SINO-MALTESE BILATERAL RELATIONS IN
THE LAST 39 YEARS

An Analysis Of The Contribution Of The Sino-Maltese Bilateral
Relations Towards Malta’s Economic, Political And Social Development

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Contemporary Diplomacy

September 2011
DECLARATION

I hereby declare that this dissertation is my own original work.

Christine Caruana

30th September 2011, Valletta, Malta
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DEDICATION

To Xu Huizhong who was accidentally killed while working in Malta on the ‘China-Malta Friendship Dock’.
After winning the general elections and took office in June 1971, Dom Mintoff found himself leading a country whose economy was in a huge crisis. National debts were soaring and so were the rates of unemployment. Realizing the seriousness of the state of the economy, Mintoff was determined to reverse the situation by increasing the country’s revenue. He demanded a revision of the military arrangements with Britian and on the 26th March 1972, a new agreement was signed with Britian.

However, Mintoff knew that the Maltese economy could no longer rely solely on the British military bases and its Western allies and to the astonishment of everyone, in January 1972, he established bilateral relations with the Communist People’s Republic of China. Subsequently, China offered Malta a loan of £17 million which during the following years was used to carry out various infrastructural projects such as the ‘China-Malta Friendship Dock’ and the ‘Marsaxlokk Port Project’ which created new employment opportunities.

The Sino-Maltese bilateral relations were not only crucial for economic growth but resulted also in various political and social developments. These relations were an important stepping stone...
towards Malta’s total political freedom obtained in 1979 and helped also to change the Maltese mentality from one of servitude and dependence to one of self-confidence and autonomy.
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INTRODUCTION

Background

On the flight back to Malta after signing the Agreement on the use of Military Facilities with Britain, Mintoff confided in Giglioli (the Italian Ambassador to Malta) his impending visit to China. “Oh no!” Giglioli exclaimed, “and so soon!”, slapping his forehead with the palm of his hand. But that was the programme, whatever happened in the negotiations with Britain. (Mizzi, 1995, p.133)

The above quotation stems from the eyewitness account given by Former Attorney General, Edgar Mizzi, recalling the particular moment when back in March 1972, Maltese Prime Minister Dom Mintoff confided in Enrico Giglioli, the Italian Ambassador to Malta, the news that he intended to make an official visit to China, few weeks after the two countries officially established bilateral relations. This news came as a big shock not only to the right-wing Maltese politicians who were very skeptical about the idea of establishing bilateral relations with Communist China but it was also shocking to the entire Western world and which at that time, still considered China as “the yellow peril”.

Mizzi (1995) explains that at that time, China was almost isolated, as its relations with the rest of the world were very limited, with the exception of few countries such as Pakistan and North Korea and ‘under Mao’s leadership, China’s relations with the Soviet Union was in deep crisis’
(Zhimin, 2005). Similarly, under Dom Mintoff’s leadership, Malta’s relations with the Soviet Union and its allies were deteriorating, and Mintoff’s anti-Russian sentiment was probably the most substantial factor that made China willing to establish with Malta a long-lasting relation based on benevolence.

Despite the negative reaction towards his foreign policy vis-a-vis China, Dom Mintoff’s mind was set and he was convinced that this friendship could be beneficial for the Maltese islands especially in economical terms, when times were difficult.

In fact, one of the main aims behind Mintoff’s willingness to establish friendly relations with the Eastern World, particularly with China, was to obtain economic aid for the country, an aim which he managed to accomplish successfully on April 8th, 1972, when China donated Malta the sum of £17 million. Since then, the bilateral relations between the two countries have continued to develop smoothly on the basis of mutual respect, mutual benefit and equality.

**Objectives Of The Study**

i. The **first objective** of this study is to prove that Mintoff’s foreign policy, vis-a-vis China in the beginning of the 1970s, contributed towards Malta’s economic freedom, which in turn, paved the way for Malta’s total political freedom that was achieved 7 years later, on 31st March 1979. This was due to the fact that Mintoff’s efforts to obtain financial aid from all over the world including China, enabled Malta to build its own infrastructure,
create new employment opportunities and strengthen its economy for the benefit of the whole nation.

ii. The **second objective** of the study is to analyze how these bilateral ties were an important stepping stone towards a change in Malta’s foreign policy, based on the principles of neutrality and non-alignment.

iii. The **third objective** is to show how these bilateral ties have also contributed towards Malta’s social development, by changing the mentality of the Maltese people, from one of servitude and total dependence on the British, to one of self-confidence and autonomy.

iv. The **fourth objective** of this dissertation is to show how after thirty nine years, these bilateral relations can still be beneficial for the development of the Maltese Islands and therefore more effort needs to be done, for these ties to be cultivated and strengthened.

**Research Methodology**

The methodology used for this paper was based mostly on the qualitative approach. Since this subject was never tackled in much detail, much of the information was derived from primary sources such as newspapers, press releases, Government documents, documents published by the political parties and also official statistics. Another means from which the information was derived was through numerous personal interviews which were conducted with various personalities who were either directly involved in the establishment of the Sino-Maltese bilateral
relations or were politically active at the time when these relations were established or else have worked closely with the Chinese people on numerous Sino-Maltese co-operative projects. Books and internet sources were also widely used.

**Justification Of The Study**

The idea to write about this subject, emerged from the fact that in 2012, Malta and China will be celebrating the 40th anniversary from the establishment of their bilateral relations.

Till now, very little has been written about this subject, and therefore this study will not only provide a historical background, but will also offer an analytical and critical point of view of these relations. The information gathered during the course of this study and the analysis carried out can help those students who are interested in Maltese history especially in Dom Mintoff’s political era between 1971 and 1979.

Adding to this, this study can serve as a point of reference for those who are interested in the area of bilateral diplomacy and can also be of interest to policy makers and diplomats, as it provides them with a good insight of what can be further done to enhance and strengthen these bilateral ties.

**Overview Of Chapters**

This dissertation is divided into three major sections. The First Part will focus on the contribution of the Sino-Maltese Bilateral Relations towards Malta’s economic development during the 1970s
and 1980s. The Second Part will discuss the Political Development that came as a result of these bilateral relations and the Third Part will focus on the contribution of these relations towards Malta’s social development.

Chapter 1, starts with an analysis of the Maltese economic situation during the 1960s and the 1970s. This will lay the background for an analysis of Dom Mintoff’s economic policy, with a special reference to the New Defence Agreement signed with the British Government in 1972 and the foundation of the Sino-Maltese Bilateral Relations.

Chapter 2 will focus on the contribution of the Sino-Maltese bilateral relations towards the creation of new employment opportunities during the 1970s and 1980s. This Chapter will analyze the foreign direct investment that was brought from China in the 1970s and the two major infrastructural projects that were carried out with the assistance of the Chinese Government, namely, ‘The China-Malta Friendship Dock’, and ‘The Marsaxlokk Port Project’.

Chapter 3 will discuss the political implications that resulted from the Sino-Maltese bilateral relations, focussing mainly on Mintoff’s foreign policy of neutrality and non-alignment and will explain how the Sino-Maltese bilateral relations, paved the way for total political freedom that was achieved on 31st March 1979.

Chapter 4 will discuss the development of the Sino-Maltese bilateral relations during the past twenty years and will focus on how the two political parties, the Malta Labour Party and the Nationalist Party worked towards the strengthening of the Sino-Maltese bilateral relations. This
Chapter will also discuss the present Sino-Maltese relations and the areas in which the two countries are currently co-operating together.

Chapter 5 will focus on the social, cultural and educational achievements that resulted from the bilateral relations between China and Malta and will discuss the role of local organizations that were set up not only to promote the richness and beauty of Chinese art and culture amongst the Maltese people but also to facilitate co-operation between the two countries in various sectors.

The Conclusion of the dissertation will focus on the future prospects for the Sino-Maltese bilateral relations and on how these relations can be further expanded, strengthened and improved for the mutual benefit of both countries.
PART 1: ECONOMIC DEVELOPMENT
CHAPTER 1
FROM BANKRUPTCY TO PROSPERITY

1.1 Malta’s Economic Situation In The 1960s And Early 1970s

This Chapter starts with an analysis of Malta’s economic situation during the 1960s and early 1970s. This period was characterized by the British military rundown in the period between 1960 and 1964 and which resulted in a substantial decrease in the British defence expenditure, resulting in a contraction of the Gross Domestic Product as well as an increase in unemployment. It is in this background that one has to understand Mintoff’s foreign policy and his urge to bring towards Malta, financial aid from different parts of the world, including from The People’s Republic of China.

As soon as he was elected in Government, in June 1971, Mintoff had radical plans for the Maltese economy. M.Briguglio (2001) explains that, unlike his predecessor George Borg Olivier, Dom Mintoff’s main aim was to reduce as much as possible, the economic dependence on the British military and to develop an economy based on diversification, mainly on tourism and the
export of manufacture. However for this change to take place, Malta needed a lot of financial assistance, which could only be achieved from other countries.

But before explaining in detail the important economic changes that took place during the 1970s, we have to start by understanding, the factors that gave rise to the massive economic problems that the Maltese Islands had to face, during the 1960s and the early 1970s.

First of all, one has to keep in mind that until the 1950s, the Maltese economy depended to a very large extent on the revenues that were generated from British military, the British Air Force and the British Navy. This means that the income and the employment of the majority of the Maltese families were almost totally dependant on the defence needs of a foreign country.

However, by time, the Maltese Governments started to realise that some time or another, Britain’s defence requirements were going to decline and therefore they had to think of generating new forms of economic activities which had to be diverse, viable and able to create new employment opportunities. Despite the efforts done by the Nationalist Government of Borg Olivier in the 1960s, to diversify the economy, in the beginning of the 70s, Malta was still very reliant on Britain, and remained that way till the mid-1970s until the process of rationalization took over, which process, resulted in the setting up of various important government entities.

One of the major problems that the Maltese economy was facing during the 1960s, was the ‘unexpected decreases in the British defence expenditures’ (Brigulgio, 1988. p.190). In fact during these years, the Maltese economy experienced a period of contraction in the Gross
Domestic Product. This, in turn, resulted in high rates of unemployment which persisted until the beginning of the 1970s as illustrated in Table 1 below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Applicants for Employment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Males</td>
</tr>
<tr>
<td>1966</td>
<td>16,319</td>
<td>12,989</td>
</tr>
<tr>
<td>1967</td>
<td>14,871</td>
<td>12,175</td>
</tr>
<tr>
<td>1968</td>
<td>12,987</td>
<td>10,814</td>
</tr>
<tr>
<td>1969</td>
<td>12,286</td>
<td>10,383</td>
</tr>
<tr>
<td>1970</td>
<td>12,878</td>
<td>10,841</td>
</tr>
<tr>
<td>1971</td>
<td>14,965</td>
<td>12,120</td>
</tr>
</tbody>
</table>

Source: Department of Labour and Emigration

In the early 1970s, the Maltese economy continued to perform badly as it was affected by various external events, primarily the rise in commodity and oil prices and also the strong trade relationship Malta had with Western Europe and which ultimately hindered economic growth. These factors ‘resulted in job losses especially in the manufacturing industry, closure of firms, a

- 20 -
high imported inflation and a fall in the value of Malta’s foreign reserves’ (Azzopardi, 2011, p.11).

Another factor that contributed to an increase in the rates of unemployment between 1969 and early 1970s was the British military rundown, which contributed to a reduction in job opportunities with the British Military Services. As illustrated in Table 2, in 1969, there were 2,030 people employed with the H.M Forces. A year after, this figure declined to 1,090 and continued to decline further to 1,110 in 1971.

Table 2: Gainfully occupied population 1969-1971

<table>
<thead>
<tr>
<th>Service Departments</th>
<th>1969</th>
<th>1970</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>4,600</td>
<td>4,190</td>
<td>3,950</td>
</tr>
<tr>
<td>Non-Industrial</td>
<td>1,150</td>
<td>1,070</td>
<td>980</td>
</tr>
<tr>
<td>H.M Forces</td>
<td>2,030</td>
<td>1,090</td>
<td>1,110</td>
</tr>
</tbody>
</table>


Official statistics also reveal that in the period between 1966 and 1972, the national debt increased substantially one year after another (see Table 3 below).

Table 3: National debt: Amount Outstanding as on 31st March

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Loans</td>
<td>5,498</td>
<td>6,348</td>
<td>7,198</td>
<td>9,298</td>
<td>18,398</td>
<td>27,848</td>
<td>27,848</td>
</tr>
</tbody>
</table>
This substantial increase was the result of the fact that, during the 1960s, the Nationalist Government, with Borg Olivier at the helm, was seen to have been ‘in pursuit of a spendthrift programme of expenditure based on growing public borrowing’ (Government of Malta, 1973, p.3). Azzopardi (2011) says that this led the country to go literally bankrupt, and the public debt rose to Lm43 million with a further £18 million of committed expenditure. Taking a look at the Balance of Payments between 1960 and 1974, it is evident that during these years, Malta has always experienced a relatively large deficit in its merchandise trade and a small surplus in the services trade. However the balance between exports and imports of goods and services, when taken altogether, was negative throughout the whole period of time, as it is clearly indicated in Table 4 below.

Table 4: Balance of Payments for the period 1960-1974

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise Trade</td>
<td>-22.9</td>
<td>-27.1</td>
<td>-42.9</td>
</tr>
<tr>
<td>Services Trade</td>
<td>16.6</td>
<td>13.3</td>
<td>15.9</td>
</tr>
<tr>
<td>Merchandise + Services</td>
<td>-6.3</td>
<td>-13.8</td>
<td>-27.0</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>3.7</td>
<td>5.2</td>
<td>8.6</td>
</tr>
<tr>
<td>Transfers</td>
<td>4.2</td>
<td>11.2</td>
<td>24.6</td>
</tr>
</tbody>
</table>

Another important aspect of the Maltese economy during the 1960s that has to be taken into consideration, is the fact that with respect to foreign trade, the United Kingdom was always the most important buyer of Maltese merchandise exports. However, ‘during the 1970s, West Germany became Malta’s most important client for such goods’ (Briguglio, 1988, p.121). Table 5 clearly illustrates the revenue generated by domestic exports, with a comparison between 1961, 1971 and 1972.

