



# MALTA

## Means Business

From its position in the heart of the Mediterranean, this historic and cosmopolitan country has become an important base for foreign investors in high technology industries

The island nation of Malta has long been prized for its strategic location, right at the crossroads of Europe, Africa and the Middle East.

That history has endowed the country with the English language, with a flexible and resourceful population, and with close cultural and trading links to its neighbours.

In today's turbulent economic times, this legacy is serving Malta well.

The country is now consolidating its position as a platform for a range of specialist manufacturing industries and as a low cost international financial centre.

Malta's Prime Minister, Lawrence Gonzi, confirms that the global financial crisis has left the island largely untouched.

Financial services now account for 12% of the Maltese economy, as international fund administrators rush to set up shop in one of the European Union's best regulated, most efficient, and most cost competitive jurisdictions.

But the growth of the domestic financial sector has been underpinned by conservative funding models and modest leverage ratios, and the Central Bank of Malta has not had to intervene in any financial institutions.

"Conservative funding models and a focus on domestic assets kept spillovers from the global financial crisis to banks in Malta at bay," the International Monetary Fund said in a November report.

And in October, ratings agency Standard and Poor's reaffirmed the country's A/A-1 sovereign credit rating, noting that "Malta's economy has weathered the global economic crisis relatively well."

The strong fundamentals of the Maltese economy partly reflect the ongoing

implementation of Vision 2015, the government's programme for supporting Malta's shift to a knowledge-based economy, focused on higher value added products and services.

Dr. Gonzi explains that Vision 2015 identifies seven sectors for development: financial services, information and communications technology, high value added manufacturing, health, education, tourism, and the smaller island of Gozo.

### Growth

The latest data suggest that the Vision 2015 strategy is already bearing fruit: in the first half of the year, Malta's gross domestic product grew by 4 percent, fuelled by a record summer for tourism revenues, with a 20 percent increase in tourist spending, and by a 30 percent increase in manufacturing exports.

That surge in manufacturing is due both to the rebound in demand in export markets, and also to Malta's successful emergence as a competitive location for exporting high technology products and services.

A two to three hours flight from the major financial centres of Europe, and a eurozone member since 2008, Malta combines high quality infrastructure and multilingual personnel with low costs and a pleasant climate.

In 2009, Malta attracted its highest level of foreign direct investment of the last five years, and Alan Camilleri, executive chairman of Malta Enterprise, says that he expects a similar amount of FDI in 2010.

Malta Enterprise is the government agency responsible for the promotion of foreign investment and industrial development in Malta.

"There are companies who have been here for forty years and who started by using Malta as a low cost manufacturing base, but who have now transformed themselves into high value adding operations," Mr. Camilleri says.

"Companies in Malta are getting more deeply into research and development and into more complex technologies, and are using Malta's position in the center of the Mediterranean to reach Southern Europe, North Africa and the Middle East."

The bellwether FDI project of 2009 was the 40 million euro investment by Zurich-based aviation maintenance company SR Technics. SR Technics will create 350 jobs by 2014 in its Maltese operation, where it will initially be servicing easyJet's fleet of aircraft.

The first aircraft rolled out of the SR Technics maintenance facility in October 2010.

"At a time when the world economy was under the grip of the worst economic crisis and developed economies were facing factory closures and investment shyness, Malta managed to lure one of the global leaders in aviation maintenance," Prime Minister Gonzi says.

"It's yet another major step towards our collective vision and belief - that of becoming a regional centre of repute in high value-added manufacturing and ancillary services."

### >> Chairman, Malta Enterprise

## ALAN CAMILLERI

### Malta's qualities for attracting investment



A stable economy since our independence in 1964 fueled by a resilient financial services industry. A good tax efficient infrastructure combined with a prime location in the Mediterranean that links together Southern Europe, North Africa and the Middle East.

Incentives to investors: tax credits on investment, financial guarantees, employee training and aid, provision of industrial land, incubation and R&D specific incentives.

And to top it all a moderate climate.





**“IT’S NOT A QUESTION OF ATTRACTING INVESTMENTS, IT’S A QUESTION OF KEEPING THE INVESTMENT HERE. WE HAVE COMPANIES THAT HAVE BEEN ESTABLISHED IN MALTA FOR OVER 40 YEARS” >> Alan Camilleri**

### Cost efficient quality

It is above all Malta’s low labour costs and well trained human resources that are drawing these investments to labour intensive and high valued added areas.

“An engineer in Malta who is as competent as an engineer in Germany would come at 70 percent of the cost of a German engineer,” Mr. Camilleri says. “The reason is not that they’re paid very much less, but due to a much lower social security cost, the final cost is pushed down.”

Elsewhere, Malta is now building on the success of its generic pharmaceutical industry, which employs around 1,500 people in the country, to attract more investment in research and development in pharmaceuticals and biotechnology.

“We’re investing over 20 million euros, with the help of EU grants, in the construction of a life sciences and biotechnology park, which will attract R&D operations and research laboratories to Malta, leveraging the synergies between the pharmaceutical industry, the Mater Dei Hospital and the University of Malta,” Mr. Camilleri says.

And in the highly technical Information and Communications Technology sector, 2010 has also been a landmark year for Malta.

In October, the Prime Minister inaugurated the first state-of-the-art office block of SmartCity Malta, a 300 million dollar technology park that is the flagship of Malta’s IT services sector.

SmartCity is already attracting investment from knowledge-based companies, such as specialist software providers, that are looking for easy and cost effective access to the markets of Europe and the Middle East.

### Productivity

Even in state-of-the-art sectors such as ICT and biotechnology, it is the historic virtues of the Maltese people – industrious, adaptable, and internationally minded – that represent perhaps the country’s greatest calling card in the global competition for FDI.

“Because we are a small country, with scarce natural resources, we have a long tradition of investing in our human resources,” Alan Camilleri explains, “and thanks to government investments in education and training, we have developed significant capacity to train people for these new kinds of specialised professions.”

And it is the people of Malta who are now reaping the rewards of this policy: Malta has reported the sharpest decline in unemployment in the EU this year, outperforming the rest of Europe, illustrating the success of its economic model, and strengthening its credentials as a competitive business location for accessing the world’s largest single market.



Business success requires  
**TALENT**

Just like a little sapling, talent grows with time, patience and the pouring of resources. We’ve long discovered the importance of honing talent... With a 500 year old University and 6% of our GDP poured yearly into education facilities and services, the Maltese workforce has been able to perform, adapt and grow to the expectations of over 200 foreign direct investors, some of which have been steadily expanding over the past 30 years. As a business person, in Malta you will find affordable, available and malleable human capital and world-class education facilities for your children. We put our talent in front of us, because we believe in it as much as you do. Try it!



Enterprise Centre, Industrial Estate  
San Gwann SGN 3000 - Malta  
T: (+356) 2542 0000 F: (+356) 2542 3401  
E: info@maltaenterprise.com  
W: www.maltaenterprise.com