

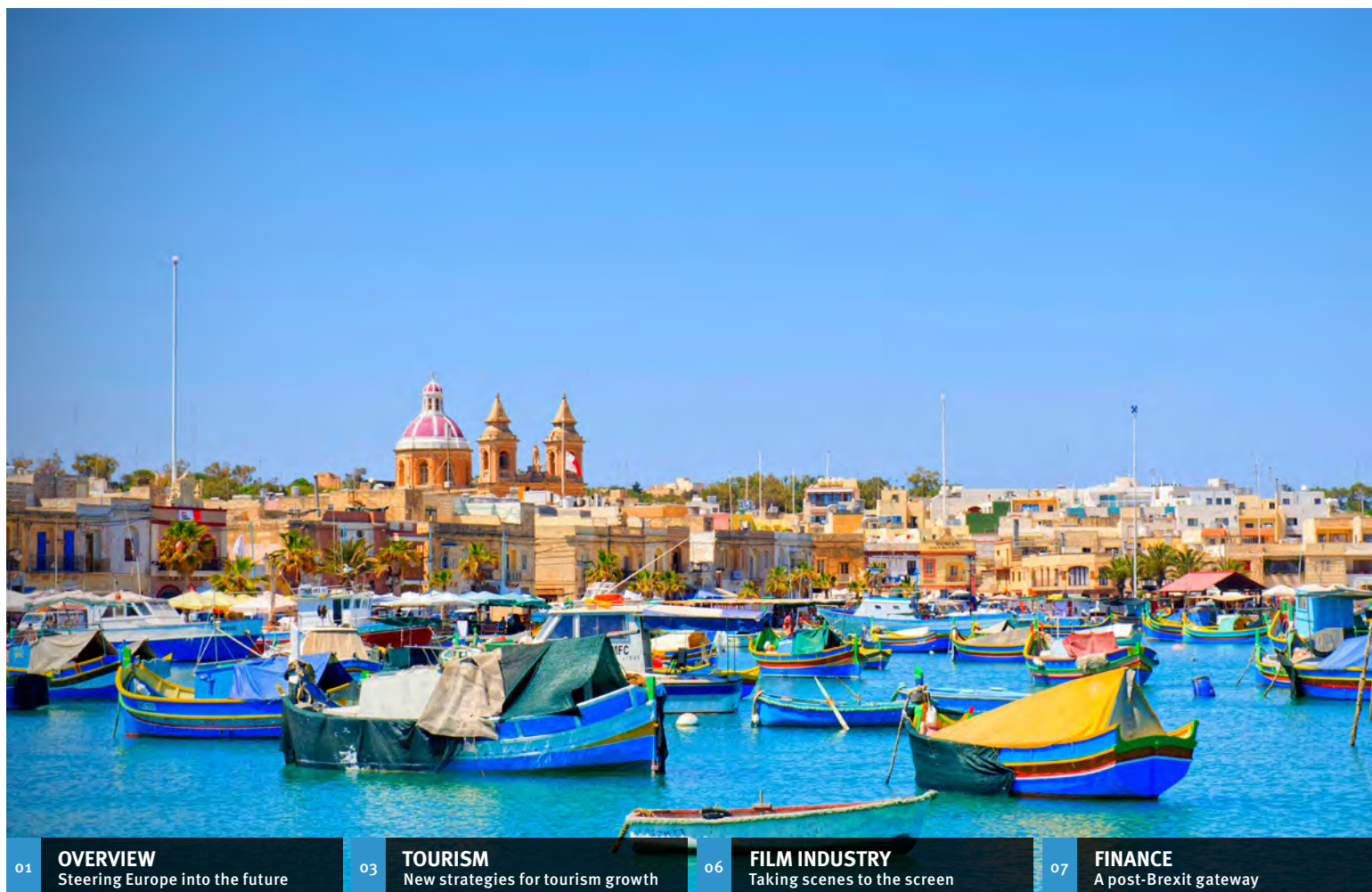
Malta [®]

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A tradition of making history

Malta is the island of welcome, straddling Mediterranean diversity and bringing together visitors from the rest of the world. During its EU presidency, Malta will use its charm and experience to broker deals, while its dynamic financial sector continues to grow in capacity and in the confidence that it is a player to be reckoned with.

