



Malta

Overview

EIB INVESTMENT SURVEY



EIB INVESTMENT SURVEY 2023

Malta

Overview

EIB Investment Survey Country Overview 2023: 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 2023 – Malta overview

KEY RESULTS

Investment dynamics and focus

Notwithstanding decelerating economic growth and tightening monetary policy, at the time of the interviews (April-July 2023), Maltese firms hold a positive investment outlook in 2023, with a net balance of 30% expecting to increase rather than decrease investment. This is more than twice the EU average (14%). However, the share of Maltese firms having invested in 2022 is lower than the EU as a whole (79% vs 85%).

Investment needs and priorities

Almost nine in ten Maltese firms (85%) believe that their investment activities over the last three years were about the right amount. In EIBIS 2023, firms in Malta report similar investment priorities as in EIBIS 2022, with 35% prioritizing capacity expansion and 28% new products and services. Firms in Malta are, on balance, more optimistic than pessimistic about the investment conditions for the next year compared to the EU firms, with differences ranging from 13% in net balance terms (for availability of internal finance) to 35% (for political climate). Also, they are consistently more positive than negative about all other factors surveyed, with the exception of the economic climate. However, expectations are, on balance, more pessimistic than in the last year. Perceptions of the business prospects in the sector have remained positive but have fallen considerably since EIBIS 2021 (balance of 25% versus 44% in EIBIS 2021). The overall trajectory for political and regulatory climate and availability of internal finance is also downwards on balance, although it is still positive.

Energy market developments

Compared to the EU average, firms in Malta were significantly less affected by the increase in energy costs (42% versus 93%). Despite the low numbers of firms impacted by increases in energy costs, the majority of firms were still concerned about their impact. The biggest concerns for firms in Malta were energy prices (88%) and uncertainty (80%). Compared to the EU average, the proportion of firms concerned about the energy shock is slightly lower (90% in Malta versus 96% in the EU) and fewer adopted strategies to help deal with recent developments in the energy market (85% in Malta versus 95% in the EU).

International trade

Overall, 76% of Maltese firms report they were engaged in international trade, which is higher than the EU average (62%). For Maltese firms, the biggest disruptions related to international trade are logistics and transport (80%), and access to commodities and raw materials (75%). Although the proportions are lower (65% and 64%, respectively), these are also the most serious disruptions for firms across the EU. Asked about potential changes to their sourcing strategy, firms in Malta are more likely than those across the EU to be investing or have plans to invest in digital inventory and inputs tracking (37% vs 20%) and increasing stocks and inventory (39% vs 31%). Though almost all Maltese firms (98%) have experienced disruptions to international trade, only six out of ten (61%), have made some changes in their sourcing strategies or have plans to do so – that is more than across the EU (49%).

EIBIS 2023 – Malta overview

Climate change and energy efficiency

Climate change is a reality for most Maltese firms with more than six in ten (64%) saying weather events have impacted their business. This is higher than EIBIS 2022 (49%) and identical to the EU average (64%). More than four in ten (44%) Maltese firms have developed or invested in measures to build resilience to climate change risks, this is higher than the EU average (36%). They are more likely to have bought insurance products to off-set climate related losses (27%) and to have invested in solutions to avoid or reduce the exposure to physical risks (22%).

More Maltese firms regard transition to stricter climate standards and regulations as a risk (35%) than an opportunity (18%). Over nine in ten Maltese firms (94%) are taking actions to reduce Greenhouse Gas (GHG) emissions, but only a minority (34%) set and monitor targets for their own emissions. The majority of Maltese firms are making investments in energy efficiency (59%), in new, less polluting, business areas and technologies (59%) and waste minimization/recycling (84%). A majority of firms are also implementing or investing in sustainable transport options (60%). The figures for specific actions are higher than the EU average, with the exception of investing in energy efficiency which matches the EU average.

Most Maltese firms (67%) say they have invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions, this is much higher than EIBIS 2022 (48%). A majority of Maltese firms (63%) have plans to invest in these areas in the next three years. This is higher than the EU average (54%).

Innovation activities

Three in ten (30%) Maltese firms developed or introduced new products, processes, or services as part of their investment activities in 2022, consistent with the figure reported for 2021 in EIBIS 2022 (35%) and slightly below the EU average (39%). Overall, 68% of firms in Malta used at least one advanced digital technology and this is almost identical to the EU average (70%). The digital technologies that Maltese firms are most likely to be using are digital platforms (54%) and robotics (48%).

Investment impediments

The most frequently mentioned long-term barriers to investment in Malta are the availability of skilled staff (93%), uncertainty about the future (80%), business regulation (76%), and energy costs (75%). The impact of these barriers is not easing and for business regulations (rising from 59% to 76%), and adequate transports (rising from 63% to 72%), the impact is increasing.

Access to finance

The proportion of finance constrained Maltese firms is higher than the EU average (11.2% versus 6.1%). While the share of firms happy to rely on internal finance has fallen (down from 13% to 1%).

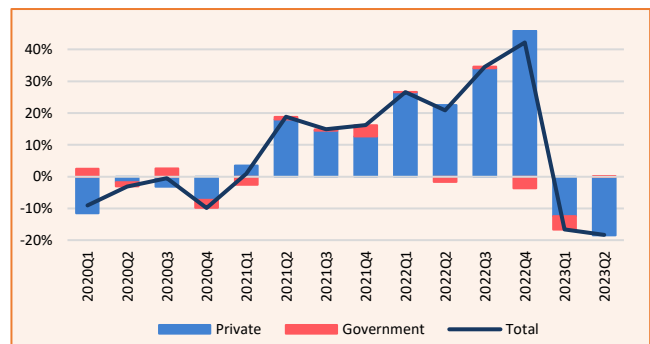
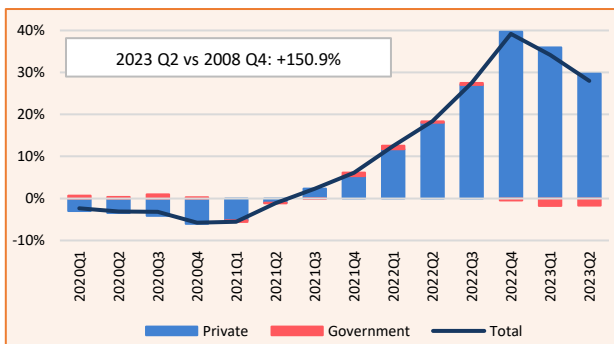
Note on how to read the results:

EIBIS 2023 overview presents the results of the survey run in 2023. Questions in the survey might point to “last financial year” (2022) or expectations for the current year (2023). The text and the footnote referring to the question will specify in each case which year is considered.

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

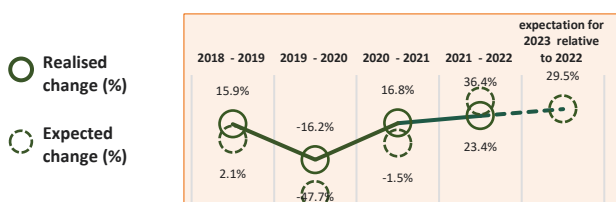
- Aggregate investment fell abruptly during the pandemic, having reached its lowest level relative to the pre-pandemic level in Q4 2020 (-5.8%), but has recovered from Q3 2021. In 2020, when government investment growth partially offset the decline.
- Boasted by strong private investment gross fixed capital formation has increased until Q4 2022. Despite two preceding quarters of negative growth, in Q2 2023 aggregate investment stood 151% above Q4 2008 levels, that is among the highest growth seen in the EU during this period.
- Private investment was strong partially due to the rebounding tourism sector, and overall, investment registered a peak in 2022 due to aviation sector 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.

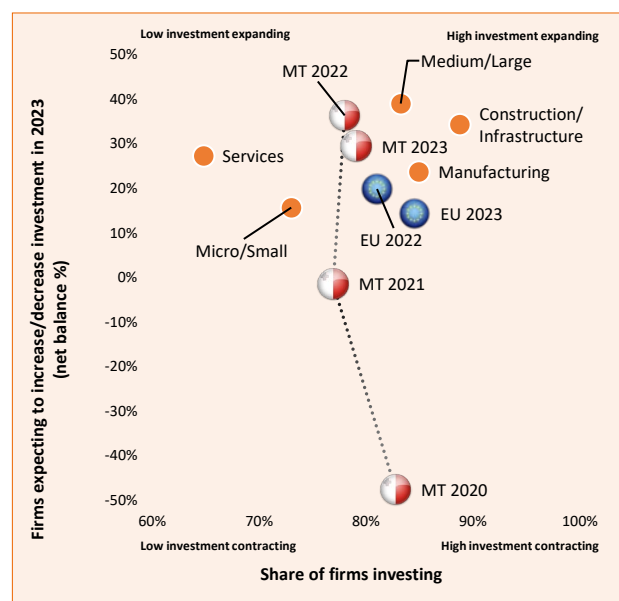
INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- Maltese firms hold a positive investment outlook in 2023, with a net balance of 30% expecting to increase rather than decrease investment. This is about twice the average across the EU (14%), consistent with EIBIS 2022 (net balance of 36%) but represents a steep climb compared to the negative expectations in EIBIS 2020 (net balance of -48%).
- Construction/infrastructure firms are the most likely to expect to increase rather than decrease their investment (net balance 34%). Medium/Large firms have a far more positive outlook, on balance, than Micro/Small firms (39% vs 16%).
- The share of Maltese firms having invested in 2022 is lower than the EU as a whole (79% vs 85%). Construction/infrastructure firms led with 89%.



'Realised change' is the share of firms that invested more minus those that invested less; 'Expected change' is the share of firms that expect(ed) to invest more minus those that 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 €500.

