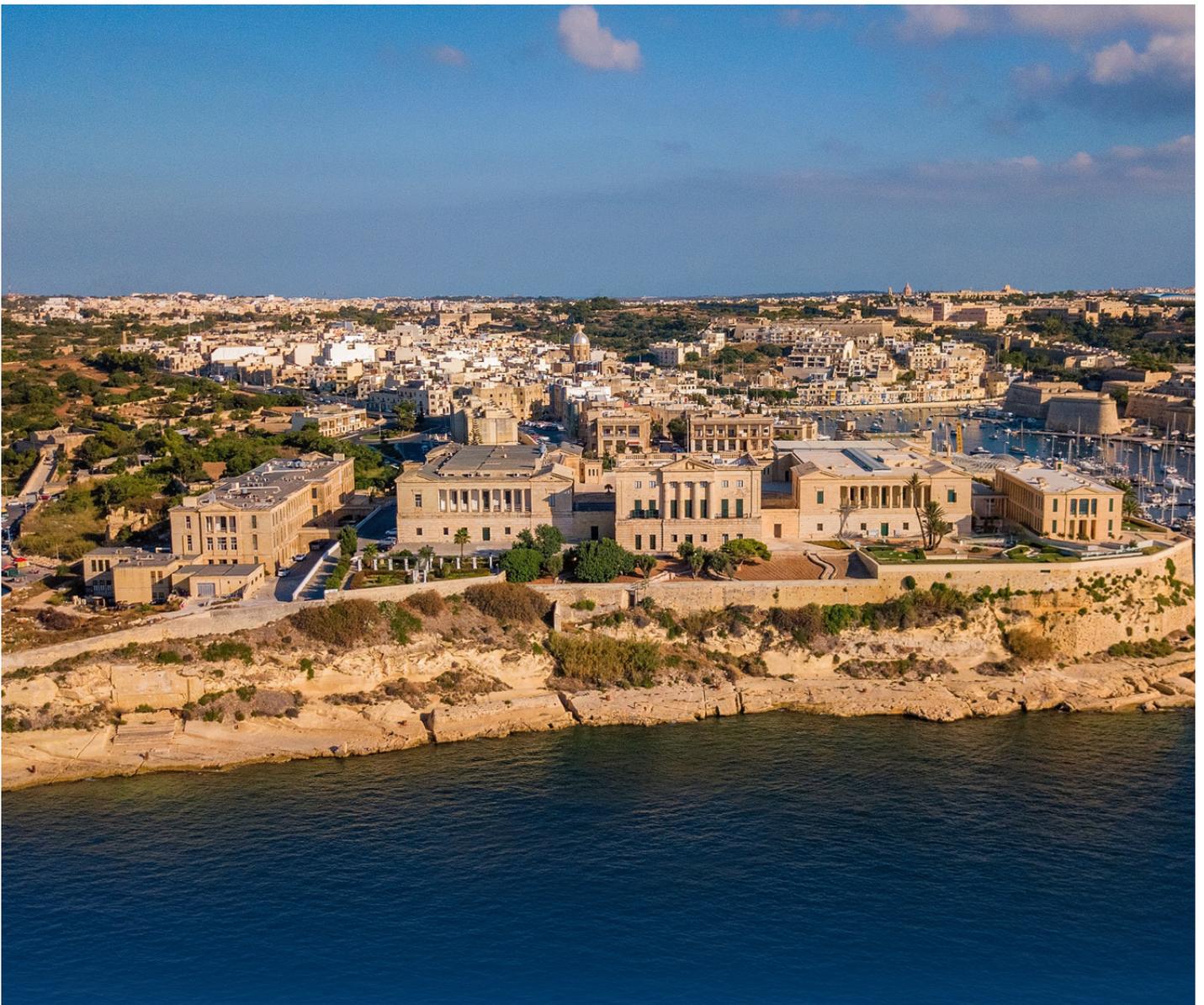


INVEST IN MALTA



MALTA ENTERPRISE

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The road to renewed growth

Malta was one of first countries to return back on the road to normality following a swift decline in Covid-19 cases.

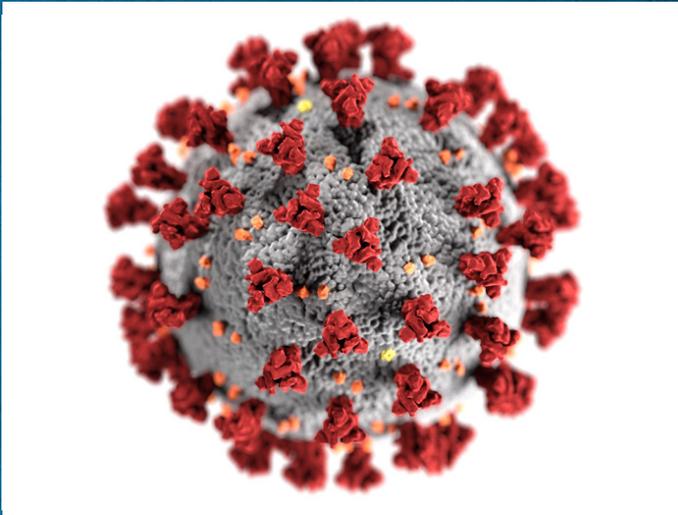
Malta Covid Response “Country to Follow”

Malta’s response to the health challenge posed by Covid-19 was highly praised in international quarters, with the WHO describing it as the “country to follow”.

