



## Malta



Business Support on Your Doorstep

## Enterprise Europe Network London Country Profile November 2006



# MALTA



**Country's full name:** Republic of Malta (*Repubblika ta' Malta*).

**Capital city:** Valletta (population 7,137).

**Population:** 400,000 (2006).

The Maltese are descendants of ancient Carthaginians and Phoenicians with strong elements of Italian and other Mediterranean roots.

**Official language:** Both Maltese and English are official languages.

**Currency:** Maltese Lira of 100 cents.

**Religion:** Roman Catholicism is the religion of 98% of the population.

**Location:** 93 km south of Sicily and 288 km east of Tunisia.

**Area:** Malta is composed of three major islands ( and 3 minor):

- Malta Island 246 sq km (94.9 square miles)
- Gozo 67 sq km (25.9 square miles)
- Comino 3 sq km (1.1 square miles)

There are also some minor uninhabited islands. The total area of Malta is 316 sq km (122 square miles).

**Terrain:** Mostly low, rocky, with dissected plains and many coastal cliffs.

**Climate:** Mediterranean with hot dry summers and mild winters. Annual rainfall is 23 inches and falls mostly between October and March.

**Administrative divisions:** The country is administered directly from the capital Valletta. However, there are 67 local councils.

**Weights and measures:** Metric.

**Time zone:** GMT plus one hour. From late March to late September a daylight saving scheme is in operation which is two hours ahead of GMT.

**International dialling code:** 00 356.

## RECENT HISTORY

From 1814 Malta was part of the former British Empire, gaining independence as a sovereign state within the Commonwealth in 1964 and becoming a republic in 1974. There was a withdrawal of British military and naval personnel from its famous dockyard and in 1979 the British base in Malta was finally closed down. Since independence Malta has generally sought to maintain a policy of non-alignment in international relations and has negotiated economic agreements with many countries.

Malta signed an association agreement with the EU in 1970 which was renewed periodically. In 1990 Malta applied to join the EU. The application was frozen in 1996 but re-activated in 1998. The accession negotiations with Malta opened in February 2000. In March 2003 a referendum was held in which 53.6% of the population voted in favour of Malta joining the EU. Malta joined the EU on 1 May 2004. Malta is not a member of NATO and does not, due to its policy of neutrality, participate in NATO's Partnership for Peace co-operation.

## GOVERNMENT

Malta is a parliamentary democracy. There is a single house parliament, the House of Representatives, which has 65 members elected by universal suffrage for five years. Elections are based on proportional representation. There is provision to give the party with the largest popular vote additional seats to ensure a working legislative majority. The President is the constitutional Head of State and is elected for five years by the House of Representatives. The executive consists of the Prime Minister, the leader of the majority party or coalition appointed by the President, and the Cabinet formed by the Prime Minister. Lawrence Gonzi was appointed Prime Minister and leader of the Nationalist Party in 2004 after Fench Adami's retirement. Fench Adami was then appointed President of Malta in late 2004. The next parliamentary elections will be held in 2008.

## ECONOMIC OVERVIEW

Malta has experienced a rather limited economic development in the last few years. The average growth has only been 0.5% annually over the last five years. However, the Maltese economy is getting stronger as the annual growth was 2.5% in 2005, an increase of 0.6% compared to 2004.

With few natural resources and a small domestic market, Malta has prospered over the past 40 years by developing tourism, manufactures for export and shipping and transshipment services. The EU is Malta's main market but the export markets of North Africa, the Near East and North America have been developed. Malta is amongst the world's ten most trade dependent nations and this can make it vulnerable to world and European economic downturns. However, with its advantageous geographical location, skilled and educated workforce, good supply of local capital and modernisation of infrastructure, Malta is widely considered to be an attractive country for outside investors. Malta has succeeded in decreasing its budget deficit to 3% of GDP through major privatisation and modernisation schemes. Malta is expected to join the eurozone in 2008/2009, however with continuing problems of high inflation, Malta may struggle to fulfill EU's convergence criteria. Malta is also a member of the WTO.