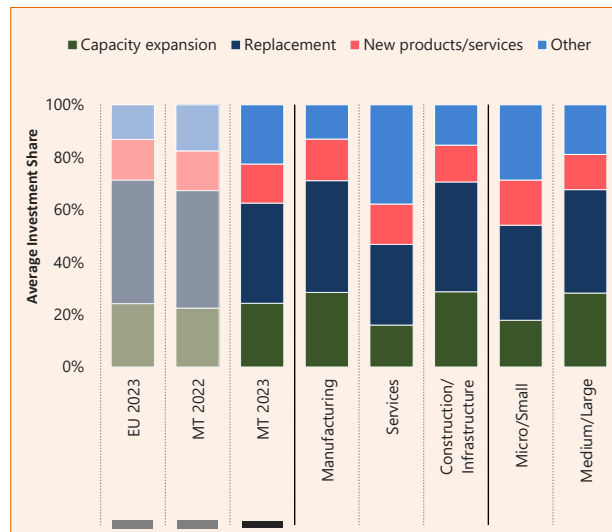
Base for share of firms investing: All firms (excluding don't know/refused responses)

Base for expected and realised change: All firms

Investment dynamics and focus

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

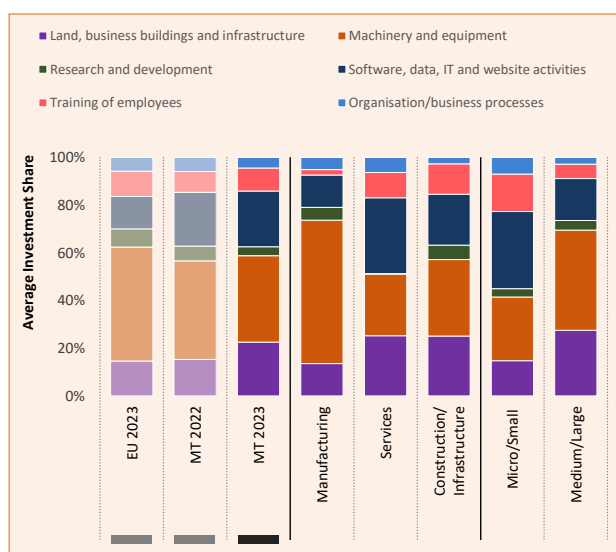
- On average, firms in Malta spent 38% of their investment on replacement in 2022, lower than the figure reported for 2021 in EIBIS 2022 (45%) and the current EU average (47%).
- Investment in capacity expansion accounted for almost a quarter of total investment (24%). This is consistent with EIBIS 2022 (22%) and equals the current EU average.
- Investment in new products and services accounts for a lowest share of the total expenditure (15%), which is equal to EIBIS 2022 and the EU average.
- Manufacturing and construction/infrastructure firms have almost the same distribution of investments. Compared to other sectors, service companies showed a different investment pattern – with their largest share being used for “other” investment rather than capacity expansion, replacement or investment for new products or services.



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

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

INVESTMENT AREAS



- Maltese firms directed 59% of their investment towards tangible assets (land and machinery). This is consistent with both EIBIS 2022 (57%) and the current EU average (62%). The investments for intangible assets (R&D, software, training and business processes) in EIBIS 2023 (41%) were also consistent with EIBIS 2022 (43%) and the EU average (38%).
- Service sector firms directed the highest proportion of investment towards intangible assets (49%) while manufacturing invested the lowest share (26%).
- Micro/Small firms invested almost twice the amount of medium/large firms in intangible assets (59% vs 31%).

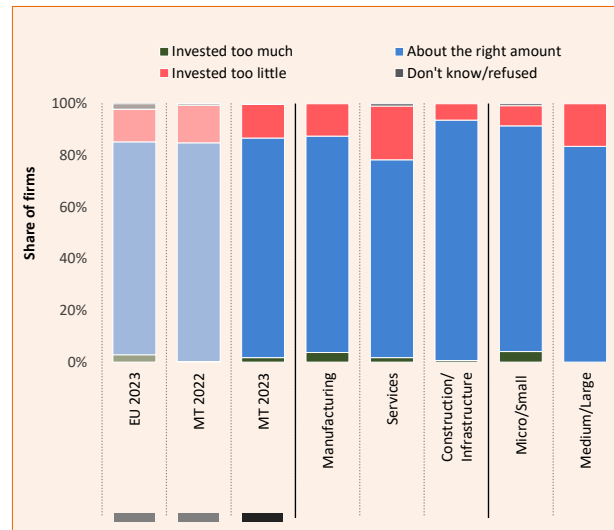
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

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

Investment needs and priorities

PERCEIVED INVESTMENT GAP

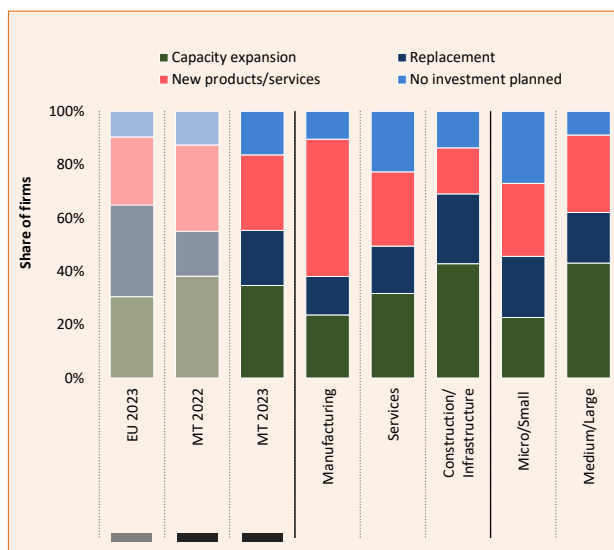
- Firms in Malta do not perceive major gaps in terms of investment. Almost nine in ten Maltese firms (85%) believe that their investment activities over the last three years were about the right amount. This share is identical to EIBIS 2022 (85%) and in line with the current EU average (82%).
- In EIBIS 2023, 13% of firms in Malta believe they invested too little. This is in line with both EIBIS 2022 (14%) and the EU average (13%).
- In Malta, service firms (21%) and medium/large firms (17%) have the highest share of firms that believe that they invested too little over the past three years.



Q. Looking back at your investment over the last three 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



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 or services?

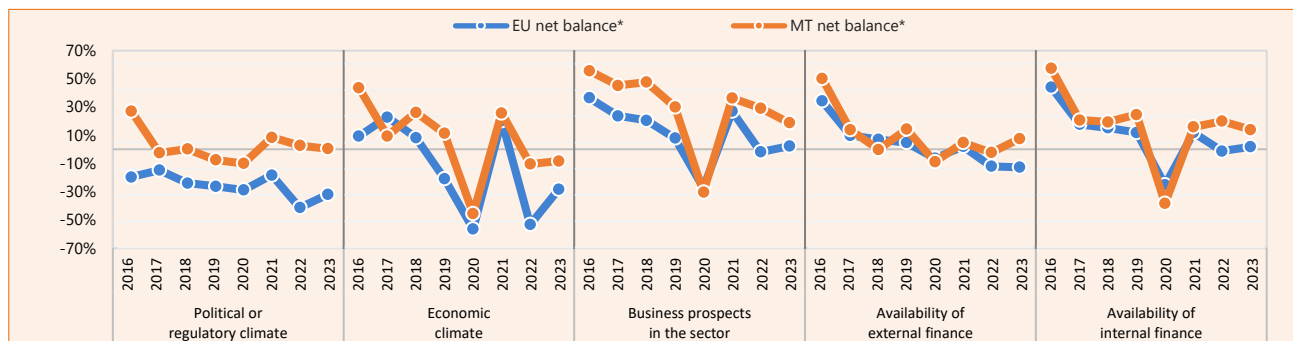
Base: All firms (excluding don't know/refused responses)

- In EIBIS 2023, firms in Malta express similar investment priorities to those in EIBIS 2022. Approximately one in three firms expect to prioritize capacity expansion (35%) and new products and services (28%) over the next three years. Overall, 16% of firms have no investment planned, which is in line with EIBIS 2022 (16% versus 13%).
- The investment priorities of Maltese firms are slightly different to those across the EU as a whole. They are much less likely to be prioritizing replacement (21% versus 34%) and more likely to have no investment planned (16% versus 10%).
- More than half of manufacturing firms (52%) expect to invest in new products, while construction and infrastructure (43%) has the highest proportion of firms intending to invest in capacity expansion.
- Micro and small firms are three times more likely than medium and large firms to have no investment planned (27% versus 9%). Medium and large firms are much more likely to be prioritizing capacity expansion than small and micro firms (43% vs 23%).

Investment needs and priorities

SHORT-TERM DRIVERS AND CONSTRAINTS

- Compared to all EU firms, those in Malta are, on balance, more optimistic than pessimistic about the investment conditions for the next year, with differences ranging from 13% (regarding availability of internal finance) to 35% (regarding political or regulatory climate).
- However, expectations tend to be, on balance, slightly worse than in the last year. Perceptions of the business prospects in the sector have remained positive but have fallen considerably since EIBIS 2021 (net balance of 25% vs 44% in EIBIS 2021).
- While the overall trajectory of sentiment for political or regulatory climate and for availability of internal finance is downwards, it remains positive.
- Perceptions of the economic climate are negative and similar to EIBIS 2022 (-4% vs -7% in EIBIS 2022).
- Firms are now more optimistic about the availability of external finance which has risen, on balance, from 2% to 13%.

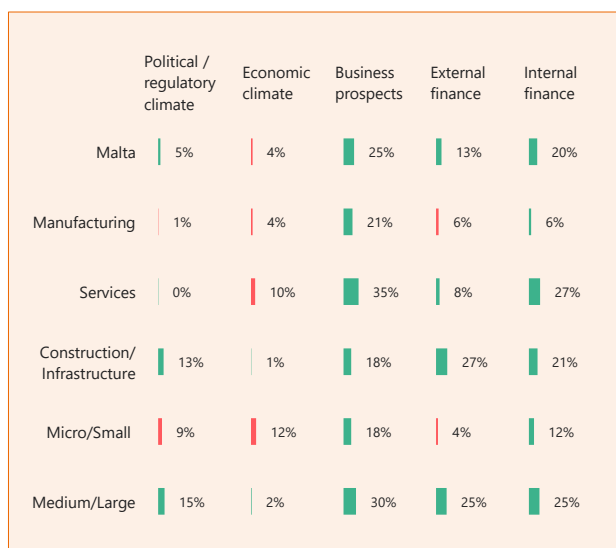


Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

*Net balance is the share of firms expecting an improvement minus the share of firms anticipating a deterioration.

