

GRTU NEWSTRING



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GRTU submits feedback on the Paceville Masterplan

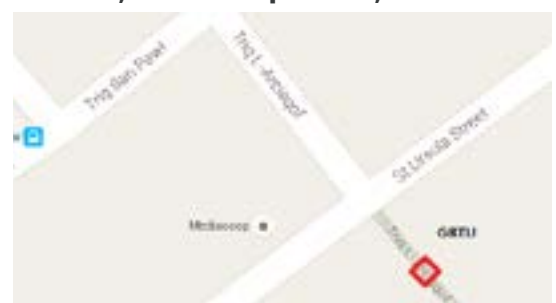
GRTU Malta Chamber of SMEs represents the self-employed, micro- and small and medium sized enterprises having direct business interests or operating within the Paceville hub of entertainment. GRTU acknowledges that with hard work, risks, time and investment, Paceville has developed into the entertainment mecca generating business as well as shouldering tourism over the past thirty-five or so years. The Paceville hub attracts over 20,000 punters during peak times opting for entertainment services.

GRTU has taken immediate lead on the matter and commenced consultation with its members over the Masterplan. GRTU has insofar organised a private meeting for enterprises with the Planning Authority officials and MTA CEO wherein over 100 business operators voiced their opinion and concern. GRTU has undergone a thorough review of the masterplan on a macro-level whilst holding one-to-one meetings

GRTU Relocation of Offices

Kindly be informed that GRTU Malta Chamber of SMEs has relocated from Exchange Building, Republic Street Valletta location to our new temporary premises located at:

157, Archbishop Street, Valletta



with its members to look into the micro-concerns being put forward. GRTU has also been present on all fronts during this consultation period, including public meetings, BICC discussions, the media, and most importantly the Parliament Environment and Sustainability Committee Sitings.



The Holistic Approach

GRTU has been advocating that our tourism zone areas and town centres need to be managed. GRTU acknowledges that perhaps the development has occurred on an individual basis with the various individual efforts building on each other to provide an economic ripple effect on the area and generating a stimulus for further growth.

This is where GRTU agrees that it is a positive idea to consider building on what has been achieved until today through the idea of a holistic masterplan to bring all players together and spearhead forward strategically rather than piecemeal method. Touching the synergy of the area in certain pockets has to be handled sensitively as it would have collateral damage.



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The Nature of Paceville

Entrepreneurs in the area have commented that the present equilibrium found in the sense of the island's entertainment hub has insofar worked and catered for the entertainment industry demands. It is not only the size but also the style and nature of the area. Some have quoted the area as being a Mediterranean-island style of entertainment whereas the 'Manhattan-ization' of the area may not necessarily be the ideal way forward.

The present topography and charm which has worked so far is being forced to change into a new dynamic which some businesses fear that it will not necessarily guarantee the same success. This stance is felt to be pushed forward as what is necessary, whereas it seems to be only necessary to accommodate the interests of development proposals that have been put forward for the area concerned rather than being backed by studies that ensure that it will retain the value it has today.

Transparency and Rubberstamping

Businesses have shown their appreciation to the feel of positive enterprise that this would give to the whole area when seeing the project proposal in its totality. Yet the seemingly advanced stage of the masterplan being put forward for consultation, the lack of involvement of MTA in drawing up this plan, accompanied with the hefty media advertisement of this plan as though it is a fait accompli, has raised eyebrows.

Amidst feelings that some proposed big structures might dwarf or push out existing businesses both in the long process of implementation as well as upon completion, there are also deeper concerns related to the methodology with which the Masterplan was devised. Genuine questions related

to transparency and objectivity are raised as to how the proposal presented seems to benefit certain entrepreneurs in a possible bid to eliminate existing competition.

Going Concerns – Implications already being felt

The Paceville Masterplan seems to be designed onto what appears to be a *tabula rasa*, a blank slate, which is certainly not the case in practice. A simple decision of whether one building is allowed certain heights and others more or less, or whether one business is to be expropriated to accommodate one particular road to be widened instead of another, has already, as we speak, diminished the value of property and business of specific entrepreneurs which have been employing people, paying VAT and taxes consistently and continuously over the years.

