



Country Issue: Malta



## The Relaunch of Europe

Mapping Member States' Reform Interests

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Institut für Europäische Politik (Institute for European Politics, IEP) is one of the leading foreign and European policy research centres in the Federal Republic of Germany dedicated to the study of European integration.

Further information on the project can be found here:

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Deadline for data collection: September 2017

Editorial deadline: June 2018

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# THE RELAUNCH OF EUROPE

## MAPPING MEMBER STATES' REFORM INTERESTS

*The Relaunch of Europe. Mapping Member States' Reform Interests (RelaunchEU)* is a project conducted by the Institut für Europäische Politik (IEP) on behalf of the Friedrich-Ebert-Stiftung (FES) that surveys the implementation prospects for twelve concrete reform proposals. It covers the policy areas of Social Union, Economic and Monetary Union and Defence Union as well as asylum and migration policy and the EU's institutional set-up. Furthermore, it analyses the support for flexible integration and the positioning towards the five scenarios presented in the European Commission's »White Paper on the Future of Europe« of spring 2017. It covers the positions of national governments and of relevant progressive political parties, which received a minimum share of 5 % of the votes in the previous European or national elections.<sup>1</sup>

The study follows two main objectives: (1) It demonstrates the scope of action for prompt reforms of the EU in the selected policy areas while also taking into account which member states would, under certain conditions, be willing to implement the specific proposals. (2) It empirically determines which member states could belong to an avant-garde group willing to deepen integration.

Researchers from think tanks and research institutions in the member states of the EU-27 compiled information to determine the position of governments and progressive political parties towards the twelve reform proposals. This qualitative analysis reflects the country experts' views and is based on documents such as coalition agreements, government or party programmes, position papers, press releases, interviews, op-ed pieces, and official documents. It presents a snapshot of the discussions within the governments and parties. In order to keep the country issues short, internal debates and deviating opinions cannot be covered in detail. Positions are subject to change, especially following elections and the formation of new governments. The snapshot was taken at the end of September 2017. More recent developments could not be included. Notable exceptions are the country issues of Austria and Germany, which were updated following the latest coalition negotiations.

The study's results are published in English on the website [www.relaunch-europe.eu](http://www.relaunch-europe.eu). It presents maps for every actor and reform proposal, 27 country issues and an analytical paper. The paper compares the positions of all actors in all member states of the EU-27 on the twelve concrete reform proposals and presents five flagship-projects, which bear the chance for a relaunch of Europe.

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<sup>1</sup> If a party fulfills this criterion, but is not a relevant actor in the national public debate anymore, it was deleted from the sample based on the judgement of the projects' country expert.

# MALTA

In June 2017, early general elections took place in Malta following public accusations against two ministers of the governing Malta Labour Party (MLP) pointing at their involvement in the »Panama Papers

Scandal«. Nevertheless, the Social-Democratic MLP won the election and obtained 37 seats. It serves a second term in government, which held the EU Council Presidency in the first half of 2017.

## Support of the Maltese Government and the MLP for Deepening EU Integration



**Legend**

- support for
  - support under conditions
  - against
  - neutral
- GOV** National Government
  - MLP** Malta Labour Party
- 1 – Scenario 1: »Carrying on«
  - 2 – Scenario 2: »Nothing but the single market«
  - 3 – Scenario 3: »Those who want more do more«
  - 4 – Scenario 4: »Doing less more efficiently«
  - 5 – Scenario 5: »Doing much more together«

## SOCIAL UNION

The MLP-led Maltese government and the party itself are, in principle, in favour of strengthening the EU's social dimension, particularly under the condition that economic growth, competitiveness and the freedom of movement for EU citizens are maintained. They both, however, share the opinion that **upward convergence of national social security schemes** in Europe would require an »one-size-fits-all«-approach, which respects neither the member state competences nor diverging national systems. Therefore, EU coordination in the field of social security is preferred. The Maltese Council Presidency put a particular emphasis on the labour mobility package (including the revision of Regulation 883/2004 and Regulation 987/2009), which aimed at better EU coordination of national social security schemes, in particular regarding unemployment benefits in cross-border cases. Although the **European coordination of national minimum wages** is not a priority on the Maltese political agenda, both, the government and MLP, share concerns regarding member states' competences and particularities of national labour markets. Unlike other member states, Malta has had a national minimum wage for over two decades, which has also increased significantly over time. Thus, the government and MLP support instruments other than the coordination of national minimum wages such as the »Making Work Pay«-initiative, which the Maltese presidency promoted. It included a series of supply-side labour policy measures such as in-work benefits and tax incentives in order to foster the creation of jobs and social inclusion and improve social rights. With regards to **balancing of social rights and internal market freedoms**, there is hardly any discussion at national level. Apart from that, the MLP-led government is supportive of the European Commission's proposal concerning the establishment of a European Pillar of Social Rights. Furthermore, the revision of the posted workers directive (96/71/EC) in the framework of the free provision of services has been supported during the Maltese Council Presidency, too. However, all measures aiming at strengthening the EU's social dimension have to go hand in hand with economic growth and may not jeopardize the functioning and competitiveness of the internal market. The main aim is to achieve a free and fair internal market. Accordingly, the Maltese President called for establishing a European Social Pact as a cornerstone of a future Social Union, in particular promoting equality and social mobility across the EU.