ECONOMIC INDICATORS	
Population (2006)	400,000
Unemployment rate (2005)	7.8%
GDP per head (euro) (2005)	14,170
GDP average growth rate (2005)	2.5%
Inflation rate (2006)	3.1%
Total exports (million euro) (2005)	1,829
Total imports (million euro) (2005)	2,891
Internet usage rate (2005)	78.1% of the population

Source: Eurostat

## INFRASTRUCTURE/ENVIRONMENT

### Roads and Railways

There are 2,227 km of roads, including 185 km of motorways. Some 94% of roads are paved. There is no railway network in Malta.

### Shipping

The two major ports are Valletta and Marsaxlokk. Valletta is called 'The Grand Harbour' and is one of the world's best natural deep water harbours. Both harbours handle general cargo, liquids, oil, containers and cement. There are over 1,200 vessels (1000 GRT or over) in the Maltese merchant marine. The Malta Drydocks at Valletta are renowned for ship repairs and have facilities for vessels up to 300,000 deadweight tonnage.

A car ferry service operates between Malta Island and Gozo. Malta's natural harbours provide natural safe marinas for yachts from all over the world and its strategic location and major port facilities make it a centre for transshipment used by the major shipping lines. Over 40 ship owners/operators are established in Malta. The Malta Freeport was established in 1988 and is now a major maritime transshipment centre in the Mediterranean region offering warehousing, storage and oil blending facilities.

**Malta Freeport**, Freeport Centre, Port of Marsaxlokk, Kalafrana BBG 05, Malta

Tel: 00356 21 650 200. Fax: 00356 22 251 900

**Website:** [www.freeport.com.mt](http://www.freeport.com.mt)

### Civil Aviation

Malta International Airport near Valletta serves the important tourist passenger and commercial airfreight traffic. There are also air transport opportunities between Malta and the second largest island Gozo with the Malta-Gozo air link operated by helicopter between Malta International Airport

and the Gozo Heliport. In 2005 2.8 million people came through Malta International Airport which is an increase of over 200,000 passengers compared to 2004. National and international freight and mail are also handled at the airport.

The national airline is:

Air Malta plc, Head Office, Luqa, LQA 01, Malta

Tel: 00356 21 690 890. Fax: 00356 21 673 241. Email: [info@airmalta.com.mt](mailto:info@airmalta.com.mt)

Website: [www.airmalta.com](http://www.airmalta.com)

### **Energy**

Two thermal power stations at Marsa and Delimara serve Malta's electricity requirements. Malta has a large offshore area, and exploration for oil deposits by oil companies, sanctioned by the Maltese government, still continues. Libya is presently the principal oil supplier to Malta.

### **Water**

Malta possesses no river systems and has limited fresh water resources. Half of Malta's drinking water supply is produced by the desalination of seawater.

### **Telecommunications and Postal Services**

Maltacom plc is the leading provider of telecommunications services in Malta. There are over 204,200 telephone lines and 250,000 personal computers in use and over 300,000 internet users. The Malta Communications Authority [has reported](#) that at the end of September 2005 there were 324,763 wireless subscribers in the country, an increase of 8.9% in 12 months, reflecting a penetration rate of 81%.

The state owned Maltapost plc provides postal services and operates some 50 post offices and there are branch post offices and sub-post offices in most towns and villages throughout Malta.

### **Environment**

In October 2002 Malta concluded a year of negotiations with the EU on measures to improve the environment before and after accession. These covered improvements in waste management, drinking water supplies and air quality, reduction of polluting emissions from power stations and vehicles, ending the dumping of untreated sewage into the sea and some adjustments to traditional hunting practices. Now, two years after accession, fulfilling the environmental part of the acquis is still a priority for the Maltese government and progress has been made, especially within coastal protection, pollution and waste management.

