

The Path Towards Sustainability in the Balearic Islands

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Mallorca, sometimes called the heart of the Mediterranean, for embodying all its virtues, is known in Britain as a package holiday destination, and so is a synonym for cheapness ... just pronouncing it, deliberately hoarding it, calling it 'Majorca', and sounding the 'j', has the same effect as cracking a joke.

(Theroux, 1995: 50)

Introduction: Tourism in the Balearic Islands

In this chapter I deal with the unprecedented success of the Balearic archipelago as a European mass tourism destination. In particular, I focus on the efforts of the region's citizens to limit further tourism development now that they have reached living standards above the averages for Spain and the European Union as a whole.

Unfortunately, tourism sustainability has been endangered by the very success brought on by the sector. In this chapter sustainable tourism development is approached from planning and marketing viewpoints. In particular, sustainable development is examined from the point of tourists' satisfaction levels as well as from the residents' acceptance of territorial planning. In 1998, following a popular and political consensus, the Autonomous Government of the Balearics implemented two moratoria to stop the growth of tourist accommodation and the increase of residential dwellings outside existing urbanized areas. The following year, the Parliament of the Balearics passed a new tourism law and new territorial ordinance plans, thus ending the two moratoria and reinforcing its strategy to achieve sustainable development. To successfully achieve this goal, a major approach has been to push for sustainable tourism since this is the main economic activity on the islands.

I begin the chapter by describing the islands' transition from pioneers in mass tourism into leaders in sustainable tourism development. A major force behind this transition was the autonomy gained by the Balearics in 1983 from Spain. Initially the autonomous government did not have a long-term plan regarding tourist activities and paid little attention to the industry's environmental and sociocultural impacts. Everything, except for basic infrastructural works, was left to the private sector. Only since 1995 and especially after 1998 has the public sector taken a proactive role in tourism planning. The case of the Balearic islands deserves close attention. This is because it is one of the first places in the European free market system where policy-makers have tried to limit further growth in an economic sector such as tourism in order to safeguard scarce natural resources and a limited area.

Tourism Evolution Since 1950

Overall, the Balearic islands are an archipelago of 5,014 square kilometres situated in the western Mediterranean (Figure 10.1). The largest island, Majorca, has an area of 3,640 square kilometres. The Balearics (Balears) is one of Spain's 17 autonomous regions with a total of 760,000 inhabitants. The region's capital is Palma. There are three international airports, one on each island except the smallest island, Formentera (Bardolet, 1996).

The Balearic islands are a Mediterranean holiday destination whose success has had no parallel in the history of modern mass tourism. By 1950, following the Spanish Civil War and World War II, the number of tourist arrivals in the Balearics had reached 100,000 (90 per cent of whom were recorded in Majorca). In 1998 the Balearic islands' commitment to tourism resulted in some 10.1 million arrivals, 12 per cent of whom were Spanish and the rest from European countries. Nowadays Majorca accounts for 75 per cent of all arrivals in the Balearics, while the Pitiusas isles (Ibiza and Formentera) and Minorca attract 15 and 10 per cent, respectively (Bardolet, 1999).

The evolution of tourism in the Balearics reflects the history of various transportation innovations. The first tourists arrived by sea (steam ships) while by the 1960s most visitors came by air (nowadays 97 per cent of the total). Moreover, tourism grew significantly especially after the 1960s because of the successful co-operation between private promoters and foreign tour operators. Nowadays, the latter are responsible for 87 per cent of the total number of arrivals. Since the early years of tourism development the local population has welcomed visitors and worked hard to achieve prosperity through tourism. By 1998, tourism expenditure contributed US\$5.7 billion to the economy of the Balearics (Aguiló *et al.*, 1998). Nevertheless, it should be borne in mind that this amounted to just 72 per cent of the total cost paid by holidaymakers for their vacation. The remaining 28 per cent of the cost was mainly absorbed by foreign-owned tour operators and airlines.

