

Introduction

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Summary of the 2019 21st Century Maritime Silk Road Islands Economic Cooperation Forum

The theme of this year's Forum was to examine the role of international tourism for the sustainable development of islands. Given that Hainan is striving to become a centre for tourism with a global reach, this is a critically important local issue. The Forum was especially interested to hear from island guests how their islands were able to resolve the potential tensions caused by overtourism, and especially where there may be an imbalance between the economic goal of increasing the number of visitors and the amount of tourism revenue, while preserving the natural and cultural environments that attracted these tourists in the first place. Maintaining this balance is also vital in ensuring that the local population continues to support tourism.

This year's Forum was held on March 28, 2019. Moderated by Dr. Guðrún Þóra Gunnarsdóttir, Director of the Icelandic Tourism Research Centre, the forum included speakers and panelists who were asked to speak to the approach island countries and regions are taking towards tourism as an economic development strategy, and how they brand their islands as tourist destinations. Guests were also asked to apply their experience and knowledge to the situation facing Hainan as it strives to become a successful free trade zone. How can Hainan be more innovative in marketing itself to the world? Could Hainan place greater emphasis on tourism development while retaining its sustainability? These are not easy objectives to achieve.

As moderator, Dr. Gunnarsdóttir reminded those assembled that tourism in Iceland has rapidly become the most important sector on the island, displacing the more traditional primary activities such as fishing. She noted that these changes have brought both opportunities and challenges, something that other jurisdictions may wish to consider as they embrace tourism on their own islands. Prior to hearing from the speakers, the audience viewed a short film outlining the accomplishments of these Forums, including an island cooperation Declaration that strives to focus the resources and commitment of Hainan and international island research institutions, two conferences on island economic cooperation, and a series of these Global Island Reports highlighting the most recent research on islands by Chinese and international experts. Mr. Zhang Xu, Vice Minister of Culture and Tourism for the P.R. of China, then outlined the

measures that the central government in Beijing was taking to support Hainan's goals regarding tourism development and as a free trade zone. He noted that Hainan has long been an attractive destination for Chinese vacationers and that it was increasingly becoming a destination of choice among international travelers. Mr. Shen Danyang, Vice Governor of Hainan Province, then spoke to the importance of international cooperation in benefiting all jurisdictions emphasizing tourism. He noted that although islands within a region might be viewed as competitors for international tourists, there are ways to cooperate for mutual benefit. Strategies might include adopting a network approach to marketing, for example, in cruise tourism; differentiating destinations by emphasizing the unique characteristics of each place; and using the designation of the free trade zone and port in Hainan to increase tourism. This last point is important: it is not unusual for islands that have developed a specialization in finance and international trade such as Singapore and the British Virgin Islands to use their successes in these service activities as a spring board to expand their international tourism.

In the ensuing panel discussion, each of the panelists was asked to speak to issues of sustainable tourism development. The first panelist, Mr. T. M. Rajith Keerthi Tennakoon, Governor of Southern Province in Sri Lanka, noted that his island country receives 2.3 million visitors per year, 230,000 of whom come from China. Sixty-five per cent of the international visitors to Sri Lanka travel to his Southern Province. They are attempting to empha-

size culture and heritage and improve the mix of tourist products in order to attract a more diversified group of travelers, including from their sister province of Hainan.

Mr. Won Hee-Ryong, Governor of the Jeju Special Self-governing Province in South Korea, notes that Jeju attracts more than 15 million tourists per year. He suggests that Jeju is facing limits to its capacity to host greater numbers of tourists, reaching what has been referred to in the literature as 'overtourism' (see the chapter by Cheer, this volume; as well as Dodds & Butler, 2019; Milano, Cheer, & Novelli, 2018). His top priority is to create a 'Clean and Sustainable Jeju', including an aspirational goal of having all electricity used on the island generated by renewable sources by 2030. Governor Hee-Ryong noted that air and water pollution knows no international boundaries and requires international collaborative solutions. He implored those assembled to not delay collective action to climate change and pollution. After all, "We are one community; we breathe this air together."

Picking up on the comments by this last speaker, the moderator asked panelists how we can approach tourism in a more sustainable manner. Mr. Hiria Ottino, President of the Pacific-China Friendship Association, believed that in the Pacific region, tourism

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is going to be the most important driver of economic growth, and especially opportunities for youth employment. At least for the Pacific islands, sustainable tourism means three things: 1) being linked to human and cultural assets, so that tourism must benefit the people on the islands; 2) tourism should help protect the natural environment, including the coral reefs and marine environment; and 3) there is a strong and integrated relationship between tourism stability and financial and economic stability. Mr.

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Ottino noted that the small size of some of the Pacific islands means that tourism represents a path to self-sufficiency. Without tourism it would be much more difficult to fund the necessary public services. He encouraged the Development Banks to play a more important role in tourism, both in providing technical assistance and funding for infrastructure development.

