Voluntary - Public

Date: 4/14/2014
GAIN Report Number: IT1426

Italy

Post: Rome

Road Map to Malta

Report Categories:
Exporter Guide

Approved By:
Christine Sloop

Prepared By:
Dana Biasetti

Report Highlights:
This report offers information for U.S. companies interested in exporting food and agricultural products to Malta, including an overview of the country's economic situation, market structure, and export requirements. The Republic of Malta is a small, densely populated island nation situated in the Mediterranean Sea, and is a European Union member since May 1, 2004.

General Information:

Republic of Malta Overview

The Republic of Malta is a small, densely populated island nation situated in the Mediterranean Sea. The country's official languages are Maltese and English, although there are strong historical ties to Italian due to the proximity to Italy. Malta gained its independence from Britain in 1964 and joined the European Union on May 1, 2004. Malta adopted the Euro on January 1, 2008. Malta is considered a freight trans-shipment point, a major banking financial center, and a tourist destination. Malta has a population of approximately 421,364 inhabitants. However, Malta is also considered a major tourist destination, and in 2013, Malta had about 1.5 million tourist visitors.

The EU is Malta’s top trading partner, accounting for around 65 percent of imports and about 48 percent of exports. The United States is Malta’s second largest trading partner outside of the EU. Trade in U.S. goods is actually underreported, since many products are sold through European subsidiaries of U.S. companies. In 2013, the U.S. exported $9.3 million in agriculture, fish and forest products.

Malta Main Figures for 2013	
Population	421,364 inhabitants
Area	316 km2
Currency	EUR – Euro
Nominal GDP at current prices	7.1 billion EUR
GDP per capita at current prices	16,904 EUR
GDP per capita at purchasing power	22,554 EUR
Harmonized index of consumer prices	1.1 annual % change

Unemployment rate	6.4% of labor force
Exports (goods and services)	6.9 billion EUR
Imports (goods and services)	6.4 billion EUR
Exports of agricultural products	0.1 billion EUR
Imports of agricultural products	0.5 billion EUR
Current account balance	1.8% of GDP
General government balance	-3.4% of GDP
General government gross debt	72.6% of GDP

Sources: European Commission and EUROSTAT

Economic Overview

Malta is the smallest economy in the euro zone, and produces only about 20% of its food needs, has limited fresh water supplies, with few domestic energy sources. Malta's geographic position between Europe and North Africa make it a target for irregular migration, which has strained Malta's political and economic resources. Malta's economy is dependent on foreign trade, manufacturing, and tourism. Malta has a low unemployment rate compared to other European countries, and growth has recovered since the 2009 economic recession. In June 2013, the EU reopened an excessive deficit procedure against Malta having found that its forecasted deficit for the year was likely to exceed 3% of GDP. Malta's major resources are limestone, a favorable geographic location, and a productive labor force. However, Malta has limited fresh water supplies and has few domestic energy sources.

As an EU member, access to the Maltese market is harmonized with other EU member states. The Maltese have a unique palate formed by the intersection of their Mediterranean location and British historical connection. Maltese supermarkets are filled with a range of products and brands from the UK and 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.

Maltese Agriculture and Fishery Sectors

Following the transfer of church owned property to the state, the central government became the largest landowner, administering two-thirds of the agricultural land. The remaining one-third is owned by the private sector i.e. farmers and individual landlords. The Agricultural Leases Act of 1967 regulates land tenure in Malta with the objective of protecting farmers from eviction, this is still possible where: a) there is disagreement on the increase of rent payable to the landlord; b) the landlord requests that he or a member of his family will cultivate the land; c) the land is covered by a building permit (unless it is irrigated); d) the land has been left idle for more than twelve consecutive months. Most farms are small, and crops and foodstuffs produced are mainly consumed domestically. There are approximately 12,000 registered farmers, with an average farm size of 1.75 ha.

Malta's main crops are potatoes, cauliflower, grapes, wheat, barley, tomatoes, citrus, and green peppers, while livestock production includes beef, chicken, lamb, pork, rabbit, and turkey. Malta lacks any significant production of cereal and fodder crops to meet the nutritional requirements of the livestock herd. Malta relies heavily on imports of cereals for the feed and bakery industry. Wine making remains very important in Malta and is considered to be a growing industry.

