

Malta

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A bold vision for Malta's future

Productivity gains and quality of life are the drivers shaping the island's long-range plan.

When Malta's Labour Party secured an historic fourth term in May 2026, one of the defining projects of Prime Minister Robert Abela's agenda was already set. In February he launched Malta Vision 2050, a comprehensive national strategy designed to accelerate economic growth through productivity gains and improve the quality of life. "Malta Vision 2050 is not just a plan. It is a new way of living, where development is balanced, where everyone achieves their aspirations, where we will have a country far better than the one we found," Abela said at the policy's launch. "Together, we can build the best Malta."

Drawn from extensive analysis and public consultation, Vision 2050 breaks from traditional planning cycles based around the length of a single parliament in order to drive long-term change, with progress to be tracked through a dedicated government website. Organised around four pillars, three national goals and 100 measures, the plan's stated aim is to create "a safe and resilient nation, inspired by its heritage and driven by progress, which promotes a healthy quality of life for everyone."

In practice, that progress is to be focused on the central pillars of sustainable economic growth, more accessible public services, a more resilient and better-ed-

ucated society and smarter use of the island's limited land and sea. Of the 100 specific measures, six are identified as flagship projects, from a more efficient transport system and a modernised health service to future-ready education, clean energy and environmental action, a greener island of new national parks and the regeneration of Malta's ports. The mix is deliberate, pairing infrastructure and the environment with health and skills, a definition of progress meant to be as much social as economic. "The time has come for our country's destiny to be written, and for us to begin living it at its very best, for ourselves and for our children," Abela said.

It is an ambition founded on an economy that grew at an average of almost 7% per year from 2014 to 2023. Malta has combined sustained growth with high employment, a diversified services sector and a strong record in attracting international business. Real GDP grew by 4% in 2025, with the European Commission forecasting growth of 3.7% this year and 3.6% in 2027 – among the highest rates in the European Union. Unemployment, meanwhile, is expected to remain close to 3%, with inflation forecast at 2.7%. That reflects an economy built on a broad base, with tourism, financial and professional services, gaming, aviation, maritime activity, advanced manufacturing and the digital economy all contributing to the

country's performance.

Malta's relationship with Germany is one of the foundations of that economic strength – and a launchpad for further growth. The two countries marked 60 years of diplomatic relations in 2025, but their connection is increasingly defined by trade, services and investment. Based on Bundesbank balance-of-payments data, bilateral trade in goods and services reached approximately €3.45 billion in 2025, with services accounting for around two-thirds of the total. The figures highlight Malta's position as a European centre for cross-border services as well as the depth of its conventional trading links.

German investment flows are also significant. Direct investment from Germany in Malta stood at approximately €16.3 billion at the end of 2024, the most recent official figure, while around 60 German companies operate on the island and its sister, Gozo. The relationship spans manufacturing, aviation, finance, maritime activity, tourism and specialised services, making Germany one of Malta's most important trade and investment partners. For Malta, Germany brings capital, technical expertise, commercial networks and access to Europe's largest national economy. German companies, in turn, gain an English-speaking EU base, an established regulatory environment and commercial links across the Mediterranean.



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**ROBERT ABELA,
PRIME MINISTER OF
MALTA**

Tourism represents another key dimension of the relationship. After achieving record total visitor numbers in 2025, Malta is placing greater emphasis on value, visitor experience, premium accommodation and management of the demands placed on infrastructure and the environment. Germany is central to that effort, as a high-value market targeted for further expansion. Malta welcomed 261,939 German visitors in 2025, generating approximately 1.91 million guest nights and €289.5 million in expenditure. Arrivals rose by 5.3%, cementing Germany's position as Malta's

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fifth-largest tourist origin market, while spending increased by 11.9%. Malta's new positioning as 'an island for connoisseurs' emphasises the distinctive cultural, gastronomic and heritage experiences for visitors to explore, in part designed to shift perceptions of the country in the German market.

The Vision 2050 agenda supports this through its emphasis on sustainable growth, smarter use of land and sea and the regeneration of port facilities. A greener island and modernised tourism infrastructure are designed to attract higher-spending visitors and increase demand outside of peak months. That builds on Malta's natural appeal as a year-round destination; the island averages around 3,000 hours of sunshine and 300 days of clear skies each year.

