

U.S. Country Commercial Guides



MALTA

2020

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Doing Business in Malta

Market Overview

- The Republic of Malta is a small, strategically-located island country 60 miles south of Sicily and 180 miles north of Libya, straddling some of the world's busiest shipping lanes. Malta is a politically stable parliamentary republic with a free press. Maltese and English are the country's official languages. Malta has a reputation for being safe, secure, and welcoming to U.S. investors.
- Malta joined the European Union in 2004, the Schengen visa system in 2007, and the Eurozone in 2008.
- With a population of about 493,500 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 finance, online gaming, and tourism. 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 is a natural hub for companies seeking to do business in Southern Europe and North Africa. Over 31,000 companies in Malta have foreign shareholders and more than 200 international companies have established operations in Malta.
- Commercial/trade relations with the Maltese government are excellent. The EU is Malta's major trading partner; in 2019, the EU accounted for more than half of Malta's imports (65.8 percent) and 44.3 percent of Malta's exports. Trade volume with the United States has been stable in recent years. U.S. exports to Malta in 2019 reached \$201.1 million. Maltese exports to the United States amounted to \$178.2 million. In 2019, the U.S. accounted for 3 percent of Malta's total trade, supplied 4.4 percent of Malta's total imports, and bought 2.3 percent of Malta's total exports.
- Malta traditionally underreports trade of U.S. goods since many products are sourced through European subsidiaries of U.S. companies. The Embassy estimates that one out of every 30 jobs in Malta is linked to a U.S. business, such as a U.S.-based hotel chain or franchise.
- Key items Malta has imported from the United States include fuel and gas, aircraft engines, aircraft parts, machinery parts, parts for gas turbines, motor boats, yachts, navigation instruments, and cereals for the manufacture of bread. Malta exports to the United States include medicines or devices for therapeutic or prophylactic purposes, electronic integrated circuits, switches, automotive semiconductors, video-recording and reproducing equipment, airconditioning machines, and aircraft parts and toys.

Market Challenges

- Malta's location and size have deterred entry for some suppliers.
- Bilateral trade between Malta and the United States has been limited, in part, due to a lack of direct flights or major shipping connections. Though there is a direct shipping connection to Malta for containerized shipments, partial shipments must come through neighboring European ports. Local importers mitigate these difficulties by importing high-value, low-volume items and by acquiring goods from U.S. subsidiaries or associates in Europe and other nearby states.
- Corruption has been at the forefront of Malta's politics and society for the last few years. Transparency International's Corruption Perception Index for 2019 (most recent survey) scored Malta at 50 on a scale of zero (corrupt) to 100 (transparent). A slow judiciary can draw out legal proceedings for years; Malta's struggle to close successful prosecutions makes rule of law a significant concern.
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Market Opportunities

- Prior to COVID-19 Malta was one of the EU's fastest-growing economies, with strong tourism, financial services, online gaming, and telecommunications industries. It had record-low unemployment and moderate wage growth. Malta's GDP in 2019 was \$14.8 billion – with real GDP growth reaching the high rate of 4.4%. The import content of Malta's exports has been steadily declining in the recent past, reflecting the structural shift toward the services sector.

- International rating agencies predicted Malta to be one of the EU's best performers in surviving the economic fall-out following the COVID-19 pandemic.
- Malta is working toward maximizing its potential as a center for international business in the Euro-Med region. Companies increasingly use Malta as a base for operations in North Africa, particularly those from Tunisia and Libya.
- Since 2014, the government has promoted public-private partnerships (PPPs) in the healthcare sector to establish Malta as a Mediterranean health hub for medical tourism and to expand capacity for the domestic market. The government is interested in pursuing new PPP opportunities.
- Major market sectors include: information communications technology (ICT), oil and gas, infrastructure, construction, information handling, pharmaceuticals, medical equipment, automotive components, light engineering, alternative and renewable energy, research and development, franchising, security, environmental waste technology, and agriculture technology including medical marijuana production.
- Services represent the largest and fastest-growing sector of the Maltese economy. Banking, investment, fintech, blockchain and cryptocurrency, artificial intelligence, insurance, communications, software development and online gaming, education, tourism, ship-repair/aircraft servicing, registration of ships and aircrafts, health care services, aviation, logistics, film industry, professional services, and back office operations are the largest service sub-sectors.
- Among agricultural products, the best U.S. potential export produce appears to be grain, particularly red winter and soft wheat.

Market Entry Strategy

- Applying uniform EU standards and certificates makes it easier for U.S. firms with prior experience in Europe to expand their business interests to Malta.
- Most foreign suppliers choose to 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 regional offices in Malta.
- Malta serves as a stepping stone to nearby markets for exporters, and as a test market to launch new products. Companies test the Maltese market to determine customer behavior and patterns on a small scale.
- It is advisable that U.S. companies partner with Maltese companies for public sector procurement to increase their chances of success.
- U.S. firms considering investing in Malta should review the relevant regulations with [Malta Enterprise](#), a quasi-government investment promotion agency.

Leading Sectors for U.S. Exports and Investment

Energy

Overview

The annual consumption of electricity in Malta is on average 2.12 billion kWh, the second lowest final energy consumption per capita across all EU Member States. Despite low consumption rates, the specific characteristics of Malta's energy system and market, such as its small nature, the existence of a single electricity distributor/supplier, the absence of natural gas and district heating and cooling networks, and the small size and number of suppliers and market players limit the range of measures available to meet energy savings obligations. Steep population and GDP growth in recent years has made it difficult to restrain energy consumption. Nevertheless, Malta's efforts in energy efficiency post-2020 will seek to achieve cost efficient energy savings in the relative sectors whilst taking into account the effective potential. Malta will strive to continue decreasing the overall energy intensity of its economy and uphold its obligations under the Energy Efficiency Directive 2012/27/EU of the European Union. Malta's strategy under the energy security dimension will continue to emphasize the government's commitment to achieving greater security of supply through the diversification of energy sources and suppliers and reduce energy import dependency primarily through the deployment of indigenous Renewable Energy Sources (RES). The next step is a \$400 million Malta-Italy gas pipeline, which will replace the permanently moored gas tanker currently supplying the power plant; the government plans to make this operational by 2024. Stretching over a span of 159 km, the pipeline will connect Malta to the European Gas Network Grid. The two landing points will be in Delimara, Malta and Gela, Italy.

The share of renewables in gross final consumption of energy is one of the significant targets set for each EU Member State within the Europe 2020 strategy; Malta's target is set at ten percent. Malta will extend its current support framework for RES until 2030 and launch new initiatives tailored to local specificities to ensure that technically and economically viable indigenous sources of renewable energy may be exploited. 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 nearly all its energy. The government continues to explore additional possibilities for solar power generation and employing other alternative energy sources (see Waste section for related opportunities). U.S. suppliers of renewable solutions may therefore find opportunities in Malta. Further, this gives rise to opportunities for U.S. energy storage technologies and batteries, which assist in flattening the demand curve and smoothing out Malta's energy supply.

