Ernst & Young's 2012 Malta Attractiveness Survey
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Foreword

To date, Europe remains mired in an economic crisis characterized by debt, unemployment and low growth. Worse still, the light at the end of the tunnel remains dim. This is the context in which we are presenting our Attractiveness Survey for Malta for 2012 (MAS).

This year we are proud to have the support of the Malta Chamber of Commerce and Industry, Finance Malta, Malta Enterprise and the Lotteries and Gaming Authority.

MAS 2012 brings together the views of top executives of 90 foreign-owned companies operating in Malta. I would like to thank them, the chief protagonists of this survey, for dedicating their valuable time to this study. The companies that these executives represent employ around 13,000 people.

How do executives rate various investment attractiveness criteria? What are the most important considerations they expand, develop or retain their Maltese investment? How did these change since last year? Is Malta improving or losing ground as an investment location for these companies? What should Government and others do to improve Malta’s competitiveness? These are the general issues that are explored in the 2012 survey.

Despite the ongoing negativity surrounding the global economic scenario, the perception of Malta appears to be positive. In fact a significant majority of respondents believe that Malta is attractive for Foreign Direct Investment in terms of various criteria.

With world markets becoming more affected by economic uncertainty, the importance of FDI to the Maltese economy has increased. In short, there is no room for complacency. Sectorial competition in Europe has never been more intense and there is always more that can be done to strengthen and enhance the Malta offer. Getting it right the first time has become absolutely critical.

Additionally, constant improvement of the Malta’s regulatory and business environment is critical. Again, Malta needs to stay ahead of the game.

Methodologically, the survey deals with perceptions which may differ from reality. And it is not within the remit of this study to check whether perceptions match the facts. However, perceptions certainly are a key factor in decision-making.

I trust that the eighth edition of the Malta Attractiveness Survey proves to be useful in contributing to Malta’s increased efforts and determination to win the game.

Ronald Attard
Country Managing Partner
### Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full name</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Banking</td>
</tr>
<tr>
<td>EAF</td>
<td>Employment Aid Framework</td>
</tr>
<tr>
<td>EAS</td>
<td>European Attractiveness Survey</td>
</tr>
<tr>
<td>EIM</td>
<td>European Investment Monitor</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FS</td>
<td>Financial Services</td>
</tr>
<tr>
<td>G</td>
<td>iGaming</td>
</tr>
<tr>
<td>I</td>
<td>Insurance</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>ITG</td>
<td>ICT, Telecoms and iGaming</td>
</tr>
<tr>
<td>M</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>MAS</td>
<td>Malta Attractiveness Survey</td>
</tr>
<tr>
<td>MP</td>
<td>Manufacturing and Pharmaceuticals</td>
</tr>
<tr>
<td>OFS</td>
<td>Other Financial Services</td>
</tr>
<tr>
<td>OS</td>
<td>Other Sectors</td>
</tr>
<tr>
<td>P</td>
<td>Pharmaceuticals</td>
</tr>
</tbody>
</table>
Introduction

We are issuing this year’s Malta Attractiveness Survey (MAS) during a time of global challenges, particularly the Eurozone crisis and challenges to the global economic and financial system. Despite the ongoing negativity surrounding the global economic scenario, the perception of Malta appears to be positive and investors remain confident. In fact, the majority of respondents (86%) believe that Malta is attractive for Foreign Direct Investment (FDI).

With world markets affected by economic uncertainty, the importance of FDI on the Maltese economy has increased. Coupled with increased competition from Europe and emerging markets, getting it right the first time has become absolutely critical for Malta.

It should be noted that the survey analyses perceptions. Although reality and perceptions may be different, the latter can at times be a more important driver behind decision making.

This year’s MAS was distributed electronically to a total of around 230 firms, which for the purposes of this survey are being categorised as follows:

- Banking
- ICT, Telecoms and iGaming
- Insurance
- Manufacturing and Pharmaceuticals
- Other Financial Services
- Other Sectors

Wherever possible, the questions used were the same ones put for the 2011 MAS. This facilitates comparativeness and might also assist in outlining emerging trends.

Survey recipients were invited to complete the survey electronically in September 2012 and the data was received by the end of October. Whereas the first part of the survey included a number of common questions, the second part included some sector specific questions and considerations. A total of 90 respondents submitted their responses.

We trust that by providing valuable information the survey results of our MAS 2012 will help government and other stakeholders in their efforts to improve Malta’s attractiveness to investors.
Key Survey Results

Stability of social climate
The majority of respondents (85%) viewed the stability of Malta’s social climate as its main selling point. This was followed by corporate taxation and stability and transparency of political, legal and regulatory environment, whereby 84% and 78% of respondents respectively see these criteria as attractive for companies to expand, develop or retain their activities in Malta. Local labour skills are also rated as attractive by the majority of respondents (72%). At the other end of the scale, only 25% of respondents see transport and logistics infrastructure as attractive for FDI. Respondents believe that more can also be done with respect to local flexibility of labour legislation, since only 45% of respondents deem this criterion to be attractive in Malta. The domestic market is also mainly unattractive for foreign investors (32% attractive and 24% not attractive).

The results outlined above are mirrored when the ‘not relevant’ responses are taken out of the equation.

Perceptions of change
In addition, respondents were asked whether they perceived any positive or negative changes over the last year in the investment criteria relevant to their company. The criterion with the most positive change perceived was telecommunications infrastructure, with 29% of respondents saying that there was an improvement over the past year. Local labour skills are also perceived as having improved over the last year (13%).

Financial services driving Malta’s growth
When asked which industries would be driving the Maltese economy in the next three years, 92% of respondents mentioned financial services as the key industry. This was followed by tourism (78%) and iGaming (57%), whereas only 16% of respondents felt that manufacturing would drive the Maltese economy in the coming years. Other potential economic drivers identified by respondents included education, research and development and niche manufacturing.

Malta as an attractive location for FDI
Despite a small decrease from the rates expressed in the 2011 survey, the vast majority of respondents still believe Malta to be attractive for FDI (86% for 2012 versus 91% for 2011). Overall, respondents in the Banking, Insurance and Other Financial Services sectors consider Malta to be more attractive for FDI than respondents in the ICT, Telecoms and iGaming sectors, as well as the
Manufacturing and Pharmaceutical sectors. Reasons for Malta’s attractiveness included its human resources’ proficiency in English, living standards and quality of life, and an attractive tax regime. Reasons for its unattractiveness include increasing costs and its small domestic market.

