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'Gozo's future hinges on bold decisions and a long-term vision'. PHOTO: SHUTTERSTOCK.COM

## Gozo suffering due to fragmented policies and lack of clear direction

With a population of nearly 40,000, Gozo is facing critical challenges that demand long-term vision and decisive action according to Daniel Borg, CEO of the Gozo Business Chamber.

Borg emphasizes the need for a visionary regional plan that transcends the temporary nature of many projects

in Gozo pointing out that the island's over-reliance on construction and real estate, at the expense of a diversified services sector, is a result of fragmented policies and a lack of clear direction adding that "to reverse this trend, a regional plan tailored to Gozo's unique needs and circumstances is needed."

He highlights the importance of connectivity and defends the idea of a sub-sea tunnel as a means to secure Gozo's economic future without compromising its identity.

Referring to recent changes in tourism patterns, with an influx of domestic tourists and property buyers, a sus-

tainable approach to managing Gozo's busiest months should be considered.

He also calls for a targeted regional strategy to tap into the green economy and digitalization, as well as fostering an entrepreneurial culture among Gozitan youth.

He also raises the possibility of regional autonomy as a

means to address Gozo's unique challenges.

"In a time of change and growth, Gozo's future hinges on bold decisions and a long-term vision that safeguards its identity and environment while nurturing its economic potential," said Mr Borg.

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## Current slump in M&A's to bounce back

The mergers and acquisitions in Malta is experiencing a temporary slump, attributed to several factors including high interest rates, stringent regulatory environments, and increased foreign direct investment scrutiny.

Dr Simon Schembri, an experienced lawyer in mergers and acquisitions explained that the surge in activity observed between 2021 and early 2022 has given way to a slowdown that he at-

**"Despite the current challenges, experts predict a resurgence in M&A activity in 2024"**

tributes to two primary factors: difficulty in sourcing financing for acquisitions due to high interest rates and a lack of confidence in M&A activity stemming from stricter local and international regulation.

Dr Schembri noted that foreign competition authorities are investigating deals below regulatory thresholds, and European Union Member States have increased their oversight of foreign direct investment.

Despite the current challenges, experts predict a resurgence in M&A activity in 2024. Economic stabilization, financial sponsors deploying record levels of capital, and a potential rise in cross-border M&A are expected to drive this rebound. However, establishing a stable and uniform legal environment will be crucial to counter the uncertainties posed by international regulations.

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## INTERVIEW – SPOTLIGHT ON GOZO

# Long-term vision needed for Gozo's sustainable growth

James Vella Clark interviews Daniel Borg, CEO, Gozo Business Chamber

**With a population of almost 40,000, Gozo needs critical infrastructure such as a new hospital, another access point to the island besides the small and heavily over-utilised Mgarr harbour and incentives that bring new employment in Gozo according to Daniel Borg, CEO of the Gozo Business Chamber. "Gozo's identity, environment and future economic growth can only be protected with a visionary regional plan and some bold decisions."**

The Gozo Business Chamber was recently quoted saying that projects in Gozo are always temporary and that a long-term vision remains lacking.

It is not the projects which are temporary but very often it is the vision associated with them. Many projects do not support a long-term vision for the island, and we fail to see the long-term repercussions these will have. On the contrary we then fail to see the long-term benefits of certain other projects due to the significant initial capital injection required.

The Gozitan economy is over-reliant on construction and real estate with minimal contribution from the services sector. Why do you think is this the case?

Issues vary. The various planning policy decisions which have incentivised construction never helped. However, the lack of a clear policy framework for the island, the constant reversals and fragmentation of policies at a regional level, and the failure of national policies to include Gozo, or to consider Gozo differently, may have led to this situation.

How would you reverse this trend?

When it involves construction, a regional plan for Gozo would help because Gozo is different from Malta and notwithstanding the intense development in certain localities, I believe that with bold and brave decisions, the trend can still be reversed. On the economic and social fronts, the eventual publication of the Regional Development Strategy by the Gozo Regional Development Authority would be a significant step towards a vision we can all align ourselves with.

Many welcomed the shelving of the tunnel project, but those in favour, claim that the tunnel is needed for improved connectivity. Is the tunnel only a matter of faster commutes?