Global FDI
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Tradition and splendour: the beautiful fishing village of Marsaxlokk, with its spectacular natural harbour. Photo: viewingmalta.com

Steering Europe into the future

OVERVIEW If the world were a Venn diagram, Malta would be in the central portion where the circles of influence overlap. A Commonwealth member now taking over the European Union presidency, Malta is set for a key role in the Brexit process

As a country in the middle of so many international dynamics, it is Malta's destiny to play a helping hand to ease diplomatic tensions and seek mutually beneficial solutions between east and west, north and south, or, in the current climate, between the European Union and Britain.

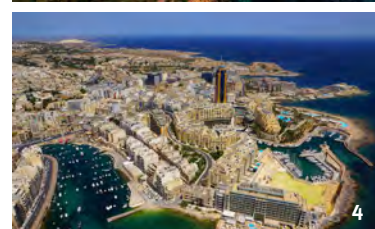
Malta may be small, but this can be a diplomatic advantage in times of tension between greater powers. In late 1989, just weeks after

the fall of the Berlin Wall, Bush and Gorbachev

“Brexit won’t affect the status quo for British tourists”

Dr Edward Zammit Lewis
Tourism Minister

chose Malta for their historical meeting at which they declared the Cold War to be over. More recently, in 2015 Malta played host for the second time to the Commonwealth Heads of Government Meeting (CHOGM), while 2017 sees the state take its turn to hold the presidency of the European Council, starting on January 1. It is the first time, since joining the EU in 2004, that Malta has held the six-month rotating presidency. The period will coincide



1. An aerial view of the fortified city of Birgu, also known by its Italian name of Vittoriosa.
2. Colourful balconies in Valletta.
3. Golden Bay and its magnificent sandy beaches.
4. A view of the town of St Julian's.
5. A last glimpse of Malta's famous Azure Window, which tragically fell into the sea after a storm in March, 2017.

Photos: viewingmalta.com

VIEWPOINT



“Europe’s problems are caused by lack of growth due to lack of investment”

Prof Edward Scicluna
Minister for Finance

Malta came through the Eurozone crisis unscathed after placing more emphasis on growth as a way to cut deficits. Incentives for first-time buyers and tax cuts kept the wheel turning, boosted by reforms to make work pay.

with the start of formal negotiations between the UK and EU leaders over Brexit once London triggers Article 50 of the Lisbon Treaty.

At a time of great uncertainty for Europe in general and Britain in particular, Malta wishes to reassure all of its EU partners that no effort will be spared to create consensus. Malta’s finance minister, Professor Edward Scicluna, underlines the nation’s historical ties with the UK. “We understand each other so well. Even our parliament is built on the British model. And our small size and our distance from the core of Europe both allow us to look at European problems more objectively. We see things which unfortunately big countries closer to the problem don’t see.”

In times of economic and financial crisis across much of the EU, Malta has seen opportunities grow in sectors such as financial services, iGaming and shipping. Professor Scicluna points out that the prosperous and stable Malta offers a unique jump-off point for investors who wish to disembark in North Africa. Once again, Malta is able to serve as a bridge between different nations and distinct cultures.

“Being a peaceful place in a very troubled area, we are seen as a base where you can do business and operate in these difficult countries. European companies are eager to invest in North Africa and beyond if there are not too many obstacles. Europe is not growing at the moment, so any new demand will be in these countries.”

Despite the shock of Brexit, Malta’s tourism minister, Dr Edward Zammit Lewis, believes that the European Union and the UK “have an obligation to maintain good relations, not only at the diplomatic level, but also from a practical point of view with regards to trade and commerce.”

And Malta, he continues, remains very much open for business in the new environment, with tourism being a crucial sector for the Mediterranean nation. Visitors from Britain make up a quarter of summer arrivals on the island, with this figure rising towards 40 percent in the winter.

Dr Zammit Lewis says he is determined to ensure that Brexit does not create any barriers for UK tourists, such as visa requirements. “We must keep the British tourists on a level playing field with others coming from the European Union. We will do whatever is necessary to negotiate a package that maintains the status quo.”

The minister points out that UK nationals make up Malta’s largest foreign community, even though 50 years have passed since the island attained independence from the British Empire. “British people have blended into our

“The UK will always be an important partner politically, commercially, culturally, historically and socially”

Dr Edward Zammit Lewis
Tourism Minister

society to the extent that you can go to remote places on Gozo and find Britons living there. The UK will always be an important partner for us politically, commercially, culturally, historically and socially.”