Looking forward, 58% of respondents believe that Malta would continue to be an attractive location for foreign investment over the next three years.

With regard to specialised skills availability, the overall majority of respondents (57%), especially from the pharmaceutical industry (80%), believe that the local pool is limited. On the contrary 86% of respondents believe that the current legislative framework in their particular sector/s encourages key players to set up in Malta, with affirmative responses across all sectors exceeding the 75% mark.

Expansion plans
54% of respondents indicated that their company was considering an expansion of their Maltese operation. 28% said that they were not. Some reasons cited for considering expansion included excellent business growth opportunities, especially in the financial services sector, a stable domicile, and penetration of new markets.

Competing countries
A number of countries and jurisdictions across the globe were highlighted as competitors. Some respondents believe that Malta’s main competing jurisdictions include Luxembourg and Ireland (Financial Services), China (Manufacturing and Pharmaceuticals), and Gibraltar (ICT, Telecoms and iGaming).

What next?
Respondents identified various national and/or sector-specific challenges and recommendations which reflect the different sector requirements. Overall, respondents believe that improving Malta’s competitiveness and attractiveness depends on a variety of measures (including regulatory, infrastructure, costs etc) and efforts at various levels (involving the national and regulatory authorities, the private sector investors themselves as well as society) to compete internationally. Regulatory and legislative developments at both an EU/international level, increased competition from a number of international jurisdictions, and rising expectations in Malta are also considered to be very important.
Top executives of 230 foreign-owned companies based in Malta were invited to participate in the survey of which 90 took part. For the purposes of the survey, ‘foreign-owned’ are those with non-Maltese shareholding of 50% or more.

An effort was made to select respondents from a cross-section of the economy, both in terms of size and sector. Nevertheless, not all sectors are represented because not all sectors have foreign-owned companies. In total the companies surveyed employ around 13,000 people. The survey explored various aspects of Malta’s attractiveness retaining, expanding or developing their activities.

Data was gathered through an electronic questionnaire to participants. Furthermore, participants were provided with the opportunity to carry out face-to-face interviews and some accepted to do so.

Wherever possible, the questions used were the same ones put for the 2011 MAS. This facilitates comparativeness and might also assist in outlining emerging trends.
For the purposes of this report, respondents are being grouped into six main sectors:

- Banking: 24%
- ICT, Telecoms and iGaming: 19%
- Insurance: 16%
- Other Financial Services: 19%
- Other: 11%
- Manufacturing and Pharmaceuticals: 11%

Tancred Tabone
President, The Malta Chamber of Commerce, Enterprise and Industry

The Malta Chamber strongly believes that the Ernst and Young European attractiveness survey provides a helpful insight to investors. We also believe that all stakeholders should make a concerted effort to ensure that Malta is a competitive and attractive destination for business and investment. Our Chamber is therefore delighted to contribute to this report.
Size of companies surveyed (local revenue)

- Between €1 million and €2 million: 26%
- Between €12 million and €35 million: 11%
- Between €2 million and €12 million: 17%
- Less than €1 million: 25%
- More than €35 million: 21%

Size of companies surveyed (number of full time employees based in Malta)

- Less than 10: 26%
- Between 10 and 50: 5%
- Between 50 and 100: 33%
- More than 100: 36%

Companies' Year of Establishment (in Malta)

- Before 1990: 14%
- Between 1990 and 2000: 15%
- Between 2000 and 2010: 23%
- After 2010: 48%
European Attractiveness Survey
The Malta Attractiveness Survey (MAS) forms part of a series of attractiveness surveys carried out by Ernst & Young across the globe. For the past 8 years the MAS has formed part of the Europe-wide series of surveys which were gathered in the yearly European Attractiveness Survey (EAS).

Ernst & Young’s 2012 EAS is based on a twofold methodology which reflects:

- Europe’s “real” attractiveness for foreign investors. Evaluation of the reality of FDI in Europe is based on Ernst & Young’s European Investment Monitor (EIM). This database, researched and powered by Oxford Intelligence, tracks FDI projects that have resulted in new facilities and the creation of new jobs. In addition, it shows the reality of investment in manufacturing or service operations by foreign companies across the continent. The database, dating back to 1997, focuses on investment announcements, the number of new jobs created and, where identifiable, the associated capital investment, thus providing exhaustive data on FDI in Europe.

- The “perceived” attractiveness of Europe and its competitors by foreign investors. This is defined as the attractiveness of a location as a combination of image, investors’ confidence and the perception of a country or area’s ability to provide the most competitive benefits for FDI.

The field research was conducted by the CSA Institute in February and March 2012, via telephone interviews, based on a representative panel of 840 international decision-makers. Of the non-European companies, 66% have established operations in Europe. As a result 81% of the 840 companies interviewed have a presence in Europe.

New world, new order

The EAS shows that rapidly changing circumstances around the world have caused a change in sentiment and business leaders are re-evaluating their selection criteria. In Ernst & Young’s EAS for 2011, investors mentioned transport and logistics infrastructure (63%) and telecommunications infrastructure (62%) as the top 2 criteria for investment decisions. In contrast, almost 39% of investors questioned for 2012 say that a country or a region’s domestic market is at the top of their agenda when deciding where to invest.

In these turbulent times, minimising risk is the next main aim, with stability and transparency of the political, legal and regulatory environment being investors’ second criterion (36%). Labour costs are also a compelling concern for 28% of respondents, ranking third.

<table>
<thead>
<tr>
<th>Most important factors in deciding the location in which to establish operations</th>
<th>39%</th>
<th>36%</th>
<th>28%</th>
<th>25%</th>
<th>24%</th>
<th>24%</th>
<th>20%</th>
<th>17%</th>
<th>9%</th>
<th>8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The country or region's domestic market</td>
<td>Stability and transparency of political, legal and regulatory environment</td>
<td>Labor costs</td>
<td>Transport and logistics infrastructure</td>
<td>Potential productivity increase for their company</td>
<td>Local labor skill level</td>
<td>Stability of social climate</td>
<td>Corporate taxation</td>
<td>Flexibility of labor legislation</td>
<td>Telecommunications infrastructure</td>
<td></td>
</tr>
</tbody>
</table>

A call for reforms

To help make Europe a leader in innovation, the EAS results show that investors seek an improvement in education and training (47%) and call for a more innovative culture (32%) and tax incentives for innovative companies (29%).

