

# Re-thinking approaches to labour migration

## Potential and Gaps in EU Member States' Migration Infrastructures Case Study Summary — **Malta**



### KEY MESSAGES

- The Maltese government is balancing the demands of economic stakeholders who rely on foreign workers for economic growth with public concerns about the impact of liberal labour migration policies on national identity and infrastructure.
- Malta has a growing but ageing society. It is projected to have the highest old-age dependency ratio in the European Union (EU). This is likely to impact labour market trends in the future. Shortages in the labour market are expected in the health, tourism and catering as well as manufacturing and construction sectors.
- Foreign workers of different skill levels in Malta constitute an important share of the labour force, filling vacancies in sectors where local firms might not find resident workforce. To date, the immigration of migrant workers has kept the Maltese working population from declining.
- Malta's labour migration policy is liberal towards highly-skilled third-country national (TCN) workers and restrictive towards low-skilled TCNs. The current government's migration priorities include making Malta attractive to foreign investors, preventing labour exploitation of TCNs in low-skilled sectors and reducing the administrative burden on Maltese institutions. Additionally, a key focus has been on reducing irregular migration, particularly from countries that are the source of labour migrants.
- Malta's labour immigration system faces numerous challenges due to its bureaucratic nature. The development of a comprehensive national labour migration strategy could be beneficial.

## BACKGROUND AND CONTEXT

After joining the EU in 2004, Malta transitioned from a country of emigration to one of immigration. Post-EU accession, immigration increased, both from EU countries and third countries. Recently, irregular migration has become a significant challenge, marked by substantial arrivals between 2018 and 2020. Addressing irregular migration, migrant smuggling and human trafficking has become a key focus of Malta's overall migration policy.

The Maltese government is trying to strike a balance between two conflicting interests: supporting Malta's economic growth through labour migration while also addressing public concerns about the potential negative impacts of such policies on national identity and infrastructure. The **National Employment Policy 2021–2030** aims to address labour shortages through a **National Economic Migration Policy** and migrant retention schemes. Recent policies focus on reducing the number of lower-skilled non-EU migrants in the country and regulating temporary work agencies after reports of exploitation and general infrastructure challenges. The current government aims to attract highly-skilled workers to Malta, but there are significant obstacles in finding skilled professionals in the global market. The relocation of *Jobsplus* (Malta's National Employment Agency) to the Ministry of Home Affairs highlights the importance of labour migration management and aims to enhance coordination among responsible entities.

## CURRENT AND FUTURE LABOUR SHORTAGES

Malta's economy is predominantly driven by the service sector. The current key industries powering the Maltese economy are **financial services, tourism, real estate, gaming, and electronics manufacturing**. Other significant sectors are pharmaceuticals, information technology and call centres. From 2018 to 2030, employment in Malta is projected to grow steadily at an annual rate of 3% to 4%. A number of sectors are relevant for this growth: the construction sector is expected to see the highest growth, followed by non-marketed services, business and other services, and distribution and transport. Employment in the primary sector and utilities is expected to remain stable, while the only sector anticipated to decline during this period is manufacturing.

Malta has a projected growing but ageing society, and is expected to have the highest old-age dependency ratio in the EU. This is likely to impact labour market trends in the future. Since joining the EU, Malta's labour force grew from under 158.000 to nearly 292.000 in 2022, with an annual growth rate of 3,5%, nine times higher than the EU average. From 2005 to 2021, employment increased by about 75%, while the unemployment rate dropped from 6,9% to 3,5%. Despite this growth, labour shortages remain a challenge for businesses in Malta.

Foreign workers in Malta constitute an important share of the labour force, filling vacancies in sectors where local firms might not find resident workforce. In particular, Malta's economic growth has been historically high also thanks to the inward migration that has cushioned the labour shortages of the resident population (Borg, I. 2023). To date, net migration flows have kept the working age population from declining.