Opportunities also exist for U.S. manufactures of green transportation because Malta's clean energy vehicle targets are 20 percent by 2025 and 50 percent by 2030. The Government of Malta has issued schemes aimed at encouraging ownership of electric vehicles, reducing the number of old motor vehicles on the road, and thus reducing emissions.

Web Resources

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

Enemalta Corporation: enemalta.com.mt/

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

Water and Energy Agency: <https://www.energywateragency.gov.mt/>

Agricultural Sector

Overview

Food security is of vital importance to Malta, and Malta's rural development program emphasizes restoring, preserving and enhancing ecosystems; achieving resource efficiency; and improving the competitiveness of the farm sectors.

Malta's accession to the European Union significantly reshaped the agricultural sector in the Maltese Islands. In 2018, the government issued a comprehensive ten-year agriculture policy. The Agricultural Policy for the Maltese Islands 2018-2028 aims to provide a clear direction to all relevant stakeholders, ranging from public entities involved with certification, permitting and decision making to private entities directly involved in the agricultural scenario who intend to invest or diversify their business. Government entities, representatives of the private sector, and the farming community identified a vision for the Maltese agriculture sector and agreed upon the following targets:

- Increasing the competitiveness of active farmers and livestock breeders by focusing on quality and encouraging diversification;
- Facilitating the entry of young farmers by creating a cost-effective agri-business sector;
- Fostering sustainability of farming activities by adapting to the local geo-climatic conditions;
- Ensuring that farmland is managed by genuine farmers for agricultural purposes and related activities.

Opportunities

The Maltese market is an opportunity for U.S. suppliers to sell any U.S. product already exported to the EU. 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.

Urban Agriculture

Opportunities are available to promote U.S. technology and know-how for maximizing agricultural output from minimal land space (e.g., urban agriculture, vertical farming, and hydroponics).

Grains and Timber

Malta uses U.S. red winter wheat and soft wheat to produce 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.

Crop Inventories

Opportunities exist for U.S. firms selling or licensing technologies or services used for tracking and maintaining agriculture products in the supply chain.

Web Resources

U.S. Embassy Valletta: mt.usembassy.gov/business/foreign-agriculture-service/

U.S. Embassy Rome – Foreign Agricultural Service:

it.usembassy.gov/embassy-consulates/rome/sections-offices/foreign-agricultural-service/

Ministry for Agriculture: <https://agriculture.gov.mt/en/Pages/Index.aspx>

Information and Communications Technology (ICT)

Overview

Malta has made great strides in developing an information society. According to the 2020 Digital Economy and Society Index (DESI) published by the European Commission, Malta ranks 5th out of the 28 EU Member States. Malta performs above the EU average in all five dimensions of the index. Malta remains a European leader in the availability of fixed broadband (basic, fast and ultrafast), being the only EU Member State with full coverage of ultrafast networks. It does well in human capital, mainly because it has a large number of ICT graduates. Maltese internet users score particularly well on online consultations and voting. An increasing number of people in Malta use the internet (with a percentage of internet users now in line with the EU average) and engage in a number of activities (scoring very high when it comes to selling online). Maltese businesses rank first on the use of big data. However, Malta scores below average in digital public services. Although it is a leader in the provision of e-government services, the country's performance in digital public services continues to be negatively affected by the low use of e-government services by the public. Low progress on open data policies is another reason Malta falls behind other EU Member States. Malta continues to emphasize the role of digital policies as key to shaping its competitiveness. The National Digital Strategy 2014-2020 is the general framework guiding government action in the digital field. Malta also launched a blockchain strategy and regulatory framework in 2018 (see next section 'Blockchain and Artificial Intelligence' for more information), and several new strategies in 2019: (i) a national strategy on Artificial Intelligence (AI); (ii) a comprehensive 'National eSkills Strategy'; and (iii) 'Mapping Tomorrow', a new strategic plan for the digital transformation of the public administration.

There are considerable ICT investment projects set up in Malta. The Maltese national regulatory authority, MCA, launched a consultation on the new National Broadband Strategy in 2019. The strategy should eventually pave the way for the future of fixed and mobile broadband in Malta that will include the establishment of the 5G 'path-to-deployment'.

Opportunities

Opportunities exist for U.S. suppliers of products and 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, cybersecurity, 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, opportunities for U.S. companies in the ICT training and human resources fields abound.

Malta has a healthy and growing ICT and high-tech industry that generally views expansion into the United States as the next step for growth and accessing the global market. This view provides opportunities for U.S. partners.

Web Resources

Malta Communications Authority: www.mca.org.mt

[Ministry for the Economy, Investment and Small Business: economy.gov.mt/en/Pages/Home.aspx](http://economy.gov.mt/en/Pages/Home.aspx)

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

Blockchain and Artificial Intelligence

Overview

The Government of Malta is promoting Malta as an ideal destination for international companies to test and operate Blockchain technology. Blockchain is a rapidly emerging technology built on the concept of distributed ledger technology (DLT). The Malta Digital Innovation Authority (MDIA) serves as the central regulator for Blockchain technology. The Government of Malta also enacted the Innovative Technology Arrangements and Services Act (ITAS) in 2018 to govern the registration of technology service providers and the certification of software and IT architectures used in designing and delivering DLT contracts. The Maltese government's move to implement Blockchain regulation has created an incentive for companies to establish themselves in Malta, including the world's two largest DLT-based cryptocurrency exchanges, OkEX and Binance. To streamline coordination between the government and future foreign investors, Malta has created a new government agency under the Office of the Prime Minister, titled Tech Malta. Malta's efforts display a willingness to consolidate bureaucracy and facilitate investment opportunities for foreign investors in the Blockchain sector.

Malta is also seeking to transform the potential of Artificial Intelligence (AI) into an economic contributor. For this purpose, the government has established a task force on AI comprised of entrepreneurs, academics, and experts in the field to create a sustainable local engine for growth. In 2019, the Malta.AI Taskforce launched the Malta Ethical AI Framework document for public consultation, which sets out the guiding principles Malta will use to establish ethical and trustworthy AI-related projects. The published framework is based on four key principles: a human-centric approach; respect for all applicable laws and regulations, human rights and democratic values; benefit maximization and risk minimization and prevention; and alignment with emerging international standards and norms around AI ethics. Furthermore, Malta's recently launched its AI strategy aims to set a path for Malta to gain a global strategic competitive advantage in the field. The strategy is built on three pillars: investment, startups, and innovation; public sector adoption; and private sector adoption.

