

BUSINESS FORUM ORGANIZED BY TRADE MALTA

MONDAY 30TH JULY 2018

TOKYO, JAPAN

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One of Malta's most important poets, Anton Buttigieg, who was born in 1912 and passed away in 1983, and who served as the second President of the Republic of Malta between, also wrote Maltese verse in the form of the ancient traditional Japanese poetic forms *haiku* and *tanka*. A collection of these verses appeared in English and Japanese translation almost exactly fifty (50) years ago, in the year 1968.

This is one of his *haikus*:

"The farmers have emigrated.

On the fields one can see

only scarecrows."

The Maltese economy in 1968 – when these verses were published – only four years after Independence from Britain and eleven years before the closure of British military bases – on whose expenditure the livelihood of our people depended almost totally – was very different from what it is today. Unemployment was very high and planned British defence expenditure cuts indicated that the number of Maltese losing their jobs would continue to grow. Emigration, at that time, seemed to be the only salvation, with thousands leaving the country to seek a better future in Australia, Canada, Britain and the United States. Hence, to quote the poet again, the emptiness of the empty fields where only scarecrows were to be seen. It is calculated that between 1948 and 1967 not less than 30 % of the population emigrated.

The Maltese worked hard and by the late 1970s succeeded in reversing the trend, whereby the number of people returning from abroad where they had gone to work in the 1950s and 1960s, began to exceed the number of those emigrating. Public investment in physical infrastructure and education, the promotion of foreign direct investment in export industry and other sectors, a judicious economic policy aimed at enhancing our export competitiveness, the encouragement of economic diversification, and a foreign policy intended to promote relations of friendship and economic cooperation regionally and globally, and independently of ideological orientations, enabled us to build an economy that is today one of the European Union's best performers.

Malta's economy has progressed greatly in recent years. Last year real GDP growth stood at 6.6%, or three times the rate observed in the rest of the European Union. This year the European Commission is expecting the Maltese economy to grow by slightly less, 5.4%, but to remain the second fastest growing economy in the Union, exceeded only by Ireland, at 5.6%. By 2019, while growth is projected to moderate to 5%, it will be the fastest rate of economic expansion in Europe. This excellent economic performance is driven by the success of our export industries. In fact, last year Malta's current account surplus – the difference between exports and imports – amounted to 13.6% of its whole output. This was the best result across the European Union, and reflected the continued expansion of Malta's diversified services sector, ranging from tourism to aviation to financial services and online gaming, as well as our strong manufacturing base. The very rapid pace of economic growth has resulted in a large rise in employment. Every year in the last five years, we have had the fastest rate of job creation in the European Union.

Last year employment grew by 5.4% or more than three times the growth seen in the rest of the Union. To satisfy this demand for human resources, our industries are employing a significant amount of foreign workers. One in six of our workers are now foreign. These workers have helped us fill skills gaps in technical and managerial posts, while also maintaining the cost of labour competitive. Our unemployment rate is the lowest in our history and it is today the second lowest in the euro area after Germany.

In turn, the strength of the Maltese economy is reflected in a much-improved fiscal position for government. For the last two years, we have registered a surplus of revenue over expenditure. In the first quarter of 2018, the surplus stood at 2.5% of GDP, making it the best fiscal performance across the whole of the European Union. This is also resulting in a steep reduction in the burden of our national debt. While the latter stood at nearly 70% of GDP five years ago, it now has fallen to around 50%, and the European Commission anticipates that in just a couple of years it will have declined to 40%, making our country one of the least indebted in the Union. We have achieved this despite Government's ambitious plans to substantially increase capital expenditure so as to take our country's infrastructure to a new and qualitatively higher level.

Permit me now to direct your attention to relations between Japan and Malta, two countries that established diplomatic relations on 15 July 1965, ten months after Malta obtained its independence. Let us begin with commercial exchange. Trade between Malta and Japan has been fairly consistent over the past five years.

Malta has a positive trade balance with Japan. Malta's imports from Japan consist of machinery and mechanical appliances, vehicles and vehicle parts, and electrical machinery, in that order in terms of value. Our exports consist

principally of fish and crustaceans followed by electrical machinery and equipment.

The number of Japanese tourists coming to Malta relative to our other markets is modest but promises well. In 2017, the number of Japanese stood at around 17,300, this being a 2.8 % increase over 2016.

The number of Japanese following English language course in Malta, continues to increase.

