



PRESS RELEASE

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Economic Transformation Requires Careful Calibration of Economic Policies

The Malta Chamber of Commerce, Enterprise and Industry, the Malta Hotels and Restaurants Association (MHRA), the Malta Chamber of SMEs and the Malta Employers' Association (Malta Employers) have consistently advocated for a well-planned, holistic economic transformation that steers the country decisively towards an economy driven by higher productivity and of value over volume. Real, lasting progress requires moving up the value chain through strategic investments, workforce upskilling, and enterprise modernisation. This demands a comprehensive, long-term plan underpinned by carefully calibrated policy decisions that give enterprise the ability, certainty and stability required to restructure.

The measures announced in Budget 2027 for Third-Country Nationals (TCNs) fall short of the careful planning and calibration required. We have consistently supported rigorous, evidence-based initiatives, notably the national Labour Migration Policy, developed through months of constructive social consultation to better manage labour migration. We are therefore concerned that these measures were announced without prior stakeholder consultation or a comprehensive socio-economic impact assessment. While recognising the need for a well-regulated labour market, decisions affecting business costs, labour availability and competitiveness should be evidence-informed and developed through genuine social dialogue before they are introduced.

While we stand fully prepared to endorse balanced and well-considered measures that guide Malta towards a higher-productivity economy, we cannot support rushed policy decisions, introduced overnight without any consultation, that will bring significant instability to the business community and ultimately affect consumers and the general public.

Introducing substantial cost increases, covering increased permitting & renewal fees, public transport and childcare charges, without accounting for practical operational challenges, risks seriously undermining business continuity across several sectors. These measures will inevitably raise operating costs and fuel inflation in the domestic market, leaving businesses to either absorb the additional expense and restricting capital investment in productivity transformation, or pass it on to consumers.

These measures give the impression of a Government urgently seeking fresh revenue to honour its electoral commitments.

Meaningful economic transformation requires a carefully calibrated balance between incentives and disincentives. There must be readily accessible support that enables businesses to digitalise, automate routine tasks and substantially enhance workplace productivity. Tangible initiatives to improve

productivity and efficiency, incentives supporting digitalisation, automation, and workforce upskilling are essential to facilitate the transition towards a less labour-intensive economic model. These supporting measures need to be rolled out very quickly and not just presented, whilst targeting the wider pool of companies, to achieve a well calibrated and balanced approach to better align cost increases with effective and timely support for productivity.

Equally important is the need for Government to lead by example. Government should seek to improve the efficiency of public services rather than employing additional people, thereby creating a greater strain on the resources that can be taken up by private enterprise. A comprehensive review of processes across ministries, departments and public entities aimed at eliminating duplication, reducing bureaucracy, containing recurrent expenditure and improving efficiency is required. Such an exercise would also identify opportunities for the redeployment of human resources towards the private sector.

The four organisations therefore encourage Government to engage constructively with social partners, reconsider the implementation of the proposed measures and work towards a coordinated approach that provides businesses with the certainty and support required to adapt.

A successful economic transformation requires shared responsibility, effective social dialogue and a long-term commitment to sustainable growth.

Issued jointly by:

- * The Malta Chamber of Commerce, Enterprise and Industry
- * Malta Hotels and Restaurants Association (MHRA)
- * Malta Chamber of SMEs
- * Malta Employers' Association (Malta Employers)

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