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ECONOMIC SECTORS OF THE MALDIVES

Abstract: the article describes the development of 2 main economic sectors of the Maldives which namely are the tourism industry and fishing industry. It examines the rate of foreign arrivals, exchange of revenues in the tourism industry and the production and export rates of the fishing industry and the impact of them on the macroeconomic indicators of the Maldives such as the raise of GDP and the decrease of the unemployment rate of the country.

Keywords: tourism, fishing, GDP, export

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ЭКОНОМИЧЕСКИЕ СЕКТОРЫ МАЛЬДИВОВ

Аннотация: В статье представлен анализ развития двух основных секторов экономики Мальдивских островов, а именно туристической индустрии и рыболовства. В ней рассматриваются уровень прибывающих иностранцев, обмен доходами в индустрии туризма, а также темпы производства и экспорта рыбной промышленности и их влияние на макроэкономические показатели Мальдивских островов, такие как рост ВВП и снижение уровня безработицы страны.

Ключевые слова: туризм, рыболовство, ВВП, экспорт

Maldives officially known as “the republic of Maldives” is known worldwide for its beauty of the white sandy beaches, turquoise waters of the ocean, its beautiful people and their unique lifestyle. Maldives is the smallest country in Asia and also the 8th smallest and the flattest country in the world. Maldives is made up of about 1190 coral reef islands in which only 200 islands are inhabited by locals and more than about 100 islands are resorts today [1].

The Maldives is a country which is famous for its extraordinary tropical environment as a result of lying close to the equator and thus, the tourism industry of Maldives gets its name ‘Sunny side of Life’. The population of the country is approximately 392,473(2018). The total nominal GDP is about \$5.749 billion and per capita is about \$15,463 [2,3].

Fishing has been the life blood in Maldives since the beginning and even today the fishing industry employs half of the workforce of the country. Maldives has been shipping 90% of its fishing catch of dried form of tuna to Sri Lanka until they cut back their imports of such fish and then Maldives joined with the Japanese Marubeni Corporation to establish the Maldives Nippon Corporation that canned and processed fresh fish. And then later the Maldivian government established the Maldives fisheries industry which controls the processing and exporting of canned and frozen tuna [4].

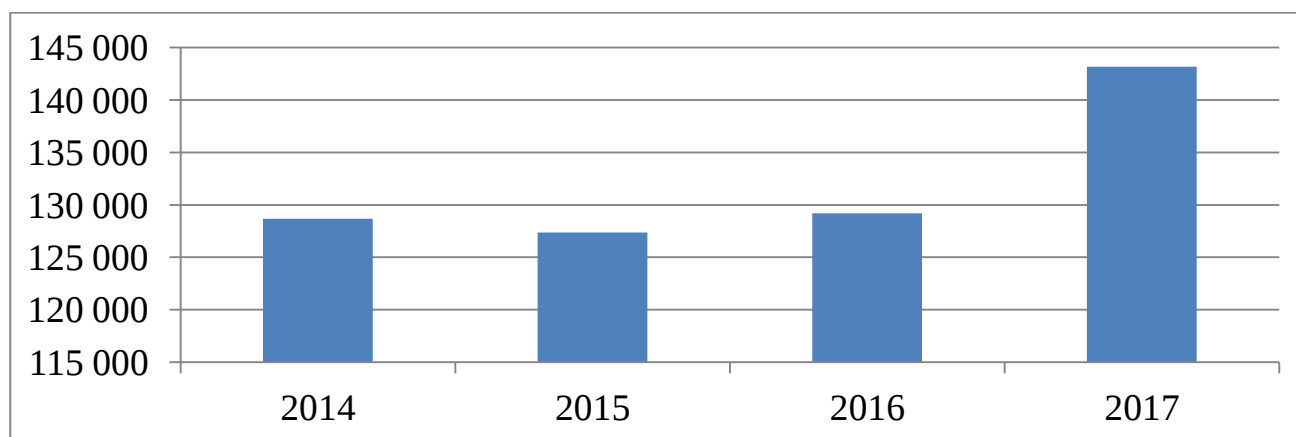


Figure 1 – Total fish catch from 2014-2017 in metric tons

Various development projects of the fishing industry have been undertaken with financial support from Japan and the World Bank with a huge improvement in

the harbours and the refrigeration facilities which led to an increase in the earnings from canned tuna in the 1980s. The fishing industry was the dominant sector of the economy of the country until the late 1980s where the tourism industry overtook the fishing industry by its contribution to the GDP of the country. But even today the continues to provide a vital source of income to 20% of the population with about 22,000 individuals involved in fishing activities full-time [4].

The natural beauty of the Maldives has attracted many tourists to visit Maldives and admire its beauty which led to the idea to use this fact and get income to the country and to build up a strong economy and thus, tourism industry of Maldives slowly came into existence. It is now the largest economic industry of the Maldives and it plays an important role in earning foreign exchange revenues and reduction of the unemployment rate in the tertiary sector of the country [5].

Tourism began in the 1970s in Maldives with the launch of the first resort and since then tourism has flourished. Tourism in maldives started with just 2 resorts with a bed capacity of about 280 beds. But today Maldives tourism has come to a level where millions of tourists visit each year and it is one of the leading tourist destinations [6].

At present, there is about 150 resorts and almost a dozen of new resorts are opening each year. This huge improvement has lead to the increase in employment of the Maldives. Maldives unemployment rate for 2018 was 6.08%, a 0.25% increase from 2017. And for 2017 was 5.83%, a 0.29% decline from 2016. The statistics show that it is almost equal. Many people change their sectors of work due to migration or other reasons and resorts use foreign citizens for work so if they exchange them with locals the government can reduce the unemployment rate quite easily because they are trying to increase the bed capacity each year [7]

As the employment grows within the country the social stability will be maintained and this will help them to come up with creative ideas to build up a good and a better economy in the country. With the passing time the amount of tourists visiting the maldives are increasing each year and the biggest market for maldivian tourism is the chinese market as it shows a gradual growth over the years [5].

Table 1- Number of foreign arrivals to Maldives between 2015 and 2018

Rank	Country	2018	2017	2016	2015
1	China	283,116	306,530	324,326	359,514
2	Germany	117,532	112,109	106,381	105,132
3	United Kingdom	114,602	103,977	101,843	92,775
4	Italy	105,297	88,848	71,202	65,616
5	India	90,474	83,019	66,955	52,368

Due to the strong marketing strategies Maldives is well known to the world and this is a fact that helps the country for huge infrastructure investments which helps to make the country's economy stronger. The Chinese government has given many free aids and loans for the development of the country as they have a great bond with Maldives and they are also one country which has the biggest economy in Asia and in the world.

Further the lifestyle of the people, traditions and culture has given more opportunities to extend tourism into local inhabited islands where Maafushi Island being one of the leading local tourist destinations.

In conclusion, as the two main industries have a great impact on the economy of the country both play an important role, by the export of fish to neighboring countries, we earn a and it is also used a main source of meat in the country so the cost is low, but these days as the demand for fish has increased but not the supply the price has increased and as for the tourism industry it is growing day by day but because of the religious views of most of the Maldivians the expansion of local tourism has become difficult. But on the positive side it has helped in new investments and earning of foreign exchange and the decrease of unemployment rate in the country.

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