

# MALTA

## Making history

NICOLA THORNTON

Three years into EU membership, Malta is thriving. As well as shrinking its budget deficit from 10% in 2003 to 2.8% last year, the tranquil Mediterranean archipelago has managed to transform to a service-oriented economy, with the emphasis on high value addition.

With less dependence on low-cost manufacturing, the Malta of today is a hotbed for ICT, financial services and tourism and has its sights firmly set on entering the Eurozone in January 2008. Prime Minister Lawrence Gonzi notes: "All our economic indicators clearly prove we are moving in the right direction."

Tonio Fenech, Parliamentary Secretary in the Ministry of Finance reported that €1.3 billion had been pumped into the Maltese economy in 2006, thanks largely to the sale of Maltacom, the establishment of Atlas TG, a €55 million investment from Lufthansa Technik and the development of the financial and



Lawrence Gonzi  
Prime Minister

remote gaming industries.

In the future, Austin Gatt, Minister for Investment, Industry and Information Technology wants to see Malta become the region's "Smart City"—a centre of excellence for information and communication technology, pointing to its English-speaking work force and low-cost base as distinct advantages. The World Economic Forum's Global IT Report ranked Malta 27th out of 122 countries on the Networked Readiness Index this year.

Easy access to EU markets has made financial services the fastest-growing sector, which is set to contribute up to 25% of the gross domestic product within ten years. J. V. Bannister, chairman and president of the Malta Financial Services Authority, notes: "The regulatory regime is robust and flexible and the regulator open and transparent."



The Clubhouse at Tigné Point, Malta

## Tourism relaunched

NICOLA THORNTON

As another key earner, tourism is also being carefully scrutinised for its growth potential. After a slight drop in arrivals last year, Minister for Tourism Francis Zammit Dimech and the Malta Tourism Authority (MTA) have identified hospitality, diversity and culture as the primary areas to focus on. A new branding exercise will, they hope, establish

Malta as a high-end, quality destination. Samuel Mifsud, chairman of the MTA, says: "People tend to have the wrong idea about Malta. It is in fact a cultural destination with a significant history. We have unique Roman remains and the splendour of the knights of Valletta, which no other country can boast. Plus everything is only half an hour's drive away."

The MTA is also facilitating easy booking systems to entice

### Where history and the ultra-modern come together, beautifully

Tigné Point is one of the most ambitious and comprehensive real estate projects ever planned for Malta.

Part of Midi plc's £317 million development, the pedestrianised village—all traffic will go underground—is a vibrant mix of luxury homes, hi-tech offices, stylish shops, trendy cafés and state-of-the-art health and leisure facilities, all set against a stunning backdrop



Benjamin Muscat  
CEO, Midi plc

of Valletta's 16th century bastions.

"Tigné Point bridges the gap between the island's rich cultural heritage and an altogether newer sense of luxury and sophistication," says Ben-

jamin Muscat, CEO, Midi plc. "We will have 16,000 m2 of office space available. We are also investing in an ICT sector infrastructure through a joint venture with Siemens Italia."

The first phase of 200 waterfront, luxury apartments was snapped up when it was launched in 2002, with another 59 apartments

to be launched by the end of the year.

Midi plc is also developing Manoel Island, a marina village complex featuring 450 low-rise apartments, a five-star hotel, 400 berths and 80 super-berths.

Muscat says: "Our developments are unique in terms of their size, diversity and hi-tech infrastructure. It's a rare combination."

Midi Plc. North Shore, Manoel Island, Malta. <http://www.midimalta.com>



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more independent travellers, a key growth market. "We have introduced a portal on our website which allows travellers to book their flights and hotels online," says Mifsud.

Increasing air accessibility is another priority. "Once we have the potential of having 13 airlines coming to Malta, we have the potential to fill these aircraft. Low-cost carriers are already making dents in the market and doing well," Mifsud notes.

Air Malta, the country's flagship carrier, is continuing to promote tourism and business travel to the islands. A restructuring exercise, begun in 2004, has put the company in a much stronger financial position.

As Joe Cappello, the airline's CEO, explains: "Air Malta used to be a fairly large group of companies. By selling off hotels, our duty-free operation and a local handling company, the group is now a much more streamlined entity that relates completely to our core activity, which is the airline itself."

The company has outsourced its information technology, reservations and catering trans-



Francis Zammit Dimech  
Minister of Tourism

port operations and invested in a Malta-based international call centre. "We have taken advantage of the rights that EU membership has given us. For example, we can operate freely within the EU as a community air carrier, even though we are committed to Malta as a tourism destination.

"One of the first things we did in 2004 was begin a service between Catania (Sicily) and London. We also have aircraft based in the UK and operate charter flights between Bristol, Birmingham and East Midlands to the Greek and Spanish resorts. We are taking advantage of a new revenue earning potential that was not there before.

"We are also expanding our Sicily base to provide flights from Catania to Munich, Geneva and Casablanca and also starting flights to Liverpool, Venice and Benghazi. All of these are new ventures to create revenues for the company, which we owe to both our shareholders and our-

selves. We are opening up as many gateways as we can to bring tourists to Malta."

Last November, the company signed a coach-sharing agreement with Lufthansa, which is now opening up transatlantic opportunities to New York and Washington and is considering the potential for more sharing agreements. Threat of competition from the low-cost airlines is most apparent in the UK and Air Malta has responded by

on increasing its business traffic, again highlighting its premium Club Class product and the possibilities that will exist with the "Smart City" proposal. "This venture will help alleviate our seasonality problems, plus it will offer cargo opportunities. IT materials, for example, are suited to air transportation."

Finally, as joint ad campaigns get under way with the MTA, the airline is proud to fly the Maltese flag. Says Cappello: "With air

## The regulatory regime in Malta is robust and flexible and the regulator open and transparent.

concentrating on its competitive advantages, which include cargo carrying, the option of Club Class and the carrying of conference groups, to name a few. "At the same time," Cappello says, "we have invested in technology to be at the same competitive level when it comes to selling over the Internet and having a state-of-the-art call centre."

Air Malta will also be focusing

travel virtually the only way people can come to the island, we play a significant role in fulfilling a strategic link for our country. We are a value-for-money, reliable airline that has been operating for nearly 35 years. We offer passengers a taste of Malta before they arrive, with our traditional Maltese hospitality onboard."

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