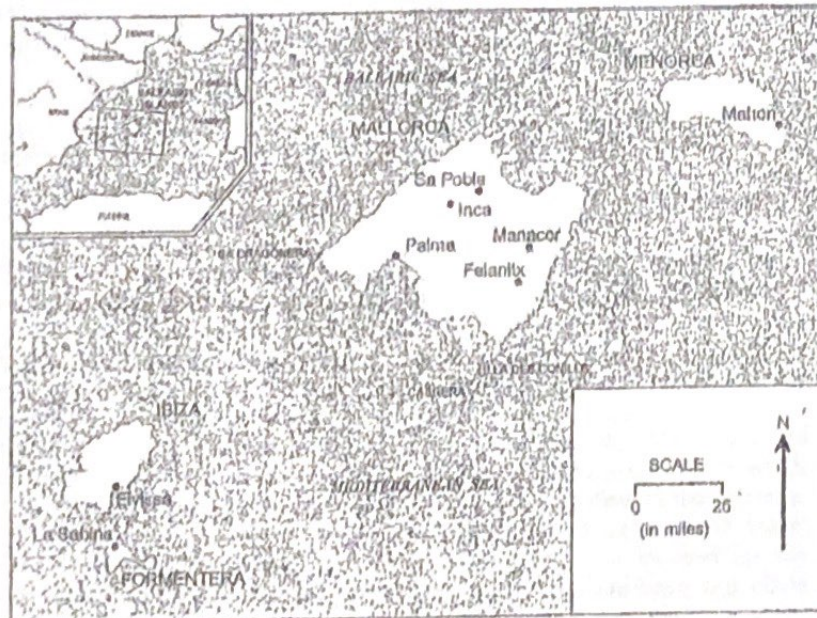


Figure 10.1 The Balearics
 Note: Spanish placenames have been used.

The first island to develop its tourist industry as early as the 1950s was Majorca, followed by Ibiza (in the 1970s), Minorca (in the 1980s), and Formentera (in the 1990s). Since 1950, tourism growth has generally been steady although the industry has witnessed a number of downturns especially during the global energy crisis of 1973–76 and the Gulf War (1989–92). At approximately US\$19,000 per capita, the island's gross regional product (GRP) has increased faster than that of Spain as a whole (130 per cent) and has been greater than the average growth for the European Union (110 per cent). The economy is highly dependent on tourism. This sector and related activities generate around 60 per cent of the Balearics' GRP. By contrast, manufacturing contributes little to the regional economy. The few existing manufacturing activities are fairly labour-intensive and include the production of shoes, custom jewellery, wooden furniture, artificial pearls, and construction materials. Agriculture is non-profitable due to the small scale of units and the chronic shortage of rain. This sector generates just 2 per cent of the islands' GRP although it is the most beneficial branch of the economy in terms of preserving the beauty of the hinterland. Nowadays, the market value of rural land is more dependent on its potential for residential or tourism development, rather than the profits generated from farming.

In 1998 the tourist accommodation capacity in both licensed and non-registered establishments reached 450,000 beds. The average length of stay was 10.5 days while the number of bednights amounted to 106 million. On average, less than 30 per cent of this capacity is in use during the winter season (November to April). Indeed, between November and April, the number of tourist arrivals is only 18 per cent of the annual total. Because of seasonality, despite the record number of tourists, the annual average occupancy rate is less than 55 per cent (Bardole, 1999).

Until the 1960s, Spanish nationals accounted for the majority of arrivals on the islands followed by the French. By the 1970s, however, the British had become the leading nationality. In the 1980s, the British reached a record high (2.9 million in 1987) followed by the Germans (1.9 million in 1990). By 1995, however, the German market emerged as the leading source of tourists for the Balearics. In 1998 the number of arrivals from Germany reached a record high of almost 3.7 million, followed by the 3.3 million British and 1.1 million Spanish arrivals per year. In 1997, the Balearic islands accounted for an estimated 20 per cent market share of the total number of foreign tourist arrivals in Spain, and 10 per cent market share of European holidaymakers in the Mediterranean Sea.

Interestingly, the Balearics in the 1980s began an active campaign to develop winter products in order to reduce the effects of seasonality. The types of activities which have been promoted range from open air sports (16 golf courses, 60 marinas with 18,000 moorings, paths for almost 80,000 cycling tourists per year, etc.) to cultural events (visits to monuments, natural parks, and traditional celebrations) (Aguiló *et al.*, 1996). This strategy was reinforced during the 1990s following the development of two Tourism Marketing plans (1991-93 and 1996-98) by the Ministry of Tourism of the Balearic Islands.

Main Tourism Features

The most important characteristics of the tourist industry are mentioned in a white paper on Balearic tourism (Aguiló *et al.*, 1987). These include the following:

- The continuing importance and growth of summer tourism, despite major efforts to diversify the products for the winter months. The quality of the product (i.e., climate, clean beaches, safety, and hotel service) explains this continued growth.
- High seasonality, with only 18 per cent of annual arrivals recorded between November and April (less than 5 per cent of arrivals on the smaller islands of Pitiusas and Minorca).
- A heavy dependence on air transport (97 per cent of arrivals) and on tour operators (87 per cent of arrivals). Sea cruises bring half a million visitors

to the islands although these are not counted as tourists since they do not stay overnight. The same tour operators who are responsible for air package tours organize some of these cruises.