This is why the questions are raised as to how decisions were taken. It is being seen as a retro-fit for new establishments – accommodating the new and in some cases eliminating those that are already successfully operating, leaving them either totally out of business or crippled.

The following non-exhaustive examples portray the practical implications that these concerns are raising:

- **Central Area – Paceville Pjazza**

Expropriation: The area from Blackbull towards Axis including the whole triangle owned by the Testaferrata Group but leased into various outlets and operators including nightclubs, pubs, restaurants, apartments and general retail amongst others, are to be expropriated.



Synergy: This will not only effect those establishments but will also damage others on the opposite side of the road where a number of outlets will be affected. The element currently in place is that of having one business complementing another such as a bar, discotheque, and then a takeaway all within a specific environment to constitute the effect of a hub. Taking out part of the present business leaves certain others paralysed or limp because

the economic equilibrium would have been distorted.

- **Santu Wistin and Eliza Zammit Streets**

The zone entering into Paceville from Triq Mikiel Anton Vassalli is earmarked for development of public use. This area is bound to leave businesses highly affected by the proposed changes.

Effects being felt in the immediate: The value of their property is already being devalued by speculators due to the envisaged use of the land. Employees are already resigning and moving on to work with competitors citing job security as a concern. Business plans are being distorted due to the area being earmarked for expropriation.



There are also going concerns in terms of return on investment whereby businesses have highlighted how they have risked and opted to enter into business in Paceville to build a reputable name and business within the area to be able to service clients emanating from the area and surroundings such as Pendergardens, Portomaso and other high-end potential clients – to now have their business potentially liquidated when the investment has arrived to a time when it can start bringing in return-on-investment.

One needs to also take into account that businesses would have chosen specific areas to invest in order to enjoy prominence and any such change to where they operate from could completely alter their business model due to changes in marketing potential. This could be detrimental or devastating to specific businesses.

Changes in this area would also affect recently purchased property which previously enjoyed potential according to the Local Plan which is now being changed to accommodate the Master Plan. This has a direct impact on the use of recently purchased property and existing business plans that will negatively impact business which is already up and running and employing hundreds.

• **Operation near St. George’s Bay**

There are specific concerns raised by both operators and landowners in terms of the area close to the St. George’s Bay sandy beach which results in possible closure and loss of goodwill during works.

Moreover businesses in this area currently enjoy permits for outside tables and chairs upon which they have invested and depend on for the dynamic of their business which would otherwise run them out of business.

Expropriation concerns

The implications of implementation have been overlooked or not divulged. The going concerns of businesses have not been addressed. In terms of obtaining the land that is being highlighted as zones for other use, there has not been any information related to expropriation and how this compensation will be worked out.

Businesses need to know what will happen to their investment, their employees, their forecasts, and their commitments with banks amongst other. If businesses are to submit to expropriation how will this be undertaken in term of valuating the real price of the business and legacy that has been built, as well as stocks which in certain sectors such as bathroom and tile industry could run into the millions.

There are also businesses that have expressed with GRTU that they have no intent to be expropriated no matter what, whilst others have expressed that they would consider if compensation is devised in an entirely fair and reasonable manner.

Moreover there is a growing concern as to what compensation is going to be given to both landlord and tenant. Landlords have entered into commitments and are concerned about what will happen with their property. They fear that tenants would not extend or continue to invest in their business or that they may face stretches of time during implementation without tenancy.

Tenants on the other hand have invested over the years and are now in a time of fruition or expecting returns on their investments which such sudden changes would be totally unfair in terms of the spirit of encouraging businesses to take risks and invest in order to eventually reap benefits and sustain the economic cycle.

Implementation phase concerns

Others are concerned with what effect the actual implementation of the project will have on the area itself

– whereby such a Masterplan is expected to take years to implement and would therefore disrupt totally the entertainment and tourism scene. There also needs to be an idea of coordination and how government works and private works would be undertaken to ensure coordination of works and minimise disruptions to the area concerned.

Also, in the immediate there are infrastructural necessities and other services that are already heavily due to be attended to. It is to be ensured that these are not further delayed in view of awaiting the implementation of a Master Plan, but on the contrary these are addressed with urgency to avoid implications on what Paceville is today.

