

MALTA

Open for business

For

years cast as a sun-and-sea destination, the island of Malta, just 316 square kilometers in size, is finally becoming known for its excellent cultural tourism options and as a successful cosmopolitan business hub. "Our government's major achievement was managing to reach the most ambitious and aggressive target for Euro entry and joining in 2008," says Prime Minister Lawrence Gonzi. "The benefits have been enormous, making Malta a far more interesting investment destination, reducing unemployment to record lows, taking growth to among the E.U.'s best performers, and increasing tourism by 10-15%."

"We are making Malta a center of excellence in financial services, ICT, manufacturing, tourism and cruise-liner business, health and education." Lawrence Gonzi, Prime Minister

Among the government's major challenges now is to ensure that development effectively protects the environment—especially the unspoilt tourist paradise of Gozo—and that it is sustainable, given the country's position as the world's fourth most densely populated nation.

"Our economy has diversified and is deepening this trend: We are making Malta a center of excellence in financial services, information and communication technologies, manufac-



Lawrence Gonzi
Prime Minister



Mario De Marco
Parliamentary Secretary
for Tourism



Joseph Khoury
European Vice President,
Methode Electronics, Inc.

turing, tourism and cruise-liner business, health and education," says Gonzi. "Business and investment are especially simple for the British as our laws are based on theirs."

Tourism still remains the main breadwinner, accounting for 35% of gross domestic product. The government has a tourism plan until 2011 that will improve sustainability and competitiveness in the sector and promote upscale products evermore, with the aim of Malta becoming a center of excellence in tourism by 2015. "Last year, we had more than 420,000 U.K. tourists, an increase of 11.8% over the year," says Mario De Marco, Parliamentary Secretary for Tourism. "This has not just been a result of offering more routes, frequency and carriers, but also of people now taking advantage of Malta's differing holiday options."

The Malta Tourism Authority (MTA) is encouraging business and leisure tourists to discover Malta's rich heritage; its den-

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sity of historical monuments unmatched anywhere, from the oldest man-made constructions to the UNESCO-listed capital Valletta, and the Caravaggio works of art within its cathedral.

The island's tiny size also makes it easy to see many attractions quickly, boosting its appeal as a short-break and cruise destination. This year, some 500,000 cruise visitors will discover Malta; a five-fold increase in recent years. Meanwhile, there are excellent facilities for conferences, with more than 100,000 international delegates using facilities like the ample Malta Fairs and Conventions Centre, as well as enjoying local history, culture and sports options.

Malta is also fast becoming known as "the new Ibiza" for its party scene,—although it still offers complete tranquility for those that want it,—especially on the neighboring rural Gozo, a nature lover's paradise. The country is a paradise for divers and climbers with countless wrecks to explore and 1,300 climbs to attempt. It is not surprising, the MTA says, that Malta was recently heralded "The Happiest Place in the World" in the Life Satisfaction Index.

In line with the national trend, Malta's national carrier, Air Malta, prides itself not just on service, facilities and an excellent reputation earned over the last 35 years, but also its financial success. The airline now serves 36 destinations in Europe and North Africa from its Malta hub, and, with 55% of tourists arriving with Air Malta and 40% of all tourists being British, the U.K. has special importance for the airline.

"We try and make it as easy and cost-effective for the Brit-



Radisson SAS Golden Sands Resort & Spa, Malta. www.goldensands.com.mt

ish to come to Malta and so cover all areas of the U.K., serving 10 airports there, both large and small," says CEO Joe Cappello, who maintains that Malta's new-found weekend destination popularity has been a major bonus for the airline and U.K. passengers. "To make this work, you need to have a high frequency of flights, which we do, with daily flights to several U.K. destinations, because we are the national carrier, and as a small island nation we need guaranteed connectivity to the outside world year round, not just in the summer season."

The airline has also invested in a new Airbus fleet, even though the existing craft have an average age of only 2.5 years. The airline's strategy now is to focus on key routes, such as Gatwick, Heathrow and Manchester, and increase their frequency, although it has also pioneered new destinations served from Malta, such as Germany.

The first, and indeed, only Maltese international hotel chain is Corinthia, which now owns or manages 16 luxury hotels in

U.S. electronics giant serves E.U. from its Malta plant

Malta has a wealth of companies capitalizing on its excellent access to E.U. markets. Methode Electronics Europe is one such company. A subsidiary of Chicago-based Methode Electronics Inc.—listed on the NYSE (MEI) and with sales this year worth more than U.S.\$0.5 billion—Methode has created a niche in the design and production of automotive switches. It supplies products to most of the major Original Equipment Manufacturers in the U.K., accounting for 25% of E.U. sales. It also has a 40% share of the E.U. market in automotive pedal box switches.

"Malta remains a strategic location for Methode," says Europe V.P. Joseph Khoury. "We produce over 70,000 pieces a day on specialized highly automated manufacturing lines. Besides an extensive amount of capital investment, the high level of technical skills and know-how developed within our Malta team are critical for our success. Tax incentives and assistance provided through government institutions in areas such as capital investment, human resources, training and integrating people into the workforce are amongst the criteria taken into account in our strategic decisions."

www.methode.com



www.midimalta.com

Malta's regeneration is well underway

MIDI plc is committed to the regeneration of both Tigné Point and Manoel Island. This €450 million redevelopment project includes commercial, leisure, heritage and residential elements that will bring a new vibrancy to these prime sites after decades of neglect.



