

5. Services Activities

5. Services Activities

Along the years, the services sector has become a major contributor to the development of the Maltese economy. Within this sector, tourism holds a significant role, both in terms of employment and foreign exchange earnings. After suffering a setback in 2002, due to a number of factors mainly linked to international developments, data indicates some improvement in the performance of the domestic tourist industry in the first three quarters of 2003. During the period under review, Government and the private sector continued to invest in this sector, including the promotion of Malta as an all year tourist destination and marketing campaigns in key foreign countries in order to diversify the tourism market. Similarly, financial services and Freeport-related activities continued to be consolidated, enhanced and developed.

During the Survey period, tourist departures increased by 2.3 per cent up from 1.3 per cent recorded in the first nine months of 2003. However, at a level of 919,728 this is still below the corresponding 2001 level. During the Survey period, the average length of stay rose from 9.5 days to 10.2 days. Gross foreign exchange earnings stood at Lm203.5 million, an increase of 3.5 per cent over the same period of 2003. Per capita earnings increased to Lm221.3 from Lm218.8 in the corresponding period of 2003, whilst earnings per night spent increased from Lm20.9 during the first nine months of 2003 to Lm22.5 during the Survey period. Full-time employment in tourism-related activities remained practically unchanged and amounted to 9,590 employees as at September 2004. Meanwhile, the number of cruise liner tourists declined during the first nine months of 2004, with arrivals to Malta reaching 196,358.

The Malta Financial Services Authority (MFSA) continued to provide the regulatory framework concerning financial services in Malta. Moreover, the legal framework governing the Maltese financial sector continued to be brought in line with EU legislation, leading to a greater integration of the domestic financial system with that of the EU.

The Malta Freeport Corporation Ltd is a leading transshipment terminal in the Mediterranean. A growth of 10.7 per cent was registered in transshipment throughput between January and September 2004 over the same period last year.

As from January 2004 Malta Enterprise Corporation assumed the responsibility previously carried out by Malta Development Corporation, Malta Export Trade

Corporation and the Institute for the Promotion of Small Enterprises. Consequently, it acts as a single point of contact for all enterprises considering investment and commercial links with Malta.

Tourism

The National Statistics Office (NSO) introduced a new system for compiling tourist data starting from 2001 on the basis of an Inbound Tourism Survey. Therefore, tourist data in this Chapter is not directly comparable with that published in previous issues of the Economic Survey. Moreover, it is pertinent to note that until March 2004 data regarding tourist arrivals by sea are taken from information provided in embarkation cards. Thereafter, data for tourist sea departures refer to information taken from the Inbound Tourism Survey.

Developments during the Survey period seem to indicate that the impact of the unfavourable global environment that started in 2001 on tourism departures seems to be diminishing. Indeed, following the decline in tourism departures registered during 2002 a much smaller contraction was recorded in 2003, whilst an improvement was posted in the first nine months in 2004. Tourist departures during the period under review increased by 2.3 per cent over the same period of 2003. However, at 919,728 the level of tourist departures recorded during the Survey period is still below that registered during the first nine months of 2001. Gross foreign exchange earnings from tourism increased by 3.5 per cent to Lm203.5 million during the first nine months of 2004.

On the other hand, cruise liner passengers posted a decline during the Survey period. In fact, cruise passengers fell by 31.7 per cent to 196,358 from a level of 287,525 in the January – September 2003 period, the latter being the highest level recorded in recent years. Full-time employment in hotels and catering establishments amounted to 9,590 as at the end of September 2004, almost unchanged over September 2003. During the Survey period the bed-stock capacity in hotels, complexes, guesthouses, and hostels declined by 330 beds to 41,793. The main tourism indicators are presented in Table 5.1.

On the international front, the fear factor in the aftermath of the 11th September 2001 and the Iraq war in 2003 have faded away and travel confidence is being restored. Destinations in Asia and the Pacific, and in particular in Northwest and Southwest Asia, have regained from the losses suffered in 2003 due to SARS. Additionally, despite the uncertainty surrounding the international political