All of this dovetails with the plan's domestic focus. As a compact island

state that has enjoyed rapid expansion, the government is aware of the need to align economic growth with delivery across housing, transport, healthcare, energy security, education and careful use of available space. At the same time, labour market pressure and a reliance on workforce growth add to the need for higher output per worker. Vision 2050 therefore points towards a productivity-led model based on stronger skills, research, digital technology, advanced manufacturing and higher-value services. The aim is to judge performance less by the scale of activity and more by the value created for companies, workers, families and communities. Technology is expected to support higher wages, expand capacity and help organisations achieve more within the country's physical and demographic limits.

To underwrite delivery, accountability features prominently in the Vision 2050 framework. The plan sets specific targets to be assessed against a group of global benchmarks, with interim targets for 2035. Examples of 2050 targets include reaching the top 10 globally in the Human Development Index, placing Malta in the top five of EU countries for life satisfaction – based on Eurostat's indicator – and increasing median disposable income to 135% of the EU average.

Malta's economic growth gives the government a strong base to work from, while the recent election victory provides a renewed mandate for implementation. With those elements in place, the focus is now on results. In that context, Germany's role as a source of trade, investment, expertise and tourism gives the bilateral relationship even greater importance. As Malta sets about building a nation for the next generation, its ties with a long-standing partner will be a defining feature of the process.

MALTA ENTERPRISE



GEORGE GREGORY,
CEO, MALTA ENTERPRISE

CEO George Gregory explains how Malta's diversified economy, stability and long-standing German partnerships drive investment.

Q: What are the competitive advantages that set Malta apart within the EU?

Diversification, above all. Our economy has no single dominant sector – semiconductors, aviation, pharmaceuticals, maritime, financial services and others all contribute meaningfully. If one area faces headwinds, the others provide balance. What does distinguish Malta is the depth of the ecosystems we have built around each niche.

In semiconductors, our partnership with STMicroelectronics anchors an entire supply chain of designers and service providers. The Malta Semiconductor Competence Centre – developed jointly with academia and industry in under six months – is already accelerating 12 startups. In aviation, a large aircraft registration base, combined with multiple maintenance, repair and overhaul (MRO) operators and growing interest in finance leasing, has created an integrated cluster. In pharmaceuticals and MedTech, the cycle runs from research – including active work on pancreatic cancer treatments and a next-generation hip replacement – through to production and certification. The gaming industry offers a telling precedent: the talent and knowledge it generated have since spun off into AI and other technology sectors, creating exactly the kind of compounding, high-value economy that Vision 2050 calls for.

Q: How important is innovation to Malta's development?

Innovation must be understood broadly. It includes AI and digital techno-

logies but also manufacturing process innovation – STMicroelectronics will operate the largest back-end semiconductor facility in Europe from Malta, and it will be entirely dark. Budget measures now provide a 175% rebate on qualifying research and development expenditure, and the government is actively incentivising Manufacturing 4.0 and 5.0 approaches. The more automated and knowledge-intensive our operations become, the less exposed the economy is to external shocks and labour shortages.

“Germany has been a consistent partner for Malta since the 1960s, and German companies that have come to Malta have expanded their operations.”

Q: Why is now the moment for German investors to consider Malta?

Germany has been a consistent partner for Malta since the 1960s, and German companies that have come to Malta have expanded their operations in Malta and grown into sustainable higher-value-added operations over the years.

The sectors I have described – semiconductors, aviation, pharmaceuticals, maritime, financial services – all have significant German participation, from Lufthansa in MRO to Playmobil in manufacturing. That continuity reflects the fundamental point: Malta is stable, and that stability is measurable. The EU, the IMF and Malta's own projections all point to continued growth through 2030 and beyond.

In the current global environment, where geopolitical uncertainty is reshaping supply chains and investment decisions, operating from a stable, agile, EU member jurisdiction carries real strategic value. The government has demonstrated during both the pandemic and subsequent geopolitical shocks that it will act to protect business conditions. And for any company that wants to understand EU regulation from the inside before scaling across the bloc, Malta offers exactly that – a fully integrated, manageable entry point into a 450-million-person market.



Photo: Malta Tourism Authority