



Doing Business in Malta:

2017 Country Commercial Guide for U.S. Companies

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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 2016, the U.S. accounted for 10.24 percent of Malta's total trade. Also during that year, the U.S. supplied 4.54 percent of Malta's total imports and bought 20.32 percent of Malta's total exports.
- Key items Malta imported from the U.S. include: fuel and gas oil, aircraft engines, aircraft parts, machinery parts, parts for gas turbines, motor boats, yachts, navigation instruments, and cereals for the manufacture of bread. On the other hand Malta's export to the US included: Medicaments for Therapeutic or prophylactic purposes; electronic integrated circuits, switches, automotive semiconductors, steroidal hormones and antibiotics, video-recording and reproducing equipment, medical devices and products, airconditioning machines, aircraft parts and toys.

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 US 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.pa.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.

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.

For a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce, please consult the Direct Marketing section of the “Doing Business in the European Union: 2017 Country Commercial Guide for U.S. Companies,” available from the U.S. Mission to the EU.

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.

Express Delivery

A number of express delivery options exist for American companies wishing to dispatch goods to Malta. These include services offered by global logistics companies, including Fedex, UPS,

DHL, TNT and others, which usually guarantee a second business day delivery to Europe from the U.S.

Most logistics companies offer a range of options for international delivery at different price points to meet customers' needs, with logistical services that include dangerous goods shipping, worldwide shipping solutions, and customs clearance services.

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

Overview

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.

Current Market Trends

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 requires information service providers to furnish basic identifying information to customers. The regulations also established obligations to ensure appropriate levels of transparency with respect to online commercial communications. As a result, e-Commerce in Malta experienced an exceptional boost over the past five years, with consumers, businesses, and the government realizing the potential opportunities and advantages of e-Commerce.

In 2014, the Government of Malta launched the Malta e-Commerce Digital Strategy, covering a seven-year period from 2014-2020 and aimed at ensuring that businesses have the necessary means and skills to capitalize on opportunities brought about by e-Commerce. In order to achieve its objectives, the strategy set out four different pillars: engendering trust in e-Commerce, transforming micro-enterprises, taking SMEs and industry to the next level, and making Malta a global e-Commerce player.

Relevant Maltese legislation aims to be technology-neutral, compliant with EU legislation, harmonized with other Member States' regimes, and broadly seeks to attract business and investment and foster competition in the market. Moreover, Malta's government leads the e-government initiative, increasingly making more government service accessible to Maltese citizens via electronic channels, including by means of an electronic ID available to every adult citizen. The current government is continuing previous efforts to promote e-commerce, digital services, and investment in ICT.

Domestic e-Commerce (B2C)

While Maltese customers still largely prefer shopping at brick-and-mortar locations, microenterprises, SMEs, and large businesses have realized the potential benefits of digital technologies in expanding their base of customers and as an advertising platform. Businesses claim that they make use of the Internet to engage with their customers, though they do not necessarily conclude the transactions online. Studies carried out by the Malta Communication Authority show that, in Malta, there is a potential correlation between the size of a business and the use of digital tools, with SMEs and large enterprises embracing technology more aggressively than microenterprises. The use of ICT is evident by the number of businesses having a website, where larger businesses are more likely to have a corporate website. Recent national statistics indicate an upward trend of computer use throughout all enterprise size classes and economic activities.

Cross-Border e-Commerce

Maltese consumers' use of the Internet continues to grow, with more than three-quarters of the Maltese now using the Internet. A study carried out by the Malta Communications Authority shows that the Internet is often the first resource for customers wishing to gather information before making a purchase, regardless of whether or not the purchase is completed in-store or online. This is further substantiated by the growth in online purchasing; more than half of the population now engages in such activity, with steady year on year increases. Malta is the second best performing EU Member State for sales via electronic data interchange. However, only slightly less than a third of digital buyers purchase from domestic websites. The

latter purchases are mainly related to event tickets, flights, and accommodation. This contrasts to many EU countries, where the bulk of online purchases are carried out within one's own country. Nonetheless, Internet and e-Commerce uptake in Malta compares well with EU averages, though there is still room for continued growth.

