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# Economic Vision for Malta 2014-2020

Executive Summary  
& Recommendations



a publication by  
**The Malta Chamber of Commerce,  
Enterprise and Industry**

 THE MALTA CHAMBER  
OF COMMERCE,  
ENTERPRISE AND INDUSTRY

# 01/An Economic Vision for Malta

- **Opportune time to articulate a plan**
- **Proactive role for the Chamber - providing a business agenda to Government**
- **20 Chairpersons/CEOs of leading companies and the University Rector contributed**
- **52 recommendations to serve as a guide to investors in the country's economic direction**

# 02/Vision 2015



Centres of Excellence in:

- ✦ **Financial Services**
- ✦ **ICT**
- ✦ **High-end manufacturing**
- ✦ **Gaming**
- ✦ **Pharma and Health Care**
- ✦ **Maritime and logistics**
- ✦ **Aviation**



## 03/An Economic Vision for Malta



Takes stock of Malta's limited resources, the global scenario, our economic strengths and past achievements to recommend a way forward that maximises prosperity for our people.

**“ A focused and diversified successful economy underpinned by a high quality, dynamic, productive and innovative private sector that positions Malta as a global hub for business and investment leading to increased prosperity. ”**

## 04.1/ Objectives Explained



### A Focused Economy

Resources must be focused on sectors that optimally leverage opportunities. Malta must not be positioned as ‘everything’ to ‘everybody’.

### A Diversified Economy

The preservation of a diversified economy is essential. Malta’s relative resilience during times of crisis is attributable to a healthy co-existence of traditional sectors and knowledge and Innovation Technology Enabled Services.

# 04.2/Objectives Explained



## A Successful Economy

Government needs to act as a partner and enabler to Enterprise. Public and Private sector roles are distinct but must be complementary at all times.

## A Quality Economy

Business leaders and social partners must inculcate a culture of excellence.



## 04.3/Objectives Explained



### A Productive Economy

Productivity growth must be driven by human capital development and investment in new technologies. Access to finance, multi-skilling and life-long learning assume renewed importance.

### An Innovative Economy

RTDI and the commercialisation of RTDI must become a fundamental cornerstone of Malta's economy.

## 04.4/Objectives Explained



### A Global Economy

Malta must position itself as the Global-Mediterranean hub and the preferred home for business, where Malta becomes a synonym for excellence. This process demands a planned, sustained and managed journey of transformation.





# 05/Main Sectors Identified



- ✓ **FINANCIAL SERVICES**

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- ✓ **ICT (INCLUDING DIGITAL GAMING)**

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- ✓ **FILMING**

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- ✓ **LIFE SCIENCES**

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- ✓ **MARITIME TRANSPORTATION AND  
ADVANCED LOGISTICS**

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- ✓ **AVIATION AND ADVANCED LOGISTICS**

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- ✓ **TOURISM**

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- ✓ **GREEN AND LOW CARBON**

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- ✓ **HEALTH SERVICES**

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- ✓ **EDUCATION SERVICES**

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- ✓ **MANUFACTURING**



# 06.1/Sectoral Opportunities



Sector	Target	Opportunities
<b>Financial Services</b>	Position the sector for the local Pensions Market	Introduction of Third Pillar Pensions
		Introduction of Second Pillar Pensions
	Extend the sector to embrace a Regional Financial District	Establish a regional district with exclusive jurisdiction over all civil and commercial disputes within the district
	Extend the sector into soft intellectual property schemes	Royalties for films, licenses, etc.

