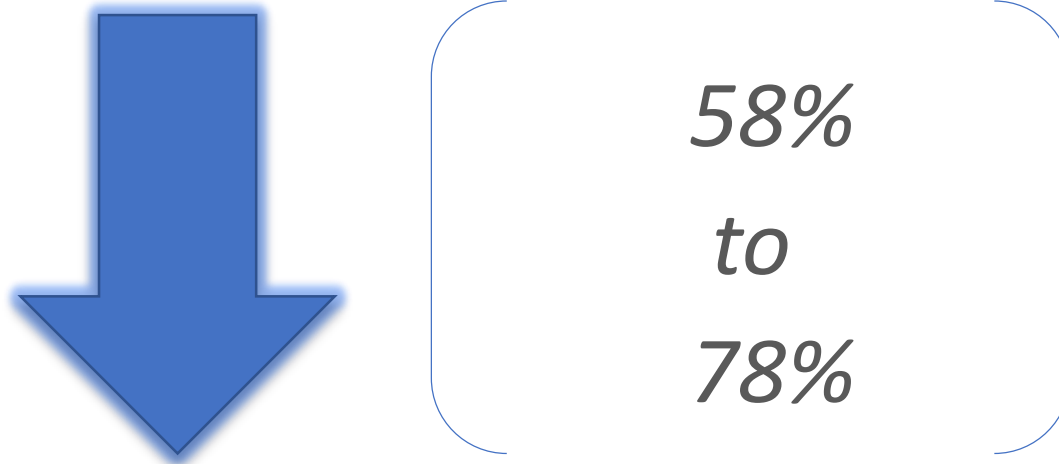
- Very few things changed since 2012
- Tourism  contributes 10% to the European's Gross Domestic Product
- Letter to INSULEUR members:

“I am aware of the grave difficulties we are currently facing. Island economies more than others are dependent on certain sectors which have been deeply hit by this crisis, such as tourism. Island economies thrive on tourism. However, the future for this industry now looks bleak.”

Joseph Borg. 14 April 2020. Letter to members of INSULEUR.

Problems and Issues faced by island economies

- UNWTO: Decline in international tourism is estimated to be:



- Strong Dependency on Tourism on islands, more than 50% GDP in most cases
- Many tourism-related businesses face considerable hardships.
- Services linking islands to the mainland depend on the influx of tourism to make them economically viable

The response of the European Commission

- Temporary State Aid Framework
- Euro 1 billion unlocked as a guarantee for the European Investment Fund
- Coronavirus Response Investment Initiative

Priorities for Island Economies

A flexible State Aid Framework that takes into consideration the needs of islands on a more permanent basis

“The green transition and the digital transformation will play a central and priority role in ensuring a successful recovery”

European Commission , Temporary Framework, 8 May 2020

- An economic model which focuses on making islands more sustainable.
- The Digital Transformation of European Islands.
- Collaboration between islands.

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Thank you!

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