

GREENET: Fast forwarding the green transition in a just and socially responsible way

Cases from industry, energy and transport sectors

National Report: MALTA

1. Introduction

1.1. Background and aims of the study

This national report for Malta is part of the European project '*GREENET: Fast forwarding the green transition in a just and socially responsible way – cases from industry, energy and transport sectors*'. The aim of the project is to strengthen the capacity of social partners and social dialogue to support a green and fair transition in the sectors most affected by change; specifically, energy and fuels, industrial processing and transport.

The study is being carried out in ten countries: Bulgaria, Lithuania, Malta, Poland, Slovakia, Spain, Portugal, North Macedonia, Serbia and Turkey. Therefore, the individual country assessments can be used for comparative analysis.

This national report presents the results on the impact of green transition and REPowerEU policies on employment and working conditions in Malta. It will be followed-up with efforts to adapt collective bargaining of sectoral workers' and employers' organisations to support the actors most exposed to the negative impacts of the transition; and it will also be used to develop new national and European strategic frameworks for action – recommendations and guidelines – that will help employers, training providers and employees to better prepare for the implementation of policies related to the European Green Deal.

1.2. Methodological note

This national report for Malta on the impact of green transformation policies on employment, training and working conditions of workers and enterprises is based on information and data collected using three methods: (1) in-depth interviews, (2) an online survey and (3) desk research.

The in-depth interviews were carried out with representatives of workers' and employers' organisations; all representing leaders, managers and policy makers in key stakeholder organisations and institutions within the sectors. The interviews with the employers' organisations were held online on a one-to-one basis; while interviews with workers' organisations were conducted through focus groups. There were six interviews with employers' organisations – two from each of the three sectors covered by this study. And there were three focus groups – one for each of the three sectors – each having a minimum of three participants. All interviews were transcribed and shared with the project manager.

An online survey on the state of implementation of green transition and fair transition policies was carried out with workers in the industry, energy, and transport sectors. The main objective of the survey was to identify the socio-economic and occupational situation of the participating workers in the context of the energy transition in terms of employment, skills development, social security and working conditions, as well as their expectations and needs. In total, the survey had 30 respondents.

The desk research analysis considered key documents and reports on green transition policies and just transition, including national and EU policies and regulations. These are identified in the upcoming sections and listed as sources of information in Section 8. Furthermore, the researchers relied on information obtained from collective agreements at sector and cross-sector levels.

2. Key national public policies and regulations relevant to the green transition

2.1 Green Deal policies

“The European Green Deal is the EU’s long-term strategy to protect humans, animals and plants through key policies and shared targets aimed at ambitiously cutting emissions and preserving Europe’s natural environment.”¹ Along with other EU member states, Malta is required to act in line with such policies and strategies, in order to tackle global climate change.

EU policies meant to protect natural habitats, keep air and water clean and ensure proper waste disposal are reflected in Maltese legislation and the European Commission helps all Member States apply EU environmental law correctly. From policies to rules, Malta has to act on water pollution, waste disposal, air quality, and preservation of natural habitats.

2.2 Just transition policies and programmes

Policies and programmes are translated directly into funding allocations. The EU Just Transition Fund Allocation to Malta totalled €2.27 billion. It,

- mobilises substantial resources towards the environment,
- facilitates financing to enterprise in energy efficiency, and
- enhances Malta’s cultural heritage.

Other investments are applied in health, education, potable and new water, and waste management.

¹ Information that follows derived from, https://malta.representation.ec.europa.eu/environment-maltas-green-deal_en. For a comprehensive insight from the EU, see <https://www.consilium.europa.eu/en/policies/green-deal/>. Funded by the European Union. Views and opinions expressed are however those of the author(s) only, and do not necessarily reflect those of the European Union or European Commission. Neither the European Union nor the granting authority can be held responsible for them.

€469 million intended for clean energy initiatives will focus on energy efficiency and emissions reduction to combat climate change. This links directly to the key energy and climate change policies (and targets) relevant to the sectors surveyed in this report. Proposals include the introduction of different and sustainable mobility systems in the urban localities of the country, in line with the European Green Deal to reach climate neutrality by the year 2050 as envisaged in the Paris Treaty. Also proposed are green corridors and further work on Natura 2000 sites (so far, 15% of land area and over a third of its waters are covered by Natura 2000 sites). Other proposals consist of strengthening the electricity supply by investing in a new interconnector and energy storage.

2.3 National industrial relations system

While in collective bargaining and social dialogue, the political state is generally projected as a passive player within the social partners framework, in the national industrial relations system it is relatively more active.² Insights into the role of the political state are gained from observing the institution of DIER, the Department for Industrial and Employment Relations. Problems that hinder collective bargaining and social dialogue processes in Malta can be transcribed from its reports. At law, any derogation from legislation requires the approval of DIER. EIRA is the Employment and Industrial Relations Act. Complemented by other regulations, including those for wages, it is the general framework “accredited with helping to maintain industrial peace in the country” (EIRA). Following any reported derogation or threat of directives and/or direct action, the Director of DIER calls for conciliation meetings to search for solutions to the problems. Intermediation or arbitration initiatives attempt to reduce or manage open disputes between employers and workers. This consolidates the idea of a ‘neutral’ but active political state with its institutions performing intermediation.

The scenario faced by the Director of DIER has broadly changed. The transition from confrontation to social partnership has been “quiet and inexorable” (Debono & Baldacchino, 2021, p.18). For Grima, this transition, “opens the possibility for an ethically more satisfactory alternative to the adversarial model of industrial relations” because such participation “enables workers to have a more direct voice at their respective place of work and it can transform (in an ideal situation) an economic enterprise into a community of persons” (Grima, 2021, p.145). Keeping ideal situations on the margins, the historical trend has indeed been a long-term reduction in industrial action and a resort to bargaining and dialogue. More support for the transition comes from Debono & Baldacchino (2021) who argue it has “probably been brought about by the growing realisation that confrontation

² Following the definition established within (and “for the purposes of”) Directive (EU) 2022/2041 of the European Parliament and of the Council (19/10/2022) on adequate minimum wages in the EU, *collective bargaining* refers to “all negotiations which take place according to national law and practice in each Member State between an employer, a group of employers or one or more employers’ organisations on the one hand, and one or more trade unions on the other, for determining working conditions and terms of employment”
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often results in negative unintended consequences, and that dialogue is more productive in the long term”. That there are cracks in the system emerges from the MEA’s negative comments on DIER adopting an “overly legalistic approach”, a “rigid, fundamentalist interpretation of employment law”, and a mindset projecting employers as tyrannical.³

Debono & Baldacchino (2021) describe the collective bargaining system in Malta as “largely voluntarist” and “free ... without much state intervention through regulations”. The political state provides the rules of the game via the above-mentioned Employment and Industrial Relations Act (Laws of Malta 2002).⁴ It keeps the unions at bay from each other with the Recognition of Trade Unions Regulations (2016)⁵ and generally soothes their members by allowances from the Cost of Living Agreement (COLA, 1990).⁶ COLA is based on the inflation rate over the previous twelve months, as calculated by the Retail Price Index, which is a measure of inflation based on monthly changes in the cost of purchasing a representative basket of consumer goods and services. This is reviewed periodically and aligned with the Household Budgetary Survey.

COLA has been considered not only an exercise in handouts but as having constituted a new social partnership or dialogue model that substituted the preceding confrontational one. Attributed to EU accession and EU ideals, a GWU (2023) report states how “many of those involved in the industrial relations scene admit that the interests of both sides can rarely be completely reconciled” but that COLA allows for “justifiable compromises” to be made warning that its removal would “bring back unrest and industrial action” and so both employers and trade unions “believe in the mechanism and the independent board that oversee the workings”. Ultimately, this institutional approach, or any purported ideal situation linked to it, cannot dispel or obfuscate the power relations being regulated.

