



Malta

Overview

EIB INVESTMENT SURVEY

2022

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Malta

Overview

EIB Investment Survey Country Overview 2022: Malta

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

These reports provide an overview of data collected for the 27 EU Member States and the United States. They are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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EIBIS 2022 – Malta Overview

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2022 shows that on average, at the time of interviews (April-July 2022), Maltese firms were exiting from COVID-19 in a relatively good shape and, on the whole, with a positive outlook. The share of Maltese firms having invested in 2021 remained relatively stable compared to 2020 (78% vs. 77%). Maltese firms had positive expectations on investment for the whole of 2022, with a net balance of 36% firms expecting to increase rather than decrease investment compared to 20% across the EU.

Investment Needs and Priorities

Firms did not signal major investment gaps, with 85% of them claiming their investment activities over the last three years as having been the right amount – similar to EIBIS 2021. Looking ahead to the next three years, investment in capacity expansion and new products and services are the main priority for firms' investment (38% and 32% of firms respectively); this is in contrast to the pattern seen across the EU where replacing capacity takes priority for the highest proportion of firms.

Covid-19 Impact

The pandemic was a major shock for firms across the EU, with Maltese firms being hit particularly hard. Almost two thirds (62%) experienced losses in 2020 and/or 2021, and 27% have yet to recover, more than double the level seen across the EU as a whole (13%). The impact was uneven across firms and sectors, with service sector firms particularly likely to be affected. On the other hand, the share of newly hit firms that did not experience sales decline during the COVID-19 crisis, but only perceived an impact on their 2022 sales, is slightly below the EU average (6 % vs 11%).

Three quarters (76%) of Maltese firms have received some form of financial support in response to COVID - 19, mostly in the form of subsidies or some type of financial support that does not need to be paid back (72%). About a third (32%) of firms report to still be receiving financial support – three times the level across the EU as a whole (10%).

Firms' Transformation, Innovation and Digitalisation

The policy support was instrumental for firms to transform. Firms reacted to the shock, with 74% taking actions. This was higher than the average across the EU (63%), with more firms reporting to have acted or made investments to become more digital (65% vs 53% across the EU) or developing new products (41% vs 29% in the EU).

On average, 64% of Maltese firms used at least one advanced digital technology, close to what is reported by firms across the EU (69%). The use of robotics is less, while the use of platforms is more common in Malta than across the EU. The period of repeated shocks is having an effect on firms' innovation. About a third (35%) of Maltese firms developed or introduced new products, processes or services as part of their investment activities, similar to the share reported in EIBIS 2021 (also 35%) and across the EU as a whole (34%). The share of active innovators in Malta is similar to that of the EU as a whole (14% vs 18%).

International Trade

Malta being an island state, a higher than average proportion of domestic firms are involved in importing and/or exporting, and as such the majority (92%) face disruptions related to international trade. Nearly as many (86%) see the Russia-Ukraine conflict and/or COVID-19 as creating obstacles to international trade. However, a lower fraction of Maltese firms report suffering from both impacts than in the EU (40% vs 50%). As a result, just 43% of firms facing disruption have taken actions to mitigate the impact (vs 57% in the EU).

EIBIS 2022 – Malta Overview

Drivers and Constraints

At the time of interviews, firms were already expecting a deterioration in the economic climate. However, the short-term outlook for Maltese firms is, on the whole, stable with that seen in EIBIS 2021 and is a much more positive picture than across the EU as a whole, where optimism has declined across the board.

Looking at long term impediments to investment, availability of skilled staff and uncertainty about the future continue to play an important role, with 87% and 80% of firms, respectively, mentioning those as constraints. Compared to EIBIS 2021, there has been an increase in the share of firms reporting energy costs as a constraint to investment (54% to 67%), but also in labor market regulations (54% to 67%) and adequate transport infrastructure (51% to 63). The latter, together with access to digital infrastructure, and availability of finance is a bigger concern in Malta than across the EU as a whole.

Investment Finance

The share of Maltese firms considered financially constrained is stable when compared to EIBIS 2021, (8.49% in EIBIS 2021 to 9.18% in EIBIS 2022). Micro/small firms were most likely to be affected.

Climate Change and Energy Efficiency

Around half (49%) of Maltese firms see themselves as affected by physical climate change risks, however only a third (32%) have taken actions for building resilience against these risks. This is most commonly investing or developing solutions to reduce/avoid exposure, and a similar proportion have purchase insurance products to offset climate related losses.

The share of EU firms seeing the transition to stricter climate standards and regulations as a risk or an opportunity remained fairly balanced (24% and 27% respectively), with nearly half (48%) continuing to expect no impact from the transition. About 85% of Maltese firms have already taken actions in this respect, with the aim to reduce Greenhouse Gas (GHG) emissions. However, among firms that invested, the average share of investment improving energy efficiency in 2021 was higher in Malta than in the EU on average (16% vs 10%).

Looking at investment in climate change more broadly, about 48% of firms in Malta have already invested, and more than half (56%) have plans to invest in climate change over the next three years.

Firm Management, Gender Balance and Employment

In 2021, more than half (55%) of Maltese firms used a strategic monitoring system, broadly in line with the share of firms across the EU as a whole. However, when it comes to striving for gender balance, Maltese firms are forging ahead of the EU (79% vs. 58%).

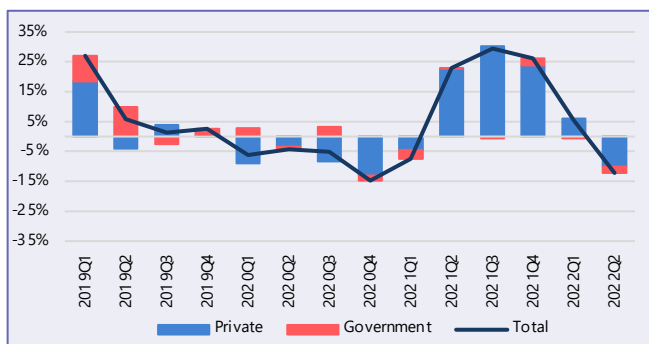
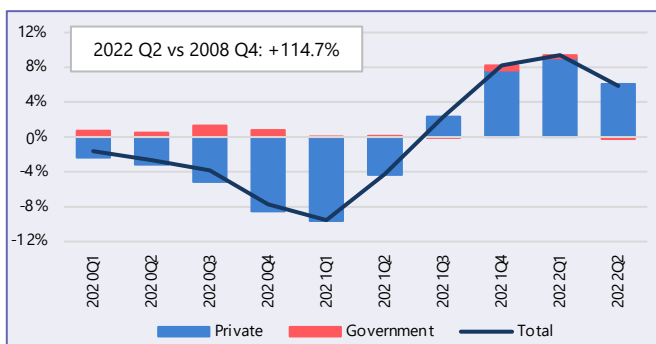
Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

- During the first year of the pandemic, aggregate investment levels fell considerably in Malta, with the lowest level having been reached in Q1 2021 (-9.5% relative to Q4 2019). This drop was mainly driven by strong contraction in private investment during this period.
- As private investment began to recover in Q2 2021, aggregate investment levels exceeded in Q3 2021

the pre-pandemic level, having followed an upward trajectory until Q1 2022 with a peak of 9.4% relative to Q4 2019.

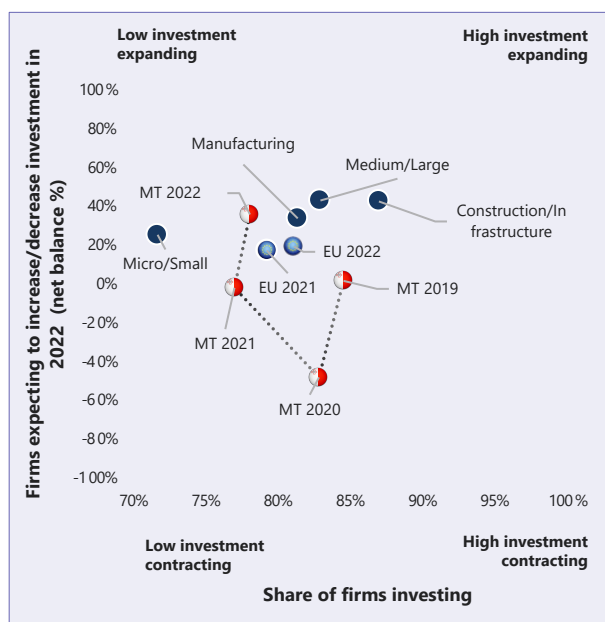
- In Q2 2022, however, overall investment in Malta declined (to +5.9% relative to Q4 2019), as a result of a contraction in private sector investment and, to a lower extent, in government investment.



The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0. The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data. Source: Eurostat, authors' own calculations.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- The share of Maltese firms having invested in 2021 remained relatively stable compared to 2020 (78% versus 77%), and in line with the EU as a whole (79% versus 81%).
- Firms operating in Malta hold a positive outlook towards their future investment (a net balance of 36% of firms are increasing rather than decreasing investments), much more so than across the EU as a whole (20%). Medium and large firms and construction and infrastructure firms have the most positive investment outlook.



