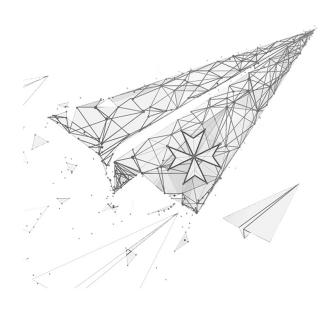


MALTA ECONOMIC VISION 2021 - 2031 DOCUMENT

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GRDA Feedback to the Malta Economic Vision 2021 - 2031 Document

The Gozo Regional Development Authority (GRDA) welcomes the Public Consultation Document entitled 'Malta's Economic Vision 2021-2031: A Future-Proof Malta' published by Ministry for the Economy.

The GRDA feedback will also reflect the Consultation Document issued by the same authority entitled 'Regional Development Strategy for Gozo 2021-2031'¹.

The GRDA fully concurs with the overall mission identified by the Economic Vision 2031 document, that of ensuring Malta's future success by placing emphasis on community vitality, virtualisation and innovative solutions. This will enhance the country's position as a flourishing 'digital island of the future' and amongst the best global economies with national competitiveness as its core value. Indeed, the overall mission identified by the Economic Vision 2031 corresponds with the stated objective of the GRDA: to pursue the goal of turning Gozo into a destination of excellence where quality matters over quantity and where wealth is created sustainably in the interest of future generations.

The Malta's Economic Vision 2031 Document articulates a vision based on a fair and highly prosperous nation that cultivates, supports and promotes ongoing investment in research, innovation, creativity, human resource development and our natural and urban environment. In all, this will ameliorate the standard of living of all the citizens of Malta and Gozo. Again, the GRDA stands behind this vision and supports the overarching considerations outlined in Malta's Economic Vision Document. This namely includes, a future-proof economy based on social wellbeing and sustainability; better building techniques through higher environmental standards; coordinated national action with synergies across industry and society; strategic sector plans for each of Malta's key sectors such as tourism, digital, research and innovation; strengthening ecosystems and clusters of activity namely igaming, manufacturing, logistics and financial services; valorising the environment in respect of space use and ecosystem services.

Overall, GRDA supports the idea that Malta's long-term economic vision of prosperity is to be rooted in sustainability, climate action and environmental enhancement. It is commendable that, through this process, various stakeholders including citizens and social partners, are effectively invited to co-design a national economic vision. Again, this corresponds to the GRDA's vision of ensuring that Gozo's core needs are strengthened and supported with social cohesion through solidarity and networking. The GRDA believes that the transition to a dynamic and economically strong, socially inclusive, and environmentally conscious nation will benefit Gozo in a real and sustainable way.

¹This is available on: https://grda.mt/wp-content/uploads/2021/11/GRDA_Gozo-Strategy-Report_VH_WEB_OP2.pdf.

The Malta's Economic Vision Document highlights 5 pillars that will drive economic and social prosperity from 2021- 2031 namely: 1) Sustainable Economic Growth geared towards quality-of-life improvements and increased resilience, 2) High Quality Infrastructure and Investment, 3) Education and Employment, 4) Environment, 5) High Standards of Accountability, Governance and Rule of Law. For ease of reference, the GRDA feedback will be structured alongside these 5 pillars.

1. Sustainable Economic Growth geared towards quality-of-life Improvement and increased Resilience

The Malta's Economic Vision Document outlines how, in recent years, the Maltese economy continued to undergo a significant transformation. Over the past years, Malta has developed a thriving service-based economy driven mainly by gaming, financial services and ICT. Yet, the performances in more traditional sectors such as tourism, construction, wholesale and retail trade and manufacturing remained strong. Gozo's economy has traditionally been centered around a few sectors. Over the last four decades, a shift towards services became more evident but a manufacturing base, albeit small, is still present and should be supported.

The GRDA strategy document outlines how Gozo can offer a quality lifestyle location of choice for work, education, innovation, culture, health and tourism. The strategy also outlines that irrespective of the type of activity, human talent is central to economic development. Gozo stands to gain by attracting talent and promote the provision of training and skills learning, organisation and career development.

1.1. Demographic Changes

The Malta's Economic Vision Document notes that changing demographics will reshape Malta's social fabric and that today's younger generations are digitally-savvy, better educated and more connected than ever to the world around us. It is also suggested that a likely trend is greater participation of pensioners across the workforce as gig type working becomes more mainstream, enabling them to provide valuable contributions to businesses and earn income part-time. Changes in demography is particularly pertinent for Gozo. According to data from the Nation Statistics Office, the share of elderly cohorts in Gozo is higher when compared to that in Malta.