Opportunities

Opportunities exist for U.S. investors and start-ups in the Blockchain field. Malta has introduced various assistance programs for Blockchain start-ups and corporations looking to choose Malta as their operational ecosystem. Malta Enterprise has committed to offering businesses capital investment loan matches at a 1:1

ratio up to €200,000 and also has regressive tax credits for companies based on their Maltese employment numbers. Malta's focus on the Blockchain sector will also increase local demand for specialized staff.

Likewise, opportunities exist for U.S. experts in the field of Artificial Intelligence. Malta requires expert knowledge to analyze the risks of AI without hindering innovation and economic development. As the Artificial Intelligence sector expands, Maltese companies will also need the financial support of U.S. investors.

Web Resources

Malta Digital Innovation Authority: mdia.gov.mt/

[Innovative Technology Arrangements and Services Act](#)

[The Virtual Financial Act \(VFA\)](#)

Malta Financial Services Authority : <https://www.mfsa.com.mt/fintech/>

Malta AI Task Force: malta.ai/

[TechMT: https://tech.mt/](https://tech.mt/)

Aviation

Overview

Malta has witnessed growth in recent years from its expertise as a hub for maritime activity to similar specialization in the aviation industry, which has attracted internationally renowned entities to the island. In 2013, the government inaugurated the Safi Aviation Park, a \$20 million project to allow the aviation and aerospace industry to continue flourishing. As part of its economic development strategy, Malta supports diverse sectors in the aviation industry, including maintenance, repair, and overhaul (MRO) operations; back-office setups; R&D; and the production of aircraft parts. Malta offers an attractive aviation register that includes a solid regulatory framework, including that for Air Operator Certificates, coupled with a pro-business approach.

Malta provides favorable taxation rules for 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 zero tax leakage in Malta when applied to individuals who are 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 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.

Leading Sub-Sectors

The government has incorporated its focus on the aviation industry as part of its national strategy to promote Malta as an aviation one-stop hub/cluster. Recently revamped rules and regulations have introduced several novel concepts that aim to enhance not only aircraft registration, but also other sectors within the industry. In particular, the country has embarked on an ambitious project to establish one of the largest aircraft registers in the world. As of July 2020, Malta had 482 aircraft listed on its register, pursuant to the 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 Act 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. Impacts of the Act 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
- Offering the best environment for aircraft leasing and financing.

Opportunities

Opportunities continue to exist for U.S. firms at all levels of aviation services and support, including MRO operations, aviation software, back-office support and training,

Web Resources

Transport Malta: transport.gov.mt/aviation-502

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

Maritime

Overview

With the strategic location of the island just off of one of the world's busiest shipping lanes 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 protected harbors dotted around the island, the country has updated the quality and level of services to further develop the maritime industry.

The government has committed itself to reinforcing marinas and berthing facilities and to supporting industries that provide direct or indirect services, such as marine supplies and even hospitality facilities, and 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.

The Malta shipping register remains a 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 and in the top 20 white-listed Paris MOU Registries. As the register grew, the government invested in new infrastructure and facilities and qualified shipping agents and professionals offered their services within the well-regulated maritime legal framework. The incentives for using younger vessels and the seriousness with which the flag administration carries 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. This means that detention in ports for breach of international conventions is less likely for ships flying the Maltese flag.

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, who serve on Maltese vessels.

Leading Sub-Sectors

The Mediterranean maritime economy is enjoying an upward trend, with healthy prospects for the future. The ocean-based economy encompasses marine-related industries, natural assets, and marine ecosystem services. All the traditional sectors of the Mediterranean maritime economy have an upward trend and should

continue to increase up to 2030. These areas include alternative energy, aquaculture, marine biotechnology, and maritime transport.

Opportunities

Malta offers significant potential in the broad shipping sector that resides on the island, including opportunities for direct marketing of U.S. shipping-related goods and services to the shipping companies that reside here.

Ship Registration

Transport Malta regulates the registration of a ship under the Maltese flag and accepts vessels owned by Maltese and non-Maltese nationals, including vessels under construction. 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 must obtain a Radio Ship Station license. It is also possible to register vessels in Malta under bareboat charter¹, subject to certain documentary evidence, including 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 entities. 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.

Maltese VAT legislation contains rules that provide an opportunity for a reduction on the VAT impact when vessels are under lease arrangements. These opportunities are only available when a Maltese-registered company owns the yacht 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

¹ A bareboat charter is an arrangement for the hiring of a boat or ship without crew or other administrative assistance. Maltese law allows two scenarios of this type of Malta vessel registration: the bareboat charter registration of foreign ships under the Malta flag and the bareboat charter registration of Malta ships under a foreign flag.

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 several benefits, including tax benefits and VAT exemptions. Registration requires the submission of a number of documents, including a detailed survey specific to this kind of registration. In this instance, the authority issues a provisional license, which it finalizes 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.

Servicing of Oil Rigs

The Maltese government has shown interest in supporting oil rig maintenance. In 2013, the government issued a call for an international expression of interest to convert a redundant shipbuilding facility into an international maritime hub and chose the oil and gas industry for use of the site. The government's vision is that the servicing of oil rigs would attract not only rigs operating in the Mediterranean, but also those in the Atlantic Ocean and West Africa. There is the potential to host training and create an oil-pollution response center, a first of its sort in the Mediterranean, catering to the whole region. Opportunities exist for U.S. suppliers of products and services operating in these sectors.

Technology and Know-How to Combat Beach Erosion

Climate change and rising sea levels have keenly affected Malta. The government is open to proposals to restore natural sandy beach and water levels to protect and preserve the sandy beaches that attract more than two million tourists to the country each year.

Web Resources

Transport Malta: <https://www.transport.gov.mt/maritime-40>

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 accounts for 11 percent of Malta's GDP, and the industry is largely based on the core sectors of asset management, investment funds, insurance, private wealth and corporate services, with the introduction of fintech, including blockchain and e-payments, as well as the aviation, yachting, and maritime services industries. Malta's financial services industry is likely to continue to see growth in fund administration, asset management and asset servicing, and corporate banking as a result of Brexit. 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, among others. Malta hosts more than 665 investment funds that have a combined net asset value of almost \$13.7 billion as of June 2018. 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 sector employs more than 10,000 people.

Malta has developed a comprehensive package of laws that 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 the 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. 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.

Malta is embracing Blockchain technology, including cryptocurrency and other fintech solutions. (see Blockchain and Artificial Intelligence section above). In July 2018, the Maltese Parliament passed three bills into law - the Malta Digital Innovation Authority Act (MDIA Act), the Innovative Technology Arrangements and Services Act (ITAS Act) and the Virtual Financial Assets Act (VFSA). Malta's new regulations offer comprehensive details on the treatment of cryptocurrencies, the launch of initial coin offerings and subsequent treatment of assets offered to investors as well Blockchain/DLT service providers and services that they offer, including the setting up of cryptocurrency exchanges.

