



Malta – Innovation Island

The ambitious nation boasts an outstanding track record in many sectors

Blending a modern, safe investment climate with political, social and economic stability and a strategic location in the Mediterranean, Malta is low-tax gateway to three continents and a popular hub for international business and investment with a great quality of life.

Advanced infrastructure – particularly state-of-the-art telecommunications networks that offer residents and businesses global connectivity at the touch of a button – and a pro-business environment have created a thriving economy that many larger countries would be proud of. Amid instability in parts of northern Africa, Malta offers companies from Germany and elsewhere a safe base from which to operate in such markets, while minimizing exposure to political risks.

Dozens of major Germany companies have flocked to the archipelago of three principal islands over the past few decades, attracted by factors such as an excellent education system that produces highly-qualified workers renowned for a strong work ethic. With a history of entrepreneurship, the island frequently punches above its weight to secure major international investment and on the political front will be President of the EU in 2017.

“Malta has an excellent geostrategic location at the crossroads of three continents and is less than 10 kilometers from the main sea route in the Mediterranean,” says President Marie-Louise Coleiro Preca. “Germany is the largest economy in Europe and at the very top in economic ratings, while Malta is the smallest economy in Europe and also at the very top in economic ratings – this is important common ground between the two countries.”

“Malta’s financial sector is less concentrated than other jurisdictions. It is very diversified.”

Prof. J. V. Bannister
Chairman, Malta Financial Services Authority

In early 2015, Malta and Germany marked the 50th anniversary of diplomatic relations that have helped generate successful mutually-beneficial bilateral business and trade relations. Several months later, German Chancellor Angela Merkel visited the island for the Valletta Summit on Migration that brought the EU and African countries together to work in a spirit of partnership and find a solution to the ongoing migration crisis. Due to its location, Malta is a natural bridge between European and African nations and so has a crucial role to play in dealing with issues that arise.

In addition, the small republic’s favourable climate makes it a very popular tourist destination, with nearly 150,000 German vacationers



Prime Minister of Malta, Joseph Muscat and Angela Merkel.



Marie-Louise Coleiro Preca, President of the Republic of Malta



George W. Vella, Minister for Foreign Affairs



Joseph Cuschieri, Executive Chairman Malta Gaming Authority

visiting in 2014. Tourism chiefs will showcase all the natural, historic and cultural components that make it such a hit with almost two million holidaymakers a year at the 2016 ITB Tourism Fair Berlin in March.

During his visit to Berlin early last year, Prime Minister Joseph Muscat noted: “Over the years German companies in Malta have been noteworthy for their policy of constantly investing to further improve and further expand their production capacity and technical capabilities in my country. German companies in Malta are active in the field of mechanical engineering including robotics, electronics as well as medical technology, and are major employers of skilled and graduate workers. The educational and vocational system has played a crucial role in their growth.”

This view was echoed by colleague George W. Vella, Minister for



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Foreign Affairs, who highlighted the impressive progress the island has made on several fronts: “We have the second lowest unemployment rate in Europe and very high GDP growth, which ranks among the highest in Europe,” he said. “We have a very good balance of payment and our budget deficit has been positive for the last three years. We have also experienced an increasing amount of foreign investment coming to Malta, which in itself is prove that our country is being seen as a reliable partner business wise.”

Despite the presence of many large enterprises, Malta welcomes and supports smaller firms too, as Minister for the Economy, Investment and Small Business, Christian Cardona, is keen to highlight. “In Malta the government and the institutions are accessible,” he states. “We don’t just attract investors and leave them in the dark, we support them, we try and care for them, we reach out to them and inquire if we can help and support in any way. This accessibility of the institutions is another important competitive advantage we offer.”

“As regulator, we interact with the industry and the industry is also encouraged to interact us. It is imperative that we meet the companies and they meet us.”

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In early 2013, the Malta Chamber of Commerce, Enterprise and Industry together with 20 senior executives of leading companies released a comprehensive document outlining the private sector’s economic vision for the next few years. The vision is to create “a focused and diversified successful economy underpinned by a high quality, dynamic, productive and innovative private sector that positions Malta as a global hub for business and investment leading to increased prosperity”.