It cannot also dispel the consideration that according to the EU, Malta is well below the official figures deemed right to establish a healthy collective bargaining reality. Officially, while unions in Malta represent around 45% of workers, collective bargaining coverage is approximately 50% (Debono & Fiorini, 2023). Interpretation of this might follow the classic dilemma of a half-filled or half-empty glass. Certainly, Malta, along with other nineteen member-states with collective bargaining coverage below 80%, has been called to adopt the good practice as suggested by the European Minimum Wage Directive and this would have meant moving away from firm-based to sectoral collective bargaining because the latter was

³ From, <https://www.maltaemployers.com/wp-content/uploads/The-state-of-social-dialogue-in-Malta-March-201512.pdf>.

⁴ Employment and Industrial Relations Act. Chapter 452. Retrieved March 22, 2023, from <https://legislation.mt/eli/cap/452/20221220/eng>. EIRA, to confirm, is mainly concerned with the basic conditions of employment.

⁵ Recognition of Trade Unions Regulations (9/12/2016). Legal Notice 413 of 2016. Retrieved March 22, 2023, from <https://legislation.mt/eli/sl/452.112/20161214/eng>.

⁶ From <https://legislation.mt/eli/sl/452.65/eng/pdf>.

“the primary tool for setting the terms and conditions of the employment relationship” (Muller et al, 2020, p.116). However, this continental scale commitment and initiative continues to falter because it depends on efforts at the national scale and this is not forthcoming yet.

3. Green transition and its impact on restructuring, employment and working conditions in the three sectors

3.1. Sectoral analysis

A. Fuel and energy sector

a) Brief characteristics of the sector

The fuel and energy sector accounts for circa 3% of the country’s Gross Domestic Product (GDP) and 1% of total employment. The main activities in the sector are the generation of electricity and the supply of water – the latter being largely provided through a reverse osmosis (RO) system.⁷ The large companies are part of the public sector because they are state-owned; and the majority of employees are covered by collective bargaining at the company level.

b) Business strategies in the face of Green Deal policy challenges

In the face of Green Deal policy challenges, the businesses within the sectors have adopted a variety of strategies, including ones related to investment and others aimed at improving their environmental, social and governance (ESG) ratings. In particular, businesses are focusing on short- and medium-term investments that are green and sustainable. The objectives are several, but primary among them is the goal of improving the quality of the product while strengthening the security and efficiency of the supply of their service.

Some businesses have been able to do these investments by raising finance in the local market through green bonds – these being debt securities designed to finance environmentally friendly projects that generally offer some tax advantages.

Also, businesses in the sector have been taking readings of their carbon footprint. Since this is a relatively new practice, there are gains and improvements that have been made that they cannot yet capture and quantify. So they are now engaging carbon accountants to give them readings of current emissions on which they can formulate targets and transition plans.

c) Impact of Green Deal policies on sectoral reorganisation

⁷ While water supply is generally not considered part of the energy sector, given Malta’s dependence on RO water supply (the extent of which is unique within the EU), it is here considered to be part of the energy sector. Funded by the European Union. Views and opinions expressed are however those of the author(s) only, and do not necessarily reflect those of the European Union or European Commission. Neither the European Union nor the granting authority can be held responsible for them.

The impact of Green Deal policies on the sector are significant. These have had financial and operational implications. For example, the limit on emissions in the energy sector means that electricity companies (among others) have been incurring additional expenses because they generate significant carbon emissions. These companies typically also comply with the ISO standard 14001 - Environmental Management System and are subject to: energy audits, proper waste management, monitoring of emissions in air, land and water. The sector had to change a lot to adapt to ongoing reforms.

There are also challenges related to meeting other energy targets. For example, the push for the adoption of electric vehicles (EVs) is expected to increase demand for electricity during specific parts of the day, and it also raises issues related to space for the installation of EV charging points. Similarly, ship-to-shore regulations require investment in infrastructure to supply vessels with electricity that previously didn't exist. These investments that need to be made by the sector are very much work-in-progress.

d) Impact of Green Deal policies on employment and working conditions

Some interviewees have argued that electrification will require a number of workers to change the type of work that they do; but pointed out that this is not only due to the Green Deal policies. At the same time, working conditions do not appear to have been heavily affected. There are, however, some additional duties related to operations brought about by the green transition, e.g., environmental monitoring. In particular, since the adoption of the ISO standard, companies have had to set up internal audit functions that required establishing a role for an 'environmental coordinator' – that did not exist before. On their part, employees have also had to adapt to "new" types of fuels (e.g., the switch from heavy fuel oil to gas brought about because of costs related to emissions). This required that employees develop new skills, including data analysis.

In order to deal with these changes, employers have been offering training to help employees develop the new skill requirements brought about by the green transition. Training has been a huge investment – both for new and current employees. These include workshops and funding to obtain certifications through exams. Interviewees reported that the employees that have some difficulty are those that do not have good literacy skills. These are usually employees that have been working in the sector for a very long time. In such cases, employers have gone a long way to ensure that the training provided caters for these employees' needs (e.g., exams through multiple choice questions).

B. Industrial sector

a) Brief characteristics of the sector

The industrial sector accounts for circa 7% of the country's GDP and 9% of total employment. The activities carried out by the various businesses in the sector are varied, including the manufacturing of food, the manufacture of electronic equipment, as well as

aviation-related manufacturing activities among many others. The businesses are almost entirely privately owned, with a strong presence of foreign-owned companies that have been operating in Malta for several decades; and the latest available data shows that the majority (circa 50%) of employees are covered by collective bargaining at the company level.⁸

b) Business strategies in the face of Green Deal policy challenges

Industry is undergoing significant changes in response to Green Deal policies and the global green transition. These changes are driven by the need to reduce greenhouse gas emissions and mitigate climate change impacts. The industry is adopting a variety of strategies to become more sustainable, including:

- Improving fuel efficiency and using alternative fuels;
- Hydrogen propulsion, electrification and the use of hybrid technologies;
- Improving operational efficiencies;
- Carbon offsetting and trading (e.g., the aviation manufacturing sub-sector is part of the Carbon Offsetting and Reduction Scheme for International Aviation [CORSIA], a global agreement to offset emissions growth from international flights above 2020 levels);
- Investment in Research and Development (R&D) that impacts all aspects of the businesses operations (e.g., management of production process, traffic management, infrastructure improvements);
- Collaboration and partnerships, in particular, collaboration between players in the sector and regulatory authorities, governments and players outside industry to support the transition to greener manufacturing;
- Regulatory compliance and sustainability reporting.

c) Impact of Green Deal policies on sectoral reorganisation

In response to Green Deal policies, interviewees representing the sector reported that sectoral reorganisation is happening due to technological advancements, regulatory pressures, consumer demand and the need to address climate change. There are several ways in which this is happening.

Businesses in the sector are decentralising production with manufacturers increasingly relying on a global network of suppliers to obtain different parts. This increases the complexity of the supply chain but allows for the procurement of specialised components to increase sustainability.

In certain sub-sectors, such as aviation manufacturing, the use of sustainable fuel requires the integration of various stakeholders, including some that are not necessarily related to

⁸ See Baldacchino, G., & Gatt, R. (2011). Thirteen years later: trade unions in the Maltese private sector revisited. Centre for Labour Studies : Biennial Report : 2009-2010, 15-19.

the industry (e.g., agricultural sectors, waste management and biotechnology). All these contribute to sustainable fuel production and result in a more diverse and complex supply chain.

Another change is the increased reliance on big data, AI and the Internet of Things to enhance operational efficiency, maintenance, planning and improving the customer experience. This digital transformation is driving changes in the organisational structure, the skills sets required and the investments made by companies.

