

# MALTA

A vibrant and multi-faceted Mediterranean island nation



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# Malta: A peerless location in the Mediterranean

Blessed with a rich history, jaw-dropping views and countless marvels, the island nation has been energized by tourism’s rebound

Located at Europe’s southern tip, Malta may be the smallest member of the European Union, but it boasts an economy that is expanding faster than any other in the bloc apart from Ireland.

The Mediterranean island nation’s gross domestic product rose 6.9 percent in 2022 according to the European Commission, which forecasts further growth of 3.9 percent this year, followed by 4.1 percent in 2024. As Minister for Foreign and European Affairs and Trade Ian Borg says, “It’s an economy that works, an economy that’s providing quality of life to the local population and to the tens of thousands of people who have chosen to study, work, live or retire here, as well as good rates of returns for those who have invested in the country. It’s a place where you don’t have to travel far to find the next beautiful spot or historic site, and the best way to learn more about Malta is to visit.”

While the country has cultivated a modern knowledge-based economy based on various advanced export-focused industries, a crucial contributor to its post-COVID performance has been the rapid rebound of a tourism sector that represents approximately 15 percent of its GDP.



**Clayton Bartolo**  
Minister for Tourism

**“We’re now past recovery and in the rethinking phase, rethinking our tourism product to ensure quality across the board for tourists.”**

Clayton Bartolo, Minister for Tourism

“About 2.3 million tourists came to Malta in 2022, which is around 83 percent of our 2019 record number,” states Minister for Tourism Clayton Bartolo. “Furthermore, the first quarter of this year has been the best we’ve ever had, our forward bookings are the highest ever, and we’ve see increases in the number of nights spent here and in spend per visitor. Compared to the overall recovery of tourism in Europe, Malta has been way ahead of its counterparts.”

99 percent of those tourists arrive on direct flights from more than 100 global destinations. “Other countries have highways, bridges and tunnels to connect to their neighbors. We don’t, so for us flights are key. We’ve re-established 90 percent of our pre-pandemic connectivity and increased our passenger-load factor per plane to over 85 percent, so we’re bringing in more tourists with a similar number of flights,” he reveals.



The Parish Church of Mellieha is one of 365 churches in Malta



**Ian Borg**  
Minister for Foreign and European Affairs and Trade

Having quickly reset the industry, the government is working to guarantee its future sustainability. “We’re now past recovery and in the rethinking phase, rethinking our tourism product to ensure quality across the board for tourists,” says Bartolo. “We need to continue investing in a holistic manner, offering excellent experiences to everyone from families on vacation, to couples on honeymoon, to people here on business and so on. All tourists deserve to have the best experience in Malta and we welcome everyone with open arms—our motto is ‘service with a smile’ and that’s something that makes a vacation here so memorable.”

Whereas the archipelago used to be considered as just a sun-and-beach destination, a vast range of visitors from across the world are now becoming aware of the wider appeals of both the main island of Malta and the less-developed, smaller and more tranquil Gozo, which are separated by an exhilarating 25-minute ferry trip. As Bartolo explains: “One of our advantages is that we’re a very small country with over 7,000 years of history that abounds in natural beauty. In the morning, you can go for a bike ride, in the afternoon you can dive, then you can visit a museum and have dinner somewhere else before returning to your hotel, for example. Whether you are a couple, a family or a business traveler, Malta is the place to be and there’s a lot to explore throughout the islands.”

Carlo Micallef, CEO of Malta Tourism Authority, agrees: “The country’s unique selling points are the diversity and adaptiveness of the destination to the interests of visitors. The islands of Malta and Gozo promise and deliver great value and a wonderful holiday experience to every visitor. Going forward, we want our tourism industry to safeguard and preserve all that makes Malta so beautifully different from other destinations, instead of engaging in tourism activities that take away our soul and character. In that way, tourism will continue to be a prime contributor to the Maltese islands’ sustainable socioeconomic wellbeing.”



# A zip file of endless diversity for tourists

European city dynamism combined with the natural attractions of Mediterranean islands make Malta a unique destination

“Malta is like a zip file—once you open it, there are layers upon layers of history, attractions, activities and experiences to enjoy alone or with others,” enthuses Carlo Micallef, CEO of Malta Tourism Authority (VisitMalta).

As he explains: “The archipelago encompasses a vibrancy and energy to match any cosmopolitan European city, but is also blessed with the climate, seas and lifestyle of beautiful Mediterranean islands. In addition, Malta is one of the few Mediterranean destinations that never closes down, with practically everything being open year round throughout the country.”

Tasked with being the sector’s regulator, motivator, partner and promoter, as well as strengthening human resources and standards, VisitMalta leverages the nation’s history, hospitality and diversity as part of its marketing strategy. “The islands’ heritage spans from Neolithic times to the Phoenicians, Carthaginians, Romans, Byzantines, Arabs, Normans, Sicilians, Spanish, Knights of Malta, French and British. All have left their mark on our language, architecture, cultural traditions, art and cuisine,” says Micallef. “And because our heritage is so varied, hospitality comes naturally to us—vacationing in Malta is not like visiting a resort, you will make friends and experience the authentic daily life of the local population.”