Opportunities

Opportunities exist in Blockchain technology, 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.

Resources

Finance Malta: www.financemalta.org ; Malta Financial Services Authority: mfsa.com.mt/

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 began promoting public-private partnerships in the healthcare sector to establish Malta as a Mediterranean hub for medical tourism and to manage part of its public health care system. The government allocates a substantial portion of its budget to health, including investments in healthcare infrastructure.

The Maltese healthcare manufacturing sector currently focuses 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. More than 30 established international brand names operate in Malta, including several U.S. companies. Companies must meet EU requirements for manufacturing practices and most also receive U.S. Food and Drug Administration accreditation.

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.

In 2018, Malta enacted the 'Production of Cannabis for Medicinal and Research Purposes Act', which regulates the cultivation, processing, production, and trade of cannabis for medicinal and research purposes. This new law will allow operators the use of medical marijuana locally to produce and export cannabis to global markets provided that they comply with all necessary regulations including obtaining a letter of intent from Malta Enterprise and a license from the Malta Medical Authority.

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 fully recognizes the research exemption of the Patent Cooperation Treaty and European Patent Convention, by which generic companies can undertake development but not commercialization of drugs prior to patent expiry. Therefore, under the Maltese Patent and Designs Act, 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. Maltese laws incorporate all obligations arising from the Convention, ensuring that property rights registered in Malta automatically extend to the territories of all other signatories.

Opportunities

The Government of Malta is investing heavily to develop the life sciences sector in support of the larger healthcare industry. The Life Sciences Park, a project supported by the government, aims to enable the creation of a research, development, and innovation cluster on the islands. To launch this project, which is managed by Malta Enterprise in collaboration with the University of Malta and Mater Dei (the national hospital), the government invested around \$47 million. It continues to support the project with fiscal and financial incentives and training aids to attract companies that are active within the industry.

The life sciences sector expects to build on anticipated synergies with other sectors, such as information and communications technology (ICT) and health research. There are also incentives for feasibility studies, as well as collaborative research projects under EU programs, including Eureka, Horizon 2020 and subsequent program (LIFE for the period 2021-2027), and Eurostars.

With the legalization of marijuana, there are opportunities for entities to cultivate, import, process, and produce cannabis intended for medical and research purposes under a controlled and supervised environment.

Several large public health sector projects are also in the pipeline. Opportunities exist for equipment manufacturers, pharmaceutical companies, medical service providers, and health care infrastructure developers.

Web Resources

Life Sciences Park: maltalifesciencespark.com/

Medicines Authority: www.medicinesauthority.gov.mt

Waste

Overview

The Maltese Government published a 2014-2020 Waste Management Plan to address the need for better waste management in Malta. Under Malta's plan, it must meet a series of targets to reduce the generation of waste and to increase source separation to promote recycling and reduce landfilling. Malta is obliged to reach the various European Union set targets, and its single waste site has reached its capacity. Under the new EU rules known as circular economy, by 2025, Malta should recycle at least 55 percent of municipal waste from households and businesses. The target for recycling will then rise to 60 percent by 2030 and 65 percent by 2035. It should recycle 65 percent of packaging materials by 2025, and 70 percent by 2030. Separate targets are set for specific packaging materials, such as paper and cardboard, plastics, glass, metal, and wood.

Malta's high population density, limited land space, and lack of economies of scale challenge its ability to achieve the required positive results. Malta is currently one of the highest waste generators in the EU, and the country's current waste strategy requires a radical overhaul. The government announced plans in 2018 to build a new \$185 million waste to energy plant utilizing moving grate combustion and issued a Request for Proposal for a public-private partnership for this plant in Q1 2020. The new plant has a set target of 2023 for completion and should handle 114,000 tons of waste per year (or 40 percent of the waste generated in Malta), with the rest of the waste to be recovered and recycled. The government confirmed its commitment to create different waste streams, such as a bottle return scheme, and impose requirements for recycling at the source for commercial, industrial, and domestic waste, for the remaining 60 percent.

Opportunities

Opportunities exists in Waste to Energy turn-key service; waste disposal equipment; and waste systems improvements; recycling systems, products and services; and landfill cleanups and renewals.

Web Resources

Wasteserv: <https://www.wasteservmalta.com>

Ministry for Sustainable Development, Environment and Climate Change: <https://msdec.gov.mt/>

Customs, Regulations and 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 CAP license. The Ministry for Agriculture, Fisheries and Animal Rights processes and controls these licenses. CAP products of animal or derived from plants may require CITES clearance or Port Health Authority clearance.
- **Trade Services Division (DTI) Licenses:** Importation for any type of product could necessitate the need for a DTI license; normally importers of firearms and nuclear materials require such licenses. The Trade Services Division of the Ministry for the Economy, Investment, and Small Business issues import licenses for quotas.
- **Certificates of Veterinary Clearance (CVC):** Goods such as meat, poultry, milk, eggs, sausage skins, and fishery products must pass veterinary health checks at a Border Inspection Post (BIP) upon arrival in Malta. A 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 latest National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available at:

https://ustr.gov/sites/default/files/2020_National_Trade_Estimate_Report.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 mt.usembassy.gov/business/

Additional information is available from the following sources:

- Malta Ministry for Agriculture, Fisheries and Animal Rights: <https://agrifish.gov.mt/en/Pages/Index.aspx>
- Malta Ministry of Economy, Investment, and Small Business: economy.gov.mt
- Business First: www.businessfirst.com.mt/en
- Malta Commerce Department: www.commerce.gov.mt

Enforcement and Compliance

(202) 482-0063

ECCcommunications@trade.gov

<http://trade.gov/enforcement/>

Import Tariffs

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

The [Import Duties Act](#) lists the rates of duties. The importer also must pay Value Added Tax (VAT), which is up to 18 percent.

For additional information, please consult the [Value Added Tax Act](#) and the VAT Department at: https://cfr.gov.mt/en/vat/general_information/Pages/default.aspx.

When products enter the EU, importers should declare them to customs according to their classification in the Combined Nomenclature (CN). All products entering the EU are classified under a **tariff code** that carries information on:

- duty rates and other levies on imports and exports
- any applicable protective measures (e.g. anti-dumping)
- external trade statistics
- import and export formalities and other non-tariff requirements.

The EU classification system consists of three integrated components. The [Harmonized System](#) (HS) which is a nomenclature developed by the [World Customs Organization \(WCO\)](#) comprising about 5,000 commodity groups, organized in a hierarchical structure by sections, chapters (2 digits), headings (4 digits) and subheadings (6 digits). The [Combined Nomenclature](#) (CN) which adds EU specific codes and information to become the EU's eight-digit coding system (in other words HS codes with further EU specific subdivisions). The CN both serves the EU's **common customs tariff** and provides [statistics for trade](#) inside the EU and between the EU and the rest of the world. The third component is the [Integrated Tariff \(TARIC\)](#) which provides information on **all trade policy and tariff measures** applicable to specific goods in the EU (e.g. temporary suspension of duties, antidumping duties, etc). It comprises the eight-digit code of the combined nomenclature plus two additional digits (TARIC subheadings).