Table 5: Domestic Exports by main destination (in Lm ‘000)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>4</td>
<td>508</td>
<td>845</td>
</tr>
<tr>
<td>West Germany</td>
<td>15</td>
<td>897</td>
<td>1,514</td>
</tr>
<tr>
<td>Italy</td>
<td>533</td>
<td>1,566</td>
<td>1,290</td>
</tr>
<tr>
<td>Netherlands</td>
<td>142</td>
<td>724</td>
<td>725</td>
</tr>
<tr>
<td>UK</td>
<td>533</td>
<td>5,279</td>
<td>6,855</td>
</tr>
<tr>
<td>Other Europe</td>
<td>15</td>
<td>356</td>
<td>313</td>
</tr>
<tr>
<td>Africa</td>
<td>245</td>
<td>1,019</td>
<td>1,040</td>
</tr>
<tr>
<td>America</td>
<td>22</td>
<td>745</td>
<td>970</td>
</tr>
<tr>
<td>Asia &amp; Australia</td>
<td>263</td>
<td>419</td>
<td>623</td>
</tr>
<tr>
<td>Ships/Aircrafts</td>
<td>64</td>
<td>24</td>
<td>23</td>
</tr>
</tbody>
</table>

Importation is another important aspect of the Maltese economy that needs to be considered when analyzing the Maltese economic situation during the 1960s and the 1970s. Briguglio (1995), argues that since 1960, imports have contributed towards almost 45% of the Total Final Expenditure of the country.

During this period, the United Kingdom and Italy were the major importers of commodities in the Maltese Islands. In this period, the United Kingdom in particular, used to provide Malta with all kinds of commodities that were needed by the Maltese population, ranging from ships to clothing. (see Table 6 below).

Table 6: Import of Selected Commodities 1970 (Analysis by Source)

<table>
<thead>
<tr>
<th>Commodities &amp; Source</th>
<th>Lm 1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ships and boats</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>147</td>
</tr>
<tr>
<td>Of which from:</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>83</td>
</tr>
<tr>
<td>Italy</td>
<td>21</td>
</tr>
<tr>
<td>Motor Cars</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,091</td>
</tr>
<tr>
<td>Of which from:</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,189</td>
</tr>
<tr>
<td>West Germany</td>
<td>238</td>
</tr>
<tr>
<td>France</td>
<td>137</td>
</tr>
<tr>
<td>Country</td>
<td>Total</td>
</tr>
<tr>
<td>--------------</td>
<td>-------</td>
</tr>
<tr>
<td>Italy</td>
<td>301</td>
</tr>
<tr>
<td>Japan</td>
<td>192</td>
</tr>
</tbody>
</table>

**Clothing**

<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Of which from:</td>
</tr>
<tr>
<td>United Kingdom</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>China</td>
</tr>
</tbody>
</table>

However, during the 1970s, the Labour Government, embarked on a new policy regarding importation by implementing a policy of import substitution and strict import controls. Import substitution implies the replacement of imported commodities by other locally produced commodities. The main aim behind this policy was to protect the local producers and to enhance local productivity, which in turn, resulted in the generation of the Maltese economy. Economist Lino Birguglio (1988) suggests that this kind of policy, though it is widely debated, has various economic advantages, including the promotion of domestic value added and the creation of employment opportunities. Another important advantage of this policy is that, when importation decreases, it economises on foreign exchange. This policy also ‘reduces the leakage of income from the Maltese income flow to foreign countries’ (Briguglio, 1988, p.133). Mintoff applied this policy for certain products such as in the case of chocolate which started to be produced locally rather than being imported as a finished product from foreign countries.
Another important characteristic that has to be analyzed, when studying the situation of the Maltese economy during the 1960s and 1970s, is the reliance on foreign assistance and co-operation. E.L Zammit (1984) claims that the reliance on foreign aid especially from the United Kingdom, contributed a lot to Malta’s image of a “client-state” thus making the colonial administrators, have at their disposal, direct control and an unlimited supply of patronage.

The following sections will analyze and discuss in further detail the issue of foreign assistance and co-operation and their implications on the Maltese economy during the 1960s and 1970s.

1.2 The First And Second Development Plans And Foreign Aid From The United Kingdom During The 1960s

At the end of the 1950s, the British Government published the ‘First Development Plan 1959-1964 for the Maltese Islands’. The main aim of this plan was to make the Maltese economy less dependent on the British Military Forces, since the British wanted to reduce their spendings on the Maltese economy.

This aim was clearly indicated in the Foreword of the same plan which stated:

Recognized for many years that effective measures should be taken to make the economy of the Maltese islands more viable by reducing dependence on Servicing Spending. (First Development Plan, 1959, p.29)
This plan proposed a model ‘that later was to be labelled Export-Led Industrialization Fuelled by Foreign Investment and Technology’ (Brincat, 2005). The Plan proposed financial aid which was to generate investment that could enable the Maltese Economy to be viable and more diversified:

As Malta has no particular advantage to offer to potential industrialists, substantial direct aid is necessary if industry is to be attracted to Malta. (First Development Plan, 1959, p.32)

The Plan proposed that the direct aid was to be on two different levels:

The provision of cheap serviced factories for rental or if preferred serviced sites on the new Industrial Estate, and the provision of capital grants, and in exceptional circumstances loans for industrialists setting up new industries or making major extensions of existing industries.(First Development Plan, 1959, p.34)

In 1963, the United Nations published an economic study, in which it harshly criticized the ‘First Development Plan for the Maltese Islands’, stating that it was:

...not a comprehensive economic plan...but largely a government capital spending plan supplemented by certain policy proposals. Nor does the plan contain any projections of either the desirable or the likely development of private investment or of the overall growth of the Gross National Product (Stolper et al., 1964, p.213).

The First Development Plan, introduced also emigration policies that were aimed to encourage the release of excess labour. R. King (1978) explains that the peak of Maltese emigration was reached in the mid-1960s as it reflected the economic recession that was taking place in Malta. Richardson (1961) notes that the rates of emigration were higher in those localities where there was a concentration of people employed with the British Military Services, whom ended up unemployed as a result of the British military run-down. Amongst the localities mentioned by Richardson (1961) there was Birzebbugia and other Southern localities in Malta, where there was
a high proportion of workers who ended up job-less due to the run-down of naval stations and
where there was a high concentration of workers who were employed at the Malta dry-docks.

Official statistics show that over a span of ten years, between 1960 and 1970, there were more
than 51,635 Maltese people who emigrated from Malta to find employment in other foreign
countries, mainly to Australia, the United Kingdom, Canada and the U.S as illustrated in Table 7.

Table 7: Annual Emigration by Destination 1960-1970

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Australia</th>
<th>UK</th>
<th>Canada</th>
<th>U.S</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>3841</td>
<td>2304</td>
<td>878</td>
<td>509</td>
<td>142</td>
</tr>
<tr>
<td>1961</td>
<td>3850</td>
<td>2140</td>
<td>1112</td>
<td>213</td>
<td>108</td>
</tr>
<tr>
<td>1962</td>
<td>3641</td>
<td>2051</td>
<td>1129</td>
<td>371</td>
<td>76</td>
</tr>
<tr>
<td>1963</td>
<td>6579</td>
<td>4152</td>
<td>1332</td>
<td>905</td>
<td>92</td>
</tr>
<tr>
<td>1964</td>
<td>8987</td>
<td>5923</td>
<td>1597</td>
<td>1181</td>
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<td>1966</td>
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<td>2258</td>
<td>1092</td>
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<td>2992</td>
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<td>2648</td>
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<td>2696</td>
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Source: Central Office of Statistics: Demographic Reviews 1946-1976

R.Azzopardi (2011) claims that despite the emigration policies that were introduced by the First
Development Plan, later on, it was realized that in these regards, the First Development Plan was
unsuccessful because the expected employment numbers had not been achieved despite the high rates of migration.

In actual figures, through the First Development Plan, the British Government provided Malta with the sum of £29.25 million, which most of it was to be used for the conversion of the Malta Shipyards.

In 1964, ‘The Second Development Plan for the Maltese Islands 1964-1969’ was published. This time, this plan was totally drawn up by the Maltese Government and therefore it was the first time, that the British Government did not interfere in a planning process that was taking place in Malta. The Second Development Plan proposed more change for the Maltese economy, stating that:

The way forward was through industry, agriculture and tourism and that were to be geared towards exports, so that the island would not be limited by the size of the home market. (Development Plan for the Maltese Islands 1964-1969, 1964, p.1).

This Plan proposed that between 1964-1969, Malta would require foreign aid to achieve the desirable economic transformation. This foreign aid was supposed to be in the form of know-how, grants and even loans when necessary. The Plan also suggested that this foreign aid was essential

Until the Maltese economy reached the ‘take-off’ stage of development, when endogenous forces will be expected to support growth and lead the economy to eventual maturity. (Development Plan for the Maltese Islands 1964-1969, 1964, p.1).

As regards the financial aid that the Maltese economy was to receive from the British Government, the Second Development Plan proposed a long-term loan of £2.7 million which was
secured from the International Bank of Reconstruction and Development (IBRD). This financial agreement with the British Government, included also, the transfer of £18.8 million, 25% of which had to be in the form of loans which were to be given to Malta over a period of 3 years till 1969.

However, the report carried out by the United Nations in 1963, estimated that by the end of 1969, the Maltese Government would be facing a deficit of over £50 million. In fact, after 1969, the British Government did not commit to further funding and offered only an additional £600,000 in the form of budgetary aid for the first year, with no further commitments.

In the beginning of the 1970s, the situation of the Maltese economy continued to degenerate. National debts and deficits exploded, the volume of exports fell and unemployment was on the rise. At the same time, the financial aid from the British Government was decreasing. This situation had to be faced by a new Labour Government which was elected in 1971 with Dom Mintoff at its helm.

The next section will analyze in detail, Dom Mintoff’s simultaneous efforts to bring towards Malta financial aid from different countries, which enabled Malta to reconstruct its own infrastructure and give its economy a new direction towards prosperity.
1.3 Dom Mintoff’s Simultaneous Efforts To Bring Towards Malta, Financial Aid From Different Countries

As soon as Dom Mintoff became Prime Minister in 1971, his major priority was to help the Maltese economy to get back on its feet. Apart from addressing the problem of rising national debts and deficits, Mintoff wanted to provide the country with new infrastructure that was needed to meet the demands of those times and to lessen its dependence on the British Military.

This aim was clearly outlined in the Malta Labour Party’s Electoral Manifesto of 1971 which stated:

A special effort will be made so that the infrastructure will improve to meet industrial and touristic needs. The second aim will be to balance the Current Account of the Balance of Payments. The third will be to reduce the rate of national debt. The final aim will be that Malta will not continue to depend economically on earnings from military bases. (Malta Labour Party, 1971, point 11)

One of the biggest problems that the Labour Government had to face after being elected, was the fact there wasn’t enough money by which he could pay the civil servants. To make up for this situation, Mintoff wanted to get more financial aid from the British Government and if possible from other countries. In fact one of the first decisions he took, as regards the British Government, was to review the Military Facilities Agreement that Borg Olivier had signed with the British Government in 1964. This was also one of the major points that was highlighted in the Malta Labour Party’s electoral manifesto of 1971, ‘Malta for the Maltese: in Peace and Progress’:
The Defence Treaty will be reviewed and it must be made clear that the funds coming from the British Government are not charity but as payment for the facilities Malta is according to Britain. Payment has to be adequate for the needs of our country and Britain cannot automatically pass on these facilities to other powers. It will be ascertained that the Defence Treaty will protect better the jobs of Services Department Employees, and that those sacked will have to be adequately compensated and alternative employment found to them.( Malta Labour Party, 1971, point 7).

After the 1971 general election, Britain accepted the Labour Government’s demand for a revision of this agreement. However, the British Government made it clear from the start that there was a limit to how much rent it was ready to pay in order to keep using Malta as a military base. At the same time, Mintoff knew that Malta was still in need of the British, since the Maltese economy was still lacking good infrastructure that would enable it to be totally independent. Mintoff was determined to obtain as much funds as possible from Britain so that he could use those funds to develop the country. In his eyewitness account, Mizzi (1995) recalls one of the most popular quotations that was used by Dom Mintoff to explain to the people, his foreign aid policy:

If I am to prostitute Malta any further, I am only justified in doing so if I can obtain for Malta through that prostitution, enough money to enable it to lead a better life in the shortest possible time (Mizzi, 1995, p.102).

Mintoff’s first demand to the British Government was to pay £30 million. This demand was rejected immediately and Mintoff had to reduce it to £18 million. However, the British Government was not ready to pay that sum of money and for months, the negotiations between the two Governments were in a deadlock. Britain was only ready to offer Malta the sum of £5 million plus assistance that was normally given to underdeveloped countries. However for Mintoff, this offer was totally unacceptable and therefore he started to think of other countries
that could offer Malta, further financial assistance. In July 1971, Mintoff started talks with the
Libyan Government and a month after, the Libyan Government gave Malta the sum of $3
million. This act of generosity from the Libyan Government was later highlighted by Mintoff
during an address to the nation that was broadcasted in October, 1974:

For three months, all alone, and the newspapers in English against us, constrained from all
aspects, and with the economic situation deteriorating to the extent that there was no more money
left by which we could pay our civil servants, for three whole months we fought against the
trouble that was left behind by our predecessors. In those difficult times, we found the help of
our friend the Government of the Libyan Republic, who unconditionally offered us all the help
we needed and told us: “these (the sum of $3 million) should help you temporarily. If in the
future you will need more financial help, ask us and we will be ready to help you.” 1( Malta
Labour Party, 1971, p.37)

On the 18th September 1971, the British Government and its NATO allies, agreed to pay the
Maltese Government the sum of £9.5 million per annum. That meant that another £8.5 million
was still needed to reach Mintoff’s £18 million demand. Mintoff had given the British
Government a three month ultimatum to meet Malta’s demands, however by the end of
December 1971, the issue was still at a deadlock. Since the ultimatum was over and no deal was
reached with the British Government, the Labour Government decided that the British should be
evicted from Malta with immediate effect. Mintoff communicated this decision to the Maltese
Parliament on the 29th December 1971:

I don’t think that I have anything else to say on this matter except that we told the British
Government that the ultimatum we had given him about the finance is now over, and told them

1 Quotation translated to English from Dom Mintoff’s original speech. Refer to the original quotation in Annex 1
that if they want to remain here, they have to pay. They preferred to quit. And we tell them: “Thankyou, you may leave, if you want to leave”.\(^2\) (Mintoff, 1971)

However, in January 1972, the British Government and NATO increased their offer to £14 million per annum plus financial aid amounting to £7 million from the United States, Canada, Holland and Belgium and co-operation from Italy and West Germany. However the talks between the two Governments, once again ended up in deadlock as the British Government demanded more rights for the Military Forces.

