

Malta

ne>travel>investment>industry>financialservices>maritime>travel>invest



An EU member state on the doorstep of North Africa, the Mediterranean island nation of Malta is living up to its reputation as one of the most progressive and efficient business locations in Europe. Well on its way to achieving its vision to become the business, IT, maritime and financial services hub of the region, Malta attracts international investors with its strong pro-business environment, its excellent, state-of-the-art telecommunications infrastructure, its multi-lingual and highly skilled workforce and its world class legislative and regulatory frameworks.





Realizing a Vision

An EU member since 2004, Malta's strategic location midway between Europe and North Africa gives it renewed relevance as an investment location and a business hub

Making a Mark

Malta may be small, but size hasn't diluted this tiny Mediterranean island's ambitions. One of the ten countries that joined the European Union in May 2004, Malta is determined to make the most of its status as an EU member, and has been aggressive in formulating and implementing legislative and regulatory systems to encourage investment and growth in key target sectors and leverage maximum advantage from its unique position as a stepping stone between Europe and North Africa.

As a result, the island's traditional reputation as a sun and sea destination for holidaymakers is changing rapidly as Malta pursues its redefined role within the world business community. Recognising the intrinsic value of its geographic location, its highly skilled, multi-lingual, flexible workforce, Malta is a tiny island state with a formidable determination to succeed on the world stage.

Island in the Mediterranean

Just over 100 square miles in area, the Maltese islands, comprising Malta, Gozo and Comino, lie midway between Europe and North Africa, 60 miles south of Sicily and 120 miles north of Libya. Malta's 390,000 inhabitants are among the most international of peoples. With a 7000-year history that has seen a succession of foreign conquerors ruling the island until 1964, when Malta won independence from Britain after 160 years, the islanders have acquired a unique ability to adapt to new ideas and adopt, and improve, the best of them to their ultimate advantage.

The Birth of an Economy

In the four decades since independence, Malta's leaders have laid the foundations for a sustainable economy based on tourism, industry and services. Apart from the natural beauty of the islands, with their golden limestone, crystal clear sea and charming rural landscape, Malta has no natural resources bar its people. And, while from the mid-Sixties to the mid-Eighties, Malta sold itself as a manufacturing base for

products like textiles and electronics, using low wages and plentiful supply of labour as its main selling point, by the end of the Eighties it was recognised that educating the workforce to include highly qualified professionals would attract higher value added products and services to the island.

Aiming for Excellence

Today Malta still has a heavy reliance on tourism, which contributes 25% of GDP. However, the island has been very successful in diversifying its economy, and new industry sectors like iGaming, ICT, Financial Services and Pharmaceuticals, particularly the generics industry, are joining the traditional economic generators and creating a solid base of diverse operations from which Malta expects to compete at international level. Attracting foreign direct investment to the islands remains a priority for Government, however the focus now is towards higher value activities and services that utilise the excellent, state-of-art IT and telecoms infrastructure, highly skilled, English speaking human resources and strategic potential of the island.

Competitive Edge

An attractive package of incentives, including tax breaks, subsidised factory space, soft loans and rebates on training and employment, costs is offered to investors interested in Malta. Coordinated by Malta Enterprise, the package, known as the Business Promotion Act, includes assistance in all areas of set-up and gives the island a sharp competitive edge within this market.

Ideal Vantage Point

The advantages of locating an operation in Malta are myriad. Traditionally a maritime hub for the Euro-Med region, Malta has now put in place legislation and infrastructure to extend the hub concept across industry sectors. Air

transport, maritime, IT and financial services are already using this concept to expand the scope of business, with one of the declared aims of banking giant HSBC when it bought into Malta having been to use the island as a stepping stone to North Africa and the Middle East. Recent developments in the IT sector are also proving the value of this concept, as Microsoft, Oracle and Cisco have all decided to set up IT academies on Malta, with Microsoft also making available its software source code to software developers on the island. Encouraged by government initiatives and the state-of-the-art telecoms infrastructure, Malta offers one of the most progressive environments in the world for IT, iGaming and e-Business activities. Investment in this area is increasing at a rapid pace, with an investment of US\$300 million (€249 million) by the developers of the renowned Dubai Internet City, Tecom Investments announced recently for the set up of SmartCity@Malta, an IT village that is planned to open in 2008. As the largest foreign direct investment project the island has ever seen, the expectation is that SmartCity will become the European outpost for global ICT or media companies that want to establish a presence in Europe, as well as North Africa.

Evolving for the Future

Tourism has also evolved in tandem with the rest of the economy. While initial marketing was aimed at the lower end of the tourism markets, offering cheap package holidays in low-star accommodation, from the early Nineties a new strategy was outlined, aimed at improving the overall product and attracting higher-spending tourists to the island. Several internationally branded five-star hotels were built, all with their own conference and business facilities, and a whole new market segment was born. CIT (Conference and Incentive Travel) is now one of the most lucrative elements within the Maltese tourism industry, and offers clients a unique combination



MALTA: KEY FACTS

Official name: Republic of Malta
Capital city: Valletta **Area:** 316 sq km
Location: Southern Europe- Mediterranean Sea
National elections due: 2008 **Population:** 400,000
Legal system: English common law and Roman civil law
Prime Minister: Dr Lawrence Gonzi
Currency: Maltese Lira (Lm)
Languages: Maltese (official) English (official)
Unemployment rate: 5.6% (2004)
GDP growth: 1% (2004)
GDP per capita: \$17,700 (2004)
Inflation: 2.8% (2004)
Economic sectors: Agriculture 3%
 Services 73%, Industry 24%
Main trading partners: Italy, Germany, UK
Sovereign Rating: AA- (Fitch 2005)
European Union: Member (May 2004)

www.countryprofiler.com/malta



Malta Report 2006

of facilities, entertainment and convenience unrivalled by competing destinations.

