

PRESS RELEASE

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“The country’s current success cannot be taken for granted”

The Malta Chamber of Commerce, Enterprise and Industry presents its proposals for the Budget 2020 to the Hon Prime Minister

“Malta’s economic success needs to be managed and safeguarded, in order for sustainable growth to be ascertained in the future” said Perit David Xuereb, as he presented the Chamber’s proposals for Budget 2020 to the Prime Minister on Monday.

Flanked by members of the Board of Management, the Malta Chamber President said that the proposals were based on feedback received from members of the Chamber, and focused on six main areas that were deemed of crucial importance for the country’s economy.

Perit Xuereb said that the exceptionally positive economic results the country had achieved in recent years, could not be taken for granted, especially in the light of a slow-down in growth rates which was forecast for the future.

“Our proposals for the Budget 2020 are aimed at incentivising further economic growth, improving the quality of life of citizens, and ascertaining the economic and environmental sustainability of the country” Perit Xuereb said.

Top of the list for the Chamber, to ascertain sustainability in the future, the President explained, was addressing the increase in labour costs, such as additional leave, together with a series of other burdens which had to be carried by the employer, and which were added in recent years. Mr Xuereb also shed light on the importance for the country to start taking R&D seriously, once and for all.

With a view to manage the success, the Chamber’s proposals also called on reforming a number of sectors that were weighing the country down significantly.

These were the public transport system and the need of the introduction of alternative and innovative modes of transport, the proposed Rent Law which fell short of any and all expectations of the sector, the Building and Construction industry which needed to up its game in order to start thinking in terms of quality, and a thorough cleansing of the Financial Services Industry which was suffering from a bad reputation because of a small number of rogue practitioners which were giving a bad name to all of the sector and the country.

The Chamber’s proposals were also previously presented to the Minister of Finance as well as the Malta Council for Economic and Social Development (MCESD).

The Six Proposals by the Malta Chamber for Budget 2020

1 Increase in labour costs

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.

2 Alternative modes of transport

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.

3 A real Rent Law reform

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.

4 A thorough cleansing of the Financial Services Industry

Focusing on the Financial Services sector, the Chamber 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.

5 Building and Construction Industry to start aiming at quality

The Chamber 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.

6 Research, Development and Innovation

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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