



Malta

Overview

EIB INVESTMENT SURVEY

2021

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Malta

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EIB Investment Survey Country Overview: 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 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and 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 firms face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom 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

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports 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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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Our research makes a difference for decision makers and communities.

For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

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EIBIS 2021 – Malta

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2021 shows that while fewer Maltese firms invested during 2020, their outlook for 2021 has improved substantially. Nevertheless, the share of firms expecting to decrease investment remains slightly above the share of firms expecting to increase it, making Malta the only country in the EU with a negative investment outlook. Firms in Malta spent 44% of their investment on replacement, in line with the EU average. The highest share of investment in Malta was in machinery and equipment (38%), followed by software, data, IT and website activities (22%), which has increased seven percentage points.

Impact of COVID-19

COVID-19 had a strong impact on sales, with over half (58%) of firms in Malta reporting that their sales have declined compared to the beginning of 2020, well above the EU average (49%). COVID-19 also had an impact on firms' investment, as 31% of firms revised their investment plans downwards due to COVID-19, in line with the EU average (26%). Asked about the short-term actions due to COVID-19, digitalisation stood out with over half of firms (55%) reporting that they have taken action or invested to become more digital.

Investment Needs and Priorities

COVID-19 will undeniably have a long-term impact on needs and priorities. Again, digitalisation stands out, with a-half (54%) of firms expecting COVID-19 to lead to an increased use of digital technologies, up from 46% in EIBIS 2020 and in line with the EU average (55%).

There has been a further decline in the share of firms operating at or above full capacity in 2020 (from 69% to 42%). Nevertheless, Maltese firms do not perceive major gaps in their investment. In spite of the challenges posed by the COVID-19 pandemic, 82% of firms in Malta report that they invested about the right amount over the last three years. Looking ahead, investment in expanding capacity is the most commonly cited investment priority for the next three years (35%).

Innovation Activities

Around a third of firms (35%) developed or introduced new products, processes or services as part of their investment activities, including 9% who undertook innovation that was new to the country or global market. Two thirds (66%) of firms in Malta have implemented at least one of the advanced digital technologies they were asked about.

Drivers and Constraints

Firms in Malta are optimistic about the economic climate, the business prospects, and the availability of external and internal finance, signalling a strong shift since EIBIS 2020. In contrast to the EU, firms in Malta are also on balance optimistic about the political and regulatory climate. Uncertainty about the future is the most frequently cited long-term barrier to investment (84%), followed by availability of skilled staff (82%).

Investment Finance

Access to finance conditions are worse than the EU average: circa one in ten (9%) of all firms in Malta can be considered finance constrained, which is higher than the EU average of 5%. Firms that used external finance in 2020 are on balance satisfied with the finance received. The highest proportions of dissatisfaction are with collateral requirements (16%) and the length of time over which the financing needs to be repaid (10%).

As a result of the crisis, around a quarter (26%) of firms have increased their debt position. Public support was substantial in Malta, with 74% of firms having received public support in response to COVID-19, mostly in the form of subsidies or financial support that the firm does not need to pay back (59%), above the EU average (36%).

Climate Change and Energy Efficiency

Maltese firms are less likely than the average EU firm to feel the effects of climate change: 44% of firms in Malta think that climate change and the related changes in weather patterns are currently impacting on their business, while this share is 58% in the EU overall. Maltese firms are starting to internalise the risks associated with the transition to net zero. Overall, the share of firms who see the transition to stricter climate standards and regulations as an opportunity is slightly higher than the proportion of firms who see it as a risk over the next five years (32% and 26% respectively). On average, 42% of firms in Malta have already invested to deal with climate change, and 43% have plans to do so in the next three years. Around 29% of firms invested in energy efficiency in 2020, lower than EIBIS 2020 (42%) and the EU average (37%). In addition, half of the firms in Malta (53%) set and monitored internal targets on carbon emissions and energy consumption in 2020.

Firm management, gender balance and employment

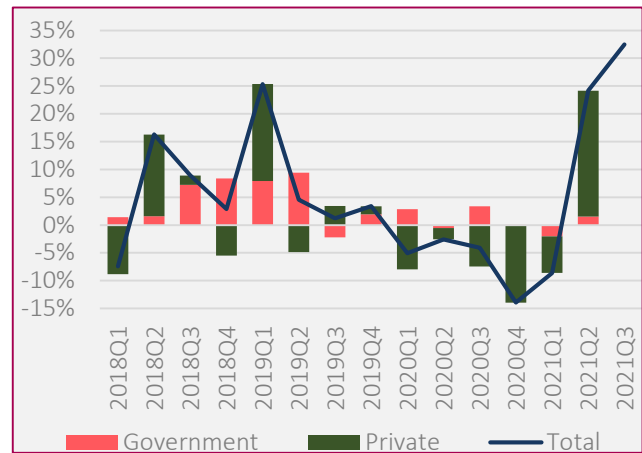
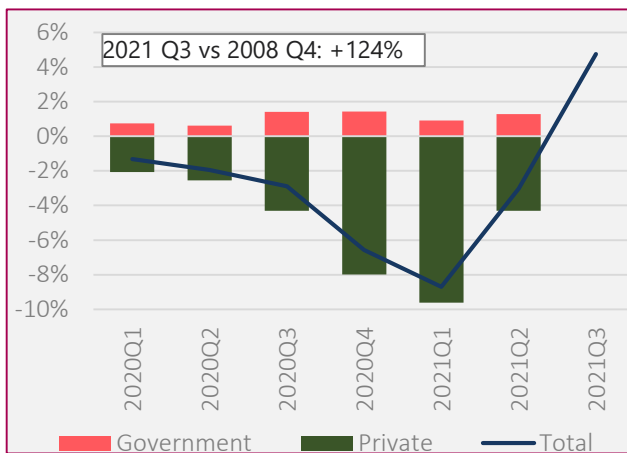
Firms in Malta outperformed the EU average on striving for gender balance (80% versus 60%) and using a strategic monitoring system in 2020 (67% versus 55%). Seven in ten (69%) firms linked individual performance to pay. Since the start of the COVID-19 pandemic, the size of the workforce in Malta has declined by 5%, which is a larger contraction than the one experienced across most of the EU countries.

Investment Dynamics and Focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment plunged from Q1 2020 onwards, until falling to 9% below the pre-crisis level in Q1 2021. The lion's share of the drop in investment originated in the private sector. With public investment remaining at or slightly above its pre-crisis level, mostly due to policy support to the

economy, the overall balance nevertheless remained negative. As private investment improved, total investment started recovering in Q2 2021, when it soared to 24% above the level recorded in the same quarter of 2020. In Q3 2021 total investment even surpassed the pre-crisis level again by nearly 5%.