In 2016, over 60 percent of individuals who were internet users claimed to have purchased goods or services online, with clothing and sporting goods the most commonly acquired cross border items.

e-Commerce Services

The Malta e-Commerce Digital Strategy is a product of the country's desire to harness the digital industry to increase national prosperity. Malta's legal framework and economic policy support ICT operations, and the country has invested heavily in state-of-the-art telecommunications infrastructure. There are a number of Internet Service Providers in Malta with a clear interest in off-shore e-Commerce development.

e-Commerce Intellectual Property Rights

Maltese law provides civil remedies options to intellectual property rights holders. [The Enforcement of Intellectual Property Rights \(Regulation\) Act](#), which came into effect at the end of 2006, fully implements the provisions of Directive 2004/48/EC of the European Parliament and of the Council of April 29, 2004 on the enforcement of intellectual property rights (the Directive).

The relevant provision of the Act (Article 12) deals with damages with regard to the infringement of intellectual property rights as regulated by Maltese law. A court may order the payment of an amount of damages to an injured party, which will take into account all relevant aspects, including the negative economic consequences that may have been suffered as well as unfair profits made by the infringer. This provision is also one of the few instances under Maltese law where a court awarding damages may also have regard to moral prejudice suffered. To best ensure that an injured IP rights holder is provided with a sufficient remedy where its rights have been infringed, the Court is also allowed to apply an alternative method of calculation of damages, payable as it considers appropriate. Other corrective measures which may be applied where the Court has found a breach of an IP right include recall from circulation within all channels of commerce (whether online or physical) and destruction of seized items.

Online Payment

The following are the major payment gateways supported in Malta:

- 2Checkout
- Alipay Global
- Authorize.net
- BitPay
- Checkout.com
- Coinbase
- ComproPago (Efectivo)

- ePay / Payment Solutions
- GoCoin
- LAY-BUY Powered by PayPal
- Mondido Payments
- MultiSafepay
- NETbilling
- PAYMILL
- PayPal Express Checkout
- QuickPay
- Realex Payments (Offsite)
- WorldPay (Direct)
- WorldPay (Offsite)

Mobile e-Commerce

Despite the upward trends, both in the number of data-enabled mobile subscriptions, as well as online purchasing, businesses in Malta still exhibit a degree of resistance towards online business operations. Only slightly more than half of businesses with a website have a mobile-optimized site, while a mere 12 percent of digitally-enabled businesses are selling through e-Commerce channels. Almost three quarters of non-e-Commerce companies are not convinced that their product or service is suitable for transactions over the Internet. In addition, there is also a lack of knowledge and low uptake of cloud services by local businesses, which still hesitate to use these and other ancillary services that are challenging the operations of SMEs and microenterprises in the digital era.

Digital Marketing and Social Media

The local trading sector acknowledges the benefits and effectiveness of digital marketing both as a tool to be more competitive and as a means to broaden its market opportunities. Facebook occupies the top spot as the preferred platform of choice. Eurostat data places Malta at the forefront in the use of social networks like Facebook and LinkedIn, amongst others, for branding and promotional purposes.

Major Buying Holidays

Christmas is typically the largest gift-giving holiday in Malta. Popular American holidays, such as Halloween, are also gaining momentum in Malta. Other celebrated holidays are Easter, Carnival, Valentine's Day, Mother's Day, and Father's Day.

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.

For more information on EU trade promotion and advertising regulations, refer to “Doing Business in the European Union: 2017 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: 2017 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.

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/>

In any foreign market, companies should consider several general principles for effective management of their intellectual property. For background on these principles, please link to our articles on [Protecting Intellectual Property](#) and [Corruption](#).

IP Attaché Contact

Name: Susan F. Wilson

Address: U.S. Mission to the European Union

Unit 7600

Box 6100

United States

DPO AE 09710-6100

Telephone: +32 2-811-5308

E-mail: 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 US 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.

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: 2017 Country Commercial Guide for U.S. Companies,” available from the U.S. Mission to the EU.

Leading Sectors for US Exports & Investments

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.

