

Malta's 21st Century Mission:

Championing Technological Innovation in the EuroMed Area

Like other developing states in the post-Cold War international system, Malta must take stock of its strengths and weaknesses and seek to optimize its comparative advantages. Malta possesses a number of assets (language, modern legal and administrative systems, qualified labour force, air and sea links, neighbourhood of Arab markets). These advantages need to be fully exploited and where necessary, adapted to the new global economy of which Europe is an important region.

Malta's future prosperity will more than ever depend on the dynamism of its business community. Free competition will be the watchword of the future. Being innovative, having a capacity to develop new products and new markets, and an ability to merge with other companies, to do research and even to invest overseas will be essential. In economic terms, membership in the EU has provided a more stable environment, more competition and possibilities for co-operation across Europe. This policy framework is probably one of the most outstanding advantages that Malta is already reaping from EU membership. The outcome of this exercise will influence Malta's geo-political and geo-economic destiny for decades to come.

The launching of the EuroMedITI initiative which seeks to nurture a dynamic technology and innovation platform in Malta aims to ensure that Malta becomes a more active regional player in the emerging global economy of the twenty-first century.

It is a strategic error for governments to continue trying to attract foreign producers to build factories. Manufacturing today is typically twenty-five per cent of the end-user price. Production per se adds very little in the eyes of the customer. Countries, especially small ones such as Malta, will gain a great deal more significant and profitable parts of business if they can attract Research and Development (R&D), engineering, financing and marketing functions. This is the key to strengthening and sustaining one's prosperity in the interdependent world that exists.

In the interdependent international system of today Malta must seek to transform itself from a nation state to a region state by enhancing its influence throughout the Euro-Med region. The EuroMedITI will facilitate this transformation.

A region-state is a group of people that establish themselves as a dynamic economic unit and takes advantage of cyber-technology to advance its people's creativity and obtain prosperity from the rest of the world. Region-states are economic units that permit the free flow of capital, information, companies and consumers.

Key components of a prosperous region-state are a large educated class capable of providing some service on a global scale, an international airport and capacity for

international freight handling, and last but not least, a highly developed cybernetic infrastructure.

The most fundamental factor that will guarantee success in the information age is education. Telecommunications on their own will not help a country thrive unless the people are able to use such technology effectively. Unless they are able to offer services through advanced technology, they will go nowhere.

The younger generation is already showing signs of being more adventurous than their parents when it comes to technology related products and services. They are also prepared to interact with other cultures rather than accept stereotypes. It is essential that contemporary educational systems offer students the necessary skills that will allow them to function and compete in the information age. This includes having a very good comprehension of the English language, the lingua franca of the post-Cold War world.

Preparing children to understand the information age and the technology that makes it function is the best investment any parent or government can make. This is especially the case for developing countries that have no sophisticated infrastructure or natural resources, but have a young population that is able and willing to explore new avenues.

Unfortunately the explosion in information has not been matched by a similar increase in knowledge. The world has become smaller and regions have grown closer, but they do not necessarily understand one another any better than in the past. The uniformity of technology is accompanied by an implicit assumption that politics and culture will become one. But anyone who ignores differences in patterns of historical evolution is ignoring a basic fact that underpins society. It is for this reason that no one should seek to impose a different way of life upon societies with different histories and necessities. They must be allowed to adapt to the changing world at their own pace, even if this means missing out on several opportunities.

Realising Malta's Potential

As a European country with a Mediterranean personality, Malta's adoption of a 'Euro-Mediterranean' balanced foreign policy agenda has enabled it to maximise its position in international relations. If Malta is to successfully navigate through the post-Cold War international system that is evolving it must accurately identify emerging European and Mediterranean regional trends.

To the north of Malta the EU has been advancing at great strides in its effort to prepare for the challenges of globalisation. This includes furthering EMU, e-Europe, deregulation, fiscal stability, and company mergers, in an effort to strengthen high economic growth. As a consequence the technology and prosperity gap between the EU and the Mediterranean has been widening in recent years. Future EU enlargements will create the largest internal market in the world, a market of more than 500 million consumers. A larger internal market will result in increased competition, which will favour consumers who will be able to purchase the best products at the cheapest prices.