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base for expected and realised change: All firms

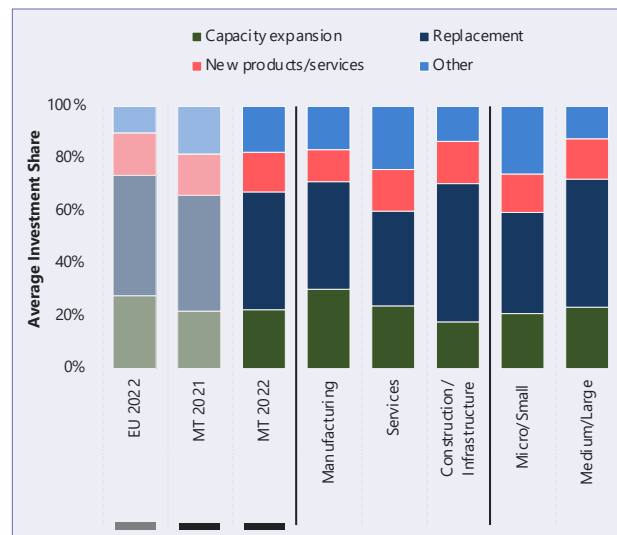
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

Base for share of firms investing: All firms (excluding don't know/refused responses)

Investment dynamics and focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

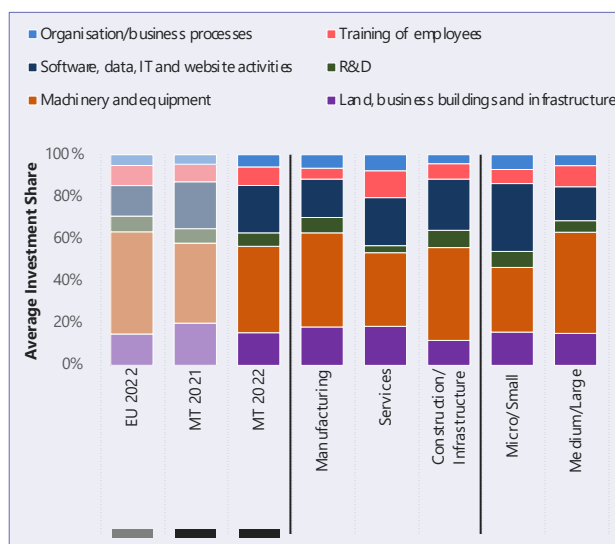
- On average, firms across Malta spent 45% of their investment on replacement in 2021, in line with what was reported in EIBIS 2021 for the previous financial year (44%) and in line with the EU average (46%). Construction/infrastructure firms had the highest share of investment in replacement (53%), while services firms the lowest (36%).
- Investment in capacity expansion accounted for 22% of total investment, and investment in new products and services accounted for 15%, which was in line with the investment split seen across the EU as a whole (28% versus 16%).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

INVESTMENT AREAS



- On average, investment in intangible assets (such as in R&D, software, training or business processes) by Maltese firms accounted for about 43% of total investment. This was in line with the level seen in EIBIS 2021 (42%).
- Investment in intangible assets was slightly higher than in the EU overall (37%), which was driven by a higher level of investment in software, data, IT networks and website activities (22% versus 15% EU).
- Investment activities vary depending on the size of the business, with micro/small businesses investing a higher share in intangible assets (54%), and medium/large businesses a higher share in tangible assets (63%), in particular machinery and equipment (48%).

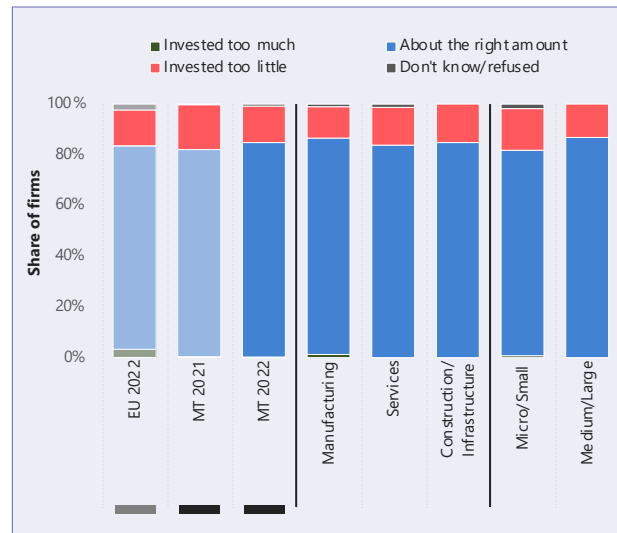
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Investment needs and priorities

PERCEIVED INVESTMENT GAP

- Firms do not perceive major gaps in terms of investment. Despite difficult circumstances, 85% of firms across Malta believe their investment activities over the last three years were about the right amount. This is in line with the EU as a whole (80%), and stable compared with EIBIS 2021 (82%).
- Around 14% of Maltese firms reports having invested too little, in line with the share reported in EIBIS 2021 (18%), whilst only 1% report having invested too much.
- Perceived investment gaps were stable across all sizes and sectors of business.

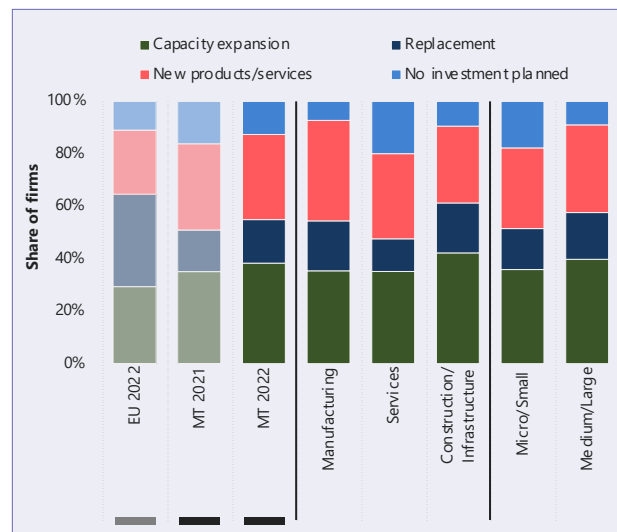


Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

FUTURE INVESTMENT PRIORITIES

- Investment in capacity expansion (38%) and the development of new products, processes or services (32%) remain the top two priorities for investment over the next three years among Maltese firms, which is in line with EIBIS 2021 (35% versus 33%).
- This is in contrast to the pattern seen across the EU as a whole, where replacing capacity takes priority for the highest proportion of firms (35%).
- Just 13% of Maltese firms report they have no investment planned over the next three years, which is more likely among micro/small firms (18%) and services firms (20%).

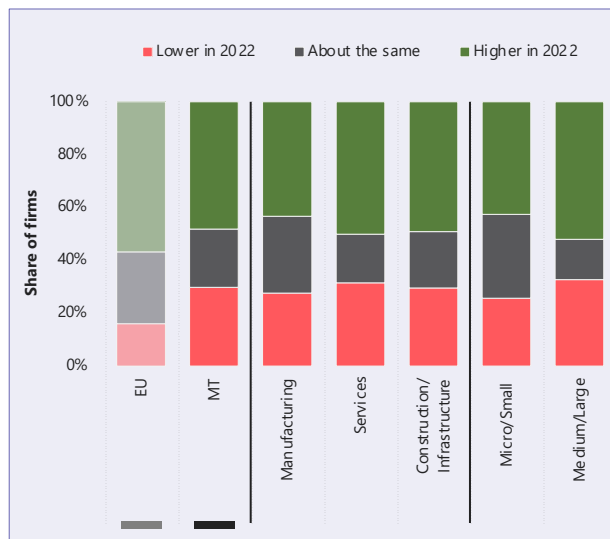


Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

CUMULATIVE IMPACT OF COVID-19 ON SALES / TURNOVER BY END OF 2022



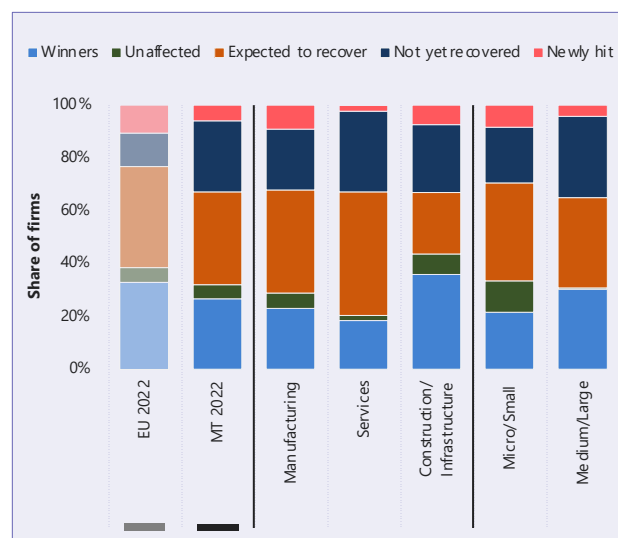
- Maltese firms have been hit particularly hard by the COVID-19 pandemic, with 30% of firms expecting turnover to be lower in 2022 than it was in 2019 compared to 16% across the EU as a whole.
- The picture is still positive on balance, with 48% expecting sales to be higher and 22% about the same. That compares to 57% and 27% in the EU, respectively.
- Micro/small firms and manufacturing firms were more likely to predict sales would be about the same in 2022 as they were in 2019 (32% and 29%, respectively).

Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

IMPACT ON FIRMS' SALES OR TURNOVER AND EXPECTED RECOVERY

- About 62% of firms in Malta were negatively impacted by COVID-19. Whilst 35% expected sales to recover in 2022, by coming back to at least their 2019 sales level, 27% of firms report not expecting sales recovery in 2022, the latter being far higher than across the EU as a whole (13%).
- Firms in the services sector are particularly likely to have been impacted (77%), however there is also a higher level of expected recovery in this sector (47%).
- Compared to 11% in the EU as a whole, 6% of Maltese firms expected a sales drop in 2022, back to or below pre pandemic levels, in spite of not having experienced any year on year sales decline during the COVID-19 crisis (newly hit firms).



Q. Compared to 2019, before the pandemic started, did your company's sales and turnover in 2020 decline, increase or stay the same?