Malta has worked on diversifying and modernizing its electrical grid in recent years, transitioning from inefficient coal- and heavy oil-fueled domestic production to a diversified approach utilizing natural gas, oil for backup, and an electricity interconnector with Sicily. The new gas-fired power station was switched on in April 2017.

The share of renewables in gross final consumption of energy is one of the significant targets set for each Member State within the Europe 2020 strategy; Malta's share target is set at ten percent. Renewable energy consumption figures released by Eurostat in 2017 placed Malta next to last among EU countries. Energy from renewable sources amounted to only five percent of energy consumed in Malta.

Opportunities

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 2017 Digital Economy and Society Index (DESI) published by the European Commission, Malta ranks 12th out of the 28 EU Member States. Malta is reported to be performing above EU average in broadband connectivity, internet use by citizens, the use of digital technology by businesses, and the provision of digital public services. Malta is a European leader in fast next generation access (NGA) broadband coverage and in the quality of eGovernment services. Malta's main challenge is to increase the digital skills of its population. Malta is the only Member State with full coverage of NGA broadband. Fixed and fast broadband uptake are also high. On the mobile side, however, Malta is well below the average, particularly on spectrum assignment.

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 Malta's Information Technology Authority, 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.

Leading Sub-Sectors

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 2017, Malta has 250 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.

Leading Sub-Sectors

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 oilrigs 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 2016 report ranked Malta in the top tier of a total of 138 nations with regards to issues related to soundness of its banking institutions (16) and the regulation of securities exchanges (22).

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 Equipment/ Healthcare/ Pharmaceutical

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 is 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.

Leading Sub-Sectors

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

Customs, Regulations & Standards

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:

<https://ustr.gov/sites/default/files/files/reports/2017/NTE/2017%20NTE.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 <http://tcc.export.gov/> 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

For more information and help with trade barriers please contact:

International Trade Administration
Enforcement and Compliance
(202) 482-0063
ECCcommunications@trade.gov
<http://trade.gov/enforcement/>

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.

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.

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: 2017 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.

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

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.

Standards for Trade

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 New Legislative Framework (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.

Testing, inspection and certification

Conformity Assessment

The MCAA is responsible for conformity assessment in Malta. For example, MCAA issues an ISO 9000 to local organizations that have reached a high level of management. MCAA 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.mccaa.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.

Contact Information

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Maria Cassar
Commercial /Economic Specialist
Tel: 00356 2561 4120
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.

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.

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/weeerohs/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 foreign investors to do business.

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 EU. The economy is based on services, primarily shipping, banking, professional, scientific, and technical activities, online gaming and tourism. Industry also has a small but important role. Maltese and English are the official languages.

Given its central location in one of the world's busiest trading regions and its relatively small economy, Malta recognizes the important contribution that international trade and investment can provide to the generation of national wealth.

Malta's economy is one of the best performers in the EU. Real gross domestic product (GDP) grew 5 percent in 2016, with only slight decreases predicted in 2017 and 2018. Malta's unemployment rate stood at 4.2 percent in the fourth quarter of 2016, with 2017 estimates remaining at record lows under 5 percent.

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

- A-/A-2 with a stable outlook (S&P);
- A3 with a stable outlook (Moody's); and
- A with a positive outlook (Fitch).

In 2013, the Government of Malta established the Individual Investor Program (IIP), which provides 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 EUR 650,000 (USD 719,000) (plus an additional EUR 25,000 (USD 27,650) for spouses or dependents under age 18 or EUR 50,000 (USD 55,300) for dependents over age 18). IIP conditions include a EUR 350,000 (USD 387,150) minimum for purchasing immovable property, or a EUR16,000 (USD 17,700) per year minimum for leasing immovable property (which must be retained for at least five years), and a EUR150,000 (USD 165,900) minimum for investment in stocks, bonds, or debentures.

