sometimes overtly expressed, that upmarket visitors offer other advantages. These tourists are, it is argued, more respectful of local culture and society and less disruptive than the 'lager louts' of Benidorm. These tourists supposedly appreciate high quality architecture, conserved nature, and preserved heritage. They are believed to generate more positive economic externalities and fewer negative social impacts than their downmarket, mass tourist brethren.

The search for more affluent, 'cultural' tourists while maintaining (or even decreasing) the number of mass sun/sea/sand seekers is a strategy congruent with much recent literature on 'sustainable tourism' including the recommendations of a UNESCO (1996a and b) report on sustainable tourism development in small island states. That particular report weighed economic, social and environmental aspects of tourism development in small island states and recommended 'diversifying the tourism product, enhancing its quality and increasingly targeting the upper segment of the tourist market' (UNESCO, 1996b: 19). Such a recommendation conforms to similar conclusions of the burgeoning literature on sustainable tourism (see, for example, Hunter, 1995; Middleton and Hawkins, 1998; Collins, 1999; various issues of the *Journal of Sustainable Tourism*). The jury is still out as to whether alternative tourism forms, including ecotourism, is an oxymoron or whether it is possible to 'consume places' like eating cake and having it too. Nevertheless, many places share Cyprus' and Malta's desire to replace the less-well heeled members of their golden hordes with fewer, higher-spending guests (see discussion in various chapters in this volume). The following sections review the policy's drawbacks and benefits, for the two islands as they enter the third millennium, concluding that it may be inappropriate, given the context of the global tourist industry.

Tourism in Malta

Tourism constitutes a large and important sector of the Maltese economy, directly contributing around 15 per cent of the Maltese GDP and generating an estimated 40 per cent of the country's economic activity. It is among the largest sources of jobs, employing approximately 17 per cent of the labour force, and constitutes about 25 per cent of the country's foreign exchange earnings. Since 1992 more than 1 million tourists have arrived on the Maltese islands annually, with the largest market share being from the UK (see Table 12.1). In recent years government policy has been aimed at reducing dependence on this market, to diversify the sources, and increase the share of 'upmarket' visitors. Thus, the more affluent markets of Germany, Scandinavia and the USA have been targeted, while there has been less emphasis (and less government subsidy) on the traditional package holidaymaker from the British middle and working classes. Thus, the UK share decreased from 60 per cent in 1988 to 39 per cent in 1997, while the German share in the same

Table 12.1 Tourist arrivals on Malta by nationality

Country	*No. 1988*	*1988 (%)*	*No. 1997*	*1997 (%)*
Australia	5,189	0.66	8,952	0.81
Austria	5,085	0.65	17,913	1.61
Belgium	6,238	0.80	25,567	2.31
Canada	4,555	0.58	6,060	0.55
Denmark	16,425	2.10	15,769	1.24
Finland	3,797	0.48	5,672	0.51
France	23,927	3.05	62,457	5.62
Germany	77,644	9.91	193,020	17.37
Greece	706	0.09	5,964	0.54
Irish Republic	7,908	1.01	11,717	1.05
Italy	50,678	6.47	90,190	8.12
Japan	1,033	0.13	3,879	0.35
Libya	37,133	4.74	39,289	0.54
Netherlands	17,831	2.27	52,238	4.70
Norway	1,640	0.21	7,478	0.58
Spain	801	0.10	4,937	0.44
Sweden	4,468	0.57	11,329	1.02
Switzerland	14,014	1.79	17,924	1.61
UK	476,578	60.80	436,899	39.32
USA	8,734	1.11	14,924	1.34
Others	19,462	2.48	79,983	7.20
TOTAL	783,846	100	1,111,161	100

Source: National Tourist Organization, Malta (1999)

period increased from 10 per cent to over 17 per cent. At the same time, government policy has concentrated investment in the construction of luxury accommodation and attempted to slow down or stop the construction of cheaper hotels and holiday flats. Policy-makers assume the island's carrying capacity for visitors may have been reached and that in order for the economy to continue growing, higher 'yield' per visitor is sought. The policy is aimed at attracting more affluent, 'cultural' tourists while maintaining (or even reducing) the numbers of sun/sea seekers.

In exploring the economic, environmental and social implications of this policy we argue that for Malta at the turn of the millennium such an emphasis is counterproductive. Five-star guests are more expensive to cater to and can have greater environmental and possibly social costs than two-star tourists. While they may spend more money per day, the elite tourists also require more imports, resulting in a higher leakage of foreign exchange. Luxury tourists are also more expensive to attract, and may have greater detrimental effects on Maltese society than their more plebian counterparts. The policy of upgrading the tourist 'product' (by, for example, investing in luxury hotels and other amenities, restoring and improving access to archaeological and historic sites, building golf courses) to attract upmarket guests assumes that the cultural/heritage tourist (a main niche market targeted by Malta) spends more than his/her sea/sun/sand counterpart. However, this assumption may not be correct. The policy confuses 'high culture' visitors with high spenders, whereas the two may not be synonymous. As a group, probably the most affluent visitors to Malta are the yacht owners using Malta as a port of call while sailing the Mediterranean. Although these individuals contribute revenue through port charges and purchases, they are highly unlikely to use luxury accommodation onshore (Wilkinson, 1999). Hard evidence to support these arguments proved elusive since there is little available Maltese data on differential spending patterns, energy and water use or conservation measures by tourist segment. The paucity of such data, however, also suggests that when the policy was promulgated in the mid-1990s it was not backed by a rigorous cost/benefit analysis.