Maltese gastronomy is indeed a huge attraction, thanks to the numerous traditional and modern restaurants—35 of them appearing in the latest Michelin guide—which embrace seasonal ingredients that go straight from



**Carlo Micallef**  
CEO, Malta Tourism Authority



Dghajsa boats have ferried people around Malta for centuries

local seas and farms to the table. Other expanding niches include relaxing short breaks connected to art, culture or history, as well as activities such as cycling, diving, sailing, trekking, sports tournaments and training camps, plus faith tourism. Many visitors want to explore the islands’ 365 churches, while “there’s also demand to spend time meditating and rediscovering oneself through yoga, wellness exercises and Pilates at our idyllic mystical sites, like our Neolithic temples and the rocks of Dingli Cliffs that have mesmerizing sea views,” explains Micallef.

Beyond relaxation, Malta offers a jam-packed yearlong calendar of cultural festivals and events. Among the most anticipated this year is EuroPride in September, which will be celebrated in the capital of a country that is recognized as being one of the safest and most welcoming places worldwide for all tourists. “Malta has been number one on the International Lesbian, Gay, Bisexual, Trans and Intersex Association’s Rainbow Europe Map and

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Carlo Micallef, CEO, Malta Tourism Authority

Index for eight years in a row for its championing of equality, inclusion and legal rights for LGBTI people, for instance,” Micallef notes. “Malta is not a typical Mediterranean island and many first-time visitors are surprised to find so much diversity here. I would invite all travelers to explore more of Malta.”

## Islands that deliver a perfect experience to all travelers



Malta is served by direct flights from over **100** global destinations



The Mediterranean country enjoys around **3,000** hours of sunshine every year



The Maltese islands are home to **10** UNESCO World Heritage Sites



**35** Maltese restaurants feature in the latest Michelin guide, **6** of them being starred

# Best port of call globally for cruises

Malta is a hidden gem for American cruise passengers, with stunning port facilities that will exceed their expectations

Industry experts see substantial growth potential in the Maltese cruise industry, which is currently worth around \$87 million a year, as more and more people look to sample the archipelago's diverse delights.

"Cruising is the perfect opportunity to get a taste of what the country has to offer in a day. All the major attractions around Malta are reachable within 30 minutes," explains Stephen Xuereb, COO of Global Ports Holding and CEO of Valletta Cruise Port. Located at the foot of the capital and a key destination or homeport for Mediterranean cruise ships, arrival at this world-class port is a remarkable experience that is expected to be enjoyed by about 800,000 visitors this year and a record 1 million in 2024. "The entry into Malta's Grand Harbour offers a truly unique experience, being surrounded by views of the capital city's magnificent fortifications on one side and the Three Cities on the other side, immediately transporting you back in time," Xuereb enthuses.

The port has been transformed since its 2002 acquisition by Valletta Cruise Port, a subsidiary of Global Ports Holding, which operates 27 ports worldwide. At that time, the site covering almost 12 acres was totally run-down following severe bombardment during World War II. Global Ports Holding's first mission was to create the award-winning Valletta Waterfront promenade lined by 18th-century warehouses that have been restored to their former glory and are now home to thriving commercial and hospitality outlets.

"The promenade is still as popular with both cruise passengers and local residents as it was when it was inaugurated in 2006, he notes: "We've



**Stephen Xuereb**  
COO, Global Ports Holding and CEO Valletta Cruise Port



Valletta Cruise Port can accommodate the world's biggest liners

managed to retain its relevancy through constant development and maintenance of the facilities, and by ensuring that it offers a good value proposition."

Over the last 20 years, the group has also continuously invested in the port's infrastructure and services to meet the needs of the world's biggest liners. Proof of its success came recently, when it welcomed the maiden voyage of MSC World Europa that houses 6,700 guests and 2,200 crew. "We're getting ourselves ready for the future as well," states Xuereb. "One of our quays that can accommodate 820-foot vessels is being widened by about 165 feet, which will allow us to comfortably accommodate large vessels. This will be completed in the first quarter of next year."

**"All quays in the harbor will be supplied with onshore power, which will strengthen our appeal as a destination for cruise lines committed to carbon neutrality."**

Stephen Xuereb, COO, Global Ports Holding and CEO, Valletta Cruise Port

Environmental and social sustainability are further focuses at the port. Among its pioneering initiatives, Xuereb highlights a new system that provides docked liners with electricity from the shore, enabling them to turn off their engines and reduce pollution: "This is a major government initiative co-financed by the European Union," he says. "All quays in the harbor will be supplied with onshore power, which will strengthen our appeal as a destination for cruise lines committed to carbon neutrality."

