



MALTA: A COMPETITIVE INVESTMENT DESTINATION

Strategic Positioning and Supporting Incentive Framework

Identifying Malta's Competitive Advantages for Foreign Direct Investment (FDI)



Prepared by

MALTAENTERPRISE

May 2026

Executive Focus

This document outlines Malta's key competitive advantages as an investment destination, with particular emphasis on its strategic positioning within the European Union, its stable institutional environment, and the suite of incentives designed to support business establishment, expansion, and long-term growth.

Malta: A Competitive Investment Destination Strategic Positioning and Supporting Incentive Framework

A company or investor may seek to establish or acquire a lasting interest and a degree of influence in a business located in another jurisdiction. Firms typically expand or relocate their operations when the relative attractiveness of a host location presents a favourable combination of factors, including labour costs and productivity, access to markets, political and institutional stability, secure and reliable infrastructure and logistics, a favourable tax and regulatory framework, as well as broader geopolitical considerations and opportunities for risk diversification.

Malta Enterprise, as the principal driver of economic development in Malta, works closely with the Government of Malta and a network of related entities to ensure a seamless transition for businesses seeking to establish and operate within the country. Through coordinated efforts, these institutions aim to facilitate investment, reduce administrative barriers, and provide strategic guidance throughout the setup process.

Malta Enterprise offers a comprehensive and flexible incentive framework, enabling the design of tailored support programmes that respond to the specific needs and scale of each individual investment project. Furthermore, Malta's compact geographical size and the



strong interconnectivity between public entities foster efficient communication and coordination, ensuring optimal utilisation of public funding resources while also facilitating linkages with private investors and stakeholders.

Set out below is a summary of Malta's strategic competitive advantages based on the six pillars outlined earlier, alongside the key incentive schemes administered by Malta Enterprise.

Labor costs and productivity

Unit Labour Cost matter: Unit Labour Cost measures the average cost of labour required to produce one unit of output.

$$\text{Unit Labour cost} = \text{Total Labour Cost} / \text{Total Output}.$$

ULC is not just about wages. It depends on:

- Wages (cost)
- Productivity (output per worker)

Over the past years Malta has invested strongly in economic growth and enhancement of key resources as well as on educational programs to ensure a highly skilled workforce.

Malta can compete on:

- Skilled workforce
 - Specialised sectors (e.g. pharma, tech, advanced manufacturing)
 - Productivity in niche areas
-

Market access

Businesses relocate not to export cheaply, but to be closer to consumers.

Businesses invest inside the European Union to access the single market.

Malta has been an EU Member State since 1 May 2004 and operates within the EU trade framework, offering full access to the single market, a harmonised customs regime, and the benefits of EU-wide trade agreements.

- **No customs duties or quotas** within EU trade
 - Goods flow freely once in “free circulation”
 - Companies in Malta can sell across 27 EU countries without barriers
-

Political and institutional stability

Malta operates under a constitutional parliamentary democracy with full alignment with EU law and Court of Justice (CJEU), meaning that Laws are predictable and codified and EU directives and regulations apply directly.

Malta ranks above global average in rule-of-law indices. Businesses operate in a stable system within a pro-business policy framework, anchored strongly in EU policy. Over the years, Malta has recorded strong GDP growth and macroeconomic resilience

Malta is a fully open capital jurisdiction, offering maximum flexibility for international investors.

Infrastructure and logistics

Malta offers reliable infrastructure such as ports, road electricity supply with rare powercuts, customs efficiency as well as supply chain connectivity. Energy prices are competitive compared to other countries within the EU.

Taxes, regulation, and incentives

Malta is fully EU and OECD Compliant and can be classified as one of the most tax-efficient jurisdictions in the EU.

Malta 6/7 Tax Rule - The 6/7 tax rule refers to a shareholder tax refund mechanism where investors can reclaim 6/7ths of the corporate tax paid by a Maltese company on trading profits, reducing the effective tax rate to around 5%.

Geopolitics and risk diversification

Malta offers a favourable location positioned at the centre of the Mediterranean, it is a diversification node between the EU, North Africa and Middle East.

Some of the existing incentive schemes administered by Malta Enterprise

Malta provides a comprehensive and flexible incentives framework, supported by an active Government approach aimed at understanding investors' needs and ensuring a seamless establishment process.

Business Development Scheme

Aims to facilitate value-added projects, including new business initiatives, start-up, expansions and transformation activities that contribute to the regional development of Malta.

Start Up Finance Scheme

Start-up Finance aims to support Small Start-up Undertakings that demonstrate a viable business concept and show commitment to expand and further develop their economic activity.

Invest Scheme

This measure is intended to sustain the regional industrial and economic development of Malta by facilitating initial investments. Eligible investments must result in one of the following:

- setting up of a new establishment
- extension of the capacity of an existing establishment

- diversification of existing business
- fundamental change in an overall process
- acquisition of assets of an establishment that would have closed down

Skills Development Scheme

Through the Skills Development scheme business undertakings may be supported to provide training with the scope of developing and updating the skills and knowledge of their workforce thus aiding them to perform more effectively.



Malta offers a compelling value proposition as a location for investment, underpinned by a combination of strategic positioning, institutional stability, and a business-oriented environment within the European Union. While no single factor is determinative, it is the cumulative effect of Malta's competitive advantages—ranging from a transparent and efficient tax framework to its connectivity, skilled workforce, and supportive ecosystem—that enhances its attractiveness as an investment destination.

Crucially, Malta's approach is not centred solely on cost competitiveness, but on providing a stable, predictable, and EU-compliant operating environment. In an increasingly complex global landscape, investors are placing greater emphasis on regulatory certainty, long-term resilience, and geopolitical risk diversification. Malta is well positioned to respond to these priorities, offering a low-volatility jurisdiction that enables firms to operate with confidence while maintaining access to international markets.

Through Malta Enterprise and the wider institutional framework, investors are supported through each stage of their journey—from initial engagement and site selection to establishment and expansion. The availability of tailored incentives and the proximity of key stakeholders ensure a coordinated and efficient approach, facilitating the successful implementation of projects across a range of sectors.

In this context, Malta presents itself not only as a competitive destination for investment, but as a strategic partner in enabling sustainable growth and long-term value creation.



GET IN TOUCH

For further information, or to explore how Malta can support your investment project, we encourage you to get in touch with Malta Enterprise.

Our team is available to provide guidance, discuss your specific requirements, and assist you throughout every stage of your investment journey—from initial enquiry to project implementation.

Malta Enterprise
Gwardamangia Hill,
Pietà MEC 0001, Malta



+356 2542 0000



info@maltaenterprise.com