



Doing Business in Malta: 2016 Country Commercial Guide for U.S. Companies

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Malta Country Commercial Guide

Table of Contents

<i>Doing Business in Malta</i> _____	5
Market Overview _____	5
Market Challenges _____	5
Market Opportunities _____	5
Market Entry Strategy _____	6
<i>Political Environment</i> _____	7
Political Environment _____	7
<i>Selling US Products & Services</i> _____	8
Using an Agent to Sell U.S. Products and Services _____	8
Establishing an Office _____	9
Data Privacy and Protection _____	12
Franchising _____	13
Direct Marketing _____	14
Joint Ventures/Licensing _____	16
Selling to the Government _____	16
Distribution & Sales Channels _____	17
Selling Factors & Techniques _____	18
eCommerce _____	18
Trade Promotion & Advertising _____	20
Pricing _____	21
Sales Service/Customer Support _____	21

Protecting Intellectual Property _____	21
Due Diligence _____	23
Local Professional Services _____	23
Principle Business Associations _____	23
Limitations on Selling U.S. Products and Services _____	24
Selling U.S. Products and Services Web Resources _____	24
<i>Trade Regulations, Customs, & Standards</i> _____	25
Import Tariff _____	25
Trade Barriers _____	25
Import Requirements & Documentation _____	26
U.S. Export Controls _____	28
Temporary Entry _____	29
Labeling/Marking Requirements _____	29
Prohibited & Restricted Imports _____	30
Customs Regulations _____	30
Trade Standards _____	31
Trade Agreements _____	36
Licensing Requirements for Professional Services _____	36
Trade Regulation Web Resources _____	37
<i>Investment Climate Statement</i> _____	40
Executive Summary _____	40
Openness to and Restrictions upon Foreign Investment _____	41
Other Investment Policy Reviews _____	41
Laws/Regulations on Foreign Direct Investment _____	41
Industrial Strategy _____	43
Limits on Foreign Control and Right to Private Ownership and Establishment _____	43
Privatization Program _____	44
Screening of FDI _____	44
Competition Law _____	44
Conversion and Transfer Policies _____	44
Foreign Exchange _____	44

Expropriation and Compensation	45
Dispute Settlement	45
Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts	45
Bankruptcy	45
Investment Disputes	46
International Arbitration	46
Duration of Dispute Resolution – Local Courts	46
Performance Requirements and Investment Incentives	47
WTO/TRIMS	47
Investment Incentives	47
Performance Requirements	48
Data Storage	48
Right to Private Ownership and Establishment	49
Protection of Property Rights	49
Real Property	49
Intellectual Property Rights	49
Transparency of the Regulatory System	50
Efficient Capital Markets and Portfolio Investment	50
Money and Banking System, Hostile Takeovers	50
Competition from State-Owned Enterprises	50
OECD Guidelines on Corporate Governance of SOEs	51
Sovereign Wealth Funds	51
Corporate Social Responsibility	51
Political Violence	51
Corruption	51
Bilateral Investment Agreements	54
Bilateral Taxation Treaties	54
OPIC and Other Investment Insurance Programs	54
Labor	54
Foreign Trade Zones/Free Ports/Trade Facilitation	55
Foreign Direct Investment and Foreign Portfolio Investment Statistics	56

Contact for More Information on the Investment Climate Statement _____	57
Trade & Project Financing _____	58
Methods of Payment _____	58
Banking Systems _____	58
Foreign Exchange Controls _____	58
US Banks & Local Correspondent Banks _____	59
Project Financing _____	59
Financing Web Resources _____	62
Business Travel _____	63
Business Customs _____	63
Travel Advisory _____	63
Visa Requirements _____	63
Currency _____	64
Telecommunications/Electric _____	64
Transportation _____	64
Language _____	65
Health _____	65
Local Time, Business Hours and Holidays _____	65
Temporary Entry of Materials or Personal Belongings _____	66
Travel Related Web Resources _____	66
Leading Sectors for US Exports & Investments _____	67
Best Prospect Overview _____	67
Energy _____	67
Agricultural Sector _____	69
ICT (Information and Communications Technology) _____	70
Aviation _____	71
Maritime _____	73
Financial Services _____	76
Medical/Healthcare/Pharma _____	77

Doing Business in Malta

Market Overview

- The Republic of Malta is a small, strategically located, island country. It is 60 miles south of Sicily and 180 miles north of Libya. It straddles some of the world's busiest shipping lanes. Malta is a politically stable parliamentary republic with a free press. The country has a reputation of being safe, secure, and welcoming to American investors.
- Malta is a member of the European Union. Its official currency is the Euro (€). The country offers good business and financial services, telecommunications, flight connections, a highly skilled workforce, competitive labor costs, a sound legal system, and a low crime rate.
- Malta joined the European Union in 2004, the Schengen visa system in 2007, and the Eurozone in 2008.
- With a population of about 420,000 and a total area of only 122 square miles, it is the smallest country in the European Union. The basis of the Maltese economy consists primarily of services - shipping, banking, and tourism. Maltese and English are the official languages.
- Malta's geographic location, fiscal incentives, political stability, and modern infrastructure make it a natural hub for companies seeking to do business in Southern Europe and North Africa. In a 2012 report, the UN listed Malta as a "front runner" in the high foreign direct investment (FDI) potential category. To date, more than 200 international companies have established operations in Malta.
- During 2015, the U.S. accounted for 8.13 percent of Malta's total trade. Also during that year, the U.S. supplied 10.15 percent of Malta's total imports and bought 4.67 percent of Malta's total exports.
- Key items Malta imported from the U.S. include: gas oil, aircraft engines, aircraft parts, water purification equipment, electrical power generation parts, motor boats, yachts, navigation instruments, and cereals for the manufacture of bread. In addition to semiconductors, Malta exported rubber and rubber articles, automotive switches, video-recording and reproducing equipment, textile products, medical devices and products, toys, and games.

Market Challenges

- Malta is a small island in the middle of the Mediterranean with approximately 420,000 inhabitants.
- Bilateral trade between Malta and the U.S. has traditionally been limited due to a lack of direct flights and the long distance involved in shipping goods directly. While there is a direct shipping connection to Malta for containerized shipments, partial shipments need to come through neighboring European ports. Local importers have mitigated these difficulties by importing high-value, low-volume items and by getting these goods from U.S. subsidiaries or associates in Europe or other nearby states.

Market Opportunities

- Sectors: Information Communications Technology (ICT), Financial Services, Oil and Gas, Education, Tourism, Infrastructure, Construction, Information Handling, Pharmaceuticals, Medical Equipment, Automotive components, Light Engineering, Alternative and Renewable Energy, Research & Development, Aviation Maintenance; Registration of Ships and Aircrafts, Franchising and Security products

- Malta is working toward maximizing its potential as a center for international business in the Euro-Med region. In recent years, following the Arab Spring government changes in the region, a growing number of companies are increasingly using Malta as a base for operations in North Africa—particularly from Tunisia and Libya.
- Services represent the largest and fastest-growing sector of the Maltese economy. Banking, investment, insurance, communications, software development, tourism, ship-repair/aircraft servicing, health care services, aviation, logistics, film industry, professional services, and back office operations are the largest service sub-sectors.
- For exporters, Malta serves as a stepping stone to nearby markets. Malta could also serve as a test market to launch new products by allowing companies to determine customers' behaviors and patterns on a small scale.
- Among agricultural products, the best U.S. potential appears to be in grain, particularly red winter and soft wheat.

Market Entry Strategy

- The application of uniform EU standards and certificates makes it easier for U.S. firms with prior experience in Europe to expand their business interests to Malta.
- Although not required, most foreign suppliers appoint an agent or distributor to market their products in Malta. Franchising, licensing, and joint venture agreements are also common. Several companies have elected to set up operating/regional offices in Malta.
- For public sector procurement, it is advisable that U.S. companies partner with Maltese companies to increase their chances of success.
- U.S. firms considering investing in Malta should review the relevant regulations with the quasi-government investment promotion agency [Malta Enterprise](#).

Political Environment

Political Environment

Background information on Malta's political and economic environment is available from the U.S. Department of State at www.state.gov/r/pa/ei/bgn/5382.htm.

Selling US Products & Services

Using an Agent to Sell U.S. Products and Services

The key to success in the Maltese market is to have an experienced agent or joint venture partner in Malta with suitable experience and an extensive sales network. The ability to offer full after-sales support to the end user along with spare parts is also crucial.

As the government accounts for a sizeable share of major purchases, it is essential that local agents or joint venture partners have the knowledge and experience to participate in government tenders. For the next seven years (2014-2020), Malta will have the opportunity to benefit from funding under the European Structural and Investments Funds, covering the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD), and the European Maritime and Fisheries Fund (EMFF). These funds will support major projects including infrastructural development, up to €1.1 billion.

Before making an agreement with prospective agents or joint venture partners, it is advisable that U.S. firms obtain background information and credit reports.

Companies wishing to use distribution, franchising, and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and Member State national laws. [Council Directive 86/653/EEC](#) establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. The Directive establishes the rights and obligations of the principal and its agents, the agent's remuneration and the conclusion and termination of an agency contract. It also establishes the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that according to the Directive, parties may not derogate from certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements." U.S. small- and medium-sized companies (SMEs) are often exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of impacting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized. The EU has additionally indicated that agreements that affect less than ten percent of a particular market are generally exempted ([Commission Notice 2014/C 291/01](#)).

The EU also looks to combat payment delays. [Directive 2011/7/EU](#) covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of the directive. The directive entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of eight percent above the European Central Bank rate) as well as €40 as compensation for recovery of costs. For business-to-business transactions, a 60-day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the [European Ombudsman](#) only by businesses and other bodies with registered offices in the EU. The Ombudsman

can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, [SOLVIT](#), a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

Establishing an Office

In order to establish an office in Malta, businesses must obtain a required operating license from the appropriate government department. The fee for such a license depends on the nature of the business and its location. The development of premises for business use requires a license from the Malta Planning Authority (PA, www.mepa.org.mt). A financial services company needs a license issued by the Malta Financial Services Authority. In addition, every business needs to register with the VAT Department and the Inland Revenue Department.

The Malta Financial Services Authority (MFSA, registry.mfsa.com.mt) regulates all company registrations in Malta. Malta is a tax-efficient jurisdiction for holding and trading companies. Further, company formation expenses in Malta are relatively low, making Malta a cost-effective jurisdiction not only for large corporations, but also for small and medium-sized businesses.

Malta offers two types of companies: International Holding Companies (IHC) and International Trading Companies (ITC), designed to take advantage of the tax treaties signed by Malta.

An IHC is a company whose activities are limited to foreign shareholders and other similar passive, income-generating activities. For income received from participating holdings by such entities, an advantageous tax regime applies.

On the other hand, an ITC is a normal onshore Maltese company, with the main distinction that its trading activities are carried out from, rather than in, Malta. An ITC may not hold foreign investments or equity.

Shareholders

A minimum of two shareholders are required to establish an office, and shareholder details will appear on public file. Shareholders may be corporate entities or individuals. To retain anonymity, nominee shareholders may be used.

Directors

Only one Director is required—either corporate or individual—whose details appear on public file in Malta. In order to gain tax treaty benefits, a company must establish that it is tax resident in Malta. Therefore, it will be necessary to have the majority of the company's board of directors based in Malta.

Local Requirements

Every Maltese company must maintain a registered office in Malta and appoint a licensed Maltese nominee company as a company secretary or sole director. It is unlikely that tax treaty relief would be afforded to a company which does not have a majority of directors resident in Malta, even though there is no strict requirement that the director(s) be resident in Malta. For most practical purposes, it will therefore be necessary to appoint directors resident in Malta.

Registration of Companies

A limited liability company is the most common form of business in Malta. In order to constitute a valid limited liability company in accordance with the [Maltese Companies Act](#), at least two persons must enter into a memorandum of association and the Registrar of Companies must then issue a certificate of registration confirming that association.

Memorandum and Articles of Association

The Memorandum of Association must specify the objectives for which the company is incorporated. The objects may not simply state as any lawful purpose or trade in general, but should specify the following:

- Whether the company is a public company or a private company;
- The name and residence of each of the subscribers thereto;
- The company name;
- The company's registered office address in Malta;
- The objects of the company;
- The amount of share capital with which the company proposes to be registered (also referred to as the authorized capital), the division thereof into shares of a fixed amount, the number of shares taken up by each of the subscribers, the amount paid up in respect of each share, and—where the share capital is divided into different classes of shares—the rights attaching to the shares of each class;
- The number of the directors, the name and residence of the first directors, and—where any of the directors is a body corporate—the name and registered or principal office address of the body corporate, the manner in which the representation of the company is to be exercised, and the name of the first person or persons vested with such representation;
- The name and residence of the first company secretary or secretaries;
- The period, if any, fixed for the duration of the company;
- The number of an official identification for each shareholder, director, and company secretary;
- The total amount or an estimate of all the costs payable by the company or chargeable to it by reason of its formation up to the time it is authorized to commence business, and of all the costs relating to transactions leading to such authorization; and
- A description of any special advantage granted, prior to the time the company is authorized to commence business, to anyone who has taken part in the formation of the company or in transactions leading to such authorization.

The articles of association may accompany the memorandum of association, whereby the former is a document which prescribes the internal regulations of the company.

A company can adopt the model articles of association found in the First Schedule to the Companies Act. When no articles of association are registered, this is the assumed model.

The person incorporating the company has to deliver the memorandum and articles, if any, to the Registrar of Companies who will, in turn, register them. Prior to registration, the registrar ascertains that the memorandum of articles complies with the requirements of law. A company comes into existence from the date of registration indicated in its Certificate of Registration.

Who May Incorporate

Subscribers may be individuals or corporate entities. A trustee, a duly authorized person in accordance with Maltese Law, may also hold the shares of a company.

Time Required for Incorporation

The length of time to incorporate a company depends on the type of company chosen to incorporate and whether all information and documentation is available and in order. Once the Registrar has all necessary documentation and information, the process may take as little as 2-3 working days.

Registered Office

Every company registered in Malta must also have a registered office in Malta. A law firm or other corporate services provider can carry out such a service on behalf of an individual. The company needs to inform the Registrar of Companies of any changes to the company's registered office.

Private Company

A private company is a company that must, by its memorandum or articles:

- Restrict the right to transfer its shares;
- Limit the number of shareholders to fifty ; and
- Prohibit any invitation to the public to subscribe for any shares or debentures of the company

Share Capital

A private company needs a minimum authorized share capital of €1,165. The authorized share capital needs to be subscribed by at least two persons, where the authorized share capital is equal to the minimum stipulated by law, and must be fully subscribed in the memorandum. Where it exceeds such a minimum, at least that minimum needs to be subscribed in the memorandum.

Private Exempt Companies

A private company may have the status of an exempt company and qualify for certain advantages if the following conditions are contained in its memorandum or articles of association:

- (a) The number of persons holding debentures of the company is not more than 50; and
- (b) No corporate body is the holder of or has any interest in any shares or debentures of the company; no corporate body is a director of the company; and neither the company nor any of the directors is party to an arrangement whereby persons other than the directors, shareholders, or debenture holders thereof are capable of determining company policy.

Shareholders

The maximum number of shareholders for a private company is fifty. The minimum number of shareholders is normally two; however the Companies Act allows registration of a single-member company. A single-member company is a private limited liability company, which qualifies as an exempt

company and incorporated with one member. The Memorandum of Association for a single-member company should indicate the main trading activity of the company.

Directors and Company Secretary

Every private company must have at least one director, and every company must have a company secretary. No company may have its sole director as its company secretary, unless the company is a private exempt company. Further, a corporate body whose sole director is company secretary cannot be the sole director of the company.

It shall be the duty of the directors of a company to take all reasonable steps to ensure that the company secretary is an individual who appears to them to have the requisite knowledge and experience to discharge the functions of company secretary. The law does not require that the company secretary be resident in Malta.

Data Privacy and Protection

Current Situation: the New General Data Privacy Regulation

The EU data privacy framework is currently going through a legislative transition.

The EU's general data protection Directive (95/46/EC) adopted in 1995 spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter.