Mr. John Aquilina, Ambassador to China from Malta, took a more historical approach to tourism. He noted that, being located in a strategic location in the

Mediterranean Sea, Malta has had international visitors for thousands of years. However, tourism in its modern form really only became important in the past 30 years. This was critical for Malta because it followed a time when Britain was withdrawing its military bases on the island in the early 1970s, creating economic turmoil and out-migration of young and professional Maltese. Tourism proved to be a foundational sector that turned the economy around. Although Malta's population of 460,000 people now receives more than 2.8 million tourists per year, this small island state has managed to diversify from tourism into the film sector, finance, and blockchain activities (see the chapter by Aloisio, this volume).

From the discussion that followed, it appeared that the various islands being represented by the panelists face very different tourism situations. Some, such as several Pacific islands and Sri Lanka, still have room for more tourism growth. The capacity to host more tourists is proving problematic for other islands, such as Iceland and Jeju. On these islands, it has been difficult for the development of tourism infrastructure to keep pace with the growth in the numbers of tourists. Interestingly, local citizens sometimes have an ambivalent attitude towards tourism. For example, on Jeju, if the number of tourists decreases, local citizens are quick to complain to the government. However, they are equally quick to express their dissatisfaction about overcrowding and a lack of infrastructure when they perceive there to be too many tourists. The panelists agreed that one of the strategies to combat overtourism is good governance, whereby the local population has a legitimate voice in tourism decision-making that will affect their quality of life. The panel also agreed that, although tourism is important in itself, caution should be taken to not rely on it too much and for too long. If the economic benefits of tourism are not used to diversify the island, the volatility that is an inherent feature

of the sector will eventually cause wild fluctuations between prosperity and recession.

The moderator then invited questions from the audience. Mr. Shen Danyang, Vice Governor of Hainan Province, China, asked about the availability and importance of international investment in tourism. The Ambassador from Malta noted that international investment can be critical, especially for small islands with little domestic capital. He gave the example of the Shanghai Electric Power Company that invested in renovating Malta's electricity power production facilities. This was needed at least partly to serve the tourism sector and now allows Malta to produce electricity by natural gas, a much cleaner and less expensive option than diesel. In return, the success of this project allowed Shanghai Electric Power to sign contracts to develop renewable energy infrastructure with other jurisdictions in Europe. Therefore, all parties benefited from the investment.

A representative from the Chinese Institute for Reform and Development asked the moderator to speak a little bit more about the tourism situation in Iceland, and especially the links to China. Dr. Gunnarsdóttir noted that Iceland has many of the same



challenges as other islands represented on this stage. They are a nation of 350,000 people and receive 2.2 million tourists per year. Over the past decade, there have been some occasions when tourist arrivals have increased by between 20 and 30% from one year to the next. More recently, the number of tourists from China has also increased significantly. By developing stronger relationships with China through case studies, shared research, and exchanges, it is her hope that Iceland can learn more about the Chinese culture and therefore be better able to accommodate the needs of Chinese tourists. She reminded those present that tourism is not just an economic phenomenon, it is also a cultural force.

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Mr. Wang Sheng, Director-General of the Foreign Affairs Office of Hainan Province, ended the session by launching the *Annual Report on Global Islands 2018*.

This Report, edited by Dr. James Randall of the Institute of Island Studies, Prince Edward Island, Canada, provides an interpretation of the most recent statistical and port data on many of the world's island states and subnational island jurisdictions. The content focused on island development, free trade, and the connectedness of islands. The group photo on the previous page shows the participants in this year's Forum, each holding their copies of the 2018 Annual Report.

OUTLINE OF THIS REPORT

This Annual Report focuses on issues related to island tourism as a service activity and intermediary or producer services more generally. So, why focus on tourism, especially given recent events? There have been questions raised in the scholarly and public arenas about the future of international tourism. Concerns regarding the local impacts of mass tourism have existed long before questions about the impact of air travel on the production of greenhouse gases, sea-level rise, a possible global recession, and the role of air travel and cruise ships in the spread of infectious diseases. Although researchers and the general public are correct to raise these concerns, we may wish to put this into perspective by looking at how past extreme events have impacted tourism numbers. One year after the last global recession of 2008–2009, the number of international tourist arrivals declined by 4% and international tourism revenues declined by 6% (World Tourism Organization, 2013). However, this proved to be a temporary correction from longer-term exponential growth. Within one year, international tourist arrivals had rebounded by rising 7.6% and they have continued to increase consistently every year since 2009. Even with the recent concerns about health and travel, it is anticipated that international tourism will continue to be one of the fastest-growing economic sectors, and will be especially important for islands. This significance of tourism is not just economic; there are also cultural, environmental, and political dimensions that are intertwined with tourism.

