

A CIVIL AVIATION POLICY FOR MALTA

2023 – 2030

MINISTRY FOR TRANSPORT, INFRASTRUCTURE
AND CAPITAL PROJECTS



GOVERNMENT OF MALTA
MINISTRY FOR TRANSPORT,
INFRASTRUCTURE AND
CAPITAL PROJECTS

Foreword by the Minister for Transport, Infrastructure, and Capital Projects

Aviation is a quintessential pillar for the Maltese community and the nation's economy.

Apart from being the fastest and safest mode of transport, aviation is also a vital component for the provision of many goods and services, and an essential enabler for many other economic activities. Furthermore, the geographical isolation of the Maltese Islands makes air travel an indispensable mode of transport which connects us to the rest of the world and vice versa.

In 2019, around 7 million air passengers passed through Malta as the combination of direct, indirect and induced aviation activities generated around €600 million for the Maltese economy. Despite the backlash of the COVID-19 pandemic, the sector managed to weather the storm and is gradually getting closer to its pre-pandemic levels. In fact, between January and November 2022, total aircraft movements reached over 77% of the 2019 levels during the same period. By November 2022, total air passengers' movements amounted to 80.1% of pre-pandemic levels, and to date the aviation sector directly sustains over 5,500 jobs.

Mindful of the continued importance of the aviation sector, the Maltese Government is committed to take the necessary actions that will continue advancing the reputation of the national aviation sector as one of the best in Europe and around the world. At a time when the sector is also embarking on providing its contribution to reducing emissions and becoming more sustainable with a number of measures of the Fit for 55 package expected to be implemented in the near future, government will continue to ensure that the sector is well prepared to take on these challenges. This Policy document presents the strategy that the government intends to implement with a view to supporting its continued sustainable growth for the years to come to ensure that this important sector so vital for our island's connectivity continues to thrive.

Malta's Civil Aviation Policy for 2023-2030 is geared towards reaping the best possible share of the global forecasted aviation growth. Simultaneously the Policy has been formulated to make it sufficiently flexible such that it can adapt to market changes. The Policy identifies five broad medium to long-term strategic pillars targeted not only at addressing the current needs of the aviation sector in Malta but also towards anticipating and preparing for future needs and opportunities. The identified strategic objectives will be achieved through the implementation of the sub-listed tactical objectives. Altogether, the Policy seeks to ensure that the Maltese aviation sector continues to develop and prosper.

The success of this Policy relies on the involvement and continuous collaboration between all stakeholders operating within the Maltese aviation ecosystem. That said, synergies and cooperation need to be fostered so as to continue positioning the Maltese aviation sector at the forefront of in this exciting global sector whilst avoiding any complacency, thus truly ensuring that aviation is future-proofed.

Aaron Farrugia

Minister for Transport, Infrastructure and Capital Projects

Malta's Civil Aviation Policy at a glance

Vision • Purpose • Core Objectives

Vision

To continue developing a sustainable, competitive and resilient aviation sector based on economic, social and environmental considerations, and consequently maintaining the position of the Maltese aviation sector as a globally renowned player.

Purpose

To give strategic direction and specific objectives for the advancement of the aviation sector.

To highlight and strengthen the critical role of aviation in Malta.

Core Objectives

To foster sustainable growth within the aviation sector by striking the right balance between the economic, social and environmental dimensions;

to continue creating opportunities supporting high quality employment; and to continue enhancing Malta's position within the global aviation sector.

Strategic Policy Pillars

1 Capacity Building	2 Economic Benefits	3 Stakeholder Collaboration	4 Legal and Regulatory	5 Sustainability
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|--|--|---|---|--|
| 1.1 Strengthening the Regulatory and Non-Regulatory Functions of Civil Aviation Authorities | 2.1 Optimising the Economic Impact of Aviation | 3.1 Facilitating synergy between stakeholders | 4.1 Enacting Effective National Aviation Law | 5.1 Ensuring the provision and utilisation of SAF |
| 1.2 Improving Inter-Governmental Coordination | 2.2 Synergising Aviation with relevant sectoral policies | 3.2 Enhancing air connectivity | 4.2 Updating and consolidating National Aviation Legislation | 5.2 Making airport operations more environmentally sustainable |
| 1.3 Maintaining Aviation Safety and Security | 2.3 Exploiting the potential of the Aviation Sector in Gozo | 3.3 Ensuring that Air Passenger Rights are protected and safeguarded | | 5.3 Prioritising flight efficiency by aircraft operators and Air Navigation Service providers |
| 1.4 Optimising the use of resources within the Airport Zone | 2.4 Exploring the potential of developing an intermodal Hub | 3.4 Promoting and enhancing business development and FDI | | 5.4 Ensuring socially sustainable employment in the aviation sector |
| 1.5 Ensure the provision of necessary technical and professional training | 2.5 Monitoring and containing costs across the aviation value chain | 3.5 Supporting general and business aviation | | |
| 1.6 Advancing research and innovation in aerospace and aviation | 2.6 Promoting and supporting emerging niches | | | |
| 1.7 Developing a cyber-resilient aviation sector | | | | |