On May 4th 2016, the new General Data Protection Regulation (GDPR) was published in the EU Official Journal. The text was initially proposed in 2012. The GDPR will replace the 1995 Data Privacy Directive. However, there will be two-year transition period to allow companies and organizations (including those U.S. entities that receive data from European customers) to comply with the numerous new requirements introduced. The transition period will end on May 25, 2018. Among the many requirements are the mandatory appointments of a Data Protection Officer in organizations that fill certain criteria and an obligation to report personal data breaches.

The main benefit businesses expect is the ability to operate under a harmonized legal regime across the 28 Member States. This is viewed as an improvement, although less so than the originally envisioned cornerstone concept of one-stop-shop, i.e. companies dealing with one main Data Protection Authority for all their operations in Europe.

Transferring Customer Data to Countries outside the EU

The EU's current Data Protection Directive, which will be fully replaced by the General Data Protection Regulation (GDPR) as of May 25, 2018, provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. The Safe Harbor Framework between the United States and the EU was negotiated in response to the European Union's 1995 Data Privacy Directive, which prohibits companies from transferring personal data of EU citizens to countries which have not been deemed to provide an "adequate" level of data protection, as determined by the European Commission, unless one of several limited exceptions applies. While the United States has never sought

to be deemed adequate as a general matter, Safe Harbor was a self-certification program administered by the U.S. Department of Commerce (USDOC) that allowed for certified companies to transfer a limited category of commercial data to the United States in compliance with EU law. However, on October 6, 2015 the European Court of Justice handed down a ruling in *Schrems vs. Data Protection Commissioner* that invalidated the U.S.-EU Safe Harbor Framework as a means to legally transfer commercial data from the EU to the United States.

Current legal alternatives to the Safe Harbor Framework are limited. EU-based exporters or U.S.-based importers of personal data can also satisfy the adequacy requirement by using appropriate safeguards, for instance by including data privacy clauses in the contracts they sign with each other. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005, and were complemented in 2010 by contractual clauses on “sub-processing” (outsourcing by an EU based exporter of its processing activities to other sub-processors outside the EU). Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to EU data protection legislation.

The legal environment for data transfers to the United States continues to evolve and so companies that transfer EU citizen data to the United States as part of a commercial transaction should consult with an attorney, who specializes in EU data privacy law, to determine what options may be available for a particular transaction.

The EU-U.S. Data Privacy Shield

In February 2016, the United States and European Commission reached a political agreement on the new EU-U.S. Data Privacy Shield. If approved by the EU, the new agreement will be the successor to the U.S.-EU Safe Harbor Framework and will impose obligations on company participants to ensure that EU citizen data transferred to the United States for commercial purposes is transferred and protected in a manner consistent with EU law. Before the agreement can go into effect, the EU must complete its internal approval process. Once in place, the Privacy Shield will allow certified program participants to transfer commercial data to the United States. The EU hopes to have completed its internal approval process sometime in 2016. Until such time as the agreement is approved by the EU and the Privacy Shield program is officially launched companies cannot rely on it as a means to transfer commercial data from the EU to the United States.

Franchising

There are no specific Maltese regulations governing the operations of franchised units in Malta, nor are there any restrictions on a franchise. Foreign Exchange Control regulations govern the payments of the franchise and royalty fees.

Maltese entrepreneurs are generally interested in franchising. Even though the market is relatively small, major U.S. brands are present on the island. The Commercial Service desk at Embassy Valletta receives several requests annually for U.S. franchising opportunities from local entrepreneurs. International franchise operators in Malta include some of Malta’s most experienced companies and investors, maximizing the probability of franchise success.

There are a number of laws that govern the operation of franchises within the EU, but these laws are fairly broad and generally do not constrain the competitive position of U.S. businesses. More information on specific legislation can be found on the European Franchise Federation [website](#).

Direct Marketing

The use of direct marketing, especially TV-shopping, is increasing in Malta. There are several mail and telephone ordering services in Malta. Door-to-door selling exists on a limited scale but is not common.

The EU has yet to adopt legislation harmonizing the direct-selling of consumer products. However, there is a wide-range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the Data Privacy section above.

Distance Selling Rules

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "the Consumer Rights Directive." The provisions of this directive have been in force since June 13, 2014. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts. It also regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes.

Alternative Dispute Resolution

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation, operational in January 2016, sets up an EU-wide online platform to handle consumer disputes that arise from online transactions.

New Legislation

In December 2015, the European Commission released a package of two draft directives on "contracts for the supply of digital content" and "contracts for the online and other distance sales of goods." This package addresses the legal fragmentation and lack of clear contractual rights for faulty digital content and distance selling across the EU. The package only addresses business to consumer (B2C) contracts, although its scope uses a very broad definition of both digital content (including music, movies, apps, games, films, social media, cloud storage services, broadcasts of sport events, visual modelling files for 3D printing) and distance selling goods so as to cover the Internet of Things (such as connected household appliances and toys). It also applies to transactions whether in the context of a monetary transaction or in exchange of (personal) consumer data. Healthcare, gambling and financial services are

excluded. The package is currently under scrutiny at both the European Parliament and Council. Its adoption is expected the first half of 2017.

Additional information for consumers can be found at ec.europa.eu/consumers/index_en.htm.

Distance Selling of Financial Services

Financial services are the subject of a separate directive that came into force in June 2002 ([2002/65/EC](#)). This piece of legislation amended three prior existing directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Direct Marketing over the Internet

The e-Commerce Directive ([2000/31/EC](#)) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be clear and easily accessible. The directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment: this is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below). The European Commission has performed a stakeholder's consultation and is currently assessing the opportunity to propose a revision of the e-commerce Directive.

In Malta, unless specific legislation excludes the use of the internet or amends general provisions to address specific issues associated with the use of the internet; general legislation applies to transactions equally, regardless of the channel used. Thus, legislation dealing with general consumer protection and unfair consumer terms (the Consumer Affairs Act, chapter 378 of the Laws of Malta), data protection matters (Data Protection Act, chapter 440), and general direct and indirect taxation rules, defamation and generally criminal laws apply.

In addition, there are several specific primary and subsidiary legislative instruments dealing with e-commerce in Malta, including:

- the Electronic Commerce Act (chapter 426 of the Laws of Malta) (E-Commerce Act) dealing with the validity of electronic evidence, electronic contracts, liability of information society service providers, and electronic signatures;
- the Electronic Commerce (General) Regulations (Subsidiary Legislation 426.02), which, together with the E-Commerce Act, implemented the EU Electronic Commerce Directive and the Electronic Signatures Directive;
- the Electronic Communications Networks and Services (General) Regulations 2011 (Subsidiary Legislation 399.28), which, among other things, addresses data-protection issues arising out of the use of electronic communications networks and services;
- the Tax Credit (Electronic Commerce) Rules (Subsidiary Legislation 123.85), granting tax credits in certain circumstances for qualifying expenditures relating to the development of e-commerce systems;

- the Distance Selling (Retail Financial Services) Regulations (Subsidiary Legislation 330.07), addressing specific issues of distance selling of financial services;
- the Remote Gaming Regulations (Subsidiary Legislation 438.04), dealing with the provision of gambling services over the internet;
- the Criminal Code (chapter 9 of the Laws of Malta), and in particular the sections dealing with computer misuse and related offences;
- the Public Procurement Regulations (Subsidiary Legislation 174.04) where public procurement by electronic means is involved; and
- the Copyright Act (chapter 415), implementing EU law on copyright and digital rights.

The designated competent authority under both the E-Commerce Act and the Electronic Commerce (General) Regulations is the Malta Communications Authority (MCA). Moreover, electronic communications networks and services also fall under the authority of the MCA, thereby granting it the responsibility to monitor the competitiveness of the market and regulate, where appropriate, internet access tariffs and charges in accordance with the requirements of the EU electronic communications regulatory framework as transposed in Malta by the Electronic Communications Regulation Act (chapter 399 of the Laws of Malta) and subsidiary legislation.

The Malta Competition and Consumer Affairs Authority (MCCAA) also plays an important role with respect to consumer protection in the electronic communications sector. Additionally, the data protection commissioner provides regulatory oversight with respect to data protection and privacy.

Joint Ventures/Licensing

Maltese laws allow and encourage joint-venture and licensing arrangements with foreign companies. Private foreign investors are free to make equity arrangements as they wish, ranging from joint ventures to full equity ownership.

Selling to the Government

Government purchases of capital equipment and supplies play an important role in the country's commercial environment. Malta is a member of the EU and adheres to the GATT Procurement Code. The Department of Contracts, which falls under the Ministry of Finance, publishes tenders for government purchases and ensures adherence to stated conditions. Normally, the Ministry that requests the goods/services in the tender has a final say in the award.

Government procurement in Europe is governed by both international obligations under the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives. U.S.-based companies are allowed to bid on public tenders covered by the GPA, while European subsidiaries of U.S. companies may bid on all public procurement contracts covered by the EU Directives in the European Union.

The EU directives on public procurement have recently been revised and new legislation on concession has also been adopted. Member States were required to transpose the provisions of the new directives by April 16, 2016. The four relevant legislations are:

- [Directive 2014/24/EU](#) (replacing Directive 2004/18/EC) on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts applies to the general sector;
- [Directive 2014/25/EU](#) (replacing Directive 2004/17/EC) coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors;
- [Directive 2009/81/EC](#) on defense and sensitive security procurement. This Directive sets Community rules for the procurement of arms, munitions and war material (plus related works and services) for defense purposes, but also for the procurement of sensitive supplies, works and services for non-military security purposes; and
- [Directive 2014/23/EU](#) on the award of concession contracts. A concession contract (either for the delivery of works or services) is conducted between a public authority and a private enterprise that gives the right to the company to build infrastructure and operate businesses that would normally fall within the jurisdiction of the public authority (e.g. highways).

The EU has three remedy directives imposing common standards for all Member States to abide by in case bidders identify discriminatory public procurement practices.

Electronic versions of the procurement documentation must be available through an internet URL immediately on publication of the Official Journal of the European Union (OJEU) contract notice. Full electronic communication (with some exceptions) will become mandatory for public contracts 4.5 years after the Public Contracts Directive 2014/24 comes into force (i.e. October 2018). For central purchasing bodies, the deadline is three years (April 2017).

Electronic invoicing (e-invoicing) will be introduced from the 3rd quarter of 2018, based on the requirement set forth in [Directive 2014/55/EU](#). The Directive makes the receipt and processing of electronic invoices in public procurement obligatory. Standards for e-invoicing are being developed by the European Committee for Standardization (CEN).

There are restrictions for U.S. suppliers in the EU utilities sector, both in the EU Utilities Directive and in EU coverage of the GPA. Article 85 of Directive 2014/25 allows EU contracting authorities to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50 percent or give preference to the EU bid if prices are equivalent (meaning within a three percent margin). Moreover, the Directive allows EU contracting authorities to retain the right to suspend or restrict the award of service contract to undertaking in third countries where no reciprocal access is granted.

There are also restrictions in the EU coverage of the GPA that apply specifically to U.S.-based companies. U.S. companies are not allowed to bid on works and services contracts procured by sub-central public contracting authorities in the following sectors:

- Water sector
- Airport services
- Urban transport sector as described above, and railways in general
- Dredging services and procurement related to shipbuilding

Distribution & Sales Channels

Malta offers a full range of sales channels to consumers, with various distribution methods depending on the type of product offered. These methods range from wholesalers selling to traditional shops

which then sell to the public, to more sophisticated methods such as large department stores which have become increasingly popular outlets.

Maltese importers still import most items, especially capital equipment and raw materials, through agents and distributors. Some large domestic manufacturing companies import these items directly.

Selling Factors & Techniques

The selling factors/techniques applicable to Malta are generally the same as those used in other Western European countries. Due to the country's small size, the sales territory includes all of Malta. It has become increasingly popular that agents of U.S. brands also acquire the license to be the official distributor for other countries in the Mediterranean region, such as Libya.

eCommerce

E-commerce, (whether B2C or Business-to-Business [B2B]), was slow to develop in Malta; however, it has evolved rapidly.

In October 2006, the government published the Electronic Commerce Act regulations which require information service providers to furnish basic identifying information to customers. The regulations also established obligations to ensure appropriate levels of transparency with respect to commercial communications online.

In 2015, 66.3 percent of frequent internet users used the internet to purchase goods or services online. Clothing and sporting goods were the most commonly acquired items over the Internet, with 65.5 percent of users reporting the purchase of these goods. Other popular groups of commodities purchased via e-commerce include hotel accommodation (41 percent of users) and other transport arrangements (37.5 percent of users).

Statistics show that local companies consistently are making greater use of information technology. In 2015, just under 97 percent of local businesses used computers and around 96 percent used the Internet. The 2015 survey also showed that 73.5 percent of surveyed enterprises using the internet also made use of social networks, while 85.7 percent of enterprises using internet had their own website. The 2015 survey registered a decrease of 1.4 percentage points in enterprises selling online.

In 2015, 37.5 percent more enterprises were making use of cloud computing services when compared to the previous year. This survey also provided evidence of an increase of 1.1 percent in enterprises employing ICT specialists and an increase in enterprises providing ICT-related training to their employees.

The Maltese Government has invested in ICT and would like to see Malta become a regional IT center. The government sees the development of SmartCity Malta—a technology park modeled on the Dubai InternetCity project—as a step toward this goal.

The European Union's Digital Single Market Initiative

Creating a Digital Single Market (DSM) is one of the ten priorities of the European Commission (EC). The overall objective is to bring down barriers – regulatory or otherwise – to unlock online opportunities in Europe, from e-commerce to e-government. By doing so, the EU hopes to do away with the current 28

fragmented markets and create one borderless market with harmonized legislation and rules for the benefit of businesses and consumers alike throughout Europe.

The EC set out a high-level vision in its May 6, 2015 [DSM Strategy](#), which outlined three main pillars: e-commerce, digital networks and services, and growth potential of the European digital economy. The strategy will be followed by a number of specific and concrete legislative proposals and policy actions to be developed in 2015 and 2016. They are broad reaching and include reforming e-commerce sector, VAT, copyright, consumer protection and data privacy laws. DSM-related legislation will have a broad impact on U.S. companies doing business in Europe.

Further information is available at ec.europa.eu/priorities/digital-single-market/index_en.htm.

The previously mentioned e-Commerce Directive also provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content.

Comprehensive market research on e-commerce in the EU is available upon request from the U.S. Mission to the EU.

Value Added Tax (VAT)

The EU applies VAT to sales by non-EU based companies of electronically supplied services (ESS) to EU-based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. From January 1, 2015, all supplies of telecommunications, broadcasting, and electronic services are taxable at the place where the customer resides. For businesses, this means either the country where it is registered or the country where it has fixed premises receiving the service. For consumers, it is where they are registered, have their permanent address, or usually live.

As part of the legislative changes of 2015, the Commission launched the Mini One Stop Shop (MOSS) scheme, the use of which is optional. It is meant to facilitate the sales of ESS from taxable to non-taxable persons (B2C) located in Member States in which the sellers do not have an establishment to account for the VAT.

This plan allows taxable persons (sellers) to avoid registering in each Member State of consumption. A taxable person who is registered for the MOSS in a Member State (the Member State of Identification) can electronically submit quarterly MOSS VAT returns detailing supplies of ESS to non-taxable persons in other Member States (the Member State(s) of consumption), along with the VAT due.

The Commission has received numerous complaints in relation to the new rules on ESS and is in the process of revising them. The revised legislation is expected to be introduced by the end of 2016 and will include reduced rates for e-publications matching those of printed ones and a VAT simplification package for SMEs.

The most important pieces of legislation on VAT are the [EU VAT Directive 2006/112/EC](#) and its [Implementing Regulation 282/2011](#).

Further information relating to VAT on ESS is available at ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/telecom/index_en.htm#onestopshop.

Trade Promotion & Advertising

Product advertisement in Malta generally occurs via daily newspapers, free door-to-door promotional magazines, billboards, and local television—all of which maintain their own advertising departments.

Malta has seven local TV stations and ten radio stations. A large number of foreign television broadcasts, including several American shows, are available through the cable, digital, or satellite networks. More information is available directly from the local channels listed below.

TVM: tvm.com.mt

NetTV: www.nettv.com.mt/

One News: www.one.com.mt/

There are four published daily newspapers available in Malta: two Maltese-language dailies and two English-language dailies. In addition, there are five Sunday publications and another five papers published on a weekly basis. Further, there are several online news outlets, including those listed below.

