2015 Minerals Yearbook

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The Mineral Industry of Malta

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Malta is a small, densely populated island country located in the central Mediterranean Sea between Italy and Libya. The country comprises three inhabited islands—Malta (the largest), Gozo, and Comino, as well as a number of uninhabited islets. Malta has been a European Union (EU) member state since 2004 and has used the euro (EUR) as its official currency since 2008. The country hosts a few mineral resources, such as clay, limestone, and salt. Malta had no identified mineral fuel resources. Offshore hydrocarbon exploration in Malta's Continental Shelf, which lies between Italy, Libya, and Tunisia, was halted in 2015 after no prospects were identified (Entec UK Ltd., 2003, p. 1; Malta Freeport, 2010; Continental Shelf Department, 2016; Oil Exploration Unit, 2016; U.S. Department of State, 2016).

Minerals in the National Economy

In 2015, Malta's real gross domestic product (GDP) increased by 6.3% compared with that of 2014, and surpassed its pre-crisis peak in 2008. The nominal GDP in 2014 was EUR8.8 billion ($9.4 billion[1]). Energy-related infrastructure projects, such as the construction of a regasification plant, played an important role in Malta's GDP growth (Central Bank of Malta, 2016, p. 36–38; European Commission, 2016a, p. 1; 2016c, p. 100; International Monetary Fund, 2016, p. 2–4; National Statistics Office, 2016a, p. 1).

The mineral sector constituted a minor component of Malta's economy. In 2015, mining and quarrying output decreased by 4.0% compared with a decrease of 22.0% (revised) in 2014. The output of the energy sector increased by 3.6%, which was an upturn from a 1.6% decrease (revised) in the previous year. The mining and quarrying and utilities sectors contributed 0.5% of the 8.8% growth in the total value added in 2015 compared with a negative 0.2% (revised) contribution in 2014. In 2015, mining and quarrying employment increased for the first time since 2010. As of November 2015, the sector employed 180 full-time workers compared with 174 full-time workers in 2014 (Economic Policy Department, 2015, p. 46; Central Bank of Malta, 2016, p. 38–39, 44, 47–48; National Statistics Office, 2016b).

The mineral-related sectors of Malta's economy depended almost completely on imports, the reexport of raw materials and mineral fuels, and the storage of crude petroleum. This dependency was reflected in Malta Freeport's container traffic, 95% of which was transshipment business, including transshipment of petroleum and refined petroleum products. In 2015, the decrease in the value of imports was mainly the result of a decrease in the quantity of imports of mineral fuels, lubricants, and related materials, which decreased by 34.7% to $1.78 billion in 2015. The decrease in the value of exports by 15.7% to $1.45 billion was also mainly the result of a decrease in the volume of exports of mineral fuels, lubricants, and related materials—although these mineral commodities were still the most valuable of Malta's exported goods in 2015 (Malta Freeport, 2010; Central Bank of Malta, 2016, p. 79–80).

Government Policies and Programs

In November 2015, the Ministry for Energy and Water Conservation replaced Malta Enterprise (the national development agency) as the Government's stockholder in International Energy Group Malta Ltd. (IEG Malta). The Government, which held a 10% share in IEG Malta, had formed the joint venture with International Energy Group Pte Ltd. of Singapore in November 2014 to establish Malta as a petroleum and energy products trading hub between Europe and Asia. IEG Malta planned to undertake its first trading transaction and cargo trade in early 2016. The company would eventually expand into petroleum blending and bunkering activities (Malta Enterprise, 2014; Malta Today, 2015, 2016; Pace and Coppini, 2015, p. 127).

Production

The major mineral commodities produced in Malta in 2015 were limestone (Coralline and Globigerina) and solar (evaporated) salt. Both minerals were used locally, mostly in construction and lime manufacturing, respectively. Construction aggregate output in the form of both Coralline and Globigerina limestone increased in 2015 after decreasing in 2014. Salt production was estimated to have increased in 2015, although from a low base amount (table 1).

Structure of the Mineral Industry

As of 2014, there were 47 active limestone quarries located on the islands of Malta and Gozo compared with 50 in 2013. The Globigerina limestone quarries were concentrated in the Mqabba and the Siggiewi areas on Malta and in Dwejra on Gozo. The Coralline limestone quarries were found across the country (Entec UK Ltd., 2003, p. 1–2, 41; Vella and Camilleri, 2005, p. 47; National Statistics Office, 2016b).

In September 2015, Urion Holdings Malta (a subsidiary of Trafigura Beheer BV of the Netherlands, which was a leading global commodities trading and logistics company) acquired a 20.02% share of Nyrstar NV of Belgium (an integrated mining and metals company with leading positions in global lead and zinc markets). Since July 2014, Urion Holdings also had held an 18.8% share of EMED Mining Public Ltd. of Spain, which was a leading mining company regionally that owned copper and gold properties across Europe. Trafigura's other mineral-related subsidiary in Malta, Trafigura Nat Gas Ltd., was engaged in gas trading (Vella, 2014b; Nyrstar NV, 2015).

[1]Where necessary, values have been converted from euro area euros (EUR) to U.S. dollars (US$) at an average annual exchange rate of EUR0.937=US$1.00 for 2015 and EUR0.784= US$1.00 for 2014.