- An overwhelming reliance on the German and British tourist market since these two groups account for more than 70 per cent of all arrivals on the islands.
- The popularity of second homes purchases, predominantly by the British and more recently the Germans.
- A high level of satisfaction (86 per cent) partially indicated by the number of return visits (70 per cent) of tourists, despite the unpleasant side-effects of mass tourism during the summer months.
- The diversity in terms of supply of tourist facilities, landscapes, islands, and activities that a tourist can enjoy at any time because of relatively mild winters.
- Local ownership and management of most of the accommodation units, and tourism-related businesses. The major Spanish hotel chains, some of which are among the largest in the world, have their headquarters in the Balearics.
- A high level of tourism 'know-how' acquired after almost 50 years' experience in the industry. This 'know-how' is not just an asset for the islands but, nowadays, it is also exported to the Caribbean and other tourist destinations.

Tourism Policy in the Balearics: Before and After Autonomy

Since 1983, the Balearics have had full autonomy to set their own tourism policy, independent from the Central Government in Madrid. This date constitutes a major landmark for tourism evolution on the islands, particularly because the regional government had historically been far more aware than the national authorities of the dangers of excessive tourism growth. During the period of General Franco's dictatorship the tourist sector was the only hard currency earner; in the Balearic isles it featured as the main 'milk cow'. With the arrival of democracy in 1976, tourism was treated in Spain as a major job generator although the sector's environmental repercussions were widely ignored.

More recently, the main tourism regulations in the Balearics have adopted a common theme of 'sustainability'. Thus, it can be said that the Balearics are moving from a period of 'unsustainable success' into one of sustainable tourism (Bardolet, 1993). The various strategies geared towards achieving tourism sustainability are discussed below.

Environmental protection

The first obvious concern with protecting the landscape and environment was reflected in regional legislation passed in 1984 with a law protecting

natural areas of special interest known as 'ANEIS'. During 1987 the law on territorial planning was also introduced. However, this law was only partially implemented after 1991 following the appearance of three types of regulations. These were the 1991 'Law on Conservation of Natural Areas and Landscape' (LEN), the 'Partial Territorial Plans' (for example, the one passed in 1997 for 'Es Pla de Mallorca', a geographical area of Majorca), and the 'Sectoral Activities Plans' (e.g., the 1995 'Regulatory Tourism Supply Plan' better known as FOOT). It is important to mention, however, that because of the lack of political will, the 1987 'Law on Territorial Planning' was only fully approved by the Balearics Parliament in May 1999, more than a decade after it had originally been introduced.

It is also worth mentioning the 1988 nationwide 'Coastal Law' which constitutes one of the few attempts by the Spanish government to introduce land-use policy at the national level. This law established a green belt of 100 metres between the sea rescue zone and the non-urbanized hinterland (this figure was reduced to only 20 metres if the hinterland is already urbanized). Before 1988 when this law took effect some hotels and private villas had been built right upon the beach dunes.

The regional legislation of 1984 and 1991 (ANEIS and LEN, respectively) protects 39 per cent of the territory on the Balearics. This percentage is high due to the inclusion of the islands' mountain ranges. Nevertheless, the Balearics now boast among the highest proportion of protected land witnessed in Spanish and European resorts. Almost 54 per cent of the islands' remaining territory is rural and 7 per cent is classified as urban (already built-up or approved for development). The strategy of the recently approved Territorial Ordinance Plans (DOT), put forth by the Ministry of the Environment (Government of the Balearic Islands, 1997a), is to create a rational and long-term planning system for all activities on the islands. This would serve to limit the expansion of those mass tourism-related activities that consume large amounts of territory while concurrently fostering businesses and facilities aimed at higher quality tourists. Policy-makers assume that such an approach will reduce human pressure on the islands' natural resources.

This DOT strategy goes hand in hand with the 1997 ECOTUR Decree (Government of the Balearic Islands, 1997b), developed by the Ministry of Environment and partly financed by the EU. This programme is geared to conform to the overall sustainable territorial and tourism model for the Balearic Islands, based on the 5th Environmental Action Programme of the EU for 1993-2000. This non-statutory programme applies to four areas: installations, resorts, tourism education, and applications. Specifically it assigns eco-labels and eco-audits for tourism-related units. According to this programme, the centres of tourism-related activity (broadly speaking lodging, catering and sports centres), which comply with management ISO 9000, environment ISO 14000, and eco-audits, are awarded 'environmental

friendly' or 'environmental quality' labels. The amount assigned for this programme during 1998-99 was US\$0.7 million. In 1998, a number of lodging establishments totalling 60,000 beds, plus a golf course and four marinas were awarded these labels.

The first designated 'natural' park of Majorca, Albufera Park, was created in 1988 while five others followed in the 1990s. These were Mondragó (a beach in Majorca), Albufera del Grau in Minorca, the island of Dragonera, and the archipelago of Cabrera which was labelled a 'national park'. UNESCO declared Minorca a 'biosphere reserve' in 1993, while Ibiza and Formentera have had their *salinas* (i.e., salt-lakes) declared a natural reserve. Formentera has recently adopted a unique programme in the Mediterranean aimed at protecting its environment through various policies and restrictions, including a plan to gradually introduce electric cars to replace conventional petrol-powered vehicles.

