

Thinking small, adapting fast

INTERVIEW WITH DR LAWRENCE GONZI

PRIME MINISTER OF MALTA



LAWRENCE GONZI was first elected to Parliament in 1996. In 1997 he was elected Secretary General of the Nationalist Party and following the September 1998 General Election he was appointed Minister for Social Policy. He has been Prime Minister of Malta since March 2004, just before Malta joined the EU and hosted the 2005 CHOGM. He was re-elected Prime Minister on 8 March 2008.

Your acclaimed speech during the Diamond Jubilee emphasised the importance of ‘thinking small’. To what extent do you believe larger economies and corporations will be able to relate to this concept?

In the interconnected world in which we live, where boundaries are shrinking fast, thinking small has become imperative. Technology is not only reducing distance but is also significantly increasing the pace of change. This requires all countries and companies to think small. In today’s world, success depends on the ability to be agile, nimble, fast and adaptable and this is why thinking small is advantageous. It has also given us the advantage of being able to focus on the fundamentals and details.

Experience over the past four years has shown us the importance of getting these fundamentals correct, as these very fundamentals can make the difference, especially in a global crisis. Thinking small is therefore not about size but is a strategy about how to operate in today’s volatile and interconnected environment.

How do you ensure that as a small island nation, your voice is adequately heard in the international arena?

Despite its small size, Malta is today a well-respected country and membership of the European Union and euro area has given us a voice at the highest levels. We have also participated actively in the international arena, including the Commonwealth and the United Nations. Within the United Nations, Malta launched the dual notion of the international community’s obligations relative to the Common Heritage of Humankind and the rights of future generations. However, the respect and reputation that we have managed to build are based on what we have achieved as country, particularly in these trying times. Our economic performance, particularly in terms of employment growth, as well as the emergence of key economic sectors, which are becoming regional centres of excellence in their own right, such as ICT, maritime services, remote gaming and aviation services, is itself of considerable note.

Malta continues to attract international investment from around the world and this is the best sign of confidence that a small country can get from the international business and political arena.

How would you define the significance of the Queen’s Diamond Jubilee to Malta?

It is very important for a number of reasons. Firstly, the Queen has a very special relationship with Malta and with the Maltese. Queen Elizabeth lived for two years in Malta during her youth, between 1949 and 1951, and she still vividly recollects her happy memories of the island including both its people and places. Soon after her accession, Queen Elizabeth officially visited Malta and over the years has visited Malta a further four times. However, it is not only these five visits that demonstrate this unique relationship between the Queen and Malta but more importantly it is the warm welcome of the Maltese people in each of her visits that truly confirms it. However, the Diamond Jubilee is also a celebration of Malta’s relationship with the United Kingdom particularly on the political, economic and cultural level. Today, Malta has very strong links with Britain through our joint membership of the European Union and The Commonwealth. In addition, British investment in Malta is particularly strong in a number of sectors. There is so much common ground between us as countries and people.

In this latter part of your second term as Prime Minister, what do you believe to be the main highlights of your tenure?

For the past eight years I have had the privilege to serve my country as Prime Minister. My first term, between 2004 and 2008, took place at a very particular time for Malta. We had just become European Union members with great changes taking place, especially in our economy. My vision for Malta was to join the eurozone in 2008, as I believed that for a small, open economy with its own domestic currency, joining the single currency would benefit the country in terms of stability. This was completed against a backdrop of global economic growth and Malta managed to attract international investment to its shores and establish new economic sectors. This period was a time of transition for the Maltese economy and we had to carry out the necessary structural reforms which proved their worth post-2008. My second term as Prime Minister is also taking place against a very different economic landscape. Malta has displayed strong economic resilience throughout the economic crisis and was one of the last countries to enter recession in the EU, but one of the first to move out

of recession. So, these last four years have been most challenging, but the end results have been satisfying: we have one of the best employment rates in Europe, the highest rate of students graduating from University and finding employment within three years from their graduation, and on the fiscal front, our deficit levels are among the best in Europe. Added to this, I believe we have handled the crisis of the Arab Spring very well. We were inundated, at one point, with thousands of people escaping Libya, but the way it was handled was very well acknowledged by many countries worldwide, which means that Malta's reputation today is very high, and this helps us in maintaining a good profile for the island.

As the changes were taking place in North Africa last year, you expressed optimism about the effects they would have on the region. Do you still have the same outlook and view?

Yes, I think that the political class that has taken over so far is on the right track. There is still a lot more that needs to be done. But I think what happens in the next six months is crucial. Libya recently had its elections, which was their first experience of a democratic system. We need to support them wherever necessary. Malta has already done its utmost and will continue to do so.

To what extent has Malta's long history shaped the character and personality of its people?

This is a fundamental question. Malta is located in between two continents. On the one side we have the European flank, which has exposed us to hundreds of years of European culture. On the other side we have the North African coast, so we have been exposed to the Arab world for hundreds of years. So, here in Malta we have had to bring together the European culture and Arab culture and to do business with both. We have had to bridge the two cultures. I think this has shaped the Maltese culture; our ability to absorb and identify where the opportunities are, to find what is common rather than what divides us. And I think this mentality is present to this very day. We have retained a culture that is typically Maltese and we are proud of it. But over thousands of years you can see in our culture the positive influences of the Arab world, of the Roman world, of the French occupation and the British presence in Malta. We have chosen the best from each and formed a unique cultural model.

You are currently facing a different type of crisis on both sides of the Mediterranean. How are you coping with this new reality?

The secret is to act fast and respond to the challenges around you, whether it is the eurozone crisis or the North African crisis. We have to be agile and flexible and discerning in our strategies. Where we identify the opportunities we have to go for them and where we identify the risks we have to cushion them as much as possible. Notwithstanding the volatile environment in which we are currently living, we are still delivering the results and this shows that we are managing to find this balance.

What is your vision for Malta's future? How do you see Malta's role in the world in 50 years from now?

Our vision is not only a vision but also a concrete plan which is being implemented. The strategic location of Malta will remain a valuable asset for years to come. We have a continent, Africa, which has the potential to become a significant economic driver opening up new opportunities, especially for the European economy. Energy is a case in point. Europe has a strong demand for clean energy, whilst Africa has the potential to offer a supply of clean energy. Malta sits right in between the corridor, and I can envisage a situation where Malta can be a staging post for gas pipelines and solar panels from North Africa to Europe. Another example is Malta's financial services sector, which is already considered to be a leader in our region. It will continue to serve as a bridge between the two continents. So Malta is, I believe, on the right track to consolidate its regional status further, thereby opening up new opportunities for us to fulfil our natural vocation of being a bridge between two important continents.

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Waqäs Ahmed,
Head of Special Projects
at FIRST with Prime
Minister Lawrence Gonzi

