

# MALTA AND TEN YEARS OF EU MEMBERSHIP: HOW TENACIOUS WAS THE ISLAND?

**Roderick Pace**

(L-Università ta' Malta)

SUMMARY: I. INTRODUCTION: EU MEMBERSHIP AND MALTA'S TRANSFORMATION.— 2. MALTA: A PHYSICAL AND POLITICAL CHARACTERIZATION.—3. MALTA'S POLARIZED POLITICAL SCENE AND THE DEBATE ON EU MEMBERSHIP.—4. THE IMPACT OF EU MEMBERSHIP ON MALTA: 4.1. *Changes in the Political Landscape*. 4.2. *Party Shifts on Neutrality*. 4.3. *Uploading the Immigration Burden*. 4.4. *Economic Effects of Membership*.—5. CONCLUDING REMARKS.

RESUMEN: Dado que es difícil llevar a cabo un análisis amplio que abarque todos los aspectos de lo que diez años de integración en la Unión Europea han significado para Malta, este artículo se centra en una selección de los impactos más notable de la adhesión, precedidos por una descripción de Malta, una caracterización de su sistema político, y un análisis de la escena política, tradicionalmente polarizada, en la que se expondrán las posiciones de sus dos más importantes partidos en relación con la integración del país en la UE y la OTAN. Los temas tratados incluyen los cambios en el panorama político de Malta como consecuencia de la cambiante posición de los partidos de Malta sobre la integración de la UE; los cambios de postura sobre la cuestión de la neutralidad; la forma en que Malta ha venido afrontando la carga de la inmigración, y algunas consideraciones sobre los efectos económicos de la adhesión a la UE.

PALABRAS CLAVE: Malta, Unión Europea, Ampliación de la UE, neutralidad, polarización.

**ABSTRACT:** Since it is difficult to attempt a broad analysis covering all the aspects of what ten years of European Union membership have meant for Malta, this article focuses on a selection of the most salient impacts of membership, preceded by a description of Malta, a characterization of its politics, and an analysis of the traditionally polarized political scene, in which the positions of the two most important Maltese parties on EU and NATO membership are discussed. Topics addressed include the analysis of the changes in the political landscape of Malta as a consequence of the policy changes of the Maltese political parties on EU integration; party shifts on the neutrality issue; Malta's way of tackling the immigration burden, and some considerations on the economic effects of European Union membership.

**KEYWORDS:** Malta, European Union, EU enlargement, Neutrality, Polarization

## **I. Introduction: EU membership and Malta's transformation**

A decade ago, I penned an article entitled «Malta, una isla tenaz» for *Vanguardia Dossier*<sup>1</sup>. In it I provided a descriptive assessment of Malta's difficult road to EU membership. The edition's theme was «La otra Europa» which arguably today is less «otra» after ten years of integration. This article focuses again on Malta, the smallest fragment of «la otra Europa», to try to analyze how a decade of membership has changed the country.

Notwithstanding that enormous changes have taken place in Malta during the past decade, it is still a big challenge to identify exactly the cause or causes of this transformation, whether the stimulus originated from the EU, from the forces of globalization or from internal dynamics of evolution and change. As a small island-state, with a small domestic market and situated on Europe's periphery right in the centre of the Mediterranean, Malta has had to develop links with the outside world in order to overcome the drawbacks of smallness and insularity. EU membership strengthened these links. But such connections work in both directions. They help the Maltese connect with the rest of the world to make the global market «their» market, but they also make it easier for global trends and movements to penetrate and impact Maltese society which for many centuries enjoyed some —though never absolute— isolation from the rest of the world. This explains why over the centuries Maltese society has evolved into a blend of characteristics that pertain to its insularity, regional traits (Mediterranean/southern Europe) and globalization. Culturally, Malta is European but with a language largely descended from Arabic. Most of its citizens are Catholic by religion, but the marks of its Muslim past have

---

<sup>1</sup> R. Pace, «Malta, una isla tenaz», *Vanguardia Dossier* No. 11 (2004), pp. 94-96.

not completely faded from religious expression<sup>2</sup>. The Maltese are becoming increasingly secular, jealous of their identity, independent-minded but strongly integrated in global society and influenced by global trends.

On the whole EU membership has been a success story for Malta, but it is worth digging a little beneath the surface to uncover the processes at work and how these are likely to mould the island's society in the future. One of Malta's strongest distinguishing factors in the current state of European integration is that while the popularity of the EU has declined amongst most EU publics since the onslaught of the recession, the latest *Standard Eurobarometer* shows that 41 per cent of the Maltese have a positive view of the EU compared to the EU average of 31 per cent, while 14 per cent have a total negative image as opposed to 28 per cent of the EU average<sup>3</sup>.

Membership has led to the implementation of EU standards and values in Malta and this has affected the Maltese way of life and society. Reference is being made here to the implementation of food and health standards, animal welfare, workers' health and safety standards, consumer rights, competition rules and environmental standards among others which influence citizens' quality of life. The liberalization of the airlines market has facilitated travel from and to the island. Other changes brought about by membership have seen Malta's foreign policy becoming more «Europeanized» both in terms of the physical structure of Maltese diplomacy and its growing multiple links with its counterparts in the other member states, but also through the insertion of many of Malta's foreign policy objectives within the EU's foreign policy framework—while retaining a certain amount of autonomy and flexibility to pursue its prime national objectives such as its historically sound relations with China.

The capacity to implement EU law is also important. Before membership, this capacity was placed into serious doubt. But at the time of writing of this article, Malta had only twelve pending infringement procedures as opposed to the EU average of thirty, a transposition deficit of 0.1% as compared to the EU average of 0.7%. However, its transposition delay averaged 19.2 months as opposed to the EU average of 7.3 months. The public service has been able

---

<sup>2</sup> Several Maltese words like «*Alla*» (God), «*randan*» (Lent), «*l-Ghid*» (Easter), «*Nisrani*» (Christian) and many more including expressions such as «*jekk Alla Jrid*» (God willing) are all remnants of the Muslim or Arabic past, incorporated in the Catholic religious language.