Furthermore, organisations in many industry sub-sectors need to adapt to a changing regulatory environment, stricter emissions standards and reporting requirements. This is creating the need for change in the operation of companies and how they report on their sustainability initiatives.

d) Impact of Green Deal policies on employment and working conditions

Interviewees reported that Green Deal policies may: (1) create new jobs as companies change and new technologies are on-boarded; (2) displace jobs in the sense that some jobs may be lost as technology takes over; and (3) lead to geographical employment shifts towards regions that invest in green technologies and infrastructure.

Work organisation might change in that interviewees are seeing the need for: (i) more interdisciplinary teams and collaboration across departments; (ii) the introduction of new health and safety considerations as employees work with new technologies and materials; and (iii) new working arrangements with the rise of AI and remote monitoring technologies.

There is also new demand for technical skills related to both the traditional work and the new technologies as a result of the green transition. This is leading to: (i) the retraining of employees in order for them to remain relevant in the job market; (ii) increased reliance on soft skills such as decision making, problem solving, interdisciplinary collaboration and adaptation as employees need to work in an environment which is not what they are working in today.

The changing environment within which companies operate necessitates changes in the working conditions. Interviewees envisage that employers will engage in training their employees in new competencies, using upskilling and reskilling programmes, and providing opportunities for continuous education; updating their health and safety procedures and protocols while investing in more protective equipment; offering employees the possibility employees to move to other jobs by facilitating career transitions and if required geographical relocations; and, in certain areas, flexible working arrangements may be introduced, as well as mental health and well-being programmes to assist employees to deal with the changes required from them.

C. Transport sector

a) C.1 Brief characteristics of the sector

The transport sector accounts for circa 5% of the country's GDP and 5% of total employment. The activities in the sector relate to land, air and sea transportation; with the largest number of workers (circa 40%) employed in the land transport sector and the air transport sector (circa 8%). Traditionally, the sector was characterised by a strong presence of the state through state-owned companies in land and air transport. However, the public transport system is now subsidised by the state and operated by the private sector. Similarly, in air transport, the state-owned national airline has over the past 10 years become a smaller player and there is increased reliance on privately-owned low-cost airlines to get in and out of Malta. Collective bargaining coverage used to be higher, but is still significant, and is mostly at the company level.

b) Impact of Green Deal policies on sectoral reorganisation

The green transition is impacting the sector. For example, any ship calling a European port needs to calculate its emissions; it will be given targets; and it will have to pay for the difference between how much it emits and the target. This will affect Malta considerably in terms of connectivity with the rest of the world. Nonetheless, the industry is adjusting quite well to the green transition. For example, in the cruise liner industry, which is a heavy emitter, there has been significant investment to go green. Specifically, there was significant investment in authentic fuels, on vessels, and ship-to-shore. Also, for some time, at the EU level they were discussing a green corridor – pushing all the ports to become greener.

c) Impact of Green Deal policies on employment and working conditions

The number of employees within the sector has been on the increase. And while it's becoming more technology dependent, with technology being a substitute for some workers, there is a limit to how much technology can substitute for labour. This is irrespective of the green transition. The transition is not going to affect the technology with which the businesses in the sector works. Challenges brought about by the Green Deal and related policies relate to other aspects. For example, the transportation of hazardous goods (e.g., batteries) has become a much more complex process.

An important contribution that the sector can make to the green transition has to do with its use of third party suppliers. So instead of investing in its own technology, which might have little impact on meeting environmental targets, the businesses within the sector are more likely to invest in their suppliers, where the impact on the environment will be bigger. The challenge is that with green initiatives, it is difficult to calculate the return on investment. One idea is to have greener suppliers so that clients choose them over competitor businesses that are less green. But, as things stand, clients are not sensitive to these issues.

3.2. Cross-sectoral view of changes perceived by employees

a) Green transformation activities at company level in the three sectors

Employees in all three sectors have, on average, rated the green transition as ‘somewhat’ or ‘very relevant’ for the future of their respective companies. Of the identified issues, the green transition is a top-two issue across all sectors. For the energy sector, employees also rate ‘rising energy prices’ as somewhat or very relevant; while the restriction of access to raw materials was the least relevant but still averaged a score of 2.9 out of 4. For industry, employees rate the digital transformation as the most relevant to the future of the company for which they work; with the green transition and energy prices scoring close. Employees in the transport sector score all issues identified in the table below, three out of four in terms of relevance to the future of their company.

Relevance of issue for the future of the company in which you work (mean)

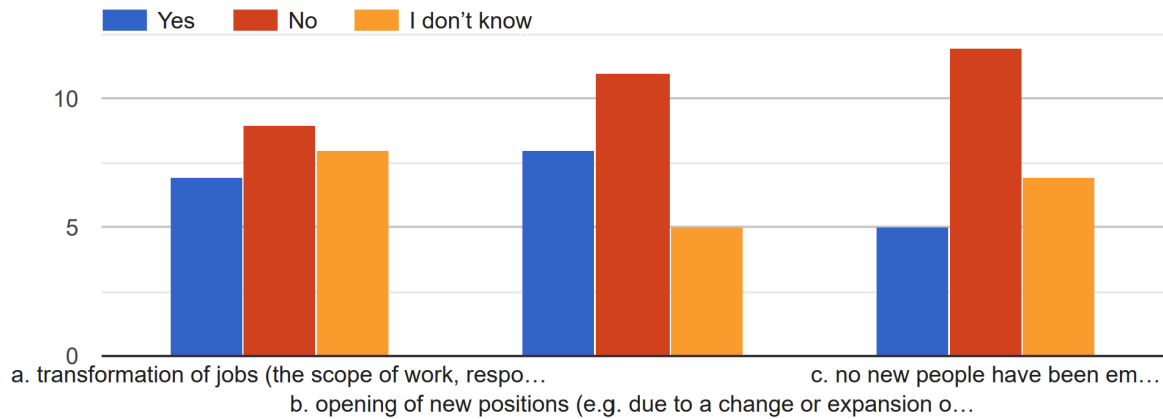
	Energy	Industry	Transport
Green transition	3.4	3.4	3.3
Digital transformation	3.2	3.5	3.1
Restriction of access to raw materials	2.9	2.6	3.3
Rising energy prices	3.4	3.3	3.1

Scores: 4 Very relevant / 3 Somewhat relevant / 2 Somewhat irrelevant / 1 Completely irrelevant / Hard to say

When asked about current activities in their respective companies, ‘the use of renewable energy’, ‘reduction/suspension of activities relying on fossil fuels’ and ‘business model, work organization or technological processes are changing/have changed towards low emission’ were the most frequently reported answers. The least popular reply was ‘the company supports the environmentally friendly use of transportation through at least one of the following activities: it has a policy of restricting work-related travel in place. The majority of passenger vehicles in the company’s fleet are electric or hybrid. The employer covers the transportation costs of employees using public transport or provides its own public transport. Space for storage of bicycles is available in the business premises’.