# 06.2/Sectoral Opportunities



Sector	Target	Opportunities
<b>ICT Sector (Including Digital Gaming)</b>	Enable a transition towards productisation	Build IP Value of ICT companies
	Stimulate further competitiveness and growth	Establish the necessary prerequisites including skills to ensure that the sector continues to grow
<b>Filming</b>	Enable Malta to become the end to end production (including aspects of film shooting) destination of choice	Move up the value chain
<b>Life Sciences</b>	Establish a new economic sector	New bio-park infrastructure is being set up

# 06.3/Sectoral Opportunities



Sector	Target	Opportunities
<b>Maritime Transportation and Advanced Logistics</b>	Re-position Malta as a global and regional hub	Move up the value chain
<b>Aviation and Advanced Logistics</b>	Expand Malta as a global location of excellence for aviation maintenance	Establish the necessary prerequisites to ensure that the sector continues to grow
	Expand Malta's Aircraft Register	
	Re-position Malta as a global and regional hub for General and Business Aviation	Replicate successful model for maritime sector

# 06.4/Sectoral Opportunities



Sector	Target	Opportunities
<b>Tourism</b>	Establish Malta as a Distinctive Global “City” for Tourists and Corporate Offices	Move up the value chain
	Increase awareness of Malta as a premier tourist destination in the Mediterranean region	Encourage product development and investments in Maltese tourism assets and products
	Instil a better service culture	Foster an adequate supply of skills and labour
<b>Green and Low Carbon</b>	Establish Malta as a Smart Energy Island	Create a new economic sector whilst replicating international best practice.

# 06.5/Sectoral Opportunities



Sector	Target	Opportunities
<b>Health Services</b>	Establish Malta as a global and regional Health Care provider of excellence	Create a new economic sector
<b>Education Services</b>	Establish Malta as a global and regional Education provider of excellence	Create a new economic sector
<b>Manufacturing</b>	Stimulate further competitiveness and growth	Establish the necessary prerequisites to ensure that the sector continues to grow

# 07/Six Fundamentals that Underpin our Economic Vision



- ✓ **SECURING ECONOMIC PROSPERITY**

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- ✓ **FOSTERING HUMAN DEVELOPMENT**

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- ✓ **SUPPORTING THE FURTHER DEVELOPMENT OF BUSINESS AND ENTERPRISE**

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- ✓ **BUILDING AN INNOVATIVE INFRASTRUCTURE**

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- ✓ **INVESTING IN INFRASTRUCTURE AND THE ENVIRONMENT**

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- ✓ **GOVERNMENT PARTNERSHIP WITH BUSINESS AND ENTERPRISE**

# 08.1/Recommendations



## **SECURING ECONOMIC PROSPERITY**

1. Enhance bi-partisan approach to matters of economic priority
2. Strengthening MCESD

## **EMBRACING FISCAL PRUDENCE**

3. Increase value for money from public expenditure
4. Ensure fair-level playing field in business
5. Implement reforms for sustainability in health and education





## 08.2/Recommendations



### **EXPANDING ECONOMIC GROWTH THROUGH INCREASED PROSPERITY**

6. Enhance public sector investment in infrastructure, technology and public administration
7. Focus on productivity-driven growth

### **SECURING MALTA'S TAXATION FRAMEWORK FOR INTERNATIONAL BUSINESS**

8. Strengthen Imputation Tax Framework



## 08.3/Recommendations



### **FOSTERING HUMAN DEVELOPMENT**

9. Upgrade education system to provide deeper skills
10. Link academia/education system to the needs of industry and the labour market
11. Social Partners should incentivise low-skilled workers to invest in upgrading their skills
12. Reform the stipend system
13. Link stipend system with the needs of the labour market and the employability index
14. Revisit immigration policies to attract required talent
15. Ensure more effective contribution by irregular immigrants

# 08.4/Supporting the further Development of Business and Enterprise



## INCULCATING A CULTURE OF EXCELLENCE

16. Social Partners should inculcate a culture of excellence

17. Nationally-funded institutions should support business to acquire internationally-recognised quality standards

18. Government departments should be tasked with KPIs

19. Government should give greater importance to quality criteria in its purchasing



# 08.5/Supporting the further Development of Business and Enterprise



## ACHIEVING A FLEXIBLE COMPETITIVE LABOUR MARKET

20. Reform COLA to include productivity measure besides inflation
21. Avoid unjustified increases in Minimum Wage
22. Ensure flexible labour laws
23. Ensure a fair and proportionate enforcement of labour laws
24. Improve World Bank Ease of Doing Business rankings



