



**THE MALTA CHAMBER**

**Annex E 2**

**Post-COVID19 Importers & Wholesalers Think Tank Round Table**

**This exercise was carried out between June and July 2020.**



## Report of Committee Meetings

- Meetings held:** 1<sup>st</sup> June, 2020 at 0930hrs (Zoom Meeting)  
4<sup>th</sup> June, 2020 at 1530hrs (Zoom Meeting)
- Participants:** Victor Galea Salomone (VGS), Karl Aquilina (KA), Mark Gasan (MG), Geoffery Debono (GD), Martin Vella (MV), Alec Mizzi (AM), Karl Sullivan (KS),
- In attendance:** Kevin Mizzi (KM), The Malta Chamber



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## A. Briefing Note

The pandemic caused a disrupting effect in international trade flows. Several European companies and their employees are dependent on the free flow of goods and services both within the European Union and globally.

Importation companies represented in the RT were not heavily impacted by the crises unlike, other from the Tourism and Retail sector that were severely hit. Such a situation has impacted mostly on company turnover. The negative repercussions of the crisis may increase in the short to medium term.

The following are some concerns which were raised by the participants of the Round Table:

1. **Consumer Demand:** Importance is attributed to consumer demand. The participants are concerned about a very likely dip in demand due to reduced purchasing power of consumers, which is an inevitable consequence of the economic downturn. The situation could be made worse with the possibility of further reduced population in due to departure of thousands non-Maltese nationals. The sector is intrinsically dependent on retail demand and therefore concerns are likely to scale up going forward.
2. **Supply Chain:** The RT is also concerned about disruption in production due to possible closure of factories / plan which would create shortages in the supply chain.
3. **Regulation and Enforcement:** Enforcement on unlawful practices is of added importance in the medium term due to rampant abuse which renders legitimate business more uncompetitive. RT participants believe that importation and distribution operators should be guaranteed peace of mind that enforcement bodies are equipped to carry out their duty diligently and effectively.
4. **Financing:** The importation / wholesaling sector lacks access to finance, both from the EU and the Government. Such has been the case for a long time despite the fact that importation and distribution create significant value to the Maltese economy. The sector feels discriminated and questions why it is excluded from the purpose of assistance granted by MIP for operators in Malta. Participants also remarked that the Malta Development Bank economic measures announced during the pandemic were not effective.
5. **Shipping:** In the forthcoming two months shipping is foreseeing a 30 to 40% decrease when compared to pre-March 2020 levels. Concern was raised regarding clearance and inherent costs which imply hefty charges on the operators.
6. **Automobile:** Importation of cars could be impacted in the short term but is not of a major concern. Participants foresee alternative solutions to owning a private vehicle as we know it today. This cluster may open new avenues which are ecologically and technologically friendly in the forthcoming months. Much remains subject to consumer demand and fiscal support incentives to make this quantum leap.
7. **Online sales:** Participants acknowledged the importance of online sales however they believe it should be regulated in order to create a level playing field with the traditional ways of importation.



## B. Scenario & Recommendations:

### B.1: Scenario

The RT participants agree that Scenario 2 is the most likely scenario for the industry in the Medium term.

### B.2: Recommendations:

1. Financing: Fiscal schemes are required to assist the sector, providing aid directly through subsidised MIP schemes or indirectly applying for ERDF Funds to build a Logistics Hub, providing warehousing solutions for import, wholesalers, distributors and export operators.
2. Regulation: More effective enforcement is required across all industry to meet legislation related to taxation, packaging and Health and Safety. Enforcement bodies like MCCA and Tax Compliance Unit should be well resourced to monitor and enforce standards.
3. Incentivising consumer demand: Government incentives to boost customer demand are a must to sustain importation and wholesaling activities. RT participants suggested (a) lowering VAT rate to help retail and tourism demand and (b) reduction in price on utilities and fuels to reflect market prices for domestic use and industry, with any hedging obligations to be covered by Government.
4. Role for Government: A bigger role for Government to attract new industries to diversify economy.
5. Good Governance: Reputation remains of fundamental importance. Malta needs to rebrand its image internationally. The Malta Chamber already proposed a Governance set of recommendations which should be implemented without further delay.