



Webinar
HOW IS MALTA ENTERPRISE ASSISTING
BUSINESSES DURING COVID-19?

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Extraordinary events require an extraordinary response

Good morning ladies and gentlemen!

It is with pleasure that I welcome you this morning in these extraordinary times. Thank you to all those that have registered for this webinar; to those who are members of the Gozo Business Chamber and to all our friends who are following us on FaceTime. The Covid-19 pandemic has been the cause of these extraordinary times but it is also extraordinary that we are meeting on this medium. A well-attended meeting, but none of us has moved from his office or his home; sign of the new times we are living.

I have said 'extraordinary times'. Since the start of this pandemic, the Gozo Business Chamber, recognizing the unprecedented events that were taking place, affirmed that "Extraordinary events require an extraordinary response". We based our call on two principles.

The first and foremost principle is that our Chamber, as always and as is just and right, has made a total commitment in defence of its members. Our officials, and the council members, myself included, have never had so many lengthy telephone conversations, meetings over Skype, Zoom and what have you, with our members who have found themselves in uncharted waters, risking of losing all that they have built strenuously over the past years.¹ Thus any interpretation of our press releases and verbal communications outside this context is totally irrelevant.

The second principle is the highlighting of the particular difficulties faced by Gozitan businesses; here I quote from the joint press release which our Chamber made with the Gozo Tourism Association. "It is an undisputed fact that in problems of national relevance and especially those of an international dimension like Covid-19, businesses on the island of Gozo are the first to be hit and the last to recuperate. The Gozo Business Chamber and the Gozo Tourism Association are for this reason making

¹ Cf Joint Press release by the Gozo Business Chamber and the Gozo Tourism Association, <https://www.gozobusinesschamber.org/wp-content/uploads/2020/03/Press-Release-240320.pdf> 21 March 2020, concluding paragraph

a strong joint appeal to Government to heed to the particular difficulties being encountered by businesses on the island of Gozo”.²

Having made these introductory remarks let me give some more background to the webinar of this morning.

The Gozo Business Chamber’s reaction to the initial package announced by Government on Saturday 14 March 2020 was contained in a Press Release issued the day afterwards.³ The Press Release lauded Government for introducing aid to help teleworking efforts and the protraction of NI, PAYE, and VAT payments but did not mince words to Government for burdening businesses with quarantine leave payment. Already feeling the heavy impact on our members, we asked for a substantial wage subsidy and a cash injection by way of grants and loans at subsidized rates.

After publishing a short survey to analyse the situation amongst our members on the 17 March 2020⁴, the direness of events became even more apparent and we could not but make a call to Government that “the present circumstances warrant stronger moves and a more incisive framework.”⁵ This was the main thrust of the Press Release which the Chamber issued on the 19 March 2020 in reaction to new lukewarm measures established by Government, the day before. Government had announced loan repayment bridging, loan guarantees, interest rate subsidies but nothing concrete about how these would work. We asked Government for a more advantageous stimulus package, the subsidizing of utilities, the fast tracking of Government payments and a specific aid package for Gozitan businesses.

On the 21 March 2020, seeing that Government had not reacted immediately we teamed with the Gozo Tourism Association and issued a Press Release where we stated that “the incentives announced are a non-starter”.⁶ We insisted that Government should at least contribute the minimum wage for every employee in the private sector, again to reduce the cost of utilities, licences, rents and other Government dues, provide loan guarantees, repayment moratoria and interest free loans. Government’s response came three days afterwards after due consultation with the constituted bodies including the Gozo Business Chamber. In what has

² Ibid., introductory paragraph

³ The Gozo Business Chamber’s Reactions to the Incentives announced by the Government on Saturday 14th March <https://www.gozobusinesschamber.org/wp-content/uploads/2020/03/GBC-Press-Release-150320.pdf> 15 March 2020

⁴ A Dire Situation being faced by many businesses in Gozo <https://www.gozobusinesschamber.org/wp-content/uploads/2020/03/GBC-Press-Release-170320.pdf> 17 March 2020

⁵ GBC’s reaction to the Measures announced by the Government on the 18th March <https://www.gozobusinesschamber.org/wp-content/uploads/2020/03/GBC-Press-Release-190320.pdf> 19 March 2020, paragraph 2

⁶ Joint Press Release by the Gozo Business Chamber and the Gozo Tourism Association <https://www.gozobusinesschamber.org/wp-content/uploads/2020/03/Press-Release-210320.pdf> 21 March 2020, paragraph 2

become known as the Covid Wage supplement scheme and the famous Annex A and B we in Gozo have managed to negotiate a better deal by having Government granting two days in a week of wage subsidy to those on Annex B. Government also announced that subsidized interest loans will be taken care of by the Malta Development Bank.