# 08.6/Supporting the further Development of Business and Enterprise



## MANAGING THE ENERGY CHALLENGE

25. Address inefficiency in Enemalta. Inefficiencies should not be passed on to business

26. Government should introduce measures that would lower domestic energy prices for industry and business to levels comparable to those applicable in the rest of the EU. This could be achieved through a number of measures including:

- allowing business and enterprise to undertake bulk buying and joint purchasing;
- allowing bulk consumers to opt for fixed or variable tariff;
- allowing privately managed energy distribution grids and substations in Industrial parks;
- considering the introduction of energy vouchers to incentivize private investment in alternative sources of energy and in increased efficiency of energy.

# 08.7/Supporting the further Development of Business and Enterprise



## MANAGING THE ENERGY CHALLENGE

27. Ensure a cost-competitive share for interconnector in the country's energy mix
28. Use ERDF funds to support energy efficiency and renewable energy measures
29. Address water sustainability issue



# 08.8/Supporting the further Development of Business and Enterprise



## **ENABLING ACCESS TO FINANCE TO SMES AND THE KNOWLEDGE ECONOMY SECTORS**

30. Introduce more schemes for collateral free loans

31. Introduce export credit guarantee schemes

## **STRENGTHENING THE BUSINESS ECOSYSTEM FOR OVERSEAS GROWTH**

32. Partner with Chamber to establish a PPP to promote external business

## **POSITIONING MALTA AS A PREMIUM GLOBAL BRAND**

33. Other PPPs should be set up to assist in other economic sectors

## 08.9/Building an Innovation Infrastructure



### **INCENTIVISING INNOVATION AND PRODUCTIVITY IMPROVEMENT IN BUSINESS AND ENTERPRISE**

34. Create a Research and Innovation hub for applied research on innovation and productivity

### **ESTABLISHING MALTA AS A LEADING 'LIVING LAB' CENTRE**

35. Establish Malta as a Living Lab centre

### **STIMULATING INNOVATION AND RESEARCH**

36. Create innovative financing vehicles to complement traditional channels

37. Complement innovation infrastructure with formal business angel network, equity financing and innovate fiscal instruments



## 08.10/Building an Innovation Infrastructure



### SETTING UP A POST-DOCTORAL RESEARCH AND INNOVATION HUB

38. Establish research hubs to build indigenous research communities

### ENCOURAGING ENTREPRENEURSHIP

39. Encourage Entrepreneurship through overhaul of National Curricular Framework

40. Partner with Chamber to establish a PPP to support SMEs



# 08.11/Investing in Infrastructure and the Environment



## PROMOTING AND FINANCING INVESTMENT IN INFRASTRUCTURE

41. Draw up 2030 infrastructure strategy
42. Ensure public investment is truly productive and that it contributes to expanding the country's productive base
43. Ensure public investment in infrastructure is sustainable and does not lead to increases in debt/GDP ratio

## ENERGY INFRASTRUCTURE

44. Investment in energy infrastructure must be made sufficiently ahead of demand to ensure energy stability

# 08.12/Investing in Infrastructure and the Environment



## URBAN REGENERATION

- 45. Undertake an urban regeneration programme to minimise need for development in green field sites
- 46. Restructure the Grand Harbour Regeneration Corporation into a Malta Urban Development Corporation

## UNLEASHING MALTA'S GREEN CREDENTIALS

- 47. Present decisions must reflect the welfare of future generations
- 48. Government must cease to act as an economic operator in the Green Sector