## EUROPEAN ECONOMIC AND MONETARY UNION

While the Maltese government and MLP are in principle in favour of **fighting tax fraud and tax evasion on a European level**, there are reservations concerning specific reform proposals in this regard, which might impinge on national sovereignty. In Malta, which is often branded a »tax haven«, the government regards taxation as an important instrument for regulating the national economy and opposes

any initiatives at EU level aiming at harmonising or reducing national sovereignty on taxation. It would not support public country-by-country reports, a Common Consolidated Corporate Tax Base (CCCTB) or Europe-wide minimum tax rates. The government would agree with the idea of banning letterbox companies under the condition that a proper definition of what constitutes a letterbox company will be established. Despite these reservations, Malta brought forward other proposals that aim at preventing tax avoidance through non-EU jurisdictions such as the agreement on the Anti-Tax-Avoidance Directive 2 or on the Double Taxation Dispute Resolution Mechanism and launched the first Council discussion on the CCCTB during its EU Council Presidency. Moreover, Malta supported the fight against VAT fraud at EU level, especially the Commission's proposal on the VAT Reverse Charge Mechanism. The government and MLP would agree in principle to the establishment of a **fiscal capacity for the euro zone** provided more clarity is forthcoming on its remit and its source of funding. Despite such support, the Maltese government reiterates that it is imperative that such measures would not impinge on policy areas that fall under national competences. However, the government is in favour of an investment fund, which would ensure that public investment remains adequate during economic downturns. Malta's government supports the idea that such a rainy day fund is managed by a European Monetary Fund (EMF). However, there is no support for the **mutualisation of public debts** in Malta. The MLP-led government has strong reservations due to sovereignty challenges such a proposal might result in as well as liability issues. Accordingly, Malta expressed its concerns, when the proposal on a European Redemption Fund was introduced, as this entails the mutualisation of debt instruments.

## EUROPEAN DEFENCE UNION

With regard to initiatives concerning security and defence matters at EU level such as extending **EU Military Planning Capabilities**, Malta is constitutionally bound to its strict neutrality clause. Therefore, it is also indecisive concerning the creation of an **EU Army**. It stipulates a policy of non-alignment and non-participation in any military alliance. Due to these constitutional constraints, such initiatives are not discussed in Maltese politics. However, the MLP-led government will not veto European defence policy initiatives such as the establishment of EU headquarters for executive EU military missions and operations. With regard to a comprehensive approach to Common Security and Defence Policy, Malta has committed itself only to security and defence matters that are linked to strengthening the security-development-nexus, securitising EU borders and stabilising the EU neighbourhood.

## ASYLUM AND MIGRATION

As Malta is geographically situated at the crossroads of migration flows from the Central Mediterranean route, the

MLP-led government has advocated for the further deepening of the Common European Asylum System (CEAS) and prioritized migration issues during its EU Council Presidency. Thus, it underlined the need for an effective application of the principles of solidarity and responsibility and pushed forward initiatives to revise the Dublin Regulation and to provide legal migration routes to the EU. While the idea of establishing a **pure quota system for the relocation of asylum seekers** is not specifically discussed in Malta, the government and MLP are, nevertheless, in favour of a fair distribution of asylum seekers among member states and a process of asylum procedures that is based on EU-wide basic standards. Therefore, the government has openly supported negotiations concerning the second legislative package of the Commission in 2016 on the reform of the CEAS, that includes proposals for further harmonising common standards by revising the Reception Conditions Directive, Qualification Regulation and Asylum Procedure Regulation. Furthermore, it supported the Commission's proposal for an EU Resettlement Framework, which includes a quota system for the distribution of asylum seekers. As an important step forward under the Maltese Council Presidency, political agreement was reached with the European Parliament on transforming the European Asylum and Support Office (EASO), based in the Maltese capital of Valetta, into a fully-fledged EU agency, which should be in charge of managing the resettlement of asylum seekers. While the legislative work was not concluded in the first half of 2017, the agency should so far ensure the convergence of assessment procedures for asylum applications across the EU, while providing operational and technical assistance to EU member states. In addition, the government supports enhanced cooperation through the Valletta Action Plan and the Partnership Framework for the cooperation with a number of third countries. It shall ensure humane and sustainable management of migration within the EU and in third countries. However, there is no support in Malta for establishing sanctions for countries unwilling to take in asylum seekers. As the Maltese Presidency also aimed at an improved management and control of the Schengen area's external borders, the establishment of the **European Border and Coast Guard Agency (EBCG)** has been considered a great success by the government. However, there is no discussion on extending its competences.