Spill-over Businesses

Apart from the entrepreneurs directly involved in Paceville, GRTU also represents a wider range of economic operators who complement what Paceville is today such as food and drink suppliers, delivery operators, tourism agencies, passenger transport operators, gas distributors, waste collectors, cleaning services and many more. The service that these operators provide to generate even more jobs to so many families whilst allowing Paceville to be operational the way we know it, cannot be underestimated.

There are challenges for these operators with the present situation and need improvement. Nonetheless one has to not only take into consideration their role and livelihood, but rather see to what effects would be felt in the interim. One cannot merely interrupt operations as there would be a spill-over effect on the Paceville hub as well.

Conclusion

The intrinsic position at this point is that at a bird’s eye-view this masterplan provides an impetus to create, imagine and develop a stellar renewed Paceville. This however should not justify in any way, any form of distortion to the present economic equilibrium, which recipe has insofar more than worked, solely through business effort, in the success it is today.

The idea of a Master Plan is a good start as a base for discussion and regeneration of the area but it must be ensured that we are not simply paying lip service when we say it is not cast in stone. Simply having the possibility of presenting one’s case to moving part of the proposal by a couple of meters to one side or other is not real consultation and we trust that this would not be the case.

GRTU is always on the side of progress but remains adamant that businesses that have invested over time cannot be overlooked but rather fully integrated in the core of policy-making.



GRTU monitoring the

implementation of the HFC-quota EU Regulation

On the 7th of December, the GRTU Malta Chamber of SMEs, in collaboration with Europe Direct Valletta and the Malta Competition and Consumer Affairs Authority (MCCAA), held an information session for its members about the EU’s phase down of fluorinated greenhouse gases (F-gases).

This phase down will affect importers of pre-charged equipment with hydrofluorocarbons (HFCs). HFCs are a type of F-gas that are present in products such as air-conditioning equipment and refrigerants in refrigeration.

Importers of such products must abide by Regulation (EU) 517/2014, which inter alia established the creation of a registry for HFC quotas and holds that importers are responsible for taking all necessary precautions to limit F-gas emissions.

During the information session held this month, it became very clear that importers of the aforementioned goods have not been adequately informed about emerging developments vis-à-vis the implementation of this EU Regulation in Malta.

This is unacceptable as importers have to abide by certain deadlines regarding the amount of HFCs on the market, and could face penalties if they do not operate according to those dates.

Whilst the MCCAA serves as a local contact point, Maltese importers are often finding themselves unable to receive extensive answers to their queries from any local institution and are thus only able to directly contact the European Commission department.



This is not the most favourable option because, as one can imagine, the Commission gets inundated with questions from importers and departments from all over the continent. Therefore, the GRTU holds that a fixed legal government entity must assume responsibility and directly assist importers in maintaining their quotas, whilst the MCCAA should be given the required support to function as an effective contact point.

The GRTU is monitoring the issue and discussions with authorities to settle the issue as swiftly as possible are ongoing.



GRTU position on the National Renewable Energy Action Plan consultative document

GRTU has taken note of the National Renewable Energy Action Plan consultative document issued by the Energy and Water Agency (OPM) and has made its submissions as follows.

The document is a good long term strategy, but fails to propose tangible, achievable and concrete measures to ensure that the wealth generated by the process of reaching 2020 targets is beneficial for Maltese companies, their employees and Maltese society.

The 1st of January 2020 is merely 36 months away, but the country is only generating 4% of its energy from renewable sources. The Renewable Energy Directive states that by 2020 Malta needs to generate 10% of its energy from renewable sources. The Directive was issued in 2009, thus what was not achieved in 8 years now needs to materialise in the coming 3 years.

From the outset, Malta departed on the wrong foot by arguing and negotiating a reduction in our target from 20% to 10%, exposing the country's lack of commitment

towards a better environment. This contrasted greatly with other countries' attitudes where some even increased their targets to up to 49%. To date some of these countries have surpassed their targets. Moreover, R&D efforts in Malta to develop or adapt technologies for our particular and specific conditions were negligent.