Q. Compared to 2020, did your company's sales and turnover in 2021 decline, increase or stay the same?

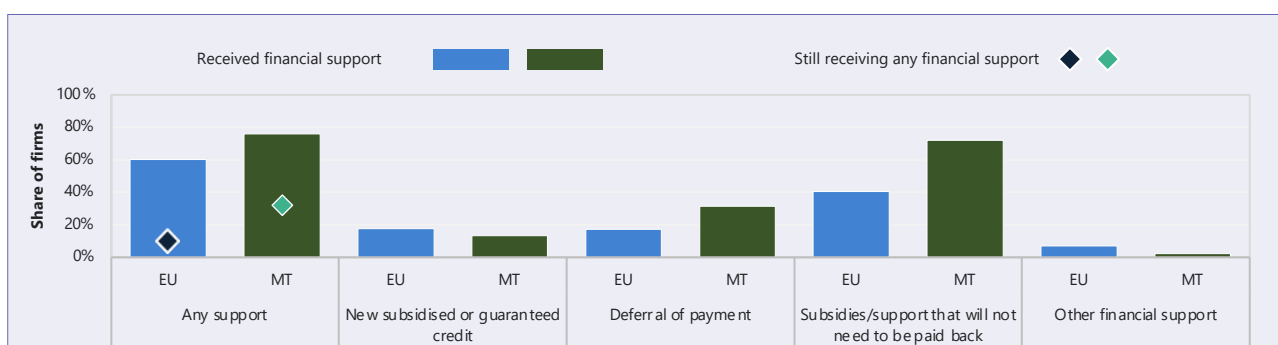
Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

FINANCIAL SUPPORT RECEIVED IN RESPONSE TO COVID-19

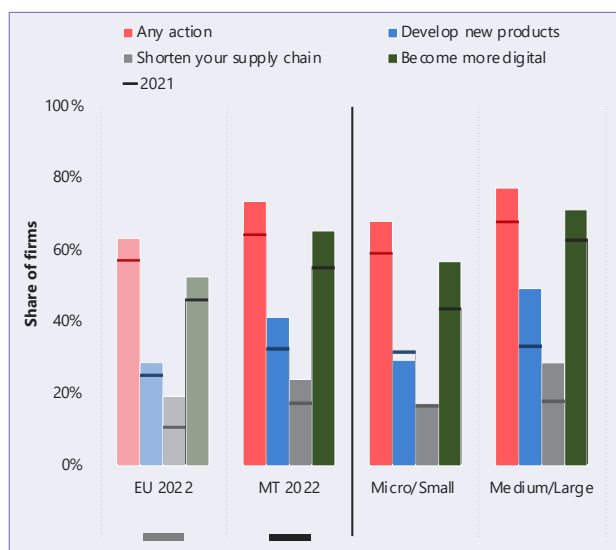
- Overall, about 76% of Maltese firms have received some form of financial support in response to COVID-19, far higher than the 60% seen across the EU as a whole.
- The most frequent type of financial support received by firms in Malta is subsidies or another type of financial support that did not need to be paid back (72%), followed by deferral of payments (31%). Both of these types of support were mentioned more frequently than across the EU (40% and 17%, respectively).
- Around one third of Maltese firms are still receiving financial support (versus 10% across the EU).



Q. Since the start of the pandemic, have you received any financial support?
Q. Are you still receiving (any of) this financial support?

Base: All firms (excluding don't know/refused responses)

ACTIONS AS A RESULT OF COVID-19



- Almost three quarters of firms in Malta report having taken at least one short-term action as a result of COVID-19, a higher share than across the EU (63%).
- The most commonly cited area of action/ investment among Maltese firms is becoming more digital (65%), followed by developing new products or services (41%). Both of these actions are more common in Maltese firms than across the EU as a whole (53% and 29% respectively).
- Medium/large businesses are more likely to have been developing new products or services in response to COVID-19 than micro/small businesses (49% vs. 29%).

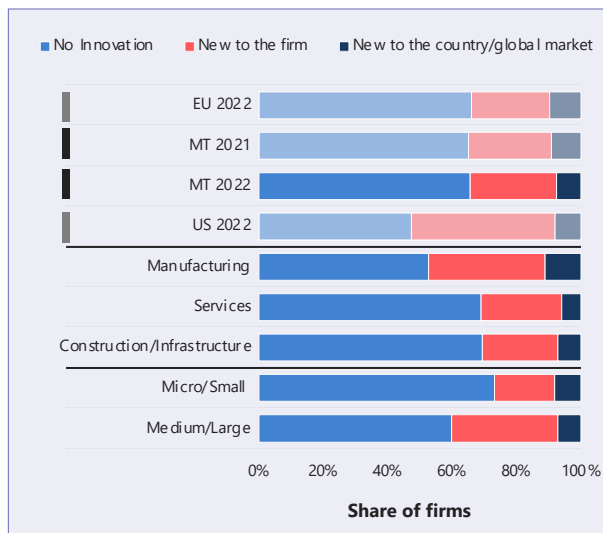
Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

Base: All firms (excluding don't know/refused responses)

Innovation activities

INNOVATION ACTIVITY

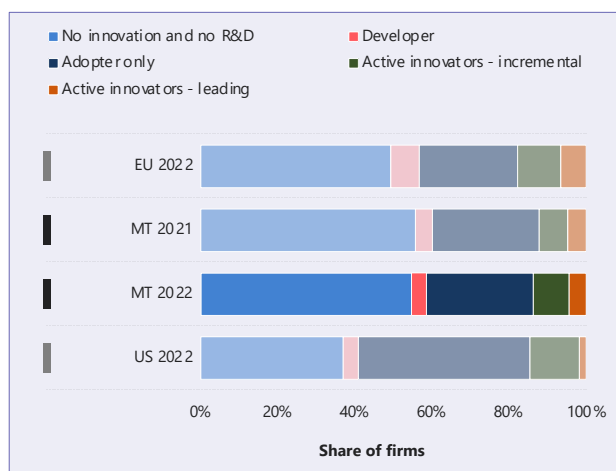
- Just over one third of Maltese firms (35%) developed or introduced new products, processes or services as part of their investment activities in 2021, an identical share compared to EIBIS 2021 (also 35%).
- Furthermore around 8% of Maltese firms report that they developed or introduce products, processes or services that were new to either the country or global market. This was particularly prevalent in the manufacturing sector (11%).
- Innovation activities were highest among manufacturing firms (47%) and medium/large firms (40%).



- Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

INNOVATION PROFILE



- Just 14% of Maltese firms can be classified as “active innovators”, that is, as firms that invested significantly in R&D and introduced a new product, process or service. This is in line with EIBIS 2021 (12%) and similar to the share of active innovators in the EU as a whole (18%).
- Among active innovators, more Maltese firms are incremental innovators (9%) than leading innovators (4%), similarly to the EU (11% and 7%, respectively).
- Around half (55%) of Maltese firms did not innovate or invest in R&D in 2021 at all, a similar level to those reported in EIBIS 2021 (56%) and across the EU (49%), however, this is a much larger share than in the US (37%).

- Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?
Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

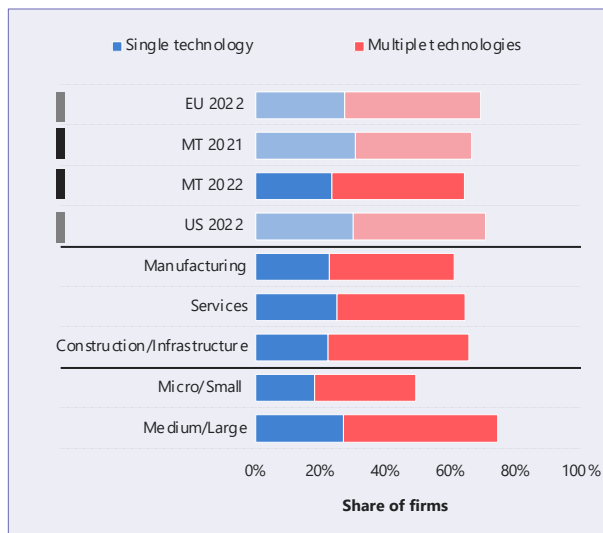
Base: All firms (excluding don't know/refused responses)

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators' these are new to the country/world'.

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Overall, 64% of firms in Malta used at least one advanced digital technology, broadly in line with levels seen in EIBIS 2021 (66%) and across the EU (69%).
- Medium/large firms are more likely to be using advanced digital technologies or multiple technologies (74% or 47%) than micro/small firms (49% or 31%).
- The use of robotics is less common in Malta than across the EU as a whole (35% versus 51%), while the opposite holds for the use of platforms (60% in Malta versus 49% in the EU).



