



MALTA EMPLOYERS' ASSOCIATION

35/1, South Street, Valletta VLT 1100, Malta.

Tel: (+356) 21 237585, 21 222992

Fax: (+356) 21 230227

E-mail: admin@maltaemployers.com

Web Site: <http://www.maltaemployers.com>

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Media Release

Change in COLA for 2011 is 'Out of the Question' - Malta Employers' Association

The Malta Employers' Association stated that a revision in the COLA for 2011 is out of the question. It issued this statement in response to a call by the Ghaqda Unions Maltin to revise the COLA to anticipate inflationary pressures which are expected to occur during 2011. The MEA said that companies are also hit hard by the increases in fuel prices, and that, besides COLA, employers are also facing higher social security contributions as part of the pension reform.

Raising COLA at this stage will only create further inflationary pressures and will contribute towards a wage price spiral that will have a negative effect on the country's competitiveness. The MEA also reminded unions that they were always inflexible whenever employers wanted to discuss a revision of the COLA mechanism. In fact, unions refused to discuss a revision in the COLA increase of €5.82 which was given in 2010, even though this could have resulted in job layoffs during a period of recession. The reason given by the unions at the time is that COLA is an agreement which was reached years ago and that employers are bound to honour that agreement. The unions also contended that COLA has for years contributed to social harmony and stable industrial relations. The MEA added that agreements are binding to all parties involved and unions cannot pick and choose the time and terms under which such agreements should be broken. Unions are also represented on the RPI board, which is the body that measures inflation, so they know only too well that the computation of €1.16 for 2011 was based on agreed parameters and objective computation, a fact known since September 2010.

The MEA also warned it will instruct its members not to pay out any additional cost of living increases even if it is enforced on them by government. There have already been precedents in the recent past when employers were forced to pay more than what was stipulated in the COLA agreement. The Association concluded that this will not happen again this year.