

THE MINERAL INDUSTRY OF

MALTA

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Malta's mineral industry relies mainly on trade and the storage of crude oil and refinery products, as well as other nonfuel mineral commodities. The mineral industry, consisting mainly of limestone and salt production, contributed less than 0.5% to the gross domestic product.

Malta was an important transshipment center in the Mediterranean area. The country's strategic location in the middle of the shipping lanes that connect the two ends of the Mediterranean Sea and natural ports are its major assets. The transshipment and reexport of goods were significant to the country's economy along with the storage of petroleum and refinery products.

The entrepôt activities of Malta continued. The European Union (EU) remained the main source of Maltese imports. Major suppliers were Germany, France, Italy, and the United Kingdom. EU countries, mainly Italy, Germany, France, and the United Kingdom, were also major destinations for exports and reexports (Central Office of Statistics—Malta, November 22, 2000, Industry statistics, accessed February 13, 2001, at URL <http://www.nso.govt.mt/cosnews/news00/news8700.htm>).

Limestone quarries produce crushed aggregates for use in road construction, lime manufacture, and as a concrete additive. Construction companies produce building blocks from their own quarries using globigerina limestone, known locally as franka stone. These blocks are used for local construction purposes (table 1).

With the help of foreign companies, the Maltese Government was exploring offshore areas for petroleum. Previous seismic work by the Maltese Government in the 1980s and by Texaco Corp. from 1990 to 1992 resulted in the identification of several prospects. The prospects are located along the same geological trend as several Italian oilfields offshore Sicily. In 1997, agreements were signed with Agip SpA of Italy for the

exploration of an area off the north coast and with Roc Oil Co. Ltd. of Australia for the exploration of an area off the south coast of Malta. In 1998, Hardman Resources NL of Australia signed an agreement granting rights to explore for hydrocarbons off the east coast of Malta. Exploration was initiated in 1999 and continued in 2000 (Oil Exploration Department—Malta, [undated], Oil exploration in Malta, accessed September 12, 2000, at URL <http://www.magnet.mt/home/oil-exp>).

Malta would like to become a member in the EU and was adopting EU practices and procedures. The country was pursuing a policy of gradual economic liberalization, taking some steps to shift emphasis from reliance on direct government intervention and control to policy regimes that allow a greater role for market mechanisms in trade and financial policies. The Government established a national privatization committee as part of its bid to become an EU member. Selling such state-owned units as the country's port authority Malta Freeport Corp. would boost the country's candidacy by cutting public spending and ensuring a more competitive economy.

Malta Freeport, which was set up to develop the port to be able to compete, offers modern transshipment facilities, storage, and assembling and processing operations, including an oil terminal with bunkering facilities. Companies licensed to operate within Malta Freeport were exempt from payment of customs tariffs, income tax, and stamp duties on their operations within the port. These incentives were available to both domestic and foreign companies. In 1999, the Malta Freeport handled 1.2 million containers (Elliott, 1999).

Reference Cited

Elliott, Nick, 1999, Transshipment port on Malta headed for privatization: *The Journal of Commerce*, v. 420, no. 29479, May 28, p. 2B.

TABLE 1
MALTA: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/

Commodity 2/		1996	1997	1998	1999	2000
Limestone	thousand metric tons	2,000	2,000	2,000	2,000	2,000
Salt	metric tons	30	30	30	30	30

1/ Table includes data available through March 2001.

2/ In addition to listed commodities, small amounts of cement, fertilizer, lime, and plaster are produced, but available information is inadequate to make reliable estimates of output levels.