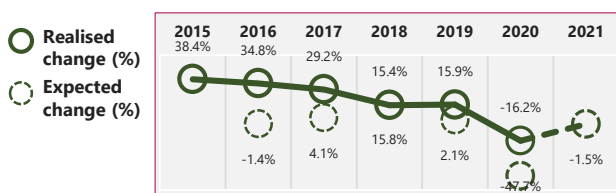


The graph on the left shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data are transformed into four-quarter sums, deflated using the implicit deflator for total GFCF. The four-quarter sum of total GFCF in 2019 Q4 is normalized to 0. Source: Eurostat
The graph on the right shows the year-on-year growth of total gross fixed capital formation (in real terms); by institutional sector. The data are deflated using the implicit deflator for total GFCF. Source: Eurostat.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

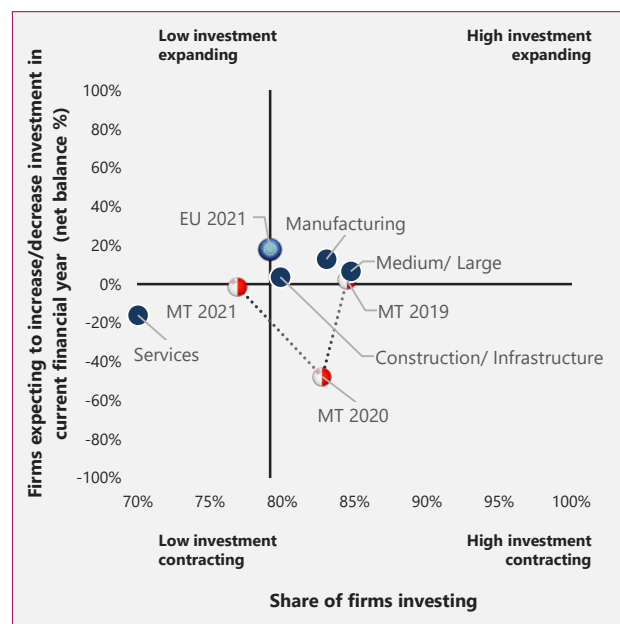
EIBIS 2021 shows that while fewer firms invested during 2020, their outlook towards future investment has improved substantially relative to EIBIS 2020, although the net balance of those expecting to increase investment versus those expecting to decrease investment remains slightly negative, making it the only country in the EU with a negative investment outlook.

Firms in the manufacturing sector and medium/large firms are more likely to plan to increase investment and to have a higher share of firms investing.



'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: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for EIBIS 2021..

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

Investment Dynamics and Focus

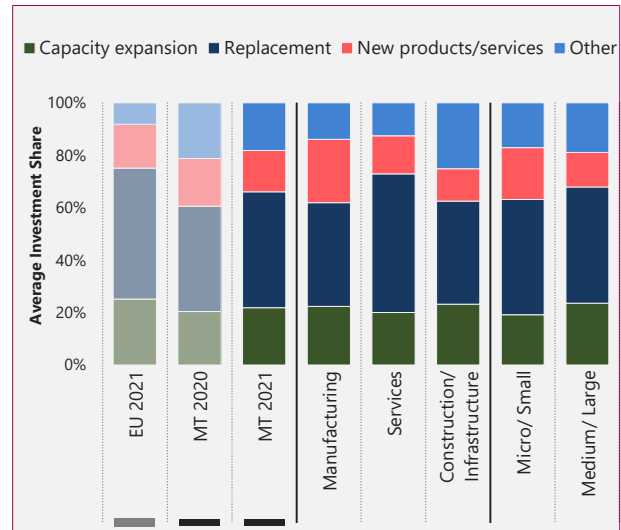
PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

On average, Maltese firms spent around two-fifths (44%) of their investment on replacement in 2020, in line with what was reported for 2019 in EIBIS 2020 (40%) and with firms in the service sector having spent the highest share (53%).

Investment in capacity expansion accounted for around a fifth (22%) of the total investment allocated by firms in Malta.

Investment in new products and services accounts for 16% of the total spent, with firms in the manufacturing sector having spent the highest share (24%).

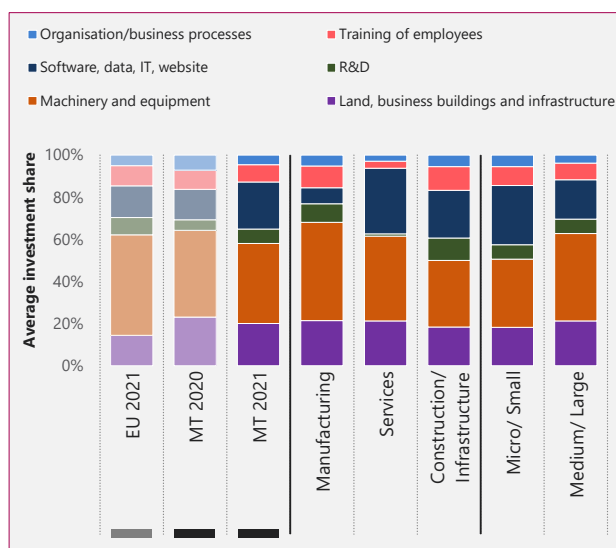
Firms of all sizes allocated similar shares of investment to the purposes they were asked about.



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



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)

Out of the six investment areas considered, the highest share of investment in 2020 was in machinery and equipment (38%), followed by software, data, IT and website activities (22%), which has increased by 7 percentage points since EIBIS 2020 and is higher than the EU average (15%). One in five firms have invested in land, business buildings and infrastructure (20%).

Smaller firms were slightly more likely than larger firms to invest in software, data, IT networks and website activities (28% compared to 19%). Similarly, services firms were more likely than manufacturing firms to invest in this (31% compared to 8%).

Conversely, construction/infrastructure and manufacturing firms (11% and 10% respectively) have allocated a slightly larger share of their investment to training of employees than services firms did (3%).

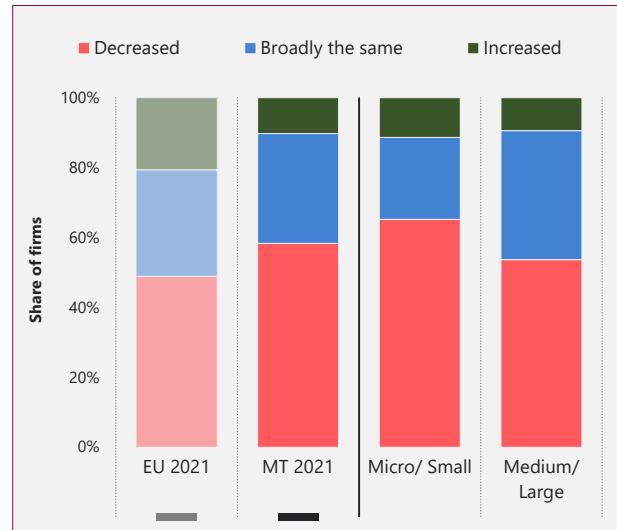
Impact of COVID-19

IMPACT OF COVID-19 ON SALES

COVID-19 affected firms in various ways. When asked about the impact on sales or turnover, more than half (58%) of the firms in Malta report a decline in sales or turnover compared to the beginning of 2020. This is higher than the EU average (49%). In fact, Malta has the highest share of firms experiencing a decline in sales.

By contrast, Maltese firms are half as likely as the EU average to report that their sales have increased (10% compared to 21%).

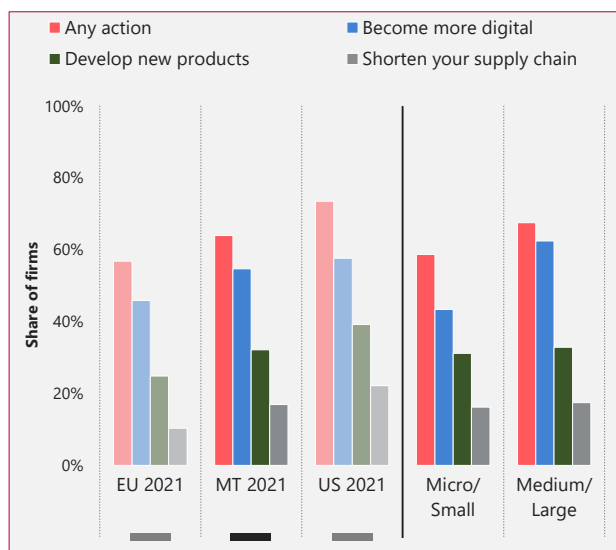
Smaller firms are slightly more likely to report a decline in sales or turnover as a result of COVID-19 than their larger counterparts (65% compared to 54%).



Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020?

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

SHORT-TERM ACTIONS AS A RESULT OF COVID-19



In Malta, almost two thirds (64%) of firms have taken at least one of the three short-term actions they were asked about as a result of COVID-19, which is higher than the EU average (57%).

