

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

"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 and our forward bookings are the highest ever." 99 percent of those tourists will arrive on direct flights from more than 100 global destinations. "We've re-established 90 percent of our pre-pandemic connectivity and increased our passenger-load factor per plane to over 85 percent," he reveals.

"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

Whereas the archipelago used to be considered a sun-and-beach destination, the wider appeals of both the main island of Malta and the less-developed smaller Gozo are now attracting a vast range of visitors. As Bartolo says: "One of our advantages is that we're a very small country with over 7,000 years of history that abounds in natural beauty. Whether you are a couple, a family or a business traveler, Malta is the place to be and there's a lot to explore."

Carlo Micallef, CEO of Malta Tourism Authority (VisitMalta), agrees: "Our unique selling points are the diversity and adaptiveness of the destination to the different interests of visitors. 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. This 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,



Clayton Bartolo
Minister for Tourism



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



Carlo Micallef
CEO, Malta Tourism Authority

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 hospitality and history as part of its marketing strategy. "Our 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.

Maltese gastronomy is indeed a huge attraction, thanks to the numerous restaurants—35 of them appearing in the latest Michelin guide—which embrace seasonal ingredients that go straight from local seas and farms to the table. Other expanding niches include 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 for all tourists. "Malta has been number one on the International Lesbian, Gay, Bisexual, Trans and Intersex Association's Rainbow Europe Map and Index for eight years in a row for its championing of equality, inclusion and legal rights for LGBTI people, for instance," Micallef notes. "Malta promises and delivers great value and a wonderful holiday experience to every visitor."

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Shifting to a value-added economy

Malta has capitalized on its many assets to become a prime destination for digital and 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.

“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. From the moment companies arrive, they have peace of mind that there’s a supportive government and entities that can assist them,” declares Minister for Environment, Energy and Enterprise Miriam Dalli.



Miriam Dalli
Minister for Environment, Energy and Enterprise

The first port of call for potential investors is the economic development body Malta Enterprise. “We help companies set up and expand operations with support measures and 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 fostering the economy’s transformation, Farrugia explains: “For the past two years and going forward, our strategy has been to draw in smaller companies that pay higher wages and operate in sectors with high value-added jobs, like biotech, medtech, research and development, the green and blue economies, and anything related to technology. We want to attract small companies and startups that bring innovation and open new opportunities in new sectors.”

Farrugia reveals some of the islands’ unique advantages for those businesses: “Firstly, we’re a gateway to the European Union, with very strong links and proximity to Africa. 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



Entering Valletta’s Grand Harbour is an unforgettable experience

as Africa, the US and the Middle East. Secondly, one of our most important resources is our people. Our education system is creating significant talent for industries and, thanks to the quality of life here, we attract international employees. Thirdly, Malta 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. “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.

This approach has been utilized to make the country a hub of excellence for emerging technologies, a field overseen and incentivized by the Malta Digital Innovation Authority (MDIA). As its CEO, Kenneth Brincat, reveals: “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.”

By following this path, Malta jumped to the forefront of global digital innovation in 2018 when it established a package of legislation for emerging technologies that included the world’s first framework for cryptocurrencies. “A virtual financial asset framework has now been introduced by the EU, 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. At the regulatory authority level, we’ve also had time to learn and adapt,” Brincat states. “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. We’re taking a proactive, forward-looking approach, which is very important in the technology sector.”

In 2019, Malta was also among the first 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. “Malta is not only a nice country, it’s a very business-friendly destination that looks to innovation, especially in technology.”



Kurt Farrugia
CEO, Malta Enterprise

Europe’s digital innovation lab

Innovative international technology startups with great ideas will find a nurturing entrepreneurial ecosystem in the Mediterranean island

Malta is creating an innovative economy by supporting local and international startups in digital, technological and environmental sectors.

The economic development agency Malta Enterprise, for instance, provides incubator space, investment assistance and a range of other initiatives to jumpstart a firm’s growth. Among these is a startup residence program that “gives non-EU founders, co-founders, their families and core employees three-year residence permits that can be extended by five years. We’ve introduced this as part of our push to attract the best talent,” says CEO Kurt Farrugia. “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 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.”

Malta Digital Innovation Authority (MDIA)—the regulator and promoter of innovative technologies—is another crucial part of the nation’s startup



Kenneth Brincat
CEO, Malta Digital Innovation Authority



Valletta Cruise Port can accommodate the world’s biggest liners

ecosystem. As well as providing scholarship funds for budding tech entrepreneurs, it has recently launched a digital innovation hub, DiHubMT, reveals MDIA CEO Kenneth 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, plus it will offer entrepreneurship programs and a pool of expertise covering every area of business to assist both startups and small and medium-sized enterprises (SMEs). Overall, Malta now has an excellent ecosystem for SMEs to start up and expand that includes different authorities, which work hand in hand with each other. We invite any innovative business ideas to grow in our country—come and see how we can help you.”

Best port of call globally for cruise passengers

Industry experts see substantial growth potential in the Maltese cruise industry, which is currently worth around \$87 million a year.

“Cruising is the perfect opportunity to get a taste of what the country has to offer. 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.

Voted the best global port of call by cruise customers at the leading international travel fair Fitur in 2023, 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 rundown following severe bombardment during World War II. The group’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. 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.”

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 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 for cruise lines committed to carbon neutrality.” He believes the port’s 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.”



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

Sustainably electrified future

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

“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 Jonathan Cardona, CEO of Enemalta.

As the country’s sole electricity distribution system operator that currently 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,” he explains.

Although Malta’s power plants have been converted from heavy fuel oils to natural gas, to meet its sustainability commitments the nation needs to ramp up generation from renewables and grow its overall electricity supplies. According to Cardona: “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. The introduction of renewables brings challenges to the grid, which requires reinforcement to balance the new sources.”

Cardona points out that a major issue with solar and wind power is their lack of consistent energy generation. “We can’t rely solely on these resources without sufficient backup. Batteries are a key element in solving this, as they will help stabilize and even out energy distribution in the network during peak periods, and 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.” Enemalta is also currently carrying out pilot projects with innovative 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

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.”

The company 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. “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



David Xuereb
Chairperson
Interconnect Malta

to Europe’s gas networks via Italy. “This hybrid 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. Thirdly, the company has initiated the design and procurement of two large-scale battery energy storage systems to increase the islands’ energy security by alleviating the fluctuations in its renewables.

And 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. 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,” he states.

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.”



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