As noted earlier, Malta is the second most densely populated state in the world and has experienced rapid urban sprawl. The built-up area expanded from 5 to 18 per cent over 30 years. Just as in Cyprus, the standard of living has also increased with car and second-home ownership at high levels, especially compared to many other Mediterranean islands and mainland states. As is the case in many Mediterranean insular environments (see other chapters in this volume) water is scarce, with over 60 per cent obtained from desalinated seawater (Smith, 1997). While the largest demand for water is for domestic consumption, the fact that the peak tourist season coincides with the summer months with least water availability means that tourism places particular demands on this scarce resource. Virtually all energy is derived from imports, though some small-scale solar energy is used. Hence the energy used for desalinization is imported (including oil from Libya).

Culturally, Malta is a traditional, Catholic country where social change, though occurring, has been slower than in Northern Europe. Independent from Britain since 1963, strong ties with that country remain and are manifested in such things as language (most Maltese are bilingual in Malti and English and increasingly tri-lingual with Italian learned from television!), support for British football teams, and the thousands of British tourists who visit each year. Undoubtedly, part of Malta's attraction for British visitors is that it presents no linguistic or culinary challenges. The local food is not highly spiced or too 'exotic', while fish and chip shops and pubs abound. The Leyland buses (now being replaced) are the same as those that plied English roads half a century ago. Until recently, a significant proportion of British visitors were World War II veterans who had visited the islands during the war. Most of these veterans are now dead or too old to travel, but their children still visit and the war is a focus of several popular tourist sites, including a multi-media show.

The policies instituted during the 1990s aimed at attracting more affluent visitors from more diverse market areas. Many other small island states, including Cyprus, have also increasingly emphasized ecotourism or nature tourism as alternatives to conventional mass tourism. 'Underlying this trend is greater environmental awareness globally, greater health consciousness, and a growing preference by travelers to experience unspoiled environmental surroundings' (UNESCO, 1996b: 9). Noting the need for an integrated approach to environmental care in the tourist industry, the 1st Conference on Sustainable Island Development called for specific tools to develop sustainable tourism including the need to 'promote the creation of ecotourism quality labels by the islands themselves' (1997: 4). Similarly, Insula's report on *Tourism and Sustainable Development: The Island Experience* calls for the use of ecotourism as an important strategy for environmental conservation (Gortazar and Cipriano, 1999).

In Malta, however, promoting ecotourism is difficult given that the country has little 'unspoiled' environment left and the few rural parts (such as the smaller island of Gozo) need to be retained in agriculture. Malta currently produces only about 20 per cent of its food needs so the possibilities of integrating domestic agricultural products with tourism demand are already extremely limited. The rapid pace of urbanization and an increase in consumption have overtaken the development of what could be called a public environmental ethic. Litter abounds and recycling efforts are limited. The Malta Ecological Foundation notes that 'unfortunately a morning walk at one of our beaches is often a reflection of the lack of altruism of the Maltese . . . We expect everyone to show he [sic] is civilized and while enjoying bar-b-qued pork, avoid behaving like one' [sic] (1999a). Although some progress has been made in the use of recycling, plastics continue to be sent to the scarce landfill sites. Unfortunately, hunters have decimated the potentially rich bird life. Indeed, various governmental attempts to regulate this traditional pastime have met with only limited success. A survey of 841 residents found 70 per cent were opposed to the abolition of hunting and fewer than half felt hunting regulations were not severe enough (Malta Ecological Foundation, 1999b). Malta does have some capacity for the lucrative sea diving tourism trade, but the Mediterranean has less fertility, less coral, and fewer colourful fish than the competing Caribbean. In the mid-1990s only 14 per cent of all sewage was treated before disposal into the sea and although the government has committed itself to treat all sewage by the year 2003, it will take some time before the marine ecosystem recovers. In brief, it would be a great stretch of the imagination to conceive of Malta as an ecotourist destination.

Malta does, however, have considerable heritage and cultural tourism assets, ranging from Copper Age temples to state-of-the-art media productions. The numerous small villages replete with baroque churches and frequent fiestas, the walled medieval towns of Mdina, Valletta, and Victoria (Rabat), and the traditional stone farmhouses set in terraced fields present a delightful landscape to explore (Balm, 1995). Malta is rightfully marketing these indigenous attractions as well as less home-grown events such as the Malta Jazz Festival and has been successful in either placing or winning coverage in travel and mainstream media in English (e.g., Armsden, 1998; Gordon, 1998; Grossman, 1998; Whitman, 1998). What is harder to assess is the extent to which visitors drawn to Malta for its cultural treasures stay in upmarket accommodation and spend more than the mass travellers who visit mainly for the sun.

In 1999 there were ten five-star hotels in Malta reflecting a 100 per cent increase over the five luxury hotels just three years previously. Planning applications and construction were pending on others. The Planning Department (established in 1992) did not accept applications for the construction of new hotels with fewer than five stars during the second half of the 1990s, although remodelling and expansion of lesser-quality hotels were possible. Five-star hotels are mostly (though not all) large, require significant land area, are conspicuously sited, and include some foreign ownership and/or management, such as Radisson and Westin multinational chains, though the two five-star Corinthia hotels are said by the US government to be controlled by the Libyan governmentl (Rocks, 1998).

Moreover, the construction of new projects generates significant controversy. In spring 1996 the proposed Munxar project, for which only an application to the Planning Authority existed, generated organized protest and opposition from the Labour Party, Din 'L-Art Helwa (a cultural organization), the Religion page of the *Sunday Times of Malta*, and numerous letters to the paper's editor. The project was proposed for 120 tumoli (approximately 15 hectares) on a scenic and ecologically important peninsula on the eastern coast. It was to include 150 holiday bungalows, restaurants, shops, tennis courts and a swimming pool. After initial protests, a revised plan scrapped a proposed hotel and offered free access to the pool for residents of nearby Marsascala. However, a committee of local residents continued to oppose the project and the Italian developer is reported to have branded them 'communists' who 'do not understand what environment means' (*The Malta Independent*, 1996: 5). The developer ultimately withdrew the application, but the future of the site remains undetermined.