When on Friday 3 April, Malta Development Bank announced a scheme that just made up for 1% off what one is normally charged as interest by the banks we were again vociferous in our disapproval.⁷ We did not criticize the Malta Development Bank itself, because we were privy to the fact that they were working within very restricted parameters and what they offered was the best they could allow. But it was definitely not enough for businesses and so we criticized the executive Vice-president in charge of competition policy in the European Commission for having stated that the Maltese scheme “will help businesses cover immediate working capital needs and continue their activities in these difficult times”⁸.

On the same day that the Malta Development Bank came up with its initial proposal, the European Commission took away all restrictions and came out stating that member states were now enabled, “to give, up to the nominal value of €800,000 per company, zero-interest loans, guarantees on loans covering 100% of the risk, or provide equity”.⁹ Government announced changes to the Covid-19 Guarantee Scheme on the 16 April 2020, accepting most of our requests.¹⁰ This is what we effectively had clamoured for. The Banks and Malta Enterprise will be the actual institutions who will be working out these incentives in practice and proof of the pudding will be in the eating.

I have gone through this introductory background to make the position of the Gozo Business Chamber abundantly clear. Most of what we have asked for has been granted but there remain other issues which we still need to continue lobbying for. We are trying our best to be true to our members when they most need our help. We want to thank all for their positive response to our requests, Government, the Banks and Malta Enterprise.

⁷ The Gozo Business Chamber, and the Gozo Tourism Association’s reaction with respect to the measures introduced by the Malta Development Bank related to the Covid-19 Guarantee Scheme <https://www.gozobusinesschamber.org/wp-content/uploads/2020/04/Press-Release-040420.pdf> 4 April 2020

⁸ European Commission, State aid: Commission approves €350 million Maltese guarantee scheme to support economy in coronavirus outbreak, https://ec.europa.eu/commission/presscorner/detail/en/IP_20_578 2 April 2020, 2nd paragraph

⁹ European Commission, State aid: Commission extends Temporary Framework to enable Member States to accelerate research, testing and production of coronavirus relevant products, to protect jobs and to further support the economy in the coronavirus outbreak https://ec.europa.eu/commission/presscorner/detail/en/IP_20_570 3 April 2020, updated on the 4 April 2020

¹⁰ Statement by the Ministry for Finance and Financial Services – More Financial Assistance to help Businesses address liquidity difficulties <https://govcms.gov.mt/en/Government/DOI/Press%20Releases/Pages/2020/April/17/pr200683.aspx> 17 April 2020 reporting press conference of the 16 April 2020

To conclude I mention one last remark as food for thought. We need to act on a post-Covid programme and the Gozo Business Chamber is doing precisely that, preparing a post-Covid action plan: how Gozo will restart and where we are seeing Gozo short-term and long-term. Definitely a silver lining of this pandemic has been rediscovering nature and our environment. The world has started to breathe anew. There has also been a lot of talk by Government of the need to take care of our spending during this period and that every Euro handed out to business must be accounted for. The Gozo Business Chamber cannot be more in agreement with this. This has also helped me recall the relatively recent handout payment by our Government to the Government of Estonia to the tune of €2 million so that Malta would reach its renewable energy targets.¹¹ In this context one of our suggestions to Government is to subsidize interest rates for businesses that are keen to invest in renewable energy. If say, Malta Enterprise would use two million Euro as subsidy on interest at 2½% then it would help to release eighty million Euro in the renewable energy sector which direly needs it, as much as our country needs to be more active in this sphere. Wouldn't it be much better than handing out funds to another country? As I stated initially, this is food for thought for the Government, Malta Enterprise and the Banks.

Let me conclude by thanking Bank of Valletta and Malta Enterprise Business First for supporting our Webinar. Thank you Marika Tonna from Business First, and Albert Frendo from BOV. I also thank our CEO Daniel Borg who has managed to set up this Webinar in a couple of days with the help of Richard Grech. I leave the floor to Albert Frendo, Chief Credit Officer, Bank of Valletta, who will now be addressing us. Again we thank you all for being so numerous with us this morning.

¹¹ Malta must pay Estonia €2 million to reach renewable energy targets
<https://timesofmalta.com/articles/view/malta-must-pay-estonia-2-million-to-reach-renewable-energy-targets.766104> Times of Malta, 25 January 2020