

2024 Pre-Budget Document Proposals by  
The Malta Chamber of Commerce, Enterprise and Industry on:

## CONNECTIVITY

### PORTS

1. **Establishing a centralized Logistics Hub through a Public-Private Partnership** to reduce warehousing and distribution expenses. Its mandate should be expanded to address deficiencies that failed recent public Requests for Proposals (RFPs) for the concession to design, finance, build, operate and maintain an International Logistics Hub in Malta, as well as to lessen the negative effects of logistics on traffic congestion and the environment.
2. **A location near the airport with warehouses in Hal Far that can support growth** and has the potential to become one of the primary drivers of growth for the community's economy should be identified. IT infrastructure should integrate the related services as required. Funds must be set aside to ensure that the multi-stage development of a storage hub/logistics centre is completed before being outpaced by competition, especially from Morocco.
3. **Modification of our port operations through a service agreement** will bring a direct positive impact on pricing for the domestic market and the competitiveness of industry. Reorganisation of our port operations can give current port workers more and better possibilities. The Malta Chamber reiterates its call for a decisive change in the current law and implementation of new methods and processes which end the monopoly in cargo handling.
4. Restricting the unloading of cargo beyond the **Hal Far Groupage Complex boundaries** significantly hinders the scope of Third-Party Logistics (3PL) services. Allowing specialised Operators in Cargo Transport and Logistics to handle related tasks would lead to cost reduction for importers and increased delivery efficiency, thus also reducing traffic on the roads.

### EU LEGISLATION, MARITIME, AIR CONNECTIVITY & SUPPLY CHAINS

1. In view of ongoing negotiations in the EU Council, Government should seek a **permanent derogation for Malta from the Energy Tax Directive due to its insularity**. Being a peripheral island state with no road alternative to the European mainland, the proposed tax creates an unproportional burden on Maltese businesses and consumers because it inhibits the free flow of goods and creates an unlevel playing field for regional producers and processing facilities inside the Single Market.
2. The Malta Chamber strongly expects our representatives in Brussels to lobby towards the **implementing of the Competitiveness Check in the preparatory phases of EU legislations**. This is an important outcome from the Conference on the Future of Europe and a specific recommendation by employer representatives. The Malta Chamber therefore calls for the introduction of **Territorial Proofing or an Insularity Test as part of the policymaking impact assessment process**.

3. Transport links and the cost of transportation remain major concerns for the local manufacturers and importers, a key contributor to the erosion of competitiveness of local exporters. To alleviate this erosion Malta must:
  - a) Establish a **reliable national airline that provides air cargo services**.
  - b) Establish a **connection to the major ports in the Mediterranean** providing scheduled services to and from other parts of the world through which containers leaving or destined for Malta pass, given the limitations of scheduled services at the Malta Freeport. This can be provided through a scheduled circular route using a small freighter that connects ports such as Tunis, Casa Blanca, Valenzia, Gioia Tauro, and Malta.
4. The **Bunkering Adjustment Factor (BAF)** should be rendered transparent and should accurately reflect the real cost of fuel. The current scenario has led challenges for logistics operators in dealing with customers, particularly to explain why charges in Malta remained high while rates have been reduced globally.
5. Introduction of Government **support programmes** that are specifically targeted at supporting corporate initiatives to **re-examine global supply networks**. A **data-based decision-making in supply chain management** could be promoted and incentivised by government. This may entail supporting the adoption of AI and machine learning technologies in supply chain operations. To ensure supply chain security, the government could implement a **partnership-based strategy by identifying key partners**, both domestically and internationally, and collaborating closely with them.
6. Due to a lack of raw materials, rising inflation and supply chain interruptions, business operators need **support on sensitive raw resources that frequently vary in pricing**, such as oil and cereals. The government must establish a method for **price adjustment that is automated, unambiguous and connected to an index acknowledged by the sector**.