Main Tourism Indicators								
Table 5.1								
	2001		2002		2003		2004	
	Jan/Sep	Oct/Dec	Jan/Sep	Oct/Dec	Jan/Sep	Oct/Dec	Jan/Sep	
Tourist Departures*	950,977	229,778	887,282	244,994	899,147	219,087	919,728	
Gross foreign exchange earnings (Lm million)	205.5	55.3	182.7	63.0	196.7	64.7	203.5	
Nights spent (000's)**	9,092	1,975	8,553	2,046	9,423	1,870	9,054	
Cruise Passengers***	187,889	71,501	257,294	84,338	287,525	96,074	196,358	
Total full-time employment in hotels and catering establishments	9,962	9,438	9,599	9,432	9,584	9,338	9,590	
Beds in hotels, complexes, guesthouses, and hostels	41,629	38,701	39,348	39,940	42,123	41,443	41,793	
*Until March 2004, data for sea arrivals taken from embarkation cards. Thereafter, data for sea departures taken from Inbound Tourism Survey								
**For 2004 includes April - September sea nights from Inbound Tourism Survey								
***Excluding Maltese cruise passengers								
Source: National Statistics Office Employment and Training Corporation								

scenario and the concerns raised by the volatility of oil prices, the world economy has improved.

On the other hand, with regards tourism in Europe, the strength of the Euro during the first nine months of 2004 emerges as a major factor in the present performance. Indeed, the strong Euro and decreasing airfares led to a growing popularity of travel from Europe to destinations in the Caribbean or in Mexico and Brazil as these destinations became increasingly accessible and a competitive alternative to the Mediterranean. Given the influence of these factors, the Maltese tourism industry is facing a challenge to remain an attractive destination in an increasingly competitive international market.

The Malta Tourism Authority (MTA), through its activities, aims at promoting Malta as an all-year tourism destination and in developing a sustainable tourism industry. To this end, the MTA is operating under its Second Strategic Plan for the tourism industry for the period 2002-2004. The MTA has a number of offices globally, participates in a number of trade and consumer fairs, and commissions various advertising campaigns. During the Survey period, MTA was in the

process of carrying out an extensive review of its operations in order to improve its overall efficiency, effectiveness and accountability.

Additionally, 14 airlines increased their number of flights to Malta or operated flights to Malta for the first time during the Survey period. Furthermore, besides Government and private investment in the tourism industry, an EU and Government-funded scheme has been launched during the Survey period. The aim of this Scheme is to increase the competitiveness of the tourism service providers and to directly influence investment by the private sector. The target beneficiaries of the scheme are tourism operators and those closely linked to the industry. Accordingly, this will enable the tourism sector to benefit from EUR 2.5 million over two years, with 60 per cent of the funds to be given as grants while the rest are to be provided by the private sector.

Monthly Tourist Departures*

Table 5.2

	2001	2002	2003	2004
January	56,103	47,868	50,000	49,262
February	55,369	47,781	49,418	51,132
March	81,515	79,859	72,501	65,999
April	103,879	93,559	94,640	92,166
May	108,556	97,492	105,736	105,402
June	110,772	103,557	106,226	114,879
July	133,663	126,293	131,438	134,366
August	166,776	163,893	167,112	177,097
September	134,344	126,980	122,076	129,425
January/September	950,977	887,282	899,147	919,728
% change**	...	-6.7	1.3	2.3
October	117,338	126,040	110,589	
November	68,782	70,927	66,368	
December	43,658	48,027	42,130	
Total	1,180,755	1,132,276	1,118,235	
% change**	...	-4.1	-1.2	

*Until March 2004, data for sea arrivals taken from embarkation cards. Thereafter, data for sea departures taken from Inbound Tourism Survey

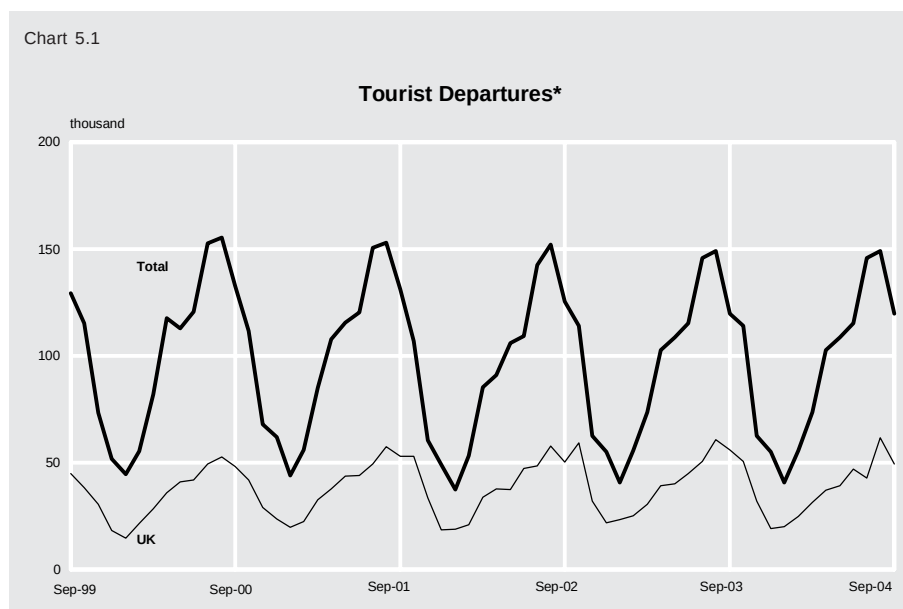
**Figures for 2001 are not available due to a change in the methodology of compiling tourism statistics, which is now based on the Inbound Tourism Survey