Times of Malta: www.timesofmalta.com

Malta Independent: www.independent.com.mt

L-Orizzont (Maltese language): www.l-orizzont.com

Malta Right Now (Maltese language): www.maltarightnow.com

L-Kulhadd (Maltese language): www.kulhadd.com

Maltatoday: www.maltatoday.com.mt

Malta Star: www.maltastar.com

The Malta Fairs and Convention Centre (MFCC) holds several specialized trade fairs during the year. Visit www.mfcc.com.mt for more information.

American companies who wish to sell to Maltese companies may feature their products or services in the “Featured U.S. Exporters” section of Embassy Valletta’s Commercial Section website at malta.usembassy.gov/com-serviceforus.html.

For more information on EU trade promotion and advertising regulations, refer to “Doing Business in the European Union: 2016 Country Commercial Guide for U.S. Companies,” available from the U.S. Mission to the EU.

Pricing

Malta has very limited price controls over consumer staples, including milk and bread. When pricing a product, firms should consider payment and credit terms. Orders for the Maltese internal market are usually very small by international standards.

Maltese importers generally expect a Cost, Insurance, and Freight (CIF) quotation; however, quotes on a Free on Board (FOB) basis are also acceptable. VAT is 18 percent on most products, with the exception of food and pharmaceutical products.

Sales Service/Customer Support

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support. For more information on EU customer support regulations, refer to “Doing Business in the European Union: 2016 Country Commercial Guide for U.S. Companies,” available from the U.S. Mission to the EU.

Protecting Intellectual Property

Malta has fully incorporated the EU and WTO rules regarding intellectual property into its national law.

The Industrial Property Registrations Directorate (IPRD) within the Commerce Department is the office responsible for the registration of trademarks, certification marks, collective marks and designs; patenting of inventions; issuing of supplementary protection certificates in respect of pharmaceutical products and plant protection products; and the recording of transfers, cancellations, amendments and renewals relating to the aforementioned IP rights in Malta. More information on intellectual property protections in Malta is available at commerce.gov.mt/en/Industrial_Property.

Protecting Your Intellectual Property in Malta:

Several general principles are important for effective management of intellectual property (“IP”) rights in Malta. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Malta than in the United States. Third, rights must be registered and enforced in Malta, under local laws. For example, your U.S. trademark and patent registrations will not protect you in Malta. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

Granting patents registrations are generally based on a first-to-file (or first-to-invent, depending on the country) basis. Similarly, registering trademarks is based on a first-to-file (or first-to-use, depending on the country) basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Maltese market. It is vital that companies understand that IP is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Malta. It is the responsibility of the rights holders to register, protect, and enforce their rights where

relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Maltese law. A list of local lawyers is available at: <https://mt.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/attorneys/>

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentives) of would-be bad actors. Projects and sales in Malta require constant attention. Work with legal counsel familiar with Maltese laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, either Maltese, European or U.S.-based, including:

- The U.S. Chamber and local American Chamber of Commerce;
- National Association of Manufacturers (NAM) ;
- International Intellectual Property Alliance (IIPA);
- International Trademark Association (INTA);
- The Coalition Against Counterfeiting and Piracy;
- International Anti-Counterfeiting Coalition (IACC);
- Pharmaceutical Research and Manufacturers of America (PhRMA); and
- Biotechnology Industry Organization (BIO).

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues – including enforcement issues in the US and other countries – call the STOP! Hotline: **1-866-999-HALT** or visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit www.uspto.gov.

- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit www.copyright.gov.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at www.stopfakes.gov/resources.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. The IP attaché for the European Union is Susan Wilson (susan.wilson@trade.gov).

Due Diligence

Embassy Valletta can provide basic background information on companies operating in Malta. American companies may also request information from the Malta Chamber of Commerce, Enterprise, and Industry at www.maltachamber.org.mt or from Amcham Malta at www.amcham-malta.org.

Full company reports are available from Creditinfo Malta, which is the local representative of Dun & Bradstreet at www.creditinfo.com.mt.

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence in accordance with mandatory EU legislation prior to exporting.

Local Professional Services

Following are links to some leading local professional organizations:

Malta Federation of Professional Associations: www.mfpa.org.mt/about

Malta Institute of Accountants: www.miamalta.org

Malta Society of Arts, Manufacture & Commerce: www.artsmalta.org/becomeamember.asp

Institute of Financial Services – Malta: www.ifsmalta.org

Chamber of Advocates – Malta: www.avukati.org/

Principle Business Associations

Following are links to some leading local professional organizations:

Malta Chamber of Commerce, Enterprise, and Industry: www.maltachamber.org.mt

Amcham Malta: www.amcham-malta.org

Limitations on Selling U.S. Products and Services

Malta is a free trade, open economy country. The government does not approve or restrict any products or services, as long as they comply with EU and national regulations.

Selling U.S. Products and Services Web Resources

U.S. Embassy Valletta Commercial Section: malta.usembassy.gov/commercial.html

Government of Malta: www.gov.mt

Malta Chamber of Commerce, Enterprise, and Industry: www.maltachamber.org.mt

Malta Enterprise: www.maltaenterprise.com

Central Bank of Malta: www.centralbankmalta.com

Malta Financial Services Authority: www.mfsa.com.mt/pages/default.aspx

Finance Malta: www.financemalta.org

Additional EU web resources can be found in “Doing Business in the European Union: 2016 Country Commercial Guide for U.S. Companies,” available from the U.S. Mission to the EU.

Trade Regulations, Customs, & Standards

Import Tariff

As a full EU member, Malta imposes customs tariffs on imports from non-EU countries.

The [Import Duties Act](#) lists the rates of duties.

Malta also applies EU trade policy, such as enacting anti-dumping or anti-subsidy measures.

The importer is also liable to pay VAT which, in most cases, is 18 percent. Further information and details are contained in the [Value Added Tax Act](#). For additional information, consult the VAT Department at: www.vat.gov.mt/en/Pages/Home-Page.aspx.

Trade Barriers

Most imports into Malta do not require an import license. However, in accordance with EU regulations, U.S. exporters may encounter the need for one or more of the following:

- Common Agricultural Policy (CAP) Licenses: Imported foodstuffs, whether as raw materials or processed goods require such CAP license. The Ministry of Sustainable Development, the Environment, and Climate Change processes and controls these licenses.
- Trade Services Division (DTI) Licenses: Importation for any type of product could necessitate the need for a DTI license; normally such licenses are required for the importation of firearms and nuclear materials. The Trade Services Division also issues import licenses for quotas. This office is part of the Ministry for the Economy, Investment, and Small Business.
- Certificate of Veterinary Clearance (CVC) processed by the Ministry of Sustainable Development, the Environment, and Climate Change: Goods such as meat, poultry, milk, eggs, sausage skins, and fishery products are required to undergo veterinary health checks at a Border Inspection Post (BIP) upon arrival in Malta. In addition to the veterinary documents required by the BIP, a Certificate of Veterinary Clearance (CVC) issued by the BIP is normally required to obtain Customs clearance. Rabies-susceptible animals require a national import license. A plant health certificate and/or import license needs to accompany all plants intended for growing, as well as a range of fruits, vegetables, and other plant products. Endangered species and their products need specific permits or other documentation to be legally imported.
- European Union License: The EU prohibits the importation of products that contain certain ozone-depleting substances (ODS); in certain cases the EU may issue an import license.

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available at: ustr.gov/sites/default/files/2015%20NTE%20Combined.pdf.

Information on agricultural trade barriers can be found at: www.usda-eu.org.

To report existing or new trade barriers and gain assistance in removing them, contact either the Trade Compliance Center at www.trade.gov/tcc or Embassy Valletta at malta.usembassy.gov/business.html.

Additional information is available from the following sources:

- Malta Ministry for Sustainable Development, the Environment and Climate Change: environment.gov.mt
- Malta Ministry of Economy, Investment, and Small Business: economy.gov.mt
- Business First: www.businessfirst.com.mt/en
- U.S. Department of Commerce: www.commerce.gov.mt

Import Requirements & Documentation

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show the various rules which apply to specific products being imported into the customs territory of the EU or, in some cases, exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC has the ability to search by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily, and is available at: ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm.

Import Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). The SAD describes goods and their movement around the world and is essential for trade outside the EU or of non-EU goods. Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs.

The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU Member States. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent. More information on the SAD can be found at:

ec.europa.eu/taxation_customs/customs/procedural_aspects/general/sad/index_en.htm.

Regulation (EC) No 450/2008 lays down the Community Customs Code (the so-called “Modernized Customs Code”) aimed at the adaptation of customs legislation and at introducing the electronic environment for customs and trade. This Regulation entered into force on June 24, 2008 and was due to be applicable once its implementing provisions were in force by June 2013. However, the

Modernized Customs Code was recast as a Union Customs Code (UCC) before it became applicable. The [Union Customs Code](#) (UCC) Regulation entered into force in October 2013 and repealed the MCC Regulation. Its substantive provisions went into effect on May 1, 2016.

Economic Operator Registration and Identification (EORI)

Since July 1, 2009, all companies established outside of the EU are required to have an EORI number if they wish to lodge a customs declaration or an entry/exit Summary declaration. All U.S. companies should use this number for their customs clearances. An EORI number must be formally requested from the customs of the specific Member State to which the company exports. Member State customs authorities may request additional documents to be submitted alongside a formal request for an EORI number. Once a company has received an EORI number, it can use it for exports to any of the 28 EU Member States. There is no single format for the EORI number. Once an operator holds an EORI number s/he can request the Authorized Economic Operator (AEO: see below under “MRA”) status, which can give quicker access to certain simplified customs procedures. More information about the EORI number can be found at ec.europa.eu/taxation_customs/dds2/eos/eori_home.jsp?Lang=en.

U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an [agreement](#) on customs cooperation and mutual assistance in customs matters. In 2012, the United States and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another’s customs identification numbers. The MCC introduced the Authorized Economic Operator ([AEO](#)) program (known as the “security amendment”). This is similar to the United States’ voluntary Customs-Trade Partnership against Terrorism ([C-TPAT](#)) program in which participants receive certification as a “trusted” trader. AEO certification is issued by a national customs authority and is recognized by all Member States’ customs agencies. As of April 17, 2017, an AEO can consist of two different types of authorization: “customs simplification” or “security and safety.” The former allows for an AEO to benefit from simplification related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter’s trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition. Under the revised Union Customs Code, in order for an operator to make use of certain customs simplifications, the authorization of AEO becomes mandatory.

The United States and the EU recognize each other’s security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with U.S. Customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase took place in early 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. Customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per [Implementing Regulation 58/2013](#) (which amends EU Regulation 2454/93 cited above).

Additional information on the MRA can be found at: www.cbp.gov/newsroom/national-media-release/2013-02-08-050000/eu-us-fully-implement-mutual-recognition-decision.

Revised AEO guidelines (published March 2016) are available at: ec.europa.eu/taxation_customs/resources/documents/customs/policy_issues/customs_security/aeo_guidelines_en.pdf.

Other import requirements

Additional information on EU import requirements for specific goods, including batteries, chemicals, waste electrical and electronic equipment, hazardous substances, cosmetics, and agricultural products is provided in "Doing Business in the European Union: 2016 Country Commercial Guide for U.S. Companies," available from the U.S. Mission to the EU.

U.S. Export Controls

The U.S. Department of Commerce's Bureau of Industry and Security (BIS, www.bis.doc.gov) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of some commercial items, including "production" and "development" technology.

The items that BIS regulates are often referred to as "dual use" since they have both commercial and military applications. Further information on export controls is available at: www.bis.doc.gov/licensing/exportingbasics.htm.

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at: www.bis.doc.gov/enforcement/redflags.htm.

Also, BIS has "Know Your Customer" guidance at: www.bis.doc.gov/Enforcement/knowcust.htm.

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at +1(800) 424-2980, or via the confidential lead page at: www.bis.doc.gov/forms/eeleadsntips.html.

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found at www.bis.doc.gov.

In August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the Export Control Reform (ECR) Initiative which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center.

For additional information on ECR see export.gov/ecr/index.asp.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. A list of upcoming seminars can be found at www.bis.doc.gov/seminarsandtraining/index.htm.

Temporary Entry

The Temporary Importation (TI) procedure allows temporary importation of goods or materials into Malta. Such temporary imports are not assessed by customs and other duties. In order to receive the fee exemption, goods must not be processed or repaired in Malta outside of routine maintenance necessary to preserve goods in the condition in which they were imported.

Products typically imported under TI relief include goods intended for display in an exhibition, goods imported for testing, and samples. In most cases the goods will have to remain in overseas ownership and re-exported within the prescribed time limit.

For most temporary importations, a security deposit (either cash or bank guarantee) equal to the full amount of customs duty and VAT potentially due is required. Businesses can reclaim the security deposit when the goods are re-exported.

One may apply for TI authorization at the time of entry or prior to shipment. Certain temporary importations can also make use of an ATA Carnet. An ATA Carnet is a book of vouchers that replaces the normal customs documentation at the time of importation. The ATA Carnet system is operated worldwide; security to cover potential import and VAT duties is deposited with the country of issue.

Labeling/Marking Requirements

Labeling requirements in Malta conform to EU regulations. The Malta Competition and Consumer Affairs Authority (MCCAA) is responsible for the national regulations that incorporate labeling requirements for several different sectors. More information is available on the MCCAA website at www.mccaa.org.mt.

For the following types of products the information on the label must be in Maltese and/or English: chemicals, cosmetics, food, detergents, and biocides. Other languages may also be used as long as one of Malta's official languages is present on the label. For food products and detergents, Italian is also accepted. Different types of biocides may have a compulsory or optional requirement label products in both English and Maltese. Plant protection product labels should feature both Maltese and English.

Label content requirements vary by product. For example, on the label of a cosmetic product it is mandatory to include the net weight (g/mL), country of origin (if imported from outside the EU), warnings/precautions, function, and best-before date. Other products have different mandatory requirements.

Manufacturers are to note that all labels require metric units, although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication that encourages multilingual information, while preserving the right of Member States to require the use of the language of the country of consumption.

For more information on EU labeling and marketing requirements, refer to “Doing Business in the European Union: 2016 Country Commercial Guide for U.S. Companies,” available from the U.S. Mission to the EU.

Prohibited & Restricted Imports

All items which are prohibited or restricted imports in Malta require an import license – see section entitled Trade Barriers. The list of items which would normally require an import license is contained in the following National regulation:

Subsidiary Legislation 117.14, Importation Control Regulations:

<http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=9290&l=1>

The TARIC also enumerates various rules that apply to specific products imported into the customs territory of the EU, or in some cases, those exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Customs Regulations

Department of Customs

Custom House, Valletta CMR 02, Malta

Tel: (356) 25685(+ext) 25685119, 25685172 or 25658185

Fax: (356) 25685300

E-Mail: malta.customs@gov.mt

[Website: www.contracts.gov.mt](http://www.contracts.gov.mt)

The Union Customs Code (UCC) was adopted in 2013 and its substantive provisions apply from May 1, 2016. It replaces the Community Customs Code (CCC). In addition to the UCC, the European Commission has published delegated and implementing regulations on the actual procedural changes. These are included in Delegated Regulation (EU) 2015/2446, Delegated Regulation (EU) 2016/341, and the Implementing Regulation (EU) 2015/2447.

There are a number of changes in the revised customs policy which also require an integrated IT system from the customs authorities. In April 2016, the European Commission published an implementing

decision (number: 2016/578) on the work program relating to the development and deployment of the electronic systems of the UCC.

Additional information is available from the EU Customs and Taxation Union Directorate (TAXUD) at: ec.europa.eu/taxation_customs/customs/index_en.htm.

Customs Valuation – Malta and the EU apply an internationally accepted concept of “customs value.” Additional information is available at: ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm.

Trade Standards

Overview

Products tested and certified in the United States to American regulations and standards are likely to have to be retested and re-certified to EU requirements as a result of the EU’s different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU’s General Product Safety Directive as well as to possible additional national requirements.

EU legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking.

