MALTA, VALETTA

What’s happening in this economy

Malta—a tiny archipelago situated between Europe and North Africa—is the most densely populated country in the EU (joined 2004). Malta has strong GDP growth and full employment. Government finances are in surplus and Malta’s focus on sector diversification (for example igaming, blockchain and AI) has helped build the local economy. Opportunities may exist in Malta’s infrastructure shortages (especially roads) and in helping to meet the environmental standards of the EU.

Malta’s population has a median age of 41.8. The country produces only about 20% of its food needs, has limited fresh water supplies and is dependent on imported fuel for energy.

The Online Gambling ‘iGaming’ and IT sectors are thriving and account for 12% of GDP (2018).

Malta’s financial sector accounts for 12% of GDP (2018), while tourism accounts for 27.1% of GDP and 27.8% of jobs (2018). Agriculture, fishing and forestry account for 1.1% of GDP (2018).

The country’s inflation rate is 1.7% and in line with the EU average (2018).

Cryptocurrency and Blockchain are a major focus. Three related bills were enacted in July 2018 to provide a regulatory environment that addresses risks while encouraging innovation in this field:

- Malta Digital Innovation Authority Bill (MDIA)
- Technology Arrangements and Services Bill, and
- the Virtual Financial Assets Bill.

Amendments to the Drug Dependence Act (Treatment not Imprisonment) has allowed legal production of medicinal marijuana since March 2018.

Malta’s political system has one House of Parliament, so an advantage is that it can pass bills into law quickly.

The country has a large foreign population that makes up 14% of the labour force. The largest communities are Italian, British and Libyan. Despite this, employers often refer to a skills shortage in the labour market.

Five rounds of negotiations for a comprehensive and ambitious Australia–EU FTA have been completed. Malta, as an EU member state, has been supportive throughout. The final agreement will need approval from the European Parliament.

Key Facts and Figures

- Population: 467,000 (2018)
- GDP growth: 6.4% (2018)
- Political system: parliamentary republic
- Two-way trade/key goods and services traded: medical instruments, ships, boats and floating structures
- Two-way investment/major investments: AUD 122 million (2018) MGC Pharmaceuticals (medical cannabis)
Trade, investment, and commercial opportunities and activities

- In 2017–18 exports to Malta totalled $3.6 million and imports totalled $15.7 million.

- Trade between Australia and Malta is modest due to distance and the small size of the Maltese market:
  - Australia’s presence in the market includes small businesses such as cafes, shops and restaurants
  - 97% of all registered enterprises in Malta are SMEs, and
  - a limited amount of Australian produce is sold in supermarkets, notably cheese, meat and wine.

- There are opportunities for Australian financial services and iGaming companies.

- Services provide the best economic opportunity for exporters, particularly where Australia has extensive expertise that could be beneficial to Malta. This includes:
  - medical research
  - environment including water resources, and
  - waste management.

- Malta is interested in life sciences research and there are opportunities for collaborative partnerships in genome sequencing, biosciences, DNA testing, diabetes and oncology.

- There may also be opportunities for Australian exporters and investors in areas such as EU-funded infrastructure projects and joint ventures:
  - Maltese partners can access third country markets in the resources and services sectors, for example sensory data gathering for road traffic monitoring.

- Opportunities for agricultural exports may grow under an FTA:
  - this could lower the cost of purchasing Australian produce.

- Malta is focused on ensuring its attractiveness for FDI, especially in the wake of Brexit.

- The investment relationship between Malta and Australia was worth $122 million in 2018.

- Major initiatives to capitalise on include:
  - Australian produce, especially wine and Tasmanian whiskey
  - facilitating a possible Maltese trade delegation to Australia, including Maltese seeking business partners, distributors and researchers looking to collaborate.

Trade policy and negotiations

- Australia–EU FTA negotiations commenced in June 2018. Extensive lobbying resulted in the Maltese Prime Minister, Trade Minister and Foreign Minister publicly supporting an ambitious Australia–EU FTA. Since the May 2019 elections for the European Parliament, work has continued with business groups and stakeholders to promote the benefits for Malta and Australia.

- Bilateral agreements between Australia and Malta are in place covering:
  - immigration (1970)
  - double taxation (1985)
– health services (1988)
– working holidays (1996), and
– air services (1996).


https://www.export.gov/article?id=Malta-Financial-Services

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