



MALTA
INVESTMENT CLIMATE STATEMENT
2015

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Executive Summary

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

Malta joined the European Union (EU) in 2004, the Schengen visa system in 2007, and the Eurozone in 2008. With a population of about 420,000 and a total area of only 122 square miles, it is the smallest country in the European Union. The economy is based on services, primarily shipping, banking, and tourism. 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 has weathered the recent global economic crisis relatively well. Real gross domestic product (GDP) growth in 2014 is estimated at 3.3%, a rate which should moderate somewhat by 2016, but remain strong relative to the rest of the Eurozone. In terms of unemployment, Malta is one of the best performers in the EU. In the last quarter of 2014, unemployment in Malta stood at 5.9%.

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

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

In 2013, the Government of Malta established the Individual Investor Program (IIP), which assigns citizenship by naturalization to a person and his or her dependents who are contributors to an individual investor program and who pay a fee of EUR 650,000 (additional EUR 25,000 for spouses and for dependents under age 18; EUR 50,000 for dependents over age 18). This amendment to the Maltese Citizenship Act, (Chapter 188 of the Laws of Malta) was passed in November 2013 and was met with criticism by Maltese citizens and EU member states for using Malta's EU and Schengen zone membership to attract investors to Malta. In response, the government modified the law, adding a one-year residency requirement and publicizing the names of new citizens. The IIP program requires the following conditions: a EUR 350,000 threshold for purchasing immovable property; or a EUR 16,000/year threshold for leasing immovable property (which must be retained for at least five years); or a EUR 150,000 threshold for investment in stocks, bonds, or debentures.

1. 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. Malta provides incentives to attract investment in high-tech manufacturing (especially health technologies such as pharmaceuticals manufacturing and life sciences), information and communications technology (ICT), R&D, aerospace & defense/aviation maintenance, registration of ships and aircraft, electronics, transshipment and related service industries, financial 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 of Malta's policies to reduce the role of the state in the economy and increase private sector activity.

Other Investment Policy Reviews

No recent investment policy reviews have been undertaken in Malta.

Laws/Regulations of Foreign Direct Investment

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

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

Industrial Promotion

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

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

Limits on Foreign Control

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

Privatization Program

The Maltese government has privatized a number of state-controlled firms in recent years, including its shares in the country's largest bank, the postal service, shipyards, and the wireless telecommunications industry. Air Malta, the national airline, currently is not part of the restructuring process, but the Government of Malta has not ruled out this possibility in the future. The government welcomes private investors, Maltese and non-Maltese, in privatization projects. It treats foreign investors equally to domestic investors and sets few limitations on their operations.

Screening of FDI

Malta is a free-trade, open-economy country. The government does not approve or restrict any foreign direct investment, as long as it meets EU and national regulations. Malta Enterprise reviews FDI only for granting incentives requested by the private entity/business. A due diligence process is carried out prior to approving greenfield investments. Company formation can be completed within a 10-day period.

Competition Law

The Malta Financial Services Authority (MFSA) undertakes the filings and regulatory screenings on financial investments. For other types of investment see Screening of FDI section above.

Investment Trends

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	43 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	94 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	25 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 20,980	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

As long as investors present the appropriate documents to the Central Bank of Malta, there are no limitations on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property or imported raw materials. There are no significant delays in converting investment returns to foreign currency after presentation of the necessary documents. Maltese regulations and practices affecting remittances of investment capital and earnings have been streamlined, as several foreign exchange controls were relaxed to conform to EU directives. Malta joined the Eurozone in January 2008.

Remittance Policies

Malta was deemed a "Monitored" jurisdiction in the 2015 International Narcotics Control Strategy Report (INCSR). Malta's location between North Africa and Italy makes it a transit point for narcotics and human trafficking to Europe.

The country's offshore banking sector is relatively large (eight times GDP), and its ship register is the largest in Europe. According to the Malta Police Force, the major sources of illegal proceeds are trafficking of cocaine, heroin, and cannabis resin, as well as economic crimes, primarily fraud and misappropriation. The proceeds generated from these crimes are not large and are primarily based on domestic offenses. Maltese authorities have not detected any organized criminal groups committing money laundering on behalf of international syndicates. Moreover, they have detected no terrorism financing activity. Contraband smuggling does not appear to be a significant source of illicit proceeds. No specific studies have been conducted in Malta on trade-based money laundering or terrorism financing.