## **MAJOR SECTORS OF THE ECONOMY**

### **Agriculture**

About 4,500 people work in agriculture, fisheries and forestry; a low figure representing 3% of total civilian employment and 3% of the Maltese GDP. The main crops are potatoes, vegetables and fruit. Livestock are cattle, sheep, pigs and poultry. Malta is self-sufficient in vegetables, pork, poultry and milk. Crops dominate agricultural production. The number of full-time farmers is decreasing significantly as is the number of part-time farmers. This is mainly due to the rapid ageing of the farming population as younger people leave for more attractive available jobs and causing a serious problem for the future of Maltese agriculture.

### **Fisheries**

Traditionally part-time fishermen have largely carried out fishing. However, there has been some recent modernisation with the setting up of fish farms producing fish for export, mainly sea bass and bream, most of which is exported to the EU.

### **Tourism**

Tourism is one of Malta's major industries contributing 24.3% to GDP. Employing about 41,000 people, it is the main foreign currency earner. The beauty of the islands set in the Mediterranean, a warm and sunny climate, a treasure trove of historic churches and buildings, rich history and cultural traditions and a safe peaceful environment, have long made Malta a popular tourist destination, especially for tourists from the UK, Germany, Italy and other countries of the EU. In 2005

approximately 1.2 million foreign tourists visited Malta. Almost 500,000 of these were from the UK, which is a 9% increase compared to 2004.

<b>Tourist arrivals in Malta by nationality in 2005</b>	
Austria	26,395
Belgium	28,731
Denmark	22,665
France	82,676
Germany	138,216
Italy	92,454
Libya	10,663
Netherlands	37,149
Norway	15,514
Russia	16,662
Switzerland	20,274
Sweden	26,111
United Kingdom	483,171
United States	18,135
Other countries	152,527
<b>Total</b>	<b>1,171,343</b>

Source: Malta Tourist Authority Statistics

**Malta Tourism Authority**, Auberge d'Italie, Merchants Street, Valletta CMR 02, Malta

Tel: 00356 22 915 000. Fax: 00356 22 915 893. Email: [info@visitmalta.com](mailto:info@visitmalta.com)

The Malta Tourist Authority is a source of detailed information and statistics on Malta's tourist industry.

**Website:** [www.maltatourismauthority.com](http://www.maltatourismauthority.com)

### **Crafts**

Malta has many individual craftsmen and small workshops engaged in making traditional hand-made products which are sold to the tourist industry and also exported:

- Silver and filigree work
- Maltese lace
- Jewellery
- Pottery
- Glassware
- Basketware
- Hand-made fabrics and knitwear
- Maltese clocks

### **Manufacturing**

Malta's manufacturing industries contribute 23% to GDP and constitute the bulk of exports. Malta has been particularly successful in attracting overseas companies to set up manufacturing plants and there are over 250 foreign-owned manufacturing companies engaged in electronic components and assembly, engineering, telecommunications, software, rubber and plastics, pharmaceuticals and medical products. Malta's advantageous location, its skilled and flexible workforce and government encouragement have made Malta an attractive location for overseas companies and EU membership has made Malta even more attractive.

The main manufacturing sectors are:

- Electronics, electronic components
- Electrical machinery and parts
- IT and hi-tech products
- Foodstuffs
- Clothing
- Furniture
- Chemicals

**Malta Enterprise** is the national external trade promotion organisation and its website contains a classified directory of Maltese product suppliers and exporters.

**Website:** [www.maltaenterprise.com](http://www.maltaenterprise.com)

## **Retail**

Malta's retail trade, as well as having the usual range of outlets, grocers, supermarkets, clothing stores, etc, has many specialist shops, cafes and restaurants catering for the tourist trade, which is so important to the country's economy. The Big Bon Group which owns franchises of Zara, Mango, Esprit and Vero Moda is the largest retailer in Malta dealing in fashion, jewellery, furniture and household goods. UK companies BHS and Mothercare have stores in Valletta.