Commodity Review

Industrial Minerals

Cement.—Malta did not have its own cement production facilities and imported cement primarily from Italy and Spain to meet all its cement demand. Domestic cement consumption was estimated to be 270,000 metric tons (t) in 2015 compared with 260,000 t in 2014. A number of large-scale investment projects were expected to sustain construction activity and cement demand, including the construction of the new Delimara powerplant and liquefied natural gas (LNG) terminal as well as an EU-financed monorail that would crisscross the island of Malta. In March 2014, UC Ltd.'s new cement silo at Laboratory Wharf at the Port of Valletta began operating with a storage capacity of 7,500 t of cement (International Cement Review, 2015, p. 227).

Salt.—In 2015, Malta's salt production continued to recover owing to the ongoing restoration of the Salina salt pans. Salt was produced by individual salt farmers using small-scale coastal salt evaporation pans, called Mediterranean Salinas, which were carved out of rock. Only a few of the pans at 40 sites scattered across the islands of Malta and Gozo were actively harvested. A new tender for the rehabilitation of the salt marsh and cleaning of the garrigue at the Salini Salt Pans, Triq Is-Salini, St. Paul's Bay, was awarded to Camray Company Ltd. by the Department of Contracts in April 2014 (Entec UK Ltd., 2003, p. 2; Department of Contracts, 2014; Jung, 2014; European Network for Rural Development, 2015).

Stone, Crushed (Limestone).—Construction aggregate production from quarries on the islands of Gozo and Malta in the form of both Coralline and Globigerina limestone increased by about 1.1% in 2015. Construction activity continued to increase in 2015. This trend was reflected in the number of permits issued for the construction of residential dwellings, which increased by 34% to 3,947 permits as well as in the total value added generated by the sector, which increased by 9% (Central Bank of Malta, 2016, p. 47–48; National Statistics Office, 2016b).

Mineral Fuels

Petroleum and petroleum products accounted for almost 100% of Malta's energy supply and were wholly imported. In 2014, petroleum and petroleum products consumption amounted to 0.9 million metric tons of oil equivalent, which was unchanged from that of 2013 (European Commission, 2016b).

Natural Gas.—The Government took steps to switch the source of electricity generation to natural gas from fuel oil to diversify Malta's energy sources and move towards cleaner energy. Enemalta plc, which was Malta's only electricity company, was in the process finalizing a power purchase agreement and a gas-supply agreement with the ElectroGas Malta Consortium for the building, operating, and maintenance of a new LNG delivery, storage, regasification, and natural gas supply facility and a new gas-fired electricity generation plant in Delimara near the city of Marsaxlokk. The new plant was scheduled be commissioned by June 2016 (Enemalta Corp., 2015a, b; Pace and Coppini, 2015, p. 127).

Petroleum.—In January 2015, Genel Energy plc. of Turkey and the United Kingdom announced that it would no longer pursue petroleum exploration in Malta's Exclusive Economic Zone (EEZ) in the Mediterranean Sea. Phoenicia Energy Co., which was majority owned by Genel Energy and the operator of the Area 4 license, had plugged and abandoned the Hagar Qim 1 exploration well in Block 7, Area 4, in July 2014 when no indications of commercially exploitable hydrocarbon resources were found. Rockhopper Exploration plc. of the Falkland Islands, which had a 25% interest in the Area 4 license, also withdrew in January 2015. Rockhopper Exploration received an extension of the exploration study agreement to December 2016 before it made a decision on a production-sharing contract for Area 3 (Offshore Energy Today, 2014; Vella, 2014a; Malta Independent, 2015; Pace and Coppini, 2015, p. 128; Rockhopper Exploration plc, 2016).

Outlook

Malta's mineral production is expected to remain modest. Limestone production from quarries is likely to remain the country's main mineral output and may increase in line with the growth rate of the residential construction industry. Malta is likely to remain a nonproducer of hydrocarbons in the near future given the withdrawal of Genel Energy and Rockhopper Exploration from offshore hydrocarbon exploration in the country's EEZ in the Mediterranean Sea, but it has the potential to enhance its role in the transit trade of raw materials and mineral fuels if plans to establish the country as a major mineral trading hub between Asia and Europe are realized.

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TABLE 1
MALTA: PRODUCTION OF MINERAL COMMODITIES[1]

(Metric tons)

Commodity[2]	2011	2012	2013	2014	2015
Stone, limestone:					
Hardstone (Coralline limestone):					
Chippings, granules, and powder	1,708,643 r	1,656,768 r	1,405,160 r	1,329,904 r	1,344,397
Dimension stone	26,573	28,853	59,072 r	56,578 r	57,195
Total	1,735,216 r	1,685,621 r	1,464,232 r	1,386,482 r	1,401,592
Softstone (Globigerina limestone):					
Chippings, granules, and powder	5,008 r	2,039 r	2,788 r	2,896 r	2,928
Dimension stone	87,672 r	92,476 r	96,575 r	81,513 r	82,401
Total	92,680 r	94,515 r	99,363 r	84,409 r	85,329
Grand total	1,827,896 r	1,780,136 r	1,563,595 r	1,470,891 r	1,486,921
Salt, solar[e]	1,000	1,000	1,000	1,500	1,600

[e]Estimated; estimated data are rounded to no more than three significant digits. [r]Revised.

[1]Table includes data available through July 14, 2016.

[2]In addition to the commodities listed, small amounts of fertilizer and plaster were produced, but available information was inadequate to make reliable estimates of output.

TABLE 2
MALTA: STRUCTURE OF THE MINERAL INDUSTRY IN 2015

(Metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity[e]
Salt	Artisanal miners	40 salt pans located on the islands of Malta and Gozo	2,000
Stone, limestone	Various small, locally owned companies	53 quarries located on the islands of Malta and Gozo	1,900,000

[e]Estimated; estimated data are rounded to no more than three significant digits.