Under Global Ports Holding's direction, Valletta Cruise Port has amassed an impressive haul of international prizes. For example, it was named the world's best cruise terminal for sustainability at the World Cruise Awards 2022 and it was voted the best global port of call by cruise customers at the leading international travel fair Fitur in 2023. "We have won recognition from both the industry and from our guests, which we are very proud about. Being recognized by our guests gives us great pleasure in particular because, at the end of the day, we are here to supply customer satisfaction."

He believes the port's new environment-friendly power system and expanded quay will encourage more North American lines to visit, while those with a presence already will increase their trip frequency: "It's a great opportunity to attract more American tourists to Malta, which is a hidden gem that provides a wow factor in terms of exceeding guests' expectations."

## Valletta's award-winning cruise port



Cruises contribute  
~\$87m a year to Malta



800,000 passengers  
expected this year



Best cruise terminal for  
sustainability at **World  
Cruise Awards 2022**



Best global port  
of call for customers  
at **Fitur 2023**

# Shifting to a value-added economy

The country has capitalized on its many assets to become a prime destination for technological innovators

With established strengths in industries such as aviation, pharmaceuticals, automotive components, microchips, advanced manufacturing, robotics and precision engineering, Malta is rapidly transitioning into a knowledge-based economy that is extremely attractive to international firms operating in high added-value sectors.

"Malta is the place to be: we're open for business, we're open for investors that are serious about investing in the smart economy, in the blue, green and digital economy," declares Minister for Environment, Energy and Enterprise Miriam Dalli. "We invest a lot of energy to attract foreign investors, but just as much energy to retain those companies. As a small country, bureaucracy is contained to a minimum. Investors know that they can easily speak to the government, we will listen and try to facilitate things for them to make sure their investment reaps benefits for them and for our communities. From the moment companies arrive in Malta, they have peace of mind that there's a supportive government and entities that can assist them."

## One-stop shop for investors and businesses

The first port of call for potential investors is the economic development body Malta Enterprise, which gave a green light to 103 new domestic and foreign direct investment projects worth about \$82 million in the 12 months to April 2023. "We help companies set up and expand operations with support measures, and we have a large budget for business incentives," says its CEO, Kurt Farrugia. "We also act as a foreign direct investment promotion agency and support local firms. We're the one-stop shop for all businesses in Malta."

Malta Enterprise is playing a central role in advancing the economy's transformation. "Our vision as an agency changes from time to time according to the economic environment and recently the country has been experiencing huge economic growth to the tune of 6-7 percent a year. In line with that, for the past two years—and going forward for at least the next five—the focus of our strategy has changed from aiming to attract companies with a large employment base to drawing in smaller companies that pay higher wages and operate in sectors like biotech, medtech, research and development, the green and blue economies, and anything related to technology. We're shifting our model to a higher-wage country, with less labor-intensive industries and high value-added jobs," Farrugia explains.

"We want to attract small companies and startups that bring innovation and open new opportunities in new sectors, as well as transferring knowledge to Malta and sharing knowledge with Maltese education



**Kurt Farrugia**  
CEO, Malta Enterprise



Entering Valletta's Grand Harbour is an unforgettable experience

institutions, including our universities and our technical institute." Farrugia reveals some of the islands' unique advantages for those businesses: "Firstly, we're a member of and a gateway into the European Union, with strong links and proximity to North, West and East Africa, plus very good connections with the Middle East. Businesses from outside the EU can use Malta as a stepping stone into the bloc, while those from Europe can use it to access markets such as Africa, the US and the Middle East. I think that we are in a unique position in that respect."

Secondly, the CEO highlights the wealth of talent that can be found in the English-speaking country that boasts a diverse, cosmopolitan population, with expats making up about 25 percent of the workforce: "Being a small island without many natural resources, one of our most important resources is our people. Our education system is creating a

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Kurt Farrugia, CEO, Malta Enterprise

significant amount of talent for all our industries and, thanks to the quality of life here, we attract a lot of international employees, particularly from outside Europe, which adds to our competitiveness. A third way in which Malta stands out is that it is a highly attractive destination for digital nomads and startups."

Another asset is the nation's petite size, which enables close and collaborative relationships between the government, public bodies and industry. For instance, administrative tasks that can be onerous in many countries—such as obtaining visas, work permits and planning consents, or ensuring compliance with the requirements of regulatory bodies—are much simpler in the Mediterranean nation, where Malta Enterprise operates as the single point of contact for companies to expedite procedures.

“We have great relationships with all government entities and authorities and we act as a conduit to them: when a company has received approval from us, the other authorities know that it has already been through a thorough evaluation, that we have seen the business case, done the due diligence and analyzed the technical feasibility. Malta offers incredible ease of doing business. We provide easy access to authorities in order to smooth processes, while abiding by the highest standards when it comes to regulation,” he says. “To continue our transition to a more knowledge-based economy with smaller firms paying higher wages, we will carry on nurturing our pro-business culture and ensuring the accessibility of all government entities that could make business easier for companies.”