TIGNÉ POINT

- 30 acre car-free zone • Luxurious waterfront residential apartments
- 15,000 m² of international-grade office space • Retail and leisure
- The Point: Malta's newest shopping experience (anchored by Debenhams)
- Heritage attractions • ICT infrastructure by SIS Ltd. (Midi plc/Siemens Italia)

MANOEL ISLAND

- Mediterranean marina village • Low-rise residential enclave
- 450-berth yacht marina
- All-weather breakwater • Foreshore casino • 300 room hotel and spa
- Quality cultural venues • €30 million restoration project
- Extensive open public park

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nine European and African countries. The Corinthia Group also operates extensively in construction and project management, with companies such as Quality Project Management, and is becoming a major name in Lybian construction. It has an exclusive license for Wyndham Hotels Group properties in Europe, Africa and the Middle East, and aims to grow aggressively in the future. "We were one of the founders of the tourism sector in Malta, starting with a five-star hotel in 1968," says chairman Alfred Pisani. "We maintain a family atmosphere and offer a more personalized service, while at the same time having a long-standing respect for the corporate client." The group has moved its focus from resorts to city centers and now has a staff of 5,000 and an annual turnover of around €170 million.

Another major Maltese player in the luxury local market is Island Hotels Group, which began with a 100-bed property in 1989, and now has over 1,000 beds in its four-star Coastline Hotel and its two five-star Radisson SAS brand hotels. Winston Zahra, director of operations, Sales & Marketing says, "We also specialize in conference tourism, with a full range of facilities and the experience of hosting 2005's Commonwealth Heads of Government Meeting (CHOGM), and offer packages that link in historical venues around Malta."

"Manoel Island is still car-free, with historical sites, only low-rise buildings, a sedate, holiday oriented feel and 60% of the island undeveloped."

Health tourism is another winning formula for Malta with high-quality player Fortina Spa Resort offering four exclusive spas, including thalasso treatments and a five-star, 550 room hotel. Fortina hopes to attract U.K. patients who can now travel to Malta and be reimbursed by the U.K. government for treatment and is focusing strongly on medical tourism.

The still-booming real estate sector is another great attraction for tourists looking for a second or retirement homes or an excellent investment, with upscale properties on offer by local developer, Midi Group, in smaller developments and at more competitive prices than in Spain, for example.

There are two ambitious residential and commercial developments under way and a new office project billed by CEO Benjamin Muscat as the "largest purpose-built facility of its kind in Malta". "The idea behind Tigné Point and Manoel Island projects was to create two new urban centers, with a total of 900 residential units and holistic environment and experience, with quality unmatched in Malta," says Muscat.

"Tigné Point's three launches are already sold out, with 40% of purchases in this active urban center made by foreigners while Manoel Island is very different: still car-free, with historical sites we are restoring, only low-rise buildings, a sedate, holiday-oriented feel and 60% of the island undeveloped. This could become a playground for the rich, with properties ranging from one-bedroom lofts with a view, to four-bedroom waterfront houses, complemented with a 400-

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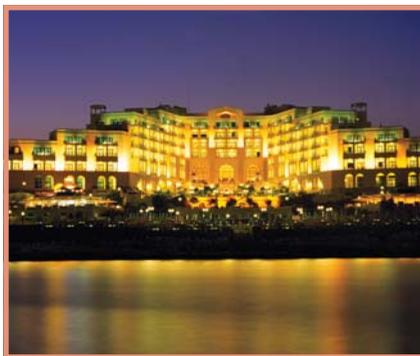
Fortina Spa Resort www.FortinaSpaResort.com

berth marina." Property will be on sale from 2010, with commercial investment possibilities now available.

Meanwhile, Dhalia is the leading real estate organization in Malta and Gozo with a letting service, immensely popular with foreigners, project management for renovation purposes and even a "luxury-living" department taking care of every detail.

The Maltese economy, now highly diversified, especially for a country of 400,000 inhabitants, is growing exponentially on several fronts. "In the past three years, the financial services sector has grown at a rate of 30% annually," says Minister of Finance Tonio Fenech. "We are now managing funds in the region of €9 billion—a huge increase—and have at least 20 major companies operating in the sector in Malta."

Another area experiencing major growth and continually diversifying is manufacturing, with areas like the car component industry and the pharmaceutical sector gaining weight. IT is also set to dramatically develop, with the opening next year of the first SmartCity



Corinthia Hotel, St George's Bay.

ITC cluster outside of Dubai. For international investors, Malta also has one of the most attractive corporate taxes in the world. The euro is now its currency and a company can be registered in as little as two days.

Malta Enterprise, chaired by Alan Camilleri, is the agency responsible for the promotion of foreign investment and industrial development in Malta and is a one-stop-shop for investors, providing the best possible service before, during and after they decide to do business in Malta, as well as assisting Maltese companies in developing new export markets.

The highly successful financial sector is now regulated by Malta Financial Services Authority which also manages the Registry of Companies and is now the Listing Authority.

 **dhalia**
real estate services
www.dhalia.com

The Portuguese financial group, BANIF, one of the nation's largest and with operations in 14 countries, has just set up in Malta, and is already positioning itself as a key player in retail banking. CEO Joaquim Silva Pinto says that the bank offers wide-ranging services and should open between 20 and 25 branches within five years, promising greater value to customers and a more personalized service.

Malta College of Arts, Science and Technology (MCAST) is one of the premier public establishments catering to Malta's current and projected vocational needs, with an international dimension. Courses are accredited with U.K. establishments, and, in the last 8 years, student numbers have increased from 1,000 to 5,500 full-time students. "The college became the first from an E.U. country to receive the Center of Excellence Award by the U.K. diploma awarding body EDEXCEL and has surpassed even our highest expectations for success," says principal Maurice Grech.

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