



SUPPORT OF THE INDUSTRY - MACE 2021 - DR. IAN BORG, MINISTER FOR TRANSPORT, INFRASTRUCTURE AND CAPITAL PROJECTS

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Once again, we're back to Malta Aviation Conference & Expo 2021. Honestly, the quality of speakers and variety of topics we've discussed is very important, so we keep sharing the best with you. An obvious point for 50skyshades was an opportunity to ask some essential questions to Dr. Ian Borg, Minister for Transport, Infrastructure and Capital Projects. Once again, we thank Mr. Minister for his cooperation, his open mind and accessibility.

Q. First an obvious question - what was your first reaction facing corona crisis, without even knowing all circumstances?

A. The unexpected emergence and the rapid spread of the COVID-19 virus shocked each and everyone of us. The seriousness of the pandemic instilled fear that the situation was going to bring forth a global scenario where only the mighty will survive.

When a pandemic strikes the economy is bound to take a hit. The severity and devastating effects of the COVID-19 pandemic immediately showed that the world will face devastating social effects

that will consequently fuel staggering economic disruptions. 2020 will be forever remembered as one of the worst years for the global economy in general, but in particular for the global aviation sector. During the same year, the inevitable non-pharmaceutical restrictions imposed by almost all countries all over the world, including Malta, drove the aviation sector to an almost complete halt. Yet, this situation made us even more aware of our dependance on the aviation sector, especially for an island state like Malta.

Our main task was to safeguard the health and safety of the people, to support businesses and employees and to combat this pandemic with utmost strength and determination to minimise as much as possible all negative impacts. As a government we focused on protecting the health and safety of everyone through numerous health and safety measures, but at the same time we shifted our focus on an Economic Recovery Plan aimed at easing pressures on the liquidity of businesses including those in the aviation sector. These measures helped in protecting jobs and the most vulnerable during this challenging period. It was certainly not an easy task but perseverance goes a long way and in Malta's case we managed to handle the pandemic in a very professional manner.

Q. As Transport Minister, you have huge amount of issues to solve ASAP due to unprecedented situation. Looking back now, what was the most difficult?

A. The Ministerial portfolio for which I am responsible is quite vast, ranging from air, maritime and land transport, to capital and infrastructural projects. Managing this portfolio is challenging, but the challenge itself is what makes my job and position worth it. The success registered in the various branches of my portfolio gives me the strength and motivation to carry on.

The Maltese aviation sector has in recent years registered sustained growth rates, owing to significant investment by public and private stakeholders in both physical infrastructure as well as human resources. Malta started 2020 with strong and positive prospects, however the emergence of the COVID-19 crisis downturned this scenario. Swift and sound decision aimed at ensuring the survivability of the numerous businesses operating within the aviation sector were key. Despite our efforts, after the first wave of COVID-19 during the summer months of 2020, the aviation sector did not pick up as much as was expected. Consequently, we have sustained and expanded our support to keep jobs in place and avoid cashflow difficulties through the various schemes that the government launched. Close to the end of 2020, we were still at the mercy of the virus.

More recently we have started witnessing a more positive and encouraging scenario. The high percentage of fully vaccinated people and the sustained low rate of registered cases is allowing us to ease many of the imposed restrictions. This is gradually reawakening various activities including those related to, or supported by the aviation sector.

Apart from focusing on the most pertinent and immediate needs of the sector, we have also adopted a long term perspective. To ensure a resilient and more sustainable aviation sector we are working on a number of other areas to ensure that once the aviation sector recovers from the backlash of the COVID-19 crisis, it continues to develop and grow bigger and better.

Q. How fast and what measures were taken by Ministry of Transport to help people and the working industry?

A. As the Maltese economy is heavily dependent on services sectors, many of which supported or depend on air transport, international and domestic mobility restrictions affected harshly all contact-intensive services, wreaking havoc on the Maltese economy. In 2020 our national GDP contracted by more than 7%, creating the worst recession in decades. Nevertheless, our swift and bold policy

response managed to limit the economic damage. Schemes such as the full wage supplement, rent refund scheme, and the electricity bill refund scheme, mitigated some of the economic repercussions of the pandemic, averting large-scale layoffs, bankruptcies, and credit disintermediation.

Despite the onset of the COVID-19 crisis Malta registered the lowest rates of unemployment and jobs lost during 2020 and 2021. Through a high pace of vaccinations rollouts and improvement in the public health situation, consumers are gradually regaining confidence and economic activities are swiftly recovering. In fact, we are expecting national GDP to rebound to 5.6% by end of this year. Going forward, growth is expected to remain strong.

Q. How would you describe the actual situation in Malta? What is your vision for next 2 years?

A. In terms of aviation, despite the challenging period the sector is gradually regaining traction. Total aircraft movements between June and September this year increased by almost 90% compared to the same period in 2020. Our aircraft registry continued to grow and we surpassed our expectations. This growth in our registry was driven partly by some of our existing AOCs, and partly by new companies coming on board. We also had a number of leasing companies who chose to use the 9H Register as their preferred jurisdiction. We hope that under the current circumstances we will continue to attract more new operators to our skies and at the same time we will continue to support our present ones to relaunch. But more than talking growth in terms of numbers, we will continue with our efforts to improve the quality of our register and our service. One thing we do not want is to grow our register at the expense of quality and standards.

Recently, we have launch our vision for the Maltese aviation sector through a public consultation on the the National Aviation Policy. The Policy is geared towards reaping the best possible share of the forecast global aviation growth, and seeks to ensure that throughout the coming 9 years the Maltese aviation sector not only manages to recover from the backlash of the COVID-19 pandemic but continues to develop and prosper. It identifies over 20 objectives that will among others help to enhance the economic benefits deriving from a thriving civil aviation sector, exploit the potential of new and emerging sectors, strengthen the critical role of aviation in terms of connectivity with continental land masses; and tackle pre-existing conditions such as congestion and carbon footprint.

The Maltese aviation sector has one of the best reputations and we aim to continue to maintain and improve it. That is my vision for the sector, not just for the next two years but I keep my hopes high that this standard remains for more years to come. Afterall, aviation is a major contributor towards the Maltese economy.

Q. What measures would you initiate on EU level to protect the industry and assure the definitive recovery as well as financial sustainability?

A. As far as the pandemic is concerned, the best way forward is to continue adhering with rules and regulations. Mutual respect and collaboration are pivotal in such circumstances. The recovery needs to be a global effort where tolerance respect and collaboration are key. Together is the answer towards combatting the pandemic and experience the best recovery possible.

Aviation is a highly dynamic sector, and therefore adaptability is vital, as even without crises change has been relentless. Global societies in general, expect the sector to become more sustainable. To achieve this, the sector needs to undertake radical changes. At an EU level we are currently discussing how we can continue to support the sector through the recovery path, but at

the same time we are also discussing existing policies tackling for instance the green transition for the EU aviation sector. As member of the European Union, Malta will continue to take active participation in discussions at EU level, and will continue to push for a just transition towards a more sustainable future for the aviation sector.



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