LIST OF ABBREVIATIONS

AAC	Aviation Advisory Committee
ASK	Airline Capacity
AOC	Air Operator Certificate
AI	Artificial Intelligence
ASF	Aviation Stakeholders Forum
AVSEC	Aviation Security Department – Malta
AZSP	Airport Zone Strategic Plan
BAAI	Bureau of Air Accident Investigation
CAD	Civil Aviation Directorate
CO2	Carbon dioxide
COVID-19	Coronavirus disease
EASA	European Union Aviation Safety Agency
EU	European Union
FIR	Flight Information Region
FDI	Foreign Direct Investment
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
INDIS	Industrial Innovative Solutions Malta Ltd
KPIs	Key Performance Indicators
MATS	Malta Air Traffic Services
ME	Malta Enterprise
MIA	Malta International Airport plc
MRO	Maintenance, repair and overhaul
MTIP	Ministry for Transport, Infrastructure and Capital Projects
RPAS	Remotely piloted aircraft systems
RPK	Revenue passenger kilometres
SAF	Sustainable aviation fuels
SDGs	Sustainable Development Goals
SMART	Specific, Measurable, Attainable, Relevant and Time-bound
SWOT	Strengths, Weaknesses, Opportunities and Threats
UN	United Nations
UN-WTO	United Nations World Tourism Organization

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INTRODUCTION

The aviation industry is, by virtue of its nature, a highly dynamic sector where change is the only constant. A clear example of change is the global pandemic that kicked off this decade and which brought the sector to a near-complete halt, and in the process led industry stakeholders to either exit the sector altogether or take the opportunity to revamp a sustainable and more resilient aviation sector. In fact, the Government of Malta, chose the latter path.

This Policy is only one of many actions, albeit an important one, taken by the Maltese Government to help the local aviation sector develop into a stronger and better industry. The Policy provides an opportunity to look closer at the foundation of the success of aviation in Malta and to take a balanced approach towards its future, keeping in view the emerging challenges in a sector that remains highly dynamic and competitive. Such a challenging goal requires the implementation of a number of actions considered to be of critical importance for the prosperity of the industry, a task which remains contingent on effective co-ordination among all local and foreign stakeholders.

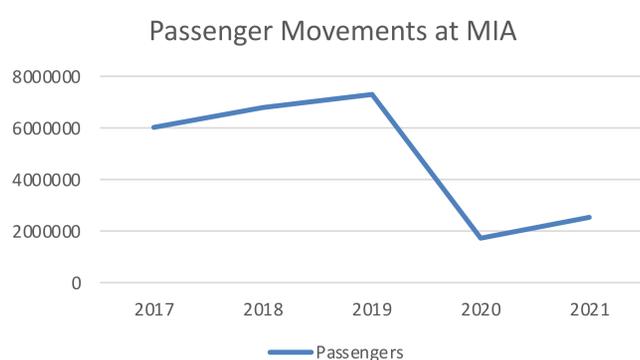
Global Outlook

The year 2020 gave rise to unprecedented challenges in the global aviation industry as a result of closed borders, strict travel controls - including quarantine restrictions - and depressed travel demand. During 2020, the industry-wide airline revenue passenger-kilometres (RPKs) fell by 66% globally, made up of a 48.8% drop in domestic RPKs and a drop of 75.6% in international traffic (IATA, 2021). This led to the grounding of over 20,000 aircraft worldwide. Following the reopening of the global aviation market, RPKs recovered 73.8% of 2019 levels by September 2022, while international passenger traffic reached 69.9% of 2019 levels by the same month in 2022 (IATA, 2022). The aviation industry is a value chain with a strong domino-effect stretching from demand for travel, airline capacity (ASKs), aircraft and component manufacturing, maintenance, repair and overhaul (MRO), airport services, air navigation services and a myriad of other indirect activities. The only two aviation sectors that maintained a modicum of economic activity during the COVID-19 pandemic were the cargo sector and private aircraft flying.

Local Outlook

The Maltese Islands were no exception in being affected by the pandemic. Year-on-year passenger movements at Malta International Airport (MIA) fell by 76% from 7.3 million in 2019 to 1.7 million in 2020. Aircraft movements fell from 51,916 in 2019 to 18,982 in 2020. Cargo movements maintained previous years' levels at 15.8 million kilos (MIA Annual Statistical Summary 2020). Over the past months a gradual recovery across the aviation sector has been observed. In fact, in 2021 annual air passenger movements increased by 45.3% over the previous year, while by November 2022, air passenger movements reach over 80% of 2019 levels (MIA Statistics, 2022). Aircraft movements stood at 24,516 by the end of 2021 (MIA Annual Statistical Summary, 2021) While between January and November 2022 aircraft movements reached 77.66% of the 2019 levels during in same period (MIA Statistics 2022).

