

Memorandum for Cabinet by the Prime Minister and
Minister of Commonwealth and Foreign Affairs

Economic Survey of Malta by the Economic Committee
of the Consultative Assembly of the Council of Europe

On the 29th September, 1965, a draft motion was tabled at the Consultative Assembly of the Council of Europe seeking to urge the Committee of Ministers to formulate a concerted European policy with regard to the economic problems of Malta. The draft motion, of which a copy is attached, was signed by 12 Parliamentarians including the Hon. Dr Anton Buttigieg, M.P.

2. The draft motion was passed to the Assembly's Economic Committee which in turn appointed Professor E. Petersen, a Conservative member of the Norwegian Parliament, as its Rapporteur. Professor Petersen intends to visit Malta in October 1966 to study the economic position on the spot in order to present a report to the Economic Committee. The next stage would be for this Committee to consider Professor Petersen's report, amend the draft motion if necessary, and then present it to the Consultative Assembly for discussion. If adopted, the motion would be transmitted to the Committee of Ministers in the form of a Recommendation. The Committee of Ministers could then accept or reject the Recommendation.

3. The Council of Europe has no funds of its own for economic assistance projects, and if the Recommendation is approved the decision by the Committee of Ministers is likely to be in the form of an exhortation to member states to take due note of Malta's economic position and to urge them to provide assistance wherever possible. In principle, therefore, it appears that Malta has nothing to lose by the Recommendation. It could result in pressure on member States to provide bilateral help to Malta, and the Recommendation could be quoted when seeking direct aid from European countries.

4. Professor Petersen was officially informed last February through the Clerk of the Consultative Assembly that a visit to Malta would be convenient after the elections, say early in June. (It is now understood he postponed it to October). It was not felt then that the visit could be obstructed in any way. Indeed it would be most embarrassing to deny facilities to Professor Petersen during his mission in Malta. By denying him facilities the effect would be that Professor Petersen would have to produce a report for the Economic Committee based on information which he may receive from other sources. If in denying him facilities, Professor Petersen were to be informed that Malta is satisfied with its plans for economic development the Government would be exposed to criticism, as it is a well known fact that certain assistance over and above that which is already forthcoming from existing sources is necessary and useful.

5. It would be wise to await the report which Professor Petersen is bound to make to the Economic Committee (a copy can always be acquired) and depending on the contents of that report to decide on a line of action later. If it is decided to 'kill' the motion, action would have to be taken either in the Consultative Assembly or in the Council of Ministers. In the Consultative Assembly lobbying would have to be made by the two Government Members of Parliament who are members of the Assembly and also through diplomatic channels. Alternatively the motion can be 'killed' in the Committee of Ministers as the Committee of Ministers would be unable to adopt the motion against the wishes of the Government concerned.

6. It is important that in dealing with this situation no action is taken by or through the Council of Europe which would help in any way to reduce the sense of responsibility for Malta's economic affairs which Britain at the moment harbours. To this end it is felt that Professor Petersen should have his attention drawn to a line of thought, away from direct financial assistance leading to other possible sources of assistance, e.g.:

- (1) technical assistance;
- (2) openings for trade, e.g. tariffs and quotas;
- (3) facilities for investment of European capital, e.g. by extending investment guarantees to Malta;
- (4) the entry of Malta in the Common Market or E.F.T.A.;
- (5) soft loan financing;
- (6) movement of workers;
- (7) the holding of international conferences of a European character in Malta (when hotels are available);
- (8) establishment of international centres institutes or organizations in Malta.

7. On balance it would be difficult to justify ~~obstructing~~ Professor Petersen's visit and there is much to gain by allowing the motion to take its normal course. Ministers are accordingly invited to agree that Government should provide facilities for Professor Petersen to complete his mission in accordance with the lines set out in the preceding paragraph and to postpone a decision on whether the motion should or should not be supported in the Consultative Assembly and the Committee of Ministers until a later date.

25th May, 1966.

COUNCIL OF EUROPE

29th September 1965

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CONSULTATIVE ASSEMBLY

MOTION FOR A RECOMMENDATION
on the economic situation of Malta
presented by Mr Petersen
and others

The Assembly,

1. Considering the economic difficulties which the sudden change of the Maltese economy from one based on services to the British forces to one based on tourism and industry has brought about;
2. Noting that this has resulted in a high percentage of unemployment and a serious emigration problem,
3. RECOMMENDS to the Committee of Ministers that it formulate a concerted European policy with regard to the economic problems of the new state of Malta.