Source: National Statistics Office

Monthly Distribution

Data on the monthly distribution of tourist departures is shown in Table 5.2. Chart 5.1 indicates clearly that the local tourism industry is characterised by significant seasonality patterns. Despite the increase in tourist departures, during the period under review, this improvement was not consistent on a month by month basis. Lower tourist departures were recorded in January when compared to the same month of 2003, together with March and April. By contrast, February recorded an increase in tourist departures of 3.5 per cent over February 2003. In May tourist departures declined by 0.3 per cent over the comparable month of 2003. On the other hand, from June to September tourist departures recorded significant increases, particularly in June, with an 8.1 per cent increase, to a level of 114,879. During the period under review, August remained the peak month accounting for 19.3 per cent of total departures.

The distribution of tourist departures on a quarterly basis is shown in Table 5.3. Tourist departures in the first quarter of 2004 declined by a percentage point when compared to the same quarter in 2003, to 18.1 per cent. This was due to a decline in departures in both January and March of 2004. Meanwhile, tourist departures in the second quarter of the Survey period remained practically unchanged at 34.0 per cent attributable to lower departures in both April and



*As from 2001 tourism data is based on the Inbound Tourism Survey, and therefore is not strictly comparable to previous periods. Until March 2004, data for sea arrivals taken from embarkation cards. Thereafter, data for sea departures taken from Inbound Tourism Survey

Quarterly Distribution of Tourist Departures*

Table 5.3	per cent			
	2001	2002	2003	2004
March	20.3	19.8	19.1	18.1
June	34.0	33.2	34.1	34.0
September	45.7	47.0	46.8	47.9

*Until March 2004, data for sea arrivals taken from embarkation cards. Thereafter, data for sea departures taken from Inbound Tourism Survey

Source: National Statistics Office

May, while the third quarter which accounts for the bulk of tourist departures from Malta, increased by 1.1 percentage points to 47.9 per cent.

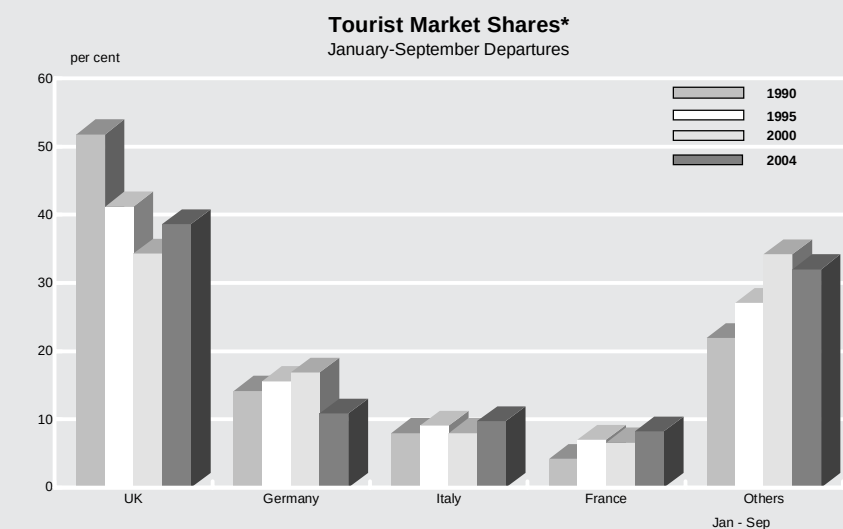
Tourist Nationality

During the Survey period, further efforts were undertaken to diversify the domestic tourism market. Market campaigns were made in Russia, Austria, Germany, Switzerland, Italy, and other Eastern European countries. MTA's campaign in overseas countries promoted Malta as an all-year round active destination. Whilst the UK remains the main important market in the tourism sector, there were other markets which showed gains in terms of tourist departures during the Survey period.