b) Impact of green transformation on employment and working conditions

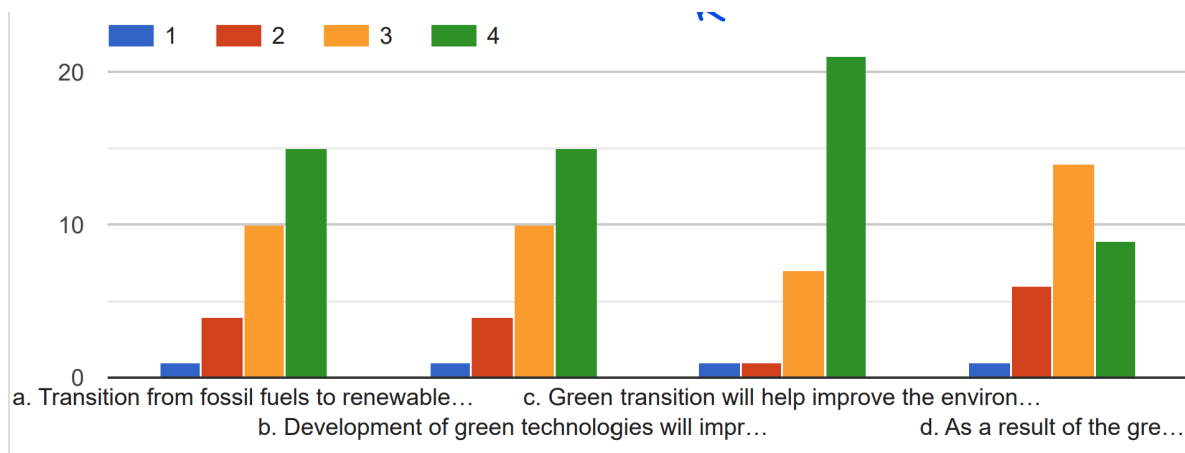
Employees’ perceptions of the impact of the green transformation on employment appear to be mixed. The most frequent reply for the impact of the Green Deal on ‘transformation of jobs’, ‘opening of new positions’ and ‘no new people have been employed’ was ‘No’. This was particularly strong in response to the latter option (12/30). Almost 80% of respondents also reported that the green transition has not led to the elimination of any jobs.



4. Employees' opinions, expectations, and needs

4.1. Perceptions of the green transition from the perspective of their workplace

The employees' survey shows that workers perceive the green transition to have a significant impact on the economy and the labour market. As shown in the figure below, the majority of respondents 'strongly agree' or 'somewhat agree' that: (i) the transition from fossil fuels to renewable energy sources will contribute to the energy independence and security of the country; (ii) the development of green technologies will improve the competitiveness of the national economy; and (iii) the green transition will help improve the environment and people's health. Employees are also positive about the green transition leading to an increase in the total number of jobs in the national economy, but their beliefs in this regard are somewhat more conservative.



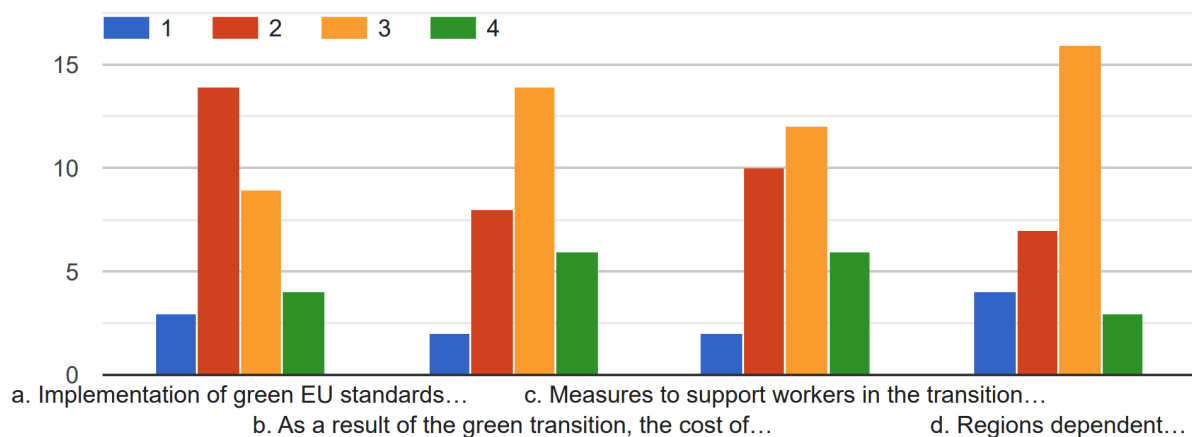
Scores: 4 Strongly agree / 3 Somewhat agree / 2 Somewhat disagree / 1 Strongly disagree

4.2. Expectations for a just transition

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Employees' expectations regarding the impact of the green transition on various aspects are mixed. As shown in the figure below, expectations regarding the impact of the green transition on the competitiveness of the European economy vis-a-vis companies outside the EU are balanced – with around 50% expressing concern. Similarly, expectations are 'balanced' regarding the timing and proper design of measures to support workers in the transition process.

The majority of employees also believe that, as a result of the green transition, the cost of living will increase and that regions dependent on energy-intensive industries will not be able to cope without government assistance.



Scores: 4 Strongly agree / 3 Somewhat agree / 2 Somewhat disagree / 1 Strongly disagree

4.3. Available forms of support for employees in relation to the transition

The majority of respondents showed no or very little knowledge of support measures that their employers offer in response to the green transition.

4.4. Training and upskilling of employees

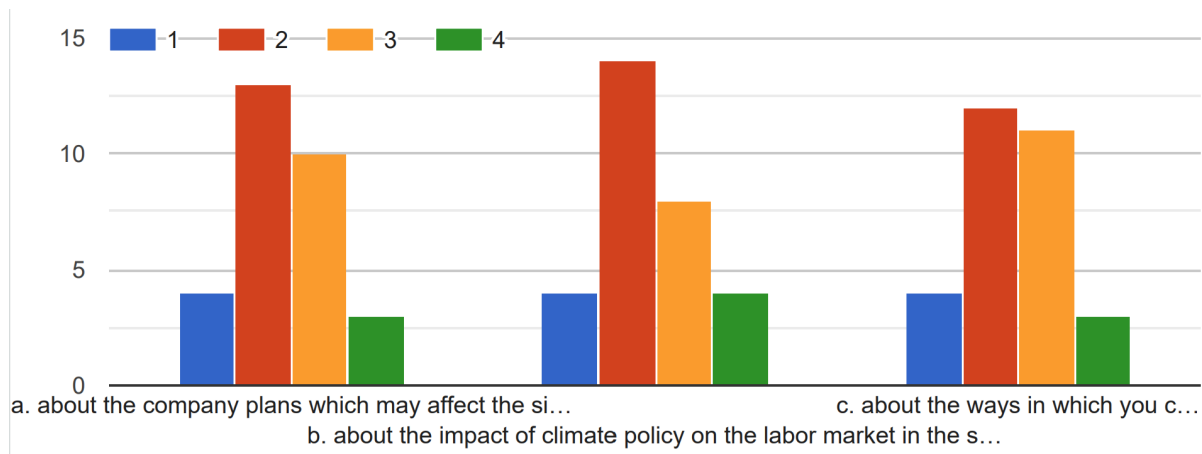
Employees' responses regarding training and upskilling in response to the green transition has been generally positive:

- Around 63% reported that their employer checks workers' qualifications and skills;
- Another 63% reported employer has provided/provides to the workers training to help them improve their qualifications (skills); and
- Of those reporting that their employer provides training, 80% reported that training includes digital literacy.

4.5. Perception of own situation: level of information, job prospects, desired forms of support

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Employees' views regarding the level of information they have on how the green transition may impact them is generally satisfactory. Specifically, the majority replied 'yes' to being sufficiently informed about the company plans which may affect the situation of workers and the impact of climate policy on the labour market in the sector in which they work. As shown in the figure below, a more balanced response was offered when asked about being sufficiently informed on the ways in which they can reduce the impact of their company on the climate and the environment.



The table below also shows that respondents, on average, are not too concerned about the green transition or digitalisation jeopardising their job (mean score is around 2.0); and many appear willing to improve their qualifications and undertake training to keep their job (mean score around 3.1). The majority of employees would consider a job offer outside their current place of residence if it was comparable or more favourable to their current working conditions and if they could not find a job in the country (mean score around 2.9).