Fig. 2. Malta International Airport – Passenger Movements 2017 -2021 (MIA Statistics)



Yet, despite the drop in air connective due to the imposed restrictions during the COVID-19 pandemic, several niches of the local aviation industry, such as MROs and interest in the aircraft register, remained high while employment levels were sustained also thanks to Government's support during the pandemic.

Current forecasts indicate that global air traffic will not return to pre-pandemic levels until at least 2024. Fully restoring air connectivity to the levels of 2019 is vital for the continued success of civil aviation in Malta and, indeed, for the Maltese economy, particularly tourism. This entails surmounting complex hurdles – whether logistical, operational, financial and political – whilst maintaining high safety and security standards. This can only be achieved through collaboration and co-operation between several state entities, businesses and industry organisations. Planning for sustainable growth following a phased recovery requires a co-ordinated effort between the relevant Maltese civil aviation authorities, regulators and aviation entities. Such efforts should also include adaptation to new market conditions and the introduction of new measures aimed towards decarbonising the aviation sector, embracing innovation and digitalisation throughout.

02

FOUNDATION

Vision

This Policy aims to continue developing a sustainable, competitive and resilient aviation sector based on socio-economic and environmental considerations, and consequently maintaining the position of the Maltese aviation sector as a globally renowned player.

Purpose

The aim of this Policy is to give strategic direction and specific objectives to the national aviation sector. Apart from the clear economic benefits offered by a thriving civil aviation sector, the policy aims to highlight and strengthen the critical role of aviation in terms of connectivity with continental land masses vital for ensuring a steady flow of visitor numbers, as well as the export and import of goods and services (including food supplies).

Maltese aviation is also critical to one of Malta's main economic sectors, tourism. This is clearly illustrated in the following quote from the United Nations World Trade Organization's Réunion Declaration on Sustainable Tourism in Islands (UN-WTO, 2013):

Article 4. "Island destinations are dependent on air transport to provide effective access to source markets. Tourism and transport policies must be coordinated to pursue optimal growth in connectivity and secure economic benefits for island communities"

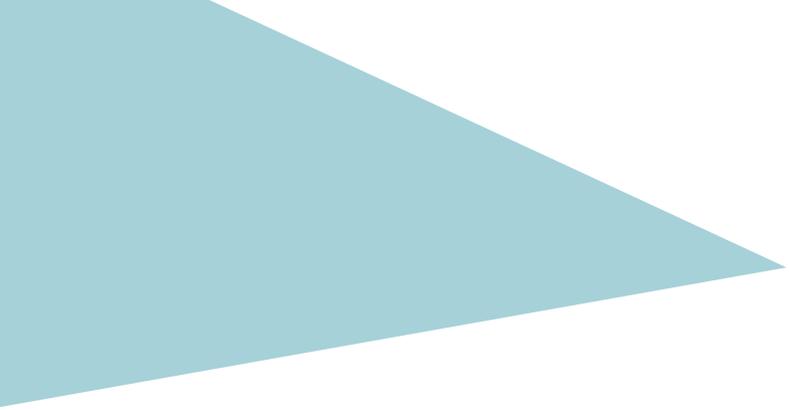
In light of this declaration, the Policy seeks to synergise with other strategies, including the Malta Tourism Strategy 2021-2030, the National Transport Strategy and Transport Master Plan, the business strategy of Malta International Airport plc, and the National Employment Policy 2021-2030. Moreover, the Policy seeks to support the development of Malta's aviation sector in parallel with the vision, aims and objectives of global and regional institutions and aviation agencies, such as IACO, the EU, EASA, Eurocontrol, and IATA, amongst others. The Policy seeks to chart the way forward in a co-ordinated manner, towards further development of a broad spectrum of aviation activities, including but not limited to passenger movements, maintenance, repair and overhaul (MRO), air navigation services, ground handling services, aviation training, and business, private and general aviation.

Core Objectives

The core objectives set out in this Policy are based on the ethical consideration of the summum bonum in search of those aims and objectives that are best for society in general or the common good.

These core objectives include:

- . To foster sustainable growth within the aviation sector by striking the right balance between the economic, social, and environmental dimensions;
- . To create opportunities supporting high quality employment; and
- . To continue enhancing Malta's position within the global aviation sector.



03

STRATEGIC POLICY PILLARS

In a highly dynamic industry such as aviation, objectives might change according to changing circumstances. It is, however, important to build a structure around the definition of objectives that must meet SMART criteria in terms of them being specific, measurable, attainable, relevant and time bound. The vision underpinning the Malta Civil Aviation Policy 2023-2030 rests on five broad long term strategic policy pillars which, in turn, are expected to be attained via a number of short-, medium- and long-term measures to be delivered by the relevant Ministries, authorities and entities.