Base: All firms

SHORT-TERM DRIVERS AND CONSTRAINTS BY SECTOR AND SIZE (net balance %)



Please note: green figures represent a positive net balance, while red figures represent a negative net balance.

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

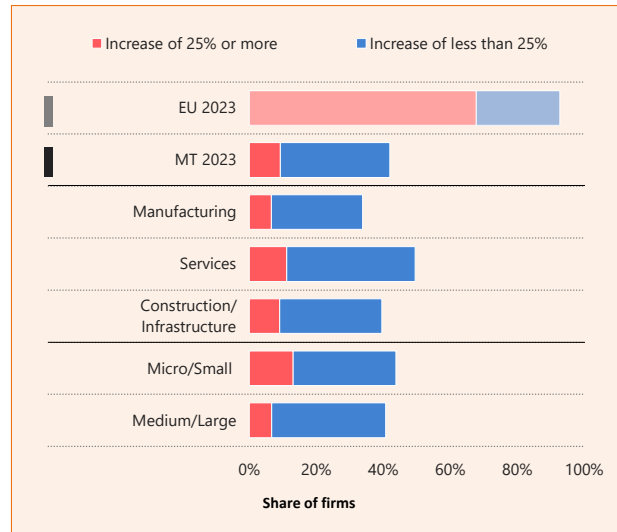
Base: All firms

- With the exception of the economic climate, Maltese firms are consistently more positive than negative about all factors surveyed. For economic climate, only construction/infrastructure firms and medium/large firms expect an improvement on balance, albeit by a very small margin.
- Views regarding the availability of external finance are rather polarised, with manufacturing (-6%) and micro/small (-4%) firms being negative, on balance, while construction/ infrastructure and large firms are positive (net balance of +27% and +25%, respectively).
- Companies still expect an overall improvement in business prospects and internal finance, with services holding the most positive views in both factors (net balance of 35% and 27%, respectively).
- Medium/large firms are, on balance, more optimistic than micro/small businesses. The biggest differences are seen with respect to views of external finance and the political/regulatory climate (25% versus -4% and 15% versus -9%, on balance).

Energy market developments

INCREASED SPENDING ON ENERGY

- Firms in Malta are much less likely than firms across the EU to have faced increases in energy spending (42% vs 93%). Just 9% had experienced an increase of 25% or more, compared to 68% of firms across the EU.
- While half of firms in the service sector have faced increases in energy costs (50%), only three in ten manufacturing firms (34%) and four in ten construction/infrastructure firms (40%) have experienced this increase.
- Overall, micro and small firms were as likely as medium and large firms to have faced an increase in energy costs (44% versus 41%).



Q. Since the beginning of 2022, by how much has your company's spending on energy (including gas, electricity, oil) changed on average?

Please note: Responses of 'spending on energy stayed about the same' and 'spending on energy decreased' not shown on chart.

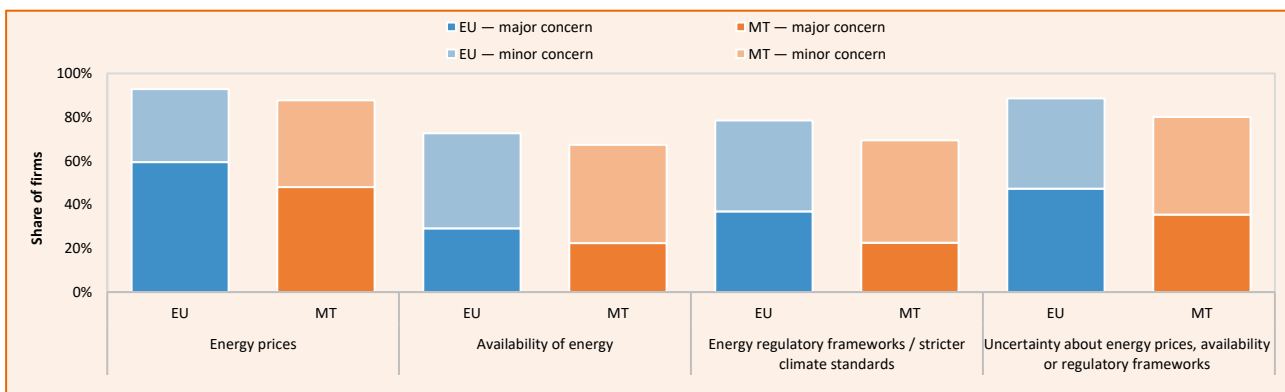
Base: All firms (excluding don't know/refused responses)

IMPACT OF ENERGY SHOCK

- Overall, firms in Malta were less likely than the EU average to be concerned about the impacts of the energy shock that were asked about.
- Although only a small share of firms Malta reported that their company's spending on energy had actually increased, the majority were still concerned about the

impact of the energy shock (90%). The biggest concerns for firms in Malta were energy prices (88%) and uncertainty (80%).

- Maltese firms were much less likely than EU firms to say the energy regulatory frameworks or stricter climate standards are a major concern (23% vs 37%).



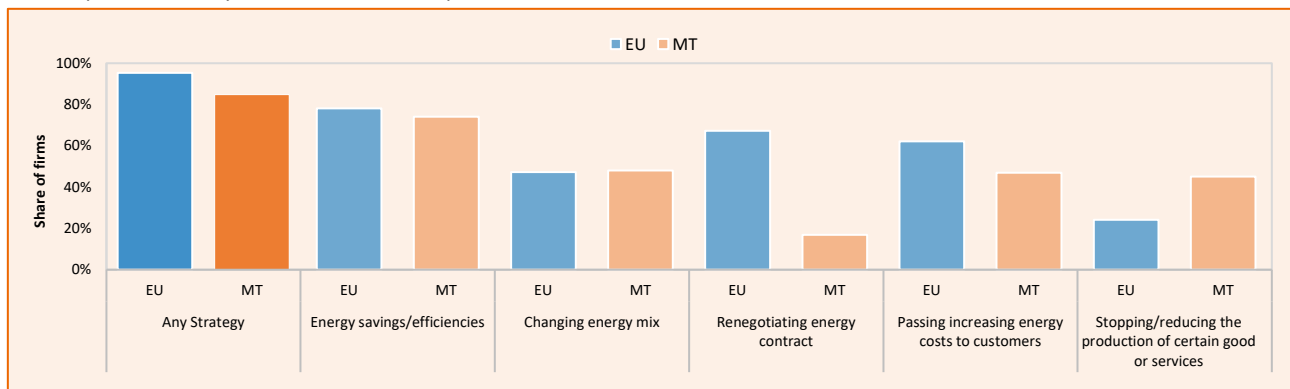
Q. Thinking about the energy shock, to what extent is your company concerned about ...?

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

Energy market developments

STRATEGIES TO DEAL WITH THE ENERGY SHOCK

- The majority of Maltese firms responded to the energy shock by adopting at least one of the strategies proposed (85%). This compares to 95% of firms across the EU.
- The response most frequently taken by Maltese firms was to seek energy savings/efficiencies (74%).
- There were some differences in the extent and the type of response made by Maltese firms in comparison to those across the EU. Maltese firms are more likely to mention stopping/reducing the production of certain goods or services as a strategy or priority (45% vs 24%).
- In contrast, they were less likely to mention the renegotiation of their energy contract (17% versus 67%) or passing increased energy costs on to customers (47% versus 62%).

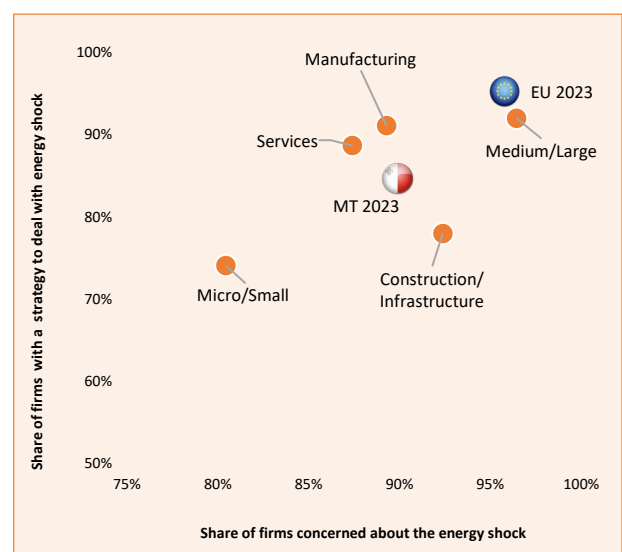


Q. Which, if any of the following, are your priorities/strategies to deal with the recent developments in the energy market?

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

IMPACT AND STRATEGIES TO DEAL WITH ENERGY SHOCK

- The proportion of firms in Malta concerned about the energy shock is lower than the EU average (90% versus 96%). A lower proportion to the EU average adopted strategies to help deal with recent developments in the energy market (85% vs 95%).
- In Malta, concern was at a similar level for firms in all sectors, ranging from 92% of construction/infrastructure firms to 87% among service firms. Levels of concern were much higher for medium/large firms compared with micro/small firms (96% and 80% respectively).
- Nearly all medium/large (92%), manufacturing (91%) and services (89%) firms had adopted at least one strategy to deal with the recent developments in the energy market. Micro/small (74%) and construction/infrastructure (78%) firms are the least prepared to face an energy crisis.



Q. Which, if any, of the following, are your priorities/ strategies to deal with the recent developments in the energy market?

