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### **Media Release**

## **MEA Director General Addresses the 95<sup>th</sup> Session of the International Labour Conference**

The Director General of the Malta Employers' Association, Mr. Joseph Farrugia addressed the delegates present at the 95<sup>th</sup> session of the International Labour Conference held in Geneva this month.

The following is the full text of Mr. Farrugia's address.

### **Speech by Mr. Joseph Farrugia Employers' Delegate for Malta**

The report of the Director General is tangible proof of the increasing relevance and dynamism of the ILO in its efforts to spread the principle of decent work throughout the world, in spite of the many global and national forces that may impede the organisation from reaching its goals. It is on this note that, on behalf of the Maltese employers, the Director General is to be congratulated for the results that have been achieved in each of the major strategic objectives that form part of the ILO's decent work agenda. It is indeed a positive development to witness the implementation of decent work country programmes that are focused to tackle labour related issues at national and regional levels through the practice of tripartite social dialogue that enables strategies to be translated into concrete action.

The report also lists as one of its objectives the provision of a context for debate about the institutions and policies required to create decent work for all and to diminish the uncertainty rapid change provokes. This aspect of the report is certainly of great relevance to Malta, as our country also is passing through a phase of rapid economic restructuring. The pace of economic transformation has been the result of accession to the EU, the need to meet fiscal criteria to introduce the euro as our currency in the beginning of 2008, and also due to a pressing need to build a competitive economy that can survive and grow in an aggressive global competitive environment. Indeed, Malta has been experiencing a significant reduction in jobs in areas of low value added manufacturing, which has been balanced with a healthy inflow of foreign investment during the last couple of years in sectors which demand a higher skill content. The success or otherwise of this strategy of transition will depend on the input of all the social partners and it is clear that social dialogue is the mechanism that reduces the friction that can be part and parcel of social and economic change. We fully support, and actively participate, in tripartite dialogue on key policy

issues, and believe that the Malta Council for Economic and Social Development, which is the Maltese institution where tripartite dialogue is practiced, can be more influential in promoting the principles of decent work in Malta.

The essential precondition for decent work is job creation, and therefore establishing an infrastructure that supports and encourages entrepreneurship is crucial to achieve the objectives of the millennium development goals through fair globalisation, full and productive employment, and decent work for all. In a world where national barriers are being eroded, investment invariably flows to countries and regions that offer the necessary flexibility and competitive conditions. Global competition in the market for goods and services is also being reflected in competition in the factor markets, including labour. Job creation is thus becoming increasingly dependent on the price of labour, and, more importantly, on the quality of labour which is influenced by the degree of flexibility, and trainability of the labour force. This implies obligations not just on the part of employers, but also on employees. Perhaps the emphasis on employee rights in the report needs to be supplemented by an emphasis on the importance of fostering a flexible work environment that is more adaptable to changing situations. There is also the need for national policies aimed at encouraging a higher participation in the labour force, developing skills and retraining employees to fit into new jobs. Education is a key element to ensure that the labour force is able to avail itself of decent work opportunities, and more resources need to be channelled by ILO into skills development programmes, as these are essential tools in the fight against poverty. Educational programmes should also focus on developing entrepreneurship skills as a means to generate productive employment.

Maltese employers have been advocating a higher resource allocation to education, and to channel structural funds from the European Union into upgrading the human resource as a means of avoiding structural unemployment, which can result in having a segment of the labour force facing worsening working conditions. Labour market policies are also needed to address the possibility of a brain drain in sensitive areas like health, and to curb wage inflation caused by labour shortages in expanding sectors of the economy.

The global economic environment is also affecting the mobility of workers. Malta is witnessing an increasing flow of immigrants who risk their lives to cross the Mediterranean from African shores in the hope of living in a place where their fundamental rights are respected, where they may have job opportunities and access to social protection. This phenomenon is proof that there is still a long way to go in many countries and that a core aspect of the solution to such migrations is the design and implementation of the Decent Work Country Programmes. These are the means available to bring the global debate down to country specific frameworks and policies and should be the main focus of ILO. Discussing issues like decent work, productivity and skills development from a global perspective is relevant only in so far that such discourse is given form into specific action plans at national and regional levels.

In conclusion, it is the belief of Maltese employers that the ILO has a specialised function and it must not detract from its primary role of encouraging enterprise, and developing the infrastructure to generate productive and decent employment opportunities for all. The ILO mandate of dealing with the world of work, and with the interaction of employers and employees is in itself ambitious and, rather than widening its sphere of influence in a manner that might overlap with other institutions, the ILO can be more effective if it opts for depth in its core activities in order to retain its distinguished identity and to increase its effectiveness.