Objective Area 01: Capacity Building

Capacity-building is the process of developing and strengthening the structures, processes, resources, skills, and abilities that nations, industries, organisations and communities need in order to survive, innovate, adapt, and thrive in a fast-changing world. An essential component of capacity-building is transformation. Successful transformation goes beyond performing tasks to changing mindsets and attitudes. To enhance capacity building within the aviation sector, this

Policy sets out to:

i. Strengthen the Regulatory and Non-Regulatory Functions of Civil Aviation Authorities

The dynamic nature of the aviation sector, its fast-paced growth, as well as current and future challenges, necessitate a dynamic and independent body to oversee a range of operational, regulatory functions and services for the entire civil aviation ecosystem. To this end, the Government has set up a working group to provide advice on the structure of Transport Malta Authority which will, inter alia, explore the scope for enhancing autonomy of the structures responsible for the regulation of the aviation sector. Furthermore, the growth in AOCs registered in Malta will necessitate a well-resourced regulator such that high-quality regulation can be ensured. Government is also broadly considering the appropriate institutional structures that could further the non-regulatory functions of the state in the field of civil aviation.

ii. Improve Inter-Governmental coordination

Effective co-ordination between public stakeholders is of the utmost importance for building on existing measures and responding to opportunities and challenges faced by the aviation sector. The Aviation Advisory Committee (AAC) on behalf of the Ministry responsible for aviation will coordinate and oversee all aviation business by bringing together and supporting the work of public entities involved in the aviation sector, thereby enhancing the long-term success of the sector. Furthermore, surveillance and periodic reviews of all stakeholders' operations and infrastructure by the responsible entities will ensure that all stakeholders uphold international standards and national regulations.

iii. Maintain aviation safety and security

Ensuring long-term aviation safety and security are critical for continued trust in the sector as a safe and reliable means of transport.

The Civil Aviation Directorate (CAD) as the regulatory body, together with all operational stakeholders, continuously strives to ensure civil aviation safety in accordance with ICAO standards and recommended practices, as well as EU regulatory requirements. The national aviation safety programme is routinely reviewed to ascertain that it is always up to date and to ensure the continued safety of the aerodrome and its users.

The Aviation Security Department (AVSEC Malta) provides for a secure aviation industry for passengers, aviation employees and the general public. To continue developing, regulating, and managing a secure aviation system, as well as providing adequate security services for all stakeholders, AVSEC will continue working in partnership with the aviation community and advising the Government on technical issues. Furthermore, the Department will continue to ensure the implementation of both the Standards and Recommended Practices of Annex 17 (Security) and the common rules in the field of civil aviation security established under EU Regulation No 300/2008.

Aviation is considered as one of the safest modes of transport, yet accidents and incidents can still occur. The BAAI, Malta's Aviation Safety Investigation, operates in accordance with Annex 13 of the Chicago Convention, EU Regulation No 996/2010, and Subsidiary Legislation 499.22. The objective of an investigation by the BAAI is the prevention of accidents and incidents in the future. The BAAI also participates in investigations by foreign Aviation Safety Investigations of Maltese-registered aircraft by appointing an accredited representative.

The government, through the responsible entities, will continue doing everything possible to mitigate risks of accidents and incidents occurrences, and to ensure the required safety of air transport.

iv. Optimise the use of resources within the airport zone

The Government's commitment to the sector includes a new Airport Zone Strategic Plan (AZSP) which has reached its final drafting stage. Through this plan the Government aims to address the growth in air traffic and potential future challenges faced by the aerodrome where the availability of physical space remains a critical issue particularly in view of the growth in the maintenance, repair and overhaul activities. The AZSP will also address the necessities of general and business aviation. Better utilisation of airport land resources will allow for further growth, while at the same time attract local and foreign investment. More specifically, the Government will take the opportunity through companies that it owns, namely the MATS and INDIS to ensure structured co-ordination with a view to optimising the disused areas that are owned by the Government to the necessities of the various stakeholders in particular with regard to aircraft parking spaces.

v. Ensure the provision of necessary technical and professional training

The aviation sector can only grow if supported by a well-trained workforce. To maintain a prosperous aviation sector based on high-value-added activity, the Government is committed to taking the necessary short-, medium-, and long-term actions so as to secure the provision of a well-trained workforce for current and future needs of the sector. To this end, conducting periodic analysis to measure the direct and indirect employment supported by the aviation sector, while identifying skills shortfalls, are essential for the elimination of barriers to growth.

Working within the aviation sector requires a significant amount of training, and certain jobs need highly skilled and qualified personnel. The government, through the AAC, the Foundation for Transport and ME, has already initiated discussions with aviation stakeholders to draw up a strategic plan aimed at identifying possible short-term actions. As part of its medium- to long-term initiatives, the government will study the possibility of setting up an Aviation Institute that will provide the necessary support to private and public educational institutions in equipping the workforce with the required skills and expertise to service the needs of local aviation stakeholders.

