



Island Finance Forum Chambers of Commerce and Sustainable Development

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The topic of this particular panel within the Island Finance Forum is to discuss how Chambers can contribute to sustainable development. Today I am wearing two hats: that of President of INSULEUR, which represents the Insular Chambers of Commerce of European islands, and that of President of a Chamber within a small island in the Mediterranean, Gozo, which is the second largest island in the Maltese archipelago.

Indeed islands face the challenge, of ensuring sustainable development, more than any other regions. How are we to continue to grow without in any way compromising the ability of future generations to meet their own needs? Are we going to search for what is right, or for what is easy? If we are going to aim for the latter we will surely target quick-fix short term solutions, which, while bringing wind fall earnings in the beginning, would then compromise the ability of our island economies to grow sustainably in the long term.

Let me bring an example. Tourism. Islands have a very attractive natural environment, which makes them an automatic choice for investors in tourism. While other economic niches are possible on islands, they are more difficult to create, and the challenges are multiple. However, investors on islands see tourism as a quick economic gain opportunity, investing many a times not on a sustainable market model but on a mass market economic model which has significant negative economic repercussions on islands. Other sectors which have a significant negative economic impact include for construction, which is related to tourism.

Islands's attraction as exotic places in the popular imagination makes them more prone to plunder by unscrupulous investors, with the massive construction targeted towards developing second homes for people on the mainland. This in turn creates a significant negative impact on the environment.

While these approaches may create short term gains, they also create long term problems, which in turn compromises the future of these islands indelibly. However, what the COVID-19 pandemic has shown, is that islands were too

reliant on this sector, and this is why during the COVID-19 pandemic islands suffered greatly.

These are the challenges islands face continuously. Islands are very fragile eco-systems which are not only burdened by challenges such as accessibility, but their geographical positions in the periphery of a country also brings other challenges related to them, principally those related to their governance. Their geographical distance also creates a distance from the centre of government, and in the absence of a strong regional government, they may risk being forgotten by the centre. This is a continuous challenge and one in which both regional and transnational Chambers can play a very important role as shown by our experience during the pandemic.

During the past two years we have had the opportunity to highlight as INSULEUR the particular economic situation of islands. In fact we had the opportunity to write and put forward the specific challenges faced by islands at all levels, the European Commission, the European Council and also the European Parliament. In my letter on June 18th 2020, to these institutions, while welcoming the European Commission's recovery instruments at that point in time i.e the Next Generation EU, and the proposed changes to the Multi Annual Financial Framework 2021 – 2027, I had highlighted the difficulties faced by island economies at that point in time, mainly related to:

- Limited accessibility;
- Isolation;
- High dependence on a narrow range of economic activities – in some cases reliant solely on tourism;
- Inexistent or inadequate healthcare facilities;
- The availability of a few resources due to their small size; and
- Insignificant internal markets.

To this end I had highlighted that the Recovery Package of the EU should be channelled to give priority to regions with economies which have been impacted most negatively by the COVID-19 pandemic, and which also have limited capacity and resources to recover from its effect. I had indicated that such an approach would ensure a level playing field for all insular businesses.

But apart from being a voice chambers can also be important generators of ideas. In November 2019 as INSULEUR we had organised a forum in Gozo discussing the potential of digitalisation for small insular economies. Little did we know back then what the future would hold for us. However, the COVID-19 pandemic has shown that people, especially in high yield economic sectors, can work from anywhere independent of their geographical locations. This means that sectors such as digitalisation hold considerable potential for islands. However, islands must be put in the right conditions to deliver, providing them with adequate incentive packages, and also the required

infrastructure in terms of connectivity. The opportunities are endless. These sectors can secure the future of island economies as their impact on the environment is minimal. The same can be said if for example we channel research, especially that related to the testing of new technologies targeted towards reducing our carbon footprint, on islands. The Green economy has considerable potential for islands. However this must be channelled towards providing real value added, with research being carried out on islands, and firms being set up there. Chambers many a times have the required status and independence to create the necessary narrative at a policy making level which would ensure that the required attention is diverted towards islands.

Chambers, especially those at an island level, are in themselves faced with their own challenges, especially those regarding resources. However, the secret lies in creating the necessary networking, at a regional, national, and international level. This allows Chambers to punch about their weight. It is only then that they can make our voices heard.

I thank the organisers for inviting me to be a panelist on this event and congratulate them for this Forum which will surely help to bring to the fore the challenges faced by islands, but also to search for solutions, on which we can all work together.