The concept of New Approach legislation is slowly disappearing as the NLF, which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Existing legislation has been reviewed to bring them in line with the NLF concepts, which means that, as of 2016, new requirements will have to be addressed and new reference numbers will have to be used on declarations of conformity. The date of applicability depends on the product category. For example, the new Electromagnetic Compatibility Directive (2014/30/EU) replaced the existing law and became applicable on April 20, 2016.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the EU. For more information about the NLF, go to ec.europa.eu/growth/single-market/goods/new-legislative-framework.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This regulation introduced mandatory traceability throughout the feed and food chain as of January 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service’s [website](#).

There are also export guides to import regulations and standards available on the Foreign Agricultural Service’s [website](#).

Standards

Although the primary role of the MCCA is to coordinate the application of international standards in Malta, it also has developed some standards that are specific to the local market, such as those governing Maltese lace and filigree work.

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

1. CEN, European Committee for Standardization, handling all other standards (www.cen.eu/cen/pages/default.aspx)
2. CENELEC, European Committee for Electrotechnical Standardization (www.cenelec.eu)
3. ETSI, European Telecommunications Standards Institute (www.etsi.org)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have “mirror committees” that monitor and delegate experts to participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and provides some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates – or requests for standards – can be checked on line at: ec.europa.eu/growth/tools-databases/mandates/index.cfm.

Given the EU’s vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU’s standards regime is wide and deep – extending well beyond the EU’s political borders to include affiliate members. Another category, called the “partner standardization body” includes the standards organizations of Mongolia, Kazakhstan, and Australia, which are not likely to become a CEN member or affiliate for political and geographical reasons.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. Other than their respective annual work plans, CEN’s “what we do” page provides an overview of standards activities by subject. Both CEN and CENELEC offer the possibility to search their respective database. ETSI’s [portal](#) links to ongoing activities.

The European Standardization system and [strategy](#) was reviewed in 2011 and 2012. The new standards Regulation 1025, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For ICT products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a “Platform Committee” reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

Conformity Assessment

The MCCA is responsible for conformity assessment in Malta. For example, MCCA issues an ISO 9000 to local organizations that have reached a high level of management. MCCA assesses food processing and manufacturing concerns, through a service it offers, to determine companies preparedness for the implementation of the EU food safety management system HACCP.

A conformity assessment is mandatory for a manufacturer to comply with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination, and production quality control system, to full quality assurance system. Conformity assessment bodies in individual Member States are listed in the New Approach Notification and Designated Organizations ([NANDO](#)) information system.

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN’s certification system is known as the Keymark. Neither CENELEC nor ETSI offer conformity assessment services.

Product Certification

In general, to conform with EU regulations, all products sold in Malta that may pose a health or safety risk bear a CE marking. A manufacturer uses the CE marking as a declaration that the product’s design and manufacture meeting all requirements of EU directives. Examples of products that should have a CE mark include toys, medical devices, safety devices, low voltage equipment, and pressure protective equipment.

If an EU specific product legislation applies to a U.S. product, the U.S. exporter is required to apply CE marking in order to sell the product in the EU market, as well as in Norway, Liechtenstein and Iceland.

CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. The CE marking process is very complex and this section attempts to provide some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC, or ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The

manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the NLF. As mentioned before, this framework serves as a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation, and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file) or the documents accompanying the product.

Accreditation

Competent national authorities have officially accredited independent test and certification laboratories, known as notified bodies, to test and certify products to EU requirements.

European Accreditation (www.european-accreditation.org) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible to appropriate EN and ISO/IEC standards.

Publication of technical regulations

Proposed and final technical regulations are published in local newspapers and on MCCA's web site (www.mcca.org.mt). Furthermore, national technical regulations are published on the Commission's website to allow other countries and interested parties to comment (ec.europa.eu/growth/tools-databases/tris/en/).

The Official Journal is the official publication of the EU. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more (eur-lex.europa.eu/oj/direct-access.html?locale=en). It also lists the standards reference numbers linked to legislation (ec.europa.eu/growth/single-market/european-standards/harmonised-standards/index_en.htm).

National technical regulations are published on the Commission's website (ec.europa.eu/growth/tools-databases/tris/en/) to allow other countries and interested parties to comment.

National Institute of Standards and Technology's (NIST) Notify U.S. Service

Member countries of the WTO are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries. The Notify U.S. service is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at www.nist.gov/notifyus/.

Contact Information

U.S. Embassy Valletta

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Commercial /Economic Specialist
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cassarm@state.gov

National Institute of Standards & Technology

Dr. George W. Arnold
Director
Standards Coordination Office
100 Bureau Dr.
Mail Stop 2100
Gaithersburg, Maryland 20899
Tel: (301) 975-5627
Website: www.nist.gov/director/sco/index.cfm

CEN – European Committee for Standardization

Avenue Marnix 17
B – 1000 Brussels, Belgium
Tel: 32.2.550.08.11
Fax: 32.2.550.08.19
Website: www.cen.eu

CENELEC – European Committee for Electrotechnical Standardization

Avenue Marnix 17
B – 1000 Brussels, Belgium
Tel: 32.2.519.68.71
Fax: 32.2.519.69.19
Website: www.cenelec.eu

ETSI - European Telecommunications Standards Institute

Route des Lucioles 650
F – 06921 Sophia Antipolis Cedex, France
Tel: 33.4.92.94.42.00
Fax: 33.4.93.65.47.16
Website: www.etsi.org

SBS – Small Business Standards

4, Rue Jacques de Lalaing
B-1040 Brussels
Tel: +32.2.285.07.27
Fax : +32-2/230.78.61
Website: sbs-sme.eu

ANEC - European Association for the Co-ordination of Consumer Representation in Standardization

Avenue de Tervuren 32, Box 27
B – 1040 Brussels, Belgium
Tel: 32.2.743.24.70
Fax: 32.2.706.54.30
Website: www.anec.org

ECOS – European Environmental Citizens Organization for Standardization

Rue d'Edimbourg 26
B – 1050 Brussels, Belgium
Tel: 32.2.894.46.68
Fax: 32.2.894.46.10
Website: www.ecostandard.org

EOTA – European Organization for Technical Assessment (for construction products)

Avenue des Arts 40
B – 1040 Brussels, Belgium
Tel: 32.2.502.69.00
Fax: 32.2.502.38.14
Website: www.eota.eu

Trade Agreements

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see [tcc.export.gov/Trade Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp).

Licensing Requirements for Professional Services

The National Commission for Further and Higher Education (NCFHE) is the Maltese appointed body that also acts as the National Contact Point for the European Qualifications Framework. Further information is available at: ncfhe.gov.mt.

The recognition of skills and qualifications acquired by EU citizens in EU Member States, including the corresponding recognition procedures and charges are, in accordance with article 165 of the TFEU, the responsibility of Member States. Similarly, recognition of skills and qualification earned in third countries is also a national responsibility.

However, the European Commission takes initiatives to facilitate recognition procedures. For example, recognition of professional qualifications obtained in one Member State for the purposes of access and pursuit of regulated professions in another Member State is subject to Directive 2005/36. Similarly, recognition of qualifications for academic purposes in the higher education sector, including school-

leaving certificates is subject to the Lisbon Recognition Convention. The ENIC-NARIC network provides advice on (cross-border) recognition of these qualifications.

Recognition in other cases is assessed and granted (or denied) by the receiving educational provider or employer. For them to be able to recognise skills and qualifications understanding of the level, content and quality is needed. The Commission currently explores the possibilities on how to better support these recognition decisions.

The “Your Europe” website maintains a webpage dedicated to help citizens what the regulated professions are and what document are needed for their recognition in each Member State.

Trade Regulation Web Resources

Malta Competition and Consumer Affairs Authority: www.mccaa.org.mt

Commerce Division, Ministry of Finance, the Economy and Investment: www.commerce.gov.mt

WasteServ Malta: www.wasteservmalta.com

EU websites:

TARIC:

ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

MCCC: europa.eu/legislation_summaries/customs/do0001_en.htm

ECHA: echa.europa.eu

Taxation and Customs Union: ec.europa.eu/taxation_customs/customs/index_en.htm

Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005: eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF

Electronic Customs Initiative: Decision N° 70/2008/EC: eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF

Modernized Community Customs Code Regulation (EC) 450/2008):eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF

Legislation related to the Electronic Customs Initiative:

ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Export Help Desk: exporthelp.europa.eu/thdapp/index_en.html

What is Customs Valuation?:

ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm

Customs and Security: Two communications and a proposal for amending the Community Customs Code: ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code: Regulation (EC) n° 648/2005 of 13 April 2005: eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF

Pre Arrival/Pre Departure Declarations:

ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_predeparture/index_en.htm

AEO: ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm

Contact Information at National Customs Authorities:

ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

New Legislative Framework: ec.europa.eu/growth/single-market/goods/new-legislative-framework/

Cenelec: www.cenelec.eu/

ETSI: www.etsi.org/

CEN: www.cen.eu/cen/Pages/default.aspx

Standardization – Mandates: ec.europa.eu/growth/single-market/european-standards/requests/index_en.htm

Nando Information System: ec.europa.eu/enterprise/newapproach/nando/

MRAs: ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=mra.main

European Co-operation for Accreditation: www.european-accreditation.org/home

Eur-Lex: eur-lex.europa.eu/en/index.htm

Standards Reference Numbers linked to Legislation: ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm

National technical regulations: ec.europa.eu/growth/tools-databases/tris/en/

Metrology, Pre-Packaging – Pack Size: ec.europa.eu/growth/single-market/goods/building-blocks/legal-metrology/index_en.htm

European Union Eco-label Homepage: ec.europa.eu/environment/ecolabel/

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers:
ustr.gov/sites/default/files/2015%20NTE%20Combined.pdf

Agricultural Trade Barriers: www.usda-eu.org/

Trade Compliance Center: tcc.export.gov/

U.S. Mission to the European Union: useu.usmission.gov/

NIST - Notify U.S.: www.nist.gov/notifyus/

The New EU Battery Directive: www.export.gov/europeanunion/marketresearch/index.asp

The Latest on REACH: export.gov/europeanunion/reachclp/index.asp

CE Marking: www.export.gov/cemark/eg_main_017267.asp

WEEE and RoHS in the EU: export.gov/europeanunion/weerohs/index.asp

Overview of EU Certificates (FAS): www.usda-eu.org/trade-with-the-eu/eu-import-rules/certification/fairs-export-certificate-report/

Center for Food Safety and Applied Nutrition: www.fda.gov/Food/default.htm

Investment Climate Statement

Executive Summary

The Republic of Malta is a small, but strategically located island country 60 miles south of Sicily and 180 miles north of Libya, astride some of the world's busiest shipping lanes. Malta, a politically stable parliamentary republic with a free press, is considered a safe, secure, and welcoming environment for American investors to do business.

Malta joined the European Union (EU) in 2004, the Schengen visa system in 2007, and the Eurozone in 2008. With a population of about 420,000 and a total area of only 122 square miles, it is the smallest country in the EU. The economy is based on services, primarily shipping, banking, professional, scientific and technical activities, online gaming, motion picture industry, and tourism. The country's banking sector is relatively large (roughly two and a half times GDP), and Malta's ship registry is the largest in Europe. Maltese and English are the official languages.

Malta's economy has weathered the recent global economic crisis relatively well. Real Gross Domestic Product (GDP) growth is estimated to have reached 6.3 percent in 2015, a rate which should moderate to 3.9 percent in 2016 but remain strong relative to the rest of the Euro area. In terms of unemployment, Malta is one of the best performers in the EU, with unemployment projected to average 5.4 percent for the year 2015, and expected to remain broadly unchanged until the end of 2016.

The top three credit rating agencies rank Malta well; all note a stable outlook. The current sovereign credit ratings are:

- BBB+ with a stable outlook (S&P)
- A3 with a stable outlook (Moody's)
- A with a stable outlook (Fitch)

In 2013, the Government of Malta (GoM) established the Individual Investor Program (IIP), which assigns citizenship by naturalization to a person and his or her dependents who are contributors to an individual investor program and who pay a fee of €650,000 (additionally, €25,000 for spouses and for dependents under age 18; €50,000 for dependents over age 18). This amendment to the Maltese Citizenship Act, (Chapter 188 of the Laws of Malta) was passed in November 2013 and met with criticism due to the perceived selling of Malta's EU passport and Schengen zone access. In response, the Government modified the law in some ways, such as adding a one-year residency requirement and publicizing the names of new citizens. IIP conditions include a €350,000 threshold for purchasing immovable property, or a €16,000/year threshold for leasing immovable property (which must be retained for at least five years), and a €150,000 threshold for investment in stocks, bonds, or debentures.

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	43 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	80 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	26 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	June 2015	11.4 million	Host government Statistics
World Bank GNI per capita	2013	21,000 USD amount	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness to and Restrictions upon Foreign Investment Attitude toward Foreign Direct Investment

Malta actively seeks foreign direct investment (FDI), providing financial, tax, and other investment incentives to attract investment in high-tech manufacturing (especially health technologies such as pharmaceuticals, manufacturing, and life sciences), information and communications technology (ICT), R&D, aerospace & defense/ aviation maintenance, registration of ships and aircrafts, electronics, transshipment and related service industries, finance services, and digital gaming. Foreign investment plays an integral part in the GoM's policies to reduce the role of the state in the economy and increase private sector activity.

Malta's comparative advantages include membership in the EU, the Eurozone, and the Schengen Zone; competitive wage rates (even though the standard of living is high, labor costs are relatively low compared with other EU countries); a highly skilled, English-speaking labor force; proximity to both European and North African markets; a fair and transparent business environment; and excellent telecommunications and transport connections.

Other Investment Policy Reviews

Malta Enterprise, a government organization established to promote FDI, provides information to prospective investors, processes applications for government investment incentives, and serves as a liaison between investors and other government entities. Malta Enterprise offers an attractive investment package for American and other investors (see section 5, "Performance Requirements and Investment Incentives").

Laws/Regulations on Foreign Direct Investment

The following are the most important laws that govern foreign investment in Malta:

- The Income Tax Act of 1948 (as amended) establishes a single rate of taxation of 35 percent on income for limited liability companies in Malta. In certain qualifying cases, this rate is effectively reduced to 5 percent through a system of tax refunds on dividends paid.
- The Business Promotion Act authorizes the government of Malta to allocate fiscal and other incentives to companies engaged in manufacturing (including software development), repair, or maintenance activities.
- The Malta Enterprise Act of 2003 enables Malta Enterprise to develop and administer incentives and other forms of support to liberalize and update legislation relevant to FDI.
- The Companies Act of 1995 regulates the creation of limited liability companies. The Companies Act provides for the establishment of investment companies with variable share capital (SICAVS) and companies with share capital denominated in a foreign currency.
- The Malta Financial Services Authority Act of 1989 established the Malta Financial Services Authority (MFSA), responsible for the regulation of banking and investment services in Malta.
- The Investment Services Act of 1994 contains a package regulating investment services in the banking and insurance sectors.

Business Registration

The [Maltese Commercial Code](#) provides for the establishment of several types of business entities according to the needs of an individual investor when setting up a company in Malta. The following are the different available structures:

- Private limited liability companies;
- Public limited liability companies;
- General partnerships;
- Limited partnerships; and
- Foreign companies can also [open subsidiaries or branch offices in Malta](#).

When setting up a Maltese private company, the minimum share capital amount accepted is €1,165 (\$1,300), while the minimum for a public company is approximately €46,600 (\$51,670), of which 25 percent must be deposited prior to registration. In the case of private companies with an authorized share capital exceeding the minimum requirements, only 20 percent of the amount must be deposited.

The maximum amount of shareholders is 50 and minimum number is two (although a single member company may also be registered under the Companies Act).

The following are the main steps required to set up a company in Malta:

- Reserve a company name with the [Maltese Commercial Register](#);
- Draft the company's memorandum and articles of association;
- Deposit the minimum share capital; and
- File the application with the Malta Registrar of Companies.

The documents to be filed with the Malta Registrar of Companies are:

- The memorandum and articles of association;
- A confirmation of the company name reservation;
- The bank receipt confirming the share capital deposit; and

- Passport copies of the shareholders, directors and company secretary.

The Memorandum must be presented to the Registrar of Companies accompanied by a check to the MFSA covering the registration fees, as well as the bank receipt as proof of payment of the initial share capital. The MFSA may also request that due diligence on the directors, shareholders and/or beneficial owners be provided before proceeding with the incorporation. Upon incorporation, a registration fee is payable to the MFSA that is established according to the amount of share capital held by the company.