The Maltese fishing fleet may be categorized mainly as artisanal since only a small number of large fishing vessels operate on the high seas. Although the Maltese fishery industry is considered small, it does employ more than 328 fishermen, with a fishing fleet of about 1,890 small traditional boats. The main difference between the full-time and artisanal categories is that the smaller craft are mostly engaged in coastal or small scale fisheries. Legislation lays down that all catches landed by fishermen is to be sold through the official wholesale fish market in Valletta. Fish is sold by public auction "viva voce" by licensed middlemen on behalf of fishermen, and who are in turn remunerated by being allotted 6.3% of the total value of each fisherman's catch. All sales are supervised by Fisheries Officers. Of note, fish farming (mainly Bluefin tuna) is growing in Malta. Unfortunately, farming and fishing through the years have suffered a steady decline, accounting for only 1.5 percent of GDP.

Malta Main agricultural indicators

Malta	2009	2010	2011	2012	2013
Output of the agricultural industry (% of GDP)	2.1	1.9	1.9	1.8	1.9
Agricultural output prices (index, 2005=100)	99.2	92.7	92.1	95.5	96.9
Agricultural input prices (index, 2005=100)	108.3	109.2	117.8	123.5	122.1
Agricultural income (Indicator A) (index, 2005=100)	98.8	93.2	79.2	76.9	82.1
Agricultural employment (% of total employment)	3.4	3.4	3.3	3.2	3.0

Source: EUROSTAT

Malta faces several challenges limiting its competitiveness in agriculture and the agro-industry. The most obvious is land scarcity, resulting in a high economic rental value of land. The land issue is further compounded by fragmentation, tenure issues and poor soil quality. The second constraint is the lack of fresh water reserves, resulting in the farming community tapping all water aquifers for irrigation. Thirdly, labor costs are high in a situation where the rate of unemployment is 6.4%. In view of these constraints, Maltese agriculture cannot attain the high productivity standards achieved elsewhere in Europe. Notwithstanding this minimal direct contribution to economic growth, the role of agriculture in the Malta goes far beyond that captured in figures. Agriculture has been particularly important in shaping the rural landscape and the environmental character of the islands. Agricultural and rural areas constitute a green lung and a venue of recreation to many. Today agriculture remains a major contributor in maintaining the quality of the landscape. It is also an integral component of the cultural heritage and a crucial backdrop to the tourism industry. In short, agriculture exhibits multiple functions and values beyond its economic contribution.

Malta became a full member state within the European Union in May 2004, and on June 23rd June approved the first Rural Development Plan for Malta. This plan was designed at establishing a concrete platform through which the Maltese agriculture sector could evolve and develop. The plan provided for the growth and development of the agriculture sector in a sustainable manner applying guidelines and procedures common to the rest of the EU. Malta's Rural Development Plan focuses on the development and specialization of agricultural niche quality products that are best suited for the Maltese agro-ecosystems.

Bilateral Ag Trade 2013

Total U.S. agricultural, fish and forest product exports to Malta
$9.3 million

Major Exports
Forest products: $2.6 million
Distilled spirits: $1.4 million
Fish products: $1.4 million
Wheat: $900,000
Tree nuts: $400,000

Total U.S. imports of agriculture and related products to Malta
$700,000

Major Imports
Rubber and allied products: $400,000
Tuna: $200,000
Forest products: $100,000

Market Overview – Challenges & Opportunities

While Malta is a small country compared to other EU Member States, it is considered to be a major tourist destination, and also hosts thousands of young students eager to learn English throughout the year. Malta's strategic location in the Mediterranean, with proximity to both Europe and North Africa, is an important asset. However, a lack of direct flights with the United States and the long distance involved in shipping goods directly from the United States traditionally has limited bilateral trade. Malta does have a direct shipping connection from the United States for containerized shipments, but partial shipments must still be shipped through neighboring European ports. Local importers have succeeded in overcoming these difficulties by importing high- value, low-volume items and by getting these goods from U.S. subsidiaries, associates in Europe or other nearby EU countries (including Italy). Malta is working toward maximizing its potential as a center for international business in the Euro-Med region, and a growing number of companies are using Malta as a base for operations in North Africa (particularly Tunisia and Libya) following the Arab Spring government changes there.