Sound Economy

Malta's open economy and heavy reliance on international trade means the island's fortunes are vulnerable to the vagaries of world events. However, the gradual exercise of spreading economic activities across a variety of sectors was shown to be a successful buffer during the last few years, and figures released in March by the National Statistics Office indicate that the economy has begun rallying after the challenges of recent years. Reporting a healthy growth rate of 2.5% for 2005, a rate that exceeds the EU average by 1%, the NSO figures show that GDP in real terms amounted to LM1,700.8 million (€3,976 million). This positive result, coming as it does two years after EU membership, and following several years of growing pains as Malta prepared itself for accession, is being seen as evidence that the economic fundamentals are sound and the economy is experiencing a healthy rebound.

Adapting to EU Membership

Two years after Malta's accession to the European Union, in May 2004, this historic move is seen by many in the business community as an opportunity to penetrate the world's largest

market of over 400 million people. The process of adapting all legislation and regulation to comply with the EU's *Acquis Communautaire* has given Malta a solid base upon which to conduct business and facilitate investment, and Maltese-based companies now also benefit from the EU's previously inaccessible free trade agreements with non-member countries, and are eligible to participate in EU projects and programmes aimed at promoting business and expanding trade opportunities between the EU and the rest of the world.

Not yet part of the Euro-zone, Malta's objective is to adopt the Euro on 1st January 2008. While this depends on the achievement of the Maastricht criteria, which requires Malta to bring down its structural deficit to below 3%, national debt to below 60% of GDP, and unemployment and inflation levels in line with the EU average, government's determination in this regard appears to be paying off, with European Commission analysis placing the structural deficit at end 2005 at 3.9% and estimating that, providing current efforts are sustained, the island will be able to reduce its structural deficit to under the 3% mark this year.

Malta's commitment to the adoption of the Euro in 2008, backed up by its efforts in terms of achieving the Maastricht criteria, is a key element in Malta's attractiveness to investors, and while

membership of the EU may be seen by some to have brought a mixed bag of blessings to the islands, adoption of the Euro on 1st January 2008 will be instrumental in determining the country's future economic performance.

The Bottom Line

Malta's strengths lie mainly in the resilience and ambition of its people, qualities that are a direct result of the chequered history that makes Malta fascinating. For foreigners working in Malta, the combination of an efficient business climate, excellent infrastructure and driven workforce, enhanced by the relaxed holiday environment in which they operate, offers a unique and magical experience.





MALTA: KEY FACTS

Official name: Republic of Malta
Capital city: Valletta **Area:** 316 sq km
Location: Southern Europe - Mediterranean Sea
National elections due: 2008 **Population:** 400,000
Legal system: English common law and Roman civil law
Prime Minister: Dr Lawrence Gonzi
Currency: Maltese Lira (Lm)
Languages: Maltese (official) English (official)
Unemployment rate: 5.6% (2004)
GDP growth: 1% (2004)
GDP per capita: \$17,700 (2004)
Inflation: 2.8% (2004)
Economic sectors: Agriculture 3%, Services 73%, Industry 24%
Main trading partners: Italy, Germany, UK
Sovereign Rating: AA- (Fitch 2005)
European Union: Member (May 2004)

www.countryprofiler.com/malta



Malta Report 2006

of facilities, entertainment and convenience unrivalled by competing destinations.

Sound Economy

Malta's open economy and heavy reliance on international trade means the island's fortunes are vulnerable to the vagaries of world events. However, the gradual exercise of spreading economic activities across a variety of sectors was shown to be a successful buffer during the last few years, and figures released in March by the National Statistics Office indicate that the economy has begun rallying after the challenges of recent years. Reporting a healthy growth rate of 2.5% for 2005, a rate that exceeds the EU average by 1%, the NSO figures show that GDP in real terms amounted to LM1,700.8 million (€3,976 million). This positive result, coming as it does two years after EU membership, and following several years of growing pains as Malta prepared itself for accession, is being seen as evidence that the economic fundamentals are sound and the economy is experiencing a healthy rebound.

Adapting to EU Membership

Two years after Malta's accession to the European Union, in May 2004, this historic move is seen by many in the business community as an opportunity to penetrate the world's largest

market of over 400 million people. The process of adapting all legislation and regulation to comply with the EU's *Acquis Communautaire* has given Malta a solid base upon which to conduct business and facilitate investment, and Maltese-based companies now also benefit from the EU's previously inaccessible free trade agreements with non-member countries, and are eligible to participate in EU projects and programmes aimed at promoting business and expanding trade opportunities between the EU and the rest of the world.

Not yet part of the Euro-zone, Malta's objective is to adopt the Euro on 1st January 2008. While this depends on the achievement of the Maastricht criteria, which requires Malta to bring down its structural deficit to below 3%, national debt to below 60% of GDP, and unemployment and inflation levels in line with the EU average, government's determination in this regard appears to be paying off, with European Commission analysis placing the structural deficit at end 2005 at 3.9% and estimating that, providing current efforts are sustained, the island will be able to reduce its structural deficit to under the 3% mark this year.

Malta's commitment to the adoption of the Euro in 2008, backed up by its efforts in terms of achieving the Maastricht criteria, is a key element in Malta's attractiveness to investors, and while

membership of the EU may be seen by some to have brought a mixed bag of blessings to the islands, adoption of the Euro on 1st January 2008 will be instrumental in determining the country's future economic performance.

The Bottom Line

Malta's strengths lie mainly in the resilience and ambition of its people, qualities that are a direct result of the chequered history that makes Malta fascinating. For foreigners working in Malta, the combination of an efficient business climate, excellent infrastructure and driven workforce, enhanced by the relaxed holiday environment in which they operate, offers a unique and magical experience.