<sup>3</sup> European Commission, *Standard Eurobarometer* No. 80 (November 2013) on line at [http://ec.europa.eu/public\\_opinion/archives/eb/eb80/eb80\\_en.htm](http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_en.htm). It should be noted that those who have a positive image of the EU in Malta outnumber the negatives by nearly 3:1, while the rest are neutral. The share of totally negative has remained stable in the last decade.

to rise to the occasion and to implement EU policy effectively, though the government has exercised strong central control on the process. The impact of EU membership on policy development has been significant both in terms of new policies launched as well as in managing existing ones<sup>4</sup>. Recall also that Malta has successfully implemented Schengen and joined the euro in 2008.

Linked to the new policies and their implementation, EU membership has brought a novel change to Malta's administrative structure by the introduction of new semi-independent authorities such as the Malta Environment Protection Authority, Malta Competition and Consumer Affairs Authority, Malta Financial Services Authority, Malta Resources Authority, Malta Medicines Authority and the Malta Communications Authority to mention a few, whose task is to ensure the proper implementation of the law affecting their respective sectors. These have introduced new dynamism and new sources of expertise, but to varying degrees they work closely with the government which means that their independence is doubtful while parliamentary oversight of their activities is extremely weak. They have however addressed «particularism» that is normally rampant in small societies such as Malta's and which could lead to cronyism.

It is difficult to attempt a broad analysis of what ten years of membership have meant for Malta and to cover all the effects. Hence, this article focuses on some of the salient impacts of membership starting first with description of Malta and its politics, the EU experience comprising the general economic and political trends and concludes with an overall analysis, including possible future trends.

The Literature on Europeanization has expanded a lot since its humble beginnings in the mid-1990s. It has several strands but most scholars have tended to look at it from the angle of the impact of the EU on its member states until Helen Wallace drew attention to the fact that member states themselves could also have a reciprocal influence and change the EU. Claudio Radelli defined Europeanization as «Processes of (a) construction (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, “ways of doing things” and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the

---

<sup>4</sup> M. Harwood, «Malta's Europeanization Experience: How Smallness Enables a State to Minimise the Monitoring of its Implementation of EU Policy by Third Parties», *Journal of Public Policy and Policy Research*, Volume 4/6 (2012), pp. 130-139.

logic of domestic discourse, identities, political structures and public policies»<sup>5</sup>. The mechanics of this «process» of Europeanization, as it is referred to by Radaelli vary considerably. Klaus H. Goetz focused on three of them prevalent in the literature namely «linkage» or the connections between national and EU institutions, «implementation» or how national executives implement EU decisions and the «administrative ecology» or «relations between the executive and its constitutive environment» further broken down into the executive–society nexus and the executive–economy nexus<sup>6</sup>. For the purpose of this chapter I draw on a simple approach based on the differentiation made by Claudio Radaelli and Theofanis Exadaktylos between «Europeanization as a domestic impact of Europe» and «Europeanization as a creative usage of Europe»<sup>7</sup>. «Uploading» and «downloading» are employed in the analysis though not always exclusively in the more complex meaning as used by Tanja Borzell where «uploading» is assessed as a strategy to reduce the cost of downloading<sup>8</sup>. This loose framework of analysis is employed in the assessment of a restricted number of issues, namely:

TABLE 1. *Selected issues assessed in the present essay*

<i>Downloading</i>	The impact of membership on the Maltese political system and the Maltese political parties' policy stances towards Europe; Shifts in Maltese neutrality
<i>Uploading</i>	Transferring responsibility for the handling of the Immigration burden to the EU.
<i>Uploading/Downloading</i>	The beneficial effects of economically integrating further in the EU and the challenges posed from implementing further changes in line with Europe 2020.

<sup>5</sup> C. Radaelli, «The Europeanization of Public Policy», in K. Featherstone and C. Radaelli (eds), *The Politics of Europeanization*, Oxford University Press, Oxford, 2003, p.30.

<sup>6</sup> K. H. Goetz, «European integration and national executives: A cause in search of an effect?», *West European Politics* No. 23:4 (2007), pp. 211-231.

<sup>7</sup> C. Radaelli, and T. Exadaktylos, «New Directions in Europeanization Research», in M. Egan, N. Nugent and W. Paterson (eds.), *Research Agendas in EU Studies: Stalking the Elephant*, Palgrave Macmillan, London, 2010.

<sup>8</sup> T. Borzell, «Pace-setting, Foot-dragging and Fence-Sitting: Member state responses to Europeanization», *Journal of Common Market Studies*, No. 40:2, pp 193-214.

## 2. Malta: a physical and political characterization

The Maltese islands consist of three inhabited islands: Malta where the capital Valletta is located, as well as the main airport and seaports; Gozo and Comino and a number of smaller uninhabited islands and atolls. At the end of 2010, the population of the three islands stood at 417,617, of which 4.9% were non-Maltese residents. The population of Gozo and Comino was 29,878 (in 2009) with less than ten persons actually residing in Comino. The islands' population density at 1,322 per km<sup>2</sup> makes Malta one of the most densely populated countries in the world<sup>9</sup>. The total area of the Maltese islands is 315.15 km<sup>2</sup><sup>10</sup>. Ethnic and religious minorities are small when compared with the rest of the population and according to Vatican statistics, Catholics constituted 94.4% of the population in 2010<sup>11</sup>.

Malta gained independence from Britain in 1964. The following year it joined the United Nations Organization (UN) and the Council of Europe. In 1973, Malta began participating in the Conference on Security and Co-operation in Europe (CSCE), the Helsinki Process. Although full democracy was established on independence, Malta's political and constitutional history goes back many years. During the British period (1800-1964) a strong political culture with a relatively free press, political movements and trade unions had already become well established. Malta's highest democratic institution is the unicameral parliament, the House of Representatives, which traces its origin to 1921. Parliamentary elections are held roughly every five years. The Parliament is heavily influenced by the Westminster model: the leader of the party which secures a majority of parliamentary seats becomes the Prime Minister and forms the Cabinet. He also allocates ministerial responsibilities and can dismiss his ministers at will. The leader of the largest parliamentary minority becomes the leader of the Opposition.