Malta Freeport is a major maritime trans-shipment logistics center situated in the Mediterranean connecting to 100 ports worldwide. http://www.freeport.com.mt. 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 International Airport handles on average 2.5 million passengers per year. http://www.maltairport.com. Air Malta has direct scheduled flights to 37 major centers in Europe, North Africa and Middle East. http://airmalta.com. Malta is a growing cruise ship destination with on average per year 400 cruise ship visits and an estimated 500,000 visitors. The cruise ship terminal, in the historic Grand Harbor, was refurbished in 2005 as part of the "Valletta Waterfront" project at a cost of around $30 million. http://www.vallettawaterfront.com

As a member of the EU, the application of uniform EU standards and certificates makes it easier for U.S. firms with prior experience doing business in Europe to expand their business interests in 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, while several U.S. companies have chosen to set up an operating/regional office in country. As an EU member, Malta imposes customs tariffs on imports from non-EU countries. Rates of duties can be found in the Import Duties Act, which may be accessed at:
http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8810&l=1

A certificate of Veterinary Clearance (CVC) processed by the Maltese Ministry of Sustainable Development, the Environment, and Climate Change is required for meat, poultry, milk, eggs, sausage skins, and fishery products. These 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. All plants intended for growing, as well as a range of fruits, vegetables, and other plant products, must be accompanied by a plant health certificate and/or import license. Endangered species and their products need specific permits or other documentation to be legally imported.

Phytosanitary certificates are required for fresh fruits, vegetables, and other plant materials. Sanitary Certificates are required for commodities composed of animal products or by-products. As per EU regulations, shipments must be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research).

Please refer to the FAS USEU Food and Agricultural Import Regulations and Standards GAIN report E80065 for a complete overview of EU food and agriculture regulations.

Advantages and Challenges for U.S. Exporters to Malta

Advantages	***Challenges***
High consumer interest in new products.	Competition from similar food products produced in other EU countries that enter tariff free.
The tourism industry increases demand for hotel, restaurant, and institutional products.	Price competition is fierce.
U.S. products are viewed as "trendy, new and innovative," especially those with added benefits of health and lifestyle.	Need to develop and invest in the relationship with the Maltese trade contacts and the marketing of the product. Supermarket and hypermarket shelf space and product placement is expensive.
Weak dollar versus a strong EURO	Mandatory customs duties, sanitary inspections, and

favors U.S. exports.	labeling requirements can be onerous.
U.S. fast food chains, theme restaurants, and the food processing industry often request U.S. origin ingredients.	In-grained political opposition to biotechnology, which leads buyers to avoid GE products.

Linking U.S. Agriculture FAS to the World

U.S. Exports of Agricultural & Related Products to *Malta*
FY 2009 - 2013 and Year-to-Date Comparisons
(in millions of dollars+)

gats

Export Market: *Malta*

	Fiscal Years (Oct-Sept)					October - January Comparisons		
Product	2009	2010	2011	2012	2013	2013	2014	%Chg
Bulk Total	2.0	0.4	0.3	0.2	1.4	0.1	0.1	-7.2
Wheat	2.0	0.0	0.0	0.0	0.9	0.0	0.0	-
Rice	0.0	0.3	0.3	0.2	0.2	0.1	0.1	79.8
Tobacco	0.0	0.0	0.0	0.0	0.1	0.1	0.0	-
Other Bulk Commodities	0.0	0.0	0.0	0.0	0.1	0.0	0.0	-
Intermediate Total	1.0	1.0	1.6	1.6	1.4	0.7	0.7	-2.7
Soybean Oil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Vegetable Oils (ex. soybean)	0.0	0.1	0.2	0.2*	0.1	0.1	0.0	-64.1
Animal Fats	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Hides & Skins	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Hay	0.0	0.0	0.0	0.1*	0.0	0.0	0.0	-
Feeds & Fodders NESOI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.1
Planting Seeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Sugar, Sweeteners, Bev. Bases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Other Intermediate Products	1.0	0.9	1.4	1.2	1.3	0.6	0.6	5.9
Consumer Oriented Total	1.0	1.2	1.0	1.6	1.1	0.5	0.8	48.2
Beef & Beef Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Pork & Pork Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Poultry Meat & Prods. (ex. eggs)	0.0	0.0	0.0	0.4	0.0	0.0	0.0	-
Meat Products NESOI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Dairy Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Processed Fruit	0.0	0.0	0.0	0.0	0.1*	0.1	0.0	-
Processed Vegetables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Fruit & Vegetable Juices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Tree Nuts	1.0	0.5	0.6	0.6	0.4	0.3	0.6	132.7
Chocolate & Cocoa Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Snack Foods NESOI	0.0	0.1	0.0	0.0	0.1	0.1	0.1	26.2
Condiments & Sauces	0.0	0.2*	0.0	0.1	0.1	0.0	0.1	192.4
Prepared Food	0.0	0.2	0.2	0.1	0.1	0.0	0.0	-74.4
Wine & Beer	0.0	0.1	0.1	0.2	0.1	0.0	0.0	12.5
Non-Alcoholic Bev. (ex. juices)	0.0	0.0	0.0	0.0	0.1	0.1	0.0	-
Dog & Cat Food	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Other Consumer Oriented	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Agricultural Related Products	6.0	5.6	5.4	5.5	5.4	1.4	31.9*	2166.9
Distilled Spirits	1.0	1.0	1.3	0.9	1.4*	0.5	0.5	10.1
Ethanol (non-bev.)	0.0*	0.1*	0.0	0.0	0.0	0.0	0.0	-
Biodiesel (B100 equiv.)	0.0	0.0	0.0	0.0	0.0	0.0	30.3*	-
Forest Products	2.0	2.3	2.7	2.2	2.6	0.8	0.7	-10.5
Fish Products	3.0*	2.2	1.4	2.5	1.4	0.2	0.3	103.7
Agricultural Products	5.0	2.6	3.0	3.4	3.9	1.4	1.6	17.3
Agricultural & Related Products	11.0	8.1	8.4	8.9	9.3	2.8	33.4*	1113.2