Attracting Investment that fits

Malta's key location mid-way between Europe and North Africa gives the island added advantage as an investment location; with its western European business environment, sophisticated infrastructure and highly skilled workforce, Malta is targeting investment from high value added industries and service providers.

Key Elements

Flexibility, innovation, competitiveness and adaptability have been key elements of Malta's economic strategies since the island began to fend for itself after independence from Britain in 1964. Foreign investors are attracted by the modern business infrastructure, excellent telecommunications, comprehensive incentive package, competitive labour costs, highly skilled and educated workforce and truly enviable quality of life. These advantages are further enhanced by the island's strategic location in the Mediterranean between Europe and North Africa that makes it an ideal location for economic activity between the two continents.

Diverse Industrial Landscape

Today, Malta's industrial sector comprises some 200 foreign and some 400 locally-owned manufacturing companies, with new companies setting up in Malta more likely to be software developers, pharmaceutical companies or manufacturers of high value electronic components. Both large enterprises like ST Microelectronics, one of the world's most profitable chip manufacturers, and small outfits like CreditInfo Malta, an Icelandic business information company employing four people, are already present in Malta, and De La Rue, Dawty, Baxter, Methode Electronics, Lufthansa Technik and Brandstatter all have major production plants in Malta. The range of activities is equally eclectic. Products made in Malta and exported worldwide include semi-conductors, electrical components and sub-assemblies, pharmaceuticals and medicinals, rubber and plastics, fabricated metal products and machinery, software, garments, food products and others. Malta offers a highly competitive investment location for niche manufacturing, particularly in the medical, biotech, pharmaceutical, automotive, film, maritime activities, contact centres, aviation services, e-business and iGaming, back office services, electronics and software industries. The island's proximity to and cultural links with North African markets such as Libya, Egypt, Tunisia and the Middle East is attracting companies that are

using Malta as a stepping-stone for trading, distribution and marketing for international operations in Southern Europe and North Africa.

Home for Generics

Malta is fast becoming recognised as a particularly attractive centre for the generic pharmaceuticals industry, and the island's favourable legal environment for generics producers has attracted a number of leading international names to migrate to Malta.

Including Activis, Arrow Pharmaceutical Group, Siegfried Holdings and Combino Pharm, all of whom were attracted by the Maltese patent law that allows firms to experiment on patented drugs before the patent expires, a provision known as the Bolar Exemption. This trend is expected to continue over the next ten years at least, with the industry being

encouraged through the creation of a suitable infrastructure, to expand further and make itself viable and self-sustainable in the long-term.

Achieving Excellence

Encouraged by government initiatives and the state-of-the-art telecoms infrastructure, Malta offers one of the most progressive environments in the world for IT, iGaming and e-Business activities. Investment in this area is increasing at a rapid pace and the announcement by Malta's government in February that the developers of the renowned Dubai Internet City, Tecom Investments, are to spend US\$300 million (€249 million) to set up SmartCity@Malta, an IT village that is planned to open in 2008, was something of a triumph for the island, which faced stiff competition from various other countries.

why Malta?

Strategic location between
North Africa and Europe

Member of the European Union (May 2004)

Investor-friendly Government

Easy access to political &
industrial decision makers

Pro-business environment

Competitive base for high
value manufacturing

Growing economy

European legislative and regulatory climate

Double tax treaties with 42 countries

Developed physical and
fiscal infrastructures

Multi-lingual, highly skilled workforce

Global transshipment and logistics hub

Sophisticated international financial centre

International maritime centre

High quality of life

Dedicated, competitively
priced human resources

Excellent telecommunications

Attractive package of incentives
for foreign investors



Malta



A Centre of Quality in the Mediterranean

There's a place where North meet South, where East meets West, at the crossroads of the Mediterranean Sea. A small group of Islands rich in heritage and history.

MALTA - the friendly heart of the Mediterranean.

The ideal location for regional operations and easy access to global markets.

Today Malta has already attracted hundreds of foreign manufacturing, trading and service companies since the island boasts a highly productive workforce within a well developed economic and industrial structure.

As a centre for trade and investment in the Mediterranean, Malta is one of Europe's secret success stories.

English as the business language, European time zone and lifestyle, a competitive incentives package, excellent telecommunications, together with frequent air and sea connections to Europe, North Africa and the Middle East, make Malta a sure choice for foreign direct investment and international trade.

So come and see for yourself - MALTA, the Mediterranean's most vibrant, welcoming and profitable business location.



Malta Enterprise

Malta's focal point for Trade, Investment & Enterprise

Enterprise Centre, Industrial Estate, San Gwann SGN 09 - Malta • Telephone: (+356) 2542 0000 • Fax: (+356) 2542 3401.
E-mail: info@maltaenterprise.com • Website: www.maltaenterprise.com



Both large enterprises like ST Microelectronics, one of the world's most profitable chip manufacturers, and small outfits like Creditinfo Malta, an Icelandic business information company employing four people, are already present in Malta, and De La Rue, Dowty, Baxter, Methode Electronics, Lufthansa Technik and Brandstatter all have major production plants in Malta.



for the project. As the largest foreign direct investment project the island has ever seen, the expectation is that SmartCity will become the European outpost for global ICT or media companies that want to establish a presence in Europe, as well as North Africa.

This fits in well with Malta's aspirations in the IT sector. Currently ranked 27th in the world in its potential for IT development by the World Economic Forum, Microsoft, Cisco, and Oracle have all established a significant presence on the island with the aim of using Malta as a research and development testing ground for e-government solutions. The first companies to take advantage of what Malta offers were the offshore betting and gaming companies, of which over 140 have already established a presence on the island, and Malta has now set its sights on attracting business such as disaster recovery, data processing, software development, data storage, payment gateways, database management, supply chain management centres and a variety of related services.