Promises by government of solid collaboration with GRTU have remained on paper, and an agreement made in April 2015 to ensure projects are jointly administered with GRTU to ensure all operators and the jobs they create are safeguarded still has to materialise, registering very slow progress. Efforts by government to act alone, such as in the case of Fiddien tender, have been given priority but once more encountered problems due to a lack of planning and hands on experience, resulting in complaints by operators, several amendments and, to date, two tender deadline extensions.

In contrast, entrepreneurs in the industry have a long list of projects in the pipeline which are ready-to-go, but had to be shelved due to Enemalta's restrictions on grid

connections. This in many cases occurs where the grid is old and the necessary upgrading is not yet complete. Once an application is filed, the necessary expense to upgrade the grid is passed on to the applicant, resulting in making the whole project unprofitable.

Proposals

1. Large scale project commitment

Government should speed up the bureaucratic process and keep the commitment it made with GRTU almost two years ago. Had this promise been implemented earlier, the country would already have a substantial amount of the needed renewable energy installations operational. However we may still be in time and notwithstanding the aforesaid, the Government's perceived intentions in this regard are positive. Thus Government should ensure that by the end of 2016 this setup is up and running.



2. Enemalta grid restrictions

GRTU notes the first signs of effort being made by Enemalta to decrease bureaucracy to ease restraints on renewable energy initiatives. These come after years of considerable limitations on the industry by the energy provider, and given the gargantuan 2020 challenge, it is safe to state that Enemalta has started to react not a moment too soon. The RES sector will respond, and as usual will strive to provide the country with more renewable energy and safeguard green jobs. However, Enemalta needs to do a lot more.

To start with, Enemalta needs to start allowing grid connections of installations up to 60 amp (41 kW) without requesting payments. Today, a 60 amp connection 'to buy' electricity from Enemalta is allowed without hesitation. However, when a request is made 'to sell', Enemalta limits the connection to 16amps, which translates to a mere 11kW. Requesting potential investors to pay for such upgrades equates to abuse of a dominant position and a disregard

of the country's critical situation vis-à-vis 2020 targets. Furthermore, subsequent applicants in the same area would then benefit from the original upgrade without payment, confirming GRTU's argument that such upgrades are required anyway, irrespective whether a particular 60 amp PV plant is being connected or not.

This extra burden very often makes a renewable energy project unfeasible and is abandoned by the investors, hindering the progress of renewable energy which in turn disrupts proper planning, fundamental for quality installations. Therefore GRTU is proposing that RES initiatives which do not surpass 60A / phase (41kW) should not be forced to bear the cost of a grid upgrade, but is financed by the ultimate grid owner which is Enemalta and which ultimately, will be using the upgrades for other purposes.

GRTU is also pointing out that Enemalta recently announced it would be investing 80 million euro in grid upgrades. GRTU is requesting that, given the current situation, 50% of such investment is focused on the areas of the grid where Renewable energy applications are made. Enemalta should not see this as an added cost for the following reasons:

- a) the investment of 80 million has been allocated and announced, and is therefore not an added cost
- b) the grid needs upgrading in any case
- c) Given its dominant position as by far the largest energy provider on the island (whether generated or traded), and the monopoly it enjoys as a sole grid operator, Enemalta should take up this initiative as part of its CSR to assist the country in reaching its 2020 renewable energy targets in the very limited time that remains.

3. R&D - Key for a long term strategy

As part of its long term renewable energy strategy, Malta should allocate sufficient funding to enable proper research and development in renewable energy and energy conservation, particularly addressing Malta's unique and difficult conditions. By doing so, massive amounts of untapped energy poured on our territory in the form of sun radiation, waste resource, sea currents and wave energy could be tapped into and significantly increase the percentage of renewable energy in our energy mix.

Conclusion

The points mentioned above are crucial if we want to reach targets in an organic and sensible manner, without resorting to manoeuvres and abusing loopholes for a last minute ditch to become compliant.



EU action on unfair competition and money laundering

European Commission combatting terrorist and organised crime financing

Terrorist threats have become a reality we hear about everyday, from the Paris and Brussels attacks in recent years to the Berlin attack and the recent hijack drama on the runway at the Malta International Airport. Both organised crime and terrorist organisations require significant funding to carry out their deeds, such as recruiting new members and trafficking arms. Terrorist organisations frequently finance their activities through crime, which means, for instance, that organised crime can boost terrorism via a supply of illegal weapons. In order to conceal their activities, terrorists choose to adopt money laundering schemes.