3. Expropriation and Compensation

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

4. Dispute Settlement

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

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

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

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

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

Bankruptcy

Bankruptcy in Malta is regulated by means of the relevant provisions found in the Companies Act and the Commercial Code. In June 2003, the Set-off and Netting on Insolvency Act was

established. This act provides for the set-off and netting due from each party to the other in respect to mutual credits, mutual debts or other mutual dealings which are enforceable whether before or after bankruptcy or insolvency.

The Maltese Insolvency Law distinguishes between bankruptcies of an individual/commercial partnership and a company. Insolvency proceedings can be initiated when a company is unable to pay its debts. The court thoroughly examines whether the financial situation of the company justifies its dissolution or if there exists the possibility that the company can still operate and consequently pay its debts.

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

According to data provided in the 2015 World Bank Doing Business Report, resolving insolvency in Malta takes three years on average and costs 10% of the debtor's estate, with the most likely outcome being that the company will be sold as a piecemeal sale. The average recovery rate is 39.6 cents on the dollar.

Investment Disputes

There have been no significant investment disputes in Malta over the past few years involving U.S. or other foreign investors. Courts in Malta are slow in processing cases, although the government is currently implementing a reform to increase efficiency in the judicial system.

International Arbitration

Malta honors the enforcement of foreign court judgments and foreign arbitration awards. Modes of settlement of disputes are also provided in bilateral investment treaties that Malta has with several countries (see Section 14, Bilateral Investment Agreements).

ICSID Convention and New York Convention

In 2002, Malta became a member of the International Center for 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).

Duration of Dispute Resolution

Investment/commercial dispute resolution proceedings in Malta generally take a minimum of three years, possibly even more. Generally speaking, summary proceedings which involve debt collection related to liquidation take less time. According to the 2015 World Bank Doing Business Report, contract enforcement takes 505 days and costs 35.9% of the value of claim.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

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

Investment Incentives

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

Malta Enterprise monitors compliance with any conditions set by the government as a condition of government assistance. Investors are not required to disclose proprietary information.

Investment Tax Credits: Companies in the target sector are entitled to a tax credit which is calculated in one of the following ways:

- As a percentage of qualifying capital expenditure (currently granting 30% for a large enterprise; 40% for a small to medium enterprise, and 50% for a micro enterprise);
- As a percentage of the wage cost for the first 24 months of a newly created job (currently, 30% for a large enterprise; 40% for a small to medium enterprise, and 50% for a 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 & Training: Administered by the Employment and Training Corporation (ETC), enterprises are supported in recruiting new employees and training their staff.

SME Development: Grants targeting the creation and development of innovative start-ups and the development of forward-looking small and medium-sized firms.

Enterprise Support: Assistance offered to businesses to support the development of international competitiveness, improving processes, and networking with other businesses.

Research & Development: Incentives granted to encourage enterprises to engage in industrial research and experimental development.

Allocation of Factory Space for Manufacturing Companies: Factory space built to specification is offered to firms with attractive financing terms.

Competitive Rental Rates: European Union Structural Funds and Regional Development Funds for FDI in Malta were available for the period 2007-2013. Support in the form of similar assistance and cash grants for approved projects will be available again in 2015 for the period 2014-2020.

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% tax rate on profits. However, the fact that the Maltese tax system is the only remaining full imputation system in the EU means that the tax paid by a company will essentially remain a prepaid tax on behalf of the tax liability of shareholders. Shareholders will then be entitled to claim a tax refund which may be equivalent to 6/7 (in the case of trading income) of the tax paid at the corporate level.

Companies operating within the Malta Freeport, a customs-free zone, benefit from reduced rates of taxation and investment tax credits (see Section 17, Foreign Trade Zones).

Malta Enterprise, an organization established by the government to promote foreign direct investment 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 (see Section 5, Performance Requirements and Incentives).