After months of deadlock, on the 24th March 1972, the Maltese and the British Governments reached an agreement on the New Defence Treaty. Dom Mintoff accepted to give the British Government, the guarantees on Albania as demanded and in return, the British Government agreed to stay in Malta for another period of seven years and assured substantial financial and economic benefits for the Maltese Islands as indicated in Article 7 of the Agreement:

The Government of the United Kingdom shall pay to the Government of Malta, on the signing of this Agreement, the sum of twelve million seven hundred and fifty thousand pounds sterling (£12,750,000) and, on 1 January 1973, the sum of three million five hundred thousand pounds sterling (£3,500,000) and thereafter, on each of 1 April and 1 October of each year throughout the continuance of this Agreement, the sum of seven million pounds sterling (£7,000,000). (Malta Labour Party, 1971, p.42).

\(^2\) Quotation translated to English from Dom Mintoff’s original Parliamentary speech. Refer to the original quotation in Annex 1
1.4 Mintoff’s First Official Visit To China

Malta and Britain, signed the ‘New Defence Treaty’, on the 26th March 1972, four days before Mintoff accompanied by a delegation, left Malta for an official visit to the People’s Republic of China.

From the beginning of this visit, China evidently manifested its willingness to invest in this new friendship, eventhough Malta was a tiny island with very little to offer in return. This “friendship sentiment” expressed by Chou En-Lai on behalf of the Chinese Government towards Dom Mintoff and Malta, was also highlighted by Edgar Mizzi in his eyewitness account of this historical visit:

For hours, particularly those spent on the aircraft, they were alone and it was clear that a very special relationship and understanding had flourished between them. It was to last until Chou’s ultimately and painful death a few years later. (Mizzi, 1995, p.134).

The climax of the visit was reached on April 8th 1942, when Chou En-Lai gave Malta a loan of 100 million Yuan which was equivalent to £17 million, with no interests attached and which had to be repaid in ten-yearly installments after a twelve year period of grace, and which was payable in terms of Maltese commodities, exported to China. According to Article II, of the Economic Cooperation Accord, about £15.2 million were to be granted in the form of ‘development projects’ which included also machinery and technical assistance whilst the rest were to be given in cash. Additionally, Article V of the Agreement specified that the Chinese Government had to
send to Malta the necessary technicians and engineers who were to provide the Maltese Government, their technical assistance.

This was not the only generous act of the Chinese Government vis-a-vis the Maltese Government. E.Mizzi (1995) recalls also that with the lump sum of money, Chinese Premier, Chou En-Lai, handed Mintoff a private letter in which he promised that Malta can consider the loan as a gift and that the Chinese Government would not insist on its repayment.

In fact, when years later, Mintoff was going to start repaying the loan, the Chinese Government did not want to accept the payment, and was only persuaded to accept it, when Mintoff decided that the money could be used again to carry out Chinese-assisted projects, that will be discussed in the next chapter.

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3 A copy of the Sino-Maltese Economic Agreement and Protocol is found in Annex 2
CHAPTER 2
SINO-MALTESE CO-OPERATION PROJECTS DURING THE
1970s AND 1980s

2.1 China’s Foreign Aid And Economic Cooperation Policy During
The 1970s

Before discussing in detail, the most important Sino-Maltese co-operation projects that were carried out in Malta during the 1970s and 1980s, it is important to understand the ideology behind China’s foreign aid and economic policy which developed mostly during the 1970s.

After the foundation of the People’s Republic of China, this country began to provide foreign aid to various developing countries. Zhenming (2010) explains that China’s main aim behind this policy was to provide support to developing countries which were struggling to achieve or to maintain their political independence. In 1964, former Chinese Prime Minister Zhou Enlai, came out with the ‘Eight Principles of China’s Foreign Economic and Technical Aid’ which included the following principles:
1. The Chinese Government provides aid based on the principle of equality and mutual benefit.

2. The Chinese Government strictly respects the sovereignty of the recipient countries and provides aid with no strings attached and no claim for privilege.

3. The Chinese Government provides aid by interest-free loans or low-interest loans and the recipient countries are given the chance to extend the time limit during which they can repay the loan.

4. China’s objective of aid is to help recipient countries be self-reliant and achieve political independence.

5. Infrastructural projects funded by the Chinese Government are aimed to help the recipient countries to increase their income and accumulate funds.

6. The Chinese Government guarantees that the personnel of recipient countries can fully master techniques when the Chinese Government provides any technical aid.

7. The Chinese experts sent by the Chinese Government shall enjoy the same material benefits like the experts of the recipient country and they should not demand any special treatment.

8. Infrastructural Projects are carried out by the use of China’s best equipment and goods.

Deng Xiaoping (1998) claims that for China:
...the strengthening co-operation with developing countries, has always been the key point of China’s foreign policy based on the principles of equality, mutual benefit, diversity in form, stress on practical results and the pursuits of common development. (Xiaoping, 1998, p.346)

Based on the ‘Eight Principles of China’s Foreign Economic and Technical Aid’, during the 1970s, China funded numerous infrastructural projects in various developing countries. One of the biggest projects was the ‘Tanzan Railway’, which was built at the request of Tanzania and Zambia, and which consisted of a 1,800 kilometres railway linking Zambia to the coast of Tanzania. China built this railway at a great cost and after every Western country had rejected the two African states.

Similarly, in the beginning of the 1970s, China also accepted to help Malta, since in those times, Malta was still developing its economy and infrastructure and needed foreign aid to accomplish important projects. Although Malta had very limited resources to offer in return, China still was willing to invest in this tiny island, and this was because of numerous political reason, which will be discussed later on in Chapter 3.

2.2 Chinese Foreign Direct Investment During The 1970s

The bilateral relations between China and Malta, did not only result in direct financial assistance but resulted also in the creation of new employment opportunities which although most of them were temporary opportunities, they were still beneficial in a time when unemployment was on the rise. These job opportunities were created by numerous Sino-Maltese projects, some of which were on a very large scale such as the ‘China-Malta Friendship Dock’ and the ‘Breakwater
Project’ at Marsaxlokk which was carried out by the assistance of numerous Chinese technical workers. But before going into more detail about these two major projects, it is important to take into consideration the foreign direct investment that was brought to Malta from China during the 1970s.

Soon after the signing of the Economic Co-Operation Agreement between China and Malta, a number of factories were set up, with the financial and technical assistance of the Chinese Government.

Between 1974 and 1976, at least six factories were set up as a result of the Sino-Maltese Bilateral relations. These factories used to produce different products ranging from chocolate to carpets. The following is a list of companies that were set up during the 1970s as a result of the bilateral agreement that was signed by the Maltese and the Chinese Government in 1972:

- ‘Malta Decorative Glass Company Limited’ was the first company that was set up as a result of the Sino-Maltese bilateral agreement. This company which was officially inaugurated in December 1974, used to employ about 100 people, who were taught new skills by a group of 32 Chinese experts that were brought to Malta. This company used to produce ornamental objects which were not only sold in the local market but were also exported to various countries including the United Kingdom, Belgium, Austria, Sweden and America.
• ‘The Malta Chocolate Factory’ was set up in August 1975 and it used to produce chocolate bars of different flavours, with the brand name ‘Desserta’. ‘Il-Gżejjjer’ (November 1975) reported that by September 1975, this factory was already employing 47 people and after two months from its establishment, it had already sold more than a million chocolate bar. ‘Desserta’ was not only produced for local consumption but also for exportation.

• ‘Malta Rattan Company Limited’ was also set up in 1975 and was operated by Maltese and Chinese workers who used to produce furniture and other products made from rattan. These products were sold both locally as well as in foreign markets.

• ‘Malta Carpets’ was established in 1975 and it used to produce high quality carpets, not only for the local market but also for exportation. This company employed over 200 people.

• ‘The Textile Mill Project’ was set up in 1976. This factory used to produce textile products and employed over 800 people.

• ‘The Malta Building Products’ was also set up in 1976 and it used to produce concrete products used for building. This company included also a main shop, boiler shop and machine shop and used to employ over 54 employees.
Although these factories managed to create new employment opportunities, in the long-run, these factories turned to be money-losers. E. Mizzi (1995) claims that this was mainly due to the fact that they could only be competitive if they operated in China.

The next section will discuss the China-Malta Friendship Dock Project, which was the biggest Sino-Maltese co-operation project and will focus on its contribution towards the development of the Maltese economy and employment creation.

2.3 The China-Malta Friendship Dock

The closure of the Suez Canal to the Persian Gulf and the Far East in 1967, was responsible for the rise of the super, very large and ultra large crude carriers. These tankers were needed due to the re-routing of trade via the Cape of Good Hope. In that period of time, the Malta Dry-docks was facing a precarious situation and financial losses were being suffered one year after another.

Eventually these huge tankers began to operate in the Mediterranean Sea, and this factor together with an increase in the operation of large-size bulk carriers, and the re-opening of the Suez Canal, revived the idea of the construction of an additional large dock in Malta. These plans continued to be reinforced when the Egyptian Government declared that he was planning to widen and dredge the Suez Canal at certain particular points, in order to permit the passage of South bound vessels, weighing up to 200,000 tonnes.
The ship-building and repairing industry in Malta had always been at heart of the Malta Labour Party and Dom Mintoff. In fact, from the Opposition benches, the Malta Labour Party had already ensured that if it gets elected in 1971, it would immediately start working to channel the Malta Dry-docks on the right track towards economic viability by increasing investments and employment opportunities. This plan was also explained in the Malta Labour Party’s electoral manifesto of 1971:

The Dry-docks will be re-organized in the following way: a new Corporation will be set up, 50 of its members being nominated by the Government and 50 by the GWU under a Chairman acceptable to the two sides. The final aim will be to put the Dry-docks back on its feet and that control will ultimately fall to the workers. This would mean that employees would be working in their own interests. Before everything else the Corporation together with the Government and the GWU must see what is the shortest time and the smallest amount of money that the Dry-docks needs to get back on its feet and stop being a burden on the nation and quickly find a suitable solution for pending claims and to remove the disparity created recently and other anomalies that may crop up. (Malta Labour Party, 1971, point 5)

Dom Mintoff wanted to construct a new dry-dock and in fact during the first official visit that Mintoff paid to the People’s Republic of China in 1972, the construction of this new dry-dock featured prominently in the discussions between the two Governments. In fact, the Protocol that was signed between the two Governments, among other things, endorsed the financial assistance that China was to provide Malta, for the construction of a new 300,000 tonnes dry-dock, having a length of 360 metres, a width of 62 metres and 11 metres of height. Along with this new dry-

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4 A copy of the Protocol is found in Annex 2.
dock, the Chinese Government also decided to build seven barges and tugboats that were to be used primarily during the building of the dock.

The Chinese Government, not only agreed to lend the Maltese Government a sum of money to carry out this project, but was also committed to provide the necessary equipment and expertise that were essential for the implementation of this project.

During the initial surveys that were carried out by a team of Chinese experts, the type and size of the sea vessels operating in the Mediterranean Sea were taken into consideration. They studied also the loading and unloading facilities in Southern Europe, North Africa and the Middle East and the need for the Malta dry-docks to have at least the same facilities in order to compete with the other countries. The construction of the dock and the wharf were carried out by a Chinese technical team and the project was co-ordinated by various Government Departments and other Ministries including the Ministry of Development, Energy, Port and Telecommunications, the Ministry of Works and the Armed Forces of Malta.

In an interview conducted on 20th June 2011, ex-Malta Dry-Docks foreman, Joseph Pace described the ‘China-Malta Friendship Dock Project’ as one of the biggest infrastructural project that was ever carried out in Malta. Pace explained that there were over one thousand Chinese workers, who contributed towards this large-scale project. When asked about the role of the Maltese dry-dock workers in this project, Pace said that most of the Maltese workers were observers, however through this experience they managed to acquire new skills and instill new
attitudes towards work, such as self-discipline and team work. From the Chinese workers, the Maltese workers also learnt about health and safety issues in the workplace, in times when such issues were still not practiced by the Maltese dry-dock workers.

In his final report, Ma Tsung-tah, the Leader of the Chinese Dry-dock technical team said that:

The collective wisdom and strength of both the Chinese and Maltese personnel enabled us to surmount all the difficulties and win anticipatory victories. (Tsung-tah, 1981)

The next section will go on to discuss ‘The Marsaxlokk Port Project’ which was another huge project that was carried out by the assistance of the Chinese Government.

2.4 The Marsaxlokk Port Project

The Marsaxlokk Port Project was aimed to strengthen Malta’s role in the area of maritime trade and to create more employment opportunities. The aim behind this project was clearly explained by former Deputy Prime Minister and former Labour Minister of Finance, Wistin Abela in his speech, on the occasion of the official opening of first phase of this project on 16th July 1984:

For many years foreign powers recognized that the strategic position of the Maltese Islands, the deep waters that surrounds us and the shelter of our harbours were our greatest assets. No wonder that for many years, our economy was dependent on maritime activities, the transport and distribution of merchandise and ship repairing.... To further strengthen maritime trade and open new opportunities in this sector, we embarked on the construction of the new Marsaxlokk Port Project. (Abela, 1984)

Although, the Marsaxlokk Port Project started to be implemented during the 1980s, the idea that Malta needed a new breakwater in Marsaxlokk was felt very much earlier. In fact, many decades
before, a number of British Royal Commission Reports had already recommended the building of this breakwater. Despite its importance, the British Government was very cautious about implementing it due to the huge costs it was going to involve and therefore the project was postponed. The Marsaxlokk Port Project was once again put on the agenda of discussion in 1964. H.Ganado (1977) claims that Dr. F.K Liebich, a United Nations Trade Policy Advisor, had advised Borg Olivier to invest in this project. Liebich proposed that a technical study should be carried out about this project. The study that was carried out by experts from the ‘Hanseatic City of Hamburg’ concluded that:

To make the freeport a point of attraction for the international business through special advantages, not only from customs dues but also as much as possible from administrative influences and interference and perhaps tied up with tax and banking privileges. (Ganado, 1977, p. 447)

The German experts proposed also the building of a breakwater in order to protect the Marsaxlokk Port from huge waves and bad weather:

Large concrete, massive blocks stapled on top of one another or as caissons placed, and sunk on the prepared sea bed. On the upper part this necessitates fairly heavy blocks or broken rocks able to withstand the attack. Very high constructional work is required. (Ganado, 1977, p. 448)

However it was not until the late 1970s, that the Labour Government finalised the plans for the building of the Marsaxlokk breakwater, and projected that this development was going to cost LM44.4 million. This project was financed by the Saudi Fund of Development and the Abu Dhabi Fund, whilst Chinese technicians and experts came over to Malta to offer their assistance before and during the implementation of this infrastructural project.
In an interview carried out on the 3rd of July 2011, former Commander of the Armed Forces of Malta, Brigadier Maurice Calleja, recalled his experience, when in the early 1980s was called by Dom Mintoff to be the Chairman of the Marsaxlokk Port Project. Calleja said that he was given a very though job as he had to take care of all the administrative work related to this massive project and was also responsible for supervising the work that was being carried out. He recalls also the hard work that was carried out by the Chinese workers, whom he described as “very precise and disciplined”.

