

INVEST IN MALTA



MALTA ENTERPRISE

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Creating space for new industries

A €470M investment in innovative industrial infrastructure



Malta's job market shows strong resilience as investors confirm trust in Malta

Foreign investors renew their trust in Malta, forging ahead with their plans to invest and expand in the country.

Independent economic assessments point to stability and renewed growth

The European Commission is expecting Malta to have a strong recovery, driven primarily by investment, supported by Government's strong recovery package.

Tailor-made solutions by Malta Enterprise facilitate life for investors

Malta offers a number of tailor-made packages for investors looking to expand their operations in Malta, ranging from tax credits to schemes supporting research and development.

INVEST IN MALTA



More than 300 million Euros were processed under the Wage Supplement scheme which proved to be crucial for more businesses and families, safeguarding more than 80,000 jobs.

Despite the persistence of the Covid-19 pandemic around Europe, Malta is committed to continue in its efforts to keep the coronavirus situation in check through one of the highest testing rates in Europe and extensive contact tracing.



EU Commission President Ursula Von der Leyen praised reforms implemented by Government to further improve the country's rule of law and governance, highlighting in particular the decision to consult with the Venice Commission. In a letter to the Prime Minister, the Commission President described this move as a positive step and a sign of Malta's commitment to strengthen the rule of law and judicial independence.



Parliament has enacted a new Cell Companies Act, with the law being broadened to accommodate cell companies in the shipping and aviation industries. One of the most important benefits emerging from this structure is that the assets and liabilities of each individual cell are considered as a distinct patrimony and therefore separate from the core cell company and from other individual cells.



€470m investment to strengthen Malta's infrastructure

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These projects include the re-building of industrial facilities able to host a number of SME Parks, the Rebuilding of the Kordin Business Centre, which will create a 10,000 sqm modern start-up facility, the extension of the Life Sciences Park, by over 30,000 sqm in five more blocks to house Research, Development and innovation in life sciences as well as the rehabilitation of disused dump in the Southern region of Malta into a landscaped and safe semi-industrial and recreational area. The latter is a tangible demonstration of the application of the circular economy concept, as it will turn construction

and demolition waste into a new resource. Government is also

investing €9m in Gozo's Innovation Hub, which will be housing high-end, smart businesses working on artificial intelligence, cybersecurity, blockchain and the internet of things.

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Malta's job market shows strong resilience as investors confirm trust in Malta

The number of foreign companies investing in Malta until October 2020 has already exceeded the levels experienced in 2019. The companies vary from firms involved in the manufacturing sector to drones, digital games, artificial intelligence and blockchain.

As of October 2020, Malta has attracted 35 new foreign companies to grow their business in Malta.

Such news is a reflection of continued trust by international investors in the resilience of the Maltese economy, as also confirmed by a number of

reputable international institutions and credit rating agencies over the past few weeks.

Meanwhile, a number of locally-based businesses have forged ahead with their plans through support measures provided by Government to improve liquidity, comprising tax payment deferrals, guaranteed and low interest loans and coverage of significant parts of employees' salaries. Interestingly,

According to the latest Eurostat data, the unemployment rate in Malta fell for four consecutive months and now stands at 4%, less than half of the euro area average.

many firms demonstrated a high degree of flexibility, particularly in the manufacturing industry, wherein some firms even managed to switch their production lines to other products to accommodate new demand. Among them, firms in the textiles and plastics sector have switched a number of lines to produce PPE and other COVID-related products.

These decisions highlight Malta's sturdiness as an investment location. The decision to forge ahead with investment plans is also reflecting

itself positively on the employment market. Bucking the trend in most European countries, according to the latest data published by Eurostat, Malta's employment market has withstood strongly the challenges posed by the current situation.

According to the latest Eurostat data, the unemployment rate in Malta fell for four consecutive months and now stands at 4%, less than half of the euro area average.

This means that currently Malta has the lowest jobless rate in

the monetary union, a situation attributable to the implementation of a strong recovery plan, which supported businesses through different innovative means, including a wage supplement and a 50% energy bill cut for the hardest-hit industries.

Moreover, every individual in Malta was provided with €100 vouchers for use in the retail and hospitality sector, giving a timely boost to a significant number of businesses around the island thereby safeguarding jobs and boosting economic performance in this field too.





Independent economic assessments point to stability and renewed growth

In separate assessments of the Maltese economic performance, the European Commission and Fitch Ratings noted how the numerous financial aid packages from the government should help to cushion the economic impact of the restrictions imposed earlier this year, which ensued that the spread of cases in Malta was blocked in the matter of a few weeks.

