

3rd March 2021

Media Release

MEA Survey results: Recovery will be slower than Anticipated; employment level is stable but dependent on extended fiscal stimulus.

The Malta Employers' Association issued the results of a survey conducted among companies to assess the state of affairs regarding the developments related to the COVID pandemic over the past three months. The survey covered more than 200 companies from all economic sectors.

The survey confirms that some sectors have been more severely hit by the pandemic than others. Many operators in the tourism industry may not survive another dry season unless they are kept on life support by fiscal incentives.

Job retention has remained strong – 76% plan to keep their labour force stable in the coming three months, 10% of respondents plan to reduce their workforce, and 14% replied that they may increase employment, but not necessarily to pre-covid levels. However, government fiscal package will likely have to be extended throughout 2021, creating a strain on public finances, as, besides the enhanced expenditure, it is likely that government revenues will fall short of what was projected for 2021.

Recovery will be slower than anticipated: Although 15% reported activity similar to pre-covid levels, and a further 16% are expecting a recovery within the coming 8 months, 24% of respondents replied that it will take up to a year to recover, and a further 45% answered that recovery will take more than 1 year.

Businesses do not feel confident to re-activate investment projects that have been placed on hold during 2020. However, 32% of respondents replied that they have initiated investment projects which had been postponed. Of the remainder, 92% answered that they do not foresee a reactivation of such projects in the coming six months.

The Association made a number of recommendations to government about the situation:

1. Strict enforcement of measures to reduce the spread of Covid – the current laissez faire attitude is endangering jobs and lives

2. Faster roll-out of the vaccine
3. Persons who, without a valid reason, refuse to take the vaccine should not be entitled to quarantine leave
4. Introduce a 'green passport'. Employers should know who has been vaccinated or not in the interest of the welfare of all employees

5. MEA supports measures for remote working where possible to reduce physical contact between persons at work. Measures for work flexibility should be left up to open discussion between employers, individual employees and employee representatives, and not legislated.
6. There should be no measures that create additional burdens to employers in such sensitive times. The public holiday measure is ill-timed and populist.
7. In spite of the crisis, companies are still experiencing a shortage of labour in many areas. Identity Malta needs to expedite TCN applications. Government should address the drain of nurses in times when they are most needed.
8. Together with social partners and other stakeholders, government needs to stimulate a constructive discussion about economic restructuring in the coming years.
9. There should be tax reliefs to reduce transportation costs and ease introduction of new barriers to trade due to BREXIT and COVID-19
10. A less restrictive approach from banks towards provisions of loans, deluge of controls and paperwork