Q. Thinking about the energy shock, to what extent is your company concerned about ...

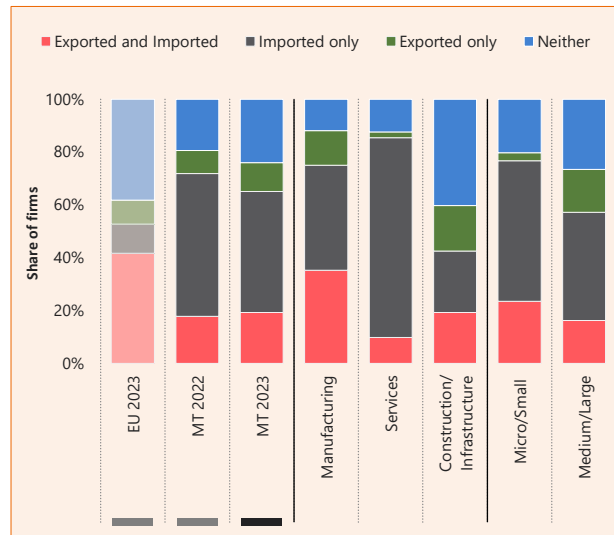
Base: All firms for 'share of firms concerned about the energy shock'

Base: All firms (excluding don't know/refused responses) for 'share of firms with a strategy to deal with the energy shock'

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Overall, 76% of Maltese firms report that they are engaged in international trade. This compares to 62% of firms across the EU.
- In Malta, only 19% of firms both import and export goods and/or services, which is much lower than across the EU (42%).
- In Malta, 35% of manufacturing firms are engaged in both exporting and importing, while 76% of service firms import only and 40% of construction/infrastructure firms do not engage in international trade at all.
- Large firms are more likely than SMEs to be engaged in both exporting and importing (24% versus 16%).

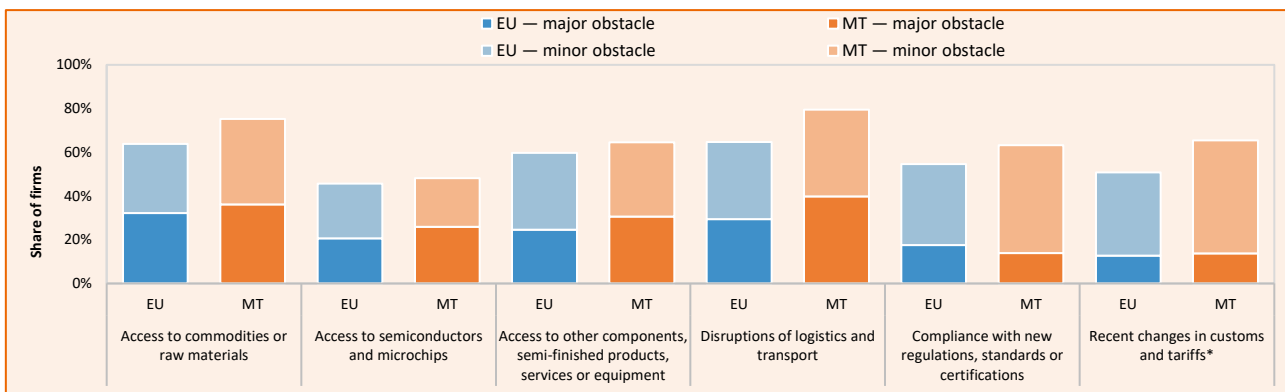


Q. In 2022, did your company export or import goods and/or services?

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

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- Maltese firms are a little more likely to report obstacles related to international trade as firms across the EU.
- For Maltese firms, the biggest disruptions related to international trade were logistics and transport (80%) and access to commodities and raw materials (75%). Although the proportions are lower (65% and 64%, respectively), these were also the most frequently experienced disruptions for firms across the EU as a whole.
- Firms in Malta that import and/or export were also more likely than EU firms to be impacted by the recent changes in customs and tariffs (65% versus 51%).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

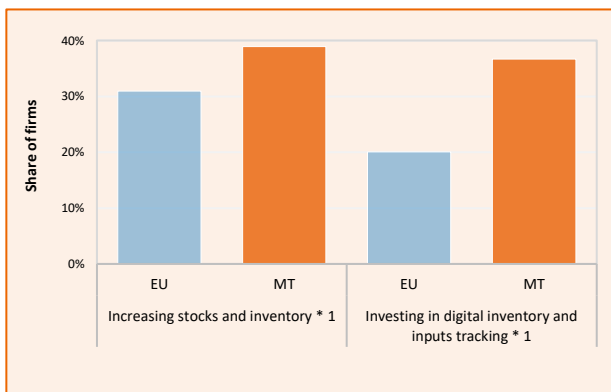
Base: All firms (excluding don't know/refused/not applicable responses)

*Base: All importers and exporters (excluding don't know/refused/not applicable responses)

International trade

SOURCING STRATEGY

- Asked about potential changes to their sourcing strategy, firms in Malta are more likely than those across the EU to be investing in or have plans to invest in increasing stocks and inventory (39% vs 31%) and in digital inventory and inputs tracking (37% vs 20%).

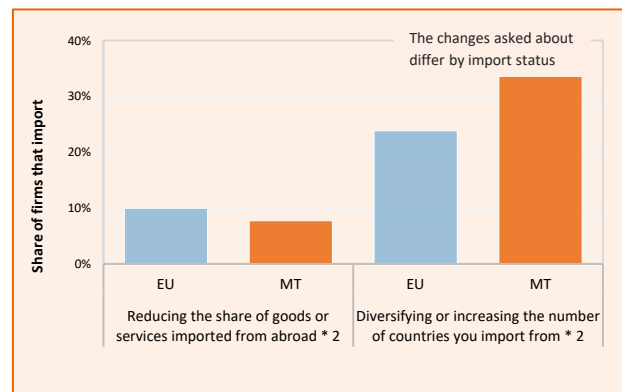


* 1 = Asked to all, 2 = Asked to all importers

Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

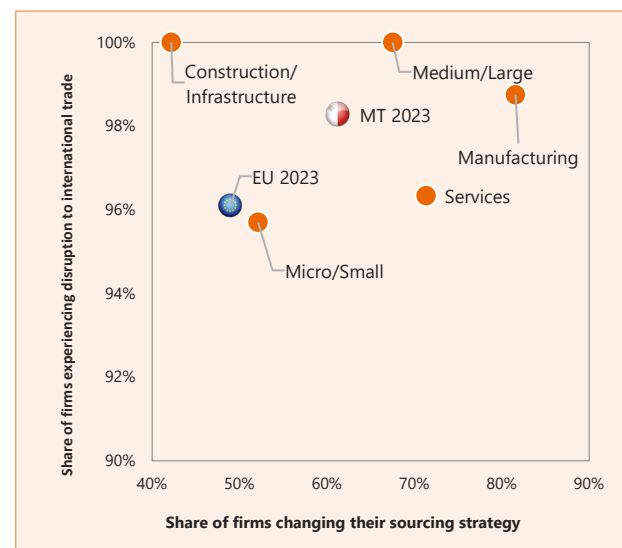
Base: All firms (excluding don't know/refused responses)
Base: All firms that import (excluding don't know/refused responses)

- Maltese importers are almost as likely as those across the EU to have reduced the share of goods or services imported from abroad or have plans to do so (8% vs 10%) but are far more inclined to diversify or increase the number of countries they import from or plan to do so (40% vs 24%).



DISRUPTIONS AND SOURCING STRATEGY

- Although almost all Maltese firms (98%) have experienced disruptions to international trade, only six in ten (61%) have made changes to their sourcing strategies or have plans to do so. Similarly, in the whole EU, 96% of firms have experienced difficulties, but even fewer (49%) have changed their sourcing strategies.
- All three sectors have been heavily hit by disruptions to international trade – from 96% in services to 100% in construction/infrastructure.
- Although a majority of micro/small and medium/large firms have experienced disruption to international trade (96% and 100%), fewer micro/small firms had changed their sourcing strategy compared to medium/large firms (52% versus 68%).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

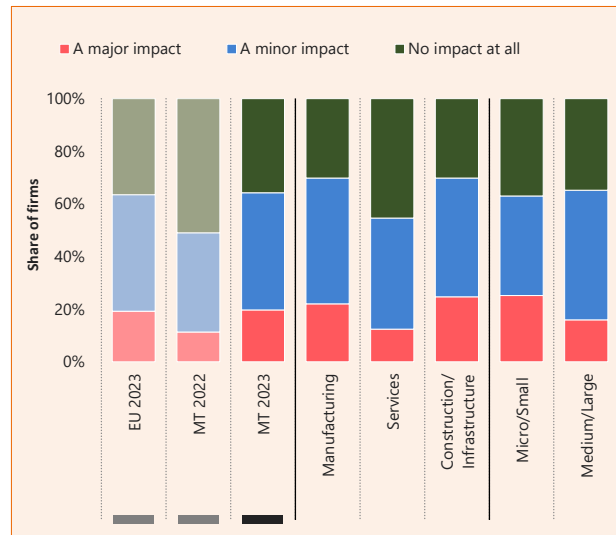
Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

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

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

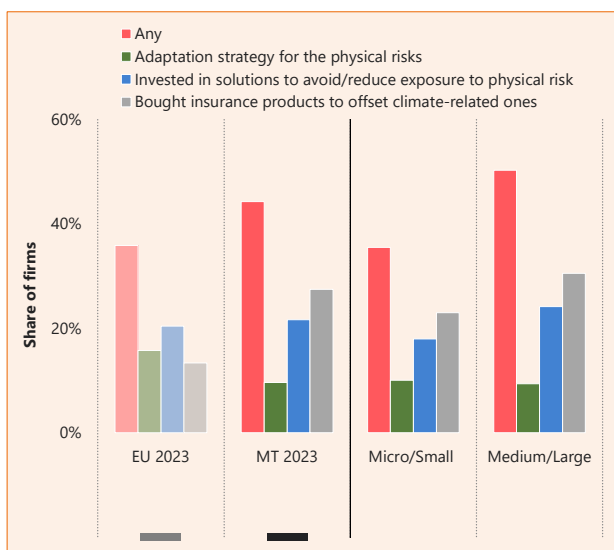
- Climate change is gradually being perceived as more of a reality, with 64% of Maltese firms reporting that weather events are having an impact on their business. This is higher than in EIBIS 2022 (49%) and in line with the EU average (64%).
- Firms in the service sector are less likely than those in other sectors to report weather events as having impacted their business (55% vs 70%).
- The impact of climate change is being experienced to the same extent across firms of different sizes.



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?