Malta’s size brings additional benefits for startups and entrepreneurial firms in new and emerging industries, according to Christopher Haley, senior entrepreneurship strategy specialist at the World Bank. “Just like a startup, a small state has much greater nimbleness, which it can use to its advantage. Malta can experiment with regulations in a way which is

**“Our startup residence program gives non-EU founders, co-founders, their families and core employees three-year residence permits that can be extended by another five years.”**

Kurt Farrugia, CEO, Malta Enterprise

simply impossible for larger economies. It is possible to gain feedback from entrepreneurs much more quickly, and then adapt regulations and infrastructure accordingly ... I could envisage Malta becoming an attractive testbed for startups from all over the world,” Haley said in a recent interview with Start in Malta, an initiative backed by Malta Enterprise that is working to unite and build the country’s startup community.

#### Jumpstarting growth in young companies

In order to meet its future economic ambitions, Malta has created a portfolio of financial and other incentives that target innovative local and international startups and smaller firms, particularly ones operating in digital, technological, environmental and life-science sectors. As an illustration, Malta Enterprise offers companies space at both its Business Incubator Center and Life Sciences Park, and it can assist with up to 80 percent of the uncapped labor and equipment costs of research and development projects.

The authority has developed a variety of other initiatives to jumpstart a young firm’s growth and provides them with extensive investment assistance. “We’re very good at assisting companies to obtain the funding they need to start up. In addition, Malta Enterprise itself can give up to about \$875,000 in capital to the most innovative startups, although we need to ensure they are fully compliant. We are flexible and willing to take risks with startups that have great ideas, which will find an easy, soft-landing spot when they come to Malta,” states Farrugia.

“We encourage startups to set up their businesses here, then to expand and to export their services and products from Malta. And I believe that we currently have some of the most innovative startups in Europe that could become huge companies—specifically, there are startups in the medical, analytics and artificial intelligence fields that have enormous potential,” he adds.

One enticing initiative that the authority has recently introduced has opened up opportunities to live and work on the islands. “Our startup residence program gives non-EU founders, co-founders, their families and core employees three-year residence permits that can be extended by another five years. We’ve introduced this as part of our push to attract the best talent,” he comments.

“Overall, we have a holistic approach to startups: implementing the right incentives and taxation system to attract people, and building a whole environment for them to meet and do business together. We’re now working toward a legal framework specifically for startups that covers every aspect of their development to make it even easier for them to launch and scale. This will include incentives, grants, rights and obligations for them to be able to flourish in Malta.”

#### Preparing to be one of the world’s greenest countries

Businesses of all sizes based on the islands also benefit from the government’s proactive approach to reaching carbon neutrality by 2050. For instance, among a variety of climate-focused programs available to companies is the Smart and Sustainable Scheme that is overseen by Malta Enterprise, which aims to incentivize local companies to switch to greener, more efficient, less carbon-intensive energy solutions, as well as environmentally sustainable and digitalized operations.

Under this scheme, firms are offered grants of up to about \$110,000 and tax credits worth around \$44,000. “We’ve been releasing a substantial amount of funds through this and other programs but not enough, in my opinion. So in addition, we are now reaching out to companies and offering them 40 percent to 50 percent back on their green investments,” Farrugia reveals. “Through our efforts for decarbonization and our fostering of innovation, technology and the green and blue economies, we can be one of the cleanest countries in world, not just in terms of our land but in terms of our seas as well.”

The CEO is very optimistic about the nation’s future economic prospects. “The Maltese standard of living has been increasing and, at the same time, the government keeps cushioning the price of energy and ensuring that any impacts from COVID-19, the war in Ukraine, inflation and so on are under control. The fact that there is targeted government intervention where it is needed sets us apart from other countries,” he says. “Malta is being transformed into a hub for technology and innovation that is an excellent place for international company founders, co-founders, their families and employees to live in and do business from.”

### Unique advantages for investors



Strategic geographical location & connections



Wealth of skilled English-speaking talent



Attractive for digital nomads & startups



Collaboration between stakeholders

# A transparent and compliant jurisdiction

Malta’s dedication to maintaining world-class regulatory and business registration standards boosts its attractiveness for investors

“Malta stands out as a well-regulated jurisdiction—when someone says they have a licensed entity in Malta, that means it operates at the highest standards,” asserts Geraldine Spiteri Lucas, CEO and Registrar of Malta Business Registry (MBR), the government agency tasked with registering and regulating all business structures, foundations, associations and other voluntary organizations in the country.

To make sure those high standards are maintained, MBR accompanies businesses throughout their lifecycle on the islands, as Spiteri Lucas explains: “We start by incorporating them and we keep a profile of their directors and officers up to date on our online portal, which is visible to third parties. We’re also responsible for Malta’s Register of Beneficial Ownership that authorized authorities can access from our portal as well. At the end of a company’s life, shareholders must file notifications with us and provide documentation showing where assets went to and so on. In addition, MBR houses the Office of the Official Receiver, which deals with insolvent businesses.”