1. **Improving universities**
   Nearly half (47%) of respondents say that improving education and training in new technologies is the most urgent need to enhance Europe’s credibility as an innovation destination.

2. **Promoting a culture of innovation**
   32% of respondents want a more innovative culture in Europe. Better policies can create an environment for innovation to flourish.

**European attractiveness survey: 10 key points**

1. Europe is right where it should be: 27% on average in EY’s attractiveness rating and 28% of all global FDI inflows (UNCTAD)

2. Europe attracted 3,906 investment projects, a 4% increase from 2010 and FDI created 157,824 jobs in Europe, a 15% increase from 2010. Rapid-growth economies are not only critical as markets; they are also a source of 10,000 new jobs in Europe

3. 28% of world FDI goes to the EU, matching its share of GDP

4. Top 3 of attractive countries: UK, Germany and France

5. Investors perceive Europe (35% of votes) as the second most attractive investment destination after China

6. More than 80% of respondents are confident that Europe will overcome the ongoing crisis

7. For Europe to remain an attractive investment destination, 38% of investors want more support to high-tech industries and innovation

8. 80% of investors expect to manufacture in Europe in the future

9. Information and communication technologies and the cleantech sector are the engines of European growth in the coming years

10. Europe’s challenge is to sustain or improve its value for money, raising quality without slashing costs

The EAS results are the background against which the Malta Attractiveness Survey has been carried out.
Malta’s Investment Attractiveness
The 2012 Survey results
Understanding Malta’s attractiveness

MAS survey participants were asked to give their company’s perspective on the attractiveness or otherwise of a number of ‘standard’ investment criteria also used in the European Attractiveness Survey and the 2011 MAS.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Very attractive and attractive</th>
<th>Not attractive nor unattractive</th>
<th>Not attractive and not attractive at all</th>
<th>Not relevant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stability of social climate</td>
<td>84%</td>
<td>11%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Corporate taxation</td>
<td>83%</td>
<td>12%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Stability and transparency of political, legal, and regulatory environment</td>
<td>78%</td>
<td>20%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Local labour skills level</td>
<td>72%</td>
<td>27%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Telecommunications infrastructure</td>
<td>67%</td>
<td>22%</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>Labour costs</td>
<td>67%</td>
<td>27%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Potential productivity increase</td>
<td>60%</td>
<td>29%</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>Flexibility of labour legislation</td>
<td>44%</td>
<td>41%</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>Domestic or regional markets</td>
<td>22%</td>
<td>30%</td>
<td>17%</td>
<td>31%</td>
</tr>
<tr>
<td>Transport and logistics infrastructure</td>
<td>22%</td>
<td>31%</td>
<td>17%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Base: All 90 respondents
Note: all parameters were prompted and had to be rated individually, table includes criteria not considered relevant by respondents, differences in totals due to rounding up

The Hon. Lawrence Gonzi
Prime Minister of Malta

Malta continues to remain an attractive investment location. Malta continues to offer qualified human resources together with an attractive tax regime and investment support packages. This investment has contributed significantly to Malta’s positive economic performance and employment growth.
Malta – an attractive location

Overall, respondents believe that Malta is very attractive across most of the ten investment criteria. The ratings given to the stability of social climate was the highest (closely followed by corporate taxation). The ratings of transport and logistics infrastructure were the lowest. More than three quarters of respondents rate Malta’s social climate stability as attractive, but only a quarter of all respondents rate transport and logistics infrastructure positively from an FDI point of view.

![Graph showing attractiveness ratings for various criteria]

**The Hon. Joseph Muscat**  
Leader, Partit Laburista, Malta

What is working well should be sustained. Still we need to improve our competitiveness and be responsive to new opportunities. Government and industry should ensure that investment in education translates into a fit for purpose workforce. Together we should ensure that Malta’s EU membership is a big success.
A Sectorial Focus on Malta’s most attractive investment criteria

The top three investment ratings on the attractiveness scale, namely stability of social climate (85%), corporate taxation (81%) and stability and transparency of political, legal and regulatory environment (76%), are analysed across all sectors below.

1. **Stability of social climate:** an average of 85% of all respondents believe that Malta is attractive and this view is quite consistent across different sectors.

2. **Corporate taxation:** The ICT, Telecoms and iGaming sector give the highest percentage rating while the Other Sectors give the lowest. Sectors above the average also include the respondents from the Financial Services sector.

3. **Stability and transparency of political, legal and regulatory environment:** An average of around 78% rate Malta as attractive in this field. The Financial Services sector give the highest ratings while the ICT, Telecoms and iGaming Sector give the lowest.
Enhancing our attractiveness

What is not attractive?
The transport and logistics infrastructure rating was the lowest (i.e. not attractive and/or not attractive at all), with around 40% of all respondents. The size of the domestic market and flexibility of labour legislation attracted the next highest number of ratings. At the other end of the scale, very few respondents believe that corporate taxation and stability of social climate to be unattractive in Malta. (These were amongst the highest attractiveness ratings highlighted earlier).

1. Transport and logistics infrastructure: Although close to the average, the highest proportion of sectorial respondents who believe that transport and logistics infrastructure is unattractive in Malta come from the Manufacturing and Pharmaceuticals sectors.

2. Size of domestic market: Respondents from the ICT, Telecoms and iGaming sector registered the highest proportion of those who consider the size of domestic market as unattractive for FDI. Those from the Other Sectors registered the lowest proportion of those considering it as unattractive.

3. Flexibility of labour legislation: The highest proportion of respondents who believe that labour legislation is not an attractive feature for FDI are from the Other Sectors. The lowest proportion belong to the (combined) Manufacturing and Pharmaceuticals sectors.
Changing perceptions

Participants were also asked whether they perceived any changes (positive, negative or otherwise) over the last year in relevant investment criteria.