In July 1997 the 'Law of Rural Land' was introduced, limiting the construction of non-agricultural villas and cottages in rural areas, to minimize the negative impacts of such facilities on rural landscapes. While previous regulations required a minimum plot size of 7,000 square metres in these areas, the new law doubled the requirement to 14,000 square metres. By 1999, however, two years after the implementation of the law, there was evidence that the residential pressure on rural areas had not yet slowed down. This would not have been the case if the municipalities had strictly enforced the law and been less generous in granting permissions for 'refurbishing' small rural huts (e.g., former shelters for agromachinery). Increasingly, the owners of such buildings convert these into small weekend homes, which obviously no longer serve any agricultural purposes.

In 1998 the environmental pollution tax, originally drafted in 1992, finally saw the green light. This pollution tax was imposed by the Government of the Balearics upon companies such as public utilities (e.g., electricity, gas, and telephone) for environmentally damaging activities. The tax has been contested in the highest court of justice of Spain, although it has finally been confirmed. It has not yet been enforced, however, pending new court hearings. The tax rate is set at an annual 1 per cent upon the capitalization of a 40 per cent gross income average from the production assets of such companies located in the Balearics. This tax is the first of its kind to be instituted in Spain, following the advice of the European Union (Government of the Balearic Islands, 1991).

Furthermore, by 1999 a debate had started concerning the fairness and convenience of setting up a new 'ecotax' to be paid by tourists except during the winter season. This ecotax is meant to generate funds for the care of the environment and landscape that are severely damaged by mass tourism during the summer. The tax is also aimed at helping owners of large mountain area farms cover the increasing costs of keeping these establishments open for tourist visits.

Limiting tourism's growth

The first policy aimed at restraining the growth of tourist accommodation in the Balearic islands was included in the I Cladera Decree of 1984. This required 30 square metres of land for each planned tourist bed. The II Cladera Decree, introduced in 1987, increased the amount of required land to 60 square metres because the first decree had little effect. Nevertheless, the rush to have construction plans approved before the 1987 decree was passed led to an over-supply of lodging facilities, a situation made even more serious due to the decrease in tourism demand during the Gulf War of 1989-91. Eventually, however, the regulation proved to be one the best ways of limiting the growth of low category hotels in a free market economy. This legislation, still in effect today, indirectly led to the creation of luxury hotels since these were the only tourist establishments able to absorb the skyrocketing land costs.

In 1994 the ECOMOST (European Community Model of Sustainable Tourism) project was published pioneering research on the limits of tourism accommodation levels in Majorca and Rhodes. The POOT (Regulatory Tourism Supply Plan) of 1995, mentioned earlier, that aimed at controlling the supply of accommodation, resulted in the ECOMOST strategy being implemented in coastal areas of Majorca, by adhering to certain carrying-capacity parameters. Moreover, the 1992 Spanish Futures Plan and the 1995 Calvia Municipality Agenda 21 followed the same guidelines. These topics are discussed in more detail later on.

Since the 1950s the Balearics have been forced by tour operators based in the main markets to adopt the image of a 'subtropical' destination even though they did not really have the attributes of such destinations (e.g., warm winters for swimming). The high density of tourists during the peak summer months, most of whom are concentrated on the coast and beaches, has led to a major increase in lodging supply even though this is used only a few months of the year. This growth has worsened the environmental quality of the destination and reduced the stock of natural resources (mainly underground water), even though it has concurrently proved successful in terms of the high number of summer overnight stays.

During the 1980s the ratio of arrivals between the winter and summer seasons had worsened from a 25-75 per cent to a 13-87 per cent distribution. Thanks to the so-called 'D' Plan (1997), an off-peak season strategy aimed at balancing the distribution of winter *vis-à-vis* summer arrivals, the ratio has marginally improved to 18-82 per cent. The 'D' Plan was among the measures taken by IBATUR (the private Tourism Promotion Institute of the Balearics) to promote winter tourism through sports, cultural events and shopping incentives, with the co-operation of local Chambers of Commerce and the islands' private tourism boards.

The economic and social pressures arising from over-building in 1997 led

the Balearic Government to pass two moratoria the following year. These related to new tourism lodging capacity and all types of new residential buildings outside urban areas. These moratoria were eclipsed by the middle of 1999 with the implementation of the new Law on Tourism and the new DOT (Territorial Ordinance Plans) (Government of the Balearic Islands, 1999). Through this legislation definitive limits on the capacity of tourism lodging and the islands' population will be set, although many problems remain to be solved.

