

The aftermath of a pandemic: After COVID-19, what's next?

As Malta, along with the rest of the world, returns to some sense of normality following the devastating impacts of COVID-19, the question that weighs on everybody's mind is: what's next? How will Malta and its economy recover from this crisis, and what does the future hold? **Martina Said** speaks to the experts across several industries to find out.

David Xuereb President of The Malta Chamber

As Malta's foremost representative body of business, President David Xuereb says The Malta Chamber has remained close to and sympathetic towards businesses over the past months, while making sure that Government understood the real issues at grassroots level and providing the adequate and sufficient support that was direly needed. "At the same time, The Malta Chamber has been looking fiercely ahead towards a brighter and better future during and post-COVID-19."

"The disruptions caused by this pandemic have presented us all with an opportunity.

"I consider the world to have pushed a reset button, and where we decide to go from here is all fair game." - **David Xuereb, President of The Malta Chamber**

We don't want to merely survive through the crisis. We wish to grasp the resulting opportunities and strive to be better off in social, economic and environmental terms than we were last February," says Perit Xuereb. "I consider the world to have pushed a reset button, and where we decide to go from here is all fair game."

The President asserts that this new reality brings endless opportunities, "and, as business leaders, it is our role to digest and mould these prospects. We need to understand that the way we conduct our businesses, interact with our customers and sell our products or services will change significantly with respect to renewed client values and expectations. We must hence do all in our power to get ready for these changes, make sure that we are best prepared for them, and get it right."

He adds that adapting to the new normal will entail re-thinking business models and strategies. "It is now more essential than ever that companies are incentivised to think differently, work hard to become more



longer than we all wish for," he adds. "Waiting for the storm to be over is not an option."

In this vein, a Chamber Think Tank Strategic Group has been set up with the purpose of reading the signs of the times to come, while researching and developing various scenarios of how the post-pandemic business and social landscape might look. "The Think Tank's ultimate objective is to develop strategic initiatives which will need to be undertaken in the short, medium and long terms to address what many are calling the new normal," says Perit Xuereb. "Contingency planning and adaptation are crucial in these circumstances. We must ensure that our businesses are aware of the opportunities that are arising in this new world and embrace them with open arms."

Simon Schembri
Partner &
Philip Mifsud
Senior Associate, Ganado Advocates

"The situation with COVID-19 is an ever changing one, making it hard to gauge the impact on the world and local economy, but also presents a real challenge in identifying solutions which address the situation in a manner which is sustainable," Dr Simon Schembri, Partner, and Dr Philip Mifsud, Senior Associate, from Ganado Advocates assert. "In rebuilding Malta's economy without compromising health, Government needs to look towards creating measures which are commensurate with the guidelines issued by the health authorities but also face the economic realities we are exposed to."

Highlighting that Malta is largely a service-based industry - with the two main contributors to its GDP being tourism and the associated services, and the financial industry in its broadest terms - Dr Schembri

and Dr Mifsud state that, in ensuring that the economy can regenerate without compromising public health, the various industries need to work together in a collaborative manner to create an environment which is conducive to maintaining and attracting new business to our shores.

"Within the financial industry, it is crucial that the picture presented reflects reality. Therefore, all the players in the public and private industries need to be uniform in demonstrating that notwithstanding the current measures in place, the advantages that Malta offers can still be availed of," they explain. "We are fortunate enough to live in a digital and paperless age, which allows Malta's private service providers to keep servicing local and international clients in their interaction with various government entities in the manner in which clients are accustomed to."

With respect to the tourism industry and associated services, "it is essential that the industry seeks to create a *modus operandi* that is innovative, unique and engaging towards clientele. Malta has a lot to offer in terms of outdoor spaces, and the service industry needs to adapt its game plan to create opportunities within the current scenario."

Although restrictions have been eased, Dr Schembri and Dr Mifsud assert that in recent weeks, a number of businesses had already started adapting themselves to the new reality, and others will have to follow suit to survive. "Similarly, within the financial services industry, clients want to ensure that their processes remain seamless and that the business world they are familiar with has not undergone a radical face lift," they assert. "Accordingly, it is incumbent on service

innovative and resilient to grow and develop further in a competitive international market with fast-changing dynamics."

The President points out that, although the effects of the storm may take a while to pass, people in business "are blessed with an ability and ambition to be able to see the light at the end of the tunnel in an entrepreneurial manner, and identify opportunity while others are detecting clouds," he asserts. "At The Malta Chamber, we have made it a point to be catalysts in this regard and enable our members as well as all members of the business community to rise to the challenge, be more courageous and resilient in the face of these challenges, and strive on."