Malta experiences **labour shortages** in a number of sectors. The tourism and catering sectors are particularly susceptible to labour shortages. The healthcare sector has also been historically in shortage of workers, and Malta has greatly relied on foreign workers. The care sector (especially elderly care) faces labour shortages, yet language barriers have made it more difficult for third-country nationals to be active in this sector. In the manufacturing, construction and service sectors labour shortages seem to have limited production.

[CEDEFOP's](#) research indicates that the majority of job openings in Malta will be in skilled non-manual and highly-skilled occupations, particularly in retail roles like sales workers and customer service clerks, as well as in skilled manual positions within the thriving construction sector, such as building and related trades workers. Additionally, highly-skilled non-manual jobs, including those in science, engineering, and associate professions, are projected to rise. Conversely, occupations anticipated to decline or remain stagnant are primarily skilled manual roles in manufacturing, such as stationary plant and machine operators. The demand for occupations requiring at least a medium-level qualification is expected to increase by approximately 66%, underscoring that low-level qualifications may no longer suffice for jobs in Malta.

## LABOUR MIGRATION POLICY IN MALTA

Given Malta's small geographic size, overpopulation issues are becoming a concern, leading to challenges for policies aimed at attracting more non-EU individuals. The focus is shifting towards (in the short term) attracting EU nationals or highly-skilled third-country nationals (TCNs) by offering competitive salaries and benefits comparable to other EU countries, and (in the long term) investing in strengthening the local education system to address labour shortages with the local population.

The backbone of Malta's approach to migration policy is the *Immigration Act*, adopted in 1970. The act has undergone over 20 amendments since then. The country's immigration laws are largely aligned with EU regulations, integrated through amendments to the *Immigration Act*. Malta's **labour migration system does not include quotas** and is largely employer demand-driven. However, recently the Chamber of Commerce proposed to put a quota for the total TCNs that a business can employ, with the exception of the healthcare sector and essential services. This has been echoed by some politicians, who proposed the introduction of a quota system targeting "low-skilled" TCN workers in sectors facing supply excess.

## LEGAL LABOUR MIGRATION PATHWAYS

Labour migration is the most common reason for TCNs to move to Malta, with **56,1% of all permits issued in 2021 being issued for employment purposes**. Malta has a number of pathways for TCN labour migrants to enter the country and access the Maltese labour market. Malta does not apply overall quotas to the residence and work permits. In principle there are also no restrictions on the number of foreign workers an employer may sponsor, though some professions (e.g. catering) have restrictions on the amount of foreign workers that employers can hire.

While EU citizens enjoy unrestricted access and movement within Malta, non-EU citizens must obtain specific permits further outlined in the following section.

## Key national scheme: the single permit and self-employed third-country nationals

Malta has transposed the EU single permit Directive (DIRECTIVE 2011/98/EU) into its legislation. Since 2014, third-country nationals who wish to work and reside in Malta for more than 6 months need to apply for a single permit (combining work and residence permits). As part of the single permit, Malta has introduced a number of specific schemes with various criteria and conditions specifically for highly-skilled workers that have different requirements to the regular single permit (described further below).

### Malta's single permit

For labour immigration, the commonly used permit is the **single (work) permit**, encompassing both residence and employment rights. Typically valid for up to one year with the option to renew, this permit accompanies an employment licence enabling TCNs to lawfully engage in their authorised employment in Malta. Applicants are required to possess a confirmed employment offer, either through a contract or self-employment.

