

A profitable destination

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DR SUE VELLA has been Chief Executive Officer of Malta Enterprise since May 2012, after having joined the Corporation as Chief Operations Officer in March 2010. Prior to joining Malta Enterprise, Dr Vella was Chief Executive Officer at the Employment and Training Corporation, while also serving as Vice President of the Employment Committee in Brussels and Chair of its technical group. She has worked in public sector consultancy and in various policy fields, also serving on a number of public sector boards and committees including vocation education, housing, social welfare and pension reform. After graduating from the University of Malta, Dr Vella completed post graduate studies at the London School of Economics and the University of York.

For a small island in the Mediterranean with its only natural resource being virgin stone, the development of a manufacturing industrial sector may seem at first glance to be inconceivable. Malta has defied the odds and hosts a dynamic, vibrant manufacturing sector, which has grown since the 1950s to anchor world-leading companies in a variety of fields ranging from the traditional micro-electronics, medical and plastic sectors, to the growing aviation, ICT and pharmaceutical sectors. More than two hundred foreign-owned manufacturing enterprises are firmly established and trading successfully on the island, including global leaders such as Trelleborg, Baxter, Cardinal Health, ST Microelectronics, and Watson Pharmaceuticals to mention only a few.

Despite the limited domestic market, Malta's industries have proven both resilient and profitable in the global economic uncertainty, with Malta registering one of the most positive economic performances in the EU, including the attraction of over 160 new investment projects with a total outlay of over €350 million in the past four years. In addition to the quality of life and the resourcefulness of its people, two other critical factors in this success are Malta's vision and institutional responsiveness.

Consecutive Maltese governments have always firmly believed in the potential of manufacturing and have over the years developed and implemented concrete strategies aimed at enhancing the productivity and profitability of the sector. The national policy document *Vision 2015* places advanced manufacturing, along with other key sectors, at the heart of economic development. This vision has led to the development of high-grade infrastructure to meet the requirements of industry. Significant investments have also been made in logistic hubs and ports to capitalise on Malta's strategic location in the middle of the Mediterranean Sea, which allows easy, direct access to the neighbouring markets of the European Union, North Africa and the Middle East.

This investment has paid off. Malta has seen a number of successes in direct production. The pharmaceutical sector is one such instance where, in the past five years, the sector has experienced a four-fold growth in exports from indigenous plants which now contribute to nearly 10 per cent of Malta's total

exports. Similarly, the export of ICT services has doubled over the same period.

The aviation industry, too, has emerged as one of Malta's top sectors over the past decade, attracting top industry players such as Lufthansa Technik – which has set up its largest MRO facility within the group's maintenance network in Europe – as well as SR Technics, Hangar8 and many others. The aviation industry was further strengthened with the opening of the Safi Aviation Park, a 200,000 square metre park intended to facilitate the creation of an aviation cluster.

In recent months, two new strategies for the life sciences and the digital media sectors have been conceived and drawn up. The life sciences strategy guides and complements the development of a state-of-the-art BioMalta Campus which is co-financed by the European Regional Development Fund. This Campus will house high-quality, fully-serviced laboratory space within walking distance of the University of Malta and Malta's main hospital.

While the life sciences strategy may be seen to have followed naturally on from Malta's success in pharmaceuticals, the digital media industry is similarly being encouraged to build upon the successes of the ICT industry in Malta, which amongst others comprises the US\$300 million development in SmartCity Malta, a self-sustained township providing space for the ICT and media sectors based on a similar model in Dubai.

Investors in Malta have easy access to high-grade industrial and office space, a competitive cost structure with low labour and social contribution costs, a very good services infrastructure, as well as significant fiscal advantages through which companies may effectively reduce their corporate tax rate to 5 per cent upon distribution of dividends. These complement the broader benefits of living and working in Malta, where the quality of life has consistently been ranked among the best in the world, and the highly-skilled and efficient workforce is also English speaking.

Malta Enterprise Corporation is the national agency tasked to encourage and assist new investment in Malta while also supporting existing enterprise. Malta Enterprise's efforts in attracting new investment to Malta and supporting existing business were recently recognised by the United Nations Conference on Trade and Development when it awarded the Investment Promotion Award 2012 to the Corporation. E