

**Malta**

**1. National Recovery and Resilience Plans**

<b>Question 1</b>	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Neutral
<b>Question 2</b>	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
<b>Question 3</b>	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

## 2. Assessment of Country Specific recommendations 2022 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	In 2023, ensure that the growth of nationally-financed current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transition and for energy security, including by making use of the RRF, RePowerEU and other EU funds. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions	Extremely important	Mixed	MCCEI supports Government intervention to subsidise energy costs for industry and households for economic stability. However to compensate for such a huge investment with great fiscal implication, the MCCEI would like to see reforms in other areas that would discourage current practices that are reliant on fossil fuel energy by addressing a culture shift towards shared mobility, and energy saving in important sectors including transport, construction, industry and tourism etc.
CSR 2	Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 5 October 2021. Submit the 2021-2027 cohesion policy programming documents with a view to finalising their negotiations with the Commission and subsequently starting their implementation.	Extremely important	Mixed	MCCEI welcomes the national RRP schemes for business that were issued so far and encourages that more schemes are rolled-out with urgency to address the current economic need for investment. Re Cohesion Policy Programme 2021-2027 the understanding is that the documentation was submitted and accepted by the European Commission.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Take action to effectively address features of the tax system that may facilitate aggressive tax planning by individuals and multinationals, including by ensuring sufficient taxation of outbound payments of interests, royalties, and dividends, and amending the rules for non-domiciled companies.	Important	Satisfactory	Malta's right for a different efficient tax system which is attractive for foreign direct investment to compensate for its disadvantages compared to other EU member states including, insularity and lack of economies of scale due to its micro island economy. Having said this, tax avoidance should not be facilitated and in fact Malta has addressed policy concerns regarding Governance, Transparency and Enforcement in the past months as part of a reform process by the FATF.
CSR 4	Reduce overall reliance on fossil fuels by accelerating the deployment of renewables, promoting and enabling investments in wind and solar energy, including in floating offshore energy, further upgrading Malta's electricity transmission and distribution grids, and creating incentives for electricity storage to supply firm, flexible and fast responding energy. Reduce energy demand through improved energy efficiency, particularly in residential buildings. Reduce emissions from road transport by addressing traffic congestion through improved service quality in public transport, intelligent transport systems and investing in soft mobility infrastructure.	Extremely important	Mixed	Malta has launched an expression of interest process for the installation of floating wind farms at sea. There has been a push for the installation of solar panels however we consider that this is approaching saturation point due to limited size of the land. MCEI also advocates for the waiving any rental fees against the investment in solar panels installed within state-owned facilities within industrial parks. Furthermore, reference is made to our reply on CSR1 with respect to reducing traffic congestion.

### **3. Reform Progress in your Member State in 2022**

How would you assess reform progress in 2022, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	Mixed
<b>Innovation and skills</b>	Unsatisfactory
<b>Access to finance and Financial stability</b>	Satisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2023 Reform Barometer?

#### **4. Reform priorities for 2023**

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Labour Market Mismatch and Labour Mobility	Improve Malta's attractiveness for Third Country Nationals; vocational and work-based learning	yes
<b>Priority 2</b>	Wage Bargaining and Wage-Setting Policies	Reform Cost of Living Adjustment System (Wage indexation)	yes
<b>Priority 3</b>	Public Sector Efficiency	Secondment of public official to the private sector following an independent audit exercise to reduce the oversized public sector	yes
<b>Priority 4</b>	Public Investment	Make full and efficient use of EU funds: Cohesion Policy and RRP; especially by rolling industry specific incentives and investment in capital projects	yes
<b>Priority 5</b>	Competition Policy Framework	Tailor made state-aid schemes to offset additional transport costs (due to insularity); Reform of public procurement	yes