The highest number of positive mentions was for the telecommunications infrastructure (at 29% of mentions), a parameter which received similar responses in the last year’s survey. At the other end of the spectrum, respondents thought that the highest negative change took place in labour costs (with 28%), followed by transport and logistics infrastructure (which at 24% of respondents saw an increase from the previous year’s 18%). Across all ten criteria, large proportions of respondents saw no appreciable change from the 2011 survey.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Positive change</th>
<th>No change</th>
<th>Negative change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications infrastructure</td>
<td>29%</td>
<td>70%</td>
<td>1%</td>
</tr>
<tr>
<td>Potential productivity increase</td>
<td>16%</td>
<td>78%</td>
<td>6%</td>
</tr>
<tr>
<td>Local labour skills level</td>
<td>13%</td>
<td>73%</td>
<td>13%</td>
</tr>
<tr>
<td>Transport and logistics infrastructure</td>
<td>13%</td>
<td>63%</td>
<td>24%</td>
</tr>
<tr>
<td>Domestic or regional markets</td>
<td>5%</td>
<td>89%</td>
<td>6%</td>
</tr>
<tr>
<td>Stability of social climate</td>
<td>5%</td>
<td>88%</td>
<td>8%</td>
</tr>
<tr>
<td>Corporate taxation</td>
<td>3%</td>
<td>93%</td>
<td>3%</td>
</tr>
<tr>
<td>Flexibility of labour legislation</td>
<td>2%</td>
<td>92%</td>
<td>6%</td>
</tr>
<tr>
<td>Stability and transparency of political, legal and regulatory environment</td>
<td>2%</td>
<td>75%</td>
<td>22%</td>
</tr>
<tr>
<td>Labour costs</td>
<td>1%</td>
<td>71%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Base: All Banking respondents
Note: all parameters were prompted and had to be rated individually. Differences in totals due to rounding up

Lawrence Zammit
Chairman, Malta Enterprise
Malta Enterprise believes that the Manufacturing sector in Malta still matters. It provides good jobs and skills transfer, often results in commercial innovation and has a positive effect on the balance of trade. We believe that these important contributions to the Maltese economy have contributed to the creation of more and better job opportunities.
Availability of Specialised Skills

Asked about the availability of the required specialised skills, the majority of respondents - particularly those coming from Other Sectors and Other Financial Services - believe that the local pool is limited.

Respondents from the Insurance sector and the Manufacturing and Pharmaceutical sector expressed the least concern about the availability of specialised skills with less than half indicating that they are facing availability issues. However, when the Manufacturing and Pharmaceutical sector is broken down and the Pharmaceutical sector is viewed as a sector in its own right, 80% indicate that they are facing labour skills availability issues.

In addition, respondents indicated some specific issues tied to specialised skills:

- Lack of experience in consulting and EU funding areas (OS)
- Growth in Pharmaceuticals is faster than availability of human resources (P)
- Educational system is not providing certain skills (ITG)
- Higher EU wage levels are making retention of labour more difficult (ITG)
- The availability of individuals with higher level Degrees (such as DBAs in business intelligence and marketing skills) is limited (ITG)
- Shortage of certain language skills, such as German and Danish (ITG)
- Lack of international banking skills (B)
- Limited number of insurance/accounting professionals with international experience (I)
- Cost of technical staff is increasing (M)
- Shortage of trained and qualified technicians (MP)

Responses received to previous years’ surveys also highlighted that a number of FDI companies face difficulties in hiring specially-qualified personnel and that this has been exacerbated by higher demand in specific sectors in recent years.
Business Friendly Legislative Framework

<table>
<thead>
<tr>
<th>Sector</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Other Financial Services</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>Banking</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>Manufacturing and Pharmaceuticals</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Insurance</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>ICT, Telecoms and iGaming</td>
<td>79%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Base: All respondents

A majority of respondents (over 75% across all sectors) think that the current legislative framework encourages key players to set up in Malta.

Some comments include:
- The restriction on branch passporting is a major issue (B)
- Authorisation/incorporation time could be made quicker (I)
- The legislative framework is biased against captives and smaller undertakings (I)
- Legislation requires updating to keep in line with new challenges in iGaming (ITG)
- Too much administration and time is involved (ITG)
- Under EU regulations incentives previously used to attract FDI are no longer possible (M)
- The process is too expensive (M)
Industries driving Malta’s growth

<table>
<thead>
<tr>
<th>Sector</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>92%</td>
<td>83%</td>
</tr>
<tr>
<td>Tourism</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>iGaming</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>ICT</td>
<td>52%</td>
<td>61%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Base: All respondents

In line with the 2011 survey, respondents’ views were solicited on the (three) sectors which would be driving the Maltese economy over the next three years.

The highest number of mentions went to the Financial Services, Tourism and iGaming sectors. Tourism and iGaming saw a significant increase in mentions since 2011. The ICT sector, which was in second place in the 2011 MAS, is now in fourth place. Manufacturing remains in fifth place with a slight reduction in mentions since 2011. ‘Other’ potential economic drivers identified by respondents included education, research and development and niche manufacturing.

Kenneth Farrugia
Chairman, Finance Malta

Despite the strong growth that has been achieved so far, the industry is well positioned to sustain continued successes. This will only be accomplished if we continually invest in our intellectual capabilities to ensure uninterrupted availability of highly skilled human capital.
Positive findings

Survey participants were requested to indicate whether they thought Malta was attractive for FDI. The vast majority of respondents believe Malta to be attractive for FDI, with only a minority considering it not to be so.

Respondents in Banking, Insurance and Other Financial Services consider Malta to be more attractive for FDI than those in the ICT, Telecoms and iGaming and the Manufacturing and Pharmaceutical sectors.

Reasons for Malta’s attractiveness by sector
- Talented English speaking human resources (ITG, I, B, OFS)
- Geographical location (MP, OS, ITG, OFS)
- Living standards and quality of life (I, OFS)
- Attractive tax regime (OFS, OS, I, ITG, M)
- Incentive schemes (ITG, MP)
- EU and Euro membership (OS, ITG, I, MP)
- Competitive labour costs (ITG, B, I)
- Telecommunications infrastructure (ITG, OS, MP)
- Access to authorities (I)
- Skilled labour (MP, ITG, I, OFS, B)

Reasons for Malta’s unattractiveness by sector
- Bureaucracy (all sectors)
- Skills shortages (B)
- Increasing costs (HR, rent, transport, utilities) (MP)
- Small domestic market (ITG)
Malta’s future attractiveness

Over half of all respondents believe that Malta would remain attractive for FDI over the next three years.