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

BUILDING RESILIENCE TO PHYSICAL RISK



- Four in ten (44%) of Maltese firms have developed or invested in some measures to build resilience to the physical risks to their company caused by climate change. This is higher than the EU average (36%). The same holds for buying insurance products (27% in Malta vs 13% in the EU).
- Maltese firms were more likely to have bought insurance products to offset climate-related losses (27%) and to have invested in solutions to avoid or reduce the exposure to physical risks (22%), than to adapt their strategy (10%).
- Medium/large firms were more likely than micro/small to have invested in some solutions to avoid or reduce the exposure to physical risks (50% vs 36%).

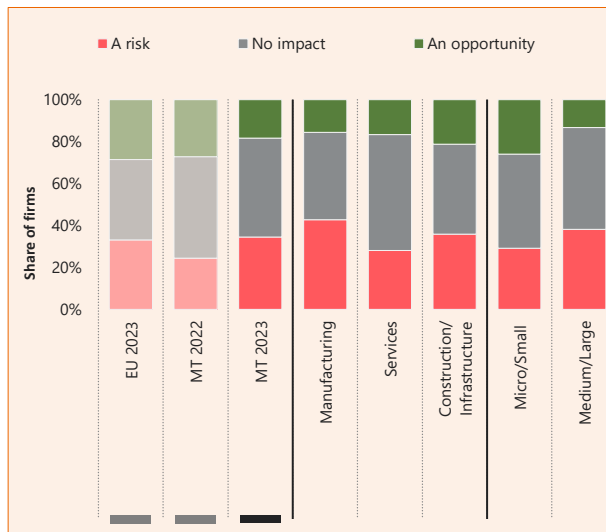
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

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

- The share of Maltese firms seeing the transition to stricter climate standards and regulations as a risk is almost double the share of firms seeing it as an opportunity (35% and 18%, respectively). This difference is larger than that seen in the EU as a whole (33% versus 29%). Compared to EIBIS 2022, the percentage of firms that see the transition as a risk has grown (from 24% to 35%), and fewer firms see it as an opportunity (down from 27% to 18%).
- Firms in the construction/infrastructure sector are the most likely to see the transition to a net zero emission economy over the next five years as an opportunity (21%), while manufacturing firms are the most likely to see the transition as a risk (43%).
- The share of micro/small firms who see the transition as a risk versus an opportunity is very similar (29% versus 26%). In contrast, the share of medium/large firms seeing the transition as a risk is almost three times higher than the share seeing the transition as an opportunity (38% versus 13%).

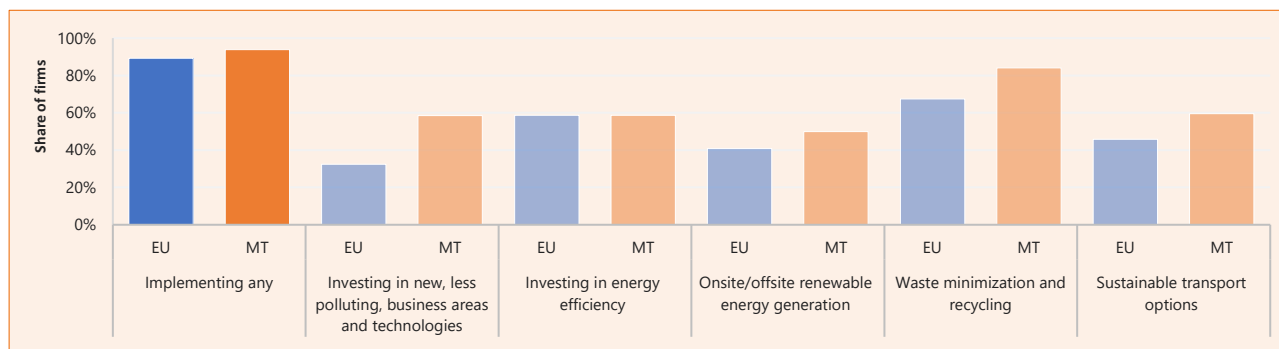


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

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

ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

- More than nine in ten Maltese firms (94%) are taking action to reduce Greenhouse Gas (GHG) emissions, which is higher than the EU average (89%). The most commonly taken actions in Malta are waste minimization and recycling, and sustainable transport options (84% and 60%, respectively).
- Compared to the EU overall, Maltese firms are more likely to be investing in most of the GHG reduction actions asked about, especially waste minimization and recycling (84% versus 67%), using sustainable transport options (60% versus 46%), investing in new less polluting, business areas and technologies (58% versus 32%) and investing in onsite/offsite renewable energy generation (50% versus 41%).
- The only GHG reduction action where Maltese firms are aligned with others across the EU is investing in energy efficiency (both 59%).



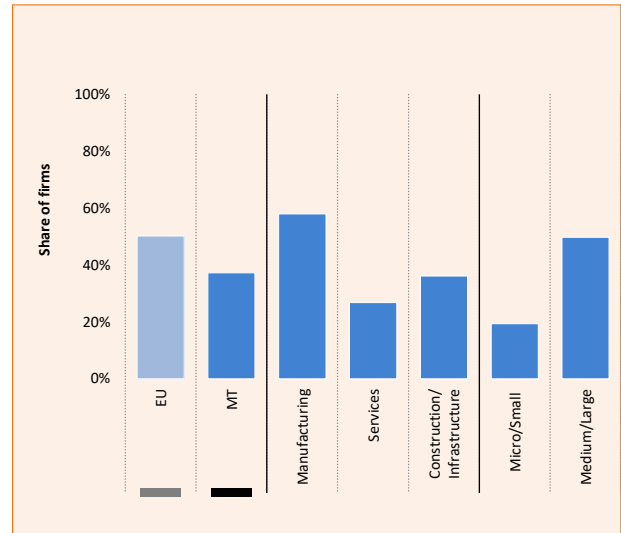
Q. Is your company investing or implementing any of the following, to reduce greenhouse gas (GHG) emissions?

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

Climate change and energy efficiency

ENERGY AUDIT

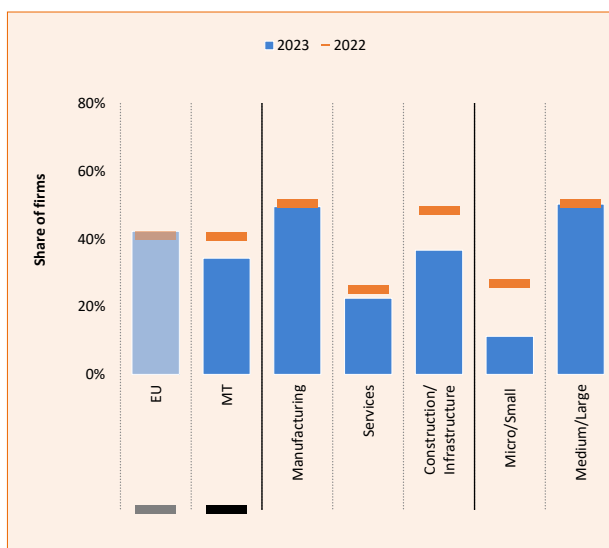
- Nearly four in ten (37%) Maltese firms have had an energy audit in the past three years. That is an assessment of the energy needs and efficiency of their company's building or buildings. This is lower than the proportion in the EU as a whole (50%).
- In Malta, more than half of manufacturers (58%) have had an energy audit, but relatively few construction / infrastructure (36%) or service firms (27%) have taken this action.
- Almost half of medium/large firms (50%) have had an energy audit in the past three years, which is a much higher share than is seen among micro/small firms (19%).



Q. In the past three years, has your company had an energy audit (i.e. an assessment of the energy needs and efficiency of your company's building or buildings)?

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

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS EMISSIONS



- More than one third of firms in Malta (34%) report that they set and monitor targets for their own GHG emissions, which is lower than both EIBIS 2022 (41%) and the current EU average (42%).
- There is a lot of divergency across sectors and firm sizes. Half of the firms in the manufacturing sector (50%) set and monitor GHG targets, while fewer than a quarter of firms in the service sector (23%) does so.
- Medium/large firms are almost five times as likely as micro/small to set and monitor targets for GHG targets (50% vs 11%).

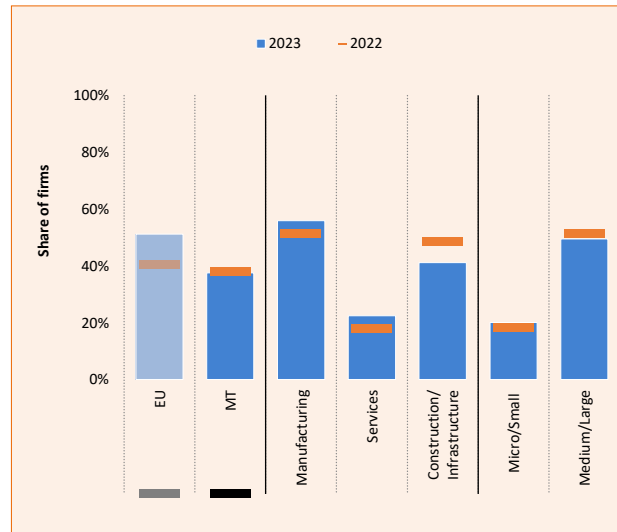
Q. Does your company... sets and monitors targets for its own greenhouse gas (GHG) emissions?

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

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- Almost four in ten (38%) Maltese firms invested in measures to improve energy efficiency in EIBIS 2023, the same percentage as in EIBIS 2022. This is below the EU average (51%).
- Manufacturing firms in Malta (56%) are the most likely to be investing in energy efficiency, while service firms are the least likely to be doing so (22%).
- Medium/large firms are more than twice as likely as micro/small firms to be investing in measures to improve energy efficiency (50% versus 20%).