In its annual Autumn economic forecast, the European Commission expects Malta's contraction to be lower than most of its peers in 2020. Over and above, recent economic indicators, particularly in the construction and manufacturing sectors, already suggest a modest recovery. The same report also highlights Malta's positive performance in the employment sector which is expected to remain strong in the coming years.

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The Commission notes that the main driver of the recovery is set to come from investment, supported by the recovery packages announced by the authorities. Net exports will also contribute significantly to the rebound as global trade gradually normalises.

Credit rating agency Fitch has also provided a healthy assessment of the Maltese economy despite the challenges presented by the social and economic restrictions imposed for a few weeks to stem the tide of the coronavirus pandemic.

The credit rating agency highlighted a number of reasons which underpinned Malta's A+ rating with a stable outlook, these being the country's high income per capita, euro area membership and large net external creditor position. It also noted that Malta outperforms the 'A' median on the World Bank

governance indicators. Following the onset of the pandemic, the rating agency has downgraded a number of fellow countries in the European Union.

Malta's medium-term potential growth remains strong and well above the eurozone average, at 3.0%-3.5%. Fitch forecasts growth to rebound to 4.1% in 2021, before easing to 3.6% in 2022.

Despite an expected increase in debt levels, undertaken to support the economy, businesses and families in this time of need, the rating agency expects Malta's financial obligations to remain within the strict parameters established by the Maastricht criteria for eurozone members.

This feedback was echoed by global credit rating agency DBRS which confirmed Malta's status

as stable, reflecting the fact that Malta's strong economic and fiscal performance in recent years has left the country relatively well placed to mitigate the risks posed by the COVID-19 outbreak.

It noted that despite the expected Europe-wide contraction and fiscal incentives provided by Government, Malta's public debt ratio is expected to remain one of the lowest in the European Union.

Such forecasts provide peace of mind that Malta's efforts to be resilient and regenerate itself for renewed growth are bearing the necessary fruit.

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Tailor-made solutions by Malta Enterprise facilitate life for investors

Malta offers a unique platform in this scenario and Malta Enterprise plays a central role in this context.

Over the past two decades, Malta has managed to diversify its production and export structure by veering towards higher value-add sectors mostly founded on a strong knowledge-based economy. These include areas such as life sciences and health-tech, aviation, research, advanced manufacturing, digital innovation and green projects.

Malta's success story however is tied to the ability to re-invent itself. In aviation, after establishing itself as a reliable repair hub, the country is now pushing itself as the ideal location for the testing of drone technologies. In the pharma sector, Malta placed its name on the map by attracting generic drug manufacturers, but it is now veering towards higher-end operations, such as the cutting-edge

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of medical cannabis production. Yet, what makes Malta a unique investment location is the ease of doing business and the way authorities seek to tailor their offering to the specific needs of the investor.

