

EGF Fact sheet

Reference: EGF/2007/008

Case: Malta – textiles

Member State: Malta

Sector: Apparel

Total amount funded by Member State: €1,362,414

EGF Amount requested: €681,207

Submitted to European Commission: 12 September 2007

Intervention Criteria: Article 2(c) Regulation (EC) No 1927/2006 – application made in respect of 'small labour market'.

Redundancies: 675 Redundancies: 562 in VF (Malta) Ltd. and 113 in Bortex Clothing Ind. Co. Ltd

Active employment measures: A combination of measures, including occupational guidance, training/re-training, aid for self-employment, job-search allowance and redeployment schemes.

Background/Globalisation context:

- Redundancies follow a general trend in the clothing and accessories industry in the EU towards delocalisation of production to lower-cost non-EU countries such as China, India and Turkey.
- Before accession, Malta's textile exports went mostly to EU Member States. Increased pressure on the EU textiles sector has put Malta's manufacturers under pressure.
- The volume of clothing imports into the EU has risen more rapidly than exports. Between 2004-2006, the volume of clothes imported into the EU showed an annual increase of about 10%, mostly on the back of increased Chinese imports, following the end of the WTO Multifibre Arrangement in 2004. Chinese imports make up more than one-third of total clothes imports into the EU.
- Malta has the lowest active population of the EU-27. A relatively small number of redundancies will therefore have a great impact on an already compact labour market.
- The redundancies in VF and Bortex were unexpected and occurred despite recent investment by both companies in human resources and machinery. Production at the VF site in Malta was delocalised completely to Asia. Bortex closed a part of its production (sewing).