Statement	Mean Score
The sector in which I work is fundamental to the economy of the region in which I live.	2.8
The company in which I work is essential to the economy of the region in which I live	2.7
The green transition could jeopardize my job	2.0
The digital transformation could jeopardize my job	1.9
My current qualification could be useful outside the sector in which I work.	2.7
I am willing to improve my qualifications to keep my job	3.1
I would be willing to retrain if necessary.	3.1
I would be willing to work in another sector if necessary	2.9
I would consider a job offer outside my current place of residence if it was comparable to my current working conditions and if I could not find a job in the country	2.8
I would consider a job offer outside my current place of residence if it was more favourable than my current working conditions and if I could not find a job in the country	2.9

Scores: 4 Definitely yes / 3 Probably yes / 2 Probably not / 1 Definitely not / Hard to say

5. Social partners' attitudes towards Green Deal policies

5.1. Strategies, demands, perception of their role

Shop stewards and union secretaries were sceptical about the green transition. While a better environment meant a healthier life; fewer fossil fuels as resources and increased carbon neutrality meant less harmful emissions negatively affecting the climate, for others, this 'green' was just another excuse for tax and for some to enrich themselves further. Some even saw it as a sarcastic cycle as with glass-to-plastic-to glass.

I will take it from 2 aspects. As a port worker. The EU E55, suggests the polluter pays. But the major polluters are the major shipping companies. Shipping is a beast. Including workers rights. If we were interested in the environment, we would have asked certain things. The EU did not and apparently left it to the shipping companies to decide about alternatives; in shipping no alternative was provided. Some mention nitrogen, LNG, methane, The largest passenger liner driven by LNG was inaugurated but this leaked and polluted. All those passengers consume a lot and waste large amounts. Black carbon leaves residue on the planet. Without alternatives, it will not stop.

Interviewee for GWU (2023)

5.2. Actions taken by social partners at sectoral and company level

Millions are spent by companies in investment to change to electric mobility which still uses electricity but consumes less and produces less carbon footprint. As for public transport, 10% are electric, and specific bus drivers are employed. Driving techniques are different and these drivers are specifically trained. The merchandise transport companies are investing in the area including Euro 6, scrapping old ones. They are buying nitrogen fired vehicles. These companies have to pay interest on these investments, and they have other expenses, and so they either pass the expenses on to the client, as much as they can and where the competition and the market allows it, or put pressure on workers so that they do not ask for wage increases. We haven't observed all the effects, but prices are going up.

Climate policies affect us a lot, especially extreme weather conditions when work is regularly outside. Protection is the conventional fare of services carried out by the Occupational

Health and Safety Authority. The union interviewees for this project re-iterated that climate and environment were never opened up in discussions with management. Never a meeting in which the effects of policies related to them were discussed; not even when conditions of work, uniforms, new ways of doing work, etc. were negotiated. Ultimately, union workers working the roads or sewage system were not worried about unemployment due to new green jobs since they were already a skeleton staff and so management needed to keep them employed. The management was ok with the situation and no other employees would be employed.

Consultations are done by engineers, and they do not like being told what to do. With all the experience of external work, workers believed they could offer suggestions but the engineers, who have less experience than them, did not welcome this. There are still high-ranking engineers who ignore suggestions even from team leaders with a lot of experience. This does not promise a lot in green policy implementation. No consultation with engineers and no negotiation with employers on green transitions. Those who participated with the union secretary in collective bargaining reported that they never discussed climate in such meetings.

It was much better when discussing industry. Most of the manufacturing companies have solar panels on rooftops and against walls. All cars have been changed to electric. Union representatives described how multinational companies were not worried about the future if green policies were adopted. They work along with and even anticipate green policy implementation, whereas other companies including large corporations dependent on the government for financing face budget shortages and therefore face funding difficulties and a challenge to keep the wheel going, maintain employment levels, etc. Green cannot be and is not a priority in this case.

6. Social dialogue and collective bargaining in the context of a just transition (6 p.)

6.1. Social dialogue at sectoral level

a) Participants

Social dialogue at sectoral level is tripartite and carried out by representatives from government, employers and workers.

There are three union blocks in Malta, namely the GWU, the CMTU and For.U.M.⁹ There are also a small number of independent unions. The GWU and the UFM (embracing the overwhelming majority of CMTU members), represent workers from all industries and companies.¹⁰ The GWU is, by far, the largest union in the country embracing approximately half of all union membership on the island. Its strong alignment with the centre-left Labour Party, one of Malta's two major political parties, brought about, in reaction, the setting up of the UFM, part of the CMTU and the second major union block in the country. For.U.M. was established in 2004 as the third union block to protect the interests at a national scale of a number of unaffiliated unions. Apart from the GWU and the UFM, most unions are professional unions, often covering a specific profession or class of workers within a particular organisation. Besides its regular membership, the GWU is also a federation with affiliations from Police Officers, Open Market Sellers, Community Workers, Football Players and taxi drivers. An armed forces union, previously an affiliate, was eventually incorporated in the GWU. The CMTU is relatively strongest among white-collar workers and arguably leans towards the centre-right Nationalist Party. Similar to the GWU, the UFM has affiliates namely the Malta Environmental Health Officers Association and the Ports Foremen Cooperative Limited. The unions within For.U.M are autonomous.

For social dialogue at sectoral level in Malta, the main players besides trade unions are employers' associations. The main organisation is the Malta Employers Association, the national voice for employer interests and provider of advice in support of employer bargaining and policy development. Two other employer associations are the Malta Chamber of Commerce, Enterprise and Industry which promotes the interests of the commercial classes and small-to-micro enterprises, and the Malta Hotels and Restaurants Association. The political state is represented by the Ministry for Finance and other Ministry Representatives, along with the Central Bank of Malta. The MCESD Council also embraces a Civil Society Committee and the Gozo Regional Committee.

b) Consultative bodies

In 1990, the Nationalist government set up the Malta Council for Economic Development. It later became the Malta Council for Economic and Social Development (MCESD). This has since operated as a forum for tripartite consultation. It "entailed a departure from the state centralized and divide-and-rule policies of the previous era; as well as from the informal and

⁹ What follows in this section is derived mostly from Debono & Fiorini (2023).

¹⁰ This report uses the term 'worker', and faithful to legal definition, considers this to share the same meaning as 'employee' and even more emphatically as explained under Title II of Chapter 452: Employment and Industrial Relations Act (EIRA), it "means an employee who works or normally works or seeks to work - (a) under a contract of employment; or (b) under any contract (whether express or implied and, if express, whether oral or in writing) whereby he undertakes to do or perform personally any work or services for another party to the contract who is not a professional client of his; or (c) in employment under or for the purposes of a department of Government, otherwise than as a member of a disciplined force, in so far as any such employment does not fall within paragraph (a) or (b) of this definition, and in relation to a trade dispute to which an employer is a party, 'worker' includes any worker even if not employed by that employer." From <https://legislation.mt/eli/cap/452/eng/pdf>.

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ad hoc dealings that often characterize social relations among actors in a small state society.” (Zammit, 2003, pp.114–115).

The MCESD Council is the main consultative body. It is Malta’s highest organ for tripartite (state - capital - labour) concertation. This was re-iterated in a Malta Employers Association (MEA) position paper, where it was declared that “the MCESD’s main role shall be taken to be that of a consultative body, in which the concept of tri-partite social dialogue is promoted and practiced (sic).”¹¹ The MCESD itself prefers to describe its role as “an advisory council that issues opinions and recommendations to the Maltese government on matters of economic and social relevance”.¹² Promoting a philosophy of social dialogue, the main ambition is “to be the most effective catalyst between the Social Partners and the Government. Our ultimate aim is that, following consultations held within the Council, sound and concrete recommendations about socioeconomic matters will be heeded by the Government prior to any reforms or measures of relevance” (ibid).