## **Education, Training and Conferences**

Malta has many language schools, including those offering English, which bring in almost 100,000 overseas students per annum. Facilities for conferences and conventions have been and are being developed.

Malta Conference Bureau:

**Website:** [www.conferencemalta.com](http://www.conferencemalta.com)

## **Importers**

The following website is a useful source listing importers in Malta:

### **Malta Yellow Pages**

**Website:** [www.goldenpagesmalta.com](http://www.goldenpagesmalta.com)

## **BANKING AND FINANCE**

### **Banking**

Malta's banking system is well regulated by the autonomous Central Bank of Malta which follows a policy of a stable currency, inflation control and the promotion of a sound financial system.

**Central Bank of Malta**, P.O. Box 378, Pjazza Kastilja, Valletta CMR 01, Malta

Tel: 00356 25 500 000. Fax: 00356 25 502 500. Email: [info@centralbankmalta.com](mailto:info@centralbankmalta.com)

**Website:** [www.centralbankmalta.com](http://www.centralbankmalta.com)

Two banks dominate retail banking, HSBC and Bank of Valletta plc. Other major banks are APS Bank Ltd and Lombard Bank Malta plc.

### **The Malta Financial Services Authority (MFSA)**

Notabile Road, Attard BKR14, Malta

Tel: 00356 21 441 155. Fax: 00356 21 441 188

**Website:** [www.mfsa.com.mt](http://www.mfsa.com.mt)

The MFSA is an autonomous body set up by law in October 2002 and is now responsible for the regulatory and supervisory functions previously carried out by the Central Bank of Malta and the Financial Services Centre. It is the regulator of all banking, investment and insurance business in Malta. The Malta Companies Registry is also located at MFSA. The Board of Governors of MFSA reports to the Maltese Parliament. During the past decade Malta has moved from an offshore to an onshore jurisdiction. Creating a unified regulatory structure almost completes a programme of reform and legislation designed to bring the finance sector in line with international best practice. Financial services are now one of the fastest growing sectors of the Maltese economy.

### **Malta Stock Exchange (Borza Ta' Malta)**

Garrison Chapel, Castille Place, Valletta CMR01, Malta

Tel: 00356 21 244 051. Fax: 00356 25 696 316. Email: [borza@borzamalta.com.mt](mailto:borza@borzamalta.com.mt)

**Website:** [www.borzamalta.com.mt](http://www.borzamalta.com.mt)

### **Insurance**

There are many international insurance companies operating in Malta, often through established local agents. Middle Sea Insurance Company Ltd is the largest local insurance company.

**Website:** [www.middlesea.com](http://www.middlesea.com)

## **OPPORTUNITIES FOR UK EXPORTERS / INVESTORS**

Malta is a small market but most industrial supplies and consumer goods are imported. English is an official language and business practice and regulations are similar to those of the United Kingdom. The main opportunities lie in goods and services which can be further processed/enhanced and then re-exported from Malta whose geographical position makes it ideal for further exports to North Africa and the Middle East.

### **Promising sectors for UK exporters are:**

- **Electronics, hi-tech industries and pharmaceuticals** – one of the fastest-growing sectors in Malta as many international companies have set up production plants on the island.
- **Utilities sector** - some are still state-owned but there are plans to privatise.
- **Tourism** and related service sectors are key areas of the economy.
- **Business, electronics, telecommunications and service industries.**
- **Financial services** – many international financial companies use Malta for their back-office operations.

### **Tourism**

New tourist developments, improvements in hotel and conference facilities, new marinas and leisure facilities, yachting and popularity with cruise liners are giving a new image to Malta's tourism and there is scope for attracting more visitors from outside Europe. Apart from package holidays, Malta also has the option of making more of its great architectural and historical heritage to attract the more selective and high spending visitor. There is great potential for investors within hotel management, construction, leisure, catering, water and sport facilities and other services.

