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Malta and EU Membership: Overcoming ‘Vulnerabilities’, Strengthening ‘Resilience’

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ABSTRACT Malta, a very small state, a micro–state, has never resigned itself to smallness. The nature of such states’ vulnerability is seen as both inherent and contingent. Micro states can by following prudent domestic policies and by strategically positioning themselves in the regional and global system, strengthen their resilience to both these types of vulnerability. This article outlines how the EU may ‘enlarge’ such states in both economic and security–political terms. It offers such states increased opportunities for dealing with the social, economic, environmental and security challenges which they face thus helping them to reduce their vulnerabilities while increasing their resilience to exogenous and endogenous shocks.

KEY WORDS: States’ size, European Union, micro–states, small states, Malta, vulnerability, resilience

Introduction

This article focuses on how European small states and, more especially, micro–states, can address the vulnerabilities that arise from their size. Malta — the smallest state in the EU–25, with a population of 0.38 million — provides the main empirical base of the article.

The principal way in which small European states can compensate for their size is by following sound policies and by strategically positioning themselves in the European and, more broadly, the global system. EU membership offers a particularly attractive range of possibilities: more secure access to markets, reliable sources of supply, participation in decision–making institutions, a more effective role in the management of external affairs, and enhancement of opportunities to deal with fundamental social, economic, environmental and security challenges.

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The approach taken in this article involves using the framework of analysis developed in analysing the behaviour of small states in international affairs and applying it to small states in the European Union. However, the analysis recognises that, in the EU, state and non-state and supranational and sub-national actors interact in such a unique manner as to make a purely international relations approach insufficient to capture the essential dynamics of small or micro states in the Union.

‘Vulnerability’ and ‘Resilience’

The past decade has witnessed a renewed interest and an expanding volume of literature on small states in world affairs and on small states in the EU. The literature on small states and the EU divides into two main bodies. One focuses on the behaviour of small states in the Union’s institutions, their power and influence, and the impact of the growth in the number of small member states on the efficiency and effectiveness of the EU’s decision-making institutions (see, for example: Archer & Nugent 2002; Magnette & Nicolaïdis 2003). The other body of literature takes a comparative politics approach and analyses the process of European integration from a particular small state’s perspective (see, for example: Pace 2001; Thorhallsson 2004; Stefanou 2005).

Outside the EU small states literature, the Commonwealth Secretariat has long sponsored useful work on small states, which has in turn filtered through to the UN and its agencies (see the Commonwealth Secretariat reports of 1985, 1990 and 1997). This work, which has been taken up by many engaged in small states studies, evolved from an initial emphasis on ‘viability’ to one focused more on ‘vulnerability’. At the heart of the vulnerability approach lies a simple observation: the success of some small states — such as Luxembourg and Singapore with their high gross domestic product (GDP) *per capita* — actually masks considerable vulnerabilities arising from their smallness.

In considering the vulnerabilities to which small states may be subject, a distinction must be made between *inherent* vulnerability, which is relatively fixed, and *contingent* or self-inflicted vulnerability resulting from wrong policy choices and policy failures. Factors determining inherent vulnerabilities include location, geo-strategic importance, dependence on key imports (especially food and energy), population density, and economic specialisation and diversification. Contingent vulnerabilities normally result from bad governance.

Although ‘vulnerability’ is thus multi-dimensional, most of the analysis of small states’ vulnerabilities tends to be concentrated on economic and security aspects. So, for example, since 1992, pioneering work by Lino Briguglio on the concept of economic vulnerability has led to the construction of ‘vulnerability indices’ which demonstrate that, while all states are vulnerable to a certain degree, small states tend to be particularly so because of their smallness (Briguglio & Kisanga 2004). Small island states can exhibit additional vulnerabilities in comparison with small land states because of such

factors as remoteness from economic centres and proneness to experiencing climatic (hurricanes and typhoons) and geological (volcanic eruptions) extremes.