A luxury project near Xlendi, a magnificent cliff-top site in Gozo, also aroused controversy while still at the 'rumour' stage. The largest project ever proposed for Malta, the redevelopment of Manoel Island, formerly the site of a fort, an isolation hospital and various port-related establishments, began in the late 1990s but is likely to take a decade to complete. The new development is to incorporate first-class hotel accommodation and a luxury yacht marina. The controversy surrounding this project has already led to a change in government. As *The Economist* somewhat condescendingly reported:

> Only on a small, sun-drenched Mediterranean island would a government be swept out of office over the weighty matter of a new yacht marina. That, at least, was the affair that caused a member of Malta's ruling Labour Party to vote against his government and force an early general election ... which his party then lost. (1998: 58)

Other luxury projects that have aroused considerable controversy include the San Gorg hotel that incorporated an eighteenth-century historic tower into its construction, thus removing this piece of the island's heritage from the public domain. Another building is the Excelsior, a cement monster built adjacent to the medieval bastions of Valletta and a lamentable aesthetic intrusion into the landscape of this UNESCO World Heritage site. The five-star scene is not, however, totally bleak. A single-storey hotel in Gozo, the Ta Cenc, is more respectful of its surroundings, though its swimming pools and luxuriant landscaping are nevertheless discordant in a scenic cliff top with garrigue vegetation. The newly restored Xara Palace, which re-opened in 1999, is housed in a seventeenth-century building in the bastions of Mdina, has only 17 rooms and no pool (Xara Palace web site 1999).

Almost invariably, luxury accommodation consumes more energy and water, as well as land. Five-star hotels are centrally heated and air conditioned, while their downmarket equivalents usually have small electric heaters and fans with openable windows. Luxury hotels typically have large public spaces such as atria, dining rooms, and lounges that must be air conditioned and lit. Their exterior landscaping, parking lots and façades are illuminated at night. More water is used per capita in luxury hotels since baths are larger, there are more swimming pools (some of which are freshwater and/or heated), whirlpools, health clubs, more frequent linen changes, more irrigated landscaping, and more automatic dish and laundry washing machines. While the industry standard for hot water storage in high-grade hotels is about 10 gallons a head, it is only 7 gallons for budget hotels (Lawson, 1995). Luxury hotels use more machinery (and energy) than hand labour for cleaning, maintenance, and landscaping. They are more likely to incorporate elevators, to provide refrigerated minibars in guestrooms, and to heat swimming pools. Their rooms are larger. In Malta, most of the furnishings and fixtures for hotels are imported, thus a well-equipped five-star room will likely add to the balance of payments deficit more than a relatively spartan budget hotel room furnished with used and recycled equipment.

While data on energy use by sectors of the tourist industry in Malta are not available, some comparison can be made with Hawaii. Similar to Malta, Hawaii relies heavily on imported petroleum supplying 92 per cent of the state's energy, a percentage equivalent to Malta. Also, like Malta, tourism is Hawaii's leading export earner. A recent study found that tourists account for about 40 per cent of total energy demand in Hawaii (though the equivalent proportion is almost certainly lower in Malta) (Tabatchnaia-Tamirisa *et al.*, 1997). What is interesting concerning the upmarket policy, however, is that the Hawaii study demonstrated that as the mix of tourists to Hawaii changed, foreign visitors (of whom Japanese constituted 60 per cent), who are more upmarket than domestic tourists (from other parts of the USA), consumed more energy. 'Indirect use of electricity per dollar of visitor expenditures is about 24 per cent higher for foreign tourists than for domestic tourists' (ibid.: 397). In 1987 domestic tourists constituted about 68 per cent and foreign tourists 32 per cent of total visitors to Hawaii, but foreign tourists generated about 60 per cent of total energy and fuel demand by visitors to the islands. Since the proportion of foreign visitors is increasing, energy demands will also increase. An equivalent situation is likely in Malta if the policy of attracting upmarket tourists is ultimately successfully implemented.

Similarly, data on water use in Malta by different sectors of the tourist industry were not available, but comparisons with Majorca, a competing Mediterranean island destination which has also sought to move away from British working-class package tourists to a more upmarket visitor, are instructive. Majorca also has depleted water resources so a 'country Mallorcan, always having known how scarce water was, would not ordinarily use more than 140 litres a day. A city dweller uses 250 litres a day and an average tourist 440. The luxury-minded tourist can use up to 880 litres a day' (Boers and Bosch, 1994: 58). The same source reports that the average tourist produces 50 per cent more rubbish than a Majorcan resident, a significant factor in small islands with limited landfill capacity. Majorca's visitor mix contrasts with Malta's as 60 per cent are German and only 20 per cent British, however, Majorca 'is rapidly changing its image. It is not a place for retired people anymore. It is the "in" place for thirty to sixty-year-olds looking for an upscale vacation' replete with golf and 'neighbours' such as Claudia Schiffer and Richard Branson (Guttman, 1999: 33).

Obviously, hoteliers are aware of energy and water costs and thus seek to conserve both by incorporating appropriate technology or retrofitting such features as automatic light and air conditioning shut-off when the guest is out of the room. In fact, research indicates that five-star hotel chains are more likely to adopt conservation practices than are more modest accommodation, although their overall energy and water usage per guest remains higher (Buckley and Aranjo, 1997). Nevertheless, in Malta government policies are not particularly conducive to conservation. In a country which produces over half its water through reverse osmosis – effectively 'importing' water since the energy to produce the water is imported – both energy and water costs are significantly subsidised. The true costs of heavy energy and water use are borne, then, by the taxpayer at large, rather than by hoteliers or their guests. There is even public subsidy of imports of high energy-utilizing equipment – an amendment of the Aid to Industry Ordinance in 1995 exempted from import duty equipment such as air conditioners, computerized telephones and other items used by hotels for upgrading (*The Times of Malta*, 1995).

