

THE MINERAL INDUSTRY OF

MALTA

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Possessing few indigenous raw materials and a very small domestic market resulted in Malta's mineral industry resting mainly on trade and the storage of crude oil and refinery products, as well as other nonfuel mineral commodities. These activities were concentrated at Marsaxlokk Bay, on the southern coast of Malta. Provisional figures for 1995 indicated that the trading activities of Malta continued to expand. Total imports increased more than 13% and exports increased more than 14% from 1994 levels. Re-exports increased by 2% in the same period. The main source of Maltese imports remained the European Union (EU). Major suppliers were Italy, the United Kingdom, Germany, and France, respectively. Major destinations for exports and re-exports also were EU countries, mainly Italy, Germany, France, and the United Kingdom, respectively.

The mineral industry, consisting mainly of limestone and salt production, contributes less than 0.5% to the gross domestic product. All limestone quarries are owned and operated by construction companies. Globigerina limestone, known locally as "franka" stone, was used mainly for production of building blocks, while the leftover irregular pieces were crushed and used as aggregate in construction. In 1995, gross output in the

construction sector decreased by almost 19% from 1994. This was because of completion of large Government infrastructure projects especially the new airport terminal. Gross output of the Quarrying sector remained relatively unchanged from the previous year. With help from foreign companies, mainly Amoco and Shell Malta, the Maltese Government was exploring offshore areas for crude oil. (*See table 1.*)

The Maltese Government has pursued a policy of gradual economic liberalization, taking some steps to shift the emphasis in trade and financial policies from reliance on direct government intervention and control to policy regimes that allow a greater role for market mechanisms. Malta is an associate member of the EU and efforts to become a full member of the European Union will compel the Government to cut state subsidies, remove protective tariffs, and end monopolies. These actions may adversely affect the small-scale limestone industry. However, it was expected that this would help procure investments for the free port terminal at Marsaxlokk. Since transshipment and re-export of goods is significant to Malta's economy, this would enhance the country's attraction as a transshipment hub in the Mediterranean.

TABLE 1
MALTA: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/

Commodity 2/	1992	1993	1994	1995	1996
Limestone thousand metric tons	2,300	2,200	2,200	2,000	2,000
Salt metric tons	30	30	30	30	30

1/ Table includes data available through March 1997.

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