The Maltese electoral system is based on proportional representation and the single transferable vote (STV)<sup>12</sup>. This voting system is used in the European,

<sup>9</sup> *Demographic Review 2010*, National Statistics Office, Malta, 2011 (latest available), on line at [www.nso.gov.mt/statdoc/document\\_file.aspx?id=3173](http://www.nso.gov.mt/statdoc/document_file.aspx?id=3173).

<sup>10</sup> *Environmental Statistics 2006*, National Statistics Office, Malta, 2006, on line at [www.nso.gov.mt](http://www.nso.gov.mt).

<sup>11</sup> Vatican Information Service, on line at <http://visnews-en.blogspot.com/2010/02/statistics-for-catholic-church-in-malta.html> (accessed 03.06.2014).

<sup>12</sup> Parties are listed on the ballot sheet in the alphabetical order according to their name. Candidates are listed within each party list in alphabetical order as well. Voters mark their preferences by placing a numeral in the appropriate space next to each candidate's name, starting with «1» for their preferred candidate. They can mark as many preferences as they like and

national and local council elections<sup>13</sup>. In national elections, the Maltese islands are divided into thirteen electoral districts, with the islands of Gozo and Comino constituting the thirteenth and smallest one in population terms. A Droop Quota is calculated for each district. In the European Elections the whole of the Maltese islands are merged into a single district to elect six Members of the European Parliament (MEPs) and a single national Droop Quota is operable<sup>14</sup>.

Notwithstanding that the proportional system can lead to fragmentation, the formation of diverse political parties and to government by coalition, since 1966 only two political parties have managed to elect deputies in the House of Representatives. These are the Labour Party (LP) which has been in Government since 2013, and the Nationalist Party (NP) which is in opposition. The last time that small parties entered parliament was in 1962. All efforts since to break the NP-LP competitive duopoly, particularly those made by the small green party *Alternattiva Demokratika* (AD) which was founded in 1992, have been fruitless<sup>15</sup>. This typology of the Maltese political system is similar to those found in other democratic (British) Commonwealth countries.

Ideologically, the Nationalist Party is inspired by Christian Democracy, but it also gathers under its wings many voters with different, non-socialist political tendencies —such as liberals and conservatives— who do not have an alternative strong party to represent them. However, notwithstanding the heterogeneity of its supporters it has found it difficult to ditch its historic motto «*religio et patria*» a relic from its past, an anachronism, and its outlook is often coloured by religious sentiments. Founded in 1880, the NP initially struggled for self-government within the British Commonwealth, but in the late 1950s it started demanding full independence and made this a central aim of its 1962

---

also vote across party lines. Vote counting begins with the allocation of first preferences to the individual candidates. The surplus votes obtained by the candidates above the quota needed to win a parliamentary seat are distributed among the other candidates according to the order of preferences indicated by voters. Candidates with the least number of preferences are forced out of the race and their votes are also reallocated in the same way. This process goes on until all seats are allocated. A Droop Quota — $Q = \lceil \text{Valid Votes Cast} / (\text{number of seats} + 1) \rceil + 1$ — is used to establish the threshold of votes that must be attained for a seat to be filled.

<sup>13</sup> The first local government elections were held in 1993 and 1994. In all there are 68 local councils, 54 in Malta and 14 on the island of Gozo.

<sup>14</sup> When Malta joined the EU in 2004 it had five seats in the European Parliament. Following the ratification of the Lisbon Treaty, these were increased to six.

<sup>15</sup> Since 1962, the Nationalist Party has won the 1962, 1966, 1987, 1992, 1998, 2003 and 2008 elections while the Labour Party has won those of 1971, 1976, 1981 (though this was highly contested because the LP obtained more parliamentary seats with lesser votes than the Nationalists), the 1996 and 2013 (with a landslide victory).

Election Manifesto. The Nationalist Government elected that year, secured Malta's independence from Britain in 1964. Generally, the party has espoused a soft nationalism, i.e. patriotism, but in the hands of its more extreme exponents soft nationalism turns into virulent nationalism and even Euroscepticism though the latter has been contained. Small far-right, Eurosceptic parties which have emerged in the last ten years are splinter groups from the party.

The western-oriented NP initially tried to secure Malta's membership of NATO before independence, but its efforts were rebuffed. Its interest in European Economic Community (EEC) membership or some other form of relationship with it, dates back to 1962. In 1970 a Nationalist government concluded an Association Agreement with the EEC envisaging the eventual creation of a customs union. It was under Nationalist governments that Malta applied for EU membership in 1990, joined the EU in 2004 and European Monetary Union (EMU) in 2008.

The Labour Party's origins go back to 1920 but it was re-founded and renamed the Malta Labour Party by Dom Mintoff after splitting in 1949. The ousted leader, Sir Paul Boffa, founded the Malta Workers Party (MWP). Between 1955-58 the MLP struggled for integration with Britain. When the project failed, it demanded full independence and the closure of the UK and NATO military bases. In government from 1971 to 1987, it pursued non-alignment, joined the Non-aligned Movement (NAM), maintained good relations with the European Community until 1981, developed special ties with Libya and in 1981 declared Malta a neutral state. The LP forced the closure of the UK military bases in 1979 and the 31 March became a public holiday, «Freedom Day», to mark this event. At the same time the party tried to maintain close links with European democratic socialists through the Socialist International. It was a labour government which transformed Malta into a republic in 1974 and on its insistence neutrality based on non-alignment was inserted in the Maltese Constitution in 1987. Since 2008, the LP under its dynamic young leader Dr Joseph Muscat has swung more to the right<sup>16</sup>. It won the 2013 election with a convincing (landslide) nine-seat majority (See Table 2). But the hard anti-membership stance which it took between 1992-2003 has turned some of its supporters into unwavering Eurosceptics and the Labour-leaning Campaign for National Independence (CNI) founded by a for-

---

<sup>16</sup> M. Briguglio & R. Pace, «Malta», in J. M. De Waele, F. Escalona and V. Mathieu (eds.), *The Palgrave Handbook of Social Democracy in the European Union*, Palgrave, London, 2013, pp. 269-286.



mer Labour Prime Minister to oppose membership during the referendum campaign is still active.

