

PRESS RELEASE

5th February 2016

Malta Chamber urges timely action following EP resolution to address island-states permanent handicaps

The Malta Chamber welcomes a resolution of the European Parliament (EP) on 4th February urging “the European Commission to take concrete steps to address the permanent handicaps that EU islands face and make full use of their potential”.

To address the unique and vulnerable situations of EU islands, the resolution voted on in the EP called on the Commission to address the unique and vulnerable situation of EU islands by, most notably; (i) setting up a homogenous group made up of all island territories, which recognises the permanent handicaps of insular regions; (ii) taking account of statistical indicators other than GDP, which better reflect the economic and social vulnerability of these regions; (iii) launching a study on the costs incurred as a result of the geographical characteristics of an island.

Furthermore, the Malta Chamber also welcomes amendment approved by MEPs to stress the importance of special tax arrangements for local community economies, as some EU islands have been granted special tax arrangements in order to counterbalance their permanent natural and demographic handicaps, while others undergoing economic adjustment programmes may see their tax arrangements stopped.

With particular reference to island states, the Malta Chamber has on numerous occasions recently urged local and European authorities to consider the genuine predicament they experience in that while they suffer from the same cost and scale disadvantages, they do not benefit from the same compensatory measures allowed to remote or island regions. The significant costs incurred by Maltese industry to overcome permanent natural and demographic characteristics are, in fact exerting a notable negative impact on the competitiveness of local manufacturers.

The Executive Board of the Manufacturing Economic Group (MEG) within the Malta Chamber recently raised these similar issues before the European Economic and Social Committee (EESC) Group 1 President and members of his group in a national conference organised by the Chamber in Malta titled “EU Industrial Policy : Does a one-size-fits-all approach work?”. In this conference the MEG Chairman Mr Norman Aquilina, called for a study similar to the EP’s proposal. The study would analyse the need for compensatory measures to neutralise the effect of remoteness, peripherality and small size of the domestic market as well as the inadequacy of a one-size-fits-all industrial policy and state aid regulations framework.

The Malta Chamber expresses its full support for the EP’s calls but reiterates that there should be no discriminatory treatment between island regions and island states. Nonetheless the Malta Chamber welcomes this resolution as a step in the right direction, and urges the European Commission to take the necessary timely action.

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