Despite the potential for solar energy on the island, less than 5 per cent of energy is from renewable sources and the Malta Ecological Foundation's efforts to obtain subsidies and tax relief for solar power are ongoing (Malta Ecological Foundation, 1999c).

The environmental costs of upmarket tourism are not confined to hotels. The heliport extension in Gozo and a proposed second golf course in Malta aim at improving amenities for affluent visitors, but both carry serious environmental threats (Markwick, 2000). Heavier visitation of archaeological sites and ecologically fragile areas may result in more damage. Boissevain (1996) and Black (1996), among others, have written of the stress placed on the social fabric of Maltese villages by tourists although they have also noted that the concentration of the great bulk of visitors in established centres around Sliema and St Pauls Bay confines their impact spatially. They also argue that seasonality preserves winters as a time of relative peace and renewal for locals.

Hotels and other guest accommodation suffer from rapid obsolescence as fashions and tastes change and new technologies are introduced. However, luxury accommodation has an even shorter life span than its budget counterpart because the latest convenience and this year's hues are *de rigueur*. When the Xara Palace had two stars in the mid-1990s it could (and did!) use patched blankets or mismatched glasses. Now it offers antique furniture period pieces and original paintings as well as gastronomic treasures served with elegant crystal and silverware (Xara Palace web site 1999). Sometimes, as in the case of the Hilton, the entire building becomes obsolete and is torn down and rebuilt. The Malta Hilton's life span was only three decades and its replacement, on a larger scale, controversial. While some of the equipment from the hotel was reused elsewhere, much was discarded and investment in the original building was lost. Hence, upmarket tourists require considerable capital investment.

Occupancy rates in Malta are a perennial concern and, thus, part of the motivation behind targeting the affluent German and Scandinavian markets was to increase visitor numbers in off-peak seasons. In 1991 the average occupancy rate in Malta was only 56 per cent, meaning that nearly half the accommodation was empty for half the time. While hotels, especially those in the luxury category, have higher occupancy rates, even five-star hotels only reach 75 per cent so that a quarter of their rooms remain vacant on average (Briguglio and Vella, 1995). In 1997 Malta received over 10,000 visitors per month in April, May, July, August, September, and October, but only 3,600 in January and 5,000 in February (Malta Tourism Authority, 1999). While one of the authors has argued elsewhere that there are benefits to seasonality in tourism (Holcomb, 1995), clearly it also has economic costs. However, it can be argued that the cost of low occupancy is greater for a five-star than a two-star hotel. The five-star stays open year round while the two-star may close for a period during the low season. The facilities of the five-star hotel must be maintained, despite their low utilization. The pool is heated even if nobody swims in it. The minibars with their perishable stock stay switched on despite the lack of guests seeking refreshment.

One of the presumed economic benefits of emphasizing luxury accommodation is that it provides more employment. While this is true, it is also the case that Malta (and Cyprus) enjoys very low rates of unemployment, hence the cost of maintaining year-round employees in under-utilized hotels may not be the best use of labour. The waiter who wanders around the mostly empty cocktail lounge seeking a thirsty customer could be better employed learning telematics or selling banking services. To compete in the international marketplace of the future Malta will need more information processors and fewer waitresses. Cyprus' growing success in financial and other high value-added services could serve as an example to emulate (Murdoch, 1998).

When considering the upmarket tourist market, several points can be made. In the marketing world the best customer is the repeat customer because he or she requires less expensive marketing campaigns. Malta's newspapers frequently have letters from people who have been to the islands twenty or thirty times. Upmarket tourists, by contrast, are much less likely to be repeaters (see also chapter by Tom Selänniemi in this volume). If they are 'culture vultures' they may enjoy the one or two weeks visiting Malta's heritage and cultural attractions, but next year they will want to see something new in Greece, or Egypt, or Thailand. Similarly, if they are 'trophy tourists,' they are likely to want to 'do' a new destination next. Affluent travellers are influenced less by the costs of distance than are package tourists. Malta must compete with global destinations (many of them exotic) for five-star guests. Marketing to the affluent market is not only more expensive than seeking mass tourists but, with few repeaters, new customers must be continuously sought.

In the late 1990s fewer than five out of every hundred tourists visiting Malta stayed in five-star hotels. It is hard to estimate the economic impact of this small segment of visitors. It can be argued that although they may spend more, a greater proportion of what they buy and consume is imported and relatively little supports local enterprises. Hotel gift shops typically display Cartier watches and imported jewellery. The locally made glassware and lace is low-priced by comparison, and generates equivalently small profits. Nor is there much elasticity of demand for such products. There is a lack of locally produced high-priced artefacts or souvenirs of potential interest to affluent visitors. In brief, there is not a lot on which to spend money! Domestic wines and *fenkata* (rabbit stew), however delicious, do not generate high profit margins. Paul Theroux echoes the point in his account of a Mediterranean cruise. On leaving the islands he asked a fellow traveller '"What did you think of Malta?" ... "If you wanted to buy a brass doorknocker" he said, "I guess you'd come to Malta. There are thousands of them for sale there, right? Apart from the doorknockers, it wasn't much."' (Theroux, 1995: 321).[3]

In summary, the Maltese policy of emphasizing luxury tourism appears environmentally and economically flawed. Recent efforts to upgrade the quality of service (rather than accommodation) and the goal of renovating and upgrading existing accommodation, rather than constructing new hotels, are preferable to continued investment in new luxury construction. However, the campaign by the Tourist Secretariat to impress upon the Maltese people that tourism benefits everyone and that all should be responsible for the 'tourist product' is more debatable. Illustrated newspaper advertisements argued that 'Malta's Image is Our Daily Living. Our island is beautiful, let us keep it that way', 'Money and Effort are Spent Marketing our Country. You can be our best advert', and 'It's not just Hotels that make Tourism. We all have our part to play'. The Tourism Parliamentary Secretary had hoped to run the campaign exclusively in Maltese 'since it was targeted at fostering hospitality in the locals and tourists need not be aware that this was taking place' (*The Sunday Times of Malta*, 1996: 2). The Maltese Government is not alone in running such campaigns – both Bahamians and Singaporeans are among those exhorted by their governments to smile at strangers. But such efforts may increase residents' sense of living in an ephemeral tourist milieu and being, as Disneyland calls its employees, cast members.