As for the political and security aspects of vulnerability, UN resolutions have long pointed out that “small states may be particularly vulnerable to external threats and acts of interference in their internal affairs” (UN 1989). Many of the salient works of the 1950s right up to the 1990s, no doubt influenced by the Cold War research agenda and the decolonisation process, focused almost exclusively on the security problems of small or weak states and their relations to the super powers (e.g., Baker Fox 1959; Handel 1990; Rothstein 1968, 1977; Vital 1967, 1971). The end of the Cold War did not sound the death knell to this interest. Indeed, the newer security concerns of small states feature prominently in the Commonwealth Secretariat reports. Of course, the nature of the security threat faced by micro-states varies according to a range of factors, with island, especially archipelagic island, states having a particular problem because of the territorial sea that surrounds them. For example, Malta’s territorial sea is thirteen times its land mass. Such territorial size combined with a small population is inversely proportional to security: micro-states in such a situation lack the resources needed to effectively manage, control and exploit the resources of huge ocean territories. In consequence, their external security dependence tends to increase.

Since the early 1990s, the focus on the vulnerabilities of small states has been joined by increased attention to their ‘resilience’. Small states are not helpless in the sense that they can only look to external aid to rescue them from their disabilities. Rather, there is usually much they can also do to help themselves: by building up their resilience to shock. Ways in which Malta has done this will be explored later in the paper.

European and EU Micro-states

There is no single generally accepted definition in the literature of what constitutes a small or a micro-state (see Croward 2002). For working purposes here, EU member states with a population of around 11 million or less will be classified as small. Within this group, the five states that have populations between 0.4 and 2 million — namely Slovenia, Estonia, Cyprus, Luxembourg and Malta — will be classified as micro. These micro-states — key features of which are set out in Table 1 — are very different in character from Europe’s ‘micro-micro-states’ or ‘city-states’ (comprising San Marino, the Vatican, Monaco, Liechtenstein and Andorra): most particularly in that they are both larger and more independent.

The European micro-states differ among themselves in many ways, as Table 1 helps to show. Included amongst the differences are population sizes, territorial areas and economic indicators. A particularly important difference not listed in Table 1 is the contrast in physical locations, Luxembourg and Slovenia being close to the economic heartland of Europe while Estonia, Cyprus and Malta lie at the periphery, and Cyprus and Malta being island-states whilst the other three are land states.

Table 1. Main Characteristics of the Micro-states of Europe

Country	Population 2004 (millions)	Area km ²	GDP <i>per capita</i> in PPS (EU-25 = 100) 2000–2002 average	GDP <i>per capita</i> ranking EU-25	Trade with EU-25 as percentage of total trade (X + M)*
Slovenia	1.99	20,151	74.4	18	72
Estonia	1.4	45,226	45	22	74
Cyprus	0.72	9,259	85.8	14	57
Luxembourg	0.45	2,486	214.8	1	83
Malta	0.4	316	75.9	16	59
Total	4.96	77,438	n/a	n/a	n/a
EU-25	456.5	3,991,539	100	n/a	n/a
Iceland	0.29	103,000	119	6	62

Source: Eurostat News Release 13/2005, 25.01.2005 for GDP per capita in PPS; for Iceland Eurostat News Release 145/2004, 03.12.2004; Population, Eurostat News Release 105/2004, 31.08.2004; Iceland share of EU trade estimate from figures published by the Central Bank of Iceland; n/a = not available. *X (exports) and M (imports).

On the question of security, which is a major problem for all small states, the European micro-states vary in key respects. When facing up to their 'hard core' security challenges, they have adopted different approaches, influenced by their unique historical experiences. Luxembourg, Slovenia and Estonia have joined the North Atlantic Treaty Organisation (NATO); Cyprus and Malta have not. Malta has adopted neutrality and enshrined it in its Constitution, while Cyprus was a co-founder of the now defunct Non-Aligned Movement (NAM). The micro-states also confront a different set of security challenges: Slovenia faces the instability, perhaps subsiding, of the Balkans; Estonia looks with concern at the turbulence generated in neighbouring Russia, which it views with suspicion; Cyprus and Malta are affected by the instability generated by the Middle East conflict; and Cyprus grapples with the problem of the forcible division of its territory caused by the Turkish occupation. Additionally, some of the European micro-states also face 'soft security' threats, such as illegal immigration, resulting from their peripheral location and the fact that they constitute the EU's outer frontier.