Serving Regional Oil and Gas Operations

Malta's excellent geographical location, its modern infrastructure and its status as an EU member allows it to offer numerous advantages as a location for regional oil and gas operations, and the island specialises in providing residency facilities in a safe environment for families and expatriates working in North Africa as well as serving as a logistics base for transhipment, supplies, storage, warehousing and other services, and offering an ideal regional base for international companies.

Located right at the heart of the considerable offshore oil and gas activity in the region, with close proximity to the main ports in Algeria, Tunisia, Libya and Egypt, Malta has served as a base for the major oil operators, drilling contractors and pipe-laying contractors in and offshore North Africa, particularly Libya, and offers a state-of-the-art transhipment terminal and distripark facilities within a free zone environment; storage and warehousing facilities including an oil



Microsoft

Malta's geographic location as a gateway between Europe and the Middle East and Africa, and the talent and energy of

Malta's people, make it a great location for investment. As a new member of the European Union, Malta has joined one of the world's most important economic zones, and the EU has set itself very bold and ambitious goals under the framework of the Lisbon Agenda. Malta demonstrates some good cases of best practice in areas such as education, eGovernment and telecommunications – areas in which Microsoft has demonstrated a commitment to enabling people and their nations to realise their potential.

*Mr. Jean-Philippe Courtois
President, Microsoft International*

terminal; expertise in manufacture, repair and conversion of ships as well as rigs; and excellent telecommunications facilities.

Stable, Productive and Pleasant

Through government's investment promotion agency, Malta Enterprise, the island offers investors a comprehensive package of incentives including tax incentives, soft loans, investment allowances, training grants, and the provision of ready built specialised factory space. Beyond this however, the island's infrastructure is of a world standard and can cater to all investors' requirements relating to telecommunications, transport, financial services and power generation. And, while Malta's flexible and highly trained, multi-lingual workforce is the island's most valuable asset, wages in Malta remain below Western European average, and the island is considered one of Europe's most profitable investment locations according to Eurostat.

Thrifty

Car Rental

Licensed

Meli Car Rentals Ltd.
190, Fremont Street, Gormi, Malta

Phone: (+356) 21 47 08 08
Email: thrifty@meligroup.com
Website: www.meligroup.com

Other Rental Stations

St. Julians
Bugibba
Malta International Airport



Dubai Internet City

The developers of the renowned Dubai Internet City, Tecom Investments, are to spend US\$300 million (€249 million) to set up SmartCity@Malta, an IT village that is planned to open in 2008

who also placed Malta in third place among the EU25 in terms of FDI per capita.

At the same time, living in Malta offers an excellent lifestyle in a glorious Mediterranean climate; the island is politically stable and within a few hours flying time of most major European cities. These combined advantages make Malta one of the most attractive investment locations in the region, and international attention is fast being drawn to the island and its ever-growing potential.

HR to Drive Industry

Malta's flexible and highly trained, multi-lingual workforce is the island's most valuable asset. Wages in Malta remain below Western European averages, and the island is considered one of Europe's most profitable investment locations according to Eurostat, and is ranked in 19th place out of 102 countries by the World Economic Forum for its high

growth competitiveness potential. The Maltese workforce has over the years proved itself to be hard working, diligent and highly productive. Foreign companies based in Malta all comment favourably about their experiences with the local employees in terms of productivity, profitability, dependability and rapid response times.

Promoting Investment

Charged with the task of attracting foreign investment to Malta, Malta Enterprise is a government agency that offers assistance to foreign investors thinking of setting up in Malta. The island offers investors a comprehensive package of incentives including tax incentives, soft loans, investment allowances, training grants, and the provision of ready built specialised factory space. New provisions provide incentives for those industries demonstrating growth and employment potential that are engaged in manufacture,



Malta Enterprise

Malta's strong point is the flexibility of its workforce. We recently conducted a

customer survey and the point that stands out is the flexibility of the workforce, its eagerness to learn new and emerging technologies and to work on more than one area of operations. It's a question of being quickly adaptable to new tasks, which have proven one of the strongest assets of the Maltese workforce.

Mr. Philip Micallef - CEO Malta Enterprise

repair, improvement or maintenance activities. Tax incentives include a reduced rate of Income tax, which starts from 5% and moves up to 15% over a 15-year period, investment tax credits and reduced rates of Value Added Tax as well as tax deductions on plant and machinery, and industrial buildings or structures. A reduced tax rate is offered on reinvested profits, while all research and development expenditure is for tax purposes deducted at 120%.

Winning Formula

Important as they may be however, it takes more than financial incentives to attract foreign investment and over the years successive Maltese governments have done their best to ensure that the whole environment is conducive to such investment. The island's infrastructure is of a world standard and can cater to all investors' requirements relating to telecommunications, transport, financial services and power generation. At the same time, living in Malta offers an excellent lifestyle in a glorious Mediterranean climate; the island is politically stable and within a few hours flying time of most major European cities. These combined advantages make Malta one of the most attractive investment locations in the region, and international attention is fast being drawn to the island and its potential.