Finally, it can be argued that the class structure of many of the mass visitors on Malta is not unlike those of its residents: most visitors are middle- and working-class people who appreciate local facilities and services and may indeed be envious of Maltese social cohesion and family supports. Many of the young people who come from Northern Europe to learn English in the sun, the young families for whom even a two-star holiday village provides a touch of luxury, and the retirees may not be the biggest of spenders. Nevertheless, many of these visitors often stay longer, return more frequently and some of them may even appreciate heritage and respect traditions. If, by contrast, the island attracts a larger share of the 'rich and famous' perhaps its sons and daughters will have to learn to be more obsequious and, in what has been called the demonstration effect, may desire the trappings and lifestyle of affluent foreigners. What may be right for some other small island states may not be right for Malta.

Tourism in Cyprus

Just as in Malta, since independence the growth of tourism on the island of Cyprus has been phenomenal. Following the *de facto* division of the island in 1974, the industry has developed particularly rapidly on the southern coast of the Greek Cypriot-controlled Republic of Cyprus. By 1994, the number of tourists on this part of the island exceeded 2 million for the first time, and by 1998 2.2 million arrivals were recorded (Cyprus Tourism Organization, 1998). During the same year the total tourist accommodation capacity that had grown on average by 5.19 per cent per annum between 1989 and 1998 amounted to 86,151 beds with another 2,816 beds under construction. Over 90 per cent of the tourist accommodation facilities were concentrated in the coastal resorts of Larnaca, Limassol, Paphos, and the Paralimni-Ayia Napa region. In 1998, an estimated 40,000 persons were directly employed in the hotel industry alone, while tourism receipts of CY£878 million (US$1.6 billion) amounted to just under 40 per cent of the region's receipts from the export of goods and services. By contrast, tourism's growth and economic contribution on the Turkish-controlled northern part of the island have been far less impressive due to the region's political and economic isolation (Ioannides, 2001). In 1994 only 350,000 arrivals were recorded (17.5 per cent the number of arrivals witnessed in the south), the majority of whom were short-term visitors from Turkey (*North Cyprus Home Page*, 1997). Tourism contributed US$172.9 million to the region's economy (4 per cent of the GDP). Moreover, there were just under 8,000 beds in this part of the island compared to 76,000 in the south (Lockhart, 1994).

The rapid growth of tourism in the Republic of Cyprus has had both positive and negative impacts. Over 25 per cent of the Republic's labour force were either directly or indirectly dependent on tourism-related employment while the rapid construction of hotels and other tourist establishments during the last two decades has fuelled a boom in the construction industry (Vassiliou, 1995). In no small manner, tourism has played a role in enhancing the Republic's standard of living to a point where it now is one of the most affluent societies of the Mediterranean rim (Ioannides, 2001). Yet another, indirect effect arising from tourism is that it has served to promote recognition of Cypriot products such as wines and cheeses, thus creating new markets for these commodities in northern European countries and further afield.

However, it is the negative repercussions, particularly the environmental impacts, associated with the sector's rapid growth that have caused alarm among policy-makers. Such impacts have been discussed at length elsewhere (Ioannides, 1995; Ioannides and Apostolopoulos, 1999; Jensen, 1989; Vassiliou, 1995). Suffice it to say that the largely uncontrolled growth of tourism on the island's southern coast has led to a condition where 'excessive strip development along coastal areas has raised concerns that the carrying capacity of several coastal areas may already have been exceeded' (World Bank 1992: 27) (Plate 12.1). Among the most serious environmental effects of tourism-related development are the threat to local flora and fauna particularly from inadequate waste disposal systems (Panayiotou, 1989), aesthetic pollution (Jensen, 1989), coastal erosion, and severe water shortages (Mansfeld and Kliot, 1996). Unlike its neighbour, Northern Cyprus has been spared some of the worst environmental damages by virtue of the industry's slower pace of development. Nevertheless, there is evidence that

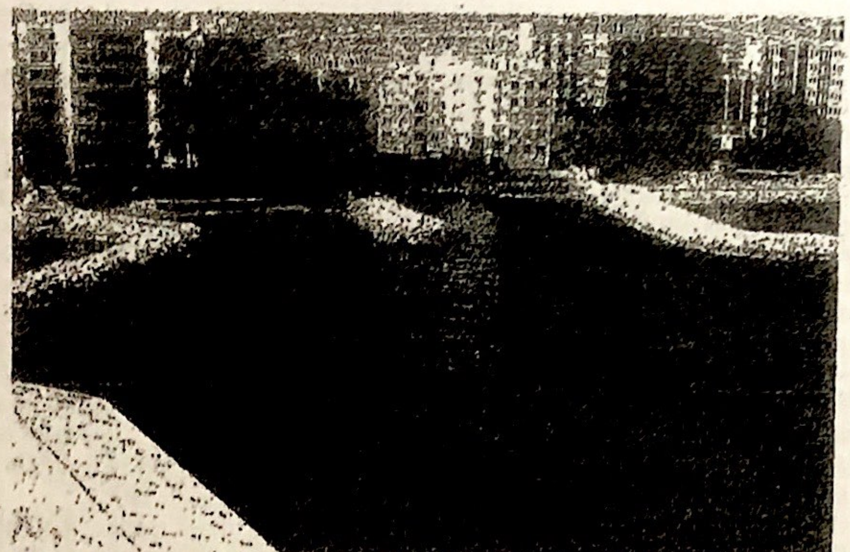

Plate 12.1 Limassol, Cyprus – coastal development of tourist-related establishments

Turkish Cypriot authorities have not heeded the lessons from the south and have already embarked on strategies that could prove costly for the environment in the near future. Although there is a planning and zoning framework in northern Cyprus, Mansfeld and Kliot (1996) argue that regulations are often not enforced and, thus, it is possible that the region could eventually witness the same type of uncontrolled development seen in the south.