Countering Vulnerabilities and Strengthening Resilience

How can European micro-states overcome their inherent and contingent vulnerabilities and strengthen their resilience? The European micro-states' choice is influenced by political, economic and security considerations (Nugent 2003). The truism is that, without access to the EU market, and in the absence of alternative proximate markets, the micro-states of Europe cannot survive. By integrating with the EU, small states seek to 'enlarge themselves'. Alberto Alesina and Enrico Spolaore point out that, while the

political size of a state may be small, its market size may grow larger the more it integrates in the world economy (Alesina 2003, 82–83).

The EU offers micro–states the significant advantages of a large market and macro–economic stability (which increases resilience to external shocks), while at the same time serving as a gateway to the world economy. The political costs of integrating with the EU are small for, despite the strong perceptions to the contrary, EU membership does not put the small states' identity at risk, since the EU is based on the same political and economic liberal values which they espouse and is committed to safeguarding the identity of its member states (Treaty on European Union, Article 6). Furthermore, small and weak states on their own must still adjust to globalisation, but in regional organisations such as the EU a group of states can reach a sufficient 'critical mass' to be able to exercise some control with regard to global corporations and other mobile entities (Keohane & Nye 2001, 260). Beyond economics, other advantages of EU membership for micro–states include an extension of their diplomatic reach and more effective participation in multi-lateral and global affairs.

The advantages of EU membership for micro–states become clear when compared with the position of non–EU small states like Iceland and Norway, which criticise the EU for its lack of consultation on new European Economic Area (EEA) legislation that they have to implement. For this reason, non–EU small states have called for an upgrading of the EEA since it constrains their sovereignty (Claes & Fossum 2002; Magnússon 2003 — the latter author is Iceland's Minister of Social Affairs). The history of the European micro–states shows, with few exceptions, that from the early stages of the European integration process or alternatively from the very first years of their independence, they have generally sought to integrate closely with the EU:

- Luxembourg is an EU founding state.
- Malta showed interest in EEC membership in 1962 when it was just beginning to negotiate its independence from Britain.
- Cyprus's first approach to the EEC was in 1962. Cyprus and Malta approached the EEC separately in the late 1960s to negotiate a trade agreement with it. An association agreement with Malta entered into effect in 1971 and with Cyprus in 1972.
- Many of the states which became independent following the demise of the Soviet system and Yugoslavia, including Slovenia and the Baltic states, initially concluded 'Europe Agreements' with the EU and then joined it.
- The 'micro–micro–states' (the Vatican, Andorra, Monaco, San Marino) are in economic and monetary union with the EU; Iceland and Liechtenstein form part of the EEA.

There is no doubt that the EU thus exercises a 'gravitational' pull on Europe's micro–states.

What conclusions can we draw from this? First, that EU membership helps micro–states to strengthen their economic security by giving them a wider and more secure market access without which economic activity would be

impossible. Second, that the EU is also a ‘security community’ of democratic states committed to upholding international norms which make the world safer for small states. These characteristics of the EU were strengthened further by the provisions of the Constitutional Treaty, particularly by way of its solidarity clause and mutual defence provisions.

But while integration with the EU provides micro-states with more opportunities to help them overcome their vulnerabilities and strengthen their resilience, the successful employment of these opportunities depends on the micro-state itself. Table 2 shows how the main EU policies or ‘actions’ can help micro-states overcome their vulnerabilities. These vulnerabilities are grouped under six main headings: economic, political, security, social cohesion, the environment and innovation. Innovation is included on the assumption that a state which fails to join the innovation mainstream loses its competitiveness in the global economy and its vulnerabilities increase. The ‘inherent’ vulnerabilities of micro-states — immutable in the long term — can be mitigated if the states strengthen their resilience by prudent policies of ‘storing’ resources to meet future contingencies. The non-inherent vulnerabilities depend largely on policy choices or good governance.