The CN document is updated and published every year, and the latest version can be found on the [European Commission's website](#).

U.S. exporters should consult “The Integrated Tariff of the Community,” referred to as TARIC (Tarif Intégré de la Communauté), to identify the various rules which apply to specific products being imported into the customs territory of the EU.

The TARIC can be searched 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.

Detailed information on customs duties is available [here](#).

Key Link: [TARIC](#)

Import Requirements and Documentation

U.S. companies considering exporting to Malta should consult the European Commission's [helpdesk](#) for information on import restrictions. The TARIC (Tarif Intégré de la Communauté), described above, is also available to help determine if a license is required for a particular product.

Import Documentation

The Single Administrative Document

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

The Summary Declaration is filed by:

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

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

Information on import/export forms is contained in Commission Delegated Regulation (EU) No. [2015/2446](#).

More information on the SAD can be found at:

[Single Administration Document](#)

The EU Customs Union and the Move to Use an Electronic System

The EU customs union, in place since 1968, is a pillar of the EU's single market and vital to the free flow of goods and services across member states. In 2013, the EU adopted The Union Customs Code (UCC) which is the main legal framework for ongoing actions to modernize EU customs. Its substantive provisions went into effect in May 2016. Its goals are to 1) provide a comprehensive framework for customs rules and procedures in the EU customs territory and 2) create a paperless and fully automated customs union system.

A comprehensive framework for customs rules and procedures is needed because while customs rules are the same across the EU, member states' customs authorities have not always applied them in a consistent manner

regarding customs duties and clearance creating fragmentation and additional administrative burdens. The UCC forms the basis for structural and administrative changes to customs policy, procedures, and implementation.

In addition, the UCC mandates a move to an all-electronic customs system. The system consists of 17 separate but interconnected components and was originally due to be in place by the end of 2020. While some systems are currently in place or expected to be in place by the December 2020, due to the complexity of the tasks a number of components are lagging (UCC Electronic Work Programme) and timeframes have been extended for some provisions till 2022 and others till 2025 (see Chapter 1 Article 278 UCC Consolidated Version).

Economic Operator Registration and Identification (EORI)

Since July 1, 2009, all companies established outside of the EU are required to have an EORI number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration and should use this number for their customs clearances. A company should formally request an EORI number from the customs authorities of the specific member state to which the company first exports. Member state customs authorities may request additional documents. Once a company has received an EORI number, it can use it for exports to any of the 27 EU Member States. There is no single format for the EORI number. Once an operator holds an EORI number he or she can request the Authorized Economic Operator (AEO: see below under “MRA”) status, which can give quicker access to certain simplified customs procedures.

More information about the EORI number can be found at [Economic Operator Identification and Registration](#)

U.S. – EU Customs Cooperation: Since 1997, the United States and the EU have had a Customs Mutual Assistance Agreement (CMAA) on customs cooperation for matters relating to the application of customs laws. For additional information, please see [Agreements with the United States](#)

In 2012 the United States and the EU signed a Decision recognizing the compatibility of AEO (Authorized Economic Operator) and C-TPAT (Customs-Trade Partnership Against Terrorism), thereby facilitating faster and more secure trade between U.S. and EU operators. The World Customs Organization (WCO) SAFE Framework of Standards provides the global standard for AEO. AEO certification is issued by a national customs authority and is recognized by all Member States’ customs agencies. As of April 17, 2017, an AEO can consist of two different types of authorization: “customs simplification” or “security and safety.” The former allows for an AEO to benefit from simplification related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter’s trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition. Under the revised Union Customs Code, for an operator to make use of certain customs simplifications, an AEO is mandatory.

The United States and the EU recognize each other’s security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable

treatment will result in lower costs, simplified procedures, and greater predictability for transatlantic business activities. It officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators.

For more information on key EU initiatives and related regulations that ensure that products marketed in the region are safe for the environment and human health (including the two new initiatives: European Green Deal and Circular Economy Action Plan II along with the , EU Battery Directive, Registration, Evaluation and Authorization and Restriction of Chemicals (REACH), Classification, Labelling and Packaging of Hazardous Substances (CLP), Waste Electrical and Electronic Equipment (WEEE) Directive, Restriction on Hazardous Substances in Electrical and Electronic Equipment (RoHS), Cosmetic Regulations and related Agriculture and Fisheries documentation), please refer to “Doing Business in the European Union: 2020 Country Commercial Guide for U.S. Companies,” available from the U.S. Mission to the EU.

Labeling and 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 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. Additional 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 to 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.

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 detailed information on EU labeling and marketing requirements, refer to “Doing Business in the European Union: 2020 Country Commercial Guide for U.S. Companies,” available from the U.S. Mission to the EU.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations

(EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "[Know Your Customer](#)" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

The Temporary Importation (TI) procedure allows duty-free temporary importation of goods or materials into Malta. 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 to display in an exhibition, goods imported for testing, and samples. In most cases, the owner must re-export the goods within the prescribed time limit.

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

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. More specific information on the ATA Carnet Customs procedures can be found here: <https://www.export.gov/article?id=ATA-Carnet>

Prohibited and Restricted Imports

All 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 EU customs territory. 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:

https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/what-is-common-customs-tariff/taric_en

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: customs.gov.mt/

The Union Customs Code (UCC) was adopted in 2013 and its substantive provisions apply from 1 May 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 that 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. In March 2018, the EC published a proposal (EU) No 2018/0040 for a draft regulation amending Regulation (EU) No 952/2013 to prolong the transitional use of means other than the electronic data-processing techniques provided for in the Union Customs Code. The EC continues to evaluate the timeline by which the EU-wide integration of the customs IT system can be implemented. The current deadline of December 2020 may be extended until 2025 ([Proposed Regulation](#)) **Key Link:** [Homepage of Customs and Taxation Union Directorate \(TAXUD\) Website](#)

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation.

Given the magnitude of EU imports every year, it is important that the value of such commerce is accurately measured for the purposes of:

- economic and commercial policy analysis,
- application of commercial policy measures,
- proper collection of import duties and taxes, and
- import and export statistics.

Malta and the EU apply an internationally accepted concept of [customs value](#).

The value of imported goods is one of three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

Key Link: [Customs Procedures](#)

Standards for Trade

Overview

Manufacturers who test and certify products in the United States usually must re-test and re-certify them in the EU due to the EU's different approach to health, safety, and the environment. While harmonization of EU legislation can facilitate access to the EU Single Market, standards could also function as barriers to trade if U.S. standards are different from those of the EU.