The sectors rating Malta’s attractiveness highest were the Insurance and Other Financial Services sectors. ICT, Telecoms and iGaming, as well as the Manufacturing and Pharmaceuticals had the highest number of ‘No’ and ‘Can’t say’ replies.

Many respondents attributed Malta’s attractiveness in the coming three years to the following factors:
- Comparatively low labour costs
- Ongoing national improvements in education and infrastructure
- The current competitive tax regime
- Relatively stable economic environment in Malta (especially when compared to other Member States).

Respondents commented that maintaining these FDI attractiveness features is dependent on Malta continuing to enjoy a healthy economy, maintaining political stability, sustained investment in human resources, technical and physical infrastructure, and offering incentives to investors.

On the negative side, some respondents believe that costs have already increased to such an extent as to make Malta unattractive as an FDI destination. The volatility of international markets, including in Eurozone countries, the pan-European tax harmonisation efforts, as well as the local political climate has also negatively affected some respondents’ perception of Malta’s attractiveness as an FDI destination.
Expansion plans

More than half of the respondents indicated that their company was considering expansion of its Maltese operation. This marks a significant decrease (of 15%) over the equivalent replies in 2011. Moreover, 28% of respondents are not considering expanding their activities in Malta. This is an increase of 12% over last year’s responses. The total number of ‘Yes’ responses remain significantly higher than the number of ‘No’ and ‘Can’t say’ responses.

Less than half of the respondents in the Banking and Other Financial Services sectors are considering expansions in Malta. More than half of the respondents from the remaining sectors are considering such expansion plans.

Reasons for considering expansion by sector:
- Penetration of new markets (MP)
- Attractive economic environment (OFS, I)
- Excellent opportunities for business growth within the EU (I, MP, ITG)
- Growth in the financial services sector (OFS)
- Developing long-term business deals (MP)
- Stable domicile (I)
- Internationalisation of services and customers (B)
- Improvement in human resources (OFS)

Reasons for not considering expansion by Sector:
- The local market is not the principal market (B, MP)
- There is a local labour skills shortage (B)
- Difficulty of passporting into Europe (B)
- Increase in local labour costs (ITG)
- No growth is envisaged for the foreseeable future (OFS, OS, MP)
- Increase in bureaucratic costs (OFS)
A Sectorial Analysis
Respondents were also requested to provide sector specific information. In this section, the responses to these sector-specific questions are outlined, together with some salient sector specific responses to common questions.

As indicated, the responses have been grouped into a number of sectors in two main areas, namely Financial Services made up of Banking, Insurance and Other Financial Services (Asset Managers, Trust and Fund Administrators). The remaining non-Financial Services are made up of Manufacturing and Pharmaceuticals, ICT, Telecoms and iGaming, and Other Sectors.
Financial Services

For the purposes of this survey, Financial Services (FS) respondents are classified into three broad areas, namely Banking, Insurance and Other Financial Services. These respondents were asked to rate the efforts of the local financial services industry in promoting Malta as a financial services centre.

Respondents were asked to rate the efforts and initiatives by the local FS industry to promote Malta as an FS centre. The replies clearly show that the current legislative framework relating to FS encourages key players to set-up in Malta, although some respondents highlight that Malta still suffers from some lack of international awareness.

Participants were prompted to rank a list of measures for Malta to improve itself as a centre of excellence in FS.

Base: All Banking respondents
Note: all parameters were prompted and had to be rated individually, differences in totals due to rounding up
All respondents in these sectors claimed to be aware of relevant legislative developments (including Solvency II, the Fourth Capital Requirements Directive and the Alternative Investment Funds Directive) and how these legislative changes will affect their companies.
Banking

Respondents in the Banking Sector were also asked to indicate their size, at both a local and group level. Responses show that around two thirds of these banks earn more than €501 million in interest income at a Group level, while in Malta around two thirds of these banks earn less than €21 million.

Respondents also showed that Corporate and Personal Banking clients constitute a major part of their client base, with around two thirds of these clients being based in Malta.
From an attractiveness point of view, Banking Sector respondents gave their highest rating to stability, corporate taxation and labour costs. At the same time, they rated transport and logistics infrastructure and flexibility of labour legislation as the least attractive. Moreover, half of the respondents perceived a negative change in the size of domestic market over the last year whereas a considerable number of Banking respondents perceived a positive change in telecommunications infrastructure over the last year.
Insurance

43% of the Insurance companies respondents earn more than €500 million in Annual Gross Written Premium/Reinsurance Premium at Group Level. Around one third of the respondents’ local operations earn less than €20 million.

Respondents indicated commercial entities (‘Entities’) as their largest client segment, comprising 38% of their client base. These are closely followed by individual customers (‘Individuals’). None of the Insurance Companies provide services to Protected Insurance Cell companies.

Client Base
- Europe: 89%
- North America: 5%
- Malta: 2%
- South America: 2%
- North Africa: 1%
- Asia: 1%
- South Africa: 1%

Client Type
- Entities: 38%
- Individual: 36%
- Captive: 26%
- PICs: 2%
An absolute majority of the insurance respondents’ clients are based in Europe with Malta-based clients amounting to around 2% in total.

From an FDI perspective, Insurance respondents give their highest attractiveness ratings to Malta’s corporate taxation regime, closely followed by potential productivity increase. Telecommunications, transport and logistics infrastructure seem to be the least attractive.
Other Financial Services

The ‘Other Financial Services’ sub-category, comprised of respondents in Asset Management, Fund Administration and Trustees services were asked to indicate their company size on a local and global level.

Nearly 60% of the services provided by the Fund Administrators who participated in this survey are delivered to Public Investment Funds. Trustees provide their services mostly to Institutional Clients and High Net Worth Individuals. Asset Managers provide more packaged and regulated collective investment schemes and managed accounts (which are usually promoted to Institutional Investors) than services to Retail Clients and High Net Worth Individuals.