Concerns over tourism's negative environmental impacts have prompted authorities in the Republic of Cyprus to adopt various measures to protect the destination's future competitiveness. The 1990 Town and Country Planning Law, for instance, requires local authorities to designate tourism development zones according to prescribed criteria in the island-wide strategic plan. Similar to measures adopted in Malta and other Mediterranean islands, the New Tourist Policy of the Cyprus Tourism Organization (CTO, 1990) calls for the promotion of a high quality, diversified tourism product. When it was first adopted, the policy aimed to curb the rapid growth of organized inclusive tours, impose an upper ceiling on tourist arrivals (particularly those arriving on charter flights) and implement strict controls for policing the development of informal tourist facilities. Among the programmes proposed to diversify the tourism product were the promotion of yachting and sailing facilities, conventions and cultural events, agrotourism, ecotourism, hill-resort tourism, and golfing holidays. In order to attract higher spending individuals, the Council of Ministers (1990) enacted legislation emphasizing the development of luxury class hotels (four and five stars) and all-inclusive holiday centres.

Interestingly, many of these policies have not been successfully implemented for a variety of reasons. For instance, construction moratoria in the early 1990s did not affect the multitude of building permits that had been previously issued for hotels and hotel apartments (World Bank, 1992) nor did they apply to ancillary tourist facilities or private homes in resorts (Lockhart, 1994). Thus, in the last few years the speculative construction of hotels, second homes, retail establishments, and informal tourist facilities has continued unabated. It also appears that politicians have not always been willing to embrace planning restrictions, fearing a loss of popularity at the polls. In the early 1990s, 'environmental groups accused a government Minister of voting to relax zoning restrictions to permit the construction of a 352-bed [luxury] hotel on an untouched nature reserve' (Bosselman *et al.*, 1999: 135) (Plate 12.2). Moreover, while alternative tourism forms such as agrotourism have become increasingly popular on the island, it has been impossible to set limits on mass tourism because of the over-supply of tourist accommodation. The Cyprus Hoteliers' Association, in particular, has lobbied fiercely in recent years to protect the accommodation industry from waning occupancy rates, forcing authorities to make an unofficial U-turn on their policy to limit mass tourism. In fact, the number of charter flight arrivals in Cyprus has increased over the last few years, despite the CTO's official pursuit of quality tourism. During 1998 more than a million package tourists

Plate 12.2 Controversial construction of luxury hotel in the Akamas Peninsula

arrived in the Republic of Cyprus on cheap charter flights from various parts of Europe including Britain (more than half), Russia, Scandinavian countries, and Germany (CTO officer, personal communication, 1999).

The Greek Cypriot government's inability over the last nine years to strictly control the growth of tourist facilities and enforce many aspects of the New Tourism Policy has not deterred the CTO from seeking to develop a 'sustainable tourism' strategy for the next decade (2000–10). This strategy, which was due to be completed by the end of 1999, aims to continue pursuing quantitative limits on the number of mass arrivals while attracting higher-spending individuals as opposed to budget travellers. The CTO and government officials are particularly concerned that the average revenue per visitor has consistently declined since 1990 despite the goals of the original policy (CTO officer, personal communication, 1999) (Table 12.2). While the details of the new strategy have not been disclosed, it is clear the authorities continue to believe they must reposition Cyprus in the travel markets away from its traditional sun, sea and sand image and seek to extend the tourist season. Workshops have been held in which the industry's various stakeholders were briefed on the merits of balanced growth. However, how this goal will eventually be achieved, given the island's recent history of uncontrolled tourism development, is not yet clear.

There is no doubt that mass tourism in the Republic of Cyprus in its present uncoordinated form needs to be curbed. Yet, just as in the case of Malta, it appears that the authorities' belief in 'luxury' tourism as a solution is misplaced. True, Cyprus has more options to diversify its tourism product than Malta and has, as discussed earlier, embarked on various programmes including attempts to bolster tourism in the interior of the island through rural tourism or ecotourism initiatives. For instance, a number of villages in the Akamas peninsula are being renovated and promoted as rural tourist

Table 12.2 Tourist arrivals and expenditure patterns in Cyprus 1990–98 (constant 1998 prices)

Year	*Arrivals*	*Average revenue/ visit (CY£)*	*Total revenue (CY£m)*
1990	1,561,479	504.57	788
1991	1,385,129	450.02	623
1992	1,991,000	428.31	853
1993	1,841,000	443.16	816
1994	2,069,000	438.36	907
1995	2,100,000	420.92	884
1996	1,917,000	431.02	826
1997	2,088,000	412.74	862
1998	2,222,706	393.23	874

Source: Evi Soteriou, CTO tourist officer, personal communication.