In this Introduction, Randall reviews the discussion held at the 2019 Islands Economic Cooperation Forum. The speakers were asked to discuss the impacts and future of international tourism on their islands. The discussion, summarized above, outlined many of the tourism issues island governments are facing, offered some solutions, and served as an excellent primer to the rest of this Report. The first chapter by Randall and Brimacombe provides the most recent and relevant statistics on the demography and economy of islands. This update continues to be presented in two sections: one for island states and another for a small number of subnational island jurisdictions (SNIJs). Although these statistics do not vary significantly from year to year, by bringing them together in one place they become a permanent record of a set of critical characteristics of islands. It also constitutes a foundational document to eventually establish a global database of essential island statistics.

Part Two of this Report focuses on tourism as a service activity on islands. In Chapter 2, Connell offers an overview of tourism on islands. He conceptualizes tourism as a series of transformations: not only on employment but also on the forms of accommodation; the competition for land, income, and the connectedness of islands; the physical environment; and on society and culture. He notes that islands have faced an incredible diversity of experiences surrounding tourism, not all of them positive. While most island governments and companies support tourism with great expectations, they

tend not to be prepared for the problems, including inequity and volatility. In the past, local communities that served as the sites of tourism rarely took part in the decision-making, being viewed as bystanders or cheerleaders to development. Fortunately, that situation is changing. Now, most developers and governments realize that the most successful tourism initiatives involve the local communities right from the start of the development process. In Chapter 3, Ruggieri, Calò, and Orthodoxou introduce us to the terms ‘overtourism’ and ‘undertourism’. Although we have already been introduced to the concept of overtourism, we are reminded that many tourist sites suffer from not meeting expectations. This duality, where tourism fluctuates above and below capacity, reminds us that even though tourism may be growing consistently at a global scale, in localities and regions tourism is often in flux. The chapter serves as a summary of the major current research on under- and overtourism.

Lew’s research on tourism placemaking in Chapter 4 reminds us that tourist islands are not neutral landscapes. Instead, their images are intentionally created by destination marketing organizations (DMOs) based on their natural and built environments, the nature of the local population, i.e., their ‘peoplescape’, and how potential tourists perceive the islands, i.e., their ‘mindscapes’. Although island destinations, and especially tropical island destinations, generally have advantages over other sites in all of these areas, it also becomes difficult for island governments to change their perceived images or to differentiate themselves from other similar island tourism destinations. Lew argues that you need to understand the peoplescape of a place to be able to reshape its tourism identity.

Much has been written about tourism sustainability indicators (Fernandez & Rivero, 2009; Ko, 2005; Tanguay, Rajaonson, & Therrien, 2013). In Chapter 5, Cheer takes a slightly different approach to this question. He asks, “What are the indicators that might determine whether, in the presence of tourism development, small island communities can build resilience?” He answers his own question by conceptually discussing, in the context of small islands, the nine criteria developed by the United Nations World Tourism Organization’s Issue Areas for Sustainable Tourism. These are: local satisfaction, tourism seasonality, destination economic benefits, employment, energy, water, wastewater and solid waste management, and governance. He notes that getting it right with respect to indicators is important because, given their capacity limitations and relative fragility, small islands cannot afford blunders. Chapter 6 in this section, by Huang, Wang, and Zhong, reviews the potential for cruise tourism in the South China Sea region. They suggest that there is enormous potential for an expansion of cruise ship tourism among the islands and coastal communities of the region. However, countries that may wish to capitalize on this potential will need to pay attention to security threats, broadly defined. This includes terrorism, natural disasters, and, most recently, the spread of infectious diseases.

Part Three of this Report broadens the discussion from tourism as a service activity

to encompass many of the other producer and intermediate services that take place on islands. With our stereotypical fixation on islands as tourism meccas, we tend to forget that many islands have found their economic niche in other services, including banking and financial services. Pacheco and Pacheco (Chapter 7) focus on the role of what is referred to as the 'Orange Economy' on small islands: a broad suite of creative, design-intensive sectors that includes fashion, film, music, architecture, animation, and advertising. Despite the fact that, at the grassroots level, islanders have a proclivity to be creative and innovative (see Baldacchino, 2007; Connell, 2014), governments tend to marginalize investment in these sectors in favour of more traditional activities such as tourism and resource extraction. The authors suggest that the revolution in information and communications technologies provides an opportunity for small islands, regardless of their isolation, to capitalize on their creative assets. One very recent example of this ICT creativity is with respect to investments in blockchain and cryptocurrencies. In Chapter 8, Aloisio reviews this sector and suggests that small islands may be ideally positioned to adopt this as a strategy for economic development. He outlines the changes in the regulatory environment in Malta to allow us to understand how this is taking place. Finally, in Chapter 9, Chi focuses on the role that trade in services has played in the development trajectory of Hainan and how these activities could play a much greater role in the future if Hainan continues to develop its port into a broader free trade zone. This chapter reminds us that islands have always been connected to the rest of the world in multiple ways. As Hainan's economy opens to global opportunities, it creates both opportunities and challenges to Hainan citizens.

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