

Malta International eForesee Conference
Closing Remarks by Hon John Dalli,
Minister of Finance and the Economic Affairs

Dear speakers, guests, ladies and gentlemen,

It is my pleasure and honour to be here today at the close of this conference which has set the ambitious but important task of seeking to explore the potential for future Euro-Mediterranean cooperation in research and innovation.

An economy's wealth can only be increased through increasing its productivity. Productivity can only be increased by looking for new and more efficient ways of doing what we are doing today. Thus innovation is the key to increased output and thus standard of living. Obviously innovations can only be achieved through investing in research.

This is why the EU is pushing towards a target of reaching an investment in research of 3% of GDP. According to an econometric study undertaken for the European Commission attaining this target would have a significant impact on long-term growth and employment in Europe, in the order of 0.5% of supplementary output and 400,000 additional jobs every year after 2010. The full impact on growth and employment may be even higher thanks to the boost that additional world-class research will give to the international competitiveness of European industry and services and to Europe's global economic attractiveness.

The location of high technology and knowledge intensive industries in an economy is very important for its continued sustainability and competitiveness. Figures compiled by the Malta Council for Science and Technology indicate that Malta's share of manufacturing value-added in high tech sectors is 22.4% while it stands at 8.2% in the EU. Innovation expenditures as a percentage of all turnover in manufacturing is 7.8% while the EU average stands at 3.7%.

Malta's labour productivity in high tech medium-high tech manufacturing is higher than that in all other EU acceding states but is still marginally below the EU average. Malta's labour productivity in knowledge intensive market services is higher than that prevailing in other EU acceding countries as well as the EU average. Labour productivity in high tech services is higher in Malta than in all other EU acceding states but is lower than the EU average.

Malta's innovation scoreboard is very positive in certain aspects when compared to the EU average but there are many other aspects on which we still lag behind namely the lower proportion of persons with tertiary education aged between 25 and 64, SME in-house innovation and innovation co-operation. The identification of these weaknesses has guided us to recognising the need to dedicate more resources towards investment in

research. We will be announcing shortly a new initiative which aims to encourage public-private partnerships and cross-sectoral synergies through funds being allocated to scientific research.

The eForsee project was very useful in helping us identify niches towards which Malta should direct its research effort. The eForsee project helped us in mapping paths towards achieving a more efficient use of funds dedicated to higher education in order to be in better position to cater for industry needs. Thus greater value should be reaped from resources being dedicated as a result of the eForsee project. Now we are using the experience gained in order to help our Mediterranean neighbours improve their research potential.

Certain similarities between Mediterranean countries certainly imply points of convergence for common interesting areas of research. We are looking forward for research collaboration between the Mediterranean countries as increased collaboration in research improves the quality and effectiveness of results as more ideas are pulled together and owned by a larger number of persons.

We strongly believe that increased stability in the Mediterranean region can be achieved through increasing the economic prosperity within this region. The European Union is a living testimony that increased trade linkages and economic dependence between countries brings about political peace between nations. A priority for Malta as an EU member is to facilitate increased trade within the Mediterranean region as we believe that this region offers a lot of opportunities which are just waiting to be reaped.

We trust that your stay in Malta has been enjoyable as well as productive. We look forward to collaborating with you in order to be able to gain from mutual benefits.

Hotel Corinthia San Gorg on Friday, 14 November 2003 at 1.15 pm.