Chart 5.2 illustrates the market share of Malta's main source markets for the first three quarters of the period ranging from 1990 to 2004. The UK represents the highest proportion of tourists, however its relative share has declined from 51.8 per cent during January – September 1990 to 38.6 per cent during the Survey period. Meanwhile, after increasing up to 2000, the share of the German market recorded a decline to 10.9 per cent in the nine months to September 2004. The share of the Italian source market remained relatively stable between 1990 and 2000, but increased to 9.7 per cent at the period ending September 2004. Similarly, the share of the French market increased to 8.2 per cent during the Survey period, compared to the 4.2 per cent during 1990. The share of the other markets category, increased from 21.9 per cent in the first three quarters of 1990 to 32.6 per cent at the end of September 2004.

A detailed breakdown of tourist departures by nationality is presented in Table 5.4. Tourists from the UK decreased by 16,734 or 4.5 per cent, to 354,420 persons at the end of September 2004. On the other hand, after the decline in

Chart 5.2



*As from 2001 tourism data is based on the Inbound Tourism Survey, and therefore is not strictly comparable to previous periods. Until March 2004, data for sea arrivals taken from embarkation cards. Thereafter, data for sea departures taken from Inbound Tourism Survey

Table 5.4

	2001		2002		2003		2004
	Jan/Sep	Oct/Dec	Jan/Sep	Oct/Dec	Jan/Sep	Oct/Dec	Jan/Sep
United Kingdom	361,364	105,474	354,042	113,363	371,154	101,943	354,420
Germany	132,533	33,907	112,446	36,025	96,394	29,021	100,549
Italy	85,437	9,898	77,778	10,452	81,431	11,249	89,605
France	68,220	10,984	68,928	11,345	65,432	11,950	75,419
Netherlands	40,985	8,688	33,745	8,630	32,468	7,576	30,564
Scandinavia**	38,525	11,850	29,792	10,240	35,280	11,677	50,117
Libya	26,277	6,151	19,482	5,564	14,312	3,151	10,115
Belgium	17,952	3,753	19,813	4,796	22,025	4,374	25,762
Austria	21,390	3,928	15,166	3,787	19,999	4,597	18,690
Switzerland	21,121	5,649	16,064	6,309	17,446	4,564	16,480
USA	11,459	2,520	10,269	2,588	11,734	3,440	14,061
Others	125,714	26,976	129,757	31,895	131,472	25,545	133,946
TOTAL	950,977	229,778	887,282	244,994	899,147	219,087	919,728

*Until March 2004, data for sea arrivals taken from embarkation cards. Thereafter, data for sea departures taken from Inbound Tourism Survey

**Includes Denmark, Finland, Norway, Sweden

Source: National Statistics Office

the first three quarters of 2002 and 2003, tourist departures to Germany, increased by 4,155 or 4.3 per cent to 100,549 during the comparable period of 2004. This increase may partly reflect the fact that a travel agency company booked more tourists to Malta this year compared to the previous year.

Tourists from Netherlands, Libya, Austria, and Switzerland registered a decline during the Survey period when compared to the same period of 2003. However, the MTA continued its strong marketing campaign in Austria during this period, in order to promote Malta as a young, active and vibrant destination. Similarly, MTA is promoting Malta as a tourist destination in Switzerland.

By contrast, a relatively high improvement was recorded in the Scandinavian sources market, which consist of Denmark, Finland, Norway and Sweden. Departures to this market amounted to 50,117 during the Survey period, an increase of 14,837 or 42.1 per cent over September 2003. This increase is largely attributable to the Swedish market. In fact, tourist departures increased by 9,709 over January to September 2003, to 17,776 persons during the first nine months of 2004. As a result, the share of tourist departures to Sweden increased from 0.9 per cent in the first nine months of 2003 to 1.9 per cent in the comparable 2004 period.

During the period under review, tourists from France increased by 15.3 per cent to 75,419 persons thus reversing the decline recorded in the same period of 2003. This was mainly attributable to the increased marketing promotion by the MTA. After declining by 1,190 between January to September 2001 and 2002, tourists from the US registered an increase of 19.8 per cent to 14,061 in the first nine months of 2004. Similarly, tourist departures to the Other Countries category, were higher during the period under review. Indeed, this category increased by 1.9 per cent to 133,946 in the first three quarters of 2004.