Employing Briguglio’s metaphorical description, a micro-state can either be “self-made” or a “prodigal son”. The former involves consistently pursuing policies that address inherent and non-inherent vulnerabilities and thus increase resilience to shocks. The latter involves assuming an attitude whereby the need to strengthen resilience is neglected — which contributes to augmenting vulnerabilities. It is argued here that, by integrating closer with the EU, European micro-states are practising prudent resilience-building policies with a relatively lesser risk of losing political identity. The level of integration that small and micro-states have chosen has varied, with some opting for membership (the Baltic States, Luxembourg, Slovenia, Cyprus and Malta) and others (Iceland, Norway and Switzerland) preferring a very close relationship falling just short of membership. Of this latter group, Iceland, for example, has wanted wider market access for its output while continuing to safeguard its important fisheries industry through the EEA route.

Working Inside the EU

It is often argued that the position of micro-states in the EU is weak (Moravcsik 1999). The micro-states’ own self-perception is also usually one of weakness but this does not mean that they are necessarily ‘resigned to their fate’. The discussion in this section shows how micro-states can fend for themselves in the EU institutions and can use their EU membership to reduce their vulnerabilities and strengthen their resilience.

EU–Malta Negotiations

The EU–Malta membership negotiations demonstrate some salient points on how micro-states can possibly overcome power asymmetries in negotiations, both before and after becoming EU members. They are useful for

Table 2. Malta and EU Membership: Addressing Inherent and Contingent Vulnerabilities

Inherent Vulnerabilities	EU Policy/Action	Action by or in Malta	Contingent Vulnerabilities	EU Policy/Action	Action by or in Malta
ECONOMIC					
Restricted market size	Free access to internal market and through EU to the global economy	Removed residual protectionist measures on membership	Macro-economic stability	Stability and Growth Pact/EMU	Joined ERM II on 29.04.05
Economic specialisation			Micro-economic efficiency	SME programmes and measures	Participates fully in EU programmes
Openness		Strengthening resilience by good governance	Regulatory framework	Adoption of the <i>acquis</i>	Set up regulatory authorities
POLITICAL			Good governance	Condition for accession	Implemented
			Democracy and rule of law	Condition for accession	Implemented
			Political polarisation/confrontational		More national convergence on EU membership
			Activism of NGOs/civil society	Direct lobbying/participation in the EU institutions/programmes	NGOs and civil society more vocal at national level
SECURITY			Soft security threats — general	Information sharing and co-operation	Fully participates in the EU structures
Weak Power	CFSP and ESDP	Full-participation Declaration 35 on Malta's neutrality — Act of Accession	Terrorism		
Limited diplomatic reach					

Table 2. (Continued)

Inherent Vulnerabilities	EU Policy/Action	Action by or in Malta	Contingent Vulnerabilities	EU Policy/Action	Action by or in Malta
External dependence			Illegal immigration	Weak co-operation	National policies and bilateral relations
Geo-strategic location	Euro-Med Partnership/Neighbourhood Policy	Full participation			
Influence in world affairs	EU external relations	Full participation			
Weak information sources	EU institutions	Full participation and improved national sources			
Problems of insularity and double insularity facing the island of Gozo	Regional and cohesion policies	Declaration 36 to Act of Accession on Gozo and special concessions in inter-island transport	Health, income distribution, education, gender equality and non-discrimination	Structural and Cohesion funds	Malta and Gozo treated as Objective One regions — including for the next programming period 2007–2013
			Free movement of workers	Full free movement in the EU	Full free movement for Maltese/restrictions on incoming in Act of Accession
			VAT on food and pharmaceuticals	VI VAT Directive	0% VAT on food and pharmaceuticals until 2010, provided all member states have removed them by then

**SOCIAL
COHESION
AND
IDENTITY**

Table 2. (Continued)