> FOCUS ON TOURISM

New strategies for tourism growth

TOURISM In recent years, Malta has made great strides in tackling seasonality within its tourism sector. Now, the destination is broadening its appeal to new demographic segments with an even wider range of events and attractions

Many of the European countries bordering the Mediterranean have seen tourism numbers rise of late, as the after-effects of the so-called Arab Spring continue to unfold in erstwhile popular destinations such as Tunisia and Egypt. While Malta, too, has benefitted to some extent from tourists seeking safer destinations, its staggering growth in tourism arrivals from 1.3 million in 2010 to nearly 2 million in 2016 – more than four times its population of just under 450,000 – is mostly due to a constant focus on competitiveness. Although Malta’s pleasant climate and extremely low crime rate make for a comfortable beach holiday destination, its 7,000-year unbroken line of human development and activity has also provided it with a dazzling array of historic sites, from castles to even a complex of subterranean burial chambers. Meanwhile, its storied history, which features incursions by just about every Mediterranean civilisation over the centuries, makes for a fascinating blend of cultures, traditions and festivals.

Leveraging this cultural diversity is the cornerstone of the country’s tourism diversification strategy, even when it comes to the most mature markets. Visitors from the United Kingdom make up around 30 percent of arrivals each year. Although the recent fall in sterling versus the euro

hit average tourism spending in 2016, officials are confident that plans to set up bilateral deals with the UK will minimise any potential impact of Brexit on the island nation’s tourism industry. However, as the Maltese government seeks ways to maximize the potential of its largest tourism market, it has begun to branch out into more lucrative demographic segments.

“We are very popular in the British Midlands, the north and with senior citizens,” says Dr Edward

Visitors from the United Kingdom make up around 30% of arrivals each year

Zammit Lewis, Tourism Minister. “Although we have an interest in retaining this market, we are gradually repositioning ourselves towards tourists who are more interested in an experience than in a holiday in the traditional sense.” One example of this refocusing is BBC Radio 1 presenter Annie Mac’s Lost and Found Festival. Now in its third year, it stretches across >>>

Q&A



Dr Edward Zammit Lewis
Minister for tourism

The Maltese tourism minister discusses the steps taken to ensure that the outcome of the British referendum on EU membership will not negatively impact the island nation, which relies on the UK for up to 40 percent of its tourism arrivals

What impact has Brexit had on the Maltese tourism industry?

Our first impact with Brexit with regards to tourism was the devaluation of the pound sterling versus the euro. It affected us immediately in the sense that while we maintained the arrivals numbers that were expected, the expenditure registered a decrease. That is of concern. We are acting on this, and we are going to use the World Travel Market to see how we can help. I believe that the situation in the months to come will again stabilize and there won’t be any considerable adverse impact to our tourism industry.

You recently said that Malta will offer British tourists post-Brexit the same conditions they enjoy today. What does that mean in practice?

We will keep the British tourists on a level playing field with any other tourists coming from the European Union. Our EU visitors have certain protections, for example through the Package Travel Directive. Through bilateral agreements with the United Kingdom, we will do whatever is necessary to negotiate a package for British tourists, which will obviously include consumer rights, rights with regard to air traffic, rights with regard to hotel bookings and rights with regard to affordable insurance.

Do you foresee the possibility that a UK tourist could enter Malta without having to request a visa?

Not only do I foresee it but I will work for it, simply because it would be a very great barrier to our tourism which we cannot afford. We will work hard to keep the status quo.

“Our Commonwealth membership gives us a different forum to promote our relationship with the UK”

Global FDI
REPORTS

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IN NUMBERS

Source: NSO
(National Statistic Office)

€869 (£775)

Average per-capita spend by tourists who visited Malta in 2016

+10.5%

Increase in tourism arrivals in 2016 versus 2015

+42.1%

Increase in overnight cruise passengers in 2016 compared to 2015

256,782

Number of tourist arrivals in August 2016 - the highest figure ever recorded



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FOCUS ON TOURISM

Mediterranean Conference Centre Reliving the Sacra Infermeria

Malta's imposing Mediterranean Conference Centre, located adjacent to Fort St Elmo and overlooking the Grand Harbour, occupies what was once the Holy Infirmary of the Order of St

John of Jerusalem. Today, it hosts major international conferences, exhibitions, banquets and plays, and served as the venue for the EU Presidency Opening Concert on 12th January 2017. Work is now underway to develop the centre into a major historical and cultural experience, using cutting-edge technology to enable visitors to relive the 450-year-old building's storied past.