The EU is now taking a strong stand to block the funds such unlawful organisations receive. On the 21st of December, the European Commission announced proposals to strengthen the EU’s legal framework to combat money laundering and inhibit the financing of organised crime and terrorism. The money laundering problem is particularly challenging at the moment, seeing as according to the United Nations a total of approximately €2 million is made illegally, which worryingly amounts to 3.6% of global GDP.

It is hoped that the proposals will make it easier for authorities to detect illicit funding and harder for criminals and terrorists to finance their activities. The criminal law

framework against money laundering that is currently in place is not entirely effective. This is because whilst every EU Member State criminalises money laundering, their laws differ in terms of definition and scope. Such discrepancies can be exploited by criminals and terrorists.

Therefore, the Commission’s proposal for a Directive is targeted towards updating criminal law to address emerging money laundering problems. Such a Directive would lead to an implementation of international obligations on terrorist financing and money laundering. In addition, the Directive would encourage increased exchange of information between the competent authorities in Member States and bring about cross-border cooperation. This cooperation would tackle the aforementioned cross-border differences in definition and scope by formulating a common definition of money laundering across the EU, so that police in different Member States can cooperate together and fight the problem.

EU toughening measures against unfair competition

This month, EU Member States agreed to the first fundamental review of the EU’s Trade Defence Instruments (TDIs) since 1995. This agreement came following the European Commission’s proposal to modernise the Union’s TDIs to address today’s economic realities. The EU wants to update its legislation in order to protect European producers

from damage caused by unfair trading.

Market distortions, which are found in the economies in many of the EU’s trading partners, are a fundamental element that the EU aims to address. The EU’s proposed regulation updates existing anti-subsidies and anti-dumping regulations so as to combat unfair trade practices more effectively. Moreover, it is believed that through this measure the EU’s TDIs will be rendered more transparent.

According to World Trade Organisation (WTO) rules, the EU can impose anti-dumping duties on imports that are brought in from third countries, if it is established that the goods enter the EU at dumped prices, thus harming European businesses. Price dumping in international trade occurs when a country exports goods at a lower price in the foreign market (importing country) than is charged in the domestic market (exporting country). This practice causes significant damage to businesses that operate in the importing country and gives exporters from other countries an unfair advantage.

The proposed regulation that the EU Member States agreed to enables the establishment of investigations when a retaliation threat by third countries exists, without the need of an official request from industry. The investigation period shall also be shortened. Peter Žiga, the Slovak Minister of Economy speaking for the EU presidency hailed this agreement as a “major breakthrough.” This initiative was also welcomed by Cecilia Malmström, the European

Commissioner for Trade, who proclaimed that “we must ... address unfair subsidies and dumping with determination.”

The Commission’s Communication about this improved trade policy can be viewed by scanning the following code:



GRTU Malta Chamber of SMEs is constantly monitoring updates within the EU and its Member States to ensure that Maltese SMEs are made aware of international business opportunities and emerging EU rules that affect their operations. The GRTU’s EU Desk can be contacted on the GRTU line at 21232881, or the Europe Direct Valletta line at 21228843.

Europe Direct Valletta is hosted by GRTU and is a contact point that all citizens can make use of to receive information about EU funding, rights and responsibilities in the Union, working and living in the EU, and much more. Europe Direct Valletta’s newsletter, European Aura, is sent electronically to all GRTU members and contains important information about recent events and new funding opportunities.



Direct flights between Malta and Katowice

The Hungarian low-cost airline company Wizz Air will start operating direct flights between Malta and Katowice in Poland from March 2017. Flights will be available twice a week from March up until October.

Wizz Air was inaugurated as a new airline at the Malta International Airport back in May 2013, when a new Malta-Budapest route was established as a twice weekly operation.

The creation of such routes could provide a great boost for the Maltese economy. Of course, potential tourists have increased access to Malta, whilst entrepreneurs from both countries can now find it easier to meet up in person and explore the countries of their clients and/or business partners.



SEASON'S GREETINGS



Contact GRTU Malta Chamber of SMEs on **21232881/3** or e-mail **admin@grtu.eu**



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