The application for a single permit can be initiated either while the TCN resides abroad or when already legally present in Malta. Expedited procedures, known as the **Key Employee Initiative (KEI)** and **Specialist Employee Initiative (SEI)**, exist for highly-qualified employees (further elaborated below). Malta's system incorporates a crucial element, the **labour market test** (which is necessary to receive an employment licence, Malta's work permit), conducted by Jobsplus. This assessment considers various factors such as the national labour market conditions, employer background, investments and the candidate's skills, experience, and suitability. Employers must demonstrate previous active efforts to recruit candidates locally and within the EU/EEA/Switzerland. Certain occupations, however, are exempted from satisfying the labour market test requirement, and are listed in the **Vacancy Exemption List**, which is issued by Jobsplus after a cross analysis of work permits and vacancies received and in collaboration with *Identità*, Malta's agency that executes functions and duties of the administration pertaining to passports, visas, IDs and residence permits (EC 2019). Intern and trainee positions are also exempt from the labour market test requirement.

In the case of labour migration, the Single permit is the most used permit. In September 2023, there were 59,464 people residing in Malta on a single permit, which constitutes 11,5% of the total non-Maltese

nationals (not just labour migrants) in Malta. The process to obtain a single permit should take between 6 to 8 weeks, but delays have been experienced because of a large amount of bureaucracy. Long procedures have also been noted for renewals.

Out of the 45,232 applications for new single permits in 2022, 5,921 were rejected. In addition to this, Jobsplus received and processed 9,105 applications for employment licences that were issued directly through Jobsplus, out of which 206 were refused (JobsPlus, Annual Report 2023).

### Self-employed permit

TCNs who want to work in Malta as self-employed people need to apply to JobsPlus for an employment licence and then obtain a residence permit from Identità. Applicants have to prove financial capacity through meeting a number of criteria such as: investment in Malta capital expenditure of at least 500,000 EUR; being a highly-skilled innovator; being the sole representative of an overseas company wishing to open a brand in Malta; or being the leader of a project that has been formally approved by Malta Enterprise. Applicants must also prove a minimum of qualifications. The validity period of the permit is 1 year with the possibility for renewal.

### Other European legal provisions

Next to the Single permit Directive, other EU Directives on legal migration were transposed into Maltese law. In 2018, Malta transposed the Students and Researchers Directive ((EU) 2016/801), the Seasonal workers Directive ((EU) 2014/36) and the Intra-corporate transfers Directive ((EU) 2014/66). However, the implementation of the Directives differ.

### Highly-skilled employment (EU Blue Card)

Malta has also transposed the EU Blue Card Directive into its legislation, although this pathway is not very popular in practice. In 2022, Malta issued only 21 EU Blue Cards. Highly-qualified TCNs who wish to work in a EU country can apply for the EU Blue Card, which grants a work and residence permit for a period of 1 year. To qualify for the EU Blue Card in Malta, the applicant must demonstrate an yearly income of at least EUR 33,264 (gross).

### Intra-corporate transfers

Malta allows TCNs who are intra-corporate workers (managers, specialists, or trainees) to reside and work in Malta for a period of between three and twelve months (in the case of managers and specialists) and between three and six months (in the case of trainees). This involves temporary assignments of TCNs from a company outside Malta to a local entity within the

same corporate group, primarily for occupational training. Transfers can also occur between entities in different EU Member States. Identità Malta manages these work permits. However, few permits have been issued: 11 in 2018, 1 in 2019, none in 2020 and 2021, and 4 in 2022.