Given that all the above requirements are satisfied, incorporation of a company can normally be carried out within 2-3 working days. Once incorporation is complete, the MFSA will publish a Certificate of Incorporation which will also display the company registration number.

Industrial Strategy

Virtually all manufacturing sectors are open to FDI. There are no legal prohibitions against FDI oriented toward sales in Malta's domestic market. The Government of Malta seeks as a top priority companies operating in the following fields:

- Information & communications technology, including electronic components and digital gaming;
- Health technologies, medical equipment, pharmaceuticals and life sciences;
- “Back office” and regional support operations including call centers;
- Knowledge-based services, including aerospace & defense (aviation maintenance), education and training, and research and development;
- Logistics-based services, including marine technology, warehousing, and oil/gas services; and
- Film Industry (Malta has one of the world’s largest sets for water/boating scenes).

Limits on Foreign Control and Right to Private Ownership and Establishment

Private foreign investors are free to make equity arrangements as they wish, from joint ventures to full equity ownership.

The GoM recognizes the right to private ownership in theory and in practice. Private entities are free to establish, acquire, and dispose of interests in business enterprises and engage in all forms of remunerative activity. Many U.S. firms sell their products or services in Malta through licensing, franchise, or similar arrangements. The GoM normally allows foreign companies to operate in merchandising areas, especially if they operate a licensing, franchising, or similar agreement through a local representative.

It is the GoM’s stated policy not to allow public enterprises to operate at the expense of private entities. Some sectors, such as electricity generation, are now also open to private sector participation. The government provides private enterprises with the same opportunities as public enterprises for access to markets and other business operations.

Privatization Program

In recent years, the GoM has privatized a number of state-controlled firms, including the country's largest bank, the postal service, shipyards, energy generation, and the wireless telecommunications industry. Although full privatization of Air Malta, the national airline, has been excluded, the GoM is currently in negotiations with Alitalia to take a 49 percent share of the airline.

The government welcomes private investors, Maltese and non-Maltese, in privatization projects. It affords foreign investors equal treatment to that given to domestic investors and sets few limitations on their operations. Foreign investors have the right to repatriate or reinvest profits without restriction and can take disputes before the International Center for the Settlement of Investment Disputes (ICSID).

Screening of FDI

Malta is a free trade, open economy country. The government does not approve or restrict any foreign direct investment, as long as it complies with EU and national regulations. Malta Enterprise reviews FDI before granting any incentives requested by the private entity/business. A due diligence process is carried out prior to approving greenfield investments. Company formation can be completed within ten days.

Competition Law

The MFSA undertakes the filings and regulatory screenings on financial investments. For other types of investment see “Screening of FDI” section above.

Conversion and Transfer Policies

Foreign Exchange

As long as investors present the appropriate documents to the Central Bank of Malta, there are no limitations on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property, or imported raw materials. There are no significant delays in converting investment returns to foreign currency after presentation of the necessary documents. Maltese regulations and practices affecting remittances of investment capital and earnings have been streamlined, as several foreign exchange controls were relaxed to conform to EU directives.

Remittance Policies

The 2015 International Narcotics Control Strategy Report (INCSR) has deemed Malta a “Monitored Jurisdiction”. Malta’s location between North Africa and Italy makes it an attractive transit point for narcotics and human trafficking moving to Europe. The country’s banking sector is relatively large (roughly two and a half times GDP), and Malta’s ship registry is the largest in Europe. According to the Malta Police Force, the major sources of illegal proceeds are trafficking of cocaine, heroin, and cannabis resin, as well as economic crimes – primarily fraud and misappropriation. The proceeds generated from these crimes are not large and are primarily based on domestic offenses. Maltese authorities have not detected any organized criminal groups committing money laundering on behalf of others. Moreover, they have detected no terrorism financing activity. Contraband smuggling does not appear to be a

significant source of illicit proceeds. No specific studies have been conducted in Malta on trade-based money laundering or terrorism financing.

Expropriation and Compensation

Private property may, in exceptional instances, be expropriated for public purposes, in a non-discriminatory manner, and in accordance with established principles of international law. Investors and lenders of expropriated property receive prompt, adequate and effective compensation. There have not been any expropriations in the last decade. There are no particular sectors at risk for expropriation or similar actions, nor are there any laws that force local ownership.

Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Malta has a distinct Commercial Code which regulates commercial activities and related legislation, such as the Banking Act, the Central Bank of Malta Act, and bankruptcy. In cases of bankruptcy, the court appoints a curator to liquidate the assets of the bankrupt company, organization, or individual, and distributes the proceeds among the creditors.

The Maltese judiciary is independent and courts are divided into superior courts, presided over by judges, and inferior courts, presided over by magistrates. The jurisdiction of the inferior courts is restricted to minor offenses of a criminal nature and to small civil matters. Traditionally, the judiciary functions through the Criminal, Civil, and Constitutional courts. Commercial cases are adjudicated by the First Hall of the Civil Court. There is a Criminal Court of Appeal and a Court of Appeal for all other jurisdictions. The Constitutional Court has jurisdiction to hear and determine questions and appeals on constitutional issues. There are also a number of administrative tribunals, such as the Industrial Tribunal, the Rent Regulation Board, and the Board of Special Commissioners for income tax purposes. Malta adopted the European Convention of Human Rights as part of Malta's domestic law in 1987.

The Maltese judiciary has a long tradition of independence. Once appointed to the bench, judges and magistrates have fixed salaries which do not require annual approval. Judges cannot be dismissed, except by a two-thirds vote in the House of Representatives for a proven inability to exercise their function properly or proven misbehavior. The Constitution guarantees the separation of powers between the executive and the judiciary. Fair trial is also recognized as an enforceable human right under the Maltese Constitution.

The Maltese Parliament is the highest law-making institution in the country; its members are elected every five years by proportional representation. The number of members of parliament is normally 65, but may be adjusted according to the constitution to provide a governing majority to the party winning the popular vote in a general election, as is the current case with 69 members. Government functions through a cabinet of ministers, headed by the Prime Minister.

Bankruptcy

Bankruptcy in Malta is regulated by means of the relevant provisions found in the Companies Act and the Commercial Code. Additional regulations are provided through the Set-off and Netting on Insolvency Act, enacted in 2003. This Act provides for the set-off and netting due from each party to the

other in respect of mutual credits, mutual debts or other mutual dealings which are enforceable whether before or after bankruptcy or insolvency.

The Maltese insolvency law regime distinguishes between bankruptcies of a person or a commercial partnership other than a company. Insolvency proceedings can be initiated when a company is unable to pay its debts. The court examines carefully whether the financial situation of the company justifies its winding up or if there exists the possibility that the company can still operate and consequently pay its debts. The court appoints a curator to liquidate the assets of the bankrupt company, organization, or individual, and distributes the proceeds among the creditors.

Criminal proceedings may be taken against any officer of the company who, in the twelve months prior to the deemed date of dissolution, had concealed assets or documents, disposed of assets, or otherwise acted in a fraudulent manner. In civil proceedings these officers may be found responsible to pay back to the company any monies due to the company or even damages. The law also provides for proceedings in case of wrongful trading by directors and fraudulent trading by any officer of the company.

According to latest data collected by the World Bank Doing Business report, resolving insolvency in Malta takes three years, on average, and costs 10 percent of the debtor's estate, with the most likely outcome being that the company will be sold piecemeal. The average recovery rate is 39.6 cents on the dollar. Globally, Malta stands at 83 in the ranking of 189 economies on the ease of resolving insolvency.

Investment Disputes

There have been no significant investment disputes over the past few years involving U.S. or other foreign investors or contractors in Malta. In a limited number of cases, American investors have identified difficulties in obtaining fair legal resolution, especially in disputes with Maltese parties. Courts in Malta are known to be slow in processing cases, although a reform has been proposed in order to increase efficiency in the judicial system.

International Arbitration

Malta honors the enforcement of foreign court judgments and foreign arbitration awards. Modes of settlement of disputes are also provided in bilateral investment treaties, which Malta has with several countries (see section Bilateral Investment Agreements, page 54).

ICSID Convention and New York Convention

In 2002, Malta signed the ICSID Convention. Malta is also a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitration awards (UNCITRAL).

Duration of Dispute Resolution – Local Courts

Investment/commercial dispute resolution proceedings in Malta generally take a minimum of three years. Generally speaking, summary proceedings which involve debt collection related to liquidation take less time. According to data collected by the World Bank Doing Business report, contract enforcement takes 505 days and costs 35.9 percent of the value of claim.

Performance Requirements and Investment Incentives

WTO/TRIMS

Malta has been a WTO member since January 1, 1995 and a signatory of the General Agreement on Tariffs and Trade (GATT) since November 17, 1964. Malta does not maintain any measures alleged to violate the WTO Trade Related Investment Measures (TRIMs) requirements.

Investment Incentives

The GoM offers several investment incentives to attract FDI. All investment incentives are specified by law and not made available in an ad hoc manner. However, the way in which incentives are designed allows the opportunity to offer relatively tailor-made solutions, even though treatment of domestic and non-Maltese investors is identical. There are no stated requirements that a foreign investor should transfer technology, employ Maltese nationals, or reduce his shareholding interest over time. These factors might, however, influence Malta Enterprise's decision regarding a firm's application for assistance. Malta Enterprise monitors compliance with any conditions set by the government as a condition of government assistance. Investors are not required to disclose proprietary information.

Investment Tax Credits:

Companies in the target sector are entitled to a tax credit which is calculated either:

- As a percentage of qualifying capital expenditure (currently granting 15 percent for a large enterprise, 25 percent for a medium enterprise, and 35 percent for a small to micro enterprise);
- Or, as a percentage of the wage cost for the first 24 months of a newly created job (currently, 15 percent for a large enterprise, 25 percent for a medium enterprise, and 35 percent for a small and micro enterprise).

Access to Finance:

- **Soft Loans:** Malta Enterprise supports enterprise through loans at low interest rates for partial financing of investments in qualifying expenditure.
- **Loan Guarantees:** Malta Enterprise may guarantee bank loans taken by a company to finance acquisition of additional assets to be employed in the company's business.
- **Loan Interest Subsidies:** Malta Enterprise may subsidize the rate of interest payable on bank loans. Loan interest subsidies are not in addition to loan guarantees and applicable to loans provided by banks or other financial institutions.
- **Micro Guarantee Scheme:** Malta Enterprise aims to accelerate the growth of enterprises by facilitating access to debt finance for smaller business undertakings.

Employment and Training: Administered by Malta's Employment and Training Corporation, enterprises are supported in recruiting new employees and training their staff.

SME Development: Incentives to assist SMEs in accessing financing area available through the Micro Guarantee Scheme noted above. The Ministry for the Economy, Investment and Small Business can also facilitate access to newly developed crowd funding platforms.

Enterprise Support: Malta Enterprise provides assistance to businesses to support development of international competitiveness, improving processes, and networking with other businesses.

Research and Development: Malta Enterprise offers incentives to support and encourage businesses to engage in industrial research and experimental development, including exploitation of intellectual property through licensing of patented knowledge.

Other Tax Benefits:

The GoM offers generous incentives to trading and financial companies registered with the Malta Financial Services Authority. Legislative changes in 1994 removed the distinction between offshore and onshore companies, so that all companies in Malta are subject to a 35 percent tax rate on profits. However, the fact that the Maltese tax system is the only remaining full imputation system in the EU means that tax paid by a company will essentially remain a prepaid tax on behalf of the tax liability of the shareholders. Shareholders will then be entitled to claim a tax refund which may be equivalent to roughly 85 percent (in the case of trading income) of the tax paid at the corporate level.

Companies operating within the Malta Freeport, a customs-free zone, may also benefit from reduced rates of taxation and investment tax credits (see section Foreign Trade Zones, page 55).

Research and Development

The GoM offers specific incentives for companies to engage in industrial research and development (see “Investment Incentives” section above). The government does not differentiate between U.S. or foreign firms and local firms to be able to participate in incentive programs.

Furthermore, U.S. companies can partner with local firms to participate in Horizon 2020, the EU Framework program for funding research and innovation. Horizon 2020 will run until 2020 and has a budget of €80 billion.

Performance Requirements

There are currently no performance requirements, other than those linked to the goals stated by the investors at the time of application for assistance with Malta Enterprise. Foreign investors have the right to repatriate or reinvest profits without restriction and can take disputes before the ICSID.

Data Storage

The government does not require foreign investors to establish or maintain data storage in Malta. However, the Malta Gaming Authority (MGA) – the single, independent regulatory body responsible for the governance of all gaming activities – requires gaming companies to hold their data in Malta.

Right to Private Ownership and Establishment Protection of Property Rights

Real Property

Property and contractual rights are enforced by means of (a) legal warning; (b) warrants of seizure; (c) warrants of prohibitory injunction; (d) warrants of impediments of departures (if proceedings fall within the jurisdiction of the Criminal Court); and (e) sale of property by court auction. Procedures for registering and enforcing judgments of foreign courts are laid out in the Code of Organization and Civil Procedures. Rights and secured interests over immovable property must be publicly registered in order to be enforceable. The GoM has occasionally been a party to international arbitrations and has abided by tribunal decisions.

Intellectual Property Rights

The Maltese legal system adequately protects and facilitates acquisition and disposition of intellectual property rights. In 2000, Malta implemented the pertinent provisions of the WTO Trade-Related Aspects on Intellectual Property Rights (TRIPS). Malta has fully incorporated the EU and WTO rules into national law. Additional information on EU-wide provisions on copyright, patents, trademarks, and designs is obtainable from:

- www.europa.eu/comm/internal_market/copyright/news/news_en.htm
- www.europa.eu/comm/internal_market/indprop/index_en.htm

In addition, Malta is a member of the World Intellectual Property Organization (WIPO), the Paris Convention for the Protection of Industrial Property, the Bern Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention (UCC), and the WTO.

The Association against Copyright Theft claims that Malta's local laws do not include high enough minimum fines to deter vendors from selling pirated material. However, the Ministry for Economy, Investment and Small Business has assured the Embassy that the GoM is currently taking the necessary steps to remedy the situation. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at www.wipo.int/directory/en.

Resources for Rights Holders

Embassy point of contact: Maria Cassar, Tel: +356 2561 4120; email: maltabusiness@state.gov.

Local lawyers list: <https://mt.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/attorneys/>

The office responsible for intellectual property-related issues is Malta's Commerce Department within the Ministry for the Economy, Investment and Small Business.

Commerce Department

Tel: +356 2122 6688

Lascaris Bastion, Valletta, VLT 1933, Malta

Email: commerce@gov.mt

Website: commerce.gov.mt/en/Pages/Contact-Details.aspx

Transparency of the Regulatory System

Malta has transparent and effective policies and regulations to foster competition. It has revised labor, safety, health, and other laws in general to conform to EU standards.

Efficient Capital Markets and Portfolio Investment

Malta's Stock Exchange was established in 1993. In 2002, the Financial Markets Act effectively replaced the Malta Stock Exchange Act of 1990 as the law regulating the operations and setup of the Malta Stock Exchange. This legislation divested the Malta Stock Exchange of its regulatory functions and transferred these functions to the MFSA. The Financial Markets Act also set up a Listing Authority, which is responsible for granting "Admissibility to Listing" to companies seeking to have their securities listed on the Exchange.

To date, the small number of companies publicly listed on the Malta Stock Exchange has not faced the threat of hostile takeovers. Malta has no laws or regulations authorizing firms to adopt articles of incorporation/association that would limit foreign investment, participation, or control. Legal, regulatory, and accounting systems are transparent and consistent with international norms; several U.S. auditing firms have local offices.

Money and Banking System, Hostile Takeovers

The Maltese banking system is considered sound. In recent years, local commercial banks expanded the scope of their lending portfolios. Capital is available from both public and private sources; both foreign and local companies can obtain capital from local lending facilities. Commercial banks and their subsidiaries can provide loans at commercial interest rates. It is possible for new investors to negotiate soft loans from the government covering up to 75 percent of the projected capital outlay.

