

PRESS RELEASE

16th September 2015

Further reductions of energy and no surprises

As part of the consultation process relating to the upcoming Budget 2016, the Malta Chamber of Commerce, Enterprise and Industry is calling on Government to reduce energy tariffs for all businesses in view of changing circumstances since the largest reduction of 25 per cent was first announced in 2013.

Mindful of Enemalta's financial predicament, the Chamber still believes that further reductions are justified by the drop in the international price of oil from US\$100 in 2013 to around US\$40 in September 2015, Enemalta's ability to purchase electricity at lower cost from Sicily via the interconnector, and lower energy generation production costs brought about following the coming on stream of the more efficient BWSC plant.

Energy has taken first priority in the pre-budget proposals compiled by the Malta Chamber given the significance of energy in total operating costs and its role in the country's competitiveness. Such further reductions would serve to neutralise the limited cost advantages of operating in Malta.

The proposed reductions are deemed necessary also in the face of declining wholesale electricity prices in the rest of the European Union. The continued downward trend in energy prices in the EU, will serve to place Malta's main energy consumers at a competitive disadvantage compared to their European counterparts. This will also neutralise the positive impact of the 25 per cent reduction which came into effect last April.

The Malta Chamber also calls on Government to refrain from surprising businesses this time round with shock-measures announced in the budget speech, as was the case last year with the introduction of excise duties on wine and pneumatic tyres. Measures which are introduced haphazardly and without any prior consultation clearly disrupt business activity and bring momentum to a halt in the respective sectors. The Malta Chamber therefore expects that in the 2016 Budget, a proper implementation plan and the necessary legislative backing is provided for every measure that is proposed.

The Malta Chamber also gives priority to RTDI which is seen as one of the foremost pillars upon which any country's lasting economic growth rests. RTDI can provide the competitive edge which is not related to operating costs. The Malta Chamber calls for the establishment of an Innovation, Research and Development Strategy for start-ups that would provide a vital avenue that leads to improved long-term competitiveness and enhanced business growth. The availability of a proper and sustainable infrastructure in research and innovation (R&I) provides the Maltese industry with a better chance of building and retaining a more resilient and competitive position. Indeed, this is a pre-requisite for investment attractiveness in any industry or sector.

Remaining consistent in its approach, the Malta Chamber's pre-budget proposals follow two over-arching objectives. These are continued fiscal consolidation and enhanced growth through competitiveness. The above measures are seen as a central part of the country's ability to grow competitively.

The Pre-Budget 2016 proposals document of the Malta Chamber of Commerce, Enterprise and Industry, was today presented to the Ministry for Finance and the MCESD. The Malta Chamber shall continue its active participation in the consultation process in preparation for the upcoming Budget 2016.

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