10 EURO

Financial Services

Positioned for Success

A relatively new area for the Maltese economy, the Maltese financial services sector is today the fastest growing sector in the country and accounts for 12% of GDP. Expected to contribute 25% to Malta's GDP within the next ten years and with more than 5,000 employees in the finance industry already, this is a sector earmarked by government for sustained development. Indeed, this commitment is clearly evident in the legislation, regulation and supervisory set up introduced in the last few years and the continuous evaluation and updating of legislation and regulation by the Malta Financial Services Authority ensures that Malta remains in the optimum position to maximize any opportunities presented. Malta has made progress in gaining international recognition as a world-class centre and practitioners in the sector have been encouraged by the creation of this positive legislative framework that ensures strong compliance but also offers a non-standardised approach to dealing with its clients where custom-made solutions can be delivered. With blue chip banks, fund managers, investment houses and professional practices from the USA, UK, Germany, Austria, Switzerland and Turkey already having set up operations in Malta, the Financial Services sector is set to flourish.

The fastest-growing sector in the Maltese economy, financial services, powered by a positive legislative framework and a pro-business attitude, is bringing Malta into the spotlight as both financial institutions and corporate customers setting up operations on the island confirm the island's growing reputation as a world-class centre.

Key Advantages

Malta's competitive advantages - its location as a Mediterranean hub with access to North African and Middle Eastern markets, its low cost base (salaries are 3.5 times lower than in Luxembourg and 2.5 times lower than in Ireland), its European time zone location, its highly skilled, English-speaking workforce, and its back office and IT capabilities - make it a natural choice. The well developed banking and finance sector already employs a pool of over 5,000 trained staff, and can support all international operations. The Maltese financial sector offers various advantages: banks with a worldwide network of correspondents, a wide range of credit and financial services available, international practices and standards, and an active stock exchange.

Sound Fundamentals

Malta has received international recognition for its stable regulatory framework, which adopted EU standards for insider dealing, money-

laundering, professional secrecy, and banking regulation from the very start. While EU accession was then still far in the future, government has ensured that all financial reform begun in 1994 is convergent with EU economic practices. Malta's banking laws follow the best practices of EU banking regulations and supervisors requirements. There is a tight regulatory framework for international practices and standards, with laws including the Prevention of Money Laundering Act, the Insider Dealing Act, and the Professional Secrecy Act (imposing confidentiality on all those handling financial services, such as accountants, lawyers and bankers).

Watchful Eye

All financial services in Malta are now subject to one regulator, the Malta Financial Services Authority (MFSA) set up in 2002. The single regulator means companies benefit from streamlined procedures and reduced bureaucracy, leading to lower fees and compliance costs.



Bureau de
Change

Worldwide bank, local currency

Foreign exchange available wherever you see this sign

HSBC Bank Malta p.l.c. forms part of the HSBC Group, and is Malta's largest financial institution, offering a comprehensive range of financial products and services through its network of branches and offices.

Call 2380 2380 Click hsbc.com.mt

HSBC 

The world's local bank



and a more consistent interpretation of the rules and legislation passed in 1994 created a sturdy regulatory framework to stimulate financial services and international business. Demanding in its compliance requirements, the centre nonetheless offers a non-standardized approach to dealing with its clients where custom-made solutions can be delivered.

Gaining Strength

Although the financial services sector is dominated by banking, the investment and fund management industry is becoming more of a draw for foreign companies. Funds, financial services and banking firms targeting the Mediterranean basin have all set up in Malta. The regulatory structure under the Investment Services Act regulates all investment business, and all entities must be MFSA licensed in order to take advantage of the attractive tax regime. Malta has developed a specialty in the establishment, licensing and listing of collective investment schemes (CIS's). Maltese law allows for the creation of collective investment schemes as companies (SICAVs) and Professional Investor Funds (PIFs).

The MFSA is promoting Malta as a place to establish funds investing in emerging markets, fund administration, global custody services, and corporate and private trust activities. Fund registration has doubled over the last three years, and in 2000 alone, the number of CIS licences granted grew by 132%. Holding companies and international trading companies (ITC's) also benefit from special rates. An ITC is a company whose trading activities are carried out from, rather than in, Malta. Shareholders benefit from highly efficient tax structures, and there are more than 1,800 registered in Malta at present.

Active Stock Exchange

Set up in 1992, Malta's Stock Exchange, 'Il-Borża', has seen the steady but sedate growth of its first 12 years of operation take on a new dynamism over the last two years. With the market value of its listed stocks more than doubling since December 2004, the 'Borża' is

MALTA FINANCIAL SERVICES AUTHORITY

Malta's regulatory framework for financial services is fully consolidated and aligned to internationally recognized standards. Its onshore regime provides a seamless framework that supports both domestic and international economic activity. As an EU Member State, Malta also forms part of the European single market in financial services in terms of EU legislation.

The Malta Financial Service Authority (MFSA) is the single supervisory authority for banking, insurance, securities, recognised stock exchanges and other financial activity. It was established by law on 23 July 2002 and is a fully autonomous, self-funding, public institution that reports to Parliament on an annual basis.

The International Tax Unit of the Inland Revenue Department and the Companies Registry are also based in the precincts of the MFSA, ensuring that all taxation and company registration services relating to international activity are provided swiftly and effectively.

The MFSA is a full member of the following EU and international bodies: Committee of European Securities Regulators (CESR), the Committee of European Banking Supervisors (CEBS) and the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS). It is also a member of the International Organization of Securities Commissions (IOSCO) the International Association of Insurance Supervisors (IAIS).

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Contact person: Director Business Development

Malta Financial Services Authority, Notabile Road, Attard BKR 14 - Malta
Tel +356 21 441155 • Fax +356 21 441189 • Email bdu@mfsa.com.mt

now looking towards expansion plans that would see the MSE take on both a regional and an international role, by encouraging 'starter' IPOs and cross border listings, and by setting up Borzamed-a cooperation of Mediterranean stock exchanges. Five years after the plan for Borzamed was first conceptualised, the MSE have recently met with various Mediterranean stock exchanges and are initially seeking to reach agreements with Tunisia, Egypt and Jordan. The MSE is also looking to develop a niche to attract companies too small to be listed on the Frankfurt or London stock exchanges, as well as those who would benefit from the 'coaching' offered by the MSE: the small size of the Malta exchange means it is able to provide a more intimate service in tutoring the companies in the responsibilities they have to the market, thus when graduation to a larger exchange occurs, they are more seasoned, and better able to adapt to the demands placed upon them.