Since 2021, the agency has substantially reformed and strengthened its compliance and due diligence procedures, after the inter-governmental Financial Action Task Force (FATF) carried out a full evaluation of the country’s regulatory systems. This process identified a few improvements that were needed to better combat potential money laundering and the financing of terrorism and, as a result, FATF moved Malta to its “grey list” of jurisdictions that require close monitoring. MBR was determined to implement FATF’s recommendations as quickly as possible. “We rolled up our sleeves and started working immediately to address any issues in the system and were removed from the grey list within one year,” states the CEO.

So successful were MBR’s efforts at cementing Malta’s reputation as an agile, trusted jurisdiction that the agency has been chosen to host 2023’s Corporate Registries Forum Annual Conference, a prestigious event at which registries from around the world discuss recent developments in their sector. “Amongst others, we will be sharing our experience regarding the FATF evaluation, particularly with regard to how to fully populate Registers of Beneficial Ownership, as this is a process all registries have to go through,” she notes.

Despite the fact that MBR’s dedicated compliance unit carries out robust investigations into companies that want to establish themselves in Malta, the pathway is smooth and transparent, Spiteri Lucas adds: “Our



**Geraldine Spiteri Lucas**  
CEO and Registrar  
Malta Business Registry



Malta Business Registry offers fast and efficient services to firms

registration procedure is straightforward—even though we perform a lot of checks, the administrative burden is on the authority’s side and not on the applicant’s. We ensure we offer an excellent, fast and efficient service to an applicant at the inception of their business and throughout its lifetime.”

Those applicants can be assured that the agency understands its exact needs and concerns. “Within the last year we have restructured the registry into specializations: for instance, we have groups specialized in incorporations, shipping, public entities, financial service companies and one for firms in areas like manufacturing, as all of these sectors have different requirements. We also provide targeted, regular training for our employees that work in these different groups.” This January, the agency implemented the European Union’s Mobility Directive to make it even easier for businesses to move to and from Malta. “The directive facilitates the mobility of companies within EU member states, but we’ve gone beyond that to offer the same mobility to any company registered in a reputable global jurisdiction, provided it adheres to certain conditions,” she reveals.

**“Our registration procedure is straightforward—even though we perform a lot of checks, the administrative burden is on the authority’s side and not on the applicant’s.”**

Geraldine Spiteri Lucas, CEO and Registrar, Malta Business Registry

To further promote the country’s business-friendly credentials, MBR is about to launch an extensive and integrated online portal that will serve both firms coming to Malta and ones already active in the country. According to the CEO: “Our aim is that individuals can register a company or file documents from the comfort of their home. It will be a one-stop-shop service for businesses, so that when you incorporate a company in Malta, the tax authorities are automatically informed, for example. Or if you are going to employ individuals, all the forms and links will be available on the portal.”

As well as playing a crucial role in supporting the dynamism of the nation’s economy by constantly developing its services in line with the evolving needs of businesses, MBR will continue to look for ways to reinforce its world-class regulatory strength. “We learned a lot from the FATF evaluation, and now we must keep the momentum in terms of compliance and transparency to ensure that we safeguard the interests of the Maltese jurisdiction and enhance Malta’s competitive edge on the international stage,” affirms Spiteri Lucas.

# Europe's digital innovation hub

A pioneering, proactive attitude to regulation and promotion has made Malta a frontrunner in emerging technologies

Within the last five years, Malta has positioned itself as a hub of excellence for emerging technologies, a field overseen and incentivized by the Malta Digital Innovation Authority (MDIA).

As its CEO, Kenneth Brincat, explains: “MDIA both regulates technology and promotes innovation. Normally those two roles don't go together, as rigid regulation could stifle innovation. Yet we have found the right balance: first give incentives, then let innovation and technology grow, and then regulate.”



**Kenneth Brincat**  
CEO, Malta Digital Innovation Authority

By following this path, Malta jumped to the forefront of global digital innovation in 2018 when it initiated a package of legislation for emerging technologies that included the world's first framework for cryptocurrencies and the establishment of MDIA, the first authority of its type. “A virtual financial asset framework has now been introduced by the European Union, five years after its launch in Malta. At that point, we had an industry already developed and we've had the time to grow it over the last five years, which has given us a clear competitive advantage. At the regulatory authority level, we've also had time to learn and adapt ourselves to what is required for the sector,” Brincat states.

In 2019, Malta was also among the first worldwide to develop a strategy for artificial intelligence. “We have a regulatory framework and a safe-test environment in place and we launched a technology-assurance sandbox for AI in 2021 where companies can test and adapt their solutions to reach international standards,” he says.