Malta with strongest Business Support Measures

According to a study by Columbia University, reported by the BBC, Malta has invested in the largest financial package in terms of support measures covering families, business and job support since the onset of the coronavirus pandemic worldwide.

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COVID-19 Testing in Malta third highest per capita worldwide; majority of cases required no hospitalisation

Malta provides largest business and job support package per capita - Columbia University



WHO describes Malta's approach to COVID-19 as "country to follow"



While Malta was never under a lockdown, the economy has now re-opened fully, with flights to operate from 01/07



EU forecasts stronger recovery for Malta thanks to incentives provided and healthier financial position

The road to renewed growth

Over the past few days, the Maltese Islands started to gradually return to normality, with retail outlets now re-opened and many now able to enjoy a meal in their favourite restaurant. Travelling between the two main islands has been permitted once again and the population has fully returned to work.

In reality, Malta never had to experience a full lockdown: a big part of the population continued to report to work, either directly or through teleworking and no restrictions were imposed on those who wished to breathe some fresh air by going for a walk or a jog in the country's public spaces. Malta's manufacturing firms continued to operate normally, while respecting enhanced health protocols. Educational institutions were closed, but online teaching soon became the norm.

The easing of restrictions, commencing during the first week of May, has given Maltese business operators a timely boost. Activity in a number of sectors has, as expected, suffered during the past few months, with Government intervention securing thousands of jobs. As the situation gradually returns to normality, Government has already announced its intention to introduce further measures to support the local commercial community in not only making up for lost ground but to prepare itself for the future.

Health authorities continue to monitor the situation attentively to ensure that the infection rate from Covid-19 remains low.

But first, we'll take a look at how we got here. ○



Malta Covid Response “Country to Follow”

Malta had started to prepare for the impact of the coronavirus pandemic early in the year, prior to any cases being registered on the island.

acted quickly, putting travel restrictions in place. These were gradually tightened from a partial ban to a full suspension of inbound flights to Malta starting March 21.

This included the transformation of a number of wards in Malta’s and Gozo’s main hospitals to prepare them to welcome a potential of up to 800 patients infected with the virus. Malta registered its first case on 7th March 2020, and the authorities

Social distancing measures were also gradually stepped up, from partial quarantine measures for travellers to the cancellation of all mass activities, the shutdown of all schools, childcare centres, bars, restaurants, sport centres, nonessential shops

and services. Persons aged over 65 and others suffering from a number of conditions were asked to stay inside.

Malta gave absolute importance to testing as many people as possible. A strong perusal of testing as well as contact tracing whenever and wherever new cases of the virus were identified ensured that the total number of active cases remained low. Malta has carried out the third highest number of swab tests per capita in the world.

As a result, the number of cases in Malta quickly declined. The country's highest peak, with more than 200 active cases, lasted only for three

weeks in April. By the first week of May, Malta had fewer than 130 active cases.

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Malta has carried out the third highest number of swab tests per capita in the world.

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In an assessment of Malta's approach towards the pandemic, Hans Kluge, Regional Director for Europe of the WHO said that Malta was on the right track and was a "country to follow" in the fight against COVID-19.

On Twitter, Hans Kluge praised the Maltese government for the measures it introduced in the fight against coronavirus. "Congratulations for the public health measures! Malta is on the right track and an example to follow"

Easing of restrictions

Despite being one of the first countries to register a positive case, the country started to reduce restrictions as from Monday 4th May 2020. Within a couple of weeks, most outlets were allowed to re-open. Despite these two rounds of easing of restrictions and continuous testing, the level of active cases has remained the same. The infection rate has actually gone down to 0.6%.



"Congratulations for the public health measures! Malta is on the right track and an example to follow"



Malta with strongest Business Support Measures

The dramatic changes that we experienced in the past couple of months shook our foundations, our expectations and even our definition of normality.

heavily impacted by the effects of the pandemic and the restrictions which ensued. In this case, Government intervened in a proactive manner to support the hardest-hit businesses and protect employment.

The only logical comparisons that economists and historians could attempt is the Great Depression of the 1920s, and without even investigating the nature of what happened back then, the name is enough to hint at what is in store.

In its pre-Covid assessment earlier this year, the International Monetary Fund (IMF) had noted that high value-added services, namely tourism, financial services and remote gaming had allowed Malta

to register significant growth rates which boosted employment. Growth rates far exceeded EU averages while unemployment and inflation remained low, the public debt ratio stood on a declining path, and the current account surplus remained sizeable.

Despite the immediate measures taken by the authorities, like the rest of the world, a number of economic sectors, most notably the hospitality sector and the retail industry were

The fact that Malta acted quickly in introducing a number of restrictions, allowed the authorities not to have the need to resort to a complete closure of the economy. While a number of non-essential services with a higher degree of contact with consumers were asked to close down, a number of entities, including the major manufacturing firms on the island, financial and gaming services enterprises, and a number of other industries continued to operate normally.