In the 1990s and up to 2003, the LP strongly opposed EU membership. However, it nuanced its position by proposing the strongest relations with the EU based on a free trade area agreement. To better convey its message it declared that it wanted to turn Malta into «A Switzerland in the Mediterranean», a phrase which had originally been coined by Mr Dom Mintoff in 1959. After a clear majority voted for EU membership in a referendum on 8 March 2003 and then returned the NP to power in the general election of 12 April, the LP quickly changed its position on membership citing pragmatic reasons. In 2005, the Labour members of parliament joined their Nationalist counterparts in ratifying the Treaty Establishing a Constitution for Europe and they did the same in 2008 when the Lisbon Treaty was ratified. In 2007 the party also lifted its opposition to membership of EMU. The LP elected three MEPs in the first European election (2004), four out of six in the second (2009) and shared the spoils with the Nationalists in the 2014 election (3 MEPs each).

In the European Parliament, the NP forms part of the European People's Party (EPP) while the Labour Party forms part of the Group of the Progressive Alliance of Socialists and Democrats (S&D). Both the LP and NP present as their main «mission» in the EU the objective of «defending Malta's interests». The nationalistic undertones are unmistakable but the extent to which Maltese politicians pursue narrowly nationalistic goals may not be much different in intensity than those of other member states' governments.

One exciting development that has come out of the European Elections is that as of now the Prime Minister and the leader of the opposition —as well as two serving ministers— are former MEPs. In the 2004 and 2009 European elections voters sent an all-male delegation to the European Parliament. But when three MEPs resigned to contest the 2013 national election, their place was filled by three female MEPs as a result of the by-election. In the 2014 election, four of the six MEPs elected are women. The European elections maybe having an impact on the growing saliency of women in Maltese politics. Certainly, the national parliament is increasingly comparing its structure and resources with that of the European Parliament and incorporating some of its methods such as a greater use of Parliamentary Committees, a process started in the run-up to membership in 1995. Contacts between the national parliament and the European Parliament have intensified after the Lisbon Treaty came into effect.

TABLE 2. *The Performance of Maltese Political Parties in National and European Parliament (EP) Elections since Membership*

EP Election	National Election	Voter Turnout (as a %)	Quota EP Election	Registered Voters	LP	NP	AD	Other
					Percentage of valid votes obtained and seats			
	2003	95.7		297,930	47.51	51.79	0.68	0.02
					30	35	0	0
2004		82.4	40,954	304,283	48.42	39.76	9.33	Negli.
					3	2	0	0
	2008	93.3		315,357	48.79	49.34	1.31	0.56
					34	35	0	0
2009		78.8	41,362	322,411	54.77	40.49	2.34	2.4
					4	2	0	0
	2013	93		333,072	54.83	43.34	1.8	0.03
					39	30	0	0
2014		74.81	35,979	344,356	53.39	40.02	2.95	3.64
					3	3	0	0

### 3. Malta's polarized political scene and the debate on EU membership

The Maltese political system is extremely polarized and voter turnout is traditionally high when compared with most other EU member states. However, since Malta joined the EU, turnout has started to decline. With the exception of the 2013 election, parliamentary majorities have tended to vary between one and three, exceptionally five parliamentary seats (see Table 2).

Before assessing the significance of the first ten years of EU membership, it would be useful to have in mind the pre-membership expectations, in order to have them compared with the post-membership results.

The main arguments «for» and «against» membership which were aired by Malta's parties during the campaign leading up to the 2003 membership referendum (whose results are shown in Table 3) are discussed in this section.

The opponents of membership argued that once it joined the EU, Malta would not have any real power in the institutions and would thus have to follow the *diktats* of Brussels. It would also lack the administrative capacity to implement legislation. Besides, the national parliament would lose control over the legis-

lative process because of the supremacy of EU law. Malta risked losing its national identity and its constitutionally enshrined neutrality particularly if the EU decided to progress towards a common defence.

TABLE 3. *EU Membership Referendum held on 8 March 2003*

Registered Voters	Votes Cast / Turnout % of registered voters	Valid Votes % of votes cast	Votes in Favour Share of valid votes	Votes Against Share of valid votes	Invalid Votes % of votes cast
297,881	270,650 (90.9%)	266,722 (98.5%)	143,094 (53.6%)*	123,628 (46.4%)*	3,928 (1.5%)

Source: Electoral Commission Malta, on line at [www.electoral.gov.mt](http://www.electoral.gov.mt)

\* percentage of valid votes cast.

On the economic side, the main argument was that Malta was not competitive enough to hold its own in the single market and that the adjustments required by membership, such as the dismantling of protectionism and the termination of state subsidies would lead to unbearable social costs. The compliance costs of adopting EU standards would further erode industrial competitiveness. The budding financial sector would be negatively impacted and Malta would be a net loser when financial inflows and outflows from the economy were duly calculated. There was also a fear that the right of free movement of persons would lead to a flooding of the labour market by unemployed persons from Europe. Housing prices would increase. Fears were also aired about the possibility that membership would erode Catholic values on the family and abortion.

