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**SPEECH BY THE HON LAWRENCE GONZI DURING THE
CONFERENCE 'EUROPE 2020 – A EUROPEAN STRATEGY FOR
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Commissioner Dalli
Distinguished guests
Ladies and gentlemen

I accepted with pleasure the invitation to open this conference which allows us to examine how as a continent and as a country we want to develop into the future.

Events over the past few months have confirmed the need for a renewed and concrete European strategy that can steer economies and societies towards a sustainable and prosperous future.

After several years of rapid and almost unhampered growth, the global economic landscape has changed radically. The financial and economic crises have reminded us in a most painful way that all countries and economies are interdependent.

However, this interdependence must not be perceived as a weakness. On the contrary, it is one of the key strengths and assets of globalisation and the European integration process itself.

It is for this reason that if Europe wants to succeed, it has to act collectively, as a Union. This is Europe 2020. A strategy that builds on Europe's strengths and that will seek to transform the European Union into a smart, sustainable and inclusive economy.

For Europe 2020 to truly act as a catalyst, national member states have to now translate these main pillars of the strategy into national plans and policies. It is only through this integration of goals and objectives that we can achieve our European vision.

In this regard, Malta's Vision 2015 becomes an important extension to Europe 2020. It is a tailor-made strategy built on Malta's unique strengths.

Both Vision 2015 and the Europe 2020 strategy are not just an inspirational list of objectives. They are not just visions. They are both reform programmes.

One can indeed draw a number of similarities between Europe 2020 and Vision 2015.

Both economic strategies are born out of responsibility to exploit upcoming opportunities once the global economy exits from the crisis. The events we have lived through have tested our countries' resilience exposing existing structural weaknesses. Our responsibility is now to focus on these weaknesses, intervene and reform where necessary. We need to be flexible enough to be able to transform threats and obstacles into opportunities.

Stability has characterised policy-makers' agenda's over the last few months. We have sought to protect jobs and defend our economies. Thanks to a timely, targeted and temporary support package, Government managed to save 2.4% of the private workforce as we strongly believe that employment is crucial in ensuring stability. However we now need to focus on growth and on how we can sustain such growth into the future. This is what Europe 2020 and Vision 2015 are all about.

Market forces have already embraced our vision in Malta and the latest investments announced are a testimony to Malta's potential in these particular sectors.

Yesterday, I had the privilege of inaugurating a new investment by a private company in an air ambulance. Earlier this week ST Microelectronics announced that it will be investing further in Malta through new high value-added production lines. Last week, a new aircraft maintenance repair facility was inaugurated. These together with other investments that were announced including SR Technics, White Rocks Sports and Leisure Village together with ongoing expansions all confirm Malta's strong economic fundamentals and potential.

These did not happen by coincidence. Nor did the positive economic results we are currently registering. With a growth rate of 3.4% we are one of the best performing European member states. Malta was one of only two European member states that reduced their fiscal deficit in 2009. Our fiscal consolidation programme is on track which eliminates the need of austerity measures to be introduced. We have seen other European member states having to resort to tax hikes and budgetary cuts in key areas. On the other hand, data published by

Eurostat this week shows that Malta has the lowest implicit tax rate on labour and the 4th lowest VAT rate.

These results are all the fruit of responsible policies and reform programmes that over the years have increased Malta's economic resilience and flexibility. Economies need to be nurtured and through such strategies as Europe 2020 and Vision 2015 we will ensure that our economies will be in a position to respond effectively to changing scenarios.

Key to this is to enable the human resource to become more flexible and adaptable. Empowering our workers with knowledge is a key element of economic strategies. Europe is after smart and inclusive growth. Europe's economy needs to be based on knowledge and innovation whilst fostering a high-employment environment. This requires improving the quality of our education, strengthening our research performance whilst promoting innovation. These are key challenges for us policy makers if we want to achieve our targets.

Targets that also have an environment dimension to them. Both economic strategies, Vision 2015 and Europe 2020, also promote another subtle transformation in our economies that will enhance our standard of living. They are built on the tenet of sustainable growth. It is time for Europe to focus on the environment and to see it not only as complementary to economic development but as an important driver and enabler.

Transforming the economy into a low-carbon one will enhance Europe's competitiveness opening up new economic sectors and creating employment opportunities in the process.

Ladies and gentlemen

We are ambitious in our plans both for Malta and for Europe. However we have many strengths that we can count on.

The talent and creativity of our workforce, a strong industrial base, Europe's single market and the euro are amongst the key strengths that we possess both as a country and as a European Union.

These are the backbone of our strategies and these are the factors that will see us grow and prosper into the future.

Thank you.

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