### Schemes for highly-skilled workers

#### Highly-skilled workers: Key Employment Initiative (KEI) and Specialist Employee Initiative (SEI)

- The **Key Employment Initiative (KEI)** scheme entered into force in 2018 to facilitate and speed up the issuance of work/residence permits to highly-specialised TCNs who are employed or are to be employed in Malta. Applications under this scheme are fast-tracked and no labour market test is required. They can be approved as fast as within 5 days. The validity period is 1 year and permits can be renewed. The KEI can be considered the national equivalent of the EU Blue Card, which is not widely utilised in Malta. Recently, the Malta Chamber of Commerce proposed to change the KEI into a Maltese Blue Card for skilled professionals. The applicant has to meet certain requirements: An annual gross salary requirement of at least EUR 35,000; relevant qualifications or work experience, as well as a declaration from the future employer stating that the applicant has the necessary credentials to perform the duties assigned.
- In January 2024, Malta launched the **'Specialist Employee Initiative' (SEI)** as a new highly-skilled work permit option for non-EU nationals in alternative to KEI. SEI is a scheme for TCNs who may not be eligible for the KEI, but who hold the relevant academic, vocational or technical skills in line with their job offer in Malta (Identità 2024b). SEI offers employers an additional avenue to recruit highly-skilled international professionals, broadening their options to select from a diverse range of global talent. Applicants must have an annual salary of at least EUR 25,000 and Malta Qualifications Framework ("MQF") Level 6, or equivalent, or proof of at least three years of experience in a directly related position. Also, there must not be any Maltese or EU workers available that could perform the applicant's role which is checked by JobsPlus through the relevant labour market test.

## Seasonal or temporary migration schemes

### Temporary short-term work (under 6 months)

TCNs that intend to work in Malta for less than six months must obtain an Employment Licence (which is provided after a labour market test) from Jobsplus in order to engage in any type of employment within the country. The process is similar to the single permit for longer-term employment. The employer submits the application for the issuance of the Employment Licence. After the Employment Licence is issued, employers must register the employment of these individuals with Jobsplus by submitting an engagement form through the online portal.

### Seasonal work

Malta has transposed the EU Seasonal workers Directive. Next to this there is no other specific scheme in Malta for seasonal workers. The seasonal worker can obtain a residence permit on the basis of seasonal work (for stays exceeding 90 days) or a short-stay visa (for stays not exceeding 90 days). The application should be sent to Identità Malta and the document must be filled in by the seasonal worker and endorsed by the employer. The maximum period of stay for seasonal workers is 9 months (in any 12 month period). Malta does not rely on non-EU seasonal workers and therefore has not emitted any authorisation for TCNs seasonal workers in the last years. The country satisfies its demand mostly through nationals, EU citizens and TCNs already residing on its territory (Eurostat 2024g; EC 2020).

### Youth short-term mobility

Malta offers various schemes for non-EU youth to work or travel in Malta, including traineeships, volunteering, and studying.

- **Traineeships:** Non-EU/EEA trainees must have a recent higher education degree or be pursuing one and must have an agreement with a Maltese host. They might need a visa to enter Malta and must then apply for a residence permit upon arrival. They are not considered employees and do not qualify for social security but receive a training allowance. Traineeships are based on a combination of on-the-job and off-the-job training.
- **Volunteering:** Non-EU/EEA youth can volunteer in Malta through the EU 'Mobility Project for Young People' scheme with an agreement from a volunteering organisation. They need a visa before arrival and a residence permit after arriving. Skills acquired are recognized by the Maltese Commission for Further and Higher Education.

## Bilateral labour migration agreements

Malta currently lacks specific bilateral agreements with third countries regarding labour migration. Some endeavours have been made in the past to establish such agreements. Interviewees mentioned that steps were taken towards an agreement with Bangladesh, while in 2019 Malta signed an agreement with Tunisia to facilitate legal migration for skilled Tunisians to Malta. However, only in July 2023 the respective countries' Prime Ministers agreed to activate this agreement, and at the time of writing the agreement has not been fully implemented yet.

## Innovative (pilot) schemes or programmes

### Nomad Residence Programme

The Nomad Residence Permit allows TCNs working remotely to reside in Malta for one year, with the possibility of renewal. Applicants must prove employment, self-employment, or freelance work with foreign entities. The permit also extends to family members and is managed by the Malta Residence Agency. In November 2023, the Malta Residence Agency reported a 65% increase in applications from the first to the second year, with 47% renewing their visas. The top nationalities are from China, the UK, and the US, with significant representation from Asia, Africa, North America and Europe. Most applicants work in ICT, business, and marketing sectors, are an average of 37 years old, have a degree, and earn about EUR 74.000 annually. Women make up 31% of applicants. From April 1, 2024, new applicants must show an annual income of at least EUR 42.000. The permit can now be renewed for up to four years, instead of three. Despite early low application numbers in 2022, the scheme has grown significantly.