Fund Administrators indicated that the largest proportion of their investment funds are housed in either a European or an Asian domicile. Over two-thirds of the Trustees’ clients are based in Europe with a low percentage located in Malta.

Notwithstanding that Malta’s main influx in recent years came from the licensing of Collective Investment Schemes, Asset Managers established and regulated in Malta are not only servicing locally based Collective Investment Schemes but are also providing services to clients and Collective Investment Schemes based in other European countries, the US, Asia and also emerging countries like South Africa.

Size of the company - Global Level

<table>
<thead>
<tr>
<th>Service</th>
<th>Less than €20 million</th>
<th>Between €20 million and €50 million</th>
<th>Between €50 million and €100 million</th>
<th>Between €100 million and €500 million</th>
<th>More than €500 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Administration</td>
<td>20%</td>
<td>80%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustees</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>40%</td>
<td>14%</td>
</tr>
<tr>
<td>Asset Management</td>
<td>14%</td>
<td>29%</td>
<td>14%</td>
<td>14%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Size of the company - Maltese Company

<table>
<thead>
<tr>
<th>Service</th>
<th>Less than €20 million</th>
<th>Between €20 million and €50 million</th>
<th>Between €50 million and €100 million</th>
<th>Between €100 million and €500 million</th>
<th>More than €500 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Administration</td>
<td>10%</td>
<td>80%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustees</td>
<td>40%</td>
<td>40%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Management</td>
<td>57%</td>
<td>29%</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
An absolute majority of the insurance respondents’ clients are based in Europe with Malta-based clients amounting to around 2% in total.

Other Financial Services respondents give their highest attractiveness rating to Malta’s stability of social climate and labour costs. On the other hand, despite labour costs’ highly positive rating, nearly one-third of these respondents perceived a negative change in labour costs over the last year. Transport and logistics infrastructure is once again at the bottom of the list together with the (size of) domestic/regional markets criterion. Similarly to the other Financial Services sectors (i.e. Banking and Insurance), when asked to rate a list of predetermined measures, improving bureaucracy received the highest rating by weighted average.
ICT, Telecoms and iGaming

For the ICT, Telecoms and iGaming respondents, Europe is the main market (73%), followed by Maltese market (18%).

The majority of respondents from the ICT, Telecoms and iGaming sector view corporate taxation (94%) as the most attractive criterion for investment. Transport and logistics infrastructure (23%) and the domestic market (23%) are ranked as the least attractive. Positive results were also achieved for stability of social climate (82%), telecommunications infrastructure (76%) and local labour skills levels (71%). The largest positive change over the last year was perceived in the telecommunications infrastructure sector (29% positive change). At the same time, 33% of respondents perceived a negative change in the transport and logistics infrastructure.

Where are your clients based?

Corporate taxation
Stability of social climate
Telecommunications infrastructure
Local labour skills level
Stability and transparency of political, legal and regulatory environment
Labour costs
Flexibility of labour legislation
Potential productivity increase
Transport and logistics infrastructure
Domestic or regional markets

Very attractive and attractive
Neither attractive nor not unattractive
Not attractive and not attractive at all

Base: All ICT, telecoms & iGaming respondents
Note: all parameters were prompted and had to be rated individually, differences in totals due to rounding up
ICT and Telecoms

Participants were asked to individually assess factors that must be improved to further promote Malta as a centre of excellence in ICT. Regulation was considered to be very important by 80% of respondents. Only around 17% of sectorial respondents ranked the development of clusters as very important category. One participant added the quantity and quality of ICT graduates to the list of factors.

<table>
<thead>
<tr>
<th></th>
<th>Most Important</th>
<th>Important</th>
<th>Least Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>Service provider</td>
<td>33%</td>
<td>50%</td>
<td>17%</td>
</tr>
<tr>
<td>Quality of life</td>
<td>17%</td>
<td>17%</td>
<td>67%</td>
</tr>
<tr>
<td>The development of clusters</td>
<td>17%</td>
<td>17%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Base: All ICT respondents
Note: all parameters were prompted and had to be rated individually, differences in totals due to rounding up

Reuben Portanier
Chief Executive Officer, Lotteries and Gaming Authority
Year on year, gaming companies continue to seek being regulated in Malta. The Malta Attractiveness Survey is an important tool for collecting gaming companies’ perceptions on their presence in Malta, and the LGA is proud to be associated with such an initiative.
iGaming

iGaming respondents consider Malta’s technological infrastructure to be attractive for FDI. The size of the local market received the lowest number of attractiveness mentions and the highest number of non-attractiveness mentions.

How would you score the following criteria in connection with the iGaming industry?

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Very attractive and attractive</th>
<th>Neither attractive nor not unattractive</th>
<th>Not attractive and not attractive at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological infrastructure</td>
<td>88%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Legislative framework</td>
<td>63%</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Technological innovation</td>
<td>50%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Quality of service offered by internet service providers</td>
<td>50%</td>
<td>38%</td>
<td>13%</td>
</tr>
<tr>
<td>Local markets</td>
<td>25%</td>
<td>38%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Note: all parameters were prompted and had to be rated individually, differences in totals due to rounding up

Nearly 90% of respondents believe that improving regulation, taxation, environment and incentives will make Malta more attractive to the iGaming industry.

Which factors/areas must be improved to increase Malta’s attractiveness in the iGaming industry?

<table>
<thead>
<tr>
<th>Factor/area</th>
<th>Most Important</th>
<th>Important</th>
<th>Least Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation, taxation, environment and incentives</td>
<td>88%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Technological infrastructure</td>
<td>14%</td>
<td>57%</td>
<td>29%</td>
</tr>
<tr>
<td>Service providers</td>
<td>13%</td>
<td>88%</td>
<td>63%</td>
</tr>
<tr>
<td>Quality of life</td>
<td>13%</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

Note: all parameters were prompted and had to be rated individually, differences in totals due to rounding up
Manufacturing and Pharmaceuticals

Respondents from the Manufacturing and Pharmaceutical sectors say that their main markets are European.