EIBIS 2022

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

EIBIS 2021

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

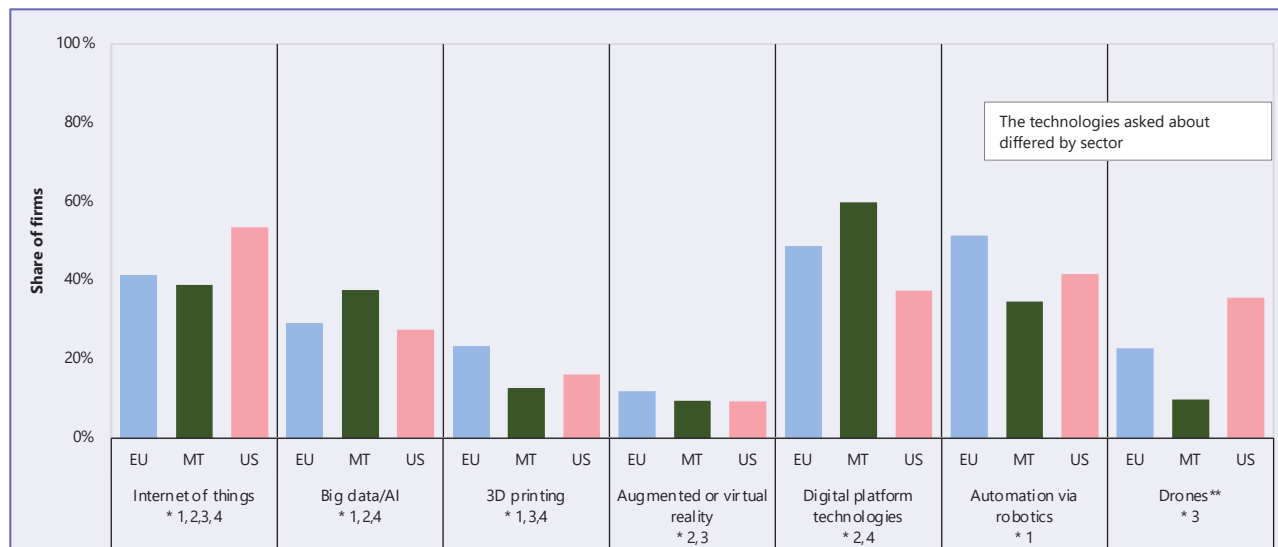
Base: All firms (excluding don't know/refused responses)

Please note: question wording and definitions changed between 2021 and 2022, comparisons between the two waves should not be made.

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of Infrastructure firms

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

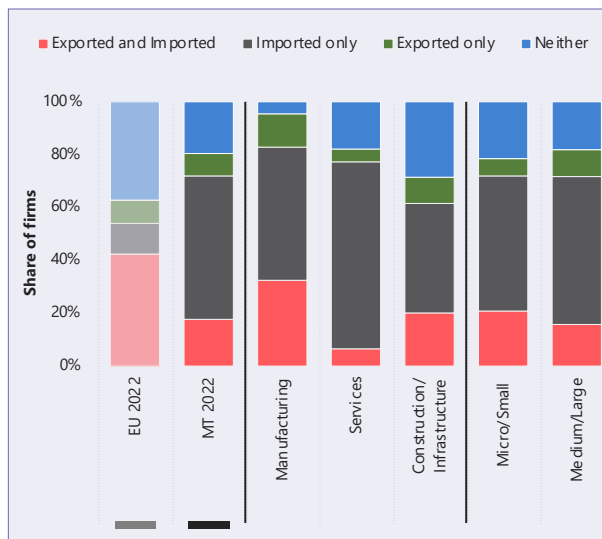
Base: All firms (excluding don't know/refused responses);
Sample size MT: Manufacturing (55); Services (75); Construction (20); Infrastructure (31)
**Caution very small base size less than 30

Please note: question wording changed between 2021 and 2022, comparisons between the two waves should not be made.

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Overall, 81% of firms in Malta are engaged in international trade, higher than levels seen across the EU as a whole (63%).
- This difference is driven by higher share of firms involved in importing goods and services. 72% of Maltese firms imported goods or services (versus 54% in the EU), whereas only around a quarter of Maltese firms exported goods or services in 2021 (26% versus 51% in the EU).
- The majority of firms in the manufacturing sector (96%) engaged in international trade, mostly importing goods or services (83%).

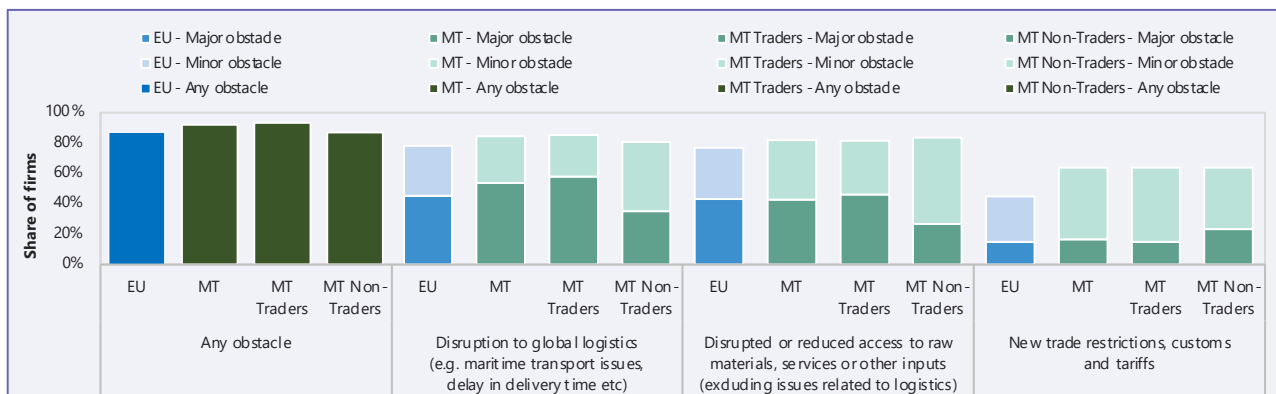


Q. In 2021, did your company export or import goods and/or services?

Base: All firms (excluding don't know/refused responses)

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- The majority of Maltese firms faced disruptions due to international trade (92%). This is in line with the EU (87%).
- Disruption to global logistics and disruptions or reduced access to raw materials, services or other inputs presented the biggest barriers to firms across Malta (84% and 82%, respectively) and the EU (78% and 77%, respectively).
- Whilst it was a problem for fewer firms overall, firms in Malta were disproportionately affected by new trade restrictions, customs and tariffs compared with the EU (64% versus 45%).



Q. Since 2021, did any of the following present an obstacle to your business's activities?

Any obstacle combines 'minor' and 'major' obstacles into one category

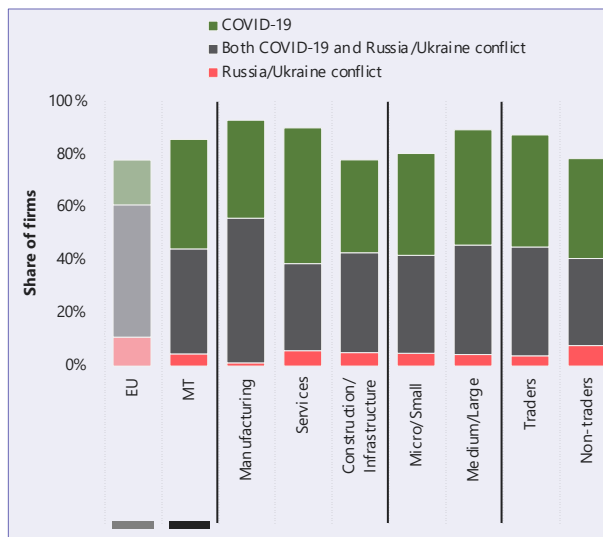
Base: "Any obstacle" - All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles)

Base: Individual obstacles - All firms (excluding those who said don't know/refused/not applicable)

International trade

EXTERNAL FACTORS IMPACTING INTERNATIONAL TRADE

- Around 86% of firms in Malta state they were impacted by at least one of the external factors impacting international trade, a higher share than in the EU as a whole (78%).
- COVID-19 alone impacts a higher share of firms in Malta than across the EU as a whole (42% versus 17%). The opposite holds for the Russia-Ukraine conflict; this factor, as a standalone, impacts just 5% of Maltese firms (versus 11% across the EU).
- 40% of Maltese firms report being impacted by both COVID-19 and the Russia-Ukraine conflict, which is lower than the 50% seen across all EU firms. Manufacturing firms are the most likely to report being impacted by both factors (55%), while the same holds for services firms being impacted by COVID-19 only (51%).



Q. You have just said that you experienced (an obstacle/obstacles) to your business activities since 2021. Did Covid-19 and/or the Russia-Ukraine conflict, including the sanctions imposed by the International community, contribute to this in any way?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO MITIGATE INTERNATIONAL TRADE DISRUPTIONS



- Fewer Maltese firms are taking action to mitigate the impact of international trade disruptions than EU firms (43% versus 57% EU).
- Maltese firms are particularly less likely than EU firms to be focusing more on domestic suppliers and markets (22% versus 35%).
- Traders are more likely to have taken action than non-traders (47% versus 25%), particularly in terms of increasing the number of trade partners to diversify (32% versus 10%).

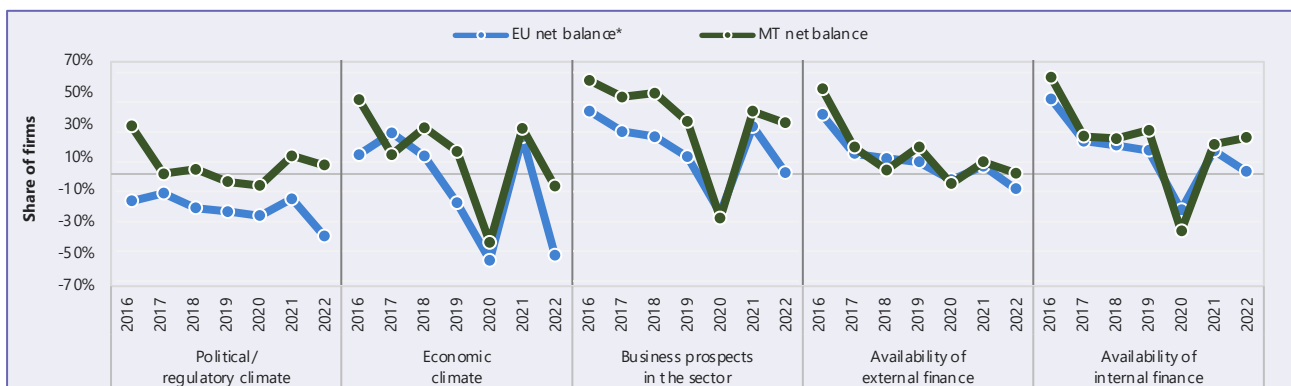
Q. Is your company taking any actions to mitigate the impact of these disruptions?

