

Thursday, 29th January 2009 - www.timesofmalta.com

Recovery possible by third quarter - Finance Minister

Kurt Sansone

Finance Minister Tonio Fenech yesterday said recovery from the current economic downturn was possible by the third quarter of the year.

He insisted that although the global recession would cause problems for Malta, the economy was not in crisis and one had to be careful not to alarm people unduly.

He also said that keeping to a deficit target of less than three per cent was still an important target for the government but given the unstable economic scenario it would not be "dogmatic" about the issue.

Mr Fenech was briefing the media at the end of a meeting of the Malta Council for Economic and Social Development, which was presided over by the Prime Minister at Castille. The MCESD partners were given a briefing of the current situation, which included a sectoral analysis.

The Minister said that manufacturing, particularly those linked to the car and heavy industries, and tourism were the two sectors most hit by the recession.

However, he also pointed out that the fact companies opted for a reduced working week rather than lay-offs was also a sign that they were seeing positive prospects later on in the year.

A recovery was possible by the third quarter this year, with the more pessimistic predictions pointing towards the first quarter of 2010.

He reiterated the government's intention to remain flexible on the deficit but insisted it was not in the country's interest to overshoot the target of three per cent.

"Increasing the deficit beyond the three per cent mark could lead to credit rating agencies lowering their rating for Malta and that would be a disaster for investment," Mr Fenech said.

The government was reviewing the situation on a daily basis and would be prepared to take measures, including injecting more funds, to alleviate the burden on particular sectors.

Asked whether the government would consider a proposal by the Malta Employers' Association to subsidise, for a limited time, the wages of those employees working a four-day week, Mr Fenech said it was studying all proposals put forward by the social partners.

As expected, the impact of the higher utility tariffs was also raised during the meeting, with the GRTU demanding they be reduced immediately.

The government did not budge from its position insisting the tariffs will be reviewed every six months with the next revision due in March.

Mr Fenech said the prospects were that tariffs would drop in line with the falling price of oil.

Saturday, 31st January 2009 - www.timesofmalta.com

'Substantial' downsizing at ST

ST's Morocco plant to close down

Kurt Sansone

Chip maker STMicroelectronics has finally confirmed it will be downsizing its large operation in Malta after months of speculation, in line with its worldwide cost reduction programme announced on Tuesday.

In a presentation to investors, ST's chief financial officer Carlo Ferro said ST will be shedding 3,500 manufacturing jobs, which would include a "substantial downsizing of the assembly operation in Malta".

Even so, officials at the Malta plant yesterday could still not tell how many employees would be made redundant.

"We have nothing to add to what the corporate company said. We have no indication as to the number of lay-offs yet," ST group human resources manager Tonio Portuguese told The Times.

It is unclear whether the government had been informed of the impending layoffs during its recent talks with the management at the Kirkop plant.

Last Wednesday, Finance Minister Tonio Fenech told The Times the government was not aware of any plans for mass redundancies at STMicroelectronics. "From the discussions we have had with ST, it is not the case that the company wants to lay off people. This does not result to us," he had said.

Yesterday he would only say that "the government had not been informed of any plans by ST, other than those already reported in the media".

The plans referred to by Mr Fenech are the cost reduction of \$700 million in 2009 and the removal of approximately 4,500 jobs worldwide.

He said: "This figure includes the closing down of its line in Texas and Arizona, the closing of operations in Morocco, relocation of the Singapore facility to China, as well as downsizing in Malta".

However, when asked whether he had become privy to this information during discussions or after reports in the media, he said he had no further comment to make.

Earlier yesterday he met the General Workers' Union along with the Prime Minister to discuss the situation.

The Office of the Prime Minister released a statement following the meeting but there were no new details in it. The statement said the government had explained how it had been holding talks with the firm for the past two years, and that discussions intensified as the international financial crisis kicked in.

Mr Ferro said ST wanted to reduce its cost base and this included the loss of 4,500 jobs with 3,500 of those jobs being in manufacturing. He also announced the closure of the plant in Morocco.