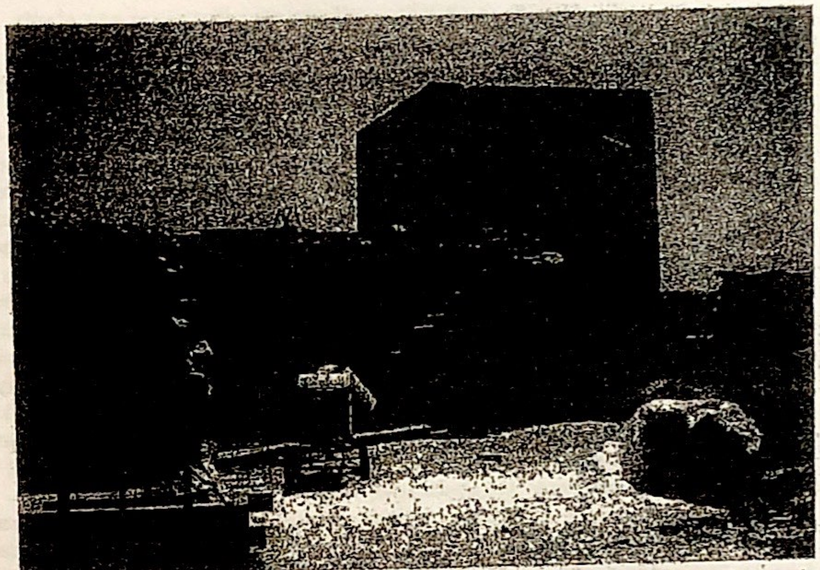

Plate 12.3 Restoration of a village home for agrotourism in the Akamas Peninsula

destinations (Foundation for the Revival of Laona, 1993) (Plate 12.3). This project is aimed primarily at promoting growth in a historically declining area with few options for economic survival. Preliminary observations indicate the programme has successfully created locally run agro-businesses in this region and has stemmed (at least in some villages) the out-migration of the population (Ioannides, 1995). Given, however, that only an estimated 10,000 visitors per year (many of them Cypriots from other parts of the island) will visit these villages once the project is completed, it is likely that the economic benefits of agrotourism will be relatively small and highly localized (Karouzis, 1999). On the plus side, the agrotourism project has encouraged other villages in the island's interior to explore their potential as tourist destinations. Importantly, a number of localities have embarked on projects to preserve their traditional architecture and revive their arts and crafts industry.

Programmes promoting ecotourism to remote parts of the island have had more dubious effects especially since there does not appear to be a coordinated plan relating to this segment of the industry. A number of companies located in the mass tourist resorts have jumped on the 'eco' fad as a marketing gimmick and begun selling 'eco-safaris'. Ironically, it is mainly the mass tourists desiring a short break from the sea who make up these companies' clientele. Nowadays, it is not unusual to encounter endless convoys of Land Rovers or Jeeps disturbing the peace in remote parts of the island. The operators of these companies seem to feel that as long as they shuttle tourists to undeveloped spots to view nature or historical ruins and as long as the transportation is by (usually camouflaged) off-road vehicles they can legitimately use the 'eco-tourism' label. Ironically, these off-road vehicles are probably creating more pollution collectively than is normally produced by a single, more conventional, 70-seater sightseeing coach. Most of these companies do not, as may be expected of ecotourism outfits, employ trained guides in the natural sciences or archaeology and only a handful of them encourage their clients to explore their surroundings (e.g., go on a nature hike) once they reach their destination. Also, most eco-operators transport their own food and beverages meaning that little or no money is spent in the settlements they travel through. Thus, it appears that in the case of Cyprus ecotourism is anything but environmentally sensitive especially as it opens up previously remote (and often ecologically sensitive areas) to hundreds of tourists per day (Plate 12.4). In fact, the coastal part of the Akamas peninsula has already suffered irreversible damage due to the popularity it has received as an alternative destination on the island (Ioannides, 1995).

Many of the same criticisms regarding luxury-oriented tourism in the case of Malta apply to Cyprus. There are now 18 five-star large-scale hotels on the island (most of them with more than 400 bed spaces). Almost every four- and five-star hotel has a swimming pool (many of them are heated) and every

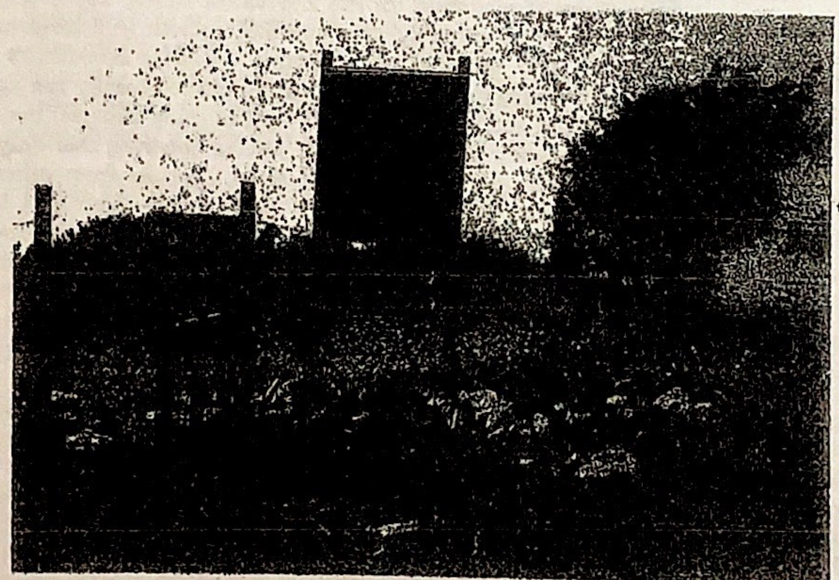

Plate 12.4 The downside of ecotourism? Litter beneath an environmental protection sign at Lara Bay

single one is centrally air conditioned. Most establishments are surrounded by lavish gardens and manicured lawns placing an enormous burden on the island's meagre water resources. In view of the island's chronic water shortages (made worse by a series of severe droughts in the last decade), the construction of two, and plans for a further three, 18-hole golf courses reflects a misguided policy. Even though the authorities claim the courses use treated sewage for their irrigation needs, the introduction of golf reflects poor judgement in a country where water distribution to households has to be rationed on a regular basis. In large part because of the increase of tourism in recent years, the island has had to construct a desalination plant while a second one has already been planned despite the enormous costs involved in operating such facilities.

