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Speech by The Hon Tonio Borg, Deputy Prime Minister and Minister for Justice and Home Affairs, at the Seminar of the EPP Employee's Group 'Flexibility and Security on a Global Job Market (Flexicurity)

I would like to thank the organisers of this seminar for their kind invitation. Although employment is not part of my portfolio – that belongs to my colleague, Louis Galea, who will be addressing you tomorrow – as Deputy Prime Minister I am, of course, involved in discussions and decision-making that concern Malta's economic strategy, and my participation in this seminar will help inform my perspective in several valuable ways.

But there is more. The very first article of the Constitution of Malta states that the Republic of Malta is founded on work. So, any set of proposals – such as those to be found in the European Commission's Green Paper on modernising labour law to meet the challenges of the 21st century – that address the very nature and structure of work concern more than just the economy. They touch our national identity.

I do not say this in a defensive way but to make two quick points. First, it highlights the importance of what we are discussing. Flexicurity concerns not just employment but the culture of work and of attitudes towards risk. It is a strategy that cannot work if we do not think about it without putting the human person – and his or her wider social relationships – at the heart of our thinking.

Second, it reminds us that, so to speak, we need to be flexible about flexicurity – so that the particularities of different Member States are kept in mind. The Green Paper itself, like many experts, recognises that flexicurity is not a blueprint for action but a strategy – a strategy for mutual and joint risk management for employers and employees, whereby employers can enjoy

flexibility while workers can have employment and income security. Being a strategy, there is, therefore, more than one possible pathway to reach its goals, particularly since the strategy depends on a constructive social dialogue between social partners, and substantial, tax-financed State investment in training and unemployment benefits. Such conditions will vary from Member State to Member State.

What I want to share with you today, therefore, are some reflections on the Maltese case. I believe that some features of the Maltese case will find parallels elsewhere in Europe, and the contrasts will also be interesting. I particularly would like to address one of the questions raised in the Green Paper, namely: What would be the priorities for a meaningful labour law agenda?

Behind this question lie the challenges of globalisation. Such challenges are not new for Malta. Although Malta is an island, and a small one, we do not have a history of isolation. On the contrary, ours is a history of wide connectivity. It was Malta's insertion in international networks of trade, security and diplomacy that enabled her to have a population much, much larger than that of other Mediterranean islands of comparable size. Between 1530 and 1800, Malta's population grew, because of immigration as well as natural growth, from some 20,000 people to 100,000: And the reason is that during this period, under the Knights, the economy could sustain a much larger population, as it was transformed from an agrarian to a maritime economy. Between 1800 and 1900, the population doubled – to 200,000: again, the reason had to do with the expansion of the economy as part of the British Empire. And over the course of the twentieth century, the population doubled yet again, to 400,000.

Such demographic change indicates what other historical details also point to: that our nation thrived because of – indeed it owes its very existence to – an openness to innovation and engagement with the wider world. Until the mid-twentieth century, the majority of people lived in the urban conurbations

around the ports – places of cultural exchange as much as trade and commerce.

The key difference that EU membership has made to Malta's traditional and modern global engagement is that it has enabled us to participate in European networks of excellence as equal partners. Membership has given an outlet for Maltese initiatives and energy that previously was not there. The EU dimension enables us not only to look at European markets from the inside, without important barriers of entry; it also enables us to enter into smart partnerships with our immediate neighbourhood to the south and beyond. It can also be a stepping-stone – and it has already attracted interest in this regard – for companies from outside the EU, from North Africa, the Middle East and the Far East, looking for a springboard into the European market.

Malta's strategy is to take advantage of this opportunity in a series of sectors where our ambition is to become regional centres of excellence by 2015; for example, in information and communications technology. In the latter case, we are not only banking on the investment made by the Dubai consortium Tecom Investments in our Smart City project; we have also set up a network, called EuroMedITI, whose aim is to pilot ICT and innovation projects in the Euro-Med region, particularly North Africa.

The transformation is already happening, with particularly positive results in manufacturing. This sector, over the past three years especially, has been undergoing a radical transformation. The investments attracted in the 1970s were mainly in textiles and many of them have, regrettably, been constrained to transfer to other countries with cheaper wages. The investment that has been coming in its stead has tended to be not just in new sectors – like pharmaceuticals – but particularly in areas where innovation is important. Maltese workers are routinely praised by their employers for their capacity to improve processes of production. ST Electronics, for example, has for this reason chosen Malta as its base for custom-made products. But there have also been other investments – in the development and production of

biotechnology (such as nutrients from algae, perfumes and medicines), electric cars and batteries charged with alternative energy.

I have given you this background to illustrate some of the opportunities and challenges that globalisation offers to Malta. Both are of a very specific kind. The opportunities depend on taking advantage of certain national characteristics, including geographical position. There is no doubt that some of the services that Malta wants to offer will benefit from certain flexible work arrangements.