Tapping into Insurance

Another of the sectors that Malta is seeking to gain a foothold in and attract investment from is the insurance market. Malta offers a high quality location for the delivery of services and back office administration to insurance, reinsurance, risk management and captive insurance companies. As an indication of government's commitment to this sector, dedicated legislation was enacted on the 1st of December 2003. The insurance regulations were changed in 2003 to allow the creation of captive insurance companies, called Affiliated Insurance Companies (AICs) in Maltese

legislation. Further regulations issued in 2004 allow the creation of Protected Cell Companies.

Taxation

The country has unique cost advantages. Although its corporate tax rate is 35%, financial services companies benefit from a package of incentives and tax reductions, accessed through Malta Enterprise, which can take the rate down to as low as 4%. In addition, Malta's overall cost base is lower than anywhere in mainland Europe, particularly than that of Luxembourg, one of the island's major competitors. Malta has double taxation treaties with 42 countries, including most of the major European trading nations, and is in the process of negotiating others. Income originating from overseas is not subject to double taxation, even if there is no double taxation agreement existing.

In Sight of Goal

The financial services sector already employs around 5,000 people, and the race is on to increase the significance of the sector to 25% of GDP within ten years. Malta is starting to take a tactical approach, targeting other jurisdictions where overheating is occurring, like the Channel Islands. The promotion of the island as a regulated financial services centre is certainly paying dividends, and Malta is now well placed to continue to attract business from across the world. Malta's message to the financial services world is simple and straightforward: The regulatory system is world class, costs are comparatively low and the island's authorities are committed to putting Malta on the map as the foremost centre for financial services in the EuroMed region.



Maritime & Shipping

Malta's accession to the EU in May 2004 opened multiple new areas of opportunity for the island's thriving maritime sector.

Offering excellent services and facilities within an efficiently regulated legislative framework, the industry is making the most of the positive implications of being an EU country in the centre of the busiest shipping lanes in the Mediterranean.

Dynamic Sector

Malta is blessed with an ideal geographical location to service the global shipping industry. Located at the centre of the Mediterranean, it lies just off the main shipping lanes and supports feeder services to some 50 Mediterranean ports. With a trading and sea-faring tradition that literally spans millennia, Malta's well-established credentials as a reputable international maritime service centre and ship register is growing ever stronger. Malta government's commitment to developing this sector is evident in the changes that have been implemented as new legislation, new facilities and new attitudes are introduced. With membership of the European Union, the pace of development in the industry has picked up smartly; according to Malta Maritime Authority (MMA), regulator of the sector, the fleet is growing at about 2% per year and Malta's membership of the EU is widely seen as carrying positive opportunity for the industry in Malta.

Motorways of the Sea

Dovetailing neatly with Malta's ambitions to expand its business as a Mediterranean shipping hub, the island is strongly promoting the EU-proposed Motorways of the Sea concept. Lying, as it does between two of the major motorways, Malta sees itself as uniquely placed to serve as an Intra European Logistics hub where Mother Vessels from Asia or crossing the Atlantic are able to make one stop in Malta, at the Freeport, to drop their full load and pick up cargo from Europe bound for Asia. The incoming cargo is then transferred to Valletta Harbour where it is loaded onto smaller feeder vessels for distribution through Europe. Current proposals to maximise efficiency in the movement of cargo and containers to Valletta from the Freeport include the construction of an 8 km tunnel with an electric train, a project that is estimated to cost around 300 million euro.

Flying the Flag

The Maltese flag is the 8th largest fleet in the world and 2nd largest in Europe after the Greek register with just over 25 million tons of shipping registered under its flag or 1,500 or so merchant vessels. Dedicated legislation, tighter registration criteria and improved regulation, all in line with EU Directives and International Maritime Organisation conventions, have spearheaded Malta's determination to protect the reputation and image of the Register, and the MMA goes to great lengths to emphasise that Malta is not a flag of convenience but rather a flag of confidence. Substantially reduced detention rates, down from 17% in 1995 to 6.25% in 2005, have been achieved as a result of increased inspections and tighter documentation processes and continue to bring the Malta flag closer to the EU average of a 3% detention rate.

The Win/Win Philosophy

Malta's drive to ensure its competitiveness and its efforts to lower the flag's average age have seen the MMA introduce a new fee structure that gives inducements to younger vessels and penalises older ships. This 'sliding' fee structure provides a reduction on registration fees and tonnage tax to young vessels, while a surcharge is applied to vessels over 15 years of age. According to Dr. Bonello, Chairman of MMA: "we have tuned our tonnage tax according to the realities of what is going on in our flag - Serious ship owners that require less inspection and thus present less of a cost to the Flag are rewarded for their efforts". This policy is now paying dividends with the average age of vessels on the register reduced to just over 11 years old. The Maltese registry also offers the possibility of bareboat charter of foreign ships under the Maltese flag, or of Maltese ships under a foreign flag.

24/7 One stop shop

Offering a 24/7 service for registration, the MMA feels that ship owners do not choose the Maltese flag purely to get their names on a register, but because they are confident of the service they will receive. Technical staff are on

hand to guide ship owners and managers through whatever problems might arise and ensure that vessels are not delayed longer than necessary. A select number of international classification societies and a world-wide network of appointed flag state inspectors extend the technical arm of the Maltese Administration to practically all ports in the world. In addition ship owners benefit from attractive tax incentives, a flexible approach to crewing and preferential treatment at many ports. Ever mindful of the advantages Malta offers, both in terms of strategic location and in terms of facilities and services, the MMA is keen to attract Ship Management Companies to set up operations on the island. Currently constructing a purpose built building that will house all MMA functions as well as make available office space for these companies, the MMA's intention is to be able to offer shipping companies the opportunity of a 'one stop shop' with easy access to all departments within the same building.