The GRDA agrees that we are bound to see a big shift in work culture, with the COVID-19 pandemic expected to strongly influence thinking around flexible working hours and remote working, digital business transformation, economic ecosystems and the concept of stakeholder capitalism.

1.2. Sustainable Economic Growth

The Malta's Economic Vision aims to redefine the measures of success to something more holistic, with other metrics alongside financial ones, such as physical and social wellbeing, the environment and the quality of work.

The GRDA agrees with the vision that the country's economic model needs to be adjusted towards more inclusive and sustainable growth, with an emphasis on wellbeing and quality of life. It should also be ensured that wealth, job creation and prosperity are shared between Malta and Gozo. Specific policy and investment measures should improve economic activity in Gozo through enhanced connectivity, eco-tourism sustainable tourism, relocation of talent to mitigate the brain drain problem, and carbon tech solutions.

Micro and small businesses are critical for the Maltese and Gozitan economy. They have a critical role not only in driving employment and economic value but also in the social fabric of our communities. The GRDA welcomes the commitment to dedicate significant efforts to help businesses thrive. This can include additional support to SMEs to build new skills, invest in new technology, delve into innovation and research, boost competitiveness, enhance operational processes, increase access to data and provide additional help to leverage ecosystems of partners through digital platforms and marketplaces.

The GRDA recognises the government plans to design fiscal incentives aimed at stimulating investment in innovation, creativity and job creation and to continue driving the transformation of the Gozitan economy. As the Malta's Economic Vision Document states, Gozo's activities have diversified successfully, with a reduction in the reliance on agriculture, public administration and tourism. Safeguarding agricultural land remains a priority, to maintain the strategy of eco-Gozo. It is true that agriculture is an important economic sector and helps safeguard the character of our rural areas, which supports the wellbeing of the local communities.

However, with its highly educated workforce Gozo has considerable potential that is not currently being exploited. Despite significant progress the island's GDP per capita continues to lag behind the national and EU average. The GRDA agrees that Gozo presents an excellent opportunity to test new incentives and policies that are at the heart of the Economic Vision. Rather than seeing Gozo as separate and different, we must be dynamic enough to turn challenges into opportunities, find synergies and make it a showcase for the transformation of the Maltese economy.

2. High Quality Infrastructure and Investment

As the Malta's Economic Vision Document states, the economy needs reliable and sustainable transport infrastructure to connect supply chains and efficiently move goods, services and people. Green infrastructure is essential for a good quality of life such as secure and affordable housing, adequate and resilient healthcare, access to high quality education, and green and open spaces. The GRDA agrees that, while this holds true for all economies, high quality, well-planned infrastructure is particularly important in Malta and Gozo, where the geographic area is small while the population is growing, and demand is increasing.

The GRDA embraces how Malta's Economic Vision will seek to move the country beyond immediate economic and social priorities and focus on the future vision for Malta for the next decade. The GRDA agrees that the country needs to align infrastructure investment with climate and environmental policy. This could be achieved through changes in planning and building laws with a particular focus on aesthetics, safety, and environmentally sustainable construction practices.

The GRDA also welcomes the drive for enhanced investment in parks, open spaces and green infrastructure in urban areas. This will mitigate urban heat island effects, improve air quality and promote wellbeing through recreational spaces close to one's home or workplace. It is positive that untouched areas of natural beauty and agricultural land will be safeguarded to create better cohesion between the built and rural environments through greater emphasis and investment in nature-based solutions such as green walls and roofs as a standard fabric of our urban environment.

The Vision Document also pinpoints Malta's drive to provide cleaner and cheaper energy to households and businesses. In recent years, this was done through the diversification of energy security which moved beyond the reliance on the interconnector Moreover, energy infrastructure was also set up in a way that it could meet future demand, while transition to electric vehicles was also supported.

Over the next decade, other key initiatives related to cleaner renewable energy sources will be of upmost importance. To this end, the GRDA endorses the Vision's plan to transform Gozo into a carbon neutral island.

Digital industries have been a critical driver of economic growth over the last decade, and GRDA welcomes the commitment to emphasise the key role of digital policies in shaping Malta's and Gozo's competitiveness. Looking ahead, the rapid advance and convergence of technologies in the fields of AI, 5G and IoT will revolutionise the way we use data, underpinned by a network of connected devices with embedded intelligence and learning capabilities which will transform the way everyone lives and works. GRDA supports Malta's aspiration to become a digital powerhouse within Europe by 2031.

3. Education and Employment

The starting point is to understand the trends and opportunities that will reshape the world and then analyse the types and quantities of skills that will be required in the labour market. This will ensure that the Maltese and Gozitan economies flourish in this changing global landscape.