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., foreign or local firms to be able to participate in the described programs.

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

Performance Requirements

There are currently no performance requirements other than those linked to the goals stated by the investors at the time of application for assistance with Malta Enterprise. Foreign investors

have the right to repatriate or reinvest profits without restriction and can take disputes before the International Center for the Settlement of Investment Disputes (ICSID).

Data Storage

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

6. Right to Private Ownership and Establishment

The Government of Malta 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 of Malta 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 the 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.

7. Protection of Property Rights

Real Property

Property and contractual rights are enforced by means of (a) legal warning; (b) warrants of seizure; (c) warrants of prohibitory injunction; (d) warrants of impediments of departures (if proceedings fall within the jurisdiction of the Criminal Court); and (e) sale of property by court auction. Procedures for registering and enforcing judgments of foreign courts are laid out in the Code of Organization and Civil Procedures. Rights and secured interests over immovable property must be publicly registered in order to be enforceable. The 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 World Trade Organization (WTO) Trade-Related Aspects on Intellectual Property Rights (TRIPS). Malta has incorporated fully the EU and WTO rules into national law. Additional information on EU-wide provisions on copyright, patents, trademarks, and designs is obtainable from:

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

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

The Association against Copyright Theft claims that Malta's 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 currently 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, together with 21 other EU countries, signed the Anti-Counterfeiting Trade Agreement (ACTA) in January 2012. Customs Department regularly discovers counterfeit goods entering Malta Freeport in containers on route to other European countries. Counterfeit goods primarily include cigarettes, electronic equipment, clothes and footwear. The transshipment containers mostly originate from China. The Maltese Customs Department is vigilant on identifying and prohibiting counterfeit goods from entering the Maltese market.

Resources for Rights Holders

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

Local lawyers list: http://malta.usembassy.gov/list_of_attorneys.html

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

Commerce Department

Tel: +356 2122 6688

Email: commerce@gov.mt

Website: <http://commerce.gov.mt/contact.asp>

Address: Commerce Department, Lascaris Bastion, Valletta, VLT 2000, Malta

8. Transparency of the Regulatory System

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

9. Efficient Capital Markets and Portfolio Investment

Malta's Stock Exchange was established in 1993. In 2002, the Financial Markets Act effectively replaced the Malta Stock Exchange Act of 1990 as the law regulating the operations and setup of the Malta Stock Exchange. This legislation divested the Malta Stock Exchange of its regulatory functions and transferred these functions to the Malta Financial Services Authority (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.

Malta has no laws or regulations authorizing firms to adopt articles of incorporation/association that would limit foreign investment, participation, or control. Legal, regulatory, and accounting systems are transparent and consistent with international norms; several U.S. auditing firms have local offices.

Money and Banking System, Hostile Takeovers

The Maltese banking system is considered sound. In recent years, local commercial banks expanded the scope of their lending portfolios. Capital is available from both public and private sources; both foreign and local companies can obtain capital from local lending facilities. Commercial banks and their subsidiaries can provide loans at commercial interest rates. It is possible for new investors to negotiate soft loans from the government covering up to 75% of the projected capital outlay. To date, none of the few companies publicly listed on the Malta Stock Exchange have faced the threat of hostile takeover.

10. Competition from State-Owned Enterprises

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

Today, the list of Maltese SOEs under MIMCOL review has decreased to 11 (excluding companies falling under the responsibility of other ministries and investments held directly by the government). This portfolio is not well-defined. Most government investments are held by either the Board of Trustees within the Ministry of Finance, the Economy, and Investment, or by Malta Government Investments Limited (MGI) as an agent for the Government of Malta. There are other state entities which hold shares in companies which are typically special purpose vehicles set up in furtherance of that entity's operations.

OECD Guidelines on Corporate Governance of SOEs

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

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

Sovereign Wealth Funds

The Government of Malta does not have a Sovereign Wealth Fund.

11. Corporate Social Responsibility

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

OECD Guidelines for Multinational Enterprises

The Maltese government does not specifically request adherence to OECD Guidelines for Multinational Enterprises; however, it is expected that multinationals follow the generally accepted CSR principles.