Servicing the Yachting Community

Malta's shipyards offer both expertise and efficiency in their services to yachts. Further boosting Malta's credentials as one of the leading full service yachting centres in the world, the island's shipyards have been used as both a stopover and a wintering port to lay up and overhaul vessels from super tankers to superyachts. Today the island's shipyards have built a solid reputation on the expertise and craftsmanship skills that are an integral part of the island's maritime tradition, and Malta's shipyards today offer some of the most modern and technologically advanced facilities in the world.



"We have tuned our tonnage tax according to the realities of what is going on in our flag ..."

Dr. Mark Bonello
-MMA Chairman



Mediterranean Magic

Malta's credentials as a unique travel destination are rooted in the island's 7000-year history and its convenient location in the centre of the Mediterranean, while the excellent facilities on offer add credence to its bid for top billing on any holiday or business agenda.

Unique Destination

The warmth of the Mediterranean sun, the clarity of the Mediterranean sea and the welcoming smiles of the Maltese people have for years made Malta a popular holiday destination with tourists from mainland Europe. This is not surprising as within the hundred square miles that make up the Maltese archipelago, the visitor will find a host of attractions, ranging from balmy beaches and trendy nightclubs, to magnificent ancient monuments and a stunning legacy of centuries-old art and culture.

The islands consist of Malta, Gozo and Comino (all inhabited), and the uninhabited islets of Cominotto and Filfla. Set in crystal clear waters in the Mediterranean, the Maltese archipelago is situated 93 km south of Sicily and 290 km north of Africa. The peak holiday season is July to September, although the milder temperatures of April, May, June, September and October attract tourists looking for something more than just a sun, sand and sea holiday.

Incorporating over six thousand years of civilization, Malta and Gozo contain fascinating cultural, artistic and natural treasures. Maltese archaeological sites pre-date Stonehenge and the Egyptian Pyramids by more than a thousand years. Indeed the Maltese Neolithic Temples are the oldest freestanding constructions in the world and the Hypogium is a unique example of prehistoric underground burial chambers. Successive conquerors including the Phoenicians, Carthaginians, Romans, Byzantines, Moors, Normans, the Knights of the Order of St. John, the French and the British have all left their mark, together with a wealth of architectural and cultural treasures.

Though small in size, the Maltese Islands are blessed with unique natural beauty. The Blue Lagoon in Comino, with its turquoise coloured waters, the Dingli Cliffs, which drop 200 metres into the sea, and the Grand Harbour in Valletta are but three of the many breathtaking beauty spots to be discovered around the island.

Something for Everyone

Malta prides itself on being all things to all people. It can offer action or relaxation, peace and quiet or excitement. For lovers of music, theatre and the arts, there is an extensive cultural calendar. For visitors interested in sports, the islands offer practically any activity, from golf and tennis, to skydiving, scuba diving, horse riding, walking or bird-watching.

The seas around Malta and Gozo are clean and clear and offer an unlimited variety of water sports. Sailing, snorkelling and windsurfing are superb while as a scuba diving location Malta ranks among the best in the Mediterranean. Divers can enjoy water with mild temperatures and excellent visibility. The islands' underwater landscape has a unique topographic structure, with a healthy fauna, which offer ideal conditions for underwater photography.

Malta is itself a feast for the senses. It has a delicious local cuisine and wines, busy open-air markets, great shopping and locally produced handicrafts, including delicate lace and multi-coloured glassware. Its sunny weather and Italian influence give it a café culture and Mediterranean-type lifestyle. Its English-speaking population is characterized by a strong sense of hospitality. While Maltese and English are the official languages, Italian, French and German are widely spoken.

Island Hopping

Becoming increasingly popular as an added attraction for visitors to Malta, the tiny island of Gozo has a charm that appeals to most. Quieter and greener than Malta, Gozo is just a short 20-minute ferry ride away, and a visit to this quaint island can be a pleasant interlude during a busy week. The gentle, unturned atmosphere of life on Gozo makes relaxation easy, while the glorious natural attractions of the island, the red sand of Ramla Bay, the magnificent cliffs surrounding the Inland Sea

at Dwejra and the stunning views across the island offer plenty of scope for sightseeing. History buffs will also discover some delightful treats on Gozo, with the imposing Citadel that dominates the capital Victoria, and a plethora of magnificent churches to visit.

Meeting Place

Not many destinations have thousands of years' experience as a meeting place. But Malta has played host to everyone from St Paul to latter-day presidents, and to gatherings ranging from EU conferences to small groups. Companies and organisations such as the EU, the Commonwealth, WHO, UNDP, Microsoft, IBM, Bayer, Roche, Cable & Wireless, Cadbury, Sony, Dell Computers, Ericsson, UPS, Opel, Deutsche Telecom and many others have already chosen Malta as their meeting place...and the reason is not difficult to discern: whatever the size, formality or informality of your event, Malta has the expertise, the venues and the track record to ensure an unforgettable experience for all.

Conference and Incentive Travel

Excellent facilities, year round good weather and convenient connections to all Europe's major airports are only a few of Malta's attractions as a conference and incentive travel destination. Millions of Liri have been invested in improving and extending the facilities and services offered, and the last few years have seen four and five-star hotels banding together to promote Malta and collectively offer a truly advantageous package to conference organisers.