Measure	Year	Index/Rank	Website Address
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TI Corruption Perceptions Index	2016	47 of 176	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report "Ease of Doing Business"	2016	76 of 190	doingbusiness.org/rankings
Global Innovation Index	2016	26 of 128	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 695.0 million	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2015	USD 23,930	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness to and Restrictions upon Foreign Investment

Attitude Toward Foreign Direct Investment

Malta seeks foreign direct investment (FDI) to increase its rate of economic growth. The government provides incentives to attract investment in high-tech manufacturing (including plastics, precision engineering, electronic components, automotive components, and health technologies, such as pharmaceuticals manufacturing, and life sciences), information and communications technology (ICT), research and development, aerospace and aviation maintenance, education and training, registration of ships and aircrafts, transshipment and related service industries, finance services, and digital gaming.

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 European and North African markets; a fair and transparent business environment; and excellent telecommunications and transport connections. Malta also offers financial, tax, and other investment incentives in order to attract FDI. Foreign investment plays an integral part in the

government's policies to reduce the role of the state in the economy and increase private sector activity.

Malta Enterprise, a government organization established to promote FDI in Malta, 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.

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 and 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 and 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 few sets in the world for water/boating scenes).

Limit 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 government 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 government 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 government'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.

Other Investment Policy Reviews

The Government of Malta has not undergone any third-party investment policy reviews through a multilateral organization in the last three years.

Business Facilitation

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; and
- Limited partnerships.

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 EUR1,165 (USD 1,290), while the minimum for a public company is approximately EUR 46,600 (USD51,550) 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 2 (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 a 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, companies must pay a registration fee is payable to the MFSA according to the amount of share capital held by the company.

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

MFSA website: <http://mfsa.com.mt/>.

The Government of Malta also offers a one-stop shop for small and medium-sized enterprises (SMEs) - Business First - that assists companies with all processing services and information to establish a company. Business First brings more than 50 essential services from various government departments and entities under one roof. It assists all enterprises based in Malta, including micro enterprises, SMEs, and larger companies and foreign investors wishing to set up in the country.

Outward Investment

TradeMalta, incorporated in 2014, is a public-private partnership between the government and the Chamber of Commerce to help Malta-based enterprises internationalize. TradeMalta is also the national organization tasked with marketing and coordinating both incoming and outgoing trade missions, promoting participation in international trade fairs, facilitating bilateral trade meetings, and researching new market opportunities.

The organization provides specialized training programs in international business development and marketing and administers a number of incentives schemes and internationalization programs aimed at both novice and experienced exporters.

The government actively supports and promotes franchising, joint-ventures, and other forms of international business opportunities between Malta-based businesses and foreign companies.

Bilateral Investment Agreement and Taxation Treaties

The United States and Malta have not signed a Bilateral Investment Treaty. However, 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 Albania, Austria, Belgium/Luxembourg Economic Union, Bulgaria, China, Croatia, Cyprus, Czech Republic, Egypt, France, Germany, Italy, Kuwait, Libya, Montenegro, Netherlands, Serbia, Slovakia, Slovenia, Sweden, Switzerland, Tunisia, Turkey, and the United Kingdom.

In 2010, the United States signed a double taxation agreement with Malta. Malta also benefits from treaties with investment provisions with ACP (African, Caribbean and Pacific Group of States), Albania, Algeria, ANCOM (Andean Community), Armenia, ASEAN (Association of South-East Asian Nations), Azerbaijan, Bangladesh, Belarus, Bosnia and Herzegovina, Brazil, CACM (Central American Common Market), Cambodia, Cameroon, Canada, CARICOM (Caribbean Community), Chile, China, Colombia, Côte d'Ivoire, Dominican Republic, Ecuador, EFTA (European Free Trade Association), Egypt, ESA (Eastern and Southern Africa), GCC (Gulf Cooperation Council), Georgia, India, Iraq, Israel, Jordan, Kazakhstan, Korea, Kyrgyzstan, Laos, Lebanon, Macao, Macedonia, MERCOSUR (Mercado Común Sudamericano, Mexico, Moldova, Mongolia, Montenegro, Morocco, Nepal, OCT (Overseas Countries and Territories), Pakistan, Palestine, Paraguay, Peru, Russia, SADC (Southern African Development Community), Serbia, Singapore, South Africa, Sri Lanka, Tajikistan, Thailand, Tunisia, Turkey, Turkmenistan, Ukraine, Uruguay, Uzbekistan, Vietnam, and Yemen.