Those in favour argued that membership would enhance Malta's economic and political security, and that neither its identity nor neutrality would be affected. They argued that the end of the Cold War had changed the significance of neutrality and rendered its definition as found in the Constitution obsolete. The removal of protectionism and subsidies would increase competition in the domestic market and enhance economic competitiveness. The likelihood of an influx of workers from the EU was true, but exaggerated. Membership would broaden Malta's access to world markets. The laws regulating Malta's financial services' sector already conformed with the EU *acquis*. EU membership would help strengthen Malta's stability and increase its attractiveness to investment—which would lead to job creation—. There was no doubt that Malta would

be a net beneficiary from the EU budget and that the structural (cohesion) funds would be of such magnitude as to make a positive difference to the island's economic and social development. As to the erosion of Catholic values, it was argued that the EU enjoyed no powers over competencies such as abortion and/or divorce law, which remained firmly in member state control.

What the opposing positions did not, and could not comment upon were (1) unpredictable developments such as the financial collapse and the euro crisis and how these would impact Malta and (2) the unintended consequences of membership such as the effects of economic growth and greater openness on society and its values.

#### **4. The impact of EU membership on Malta**

It is difficult within the confines of space to provide a comprehensive assessment of the impact of EU membership on Malta in all sectors. However, the analysis from here on focuses on a number of salient issues in order to arrive at an accurate assessment of the wider picture. The following shall be analyzed: membership and the change in the national political landscape, the issue of migration, the treatment of neutrality and some broad economic considerations.

##### **4.1. *Changes in the Political Landscape***

Although EU membership has not dented the adversarial and partisan nature of Maltese politics, the domestic political landscape has changed in the first decade of membership.

Many factors have contributed to this change. The quest for membership had kept a solid majority of voters behind the NP from 1987 to 2003. But once it was achieved and the LP changed its stance on membership, some voters began to «shop around» and shift their party allegiances more freely. The public mood had changed and the parties could no longer be evaluated or distinguished simply on their European policy or records. Both main parties aligned themselves with their respective European political groups. To do this, the LP had to perform the most radical policy shift. Following its 2003 referendum and election defeats it accepted membership as a pragmatic decision. This was succinctly captured by Dr Alfred Sant, then party leader and since May 2014 the head of Labour's three MEP delegation in the European Parliament, when

in an interview in *The Malta Independent* of Sunday of 1 June 2003, he declared: «What we believe about EU accession is now immaterial. The thing has been decided and we face a new reality now. This is not a question of changing our minds but of accepting reality».

The initial tempo of Labour's shift to Europe was dictated by the need to change the party's stance in time to enable it to contest the 2004 European elections. Following a protracted internal debate the party managed to endorse the new policy and to go on to win three out of Malta's five MEP seats. It improved on this result in 2009, by winning four out of the six seats available and in 2014, it narrowly missed (by 206 votes) retaining its four seats.

Labour's policy shift on Europe has also strengthened its national electoral fortunes. For, by accepting membership the LP not only removed one of the major drawbacks preventing it from connecting with a sizeable junk of the electorate, but it also helped it to further «Europeanize» or «EU-ize» itself and become more electable by moving to the centre of the political spectrum. The 2008 national election was won by the Nationalist Party —but only by a whisker (1,580 first count votes more than the LP). The NP had lost its overall majority. Thus by the 2013 national election, the two main political parties had metamorphosed into two different entities from what they had been a decade earlier.

The changes taking place in the parties were hardly diagnosed by political commentators who tended to blame the «end of ideology» and Labour's shift to the centre that made it more appealing to the middle class<sup>17</sup>. This was not entirely correct. Other factors were at work. The NP had been in government for around 25 years which caused it to lose popularity. It had also stopped being a «broad church» at the centre of the political spectrum. The party began to shift more to an older conservative vision characterized by political immobility (*immobilismo*) or inertia, almost entirely consumed by its past successes and the self-defeating narrative that «it was the party which took Malta into the EU». The Nationalist government emphasized the importance of economic more than social issues —and the new civil liberties such as LGBT rights, *in vitro* fertilization, censorship and divorce were intentionally declared «no go areas» within the party and muzzled out of the public sphere. This caused the gap between the party and civil society to grow even wider.

---

<sup>17</sup> K. Sansone (2011) «The end of ideology», *The Times of Malta* of 08.06.2011, on line at [www.timesofmalta.com/articles/view/20110608/local/The-end-of-ideology.369506](http://www.timesofmalta.com/articles/view/20110608/local/The-end-of-ideology.369506); and «Ideology on a budget», *The Sunday Times of Malta* of 10.11.2013, on line at [www.timesofmalta.com/articles/view/20131110/local/Ideology-on-a-budget.494033](http://www.timesofmalta.com/articles/view/20131110/local/Ideology-on-a-budget.494033) (both articles accessed on 01.06.2014).

These «newer» issues did not come to the forefront of the societal debates as a direct consequence of EU membership. The trends had already been set much before membership particularly due to the improvements in communications in the last three decades. However, by removing more barriers separating Malta from the rest of Europe and the world, EU membership may have accelerated the process.

In the post-membership situation the governing NP, the «party of Europe», underwent a partial internal process of *de-Europeanization* which spilled on to the government and which took the form of unsuccessfully resisting some of the main European currents. On the other hand the LP embarked on a Europeanization path by containing its Euroscepticism (though many of its supporters remained Eurosceptic) by aligning itself with the rest of the European socialists and accepting their approach to European integration. On the home front they built a coalition of interests and turned the party into a «broad church» which became capable of attaining an electoral majority. The LP was ready to confront the issues of civil liberties which the Nationalists had consistently refused to debate. This precipitated a number of rather hurried social reforms whose full effect has yet to manifest itself. The national election results of 2008 and 2013 (Table 1) provide the datum of this change: in 2008 the Labour Party lost to NP by just 1,580 votes but bounced back in 2013 to beat it by a margin of 35,107 votes which translated into a nine-seat parliamentary majority (Table 1).