Competition from State-Owned Enterprises

The Malta Investment Management Company Limited (MIMCOL) was established in 1988 to manage, restructure, and selectively divest the GoM from state-owned enterprises (SOEs). MIMCOL also promotes private sector investment using cost-effective business practices across various SOEs. MIMCOL initially created strategies leading to the dissolution of SOEs with limited commercial prospects, as well as the profitable spin-off of non-core operations with commercial potential. MIMCOL's focus then turned to SOEs deemed of strategic national value, but whose inefficient operations were reflective of a lack of competition. Eventually, most SOEs were groomed for privatization and sold off.

Today, the list of Maltese SOEs under MIMCOL review has decreased to 11 (excluding companies falling under the responsibility of other ministries and investments held directly by the government). This portfolio is not well-defined. Most government investments are held by either the Board of Trustees within the Ministry for the Economy, Investment and Small Business or by Malta Government Investments Limited (MGI) as an agent for the GoM. There are other state entities which hold shares in

companies which are typically special purpose vehicles set up in furtherance of that entity's operations.

OECD Guidelines on Corporate Governance of SOEs

MIMCOL falls under the responsibility of the Ministry for the Economy, Investment and Small Business, supporting the Ministry's efforts to ensure that SOEs within its authority operate within a sustainable and cost-efficient environment, enhance service delivery, and improve organizational effectiveness. MIMCOL's sister company, MGI, holds a portfolio of equity and debt investments as an agent of the GoM.

In general, SOEs in Malta are considered to adhere to the OECD Guidelines on Corporate Governance for SOEs.

Sovereign Wealth Funds

The GoM does not have a Sovereign Wealth Fund.

Corporate Social Responsibility

Corporate social responsibility (CSR) has become more prevalent in Malta in recent years, as global concerns such as climate change have risen to the forefront and as the EU has raised expectations for its member states regarding CSR. An increasing number of companies in Malta recognize the importance of their role in society and the real benefits of adopting a proactive approach to CSR.

The Maltese government does not specifically adhere to OECD Guidelines for Multinational Enterprises; however, it does expect that multinationals follow these generally accepted CSR principles.

Political Violence

There have been no recent incidents involving politically motivated damage to projects and/or installations, and there are no signs that civil disturbances may become more likely. There are no signs that U.S. investor properties might become targets in the future.

Corruption

Maltese law provides criminal penalties for official corruption, and the government generally implements these laws effectively. The Malta Police and the Permanent Commission against Corruption are responsible for combating official corruption. The U.S. Embassy is aware of an increasing number of government corruption allegations; however, few have yet to result in legal action or resignations.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions.

Public sector corruption, including bribery of public officials, is a minor challenge for U.S. firms operating in Malta. The Council of Europe's Group of States against Corruption (GRECO) completed its fourth evaluation of Malta in the summer of 2015. Following the three previous rounds of evaluation and follow-up compliance review, Malta introduced a number of legislative measures to combat corruption.

The reviewers noted that, “the pace given to these changes and their reactive nature have not always provided reassurance to the public that unethical practices are unacceptable and that effective action will be taken to punish transgression. Moreover, the current complexity and delay in the Maltese judicial system mean that cases often take many years to reach conclusion. In a small community such as Malta, handling interpersonal relationships and addressing real or potential conflicts of interest are clearly critical challenges.”

Despite these challenges, Malta has taken significant steps to combat corruption, including the establishment in 2002 of the Financial Intelligence Analysis Unit, to support domestic and international law enforcement investigative efforts. The Prevention of Money Laundering and Funding of Terrorism Regulations were transposed into Maltese law in July 2008, and conform to the EU legislation under Directive 2005/60/EC (the Third Directive) and Directive 2006/70/EC.

A 2008 report by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) confirms Maltese authorities have taken measures to ensure the anti-money laundering/combating the financing of terrorism (AML/CFT) regime in Malta is consistent with recognized international standards and practices.

The MONEYVAL report is available [here](#). An updated report is expected to be released in the spring of 2016.

Local Laws: U.S. firms should familiarize themselves with local anti-corruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service (USFCS) can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the USFCS can provide services that may assist U.S. companies in conducting due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The USFCS can be reached directly through its offices in major U.S. and foreign cities, or through its [website](#). The Department of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report a Trade Barrier” [website](#).

Guidance on the U.S. Foreign Corrupt Practices Act (FCPA): The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of DOJ’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section [website](#). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce [website](#).

Useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the OECD Antibribery Convention including links to national implementing legislation, good practice guidance and country monitoring reports is available at www.oecd.org/daf/anti-bribery/oecdantibriberyconvention.htm.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at www.transparency.org/cpi2015.
- TI also publishes an annual Global Corruption Report which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See www.transparency.org/research/gcr/overview.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See info.worldbank.org/governance/wgi/index.aspx#home.
- The World Bank Business Environment and Enterprise Performance Surveys are available at www.enterprisesurveys.org.
- The World Economic Forum publishes the Global Enabling Trade Report, which presents the rankings of the Enabling Trade Index and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. The reports are available at www.weforum.org/reports/global-enabling-trade-report-2014.
- Additional country information related to corruption can be found in the U.S. State Department's annual Human Rights Report available at www.state.gov/g/drl/rls/hrrpt.
- Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at www.globalintegrity.org/research/reports.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Malta signed the UN Anticorruption Convention in 2005 and ratified it in 2008, but has not signed the OECD Convention on Combatting Bribery.

Resources to Report Corruption

Complaints or reports can be forwarded to the following in Malta:

Malta Police Commissioner
San Kalcidonju Square,
Floriana, Malta
Email: cmru.police@gov.mt
Phone: +356 2122 4001

The Office of the Ombudsman

11, St Paul Street,
Valletta VLT 1210, Malta
Email: office@ombudsman.org.mt
Phone: +356 2248 3200

Internal Audit and Investigations Department
Valletta Buildings, Lower Ground Floor, South Street
Valletta, VLT 1103, Malta
Email: info.iaid@gov.mt
Phone: +356 2123 7737

Bilateral Investment Agreements

Bilateral Taxation Treaties

In 2010, the United State signed a double taxation agreement with Malta. Malta also enjoys double taxation agreements with Albania, Australia, Austria, Bahrain, Barbados, Belgium, Bulgaria, Canada, China, Croatia, Curaçao (signed but not in force), Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Guernsey, Hong Kong, Hungary, Iceland, India, Ireland, Isle of Man, Israel, Italy, Jersey, Jordon, , Kuwait, Latvia, Lebanon, Libya, Liechtenstein, Lithuania, Luxembourg, Malaysia, Mauritius, Mexico, Moldova, Montenegro, Morocco, Netherlands, Norway, Pakistan, Poland, Portugal, Qatar, Romania, Russia, San Marino, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Syria, Tunisia, Turkey, Ukraine (signed but not in force), United Arab Emirates, the United Kingdom, and Uruguay.

The United States has maintained a Commerce and Navigation Treaty with Malta since 1815, initially in its capacity as a British colony, and, upon Malta's independence in 1964, on its own behalf. The primary aim of this agreement is to ensure non-discriminatory treatment for bilateral trade and investments. Malta has similar investor protection accords with Austria, the Belgium/Luxembourg Economic Union, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Egypt, France, Germany, Italy, Kuwait, Libya, Netherlands, Slovak Republic, Slovenia, Sweden, Tunisia, Turkey, and the United Kingdom.

OPIC and Other Investment Insurance Programs

Malta qualifies for the Overseas Private Investment Corporation (OPIC) investment guarantee programs. Malta's leading trading partners (the United Kingdom, Germany, France and Italy) offer risk insurance programs similar to OPIC's that likewise cover investments in Malta. Malta is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

Malta's labor force currently is approximately 187,000 (63.8 percent male). The country's population is about 420,000, the smallest in the EU. For 2015, the national minimum monthly wage was \$800 (€720.50). The estimated average gross annual salary of employees was \$18,716 (€16,882); this amount refers to the basic salary and excludes extra payments such as overtime, bonuses, and allowances. In 2015, on a sectoral basis, the highest recorded average gross annual salary for employees was in financial and insurance activities. Social insurance contributions add 10 percent to the wage bill. Free or subsidized meals, commuting allowances, and health insurance are the most common fringe benefits. In addition, employees are entitled to 24 days annual leave and public holidays that fall on a weekday.

National law establishes a minimum number of sick leave days.

Foreign companies that have invested in Malta have a high regard for the ability, productivity, and learning potential of Maltese workers, nearly all of whom speak English. In some industries, labor productivity is comparable to Western Europe. Maltese managers now run most of the foreign firms in Malta. Malta enjoys one of the lowest strike rates in Western Europe, and labor unrest is unlikely in the foreseeable future. The GoM strictly adheres to the ILO convention protecting workers' rights.

Foreign Trade Zones/Free Ports/Trade Facilitation

Malta's Freeport container port offers modern trans-shipment facilities, storage, assembling, and processing operations, as well as an oil terminal and bunkering facilities. A private company, Malta Freeport Terminals Ltd., operates the freeport under a long term concession. The operator ascertains that goods which have been processed in the Freeport are not labelled as having Malta as their country of origin, unless their identity has been substantially transformed. Companies operating within the freeport must be licensed and benefit from reduced tax rates as well as investment tax credits.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$9752.2 million	2015	Not available	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
U.S. FDI in partner country (\$M USD, stock positions)	2014	\$9.08 million	2014	\$902 million	BEA data available at bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Malta FDI in the United States (\$M USD, stock positions)	2014	\$10.9 million	2014	\$614 million	BEA data available at bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2015	0.09%	2015	6.29%	

*Source: National Statistics Office Malta, Rate of Exchange \$1 = €0.902

The discrepancy between the figures provided for FDI stock position between the host country and USG statistical source is attributed to the fact that host country statistics do not include investment relating to special purpose entities (SPEs) for which geographical details are not made available.

Table 3: Sources and Destination of FDI

Sources and Destinations of FDI for 2014

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	10,192	100%	Total Outward	1,169	100%
Germany	1,738	17%	Netherlands	251	20%
Luxembourg	876	9%	United Kingdom	157	12%
Netherlands	785	8%	Czech Republic	101	8%
United Kingdom	770	8%	Italy	65	5%
Italy	476	5%	Libya	64	5%
United States (stock, 2014)	902		United States (stock, 2014)	614	

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Sources of Malta Portfolio Investment for 2014

Portfolio Investment Assets

Top Five Partners (Millions, US Dollars)

Total	Equity Securities			Total Debt Securities				
All Countries	121,568	100%	All Countries	86,858	100%	All Countries	34,710	100%
Turkey	18,270	15%	Ireland	828	1%	Turkey	18,269	53%
United Kingdom	3,452	3%	International Organizations	19	0%	Ireland	847	2%
Ireland	1,675	1%	Denmark	16	0%	International Organizations	779	2%
France	1,546	1%	Norway	14	0%	Austria	474	1%
Netherlands	1,472	1%	Austria	3	0%	Norway	316	1%

Contact for More Information on the Investment Climate Statement

Maria Cassar

Economic-Commercial Specialist

U.S. Embassy, Malta

Tel: +356 2561 4120

Email: maltabusiness@state.gov

Trade & Project Financing

Methods of Payment

Maltese importers try to avoid paying via letters of credit and drafts, as these increase the cost of the imported goods. Maltese firms often seek cash against documents or extended credit terms of 30-60 days. Before giving credit, U.S. companies should obtain credit background information on the companies involved. The Commercial Section of the U.S. Embassy will be happy to provide basic background information. Other sources of information include:

The Malta Chamber of Commerce and Enterprise: www.maltachamber.org.mt/

The General Retailers and Traders Union (GRTU): www.grtu.org.mt/data/

Creditinfo provides full background credit reports (local agents of Dun & Bradstreet): www.creditinfo.com.mt/

U.S. exporters selling to the Maltese government should expect payment several months after delivery. It is standard practice for the government to pay successful bidders more than 60 days following the delivery of the supply of goods and/or services, and 150 days in the case of medicines. In addition, EU-funded bids require the supplier to lodge a bid bond; non-EU funded tenders valued over \$240,000 also require a bid bond. Although foreign companies can bid on Maltese government tenders directly, it is advisable to appoint a local agent to complete the bid process.

Banking Systems

The 2002 Central Bank of Malta Act and the 1994 Banking Act govern banking in Malta; the Malta Financial Services Authority (MFSA) primarily administers the banking legislation. The two major banks in Malta are HSBC (Malta) Ltd. and Bank of Valletta. They each operate about 40 branches across Malta, and together they control over 80 percent of the Maltese banking market. The next three leading banks are Lombard Bank (Malta), Banif Bank, and APS Bank. Commercial banks offer all forms of commercial banking services. Interest rates on foreign exchange deposits are in line with those prescribed by international money markets.

Backed by a worldwide correspondent network, banks in Malta offer a broad range of foreign exchange operations, including forward cover and expenditure payment services. However, most U.S. correspondent relationships rely on European intermediaries, often resulting in higher transaction fees. The banks provide standard lending services: overdraft, loan, and trade finances. Banks in Malta are flexible in considering applications for finance.

Foreign Exchange Controls

There are no foreign exchange controls that might negatively affect trade. Banks automatically grant permission for foreign exchange payments abroad on presentation of supporting documentation. Businessmen can exchange their dollar currency and travelers checks at banks, exchange offices, and hotels. Major credit cards are generally accepted with proper identification, though it is best to confirm what forms of payment are acceptable at each place of business.

Malta's foreign exchange rules conform to relevant EU regulations, although some controls still exist to facilitate the enforcement of money-laundering laws and tax collection.

US Banks & Local Correspondent Banks

No U.S. bank has a branch in Malta. However, HSBC, which is present in Malta, also has a significant U.S. presence. Local banks act as correspondents of several U.S. banks via other EU banks, a relationship that often results in higher transaction costs.

Project Financing

The GoM's budget revenue finances most current infrastructure projects in Malta. The EU, through the European Structural and Investments Funds, also co-finances projects, such as roads and other major projects.

Banks constitute the main source of financing. Government bonds dominate the local bond market in Malta. Maltese companies have so far issued a limited number of bonds in Malta, but this trend has been on the rise between 2009 and 2012. In December 2006, the GoM set up the Malta Venture Capital plc, which was superseded by the 'Venture Capital Malta' (VC-MT) in 2015 in order to spearhead venture capital, especially for new entrepreneurs who had previously found it difficult to satisfy local commercial banks' requests for collateral assets. Malta Venture Capital's activities have encouraged the development of a venture capital market.

Use of checks is predominantly for commercial transactions. Credit cards are widely available and frequently used for retail transactions. Most commercial bank liabilities are in the form of savings deposits. Most bank loans issued are short and medium term.

Neither Export-Import Bank nor Overseas Private Investment Corporation (OPIC) has been active in the local market. The last OPIC delegation to Malta occurred in 1991.

EU financial assistance programs provide a wide array of grants, loans, loan guarantees, and co-financing for feasibility studies and infrastructure projects in a number of key sectors such as environmental, transportation, energy, telecommunications, tourism, and public health. From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

The EU supports projects within Member States, as well as EU-wide "economic integration" projects that cross both internal and external EU borders.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. The EU distributes grants from the Structural Funds budget through the Member States' national and regional authorities—these are only available for projects within the 28 EU Member States. The Managing Authority for Structural Funds in Malta is the Planning and Priorities Coordination Division within the Office of the Prime Minister. Additional information is available at eufunds.gov.mt/en/Pages/Home.aspx.

EU Structural and Investment Funds (ESIF)

EU Structural Funds, including the European Regional Development Fund and the European Social Fund, were created in 1975 with the aim to mitigate economic and social differences between the regions of the European Union. New budgets are approved every 7 years for all Member States. The budgets and the allocation of funding between the different priorities (social, economic, or environmental) are based

on the conclusions of “Partnership Agreements” (PAs) which are negotiated between the European Commission and the Member State national authorities. For the period of 2014 – 2020, the EU has earmarked €352 billion for regional development and cohesion policy projects. For information on approved programs that will result in future project proposals, please visit ec.europa.eu/regional_policy/index_en.cfm.

For projects financed through ESIF, Member State regional managing authorities are the key decision-makers. They assess the needs of their country, investigate projects, evaluate bids, and award contracts. To become familiar with available financial support programs in the member states, it is advisable for would-be contractors to develop a sound understanding of the country’s cohesion policy indicators.

Tenders issued by Member States’ public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation. All ESIF projects are co-financed by national authorities and many may also qualify for a loan from the European Investment Bank and EU research funds under Horizon 2020, in addition to private sector contribution. For more information on these programs, please see the market research section on the website of the U.S. Mission to the EU at export.gov/europeanunion/marketresearch/index.asp.