Legal Regime

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 to conform to EU standards.

International Regulatory Considerations

Malta's regulatory system is derived from the *acquis communautaire*, the body of laws, rights, and obligations that are binding on all EU member states. Consequently, trade and investment relations with third countries are an EU responsibility under the Common Commercial Policy. However, with respect to investment, Malta does have some competence in certain investment aspects. In particular, where the EU does not have or is not negotiating an investment protection agreement, Malta can hold or negotiate one unilaterally. Malta also maintains competence in the areas of transport and portfolio investment.

Malta became a World Trade Organization (WTO) member on January 1, 1995. However, all draft technical regulations to the WTO Committee on Technical Barriers to Trade are now made at the EU level.

Legal System and Judicial Independence

Malta's Commercial Code 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. Inferior courts have jurisdiction over minor offenses of a criminal nature and small civil matters. The judiciary traditionally functions through the Criminal, Civil, and

Constitutional courts. The First Hall of the Civil Court hears commercial cases. Malta has a Criminal Court of Appeal and a second Court of Appeal for all other matters. 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 that do not require annual approval. Judges cannot be dismissed, except by a two-thirds vote in the House of Representatives for a proven misbehavior or the inability to exercise properly their function. The Maltese Constitution guarantees the separation of powers between the executive and the judiciary and a fair trial.

Laws and Regulations on Foreign Direct Investment

Several laws 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 falls to five 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 also 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), which is responsible for the regulation of banking and investment services in Malta. The Investment Services Act of 1994 regulates investment services in the banking and insurance sectors.

Competition and Anti-Trust Laws

Malta is a free-trade, open-economy country. The government does not approve or restrict any FDI, as long as it complies with EU and national regulations. Malta Enterprise reviews FDI before granting any incentives to a private entity or business. A due diligence process is carried out prior to approving greenfield investments. The MFSA undertakes the filings and regulatory screenings on financial investments.

Expropriation and Compensation

The Government of Malta, in exceptional instances, expropriates private property for public purposes. In such cases, the government must take action 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. The government has not appropriated any land in the last decade, no particular sectors are at risk for expropriation or similar actions, and no laws force local ownership.

Dispute Settlement

ICSID Convention and New York Convention

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

Investor-State Dispute Settlement

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 resolutions, especially in disputes with Maltese parties. Courts in Malta are slow in processing cases, although a proposed reform to increase efficiency in the judicial system is pending.

International Commercial Arbitration and Foreign Courts

Malta honors the enforcement of foreign court judgments and foreign arbitration awards. Bilateral investment treaties, which Malta has with several countries (see section 3, Bilateral Investment Agreements), provide for the acceptable methods of settling disputes connected with citizens of those countries.

Bankruptcy Regulations

The Companies Act and the Commercial Code Bankruptcy in Malta and the Set-off and Netting on Insolvency Act of 2003 regulate bankruptcy. The latter provides for the set-off and netting due to each party with respect to mutual credits, mutual debts, or other mutual dealings that 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. When a company cannot pay its debts, it may initiate insolvency proceedings. In such a case, the court examines carefully whether the financial situation of the company justifies its winding down or whether it could remain operational and continue to pay its debts.

Any officer of a company who, in the twelve months prior to the deemed date of dissolution, concealed assets or documents, disposed of assets, or otherwise acted in a fraudulent manner may be criminally liable. Separately, courts may find any such officer civilly liable for the act and require him or her to pay back to the company any moneys due. 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 generally takes three years and costs ten percent of the debtor's

estate, with the most likely outcome requiring the piecemeal sale of the company. The average recovery rate is 40.7 cents on the dollar. Globally, Malta stands at 84th in the ranking of 190 economies on the ease of resolving insolvency.

Industrial Policies

Investment Incentives

The Government of Malta offers several investment incentives to attract FDI. All investment incentives are specified by law and cannot be 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 a targeted sector are entitled to a tax credit calculated as follows:

- 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. As of January 2018 the applicable percentages will drop to 10, 20, and 30 percent, respectively); 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: Malta's employment corporation JobsPlus, formerly known as ETC, supports enterprises in recruiting new employees and training their staff.