"We are going to use the latest technology to recreate the history of the centre"

Pierre Fenech
Executive director of the Mediterranean Conference Centre

» eight core venues, including a boat and beach parties. And travellers are starting to take note of Malta's nascent party scene, which arguably began in 2006, when MTV Networks International selected Malta for its annual Isle of MTV party. In 2016, travel search site Skyscanner registered a 59 percent year-on-year increase in flight searches to the island. "Malta is reinventing itself as a seriously hip weekend break contender, with new boutique hotels and cool bars down at the Valletta waterfront complimenting an emerging dance scene centred around clubbing capital, Paceville," Skyscanner said in a statement. It predicts Malta will be the "top pick" for British tourists in 2017. But music lovers aren't the only crowd Malta hopes to attract to its shores. The once-conservative country has risen to the top of the Rainbow Europe rankings for the first time, placing it ahead of both

Belgium and the UK in terms of standards for LG-BTI equality. As part of the government's reforming agenda, Malta has introduced LGBTI-inclusive education, legalized same-sex civil unions, and pushed through progressive gender laws. "Targeting the LGBTI market is an ongoing activity for us, and our marketing on this front is very expansive in Germany, the UK, and America," points out Paul Bugeja, CEO of Malta Tourism Authority, which is also working on creating authentic experiences within the villages dotted across the country to allow visitors to stay in old houses and get a taste of Maltese life with the locals.

By gradually switching the emphasis from sun and sand to more vibrant segments, the aim is for the country to achieve two million tourism arrivals in 2017. While this goal will likely be helped along by the influx of dignitaries, officials and journalists thanks to Malta's EU Council presidency, which started in January 2017, this isn't growth for growth's sake: the objective is accompanied by a strong commitment to sustainability and to the development of human resources. The government has made a sizeable €75 million (£65 million) investment into the Institute of Tourism Studies, guaranteeing the training of thousands of tourism professionals – both home-grown and from abroad.

"Our final aim is to have a centre of excellence in tourism and hospitality education, in the middle of the Mediterranean. We plan to have around 2,500 students who will be coming to study from abroad because we cannot simply rely on the local talent to man the industry," says Pierre Fenech, director of the institute. If it is to meet soaring demand, the Institute has a big job ahead of it: according to World Travel and Tourism Council data, Malta's tourism industry already accounts for 45,500 jobs, with this figure forecast to reach 56,000 by 2024.



Malta's colours create breath-taking contrasts. Top, diving in Malta's deep blue waters. Below, traditional carnival costumes. Photos: viewingmalta.com

UNMISSABLE MALTA



Isle of MTV music festival in 2011. Photo: Rene Rossignaud / MTV

LOST & FOUND FESTIVAL 2017 13th-16th April

Since its launch in 2015, Annie Mac Presents... Lost & Found has become one of Europe's essential dance music festivals. Split over four days and four nights of daytime and night-time parties, the festival stretches across a multitude of venues on the island from St Paul's Bay through to the outskirts of Rabat. Headliners for this year include American DJs Armand Van Helden and Seth Troxler, as well as Annie Mac herself.

ISLE OF MTV 27th June

Europe's biggest free live music festival, the open-air Isle of MTV brings in crowds of more than 50,000 people to Il-Fosos Square, Floriana. Now in its 11th year, the event is a partnership between the Malta Tourism Authority and MTV, and is broadcast across 20 MTV channels throughout Europe, helping to promote Malta as a holiday destination for young people.

2017 ROLEX MIDDLE SEA RACE 21st-27th October

Co-founded in 1968 by the Royal Malta Yacht Club and the Royal Ocean Racing Club, the Rolex Middle Sea yachting race covers a 606-mile route, starting and ending in Malta's magnificent Grand Harbour. The race draws in thousands of spectators who through the city's medieval bastions to watch the start of the race, one of the most colourful and iconic moments in world sailing.

Q&A



Paul Bugeja
CEO of Malta Tourism Authority

For a small destination, Malta offers a vast array of tourism experiences, says the chief of Malta's tourism authority

What does Malta offer tourists?