## 08.13/Government Partnering with Business and Enterprise



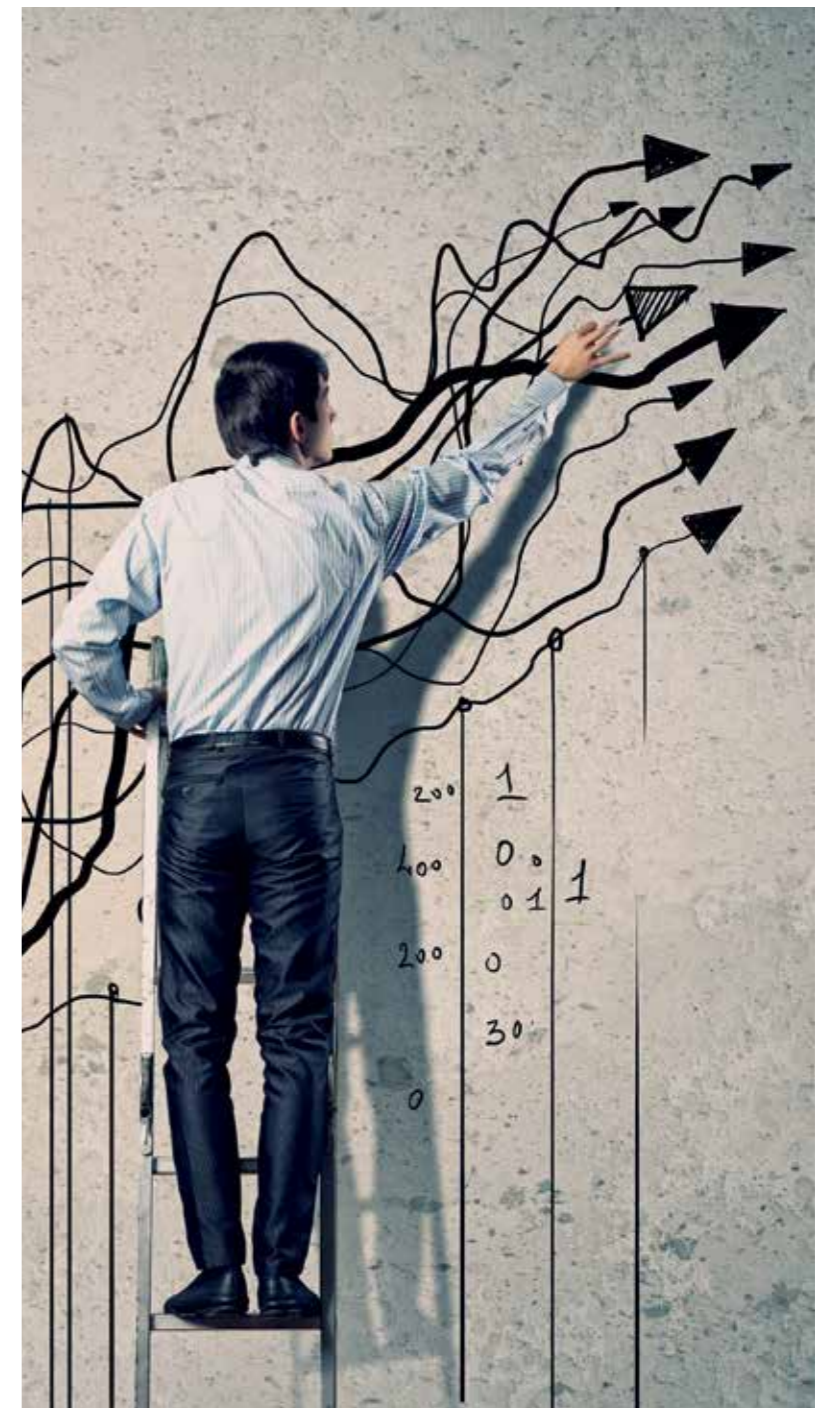
- 49. Undertake a manpower survey of skills in the public service
- 50. Reform of Public Service to complement the country's competitive base and ensure public services are affordable
- 51. Public Service must become a partner to business and enterprise
- 52. Reform the judicial system to ensure it is complementary to business



# 09/Conclusion



- ✦ The country's economic future may be secured by working together towards our coherent Vision that promises the growth and prosperity that our people deserve
- ✦ This Vision provides a business agenda to Government rather than a Government Agenda for business.
- ✦ If business works better the country works better and our people are better for it!





**THANK YOU**