Connectivity remains vital for Gozo's success. While Gozo Channel and fast ferries improved access, weather dependency remains a concern. A sub-sea tunnel would offer security, benefiting those commuting to Malta for work and those establishing businesses in Gozo. Including a tunnel in the long-term vision for Gozo is crucial.

Don't you think that non-Gozitans who oppose the tunnel project, do so because they want to protect Gozo's identity and to ensure it remains sustainable?

The construction-related damage has happened due to a lack of regional planning. Despite there not being a tunnel, the over-development still happened. At this stage, only a regional planning framework dictating the type of permitted development can protect Gozo's identity and environmental sustainability. The successful deployment of a network of tunnels linking the Faroe Islands is a case in point. This is



why the sub-sea tunnel project should have merited a serious and in-depth discussion based on facts and studies, both at a regional and national level.

Statistics show how the Maltese remain the majority of Gozo's tourists. Have you been noticing any interesting changes in trends?

The latest NSO statistics showed 331,455 domestic tourists who stayed in Gozo in 2022, compared to 361,043 in 2021 (NSO, July 26, 2023, *Regional Tourism: 2022*, online: <https://nso.gov.mt/regional-tourism-2022/> [accessed 07 August 7, 2023]). These numbers include those own their own property. In 2022, 36.9% of the nights spent by domestic tourists were in fact in non-rented accommodation. On the other hand, in 2022 there were 129,059 foreign tourists to Gozo (64,687 who stayed in Gozo only, and 64,372 who stayed in Gozo and in Malta). This was still less than 2019 (pre-COVID) when you had 180,978 foreign tourists to Gozo (92,715 who stayed in Gozo only, and 88,263 who stayed in Gozo and Malta). COVID-19 saw an increase in domestic tourists which was also fuelled by an increase of Maltese who bought their property in Gozo. This trend is obviously set to stabilise in the coming years.

As the busiest month for Gozo's business community, August brings a strain on the overall infrastructure. How could this busy season become more sustainable?

The innovative approach applied in Bornholm Island in Denmark, involves not incentivizing summer events due to high seasonal appeal, and instead focusing on incentivizing

events over the quieter months and spreading them across different weekends. Gozo, with year-round visitors and Maltese property owners, could learn from such an approach to establish a sustainable and consistent visiting pattern all year round. Sustaining cultural tourism niches, supported by Gozo's strong voluntary sector will make Gozo more authentic whilst diversifying into adventure tourism could also boost Gozo's economy.

The 2021 Budget sought to focus on a greener economy and on digitalisation. Has Gozo managed to tap into these two niches?

Gozo's potential in the green economy and digitalization requires a targeted regional strategy. Alongside existing investments like the Gozo Innovation Hub and a second fibre optic link, a specific incentive package is needed to attract digital and green companies. By emulating IT sector successes and establishing a renewable energy research institute, Gozo could become a testbed for green technologies before nationwide implementation.

Ideally, more businesses chose to operate in Gozo. However, human resources have been highly depleted by the public sector and by young people's choice to be in Malta. What can be done?

Gozo cannot be everything for everyone, but there are companies willing to settle here and given the right incentives and approach, Gozo can be the right location. However, we also need to invest more on creating an entrepreneurial culture among our Gozitan children and youth. The annual

Youth4Entrepreneurship Gozo which sees youth between 16 and 35 years pitch their business ideas is positive, but more can be done at ground level in Gozo.

Every now and again, the sentiment for a more autonomous Gozo resurfaces. Do you believe that Gozo could truly aspire to truly become autonomous?

Regional autonomy, when implemented appropriately, can serve Gozo well. The Ministry for Gozo has also been a step in the right direction and so was the more recent setting up of the Gozo Regional Development Authority however, their assigned powers and functions may be limited in scope. There is a lot of scope for a mature non-partisan discussion on Gozo's regional autonomy and on how this could ultimately take shape.

NSO (July 26, 2023), *Regional Tourism: 2022* (online) : <https://nso.gov.mt/regional-tourism-2022/> [accessed 07 August 7, 2023].

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For advertising contact Edmund Vassallo at [edmund.vassallo@timesofmalta.com](mailto:edmund.vassallo@timesofmalta.com) / 9944 4726