Besides MCESD, the social partners meet in other fora, including the Employment Relations Board, a tripartite body consulted by the government on labour legislation. Furthermore, union officials are board appointees in influential public sector organisations, authorities and other entities, including the Occupational Health and Safety Authority, and the national public employment service organisation, Jobsplus.

c) Forms of dialogue

In terms of reach, the two main forms are the sectoral social dialogue and the mainly company-level collective bargaining. The public service exhibits both tiers of collective bargaining – one consisting of a general sectoral agreement covering all employees at a sectoral scale, the other delimited to industry level.

Social dialogue explained and understood in terms of sectoral collective bargaining does not exist in the private sector. Collective agreements in the private sector are exclusively signed at company level. Furthermore, no *erga omnes* extension provisions apply. It is clear, private employers prefer to keep their house in order without unnecessary interference. So, in this case, Maltese workers are reduced to searching for best practice elsewhere. If we point toward the best practice promotion in Countouris et al (2023) in the ETUI and ETUC Report *Benchmarking Working Europe 2023* we find:

“There is ample evidence showing that high collective bargaining coverage goes hand in hand with lower levels of wage inequality and higher overall wage levels (OECD

¹¹ Malta Employers’ Association (2007) *Position paper on MCESD structure*. From, <https://www.maltaemployers.com/wp-content/uploads/MCESD-structure-21.3.07.pdf>

¹² From, <https://mcesd.org.mt/>

2019). The latter not only directly support low-wage earners, but also help to ensure a sufficiently high median wage, which in turn can serve as a benchmark for adequate minimum wages.”¹³

Not only is cross-sectoral collective bargaining “the key measure” to achieve this and ensure a higher collective bargaining coverage with multi- not single-employer participants (including legal extension mechanisms that ensure sectoral agreements apply to companies that did not sign the agreement or are not affiliated to the employers’ association signatory to the agreement) but *erga omnes* practices are extended to all company workers even if not unionised. This rebuffs the post 2008/2009 decentralisation of bargaining and the suspension or curtailment of legal extension mechanisms and confirms that dialogue and bargaining are means to different ends.

Following Malta’s EU membership in 2004, the sectoral form of dialogue was promoted because it aligned with EU directives for union participation in policymaking. In Malta, this became once again, a topic that carried some meaning in participatory practice.¹⁴ Within the EU, the British style labour-capital confrontation gave way to tripartite concertation, at least as a formal system. It can be characterised as formal in Malta because the political state was always ready to step to the side and allow the unions and employers to discuss. Of course, from a different perspective, one could also argue that the principal organisations representing the industrial workers, the Labour Party and the General Workers Union, were now embedded within a centralised system run by powerful forces and their technocrats.

Notwithstanding all, within these two forms, two philosophies of capital-labour relations still continue to co-exist. In the words of Debono (2018), all in all, “the current industrial relations system is difficult to categorize, as it is composed of a mosaic of elements reflecting both the British industrial relations traditions, as well as continental models.”

If social dialogue has become hegemonic system-wide, the different unions or the groupings they form part are paradoxically more exposed to inter-union tensions. Commentators highlight inter-union hostilities more than they do capital-labour ones. In this way, labour representatives are forced to backpedal to state organs for solutions. That tensions exist cannot be doubted; it is the causes that may be disputed. When in 2014, the then President of the Republic along with the Centre for Labour Studies, within the University of Malta, set up a National Forum of Trade Unions in order to increase the unity among trade unions, the success was modest - one reason was political party interference and allegiances.

¹³ Countouris et al. (2023) p.91

¹⁴ On earlier experiences in worker participation see, Zammit, E. L. (1984). *A colonial inheritance: Maltese perceptions of work, power and class structure with reference to the labour movement*. Malta University Press. Also, Zammit, E. L. (2003). ‘The social partners, dialogue & industrial relations in Malta’. In, G. Baldacchino, S. Rizzo, E. L. Zammit, *Evolving industrial relations in Malta* (pp. 65-128). Malta: Agenda. Funded by the European Union. Views and opinions expressed are however those of the author(s) only, and do not necessarily reflect those of the European Union or European Commission. Neither the European Union nor the granting authority can be held responsible for them.

One of the causes reiterated in interviews is the presence of political interests in the workplace. These poisoned the debate on social dialogue as well as collective bargaining by destabilising the workers, turning them one against the other. According to a public service shop steward, it was difficult to stamp this out because it was embedded. In his words:

“It’s all in the electoral system ... by voting, voters acquire certain powers. It is culture that has to be changed. Political candidates ruin the system. They and their close acolytes disturb working relations and affect relations with ‘private’. If they lose their place, they sabotage the system. Some labour [PL political party] supporters will tell you it was better if the nationalists [PN political party] won.”¹⁵

Other causes that contributed included leaders’ personalities and demonstrations of power, even when this meant the main bone of contention was to attract new members and so gain the right to be directly involved in confronting employers. In one case, it took three years for the University of Malta Academic Staff Association to represent the academic staff at the University of Malta following a clash with the Malta Union of Teachers. This forced the academic staff of the Junior College of the University of Malta - University of Malta academic staff - to lose their equal standing (no recognition of PhDs and withdrawal of equal work resources) when compared with their campus staff colleagues represented by UMASA. Significantly, one section of the academic workforce ended up suffering worsening conditions.

This internecine conflict affects social dialogue. Employers state they are unhappy with such conflict. Inter-union competition meant that diverging unions would struggle to gain better deals from employers, and this was not in the interest of employers. A major employers’ association - the Malta Employers Association (MEA, 2015) - sounded the alarm claiming this inter-union conflict was harming companies by disrupting a smoother bargaining process. Eventually, the political state introduced the above-mentioned Recognition of Trade Unions Regulations to prevent disputes over union recognition.

d) Main issues

Income is arguably the main issue. One point of historic reference, which has characterised the David and Goliath struggle for Maltese unions when facing foreign capital, was the Hotel Phoenicia (a luxury hotel) dispute. The GWU was involved in a harsh confrontation with the

¹⁵ GWU (2023). Cross-sectoral Recommendations for the National Recovery and Resilience Plan (NRRP). “Recovery and resilience plan for Malta”. Phase Two of the Cascading Grant Agreement (ETUC Project 2021-11). Trade Unions for a Fair Recovery.

Nationalist government over the latter's income policy; indirectly it affected the Hotel. With the privilege of foreign capital, the Hotel was closed, and employees dismissed (Rizzo 2003). As a remedy, in 1990 within the MCESD, the national incomes policy already mentioned above was devised with a mandatory annual allowance based on an official cost of living index. According to Debono and Fiorini, this was a "watershed moment that greatly boosted the standing of social dialogue in Malta." It also illustrated the bridges that could be constructed between company and sectoral scales, as what happened in one, affected the other.

The cost of utilities has always been a bone of contention. In 2008, the MUT withdrew its membership from the CMTU because of the latter's conciliatory views on the Nationalist Party government's decision to increase water and electricity rates. This radically reduced CMTU membership, strengthened the For.U.M. (which the MUT joined) and moved the teachers' union closer to the GWU.

Among the key stakeholders, the employers, an ever-present topic is skills. They are already a stable feature of hegemonic discourse regarding work; one would be surprised to find it absent in any economic recovery document. Skills are effectively a popular claim by employers and one can safely conclude that, across the sectors, their call for worker participation is concentrated on the notion of skills and training. This is not however the principal or exclusive meaning of skills.

