



Foreword by
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Chairman, FIRST
Advisory Council

I have great pleasure in introducing this official FIRST report on Malta to mark Prime Minister Lawrence Gonzi's visit to the United Kingdom. We are particularly grateful to His Excellency Joseph Zammit Tabona, the High Commissioner of Malta, for all his help. We hope this report will focus the attention of international business leaders and policy makers on the many investment and trade opportunities that exist in Malta.

Malta plays an important regional role given its geographic location between the mature economies of Europe and the emerging ones of North Africa. Malta has also been less affected by the global economic crisis due to strong economic growth in the preceding years and a low risk lending strategy in the financial services sector. Malta's success can, in part, be attributed to its economic adaptability as well as its courage in embracing positive change. Prime Minister Lawrence Gonzi must take the credit for pursuing a flexible and adaptable economic strategy that has allowed Malta's small and open economy to survive and prosper.

Malta has surpassed European and euro area economic averages with a growth rate of 4.4 per cent in 2011. With GDP of €6.4 billion and GDP per capita of €15,300, Malta's economy is focussed on tourism, electronics, the Freeport, financial services, ICT and light manufacturing with an emphasis on high value-added pharmaceutical and semi-conductor sectors.

The business legislation and tax systems of Malta are considered to be amongst the most attractive in Europe and combined with its position, straddling the busiest shipping lanes in the Mediterranean, Malta has become a favourable destination for foreign investment. Among the areas specifically targeted for investment are the knowledge economy sectors including financial services, information technology, research and

development and value-added manufacturing.

There are strong and important historical links between Britain and Malta dating back to 1800 when the Royal Navy blockaded the entrance of Grand Harbour helping to expel Napoleon and leading to his eventual defeat. In 1814 Malta became a British colony and during the Second World War was subjected to a long blockade and five months of heavy bombing – considered to be more devastating than the London Blitz – and refused to surrender. In 1942 Malta was awarded the George Cross in recognition of the courage and fortitude of its people during this period.

Malta continues to play an important role on the world stage – hosting the Commonwealth Heads of Government Meeting in 2005 and has kept close diplomatic relations with its neighbours in North Africa. When unrest flared up in Libya in 2011, Malta played a key part in the humanitarian effort, helping the EU nationals to safety and providing medical assistance to injured Libyans. As Prime Minister Lawrence Gonzi said last year “I was particularly pleased to note the British Prime Minister's appreciation of Malta's efforts during the Libyan crisis.”

More recently, this year, Malta played host to the 5+5 Dialogue summit attended by the leaders of Libya, Tunisia, Algeria, Morocco, Mauritania, France, Italy, Portugal, Spain and Malta, resulting in the *Valletta Declaration*.

Prime Minister Lawrence Gonzi's visit to the United Kingdom while providing an opportunity for private discussions, will give us all the opportunity to study the important developments in Malta and to weigh carefully the many opportunities to work together even more closely.

We at FIRST are delighted to have been asked to produce this official publication to mark Lawrence Gonzi's visit and hope that it contributes, in a small way, to its success and the further development of this important bilateral relationship. E