### **Manufacturing**

There are extensive investment incentive schemes and more than 250 foreign companies have set up manufacturing operations in Malta. The government is welcoming external investment and foreigners are permitted 100% ownership of enterprises in almost all sectors. In 2001, the Maltese government has implemented a new incentive package to boost existing and new investment, primarily in the manufacturing sector which employs over 30,000 people and which, together with tourism and the services sector, is a key element of Malta's economy. The new package contains not only new tax incentives with reduced rates of corporate tax but also investment tax credits, a value added incentive scheme, special provisions for small businesses and other incentives related to training and job creation.

### **Telecommunications**

Malta has an excellent business infrastructure with good telecommunications. This coupled with the widespread use of the English language and a reasonably open and efficient public administration make the island a very convenient and effective business base. Valletta, the administrative capital, is also the chief business centre. The telecommunication sector has a sustained growth mainly because of mobile and IT telecommunication. There currently only exist a few telecommunication operators in Malta which can provide fixed and mobile telephony. Competition for alternative and value-added services in mobile telephony, as well as in internet access, is expected to increase. This is mainly due to increasingly cheaper broadband technologies and a high consumer demand for modern appliances within the telecommunication industry.

## **BUSINESS CULTURE**

### **Business Hours**

Offices are usually open 08.00 - 12.30 and 13.30 - 17.00 Monday to Friday. Most offices are closed on Saturdays and Sundays. Shops are open 09.00 - 13.30 and 16.30 - 19.00 Monday to Saturday. Shops are not open on Sundays and public holidays. There are open-air markets one day a week in most towns and villages.

## Public Holidays

(Dates given are for 2006)

- New Year's Day (1 January)
- Ship Wreckage of St Paul (10 February)
- St Joseph's Day (19 March)
- Good Friday (25 March)
- Freedom Day (31 March)
- Labour Day (1 May)
- Commemoration of the 1919 Uprising (7 June)
- St Peter and St Paul (29 June)
- Assumption (15 August)
- Nativity of Our Lady (8 September)
- Independence Day (21 September)
- Immaculate Conception (8 December)
- Republic Day (13 December)
- Christmas Day (25 December)

## Dress and Business Etiquette

Business dress should be smart and modest for both men and women. Similar etiquette to that of the UK prevails. Business cards should always be presented and appointments kept with punctuality. Business people should be formally addressed, especially those in senior positions, and first names should be used only after a good relationship has been established and the appropriate permission granted.

## SETTING UP A BUSINESS IN MALTA

There are a number of forms of business in Malta:

- Sole Proprietorship
- Partnerships
  - Unlimited Partnerships
  - Limited Partnerships
- Limited Liability Company
  - Public Limited Liability Company – PLC
  - Private Limited Liability – LTD
  - Variable Share Capital Company – SICAV
- Branch of an overseas company
- Trusts
- Co-operatives

Companies and businesses should register with:

**The Registry of Companies**, Malta Financial Services Authority, Notabile Road, Attard BKR14, Malta  
Tel: 00356 21 441 155. Fax: 00356 21 441 195. Email: [registry@mfsa.com.mt](mailto:registry@mfsa.com.mt)

**Website:** <http://registry.mfsa.com.mt>

All forms of business must also register with the Inland Revenue and Value Added Tax departments. **Malta Enterprise** is an excellent source for details of incentives offered, taxation and procedures for setting up in Malta.

**Website:** [www.maltaenterprise.com](http://www.maltaenterprise.com)

## FURTHER SOURCES OF INFORMATION / USEFUL ADDRESSES

### Enterprise Europe Network London at London Chamber of Commerce and Industry

33 Queen Street, London, EC4R 1AP

T: +44 (0)20 74891992. F:+44 (0)20 72031812 E: [europa@londonchamber.co.uk](mailto:europa@londonchamber.co.uk)

The Enterprise Europe Network London brings together GLE, London Chamber of Commerce and London Technology Network. We provide practical, hands-on support and information for London's small and medium businesses seeking funding, hoping to expand their business into Europe, or wishing to develop (technology) partnerships with other European businesses.