Inherent Vulnerabilities	EU Policy/Action	Action by or in Malta	Contingent Vulnerabilities	EU Policy/Action	Action by or in Malta
			Restructuring of ship building and ship repair Secondary property rights by non-Maltese	Competition Rules	Transition to remove state aid until 2008 Protocol 6 allows Malta to maintain restrictions
IDENTITY					
Maltese language Cultural identity/ Religious freedom		Official EU language Protocol 7 Act of Accession: Maltese law shall prevail on abortion			
	No crucial EU competencies in this area				
ENVIRONMENT					
Agriculture – limitations and small size Fishing resources conservation	Common Agricultural Policy Common Fisheries Policy	Special programme – state aid permitted – whole of Malta LFA Maintaining a 25 nautical mile fishing zone	Global warming General environmental protection (water, air...)	EU signatory of Kyoto Protocol EU regulatory framework	Malta signed Kyoto Protocol and obliged to implement Malta is actively adopting with transition periods
INNOVATION					
Lack of critical mass in R&D	EU R&D Framework Programs	National research networks participate in EU programmes			

demonstrating post-membership possibilities because within EU institutions micro-states are often involved in similar negotiations to achieve national goals. It is further argued that it is only if they can navigate sufficiently freely within the institutions that EU membership enables them to reduce their vulnerabilities and augment their resilience.

Within a norm-based EU, the influence which a micro-state exercises depends on its ability to present a strong case in favour of its demands that respect these norms. It must also show that the costs of the concessions requested are negligible and unimportant for the Union — though they are salient for the micro-state. Thus the handicap of small size can be and must be transformed into a negotiating advantage. The EU–Malta negotiations show that ‘presenting a strong case’ in favour of concessions requires a deep knowledge of EU policies, the *acquis* and its underlying principles, in addition to an equally strong knowledge of the national sector on which the country is negotiating. This can be achieved by building national information sources and by maintaining a strong link with the sector’s national representatives (trade unions, producers’ associations and non-governmental organisations (NGOs)) which, in a small state, is easier to achieve because of the lighter, and less layered, political and administrative systems.

During the accession negotiations the Maltese government maintained close and regular exchanges of views with sectoral representatives on crucial issues. The government also maintained a strong link with the public at large since the final membership accord had to be approved by the people in a referendum. Hence, the Malta–EU Information Centre (MIC) was set up to disseminate information to the public. Sectoral and public feedback was received through the discussions in the Malta–EU Action and Steering Committee (MEUSAC) chaired by the Minister of Foreign Affairs, in which practically all NGOs and sectoral representatives participated. MEUSAC had the task of preparing Malta’s position papers for the negotiations.

To tackle Malta’s lack of information during negotiations, the European Commission’s own information sources and expertise were also useful, as was an ‘informal alliance’ with two large member states — the UK and, to a lesser extent, Italy. The political ‘costs’ associated with such alliances are that the member state offering such help may require the micro-state’s support in the institutions at a later stage. However, it may also give rise to a more enduring relationship characterised by additional collaborative opportunities of mutual benefit.

States are sensitive of their identity, but this sensitivity becomes more acute the smaller the state is, particularly if it has a colonial past and a history of foreign domination. In Malta’s case, the most important identity-related pre-membership ‘red lines’ concerned the acceptance of the Maltese language — which is a unique Semetic language descended from Medieval Arabic — as an official EU language and the recognition of the island’s predominantly Catholic identity. The latter resulted in a protocol attached to the Act of Accession maintaining Malta’s absolute sovereignty on abortion.

Comparing the number of transitional arrangements and derogations secured by the ten new member states in the negotiations, Malta secured the

largest number (72), the longest transitional arrangements, and some highly important permanent derogations — notably on the acquisition of secondary residencies by EU nationals, restrictions on the free movement of persons and the management of a fishing conservation zone. Key points ‘conceded’ to Malta in the negotiations are outlined in Appendix 1. The justification for many of the concessions that were made — such as the restrictions on the purchase of property and on the free movement of persons, and the special treatment given to the island of Gozo — was Malta’s small size. Some concessions, however, were linked to, or, in a few cases, were largely a result of, other factors. For example: environmental, conservation and economic arguments all fed into the fishing zone agreement; the declaration on Malta’s neutrality was linked to the manner in which Malta sees itself in world affairs and the need to maintain the national consensus on this issue; the transitional arrangements on the dock yards was driven by a mixture of economic goals and a need to mitigate the negative social implications of unemployment.

