



THE ADVANCED MANUFACTURING SECTOR IN MALTA

An overview

INVEST IN MALTA

01 Malta

Located in the centre of the Mediterranean, the Maltese islands have been a major regional trading hub throughout their history. Moreover, a strategic location, a clear political commitment to ensure sustainable economic development, and a highly qualified workforce ensured that the country has become increasingly respected as an attractive investment location.

In recent years, Malta has demonstrated both economic resilience as well as an ability to prosper, even in difficult global contexts. In fact, the country has developed a clear strategy for sustainable economic development, identifying key sectors with high growth potential as well as plans to support their consolidation and success. These sectors include, but are not limited to, **advanced manufacturing**, life sciences (including the biotechnological, pharmaceutical and chemical industries), transport and advanced logistics, tourism, international education services, information and communication technology, financial services, and the creative industries.

1.1 Malta's Economy

Malta's Gross Domestic Product in 2017 amounted to €11.1 billion¹. During the same year, Malta's economy in real terms grew at the rate of 6.6%, contrasting very positively with the EU 28 average of 2.4%. Indeed, Malta was the third fastest growing economy in the European Union. GDP per capita in real terms for 2017 amounted to €22,500. Although it is one of the EU's smallest economies, it is also one of the most resilient, resulting from a decades-long strategy of ensuring a wide spread of activities within the economic sector so as to minimise negative exposure to outside economic developments.

¹National Statistics Office, Malta

02 Malta's Advanced Manufacturing sector

This sector has been a vitally important one since the early days of the country's industrialisation in the 1950s. What started off as a low cost sector six decades ago has now developed into one producing goods with a high added value, constantly innovating its processes and products in order to remain highly competitive. Today the sector contributes over 13% to Malta's GVA, making it one of the main pillars of our economy.

In keeping with the country's policy of diversification of economic sectors, the manufacturing sector is itself further diversified with important operators in the fields of:

- Automotive components
- Electronic components
- Injection moulding
- Medical devices
- Pharmaceuticals
- Precision engineering

Operators report high levels of competitiveness, bolstered by investment in equipment and the constant training of staff who have proven to be the investors' best asset, usually described as flexible, loyal, productive and willing to adapt to new production methods and technologies. All this helps locally based operators retain a competitive edge in the global market.

The client list of Malta based operations includes globally recognisable names within a wide variety of industries, so while it may be uncommon to find a complete "made in Malta" product, seeing that our forte is in components it is very probable that you own or use equipment with important components developed and manufactured here.

Hear from some major operators in the sector:



Cardinal Health



Playmobil Malta



Trelleborg

03 Logistics

Undoubtedly one of Malta's strong points, a very highly developed logistics sector allows operators to work to "just in time" patterns, avoiding the need to stockpile either raw materials or finished products. Manufacturers in Malta have a number of options via which they can access raw materials and ship their product to their client base in a timely fashion, allowing them to compete effectively with low-cost operators in the Far East.

Operated by CMA-CGM, the Malta Freeport is the 3rd largest in the Mediterranean, handling over 3.1m TEUs annually. The Freeport was purposely developed as a trans shipment container terminal and presently provides deep water quays equipped with state-of-the-art handling equipment. Various renowned shipping carriers have chosen the Freeport as their trans shipment hub and it is presently linked by regular carrier services to over 120 ports worldwide. An established feed ring network also connects Malta Freeport to over 65 ports in the Mediterranean and the Black Sea.

 maltafreeport.com.mt

Malta's Grand Harbour acts as another logistics asset for the country. Operated jointly by Portek of Singapore and Tumas Group of Malta, Valletta Gateway Terminals offers RORO, containers, trailers and conventional cargo facilities.

 vgt.com.mt

Malta International Airport (MIA) is connected by direct flights to most major European and regional cities with the majority of destinations being less than three hours flying time away. Various airlines and dedicated service providers offer airfreight services via this airport, with daily connections to various important hubs, both within Europe and beyond.

 maltairport.com

04 Malta Enterprise Support Measures

Malta Enterprise provides a wide range of incentives in order to ensure that the setting-up process and ongoing operations of a plant in Malta are as cost-effective as possible.

These schemes are available to enterprises upon the completion of a due diligence exercise on the applicant and the proposed project:

4.1 Access to Finance

- **Soft Loans:** Granted by Malta Enterprise, soft loans usually amount to 33% (never more than 75%) of the cost of plant, machinery and equipment at a reduced rate of interest;
- **Loan Subsidies:** Malta Enterprise may subsidize the rate of interest payable on bank loans. Loan interest subsidies are not additional to soft loans and may only be granted where a soft loan has not been granted. Such loans are provided by banks or other financial institutions;
- **Loan Guarantees:** Malta Enterprise can provide a guarantee for up to 75% of bank loans taken by a company to finance acquisition of additional assets to be employed in the company's business.

4.2 Investment Aid

Qualifying companies are entitled to a tax credit based on an initial investment project which is calculated as a percentage of:

- Expenditure in tangible and intangible assets; OR
- The wage cost for the first 24 months of the newly created job in relation to the supported investment project.

4.3 Allocation of Industrial Space

Malta Enterprise can approve the allocation of industrial space, be it in one of the 13 industrial estates or within the Life Sciences Centre.

4.4 Business Development and Continuity Scheme

The scheme is intended to facilitate typically large, high-value adding projects that are likely to offer a significant contribution to the regional development of Malta through substantial job creation.

4.5 Research and Development Schemes

- **Qualifying Employment in Innovation and Creativity (Personal Tax):** Facilitates employment of non-residents in roles which are currently not addressed by the local labour market by temporarily easing the tax expenses incurred by such persons through a fiscal incentive;
- **R&D Feasibility Studies:** This incentive supports undertaking Industrial Research and Experimental Development projects in carrying out R&D Feasibility Studies in preparation for these projects;
- **Research & Development 2014 - 2020:** Supports industrial research or experimental development carried out for the acquisition of knowledge leading to the development of innovative products and solutions. Eureka and Eurostars projects are supported through this measure;

A full list of support measures is available here:



maltaenterprise.com/support

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