

ON THE RISE

ECONOMIES MOVE IN CYCLES, AND FINANCE MINISTER **PROF. EDWARD SCICLUNA** BELIEVES THE BEST WAY TO AVOID A DOWNWARD SPIRAL IS BY PREPARING TO ATTRACT INDUSTRIES WHICH ARE STILL ON THE RISE. HE TELLS **MARIE-CLAIRE GRIMA** ALL ABOUT LAYING THE GROUNDWORK FOR THE NEXT PHASE OF MALTA'S ECONOMY.



Finance Minister Edward Scicluna is understandably proud of the successful economic results Malta has been producing over the past two years. However, he is equally keen to provide assurance that despite Malta's indisputable success on all economy-related fronts, there is to be no kicking back and relaxing. "Malta's positive results can only be undermined if our efforts slacken. Ensuring the strength and sustainability of our nation's economy, and making our country an appealing location for foreign investment is not a one-time thing - it is an ongoing task."

Part of the task includes investing in industry sectors which are still on the rise, a strategy Prof. Scicluna says will shield Malta's currently-booming economy from hitting a plateau or going downhill. "Let me give you an example. When a drink manufacturer sees that their core product has grown stale, and that there's no longer a high demand for it, they have to diversify to survive. So they spin out a new kind of drink and start fuelling demand once again. That's the approach we're adopting with our economic strategy, and it's a tried-and-tested formula." →



“If you look back at Malta’s economic history throughout the past century, you can easily identify a number of phases with one or two industries as their focus. First it was factories and the maritime sector. Then it was hotels and tourism. Our current phase is heavily based around iGaming and financial services provision, which has helped us attract and nurture talent in accountancy, law and IT, reaching the most stringent international standards. Consequently, when the potential of those sectors has been thoroughly exhausted, we’ll be ready and fully equipped to start branching out into the next phase of Malta’s economy, which will see the medical field and tertiary education taking up the mantle as the force in Malta’s economic driving seat.

“I imagine Malta not quite as a business hub but more as a base camp, in the mountaineering sense of the word. Politically, socially and geographically, we’re very well-positioned to serve as a safe haven for people who want to operate in more risky parts of the world which are still quite close to us, including North Africa and the Middle East. We can provide everything that destinations like London can offer, except we’re in the Mediterranean, which is both closer to and more like home for these investors, offering the same level of service at a more reasonable price. This is something that potential clients from the markets I mentioned find very appealing – there’s a big demand for it.

“I believe that promoting Malta as a destination for medical tourism and tertiary education will also help make up for an endemic deficiency in Malta’s tourism industry – the lack of interest during off-peak months. An academic year is nine months long, and treating a chronic condition can take years. Furthermore, an investment in these sectors will ➔

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also supplement other industries, including the hospitality, housing and retail sectors."

Prof. Scicluna seems affronted when the criticism that has been levelled at Government for not doing enough to ensure future sustainable business growth is mentioned. "I don't agree with that at all. When a patient is haemorrhaging, you have to stop the blood loss before tending to their headache. And we have been making it a point to address the areas where Malta is weakest and most vulnerable before we start flinging business-boosting incentives every which way and hoping that they stick to something. First on our list was the energy problem. Wasting fuel on old and inefficient plants at the cost of industry had to be stopped. Second, Malta still has one of the lowest rates of female participation in the workforce in Europe. Having so many economically inactive women is a terrible waste of potential, and while we have already seen changes for the better, there is far more work to be done to encourage women to seek work outside the home.

"Third, we need to keep strengthening the skills and capabilities of Malta's workforce as a whole. If fresh graduates are equipped with the kind of skills that are currently in demand, we can stop having to bring in foreign talent, and companies will be able to employ capable Maltese people instead. We also have to make the education system more inclusive, especially for those whose talents and abilities are not in line with traditional University standards, as they still have much to contribute. I visited MCAST a few days ago and was delighted →