As a result of the concessions secured by Malta in the negotiations, the opportunities for Malta — both economic and non-economic — increase, which help it to cope much better with resilience-building.

The Advantages and Constraints of Participating in the EU Institutions

The costs and benefits of EU membership for a micro-state can best be compared by reference to the next best alternative. In Malta’s case this is a free trade agreement with the EU within the Euro-Mediterranean Partnership. By participating in the EU institutions Malta can influence the policies and decisions which affect it and thus strengthen its resilience. It can put across its views directly during EU processes, it has direct access to EU services and it operates in a richer information environment. In addition, it gains some influence in the EU’s external policies, particularly in the Common Foreign and Security Policy (CFSP) that are crucial for its security and economic stability. Since decisions in the CFSP are based on unanimity, the micro-state’s influence is stronger. Thus, for example, by joining the EU, Malta enjoys more influence in the Euro-Mediterranean Partnership than would have been the case if it had stayed out. This helps Malta to be more effective in dealing with the external environment and in mitigating exogenous shocks emanating from the region.

The voting power of micro-states in the EU is small but still disproportional to their population size following the principle of *degressive* proportionality. In the Council, the micro-state faces three types of votes: a simple majority, which is used for procedural decisions; qualified majority (QMV), employed in many decisions concerning the internal market, economic affairs and trade; and unanimity which is employed in foreign policy, defence, judicial and police cooperation, and taxation. The small state exercises most influence when matters are decided unanimously. In QMV the threshold is set at 232 votes out of 321 (72.27 per cent) with Malta having three votes. A decision taken by QMV also requires a favourable vote from the majority of member states and a member state may also request verification that the

qualified majority includes at least 62 per cent of the Union's total population. Should this not be the case, the decision will not be adopted. In CFSP matters, every state has the right to constructive abstention.

However, participation in EU processes involves availability and use of resources, which is a problem for micro-states. This is no more clearly demonstrated than in the extensive committee systems that are associated with EU law-making. The system traverses three main levels: at the Commission level, when laws are drafted, much work is carried out by advisory and scientific committees and expert groups, of which there are around 700; the proposal then moves to the adoption phase in Council, where around 250 working groups of governmental representatives play a key role; and lastly, at the implementation phase, numerous 'comitology' committees assist the Commission in implementing EU legislation. These are chaired by a representative of the Commission and include representatives of the member states. The EU's committee structure thus confronts the micro-state with the daunting task of maintaining contact with an vast array of committees, estimated to number in the region of 1,500 (Gueguen & Rosberg 2004).

Indeed, when an EU legislative proposal which is salient to its interests can be followed from the early stages, the small state can better influence it by taking action at a lower, less formal level before the proposal reaches Council. The vast array of working groups involved may mean, however, that the small state's resources may be insufficient to cope. In addition there is a 'learning curve' which has to be traversed before the small state attains the optimal level of performance. Malta's Permanent Representative in Brussels claims that one year on, Malta has not yet reached the optimum level of activity required to keep up with the demands of the working groups. He passed a similar judgement on the national structures established to deal with 'pipeline *acquis*', including the Standing Committee on Foreign and European Affairs in Malta's House of Representatives, which he claims need to act faster on EU draft legislation (*The Times of Malta*, 30.04.2005). Notwithstanding these criticisms, however, in 2004 the Foreign Affairs Committee met twenty times, as compared to an average 6.7 meetings per year for the period 1995–2003. It is thus clear that, unless a micro-state can increase its efficiency, its ability to use the institutional opportunities open to it to strengthen its resilience may be impaired.

Also important in enhancing national resilience are Members of the European Parliament (MEPs), since they have many opportunities to promote and defend national goals in the EP's committees, where EU policies and legislation are considered. In an attempt to improve the effectiveness of Malta's input, the Maltese MEPs participate in the work of the House of Representative's Standing Committee on Foreign and European Affairs. But since the MEPs come from different political groupings, and given the strong confrontational nature of Maltese politics, it is very difficult to link all five of them in a common effort within the EP.