### Startup Residence Programme

The Startup Residence Programme exists since 2022 and is open to startup founders and co-founders as well as to core employees who are vital for the startup to operate in Malta and who have specialised skills. The Startup Residence Programme is open for a number of specific activities and sectors. The programme also allows family members of these persons to receive permits. Third-country nationals (TCNs) who wish to come to Malta as startup (co-) founders must be over the age of 18 and cannot be from countries on a list of sanctioned nations, which currently includes Afghanistan, North Korea, Iran, the Democratic Republic of Congo, Somalia, South Sudan, Sudan, Syria, Yemen, and Venezuela. Additionally, they must not have had any previous applications for permanent residency or residency-by-investment

status rejected in Malta. The Malta Enterprise and Residency Malta Agencies take decisions and need to approve the business activity, which needs to be maintained for permits to remain valid. Applicants are required to submit a mandatory business plan on the provided template both when applying for the Malta Startup Residence Programme as a standalone and even when applying for this programme together with financial assistance from Malta Enterprise. A number of investment- and income-related criteria also apply.

The residence permit of founders and cofounders will be issued for three years and upon successful completion can be extended to a further five years. Core employees also receive a three year initial permit which can be extended to a further three years.<sup>1</sup>

## SUGGESTIONS FOR POSSIBLE FUTURE ADAPTATIONS TO LABOUR MIGRATION POLICY AND THE USE OF EXISTING PROVISIONS

Despite existing labour migration pathways, numerous obstacles and barriers make it difficult for TCNs to efficiently enter Malta's labour market. The government's restrictive approach towards lower-skilled migrants leads to underemployment, limited job mobility, insufficient training opportunities, higher poverty risk, and greater health and safety issues (Debono, 2021). This hinders Malta's ability to address its skills shortages. Although efforts are made to integrate TCNs, the restrictive and bureaucratic system may hinder effectiveness. Political concerns and debates on admitting low-skilled TCNs in the Maltese labour market also influence policies on labour migration.

### *Consider the EU Talent Partnership initiative as a way to address skills shortages*

Malta is particularly interested in attracting high-income workers for high-level occupations in managerial and professional roles. The newly introduced **Skills Pass** for the tourism and hospitality sectors could easily be integrated in such partnerships.

### *Devise a comprehensive national (labour) migration strategy*

Since Malta has only begun developing migration strategies relatively recently, then there are still gaps in policy design and implementation. Currently, a national comprehensive labour migration strategy does not exist, even though the *National Employment Policy 2021–2030* outlines an intention to create it. So far, migration policymaking seems to have been mostly reactive and developed on an ad hoc basis to address immediate concerns, and focused mostly on irregular migration and human trafficking. A more strategic and long-term approach to labour migration including policies on talent attraction and retention, could also improve dialogue and coordination within government levels.

### *Speed up and simplify the recognition of foreign qualifications*

In Malta, TCNs are often overqualified for their jobs compared to Maltese and EU citizens. This is largely due to the lengthy and bureaucratic process of recognizing foreign qualifications. Applications must be submitted to the Malta Qualifications Recognition Information Centre, but this process is frequently delayed, and many qualifications are not recognized. The situation is worse for migrants and refugees who lack original certificates, driving many towards irregular work while awaiting recognition. Faster and more efficient processes to recognise qualifications and to support upskilling would facilitate a better match between migrants' skills and labour market needs.

### *Focus on digitisation of permit procedures*

While the digitisation of employment permits procedures has significantly improved in the last five to ten years resulting in much faster processing of applications and benefiting both employers and workers, further digitisation could still be beneficial to minimise mistakes and make application processes more efficient.

<sup>1</sup> For more details of the requirements of the programme see [Malta Startup Residence Programme - Eligibility and Requirements](#).



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