Chamber President Anton Borg firmly believes Germany can help Malta to grow with regards to research, development, technology and innovation. “The opportunities Malta offers arise from its function as a stepping stone, especially for the North African market,” he says. “The EU cannot go further south than Malta. We offer flexibility, good work



Edward Scicluna
 Minister for Finance



John Cassar White
 Chairman
 Bank of Valletta



Joseph N. Tabone
 Chairman
 Citadel Insurance

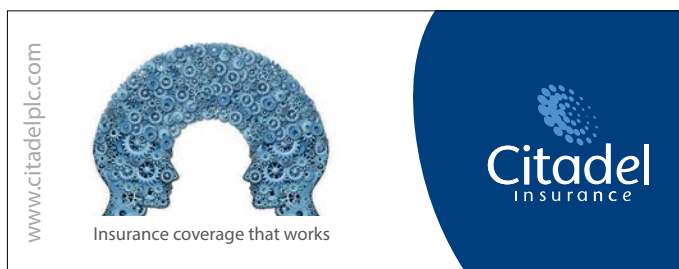
ethics, stability, and a safe environment. Also, because we are a small economy, you can easily contact the authorities and establish an effective and fruitful relationship.”

One sector ripe for investment given Malta’s ideal climate is the tourism industry, especially as instability in countries like Tunisia and Egypt mean even more tourists are seeking alternative destinations in the wider region. However, Malta is much more than just sun, sand and sea, with the beautiful capital Valletta full of character and plenty of museums, galleries, religious and historic sites to interest people of all ages. Diving and surfing are other popular activities. The country attracted a record 1.7m visitors in 2015 and expects to grow that figure in 2016, with a focus on cruise and health tourism gathering pace.

This challenge to handle even more international visitors is one the government relishes. “We are not only increasing the number of arrivals, but increasing the number of bed nights and the expenditure per tourist,” says Edward Zammit Lewis, Minister for Tourism. “It’s important Germans see us as a sophisticated destination: as a place where they can enjoy first class cultural heritage and can attend events. We have a good product and a lot of potential.”

Spearheading the successful drive to attract more visitors is Malta Tourism Authority, a state-managed organization headed by CEO Paul Bugeja. With Malta a hugely popular cruise destination for German holidaymakers, the authority has an office in Frankfurt.

“For an island like Malta, connectivity is key,” he says. “We are holding discussions with several airlines on how to improve Malta’s connectivity, specifically from the German market. Connections between Malta and Germany will see a substantial increase in 2016. In the past, we used to target sun and sea tourists, nowadays we focusing on areas such as the wedding market, winter sports and related activities. Another project which I initiated and which is bearing results is winter football training camps and we will hopefully welcome professional German teams soon.” A national success story, the Corinthia Group has been an innovator in tourism, real estate and related industries since its foundation five



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decades ago – a strategy that has paid rich dividends as it is now the largest private company in Malta with a number of hotels around the world.

Alfred Pisani, Chairman and CEO of Corinthia Group of Companies says: “We have grown concurrently with Malta. It is quite amazing what has happened in Malta over the years. As a group, we act as investors, we act as developers and also act as hotel operators. These three functions are not normally under the umbrella of one group, but we deliver all these services.”

One of the reasons technology-reliant industries are thriving in Malta is due to the state-of-the-art ICT networks and systems that are fast, efficient and reliable. These solid foundations for growth were laid through the efforts of regulator the Malta Communication Authority.

Edward Woods, chairman of the forward-thinking body that is spearheading this impressive digital drive, says: “The ICT sector has made significant strides in bringing the widespread availability of high-quality, high-speed products and services of the latest technology to the market.”

“Malta is a strong jurisdiction. We are selective. We want high quality – and we are moving forward.”

Prof. J. V. Bannister
Chairman, Malta Financial Services Authority

Malta ranks first among all 28 EU member states for next generation broadband coverage and the MCA’s regulatory role, which sees it frequently participate in European-wide consultation processes that shape industry frameworks, is guided by the vision of a connected digital continent and European single market.

“We need to be agile to take timely, proactive action and adopt regulatory approaches to stimulate investment, competition innovation,” Mr Woods states. “We have secured the right competitive environment for continued, indeed aggressive, private investment in our communications networks supporting rapid growth and development across all other economic sectors.”

The financial services industry is one of the country’s best performing sectors and is rightly-regarded as world class and very transparent. The sophisticated sector generates around 13% of the GDP and employs more



Alfred Pisani
Chairman and CEO,
Corinthia Group
of Companies



Edward Zammit Lewis
Minister for Tourism



Edward Woods
Executive Chairman
Malta Communication
Authority

than 10,000 people in areas such as banking, insurance and tax services. Malta’s finance sector has also been given a clean bill of health by credit rating agencies, the EU Commission and the International Monetary Fund.