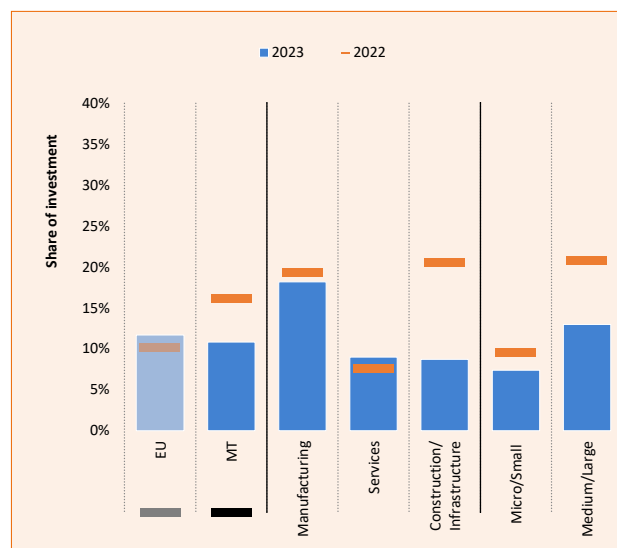


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- An average of 11% of the investment made by firms in Malta was directed towards measures to improve the organisation's energy efficiency. This is almost the same proportion as in EIBIS 2022 (16%) and nearly identical to the current EU average (12%).
- Compared to those in other sectors, manufacturing firms were using the biggest proportion of their total investment to improve energy efficiency (18%).
- Medium/large and micro/small firms were using similar proportions of their total investment to improve energy efficiency (13% versus 7%).



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 that have invested in the last financial year (excluding don't know/refused responses)

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT



EIBIS 2022/2023:

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

Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to 2021 with caution.

EIBIS 2021:

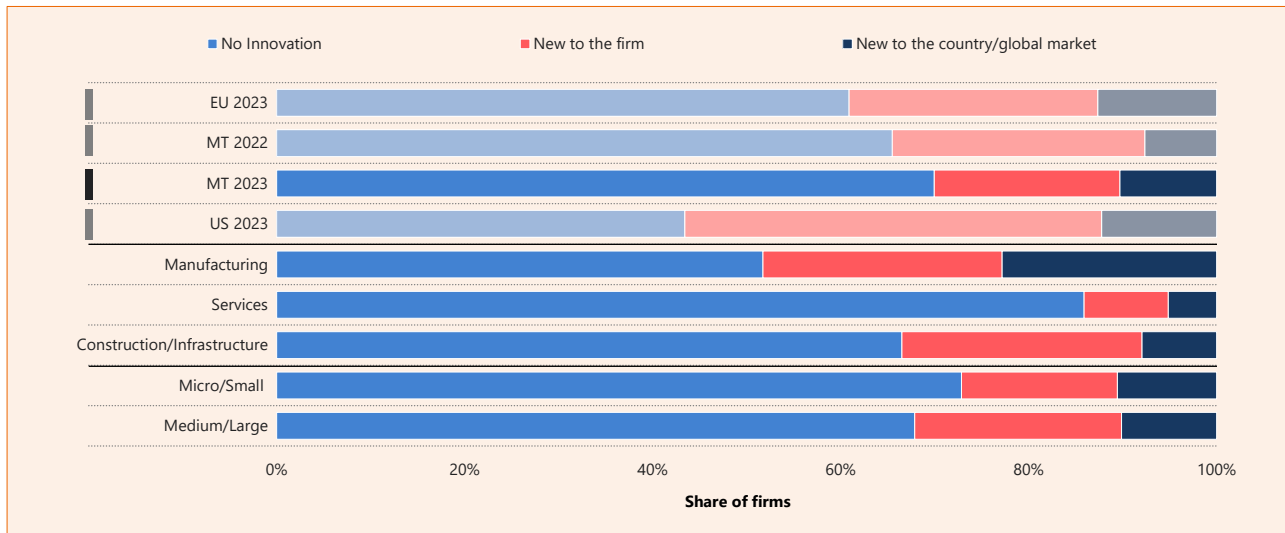
Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

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

- In Malta, 67% of firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This is a large increase compared to EIBIS 2022 (48%) and is above the current EU average (56%).
- Six in ten (63%) Maltese firms have plans to invest in these areas in the next three years. This is also higher than EIBIS 2022 (56%) and above the EU average (54%).
- Medium/large firms are more likely than micro/small firms to have already invested (76% versus 54%) and to have plans to invest (80% versus 39%).
- Service firms have the lowest share of firms that have already invested (61%).

Innovation activities

INNOVATION ACTIVITY



Q. What proportion of total investment in the last financial year was for developing or introducing new products, processes or services?

Q. Were the products, processes or services new to the company, new to the country or new to the global market?

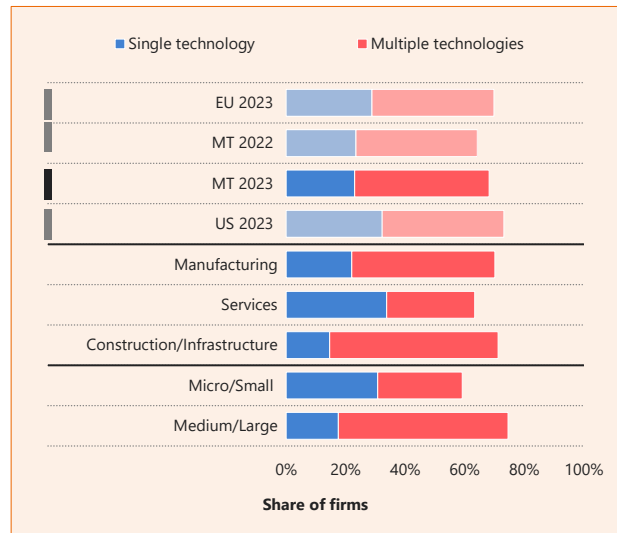
Base: All firms (excluding don't know/refused responses)

- Three in ten (30%) Maltese firms developed or introduced new products, processes or services as part of their investment activities in 2022, consistent with EIBIS 2022 (35%) but below the EU average of 39%. By contrast, more than half of US firms (57%) developed or introduced new products, processes or services.
- One in ten firms in Malta (10%) report the development/introduction of products, processes or services new to either the country or global market. This is similar to EIBIS 2022 (8%) and the current EU average (13%).
- In EIBIS 2023, manufacturing (48%) has the highest proportion of firms investing in innovation. The lowest proportion is seen in the service sector (14%).
- Levels of innovation were similar across the different sizes of firms.

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Overall, 68% of firms in Malta used at least one advanced digital technology and this is consistent with the EU average (70%) and EIBIS 2022 (64%).
- Use of digital technologies was lowest among service firms and they had a much lower use of multiple technologies (63% and 30%, respectively).
- Medium/large firms were more likely than micro/small firms to have used at least one digital technology (75% versus 59%) and more than twice as likely to use multiple digital applications (57% versus 28%).
- The digital technologies Maltese firms are most likely to be using are digital platforms (54%) and robotics (48%).
- In addition, in comparison to firms across the EU, they are making relatively more use of Drones (42% versus 24%) and Big Data/AI (37% versus 29%).



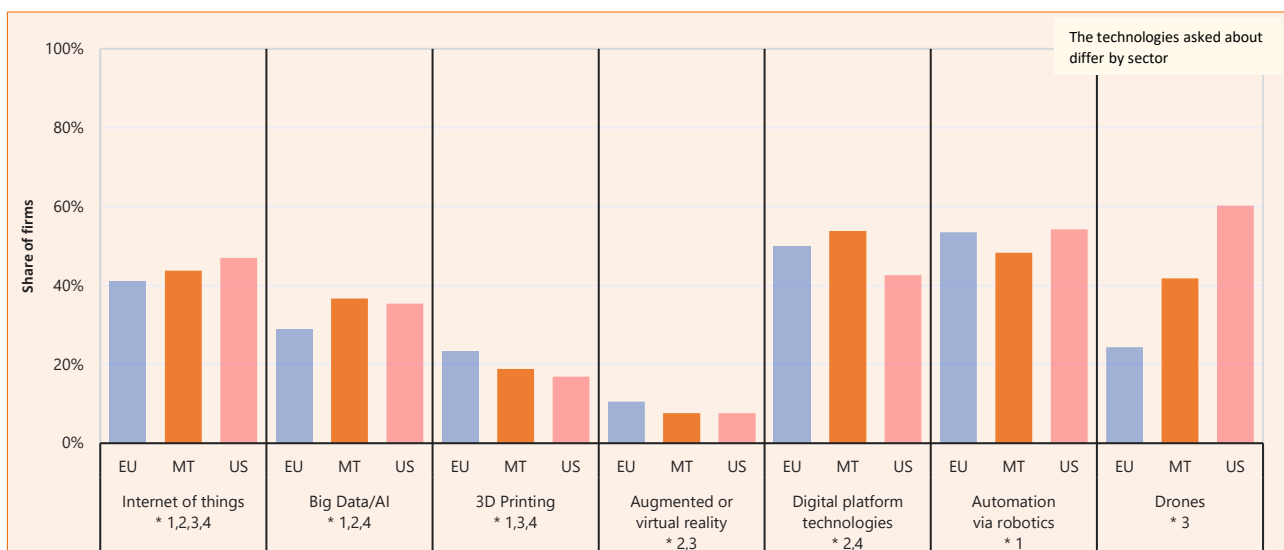
Reported shares combine "used" the technology "in parts of business" and "entire business organised around it."

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.

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)

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked to manufacturing firms, 2 = Asked to services firms, 3 = Asked to construction firms, 4 = Asked to infrastructure firms

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.