#### **4.2. Party Shifts on Neutrality**

When Malta applied to join the EU on 16 July, 1990 there were some hesitations on the part of some member states as to whether neutrality would be a serious obstacle to her membership commitments. But by 1993, when the Commission's Opinion was published, the EU had already signed the Treaty of Maastricht which came into effect that year and which provided for the establishment of the Common Foreign and Security Policy, including a Common Security and Defence Policy (ESDP, since Lisbon: CSDP). In 1992, before the ratification of the Maastricht Treaty, the Maltese Government presented a memorandum to Council in which it underlined its readiness to participate fully in the CFSP. In 1995, three neutral states namely Austria, Finland and Sweden joined the EU and that same year Malta also joined NATO's Partnership for Peace (PfP), from which it suspended itself in 1996 and rejoined it in 2008. The NP and the LP started from two widely divergent starting points

on neutrality. The LP was its author and promoter, the NP initially favoured NATO membership but later had to accept neutrality as part of a political compromise reached in 1987.

The Constitution defines Malta as «a neutral state actively pursuing peace, security and social progress among all nations by adhering to a policy of non-alignment and refusing to participate in any military alliance» (Article 1 (3), Justice Services). The end of the Cold War and the disappearance of the non-aligned movement as a force in world politics led to proposals about changing the Constitution. Economic realities also played their part. As the Maltese shipyards were completing their third decade of economic problems (they relied heavily on government subsidies), the government was forced to disregard another part of the definition of neutrality in the Constitution wherein it is stated that in accordance with the principles of non-alignment, the shipyards «will be denied to the military vessels of the two superpowers» (Article 1(3) (E)). In December 1999, Malta and the USA signed an agreement enabling Malta Drydocks to bid for repair and alteration of auxiliary vessels of the US Sixth Fleet.

In the Accession Treaty by which Malta joined the EU in 2004, there is a lengthy Declaration 35 on Neutrality and which refers to Malta's 1992 Memorandum. In it Malta affirms «its commitment to the common foreign and security policy of the European Union as set out in the Treaty on European Union» further adding that Malta confirms that its participation in the European Union's common foreign and security policy «does not prejudice its neutrality»<sup>18</sup>. As an EU member state Malta kept to the wording of Declaration 35, encountering only a minor setback when it was excluded from the «Berlin+Dialogue» between NATO and the EU on the grounds that it was neither a member of NATO nor of the Alliance's Partnership for Peace (PfP). In 2004, the EU announced the setting up of the European Defence Agency (EDA) and in July Malta joined it. The Maltese Labour Party pledged to withdraw Malta from it if elected to govern the country, but later it changed its position.

In 2005, Malta ratified the Treaty Establishing a Constitution for Europe. The opposition Labour Party voted in its favour, subject to some reservations attached to its vote, one of which concerning neutrality stated that it was voting

---

<sup>18</sup> *The Treaty of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia. Signed in Athens on 16 April, 2003, on line at [http://ec.europa.eu/enlargement/archives/enlargement\\_process/future\\_prospects/negotiations/eu10\\_bulgaria\\_romania/treaty\\_2003/index\\_en.htm](http://ec.europa.eu/enlargement/archives/enlargement_process/future_prospects/negotiations/eu10_bulgaria_romania/treaty_2003/index_en.htm).*

in favour on the understanding that «The EU Constitutional Treaty does not prejudice Malta's Constitutional neutrality»<sup>19</sup>. The Lisbon Treaty was also unanimously ratified by the Maltese Parliament in 2008 and the Labour Party stuck to the same qualifications it had proposed on the Constitutional Treaty. Following the March 2008 election, Malta reactivated its participation in NATO's PfP and in September two members of the Armed Forces of Malta (AFM) were deployed in the ESDP Monitoring Mission in Georgia. This was the first time Malta participated in an ESDP mission. In April 2010, a 12-man team from the AFM was deployed as a Vessel Protection Detachment (VPD) aboard a Dutch vessel with the NAVFOR mission «Atlanta» off the coast of Somalia. Earlier, an AFM officer was also deployed at the mission's Operational HQ in Northwood, UK. In April, AFM officers began to participate in the Uganda-based EU Training Mission for Somalia, together with Irish officers. Malta's neutrality has so far not interfered with its readiness to participate in the EU's CSDP operations.

The debate on amending the Constitutional provision on neutrality sporadically flares up but so far no amendments have been proposed.

#### 4.3. *Uploading the Immigration Burden*

The arrival of immigrants by boat from North Africa surged in 2002 (prior to membership). Irregular immigration has been treated by Malta as a security issue falling within the foreign policy domain even though most of the diplomatic effort to try to secure EU aid to help mitigate the burden has fallen on the shoulders of the Ministry for Justice and Home Affairs (2008–13) and the Ministry for Home Affairs and Security (2013 onwards)<sup>20</sup>.

In tackling the issue, Malta has sought co-operation with its southern Mediterranean neighbours, particularly Libya and Tunisia. But it is clear that Malta expects the EU to take the lead in providing it with the protection that it is

<sup>19</sup> The Maltese original text reads: «It-trattat kostituzzjonali ma jippreġudikax in-newtralita` kostituzzjonali ta' Malta. Mil-lat legali, Malta ma tkun bl-ebda mod marbuta ma' xi impenn ta' difiża reċiproka jew difiża komuni. Dan għax it-trattat jipprovdi biex deċiżjonijiet li jittiehdu fil-qasam tal-politika komuni barranija u tas-sigurta` Ewropea, b'dawk l-oqsma kollha li johorgu minnha, ikunu soġġetti għall-unanimita` tal-pajjiżi membri ta' l-Unjoni Ewropea. B'mod partikolari, Malta ma tkun marbuta ma' l-ebda impenn biex tiġi żviluppata armata Ewropea. Il-parteciġazzjoni ta' kontingenti mill-armata Maltija f'hidmiet barra l-pajjiż taht kwalunkwe qasam tal-politika Ewropea għad difiża u s-sigurta` tibqa' tiġi definita skond il-kriterji mpogġija fil-Kostituzzjoni ta' Malta». (*Debates of the Maltese Parliament*, Sitting No. 288, 6 July 2005).

