

**Visit by Baroness Catherine Ashton,
Commissioner of the European Commission
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Chamber of Commerce**

Safeguarding today's jobs for tomorrow's future

Commissioner Catherine Ashton
Ms. Ellul
Ladies and gentlemen

Let me begin by saying that it is a great privilege to have here with us this afternoon the European Trade Commissioner Catherine Ashton. Seven years ago in May 2002, at this very same room, we were then honoured with the presence of the then Commissioner for Trade, Pascal Lamy. I am sure you all agree with me that since then, EU membership has thoroughly changed the face of Maltese businesses.

Without doubt, the process of adapting all legislation and regulation to comply with the EU's Acquis Communautaire has given Malta a solid base upon which to conduct business and facilitate investment into the island. EU membership has clearly demonstrated that past protectionist approaches had established predominantly inward looking business, when what we really needed within our crowded and limited market, was growth overseas, internationalisation. Trade liberalization opened up new opportunities but on the other hand, it also confronted domestic firms with the threat of international competition. We have in fact seen a number of casualties and the closure of non-competitive set-ups, but many firms in diverse sectors rose to the occasion and ended up stronger and more profitable than was the case in a sheltered environment.

The forces of globalisation further increased foreign competition for Maltese SMEs and necessitated enterprises not only to adjust their domestic strategy, but increasingly forced firms to go abroad. The issue of competitiveness became crucial for Malta's domestically-oriented industries but time has proved that even in a competitive environment we can not only survive but also prosper.

The topic of today's public consultation 'Safeguarding today's jobs for tomorrow's future' is today more relevant than ever for EU and Maltese businesses. Two months ago, the International Monetary fund projected global economic activity to contract by ½ to 1% in 2009—the first such fall in 60 years. The shrinking of international trade is adding to the contraction in global economic growth and causing unemployment rates to rise. At this time falling business sentiment all across the European Union, the large dependence of the European economy to foreign trade is becoming increasingly evident. Malta is a very open economy and depends heavily on external demand and it is clear that the international financial turmoil and world recession will also continue to affect the Maltese economy in the coming months.

Earlier on this year, Government set up an Inter-ministerial Task Force, in which Malta Enterprise is represented, to provide temporary financial assistance and tailor-made support to manufacturing companies which have been negatively hit by the global recession. Four manufacturing companies have already benefitted from a total financial aid of €3.7 million and the government is currently in discussions with another twenty five manufacturing and service companies to determine whether and if so, how assistance that can be provided. Within this strategy, these companies have been successful in retaining workers and hardly any job losses have been recorded. Measures worldwide to get banks lending again, rock-bottom interest rates, lower commodity prices and signs that the worst may be over in manufacturing should be of some stimulus

Malta Enterprise will continue to assist local companies under the 20 million for Industry Scheme financed by the European Regional Development Fund (ERDF) 2007-2013 and the €2.5 million fund specifically created for companies to penetrate new markets. Malta Enterprise is also committed to provide support to companies operating in Malta to internationalise through a wider variety of services including seminars, workshops and training sessions, individual coaching and advice, trade information services, incoming and outgoing business and investment promotion delegations, trade promotion and business cooperation programmes, the facilitation of export-financing mechanisms/ instruments and last but not least assistance in connection with applications for EU funded projects.

Improving market access and removing non-tariff barriers to trade continue to be very important. This is particularly relevant for Malta's open economy since its capacity to generate wealth on a sustainable basis depends on its ability to respond rapidly to changing demand patterns overseas and to offer competitive prices. Of course, trade policy is no panacea but its role in fostering an environment that will enable European firms to operate and compete effectively in the global marketplace will carry ever greater prominence. It is also through the creativity, flexibility and capacity of our SMEs, who are the true drivers of growth and job creation, that we will find a way of this economic downturn.

Malta supports the Commission's trade policy plan to speed up the EU's economic recovery. It is imperative not to resort back to protectionism but to continue to dismantle barriers to trade and to get trade finance flowing again. Its current efforts to achieve better regulation and reduce the level of unnecessary administrative burden for businesses as well as to boost trade with third countries are to be applauded. We also look forward to enhanced consultation with the private sector and all stakeholders, so that the interests of Maltese businesses are safeguarded and promoted within the EU's overall commercial policy decisions.

The message that we are sending to businesses today is that there are indeed ways and means out of these difficult times. We are indeed working together to respond to their concerns to ensure that they will emerge out of this economic downturn stronger to meet the challenges and opportunities ahead.

Thank you very much for your attention! I now give the floor to Commissioner Ashton for her awaited address.