12. Political Violence

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

13. Corruption

Maltese law provides criminal penalties for official corruption, and the government generally implements these laws effectively. The Malta Police and the Permanent Commission against Corruption are responsible for combating official corruption. The U.S. Embassy is aware of only isolated reports of government corruption.

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

Public sector corruption, including bribery of public officials, is a minor challenge for U.S. firms operating in Malta. According to a report released by the Council of Europe's Group of States Against Corruption (GRECO) in January 2005, "de facto instances of corruption within the public administration are rare."

GRECO also reported that "Malta promotes international and coordinated actions to prevent and fight corruption, organized crime and money laundering and takes account of the link between these crimes. It has taken several initiatives to adopt the legal provisions concerning the seizure and forfeiture of proceeds of crime as well as the criminal and civil liability of legal persons with a view of implementing the Criminal Law Convention on Corruption. Minor adaptations are still required."

In 1995 a Code of Ethics for employees in the public sector and subsequently several other code of ethics were established.” The following website provides additional details:

[http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval2\(2004\)14_Malta_EN.pdf](http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval2(2004)14_Malta_EN.pdf)

Since the 2004 GRECO report, Malta has passed legislation to adapt Maltese law to EU requirements, including the Prevention of Money Laundering and Funding of Terrorism Regulations of July 2008 [which conforms to the European Union legislation under Directive 2005/60/EC (the Third Directive) and Directive 2006/70/EC (the Implementation Directive)].

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

[http://www.fiumalta.org/pdfs/MONEYVAL\(2008\)41ProgRep-MLT_en.pdf](http://www.fiumalta.org/pdfs/MONEYVAL(2008)41ProgRep-MLT_en.pdf).

Additionally, the Government of Malta has established a Financial Intelligence Analysis Unit to support domestic and international law enforcement investigative efforts.

Every company (apart from SMEs) and government department in Malta is required to maintain a whistle-blowing unit to pass information received about a crime on to an external whistle-blowing unit. SMEs are not required to set up their own internal unit. Informers may also be admitted to the Witness Protection Program.

The Act to Remove Prescription (the maximum time after an event that legal proceedings based on that event may be initiated – equivalent to a statute of limitations in a common law legal system) on Corruption by Public Officials effectively abrogates the right of ministers, parliamentary secretaries, MPs, mayors and councilors to use prescription when charged with corruption. Civil action suits can be filed to recoup assets that an elected official would have acquired from monies derived from corruption.

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

- **Corruption:** On June 14, 2013 authorities amended the Criminal Code to remove the statute of limitations on corruption charges for elected officials and to increase penalties for those found guilty. The amendment also includes provisions from the Criminal Law Convention on Corruption of the Council of Europe.
- **Whistleblower Protection:** On July 19, 2013, the government enacted the Protection of the Whistleblower Act. The law provides protection to public and private employees for making internal disclosures of evidence of illegal activity, such as the solicitation of bribes or other

corrupt acts, gross waste or fraud, mismanagement, abuse of power, or other betrayals of public trust that employees discover or witness on the job.

- **Financial Disclosure:** Government officials are subject to financial disclosure laws; courts have the authority to compel disclosure, depending on the circumstances.
- **Public Access to Information:** In September 2012, a freedom of information law enacted in 2008 came into full force. The act established the right to request information held by public authorities, but also enumerated several exceptions, such as documents held by the Electoral Commission, the Employment Commission, the Public Service Commission, the Office of the Attorney General, the National Audit Office, the Security Service, the ombudsman, and the Broadcasting Authority when the latter authority was exercising its constitutional function.
- Additionally, the Press Act established procedures to provide members of the press information to help them “fulfill their public tasks.” The government has not, however, defined the scope of this mandate. Access to government information in certain specified areas – those dealing with matters of public interest, security, or ongoing court proceedings – was excluded from this requirement. For government activities not subject to disclosure under the Press Act, there is no legal entitlement to government-held information, although authorities generally provide access in specific instances.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Malta signed the UN Anticorruption Convention in 2005 and ratified the convention in 2008. It is not a party to the OECD Convention on Combatting Bribery.