Malta's Economic Vision Document suggest that the main catalyst to drive Malta's Economic Vision forward is the development of local talent through education. The starting point is to understand the trends and opportunities that will reshape the world and then analyse the types and quantities of skills that will be required in the labour market. This will ensure that the Maltese and Gozitan economies flourish in this changing global landscape.

For the GRDA it is equally a priority to stimulate education and employment to further elevate the labour force to a level that competes with the most advanced and attractive economies. The GRDA fully supports the importance of education and suggests that future educational reforms must enhance the level of basic skills required by all, irrespective of one's career path. This includes IT skills, literacy, numeracy, analytical and problem-solving skills, entrepreneurship, ethics and communication skills. Given the increasing importance of digital transition across all areas of Malta's economy, the GRDA agrees that future policy measures should aim to increase the number of STEM related graduates.

Malta needs to attract globally renowned educational institutions that are relevant to the country's main economic sectors. In particular this should target the green and digital sectors. The Malta Economic Vision acknowledges the opening of the Bart's Medical School in Gozo as the first step in this direction.

It is positive that Government is seeking to build on this model in other areas through affiliations with high-ranking international universities, with Malta's quality of life, climate, EU membership and English language contributing to its appeal.

GRDA also supports the introduction of policy measures to assist and reward the Maltese and Gozitan workforce in developing new skills in areas of national importance and to promote the internationalisation of Maltese R&I talent to increase access to knowhow, networks and resources.

4. The Environment

According to Malta's Economic Vision Document, to sustain strong economic performance and improve quality of life, we must start looking at a new modus operandi in which economic growth and the safeguarding of the environment are integrating, rather than opposing, forces. This is also in line with the vision and strategy of the GRDA.

The GRDA notes that Vision Document considers that environmental degradation is no longer 'sine qua non' to economic success. The increased likelihood of a climate/environmental crisis means we need to be prepared and ensure resilience.

A circular economy will make sure that waste resources are reused and thus maximising resource usage. A circular economy not only supports waste management, but it creates new economic opportunities in research and innovation. Apart from ensuring a cyclical economic model, the Malta Economic Vision first and foremost prioritises the prevention of waste which is a sentiment that will resonate amongst the Gozitan community. This will make it possible to dedicate resources currently used to waste management to other value-adding activities.

The GRDA acknowledges that the government recognises the fact that further economic opportunities lie in the adopting new ways of generating energy through renewable sources, such as investing in solar and wind energy.GRDA agrees that, as well as making energy cleaner, renewable sources will make it cheaper in the long

term, once the capital investments are recouped. In addition, energy efficient technologies, including smart lighting, smart green design for buildings and more efficient heating and cooling systems will reduce energy demand.

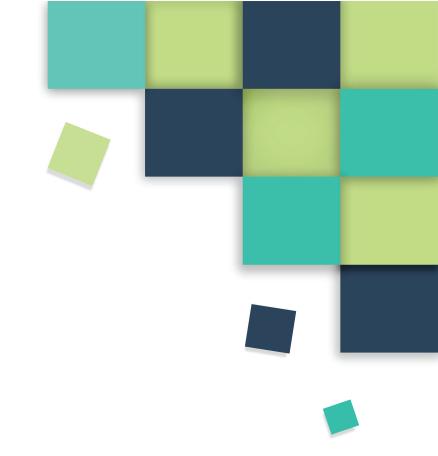
The sea around Malta and Gozo are a key driver for tourism and central to the wellbeing of Maltese and Gozitans. To this end the GRDA welcomes the fact that Malta's Economic Vision identifies marine conservation as an area where more focus is required. The GRDA supports measures that include the protection and restoration of seminal marine habitats, reefs and marine caves and the mitigation of existing pressures.

The Malta Economic Vision seeks to harness opportunities such as using fish waste as a resource for commercial products. The GRDA agrees that, apart from the innovation potential in this area, this approach seeks to drive a reduction in the volume of fish waste dumped at sea, putting into practice the principles of the circular economy.

5. High standards of accountability, governance and rule of law

As the Vision Document suggests, good governance serves as a way of improving democracy and ensuring that the expectations of citizens are met. It is a cross-sector approach that must apply to all – from the judicial, to the financial, to the environmental and social aspects.

The GRDA agrees that good governance is essential for Malta to ensure a stable business environment and to safeguard citizens' quality of life. Ensuring accountability and transparency are key, together with providing citizens with an effective, efficient and inclusive system. The GRDA agrees that Malta must strive for continued improvement in the integrity and transparency of its public institutions to further promote good governance, stronger governance across the economy, and deep respect for the rule of law as an integral part of Malta's Economic Vision.





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