MDIA's pioneering success has attracted global attention, Brincat notes: “Establishing a new authority from scratch was no easy task, but we've gained a strong international reputation, with delegations from all over the world coming to visit MDIA that want to learn from us.”

However, he cautions: “Technology is dynamic, you must be agile to change and so we're now amending our legislative framework to make it more flexible and dynamic to allow us to regulate new technologies as they emerge without having to change our laws again—at the moment, our framework mentions particular technologies by name, for example, but our new one will be more open. We're taking a proactive, forward-looking approach, which is very important in the technology sector.”

MDIA has also been proactive in promoting the uptake of emerging technologies by Maltese businesses and society. For instance, it recently funded a pilot project to encourage councils to develop their own smart-city technology solutions. “We launched the scheme as a competition, the best three ideas were given funding and they are in the implementation



Malta Digital Innovation Authority's state-of-the-art headquarters

stage: two relate to traffic management and environmental challenges like noise and air pollution, while the third concerns waste collection. Many other extremely creative ideas were presented and, if this first pilot is a success, we will continue to invest in this area,” Brincat states.

## Nurturing ecosystem for tech entrepreneurs

As part of its remit, MDIA is a crucial node in the nation's tech-startup ecosystem. For example, the authority provides scholarship funds for budding tech entrepreneurs, acts as a bridge between academic researchers and industry, and offers AI-related applied research grants.

MDIA has also recently launched a digital innovation hub, DiHub-MT, reveals Brincat: “The idea is to have an equipped physical space for startups to use as an accelerator and to test their ideas. Importantly, the hub will include a high-performance computer, which is vital for artificial intelligence research, and that will be for the exclusive use of startups, small and medium-sized enterprises (SMEs), academia and public institutions. Plus the hub will offer entrepreneurship programs and a pool of expertise covering every area of business to assist both startups and SMEs.”

**“We have found the right balance: first give incentives, then let innovation and technology grow, and then regulate.”**

Kenneth Brincat, CEO, Malta Digital Innovation Authority

Another of the authority's focuses is cybersecurity, which is “something that will always need improvement, not just in Malta but in every other nation,” according to the CEO. “Cybersecurity is fundamental and MDIA is working to instill this mindset into businesses based in the country, so that they are taking all measures to safeguard their interests and the public's interests as well.”

Overall, Malta offers an excellent ecosystem for startups, SMEs and large companies to grow their emerging technology businesses, he asserts: “Being a small country, there is great flexibility and cooperation between authorities here—we work hand in hand to attract foreign direct investment to our country and to make it easier to operate than in other countries. Malta is not only a nice country, it's a very business-friendly destination that looks to innovation, especially in technology. We invite any innovative business ideas to grow in our country—come and see how we can help you.”

# Clear roadmap to carbon neutrality

The private sector has a central part to play in the government's strategy for decarbonizing energy and the country's wider economy

Malta is fully committed to the European Green Deal, the aims of which include European Union member states achieving a 55 percent reduction in their greenhouse gas emissions by 2030 and carbon neutrality by 2050.

Minister for Environment, Energy and Enterprise Miriam Dalli describes the government's overall strategy for reaching those targets: “We're further developing our blue and green economies, innovation, digital transition and sustainability. These things are all linked to one another and we're trying to bring them together.”

As an island nation, Malta is unsurprisingly strong in traditional blue industries, such as shipping, fishing, aquaculture and tourism, she says: “Now, however, we're also looking to attract companies that have innovative blue technologies, preferably ones that are zero emission. Our location in the middle of the Mediterranean and very close to North Africa puts us in a strategic position to tap into the potential that exists in the region and to make Malta the Blue Mediterranean Hub.”



**Miriam Dalli**  
Minister for Environment, Energy and Enterprise

**“I see a big role for local and foreign investors in both floating offshore renewables and in developing battery storage in Malta.”**

Miriam Dalli, Minister for Environment, Energy and Enterprise

The country is turning to its seas to continue decarbonizing its energy systems as well. Malta has already made substantial progress on that journey over the last decade: its power plants have all been running on liquefied natural gas instead of heavy fuel oil since 2017, while the installed capacity of its grid-connected solar facilities has risen 680 percent to over 220 megawatts. As a result, locally generated renewables currently make up around 12.5 percent of the Maltese electricity mix, with about half of this green power being supplied by private-sector companies.

“That's more than the target we set ourselves for 2030, but it is still very low in my opinion. We want to make sure we move toward cleaner energy that comes primarily from renewable sources,” states Dalli. “Given the size of our country, we have a limit on how much we can develop renewable energy on the islands. That's why we are very much focusing on developing large-scale offshore projects, which primarily means floating offshore solar or wind energy. I see a big role for local and foreign investors in both floating offshore renewables and in developing battery storage in Malta.”