Cruise Passengers

During the Survey period, the number of foreigners visiting Malta on cruise liners registered a relatively high drop of 91,167 or 31.7 per cent, as business operators re-assessed their operations in the Mediterranean region.

During the period under review, a number of cruise liner companies started using Malta as a home port where cruises start and end. Since this concept involves tourists flying to Malta from where they start and end their cruise, it should provide high value added to the economy that goes beyond the cruise liner industry. Moreover, a new liner, which forms part of the world's leading

cruise liners, will start including Malta in its itinerary as from next year. The completion of the Cruise Liner Terminal Project should continue to bolster Malta as an important destination in the Mediterranean.

Accommodation

Table 5.5 provides data concerning Malta's accommodation capacity by category of units and beds. It is pertinent to point out that the change in accommodation levels in Table 5.5 reflects new accommodation, closure of existing accommodation as well as reclassifications.

By the end of September 2004, the number of hotels amounted to 128, one less than that recorded in December 2003 attributable to the 3-Star category. In

Main Types of Tourist Accommodation						
Table 5.5						
	2002 (Dec)		2003 (Dec)		2004(Sep)	
	Units	Beds	Units	Beds	Units	Beds
Hotels						
Five Star	11	3,738	13	5,040	13	5,040
Four Star	45	15,341	47	15,906	47	15,922
Three Star	51	11,548	51	11,074	50	10,914
Two Star	19	1,258	18	1,174	18	1,174
Total	126	31,885	129	33,194	128	33,050
Villages/ Aparthotels						
Four Star	8	1,924	8	1,920	8	1,920
Three Star	12	2,618	12	2,642	10	2,884
Two Star	15	2,407	15	2,407	15	2,407
Total	35	6,949	35	6,969	33	7,211
Guesthouses						
Comfort	12	295	12	295	12	295
Standard	24	645	28	749	28	749
Total	36	940	40	1,044	40	1,044
Hostels						
Standard	2	166	3	236	5	488
Total	2	166	3	236	5	488
<i>Source: National Statistics Office</i>						

terms of bed-stock, capacity in September 2004 stood at 33,050 beds, a decline of 144 beds when compared to December 2003 levels. Capacity in the 5-Star accommodation category as well as the 2-Star category remained unchanged, while the 4-Star category increased the number of beds by 16. The 3-Star accommodation recorded a decline of 160 beds over December 2003.

The total number of tourist villages and aparthotels at the end of the Survey period stood at 33 with a bed-stock capacity of 7,211, compared to 35 units and 6,969 beds at December 2003. On the other hand, the accommodation capacity of guesthouses remained unchanged over the same period, at a level of 40 units and 1,044 beds. Meanwhile, accommodation in hostels when compared to December 2003 increased by 2 units to 5 hostels, while the bed-stock capacity increased by 252 to 488, during the period under review.

The amount and level of accommodation facilities along with the occupancy rates as illustrated in Table 5.6, are an important element of consideration in the analysis of the tourism industry. The 5-Star, 4-Star and 3-Star category of hotel

Monthly Accommodation Occupancy Levels - 2004*					
Table 5.6					per cent
	Hotels				Complexes Villages & Aparthotels Hostels & Guesthouses
	5 Star	4 Star	3 Star	2 Star	
January	37	35	29	6	14
February	34	44	39	8	17
March	44	63	42	16	19
April	57	65	46	11	27
May	55	66	41	38	38
June	63	71	52	29	46
July	80	100	76	72	56
August	100	100	100	97	77
September	70	80	76	44	38
Average	60	69	56	36	37
*Occupancy levels for January - June period are based on the Collective Accommodation Establishments Occupancy levels for July - September are estimated on the basis of the Inbound Tourism Survey and the official bed-stock as supplied by the Malta Tourism Authority					
Source: National Statistics Office					

accommodation reached their peak inflow in August with 100 per cent occupancy rates. August also proved to be the peak month for the 2-Star hotel category, and for the complexes, villages and aparthotels, together with hostels and guesthouses, with 97 per cent and 77 per cent, respectively. For the 5-Star and 4-Star category, the second highest occupancy rate was registered in July at 80 per cent and 100 per cent, respectively.