Standards

EU standards setting is a process based on consensus that is initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European, or international level. Experts in Technical Committees or Working Groups create standards. Non-governmental organizations, such as environmental and consumer groups, actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies, such as the International Standards Organization (ISO). Three European standards organizations draft EU standards:

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

The European Commission also plays an important role in standardization through its funding of the participation in the process of small- and medium-sized companies and non-governmental organizations, such as environmental and

consumer groups. The Commission 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.

When products are not regulated by specific EU technical legislation, they are subject to the EU's General Product Safety Directive and possible additional national requirements. For more information, go to [NLF](#).

The primary role of the Malta Competition and Consumer Affairs Authority (MCCAA) is to coordinate the application of international standards in Malta and to enforce standards specific to the local market, such as those governing Maltese lace and filigree work.

Key Link: [Standardization Policy](#)

Agricultural Standards

The 2002 EU food law introduced mandatory traceability throughout the feed and food chain as of January 1, 2005. For specific information on agricultural standards and import regulations, please refer to the Foreign Agricultural Service's [website](#).

Testing, Inspection and Certification

Conformity Assessment

The MCCAA oversees conformity assessments in Malta. Manufacturers need conformity assessments to ensure consistency of compliance with standards during all stages, from design to production to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessments, 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 a 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. While CEN offers a certification service known as the "Keymark," neither CENELEC nor ETSI offers conformity assessment services.

Product Certification

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 meet 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 EU product legislation applies to a U.S. product, the U.S. exporter must apply CE marking in order to sell the product in the EU market.

The EU presumes that products manufactured to standards adopted by CEN, CENELEC, or ETSI, and referenced in the Official Journal as harmonized standards conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity, which allows the product 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, and 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.

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

Local newspapers and MCCA's web site publish proposed and final technical regulations (mccaa.org.mt/). The Commission publishes national technical regulations on its website to allow other countries and interested parties to comment (ec.europa.eu/growth/tools-databases/tris/en/).

The EU publishes information about legislation and other information about the adoption or interpretation of laws in its Official Journal (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).

EU Legislation and CE Marking

Many products require the CE Mark before they can be sold in the EU. The CE Mark indicates a product has been assessed by the manufacturer and meets the essential health and safety requirements enshrined in what are commonly considered the CE Mark Directives and Regulations. These directive and regulations are legislative acts adopted by the EU as a whole and consider to be "harmonized," meaning they apply across all EU member states and are mandatory. (Note however member states can have additional requirements in some cases). In order to attest that a product fulfills these harmonized EU essential health and safety requirements and qualifies for the CE Mark, manufacturers must create a technical file which documents how the product meets the directive or regulation requirements (generally through testing, design, and risk assessments). Each CE Mark directive or regulation determines how hazardous the product category is considered. For some less hazardous products, the testing and risk assessment (also called conformity assessment) may be done by the manufacturer themselves. In this case the manufacturer would assemble the

“technical file” which will document how the product meets the essential health and safety requirements of the specific CE Mark directive or regulation. The manufacturer then issues themselves a declaration of conformity (DOC). It is this self-DOC which allows them to then affix the CE Mark to their product. The DOC is self-declared on the product and market surveillance organizations in the EU can and do call upon the manufacturer to produce the technical file that backs up the DOC. Where the product is considered more hazardous, third party testing is mandated, and certificates of conformity are issued by an EU approved third party testing organization called a Notified Body. The [Nando database](#) should be searched for a notify body which can certify specific products. The Blue Guide is an official but non-legal EU document which has an exhaustive discussion of the process and background to understanding compliance with harmonized legislation. Note also that a product cannot be retroactively given a CE Mark DOC whether self-determined or determined through third party testing. The product must be CE Marked before being put or “placed” on the EU market. There is no official process to remedy the lack of a CE Mark once a product enters the EU.

Bear in mind that testing and certification to U.S. standards for the U.S. market is generally not sufficient for exporting to the EU. However, since EU legislation harmonizes mandatory requirements for product safety of CE marked products throughout the European Union, a manufacturer only needs to go through the process of determining compliance once and can then export to all 27 EU member states. With appropriate certification, goods travel freely within the borders of the single market.

Where products are not regulated by specific EU technical legislation (whether CE Marked or not), they are always subject to the EU’s General Product Safety Directive as well as to possible additional national requirements.

CE Marking Step-by-Step

1. Find the applicable directive (legislation)
2. Determine the essential requirements in the directive (usually Annex I)
3. Note the harmonized EU standards
4. Choose the appropriate conformity assessment module as described in the directive’s annexes
5. Locate Notified Bodies (accredited test laboratories) – if required!
6. Create a Technical File and Declaration of Conformity and apply CE marking

Contact the U.S. Commercial Service at the U.S. Mission to the EU for more information or email office.brusselsEC@trade.gov

For an overview of EU product safety

Consider working with consultants.

New requirements for CE marked products:

Going into force on 16 July 2021, the new EU Regulation on Market Surveillance and Product compliance (Regulation (EU) 2019/1020) (commonly called the “Goods Package”) will bring important changes to market surveillance in the EU for more than 70 EU product laws and for product compliance for 20 categories of CE marked products. Some of these changes include reinforced controls at the border, new responsibilities for shipping platforms, new requirements for products sold online, and, most importantly for U.S. exporters, the mandatory appointment of a Responsible Person/Economic Operator based in the EU for certain products covered under Article 4 of the directive. The product categories affected under Article 4 of this directive include most of the CE Marked products. There is no small business, minimum value, or quantity exception for third country products placed on the EU market. Therefore, depending on the guidance to be released, a U.S. exporter would need to have a designated Responsible Person/Economic Operator based in the EU for the sale of even one item into the EU.

The mandatory Responsible Person/Economic Operator will be responsible, at a minimum, for ensuring the availability of the conformity documentation, cooperating with market surveillance authorities, and informing authorities when they have reasons to believe that a product presents a risk. Guidance for the application of Article 4 of the directive is expected to be published in late 2020.

The following CE marked product categories may be placed on the EU market only if a Responsible Person/Economic Operator established in the EU is appointed:

Construction products, Personal Protective Equipment, Machinery, Electrical and Electronic Equipment (‘ROHS, EMC, Low Voltage’), Toys, recreational crafts, radio equipment, energy-related products (‘Ecodesign’), gas appliances, outdoor equipment (‘outdoor noise’), equipment for use in potentially explosive atmospheres (‘ATEX’), pressure equipment, simple pressure vessels, pyrotechnic articles, measuring equipment, non-automatic weighing instruments.