The last section of this chapter will discuss how and why these Sino-Maltese co-operation projects have contributed towards the economic development of the Maltese Islands during the 1970s and 1980s.

2.5 The Contribution Of The Sino-Maltese Bilateral Relations Towards Malta’s Economic Development in the 1970s and 1980s

Many argue that the Sino-Maltese bilateral relations contributed very little towards the economic development of the country. In the case of the factories that were set up during the 1970s, this argument may be considered as valid, since in the long-run, these factories ended up in money-loss. This happened mainly due to the fact that these factories were very small and in the long run, turned to be economically unsustainable.
However, others believe that despite of these facts, these factories still contributed towards the economic development of the Maltese Islands during the 1970s and 1980s. In an interview conducted on 4th June 2011, former Labour minister, Reno Calleja claimed that these factories gave an important contribution towards the strengthening of the Maltese economy during the 1970s. Calleja said that these factories did not only offer the means by which the Maltese workers could acquire new skills, but also created temporary job opportunities for hundreds of people who at that time were unemployed, and who were thus considering to migrate to a foreign country.

A similar opinion was expressed by former Labour Finance Minister, Leo Brincat, whom in an interview conducted on 20th June 2011, said that although in the long run, this foreign direct investment was not economically viable for the Maltese economy, however it acted as a social net and a temporary measure that helped to reduce the unemployment problem.

On the other hand, the China-Malta Friendship Dock Project offered more tangible results as it contributed towards a change in the structure of the economy by offering the appropriate infrastructure that enabled the generation of new economic activity, the creation of new sources of foreign income and the creation of new employment opportunities. In an interview conducted on 2nd July 2011, former Deputy Chairman of Malta Dry-Docks, Sammy Meilaq outlined the various economic gains that Malta achieved from the construction of this massive dock. Meilaq said that first of all, during the construction of the dock (which took six years), created new job opportunities for hundreds of Maltese workers who were either employed with statal entities or
else with private contractors. Adding to this, through the construction of this dock, the local construction companies and state entities gained new knowledge and experience in the construction industry, and this valuable experience was later utilized in other major projects such as the construction of the Malta Freeport. Another economic benefit was, that thanks to this new dock, the Malta dry-docks started to attract reputable customers such as the international company ‘Shell’ which used this dock to repair one of its ships ‘Lampas’ in 1989. Sammy Meilaq said that irrespective of all other factors, this dock was more profitable than any other dock due to the following reasons:

- **The scale factor:** the larger the size of the dock, meant larger ship-repairing projects, which resulted in a more favourable ratio of overhead costs to direct labour costs.

- **Modern equipment:** which ensured more production efficiency

On a diplomatic level, the ‘China-Malta Friendship Dock Project’ continued to strengthen the friendship between China and Malta, a factor that was highlighted by Dom Mintoff during the inauguration ceremony of the dock, which was held on the 9th October 1981:

This dock continues to remind us, and reminds all those who visit it- the entire world, all the nations of the world- the Americans, the British, the Soviets- everyone, that we and China are friends and that our friendship is unbreakable.⁵ (Mintoff, 1981)

⁵ Quotation translated to English from Dom Mintoff’s speech in the occasion of the inauguration ceremony of the China-Malta Friendship Dock which took place on 9th October 1981. Refer to the original quotation in the Annex Section.
The Marsaxlokk Port Project, also offered positive tangible results for the Maltese economy. First of all, this project created a central port in the middle of the Mediterranean Sea for the transhipment of containers as it enables large container ships to unload their containers into one central port and then smaller ships (known as ‘fedder vessels’) transport them to their destination. This project created also other ancillary work, including the repair and maintenance of containers, mechanical engineering and the processing of products handled by the port.

This project was also essential for the development of Marsaxlokk as a village *per se*. Herbert Ganado (1977) explains, that the Marsaxlokk Port Project managed to create a certain kind of equilibrium in the economic development of the Maltese Islands as it created new employment opportunities and brought with it, social progress in the South Western part of the Maltese Islands, which was still lacking that economic impetus.
PART 2: POLITICAL DEVELOPMENT
CHAPTER 3
THE INFLUENCE OF THE SINO-MALTESE RELATIONS ON MALTA’S FOREIGN POLICY

3.1 Malta’s Role In The Changing Circumstances Of The Cold War

Before discussing how the Sino-Maltese bilateral relations influenced and contributed towards a change in Malta’s foreign policy, I will first discuss the international political scenario during which the Maltese Government established bilateral relations with the Government of The People’s Republic of China.

The Sino-Maltese bilateral relations were established in the context of the West-East conflict known as the Cold War Period. This period of tension started roughly in 1946 and ended in 1991. The Cold War period was characterized by political and military tensions as well as a huge economic competition between the Communist World, made up primarily of the Soviet Union and its allies and the Western World, which was constituted mainly by the United States and its allies.
J.Manduca (2008) says that, the Cold War Period was much in evidence during the 1970s, and this period saw the Soviet Union establishing itself as a military and political super power, extending its influence in Asia and Africa.

Malta’s foreign policy during the Cold War was influenced a lot by Malta’s geographic position as well as its historical legacy. Due to its strategic geographic position in the middle of the Mediterranean Sea, Malta was always considered as very important in the international political scenario of those times. Its strategic position, made Malta the centre of attraction to major powers which were interested in it as it could offer them the ideal military base. In the Cold War context, Malta was constantly being watched by five major international players: the NATO, Italy, the United Kingdom, Libya and Russia. All of these powers saw a huge potential in Malta and all of them had their own motives for this. Whilst the United Kingdom needed Malta for leverage and trade in the Mediterranean, NATO was interested in keeping Malta away from the Soviet hands. Italy also wanted to make sure that Malta was secure under Western eyes as it did not want to face a Soviet neighbour. The Soviet Union was interested in Malta as it wanted to widen its empire, and Malta could have been the ideal place that would enable it to penetrate in the Mediterranean region. On the other hand, Libya was interested in the decolonization of Malta and wanted the expulsion of the British.

The West-East Conflict implied that a particular nation’s external relations and domestic developments tended to act as indicators of that particular nation’s position in that conflict. This
meant that any move in the way a state conducted its foreign affairs was a clear signal of its ideology and its alignment in this conflict. H.Hakovirta (1998) argues that

...if a state is highly dependent on the West, it would be a bit difficult for it not to side with their ideology, even if it wanted to do so. (Hakovirta, 1998, p.52)

Although after gaining political independence in 1964, Malta was free to keep itself neutral in the West-East conflict, the Nationalist Government believed that Malta should not be neutral and instead it should support the West. Former Nationalist Member of Parliament, Mario Felice explains this ideology in his publication ‘Malta, NATO and Neutrality’:

Neutrality has no place in our way of life or in our way of thinking or in our national dictionary where our traditional heroism and devotion to duty and freedom will long be famous in history. Neutrality is inimical to Malta’s interests and alien to our character. (Felice, 1970, p.48)

The Nationalist Party’s inclination towards the West, will be discussed in more detail in the next section.

3.2 The Nationalist Party As An Agent Of The West

The Nationalist Government of Borg Olivier, always considered Malta to be on the Western side. Borg Olivier believed that Malta belongs to this side due to its geographic position, which puts it into the Western hemisphere.

During the 1960s, Britian had no intention of leaving Malta, since from the internal security perspective, Malta still needed Britian and vice-versa. C.Cassar (2000) claims that under Borg Olivier’s Government, the Nationalist Party stressed the idea that although Malta should be a
self-governing colony, it should never be totally cut off from the British. This ideology continued to prevail even after Malta gained political independence in 1964. The political independence gained on 21st September 1964, was not enough to secure the defence of the Maltese islands from the Communist threats that were coming from abroad. As a result, Malta was still in need of the British military base. J.Pirotta (2005) argues that this shows that Malta was still strongly committed to Britain and as a result, was also very committed to the Western ideology which was focussed mainly on fighting the Communists’ threat.

Due to this ideology, the Nationalist Party of Borg Olivier was also very committed towards the North Atlantic Treaty Organization (NATO). On March 15th, 1953 when Borg Olivier was the head of a coalition government, the NATO opened its headquarters in Malta. The Nationalist Party believed that Malta should become a member in the NATO in order to safeguard the islands from Communism. In an article published in *The Times of Malta* on 2nd September 1965, former nationalist MP and chairman of ‘The Council of the Malta Atlantic Association’, Dr.Mario Felice, claimed that:

The stronger NATO is, the safer we live and the sounder we sleep, for NATO exists to protect us and the free world from the greatest enemy of all times; communist aggression. (Felice, 1970, p.6)

The Nationalist Party pursued its traditional foreign policy, that Malta should not be neutral, in the ideological battle between the countries of the West and those of the East and believed that Malta should be on the side of the Western ideology. The Nationalist Party also declared this belief in its 1971 electoral manifesto:
.....will continue to strengthen the special relationship and friendship with Britain and its other Western allies in such a way that the associations and real stability in the international field....were assured. (Nationalist Party, 1971)

During the second half of the 1960s, the international political scenario in the Mediterranean region was characterized by huge instability resulting mainly from the Arab-Israeli continuous conflict, the closure of the Suez Canal, the eviction of the British and American bases from Libya, the withdrawal of France from the Mediterranean NATO Commands, the discovery of large quantities of oil in North Africa and the increasing activities of the Russian fleet. All these factors, were leading the Western forces to lose power in the Mediterranean region. In these circumstances, the Nationalist Government believed that Malta’s strategic position could help the West to regain power in the Mediterranean region:

With extensive and excellent harbour, dockyard and airport facilities, Malta is the Mediterranean natural centrepiece, and in the preumbra of present uncertainty, we want to help to reclaim the Mediterranean Sea to the West. The days of the U.S and UK bases in Tripoli are now numbered, and the future of Mers-el-Kebir is forbidding. (Felice, 1970, p.40)

The Nationalists’ pro-Western policy was clearly highlighted during the 15th General Assembly of the NATO, which was held on 21st October 1969 at the Department of State in Washington DC:

Unlike most post-war new nations that today make up half the independent nations of the world, the Maltese Government, because of our environment, history and associations with Europe, did not choose to take a neutralistic posture, in its defence and foreign policy, of the struggle between Western democracy and world Communism. In fact our small island is a very rare case of a new state which is truly democratic and which also participates in a multilateral military alliance. The Maltese have no inhibitions about their colonial past as much as they are immune of superstitions about neo-colonialist ghosts. (Felice, 1970, p.39)
H. Frendo (2000) argues that Malta’s alignment to the West was of imperative importance to Britain due to the Communist threat:

The loss of Malta would considerably hamper, if not handicap, British and even Anglo-American emergency operations all the way from Libya to Kuwait. The Royal Airforce wanted to use Malta as a base to meet the commitment in the Near or Middle East. (Frendo, 2000, p.138)

To further enhance its political position within the Western hemisphere, Borg Olivier also established strong ties with Italy. For security reasons, Italy was also interested in keeping Malta away from the Communist hands and wanted to keep Malta under its influence by offering concrete assistance. In fact, on the 21st November 1964, Dr. Antonio Dazzi, Italian Ambassador to Malta expressed the desire to help Malta in the fields of industry, tourism and culture.

C. Coleiro (1997) explains that Italy knew well enough that it was essential for its national security to have Malta within the Western sphere of influence and as long as there was the stationing of NATO forces on Maltese soil, the Italians managed to maintain their presence on the island to ensure that their strategic interests are secured.

Another pro-Western move, that was done by Borg Olivier’s Government, was an attempt to join the European Economic Community (EEC) on 4th September, 1967. In a report to the Maltese Government entitled ‘Economic Adaptation and Development in Malta’, Stolper et al. explain the benefits that Malta could gain if it joins the ECC whilst strengthening its relations with Italy:

Membership in or association with the Common Market would be compatible with close association with Italy. The UN Economic Mission was in favour of the formation of a special relationship between Malta and Italy, mainly because Italy was the closest developed country to
Malta and it would be desirable for Malta to become part of the Italian economic sphere. (Stolper et al., 1964, Chp.2, Par.58/Par.59)

Malta’s membership in the United Nations (UN) in 1964, also sent a clear message of the pro-Western position that Malta had taken during the Cold War. In his speech when Malta became full member of the UN, Borg Olivier declared that in Western Europe, “we find the closes affinities, moulded in a common culture, history and way of life.” (The Times of Malta, 1st December, 1964)

The pro-democratic stance in favour of Western Europe, adopted by Malta under Borg Olivier’s Government, was very evident and as Pollacco (2004) explains, it was also confirmed by various personalities including Arvid Pardo, Malta’s Permanent Representative to the UN in New York, whom when asked which group of countries, Malta would join if it had to choose, he replied: “if a choice had to be made, we will join the Western Europeans group of nations.” (Pollacco, 2004, p.39)

The Nationalist Party was always critical about establishing relations with Eastern European countries and the Far East:

When we talk about commerce with Eastern countries, we would be talking about relations between systems, that do not match our own. (In-Nazzjon Taghna, 19th October, 1981).

The Nationalist Party believed that Malta and the countries of the East have different economic systems which are incompatible. This is due to the fact that whilst Malta and the West were in favour of private enterprise, the East was in favour of centralization. Therefore, the Nationalists believed that Malta should maintain closer economic ties with the West rather than with the East.
Despite its antagonism towards the East, the Nationalist Government of Borg Olivier, during the 1960s, managed to establish relations with Taiwan, and the latter offered the Maltese Government, the financial and technical assistance to carry out the project of the twin tunnels of Regional Road.