SME Development: Incentives to assist SMEs in investing, innovating and expanding or developing their operations through the Micro Invest Scheme. 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, improve processes, and network with other businesses. Support for trade promotion activities is offered through Trade Malta, Malta's export and trade promotion agency.

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.

More information on incentives offered by Malta Enterprise can be found at: <https://www.maltaenterprise.com/support>

Other Tax Benefits

The Government of Malta 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 a tax paid by a company will essentially remain a prepaid tax on behalf of the tax liability of the shareholders. Shareholders then are 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.

Research and Development

The Government of Malta 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 regarding participation in incentive programs.

U.S. companies also 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 EUR 80 billion (USD 88.5 billion).

Foreign Trade Zones/Free Ports/Trade Facilitation

Malta's Freeport container port offers modern transshipment facilities, storage, assembling and processing operations, as well as an oil terminal and bunkering facilities. Malta Freeport Terminals Ltd., a private company, operates the Freeport under a long-term concession agreement, handling container vessels at 18,000 TEU and larger at each of its two container terminals.

For a company to carry out business within the Freeport zone, Malta Freeport Authority must grant it a license, and its operations must complement the Freeport's activities. Through the utilization of these facilities, clients can engage in an extensive range of handling operations, including cargo consolidation, break-bulk, storage, re-packing, re-labelling and onward shipping. Malta Freeport also offers assembly and processing options in accordance with the Malta Freeports Act. The operator must ensure that it does not label goods that have been processed in the Freeport with Malta as their country of origin, unless their identity has been substantially transformed with the zone. Companies operating within the Freeport benefit from reduced tax rates, as well as investment tax credits without customs interventions.

The Freeport offers round-the-clock industrial storage operations supported by a highly developed, customized infrastructure, as well as extensive transport networks which link Malta to various important markets on a regular basis, including port connections in North America, Central America, and South America. Warehousing facilities lie only six kilometers from the island's international airport, offering excellent opportunities for sea and air links stretching worldwide. In late 2016, the government issued a call for expressions of interest for the development of a logistics hub. The aim of this project is to attract local or international operators to submit their proposals for the concession of the design, construction, financing, operation and maintenance center of international logistics, on 45,000 square meters of land in Hal Far. The Government of Malta's vision is to have a strategic hub for international trade, serving as a Free Zone or as a Custom Warehouse.

Performance and Data Localization Requirements

Currently, no performance requirements exist, other than the goals that the investors link to applications for assistance with Malta Enterprise. Foreign investors can repatriate or reinvest profits without restriction and take disputes before the International Center for the Settlement of Investment Disputes (ICSID).

The government does not require foreign investors to establish or maintain data storage in Malta. However, the Malta Gaming Authority (MGA), the independent

regulatory body responsible for the governance of all gaming activities, requires gaming companies to hold their data in Malta.

Foreign IT providers incorporated in Malta that process personal data in the context of the activities of an establishment in Malta, qualifying as data controllers within the Data Protection Act, fall within the jurisdiction of the Office of the Data Protection Commissioner. The Data Protection Commissioner stated that there has never been an instance where, during an investigation, the Commissioner has requested access to source code or to encryption functions.

Any transfer of personal data by a controller established in Malta to a third country that does not ensure an adequate level of data protection is subject to the authorization of the Data Protection Commissioner as required by the Data Protection Act. In an attempt to facilitate and harmonize the implementation of this requirement, the European Commission adopted model clauses (Standard Contractual Clauses and Binding Corporate Rules - the latter used for sharing of personal data within a group of companies) which controllers may use for this purpose. No authorization is required for transfers made to EU Member States, members of the European Economic Area (EEA), third countries which are, from time to time, recognized by the European Commission to have an adequate level of protection, and to companies which are certified under the EU-U.S. Privacy Shield. Furthermore, any personal data shared (rather than transferred) between data controllers in Malta must rely on a legal basis.

Data controllers processing personal data are subject to the rules emanating from the Data Protection Act. These rules must be observed to ensure that the processing activities are carried out fairly and lawfully and with respect to the data subjects' fundamental rights and freedoms. The competent authority in Malta which regulates and monitors observance with this law is the Office of the Information and Data Protection Commissioner.