More than half (55%) of firms have taken action or invested to become more digital in response to COVID-19.

Around a third (32%) of firms have developed new products, services or processes and 17% of firms shortened their supply chain.

Larger firms are more likely than smaller firms to have become more digital (62% versus 43%).

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)

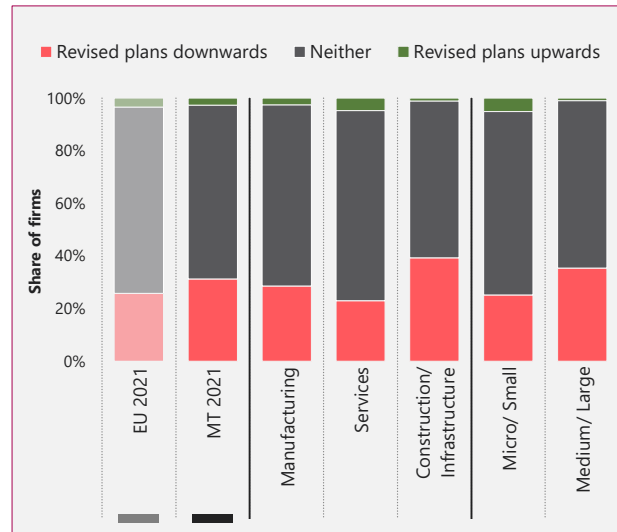
Impact of COVID-19

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 also had an impact on investment plans. Almost one in three (31%) firms have revised their investment plans downwards due to COVID-19 and only 3% have revised them upwards. This is in line with the EU average (26% and 3% respectively).

Downward revisions due to COVID-19 were slightly more common for construction/infrastructure firms than services firms (39% compared to 23%).

Smaller firms are less likely to have revised plans downwards than larger firms (25% compared to 35%) and more likely to have revised plans upwards (5% compared to 1%).

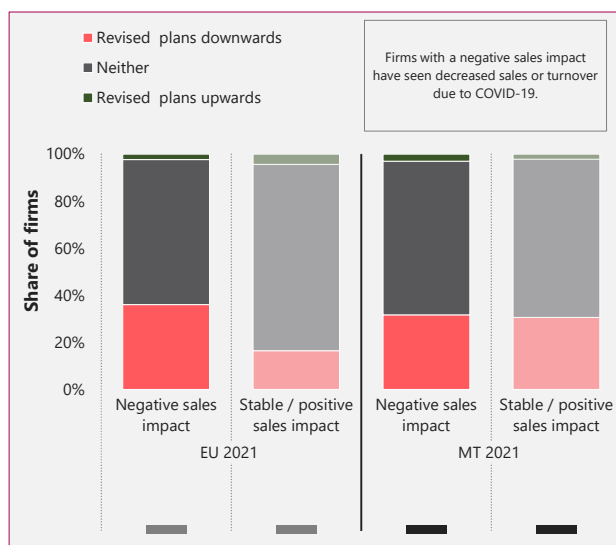


Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

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

DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT



In Malta, 32% of the firms who report that COVID-19 had a negative impact on their sales revised their investment plans downwards, in line with the EU average (36%).

A similar proportion of firms who report that COVID-19 had a neutral or positive impact on their sales revised investment plans downwards (31%), which is higher than the EU average (16%).

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020? Has it...?

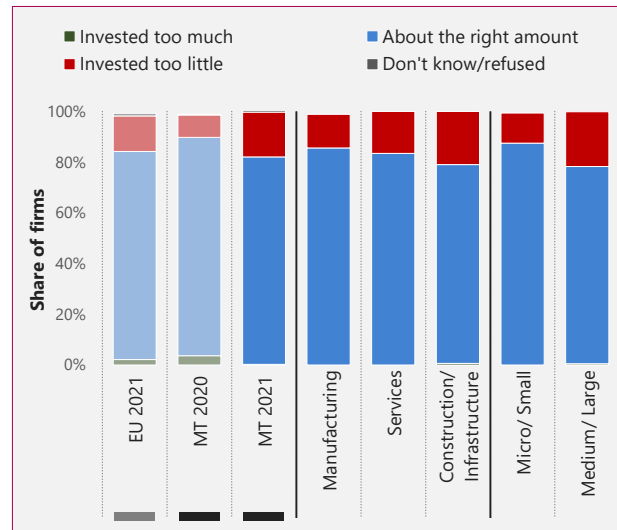
Base: All firms (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Maltese firms do not perceive major gaps in their investment. Despite difficult circumstances, eight in ten (82%) firms believe their investment over the last three years was about the right amount, while less than 1% report having invested too much. These figures are in line with the EU average.

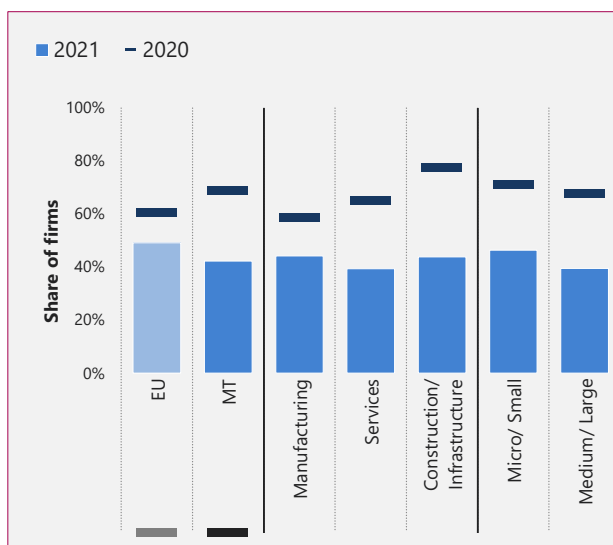
The share of firms reporting they have invested too little increased by nine percentage points, from 9% in EIBIS 2020 to 18% in EIBIS 2021, with larger firms slightly more likely to report investing too little more often than smaller firms (22% compared to 12%).



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)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

The share of firms across Malta reporting operations at or above full capacity in 2020 has declined (42% in EIBIS 2021 versus 69% in EIBIS 2020 and 79% in EIBIS 2019), but is in line with the EU average (49%).

Across all sectors and size classes there has been a decrease in the proportion of firms operating at full capacity, particularly among construction/infrastructure firms (44% versus 78% in EIBIS 2020).

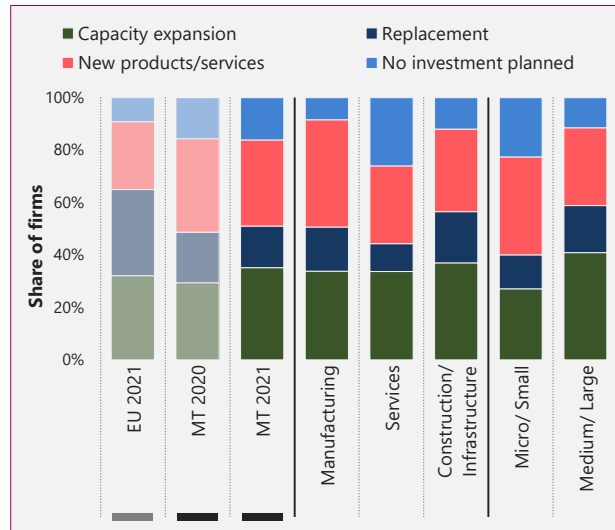
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

In line with EIBIS 2020, investment in expanding capacity is the most commonly cited investment priority for the next three years (35%). This is followed by developing new products/services (33%) and replacing capacity (16%). The share of firms prioritising replacement is much lower than the EU average (33%).

The share of larger firms who intend to invest in capacity expansion is much higher than the share of smaller firms (41% compared to 27%).