In sum, it appears that the Republic of Cyprus' blind faith in an upmarket tourism product in order to rectify the impacts of mass tourism has a number of flaws. Given current trends it appears highly unlikely that the authorities will be able to rid the island's principal resorts from their mass tourism image any time soon. The alternative products that have been developed or are in the pipeline will probably not attract enough 'quality' visitors, especially ones who are going to spend a lot of money. As Karouzis (1999) argues, Cyprus still has to overcome many problems like incomplete sewage treatment facilities, lack of sidewalks in many areas, inadequate airport facilities, indifferent service by shopkeepers, and poorly maintained archaeological sites before it can really be promoted as a quality destination. Otherwise, one needs to ask why luxury tourists would visit Cyprus as a destination in the first place, especially since there are so many other competing upmarket destinations in the Mediterranean and elsewhere offering vastly superior products. Surely, rather than pursuing luxury tourists, a more realistic objective for the Cypriot authorities is to seek to enhance the sustainability of the existing mass tourism product (de Kadt, 1990), while continuing attempts to diversify the economy through sectors such as offshore banking, software production, and medical services (Murdoch, 1998). Drastic efforts to improve the quality of the built environment while protecting the island's natural and historical attributes, particularly in coastal areas, should be the government's principal priority relating to tourism. The case of Majorca, which has seen a revival (and re-imaging) of its tourist industry accompanied by the adoption of a rigorous planning framework (see contribution by Bardolet in this volume), should serve as a useful example for the Republic of Cyprus, Northern Cyprus, and Malta.

Conclusion: Upping the Ante or the Downside of Upmarket

Certain islands have long histories as luxury tourist destinations. Examples include Bali, the Seychelles, and Bermuda. Cyprus and Malta, by contrast, have emerged as mass tourist destinations displaying a number of serious environmental and sociocultural problems associated with the sector's rapid and uncontrolled growth. In turn, these problems have meant that in recent years the two destinations have begun losing their respective competitive advantage as mass tourist destinations. In both cases, this has resulted in slower annual growth rates of arrivals and revenues with the average expenditure per tourist demonstrating a consistent decline. Currently, both Malta and the Republic of Cyprus display characteristics placing them in the consolidation or even stagnation point of their respective resort life-cycles. The authorities' response on these two islands has been to propose the development of an upmarket tourism product in order to attract well-to-do tourists. The prevailing argument is that tourism's negative impacts can be diminished if the destinations can replace a high number of budget-minded mass tourists with a more manageable number of big-spending individuals.

While there is a certain rationale behind this argument, it appears that in the case of Cyprus and Malta quality tourism cannot provide a feasible solution to their respective woes. Though both islands have attempted to diversify their product (e.g., through cultural tourism), it is unlikely that such programmes can attract enough quality tourists, especially ones willing to spend large sums of money. After all, many budget-minded tourists (e.g., backpackers) are often attracted to these islands for their historical/archaeological attractions. These cultural tourists can hardly be described as big spenders. Certain mass tourists, by contrast, may end up spending considerable sums on food, drinks and nightclubs. More importantly, it is obvious that many of the upmarket projects proposed for the islands reflect considerable folly on the part of policy-makers. Air-conditioned mega-hotels with heated swimming pools and lush gardens, 18-hole golf courses, and (at least in the case of Cyprus) operations offering escorted ecotours to a few remaining remote spots can hardly be described as environmentally sensitive in areas experiencing severe water shortages and rapidly diminishing natural landscapes.

Generally, the efforts to enhance these islands' competitiveness as tourist destinations mirror the inability or unwillingness of policy-makers to distinguish between sustainable tourism and the need to promote tourism within an overall balanced growth framework (Butler, 1997; Wall, 1997). Thus, policies on both islands indicate the prevailing obsession with tourism's perpetuation without acknowledging that a balance should be found between this sector and all 'other existing and potential activities' (Wall, 1997: 44–5). It is precisely the authorities' failure to tie in tourism strategies within a comprehensive development framework accounting for all economic and land use activities that has hindered these destinations' attempts to achieve balanced growth. Surely, then, a more realistic agenda for the future overall development of these destinations must pay attention to tourism's interplay with other sectors (e.g., transportation, infrastructure, employment, housing, the environment). Authorities should explore ways to enhance the contribution of the industry towards achieving overall balanced growth on the islands. Ensuring that the prevailing mass tourism product is revamped within the guidelines of a comprehensive sustainable development agenda, while enhancing economic diversification efforts in other sectors such as financial and telecommunications industries would constitute a step in the right direction.

Finally, it is important for Cyprus and Malta to cooperate with countries bordering the Mediterranean and other small island nations throughout the globe in terms of promoting environmental protection in insular regions. Since almost all the small island nations worldwide are heavily dependent on petroleum for their energy needs, it is imperative that they seek cheaper and more efficient sources (e.g., renewable sources such as solar energy). Energy-intensive activities such as desalination of seawater should be limited. Moreover, following the lead of the Maldives, small islands such as Cyprus and Malta should contribute to efforts to reduce the threat of global warming. As the Foreign Minister of the Maldives recently mentioned at the Symposium on Sustainable Energy Options for Small Island States in New York (Jameel, 1998), while 'no state would be immune from the hazards of climate change' it is islands and 'low-lying areas that would be most affected'.

Note

1. It could be noted that Theroux was equally dismissive of most other Mediterranean destinations.

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