The Cohesion Fund

The Cohesion Fund is another instrument of the EU’s regional policy. Its €63 billion (2014-2020) budget is used to finance projects in two areas:

- Trans-European transport projects including transport infrastructure; and
- Environment, including areas related to sustainable development and energy for projects with environmental benefits.

The fund supports projects in Member States whose Gross National Income (GNI) per inhabitant is less than 90 percent of the EU average, including in Malta.

These projects are, in principle, co-financed by national authorities, the European Investment Bank, and the private sector. More information is available at ec.europa.eu/regional_policy/thefunds/cohesion/index_en.cfm.

Other EU Grants for Member States

Other sets of sector-specific grants such as Horizon 2020 or the Structural Funds offer assistance to EU member states in the fields of science, technology, communications, energy, security, environmental protection, education, training, and research. Tenders related to these grants are posted on the websites of the European Commission and the relevant Member State authorities. Participation is usually restricted to EU-based firms or tied to EU content. Information pertaining to each of these programs can be found at ec.europa.eu/grants/index_en.htm.

The [Connecting Europe Facility \(CEF\)](#) is an EU financing mechanisms that uses the EC budget as well as the Cohesion Funds to finance projects in 3 key areas: energy, transport and telecom. It was created by [Regulation 1316/2013](#) on December 11, 2013. Along with the [European Fund for Strategic Investments \(EFSI\)](#), CEF is expected to play a role in bridging the investment gap in Europe, which is one of the

Commission's top priorities. In all three main categories the focus is on creating better conditions for growth and jobs. [Annual and multi-annual work programs](#) specify the priorities and the total amount of financial support allocated for these priorities in a given year. Only actions contributing to projects of common interest in accordance with [Regulations 1315/2013](#), No. 347/2013, and a Regulation on guidelines for trans-European networks in the area of telecommunications infrastructure, as well as program support actions, are eligible for support. Projects supported through the CEF mechanism focus on the following:

- cleaner transport modes;
- high speed broadband connections; and
- use of renewable energy (in line with the Europe 2020 Strategy);
- integration of the internal energy market;
- reduction of the EU's energy dependency; and
- ensuring security of supply.

The total budget of the CEF for the period 2014 to 2020 is set at €33.24 billion. This amount is distributed between the main priority areas as follows:

- a) transport sector: €26.2 billion, of which €11.3 billion is transferred from the Cohesion Fund to be spent in Member States eligible for funding from the Cohesion Fund;
- b) telecommunications sector: €1.14 billion; and
- c) energy sector: €5.85 billion.

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As a non-profit banking institution, the EIB assesses reviews and monitors projects, and offers cost-competitive, long-term lending. Best known for its project financial and economic analysis, the EIB makes loans to both private and public borrowers for projects supporting four key areas: innovation and skills, access to finance for smaller businesses, climate action, and strategic infrastructure.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Southeastern Europe, Africa, Latin America, and Pacific and Caribbean states). In 2013, the EIB loaned €75 billion for projects, an increase of 37 percent over 2012. The EIB also plays a key role in supporting EU enlargement with loans used to finance improvements in infrastructure, research, and industrial manufacturing to help those countries prepare for eventual EU membership.

The EIB presents attractive financing options for projects that contribute to the European objectives cited above, as EIB lending rates are lower than most other commercial rates. Projects financed by the EIB must contribute to the socioeconomic objectives set out by the EU, such as fostering the development of less favored regions, improving European transport and environment infrastructure, supporting the activities of SMEs, assisting urban renewal and the development of a low-carbon economy, and generally promoting growth and competitiveness in the EU. The EIB [website](#) displays lists of projects to be considered for approval. For more information, see our [report](#) on the EIB.

Financing Web Resources

Central Bank of Malta: www.centralbankmalta.com/index.asp

Malta Financial Services Authority: www.mfsa.com.mt/pages/default.aspx

Planning and Priorities Coordination Division: ppcd.gov.mt/home?l=1

Bank of Valletta: www.bov.com

HSBC Malta Ltd: www.hsbcmalta.com

EU websites:

EU regional policies, the EU Structural and Cohesion Funds: ec.europa.eu/regional_policy/index_en.htm

EU Grants and Loans index: ec.europa.eu/grants/index_en.htm

EuropeAid Co-operation Office: ec.europa.eu/europeaid/index_en.htm

EU tenders Database: ted.europa.eu/TED/main/HomePage.do

The European Investment Bank: www.eib.org

EIB-financed projects: www.eib.org/projects/index.htm?lang=-en.

U.S. websites:

Market research section of the U.S. Mission to the EU: export.gov/mrktresearch/index.asp

Export-Import Bank of the United States: www.exim.gov

Country Limitation Schedule: www.exim.gov/tools/country/country_limits.html

OPIC: www.opic.gov

Trade and Development Agency: www.ustda.gov/

SBA's Office of International Trade: www.sba.gov/about-offices-content/1/2889

U.S. Agency for International Development: www.usaid.gov

Business Travel

Business Customs

In general, good business practices applicable in the United States also apply to doing business in Malta. Business people in Malta appreciate prompt replies to their inquiries and expect acknowledgment of all correspondence. Conservative business attire is recommendable at all times. Business appointments are required, and punctuality by visitors is expected for meetings.

Maltese buyers appreciate quality and service but are also interested in delivery times and prices. Care must be taken to honor delivery dates and provide prompt after-sales service.

While Maltese is the first official language in Malta, English is also an official language and therefore widely spoken and understood. The Maltese transact virtually all business in English.

Travel Advisory

Current travel advisory information for Malta is available on the Department of State's website at travel.state.gov/content/passports/english/country/malta.html.

Travel advisory information for all countries is available at travel.state.gov/travel/travel_1744.html.

Visa Requirements

Every U.S. traveler entering Malta must have a valid U.S. passport. No visa is required for U.S. citizens visiting Malta for fewer than 90 days, but a visa is required for longer stays. On arrival in Malta, immigration officers will normally ask American citizens how long they intend to stay in Malta. U.S. citizens planning to work in Malta must first obtain a work visa from the Immigration Section of the Police Department in Malta. For further information concerning entry requirements for Malta, travelers can contact the Maltese Embassy at 2017 Connecticut Avenue N.W., Washington D.C. 20008; tel: (202) 462-3611 or (202) 462-3612 or fax (202) 387-5470; e-mail: maltaembassy.washington@gov.mt, or the Maltese Consulate in New York City; tel (212) 725-2345.

Malta joined the U.S. Visa Waiver Program (VWP) on December 30, 2008. Maltese citizens need to meet the following conditions to be eligible to travel to the U.S. without a visa under the Visa Waiver Program:

- The visit is less than 90 days;
- The visit is for tourism or business;
- The traveler holds a valid [biometric passport](#);
- The traveler registers for and receives an approved travel authorization, or ESTA, by entering their travel details at esta.cbp.dhs.gov/esta prior to commencing travel;
- The traveler has a valid return ticket; and
- If arriving by air or sea, the traveler will arrive on a regularly scheduled carrier.

Maltese citizens who do not have a biometric passport may continue to travel to the United States if they are in possession of a valid U.S. visa. Maltese citizens may apply for a U.S. visa at the American Embassy, Ta'Qali National Park, Attard, Malta, but they should first follow the instructions for visa applicants found on the U.S. Embassy website (see below). U.S. companies that require Maltese citizens

to travel to the United States for business purposes should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: travel.state.gov/visa/visa_1750.html

Consular/Visa Section, U.S. Embassy, Valletta, Malta: malta.usembassy.gov/visas.html

Currency

Malta's official currency is the Euro (€).

Telecommunications/Electric

Go, formerly a state monopoly, is the primary fixed line telecommunication provider in Malta. International telecommunication costs to and from Malta compare favorably with those in any large U.S. city. Telephone calls to the U.S. are chargeable at around \$.045 per minute (via VOIP service). Businessmen may charge telephone calls to the U.S. to international telephone cards such as AT&T, MCI, and Sprint. One has the opportunity to buy international and local calling cards locally. The international rates compare favorably with U.S. rates. By dialing 800-901-10 followed by 1-800-837-2396, you may carry out international directory (AT&T direct) inquiries. The country code for Malta is 356; there are no city codes.

The cellular network throughout Malta is excellent. One needs a tri-band or quad-band GSM (unlocked) cell phone to be able to make cell calls from Malta to the U.S. and vice versa. One can rent or purchase GSM cell phones locally.

Transportation

Malta has a modern and improving transportation infrastructure.

- Malta Freeport is a major maritime transshipment logistics center in the Mediterranean. It offers regular networking to around 100 ports worldwide (www.freeport.com.mt).
- Malta International Airport is a modern facility that handles 2.5 million passengers per year (www.malairport.com).
- Direct scheduled flights are available to over 40 major centers in Europe, North Africa, and the Middle East via Air Malta, the flag carrier (airmalta.com), and other air carriers.
- Malta is a major cruise ship destination with an average of 300 cruise ship visits yearly and an estimated 600,000 visitors in 2015. In 2005, the government refurbished the cruise ship terminal in the historic Grand Harbor as part of the Valletta Waterfront project – a \$30 million venture (www.vallettawaterfront.com).
- Inland transportation is normally by bus, private car, or taxi. Buses are frequent, safe, and inexpensive. There are many car rental agencies around Malta. As in the United Kingdom, steering wheels are on the right and traffic drives on the left. Traffic is normally heavy during rush hours. A taxi service from the Malta International Airport offers trips to all localities on a fixed rate basis; it is advisable that one books and pays at the taxi office in the arrival lounge of the airport. A regular ferry service operates between Malta and its sister island, Gozo (www.gozochannel.com).

Language

Maltese is the first official language of Malta. English is the second official language and is widely spoken and understood. English is the business language in Malta.

Health

Good quality health care is widely available in Malta. A new state-of-the-art public hospital opened in 2007. The GoM maintains health centers in almost every town. There are also several private clinics. Both Malta's general hospital and the private facilities are equipped with modern diagnostic equipment. Both the government hospital and private clinics handle general hospitalization, emergency care, and most routine surgery. The majority of Malta's medical and dental specialists are English-speaking, most of whom were trained in Western Europe or the United States. Even support staff such as nurses are able to communicate in English.

Local Time, Business Hours and Holidays

The time in Malta is one hour ahead of Greenwich Mean Time and 6 hours ahead of the East Coast of the United States (Eastern Standard Time).

Government offices open from 7:45 am to 5:15 pm, Monday through Friday, from October to mid-June. Between mid-June and September, government working hours are reduced to 7:30 am to 1:30 pm, Monday through Friday. Private sector companies generally follow the government's work schedule but do not operate on half-days in the summer. Banks are open Monday through Thursday, 8:30 am through 2:00 pm, and 8:30 am through 3:30 pm on Friday. On Saturday, banking hours are 8:30 am to 12:00 pm, but some branches are closed during the summer. Commerce and industry business hours are 8:30 am through 5:30 pm, Monday through Friday, and on Saturday from 8:00 am through 1:00 pm. Many retail establishments are closed on Sundays. However, several establishments located in tourist areas (or those that sell primarily tourist-related items) do open on Sundays and public holidays.

The following is a list of holidays observed by Malta during calendar year 2016

DAY & DATE	HOLIDAY
Friday, January 1	New Year's Day
Wednesday, February 10	Feast of St. Paul's Shipwreck
Saturday, March 19	Feast of St. Joseph's
Friday, March 25	Good Friday
Thursday, March 31	Freedom Day
Sunday, May 1	Labor Day
Tuesday, June 7	Sette Giugno

Wednesday, June 29	Feast of St. Peter & St. Paul
Monday, August 15	Feast of the Assumption
Thursday, September 8	Feast of our Lady of Victories
Wednesday, September 21	Independence Day
Thursday, December 8	Feast of the Immaculate Conception
Tuesday, December 13	Republic Day
Monday, December 26	Christmas Day

Temporary Entry of Materials or Personal Belongings

The temporary entry of materials and personal belongings to Malta are exempt from customs duty. The items that would be eligible for such treatment are: personal property belonging to individuals coming from countries situated outside the European community; goods imported on the occasion of a marriage; personal property acquired by inheritance; school outfits, scholastic materials and other scholastic household effects under certain conditions; imports of negligible value; capital goods and other equipment imported on the transfer of activities; importation of certain agricultural products and products intended for agricultural use; therapeutic substances, medicines, laboratory animals and biological or chemical substances; goods for charitable or philanthropic organizations; importation in the context of certain aspects of international relations; goods for the promotion of trade (e.g. goods used or consumed at a trade fair or similar event); goods imported for examination, analysis or test purposes; tourist information literature; documents and publications of foreign governments and publications of official international bodies; and coffins, funerary urns and ornamental funerary articles, etc.

Travel Related Web Resources

Go (mobile services provider): www.go.com.mt

Vodafone Malta: www.vodafone.com.mt

Onvol :www.onvol.net

Health Department: ehealth.gov.mt/

Market Research Library: www.export.gov/mrktresearch/index.asp

State Department Visa Website: travel.state.gov/visa/visa_1750.html

Leading Sectors for US Exports & Investments

Best Prospect Overview

Energy

Overview

The annual consumption of electricity in Malta is less than 2,500 GWh. However, with the increase in the tourist and domestic base, the demand for electrical generation is going to continue to increase.

In April 2012, the Ministry for Energy and the Conservation of Water (MECW) along with Enemalta, the government-owned energy production and distribution company, issued a request for Expressions of Interest (Eoi) for a long-term Power Purchase Agreement and Gas Supply Agreement which will govern the supply of electricity and natural gas to Enemalta. The Government of Malta made an electoral promise to have a new gas-fired power plant up and running by mid-2015. In May 2014, the government signed a contract with the selected bidder Electrogas, a German, Azeri, and Maltese consortium to build a new gas power station and supply electricity to Enemalta. The consortium estimated that the project will cost €370 million in order to convert the Delimara BWSC extension to run on natural gas, construct an onshore re-gasification facility and a floating storage unit by 2015, when the country will no longer be dependent on oil. To-date this project is facing delays in its implementation, whereby the LNG tanker required to feed the new gas-fired power station in Delimara will not be available before October 2016.

Malta is currently completely dependent upon imported fuel oil which is generally combusted in old, low-efficiency plants. This process results in high marginal costs for power generation on the islands. In addition, European Union regulations require Malta to implement directives related to combustion emissions.

The GoM has already undertaken action to address these issues, including commissioning a 150 MW LNG power station at Delimara and a 200MW HVAC interconnector to Sicily, which will help achieve a diversified mix of energy sources by providing the country with access to electricity generated through sources located in Sicily and other regions in mainland Europe. The GoM also decommissioned the old Marsa Power Station as well as the older steam turbines at Delimara. Furthermore, the government awarded a contract to convert the Delimara power station to liquefied natural gas and to further reduce tariffs by 25 percent for both residential properties and for the commercial and the industrial sector, without any differentiation as to the nature of the business.

Opportunities

U.S. suppliers of fuel and other chemical by-products stand to benefit from the Delimara project mentioned above.

Malta has not yet adopted renewable energy solutions beyond solar power, although it has studied several possibilities. Increases in energy costs worldwide have given new impetus to this work, since Malta imports all of its energy. The GoM is continuing to explore additional possibilities for solar power generation. U.S. suppliers of this type of equipment may therefore find opportunities in Malta.

Web Resources

Malta Resources Authority: www.mra.org.mt/

Enemalta Corporation: www.enemalta.com.mt/

Ministry for Energy and the Conservation of Water: www.mecw.gov.mt/

Agricultural Sector

Overview

Malta uses U.S. red winter wheat and soft wheat for the production of traditional Maltese bread. U.S. suppliers of wheat should continue to take advantage of this demand.

The Kordin Grain Terminal is centrally located for handling, storage, and transshipment of all types of free-flowing grains, such as wheat, corn, and barley. It offers services including direct ship-to-ship transfer, recycling, fumigation, and temperature monitoring.

Malta is also a substantial importer of timber and timber products—most notably American Oak—for use by the local wood manufacturing industry. Increased importation of U.S. hard and softwoods by Italy should translate to market growth in Malta as well.