The idea of Malta being situated in the centre of the Mediterranean, and which therefore could serve as a bridge between the North and South and the East and West, was never considered by Borg Olivier. However, this idea was taken later on by Dom Mintoff who managed to change completely the direction of Malta’s foreign policy.

3.3 Neutralism, Neutrality And Non-Alignment

Before explaining in detail how Mintoff changed Malta’s foreign policy from 1971 onwards, first it is important to understand the principles of non-alignment and neutrality, on which Mintoff’s foreign policy was based.

The concept of non-alignment was first used in 1954 by Indian Prime Minister Jawaharlal Nehru. By this term, Nehru referred to those independent countries which chose not to join any of the Cold War Blocs.

The concept of Non-alignment touches upon two different kinds of neutrality: permanent neutrality and neutralism. Countries that adopt the policy of permanent neutrality are those that adopt a constant policy of non-alignment both in peace as well as in war. That means that such
countries never side with any party which is in conflict. States that embark on a permanent neutrality, usually ensure that their policy is internationally recognized and to ensure this, they institutionalize their neutrality in domestic legislation or sign an international treaty preferably with the World’s greatest powers.

The other form of neutrality encompassed by non-alignment is neutralism. Neutralism emerged during the Cold War period, as the international circumstances were making it increasingly difficult for neutral states to stay detached from the two superpowers: the United States and the USSR. Consequently there was the emergence of neutralism, which had the aim to avoid a political or ideological affiliation with any bloc. The neutralism policy was followed by various countries including India, Yugoslavia and other Asian and African countries. The goal of these countries was not to align themselves with any bloc during the Cold War period. K.Efraim (1988, p.27) explains that in international law, neutralism refers to “the rule that states are obliged to follow during a legal state of war in which they are not belligerents.”

P.Calvocoressi (2001, pp.170-171) claims that in time of the Cold War, the policy of neutralism and non-alignment was seen as “an integral component in the competitive struggle between the East and the West”. This is because during the Cold War, the key for non-involvement was non-participation in the confronting battle between the two superpowers. Therefore, neutralism in itself was a sign of the rejection of the rivalry between the Eastern and the Western bloc, which symbolized the Cold War.
The beginning of the Cold War and the disintegration of the empires, brought also the rise of the Non-Aligned Movement in 1955. The aim of the movement was to offer its member states more relevance in the international political scenario and gave them an alternative source of ideas and concepts for the European neutrals. Therefore, the members of this movement were those states that considered themselves as non-aligned with any major power bloc.

The 1970s were a turning point in international politics, as for the first time, there was the emergence of the idea that the world was moving from bi-polarism to multi-polarism. This factor, brought to the attention of small states like Malta, the idea that they had a special role to play in this international political scenario. The Non-Aligned Movement, acted as a representative body of these small and military weak states.

The ‘Havana Declaration’ of 1979 states that the role of the Non-Aligned Movement was “to ensure the national independence, sovereignty, territorial integrity and security of non-aligned states.” A. Roy (1988, p.63) claims that the main aim of the Non-Aligned Movement was “to overcome the tension and neurosis of the Cold War.”

3.4 Mintoff’s Policy Of Equidistance Between The Two Superpowers

In 1966, from the Opposition benches, Dom Mintoff had already declared that, if he was going to be elected Prime Minister in 1971, he would be giving a new direction to Malta’s foreign policy. J.Pirotta (2005, p.226) argues that Mintoff’s foreign policy was based on 4 major criteria:
1. The exploitation of Malta’s strategic geographic position

2. The acceptance of foreign aid from whoever was willing to help Malta

3. The closure of all military bases

4. The foreign policy will be based on the principles of neutrality and non-alignment

As soon as he was elected in office in June 1971, Dom Mintoff immediately set the tone of the new direction he wanted to give to Malta’s foreign policy, a direction that would ultimately lead to the expulsion of the British and thus making Malta politically and economically independent.

E.Mizzi (1995, p.97) claims that ‘the appointment of a Maltese Governor-General was Mintoff’s first break with the past’. After this move, the next step was to declare the Commander-In Chief Allied Forces Mediterranean Admiral Gino Birindelli, a persona non grata and asked NATO to recall him. Following, the NATO’s refusal to grant Malta membership or associated status or an observer status, on 14th July 1971, Mintoff cabled the following message to the Secretary-General of NATO:

Government of Malta had hoped it would be possible to leave Malta relations with NATO undisturbed for the moment and review position after negotiations with the British Government. The British Government’s persistant in turning deaf ear to Malta’s pleas for early and genuine talks has completely upset this programme and am now directed to inform you that the Government of Malta does not intend to establish permanent relationship with NATO and is consequently terminating the provisional arrangements made in regard to NATO Headquarters, establishments, forces and installations in Malta. This decision does not imply a refusal of the Government to consider making arrangements with individual members of NATO, should there be a clear request for facilities and a manifestation of a willingness to reciprocate as appropriate. (Mizzi, 1995, p.98)
NATO’s reply soon followed, declaring:

The contents of your communication have been duly noted. NATO does not desire to maintain its Headquarters, establishments, forces or installations in Malta against the wishes of the Maltese Government. Therefore NATO is ready to work out with you, in a mutually satisfactory way, the necessary practical arrangements, and invites your suggestion in this regard. (Mizzi, 1995, pp.98-99)

On 13th August 1971, Mintoff announced NATO’s withdrawal from Malta.

Mintoff’s determination to free Malta from foreign hands continued to prevail during that same year and in an address to the nation, in September 1971, Mintoff said that during the Second World War, Malta was under the hands of ‘an alien power’:

The British used us at will to keep the Mediterranean open, so as to control the near East oil resources and maintain a grip on whole continents like India, Ceylon and Africa. In spite of the fact that we were of such value to them, the British did not even condescend to show their appreciation by at least treating us on par with the most humble class of their own people. In 1971, we are severing the heavy chains which by two arrangements, one of so-called defence and the other of so-called financial assistance, are tying us down as though we were still a British Colony. (Mintoff, 1971)

The first years of Mintoff’s Government at the beginning of the 1970s were influenced a lot by the troubled political situation in the Mediterranean region. This situation was not favourable to the Western Bloc since as soon as Colonel Gaddafi came to power in Libya, he decided to shut down the British and the American base in Libya. This enhanced the importance of the West, and also made the latter fear that Libya would be prepared to help Malta to get rid of the British. At the same time, the Soviets were continually increasing and consolidating their presence in the Mediterranean by building a strong navy.
In these circumstances, Mintoff’s policy was to maintain equidistance between the two major superpowers, the US and the Soviet Union and due to this, the Labour Government called for the removal of both fleets from the Mediterranean. On June 9th 1971, the Maltese Government received a request by the American Ambassador to permit the American 6th Fleet to enter Malta, however his request was turned down and in a statement published on 30th June, 1971, the Maltese Government declared that:

It is also useful to clarify the position of the American 6th Fleet. There was no treaty or agreement between the Government of Malta and the US Government giving the American 6th Fleet the right to take shelter in Maltese harbours. (Mintoff, 1971)

Mintoff’s sympathy towards the principles of non-alignment and neutrality was born in the 1950. Between 1958 and 1962, Mintoff started contacts with leaders such as Tito of Yugoslavia and Nasser of Egypt, who both of them in their own different ways, turned out to be founding fathers of the Non-Aligned Movement. Both Tito and Nasser were great supporters of the policy of non-alignment, however they saw it from two different perspectives. Whilst, Tito developed the concept during the Cold War Period, Nasser saw the policy of non-alignment in the context of the Post-Colonial tensions between the North and the South. Professor Domenic Fenech suggests that Mintoff’s policy of non-alignment was influenced by both points of view:

Mintoff’s non-alignment evolved into a synthesis of non-alignment within both the East-West and North-South framework, in the latter case aimed at a bridge building role between the Europeans and the Arabs on the two halves of the Mediterranean. (Fenech, 2009)

Dom Mintoff believed that in order for Malta to form trade links with states that were hostile to Malta’s role as a fortress of the West, all foreign military bases present in Malta had to be
gradually phased out over a period of time. However, Mintoff knew that in order for Malta to be politically independent, first it had to be economically independent. As explained in detail in the first Chapter, as soon as he was elected in Government in 1971, Mintoff revised the military arrangements with Britian and managed to make the British pay a higher sum of money in order to keep using Malta as their military base till 1979.

R.Pace (2001) argues that Mintoff’s idea was that when the British base in Malta ended:

Malta’s neighbours would benefit from Malta’s neutrality—since Malta’s neutrality would not pose any threats to other states and so must share the costs and expenses of converting the island’s fortress economically to an economy based on peace. (Pace, 2001, p.159).

According to C.Formosa (2008), Mintoff did not want to seek guarantees from the two superpowers because he wanted to remain equidistant from both of them. However, both the US bloc and the Soviet Union bloc were very worried about the situation in Malta. Whilst the Western bloc perceived Malta as ‘the Cuba of the Mediterranean’, the Soviets viewed Malta as the key to gain foothold in Western Europe.

Dom Mintoff wanted to achieve guarantees for Malta’s neutrality from other powers and that is why he believed that Malta should seek to set up relations with different countries in order to attain assistance to build a sustainable economy that was essential if the country was to obtain total political freedom. The Labour Government was willing to set up cordial relations with the countries that the Borg Olivier’s administration, had somewhat or other disregarded. Amongst these countries there were the Eastern European countries and also The People’s Republic of China.
3.5 Mintoff’s Relations With Eastern Europe And The Far East

In November 1971, Dom Mintoff paid an unannounced visit to the Communist States of Romania, Poland and Yugoslavia. E. Mizzi (1995) explains that the purpose of his visit to Eastern Europe was two-fold:

1. First of all to establish a relationship with Eastern Europe as the Nationalist Government had simply ignored the Eastern European countries

2. Secondally, to show the Western world and NATO that the Malta’s position with respect to the rest of the world, including Communist countries was due to change

Mintoff’s visit to Romania started on 1st November 1971. This visit to Bucharest was a very important visit as it was the first step towards the setting up of the Sino-Maltese bilateral relations a few months later. This is because Romania, at that time, was the only friend China had amongst the leaders of the Warsaw Pact countries. The Romanian President, Nicolae Ceausescu, took the opportunity of Mintoff’s presence to find out whether Malta was interested in establishing relations with China. In those times, the West made a distinction between ‘Red China’ or ‘Mainland China’ and Taiwan. Taiwan occupied the permanent seat on the Security Council of the UN and as Mizzi (1995) argues, it was “the China” recognized at that time.

Dom Mintoff turned out to be very interested in establishing relations with Red China, eventhough a few days earlier, Malta had voted against a motion aimed at replacing Taiwan by
China at the UN. The aim of the motion was to enable China to regain the seat that belonged to it at the UN and secondly this motion meant the expulsion of Taiwan from the UN. However Malta voted in favour of Taiwan since during the 1960s, Taiwan had offered Malta financial assistance, and so Malta owed it some gratitude for that help.

Romanian President, Ceausescu suggested Mintoff to meet the Chinese Ambassador in Bucharest and during this meeting, the Maltese delegation explained Malta’s political and economic objectives and indicated that new relations with China were welcome. The Chinese counterparts claimed that the only price that Malta had to pay, if it was to establish relations with China was to break all the diplomatic relations with Taiwan.

Another important visit that paved the way for the establishment of the Sino-Maltese bilateral relations was Mintoff’s visit to Yugoslavia. During this visit, Mintoff met China’s representative in Belgrade and during this meeting, Mintoff expressed the Maltese Government’s willingness to recognize only the Government of Peking and to sever diplomatic relations with Taiwan. The two parties agreed to maintain contact through Malta’s Ambassador in Rome where China had a trade mission.

C. Refalo (2007) notes that Mintoff used the visit to Eastern Europe to make it absolutely clear to the West, that Malta was following a fully independent foreign policy based on its assessment of what its vital interests were.
However, the biggest breakthrough in Malta’s foreign policy under Mintoff’s leadership, took place on 30th March 1972 when Mintoff accompanied by a small delegation, made an official visit to The People’s Republic of China. This visit was a big surprise to the West especially due to the fact that at that time, communications with China were extremely limited, except with very few countries such as Pakistan and North Korea. Adding to this, Mintoff’s visit to China took place only few days after Britian and its allies signed the revised military facilities agreement with the Maltese Government. With the finalisation of that agreement, Britian and its Western allies, had believed that Malta was bound to remain loyal to the West and therefore to remain under their influence. However to their astonishment, Mintoff showed them that Malta was no longer bound to Britian and to the West, but was free to adopt its own foreign policy. On the other hand, China was very happy to establish a new friendly relationship and this was manifested by the warm welcome that awaited the Maltese delegation, upon their arrival in Peking. The welcome that China gave to the Maltese delegation was almost identical to the one that was given to American President Richard Nixon, who visited China a few weeks earlier. E.Mizzi (1995) interprets this warm welcome, by the fact that the Chinese made no distinction between big and small states because they believed that all states deserved to be respected.

Malta’s bold step in recognizing The People’s Republic of China was appreciated by China, since although China had just replaced Taiwan in the United Nations, the Western bloc led by the United States, still had diplomatic relations with Taiwan and was not willing to establish the same relations with China.
Another factor that made China look benevolently upon Malta, was the fact that Malta’s relations with the Soviet Union were almost inexistant. E.Mizzi (1995) explains that:

....although China still maintained diplomatic relations with the Soviet Union, the rift between the Communist Parties of the two countries—the real political forces within them—that had developed in the sixties were still as wide as ever. (Mizzi, 1995, p.134)

J.Manduca (2008) argues that Mintoff’s ambivalence towards the Soviet Union was a result of the fact that the Soviet Union did not help Malta when it was trying to get rid of the NATO. Another reason why Mintoff was not in good terms with the Soviets was because the USSR was one of the superpowers and therefore, this was incompatible with Malta’s new foreign policy of neutrality and non-alignment. Mintoff insisted that as long as the USSR was not willing to sign a bilateral trade agreement with Malta, he was not willing to consider the USSR’s request to open an embassy in Malta.

Mintoff’s visit to China led to the deterioration of the relations with the Soviet Union. During a speech he gave at the banquet given in his honour in Peking, Mintoff complained that Malta had not received any help from the Soviet Union. E.Mizzi (1995) recalls that such comment made the Russian Ambassador and the Ambassador of the Eastern bloc countries, walk out of the room, to the delight of Chou En-Lai.