Furthermore, the government will continue to work with stakeholders to develop new learning paths in aviation and launch campaigns to attract more people to work in the sector. The Government shall also enter into negotiations with relevant stakeholders for in relation to potential fiscal measures and bursaries related to education.

vi. Advance research and innovation in aerospace and aviation

Through the responsible public entities, the Maltese Government remains committed to supporting, encouraging and facilitating research and innovation, and to inspiring public and private entities to conduct aviation related research projects. Particular attention will be given to research activities that provide prospects to attract FDI to Malta and for the creation of sustainable jobs, and the minimisation of the sector's environmental footprint.

vii. Develop a cyber-resilient aviation sector

In a continuously evolving industry, technology and digitalisation offer several advantages and constitute a critical supporting function. Over the years, the power of technology has been leveraged to enhance the sector's efficiency and capacity, thus supporting fast growth rates while remaining safe and secure. At the same time, digital advances expose the aviation sector to risks, particularly cyberattacks. It is important to note that a successful cyber-attack may have negative impacts on financials, reputations, continuity of service, and even on the safety and security of people and facilities. The government will continue investing in the necessary infrastructure to support a cyber-resilient aviation sector, including that connected through international infrastructure.

Objective Area 02: Economic Benefits

The challenges of this administration have been and remain related to the strengthening of the Maltese economy whilst strengthening fiscal governance, with a view to ensuring that the Maltese economy and the nation's public finances remain sustainable.

This administration can be credited with increasing the economy's potential to pursue ambitious economic, fiscal and social targets achieved through planned and sensible reforms. In recent years, the aviation sector has contributed to the creation of wealth in Malta. Now is the time to strengthen the aviation sector in Malta in order to consolidate its contribution to the economy, as well as the wealth creation and employment opportunities it offers, whilst furthering the creation of high-value-added employment opportunities.

The Policy sets out to:

i. Optimise the economic impact of aviation in Malta

Keeping the aviation sector economically sustainable and competitive for years to come will remain a fundamental priority. Establishing economic key performance indicators (KPIs) and better statistics will help to identify and to monitor the optimum level of activities and added value that the sector is delivering, and to understand how the sector's contribution to the Maltese economy could be further enhanced.

More specifically, it is being suggested that the framework being established in this policy document serves to support an action plan for the aviation sector that takes into consideration the present condition of the aviation sector on the basis of a SWOT analysis; an understanding of the factors determining the international competitiveness of the sector; future outlook for the sector; and consequently serves as the basis for a skill-gap analysis based on a forecast for the demand for employment.

ii. Synergise aviation with relevant sectoral policies

Aviation benefits the Maltese economy in multiple ways. Among others, it provides a direct contribution towards tourism, facilitates trade, attracts foreign investment, provides better access to markets, and enhances communication and business interactions.

To encourage growth in a sustainable manner and produce inclusive and productive development, the sector must continue to develop coherent policies with tourism, trade, transport and other relevant sectors.

Furthermore, the Maltese aviation sector will continue to develop in parallel with the vision, aims and objectives of global and regional aviation agencies and institutions, such as ICAO, IATA, EASA, Eurocontrol, and the EU.

iii. Exploit the potential of the aviation sector in Gozo

The Government is committed to enhancing aviation facilities in Gozo. This will help to re-establish communication by air to and from the island. Such projects will also create opportunities for aviation-related activities that can create new jobs, new skills, and enhance creativity and innovation. In this regard, the Government will also seek to explore the possibility of attracting aviation-related business to Gozo. The Maltese Government remains committed to ensuring the most practical and sustainable measures for potential aviation facilities in Gozo.

iv. Analyse the potential of developing an intermodal hub

The Government seeks to expand regular scheduled air cargo, and passenger services, and enhance the nation's airfreight, and passenger handling capabilities.

Considering Malta's strategic location in the middle of the Mediterranean Sea, and the airport's vicinity to both the Freeport and cruise port this policy aims to explore Malta's potential to become a leading regional hub for air-sea traffic between Europe, Africa and the Middle East. Striving to work with all stakeholders to remove any bureaucratic and legal hurdles that currently exist to improve efficiency of transfers is essential for the potential of developing a leading regional air hub to be unleashed.

v. Monitor and contain costs across the aviation value chain

The aviation sector is a major contributor to the economy, and the Government will continue to support its growth within a framework that maintains a balance between the derived benefits and costs. Furthermore, the Government will maintain its commitment to supporting market competitive forces as an effective way of meeting the interests of air passengers and other users, whilst safeguarding passenger rights through the actions of the competent authority. This will ensure that the Maltese aviation sector maintains its competitive edge in its pursuit for sustainable and profitable growth.

vi. Promote and support emerging aviation niches

Aircraft Leasing

In line with a growing aircraft register, Malta's regulatory and fiscal system has led to the emergence of aircraft leasing arrangements. Thanks to a revamped Aircraft Registration Act and efficient fiscal procedures, Malta has seen an extensive interest in the setting up of new companies engaged in aircraft leasing transactions in the last few years. In this respect, the Government seeks to maintain its commitment to keep building on this strategy and to ensure that Malta remains a jurisdiction of choice for the aircraft leasing sector. The Government also seeks to identify further concepts that may better assist this sector to continue growing and developing, not just in quantity but also in quality.