A micro-state's performance in the EU institutions thus cannot be fully appraised by relying on a 'static' analysis based on its position within the

institutions as indicated in the treaties. Attention needs to be paid to the manner in which micro-states navigate within the working groups and committees, the manner in which they manage their human resources, the quality of communications between the country's representatives within the EU institutions and the national government (both ministries and the Permanent Representative in Brussels), and the quality of leadership involved as well as political cohesion. Political convergence on EU matters at national level helps the micro-state better deploy its limited resources in the Union in pursuance of national goals. By working effectively from inside the EU institutions, a micro-state is better placed to successfully carry out policies which help it overcome its vulnerabilities and strengthen its resilience.

EU Membership and Strengthening Resilience

The prospect of EU membership had polarised an already politically confrontational Maltese society (Cini 2002; Pace 2002). Amongst the consequences of this were a negative effect on the investment climate and economic growth — for example, four of Malta's leading businessmen, interviewed in December 2002, claimed that uncertainty over the membership issue was retarding investment decisions (*The Malta Financial and Business Times*, 04.12.2002). Hence it is clear that political convergence on EU membership can be considered as a resilience-building step because it encourages confidence among economic decision-makers and encourages a common national effort in facing to EU challenges.

Maltese membership has promoted political convergence, which is most notably evident in the new, more pragmatic approach gradually adopted by the Malta Labour Party (MLP), which had long opposed EU accession (Cini 2003; Pace 2004). This has reflected a general trend towards national convergence on EU membership among political elites. Public opinion, however, has not completely followed the politicians' lead, as a *Sunday Times of Malta* opinion poll, held one year after membership, indicated only 65 per cent of Maltese spontaneously recognised something positive resulting from membership and only 52.7 per cent thought it was the best long-term option for Malta (*The Sunday Times of Malta* 01.05.2005).

One reason why the public may still be hesitant on membership is that the economic difficulties which result from the implementation of the long-delayed economic restructuring process are often conflated with the effects of EU membership. Economic restructuring is being carried out in line with the *Convergence Programme 2004–2007*, published by the government in May 2004, in conformity with the EU's Stability and Growth Pact. On 29 April 2005, Malta took the first step towards joining the single currency when it joined the Exchange Rate Mechanism (ERM) II, citing among the advantages the fact that 70 per cent of Malta's trade is with the EU while 54 per cent is with the eurozone countries (Department of Information 2005). The authorities also claim that the introduction of the euro increases price transparency enhances Malta's attractiveness to foreign direct investment and maintains price stability.

In preparation for the introduction of the euro, Malta has to achieve a number of macroeconomic targets, which should enhance its resilience. In 2003, the government deficit stood at 9.7 per cent of GDP and the national debt stood at 72 per cent of GDP. But government spending was drastically reduced in 2004 and continues to decline. The fiscal deficit is to be reduced to 3 per cent of GDP by 2006 and public debt is planned to be 70 per cent of GDP by the end of 2007 (Malta Government 2004). Cost-cutting exercises are being implemented across state-owned enterprises, among them the national airline, AirMalta, the Public Broadcasting Corporation and Gozo Channel, which operates the maritime link between the island of Gozo and Malta. Parallel to this, other corporations owned by the state are being restructured and/or privatised. Pension systems, social welfare, the health and educational sectors, the management of the sea ports and public transport are also being reformed in order to strengthen them financially. By strengthening public finances and reducing public debt Malta is not only complying with the requirements of European Monetary Union but it is also strengthening its resilience to external shocks.

A similar argument can be applied to the policies pursued within the environmental sector, particularly in the crucial area of urban waste recycling (WasteServ Report 2004). The environmental regulatory framework has been reinforced since Malta joined the EU and this is also important in the context of resilience-building since it serves the purpose of sustainable development, enhances welfare and positively affects the tourist sector, which accounts for around a fifth of GDP.

The application of the *acquis* has also led to the establishment of independent regulatory authorities to ensure the implementation of EU laws in such vital sectors as telecommunications, product standards, the environment, transport and competition. In the initial phase, these authorities suffered from a lack of capacity to achieve their aims and presented new challenges to the ability of Maltese political institutions to construct and oversee them effectively. However, their development under EU requirements is strengthening good governance.