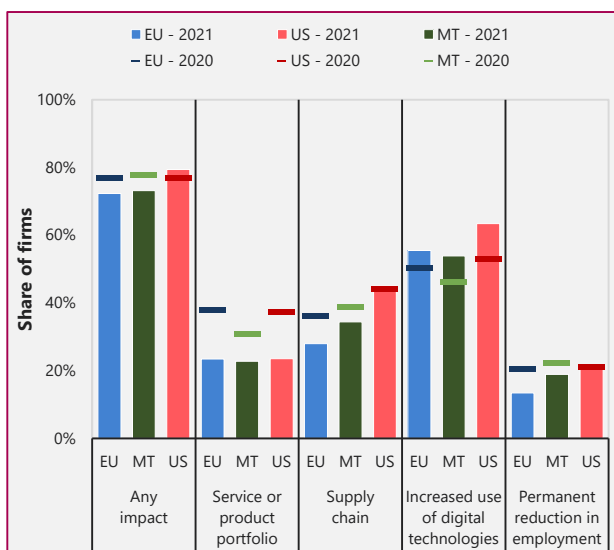
Firms in Malta are more likely than the EU average to report that they have no investment planned (16% compared to 9%). In particular, services firms are more likely than other sectors to have no investment planned (26% compared to between 9 and 12% in other sectors).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing 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)

COVID-19 LONG-TERM IMPACT



COVID-19 will undeniably have a long-term impact on firms' needs and priorities. A majority of firms in Malta (73%) think COVID-19 will have a long-term impact on at least one of the aspects they were asked about, which is closely in line with the EU average (72%).

Digitalisation stands out, with more than half (54%) of firms expecting COVID-19 to lead to an increased use of digital technologies, up from 46% in EIBIS 2020 and in line with the EU average (55%). This is followed by the impact on firms' supply chains (34%) and the impact on service or product portfolio (23%).

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

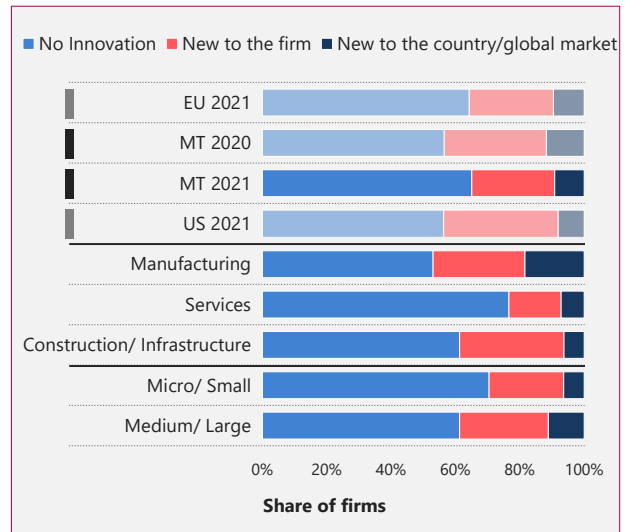
Base: All firms

Innovation Activities

INNOVATION ACTIVITY

Around one-third of firms in Malta (35%) developed or introduced new products, processes or services as part of their investment activities in 2020, down from the share reported in EIBIS 2020 (44%), yet similar to the EU average (36%).

Manufacturing firms are the most likely to have innovated (47%), while only 23% of services firms report they have invested in the development or introduction of new products, processes or services in 2020.

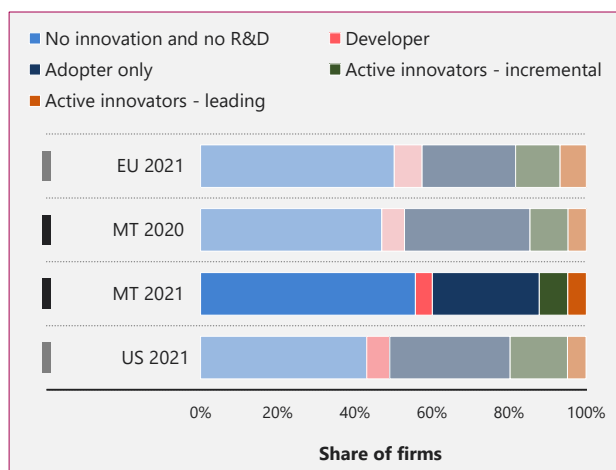


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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



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)

When firms' innovation and research and development behaviour is profiled more widely, 12% of firms in Malta can be classified as 'active innovators', below the EU average of 18%. A further 4% of firms can be classified as 'developers'.

This breakdown is broadly in line with the one reported in EIBIS 2020 (15% and 6%) and EIBIS 2019 (11% and 5%).

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.

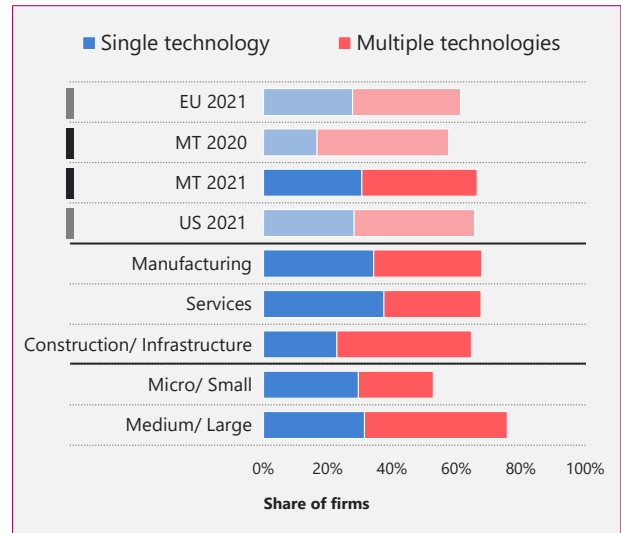
Innovation Activities

IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

Two thirds of firms (66%) have implemented at least one of the advanced digital technologies they were asked about. The proportion of firms having implemented advanced digital technologies is in line with the EU average (61%).

Larger firms are not only more likely than smaller firms to have implemented advanced digital technologies, but they are also more likely to have implemented multiple advanced digital technologies (44% versus 23%).

The most commonly implemented technology by Maltese firms is digital platforms (55%), followed by drones (33%) and robotics (32%). The implementation shares for Big data/AI is above the EU average.

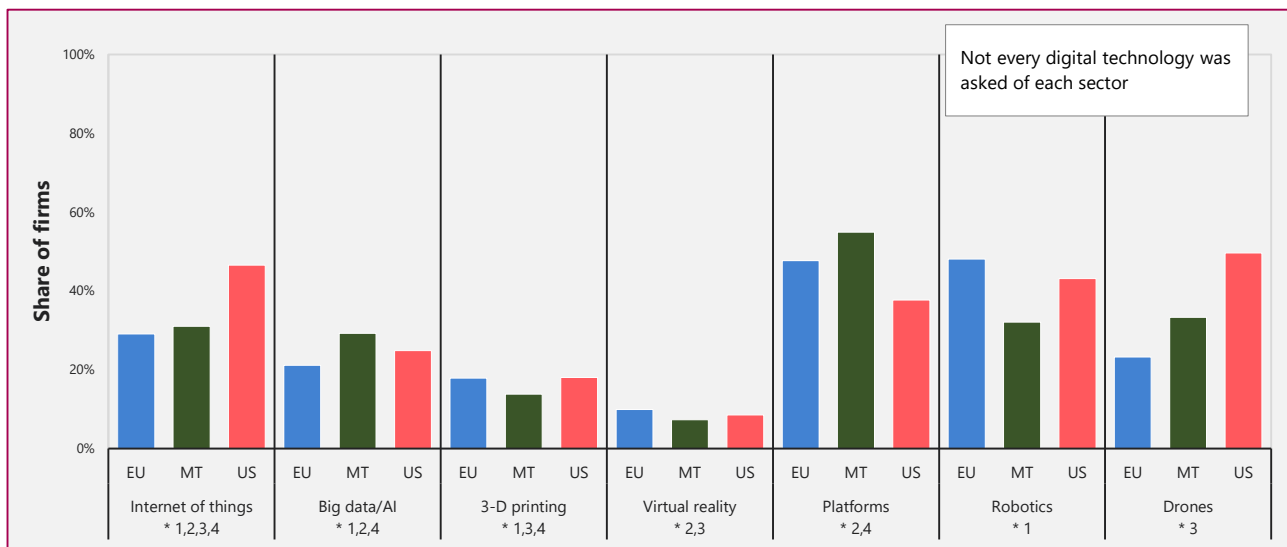


Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

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

ADVANCED DIGITAL TECHNOLOGIES



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

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?