Another important indicator of the performance of the tourist industry is that related to the average length of nights spent by tourists. During the Survey period, the average length of stay was recorded at 10.2 days compared to 9.5 days over the same period of 2003.

Employment

Full-time employment in tourism-related activities as at September 2004 stood at 9,590 persons, representing 7.0 per cent of the gainfully occupied population. Private sector employment in hotels and catering establishments amounted to 9,175, or 17.2 per cent of the persons employed in private market services.

Foreign Exchange Earnings

Tourism earnings are an important source of foreign exchange generation for the local economy, and help to reduce the gap in the domestic merchandise trade account. Accordingly, tourism earnings are an important indicator of the performance of the domestic tourism industry.

Gross foreign exchange earnings for the first nine months of 2004 amounted to Lm203.5 million, an increase of 3.5 per cent from Lm196.7 million registered during the same period in 2003. Apart from the higher number of tourist departures, this increase in tourism earnings during the Survey period could partly reflect the small appreciation of the Euro against the Maltese lira. Per capita earnings stood at Lm221.3 during the first nine months of 2004, compared to Lm218.8 of the previous comparable period. Similarly, earnings per nights spent increased to Lm22.5 for the period under review from Lm20.9 for the corresponding period in 2003. Data on foreign exchange earnings from tourism is provided in Table 5.7, while Chart 5.3 depicts tourism earnings per capita.

During the Survey period, gross earnings from tourism accounted for 19.3 per cent of exports of goods and services. This compares with 18.6 per cent registered in the first nine months of 2003. During the Survey period, an increase

Earnings from Tourism

Table 5.7

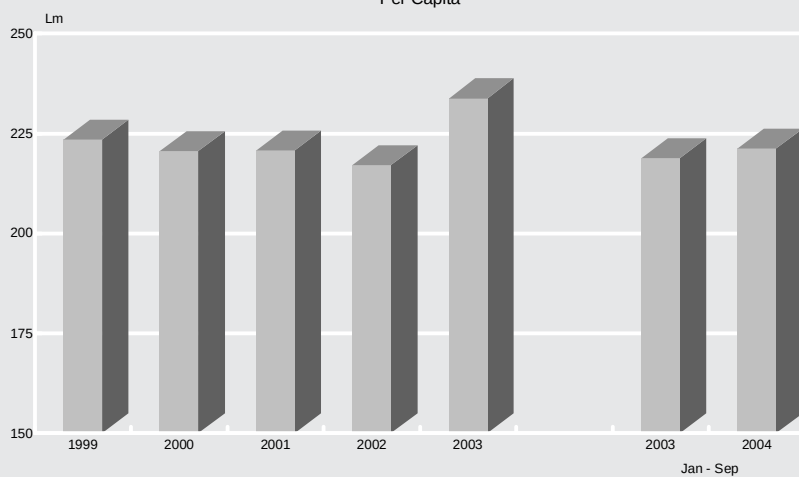
	Gross Earnings (Lm million)	Per Capita Earnings (Lm)	Earnings Per Nights Spent* (Lm)	Ratio to exports of goods and services (%)	Ratio to exports of manufactured goods (%)
2001	260.7	220.8	23.6	18.6	29.9
2002	245.7	217.0	23.2	16.5	27.4
2003	261.5	233.8	23.1	18.4	28.7
2003 (Jan/Sep)	196.7	218.8	20.9	18.6	29.0
2004 (Jan/Sep)	203.5	221.3	22.5	19.3	29.9

*For 2004 includes April - September sea nights from Inbound Tourism Survey

Source: National Statistics Office

Chart 5.3

Tourist Earnings* Per Capita



*As from 2001 tourism data is based on the Inbound Tourism Survey, and therefore is not strictly comparable to previous periods

in the ratio of foreign exchange earnings from tourism to exports of manufactured goods was also registered. This ratio increased from 29.0 per cent in the first three quarters of 2003 to 29.9 per cent during the Survey period. These ratios highlight the important role of the tourism industry in its contribution to the external payments position of the domestic economy.

Malta Financial Services Authority

During the Survey period, the Malta Financial Services Authority (MFSA) continued to regulate Malta as a centre for financial services. The legal framework governing the Maltese financial sector continued to be brought in line with EU legislation, contributing to a greater integration of the domestic financial system with that of the EU.