Although China was not a member of the Non-Aligned Movement, Mintoff believed that China’s foreign policy was in line with the policy of non-alignment.
Mintoff was comfortable to establish ties with China because he believed that China’s foreign policy had a similar aim to his foreign policy: that of contributing towards peace and progress in the world:

The Chinese people are doing this because they believe that our region has a lot to contribute towards progressivity. (Mintoff, 1976)

This statement was later confirmed by Chinese Premier, Hua Guofeng during an official visit paid by a Maltese delegation in China between the 17th and 29th August, 1979:

The Maltese people managed to win this important battle. Both Malta and China need a peaceful environment so that they can continue towards progress. (Guofeng, 1979).

3.6 Initial Reactions Towards The Establishment Of The Sino-Maltese Relations

The drastic changes that took place in Malta’s foreign policy as soon as Mintoff was elected in power in 1971, were considered as “shocking” in those times and resulted in huge criticism which was came both from local politicians and media as well as from foreign ones.

In an article published in ‘The New York Times’ on 16th April, 1972, T.Durdin argued that due to his foreign policy, Mintoff was being considered by various Western countries as ‘an irrepressible Prime Minister’.
On the occasion of the meeting between Mintoff and Chairman Mao Tse-Tung, the *British Broadcasting Corporation* (BBC) reported that there were rumours that China’s aid to Malta was the first step for China to acquire privileged access to the Mediterranean and that China’s position would be strengthened if China managed to open an embassy in Malta.

Locally, the Nationalist Party were also very critical towards Mintoff’s foreign policy. Malta’s ties with China and the presence of the Chinese in Malta, were interpreted by certain political analysts as an attempt by China to further increase its influence in the Mediterranean. As Edgar Mizzi (1995) puts it, the message that was being transmitted by the right-wing activists was that this newly-made friendship with a Communist country like China, was posing a big threat to the Maltese democratic system and forecasted that this friendship was going to hinder the economic development of the country.

On March 29th, 1974, the editorial of ‘*The Times of Malta*’ said that the 1972 Sino-Maltese loan accord was a method employed by China to extend its influence “in a way which gave it a long-term hold on the recipients of Chinese aid.” However, E.Mizzi (1995, p.136) contended this argument by saying that he “had never known the Chinese Government to try to influence the policies of the Maltese Government.” Mintoff was oftenly accused of being inspired by Communism however Mintoff always denied this accusation. J.Manduca (2008, p.118) mentions what Mintoff had allegedly told the Canadian High Commissioner in July 1971: “I am not a Communist and I have never been a Communist.”
The Nationalists were very critical of his determination to get rid of the British because they believed that this will put Malta in the risk of ending up in the hands of Communism. An article published in the Nationalists’ newspaper ‘In-Nazzjon Tagħna’ of the 18th March 1971, argued that the Labour Party was willing to replace British financial support with jobs and food supplies from the Soviet Union, a move that was described as “a weak alternative”. The Nationalists were also very critical about the expulsion of the NATO in 1971. An article published in newspaper ‘Il-Poplu’ on 4th July, 1971, accused Mintoff of “putting Malta on bad terms with everyone.

3.7 Mintoff’s ‘balanced’ foreign policy

Although Mintoff’s foreign policy, departed very distinctly from that of his predecessor, he had no intention of breaking all ties with the West. Notwithstanding the fact that he aimed to achieve closer economic relations with countries of the Far East and the Arab world, Mintoff accepted the fact that the EEC was Malta’s major natural trading partner for the future. This is because Mintoff accepted the fact that Malta was too small to live in isolation. E.Mizzi (1995) claims that Mintoff believed that:

Cooperation from the West was a moral obligation of the West towards Malta in repayment for Malta’s misuse by those countries in the past. Cooperation with the rest of the world on the other hand was new and was therefore to be dictated by mutual interests and reciprocal advantages. (Mizzi, 1995, p.183)

This shows that on the whole, Mintoff managed to construct a balanced foreign policy by which Malta was no longer dependent on Britain and its Western allies. This is because he managed to
establish good relations with countries from all over the world: from Europe, Eastern Europe, the Arab world and also the Far East. Former Maltese diplomat, Victor Gauci (2005) claims that Mintoff’s foreign policy was tied to his vision of Malta’s socio-economic development:

Mr. Mintoff’s foreign policy was bound up with his plans for Malta’s socio-economic development, for which resources were required on a far greater scale than were hitherto available. (Gauci, 2005, p.97)

History shows us that on the whole, through his foreign policy, Mintoff proved himself to be an excellent negotiator, who managed to put Malta’s interests on top of his political agenda:

Often described as a political maverick, Mintoff was a though and skilful negotiator, with qualities of leadership, who succeeded in extracting usually large sums of money from various sources. (Manduca, 2008, p. 121)
CHAPTER 4
SINO-MALTESE BILATERAL RELATIONS IN THE LAST TWO DECADES

4.1 Sino-Maltese Bilateral Relations Between 1990 And 2010

During the last two decades, China and Malta maintained continuous contact through various high-ranking visits in both countries and engaged also in bilateral cooperation in different fields ranging from trade, health care, culture and also education.

Despite the huge concerns, the Nationalist Party used to express during the 1970s as regards Malta’s relations with China, under the Nationalist Government which was elected in 1987, the bilateral ties between the two countries continued to improve. In fact, one of the most prominent figures of the Nationalist Party, President Emeritus, and Former Minister of Foreign Affairs, Professor Guido De Marco was one of the most recent politicians who worked towards the strengthening of the Sino-Maltese relations. This fact was highlighted by Chinese President Hu Jintao himself in the tribute he paid to Professor De Marco after his death on 12th August 2010:
Shocked to learn with profound grief the untimely passing away of Professor Guido De Marco, President Emeritus of Malta. On behalf of the Chinese government and people and in my own name, I wish to express my deep condolences to the government and people of Malta and my sincere sympathy to the bereaved family. Professor De Marco was a prominent leader of Malta. He visited China several times and remained a revered old friend of the Chinese people. He will be remembered by the Chinese people for his important contributions to the development of Sino-Maltese relationship and the promotion of friendship between our two peoples. (Jintao, 2010)

The major bilateral co-operation that took place between the Chinese and Maltese Governments during the last two decades, has been in the fields of project contracting, labour services co-operation and the establishment of sole-owned enterprises.

In a span of twenty years, the two countries have signed various bilateral agreements and memoranda of understanding that continued to reinforce and strengthen the relations between both countries. Below is a list of the bilateral agreements that have been signed by both countries between 1991 and 2010.

Table 8: Sino-Maltese Bilateral Agreements between 1991-2010

<table>
<thead>
<tr>
<th>Date of Signature</th>
<th>Agreement</th>
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<tbody>
<tr>
<td>10th September 1991</td>
<td>Malta Transport Agreement</td>
</tr>
<tr>
<td>29th August 1992</td>
<td>Culture Co-Operation Agreement</td>
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<tr>
<td>2nd February 1993</td>
<td>Avoidance of Double Taxation Agreement</td>
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<tr>
<td>14th April 1994</td>
<td>Co-Operation in the field of traditional Chinese Medicine</td>
</tr>
<tr>
<td>7th June 1994</td>
<td>Memorandum of Understanding related to Air Services</td>
</tr>
<tr>
<td>18th July 1996</td>
<td>Co-operation in the field of Traditional</td>
</tr>
<tr>
<td>Date</td>
<td>Agreement/Co-operation</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>8th April 1997 and 27th May 1997</td>
<td>Agreement on the maintenance of post of Honory Consul in Hong Kong</td>
</tr>
<tr>
<td>9th July 1997</td>
<td>Agreement on the grant of 3 Million Renminbi Yuan from China to Malta</td>
</tr>
<tr>
<td>9th July 1997</td>
<td>Agreement on Trade and Economic Co-operation</td>
</tr>
<tr>
<td>1st September 1997</td>
<td>Air Services</td>
</tr>
<tr>
<td>1st April 1998</td>
<td>Co-operation in the field of Traditional Chinese medicine (Extended for the years 2002 – 2004)</td>
</tr>
<tr>
<td>3rd April 1998</td>
<td>Cooperation in the fields of health &amp; medicine</td>
</tr>
<tr>
<td>24th May 1998</td>
<td>Re-negotiation of the co-operation Agreement in the field of health signed in 1980</td>
</tr>
<tr>
<td>24th May 1998</td>
<td>Agreement on co-operation in the field of Tourism</td>
</tr>
<tr>
<td>19th April 1999</td>
<td>Co-Operation Agreement in the field of Youth for the period 2000-2001</td>
</tr>
<tr>
<td>30th August 1999</td>
<td>Exchange of Letters on the grant of three million RMB Yuan by the Government of the People’s Republic of China to the Government of Malta</td>
</tr>
<tr>
<td>14th April 2000</td>
<td>Exchange of Letters on the grant of three million RMB Yuan by the Government of the People’s Republic of China to the Government of Malta</td>
</tr>
<tr>
<td>22nd June 2000</td>
<td>Friendly co-operation between Santa Lučija of Malta and Jin Chang district in Suzhou</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>4th June 2001</td>
<td>Agreement between the Armed Forces of Malta and The People’s Liberation of the Republic of China on China’s provision of Military Assistance gratis to Malta</td>
</tr>
<tr>
<td>2nd July 2001</td>
<td>Co-operation agreement between the Mediterranean Academy of Diplomatic Studies of Malta and the Foreign Affairs College of China</td>
</tr>
<tr>
<td>2nd July 2001</td>
<td>Memorandum Of Understanding on consultations between the Ministry of Foreign Affairs of Malta and the Ministry of Foreign Affairs of The People’s Republic of China</td>
</tr>
<tr>
<td>2nd July 2001</td>
<td>EoL on the grant of RMB Yuan of 3 Million</td>
</tr>
<tr>
<td>24th July 2001</td>
<td>Memorandum Of Understanding on the implementation plan for the organized outbound travel by Chinese citizens to Malta</td>
</tr>
<tr>
<td>24th July 2001</td>
<td>Memorandum Of Understanding on the setting up of a cultural centre</td>
</tr>
<tr>
<td>22nd October 2001</td>
<td>Agreement on the fight against drug trafficking and organized crime</td>
</tr>
<tr>
<td>9th November 2001</td>
<td>Agreement on the establishment of the Friendly-City Relation (Twinning Agreement)</td>
</tr>
<tr>
<td>19th June 2002</td>
<td>Memorandum on co-operation between the Ministry of Education of Malta and the Ministry of Education of the People’s Republic of China</td>
</tr>
<tr>
<td>31st October 2002</td>
<td>Agreement on Scientific and Technological co-operation</td>
</tr>
<tr>
<td>Date</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>4th November 2002</td>
<td>Agreement of Collaboration between The International Institute on Ageing, United Nations-Malta (INIA) and The Beijing Civil Affairs Bureau (BCAB)</td>
</tr>
<tr>
<td>4th November 2002</td>
<td>Agreement of Collaboration between The International Institute on Ageing, United Nations-Malta (INIA) and The Institute of Population Research, Renmin University of China (IPR)</td>
</tr>
<tr>
<td>11th February 2003</td>
<td>Protocol on China’s provision of military assistance gratis to Malta</td>
</tr>
<tr>
<td>19th February 2003</td>
<td>Grant by the Government of Malta of US$50,000 for projects of Jingping County and Malipo County</td>
</tr>
<tr>
<td>23rd February 2003</td>
<td>Memorandum Of Understanding on cooperation between Malta and Changchun City</td>
</tr>
<tr>
<td>19th April 2005</td>
<td>Education Cooperation Programme 2005-2008</td>
</tr>
<tr>
<td>16th May 2007</td>
<td>Agreement between the AFM and the PLA on China’s provision of 1.8 million RMB in military equipment gratis</td>
</tr>
<tr>
<td>25th May 2007</td>
<td>Letters of Exchange concerning the grant of RMB 3 million to the Maltese government</td>
</tr>
<tr>
<td>25th May 2007</td>
<td>Agreement signed with Nuctech on the purchase of a mobile X Ray unit</td>
</tr>
<tr>
<td>19th December 2007</td>
<td>Agreement on Abolition of Visas to Diplomatic and Service Passport Holders</td>
</tr>
<tr>
<td>15th December 2008</td>
<td>Plan of Cooperation in the Fields of Health and Medicine 2009-2013</td>
</tr>
<tr>
<td>22nd February 2009</td>
<td>Agreement on the establishment of the Malta Confucius Institute</td>
</tr>
<tr>
<td>Date</td>
<td>Document Description</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>22nd February 2009</td>
<td>Agreement on the Grant of RMB 5 Million from China to Malta</td>
</tr>
<tr>
<td>22nd February 2009</td>
<td>Programme of Cultural exchanges between Government of Malta and the Government of the People’s Republic of China for the period 2009-2012</td>
</tr>
<tr>
<td>22nd February 2009</td>
<td>Agreement on Promotion and Protection of Investments</td>
</tr>
<tr>
<td>22nd February 2009</td>
<td>Treaty between Malta and The People’s Republic of China on mutual Judicial Assistance in criminal matters</td>
</tr>
<tr>
<td>23rd June 2009</td>
<td>Memorandum of Understanding on Investment Promotion Cooperation Between Malta Enterprise and the Investment Promotion Agency of the Ministry of Commerce of the People’s Republic of China</td>
</tr>
<tr>
<td>23rd June 2009</td>
<td>Exchange of letters on the grant of three million RMB Yuan by the Government of the People's Republic of China to the Government of Malta</td>
</tr>
<tr>
<td>January 2010</td>
<td>Memorandum of Understanding between the China Banking Regulatory Commission and the Malta Financial Services Authority</td>
</tr>
<tr>
<td>January 2010</td>
<td>Memorandum of Understanding between the China Securities Regulatory Commission and</td>
</tr>
</tbody>
</table>
If we take a look at the area of foreign trade, during the last two decades, figures show that there has been a rapid increase in Malta-China trade. As illustrated clearly in Table 9, between 2009 and 2010, Maltese exports to China increased by €9.6 million.