There are many opportunities to strengthen and to enhance economic relations between our two countries but the brief time at my disposal compels me to limit myself to mention only a few and, unfortunately, to deal with them only briefly. To start with, we must recognise that a number of practical initiatives have already been undertaken that will contribute to his aim. For example, talks between the responsible authorities in our two countries in 2016 successfully led to the inclusion of a select number of Maltese laboratories in the Japanese Government's list of accredited institutions empowered to certify Maltese food and beverage exports to Japan. This achievement will certainly contribute to facilitating Maltese trade with Japan. Another important step forward has been the launching of the Malta Japan Chamber of Commerce.

We believe that the time has again come to give serious attention to the potential of Malta as a foreign direct investment location for Japanese enterprises with an eye to markets in the European Union and the Mediterranean region. I said "the time has again come" because Japanese foreign direct investment – specifically in electronics – had already established a tentative foothold in Malta in the early 1970s. Promising areas for direct investment are precision engineering, pharmaceuticals, edible products, machinery and mechanical appliances, plastic

and plastic products, chemicals, aircraft parts, software developments, toys and games, and logistics.

As far as the services sector is concerned, Malta has successfully managed to gain a foothold in niche markets in financial services, insurance, health, aviation, i-gaming, aircraft maintenance, overhaul and repair, education and training.

Another important area presenting opportunities for cooperation is *blockchain*, a field within which Malta is already breaking new ground. We are going towards the digital social infrastructure on sovereign state scale and work is already underway on the piloting of a blockchain platform. Additionally, the Malta Gaming Authority announced plans related to cryptocurrencies in the gaming context. The Malta Stock Exchange is working on the formulation of a strategy geared towards addressing this emerging technology, and will soon unveil the Malta Stock Exchange Blockchain Consortium, a think tank aimed ultimately at the design and implementation of blockchain applications. Blockchain technology will allow data to be recorded and shared in a trustworthy, traceable and secure manner, ensuring greater transparency and accountability.

Blockchain technology has, of course, uses that go beyond cryptocurrencies, including healthcare, insurance, energy, logistics, intellectual property rights management and government services. The Maltese Government actively understands the importance that this breakthrough technology will have in the coming years. It is therefore essential for governments to be active stakeholders in its development. Such an active role will allow the technology to be harnessed in a way that protects both the consumer and the business community involved in the sector. The legislation that was recently passed by the Parliament of Malta, the first of its kind in the world, has the aim of providing a sound legal framework for anyone looking to benefit from the potential uses of Distributed Ledger

Technology such as Blockchain, together with cryptocurrencies, in a market that is mostly unregulated at a global level.

In the maritime sector, Malta boasts of the largest ship register in the European Union and the sixth largest in the world, with an excellent reputation for flag integrity and competitive registration fees. It is only reasonable to argue that as Japan is the second largest ship-owning country in the world, with about 13 per cent of the total world fleet, one should expect closer cooperation between our two countries in this field. I, for my part, intend to encourage the responsible Maltese authorities in this field to engage with their Japanese counterparts, with the Japanese shipping community and with port administrations in this country to explore ways and means to offering a more attractive package to Japanese ship-owners.

The interest of both our countries in maritime affairs goes beyond immediate commercial considerations. Hence, Malta's foreign policy efforts are geared towards the further development of international ocean governance, and in particular to continue our engagement in favour of an integrated and multidisciplinary approach in managing oceans at the international level. The oceans are a shared resource which must be safeguarded for future generations. Their protection has to be a holistic one, which addresses the challenges presented from various sectors, by all relevant stakeholders.

The aviation sector is certainly another one of those sectors that presents significant business opportunities for stakeholders in both countries. Malta is now an established centre of excellence for aircraft maintenance, repair and overhaul, and for technical training in this and related fields, and very soon as a centre for aircraft leasing.

The presence of global names in the industry such as Lufthansa Technik is the best testimonial of our achievements. Malta's fast growing aircraft registry, which is supported by a rigorous but flexible and competitive legal structure, adds value to our ambitions in this sector.

Malta is a proud, committed and proactive member of the European Union. I will therefore refer to the last EU-Japan Summit, held on 17 July 2018 here in Tokyo. Malta welcomes the signing of the Strategic Partnership Agreement. Through this agreement, cooperation will not only include political dialogue and policy cooperation, but also cooperation on regional and global challenges, including environment and climate change, development policy and disaster relief, and security policy. This enables the EU and Japan to jointly promote peace, stability and prosperity globally. Malta also warmly welcomes the recent signing of the EU-Japan Economic Partnership Agreement. This agreement demonstrates the progress made in the enhancement of relations between the two parties. The agreement is now awaiting ratification and it is expected to enter into force in 2019.

In the meantime, negotiations between the European Union and Japan continue on investment protection standards and investment protection dispute resolution. Malta will initiate the process for the entry into force of both the Strategic Partnership and the Economic Partnership agreements.