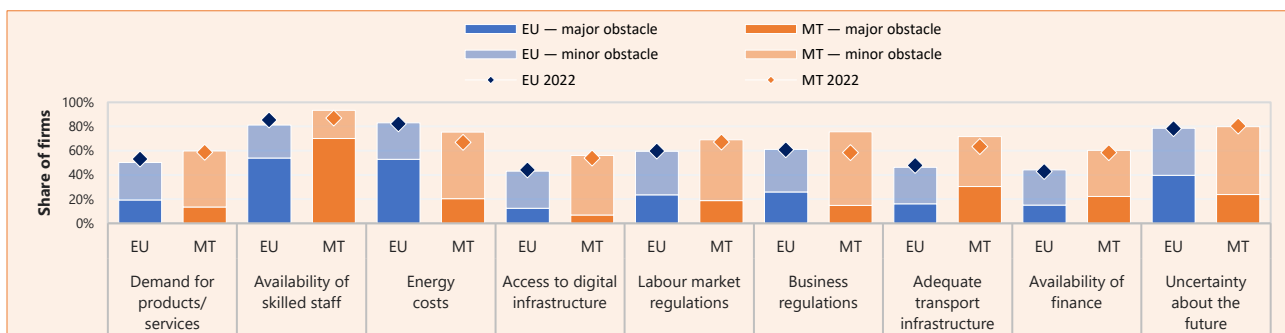
Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses);
Sample size MT: Manufacturing (56); Construction (17); Services (81); Infrastructure (26)

Investment impediments

LONG-TERM BARRIERS TO INVESTMENT

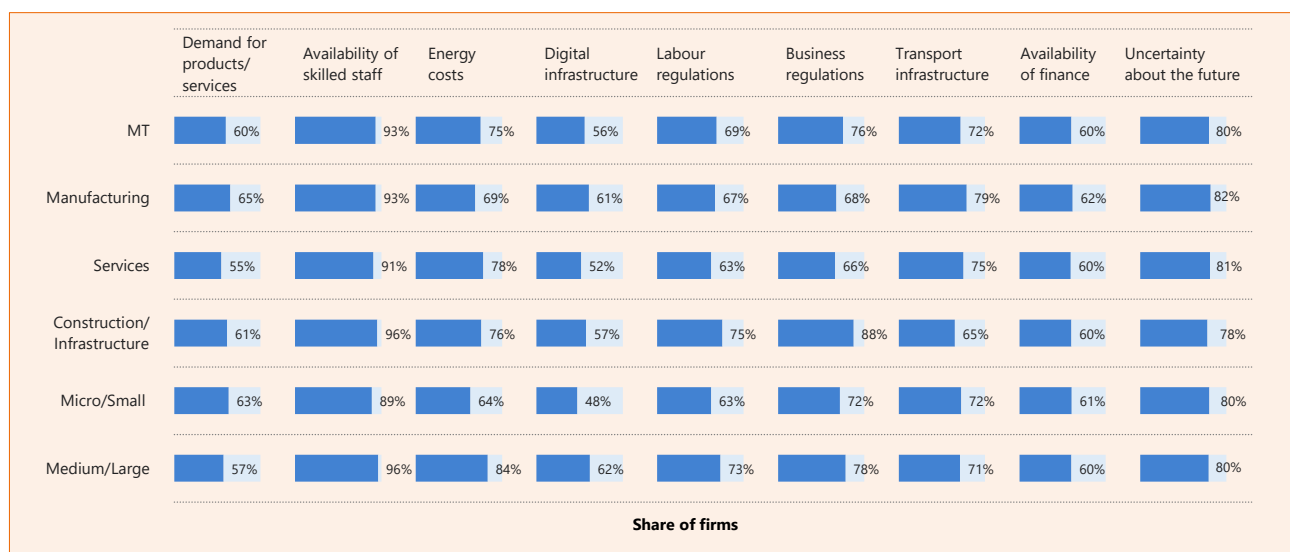
- The most frequently mentioned long-term barriers to investment in Malta are the availability of skilled staff (93%), uncertainty about the future (80%), business regulation (76%) and energy costs (75%).
- The impact of these barriers is not easing, while for business regulations (rising from 59% to 76%), and adequate transport infrastructure (rising from 63% to 72%), the impact is increasing.
- Firms in Malta consider the availability of skilled staff (93% versus 81%), access to digital infrastructure (56% versus 43%), business regulations (76% versus 61%), adequate transport infrastructure (72% versus 46%) and availability of finance barriers (60% versus 44%) to a greater extent than firms across the EU. Only energy costs are seen as less of a barrier for Maltese firms than the EU average (75% versus 83%).



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 that 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

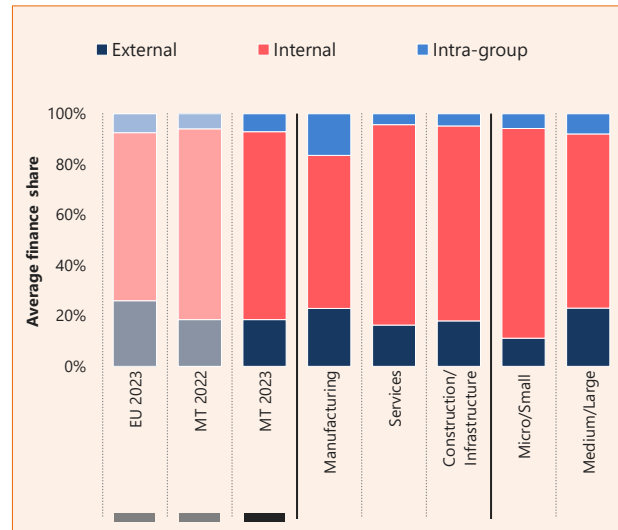
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

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

Access to finance

SOURCE OF INVESTMENT FINANCE

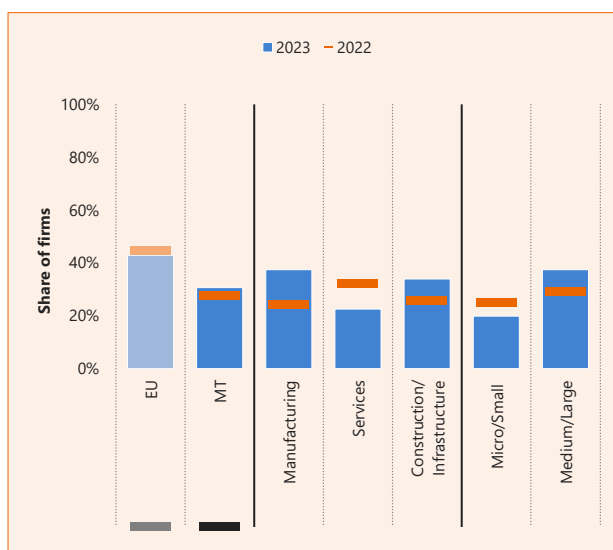
- Internal financing accounted for the largest share of finance for firms in Malta (74%), followed by external finance (19%). This is almost the same distribution as in EIBIS 2022 (76% and 19%, respectively) and similar to the EU average (66% and 26%, respectively).
- The use of intra-group financing made up, on average, 7% of the overall investment spend by firms in Malta, consistent with EIBIS 2022 (6%) and the EU average (8%).
- Sources of finance differ across firm size, with micro/small firms financing a higher proportion of their investment through internal funding than medium/large firms (83% vs 69%).
- Manufacturing firms were the most likely to use external funding (23%) and intra-group financing (16%).



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

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

USE OF EXTERNAL FINANCE



- A third of the Maltese firms that invested in the last financial year, had financed at least some of their investment through external finance (31%). This is similar to EIBIS 2022 (28%), but lower than the EU average (43%).
- Around a third of manufacturing (37%) and construction/infrastructure (34%) firms used external finance.
- Medium/large firms were more likely to have used external finance than micro/small firms (37% versus 20%).

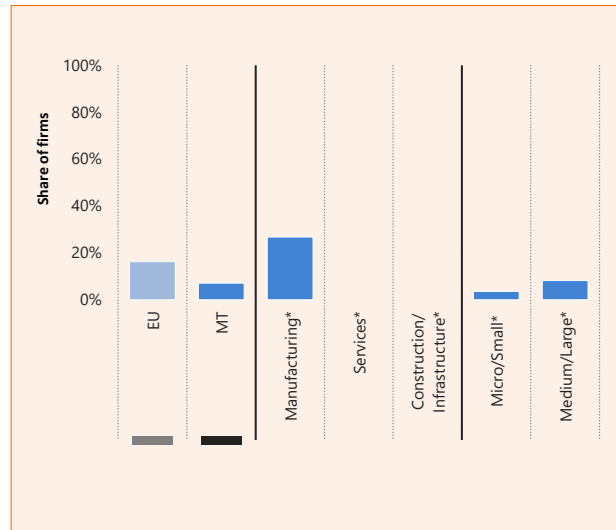
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

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

Access to finance

SHARE OF FIRMS WITH FINANCE FROM GRANTS

- Just 7% of the firms using external finance in Malta received grants, which is less than half of the EU average (16%).



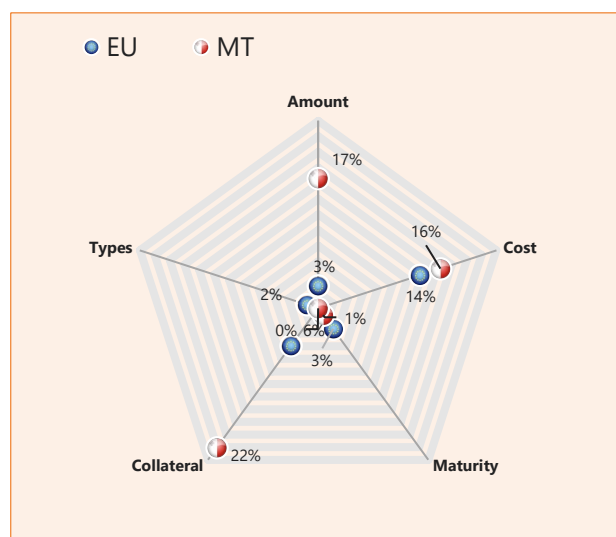
Q. What proportion of your total investment in the last financial year was financed by grants?

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

*Caution very small base size less than 30

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- Regarding external finance received, Maltese firms are most dissatisfied with collateral of external finance (22%), amount (17%) and cost (16%). The dissatisfaction about maturity and types is less than 1%.
- In general, levels of dissatisfaction in Malta are similar to the EU average, with two exceptions: collaterals (22% in Malta vs 6% in EU) and amount (17% in Malta vs 3% in the EU).