The Data Protection Act transposes the provisions of EC Directive 95/46/EC. This legal framework has been revised over the past years and the General Data Protection Regulation has been adopted in May 2016. The regulation, which is binding in its entirety and directly applicable in all Member States, will apply from May 25, 2018. New obligations are envisaged under the new regulation for data controllers to implement.

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. The Code of Organization and Civil Procedures lays out procedures for registering and enforcing judgments of foreign

courts. Rights and secured interests over immovable property must be publicly registered in order to be enforceable. The Government of Malta 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 EU and WTO rules into national law. Additional information on EU-wide provisions on copyright, patents, trademarks, and designs can be found at:

http://www.europa.eu/comm/internal_market/copyright/news/news_en.htm

http://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, and the Universal Copyright Convention (UCC).

Malta is not listed in the Notorious Market Report. 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 Competitiveness and Communications has assured the Embassy that the Government of Malta is 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 <http://www.wipo.int/directory/en/>.

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

Commerce Department

Commerce Department, Lascaris Bastion, Valletta, VLT 1933, Malta

<http://commerce.gov.mt/en/Pages/Contact-Details.aspx>

commerce@gov.mt

+356 2122 6688

Financial Sector

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 few companies publicly listed on the Malta Stock Exchange have 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

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.

No U.S. bank has a branch in Malta, following the tightening of new regulatory requirements, Malta's banks do not maintain direct corresponding banking relations with U.S. banks. 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, though such a relationship often results in higher transaction costs.

The majority of banks have stopped opening accounts for companies not operating in Malta or which operate in the electronic gaming sector. The few banks that still offer this service have tightened their due diligence processes, resulting in long delays to open accounts.

Foreign Exchange and Remittances

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. Malta joined the Eurozone in January 2008.

Remittance Policies

A company incorporated under the laws of Malta is considered ordinarily resident and domiciled in Malta. Companies which are ordinarily resident and domiciled in Malta are subject to tax on their worldwide income. A company which is not incorporated in Malta, but which is managed and controlled in Malta, is subject to tax on a remittance basis on its foreign-sourced income.

Companies subject to tax on a remittance basis are taxed on:

- Income and capital gains deemed to arise in Malta
- Income deemed arise outside Malta and remitted to Malta

Companies subject to the remittance basis are not taxed on:

- Income deemed to arise outside Malta which is not remitted to Malta
- Capital gains arising outside Malta

Companies which are not incorporated in Malta are considered to be resident in Malta when their management and control is shifted to Malta.

Malta has recently amended its rules on the remittance basis of taxation that has impacted persons who though not ordinarily resident or not domiciled in Malta, but who have a spouse who is both ordinarily resident and domiciled in Malta. Furthermore, a new measure has affected the ability of certain highly qualified individuals to benefit from a flat tax rate of 15 percent. These changes, which have become applicable on January 1, 2015, disallowed the application of the remittance basis of taxation in respect of individuals who are either (a) domiciled but not ordinarily resident or (b) ordinarily resident but not domiciled in Malta, whose spouse is both ordinarily resident and domiciled in Malta. In this regard, such individuals will now become taxable on their worldwide income and capital gains, irrespective of receipt/remittance of such income to Malta not domiciled in Malta.

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.

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.maltairport.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 316 cruise ship visits yearly and an estimated 626,000 visitors in 2016. 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 2017

DAY & DATE	HOLIDAY
Sunday, January 1	New Year's Day
Friday, February 10	Feast of St. Paul's Shipwreck
Sunday, March 19	Feast of St. Joseph's
Friday, March 31	Freedom Day
Friday, April 14	Good Friday
Monday, May 1	Labor Day

Wednesday, June 7	Sette Giugno
Thursday, June 29	Feast of St. Peter & St. Paul
Tuesday, August 15	Feast of the Assumption
Friday, September 8	Feast of our Lady of Victories
Thursday, September 21	Independence Day
Friday, December 8	Feast of the Immaculate Conception
Wednesday, December 13	Republic Day
Monday, December 25	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