Prepared By: Global Policy Analysis Division/OGA/FAS/USDA
Source: U.S. Census Bureau Trade Data

* Denote Highest Export Levels Since at Least FY 1970
+Values of $0.05 million or more are rounded to $0.1 million

www.fas.usda.gov/GATS
GATSHelp@fas.usda.gov

Linking U.S. Agriculture FAS to the World

U.S. Imports of Agricultural & Related Products from *Malta*
FY 2009 - 2013 and Year-to-Date Comparisons
(in millions of dollars+)

gats

Import Supplier: *Malta*

	Fiscal Years (Oct-Sept)					October - January Comparisons		
Product	2009	2010	2011	2012	2013	2013	2014	%Chg
Bulk Total	0.0	0.0	0.0	0.0	0.4	0.0	0.0	-
Rubber & Allied Products	0.0	0.0	0.0	0.0	0.4*	0.0	0.0	-
Intermediate Total	1.0*	0.1	0.1	0.0	0.0	0.0	0.0	-
Other Vegetable Oils	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Planting Seeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Sugars, Sweeteners, Bev Bases	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-
Essential Oils	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Other Intermediate Products	1.0*	0.0	0.1	0.0	0.0	0.0	0.0	-
Consumer-Oriented	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1144.5
Snack Foods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	145.1
Wine and Beer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Other Consumer Oriented	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Forest Products	0.0	0.1	0.0	0.0	0.1	0.0	0.0	-6.5
Hardwood Lumber	0.0	0.1*	0.0	0.0	0.0	0.0	0.0	-
Other Value-Added Wood Prod	0.0	0.0	0.0	0.0	0.1	0.0	0.0	-6.5
Seafood Products	1.0	1.9	0.8	0.5	0.2	0.1	0.0	-78.6
Tuna	1.0	1.9	0.8	0.4	0.2	0.1	0.0	-64.0
Other Edible Fish & Seafood	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-
Agricultural Products	1.0*	0.1	0.1	0.1	0.4	0.0	0.0	133.4
Ag, Fish & Forest Prods	2.0	2.1	0.9	0.6	0.7	0.1	0.1	-42.1

Prepared By: Global Policy Analysis Division/OGA/FAS/USDA
Source: U.S. Census Bureau Trade Data

* Denote Highest Import Levels Since at Least FY 1970
+Values of $0.05 million or more are rounded to $0.1 million

www.fas.usda.gov/GATS
GATSHelp@fas.usda.gov

Key USDA-FAS Contacts

FAS Rome, Italy has regional coverage of Malta.

Office of Agricultural Affairs,
American Embassy, Via Veneto 119a
Rome, 00187, Italy

011) (39) 06 4674 2396
(011) (39) 06 4788 7008
agrome@fas.usda.gov
Web page: http://malta.usembassy.gov/com-agricultural.html