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

Base: All firms (excluding don't know/refused responses);
Sample size MT: Manufacturing (50); Services (67); Construction/ Infrastructure (63);

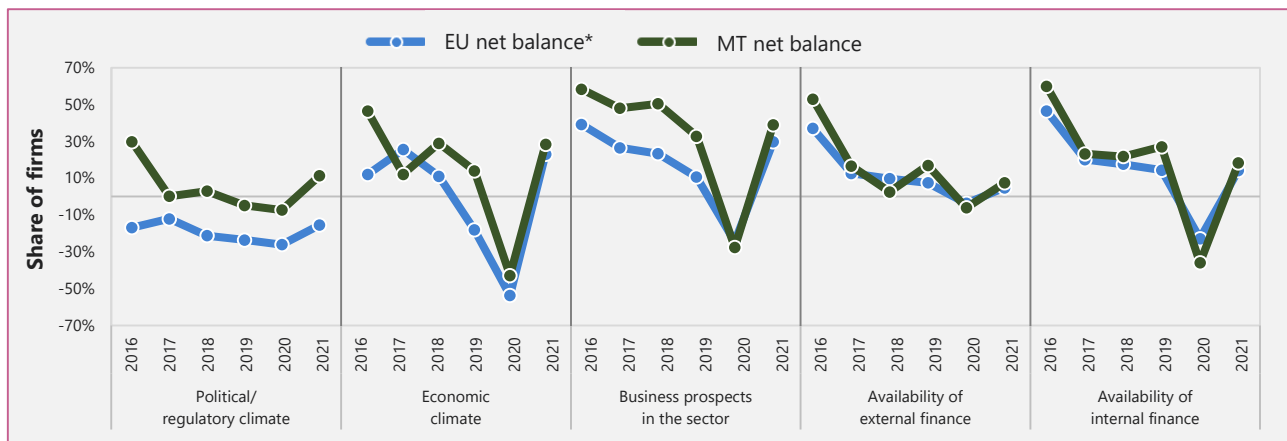
Drivers And Constraints

SHORT-TERM FIRM OUTLOOK

The short-term outlook is positive. In particular, there has been a large increase in the share of firms who are positive about the economic climate, business prospects and the availability of internal finance compared to EIBIS 2020, a pattern which is

also seen across the EU.

In addition, more Maltese firms expect the political and regulatory climate to improve than deteriorate in the next twelve months, whereas the EU net remains negative in this respect.

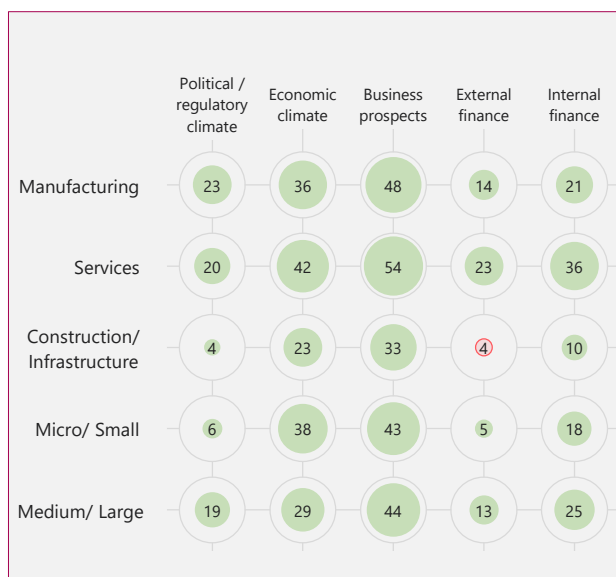


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*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

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

Firms are consistently more positive than negative about all measures. The only exception are construction/infrastructure firms, who are on balance more negative than positive about external finance in the next 12 months.

Construction/infrastructure firms are less optimistic than services and manufacturing firms for each of the five dimensions.

Larger firms are slightly more optimistic than smaller firms regarding the political/regulatory climate (19% versus 6%).

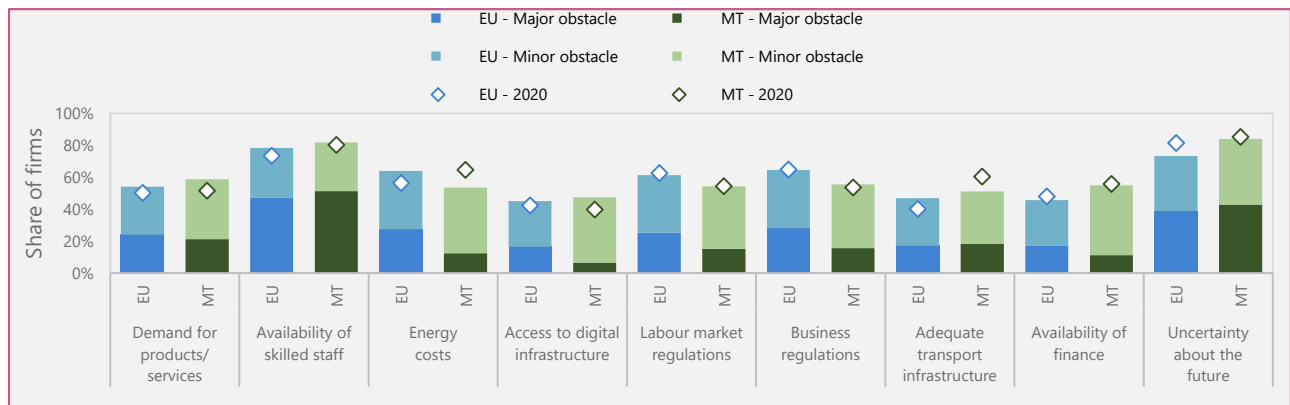
Drivers And Constraints

LONG-TERM BARRIERS TO INVESTMENT

The most frequently cited barriers to investment are uncertainty about the future (84%) and the availability of skilled staff (82%), both in line with the shares reported in EIBIS 2020. Firms in Malta are more likely than firms in the EU to cite uncertainty about the future (84% versus 73% EU)

and availability of finance (55% versus 46% EU) and energy costs (54% versus 64% EU) as a barrier to investment.

All sectors and sizes of firms have similar levels of citing these as barriers.



Q. Thinking about your investment activities in Malta, 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



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

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

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

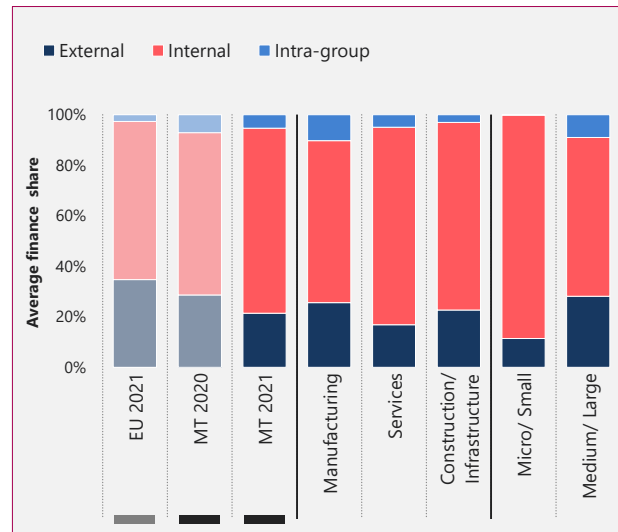
Investment Finance

SOURCE OF INVESTMENT FINANCE

Firms in Malta continued to fund the majority of their investment in 2020 through internal financing (73%). This share is higher than the EU average (63%).