Malta has already created a modern transport and telecommunications' infrastructure which enables rapid and easy access to destinations world-wide. The state-of-the-art telecommunications system is constantly being upgraded and includes a fully digitalised telephone system. Digital exchanges provide excellent communication nodes in close proximity to the industrial parks. Malta is also home to a number of companies providing data transmission services through satellite and fibre-optic networks.

The establishment of a Euro-Mediterranean free trade area will facilitate deregulation and liberalisation, two prerequisites to the successful establishment of the e-hub concept. The elimination of bureaucratic barriers is essential if the required specialised services are to be attracted. Jobs can be created across the telephone line or satellite connection which eliminates the necessity of bricks and mortar approaches to development.

Regionalism can perhaps best be described as a process that allows countries a short-cut access to larger markets. All efforts in Malta and resources should now be dedicated to ensuring that Malta positions itself advantageously on a level regional and international playing field to attract foreign direct investment.

Indeed, Malta's European and Mediterranean foreign policy dimension seeks to assist all those interested in putting into practice the structures and mechanisms necessary to facilitate intra-regional economic relations across the Mediterranean. An increasing number of companies are gaining additional advantages by centralising their southern European, North African and Middle Eastern distribution logistics in Malta.

This will include taking advantage of Euro-Mediterranean opportunities by marketing Malta as an EU state with very close ties to Mediterranean markets. In doing so, Malta will be playing a leading role in the creation of a corporate Mediterranean culture that so far does not exist.

In order to participate effectively and maximise its potential in the global economy Malta must identify realistic niches where it can apply its comparative advantages. Once this has been done Malta must then concentrate its resources to these sectors and develop consistent policies to maintain and strengthen its success in these areas. The EuroMedITI (EuroMediterranean Institute of Technology and Innovation) is an initiative that fits exactly into such a paradigm.

If Malta is to seize this important moment in its history it must immediately adopt a proactive strategy that maps out Malta's foreign policy and corresponding domestic objectives. It seems logical to elaborate a forward looking policy planning document that spells out clearly foreign policy targets and domestic policy implications and measures that guard against anti-social shocks to the system. Such a strategy needs to be more than a technical plan of action. It also needs to be a strategy that seeks to mobilise public and private resources to cope with the opportunities and challenges of EU membership.

At an international level Malta must articulate a clear vision that redefines its foreign policy objectives in light of 21st century changes. Policy positions are one side of the

coin. At a domestic level, there is also an urgent necessity to articulate changes and benefits of such changes to everyone. The elaboration of a EuroMed Technology and Innovation strategy will review upgrades that are taking place in a wide area of sectors including those of telecommunications, the energy sector and the service industry – in other words, the very fabric of the future Maltese economy.

EuroMedITI will also encourage corporate Malta to play a more direct and active role in formulating the country's direction. Corporate Malta must play a much more active role in defining Malta's future. A wake up call is long overdue. In order to pursue a policy of active regional integration Malta must apply its strategic resources effectively and proactively. EuroMed ITI seeks to facilitate this by integrating European and Mediterranean states into a common network of innovation.

Only a sustainable and profitable industry can guarantee a viable welfare state system. A more concerted effort is required to take better advantage of the information technology revolution. The key is to invest in productivity and not squander resources in nonproductive sectors.

As a member of the EU Malta is clearly defining its foreign policy objectives at a regional and international level. Publication of Malta's foreign policy 'Strategic Objectives' document in February 2006 highlights the main objectives of such an agenda.

In reality there is only one role Malta can play, if it is to thrive as a country and remain relevant at an international level. That is for Malta to adopt a model of development that other Mediterranean countries and small states around the world can emulate when adjusting to globalisation. Malta has the people, the educated middle class, and the geo-political and geo-economic advantages to be the economic powerhouse of the Mediterranean. The EuroMedITI initiative offers exactly such an opportunity. It is an opportunity that must be taken!



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