“Our stance on transparency and anti-money laundering is very strong,” underlines Edward Scicluna, Minister for Finance. “Some countries tend to bunch everything together and they would think that certain countries which have certain tax advantages would necessarily lack transparency and would not be so forthcoming with the exchange of information. This is not the case for Malta. We have some tax advantages, but are very forthcoming with the exchange of information and are very transparent.”

“Malta’s financial sector is less concentrated than other jurisdictions, it is very diversified” adds Professor J.V. Bannister, Chairman of Malta Financial Services Authority — a fully autonomous public institution that reports to Parliament each year. “As regulator, we interact with

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the industry and the industry is also encouraged to interact with us. It is imperative we meet companies and they meet us. Malta is a strong jurisdiction. We are selective. We want high quality – and we are moving forward.”

Established in 1974, Bank of Valletta (BOV), 18 years later the group became the first public company to be listed on the Malta Stock Exchange. The group is the bank of choice for small and medium-sized enterprises. “The formula for success for BOV is that we were always very proactive in seeking new business,” explains Chairman John Cassar White. “One of the advantages we have over our competitors is we understand the local market better, because we have been here longer and we are truly local.”

Citadel Insurance Plc is a local, private insurance company headed by Joseph N. Tabone – an industry expert who has been at the forefront of the four decades-long drive to attract Germany companies to Malta. Managing Director and CEO Angela Tabone says: “Citadel is uniquely positioned to offer both life and general insurance products, making us a convenient ,one-stop insurance shop.’”

“I’d like to see a closer collaboration with the German authorities on how we can support each other better and fight unregulated gambling more efficiently.”

Joseph Cuschieri, Executive Chairman, Malta Gaming Authority

Malta has worked hard to establish itself as gaming capital of Europe and is a frontrunner in terms of innovation, regulation and development. Thanks to the state-of-the-art regulation through the Malta Gaming Authority there is full transparency and everything complies with EU-law. The fast-growing sector employs around 4,000 people and serves many Germany companies and their customers.

“I would like to see a closer collaboration with the German authorities on how we can support each other better and fight unregulated gambling



Christian Cardona
Minister for the
Economy, Investment
and Small Business



Paul Bugeja
CEO
Malta Tourism Authority



Anton Borg
President of the
Chamber of Commerce,
Enterprise and Industry
of Malta

more efficiently,” says Joseph Cuschieri, Executive Chairman. “A closer collaboration would lead to a win-win-situation and benefit all stakeholders.” In February 2016, Prime Minister Muscat inaugurated the new offices of the Malta Gaming Authority in Smart City during a high-profile ceremony at which he praised the entity’s work and highlighted the Smart City’s role as a magnet for large technology companies.

“Smart City is booming with economic activity and innovation and has become one of the major areas of commercial activity in the South of Malta. The opening of these offices further strengthens the Government’s resolve to make this area part of the economic success.”

Expanding on this point, he added: “A specialized hospital with an investment of €100 million will start operating here as Malta continues to explore new economic niches such as specialized medicine. Smart City will also host a new Institute of Tourism Studies campus; a €6 million project which further strengthens the education provided to students who want to follow a career in such an important industry for our islands.”

Returning to the rapidly-growing gaming industry, he added: “The pace of innovation is breath-taking and for a regulator to keep up with the times it is a challenge. Through the new Gaming Act we can be ahead of the times by anticipating the industry’s trends, products and consumer behavior. The Gaming Authority’s aim to prepare legislation which will serve the industry for the next 10-15 years is bold and refreshing. Indeed, a model other authorities should prepare themselves for the future or fight for its survival.

“However, we don’t attract top companies in this sector just through legislation. Malta is a top destination because it offers high quality industry-specific services and infrastructure, top telecommunications and connectivity infrastructure and leading experts in the field of gaming. The Maltese workforce, through our work ethic and productivity as well as our openness to work with foreign expats is also another winning factor.” He concluded: “Malta is going places. Our economy is thriving, and not by chance. We took bold decisions early in this legislature to ensure our economy is firing on all cylinders. That is why we can pride ourselves in offering security and stability for business and peace of mind and serenity to all who live here.”

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