Improving tourism products and infrastructure

After the Balearics gained their autonomy there were a total of six major tourism programmes. This section examines each one in turn. First, in 1989 a 'Global Sanitation Plan' was implemented aimed at constructing sewage treatment plants, to keep the sea clean. These projects were completed in 1997, at a cost exceeding US\$200 million. As a result, beaches have generally been cleaned up and, indeed, the Balearics have been assigned 50 European Union 'Blue Flags'. Nevertheless, in some areas there is now a potential danger of contamination of underground water levels because of the uncontrolled disposal of improperly recycled water.

Second, in 1990 a plan aimed at embellishing tourism resorts was put into action. A second phase of this particular plan was instituted in 1994 (Government of the Balearic Islands, 1990a). The money invested for this programme exceeded US\$100 million. The results have been extremely positive for the image of the islands, especially following work to improve or create sea promenades along the coast (lighting, pavement, green zones, urban elements, etc.). There is a downside, however, namely the fact that such projects have urbanized the seaside.

A third programme was passed by the Parliament of the Balearic Islands in 1990, the 'Hotel Accommodation Modernization Plan', aimed at all accommodation units built before 1984. These buildings had to pass a technical inspection to establish the need for renovations (Government of the Balearic Islands, 1990b). This modernization increased the quality of some 1,200 units and 200,000 beds. Those hotels that chose not to comply with the programme within three years could be forced to close down. However, since by 1997 around 30 per cent of these establishments had not yet finished their renovation work, a new deadline was supposed to be set. The amount for renovations spent by the hoteliers has already been approximately US\$800 million. This modernization plan has been complemented by the 'Law on Modernization of Complementary Tourism Facilities' of 1996, that deals in a similar fashion with the catering sector (restaurants, cafeterias, etc.) (Government of the Balearic Islands, 1996).

The fourth tourism programme was implemented in 1995. This was aimed at fostering tourism education. For this purpose a new building was

constructed on the campus of the University of the Balearic Islands for the School of Tourism (originally established in 1987) and for the brand new School of Hotel Administration. In 1998 the School of Tourism was integrated into the University of the Balearic Islands as part of the Faculty of Economics. The money invested by the Government of the Balearics in this building and equipment exceeded US\$10 million.

Yet another programme was the 'Q Plan' (Tourism Supply Quality Plan) of 1995 (reviewed in 1998) that embraces the already mentioned improvements in modernization and education. Some of the most important forthcoming projects are ParcBIT (a Technological Innovation Park, close to the University campus) and the CITE (Centre for Research of Tourism Technologies, to be established inside the ParcBIT). These projects are partly financed by the EU.

The final tourism programme was the 1997 'Pla Mirall' (Mirror Plan) aimed at restoring the architectural identity of hinterland towns (Government of the Balearic Islands, 1997c). This was similar in purpose to the 'Embellishment Plan for Coastal Resorts'. Over two years, beginning in 1998, a total of US\$280 million was to be invested in this plan. Funded partly by the EU, this programme is expected to conserve the traditional appearance of the towns and cities of the Balearics, especially by restoring monuments and historic façades.

Before the establishment of regional autonomy in the Balearics, there had been few attempts to regulate the excessive construction of tourist facilities at the national level. These included the national 'Decree for Minimum Structural Requirements for Tourism Accommodation' of 1970, but they generally had no practical effect in the Balearics due to the lack of municipal administrative controls. In 1974 the national 'Declaration for Territories with Preferential Tourism Use' focused on tourism-g geared municipalities including coastal destinations such as the Balearics. This declaration was eventually over-ruled in the Balearics in 1989 when the autonomous government instituted a new stricter licensing system for tourism lodgings. However, the situation where municipalities actually have to obtain building licences from the Balearics Government before building tourism establishments was only achieved with the 1995 plan for regulating supply (POOT).

Compensating for the handicaps of insularity

The 1995 law concerning the Balearics' special economic and taxation status passed by the Parliament of the Balearics was finally confirmed by the Spanish Parliament in May 1998. The main measures of this legislation apply to sea and air transport discounts (33 per cent) for residents of the islands, cheaper (by 40–45 per cent) harbour fees for goods, vehicles, and raw materials to be imported, manufactured and exported, and for used items to be recycled outside the islands. The 1978 Spanish Constitution had already

recognized the special situation arising from the insularity of the Canary Islands and Balearics, but only the former benefited from early programmes. The reason for that original discrimination was the higher per capita incomes that the Balearics enjoy. Paradoxically, the 1997 EU Amsterdam Summit recognized the importance of structural handicaps caused by insularity on European islands, even the ones not considered part of the 'ultra-periphery'. Since the islands' per capita income levels were disregarded, the Balearics were included in this group. The new EU approach to a large extent 'forced' the Spanish Parliament in 1998 to apply the original programmes of the 1978 Spanish Constitution to the Balearics.

