



## Malta: a stable investment destination

**Inspired by the vision of becoming a regional hub of excellence, the small but ambitious island of Malta is focusing its strategy on a number of sectors which have become the pillars of its economy and have good prospects for even further growth.**

Through such strategy, Malta was able to withstand the impact of the global economic crisis, and indeed a study carried out by the Brussels-based research institute Allianz SE stated that Malta and Germany, respectively the smallest and largest economies in the EU, were the only two countries to experience growth in their competitive standing over the past five years. Both Germany and Malta have shown impressive resilience to the global economic turmoil, particularly in view of the fact that both countries have a strong and well-regulated financial sector and because their manufacturing industry has always striven for maximum efficiency.

The affinity between Malta and Germany does



not stop there, as testified by the strong presence of German companies which have chosen to set up their operations in the Mediterranean island and flourished in its business-friendly environment.

Amongst others, these include Lufthansa Technik, which has set up a maintenance, repair and overhaul (MRO) facility on the island almost a decade ago and since then has grown together with the rest of the aviation industry. Toy-maker Playmobil is another thriving example, with the company not only celebrating its 40 years of operations in Malta but also planning to expand its production plant even further.

More generically, Malta is home to over twenty German firms which provide jobs for more than 2,700 people in the manufacturing sector, which in recent years has been gradually moving up the value chain to provide higher value-added. Additionally, there are other firms growing in the financial services and banking sector, with Deutsche Bank being one of the latest additions, as well as tourism and the ICT industry.

The latter industry, which amongst others includes niche sectors such as call-centre and back-

office support, software development, and digital gaming development, has registered significant growth in recent years thanks to the highly-skilled Maltese workforce.

Another factor which has further fuelled this growth is the widespread use of English - which is also an official language in Malta - which enables companies to complement their internationalisation efforts through adequate support and after-sales services. Companies are assisted to invest in Malta through a number of incentives and wide-ranging assistance, such as tax credits on the amounts invested, access to finance, assistance for training of the workforce, industrial space at competitive rates, as well as other schemes to encourage R&D, innovation and competitiveness.

Moreover, Malta's tax system, coupled with the extensive network of double taxation treaties, offers significant fiscal efficiency to Maltese companies, whilst Malta remains among the most attractive countries within the EU in terms of taxes and social contributions paid out by companies.

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