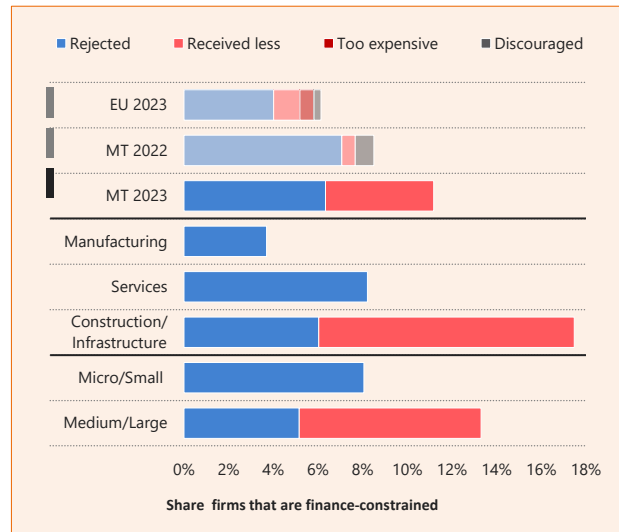
Q. How satisfied or dissatisfied are you with ...?

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

Access to finance

SHARE OF FINANCE-CONSTRAINED FIRMS

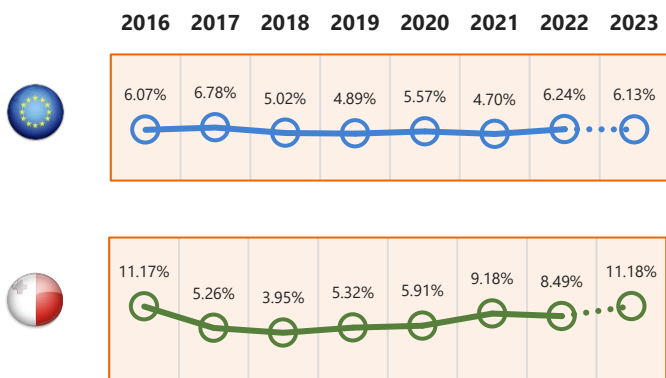
- The share of financially constrained firms in Malta (11.2%) is almost twice as high as the EU average (6.1%).
- The main constraint reported by firms in Malta is rejection (6.3%), followed by an insufficient amount of finance received 4.9%).
- The share of finance-constrained firms in Malta is largest in the construction/infrastructure sector (17.5%).



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 that 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

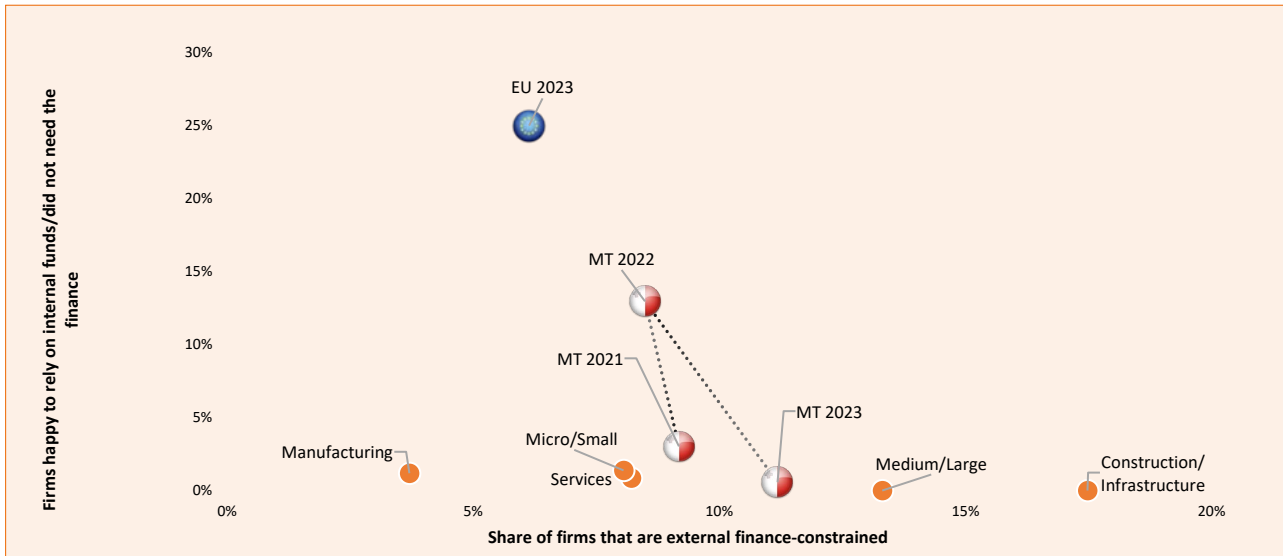


- The proportion of Maltese firms that are finance constrained has risen since EIBIS 2022, from 8.5% to 11.2% and reaches the level of 2016 (11.1%), which is the highest recorded over the past seven years.
- Following the outbreak of the pandemic, in recent years, the proportion of finance constrained firms in Malta has been consistently higher than the EU average.

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

Access to finance

FINANCING CROSS



Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

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

- Around one in ten (11.2%) Maltese firms are external finance constrained and fewer than 1% are happy to rely on internal finance (or do not actually need any external finance). The share of firms happy to rely on internal finance has fallen from 13% in EIBIS 2022 to 1%.
- Firms in Malta are less likely than the EU average to be happy to rely on internal finance (1% versus 25%, respectively).

EIBIS 2023 – 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
	(12030)	(802)	(182)	(56)	(83)	(43)	(104)	(78)	(12030 vs 182)	(56 vs 43)	(104 vs 78)
10% or 90%	1.1%	3.9%	5.0%	7.7%	6.3%	9.9%	5.6%	7.5%	5.1%	12.5%	9.4%
30% or 70%	1.8%	6.0%	7.7%	11.8%	9.6%	15.0%	8.6%	11.5%	7.8%	19.0%	14.3%
50%	1.9%	6.5%	8.4%	12.8%	10.4%	16.4%	9.4%	12.6%	8.6%	20.8%	15.6%

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 or more employees.

Note: the EIBIS 2023 country overview refers interchangeably to 'the past/last financial year' or to '2022'. Both refer to results collected in EIBIS 2023, where the question is referring to the past financial year, with the majority of the financial year in 2022 in case the financial year is not overlapping with the calendar year 2022.

EIBIS 2023 – Country technical details

The country overview presents selected findings based on telephone interviews with 182 firms in Malta (carried out between April and July 2023).

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

Base definition and page reference	EU 2023/2022	US 2023	Malta 2023/2022	Manufacturing	Services	Construction/ Infrastructure	Micro/Small	Medium/Large
All firms, p. 5 (bottom left), p. 8 (top), p. 8 (bottom), p. 16 (top)	12030/12021	802	182/181	56	83	43	104	78
All firms (excluding don't know/refused responses), p. 5 (bottom right)	11624/11682	776	173/175	52	81	40	99	74
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (top)	10147/9704	692	165/148	52	71	42	89	76
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (bottom)	9948/9501	704	165/158	52	72	41	90	75
All firms (excluding 'Company didn't exist three years ago' responses), p. 7 (top)	12015/12005	802	182/180	56	83	43	104	78
All firms (excluding don't know/refused responses), p. 7 (bottom)	11880/11814	794	181/178	55	83	43	104	77
All firms (excluding don't know/refused responses), p. 9 (top)	11812/NA	782	180/NA	56	82	42	102	78
All firms (data not shown for those that said not an obstacle at all/don't know/refused), p. 9 (bottom)	12030/NA	802	182/NA	56	83	43	104	78
All firms (excluding don't know/refused responses), p. 10 (top)	11739/NA	786	85/NA	24	43	18	57	28
All firms (excluding don't know/refused responses), p. 10 (bottom)	11739/NA	786	85/NA	24	43	18	57	28
All firms (excluding don't know/refused responses) p. 11 (top)	11978/11975	800	182/181	56	83	43	104	78
All firms (excluding don't know/refused/not applicable responses), p. 11 (bottom)	6692/NA	284	85/NA	33	38	14	51	34
All firms (excluding Don't know/refused responses), p. 12 (top left)	11918/NA	797	182/NA	56	83	43	104	78
All firms that import (excluding don't know/refused responses), p. 12 (top right)	6151/NA	240	147/NA	46	74	27	89	58
All firms (excluding don't know/refused responses), p. 12 (bottom)	10139/NA	717	168/NA	52	79	37	93	75
All firms (excluding Don't know / refused responses) p. 13 (top)	11930/11911	797	182/180	56	83	43	104	78
All firms (excluding Don't know / refused responses), p. 13 (bottom)	11944/11909	789	182/181	56	83	43	104	78
All firms (excluding don't know/refused responses), p. 14 (top)	11433/11172	771	172/169	52	78	42	97	75
All firms (excluding don't know/refused responses), p. 14 (bottom)	11956/11964	800	182/181	56	83	43	104	78
All firms (excluding don't know/refused responses), p. 15 (top)	11549/NA	766	177/NA	52	82	43	101	76
All firms (excluding don't know/refused responses), p. 15 (bottom)	11836/11712	791	179/178	55	81	43	103	76
All firms that have invested in the last financial year (excluding don't know/refused responses), p. 16 (bottom)	10210/9752	707	167/154	52	73	42	91	76
All firms (excluding don't know/refused responses), p. 17	11721/11685	770	179/178	55	82	42	102	77
All firms (excluding don't know/refused responses), p. 18	11738/11735	780	175/178	56	77	42	101	74
All firms (excluding don't know/refused responses), p. 19 (top)	12009/11980	801	180/181	56	81	43	104	76
All firms (excluding don't know/refused responses), p. 19 (bottom)	11916/11844	800	180/177	56	81	43	104	76
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (top)	12030/12021	802	182/181	56	83	43	104	78
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (bottom)	12030/12021	802	182/181	56	83	43	104	78
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (top)	10517/10051	697	167/157	52	73	42	91	76
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)	10517/10051	697	167/157	52	73	42	91	76
All firms using external finance (excluding don't know/refused responses), p. 22 (top)	4269/4107	265	50/47	20	17	13	21	29
All firms that used external finance in the last financial year (excluding don't know/refused responses), p. 22 (bottom)	4184/3988	264	48/45	19	16	13	20	28
All firms (excluding don't know/refused responses), p. 23 (top)	11544/11504	729	180/178	55	82	43	102	78
All firms (excluding don't know/refused responses), p. 23 (bottom)	11544/11504	729	180/178	55	82	43	102	78
All firms (excluding don't know/refused responses), p. 24	11544/11473	729	180/173	55	82	43	102	78



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Malta

Overview

EIB INVESTMENT SURVEY

2023