In 1989 the so-called 'cost of insularity' of the Balearics in terms of extra transportation costs compared to those incurred in mainland areas was estimated to be 1.0 per cent of its GDP (Bardolet, 1989). A 1993 revision put this percentage up to 1.3 per cent of GDP. Still, the main problems caused by insularity are ones that cannot be quantified, as, for example, the qualitative handicaps arising from the absence of non-tourism sector investments because potential investors fear, among others, transportation costs. Investment in tourism may also be negatively influenced because of insularity as illustrated in the hypothetical case of choosing a location for a large theme park. Most investors are likely to choose a continental location over an island (even one as successful as Majorca) for such an attraction because the former is more likely to be closer to a major transportation node.

The Challenges of Tourism Quality and Tourism Sustainability in the Balearics

The ECOMOST project for Majorca

In 1990 the IFTO (International Federation of Tour Operators) promoted a scientific study termed the 'European Community Model of Sustainable Tourism' (ECOMOST). The study received funding from the DGXXIII in Brussels, Turespana (Ministry of Tourism) in Madrid, and IBATUR (Ministry of Tourism) in Palma. Work was carried out by a team of professors of the universities of Munich and the Balearics, led by Alfred Koch (DWIF) in Munich, and encouraged by the President of IFTO, Martin Brackenbury, in London. The resorts chosen for the study were two islands: Majorca and Rhodes, because of their fragile environments and their commercial success. The work began in 1992 and was presented in June 1994, after the end of the Gulf War (IFTO, 1994).

The model resulting from this study is based on four main requirements for maintaining a successful tourism destination in the long term in order to achieve sustainability. These are, in turn, the following:

1. The population should remain prosperous and maintain its cultural traits.

2. The destination should remain attractive to tourists.
3. Nothing should be done to damage the ecology.
4. An effective political framework should be implemented.

The key to the model is the analysis of the resorts' 'carrying capacity', based on such factors as the amount of natural resources, style of management, number of tourists and their behaviour, endurance of infrastructure, and attitude of residents. The model goes beyond the traditional ecological approach as it includes economic and sociocultural analysis. It sets up a list of critical values of indicators relating to the main topics. According to the situation, a set of measures is proposed to improve the carrying capacity, and some proposals are put forth relating to legal frameworks and territorial planning.

The four requirements covered by ECOMOST are then analysed according to their main components (e.g., for population these include preserving prosperity, economic efficiency, and cultural identity), and each of them monitored according to indicators (e.g., to preserve cultural identity it is necessary to examine the number of overnight stays per local inhabitant, the number of second residences per household, the number of seasonal employees, or the incidence of crime, and foreign infiltration). Thus, critical values are set up for each indicator (e.g., at the local level it is estimated that there should be a maximum of 20,000 recorded stays yearly per 100 inhabitants, or the ratio of residents to tourist beds must be less than 3:1).

The objective of ECOMOST was to provide tools for sustainable development since the tour operators and public institutions involved believed there was a lack of real understanding in this area. It is noticeable that many of the principal tour operators in Europe changed their strategy at the time ECOMOST was promoted in 1990. The same could be said for the main hoteliers and politicians in the Balearics, since these individuals were promoting limits to the growth of tourism to protect their own investments, thus becoming unlikely 'bed partners' with the ecologists.

The Futures Plan and 'Calvià Agenda 21'

The Spanish Futures Plan of 1992, also known as the 'Basic Plan for improving the competitiveness of Spanish Tourism', is now entering its second phase (1996-99). The total amount spent for this plan up to now has been \$US380 million. The Futures Plan followed the recommendations of the 1990 Spanish 'White Paper on Tourism' (Spanish Ministry of Tourism, 1990).

Overall, the Futures Plan has the following aims: to promote the coordination primarily of public bodies, to modernize mainly in terms of quality and human resources, to develop new products to diversify away from the 'sun and beach' image, to improve promotion through the use of marketing techniques, and to support excellence by upgrading tourism-

related activities in the eyes of the residents and improving information for tourists (Spanish Ministry of Tourism, 1994).

The second phase of the Futures Plan concentrates on three topics: new products and services, the internationalization of Spanish tourism companies, and technical innovation applied to tourism activities. The first phase was funded with US\$350 million while up to now the second has spent US\$30 million. Promotion is the one area that receives the greatest share of funding (US\$215 million). The Futures Plan provides subsidies for private companies and public bodies that comply with the requirements of the Plan. Municipalities are among the major beneficiaries of the target objective to achieve excellence (US\$30 million) and to promote new products (US\$11 million).