What sets us apart is our size. In the morning, you can be in Valletta sight-seeing, then have lunch overseeing the Grand Harbour. In the afternoon, you can go to the small fishing village of Marsaxlokk, or visit our historic places that date back to 7,000 years.

What niche tourism markets is Malta targeting?

Targeting the LGBTI market is an ongoing activity for us, as Malta is currently ranked top of the Rainbow Europe Index.

"With so many activities and places to visit, you could never be bored in Malta"

What attractions would you highlight for UK visitors?

Some come and visit where their parents were based during military times. For the younger generation, besides the sun and the sea, we are creating events, such as Annie Mac's Lost and Found Festival and Isle of MTV. We also have a number of sporting events, such as the Mdina Grand Prix, the Rolex Middle Sea Race, Triathlon Malta and the Vodafone Malta Marathon.

visitmalta.com/events

Taking scenes to the screen

FILM INDUSTRY Besides its well-earned reputation as a standout destination for movie shoots and, increasingly, for high-class series such as Game of Thrones, Malta wants to offer filmmakers an inspiring financial package



Filmed in Malta. Because of its diverse landscape and architecture, Malta is a versatile filming location, able to stand in for virtually anywhere - old or new. Illustration: Ricardo Polo



“Crews come from all over Europe and America. China and India are new targets”

Engelbert Grech
Film Commissioner

The Mediterranean mini-Hollywood is a location which inspires great directors such as Steven Spielberg (Munich) and provides all the practical know-how to produce thrilling adventures from the James Bond series to period romps such as Troy and Gladiator. But besides the magnificent facilities, historical locations, English-speaking and professional crews, crystalline sea, superb light and its favourable climate, Malta has also developed the financial muscle to give the film industry a platform from which to develop what are always costly projects. The financial advantages of shooting on Malta, or on the eerily strange sister island of Gozo, include tax credits, the possibility of a complete VAT refund, co-production options and, most recently, an upgraded system of cash rebates on expenses incurred by filmmakers while shooting in Malta. Productions which satisfy the conditions of the Malta Film Commission's cultural test, in which local, Mediterranean and European themes are rewarded with a rebate of up to 27

2015 saw £87 million spent by foreign productions in Malta, up from £25 million in 2014

percent of eligible expenditure. “Malta's competitive rates coupled with generous financial incentives are key to continuing to attract high-end productions. It is for this reason that our incentives are regularly evaluated in order to retain the competitive edge with the next review being planned for 2017,” says Engelbert Grech, Malta's film commissioner. Malta is a unique destination within the European Union because of its period backdrops and top-level studio facilities, such as Malta Film Studios' fully-equipped water tanks with natural horizons. Ridley Scott was so impressed by the latter when making White Squall (1996), he did not hesitate to return to shoot Gladiator (2000) in the adaptable and historic Fort Ricasoli.



Institute of Tourism Studies Malta
Training a talent for hospitality

Malta is about to take its tourism sector to new levels of excellence and diversity with an international talent pool.

Malta's Institute of Tourism Studies (ITS) was set up nearly 30 years ago to prepare professionals to work in the sunny island's burgeoning holiday sector. Now, ITS Executive Director Pierre Fenech explains, the institute has ambitious plans to train a new generation to reach standards of excellence commensurate with Malta's standout profile as a destination with a complete range of tourism options and services. “We are seeing growth like never before so we have to change the way we are operating. Without the human

element, you don't have hospitality.” To this end, Malta's government has set aside a cool €75 million (£65 million) to build a new ITS campus, boosting the number of students from 700 to 2,500. Fenech says the state-of-the-art campus will include a spa, sports facilities and conference centres, as well as a “280-bedroom training hotel which will be run by students.” A majority of the students will come from abroad, widening Malta's talent pool for an expansive future. As an English-speaking country and with full approval within the European Qualifications Framework, Malta's ITS looks destined to become an international centre of excellence for the tourism industry.