Flying South

Malta is easily accessible from Europe and North Africa and lies within the CET zone. The island's central Mediterranean location together with frequent connections between

Malta and all major European cities mean comfort and convenience for the delegates participating in the conference or enjoying an incentive break. Travel times vary from two hours and forty-five minutes (from Frankfurt) to just one hour (from Rome). Malta International Airport offers excellent facilities, and is located only 30 minutes away from most hotels.

Venues

An impressive selection of function venues are available, any of which would be sufficient alone to turn the occasion into a memorable event. From the 16th Century Mediterranean Conference Centre in Valletta which can seat up to 1,600 people and the Hilton Malta Conference Centre with total space for 3000 delegates to magnificent castles, stunning palazzos and impressive forts, adding a historical accent to the function is easy in Malta, where such venues abound. For a more contemporary note, available venues include theme parks, village squares, luxury yachts and exclusive sea front properties among others.

Professional Services

The Malta Tourism Authority offers a variety of services designed to help events organisers, both through its MICE Segment Team and through its recently upgraded meetings website, www.maltaconferences.com. The website provides specific information on hotels, facilities, service providers and venues, as well as contact details for destination management companies, audio visual companies, exhibition stand designers and events organisers.

Perfect Combination

Malta is a destination with excellent conference and incentive facilities, history, culture, sunshine, shopping, food and sports. With its European influence offset by a Mediterranean temperament, and centuries of history set among people who truly welcome visitors, Malta is always an exciting and original place to visit.



Malta Tourism Authority

Auberge d'Italie, Merchants Street
Valletta CMR 02 - Malta
Tel: +356 2291 5000
Fax: +356 2291 5893
Email: info@visitmalta.com
Website: www.visitmalta.com



www.corinthiahotels.com



www.lemeridien.com



www.accorhotels.com



www.corinthiahotels.com



www.islandhotels.com/radisson



www.ramlabayresort.com



www.hilton.com



www.westin.com/malta



www.riviera.com.mt



www.intercontinental.com/mt



www.corinthiahotels.com



www.suncresthotel.com



www.kempinski-gozo.com



www.dolmen.com.mt



www.victoriahotel.com



Shipshape

Malta's cruise liner industry sets sail

Malta's geographical location in the heart of the Mediterranean, its easy accessibility by air, its rich heritage and culture and the short distances between its historical sites, the unparalleled magnificence of its Grand Harbour and the refurbishment of its sea passenger terminal are among the many ingredients that are transforming the island into a sought-after cruise destination – as well as a homeport for cruise liner companies.

Arriving to Malta by sea, passengers are greeted by the spectacular sight of the natural Grand Harbour, which has occupied centre stage in the Mediterranean for millennia; an impressive skyline of baroque Valletta, built by the Knights of the Order of St. John, and the majestic fortifications of the surrounding Three Cities.

They are welcomed by the picturesque Valletta Waterfront at Pinto Wharf, located within walking distance from the capital city – a development that has seen the restoration of the historical 18th-century Pinto and Forni Stores to accommodate shops and entertainment outlets.

Pinto Wharf stretches across almost one kilometre, providing simultaneous handling of at least four passenger vessels and offering a positive first impression of the country.

Malta's limited size allows it to be the ideal stop on a cruise in that the highlights – from prehistoric temples to a mediaeval walled city, stunning cliffs, fishing villages and other architectural gems – can be visited and enjoyed in a short space of time and at a relaxed pace, distance being no object. Even the airport is close to every destination, including the port.

It is no wonder that Malta has capitalised on these assets and is developing its cruise liner industry in whose potential Tourism Minister Francis Zammit Dimech believes strongly.

"The cruise liner activity in Malta is on the increase in line with what was planned for it. Last year saw a growth of around 28,000 visitors, and the industry is set to increase further" he says.

Last year, the island received 320,104

visitors aboard cruise liners, and in the last 10 years, the increase in cruise liner passengers has been nearly fivefold up from 69,240 in 1996.

And 2006 also augurs well for the industry, with one of Royal Caribbean's largest ships visiting Malta regularly, and other cruise liners starting to use the well-connected island as a homeport.

Star Cruises, the third largest cruise liner company in the world and leading operator in Asia, is one of the first to be using Malta as a homeport, and is starting operations in June, says Sam Mifsud, managing director of SMS Travel & Tourism, representatives of Star Cruises in Malta.

It would be bringing an additional 30,000 tourists a year, who would be spending a couple of days in Malta before, or after their cruise, boosting the island's tourism industry even further.

"Cruise liners are interested in Malta because they can choose to travel to a variety of destinations," he maintains. "They are looking for variety."

Meanwhile, MSC Cruises are also in discussions to start using Malta as a homeport

from 2007. Norman Hamilton, chairman and CEO of Hamilton Travel Co. Ltd, exclusive Malta general sales agents for MSC Cruises, is optimistic that the cruise liner industry is on the increase. "More vessels and larger – to the tune of 153,000 tonnes and carrying almost 4,000 passengers – are being built. This is the scenario between now and 2009 and Malta is gearing up to host these mega liners."

No stone is being left unturned to increase Malta's share in the cruise industry and results indicate that it is on the right track. The Malta Tourism Authority, which is focusing on segment-driven marketing has pigeonholed the cruise industry – and the cruise-and-stay sector in particular – into what is known as its Other Growth Markets segment, and is aiming to achieve set targets.

Efforts to reach targets are also evident in the setting up of the Malta Cruise Network, which brings together those involved in the local cruise industry to maximise the island's potential as a cruise destination. Its objectives include securing Malta and Grand Harbour as a gateway to the Mediterranean for the cruise industry.



No stone is being left unturned to increase Malta's share in the cruise industry and results indicate that it is on the right track.