However, the challenges also show some important elements that are not shared by all Member States. Flexicurity policies emphasise the job transitions in individual workers' lives. The Maltese case highlights an economy that is undergoing a transition in the manufacturing sector as a whole. There is another sector – related to port towns and ship repairs – that has also been undergoing decline for decades. In this case, it is not just workers that are affected but – as with the case of mining or fishing towns elsewhere in Europe – entire communities. These two cases, I believe, require a different approach from that which targets individuals in career transition.

Before I come to the priorities that would make sense for the Maltese case, however, I would like to make an additional argument for the importance of different pathways. The argument has to do with the Working Time Directive.

In Malta, there is consensus that this Directive, which limits the number of hours that a worker can be obliged to work by his or her employer, should be applied to protect workers from possible abuse. However, there is also consensus that this Directive should not be applied in such a way that prevents workers from working more hours should they wish to do so (naturally, assuming that health and safety conditions are being respected). Our workers demand this right! Yes, they demand it and so do their trade unions: so much so, that during our debate on European Union membership,

this Directive was used by the No campaign as an example of how membership might be against workers' interests!

It is ironic that this flexibility to work more hours – should workers want to do so – might not be available, when the Commission wants to urge flexibility in other aspects of work arrangements. Surely this is a case where Member States should implement the Directive in the light of their particular culture of work.

Malta's particularities also inform the approach Malta needs to take to protect employment before the challenges of globalisation.

First, we give a great attention to education and training, especially but not only to youth. This importance is highlighted by the fact that the Ministry of Employment is twinned to the Ministry of Education and Youth. This way, the concept of life-long education is becoming institutionalised in the services that our Employment and Training Corporation offers. These services include thinking tools and training in entrepreneurship.

In addition, to facilitate multiple pathways to the obtaining of educational and vocational certification, we have just completed the development of a Qualifications Framework, which makes different qualifications commensurable. It is now easier for people to move from one educational track to another. And this Framework has a European dimension, so that what Maltese qualifications are equivalent to elsewhere in Europe can be easily assessed.

This last measure is intended to facilitate mobility of workers. The international mobility of Maltese workers is an important issue for us. There is a cultural dimension: thousands of Maltese workers and students in higher education have taken advantage of European programmes to study or train abroad. Others have worked abroad and returned, enriched in experience and work contacts. Beside the cultural impulse to live abroad, however, such international experience is good for the Maltese economy: it is one of the

elements that, in a globalised world, will contribute to enterprise, innovation and job creation.

For this reason, we would also like to encourage and develop more transnational arrangements to do with pensions, social security and health service eligibility. Such arrangements would facilitate the mobility of workers – both in seeking work experience abroad and in returning.

Naturally, such arrangements raise important legal questions to do, for example, with reducing uncertainty about the applicability of rights in legal disputes (when the rights in different countries are not the same). But these questions are worth prioritising. I would suggest that if, in general, the mobility of European workers were facilitated in this way, we would also be facilitating cultural convergence on flexicurity issues between different Member States.

Third, Malta has industries that we know are vulnerable to global competition: textiles and ship-repairs. The government naturally does and will do its utmost to make these industries more secure. But experience indicates that employment in these industries is insecure because our salaries too high in comparison with what other nations can offer. I should also add that, thankfully, in most cases where factories have relocated, the majority of workers who lost their jobs managed to find alternative employment within a year.

In this kind of case, where the vulnerability of an industry due to global competition is known, it appears that job training to strengthen employability need not wait until or if a job is lost. Workers feel insecure even while they have a job. So perhaps what is required is a policy that provides training to workers while they hold a job.

Finally, as some experts have noted, flexicurity policies require an environment of high trust and dialogue between social partners. However, this is not everywhere to be found in Europe. Unfortunately, several Mediterranean countries – like Italy, Spain and France – have an environment

where confrontation between trade unions and governments occurs periodically; nor is this determined by the political colour of the government: the current centre-left government in Italy, led by Romano Prodi, is facing certain difficulties with trade unions right now. The Maltese case resembles the other Mediterranean countries in this respect.

Therefore, we need to generate an environment of greater trust. One reason why trade unions might be wary of flexicurity might be because, by introducing new categories of workers and non-standard contracts, the capacity of trade unions to represent workers in a traditional way is undermined. Encouraging trade unions to have sections within them that represent the unemployed – including those who have voluntarily given up a job to take a sabbatical from work – could go some way to address this problem. It also makes sense, if we are predicting that the future landscape of work will include more of us who, at one point or another during our working lives, will have to manage transitions between jobs. Highlighting flexibility and non-standard contracts should not lead us to miss the collective dimension of such forms of work. Otherwise, the value of solidarity will be more difficult to practise.

In the Maltese case, therefore, the pathway towards more flexible work arrangements that respect the value of solidarity involve prioritising education, mobility, vulnerable industries and communities, and building up social trust before taking further steps. Taking these steps should also help clarify what further elements of flexicurity are necessary or superfluous. It is a pragmatic, balanced approach that is tailored to our circumstances.

I have no doubt, however, that there is still much to learn from the experiences and best practices of other countries. And for this reason, I look forward to the discussions and debate that this seminar will generate. Thank you.