Artificial Intelligence and digitalisation

The aviation sector stands at the threshold of a significant transformation. Emerging technologies such as artificial intelligence and digitalisation are revolutionising the flying experience and digitally transforming it into a tech-savvy and customer-centric industry. Despite being in its conception stage at an international level, the use of AI in the aviation sector will be given priority in the years to come. In this respect, the Government will encourage aviation stakeholders to take proactive measures to assess how AI and digitalisation can be utilised to boost efficiency, cut costs, and achieve even higher customer satisfaction.

Remotely Piloted Aircraft System (RPAS)

Commercial and public sector demands are helping to accelerate advancements in unmanned systems and the development of drones. Malta offers significant benefits for the expansion of the RPAS industry, mainly owing to its strategic location, operational climate, the ease of the necessary co-ordination between different supporting stakeholders, and the presence of a technical workforce. Maintaining a close partnership with both public and private stakeholders, as well as with regulatory bodies, is essential for ensuring the establishment of proper air traffic management, adequate training, and infrastructure that enable the possibility to reap benefits from this new and emerging niche. The Government will therefore ensure that Malta takes advantage of the opportunities offered through this growing niche through the continuous development of necessary national legislation and infrastructure, aimed towards attracting related businesses for RPAS demonstrations, flight testing and certification services.

Maritime Aviation

The Government will explore the possibility and viability of developing specific policies and infrastructure related to maritime aviation, including potential seaplane projects. Such projects should be implemented in a sustainable way and in compliance with the required sustainability standards.

Objective Area 03: Stakeholder Collaboration

An industry's stakeholders are the public and private entities, enterprises, community groups and individuals that influence or have an interest in how the industry performs, and deserve a role in the industry's policy setting, decisions, and tactical actions that might impact them. Different stakeholders may have different aims and objectives based on their diverse interests within the industry.

It is accepted that all stakeholders seek to protect their own interests by ensuring that the set objectives are met. Having said that, the synergistic value of cooperation, that is industry players cooperating though at times in competition with each other, is indisputable.

The Policy sets out to:

i. Facilitate synergy between all aviation stakeholders

The continuous growth of the aviation sector in Malta depends on enhanced synergies and collaboration among the various aviation activities and stakeholders. In April 2021, the Government launched the Aviation Stakeholders Forum, a common platform open to all aviation stakeholders in Malta. The ASF aims to stimulate and strive for better co-ordination and co-operation among all stakeholders, both private and public. It also provides room for stakeholders to interact and communicate their common interests which may yield synergies. Through this forum the Government consults with all stakeholders on the development of public policies that can have a bearing on the Maltese aviation sector. Such a process ensures effective coordination to oversee aviation business planning which, when implemented, would subsequently lead to an efficient and attractive aviation sector.

ii. Enhance connectivity

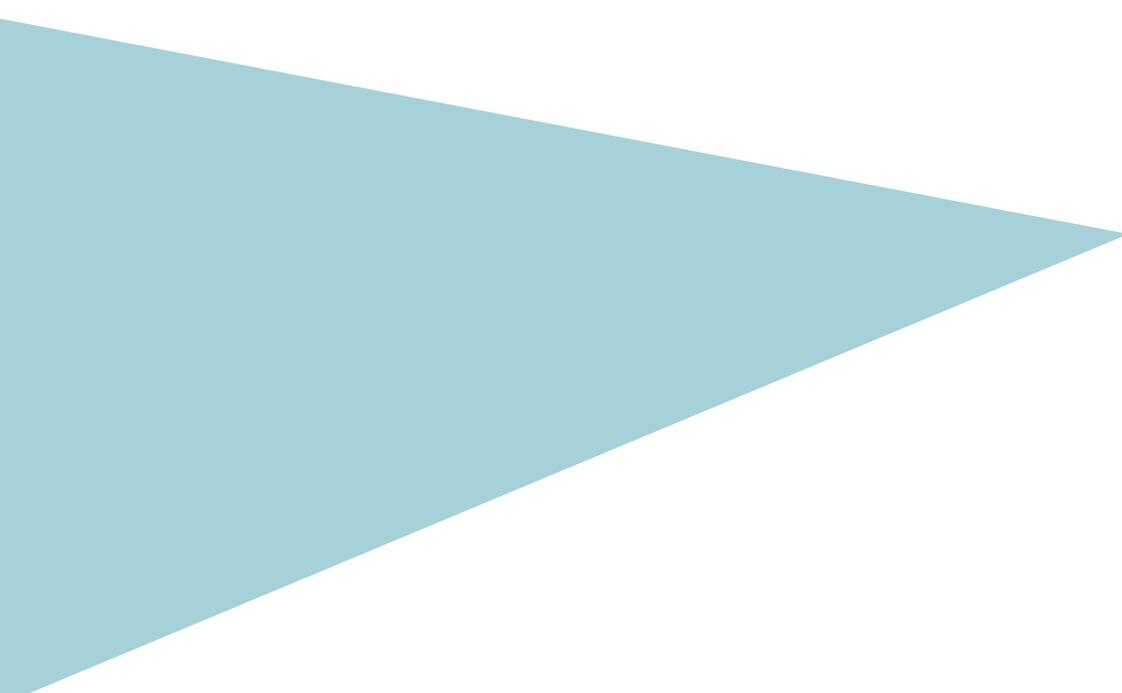
Malta has always been an outward-looking nation: an island economy that for centuries has owed its prosperity to the transport and trade routes linking it with the rest of the world and to the benefits accruing from multimodality. With the increasing globalisation of our economy and society, the future of Malta will continue to be shaped by the effectiveness of its international transport links.