Opportunities

Access to the Maltese market is on par with that of other EU Member States. Consequently, the Maltese market is an opportunity for any U.S. products already exported to the EU market. The Maltese have a unique palate formed by the intersection of their Mediterranean location and British historical connection. Maltese supermarkets typically provide a wide range of products and brands from neighboring Italy. Some of the products most likely to succeed include tree nut snacks, beers, pet foods, and savory snacks of all kinds. The constraints that new entrants will face include strong competition from established brands, particularly British labels, and price competition.

Web Resources

U.S. Embassy Valletta: malta.usembassy.gov/com-agricultural.html

U.S. Embassy Rome – Foreign Agricultural Service: italy.usembassy.gov/agtrade.html

ICT (Information and Communications Technology)

Overview

Malta has made great strides in developing an information society. According to the 2016 Digital Economy and Society Index (DESI) published by the European Commission, Malta ranks 11th out of the 28 EU Member States. Malta is reported to be particularly strong in broadband deployment and take-up. All Maltese households are covered by fixed broadband and all networks provide at least 30 Mbps. In addition, more than half (58%) of broadband subscriptions provides speeds of at least 30Mbps. As for the weak points, Malta is lagging behind in the assignment of radio spectrum for mobile broadband and in making government data available. Malta's DESI score is above the EU average and the country developed faster than the EU over the last year, which places it in the "running ahead" cluster of countries.

Under the Vertical Strategic Alliance (VSA) program, the then-Ministry for Investment, Industry, and Information Technology (MIIT) joined with leading global ICT players to promote far-reaching education and assistance to industry programs. The Maltese government entered into VSAs with Microsoft Corporation, HP, Oracle, IBM, SAP, and ESRI. According to MIIT, the estimated overall value of the investment made by these corporations in these VSAs exceeds €100 million.

There are considerable ICT Investment projects set up in Malta. The single largest was the development of SmartCity Malta, a \$300 million project undertaken by TECOM Investments, a subsidiary of Dubai Holdings. By 2021, the project expects to generate 5,600 jobs and serve as a regional ICT service hub, transforming Malta into a global ICT leader.

Vision 2015 and Beyond identifies seven main sectors – including ICT – which the GoM believes can and should be the main thrusts of future economic activity for the country.

Opportunities

Opportunities exist for U.S. suppliers of products/services in the e-business and e-commerce fields. The Maltese ICT sector needs assistance in the ever-growing software support and process management sectors. Opportunities also exist for ICT research, intelligence, and data-monitoring organizations that might be interested in setting up regional operation centers in Malta. The focus on the local ICT sector will also increase local demand for highly specialized staff. As a result, there are great opportunities for U.S. companies in the ICT training and human resources fields.

Web Resources

Malta Communications Authority: www.mca.org.mt

Ministry for the Economy, Investment and Small Business: meib.gov.mt

Malta Information Technology Agency: www.mita.gov.mt

Smart City Malta: malta.smartcity.ae

Aviation

Overview

Historically, Malta has been a hub of maritime activity in the Mediterranean. The country is now seeking to expand this “hub” concept by expanding its aviation sector, further solidifying its maritime strengths, and increasing opportunities on the island.

During recent years, Malta has witnessed growth in its aviation industry, which has attracted internationally renowned entities to the island. As part of its economic development strategy, Malta is supporting diverse sectors in the aviation industry, including maintenance, repair, and overhaul (MRO) operations; back-office setups; R&D; and the production of aircraft parts.

In 2013, the government inaugurated the Safi Aviation Park, a €17 million project to pave the way for the aviation and aerospace industry to continue flourishing. In addition, Malta offers an attractive aviation register which provides for a solid regulatory framework, including that for Air Operator Certificates, coupled with a pro-business approach.

Sub-Sector Best Prospects

The GoM has incorporated its focus on the aviation industry as part of its national strategy to promote Malta as a “one-off destination.” Recently revamped rules and legislative regulations have introduced a number of novel concepts that aim to enhance not only aircraft registration, but also other sectors within the industry. The country has embarked on an ambitious project to establish one of the largest aircraft registers in the world. As of mid-May 2016, Malta has 222 aircraft listed on its register pursuant to the new Aircraft Registration Act of 2010. This piece of legislation implements both the Cape Town Convention on International Interests in Mobile Equipment and the Aircraft Protocol.

The primary aim of the recent enactment is to make Malta an attractive jurisdiction for both private and commercial aircraft registration within Europe, while also ensuring full adherence to the restrictions imposed by EU law on the registration and ownership of aircraft within the EU.

Newly introduced concepts include:

- Recognition of fractional ownership of aircraft – ensuring partial owners are listed as such, thereby protecting their rights;
- Registration of aircraft under construction as soon as it is uniquely identifiable; and
- Broadening of registration possibilities for non-air service aircraft.

Opportunities

Complementing the aircraft registration regime, Malta has also introduced specific provisions with regard to the taxation of aviation income. Income from the ownership, leasing, or operation of an aircraft or aircraft engine used for or employed in the international transport of passengers or goods is deemed to be earned outside of Malta. This could lead to nil tax leakage in Malta when applied to individuals resident but not domiciled in Malta. The specific provisions also provide for accelerated depreciation—six years for aircraft airframe, engine, and overhaul, and four years for aircraft interiors and other parts – together with an exemption from the application of fringe benefit rules on income.

Furthermore, anyone leasing an aircraft carried by Maltese companies (along with performing other aviation-related activities) would be entitled to benefit from the standard corporate tax rate and refund structure available in Malta. Further benefits include taxes not withheld on the distribution of dividends or interest payments outside of Malta.

Web Resources

Transport Malta: www.transport.gov.mt/aviation/

Ministry for Transport and Infrastructure: www.mti.gov.mt/

Maritime

Overview

The GoM aims to create an environment conducive to strengthening Malta's maritime industry. The current government has committed itself to reinforcing marinas and berthing facilities and to encourage supporting industries to provide direct or indirect services such as marine supplies and even hospitality facilities. With the strategic location of the island between Europe, North Africa, and the Middle East, Malta has established itself as a leading maritime center offering an array of services and facilities to the marine industry. In addition to taking advantage of Malta's natural facilities such as the numerous deep, protected harbors dotted around the island, over the years the country has updated the quality and level of supporting services to continue developing the maritime industry in Malta.

Malta has undertaken significant investment to upgrade and develop marine facilities and infrastructure. These include the construction of the Malta Freeport, Malta Oil Tanking, Malta Super Yacht Services facilities, various yacht marinas, the upgrading of the Malta Dry Docks, and the development of a luxury cruise liner terminal, together with the overall regeneration of the port areas. This investment has also been in line with the growth in tonnage and reputation of the Maltese flag.

The Malta register continues to be a great success. Since its launch in the early 1970s, the register has grown to be one of the largest marine registers in Europe and is in the top ten worldwide. This growth fuelled the excellent infrastructure and facilities available and the number of shipping agents and professionals operating within a versatile and well-regulated maritime legal framework. In addition to being party to numerous international conventions and regulations regarding use of the Sea and continental shelf, Malta is on the White List of the Paris Memorandum of Understanding on Port State Control. This means that detention in ports for breach of international conventions is less likely for ships flying the Maltese flag.

The Malta flag administration's policy is clear: guarantee "quality shipping and ensure that ships with a poor detention or safety and marine pollution record do not operate under the Malta flag." The Malta registry continues to grow, and the average age of its vessels continually decreases. The incentives offered to use younger vessels and the seriousness with which the flag administration is carrying out Flag State Inspections has contributed greatly to Malta's continuing presence on the Paris MOU White List, which subsequently attracts blue chip shipping companies to the island.

Sub-Sector Best Prospects

The priority of the Malta register is not tonnage but rather hosting reliable and safe vessels which do not pollute the sea or harm marine life. A robust legal framework and firm registration criteria in line with EU Directives and IMO conventions have fuelled the growth in reputation and integrity of the Malta register.

The advantages of having a Maltese flag include:

- Exemption from Maltese income tax on the income that is derived from shipping activities of Maltese vessels of 1,000 net tons and over;
- Exemption from duty on documents on the sale or transfer of a Maltese vessel of 1,000 tons and over;

- Exemption from duty on documents on the allotment or transfer of shares in Maltese companies;
- Exemption from income tax, donation, and succession duty, in respect to Maltese vessels under 1,000 net tons subject to certain conditions;
- Reasonable incorporation and registration costs;
- No trading restrictions imposed on Maltese registered vessels; and
- No restrictions on the nationality of the master, officers, and crew serving on Maltese vessels.

In 2013, the GoM issued a call for an international expression of interest to convert a redundant shipbuilding facility into an international maritime hub. The GoM announced the preferred bidder in January 2015. The government chose the oil and gas industry category as the one with the biggest potential for effective use of the site. This category would see the setting up of a rig-servicing center and an academic institution for teaching and training. The government's vision is that the servicing of oil rigs would attract not only rigs operating in the Mediterranean, but also those in the Atlantic Ocean and West Africa. There is the potential for an oil pollution response center, a first of its sort in the Mediterranean – to be set up as well, catering for the whole region. Opportunities exist for U.S. suppliers of products/services operating in these sectors.

Opportunities

Ship Registration

Transport Malta regulates the registration of a ship under the Maltese flag and is open to vessels owned by Maltese and non-Maltese nationals. Vessels under construction may also be registered. Initially, Malta registers vessels on a provisional basis valid for six months pending the completion of the necessary formalities to attain permanent registration. The authority releases a permanent registration certificate following the submission of documents that include a builder's certificate, international tonnage certificate (where applicable), proof of title, and a survey report. All registered vessels are required to obtain a Radio Ship Station license.

It is also possible to register vessels in Malta under bareboat charter subject to certain documentary evidence. This includes a declaration of bareboat charter supported by the charter agreement, an extract of the underlying registration, and a copy of the ship's certificate of international tonnage.

Fiscal tax advantages are available to qualifying shipping activities, including the ownership, operation, administration, and management of ships.

Yacht registration

Yacht registration under the Maltese flag is available to Maltese and EU nationals, companies incorporated in Malta or in the EU, and non-EU bodies of persons. A Maltese registered company is the ideal structure for yacht registration in Malta. When the yacht owner is not a resident of Malta, it is necessary to appoint a resident agent. There are no restrictions on the nationality of the master, crew, and officers.

The Maltese VAT legislation contains rules which provide an opportunity for a reduction on the VAT impact when vessels are under finance lease arrangements. These opportunities are only available

when the yacht is: owned by a Maltese-registered company; and the lease agreement is for a period not exceeding three years. The benefit arises from a reduced rate of VAT payable in Malta on the acquisition of the yacht by the Maltese company and depends on the type of vessel and its deemed use in the EU. The effective rate of Maltese VAT varies from 5.4 percent to 16.2 percent, resulting in VAT savings from 1.8 percent to 12.6 percent. The lease agreement must provide a purchase option at the end of the lease, and the agreement requires the approval of the VAT office in Malta.

Commercial Yacht registration

The registration of a commercial yacht in Malta produces a number of benefits, including tax benefits and VAT exemptions. Registration requires the submission of a number of documents, including a more detailed survey (specific to this kind of registration). In this instance, the authority issues a provisional license which then becomes formalized upon the presentation of the required documents.

The exemptions offered under Maltese fiscal law include an exemption from VAT on the importation or supply of vessels used for navigation on the high seas, the transport of passengers under commercial activities, and the supply of services consisting of the hiring, leasing, chartering, modification, or maintenance of vessels. The Maltese tax refund system is of particular relevance to Maltese-registered companies established by non-residents for the operation of commercial yachts.

Web Resources

Transport Malta: www.transport.gov.mt

Ministry for Transport and Infrastructure: www.mti.gov.mt/

Financial Services

Overview

The Maltese financial services sector is the fastest growing sector of the economy. Financial services account for some 12 percent of Malta's GDP and are worth more than €1 billion to the Maltese Islands in direct and indirect revenue. In addition, the sector employs over 10,000 people.

According to the latest Global Competitiveness Report drawn up by the World Economic Forum, Malta was highlighted as one of the top 20 financial services jurisdiction. The 2015 report ranked Malta amongst the top tier of a total of 148 nations with regards to issues related to soundness of its banking institutions (15), the regulation of securities exchanges (25) and the strength and reporting standards (20).

Malta has developed a comprehensive package of laws which regulate the provision of financial services and provides a favorable legal and regulatory framework for the provision of such services. This shows the government's commitment to sustained development in this sector. The MFSA enforces the legislation within this sector which adheres to EU standards and codes, as well as those of most other international frameworks. Malta has gained international recognition as a world class center that has attracted blue chip banks, fund managers, investment houses, and professional practices from the United States, United Kingdom, Germany, Austria, and Switzerland.

Malta hosts over 580 investment funds which have a combined net asset value of almost €10 billion (June 2014). While Malta has a reputation as a jurisdiction for smaller financial services companies and start-ups, the fund sector is maturing and attracting sophisticated asset management activities.

The Companies Act provides for the establishment of investment companies with variable share capital and companies with share capital denominated in a foreign currency. The law allows for nominee shareholding both for local and foreign companies. The Investment Services Act regulates the entire range of investment business in Malta.

Opportunities

Opportunities exist in the areas of trade finance, group marketing of regional business activities (typical representative office), regional private banking business activities, trust business, investment banking and advice, venture capital banking, captive insurance, fund management and custody service, private pension funds, and all types of outsourcing and coordination services, such as accounting and administration, insurance management, fund administration, and electronic payments systems.

Web Resources

Malta Financial Services Authority: www.mfsa.com.mt/mfsa/default.asp

Finance Malta: www.financemalta.org

Medical/Healthcare/Pharma

Overview

Over the past several years, the healthcare industry has emerged as one of Malta's fastest growing sectors. Healthcare is an important priority for Malta; in 2014 the Government of Malta began promoting public-private partnerships in the healthcare sector to establish Malta as a Mediterranean hub for medical tourism. The Government allocates a substantial portion of its budget to health, including investments in healthcare infrastructure.

The Maltese healthcare manufacturing sector currently focused on the production of pharmaceuticals, pharmaceutical ingredients, and medical devices; this industry represents an important part of the country's industrial sector, generating significant economic activity and employment. Over 30 established international brand names operate in Malta, including several American companies. Companies meet European Union requirements for manufacturing practices and most companies are also accredited by the U.S. Food and Drug Administration.

Over the years, Malta has become an important jurisdiction for the establishment of pharmaceutical companies and the filing of patent applications. Several leading pharmaceutical companies have relocated to Malta because they have identified a vast array of opportunities. The Maltese pharmaceutical industry has been and continues to be a thriving sector.

Sub-Sector Best Prospects

Pharmaceutical firms setting up in Malta benefit from the Maltese legal framework which allows for the development of generic drugs in advance of patent expiry. Malta is one of the few EU member states that in 2003 fully recognized the research exemption, by which generic companies are allowed to undertake development work prior to patent expiry – held by originators – but excluding any product commercialization.

The manner in which the Maltese Patent and Designs Act has been adopted allows generics companies to carry out testing and trials needed for regulatory approvals prior to the expiration of the patent in question.

Therefore, a generic pharmaceutical company in Malta may manufacture a drug, complete all the mandatory testing requirements to obtain the necessary approvals, and, upon expiration of the competitor's patent, release their product onto the market without undue delay. All obligations arising from the Patent Cooperation Treaty and European Patent Convention are also incorporated into Maltese legislation, ensuring that property rights registered in Malta are automatically extended to the territories of all other signatories.

Opportunities

The Government of Malta is investing heavily to create develop the life sciences sector in support of the larger healthcare industry. The Life Sciences Park aims to enable the creation of a research, development, and innovation cluster on the islands. The project, managed by Malta Enterprise in collaboration with the University of Malta and Mater Dei (the national hospital), consists of an

investment of around €38 million. The project is strongly supported by fiscal and financial incentives and training aids to attract companies that are active within the industry.

The life sciences sector is hoping to build on anticipated synergies with other sectors, such as information and communications technology (ICT) and health research. Furthermore, this industry is supported by incentives specifically for projects undertaken in industrial or experimental research. There are also incentives for feasibility studies, as well as collaborative research projects under EU programs, including Eureka, Horizon 2020, and Eurostars.

Web Resources

Life Sciences Park: www.lifesciencespark.com

Medicines Authority: www.medicinesauthority.gov.mt