In addition to the activities of politicians and public officials, a rising Maltese activism on the part of focused sectoral interests and associations of civil society is also helping to improve governance and hence Malta's resilience. Many Maltese NGOs have developed links, both in the run-up to membership and after, with their European counterparts: trade unions, for example, are part of the European Trade Union Congress (ETUC) while business organisations, such as the Malta Federation of Industries and the Malta Chamber of Commerce, are members of their respective European organisations and have also established a Business Bureau in Brussels. NGOs have, furthermore, become increasingly aware of the fact that to achieve their aims they do not necessarily need to lobby compatriots in the institutions: in March 2005, for instance, following a report by the UK Royal Society for the Protection of Birds on hunting in Malta, Maltese conservationists lobbied Robert Evans, a UK Socialist MEP, who then raised the issue in the EP.

Maltese NGOs are thus being ‘Europeanised’. Another example of how the Maltese political system as a whole is being Europeanised is at the level of local government, where local councils are increasingly communicating directly with ‘Brussels’ on issues that are of concern to them. For instance, a local council attempted to persuade the Commission to freeze EU funds for a waste recycling plant because the council disagrees with its location.

The media are also contributing to Europeanisation by feeding the European dimension into the domestic political domain. In so doing, the media are contributing to a raising of public awareness of the role and significance of the EU, which can help to boost good governance and, in turn, to strengthen resilience.

Conclusion — Resilience Building

This article has centred on small states’, and more especially micro–states’, vulnerability and resilience. It has been shown that micro–states have inherent and contingent vulnerabilities but that they can address these by following policies aimed at building their resilience and by positioning themselves strategically in the international global system.

Virtually all European micro–states have either joined the EU or are linked to it by the strong integrative relationship of the EEA. Whilst EU membership does not completely satisfy the security concerns of micro–state — using security in its broader meaning — they do provide a valuable response to the most salient concerns.

EU membership has led Malta to tackle its macro–economic fundamentals, restructure its economy, strengthen internal competition through liberalisation, increase efficiency through privatisation, protect its citizens by tightening environmental regulation and management, and open new avenues to its exporters of goods and services, both within the EU and beyond, thus giving incentive to diversification. All these developments show that EU membership can be efficiently used by a micro–state to address its vulnerabilities — inherent and contingent — and thus to strengthen its resilience.

In the EU institutions, the principle of degressive proportionality increases a micro–state’s visibility even if its overall status remains one of weakness — although not helplessness. The EU–Malta negotiations show that a small state’s limited ability to fend for itself can be countered by an efficient use of its resources and by striking alliances with information–rich supranational institutions — most obviously the Commission — and with larger member states.

Within the EU, it is important for small states, notwithstanding their resource limitations, to pursue their interests at all levels, especially in the policy spheres that are most salient to them. They need to participate in the decision–making process from the very bottom and not to over–focus on the top of the decisional pyramid. It is relatively easier to influence decisions at the lower levels — at the planning and drafting stage and in Council working groups — than at the very top.

The EU offers micro-states opportunities and openings, most of which are not available in a non-membership context, but it is up to the states themselves to make efficient use of them.

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Appendix 1. Summary of key points ‘conceded’ to Malta during the accession negotiations

- Protocol 6: restricting the acquisition of secondary residencies in Malta by non–Maltese nationals
- Protocol 7: prohibiting the introduction of abortion unless the Maltese consent to it by changing the law
- Declaration No 14: allowing Malta a safeguard on the free movement of workers
- Declaration No 35: on neutrality
- Declaration No 36: on the island region of Gozo
- Declaration No 37: on the maintenance of zero VAT on food and pharmaceuticals
- Agriculture: the whole of Malta and Gozo declared least favoured area and special aid programme permitted for the sector
- Protection of the 25–mile fishing zone (OJ L236 12.09.2003, page 794)
- Structural Funding: Malta and Gozo designated as Objective One region
- Shipbuilding and ship repair: Malta given until 2008 to phase out state support
- Maltese accepted as an official language of the EU