

## Interview: Mario Galea - CEO, Malta Enterprise

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25.05.2018

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*Mario Galea, CEO of Malta Enterprise, the country's economic development agency, discusses the importance of Malta's pharmaceutical manufacturing industry and the country's strategic positioning at the forefront of medical tourism and research.*

### **You became CEO of Malta Enterprise in 2016. What have been the top priorities you set and how far have you come in achieving these priorities?**

We have set three main priorities. First and foremost, it is of critical importance to retain the industries in which we have managed to build a strong foundation; Malta has traditionally had a strong manufacturing industry as well as productive services with many long-standing operators based on the island. Therefore, we need to ensure they remain in Malta and grow their operations. Secondly, our commitment is to attract more foreign direct investment (FDI), predominantly in the areas where Malta is already strong, such as pharmaceuticals and plastics.

Finally, we are focused on attracting new industries to the island, in particular, young industries that will play a significant role in the future. Obviously, this part is riskier due to volatility and the rapid development of technologies, which involves a certain challenge. Essentially, human resources are the most important factor in growing the business. Given that Malta is a small community with a very low unemployment rate, it is fundamentally important that we ensure the industry finds the right people, whether from Malta or abroad. Consequently, alignment with our educational institutes, universities and private institutions is on the top of our agenda to ensure we match the needs of the industries.

**Traditionally, Malta is famous for its maritime, manufacturing and tourism sectors.**

**Where do you see growth coming from?**

There is room for growth in every sector. Ensuring growth in every sector is our essential priority as losing growth would jeopardize our economic stability. Growth of all sectors might not be achieved in the same proportion; however, it is a necessity. One of the main advantages of Malta is its diversified economy. First and foremost, our industry consists of multinational companies with different origins; companies from the USA, India, and Germany all operate on the island of Malta.

Secondly, we have number of sectors; we don't depend on one sector. We have the engineering sector, plastics, aviation, maritime engineering, IT, life sciences... Finally, Malta's export products today reach Canada, the US, Asia, Africa and Europe; we export in different currencies which enables our economy to deal with fluctuations. Having a diverse economy is important because it makes the country resilient to external factors. Therefore, we attract a mix of industries by keeping in mind the parameters set in our strategy. Malta's market is characterized by imports, however, having to import a variety of products implies that we also need to export; precisely, products that are high in value but low in volume such as pharmaceuticals. Indeed, we are attracting more industries by continuously being aware of global trends and opportunities.

Malta is a favorable location for foreign companies due to the appealing package we offer: competitive cost, advantageous legal environment, skilled human resources and appealing shipping links. This is what nowadays makes us competitive. Obviously, enterprises are looking to be commercially successful, so we need to provide a profitable base; provide an ecosystem that reduces costs, bureaucracy and creates a pro-business environment, friendly to entrepreneurs.

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**Pharma and healthcare-related exports have been growing substantially in the last decade. What are some of the dynamics impacting manufacturing and pharma sector in the country?**

Before we joined the EU, some multinational pharmaceutical companies producing originator molecules failed to register their patents in Malta. This has created a significant opportunity for generic companies, as they were able to research and prepare their products in Malta ready to launch the first generics on the market when the patents in the receiving countries expired. This advantage resulted in the relocation of a number of such companies that made Malta their manufacturing base. Even though this is less relevant today a competitive support systems and tailor-made incentives have managed to retain these business operations in the country. We have

also branched into other operations including batch release testing that evaluate quality of products originating from third countries prior to entry in the European market.

**A current hot topic in Malta is the production of medical cannabis. What was the rationale behind entering this niche?**

Malta's experience as a manufacturing center of excellence will certainly be of great value as we make our first steps in the new medicinal cannabis production sub-niche. Considering that cannabis is illegal in Malta, security and regulation is paramount. Malta has sufficient knowledge in the security industry; (through our high security printing stream) therefore, we can use this experience to our advantage and ensure a solid security system.