Perit Xuereb says the Chamber presented Government with concrete proposals on how to address determinate subjects such as meeting liquidity needs, mobilising labour supply, incentivising business activity, jumpstarting the economy, a shift in mindset and stimulating innovation. "It is evident that the current situation is expected to take

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providers to ensure that they work with government entities to forge new methods of doing business which give comfort and security to clients that they are well accustomed to."

Speaking of their own sector, they state that the legal sector has also been negatively impacted. "We too had to adapt to the new realities and managed to successfully implement the move to a virtual environment, not only in the way we assist our clients but also in our internal dealings," say Dr Schembri and Dr Mifsud. "In truth, the recognition that it is possible to work and communicate effectively while living in

a new reality will benefit the legal sphere, by ensuring that needs are met in a timely manner through increased flexibility around working environments."

Julian J. Mamo
Managing Director,
GasanMamo Insurance Ltd

"Public health is of paramount importance and all necessary measures must be in place to safeguard the population's health," says Julian J. Mamo, Managing Director at GasanMamo Insurance Ltd. "This said, one must keep things in perspective and

"This is an opportunity for economic operators to adapt to new realities ensuring that their offering is in line with the new norms." - Julian J. Mamo, Managing Director, GasanMamo Insurance Ltd

recognise that the public has always been and will always remain exposed to health challenges, yet has been able to operate normally."

Mr Mamo highlights three closely-linked key elements that are needed in order for Malta's economy to recover: positive transparent data on the real health risks that are posed - "once the data is statistically positive and is trusted, then confidence will be rebuilt"; continued measures promoting good health and containing the spread of the virus; and transitional Government support.

"Once confidence starts to return, people will gradually revert to more normal patterns of life. This may take some time and things may never be identical to pre-COVID-19. This is an opportunity for economic operators to adapt to new realities, ensuring that their offering is in line with the new norms and delivered in a way that suits its target audience," he asserts. "The health measures are crucial if they are to be effective to keep the health data positive and consequently boost confidence. Effective Government support is essential during this period of transition while businesses and citizens adapt to new realities."

Mr Mamo adds that Malta should take the opportunity to render itself more resilient to such shocks by avoiding sector specific dependence, such as the building or tourism sectors. "While these are and should remain important pillars of the economy, they need to be sustainable and rendered less critical due to growth in a more diversified economy."

As restrictions for businesses and consumers across the islands have eased, Mr Mamo foresees the initial hurdles for businesses will be of a practical nature, as working practices and buying patterns have been upended. "Businesses will struggle to adapt to new measures that are imposed. This will take time and in many cases some investment, however, most business owners appreciate that it is unrealistic to hope that they will simply continue to operate in the same way that they did pre-COVID-19. Change always brings new opportunities, and those who identify new and improved systems will benefit from this, while those who are not as swift to adapt might struggle more. Adaptability is key for survival."

Asked to share how Mr Mamo's industry has been impacted, he asserts that it has been hit in the same way as all other sectors, and had to adapt, practically overnight, to operating remotely, interacting with stakeholders through virtual means and delivering a service without direct contact.

“On a personal level, we have also encountered the new challenge of keeping our staff safe from this virus, as well as our customers, while at the same time delivering a service that is in line with what the public has been accustomed to,” he explains. “It is a fact that all parties responded brilliantly, with customers cooperating fully and staff determined to maintain the highest possible standards. It has been challenging but we have learned a great deal. I have no doubt that there will be further changes in our sector as there will be in many others.”

Maria Micallef
CEO, The General Soft Drinks

“In both the short and long term, the overriding priority must always remain public health and well-being through measures and

strategies that are proportionate to the scale of the current issues at hand. Such measures and strategies must be constantly monitored and tweaked as we now face a very fluid reality,” states Maria Micallef, CEO at The General Soft Drinks.

From an economic perspective, Ms Micallef asserts that the short-term strategy must focus on safeguarding as many jobs as possible, which is only possible via measures that effectively provide support and access to cashflow for operations in all sectors of the economy. “Such frameworks have been forthcoming but more rapid implementation and roll-out to the market would have resulted in much less uncertainty and instability throughout the economy.”

In the short to medium term, Ms Micallef believes the revival of the local economy will be heavily dependent on internal tourism. “With traditional tourism being such a

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large contributor to the economy, it will be essential to cultivate as much internal tourism as possible within the acceptable parameters of social distancing in order to drive the wheel of the tourism sector and the various other sectors that are directly and indirectly reliant on tourism,” she explains. “In the longer term, internal tourism as well as traditional tourism of higher value, rather than volume, will be essential. Furthermore, the long-term priorities that were always discussed for Malta pre-COVID-19, namely education, upskilling, innovation and digitalisation, sustainability and the environment, will be of even greater importance going forward.”