Base: All firms facing trade disruptions (excluding don't know/refused responses)

Drivers and constraints

SHORT-TERM FIRM OUTLOOK

- In spite of the upward trend in the outlook last year, firms in Malta are again slightly more pessimistic about the investment conditions for the next year, with expectations for the economic climate turning negative again (declining from +32% to -6%).
- Maltese firms' views on the political climate, business prospects for the sector and the availability of internal and external finance have dipped but are still positive and are at a higher level than across the EU as a whole.
- Maltese firms remain more optimistic than firms in the EU across the board, with the most striking difference regarding the political and regulatory climate (8% versus -40%).

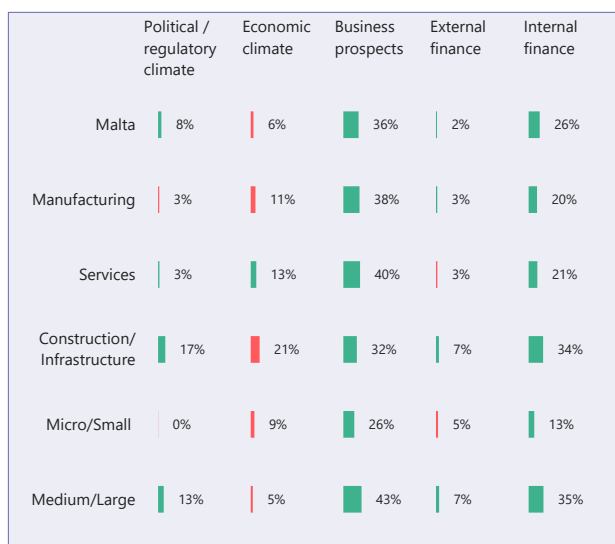


Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (net balance %)



Please note: green figures are positive, red figures are negative

- Firms are consistently more positive than negative about the business prospects in their sector and the availability of internal finance (36% and 26% respectively).
- There are some differences by sector, firms in construction/infrastructure are more pessimistic about the economic climate (-21%) than firms in other sectors (-6% to +13%).
- As far as firm size is concerned, medium and large firms are more optimistic than micro and small firms about all short term outlook measures with the exception of the economic climate.

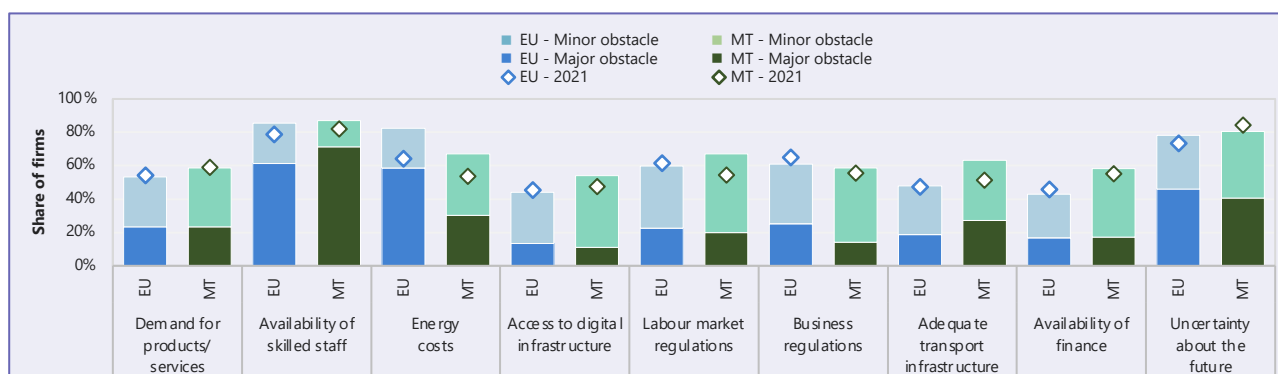
Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Drivers and constraints

LONG-TERM BARRIERS TO INVESTMENT

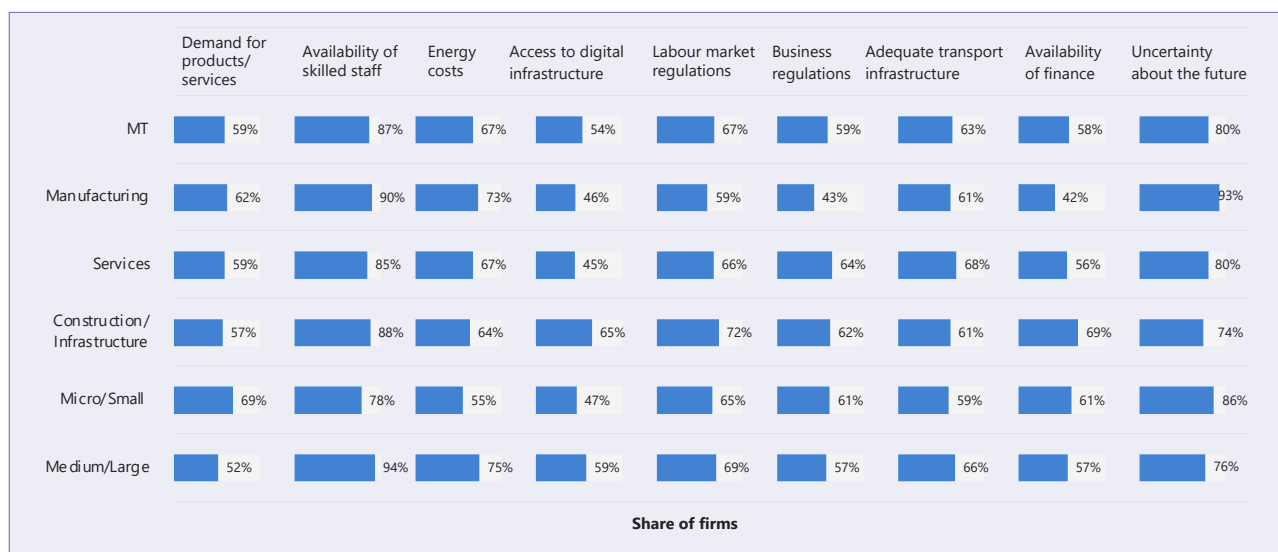
- The most frequently mentioned long term barriers to investment in Malta are availability of staff with the right skills (87%), and uncertainty about the future (80%).
- The proportion of firms citing energy costs as a barrier has increased from 54% in EIBIS 2021 to 67%, however it still affects a lower proportion of firms than across the EU as a whole (82%).
- Firms in Malta are more likely to see the following as barriers than firms across the EU: availability of adequate transport infrastructure (63% versus 48%); availability of finance (58% versus 43%); access to digital infrastructure (54% versus 44%).
- From EIBIS 2021 to EIBIS 2022, the largest increases of long-term barriers concern energy costs, labor market regulations and adequate transport infrastructure (13pp, 13pp and 12pp, respectively).



Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



Reported shares combine 'minor' and 'major' obstacles into one category

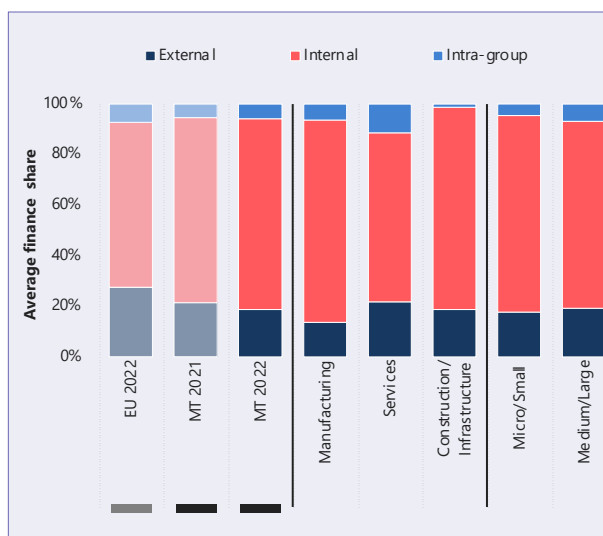
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Access to finance

SOURCE OF INVESTMENT FINANCE

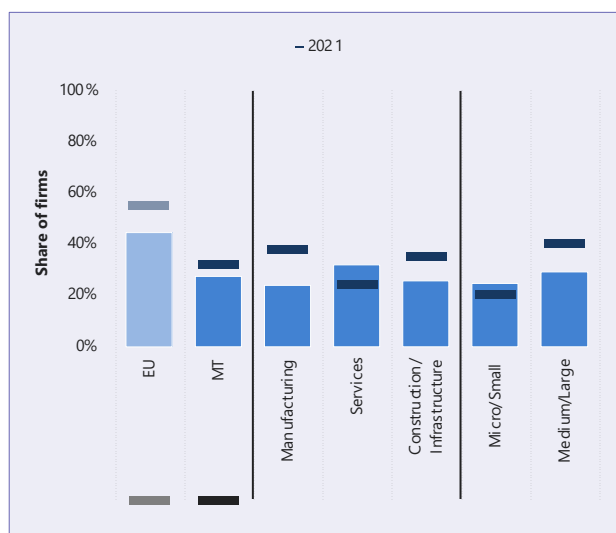
- Internal financing accounts for the largest share of finance for Maltese firms in EIBIS 2022 (76%). The use of internal finance to fund investment is higher in Malta than across the EU (65%).
- External finance was used to fund 19% of overall investment, lower than the EU average (28%).
- The use of intra-group financing made up, on average, 6% of the overall investment by Maltese firms.
- Firms in the services sector were more likely to rely on intra-group funding (11%) and less likely to make use of internal funds to finance their investment (67% of their investment is funded in this way).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

USE OF EXTERNAL FINANCE



- About 28% of firms who invested in the last financial year had financed some of their investment through external finance.
- In line with the last financial year (32% in EIBIS 2021). This was however lower than the share of firms using external finance across the EU as a whole (45%).
- Compared to EIBIS 2021, a slightly lower share of manufacturing (38% versus 24%) and medium/large firms (40% versus 29%) have reported the use of external finance.