## POLITY

Neither the government nor the MLP have published a detailed position on **increasing democratic accountability of the economic governance of the euro zone**. In general, the MLP-led government remains cautious about proposals with regard to the functions of the Council and the European Parliament that require treaty reforms. However, it is open for an inclusive debate on the democratic accountability in an extended format with all EU member states. Foremost, the principle of subsidiarity shall be respected. Such a debate should not become an obstacle when immediate action is needed

especially in times of crises. Furthermore, Malta's government is in favour of a full-time chair of the Euro group, but no Commissioner should occupy this position. Both actors have not officially taken a clear stance on the reform of the **European Citizens' Initiative (ECI)**, nor is it a subject of public discourse in Malta. However, the government has published information and advice for Maltese citizens who are interested in organizing an ECI.

## WHITE PAPER PROCESS

The MLP-led government does not have a clear position on the **»White Paper on the Future of Europe«**. However, it tends to strongly oppose scenario 2, **»Nothing but the single market«**. It supports the idea of **flexible integration**, as it is already a matter of fact, and especially a multi-speed approach for the EU. The government believes in focusing on initiatives that have proven to be good, for example, the Erasmus+ Programme or providing EU-wide access to health care for EU citizens, instead of working on any major treaty reform.

## Legend

### Actors Covered by the Study in each EU Member State

- *National Government*: including its members from one or more political parties, the Head of State or Government, relevant executive ministers and administration.
- *Progressive Parties*: They include all parties that are represented either in the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D) or that are members of the Party of European Socialists (PES) and have gained a minimum share of 5 % of the votes in the last national or European elections. They also include La République en Marche (REM) in France.

### Concrete Reform Options in Different Policy Areas

#### **Social Union**

1. *Upward Convergence of National Social Security Schemes* to provide Europe-wide protection against social risks and to ensure a decent standard of living for EU citizens.
2. *European Coordination of National Minimum Wages* to ensure a decent income within the EU to prevent in-work poverty, to promote social convergence and to avoid social dumping across the EU.
3. *New Balance of Social Rights and Internal Market Freedoms* to compensate the current precedence of internal market freedoms over national social rights.

#### **European Economic and Monetary Union**

4. *Fighting Tax Fraud and Tax Evasion on a European Level* for a fair allocation of tax burdens among natural and judicial persons.
5. *Fiscal Capacity for the Euro Zone* to provide stabilisation against economic shocks through public expenditure in the euro zone.
6. *Mutualisation of Public Debts* to tackle the problem of a sharp increase in public debts in some member states as a result of the euro zone crisis.

#### **European Defence Union**

7. *Extending EU Military Planning Capabilities* also for executive military missions and operations.
8. *EU Army* establishing a permanent multinational military force under European command.

#### **Asylum and Migration**

9. *Pure Quota System for the Relocation of Asylum Seekers* which would replace the Dublin system.
10. *More Competences for the European Border and Coast Guard Agency (EBCG)* expanding the current EBCG tasks in terms of »shared responsibility« between the EBCG and national authorities.

#### **Polity**

11. *Increase Democratic Accountability of the Economic Governance of the Euro Zone* to make its institutions more responsive to EU citizens.
12. *European Citizens' Initiative (ECI)*: revision of the ECI regulation to make the instrument more citizen-friendly and effective in order to strengthen the participative democracy in the EU.

#### **White Paper Process**

13. *The White Paper on the Future of Europe* by the European Commission presents five possible scenarios for the future course of European integration.
14. *Flexible Integration*: limiting the application of certain rules to certain EU member states.
15. *Preferred Reform Instrument*: Treaty reform, reforms inside or outside the Treaties.

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## **Imprint**

© 2018

### **Friedrich-Ebert-Stiftung**

Publisher: International Policy Analysis,  
Hiroshimastraße 28, D-10785 Berlin, Germany  
[www.fes.de/ipa](http://www.fes.de/ipa)  
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**ISBN: 978-3-96250-132-7**

Front cover image: [AboutLife/shutterstock.com](https://www.shutterstock.com)  
Design concept: [www.stetzer.net](http://www.stetzer.net)  
Realisation/Typesetting: pertext, Berlin  
Print: [www.druckerei-brandt.de](http://www.druckerei-brandt.de)

August 2018