<sup>20</sup> Statistics on arrivals are available at the UNHCR Malta Office at [www.unhcr.org/mt/statistics/](http://www.unhcr.org/mt/statistics/).



seeking. Migration has often led to crises with Italy over responsibility for rescue at sea. At the level of the EU, Malta has lobbied for some form of «burden sharing» or «responsibility sharing» with the rest of the EU member states and sought to reform the Dublin 2 regulation by which member states assume responsibility for the migrants who arrive at their borders. These efforts produced mixed results.

In June 2007, the Minister of Foreign Affairs proposed a EU-wide burden sharing policy which was sent for discussion to the Ministers of Justice in September. But this only received the support of Spain. In September 2008, Malta threatened to block agreement on a new EU Pact on Immigration and Asylum unless progress was made on its proposal<sup>21</sup>. The issue was also pursued in the European Parliament, where the Parliament's rapporteur on immigration was Dr Simon Busuttil, a Maltese MEP, now the leader of the Nationalist Party and of the Opposition. In 2009 the Council approved a project for the coordination of voluntary measures for internal reallocation of beneficiaries of international protection present in the Member States exposed to specific and disproportionate pressures starting with a pilot project for Malta (EUREMA)<sup>22</sup>. The following year it agreed to set up the European Asylum Support Office (EASO) which began operating in Malta in 2011<sup>23</sup>. In April 2011 EUREMA was renewed following a European Commission Communication which highlighted *inter alia* that «Some Member States, such as Italy, Malta, Greece and Cyprus are more directly exposed to massive arrivals of irregular migrants and, to a limited extent, of persons in need of international protection (and that therefore) this is not a national problem alone, but needs also to be addressed at the EU level and requires true solidarity amongst Member States»<sup>24</sup>.

In the 2008 and 2013 national elections, as well as in all the European elections held so far, immigration was one of the main issues. In 2013 the Labour Party came out in favour of a push-back policy which was greeted with a lot of criticism —although Maltese public opinion appeared in favour—. On 25 October, a joint proposal agreed by Malta, Italy and Greece during a meeting between the Maltese Prime Minister Joseph Muscat, the Italian Prime Minis-

---

<sup>21</sup> Ivan Camilleri, «No burden sharing, no deal, Malta says», *The Times of Malta* of 19.09.2008, online at [www.timesofmalta.com](http://www.timesofmalta.com).

<sup>22</sup> EUREMA means Pilot Project for Intra-EU relocation from Malta.

<sup>23</sup> «Regulation (EU) No 439/2010 of the European Parliament and Council of 19 May 2010 establishing a European Asylum Support Office», *OJ L132*, 29 May 2010, pp 11 ff.

<sup>24</sup> *Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on Migration, Brussels, COM/2011/0248 final, 4 May 2011.*

ter Enrico Letta and Greek Prime Minister Antonis Samaras who visited both Italy and Malta on the 21 October was supported by France, Spain, Bulgaria, Croatia, Cyprus and Slovenia<sup>25</sup>. This initiative took place after the «Tragedy of Lampedusa» of October 3, in which an estimated 350 migrants lost their lives when their boat capsized. The «Lampedusa effect» also led to the establishment of the Commission-led «Task Force for the Mediterranean» and in December, Commissioner Cecilia Malmström issued a Communication on the work of the Task Force outlining measures to deal with five issues: trafficking, smuggling and organised crime, legal ways for migrants to enter Europe and cooperation with Third Countries<sup>26</sup>. That same month Italy also set up the maritime operation «Mare Nostrum» to control migration flows and rescue migrants at sea.

In June 2014, the European Council as agreed during the Council of 19–20 December, 2013, has pledged «to return to the issue of asylum and migration [...] in a broader and longer term policy perspective, when strategic guidelines for further legislative and operational planning in the area of freedom, security and justice will be defined». The EU Council of 26–27 June 2014 spelt out a number of external and internal policy goals to achieve «an efficient and well-managed migration, asylum and borders policy, guided by the Treaty principles of solidarity and fair sharing of responsibility, in accordance with Article 80 TFEU and its effective implementation»<sup>27</sup>.

#### 4.4. *Economic Effects of Membership*

The Maltese economy has performed reasonably well in the first decade of EU membership considering the unfavourable international economic situation since 2009. An exhaustive analysis of the economic effects of membership is not attempted in this section, which dwells instead on the main challenges faced.

<sup>25</sup> Malta's Prime Minister Dr Muscat was reported to have said that Malta, Italy and Greece are calling on Frontex to organize repatriation flights for migrants who were not granted asylum, responsibility sharing among all the countries of the EU, and joint action to stop people from starting their journey across the Mediterranean (*Times of Malta*, 24.10.2013, on line at [www.timesofmalta.com/articles/view/20131024/local/cnn-features-maltas-arguments-on-migrations.491784](http://www.timesofmalta.com/articles/view/20131024/local/cnn-features-maltas-arguments-on-migrations.491784)).

<sup>26</sup> European Commission, «Communication from the Commission to the European Parliament and the Council on the work of the Task Force Mediterranean, Brussels, 4 December, COM(2013) 869 final».

<sup>27</sup> *European Council, 26-27 June 2014, Conclusions*, Brussels on line at [www.european-council.europa.eu/council-meetings/conclusions](http://www.european-council.europa.eu/council-meetings/conclusions).

Before and following membership, Malta had to dismantle the protectionist walls that shielded its small domestic market from external competition and to introduce the free movement of capital and following membership the free movement of Labour. State subsidies to industry had to be gradually phased out. This affected the Maltese shipyards which relied on state aid to remain in operation. According to the Accession Treaty state support for the shipyards had to be ended by 2008. In that year the government assumed responsibility for the yards' outstanding liabilities and went on to privatize them. These changes had a profound effect on the Maltese labour market but they also strengthened the island's competitiveness.