The Maltese Islands are connected by direct flights to several major European and regional cities. Connectivity for an island state like Malta is fundamental, and the Government strongly believes that effective aviation connectivity vastly improves Malta's attractiveness for travel, business, and trade purposes. Malta's air connectivity has been accomplished through numerous bilateral air service agreements that Malta has signed and through rights acquired by joining the EU in 2004. These rights and agreements have enabled Malta to become well-connected, facilitating passenger and cargo flow to and from the country. In this context, the Government is committed to strengthening Malta's connectivity both within and outside Europe.

Air Navigation Services Provision is a key component in global air transport. The Government will continue to honour its international obligations to support safe air navigation, amongst others by investing in human resources, new systems and infrastructure to ensure that Malta maintains its excellent level of service in accordance with international practices and regional regulations.

iii. Ensure that Air Passengers Rights are protected and safeguarded

Besides working to improve the connectivity of the Maltese Islands, the Government shall continue to ensure that air passenger rights and interests are protected and safeguarded. Malta will continue to ensure that passengers' welfare standards conform to the standards entrenched in Regulation (EC) No 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community, ensuring that passenger rights are respected in line with Regulation (EC) No 261/2004 of the European Parliament and of the Council of 11 February 2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights and that the sector is further protected by Council Regulation (EC) No 1346/2000 of 29 May 2000 on insolvency proceedings.



iv. Promote and enhance business development and foreign direct investment

In recent years, Malta has experienced a significant increase in the number of aircraft listed on its aircraft register. The local regulatory authority, together with the legal framework regulating the sector, a revised Aircraft Registration Act, and Malta being a signatory of the Cape Town Treaty, have all helped Malta to become the jurisdiction of choice for several aircraft operators. If managed properly and given high levels of legal, professional, technical and ethical standards, this activity can generate positive spill-over effects on other niches. To this end, the Government through the responsible entities, will seek to strive for a high-quality register that adds value in addition to volume. Furthermore, the Government remains committed to implementing other potential changes, including new technologies and efficiency processes to Malta's aircraft register. This will ensure that Malta remains an attractive jurisdiction for the registration of aircrafts.

The Government's commitment towards business development and foreign investment related to the aviation sector has been further demonstrated through the introduction of a series of amendments in its legal structure, increasing the attractiveness of Malta as an ideal state for setting up aviation operations. The Government will continue to further develop Malta's potential within the aviation sector as a strategic island jurisdiction.

v. Support general and business aviation

General aviation activities offer numerous opportunities which Malta can exploit. Further growth in this sector requires upgrading of the current facilities and infrastructure within the airport grounds, such as increased aircraft parking space. The Government will continue to support the provision of adequate general aviation related services and facilities, and to make the necessary efforts to ensure that this industry is given the necessary support. As mentioned in 1.4 the Airport Zone Strategic Plan, will give due consideration to the needs of general and business aviation, mainly in terms of parking space, hangarage and availability of runways.

In this regard, Government shall explore measures and incentives which seek to assist general and business aviation.

Objective Area 04: Legal and Regulatory Framework

The further development of Malta's aviation ecosystem requires an efficient and effective legal and regulatory framework pursuant to international, regional and national aviation law, which simultaneously safeguard the interest and policies of the State, as well as the interests of aviation undertakings and individual consumers.

Objective Area 05: Sustainability

One of the main objectives of Malta's aviation sector is to sustainably develop its economic, environmental, and social dimensions, in the context of a small island state with a single international airport and a large Flight Information Region (FIR).

In the coming decade, the Maltese aviation sector must reduce its impact on the environment and local communities. To this end, the sector must deliver on the international obligations Malta has signed up to, upcoming EU legislation as part of the Fit-for-55 package, as well as Malta's own environmental and sustainability goals, particularly within the context of the Paris Climate Agreement, the EU Green Deal and the UN's Sustainable Development Goals (SDGs). In order to move towards these ambitious objectives,

This Policy sets out to:

i. Enact effective national aviation law

Aviation law impinges upon virtually every facet of the aviation sector, including but not limited to the day-to-day life of operational aviation professions. To this end, the Government seeks to harmonise efforts of public stakeholders to enact effective aviation law.

ii. Update and consolidate national aviation legislation

The Government remains committed to implementing changes to aviation legislation, in consultation with stakeholders, in the most effective and structured way possible. Through the recasting of current national aviation law, the Government aims to continue to ensure adherence with international aviation law, EU law and industry standards, while providing for the safe, orderly and sustainable development of Malta's civil aviation sector.

