

# Malta's Road to EU Membership

## Introduction

With a population of around 400,000, Malta will be the smallest member state of the European Union when it accedes to membership on 1 May 2004. However, its prickly path to membership made the tiny Mediterranean country a unique case study, drawing interest by far disproportionate to its size. For in none of the other nine new member countries was EU membership such a thorny issue. In Malta, EU membership deeply divided the island's two main political parties and with them the entire society. Equally, in none of other countries has EU membership with all its cultural, political, social and economic implications been debated so intensely and scrutinised so minutely.

## Chronology

Malta's European credentials are historical. The Knights of St John, later known as the Knights of Malta, who ruled the island for more than two and a half centuries, were the first embryonic council of Europe. Two important dates – 1565 when Malta successfully resisted the siege of the Ottoman Empire and 1942 when Malta bravely held back Hitler's advance to the south – are historical milestones that tie the island's destiny intrinsically with that of Europe.

Malta applied to join the EU in July 1990 but its relations with the then EEC go back to 1970 when the island was one of the first non-member countries to sign an Association Agreement. The agreement was a crucial instrument for Malta's plans to diversify its economic base from its former heavy dependence on its ship-building and ship-repair industrial sectors – a vestige of Malta's role as a strategically located British colony in the centre of the Mediterranean. The Association Agreement provided for a two-stage approach towards the completion of a free trade area and, subsequently, a customs union over a 10-year period. In the event, neither of these objectives was achieved owing to a mix of political and economic considerations, not least the sharply contrasting European policies espoused by Malta's two main political parties. As a result, the Association Agreement lost some of its relevance and although its benefits to Malta's manufacturing base should not be underestimated, although it had, as of late, generally become seen as an outdated instrument that needed to be superseded by a new relationship with the EU.

The crucial question was, of course, whether this relationship should take the form of membership of the EU or some other form of partnership. It is this question that raged fiercely in Malta during the 1990s and until 2003. EU membership was tirelessly pushed by the Christian Democrat 'Nationalist Party' (PN) led by Prime Minister Edward Fenech Adami, but vehemently opposed by the Socialist 'Malta Labour Party' (MLP) led by its leader Alfred Sant. In a small country with a bi-party system, this made the prospect of EU membership something of a crusade and the 2003 referendum and election polls became a cliff-hanger.

Malta's chances of membership took a difficult turn when the EU forged ahead with its 1995 enlargement (Austria, Finland, and Sweden) leaving Malta and Cyprus out of this enlargement. Disillusion and recrimination along with unpopularity over EU-induced domestic reforms soon led to a defeat of the ruling PN Government in 1996 in favour of the anti-membership Malta Labour Party (MLP). As a result, Malta suspended its membership application and sought a different relationship.

However, an unexpected collapse of the MLP Government after less than two years in office opened a new hope for the supporters of the European cause. In the event, early elections were called in 1998 where EU membership dominated the campaign putting the pro-membership PN back in office. Malta's membership application was swiftly put back on track and accession negotiations were launched in February 2000.

However, the 1998 general elections did not settle the EU issue. If anything, the division deepened. The MLP, now in opposition, intensified its anti-membership campaign.

On the negotiations front, having lost ground and been overtaken by the new candidates from Central and Eastern Europe (CEECs), Malta now found itself having to catch up with other countries that had launched negotiations two years earlier.

## **Referendum**

On 8 March 2003, Malta (the most sceptical of candidate countries) was the first to hold a popular referendum on EU membership. The referendum was announced shortly after the conclusion of accession negotiations at the historic EU Summit held in Copenhagen in December 2002. The actual referendum campaign was a brief but intensive five-week propaganda battle largely fought on the media by the two main political parties, along with different organisations from civil society. Yet, unlike other countries where no mainstream political party officially opposed membership, Malta's political scenario made the starting point for the referendum very much a 50-50 affair.

In the event, the result was a victory for the yes camp by 53.6 per cent to 46.4 per cent from a very high turnout of almost 92 per cent. And although this was one of the lowest margins of approval for membership it was by far one of the largest margins in Malta's keenly contested polls.

But it was not over. Having long expressed strong reservations on the holding of a referendum, the Opposition denounced the result as a victory for the no camp because, he claimed, the yes vote had not attracted an outright majority of eligible voters. Hot on the heels of the referendum result, the prime minister called a snap general election, to seek confirmation of the result.

On 12 April 2003, the Maltese electorate went to the polls and re-elected the incumbent government, making a clear choice for membership. Four days later, on 16 April 2003, the Prime Minister went to sign the EU Accession Treaty at a signing ceremony that was held in Athens.

After a long political struggle spanning more than three decades, Malta had finally decided on Europe.

## **Main negotiating issues**

One of the strongest, and perhaps most persuasive, arguments against membership that had long been made by the Opposition was that EU laws, common to all EU countries, would put Malta in a legal strait-jacket that took little or no account of the inherent socioeconomic vulnerability of a tiny island. The government retorted that EU laws presented common solutions to common problems faced by a group of like-minded countries and went above any 'large versus small' divide. In any case, it added, EU laws were sufficiently flexible to take into account the specific needs and concerns of individual member states.

This put the onus firmly on the government to prove, during the negotiations phase, that it would be able to extract from the EU flexible terms that took account of Malta's particular concerns.

In the event, Malta came out of negotiations with an impressive package of 77 special arrangements that would either provide the country longer phasing-in periods (transitional periods) to adapt to the *acquis* or, more exceptionally, that would provide tailor-made solutions for Malta.

The main negotiating issues ranged from the right of EU citizens to freely purchase property in Malta to more sectoral concerns in specific sectors such as fisheries, agriculture and the ship-repair sector.

On property, Malta achieved a permanent derogation on the right of EU citizens to buy a secondary property. The solution was the requirement for purchase to be based on residence rather than nationality.

On the free movement of workers, Malta secured a seven-year transition period to continue to restrict the inflow of EU workers into Malta should this cause a serious disturbance to the local labour market.

On agriculture, a tiny yet crucial sector, Malta obtained many special arrangements. Equally, on the heavily-subsidised ship-repair sector, Malta negotiated authorisation to pay a €1 billion state hand-out to help the sector undertake a long-delayed restructuring programme.

There were a number of references that gave specific concessions to Malta in order to take into account the circumstances.

At the Copenhagen Summit Malta got an attractive financial package at the conclusion of the negotiations.

## **Conclusion**

The double defeat at the referendum and the election for the no-camp settled the EU issue. Malta will join the EU at the next enlargement on 1 May 2004. The Opposition party has accepted the electoral decision and is no longer opposing membership. The country is now looking ahead to the opportunities and challenges of membership of the European Union.