Conversely, external finance made up more than one-fifth of investment finance (21%). This is below the EU average of 35%. Intra-group finance accounted for 5% of investment in Malta, instead.

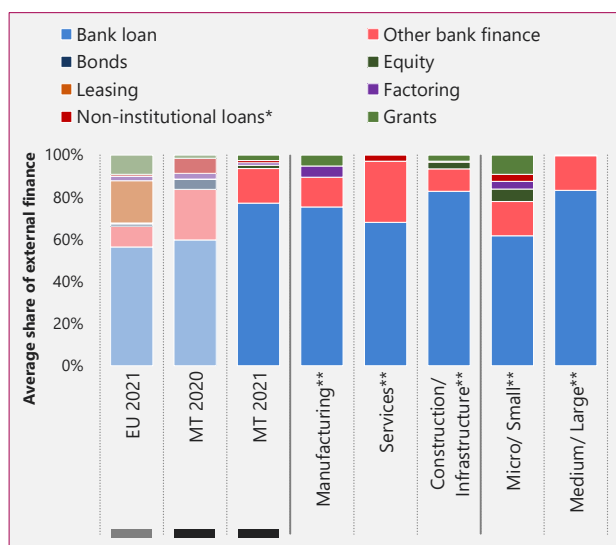
Smaller firms report having used a higher share of internal finance than larger firms (89% versus 63%). In contrast, larger firms report having resorted to a higher share of external finance (28% versus 11%).



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)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Bank loans continued to make up the highest share of external finance (77%) in 2020. This is above the current EU average (56%) and slightly higher than what was reported in EIBIS 2020 (60%). In fact, Malta has the highest share of firms recurring to bank loans in the whole EU.

Other terms of bank finance accounted for the second highest share of external finance (16%).

Overall, the mix of types of external finance in EIBIS 2021 appears narrower than previously reported. The share of external financing received from sources other than bank loans and other bank financing has declined.

Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

**Caution very small base size less than 30

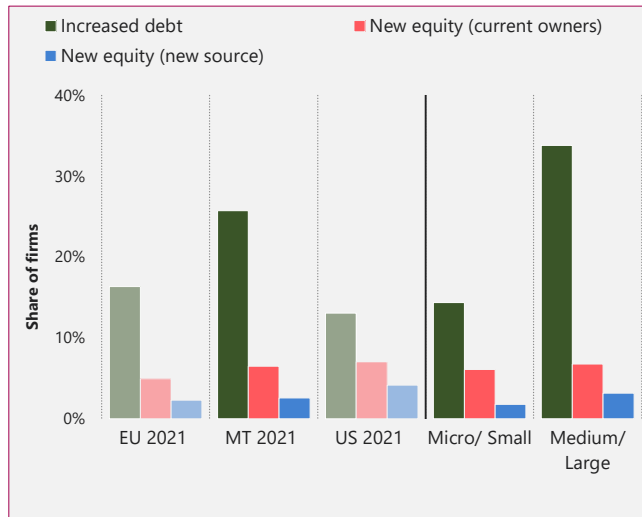
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Investment Finance

ACTIONS TAKEN AS A RESULT OF COVID-19

As a result of the COVID-19 pandemic, a quarter of firms in Malta (26%) have increased their debt, which is more than the average EU share of 16%. In addition, 6% have raised new equity from the current owners, and 3% have raised new equity from new sources, both in line with the EU average.

Larger firms are substantially more likely than smaller firms to have increased debt (34% versus 14%).



Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

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

SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19



Public support was substantial in Malta: three quarters (74%) of firms report that they have received financial support in response to COVID-19 since the start of the pandemic, which is a larger share than the EU average (56%).

The type of support received most frequently is a subsidy or financial support that does not need to be paid back (59%), more frequently than the EU average (36%). Deferrals of payment have also been used by a larger share of Maltese firms (31%) than in the EU on average (16%).

Firms of all sizes are equally likely to have received policy support in response to COVID-19.

Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

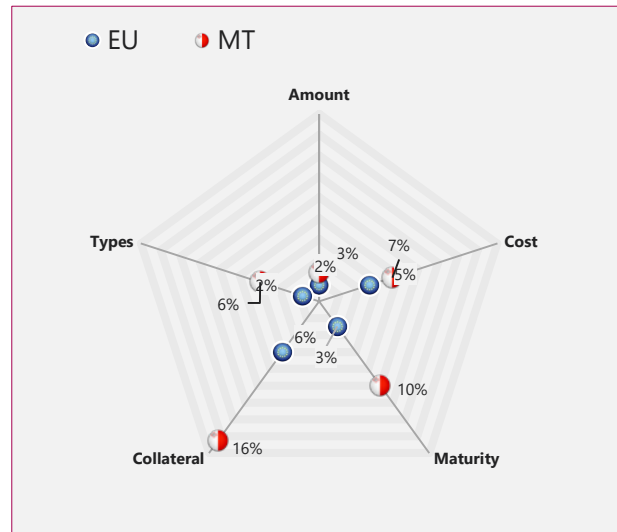
Base: All firms (excluding don't know/refused responses)

Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms that used external finance in 2020 are generally satisfied with the amount, cost, maturity, collateral and type of finance received.

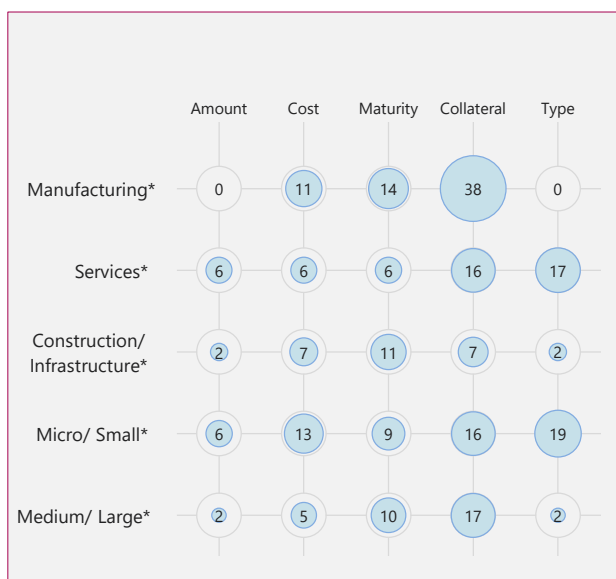
The highest proportions of dissatisfaction are with the collateral requirements (16%), the length of time over which it needs to be repaid (10%) and the cost of finance (7%). The levels of dissatisfaction with regards to collateral requirements and financing costs are similar to those reported in EIBIS 2020 (12% and 11%, respectively). Instead, no firm previously reported dissatisfaction with maturity.



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 (%)



As mentioned above, overall dissatisfaction levels are low, with the highest levels of dissatisfaction relating to the collateral requirements, which are impacting the manufacturing sector more than other sectors.

Levels of dissatisfaction with the type of finance are higher for firms in the service sector and micro/small firms. However, base sizes for these groups are small so findings are indicative only and need to be treated with caution.

