

Increasing Demand for Malta Freeport Services and Regulation of Malta Free Zones To Promote Further Expansion

By **Jonathan Vassallo**, 14th May 2019

Malta's Strategic Location in the Mediterranean

Malta is a country located in a strategic position in the middle of the Mediterranean. Due to its location Malta has been a major centre for maritime operations for generations. This historical heritage and robust transport links, via air and sea, help to make Malta an ideal hub to establish an international company.

Malta's strategic geographical location make it the gateway port into Europe from Africa, Israel and beyond. Malta is an attractive place to do business, offering year-round great weather and short commutes to and from Europe with direct flights to several European capitals.

Malta Free Port

As one of the Mediterranean's key transshipment ports, Malta Freeport represents a strategic platform for shipping lines that have chosen it as their Mediterranean hub port, being located at the crossroads of some of the world's greatest shipping routes and at the heart of the Europe/Maghreb/Middle East triangle.

Since 1988, Malta Freeport has enjoyed remarkable growth and is now a major transshipment port in the Mediterranean region, enjoying positive international recognition, as a reliable and credible port, with global carriers.

Malta Freeport focuses on the 'hub' concept, whereby cargo is discharged from large mother vessels and relayed to a network of regional ports by regular and frequent feeder vessels. Around 96% of Malta Freeport's container traffic is transshipment

business. This logistical concept offers various benefits to Malta Freeport clients, including; fewer mainline port calls, and reduced voyage times through minimal diversions and shorter transit times, enabling shipping companies to concentrate on profitable voyage legs.

New Free Zones – Authorised Undertakings and Permitted Activities

EU member states can introduce free zones, where non-European Union goods may be stored in the EU, without being subject to import duty, other charges and/or relevant commercial policies, as long as the activities being undertaken in the free trade zones do not prohibit the entry or exit of goods into or from the customs territory of the European Union.

To meet the increasing demand for Malta Freeport services, the Maltese Authorities have created new legislation, the 'Malta Free Zones Act'. This provides for the regulation and administration of the business of the Free Zones in Malta, with the objective of encouraging economic development and the generation of employment in Malta.

The Free Zones Act provides a regulatory framework and has introduced the concept of public/private partnerships to operate in the free zones.

What Type of Activities Can be Carried Out In the Malta Free Trade Zones?

A trade or business being undertaken in the Free Trade Zone must principally be:

- the production or manufacturing of goods, materials, commodities, equipment, plant or machinery;
- the assembly, testing, repair and/or maintenance of goods, materials, commodities, equipment, plant or machinery;
- the labelling, packaging, sorting, dividing, warehousing, storage, exhibition, assembly and any related activities, in relation to goods, materials, commodities, equipment, plant or machinery, including where such goods are acquired in bulk and are to be processed within a Free Zone in preparation for their eventual sale or distribution;

- any activity involving the provision of services relative to, or concerning logistics as may be approved by the Maltese Authorities;

- the carrying out of any activities as may be approved by the Maltese Authorities during the time that the goods are being held in a Free Zone or in preparation for their eventual transshipment;

- any activity concerned solely with the conduct of a Free Zone including, but not limited to; stevedoring, wharfage, operation of terminals and container handling;

- the rendering of services analogous or complementary to the activities referred to above; and

- the carrying out of industrial, commercial or service activity as prescribed in guidelines issued by the Maltese Authorities.

Additional Information

The Dixcart office in Malta has extensive experience in establishing and advising trading companies including those choosing to use the Free Port in Malta.

For further assistance please contact us on advice.malta@dixcart.com or speak to your usual Dixcart contact.