Transportation is another sector that presents decarbonization challenges to a population that is reliant on cars, she adds: “We're investing a lot in electric and other zero-emission vehicles by providing grants to individuals



Malta's Coral Lagoon sea cave attracts water-sport enthusiasts

and companies to change their fleet. We're also increasing our charging infrastructure and have introduced regulations so that the private sector can provide this service as well. Our building industry needs to reduce its emissions too and, as a ministry, we're incentivizing technologies that can help, like solar panels and water heaters, heat pumps and the like.” Beyond these industries, the ministry—through the economic development agency Malta Enterprise—has launched a variety of schemes to help all businesses become smarter and more sustainable. “Ultimately, it's the private sector that can ensure this decarbonization transition happens,” Dalli explains.

One national role model in that respect is AX Group, which is among Malta's most successful diversified businesses with a substantial presence in sectors that include construction, development, healthcare, real estate, hospitality and renewable energy. In 2020, its associated company Imselfiet Solar established the country's biggest solar plant to date and AX Group has also installed solar panels at a number of other sites, initiated group-level energy efficiency measures and introduced numerous waste-reduction initiatives. According to Claire Zammit Xuereb, hospitality director and board member of AX Group: “We're committed to using our creativity to identify more sustainable solutions and to continue implementing them across all our divisions. Small changes can make a difference and we will not hesitate to move in new directions when we see an opportunity to create positive change.”



# Sustainably electrified future

The country is ambitious to transform its electricity systems as it strives to achieve carbon neutrality by 2050

In February 2022, Minister for Environment, Energy and Enterprise Miriam Dalli announced that Malta would be investing just over \$100 million on expanding, enhancing and automating its electricity distribution infrastructure over the following six years.

Implementation of this unprecedented investment falls under the remit of Enemalta, the country's sole electricity distribution system operator that serves around 320,000 clients. "Enemalta's main role is to ensure sustainable and reliable electricity distribution across the Maltese islands. Within that, our core function is maintaining and upgrading the national grid," states the company's CEO, Jonathan Cardona.

The investment is seen as a vital part of the country's strategy for decarbonization, as it looks to transition away from generating the majority of its electricity from imported natural gas. "At present, about 70 percent of the electricity used in Malta is produced by local power plants, 20 percent comes from an interconnector with Sicily and 10 percent from renewables," says Cardona. To meet its sustainability commitments, however, the nation needs to ramp up generation from renewables and grow its overall electricity supplies—Enemalta's investment program will ensure that its systems are able to handle those substantial changes.

"The energy transition and electrification of the economy are resulting in ever-increasing demand from our grid, so we're continuously identifying bottlenecks and implementing solutions to upgrade our system. We're also strengthening the grid to enable, in the medium term, more solar and wind power to be incorporated," Cardona explains. "The introduction of renewables brings challenges to the grid, which requires reinforcement to balance the new sources, so we always have the potential growth and enablement of more renewable energy in our system in mind when we're upgrading our network and introducing new substations and distribution centers, for example."

Cardona points out that a major issue with renewables is their lack of consistent energy generation. "Solar farms and wind turbines are very

much dependent on sun and wind availability. We can't rely solely on these resources without sufficient backup and batteries are a key element in solving this. In this area, we're working with Interconnect Malta, another government agency, which will oversee large-scale battery storage systems that need to be plugged into our network. They will help stabilize and even out energy distribution in the network during peak periods, which in turn will make it more economic to distribute energy."

Despite the global rise in energy prices caused by the pandemic and the war in Ukraine, Enemalta's investment program has gone ahead as planned. At the same time, the energy bills of households and businesses have remained stable, with a cap being put on tariffs that has continued into 2023. "The government pledged that it wanted Malta to maintain energy price stability, as has been the case since 2014. Enemalta is being compensated by the government to make up for the shortfall between what we pay to buy energy and the lower price at which it is then sold to consumers," says Cardona.

**"Bit by bit, the whole energy distribution is being turned upside down. It's a very interesting space to watch."**

Jonathan Cardona, CEO, Enemalta

The public purse is thought to have contributed around \$450 million to energy capping in 2022 alone and the electricity distributor is making sure these costs stay as low as possible, he adds: "Our trading desk—which is responsible for purchasing liquefied natural gas as well as energy through the interconnector with Sicily—is working hard to minimize the impact. Its main focus is being very attentive to the markets and making the best of any windows of opportunity that come along, so that we can save the government a significant amount of money. We're quite happy with what we have achieved so far in that respect."

Another of the company's priorities is to develop innovations that can drive its activities forward and it is currently carrying out pilot projects with technologies like vehicle-to-grid solutions through which customers can sell electricity back to the grid, and smart distribution systems that are closer to the consumer. To empower the next generation of energy innovators, the company has close educational and research links with institutions such as the University of Malta. "We support students and researchers in conducting studies on our network and infrastructure, for example. In the future, there will be greater dependence and reliance on the electricity sector, so we need to encourage more talented people—which is why we had a record number of graduates joining the company in 2022," says Cardona.