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

*Caution very small base size less than 30

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

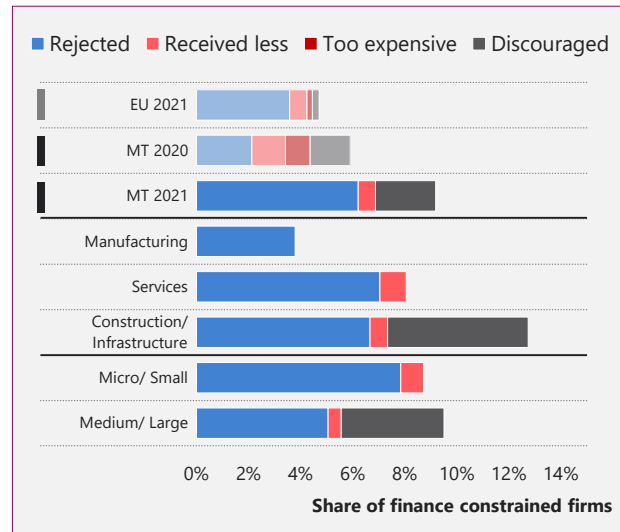
Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Fewer than one in ten of all firms in Malta can be considered as external finance constrained (9%), which is higher than the EU average (5%) and slightly higher than the share reported in EIBIS 2020 (6%).

Construction/infrastructure firms are more likely than other sectors to be finance constrained (13%).

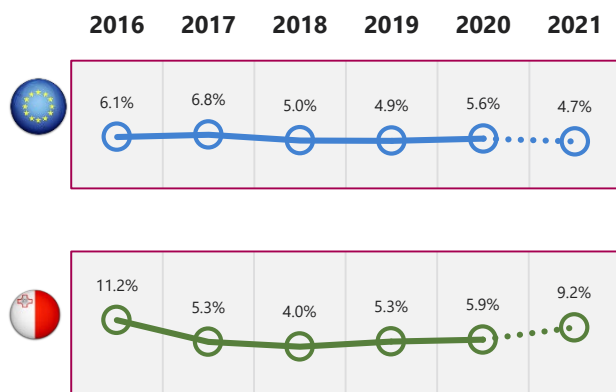
Firms of all size classes are equally likely to be finance-constrained. The share of finance-constrained medium/large firms was slightly lower in EIBIS 2020, where no larger firm reported being rejected after seeking external finance.



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



There has been a slight increase in the share of finance constrained firms: up from 6% in EIBIS 2020 to 9% in EIBIS 2021. Consequently, firms in Malta are more likely to be finance constrained when compared to the EU average.

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

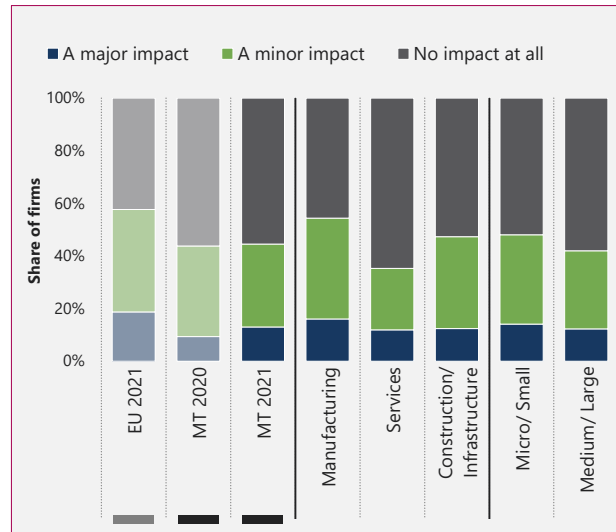
Climate Change and Energy Efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

A relatively small share of firms in Malta feel the effect of weather events: with 44% of the firms reporting that climate change and the related changes in weather patterns are currently affecting their business, either in a major or minor way, which is in line with EIBIS 2020 (44%) but lower than the EU average (58%).

Moreover, firms in Malta are more likely to report a minor impact rather than a major impact of the physical risk posed by climate change (31% compared to 13%).

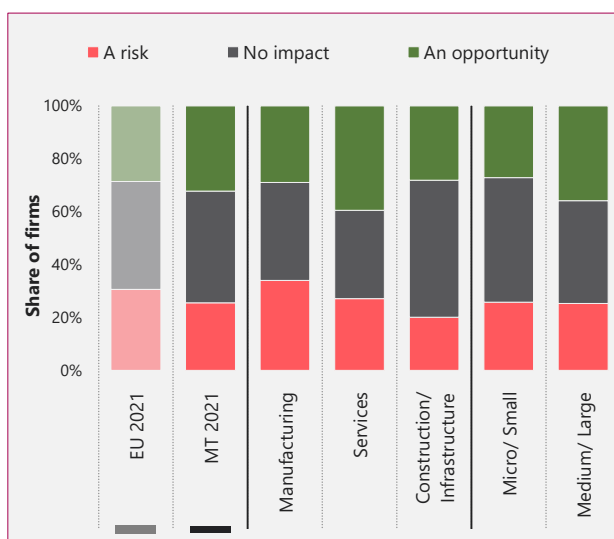
The share of manufacturing firms feeling that their business has been impacted is larger than the share recorded for the service sector (54% vs 35%).



Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

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

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



Maltese firms are starting to internalise the risks associated with the transition to net zero. Firms in Malta are slightly more likely to see the transition to stricter climate standards and regulations as an opportunity than a risk over the next five years (32% versus 26%). This reflects the pattern observed across the EU.

Four in ten firms (42%) think that the transition will not impact their business and this share is higher among firms in the construction and infrastructure sectors (52%).

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?

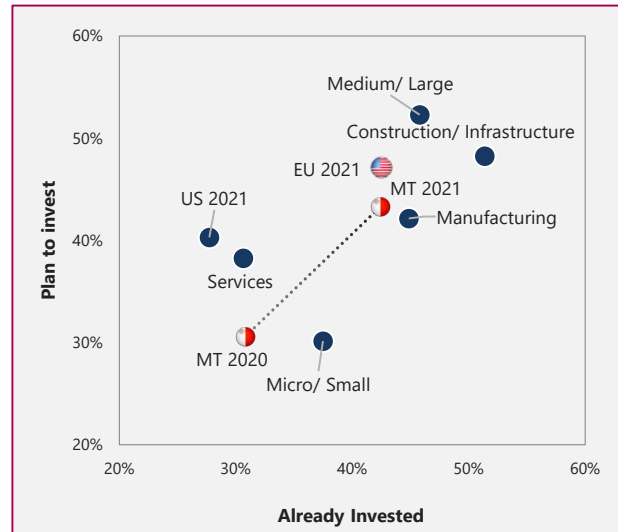
Base: All firms (excluding don't know / refused responses)

Climate Change and Energy Efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

In Malta, four in ten firms (42%) have already made investments to tackle the impacts of climate change, while a similar share (43%) have plans to do so in the next 3 years, an increase since EIBIS 2020 (both 31%) but in line with the EU averages (43% and 47% respectively).

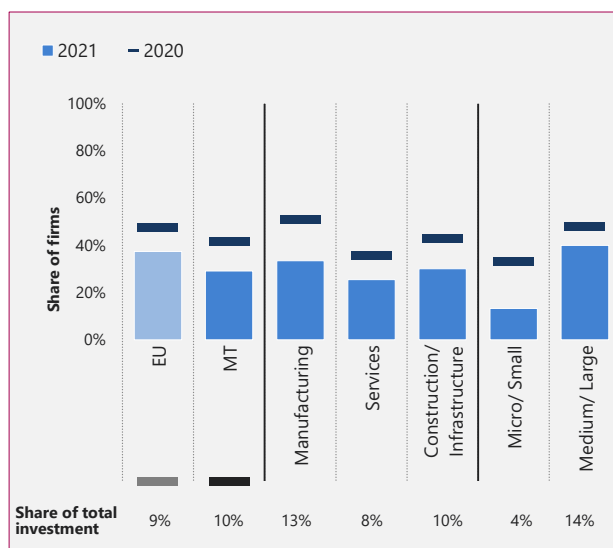
Larger firms are particularly likely to have plans to invest (52%) compared to smaller firms (30%).



