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2nd March, 2009

Media Release

'We need to anticipate at the post recession scenario' – MEA President

The Malta Employers' Association held its Annual General Meeting on Friday 27th February. During this meeting the MEA President, Mr. Pierre Fava delivered a speech in which he emphasised the major challenges facing the economy as a result of the international recession and the need for the social partners to plan for a post recession scenario. He said that the recession may be perceived as a phenomenon that is testing all economies, and the outcome will shape each country's international image. Malta stands to emerge from this experience as a stable, diversified economy which is an attractive and trustworthy destination for foreign direct investment, whether it is in financial services, manufacturing or information technology. The relatively positive performance of the Maltese economy during a period that is driving many major economies into recession can be used to market our country as an important investment destination.

In his speech, Mr. Fava also referred to the need for a national human resource strategy and said that: 'We are particularly pleased with the ESF schemes which were announced by the ETC last week which provide substantial incentives for employers to engage disadvantaged groups and to develop their staff at all levels of skills. Indeed, such schemes are among the main reasons why Malta stands to benefit from EU membership. Education and labour mobility – both occupational and industrial - will define the extent of Malta's economic success in the coming years. It is to be understood by all social partners, and the population in general, that the new jobs created will not be the old jobs'.

Address by Mr. Pierre Fava, President

Fellow members,

The past twelve months have certainly been eventful for the Malta Employers' Association and the country in general. When I addressed this meeting last year, we were on the eve of a general election, and the main issue being discussed at national level was the expected inflationary impact of rising food and oil prices which was generally being caused by an overheated global economy. Malta was passing through a transitional phase in its economic history as a member of the Eurozone. In June, oil prices were reaching feverish heights, and I am sure that you are all aware of

the heated debates that ensued following the stated intentions by government to increase utility rates. It is a pity that the consultation process was mishandled and consequently some aspects of this issue remain unresolved to this day.

In a manner of days, the world economy experienced an unprecedented shift which few had predicted. The collapse of the financial and property markets, most notably in the United States overspilled into the real economy, as the fall in consumer confidence coupled with deteriorating purchasing power, led to a sudden drop on aggregate demand which plunged major economies into recession. Oil prices plummeted to levels unseen in years, and unemployment in many developed countries shot to levels not experienced in decades. This clearly is not a natural economic trade cycle that the world is passing through, but a global slowdown that is leaving economists speculating about its full implications and duration.

It is against this bleak backdrop that I am addressing MEA members today. There is no question that many of you are being affected, directly or indirectly, by these international developments and these macro-environmental developments filter down to your bottom line. There is mild consolation in the fact that the Maltese economy has not been as adversely affected as others, both within the Eurozone and without. This is thanks to the prudence exercised by our financial institutions in managing the deposit to lending ratios, and also to the inherent strengths of a diversified and cautious economy that has managed, in a remarkable fashion, to restructure itself and generate substantial investment and productive jobs during the past years. Our joining the Eurozone has also been instrumental in stabilising the economy to a considerable extent from the ravages of the recession. However, we still suffer from serious vulnerabilities: more than half of our manufacturing exports depend on the output of one company; other major manufacturers in Malta are dependent on the international automotive business; our tourism product is dependent on key markets that are themselves strongly affected by the international recession; we also suffer from weak competitiveness and our human resource is not fully developed to meet the demands of emerging sectors.

Yet, in spite of these weaknesses, there are also positive developments which bear mentioning. The announcement by Methode this week about its intentions to withdraw its plans to downsize the labour force, and to increase investment and the number of persons employed in the coming year is welcome news in many respects. It is a clear sign that Malta still has a lot to offer to foreign investors. It is also proof that the targeted approach being adopted by government to assist areas which are being affected by the recession is bearing positive results. At this point I remind members that during a recent MCESD meeting which was held in the presence of the Prime Minister, MEA presented a document with a set of concrete proposals as to how to mitigate the impact of the international recession. Among these is assistance to those companies falling on a four day week, investment in education through the empowerment of our employment services agencies and educational institutions, expediting construction projects that are not environmentally sensitive, like road works, and drawing up a national strategy for job creation in innovative and high value added areas, such as green jobs and medical tourism. Some of these recommendations are being reflected in recent actions taken by Government, and this was clearly reflected in a meeting which MEA representatives held with Minister Fenech a few days ago. We are particularly pleased with the ESF schemes which were announced by the ETC last week which provide substantial incentives for employers to engage disadvantaged groups and to develop their staff at all levels of skills. Indeed, such schemes are among the main reasons why Malta stands to benefit from EU membership. Education and labour mobility – both occupational and industrial - will define the extent of Malta's economic success in the coming years. It is to be understood by all social partners, and the population in general, that the new jobs created will not be the old jobs.

It is in the nature of employers, as entrepreneurs, to approach challenges with vision, realism and a positive attitude. These qualities are what make many of us take risks, and generate productive jobs which are the heart of economic survival, growth, and wealth creation. As employers, we need to look beyond the current situation and anticipate the post recession scenario. I believe that Malta has the potential to emerge from the global turmoil as a winning economy if we start designing appropriate strategies now. As a major social partner, MEA could have a central role to play in provoking ideas that will enable our country to prosper from recession. One thing that comes to mind is the fact that the EU has devoted this year to innovation and creativity, and one of the main international proponents of creative thinking – and the EU ambassador for Creative Thinking - is Maltese. I am, of course, referring to Prof. Edward Debono. Indeed, the recession may be perceived as a phenomenon that is testing all economies, and the outcome will shape each country's international image. Malta stands to emerge from this experience as a stable, diversified economy which is an attractive and trustworthy destination for foreign direct investment, whether it is in financial services, manufacturing or information technology. I strongly recommend that we should start thinking post recession now and intensify existing efforts to project a positive image of Malta.

MEA will continue to remain faithful to its core mandate of specializing in employment and social policy. During the past year, the Association has played a central role in maintaining stable industrial relations in Malta. We have assisted members in collective agreements, industrial tribunals and have also been proactive at national level like the mediation efforts between the Government and the General Workers Union on the shipyards privatization. Given the shameful and highly disruptive industrial actions ordered by the Federation of Public Transport a few weeks earlier, it became an imperative for MEA, through its' Director General, to offer its services to prevent an escalation in the conflict between the Government and the GWU over the early retirement schemes, although it was made clear to both parties that the Association was, in principle, not in favour of the schemes themselves. However the intervention was in the national interest, in particular to employers who would have suffered considerable disruptions if the situation erupted into open conflict between the two parties.

I am proud to state that the Association has continued to grow, and the expanding and diversified membership strengthens our voice as an employers' union. The involvement and commitment of the secretariat and council members has been crucial in imbuing the Association with a firm sense of direction that is the foundation for its success. During the past year, we have designed a strategic plan for the coming years, we have launched the Human Resources Handbook, and conducted numerous activities to deliver an enhanced professional service to our members. We have also conducted research activities to provide a deeper understanding of labour market issues. The most recent - a survey about family friendly measures – provided useful insights about employers' attitudes towards the implementation of family friendly measures and the results were made public during a well attended seminar co-organised with the National Commission for the Promotion of Equality.

We are never complacent about our achievements, and are always discussing ways in which we can serve our members better. Indeed we are planning an expansion in our premises, and we have applied for an ESF project which, if it materialises, will enable MEA to extend its services to a much wider range of employers. Besides our constant communication with our members, we are also in touch with other stakeholders involved in the social dialogue process, including unions, educational institutions, Ministries and government departments. Given this track record, I am positive that the Association has a bright future ahead, and that it will continue to play an important role in our nation's economic and social history.