

PRESS RELEASE

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Competitiveness, reforms, sustainability and investment in RDI characterise Chamber proposals for pre-Budget 2020

The Malta Chamber published its proposals for the 2020 Budget, during a press conference on Friday. 'Proposals and Recommendations by the Malta Chamber of Commerce, Enterprise and Industry for the 2020 Budget', presents the views and recommended solutions of Malta's business community to the challenges which are foreseen to characterise 2020.

Addressing the media, Chamber President Perit David Xuereb said that the Chamber had chosen to focus its attention on six main issues which the Malta Chamber deemed to be of crucial importance and which warranted the government's immediate attention. In fact, the document zooms in on the issues of Increased employment costs, Alternative modes of transport, reforms in the Rental Market and the Construction Industry, the Financial Services sector, and RDI.

While taking note of the positive drive that has characterised the economy of recent years, the Chamber warned of forecasts which appeared to point towards relatively slower rates of economic growth in the years to come.

The lower expansion rates ought to be given due attention in order to safeguard the buoyant rates of growth which our economic operators have become accustomed to in recent years. With this long-term view, the Malta Chamber made a series of recommendations to safeguard Malta's businesses' competitiveness and the country's broader economic growth.

In this respect, the Chamber warned about Increased Employment Costs that were impacting businesses' competitiveness. The continuous extension of leave allowances, increased labour mobility and shortage of labour, were all having a negative impact on increased labour costs.

The Chamber warned that these were directly impacting businesses' competitiveness, especially those sectors which were competing on the international market. "Increased labour costs have by far become the number one challenge for most businesses operating in Malta" the Chamber warned.

With this in mind, and in the immediate term, the Chamber recommended to carry out a thorough analysis of labour-cost inflation vis-a-vis productivity. With a view of the long-term, the Chamber said that Malta needed to aspire for an industry vision driven educational system, which prepared our students for the jobs expected to be available tomorrow.

The Chamber also reiterated the importance for alternative modes of transportation, placing an emphasis on the solutions of mass transportation and shared mobility. While welcoming the government's drive to re-invest heavily in the country's ageing infrastructure, the Chamber pointed out that more needed to be done to encourage alternative modes of transport other than the one-car-one-driver model.

In its pre-Budget proposals document, the Chamber was once again vociferous on the need for a holistic reform in the rental market. Having gone on record saying that the latest proposed

amendments fell short of solving any of the issues faced in the accommodation market, the Chamber reiterated that the rent market required a holistic approach, one which would tackle residential commercial leases and leases which pre-date the 1995 liberalisation of the rental market.

Focusing on the Financial Services sector, the Chamber also underlined the importance for this key sector to restore its image and reputation on the international dashboard. In fact, the document recommended the immediate and tangible implementation of the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) strategy without further delays which would be coupled with adequate human and financial resources to make sure that due diligence is carried out by all financial operators.

The Chamber also expressed itself on the need for the country to elevate the Maltese construction and development sector, while respecting third parties and the environment. Fully cognisant of the fact that the construction and development sector employed thousands of workers, and contributed extensively to the economy, recent accidents on building sites, could not be ignored as they were seen as the ultimate proof that the sector needed to be addressed forthwith.

Finally, the Chamber noted that the expenditure for Research, Development and Innovation needed to be increased, as Malta was seriously lagging behind in terms of expenditure on this sector, as well as the number of post-secondary and tertiary graduates in STEM-related fields when compared to other European Union countries.

Hence the Chamber strongly recommended that Malta establishes a new Maltese Research Fund for competitive funding of basic and applied research, to be managed by MCST as well as a serious and tangible increase in budget for the MCST-run programme 'Fusion' in order for it to fully attain the desired results.

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