Regulations related to the European Passport Rights for financial services have come into force as from 1st May, 2004. These procedures, known as the single passport, provide access to the European financial services market. This implies that a particular product licensed in the home Member State would be automatically recognised in all other Member States and may be sold across borders free of undue bureaucratic controls. The single passport also attracts investment from outside the EU that establishes itself within a Member State in order to gain access to the European market.

Additionally, the MFSA continued to enhance its level of co-operation with foreign supervisory authorities. During the Survey period, the MFSA signed a Memorandum of Understanding with the financial services authorities of a number of countries, with the aim of protecting investors and promoting the integrity of regulated markets.

During the period under review, nine new trusts were registered with the MFSA and fourteen trusts were terminated, thus bringing the total number of trusts on the register at the end of September 2004 to 181. Additionally, the MFSA issued three new Investment Services (IS) licenses during this period, bringing the total of IS licenses to 90. Moreover, during the first nine months of this year, the MFSA issued 41 new Collective Investment Scheme (CISs) licences including four professional investor fund licences. The total number of CISs at the end of September 2004 stood at 267.

The situation in the insurance sector remained relatively unchanged compared to the first nine months of 2003. At the end of the third quarter of 2004, the

number of foreign principals authorised to carry on insurance business in Malta stood at 12. The total number of registered insurance brokers during this period under review amounted to 62, of which 24 were companies while the remaining 38 were individual brokers. Additionally, 25 insurer agents consisting of 11 local and 14 foreign insurers were registered with the MFSA as at the end of September 2004.

During the first nine months of 2004, some 1,762 new commercial partnerships were recorded, representing an increase of 21.8 per cent over the corresponding 2003 period.

Malta Freeport Corporation Ltd

Along the years Malta Freeport Corporation Ltd has established itself as a major maritime transshipment centre in the Mediterranean region. The main activities of the Malta Freeport are namely two container terminals, the distripark facilities and an oil products terminal.

The Malta Freeport Terminals Ltd handled a total of 1,061,603 Twenty Equivalent Units (TEUs) during the Survey period, an increase of 9.6 per cent over the corresponding 2003 period. Of the total TEUs handled, transshipment throughput accounted for 93.8 per cent, or 995,778 TEUs. As a result, transshipment throughput increased by 10.7 per cent over January - September 2003. Additionally, over the same period, 1,287 ship calls were registered at the terminal, from 1,297 a year earlier. Charts 5.4 and 5.5 depict transshipment throughput and total ship calls, respectively.

The latest addition to the Freeport's list of clients was the Islamic Republic of Iran Shipping Lines, which opted to utilise Malta Freeport following their decision to start transshipment operations in the Mediterranean. Additionally, China Shipping Container Lines increased transshipment activities at the Freeport.

In line with Malta Freeport's strategy to consolidate its competitive edge various development projects were undertaken aimed at expanding capacity and improving productivity. Additionally, the Freeport has developed part of its hinterland to create a storage area of over 4,000 empty TEUs. The company will also be undertaking dredging maintenance works of the basin between Terminal One and Terminal Two.