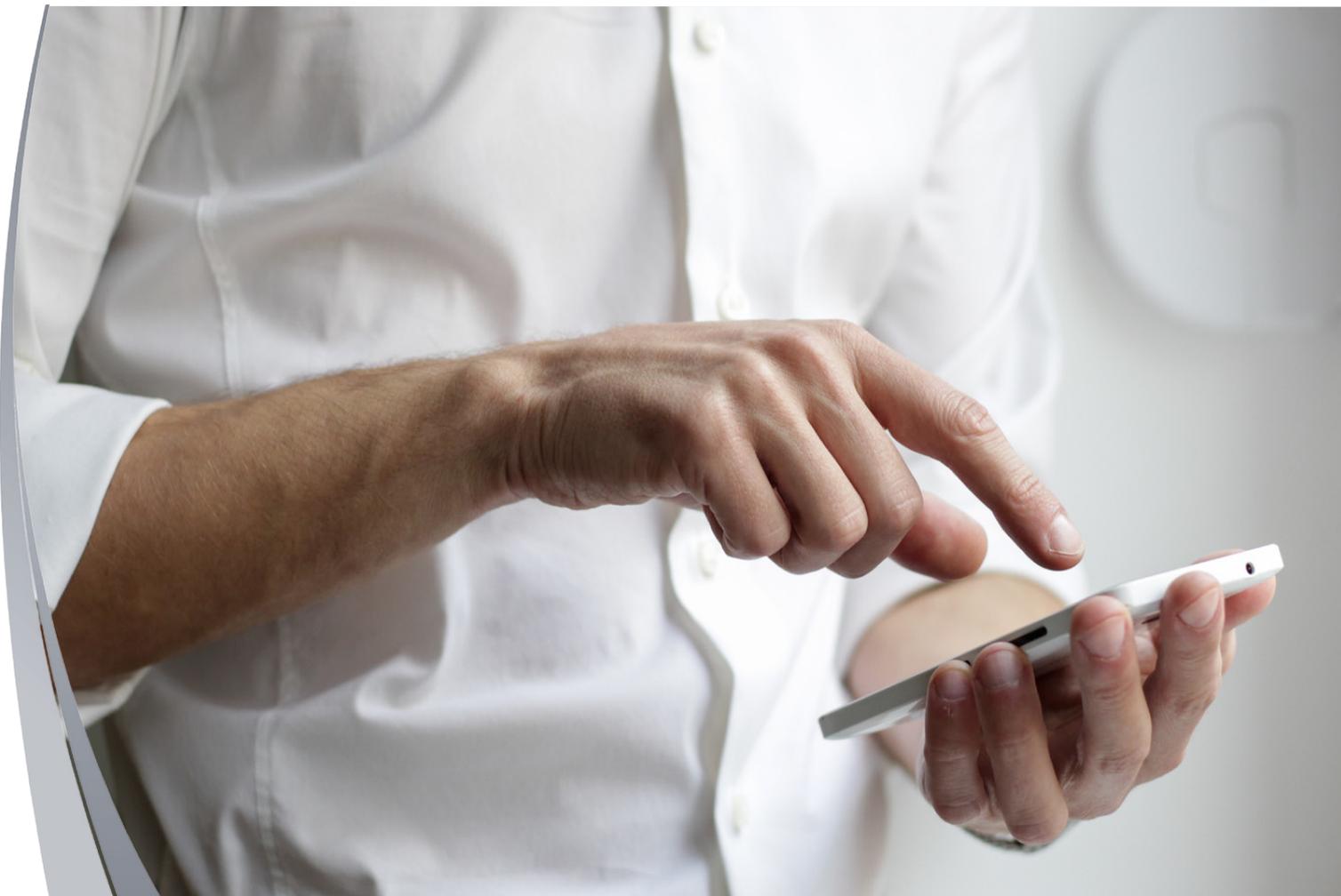
Malta Enterprise helps businesses familiarize with the wider opportunities and advantages that can be tapped into when running

a business in Malta. This includes the initial provision of information, guidance in the setting up phase, as well as the development of infrastructure and allocation of industrial space.

Apart from attracting inward investment, Malta Enterprise also strives to support enterprises that are already established in Malta, both

Maltese and foreign owned, to look at new investments. Malta Enterprise support includes a number of incentives to support businesses at different growth stages. In this edition, we look at the three main schemes.

We invite you to tell us your story and how we can continue our journey together.





Research & Development Schemes for Industry

R&D FEASIBILITY STUDIES

This scheme supports companies to carry out R&D Feasibility studies to determine that the key elements of the proposed research project are based on sound principles. Applicants may receive up to €50,000 as a Cash Grant per project (lasting up to six months) with an aid intensity up to 70% depending on the size of the enterprise. The scheme supports personnel costs and expenditure related to contractual research and knowledge.

RESEARCH & DEVELOPMENT 2020

This measure supports industrial research or experimental development carried out for the acquisition of knowledge leading to the development of innovative products and solutions whereby companies may benefit from a Grant on Wage Costs, Instruments & Equipment (depreciation costs), Materials and Supplies and Acquisition of Knowledge costs. Projects up to 36 months can receive support of up to 45%, which is further increased for collaborative projects.

COVID-19 R&D FUND

Malta Enterprise and the Malta Council for Science and Technology and have reacted to the challenges surrounding the current unprecedented circumstances by designing a national fund entitled the "COVID-19 R&D Fund". The €5.3 Million COVID-19 R&D Fund targets public, academic and private entities. As a funding mechanism, it will enable R&D on COVID-19 as a departure point, yet with outcomes not only addressing innovative and/or improved approaches related to the current pandemic, but also potential future waves and other relevant antiviral research.

Eligible projects, including those which received a covid-19 specific Seal of Excellence, are those projects that started on or after 1 February 2020, but not later than 31 December 2020. The duration of the project should be a maximum of eighteen (18) months and projects may be awarded a grant covering at least 80% of the eligible costs. The Fund is open for applications until 30th November 2020.



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