<table>
<thead>
<tr>
<th>Year</th>
<th>€ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>53.3</td>
</tr>
<tr>
<td>2007</td>
<td>27.4</td>
</tr>
<tr>
<td>2008</td>
<td>24.6</td>
</tr>
<tr>
<td>(Jan-Aug) 2009</td>
<td>16.4</td>
</tr>
<tr>
<td>(Jan-Aug) 2010</td>
<td>26.0</td>
</tr>
</tbody>
</table>


However during the same period, imports from China registered a decrease of €12 Million (see Table 10 below).
Table 10: Total Imports from China 2006-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>€ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>104.2</td>
</tr>
<tr>
<td>2007</td>
<td>94.8</td>
</tr>
<tr>
<td>2008</td>
<td>106.9</td>
</tr>
<tr>
<td>(Jan-Aug) 2009</td>
<td>88.5</td>
</tr>
<tr>
<td>(Jan-Aug) 2010</td>
<td>76.5</td>
</tr>
</tbody>
</table>


In July 2009, a delegation from the Foreign and European Affairs Parliamentary Committee, paid an official visit to China and during this visit, the two countries discussed possible collaboration in the maritime sector. In an interview conducted on 20th June 2011, shadow Labour Minister, Leo Brincat (who was part of the delegation), recalled an important meeting with Captain Wei Jiafu, Chief Executive Officer of the second greatest shipping company in the world, ‘China Ocean Shipping Company’ (COSCO). During this meeting, the Maltese delegation explained that Malta has developed a ship register which besides being ranked the 8th in the world, is both reputable, competitive, fast growing and being an EU Flag, it represents access to European ports. In reply to this, Captain Jaifu said that although COSCO had registered its ships mostly in Hong Kong and Panama, it was ready to consider Malta for transhipment purposes, since Malta is one of the biggest transhipment facilities in the Mediterranean and is strategically located.
The next section, will go on to discuss the present situation of the Sino-Maltese bilateral relations, and the areas in which both countries are closely co-operating together, namely the area of business and investments.

4.2 Sino-Maltese Relations In 2011

Nowadays, both major political parties in Malta support the ‘One-China Policy’ and both parties agree that Malta and China should sustain their strong ties and develop them further.

Presently, the major focus of the Sino-Maltese diplomatic relations, is on how both countries can increase the opportunities for trade and business between the two countries. This sector is being given a lot of importance, because trade between China and Malta is increasing at a rapid rate. In fact, Malta Enterprise which is the Governmental body that focusses on attracting inward investment and gives support to enterprises in Malta, has recognized the importance of China as a trading partner and has opened an office in China.

Malta is in a good position to attract Chinese investment as Maltese companies not only import Chinese products to Malta but Malta can also act as a base to market Chinese products in Europe and North Africa.

Due to these factors, on 31st January 2011, the ‘Malta-China Chamber of Commerce’ was set up. The need for this Chamber has long been felt and it was evident that if Malta and China are to have an exciting business relationship, the setting up of this Chamber was essential. In an
interview conducted on 4th June 2011, former Labour Minister and the Secretary General of the Malta-China Chamber of Commerce, Reno Calleja, said that the aim of this Chamber is to act as a catalyst in attracting Chinese investment to Malta as well as reciprocal trade. Calleja claimed that presently, the Chamber is discussing ways by which Malta can attract more Chinese investment to Malta, particularly in the areas of tourism, financial services, logistics and education. Calleja said that another reason why this Chamber was necessary is that Malta’s tax regime and the benefits it can offer to Chinese businessmen, who at the moment are investing billions in Europe, is still not well known in China and therefore such body can help to promote such benefits amongst Chinese investors and businessmen. He went on to say that during his recent visits to China, he realized that in China, exists a lot of interest about Malta and therefore the potential for Maltese businessmen to do business in China is enormous and the opportunities are limitless.

The enormous opportunities that exist for Maltese businesses in China is already being exploited by a number of local businesses such as ‘Farsons Cisk’ which started to export its beer products to China in 2010 and presently, its beers are available in selected outlets in Southern and Eastern China.

Regarding the opportunities for inbound investment from China, presently in Malta there is the ‘Leisure Clothing Company’ a Chinese textile firm which is already using Malta as a staging post for shipments made to brands sold in Europe. On 2nd July 2011, ‘King Long United Automotive
Industry’, a Chinese bus and coach manufacturer, replaced 66% of Malta’s old buses, by a fleet of 174 new buses.

Although it seems that there are plenty of opportunities that are being exploited by Malta vis-a-vis China, the question remains: “Is Malta exploiting the full potential of these diplomatic ties?”

This question will be addressed in further detail in the next section which will conclude this Chapter.

4.3 The last 20 Years Of The Sino-Maltese Relations: “A Marriage of Convenience?”

In an interview published in The Times of Malta on 15th May 2006, former Labour Minister Reno Calleja said that:

China has a soft spot for Malta and that is why I believe we are not exploiting the immense goodwill that exists in China towards Malta. I am convinced that the fact that in the early 1970s Malta recognized ‘Red China’ was never forgotten by the Chinese Government and its people. (Calleja, 2006)

Calleja’s opinion may be challenged by the fact that during the last twenty years, Malta continued to strengthen its ties with China by signing numerous bilateral agreements that continued to sustain the ‘friendliness’ that has been existant between the two countries since 1972. However, this does not mean that Malta managed to exploit the full potential of these relations.
In actual fact, the Sino-Maltese agreements that were signed during the 1970s and the 1980s had great long-term benefits for the Maltese Islands. This is because during the first decade of these bilateral relations, the Maltese Government managed to achieve two of the largest infrastructural projects that were ever carried out in Malta, namely ‘The China-Malta Friendship Dock’ and ‘The Marsaxlokk Port Project’, which both of them created new job opportunities and generated high revenues for the Maltese economy. Despite the fact that during the last 20 years, Malta and China maintained good relations, however no major projects were carried out in Malta as a result of these bilateral ties.

A major area in which the Maltese Government has failed to exploit the full potential of these diplomatic ties is the tourism industry. Although 14 years ago Malta and China signed the ‘tourist destination agreement’ (an agreement that was signed by the Labour Government of Alfred Sant in 1997), it results that when compared to other countries which have signed the same agreement with China after 1997, Malta is failing to attract the same amounts of Chinese tourists, the other countries are attracting. Recent statistics compiled by the National Statistics Office show that Malta is mostly attracting tourists from EU countries, whilst tourists from outside the EU are on the decline (see Table 11 below):
Table 11: Outbound Tourist Trips: Monthly (February 2011)

<table>
<thead>
<tr>
<th>Destination</th>
<th>Year</th>
<th></th>
<th></th>
<th>Absolute Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2010</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>EU Countries</td>
<td>13,195</td>
<td>14,906</td>
<td>15,849</td>
<td>943</td>
</tr>
<tr>
<td>Non-EU Countries</td>
<td>2,377</td>
<td>2,487</td>
<td>2,272</td>
<td>-215</td>
</tr>
</tbody>
</table>

Source: Outbound Tourists February 2011, National Statistics Office, Valletta

In an interview published in *The Times of Malta* of 15th May 2006, Reno Calleja said that the tragic incidents that happened six years ago, when a number of Chinese students were allegedly thrown into the sea and left to drown off Sicily and the rumors that Maltese and Chinese criminals were ferrying Chinese students and tourists to Italy, may have tarnished Malta’s reputation to attract Chinese tourism to Malta. The fact that after these incidents, the Government of Malta stopped the visa issuing to Chinese students or tourists who wished to visit Malta, was another detrimental factor. Although it was understandable that the Maltese Government wanted to get hold of the situation, however, the time taken to solve this problem was very long and this had a detrimental effect on Chinese tourism in Malta.

Apart from that, since Malta joined the Schenghen area, many Chinese nationals were complaining that they were finding it very difficult to get a visa to enter Malta. This problem, which was mainly created due to a lot of bureaucracy from the Maltese authorities, was not
solved until July 2011 when around 700 visas were issued to Chinese citizens, however the number of visas that were issued, is still considered to be very low.

There are various areas in which Malta and China can collaborate together, for the benefit of both countries, however this will be discussed in more detail in the conclusion of the dissertation. In the mean time, Chapter 5 will focus on the contribution of the Sino-Maltese bilateral relations towards Malta’s social development during the past 39 years.
PART 3: SOCIAL DEVELOPMENT
CHAPTER 5

THE CONTRIBUTION OF SINO-MALTESE BILATERAL RELATIONS TOWARDS MALTA’S SOCIAL DEVELOPMENT

The Sino-Maltese bilateral relations during the last 39 years, did not only contribute towards Malta’s economic and political development but contributed also towards Malta’s social development. Throughout this chapter, I will discuss the contribution of these bilateral ties in the areas of art, culture, sports, education and health.

5.1 Arts And Culture

The establishment of a ‘cultural relationship’ between China and Malta, has always been considered as a very important aspect of the Sino-Maltese bilateral relations. In fact, from the beginning of these relations in 1972, Mintoff’s Government was determined to co-operate with China also in the cultural sector as it was believed that such co-operation served to further strengthen the political relations that were already established between the two countries.
The importance of the Sino-Maltese cultural co-operation was clearly highlighted by President Emeritus, Agatha Barbara, during a speech delivered in June 1984, on the occasion of the opening of the ‘Chinese Handcraft Exhibition’:

For more than a decade, now, there has also been a considerable and genuine effort to establish on firm footing a live cultural relationship between the two countries. The great geographical distance, combined with a total diversity in the cultural heritage of our two peoples, stress the need for a greater and more emphatic cultural exchange programme between us. (Barbara, 1984)

During the 1970s and 1980s, huge efforts were made by the Labour Government to establish this cultural relationship with China. Chinese art, culture and music were presented to the Maltese public through numerous exhibitions as well as other activities such as concerts, like the ones that were held in September of 1978 by the ‘China Broadcasting Chinese Orchestra’ which gave numerous concerts at the Orpheum Theatre in Gzira, Manoel Theatre in Valletta and Astra Theatre in Rabat Gozo.

In 1973, the ‘Malta-China Friendship Society’ was set up in order to promote the friendship and the cultural ties between the two countries. In an interview conducted on 4th June 2011, former Labour Minister and founder of the ‘Malta-China Friendship Association’, Reno Calleja, said that nowadays, apart from promoting Chinese culture in Malta and Maltese culture in China, the association has taken the role of promoting Maltese investment in China and vice versa. In fact, the association offers assistance to Maltese investors who wish to set up a business in China. The ‘Malta–China Friendship Association’ works hand in hand with the ‘China Cultural Centre’ in Valletta, which focuses mainly on the promotion of Chinese art and culture.
In 2006, the ‘China Cultural Centre’, in collaboration with the Valletta Local Council, started to organize, the annual activity of the ‘Chinese Spring Festival’ to celebrate the Chinese New Year. This yearly activity, which takes place in various prominent sites in Valletta, such as Republic Street, Merchant Street and Upper Barrakka Gardens, offers a spectacle of traditional Chinese art forms including music, dance, dazzling costumes, Chinese acrobatic stunts and face-changing skills.

In May 2010, Malta participated in the ‘Shangai Expo’ which took place between May and October 2010 and which was visited by an estimated 70 million people from all over the world. During this Expo, the ‘Malta Day’ was celebrated at the Maltese Pavilion that was set up for the occasion. The highlight of the ‘Malta Day’, which was visited by 1.2 million people, was the performance given by Maltese tenor, Joseph Calleja. The Maltese Pavilion exhibited representations of urban Malta and also a taste of Maltese history including a replica of the ancient goddess of fertility, a replica of Caravaggio’s ‘Behading of St.John’ and an audio-visual presentation about Malta and its history. In his speech during the opening ceremony of the ‘Malta Day’ at the ‘Shangai Expo’, Maltese Ambassador to China, Karl R. Xuereb said that Malta’s participation in this event was important for its promotion as a tourist destination and also for its promotion as an attractive country for trade and investment.

5.2 Sports
Another area in which China and Malta co-operated together after establishing bilateral relations in 1972, was the area of sports. Being a small island with very limited resources, Malta has always been a passive spectator in most sports disciplines, however, the Maltese Government, used these bilateral ties also to expose the Maltese public to the dedication, devotion and the mental and physical discipline that the Chinese sports people were endowed with. On the occasion of a visit to Malta by a table tennis Chinese team on 10th December 1972, former Education and Culture Minister, Agatha Barbara said that:

May this occasion serve not only to satisfy our appetite as passive spectators, but also to stimulate us in our efforts to instill and nourish among our youngsters a genuine love for dedicated active participation in this and in all other sports. It’s about time we stop bewailing our handicaps, due to national limitations for the qualities producing excellence in sports are potentially present amongst us, individually and collectively, provided we are willing and fully determined not to shirk hard work and sacrifice, discipline and perseverance. (Barbara, 1972)

Due to this, from time to time, Chinese sports delegations used to visit Malta, not only to entertain the crowds by showing off their abilities, but also to teach and train the Maltese people in different sports disciplines such as in badminton, table tennis, gymnastics and football.

5.3 Education

Sino-Maltese relations brought also collaboration in the field of education. In February 2006, Heritage Malta which is the Maltese national agency responsible for conservation, signed an agreement with the ‘China National Institute of Cultural Property’ to open doors for beneficial exchanges in the field of science, academic communication and personnel training. The two
entities agreed to co-operate on a number of conservation research projects ranging from preservation of fortifications to conservation projects.

In March 2010, during an official visit to China by the Deputy Prime Minister and Minister of Foreign Affairs, Tonio Borg, the two countries agreed to start discussing an ‘Agreement on the Mutual Recognition of Academic Degrees’. On behalf of the Maltese Government, Foreign Affairs Minister Tonio Borg invited a group of Chinese experts to visit Malta so that they can familiarise themselves with the Maltese educational system.

In October 2010, the University of Malta with the collaboration of the Embassy of The People’s Republic of China in Malta, participated in the ‘China Education Expo’ which was held in Beijing. This expo provided the participant educational institutions with an opportunity to meet Chinese students who were interested in reading for a University Degree in a foreign country. During the expo, which attracted over 10,000 people, the University of Malta had the opportunity to promote the hundreds of courses it offers.

Another achievement in the educational field that resulted from the Sino-Maltese bilateral relations, was the fact that recently the Government of the People’s Republic of China offered scholarships to Maltese students to learn Chinese or engage in postgraduate or advanced studies in any discipline in a Chinese University during the academic year 2011-2012.

5.4 Health
The Sino-Maltese bilateral relations were instrumental for the introduction of Chinese medicine in Malta. Chinese medicine was introduced in Malta in the early 1980s when traditional Chinese acupuncture was introduced as an innovative cure to various ailments. By time, the popularity of Chinese medicine in Malta continued to increase and in 1994, the ‘Mediterranean Regional Centre for Traditional Chinese Medicine’ was set up in Corradino, Poala. The centre was set up as a joint programme between the Maltese Government and China’s health minister with the aim of providing high quality treatment and training in traditional Chinese Medicine.