"This decade will be the energy decade, because we are seeing a complete transformation from the systems used in the past. Bit by bit, the whole energy distribution is being turned upside down. It's a very interesting space to watch, as it will have a big impact on everyone's daily life."



Jonathan Cardona  
CEO, Enemalta

# Developing the blue and the green economy

Innovative projects will augment Malta's energy security and help turn the Mediterranean into a renewables hub for Europe

Reaching net zero presents challenges for a small, densely populated island state that is isolated from most international energy networks.

The government wants to solve these by linking and encouraging innovation in the green and blue economies. As David Xuereb, chairperson of Interconnect Malta (ICM), says: "To accelerate the decarbonization of our economic activities, we need to develop new solutions."

The state-owned ICM is an essential component in this process, he adds: "Our mission is to support the country's aspirations to transition to a carbon-neutral economy by reducing dependence on natural gas and ensuring infrastructural backup for the increased installation of renewables. As a public company, we engage in objective decision-making that is driven by the long-term interests of the nation rather than short-term commercial considerations."

ICM is currently working on four main projects within this remit. Firstly, it is managing the construction of a second underwater electricity cable link with Sicily. This 118-kilometer-long interconnector will be laid in parallel to the existing cable that Malta commissioned in 2015. "Our first interconnection has brought two key benefits: it enables us to import energy from the European grid when the cost is right and it helps us to address fluctuations in the energy we generate from renewables," he states. "The second interconnector will make our connection to mainland Europe much more robust and resilient, and we've started to look at further interconnections with international grids linked to renewables."

ICM's second focus is the Melita TransGas project connecting Malta to Europe's gas networks via Italy. "This pipeline has been designed to transport natural gas, the fuel of today, and hydrogen, which is currently perceived as the power of the future," notes Xuereb. Once completed, which is expected to happen in 2028 after a two-year construction period, the new pipeline will remove Malta's reliance on ship-porting for liquefied natural gas.

Thirdly, the company has initiated the design and procurement of two large-scale battery energy storage systems (BESSs) to increase the islands' energy security by alleviating the fluctuations in its renewables and enabling the national grid to handle a greater influx of onshore and offshore renewable power. According to Xuereb, "We hope that our implementation of these BESS projects will be a shining example for other

European Union member states or regions as to how they can truly be self-sufficient in electrical supply with limited resources."

Fourthly, ICM is overseeing the technical aspects, implementation and grid connection of offshore floating renewable energy sources. "Malta is striving to generate as much green energy as possible, and we've been supporting the government to incentivize people, industry and all entities to install renewables. However, the country has limited possibilities to construct renewable energy projects on land, and so we have to think beyond our shores. The sea floor around Malta is very deep—therefore, we're examining developments in new floating technologies, which have advanced tremendously in recent years," he reveals. "We have ample sea area around us and third parties have expressed interest in collaborating with the government to design, install, finance and hand over large-scale floating renewable energy projects. Specific locations have been identified and submissions were made last September in a preliminary market consultation process."

While the country's compactness is not conducive to big onshore renewable schemes, its size can drive advantages for decarbonization strategies, according to Xuereb: "Malta aims to reach its goals faster than others, as our size allows us to be nimble in decision-making, collaboration and delivery. We can be more efficient and effective in regeneration, reconfirming Malta as the country of choice to live and work in."

In order for its projects to advance as quickly as possible, ICM is itself collaborating on commercial, technical and environment matters with numerous entities in Malta, Italy and other states. "The transition to a net-zero carbon economy that the world needs to go through in the next 20 years is significant and the extent of it is not easy to envision. It will require an immense amount of tangible, real, honest and ethical collaboration, and we are committed to that," Xuereb asserts.

Malta demonstrated its commitment to decarbonization through collaboration in May, when the country presided over a landmark meeting of the energy ministers of all nine EU states that border the Mediterranean. At the event, the "Med9" made a joint declaration—the Malta Statement—which aims to turn the region into a green energy

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David Xuereb, Chairperson, Interconnect Malta

hub for the rest of the bloc. Focuses of the agreement include facilitating investments in offshore renewables, hydrogen, storage and additional interconnections between EU countries, as well as with Mediterranean nations in Africa and the Middle East.

Xuereb offers some insight into the Med9 event's outcomes: "Malta's Minister for the Environment, Energy and Enterprise invited the other energy ministers to collaborate and share common purpose, ideas, technologies and solutions for the region to become a renewable energy powerhouse. At the moment, we're in the planning, cooperation and innovation stage, but there's a collage of opportunities right in front of us. What we need to do is test the many available options and invest with the right partners, possibly considering public-private partnerships that may unlock the best potential of shortlisted solutions."

## Transitioning the energy sector



>\$100m investment in electricity distribution



Large-scale battery storage systems



Minimum 50MW offshore wind or 65MW solar by 2030



2nd interconnector with Sicily + hybrid gas-hydrogen pipeline



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