“We will create a centre of excellence in the middle of the Mediterranean”

Pierre Fenech
Executive Director of the
Institute of Tourism Studies

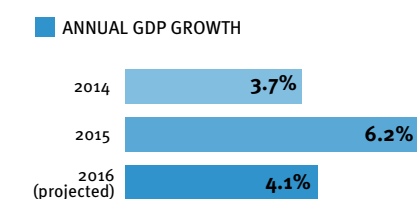
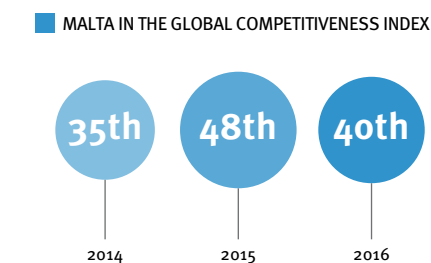
A post-Brexit gateway

FINANCE Malta can provide an ideal platform for British financial firms looking for a mirror operation offering free access to the European Union

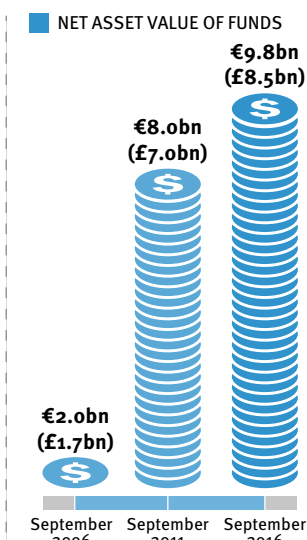
As Britain prepares to negotiate the terms of its divorce from the European Union, Malta is positioning itself as a friendly destination for financial companies which may find that London no longer offers them a perfect platform for continent-wide activities. If Brexit is indeed ‘hard’, Malta could lend a helping hand, although the country's authorities are eager to point out that their courting of London's financial firms will not stray into outright aggression. “In the event that the British need a parachute or a gateway, they are going to find Malta really available and we would welcome them. We are currently meeting with the British Bankers' Association, and the Mayor of London to allow them to see for themselves what Malta can offer,” says the country's finance minister, Professor Edward Scicluna. But Professor Scicluna is quick to add that Malta's relationship with Britain will never sour. “We have done so much business with the UK and we have such strong historical ties. We are simply saying that we are here if they need us.” Malta's pitch is that companies will be able to operate naturally from the UK while maintaining their access to Europe by setting up a lean mirror operation in another EU member state. “Operators can set up in our regime; it will be low-cost, so the margin will not be significant. They retain what they have in London and create a passporting company into Europe from Malta,” explains Kenneth Farrugia, chairman of FinanceMalta, a public-private initiative set up to promote the local sector. What companies that relocate will find is that Malta is a growing financial force. From a low base of just three

percent in the 1990s, the sector now contributes more than 12 percent to Malta's GDP. In what is becoming a boom in the middle of the Mediterranean, Malta already has 40 fintech firms operating from its territory thanks to its commitment to encouraging financial start-ups. As well as taking advantage of a positive regulatory environment, this fintech cluster is driven by strong ICT performance on the island and knowledgeable supporting financial services. Despite the growth, Professor Scicluna insists that the island nation maintains its friendly, dynamic environment in which to do business. “We stand out in that a businessperson can have an idea and immediately go to the relevant minister or prime minister and discuss it. If it requires a tweaking of the legislation, we can do it in a matter of months, as we did with the insurance industry to draw up the first legislation in the whole of the European Union to create cell structures.”

IN NUMBERS



Sources: World Economic Forum, European Commission



Q&A



Kenneth Farrugia
FinanceMalta Chairman

FinanceMalta is a public-private initiative set up to promote the island nation as a financial services hub.

What is FinanceMalta's mission?
When Malta joined the EU in 2004 it paved the way for more foreign operators to start coming here. FinanceMalta was set up a couple of years later to promote Malta's financial services and the sector has grown to constitute 12 percent of GDP.

How do you explain this success?
One of the reasons Malta has gained so much traction is having a one-stop shop. If you want a licence or to be listed, you need the Financial Services Authority, which has an accessible relationship-based regulatory approach. Second, time to market is very competitive, taking just two to three months to license a fund. Finally, the cost of running an operation here is low compared to other jurisdictions.

“We want to attract acorns because we believe some will become oak trees”

What is the future of finance in Malta?
We want to make Malta an attractive jurisdiction for start-ups. We give them support, incubation facilities and know-how on the professional side. We want to attract acorns because we believe that some will become oak trees.

Malta: A Diversified, International Financial Centre

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*Malta —
“it was love
at first sight”*



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