Client Base

Respondents from the Manufacturing and Pharmaceuticals sector view stability of social climate and corporate taxation as the most attractive FDI features in Malta (82% and 81% respectively). On the contrary, only 8% of respondents consider the size of the domestic market criterion to be attractive. 45% of respondents in this segment believe that transport and logistics infrastructure is not attractive and half of them perceived a negative change in labour costs over the past year.
Manufacturing

The highest proportion of respondents from the Manufacturing sector rank production costs highest in the attractiveness picture. Existing air/shipping transport links received the lowest attractiveness ratings. A number of respondents across all criteria indicated that Malta was neither attractive nor not attractive.

How would you score the following criteria in connection with the Manufacturing industry?

<table>
<thead>
<tr>
<th></th>
<th>Very attractive and attractive</th>
<th>Neither attractive nor unattractive</th>
<th>Not attractive and not attractive at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs of Production</td>
<td>41%</td>
<td>24%</td>
<td>35%</td>
</tr>
<tr>
<td>Access to key end user markets</td>
<td>35%</td>
<td>47%</td>
<td>18%</td>
</tr>
<tr>
<td>Reliability of supply</td>
<td>29%</td>
<td>59%</td>
<td>12%</td>
</tr>
<tr>
<td>Access to low cost facilities</td>
<td>24%</td>
<td>47%</td>
<td>29%</td>
</tr>
<tr>
<td>Air / shipping transport links</td>
<td>24%</td>
<td>41%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Base: All manufacturing industry respondents
Note: all parameters were prompted and had to be rated individually, differences in totals due to rounding up

Participants were also asked to prioritise a number of prompted factors/areas requiring improvement to increase Malta’s attractiveness in manufacturing. Respondents showed that access to low cost facilities was their top priority.

Which factors/areas must be improved to increase Malta's attractiveness in the Manufacturing industry?

<table>
<thead>
<tr>
<th></th>
<th>Most Important</th>
<th>Important</th>
<th>Least Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to low cost facilities</td>
<td>65%</td>
<td>29%</td>
<td>6%</td>
</tr>
<tr>
<td>Regulation, taxation, environment and incentives</td>
<td>59%</td>
<td>41%</td>
<td>18%</td>
</tr>
<tr>
<td>Transport and logistics infrastructure</td>
<td>53%</td>
<td>29%</td>
<td>18%</td>
</tr>
<tr>
<td>Availability of skilled labour</td>
<td>53%</td>
<td>35%</td>
<td>12%</td>
</tr>
<tr>
<td>Investment in research and development</td>
<td>41%</td>
<td>18%</td>
<td>41%</td>
</tr>
<tr>
<td>The development of export capabilities</td>
<td>29%</td>
<td>18%</td>
<td>53%</td>
</tr>
<tr>
<td>Quality of life</td>
<td>29%</td>
<td>18%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Base: All manufacturing industry respondents
Note: all parameters were prompted and had to be rated individually, differences in totals due to rounding up
Pharmaceuticals

Respondents from the Pharmaceutical sector were asked to rate the attractiveness of a set of sector specific parameters. Replies showed that four-fifths of respondents considered patent legislation in Malta to be attractive. Air and shipping transport links received the highest number of not attractive ratings.

In the ranking of the prompted list of aspects needed to improve Malta’s attractiveness to the pharmaceutical industry, improving the availability of skilled labour was seen as most important. Access to low facilities is considered as most important by only 20% of respondents.
Other Sectors

The respondents classified under Other Sectors represent firms in Consultancy, Real Estate, Transport, Aviation maintenance and Hospitality. Just over half of this diverse grouping’s client base are based in Europe.

The highest number of respondents in this group believe that attractiveness is improved with the provision of low cost facilities as well as access to key end user markets. However, access to low cost facilities also attracted the highest number of not attractive votes. This result could be symptomatic of the different vested interests represented in this grouping.

How would you score the following criteria in connection with your sector?

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Very attractive and attractive</th>
<th>Neither attractive nor not unattractive</th>
<th>Not attractive and not attractive at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to low cost facilities</td>
<td>45%</td>
<td>9%</td>
<td>45%</td>
</tr>
<tr>
<td>Access to key end user markets</td>
<td>45%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Costs of Production</td>
<td>36%</td>
<td>55%</td>
<td>9%</td>
</tr>
<tr>
<td>Reliability of supply</td>
<td>36%</td>
<td>55%</td>
<td>9%</td>
</tr>
<tr>
<td>Air/shipping transport links</td>
<td>27%</td>
<td>36%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Which factors/areas must be improved to increase Malta’s attractiveness within your industry?

<table>
<thead>
<tr>
<th>Factors/areas</th>
<th>Most Important</th>
<th>Important</th>
<th>Least Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport and logistics infrastructure</td>
<td>73%</td>
<td>9%</td>
<td>18%</td>
</tr>
<tr>
<td>Availability of skilled labour</td>
<td>64%</td>
<td>27%</td>
<td>9%</td>
</tr>
<tr>
<td>Regulation, taxation, environment and incentives</td>
<td>55%</td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td>Investment in research and development</td>
<td>55%</td>
<td>18%</td>
<td>27%</td>
</tr>
<tr>
<td>Access to low cost facilities</td>
<td>45%</td>
<td>36%</td>
<td>18%</td>
</tr>
<tr>
<td>Quality of life</td>
<td>9%</td>
<td>27%</td>
<td>64%</td>
</tr>
<tr>
<td>The development of export capabilities</td>
<td>36%</td>
<td>64%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Base: All Other Sectors respondents
Note: all parameters were prompted and had to be rated individually, differences in totals due to rounding up.
A number of areas were considered by respondents to be important to increase Malta's attractiveness. Transport and logistics infrastructure and availability of skilled labour are given the highest number of most important ratings by respondents.