In 2008, a traditional Chinese Medicine Clinic was opened in Malta’s national ‘Mater Dei Hospital’. Nowadays, it is estimated that every week, about 200 patients seek treatment in this clinic, and other Chinese clinics that are available in Malta.

5.5 Summary

Apart from the economic and political aspect, the Sino-Maltese diplomatic relations have also contributed towards the social development of Malta and its people. Through the “friendship relationship” between the two countries, the Maltese people have realized that China and its people have a lot to contribute to other countries, including small states like Malta.

During the last 39 years, the Maltese people realized that despite of the fact that China is geographically situated miles away from Malta and although it has a different culture, political ideology and religion, these diplomatic ties have resulted in huge benefits for both countries.
Through these diplomatic ties, the Maltese people were more exposed to Chinese culture, art and lifestyle and this led the Maltese people to get rid of the xenophobic attitude they once had towards this country and its people. Much of these xenophobic tendencies, which were very much evident in the early 1970s, were politically motivated by various political forces including the Nationalist Party and the Right-wing local media, which both of them embarked on a “scaremongering campaign”, which was focussed mainly on the argument that the Sino-Maltese diplomatic ties were a threat to Malta’s security and that due to this friendship, Malta was going to end up under Communist hands. Although to a certain extent this argument was very influential, in the long run, the diplomatic ties between the two countries, proved this argument wrong as they turned to be beneficial in all aspects including also the social aspect.

Through these diplomatic ties, the Maltese people managed also to establish personal relations with the Chinese people and this enabled them to instill in themselves various intrinsic Chinese values including discipline, hard work, determination and dedication.

In the concluding remarks of this dissertation, I will focus on the future prospects of the Sino-Maltese relations and I will offer some recommendations that can be adopted, so that these relations can continue to develop smoothly.
CONCLUSION

Future Recommendations

After almost forty years from the establishment of the Sino-Maltese relations, these bilateral ties still make sense nowadays and should be cultivated and strengthened for the mutual benefit of both countries. Being one of the major world powers in the 21st Century, China, is definitely able to help the Maltese islands in various aspects. Therefore, Malta should identify those niche areas in which it can co-operate with China in the near future.

Below are some recommendations that can be adopted by the Maltese Government to exploit more the benefits of the excellent relations that exist between the two countries:

1. An area that is not being given enough priority by the Maltese Government, but which can be very beneficial for our small islands, is the co-operation in the environmental area, especially in the renewable energy sector. In an article published on the ‘Ernst and Young’ website in May 2011, entitled ‘Renewable energy country attractiveness indices’, it was reported that China has reached its highest index position in the production of
electricity deriving from wind energy. Since Malta is still lagging behind the other EU countries, when it comes to renewable energy, Malta can try to collaborate with China in this sector.

2. Malta is also neglecting the potential of its strategic geographic position in the middle of the Mediterranean Sea, despite the fact that “China is showing an intense interest in Africa and the Middle East mainly because of its need for oil” (TimesofMalta.com, 15th May 2006). This is because this country imports much of its energy needs and for it, energy is vital for continuous development. Therefore, Malta can exploit its good relations with the Arab world and its strategic position in the middle of the Mediterranean Sea, to act as an intermediary for China in this area.

3. During 2011, it was estimated that over 200,000 Chinese students left China to study the English language and other subjects in foreign countries. Since Malta is one of the leading European countries in the area of English-learning for foreigners, Malta needs to exploit more the potential it has in this area. The numerous English-learning schools in Malta, should therefore co-operate together and market Malta’s excellent facilities to attract more Chinese students to Malta. A similar strategy can be carried out by the University of Malta, which should advertise more its numerous courses to attract more Chinese students to come to study in Malta.
4. The Maltese Government needs to do a greater effort to attract more Chinese investment towards Malta like other European countries are doing at the moment. In June 2010, China’s state-owned shipping company COSCO took control of Pier Two of Athens' port of Piraeus in a £2.8 billion deal to lease the pier for the period of 35 years, investing £470 million in upgrading the port facilities, building a new Pier and almost tripling the volume of cargo it can handle. Adding to this, in January 2011, the Industrial and Commercial Bank of China (ICBC), inaugurated two new subsidiaries one in Milan and another one in Luxembourg.

5. When visiting China, Maltese business delegations should be well organized and when Ministers or other Parliamentary members are invited to visit China by the Chinese Government, they should take with them potential businessmen and entrepreneurs that may be interested in investing in China. This is because through such official visits, Maltese politicians can help these businessmen and entrepreneurs to establish good business contacts in China. Adding to this, the Maltese Ministry of Foreign Affairs and the Maltese Embassy in Beijing, should start offering consultancy services to Maltese businessmen to encourage them to make business in China since the majority of Maltese businessmen are usually very cautious to venture into the Chinese market.

6. More efforts need to be done to attract more Chinese tourism in Malta. In an article published on 18th May 2011 in TimesofMalta.com, it was reported that more Chinese tourists are seeking new places in the sun. The article reported that in 2010,
approximately 10,000 Chinese tourists visited Tunisia and there is optimism that this number will double in the coming years. Despite the fact that Malta is an attractive sunny island in the middle of the Mediterranean Sea, official statistics indicate that Chinese tourism in Malta is still very unpopular and that Malta’s marketing strategies are mostly focussed on European countries. Therefore, the Malta Tourism Authority should consider a marketing strategy aimed at penetrating China.

7. While recognizing the fact that the development of trade between China and Malta has been quite remarkable in recent years, the existant volume of trade between the two countries is still miserable, when compared to the volume of foreign trade of both countries. In this area, it should be noted that China is not only selling its products but is also buying products from other countries. Therefore, local producers should take into consideration the potential of Chinese markets by promoting their products in this country. Just like the Cisk beer and recently the Marsovin Wines that have managed successfully to infiltrate the Chinese markets, other local products can also make a success story in China.

8. The sale of local properties to Chinese people is another option that should be considered. The sale of property to Chinese people can help improve the balance of trade between the two countries.
9. Being an active country in the area of land reclamation, China can also offer Malta some assistance in this aspect. Since its establishment in 1949, the People’s Republic of China has reclaimed approximately 12,000 km$^2$ of land from the sea. Land reclamation could be a viable solution to Malta’s landfill problems, especially when one takes into consideration that 80 per cent of the waste dumped in local landfills derives from the construction industry. Therefore this material can be used to reclaim land from the sea, which land could be a source of new space.

10. Another area in which China can co-operate with Malta is the area of road and bridge construction. Malta could seek the assistance of China for the implementation of large-scale infrastructural projects such as that of the tunnel or bridge between Malta and Gozo.

**Concluding Remarks**

This dissertation has analyzed how the Sino-Maltese bilateral relations have contributed towards Malta’s economic, political and social development, during the last 39 years. Numerous documents including Government documents, official statistics and press releases, have been analyzed.

It has been shown that during the first years of the 1970s, the Sino-Maltese bilateral relations have contributed towards the recovery of the Maltese economy. Through the establishment of these relations, new employment opportunities were created and with the help of the Chinese Government, large-scale infrastructural projects were carried out. This helped the Maltese
economy to get rid of the total dependence on Britian and start moving towards economical freedom.

It has also been shown that these bilateral ties have contributed towards an important shift in the way Malta’s foreign policy started to be done. By establishing bilateral relations with the People’s Republic of China, Dom Mintoff showed the entire world that it was time that Malta was to be no longer tied only to the West and that Malta’s foreign policy was to be no longer dictated by Britian. Mintoff, wanted also to manifest that Malta’s way forward was to embrace the policy of neutrality and non-alignment, which would ultimately lead the country to achieve total political freedom.

This thesis has also showed that the Sino-Maltese relations have contributed towards Malta’s social development, since these relations not only have instilled in the Maltese nation, numerous values but have also contributed towards a shift in the mentality of the people which changed from one of servitude to one of self-reliance and freedom.

Finally, despite the fact that almost forty years have passed from the establishment of the Sino-Maltese relations, this dissertation has shown that these relations are still significant nowadays and more efforts need to be done for these relations to be strengthened for the mutual benefit of both countries.
ANNEX 1
P. 23:

For three months, all alone, and the media in English against us, constrained from all aspects, and with the economic situation deteriorating to the extent that there was no more money left by which we could pay our civil workers, for three whole months we fought against the trouble that was left behind by our predecessors. In those difficult times, we found the help of our friend the Government of the Libyan Republic, who unconditionally offered us all the help we needed and told us: “these (the sum of $3 million) should help you temporarily. If in the future you will need more financial help, ask us and we will be ready to help you.” (Malta Labour Party, 1971, p.37)


P.23:

I don’t think that I have anything else to say on this matter except that we told the British Government that the ultimatum we had given him about the finance is now over, and told them that if they want to remain here, they have to pay. They preferred to quit. And we tell them: “Thankyou, you may leave, if you want to leave”. (Mintoff, 1971)

Ma nabsix li jien ghandi xi nghid aktar bliefd dan: ahna ghidnielu lill-Gvern Ingliż illi ż-żmien ghalaq meta suppost li ftiehem maghna dwar il-finanzi, u jekk irid jibqa’ hawnhek
This dock continues to remind us, and reminds all those who visit it- the entire world, all the nations of the world- the Americans, the British, the Soviets- everyone, that we and China are friends and that our friendship is unbreakable. (Mintoff, 1981, cited from ‘Il-Gżejjer’, July 1981, No.104)
Treaty Series No 137

AGREEMENT

between

THE GOVERNMENT OF MALTA

and

THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA ON A LONG-TERM
AND INTEREST-FREE LOAN BY CHINA TO MALTA

CANTON, 8th APRIL, 1972

Presented to the House of Representatives
by the Minister of Commonwealth and Foreign Affairs
April, 1972

Department of Information,
Malta
AGREEMENT
BETWEEN THE GOVERNMENT OF MALTA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA ON A LONG-TERM AND INTEREST-FREE LOAN BY CHINA TO MALTA

The Government of Malta and the Government of the People's Republic of China, for the purpose of promoting the friendship between the two peoples and developing the economic and technical cooperation between the two countries, have, concluded this Agreement, the articles of which are as follows:

ARTICLE I
The Chinese Government agrees to provide the Maltese Government with an interest-free loan of 100 million yuan, equivalent to 16.93 million pounds sterling, within a period of six years from May 1, 1972 to April 30, 1978, without any conditions attached thereto. The parity of the pound sterling is at present 2.13281 grammes of gold. Should the parity of the pound sterling change during the period in which this Agreement remains in force, the unused amount of the loan as well as the amount of the loan used but not yet repaid shall be adjusted by the two Governments to take account of the change in such parity.

ARTICLE II
Of the above loan, 15,237,000 pounds sterling shall be in the form of development projects provided by the Chinese Government to the Maltese Government, including the necessary equipment and technical assistance and the financing of the necessary local costs; the remaining 1,693,000 pounds sterling shall be provided by the Chinese Government to the Maltese Government in cash in the year 1972.

Decisions on development projects submitted by the Maltese Government shall be reached through consultations between the two Governments after feasibility studies have been carried out by personnel of the Chinese Government.

Signed by

(The Maltese Government)

(The Chinese Government)
ARTICLE III

The Government of Malta shall repay the above-mentioned loan with commodities exported to China. The repayment shall be effected during the ten years commencing on May 1, 1984 and ending on April 30, 1994; during each of these years, one tenth of the used amount of the loan shall be repaid.

ARTICLE IV

The local costs of the development projects provided by the Chinese Government to the Maltese Government shall, to the extent that is practicable, be financed by the Chinese Government in local currency obtained through exports of commodities to Malta. The details in this connection shall be worked out by representatives or institutions designated by the two Governments.

ARTICLE V

The Chinese Government shall send to Malta such number of technical and engineering personnel as may be necessary to provide technical assistance, account being taken of the needs of the Maltese Government and the capability of the Chinese Government. The conditions of service and the working conditions of this personnel shall be a matter for consultation and agreement between the two Governments.

ARTICLE VI

The Central Bank of Malta and the People’s Bank of China shall work out through consultations the details of the accounting procedures to be adopted for the implementation of this Agreement.

ARTICLE VII

This Agreement shall come into force on the date of signature and shall remain in force until the fulfilment by the two Governments of all their respective obligations hereunder.

Done in Duplicate, in Canton, on 8 April, 1972, in the English and Chinese languages, both texts being equally authentic.

DOM Mintoff

Plenipotentiary of the Government of Malta.

Chou En-lai

In pursuance of the "Agreement on a Long-Term and Interest-Free Loan by China to Malta" signed in Canton on April 8, 1972, the Government of Malta and the Government of the People's Republic of China have, through friendly consultations, concluded the present Protocol, the articles of which are as follows:

Article I

In accordance with the requirements of the Maltese Government, the Chinese Government shall provide the Maltese Government, under the loan as provided by the above-mentioned Agreement with the following development projects:

1. One 300,000 dwt Repairing Drydock with Wharf
2. One Arts and Crafts Glass Factory
3. One Chocolate Factory.
The specific matters relating to the design, construction and times and terms of implementation of the above-mentioned Drydock with Wharf shall be discussed and decided upon later by the two sides.

Specific matters such as the scope, variety, times and terms of implementation, etc. of the above-mentioned Arts and Crafts Glass Factory and Chocolate Factory shall be decided upon separately through consultations between the technical personnel, dispatched by the Chinese side in the first quarter of the year of 1973, and the Maltese departments concerned.

Article II

Methods and procedures regarding the defrayment and management of the local expenses necessary for implementing the above-mentioned projects shall be stipulated by the two Governments through an exchange of letters.

Article III

To implement the above-mentioned projects, China shall dispatch to Malta such number

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of engineering and technical personnel as are necessary to render technical guidance. Working conditions and terms of treatment for these personnel shall be stipulated by the two Governments through an exchange of letters.

Article IV

Methods and procedures regarding the delivery of the equipment and materials to be provided by China to Malta shall be worked out later through consultations and stipulated in a contract to be signed by the institutions which shall be designated by the two Governments respectively.

Article V

The present Protocol shall come into force on the day of its signing.

Done in duplicate in Valletta on 16th November, 1972, in the Chinese and English languages, both texts being equally authentic.

R.A. Chalmers
Plenipotentiary of the Government of Malta.

Liu Pu
Plenipotentiary of the People's Republic of China.
REFERENCE LIST

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