Chart 5.4

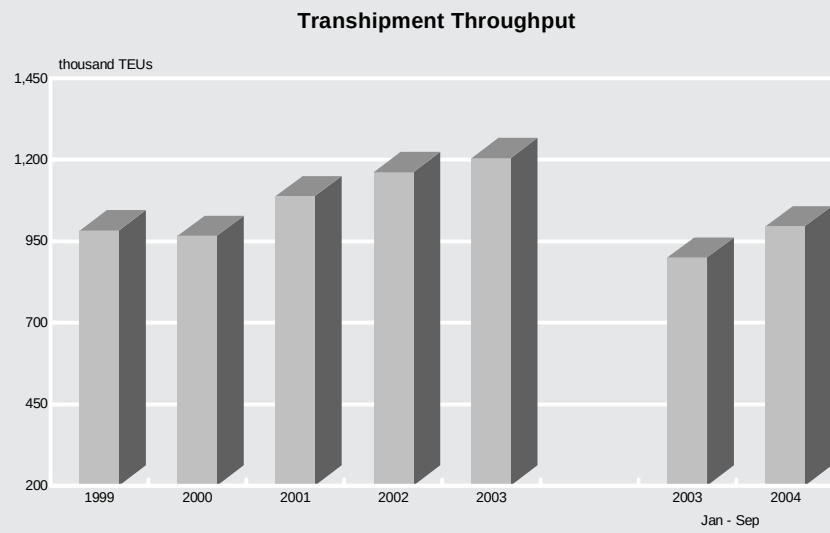
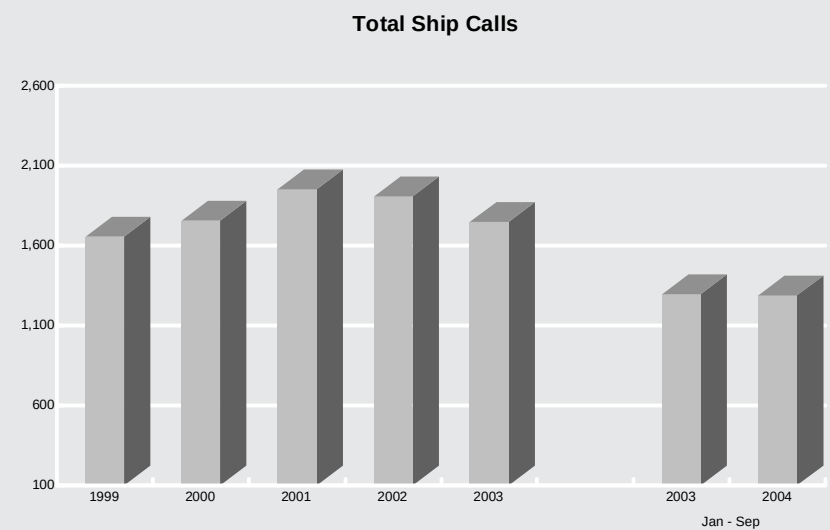


Chart 5.5



During the first nine months of 2004, the Oiltanking Malta Ltd handled 2,662,960 metric tonnes of oil products, compared to 2,371,394 in corresponding period of 2003, whilst 382 vessels berthed alongside its jetties, compared to 404 a year earlier.

Additionally, the Government signed a US dollars 421 million agreement granting the French CMA CGM group, the fifth largest shipping company in the world, a thirty-year concession to operate the Malta Freeport Terminals.

Malta Enterprise Corporation

Malta Enterprise Corporation started operations in January 2004, taking over the activities of Malta Development Corporation, Malta Export Trade Corporation Ltd and the Institute for the Promotion of Small Enterprises Ltd. The remit of Malta Enterprise Corporation includes business development and enterprise support. By providing a one-stop shop for foreign and local investors, it acts as a single point of contact for all enterprises considering investment, trade and commercial links with Malta.

During the period under review, Malta Enterprise Corporation approved 19 new projects, which consisted of 5 Maltese projects and 14 foreign projects. In line with last years' developments, the majority of foreign-owned projects originated from Germany. Furthermore, 37 expansion projects were approved. These projects were made up of 26 Maltese projects and 11 foreign-owned projects.

Malta Enterprise Corporation identified the pharmaceuticals, healthcare, ICT, maritime, aviation, oil and gas, filmmaking, international trading, research and development and shared services as potential sectors for the attraction of foreign direct investment.

During the period under review, four schemes to assist local enterprises were launched, of which two were funded by Government and the others were funded through the EU's European Regional and Development Fund. In May 2004, the Food Processing Support Scheme for Micro Enterprises and SME's was launched. This scheme assists beneficiaries to upgrade their operations in order to become competitive in global markets, namely through the adoption of recognised standards. During the Survey period 57 companies availed themselves of this Scheme.

Moreover, 53 companies benefited from the Compliance Support Scheme for Micro Enterprises and SMEs. Another scheme that was launched during the Survey period consisted of a support scheme to assist Ta' Qali Crafts Village tenants, in the form of loan guarantees and interest subsidy. Meanwhile, during September 2004, Malta Enterprise Corporation introduced the Operations Scheme and the Market Entry and Internationalisation Scheme, both funded by the EU.

During the Survey period, participation in a number of trade missions and fairs was undertaken. In particular, these initiatives included sector specific mini-missions to Libya and Dubai, fact-finding delegations to Egypt, Sweden and Estonia and participation in sector specific fairs.

During the period under review, Malta Enterprise Corporation granted a Loan Interest Subsidy Scheme, this amount being the interest rate differential paid to clients on commercial rates from banks. By the end of the third quarter of 2004, soft loans were granted to nine different sectors, namely the electronic and electrical sector, the communications sector, the medical, pharmaceutical and biotechnological, the non-metallic sector, the sectors of software, back office and internet related, and the paper and printing sector.