Reflecting on the return to a so-called normal pace of life, Ms Micallef asserts that the island still faces a reality of ongoing local transmission of the virus and numerous asymptomatic cases. “Therefore, although the restrictions are being lifted, there will always remain a portion of the population who, for various reasons, will not be willing to revert to their previous lifestyle.”

“This portion of the population coupled with the loss of traditional tourism for numerous months and the restrictive measures in place regarding gatherings of groups of people, will mean lower footfall for many businesses and thus further contribute to the vicious cycle of less cashflow and lower disposable income,” says the CEO. “On the other hand, we now fully understand and appreciate the value of a modern and digital economy, and hence this experience should be used to accelerate the ongoing transition into a modern and digital economy.”

Turning towards the impact of the pandemic on her sector, Ms Micallef says overall consumption of beverages has decreased due to the closure of the Hotel/Restaurant/Catering (HoReCa) sector. “With the staggered easing of restrictions and hotter months ahead, we look forward to increasing levels of consumption and we will continue to monitor developments closely in order to adapt to the requirements of our customers and consumers. We will also strive to ensure that our brands play a large part in the road to recovery of our clients in the HoReCa industry.”



Joshua Zammit
 Founder, NOVARGO Ltd

“In discussing post-COVID-19 scenarios, we are basing our work on a number of principles which we believe should underpin any discussion related to economic recovery. One of the most important ones is resilience,” says Joshua Zammit, founder of NOVARGO Ltd. “Being resilient means having the ability to recover quickly from tough situations and respond to the unexpected.”

Mr Zammit says that expert reports indicate Malta has a resilient economy, but resilience also applies to businesses and people. “Until now, we have always given substantial weight to efficiency when evaluating businesses and, although this will remain an important indicator, how resilient a business is will become a central consideration going forward.”

This is coupled with sustainability, he continues. More than just a buzzword, Mr Zammit regards sustainability as “the ability to maintain the activity at the required level for the length of time it is required without compromising the ability to meet the needs of the future. Central to our thinking is the need to have an economy which serves society and not drives it, and therefore, all economic activity should be geared to meet society’s needs and enhance the standard of living of its citizens while protecting future generations.”

Together with these, Mr Zammit stresses that the economy must flourish in an environment where the institutions are strong and governance takes centre stage. “There are a number of red lines which cannot and should not be crossed and we need to have serious conversations about fiscal morality, enforcement of rules and ethics,” he asserts.

As a self-proclaimed “eternal optimist”, Mr Zammit says every adversity presents opportunities and Maltese businesses have always been extremely able at identifying them, even in the bleakest of situations.

“Central to our thinking is the need to have an economy which serves society and not drives it.” - Joshua Zammit, Founder, NOVARGO Ltd



As for the challenges, he says that, unless the virus mutates into a weaker strain and loses its virulence, it is likely to stay with us for a while with periodic spikes of infection, “people cannot live under a cloud of fear indefinitely,” and the lifting of measures is an important step towards a newly defined life. “Initially, the biggest hurdle for businesses will be fear, but as people become more comfortable and understand better what needs to be done, we will hopefully start seeing demand for goods and services increasing.”

Mr Zammit chairs the Malta Chamber Think Tank on the future of business in Malta – an idea which stemmed from discussions between himself and Chamber President David Xuereb last year, with the aim of having a group within the Chamber that imagines and discusses the type of future needed for businesses in Malta to flourish.

“Then COVID-19 struck and we quickly refocused the work of the Think Tank to develop a set of scenarios of how the future

might look post-COVID-19. We have a core group and sectoral roundtables, and close to 140 people directly involved. We have now developed six possible economic scenarios, out of which we have a best-case scenario, a worst-case scenario and a most likely scenario. We are now moving into the next phase, which is the application of these scenarios. At a macro level we are starting to develop models to understand how the economy will behave under these scenarios,” Mr Zammit explains.

“On a sectoral level, the roundtables will study the scenarios and tell us what they think is the most likely one and how they see things panning out in their sector. Based on this, they will develop initiatives and interventions which need to be undertaken at different levels and by different players to continue safeguarding businesses and ensure growth. At the end of all this, we will come up with a series of documents which will provide a blueprint on which together we can define what needs to be done.” **cc**