A brief historical background is given to contextualise the point about an exclusive understanding of skills. Since the 1970s, Eichengreen argued, "breaking down" factories for innovation-based growth to be given a chance led to systemic changes and required distancing skilled from unskilled workers (2007, p. 48).¹⁶ Jessop & Sum described this further division of labour as a separation of core "polyvalent" workers from peripheral "unskilled" workers in the same firm, a feature characterising globally oriented post-Fordist enterprises (2006, p. 78),¹⁷ supporting employers to break wage compression. At the same time, all workers were to carry on with continuous training, acquiring more skills, when in effect this was a matter that differentiated the medium and top-level employee from the rest. Comparing the two, the former received upskilling; the rest were expected to follow duties assigned to them, and when these were novel, were reskilled (Tattara, 2001, p.257).¹⁸ The same reskilling was provided to the unemployed or temporarily unemployable. To sustain the discourse, those with 'no skills' (sic), the unemployed and unemployable, became the

¹⁶ Eichengreen, B. (2007). *The European economy since 1945: Coordinated capitalism and beyond*. Princeton University Press. p.48

¹⁷ Jessop, B., & Sum, N.-L. (2006). *The Regulation Approach and beyond: Putting capitalist economies in their place*. Cheltenham: Edward Elgar

¹⁸ Tattara, G. (Ed.). (2001). *Il piccolo che nasce dal grande: Le molteplici facce dei distretti industriali veneti*. Milan: Franco Angeli.

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losers in populist parlance.¹⁹ Moreover, keeping women, youth, people with disabilities and atypical workers in mind and in a context of skills, their mere presence in a specific work sector deskilled that sector. This rendered certain skill distinctions, more than anything else, a matter of social and historical development.

At the same time, skills are central in the work process. International competition for attracting foreign investment capital has led to nationwide training agendas adopting skills as a lynchpin in Vocational and Educational Training (VET). Increasingly after the 1970s, restructuring companies began to ask for a different type of worker, one who created, was flexible, collaborative, and participated constructively. This was accompanied, as implied above, by calls for ‘productive’ collaboration in the factory. The above-mentioned breaking down of factories and the increased resort to outsourcing meant that the forces of production were being broken up on a national, regional and sectoral scale, and unity ultimately re-constructed in the firm. Capital-labour bargaining collaboration followed suit. Skills discourse was always central in these developments that increased difficulties faced by worker representatives who defended their members by assisting their employers.

To conclude on one of the main and often repeated issues in social dialogue, skills, one has to be prepared against a potential negative social impact on workers from the EU-promoted ‘twin transitions’ to a green and digital economy. It is of paramount importance these do not translate into social suffering and worker-to-worker distancing but instead lead, amongst others, to investments and reforms in adult education and vocational training such as apprenticeships and on-the-job training, in which unions are directly consulted.²⁰

6.2. Social dialogue at company level

a) Participants

Within the private sector, social dialogue is carried out at company level, generally one union negotiating with one employer. There are some conditions to register a trade union including a minimum number of seven members. Recognition to carry out collective bargaining in a company however depends on a trade union accounting for more than 50% of employees. The present and future of unionisation do not allow for optimism. Newcomers in financial services, ICT and iGaming, tend to be non-unionised. Furthermore, traditionally high union membership in medium and large companies is decreasing.

b) consultative bodies

¹⁹ C. Casey (2006) observed how those losing their job, the unemployed or unemployable were defined as losers suffering not only from “insecure or non-participation in employment” but also from “social exclusion”, and “personal precariousness”. ‘Work and workers in the learning economy: Conceptions, critique, implications’, p.153. In, M. Kuhn, M. Tomassini, & P. R.-J. Simons (Eds.). *Towards a knowledge-based economy? Knowledge and learning in European educational research*. pp.149-169. New York: Peter Lang.

²⁰ European Commission (16.9.2021). SWD(2021) 269 final. Commission Staff Working Document. *Analysis of the recovery and resilience plan of Malta*. Part 3: Objectives, structure and governance of the plan - Component 5: Enhancing quality education and fostering socio-economic sustainability. Retrieved March 22, 2023, from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021SC0269>. Funded by the European Union. Views and opinions expressed are however those of the author(s) only, and do not necessarily reflect those of the European Union or European Commission. Neither the European Union nor the granting authority can be held responsible for them.

At the company level, employers’ associations are not directly involved in collective bargaining. Small-to-micro enterprises form the mass of the local economy. However, since collective agreements in Malta are mostly concluded at enterprise level, unlike unions, employers’ associations can only play a marginal role during collective bargaining; they tend to be consulted if and when required but do not sign collective agreements.

The Department of Industrial and Employment Relations (DIER) is a government body (former Department of Labour) that is open for consultation as part of its role to maintain industrial peace in the country. Following the threat of directives and/or direct action, the Director of DIER calls for conciliation meetings to search for solutions to the problems. Intermediation or arbitration initiatives attempt to reduce or manage open disputes as employers and workers are consulted and come up with solutions. The table below testifies to the success of such a role.²¹

Industrial Conflict Conciliation – DIER, 2021	
Annual total meetings	35
Number of meetings during which agreement was reached	31
Agreement %	89%

However, power imbalance does affect what goes on. Similar to the Hotel case mentioned above, another case confirms the unequal status of labour and capital at company level. Although at law, any derogation from legislation requires the approval of DIER, during the 2008 financial crisis, a number of companies went their own way. Section 42 of EIRA, the employment law, does provide for temporary measures below the limits set by the law as long as the trade union agrees, and this is endorsed by DIER and justified “to avoid redundancies”. This was not always the case. In 2010, ST Micro Electronics employees had to approve a second revised ballot regarding a set of austerity measures to maintain investment in Malta.²² This implied a negative revision of the original collective agreement conditions. Whilst the changes may have been minimal, as the Company was still working for agreement with the Union through an employee ballot, it nevertheless proves the possibility of a new demand to be imposed notwithstanding that a clause excluding new demands from both the Company and the Union may exist in the Collective Agreement text.

c) Main topics

²¹ From <https://dier.gov.mt/en/About-DIER/Archives/DIER%20Annual%20Reports/Documents/Annual%20Report-DIER%202021.pdf>

²² From <https://timesofmalta.com/articles/view/st-workers-vote-to-save-their-jobs.319696>.

Collective agreements in the private sector generally last three years, but they remain active until the next agreement is signed. As mentioned above, multi-employer bargaining does not exist. Enterprise-level collective bargaining appears to be, some commentators claim, preferred by both unions and employers to higher level bargaining as it gives them the opportunity to adapt the agreement to the specific circumstances of the workplace and its employees.

Presently, unions have been - deliberately or not – overwhelmingly employed at protecting members' rights in company level negotiations. This has led to a decrease in industrial conflict which confirms its appeasement and control roles. Appeasement is less effective in the more mundane dialogue on the shopfloor, and in this case, the unions' shop stewards are the main protagonists being union representatives at workplaces. Tensions are reported and one solution (suggested by employers) that emerges is that shop stewards need to be trained better.²³

Collective bargaining is also important as an instrument to improve working conditions. Provisions for working conditions are thus negotiated in collective agreements and cover procedures for union recognition and dispute resolution as well as other substantive issues, such as wages. More specifically, while the content of collective agreements has not changed dramatically over the past decade, some new topics have emerged. For example, to curb sick leave absenteeism, some collective agreements now include an allowance for attendance, which is gradually lost when workers' absenteeism exceeds predefined annual benchmarks. Another more recent clause also concerning sick leave, refers to the accumulation of sick leave; workers can utilise the unused sick leave of previous years in case of some major medical event. As the number of working women has increased, clauses on flexibility and work-life balance have become more common in collective agreements. Furthermore, with the growth of health and safety issues, clauses related to this topic have become more prevalent. The UFM also notes that topics related to skills development and the development of specialist positions have become increasingly common even at company level. Some collective agreements include clauses on third-pillar pension schemes, but these are still relatively rare.

d) Areas of negotiation

Recalling that industrial relations at company level started shifting away from confrontation, as evidenced by a decrease in industrial conflict, shop stewards are union representatives within enterprises, and carry out a vital role in collective bargaining.²⁴ They recruit members,

²³ The MEA actually called for these to be mandatory: "educational bodies like the Centre for Labour Studies can organise specific – and mandatory – courses for shop stewards to enable them to carry out their job responsibly." From, <https://www.maltaemployers.com/wp-content/uploads/The-state-of-social-dialogue-in-Malta-March-201512.pdf>.