Scientific evidence has confirmed the positive effects of medical cannabis for a number of medical purposes. Hence, we are seeking to attract the leading global companies specialized in this sector. Thus far, four of the eight leading Canadian cannabis companies are looking to start their operations in Malta. In addition to first class Canadian enterprises, we are also in advanced talks with other prestigious firms from Israel and Australia.

At the moment, the focus is on putting in place thorough conditions that lead to a state-of-the-art and secure operation. Our vision is that of creating a regional center of excellence. We believe that our serious and rigorous approach will help us build further credibility attract the best quality investors.

**What can be done to encourage more innovation coming to Malta?**

Innovation in the pharmaceutical industry is not easy as it usually requires a cluster. Most innovative companies globally cluster in areas surrounded by clinical research facilities, hospitals, and universities; the ecosystem supporting the creation of innovation. Obviously, Malta cannot create all types of innovation; therefore, we focus on certain objectives.

Establishing a solid base for clinical research will lead to attracting innovation companies to the island. In fact, at the moment Malta is working on building its infrastructure. To begin with, a cyclotron is in the process of being installed at our tailor-made LifeSciences Park in San Gwann. This project is under development and we expect to have the cyclotron functional in a few months' time. Indeed, we will not become innovative overnight, but step by step, we aim to achieve the ultimate objectives of our strategy.

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First and foremost, it is the government's commitment to invest in the healthcare system to ensure a top-class system that remains free of charge for all the citizens. Malta already ranks high on the global healthcare system ranking. In fact, we are one of the few countries where public and private healthcare system have the same level of quality.

Secondly, involving private sector in the healthcare area is a priority. One of the best American hospital operators, Steward Healthcare will be running three hospitals in Malta and Gozo. This collaboration with the Maltese government, in the form of a private-public partnership, will continue providing a solid service, but also opens the opportunity of establishing Malta as a medical tourism destination. While private entrepreneurs will be running a profitable business in collaboration with the government, they will also be investing their money into development of a Malta as a medical tourism center. This is possible as Malta has a good medical level and it is a hospitable country. What we need now is the brand. Hence, we are working closely with accomplished global partners like Steward Healthcare and Barts and the London school of Medicine and Dentistry; the latter have recently opened their first ever non-UK campus in Malta.

Thirdly developing our life sciences sector is fundamental. Alongside Barts, the Maltese government started to map out our health synergies for the next ten years. Precisely, its task is to find out how the life sciences sector can attract organizations that support our health system. Indeed, we would like to attract research and knowledge intensive companies that will support our health system and medical tourism idea and assist us in positioning ourselves at the forefront of technology.

Finally, the last piece of the puzzle revolves around human resources. There is still room for improvement when it comes to engaging Maltese doctors towards medical research here in Malta. A considerable number of Maltese doctors have studied and practiced in the UK thus gaining more experience in curing a wider range of disease and conditions. This can be an opportunity. We also need further collaboration with the university in order to encourage and facilitate medical research including via the full utilization of EU grants and programmes.

### **How can Malta Enterprise help in the development of these sectors and in attracting new investors to the island?**

Malta Enterprise needs to focus on attracting what is conducive to Malta and synchronize it with the local healthcare community to ensure we are going in the right direction. We are continuously stimulating investment and ensuring to attract what is conducive to Malta.

On top of that, we have immense opportunities abroad, particularly in Africa. Malta has managed to keep a good rapport with a number of countries in Africa, which could be leveraged in the future. I believe the healthcare sector in Africa will grow exponentially as the countries of Africa are starting to have more resources to build a quality healthcare and ensure the well-being of the population. I am certain that Malta can play a significant role when this happens.

**What would you like our international readers to know about Malta?**

More than to know, I would like to ask them to visit Malta. Malta is known to be a beautiful tourist destination; therefore, we host a lot of visitors throughout the year. Nevertheless, I would invite businessmen to come visit Malta. Our business closure rate is rather high. We don't want to persuade investors to invest in Malta, but rather, to come to Malta and take a close look at what opportunities exist, how we do business and what the incentives offered to new investors on the island are. Once they come, the likelihood they will stay is high.

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