By 1992, the Calvia Municipality in Majorca was the first beneficiary of the 'excellence' objective although it was not the largest beneficiary among Spanish Municipalities (e.g., compared to the Canaries). Other Balearic municipalities funded by the Futures Plan were Alcudia (Majorca), Sant Antonio (Ibiza), and Minorca. The Calvia Municipality in Majorca is a good case study of the history of Spanish and Balearic tourism.

The municipality covers an area of 143 square kilometres. This small town with only 41,000 inhabitants has almost 113,000 tourism beds (59,000 in hotels and similar establishments, and 54,000 in non-registered tourism lodgings including second homes) mainly spread along a coastline of 56 km. In 1997 the number of tourists was estimated to be 1.4 million, around 15 per cent of the total tourist arrivals in the Balearics. Calvia has 15 per cent of the registered tourism accommodation capacity of the Balearics, and 25 per cent of the total capacity (registered and non-registered). It is, in fact, ranked first amongst all Spanish Municipalities in terms of tourist arrivals and accommodation capacity. Despite this heavy concentration of tourism, Calvia has more than 80 per cent of its land classified as agricultural (i.e., not able to be urbanized).

One characteristic that singles Calvia out as a pioneer is its long-term effort to stop the downgrading of its territory. This strategy already began in the 1980s, although it was originally handicapped by lack of funds. Despite the success arising from large-scale tourism development, the municipality was hampered by heavy debts, amassed by the enormous investment on public infrastructure and the reduced amount of direct taxation to finance such projects. This shortage of funding was, and still remains today, a major problem for the fast-growing tourism municipalities in Spain which depend heavily on the red tape of Central and Autonomous Administrations in order to get a fair share of public finances.

Calvia adopted a two-fold policy: on the one hand, it made an exceptional effort to reduce the debt carried over from earlier years, and on the other it implemented an urban plan designed to support only new tourism developments aimed at modernizing and diversifying tourism

The New Marketing Plans and Approaches of the Balearic Islands

Since the 1950s one of the weakest points concerning the structure of tourism in the Balearics has been the scarcity of information relating to the demand-side of the business, specifically that part which is dominated by tour operators. The influence of the marketing and promotional strategies and the techniques of tour operators for the Balearics have generally overshadowed the role of host country organizations, particularly public tourism bodies. Nevertheless, while since 1980 there have been detailed data concerning the profiles of tourists by nationality, mode of transport, season of visit, and holiday expenses (Aguiló *et al.*, 1998), information relating to tourism-generating markets has been lacking. In 1990 the Ministry of Tourism set up for the first time a team (THR private consulting and the University of the Balearic Islands) to prepare 'Tourism Marketing Plan I' for 1991-93. Both this and 'Plan II' for 1996-98 (Aguiló *et al.*, 1996) reached similar conclusions. Specifically, they concluded that tourism sustainability might only be achieved by enhancing the competitiveness of tourism businesses and by off-peak tourism, as well as by keeping up environmental protection standards and protecting the social welfare of residents. Above all, the plans stressed that customer/tourist satisfaction is a key issue for understanding sustainability.

Middleton argues that:

A marketing perspective is essentially an overall management orientation reflecting corporate attitudes that, in the case of travel and tourism, must balance the interests of shareholders/owners with the long-run environmental interests of a destination, and at the same time meet the demands and expectations of customers. (Middleton and Hawkins, 1998: 1)

He maintains that in an increasingly competitive environment it becomes imperative to understand what guides the choices of consumers. According to Middleton, this is the function 'primarily of marketing management' (*ibid.*: 9).

This argument has led to an examination of the motivations and satisfaction levels of tourists before and after their holidays in the Balearics. According to Aguiló *et al.* (1998), the summer holidaymakers are influenced by the following factors when choosing a 'sun and beach' resort such as the Balearics: climate, beaches, value for money, environmental quality, quality of accommodation. During the off-season, the mostly 'third age' tourists are influenced by air transport accessibility and the general tranquility of the destination. Although environmental quality and tranquility are most influential for tourists visiting between November and April, the analysis of tourist satisfaction levels indicates that these factors are also becoming increasingly important during the summer season.

An examination of tourists' complaints during the summer of 1998 noted, for the first time, dissatisfaction relating to the excessive level of tourism.

related activities. Other complaints were made about the 'absence of country character' (e.g., architectural heritage, folklore, and gastronomy). Complaints also related to excessive noise and street untidiness. Despite these complaints, only 16.1 per cent of the tourists actually indicated any form of dissatisfaction about their holiday experience while only 1.6 per cent qualified their holiday as 'bad'. For the off-peak season the overall satisfaction levels were marginally higher than those relating to the summer months.

From a demand-side perspective, a 10-year analysis of the combination of motivations and complaints relating to pre- and post-holiday experiences respectively reveals that the Balearics must limit their tourism capacity. They must also strive to keep their original nature and character as far as possible to maintain the destination's sustainability in the future. Thus, it is important to use the information from marketing studies to support the territorial and tourism activity planning efforts described earlier. In some ways, the 1999 tourism regulation and especially the implementation of the so-called 'D' Plan (off-peak season strategy, since 1997) may be considered a form of marketing policy.