In 2008, Malta together with Cyprus introduced the euro. The changeover was orderly and smooth. The authorities took the precautions to start the changeover to euro prices well in advance. An inclusive approach was taken by including the business associations in the process who co-operated with the authorities in maintaining a strong control over prices to eliminate price hikes in the changeover phase. According to Eurobarometer 80 (Autumn 2013) less than 1% of the population favours a withdrawal from the euro.

On the basis of GDP per capita in PPS data published by Eurostat, when it joined the EU in 2004 Malta stood above all the Central and Eastern European New member states but below Cyprus, Greece, Portugal and Slovenia<sup>28</sup>. By 2013, Malta had overtaken Cyprus, Greece, Portugal and Slovenia and closed the gap with a number of other states while maintaining its lead vis-à-vis the central and Eastern European countries. With regards to the labour market, the record is more mixed but on the whole positive. In 2004, unemployment stood at 7.2% while the last available (April) data for 2014 indicate it at 6.8%. The share of the population between 20-64 years of age which is actually in employment has increased from 57.9% in 2004 to 64.9% in 2013. Female participation in the labour force has also increased. On membership 34.3% of females between the age of 20-64 were in employment. In 2013 this share stood at 49.8%. The share of male employment in the same age bracket shows a marginal decline. According to the latest Labour Force Survey between March 2013 and March of 2014, the female participation in the labour market rose by 2,100 while that of males increased by 1,221<sup>29</sup>.

<sup>28</sup> Eurostat, *Tables on GDP per capita in PPS, Employment and Unemployment Tables*, accessible through <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>.

<sup>29</sup> National Statistics Office, *Malta, Labour Force Survey, Q1/2014*, on line at [www.nso.gov.mt/statdoc/document\\_view.aspx?id=3808&formAction=init&backUrl=%2fsite%2fpage.aspx](http://www.nso.gov.mt/statdoc/document_view.aspx?id=3808&formAction=init&backUrl=%2fsite%2fpage.aspx).

The financial crisis has not hit Malta directly, although the downturn affected it indirectly by dampening external demand for goods and services. Indeed, Malta registered a negative GDP growth rate in 2009 (-2.8% in volume) but recorded generally subdued but positive growth in subsequent years. In 2013 the growth rate was 2.6% (Eurostat). The deficit in government spending has declined from -3.5% of GDP in 2010 to -2.8% in 2013 but government debt has increased from 66% of GDP to 73% of GDP over the same period. It appears that the deficit in government spending has been reduced below the threshold of 3% by increasing national debt (longer term liabilities). This trend requires careful attention in the future.

When the Cyprus financial crisis erupted, some international commentators quickly drew parallels between it and Malta and Luxembourg. However, according to a report by Standard and Poors, both Luxembourg and Malta have a smaller domestic banking systems than Cyprus's as a percentage of GDP with considerably stronger asset quality. Malta's financial sector, with assets that are about 7.6 times the size of its GDP, maintains a clear delineation between international and domestic banking activity. This delineation results in almost no spill-over from Malta's international activity into its domestic economy<sup>30</sup>.

However, if the analysis in this section provides an optimistic snap-shot of the economic state of affairs, it is important to stress that in some key targets outlined in the Europe 2020 Strategy, Malta has still a lot of catching up to do. The following diagram summarizes some of these challenges.

According to the Commission's Country Specific recommendations for the 2014 European Semester, Malta needs to strengthen independent Institutions to monitor public finances, reform the health care system to make it more sustainable, accelerate Pension Reform, continue efforts to increase the efficiency and reduce the length of public procurement procedures; encourage alternatives to debt-financing of companies by facilitating access to capital markets and developing venture capital funds; and increase the efficiency of the judicial system by ensuring a timely and efficient implementation of the planned judicial reform<sup>31</sup>.

---

<sup>30</sup> Standard and Poors, Ratings Direct, *Small Countries, Big Banking Systems: How Malta and Cyprus Differ from Cyprus*, April 2013 on line at [www.spratings.com](http://www.spratings.com).

<sup>31</sup> European Commission, «Recommendation for a Council Recommendation on Malta's 2014 national reform programme and delivering a Council opinion on Malta's 2014 stability programme, COM(2014) 419 final», Brussels, 02.06.2014.

Europe2020 Target for Malta	Achievements so Far
Increase R&D expenditure to 3% of GDP	In 2012 Malta's expenditure on R & D was 0.84% of GDP, above the target for that year, but still below the 2020 target of 3.0%.
At least 40% of 30 to 34 year olds to have completed tertiary or equivalent education. In Malta's case the target is 33%.	In 2013, 26% in the age bracket indicated had attained tertiary education.
Reduce the Rate of Early School Leavers to 10%	Early School leavers in 2013 in Malta amounted to 20.9%.
Increase the share of renewables in final energy consumption to 10% (Malta target).	In 2012, the share of renewables was still a meagre 1.4%

The overdependence on fossil fuels as a source of energy (close to 100%) is crucial for the economic security of Malta, particularly since a substantive part of its water resources (estimated between 50-60%) are produced by desalination. However, Malta's small territorial size and the geology of its territorial waters have led to important obstacles to clean energy sources such as wind turbines. Malta is linked to the European grid by a EU financed cable, an interconnector, and is planning a new gas-fired power station. Malta is also seeking EU funds to lay a gas pipeline from Sicily. In the meantime the increase in the use of solar energy by households has had a negligible effect in tilting the balance towards cleaner energy. But it has improved household's disposable incomes by reducing the energy bills, on top of the across the board rate cuts which became effective for households from March 2014.

## 5. Concluding remarks

Malta's EU membership experience has been multi-varied. Implementing EU policies and norms, connecting various national institutions to the EU, in short downloading, has impacted the economy and its society. It has affected Malta's political system as well. It has made Malta more open to the rest of the world and this has led to a number of changes not least in Malta itself. Most of the Maltese aspirations regarding membership have been fulfilled. Malta has shown a tenacity to survive and progress. Some of the negative predictions that would result from membership such as the negative impact on the labour market and the doubts regarding Malta's ability to cope with the implementation of EU