



MALTA EMPLOYERS' ASSOCIATION

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Press Release

MEA urges Government not to give in to Union Pressure

The Malta Employers' Association issued a statement to support the government in its initiatives to incentivise the private sector to increase employment. The Association deplored the pressure made by the Unions to dilute the measure announced in the budget whereby public holidays that fall on weekends are not added to the annual leave entitlement.

The Association stated that it is incongruous that on the one hand unions state that they understand the need for Malta to become more competitive, and on the other create obstacles to any measures that aim to reach this objective.

Unfortunately this stems from a win-lose mentality that classifies such measures according to the extent to which they favour employers or employees. European unions have realized that this approach works against their members' interests and recognize that the only way to increase productive jobs is by being aware of the relative aspect of competitiveness in light of global competition. They are agreeing to a general policy of wage moderation not out of weakness, but because they are in tune with economic realities.

Unfortunately this reality has eluded the local unions, and this is the main reason that whereas in many European countries, social partners have agreed on a social pact, in Malta similar attempts have been unsuccessful. This is sending dangerous signals to foreign investors and only serves to reduce any chances of promoting Malta as a destination for foreign investment.

The measure announced by government regarding public holidays is the minimum that one would have expected, given domestic and global circumstances, plus the fact that Malta has amongst the highest rate of public holidays and leave entitlement in the world. It should also be considered that Malta's real GDP growth is amongst the lowest in the EU.

Much as MEA has supported, and still does, the concept of a social pact, the Association insists that there is no more time to waste on discussions that do not lead to any tangible conclusions. In the absence of consensus, government must now take the necessary actions to generate economic growth. The measure on public holidays is there to be implemented, and to affect all employees equally, irrespective of whether they are covered by collective agreements, or shift system. Otherwise it would not be fair on that segment that has its leave allocation reduced. Government is therefore urged to introduce the legal changes necessary to enable employers to implement this provision.

These measures are not being taken for the sake of depriving employees of vacation leave, but because they are necessary. Unions have to accept this if they believe that economic growth is a priority and that jobs need to be safeguarded. Otherwise there is the threat that unemployment will increase, with the result that, as has happened in the past, government will be tempted to give in to further union pressure and be constrained to act as an employer of last resort by creating artificial jobs in the public sector. Thus will only serve to deteriorate the country's fiscal situation and trap more of our resources into an inefficient public sector, which in itself, is one of the main causes of the fiscal deficit.