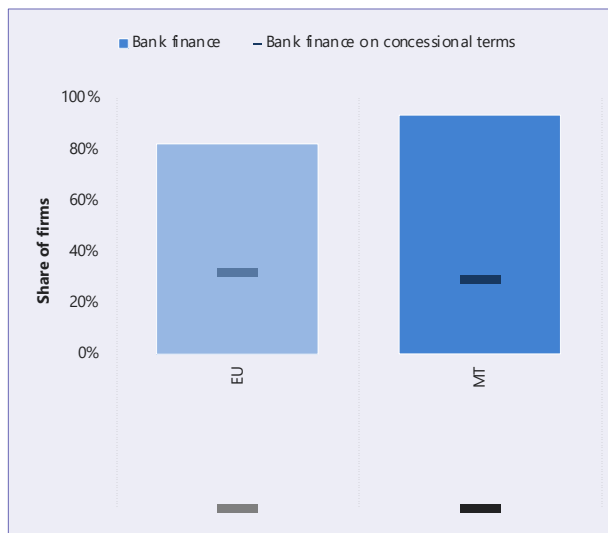
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

Access to finance

ACCESS TO BANK FINANCE AND CONDITIONS

- The vast majority (93%) of Maltese firms using external finance for their investment activities, used bank finance.
- About 29% of Maltese firms using external finance received bank finance on concessional terms. This is in line with the level seen in the EU as a whole (32%).



Q. Which of the following types of external finance did you use for your investment activities in the last financial year?

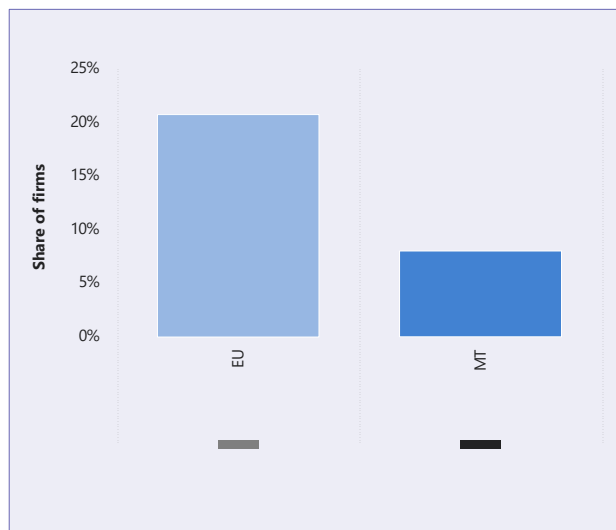
Q. Was any of the bank finance you received on concessional terms (e.g. subsidised interest rates, longer grace period to make debt payments)?

Base: All firms who used external finance (excluding don't know/refused responses)

*Caution very small base size less than 30

**Caution extremely small base size less than 20

SHARE OF FIRMS WITH FINANCE FROM GRANTS



- Overall, around 8% of Maltese firms using external finance received grants.
- This is lower than the 21% seen across the EU as a whole.

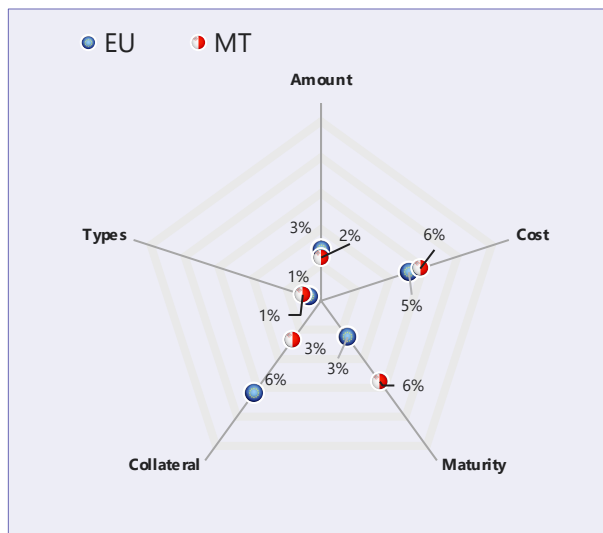
Q. What proportion of your total investment in your last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)

Access to finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- A small proportion of Maltese firms that used external finance in 2021 are dissatisfied with the finance conditions received.
- Maltese firms are most dissatisfied with the length of time over which it had to be repaid and the cost of the finance (both 6%).



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (% of firms)

	Amount	Cost	Maturity	Collateral	Type
MT	2%	6%	6%	3%	1%
Manufacturing**	5%	13%	6%	6%	6%
Services**	4%	0%	0%	4%	0%
Construction/ Infrastructure**	0%	7%	10%	0%	0%
Micro/Small*	7%	7%	3%	8%	3%
Medium/Large*	0%	5%	7%	0%	0%

- On the whole, dissatisfaction levels are low across all sizes and sector of business.
- The highest levels of dissatisfaction are seen with the cost of finance and length of time in which it needed to be paid back.

Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

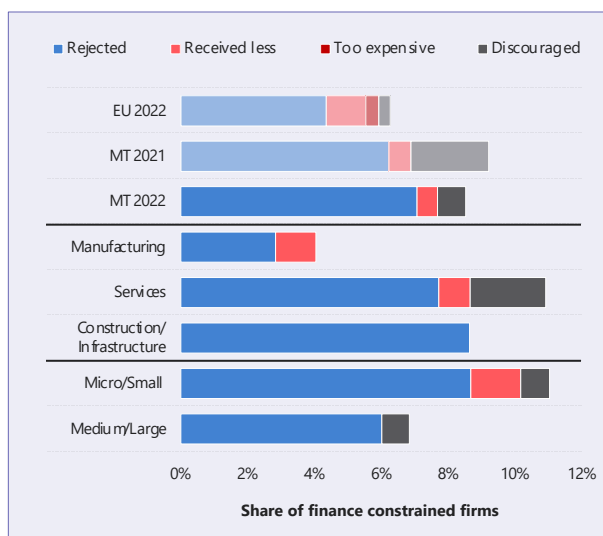
*Caution very small base size less than 30

**Caution extremely small base size less than 20

Access to finance

SHARE OF FINANCE CONSTRAINED FIRMS

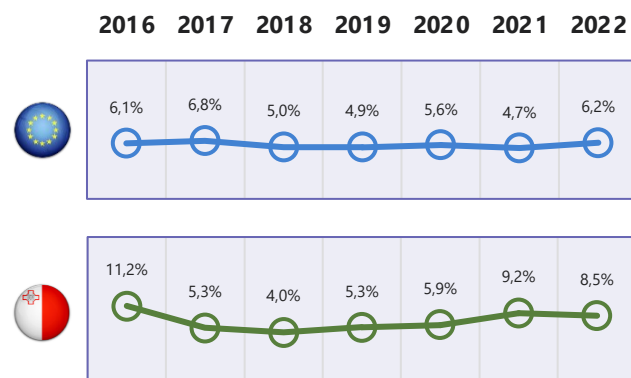
- The share of financially constrained firms in Malta (8.5%) has remained stable compared to EIBIS 2021 (9.1%). This is slightly higher than the share of financially constrained firms in the EU (6.2%).
- The main constraint reported by Maltese firms is rejection (around 7.0%).
- Micro and small firms (11.0%) and service sector firms (10.9%) are the most financially constrained.



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME



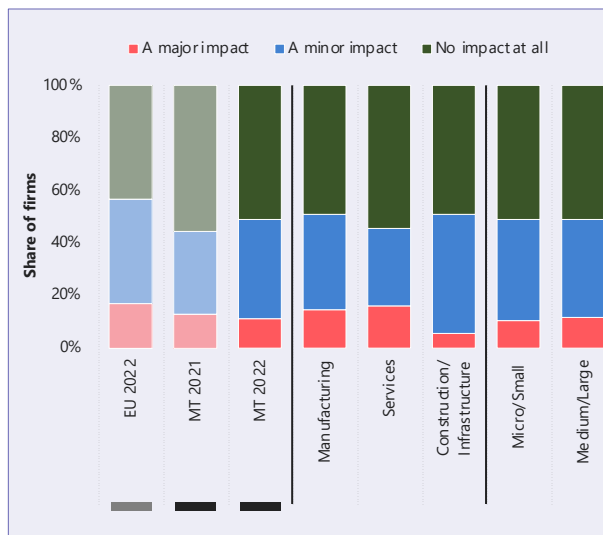
- The proportion of financially constrained Maltese firms has remained stable between 2021 and 2022.
- However, it is still higher than the levels seen before the COVID-19 pandemic.

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

- Around half (49%) of firms in Malta report that weather events are currently having an impact on their business. This is similar to the level seen in EIBIS 2021 (44%) and broadly in line with the level seen across the EU as a whole (57%).
- The proportion of firms in Malta who are seeing an impact from climate change is relatively stable across all sizes and sector of business, however fewer firms in the construction and infrastructure sectors said they are having a major impact.