W: [www.een-london.co.uk](http://www.een-london.co.uk)

### London Chamber of Commerce and Industry

33 Queen Street, London EC4R 1AP

Tel: 020 7248 4444. Fax: 020 7489 0391. Email: [lc@londonchamber.co.uk](mailto:lc@londonchamber.co.uk)

London Chamber of Commerce's World Trade Team, Information Centre and Enterprise Europe Network provide information on many topics relating to international trade and overseas markets, including Malta. London Chamber of Commerce is a membership organisation but non-members can utilise certain of its services on a charged basis.

Website: [www.londonchamber.co.uk](http://www.londonchamber.co.uk)

### The Malta Chamber of Commerce

Exchange Buildings, Republic Street, Valletta VLT 05, Malta

Tel: 00356 21 233873. Fax: 00356 21 245223. Email: [admin@chamber.org.mt](mailto:admin@chamber.org.mt)

The Malta Chamber's website is a useful source of information on Malta, including information on setting up a company in Malta.

Website: [www.chamber.org.mt](http://www.chamber.org.mt)

### UK Trade and Investment

New City Court, 20 St Thomas Street, London SE1 9RS

Tel: 020 7215 4792. Fax: 020 7215 8313. Email: [colin.hosey@uktradeinvest.gov.uk](mailto:colin.hosey@uktradeinvest.gov.uk)

UK Trade and Investment is the British government body responsible for helping UK companies secure overseas sales and investments. Its website has pages for each country of the world, including Malta, which give useful information and contacts.

Website: [www.trade.uktradeinvest.gov.uk](http://www.trade.uktradeinvest.gov.uk)

### Malta High Commission

Malta House, 36-38 Piccadilly, London W1J 0LE

Tel: 020 7292 4800. Fax: 020 7292 4822. E-mail: [maltahighcommission.london@gov.mt](mailto:maltahighcommission.london@gov.mt)

Website: [www.foreign.gov.mt/london/hc.htm](http://www.foreign.gov.mt/london/hc.htm)

### British High Commission

Commercial Department, Whitehall Mansions, Ta'Xbiex Seafront, Ta'Xbiex MSD 11, Malta

Tel: 00356 23 230 000. Fax: 00356 23 232 226. Email: [bhccomm@vol.net.mt](mailto:bhccomm@vol.net.mt)

Website: [www.britishhighcommission.gov.uk/malta](http://www.britishhighcommission.gov.uk/malta)

### Government of Malta

The following government website contains useful general information on a variety of aspects of Malta including useful material for businesses.

Website: [www.gov.mt](http://www.gov.mt)

### Malta Enterprise

Enterprise Centre, Industrial Estate, San Gwann SGN 09, Malta

Tel: 00356 2542 0000. Fax: 00356 2542 3401. Email: [info@maltaenterprise.com](mailto:info@maltaenterprise.com)

Website: [www.maltaenterprise.com](http://www.maltaenterprise.com)

### Malta Federation of Industry

Casa Leone, Robert Samut Square, Floriana VLT 15, Malta

Tel: 00356 21 234 428. Fax: 00356 21 240 702. Email: [info@foi.org.mt](mailto:info@foi.org.mt)

Represents industry in Malta and can provide advice to potential investors in Malta.

**Website:** [www.foi.org.mt](http://www.foi.org.mt)

**Association of Malta Shipowners**

Exchange Building, Republic Street, Valletta VLT 05, Malta  
Tel: 00356 21 247 233. Fax: 00356 21 245 223

**Malta Tourist Office**

Unit C, Park House, 14 Northfields, London SW18 1DD  
Tel: 020 8877 6990. Fax: 020 8874 9416. Email: [office.uk@visitmalta.com](mailto:office.uk@visitmalta.com)  
Provides tourist and travel information for visitors to Malta.  
**Website:** [www.visitmalta.com](http://www.visitmalta.com)



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[www.een-london.co.uk](http://www.een-london.co.uk)

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