Stability of social climate topped the list as the most attractive feature for Other Sectors respondents whereas transport and logistics infrastructure was considered as the least attractive.
Main competitors

All respondents were asked to provide up to three jurisdictions which they consider to be Malta’s main competitors in their sector. The following table presents the findings broken down by sector.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Main Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td><strong>Luxembourg</strong> - 100%</td>
</tr>
<tr>
<td></td>
<td><strong>Ireland</strong> - 60%</td>
</tr>
<tr>
<td></td>
<td><strong>Luxembourg/Ireland</strong> - 71%</td>
</tr>
<tr>
<td></td>
<td><strong>Cyprus</strong> - 35%</td>
</tr>
<tr>
<td></td>
<td><strong>Others</strong> - Cyprus; Slovenia; Baltic emerging countries; Bahrain; Switzerland; North Africa; Singapore; UK and Liechtenstein</td>
</tr>
<tr>
<td>Insurance</td>
<td><strong>Ireland</strong> - 93%</td>
</tr>
<tr>
<td></td>
<td><strong>Luxembourg</strong> - 71%</td>
</tr>
<tr>
<td>Other Financial Services</td>
<td><strong>Luxembourg/Ireland</strong> - 71%</td>
</tr>
<tr>
<td></td>
<td><strong>Cyprus</strong> - 35%</td>
</tr>
<tr>
<td></td>
<td><strong>Others</strong> - Gibraltar; Switzerland; Guernsey; Sweden; UK and Bermuda</td>
</tr>
<tr>
<td>Manufacturing and Pharmaceuticals</td>
<td><strong>Asia (mainly China)</strong> - 45%</td>
</tr>
<tr>
<td></td>
<td><strong>Gibraltar</strong> - 50%</td>
</tr>
<tr>
<td></td>
<td><strong>Cyprus</strong> - 27%</td>
</tr>
<tr>
<td></td>
<td><strong>Others</strong> - North Africa; India; Bulgaria; Switzerland; Central Europe; Poland and Italy</td>
</tr>
<tr>
<td>ICT, Telecoms and iGaming</td>
<td><strong>UK</strong> - 21%</td>
</tr>
<tr>
<td></td>
<td><strong>Italy</strong> - 18%</td>
</tr>
<tr>
<td></td>
<td><strong>Others</strong> - Isle of Man; Eastern/ Northern Europe; America; Channel Islands; Cyprus; Monaco; Alderney; Curacao; Luxembourg and Singapore</td>
</tr>
<tr>
<td>Other Sectors</td>
<td><strong>Others</strong> - Ireland; UK; North Africa; Spain; Dubai and Holland</td>
</tr>
</tbody>
</table>

46 Ernst & Young’s 2012 Malta Attractiveness Survey
Key Challenges per sector

All participants were asked to mention any key challenges for their sector in Malta in the next three years.

**Banking**
- Attracting reputable Groups in the Financial Services sector
- Finding new markets
- Keeping a fair and friendly approach to international business firms and avoiding any (political) measures that would discriminate against their success (e.g. one time taxes or surcharges on income)
- Maintaining stability of political and tax system
- Implementing of key EU Directives
- Minimising effect of Europe debt crisis
- Internationalising business
- Establishing Malta as a Funds & Captive Insurance domicile
- Reducing final consumer pricing
- Controlling costs and keeping within regulation
- Monitoring and implementing new regulations and assessing developments in banking union

**Insurance**
- Creating better transport links with the UK
- Implementing Solvency II
- Keeping flexibility within the European regulated framework
- Maintaining economic and political stability
- Improving regulatory processes
- Reducing time consuming red tape and unnecessary compliance requirements (and associated costs) while maintaining effective governance and an excellent reputation
- Maintaining labour cost levels and organizing insurance training and educational programmes

**Other Financial Services**
- Attracting bigger funds
- Having Custodian banks establish themselves in Malta
- Absorbing AIFM and custody implications,
- Attracting more international investment in Malta based funds
- Maintaining political stability
- Living up to competition from other jurisdictions
- Developing innovative legislation to gain competitive advantage
- Improving service delivery and making it quicker
- Convincing the international community of Malta’s superiority as a European jurisdiction
- Diminishing local talent pool

**Manufacturing and Pharmaceuticals**
- Maintaining a good and stable economic environment
- Keeping costs low and reducing regulatory Authority bureaucracy
- Reining in unskilled labour costs
- Competing in new markets in Europe and beyond
- Reducing Government requirements
- Improving competitiveness
- Reducing operating costs and drastically improving logistical connections to European markets
- Reducing labour costs & increasing the supply of middle and senior management
- Improving infrastructure and reducing labour costs
- Maintaining low production costs
- Maintaining cost competitiveness
- Mitigation of locally-induced costs
- Improving the availability of key professional HR resources
- Finding the right quantity and quality of people

**ICT, Telecoms and iGaming**
- Reducing uncompetitive salary structures which are way beyond market rates
- Keeping costs down
- Increasing workforce skills
- Maintaining market growth
- Finding new growth areas
Improving Malta’s Attractiveness

Respondents suggestions to improve Malta’s Attractiveness:
- Focus on niche industries (ITG, MP)
- Government support for marketing initiatives (ITG)
- Re-start of EU funds Aid schemes to aid employment such as Training Aid Framework and Employment Aid Programme (ITG)
- Special schemes to create jobs in Gozo (OFS)
- Cheaper bandwidth (B)
- Better performance of telecommunication services (OS)
- Cheaper telecom costs (I)
- Reduction of government bureaucracy (B, ITG, I)
- Cheaper water and electricity rates (MP)
- Reduction in flight costs (ITG, B, MP)
- Improve local work ethic (B)
- Implement Solvency II in a practical way (I)
- Improvement in the infrastructure (OS, ITG)
- Industrial Estates service charge reduction (MP)
- Improve shipping links (MP)

Other Sectors
- Increasing education efforts
- Continuing access to EU Regional Funds 2014-2020
- Improving and increasing local and international connectivity
- Ensuring political stability
- Increasing low season revenues
- Controlling utility costs
- Maintaining reasonable labour rates
- Maintaining and improving economic relations with North Africa

► Attracting the big players in the industry
► To be more present in marketing Malta
► Analysing EU position on iGaming and the harmonisation of taxes
► Competing with tax regimes in other jurisdictions and operating within the local market regulations regime
► Maintaining low corporate taxation
► Increasing attractiveness for iGaming
► Competing with ongoing legislative developments in other EU members states

► Increasing education efforts
► Continuing access to EU Regional Funds 2014-2020
► Improving and increasing local and international connectivity
► Ensuring political stability
► Increasing low season revenues
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