The economic operator or ‘EU Responsible Person’ can be a manufacturer in the EU, the EU importer, an authorized representative appointed by the Manufacturer, or a fulfilment service provider. Whichever the option chosen, the name and address of this EU-based representative must appear on the product or packaging so that customs or market surveillance authorities can have a contact person in the EU in case the product presents a risk. This also applies to products sold on-line. Again, guidelines on the new regulation are expected in the fall 2020.

Please note that currently EU market surveillance authorities are under no legal requirement to notify the U.S. manufacturer or exporter when their product is considered a potential risk. They are required only to notify the EU responsible person or economic operator. Timing to respond to a market surveillance inquiry typically starts when the EU responsible person/economic operator is notified. Thus, it is important that any agreement with the U.S. exporter’s chosen EU responsible person/economic operator specify the timeframe

for notifying the U.S. exporter. Failure to respond in a timely manner can result in a product notification to the EU's product recall system which would preclude that product from the EU market.

Regulation on market surveillance and compliance of products

List of National Authorities Responsible for Product Safety

Safety Gate

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

Members of the World Trade Organization (WTO) such as the EU are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Proposed EU member state technical regulations are published on the Commission's website to allow other countries and interested parties to comment.

Frequently Asked Questions:

- Where do I find EU product legislation?
- Under industry sectors on http://ec.europa.eu/growth/sectors_en
- Where can I find European (EN) standards?

http://ec.europa.eu/growth/single-market/european-standards/harmonised-standards_en
<https://standards.cen.eu/dyn/www/f?p=CENWEB:105::RESET:::>

https://www.cenelec.eu/dyn/www/f?p=104:107:0:::FSP_LANG_ID:25

<https://www.etsi.org/standards/get-standards#Pre-defined%20Collections>

In the event that I need the services of a test laboratory – EU notified body, U.S. based subcontractor or conformity assessment body - where do I obtain a list?

<http://ec.europa.eu/growth/tools-databases/nando/>

<https://www.nist.gov/standardsgov/lists-recognized-us-cabs>

https://2016.export.gov/cemark/eg_main_017274.asp

Want to understand CE marking in more detail? [CE marking guidance booklet](#)

Other Resources

[CEN](#), European Committee for Standardization

[CENELEC](#), European Committee for Electrotechnical Standardization

[ETSI](#), European Telecommunications Standards Institute

[ANSI](#), American National Standards Institute (to search for EN standards in U.S.)

[European Accreditation](#)

[European Union law portal](#)

Contact Information

[U.S. Mission to the EU](#)

Rebecca Balogh, Standards Attaché

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Tel: +32 2 811 42 44

[National Institute of Standard & Technology](#)

Gordon Gillerman Standards Coordination Office 100 Bureau Dr.

Mail Stop 2100

Gaithersburg, Maryland 20899

Tel: (301) 975-4000

[CEN- European Committee for Standardization](#)

Rue de la Science 23

B – 1040 Brussels, Belgium

Tel: 32.2.550.08.11

Fax: 32.2.550.08.19

[CENELEC- European Committee for Electrotechnical Standardization](#)

Rue de la Science 23

B – 1040 Brussels, Belgium

Tel: 32.2.519.68.71

Fax: 32.2.519.69.15

[ETSI- European Telecommunications Standards Institute](#)

Route des Lucioles 650

Sophia Antipolis

F-06560 Valbonne France

Tel: 33.4.92.94.42.00

Fax: 33.4.93.65.47.16

Trade Agreements

For a list of EU trade agreements as well as concise explanations please see [EU Trade Agreements](#).

U.S. – EU Trade Negotiations

In July 2018, President Trump and European Commission President Juncker issued a joint statement in Washington announcing the formation of an Executive Working Group to reduce transatlantic barriers to trade, including the elimination non-auto industrial tariffs and non-tariff barriers. In October 2018, U.S. Trade Representative officially notified Congress that the Administration intended to start negotiations following the completion of necessary domestic procedures. This began a congressionally-mandated 90-day consultation period under [Trade Promotion Authority](#) prior to the launch of negotiations and resulted in the publication of the report “[United States-European Union Negotiations Summary of Specific Negotiating Objectives, January 2019](#)” which lay out the goals and objectives of U.S. negotiations with the EU.

[USTR U.S. – EU Trade Negotiations](#)

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, the responsibility of Member States. Similarly, recognition of skills and qualification earned in third countries is also a national responsibility.

If an individual with a foreign qualification was recognized in a member state and now wants to move to another EU country and has worked for **at least 3 years** in the EU country that has first recognized the qualifications, that individual can apply for professional recognition in another EU country under [the rules that apply to professionals that have received their qualification from an EU country](#).

To prove the necessary experience to exercise a profession, a certificate issued by the EU country that first recognized your qualifications may be needed. This applies to both **EU citizens** and **non-EU citizens**.

However, the European Commission has 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.
- 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. An **understanding of the level, content, and quality** is needed for them to be able to recognise skills and qualifications. 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 identify what the regulated professions are and what document are needed for their recognition in each Member State. Please see: [Recognition of Professional Qualification](#)

Web Resources

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

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

WasteServ Malta: www.wasteservmalta.com

EU websites:

EU websites:

[TARIC](#)

[ECHA](#)

[Taxation and Customs Union](#)

[Electronic Customs Initiative](#)

[Modernized Community Customs Code Regulation](#)

[Legislation related to the Electronic Customs Initiative](#)

[Trade Helpdesk](#)

[What is Customs Valuation?](#)

[Pre-Arrival/Pre-Departure Declarations](#)

[AEO: Authorized Economic Operator](#)

[Contact Information at National Customs Authorities](#)

[New Legislative Framework](#)

[Cenelec, European Committee for Electrotechnical Standardization](#)

[ETSI, European Telecommunications Standards Institute](#)

[CEN, European Committee for Standardization](#)

[Standardisation- Mandates](#)

[ETSI- Portal- E-Standardisation](#)

[CEN- Sector](#)

[CEN- Standard Search](#)

[NANDO \(New Approach Notified and Designated Organizations\) Information System](#)

[European Accreditation](#)

[Eur-Lex- Access to European Union LawStandards References](#)

[What's New?](#)

[National Technical Regulations](#)

[NIST- Notify U.S.](#)

[European Union Eco-Label Homepage](#)

U.S. websites:

[National Trade Estimate Report on Foreign Trade Barriers](#)

[Agricultural Trade Barriers](#)

[Trade Compliance Center](#)

[U.S. Mission to the European Union](#)

Selling US Products and Services

Distribution & Sales Channels

Malta offers a full range of sales and distribution channels from wholesalers selling to traditional shops to more sophisticated methods, including large department stores. Maltese importers still import most items, especially capital equipment and raw materials, through agents and distributors, although some large domestic manufacturing companies import these items directly.

eCommerce

Overview

In 2015, the European Union launched an ambitious overhaul (the so-called Digital Single Market (DSM) Strategy) of policy and legislation relevant to the digital economy . The overhaul aimed to reduce barriers and unlock online opportunities in Europe, from e-commerce to e-government. E-commerce was a priority area, to ensure better access for consumers and businesses to online goods and services across Europe and to remove key differences between the online and offline worlds.