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)

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT



Three in ten (29%) firms in Malta invested in measures to improve energy efficiency in 2020, which is lower than the EU average (37%) and the share reported for the year before in EIBIS 2020 (42%).

A higher proportion of larger firms have invested in energy efficiency measures than smaller firms (40% compared to 13%), and the average share of investment is also considerably higher for larger firms (14% versus 4% for smaller firms).

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 (for share of firms investing)

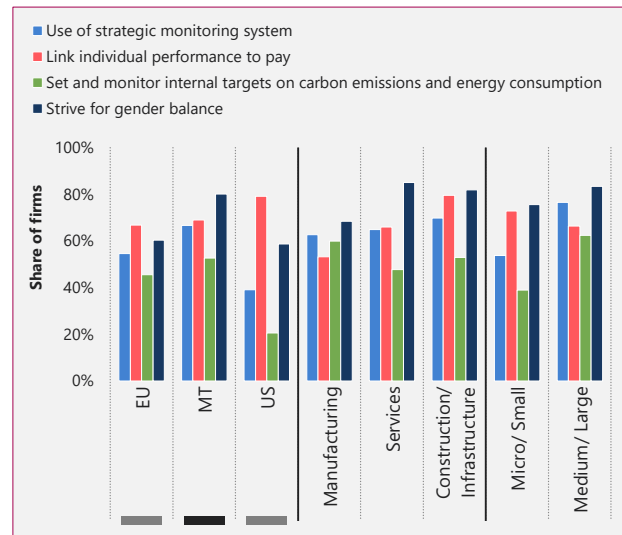
Base: All firms who have invested in the last financial year (excluding don't know/refused responses) (average share of investment)

Firm management, climate targets, gender balance and employment

FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

Asked about various management practices, in 2020 firms in Malta outperformed the EU average on striving for gender balance (80% versus 60%) and on the use of a strategic monitoring system (67% versus 55%). Seven in ten firms (69%) linked individual performance to pay, and half (53%) set and monitored internal targets on carbon emissions and energy consumption.

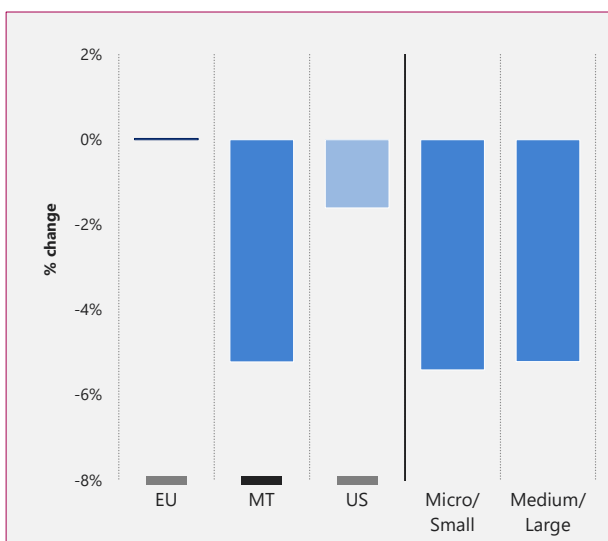
Larger firms are far more likely than their smaller counterparts to report that they have used strategic monitoring systems (77% versus 54%) and set and monitored internal targets on carbon emissions and energy consumption (62% compared to 39%).



Q. In 2020, did your company...?

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

CHANGE IN EMPLOYMENT DURING COVID-19



Since the start of the COVID-19 pandemic, the size of the workforce in Malta has declined by 5%, which is a larger contraction than what is observed across the EU, making it – together with Cyprus (12%) and Latvia (3%) – one of the most severely hit countries in terms of employment during COVID-19.

The evolution is similar across firm sizes.

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 responses)

EIBIS 2021 – 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.

	EU	US	MT	Manufacturing	Services	Construction/ Infrastructure	Micro/ Small	Medium/ Large	EU vs MT	Manufacturing vs Construction/ Infrastructure	Micro/ Small vs Medium/ Large
	(11920)	(802)	(180)	(50)	(67)	(63)	(98)	(82)	(11920 vs: 180)	(50 vs 63)	(98 vs 82)
10% or 90%	1.1%	3.5%	4.5%	8.3%	6.9%	7.9%	5.5%	6.7%	4.7%	11.4%	8.6%
30% or 70%	1.7%	5.3%	6.9%	12.7%	10.6%	12.1%	8.4%	10.2%	7.1%	17.4%	13.2%
50%	1.8%	5.8%	7.6%	13.8%	11.5%	13.2%	9.2%	11.1%	7.8%	19.0%	14.4%

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).
Services sector	Based on the NACE classification of economic activities, firms in group F (Construction).
Construction/ Infrastructure sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food Construction/ Infrastructure 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).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2021 country overview refers interchangeably to 'the past/last financial year' or to '2020'. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.

EIBIS 2021 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 180 firms in Malta (carried out between March and July 2021).

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




Base definition and page reference	EU 2021/2020	US 2021	MT 2021/2020	Manufacturing	Services	Construction/ Infrastructure	Micro/Small	Medium/Large
All firms, p. 2, p. 6, p. 7, p. 10, p. 11	11920/11971	802	180/180	50	67	63	98	82
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11910/11949	802	180/178	50	67	63	98	82
All firms (excluding don't know/refused responses), p. 2	11620/11634	768	171/175	48	63	60	94	77
All firms (excluding don't know/refused responses), p. 4 (top)	11860/NA	800	180/NA	50	67	63	98	82
All firms (excluding don't know/refused responses), p. 4 (bottom)	11891/NA	802	180/NA	50	67	63	98	82
All firms (excluding don't know/refused responses), p. 5 (top)	11814/11971	768	178/180	49	66	63	97	81
All firms (excluding don't know/refused responses), p. 5 (bottom)	11760/0	766	178/0	49	66	63	97	81
All firms (excluding don't know/refused responses), p. 7 (top)	11765/11727	793	178/178	50	65	63	98	80
All firms (excluding don't know/refused responses), p. 8 (top)	11648/11720	779	175/175	48	65	62	96	79
All firms (excluding don't know/refused responses), p. 8 (bottom)	8780/9039	618	151/148	44	55	52	78	73
All firms (excluding don't know/refused responses), p. 9	11891/11938	802	180/179	50	67	63	98	82
All firms (excluding don't know/refused responses), p. 13 (top)	11882/NA	777	179/NA	50	66	63	98	81
All firms (excluding don't know/refused responses), p. 13 (bottom)	11857/NA	775	179/NA	49	67	63	98	81
All firms (excluding don't know/refused responses), p. 15	11518/11477	743	178/173	49	66	63	98	80
All firms (excluding don't know/refused responses), p. 16 (top)	11849/11898	798	180/179	50	67	63	98	82
All firms (excluding don't know/refused responses), p. 16 (bottom)	11384/NA	783	173/NA	47	64	62	94	79
All firms (excluding don't know/refused responses), p. 17	11659/11739	775	175/179	47	66	62	95	80
All firms (excluding don't know/refused responses), p. 18 (top)*	11616/NA	774	167/NA	42	64	60	96	71
All firms (excluding don't know/refused responses), p. 18 (bottom)	11664/11402	794	167/159	46	61	60	94	73
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (top)	9670/10138	674	158/162	46	58	54	81	77
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (bottom)	9523/9874	667	162/160	47	59	56	84	78
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	8675/9255	621	136/138	40	48	48	73	63
All firms who have invested in the last financial year (excluding don't know/refused responses)*, p. 17	11920/11971	802	180/180	50	67	63	98	82
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4003/4354	284	44/55	14	13	17	18	26
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	3964/4310	281	41/54	13	11	17	14	27



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Malta

Overview

EIB INVESTMENT SURVEY

2022

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