Resources to Report Corruption

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

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

The Office of the Ombudsman
Email: office@ombudsman.org.mt
Phone: +356 2248 3200
Address: 11, St Paul Street, Valletta VLT 1210, Malta

Internal Audit and Investigations Department
Email: info.iaid@gov.mt
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14. Bilateral Investment Agreements

The United States has maintained a Commerce and Navigation Treaty with Malta since 1815, initially in its capacity as a British colony, and, upon Malta's independence in 1964, on its own

behalf. The primary aim of this agreement is to ensure non-discriminatory treatment for bilateral trade and investments. Malta has similar investor protection accords with Austria, Belgium/Luxembourg Economic Union, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Egypt, France, Germany, Italy, Kuwait, Libya, Netherlands, Slovak Republic, Slovenia, Sweden, Tunisia, Turkey, and the U.K.

Bilateral Taxation Treaties

In 2010, the United State signed a double taxation agreement with Malta. Malta also enjoys double taxation agreements with Albania, Australia, Austria, Bahrain, Barbados, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Guernsey, Hong Kong, Hungary, Iceland, India, Ireland, Isle of Man, Israel, Italy, Jersey, Jordan, Korea (Rep. Of), Kuwait, Latvia, Lebanon, Libya, Liechtenstein, Lithuania, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, Netherlands, Norway, Pakistan, Poland, Portugal, Romania, Russia, San Marino, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Syria, Tunisia, Turkey, Qatar, Ukraine, United Arab Emirates, the United Kingdom, and Uruguay.

15. OPIC and Other Investment Insurance Programs

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

16. Labor

Malta's labor force currently stands at circa 180,124 (62.9% male). The country's population is about 425,384 (2013), the smallest in the EU. For 2014, the national minimum monthly wage was USD 954 (EUR 718). The estimated average gross annual salary of employees stood at USD 21,600 (EUR 16,267); this amount refers to the basic salary and excludes extra payments such as overtime, bonuses and allowances. In 2014, on a sectoral basis, the highest recorded average gross annual salary for employees was in financial and insurance activities. Social insurance contributions add 10% to the wage bill. Free or subsidized meals, commuting allowances, and health insurance are the most common fringe benefits. In addition, employees are entitled to 24 days annual leave and public holidays that fall on a weekday. National law establishes a minimum number of sick leave days.

Foreign companies that have invested in Malta have a high regard for the ability, productivity and learning potential of Maltese workers, nearly all of whom speak English. In some industries, labor productivity is comparable to western Europe. Maltese managers now run most of the foreign firms in Malta. Malta has one of the lowest strike rates in western Europe, and labor unrest is rare. The Government of Malta has ratified and implements all eight ILO core conventions.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

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

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	9,509	2013	9,642	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	10.7	2013	578	http://bea.gov/international/factsheet/factsheet.cfm?Area=317
Host country's FDI in the United States (\$M USD, stock positions)	2014	8.89	2013	Not available	http://bea.gov/international/factsheet/factsheet.cfm?Area=317
Total inbound stock of FDI as % host GDP	2013	0.07%	N/A	Not Available	

* Source: National Statistics Office Malta, Rate of Exchange USD 1= EUR 0.7532

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	16,385	100%	Total Outward	1,449	100%
Germany	6,705	41%	Netherlands	221	15%
Austria	1,712	11%	United Kingdom	182	13%
Turkey	802	5%	Italy	67	5%
Netherlands	767	5%	Cyprus	26	2%
Italy	524	3%	Germany	15	1%

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

Source: IMF Coordinated Direct Investment Survey. Data are from 2012.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	27,118	100%	All Countries	1,674	100%	All Countries	25,444	100%
Turkey	14,486	53%	U.K.	530	32%	Turkey	14,486	57%
U.K.	2,634	10%	Luxembourg	412	25%	U.K.	2,104	8%
France	1,513	6%	Ireland	297	18%	France	1,474	6%
Netherlands	1,158	4%	Switzerland	95	6%	Netherlands	1,143	4%
Germany	903	3%	Germany	51	3%	Germany	852	3%

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

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