New pieces of legislation have been adopted to facilitate cross-border portability of online content services, increase transparency of cross-border parcel delivery, and update and harmonize contract rules for online sales of goods and supply of digital content and services. For more information: [Digital Single Market](#)

The Electronic Commerce Directive (2000/31/EC) 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, and 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.

Key Link: [eCommerce](#)

Selling Factors & Techniques

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

Trade 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. Before giving credit, U.S. companies should obtain credit background information on the companies involved. The Commercial Section of the U.S. Embassy can provide basic background information. Other sources of information include:

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

The Malta Chamber of SMEs: <http://www.smechamber.mt/>

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

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

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), BNF 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. Businesspersons 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, with built-in controls 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. Some local banks maintain a direct correspondent banking relationships with U.S. banks, including: Bank of Valletta, BNF, HSBC Malta, and MeDirect. Some 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 gaming sector. The few banks that still offer this service have tightened their due diligence processes, resulting in long delays to open accounts.

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.

Patent and trademark in Malta are granted on a first-to-file basis. As such, applicants should consider how to obtain patent and trademark protection before introducing their product(s) or service(s) to the Maltese market.

While the U.S. government stands ready to assist, there is little we can do if the rights holders have not taken fundamental steps necessary to securing and enforcing their IP in a timely fashion. The rights holder should register, protect, and enforce their rights, retaining their own counsel and advisors. A list of local lawyers is available at:

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

Moreover, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be regarded as a substitute for the responsibility of a rights holder to promptly pursue its case.

Companies should consider several general principles for effective management of their intellectual property in any foreign market. For background on these principles, please refer to the following web resources on [Protecting Intellectual Property](#) and [Stopfakes.gov](#).

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

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

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

ITA's Office of Intellectual Property Rights

Director, Stevan Mitchell

Stevan.Mitchell@trade.gov.

Selling to the Public Sector

Malta occasionally borrows from Multilateral Development Banks, such as the European Investment Bank (EIB), to finance some public projects. However, it finances most public projects through local and EU funding and public-private partnerships.

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.

International obligations under the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives govern public procurement in Europe. U.S.-based companies may 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 directives 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, setting Community rules for the procurement of arms, munitions and war material (plus related works and services) for defense purposes, and 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 give the right to the company to build infrastructure (e.g. highways) and operate businesses that would normally fall within the jurisdiction of the public authority.

The EU has “remedies” directives imposing common standards for all EU 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) became mandatory for public contracts since October 2018. Central purchasing bodies also must publish their contracts and tenders and requests for tenders since April 2017.

Electronic invoicing (e-invoicing) was introduced in the third quarter of 2018 in accordance with [Directive 2014/55/EU](#), which makes receipt and processing of electronic invoices in public procurement obligatory. The European Committee for Standardization (CEN) is developing standards for e-invoicing.

There are restrictions on 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 contracts 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 may not 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

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult Advocacy for Foreign Government Contracts for additional information.

Financing of Projects

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 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.

Value Added Tax (VAT)

The EU's VAT system is semi-harmonized. While the guidelines are set out at EU level, the implementation of VAT policy is the prerogative of Member States. The Value Added Tax (VAT) applicable in Malta goes up to 18 percent.

For specific information, please consult the [Value Added Tax Act](#) and the VAT Department at: https://cfr.gov.mt/en/vat/general_information/Pages/default.aspx.

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

As part of the legislative changes of 2015, the Commission launched the Mini One Stop Shop (MOSS) scheme, the use of which is optional. It is meant to facilitate the sales of ESS from taxable to non-taxable persons (B2C) located in Member States in which the sellers do not have an establishment to account for the VAT. In 2021, this service will be extended to cover online sales of goods and services other than ESS. For more information please check [the official guide on MOSS issued by the European Commission](#).

This (optional) plan allows taxable persons (sellers) to avoid registering in each EU Member State of consumption. A taxable person who is registered for the Mini One Stop Shop in a EU Member State (the Member State of Identification) can electronically submit quarterly Mini One Stop Shop VAT returns detailing supplies of ESS or other to non-taxable persons in other EU Member States (the EU Member State(s) of consumption), along with the VAT due. On 12 February 2020, the EU adopted Commission Implementing Regulation (EU) 2020/194 concerning the VAT on e-commerce. The regulation provides the details for the registration in the VAT One Stop Shop, including the Import One Stop Shop, and for the VAT One Stop Shop return.

In addition, in November 2019, the Council adopted new detailed measures that will pave the way for a smooth transition to new VAT rules for e-Commerce, such as:

- Council Directive (EU) 2019/1995 amending Directive 2006/112/EC as regards provisions relating to distance sales of goods and certain domestic supplies of goods.
- Council Implementing Regulation (EU) 2019/2026 amending Implementing Regulation (EU) No 282/2011 as regards supplies of goods or services facilitated by electronic interfaces and the special schemes for taxable persons supplying services to non-taxable persons, making distance sales of goods and certain domestic supplies of goods.

On 8 May 2020, because of the practical difficulties created by the lockdown measures taken to contain the coronavirus pandemic, the Commission proposed to postpone the introduction of new e-commerce VAT rules by six months. Once adopted by the Council, the rules will apply as of 1 July 2021 instead of 1 January 2021, giving Member States and businesses enough time to prepare.

Further information relating to VAT on ESS:

https://ec.europa.eu/taxation_customs/business/vat/telecommunications-broadcasting-electronic-services/

Business Travel

Business Customs

Good business practices applicable in the United States also apply to doing business in Malta. Maltese buyers appreciate quality in products, prompt service and support, and competitive prices. Businesspersons in Malta appreciate prompt replies to their inquiries and expect acknowledgment of all correspondence. Conservative business attire is recommended at all times. Business appointments are required, and punctuality by visitors is expected for meetings. Although Maltese and English are both official languages in Malta, the Maltese conduct virtually all business in English.

Travel Advisory

Current travel advisory information for Malta is available on the Department of State's website at <https://travel.state.gov/content/travel/en/international-travel/International-Travel-Country-Information-Pages/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 [Identity 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:

1. The visit is less than 90 days;
2. The visit is for tourism or business;
3. The traveler holds a valid [biometric passport](#);
4. 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;
5. The traveler has a valid return ticket; and
6. 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. 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: <https://travel.state.gov/content/travel/en/us-visas.html>

Consular/Visa Section, U.S. Embassy, Valletta, Malta: <https://mt.usembassy.gov/visas/>

Currency

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

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.