The Policy sets out to:

i. Ensure the provision of sustainable aviation fuel (SAF) and introduce a blended mandate for its use

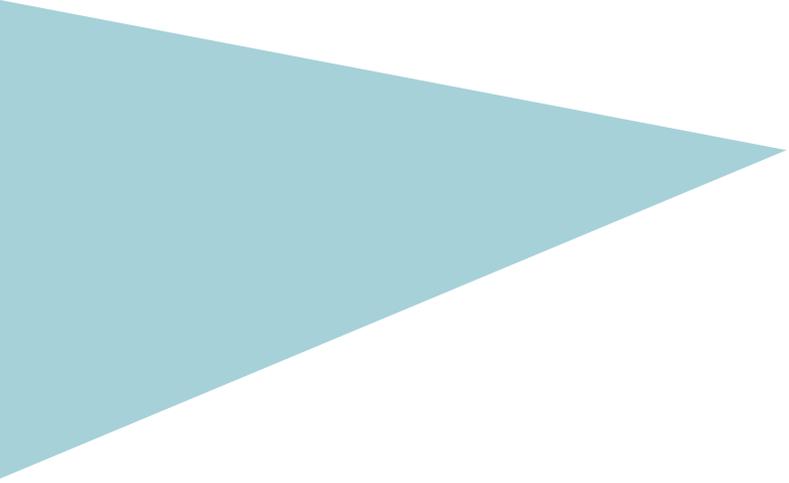
In the last three years significant progress has been achieved in the commercialisation of alternatives to fossil fuels. Sustainable certified alternative aviation fuels can deliver key emissions savings from the aviation industry, offering a 70% reduction in net greenhouse gas emissions. In July 2021, the European Commission presented the ReFuelEU Aviation proposal in the wider context of the Fit for 55 Package. This new proposal highlights the Commission's intention to boost the uptake of SAF with measures that address both the demand and supply of such fuels within the EU bloc.

SAFs are fully compatible with existing infrastructure and can be used without any modification to existing aircraft (however compatibility tests on jet engines are continuously being carried out using different blending percentages). In view of these important changes, Government is working to ensure the availability of SAF, in compliance with the applicable EU and international directives.

ii. Make airport operations more environmentally sustainable

Co-ordination among the responsible government entities, the airport operator and the vast array of airport users is essential to ensure the reduction of the carbon footprint within and around the airport zone. The use of renewable energy to power terminals, the utilisation of electric-powered ground transportation machinery, electricity supply to all stationary aircraft, together with the adoption of other greener elements into the various operations within the airport zone are crucial towards reaching the ultimate goal of carbon neutrality by 2050.

The Maltese Government remains committed to closely monitoring and participating in discussions related to aviation sustainability, in an effort to safeguard the aviation sector whilst promoting sustainable solutions.



iii. Prioritise flight efficiency by aircraft operators and Air Navigation Service providers

The Government, will seek to adopt constant updates and improvements in its air traffic management, communication, navigation and surveillances services. Such improvements will assist in reducing CO2 emissions and yield tangible benefits to airspace users mainly through the application of flexible airspace management and free route airspace, network collaborative management, and system-wide information management amongst others.

iv. Ensure socially sustainable employment in the aviation sector

The continued operation and growth of the industry depends on a well-trained workforce that can allow the industry to prosper and grow. The sector may have lost some of its attractiveness as a result of the COVID-19 pandemic and as explained in 1.5, the government is mindful that concerted efforts need to be made to transform the industry an attractive one which can offer viable career opportunities again.

- i.** The Government understands that the sector needs to provide the appropriate working conditions according to the exigencies of the sector. The aviation sector requires a mix of experienced and young talent. Skills transfer is essential for ensuring a highly trained local workforce. Furthermore, the Government shall seek to discuss the possibility of formulating a pact in relation to socially sustainable aviation employment with stakeholders, particularly with operators.

04

ROADMAP FOR THE IMPLEMENTATION OF THE POLICY

The effectiveness of Malta's Civil Aviation Policy depends on a robust implementation plan. The responsible Ministry, in conjunction with a number of other responsible entities will establish a set of key measures for the identified strategic objectives to be outlined in a Plan of Action to be published by not later than 31st December 2023. Considering the dynamic nature of the aviation industry, the Policy shall be periodically reviewed to ensure that it remains relevant and compatible with any global phenomena that may arise during the period covered in this document. The First Progress Report shall be submitted to Government by not later than 31st December 2024.

Furthermore, in order to enhance the effectiveness of Government Policies, the Government shall remain in regular communication with aviation stakeholders and explore ways and means to gather informative and analytical data. Such data would assist the Government in making better and more effective policies whilst providing the opportunity for Government to revise its policy in response to substantive changes in the policy environment.