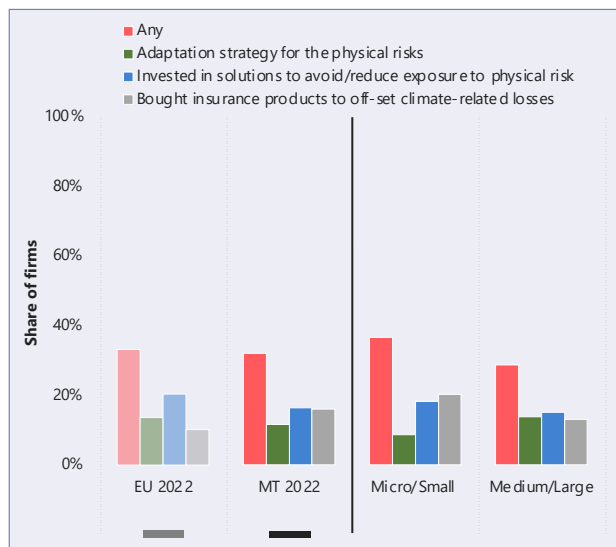


Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

Please note: question wording changed between 2021 and 2022. Comparisons should be treated with caution.

Base: All firms (excluding don't know/refused responses)

BUILDING RESILIENCE TO PHYSICAL RISK



- Around one third of firms in Malta (32%) have already developed or invested in measures for building resilience to the physical risks to their company caused by climate change. This is in line with the EU as a whole (33%).
- Maltese firms have mainly invested in solutions to avoid or reduce exposure to physical risks, similar to the EU (16% and 20%). However Maltese firms are more likely than the EU average to have purchased insurance products to offset climate related losses (16% versus 10%).
- Micro/small firms are more likely to have taken action than medium/large firms (37% versus 29%), this is most commonly in the form of purchasing insurance (20% versus 13%).

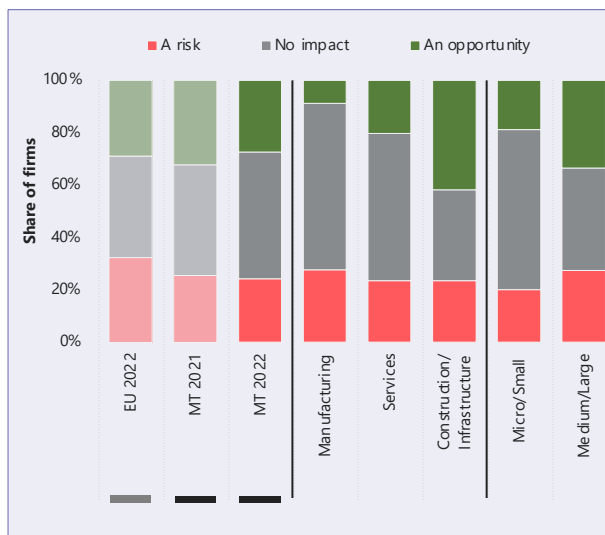
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- Across Malta, 48% of firms do not see yet the climate transition as a risk or as an opportunity. This is higher than across the EU as a whole (39%).
- The share of firms in Malta seeing the transition as a risk or an opportunity over the next five years is fairly balanced (24% and 27% respectively).
- Firms in the manufacturing sector are less likely to perceive a risk or an opportunity, as are micro and small firms (36% and 39% respectively).
- Two in five (42%) firms in the construction and infrastructure sector see the transition as an opportunity.

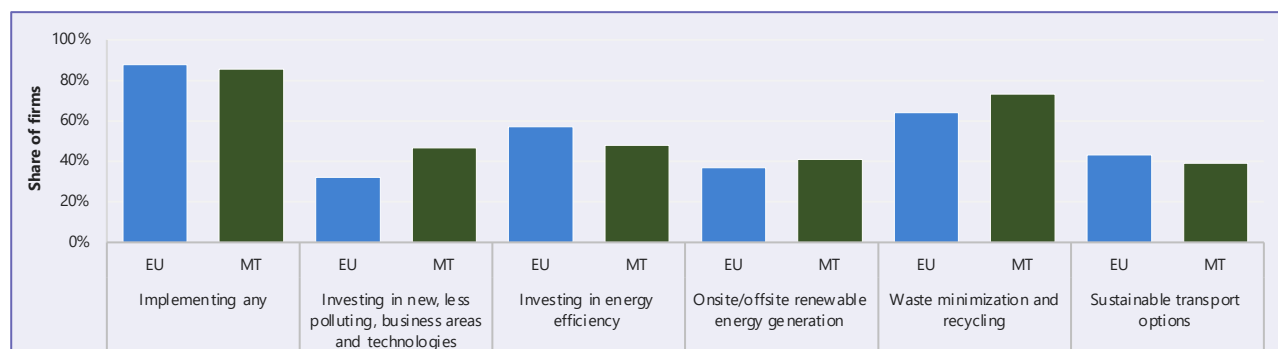


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO REDUCE GHG EMISSIONS

- Around 85% of Maltese firms have taken actions in order to reduce greenhouse gas (GHG) emissions, in line with the EU as a whole (88%).
- The main actions in Malta are waste minimization and recycling (73%), investing in energy efficiency (48%) and investing in new, less polluting business areas and technologies (47%).
- Maltese firms are ahead of their EU counterparts on waste minimization (73% versus 64%) and investing in new, less polluting, business areas and technologies (47% versus 32%), and slightly behind them regarding investing in energy efficiency (48% versus 57%).



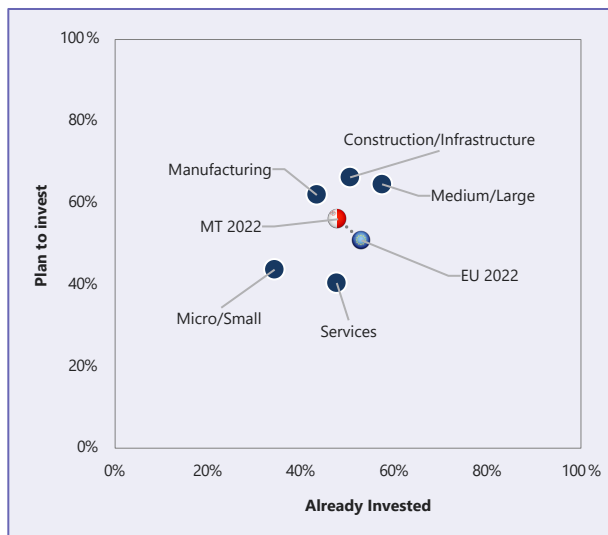
Q. Is your company investing or implementing any of the following, to reduce Greenhouse Gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

- Almost half of firms (48%) in Malta have already invested in tackling the impact of weather events and dealing with the process of reducing carbon emissions. This is in line with the EU overall (53%).
- More than half (56%) of Maltese firms have plans to invest in these areas in the next three years, also in line with the EU as a whole (51%).
- Medium/large firms are the most likely to have already invested (57%), whereas micro and small firms are least likely to have done so (34%) and least likely to have any investment planned for the next three years (44%).



Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to previous waves with caution.

EIBIS 2022

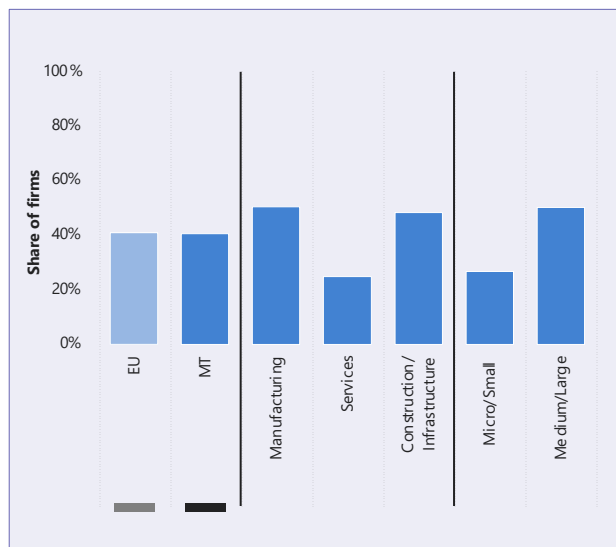
Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?

EIBIS 2021

Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS (GHG) EMISSIONS



- Around 41% of firms in Malta report that they set and monitor targets for their own Greenhouse Gas (GHG) emissions, the same proportion as in the EU as a whole (41%).
- Firms in the services sector are least likely to set and monitor targets (25%).
- Medium and large firms are almost twice as likely as micro/small firms to set and monitor these targets (50% versus 27%).

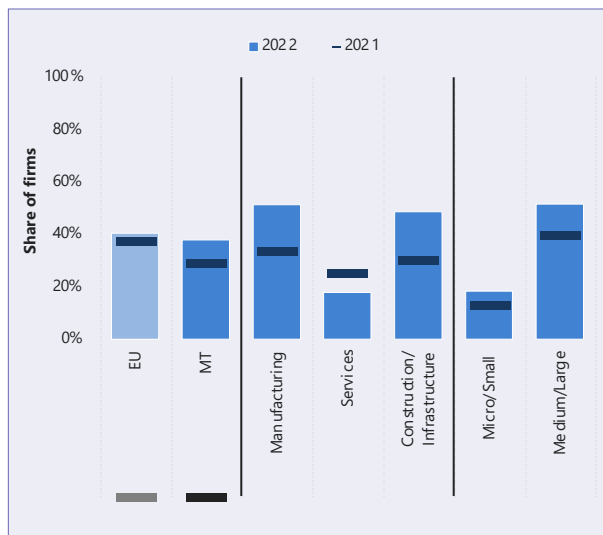
Q. Does your company... set and monitor targets for its own Greenhouse Gas (GHG) emissions

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

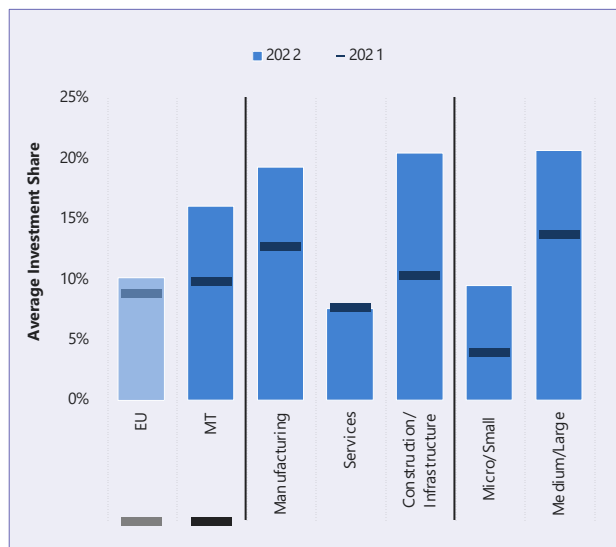
- The share of Maltese firms investing in measures to improve energy efficiency in 2021 has slightly increased compared to 2020, from 29% in EIBIS 2021 to 38% in EIBIS 2022.
- This is similar to the pattern seen in the EU as a whole, where the share of firms investing in energy efficiency is broadly in line with that within Malta (40%).
- In Malta, manufacturing sector firms (51%) and medium and large firms (also 51%) are most likely to be investing in energy efficiency.
- Conversely, firms in the services sector and micro and small firms are less likely to be doing so (both 18%).



Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



- Overall, the average share of investment in measures to improve energy efficiency within Malta was 16% in 2021, a higher share than in the EU as a whole (10%).
- Medium and large firms spent a higher proportion of their investment on energy efficiency than micro and small firms (21% versus 9%).
- There are also differences by sector, with service sector firms investing a far lower proportion than average in energy efficiency (8%).

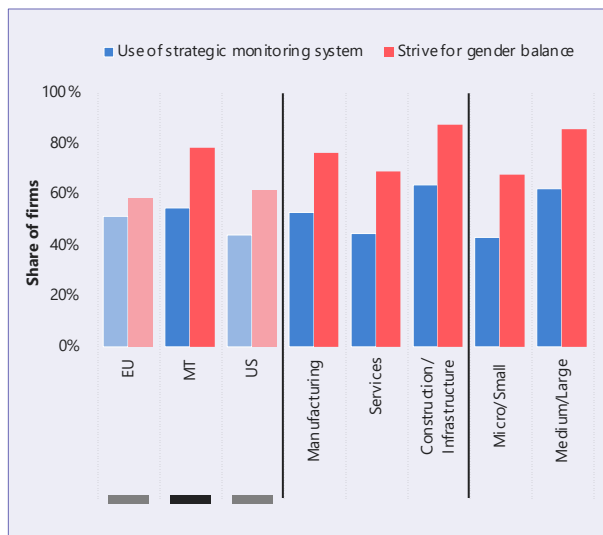
Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Firm management, gender balance and employment

FIRM MANAGEMENT AND GENDER BALANCE

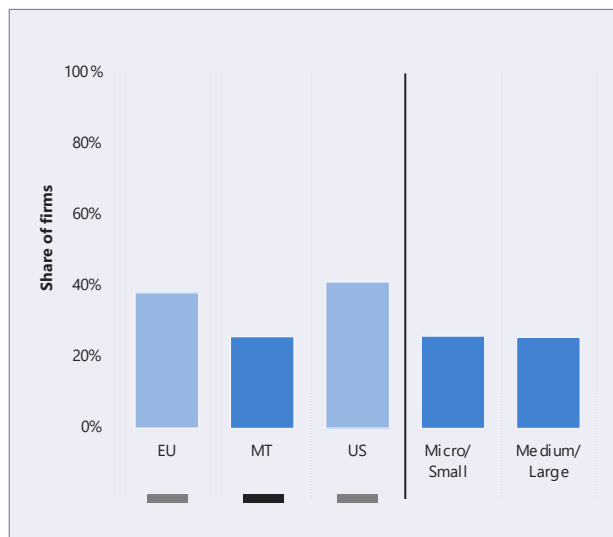
- More than half of Maltese firms (55%) use a strategic monitoring system, in line with the EU average (51%).
- When it comes to striving for gender balance, the proportion of firms in Malta is higher than in the EU as a whole (79% versus 58%).
- Among Maltese firms, medium and large firms are more likely to use a strategic monitoring system and more likely to strive for gender balance than micro and small firms.



Q Does your company...?

Base: All firms (excluding don't know/refused responses)

FIRMS WHO HAVE INCREASED EMPLOYEE NUMBERS SINCE 2019



- About quarter of Maltese firms have increased their employment since 2019 (26%).
- This is lower than across the EU as a whole (38%) or in the US (41%).
- In Malta, there is no difference by size of firm in likelihood to have increased employee numbers since 2019.

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2020, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused/did not exist in 2019 responses)

EIBIS 2022 – Country technical details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Malta, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	MT	US	MT	Manufacturing:	Services	Construction/Infrastructure	Micro/Small	Medium/Large	EU vs MT:	Manufacturing vs Construction/Infrastructure	Micro/Small vs Medium/Large
	(181)	(800)	(181)	(55)	(75)	(51)	(100)	(81)	(12021 vs 181)	(55 vs 51)	(100 vs 81)
10% or 90%	4.8%	4.1%	4.8%	7.8%	6.5%	9.2%	5.4%	7.3%	5.0%	12.1%	9.1%
30% or 70%	7.4%	6.2%	7.4%	12.0%	9.9%	14.1%	8.3%	11.1%	7.6%	18.4%	13.8%
50%	8.1%	6.8%	8.1%	13.1%	10.8%	15.3%	9.1%	12.1%	8.3%	20.1%	15.1%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities: firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities: firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
Micro/Small	Firms with between 5 and 49 employees.
Medium/Large	Firms with at least 50 employees or more employees.

Note: the EIBIS 2022 country overview refers interchangeably to 'the past/last financial year' or to '2021'. Both refer to results collected in EIBIS 2022, where the question is referring to the past financial year, with the majority of the financial year in 2021 in case the financial year is not overlapping with the calendar year 2021.

EIBIS 2022 – Country technical details

The country overview presents selected findings based on telephone interviews with 181 firms in Malta (carried out between April and July 2022).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)

Base definition and page reference	EU 2022/2021	US 2022	MT 2022/2021	Manufacturing	Services	Construction/ Infrastructure	Micro/Small	Medium/Large
All firms, p. 3, p.12, p.13, p. 21 (top)	12021/11920	800	181/180	55	75	51	100	81
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4, (top)	9704/9670	668	148/158	47	57	44	78	70
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4, (bottom)	9501/9523	668	158/162	48	64	46	84	74
All firms (excluding 'Company didn't exist three years ago' responses), p. 5 (top)	11735/11648	778	178/175	54	74	50	100	78
All firms (excluding don't know/refused responses), p. 5 (bottom)	11814/11765	780	178/178	55	72	51	100	78
All firms (excluding don't know/refused responses), p. 6 (top)	11810/NA	795	179/NA	54	74	51	98	81
All firms (excluding don't know/refused responses), p. 6 (bottom)	11725/NA	784	177/NA	54	73	50	97	80
All firms (excluding don't know/refused responses), p. 7 (top)	11945/11857	762	181/179	55	75	51	100	81
All firms (excluding don't know/refused responses), p. 7 (bottom)	11989/11891	796	181/180	55	75	51	100	81
All firms (excluding don't know/refused responses), p. 8 (top)	11735/11648	778	178/175	54	74	50	100	78
All firms (excluding not applicable/don't know/refused responses to all 3 questions), p. 8, (bottom)	8728/8780	615	142/151	45	55	42	76	66
All firms (excluding don't know/refused responses), p. 9	11980/NA	800	181/NA	55	75	51	100	81
All firms (excluding don't know/refused responses), p. 10 (top)	11975/NA	798	181/NA	55	75	51	100	81
All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles) p. 10 (bottom)	11382/NA	790	174/NA	53	74	47	95	79
All firms (excluding don't know/refused responses), p. 11 (top)	9339/NA	680	163/NA	50	70	43	87	76
All firms facing trade disruptions (excluding don't know/refused responses), p. 11 (bottom)	9265/NA	707	162/NA	50	70	42	87	75
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 14	10051/8675	665	157/136	48	64	45	82	75
All firms who used external finance (excluding don't know/refused responses), p. 15 (top)	10051/8675	665	157/136	48	64	45	82	75
All firms who used external finance (excluding don't know and refused) p. 15 (bottom)	10051/8675	665	157/136	48	64	45	82	75
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 16	3988/3964	270	45/41	13	16	14	19	24
All firms (excluding don't know/refused responses), p. 17	4155/4100	280	49/46	15	20	14	22	27
All firms (excluding don't know/refused responses), p. 18 (top)	4131/4079	278	49/45	15	20	14	22	27
All firms (excluding don't know/refused responses), p. 18 (bottom)	4089/4056	278	45/44	15	16	14	21	24
All firms (excluding don't know/refused responses), p. 19 (top)	4051/4020	273	46/44	13	19	14	20	26
All firms (excluding don't know/refused responses), p. 19 (bottom)	3988/3964	270	45/41	13	18	14	20	25
All firms (excluding don't know/refused responses), p. 20 (top)	4094/4061	278	46/43	14	18	14	19	27
All firms (excluding don't know/refused responses), p. 20 (bottom)	11504/11518	715	178/178	53	75	50	97	81
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)*	11911/11849	790	180/180	55	74	51	100	80
All firms (excluding don't know/refused responses) p. 22 (top)	11909/NA	784	181/NA	55	75	51	100	81
All firms (excluding don't know/refused/did not exist in 2019 responses) p. 22 (bottom)	11172/11384	759	169/173	50	70	49	95	74






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Malta

Overview

EIB INVESTMENT SURVEY

2022