As a result, Government is expecting its Gross Domestic Product to shrink by 5.4% and then to rebound again by 3.9% in 2021.

SUPPORT MEASURES

The key support measures introduced by Government, and which Malta Enterprise was entrusted to administer were the following. These incentives total to around 1.8 billion euro in direct or indirect financial support, equivalent to some 12% of Malta's GDP. These include tax deferrals, covering income tax, VAT and national insurance on salaries. Government has provided a wage supplement covering basic wages – it is estimated that around 90,000 employees working for 16,000 businesses will benefit from this scheme designed to keep people in employment. As a result, over the first 10 weeks of restrictive measures, the increase in unemployment was marginal. Financial support measures for quarantine leave and for working parents requiring to stay at home to take care of their children were also provided.

The European Commission has proposed 1 billion euro in additional funding for Malta, one-third of which in the form of direct grants.

Government intervened in a proactive measures to support the hardest-hit businesses and protected employment.

According to a study by Columbia University, reported by the BBC, Malta has invested in the largest financial package in terms of support measures covering families, business and job support since the onset of the coronavirus pandemic worldwide. This outstanding achievement for the nation resulted from a wide-ranging analysis of rescue packages enacted by individual nations and international institutions carried out by Professor Ceyhun Elgin, an Economics Professor at Columbia University, who, together with colleagues around the world, tracked responses in 166 countries.

By his calculations, Malta's response has been the most significant world-wide, with a spending package calculated at around 22% of Malta's economy, higher than the likes of 14% of GDP in the US, 11% in Australia, 8.4% in Canada, 5% in the UK.

EU sees encouraging signs from Maltese economy

In its Spring Economic forecast, the European Commission is estimating / predicting a 5.75% contraction in Malta's GDP, but the economy is expected to recover more than well with a solid 6% in 2021. The EU believes that the strong labour market, the large ongoing infrastructural projects and households' high saving rate should cushion the crisis' impact on consumption. Suffice to say that the contraction predicted for 2020 is lower than that forecasted for the eurozone, with the rebound in 2021 then exceeding it. At no point, according to Brussels, should Malta's unemployment exceed 6%.

On the positive side, international assessments welcomed the health authorities' response to health risks and the mobilisation of our healthcare system, while the announced economy measures should "soften" the impact of the shock on the domestic economy. In terms of Malta's financial position, while all assessments note that the country's position starts from a

As a result, Government is forecasting a 7.5% deficit this year and 3.6% in 2021.

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relatively healthy starting point, the expenditure required to support businesses and jobs will inevitably throw our numbers back in the red.

International credit agencies highlighted the importance of Malta having a strong financial starting point, a four-year surplus which was translated into stronger capabilities to support the sectors which found themselves in distress.

In all assessments carried out by the IMF, the European Commission and leading credit rating agencies, doom and gloom scenarios for Malta have been ruled out. Malta is indeed seen as one of the countries which is best positioned to ride the current waves. Such reports also recommend the authorities to continue investing in the structural reforms undertaken in the past decade, particularly significant investments in education and training, upskilling of workers, the stimulation of innovation and the promotion of social inclusion.



Such moves will strengthen Malta's position and the country is indeed already readying itself with the right tools to achieve first-mover

advantage as soon as engines start moving again, to ensure that the impact of the current crisis is as short-lived as realistically possible.

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Maltese economy grows in first quarter

Despite the onset of the pandemic, Malta's economic growth in the first quarter of 2020 remained in positive territory with a rate of 0.5%. Nominally, GDP grew by 1.9 per cent. Malta fared quite well when compared to the EU and Euro Area averages. Indeed, according to Eurostat, during the same period the EU economy shrank by 2.6 per cent.

Baxter Malta to expand and increase employment

Baxter Malta, a leading manufacturing company, has expanded its production by 20% and will be engaging up to 100 new employees. The company has taken the pandemic in its stride, boosting production of a wide range of products used in intensive care units to treat COVID-19 patients, including essential medicines, intravenous solutions and nutrition, infusion pumps, blood purification filters and dialysis machines.



Leading medical manufacturing firm expanding business

Metalform is another Malta-based manufacturing firm which forms part of the Medical Equipment & Supply Wholesalers Industry. The company has also announced an expansion during the past few weeks and has opened a call for the immediate employment of 40 to 50 workers.

Government support safeguards jobs throughout pandemic

Employers, supported strongly by Government and Malta Enterprise have largely avoided laying off employees during this crisis. Around 20,000 businesses sought support through the wage supplement scheme, covering in excess of 93,000 employees. As a result, during the month of April, despite most businesses experiencing limited operations, unemployment has only edged up by a marginal 0.4%.



MALTA ENTERPRISE

Malta Enterprise Corporation

Gwardamangia Hill, Pietà MEC 0001 - Malta
+356 2542 0000 | info@maltaenterprise.com

www.maltaenterprise.com