²⁴

mobilize them, understand and relay the members' needs to the union, and take part in collective bargaining negotiations. Shop stewards also provide the recruitment pool from which higher union officials are normally elected (MEA 2015). Indeed, it is reasonable to argue that the decline of trade union density is at least partly because of the absence of shop stewards in particular employment sectors and firms. However, little if any research exists on shop stewards in Malta. Their performance has been subject to criticism by employers who assert that increasing numbers of shop stewards are taking up the role "because of personal grudges against the company" or do not have the necessary training to perform such a role properly (MEA, 2015, 10). Aware of these issues, some unions carry out training to improve their shop stewards' knowledge and skills.

6.3. Information and consultation procedures in collective agreements

Collective agreements are not rendered public.

6.4. Provisions in collective agreements to support a fair transition

The following is limited to secondary data. Unfortunately, the analysis of collective agreements that have played a role in addressing the challenges of the green transition is impracticable because of the lack of directly relevant documentation.

a) Environmental clauses

"Many of the current challenges faced by unions have been created or intensified by the country's recent strong economic growth, which led to changing employment in industries, an increasingly heterogeneous workforce, growing numbers of people at risk of poverty, and stresses on the quality of life and on environmental sustainability." (Debono & Fiorini, 2023). The success of economic growth that guarantees employment, is itself to blame for the burdens it lays on the resources and their sustainability. However, all interviews with union representatives have projected the picture of non-committal on green policies in collective bargaining instruments.

b) Provisions on: employment and new green jobs; education, training and skills; social protection and working conditions

The EU's 'intervention' in the economy in terms of policy and regulatory frameworks remains crucial in the case of Malta because the European Union is the immediate and active context. Therein, the Pillar of Social Rights (2017) attracts attention. It includes key principles and rights to support fair and well-functioning labour markets and welfare systems. What needs to be carefully considered is the claim that because of changing conditions – demographic and the green and digital transition – there is a need to "rethinking today's social protection systems and labour markets." Unions need to be ever present when such proposals are made so that 'rethinking' does not translate into further

suffering for the workers. The 7th principle of the Pillar addresses protection of workers in case of dismissals and the 8th the right of workers (or representatives) to be informed and consulted in good time on matters relevant to them, in particular on the transfer, restructuring and merger of undertakings and on collective redundancies.

7. Conclusions and recommendations

7.1. Conclusions and reflections on the future model of green social dialogue

Malta's social dialogue and collective bargaining landscape are characterized by both sectoral and company-level negotiations, involving tripartite consultations among government, employers, and workers. At the sectoral level, dialogue is facilitated through organisations such as the General Workers' Union (GWU), Confederation of Malta Trade Unions (CMTU), and Forum Unions Maltin (For.U.M), which represent a diverse array of workers from different industries. These unions dialogue with employer associations such as the Malta Employers Association and the Malta Chamber of Commerce, with the government represented by various ministries. The Malta Council for Economic and Social Development (MCESD) serves as a crucial consultative body, influencing economic and social policies through tripartite collaboration.

Sectoral dialogue in Malta aligns with EU directives, promoting union participation in policymaking and advocating for fair income policies, utility costs, and skills development initiatives. However, the private sector primarily engages in company-level collective bargaining, where individual unions negotiate directly with employers. This decentralised approach has led to a decline in union membership in emerging sectors such as finance, ICT, and iGaming. Despite these challenges, collective agreements continue to address crucial issues like wages, working conditions, and health and safety standards. The transition to a green and digital economy poses new challenges, emphasizing the need for ongoing dialogue to ensure workers' rights and just transitions.

At the company level, social dialogue focuses on negotiating specific collective agreements tailored to each workplace's needs and conditions. While employers' associations play a limited role in these negotiations. Bodies like the Department of Industrial and Employment Relations (DIER) facilitate conciliation and arbitration to resolve disputes and maintain industrial peace. The effectiveness of these negotiations is evident in high agreement rates during conciliation meetings, though power imbalances occasionally strain these processes. Despite the decentralised bargaining structure, efforts to improve union representation through trained shop stewards continue to be envisaged as vital in ensuring workers' rights and effective negotiation outcomes.

In conclusion, Malta's dual framework of sectoral and company-level social dialogue reflects a complex interplay of historical, political, and economic factors. While challenges like declining unionisation in certain sectors persist, ongoing dialogue and tripartite consultations remain essential in navigating socio-economic reforms, particularly in the context of the Green transition. In particular, there is scope for: (1) formalising the ongoing discussions on how the green transition will impact workers and their working conditions; and (2) the social dialogue to focus more on how the green transition is impacting working conditions

7.2. Recommendations to the social partners

We have already mentioned the Pillar of Social Rights (2017), its key principles and rights to support fair and well-functioning labour markets and welfare systems. Unions need to be ever present when such proposals are made so that 'rethinking' does not translate into further suffering for the workers. An EU instrument on informing and consulting workers is Directive 2002/14/EC of the EU Parliament and of the Council (11/03/2002) establishing a general framework.²⁵ In the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions regarding the EU Quality Framework for Anticipation of Change and Restructuring (2013), it is stated, Directive 2002/14/EC and other directives "are generally relevant, effective, consistent and mutually reinforcing. The benefits they generate are likely to outweigh the costs. Moreover, the Directives seem to have contributed to cushioning the shock of the recession and mitigating the negative social consequences of restructuring operations during the crisis". Conversely, smaller enterprises, public administrations and seafarers are excluded. The low incidence of representative bodies and quality of their involvement (particularly limited or merely formal consultation; their limited strategic influence; insufficient awareness of rights and obligations, as well as the effectiveness of compliance and law enforcement do not augur well. Inconsistencies amongst Directives on information and consultation of workers; how market power in the private sector leads to wage drift (i.e., the difference between the wage actually paid and the negotiated wage stipulated in a collective agreement) also need to be addressed in terms of restructuring challenges.²⁶

One can refer to inequalities further highlighted by the pandemic and hitting the relatively more precarious groups of workers. The idea of social justice was picked up in an EU multi-institutional Communication on a sustainable growth strategy: "the need to create a fairer and more sustainable business environment and rethink working conditions in many sectors". The relatively worse conditions suffered by the most disadvantaged social groups

²⁵ From <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:02002L0014-20151009>.

²⁶ From <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52013DC0882&from=et>.

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can be, partly, generalised to and associated with the need for resilience from other well off working sectors. This is highlighted by the Communication which contextualizes and points out how online services and e-commerce are, “currently dominated by a few large players, with increasing market power and mobile tax bases, sometimes to the detriment of ... workers most affected by the green transition” creating the need to “alleviate the socio-economic impacts of the transition. This is needed to ensure equal and fair opportunities for people and business,” whether it is restructuring, pandemics or a green transition.²⁷

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²⁷ Brussels, 17.9.2020. Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank. Annual Sustainable Growth Strategy 2021 COM(2020) 575 final. p.4. Retrieved March 22, 2023, from <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0575&from=EN>.

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9. Data Sources

National Statistics Office, Malta (for National Accounts and Employment Register data)

Eurostat (for detailed National Accounts data)

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