Conclusion: Moving Towards Sustainability

Tourism is not a 'smokeless industry', but a coordinated economic activity of the tertiary (services) sector. Moreover, tourism possesses important characteristics that cannot be managed by the private sector alone, namely the landscape and environment. Therefore, 'sustainable tourism' depends on the mix of products, services, and the environment under both private and public management.

To achieve tourism quality, better marketing and management practices are the main tools. Sustainability is a guiding principle to secure the tourism business. In order to achieve sustainability it is necessary to achieve product and environmental quality. Improved quality, in turn, enhances competitiveness. Sustainability is also a subjective concept, not just for individuals but also for collectives. Therefore, tourism sustainability may be defined as the 'continuous satisfaction of the tourist when visiting a resort resulting from the fulfilment of the expectations and the judgement of its value for money, while also maintaining specific levels of product quality, nature protection, and welfare of the host population'.

Such an operational and conceptual framework embraces not only the supply side of tourism but also the demand side. Customer satisfaction ensures competitiveness that leads to economic sustainability and, eventually to environmental sustainability. Without economic prosperity there can hardly be environmental protection, although an excess of success, as in the case of the Balearics, may lead to the abuse of nature. In the Balearics key issues that need to be addressed include the proper management of a limited territory, and the preservation of landscape and

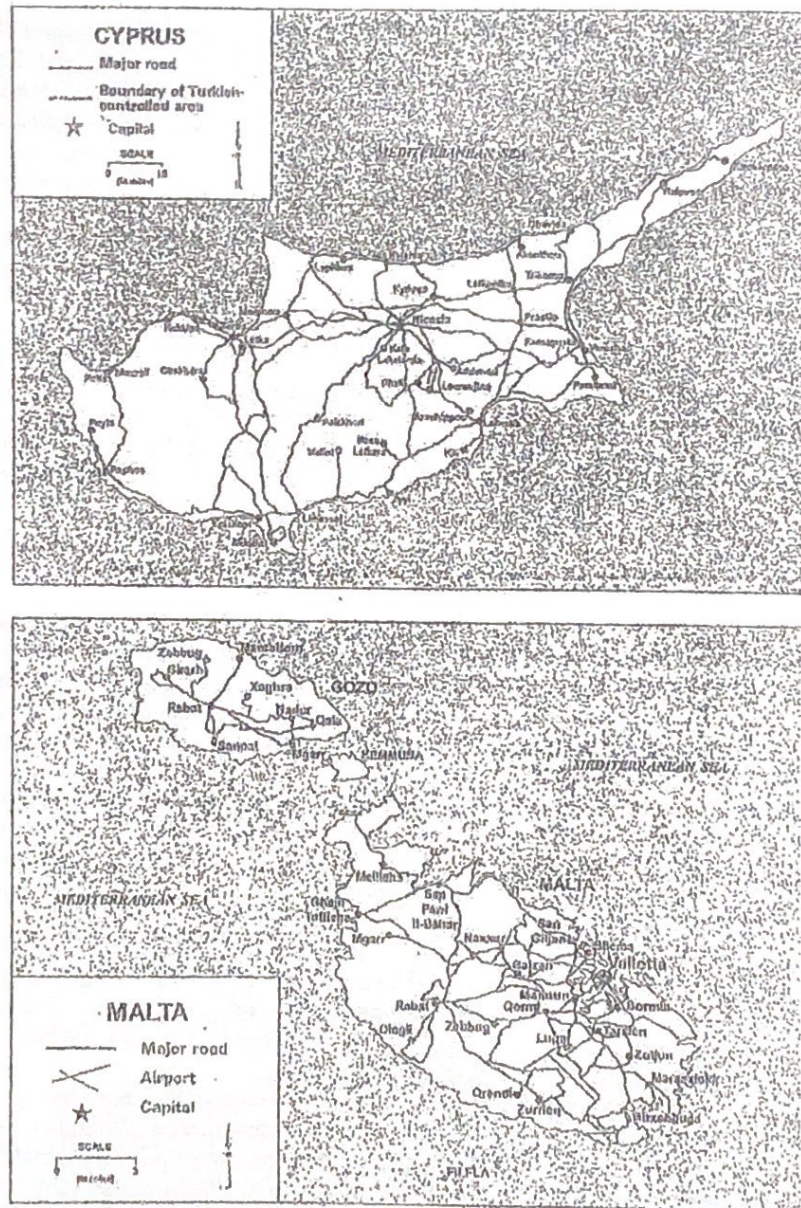


Figure 12.1 Cyprus and Malta

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