FACT SHEET
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INDUSTRIALIZATION DRIVE - I

The declared aim of the £32 1/4 million Five-Year Development Plan which the Government of Malta launched at the beginning of this financial year was the diversification of the economy of these Islands. It is anticipated that Defence Expenditure in Malta is to be run down gradually in the future as a result of changes in military strategy. In order to maintain, and possibly to enhance existing living standards, the Government has embarked upon plans to attract new industries to Malta and to develop the tourist industry. Given stability in Malta, it would be possible, with the cooperation of Maltese and outside enterprise, to create enough jobs to maintain a state of full employment in these Islands.

The Five-Year Development Plan called for new foundations to the economy of the Maltese Islands.

The first requirement was to make sure that basic services are available so as to make possible a serious industrialization drive.

In order to reach this end, the Government wasted no time in starting work on a £2 million project to modernize and mechanize the Island's commercial harbour. Intense programmes for the exploitation of water resources were embarked upon. Plans for the expansion of technical education were approved. Work on a Government industrial estate were vigorously pushed ahead.

At the industrial estate, the Government provides fully serviced sites "in perpetuity" at the extremely low rent of about 10 shillings per 1,000 sq ft. Standard ready-built factories are availble at a rent of 9d per square foot for an initial period of 16 years. New factories can be built on the industrial estate to applicants' specifications.

Having laid this blue-print, the Government offered material incentives to prospective entrepreneurs through the Aids to Industries Ordinance.

This Ordinance provides practical advantages which, in the words of the Secretary of State for the Colonies, The Rt. Hon. Mr. Ian Macleod, constitute "as good a bargain for the businessman as he can find anywhere in the world". Besides being attractive to interested British and Maltese capitalists, this bargain may be of special attraction to non-Commonwealth manufacturers who wish to trade with Commonwealth countries, in view of the preferential tariff rates.

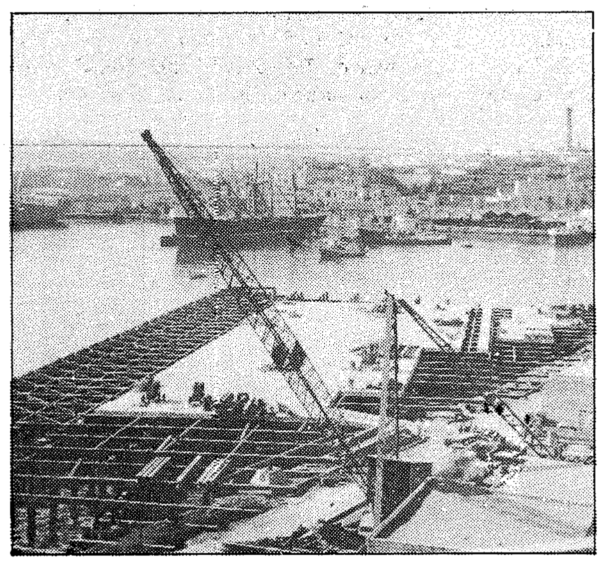
In brief, the incentives offered by the Aids to Industries Ordinance are the following:

Tax Free Holiday

New industrial undertakings will be wholly exempted from paying income tax for a period of up to ten years.

Grants and Loans

Loans or grants of up to 33 1/3 per cent and, in special cases, up to 50 per cent of the cost of fixed capital assets (including plant, buildings and machinery) will be made. The grants are not repayable and do not exclude the undertakings from income tax relief. Grants may also be made for the dismantling, shipping and re-erection of second-hand plant and equipment. In special cases, additional loans may be made to applicants.



Customs Duty Reliefs

Undertakings will be granted exemption from Customs Duty on plant and machinery and on building materials for the construction of factories. In special cases, exemption or reduction in Customs Duty will also be granted on raw materials and component parts.

Custom Drawback Scheme

Under the new drawback scheme, import duties on certain raw materials and components used in production, on which outright exemption cannot be granted, may be refunded on the exportation of the product embodying the imported materials.

Imperial Preference

Duties on imported raw materials, component parts, etc. are generally low, especially if imported from the Commonwealth under the Empire Preferential Tariff Rates. These rates are on an average 14 per cent lower than the General Tariff.

Customs Tariff

A new Customs Tariff drawn on the Brussels Nomenclature is being prepared to afford protection in the local market. Anti-dumping and countervailing duties may be imposed.

No Local Taxes

There are no local government rates or property taxes in Malta.

To administer the Ordinance, the law established the Aids to Industries Board which receives applications for tax concessions, loans, grants and factory sites in the Industrial Estate. Sitting under the Financial Secretary, the Hon. Mr. D.Shepherd O.B.E., the Board is composed of representatives of the Malta Federation of Industries, the Malta Chamber of Commerce, a representative of the Commercial Banks and top civil servants concerned with economic development. The Board, which meets weekly, processes applications submitted to it. After consulting the Industrial Development Board in London it makes recommendations to the Governor. Any recommendations regarding grants and loans have to receive the approval of the Colonial Office and the U.K. Treasury as the money is provided by the U.K. Parliament under the Colonial Development and Welfare Act.

The Industrial Development Board, which sits in London, is also constituted in terms of the Aids to Indsutries Ordinance. The duty of this Board is to advise the Governor of Malta on industrial development and to give guidance to the Aids to Industries Board in Malta on general principles. It assesses the worth of particular applications for Aid under the Ordinance and encourages industrialists to interest themselves in the opportunities available in Malta.

Sitting under Sir George Dowty, Chairman and Managing Director of Dowty Group Ltd, the Board is served by Sir George Schuster, Mr. Eric Turner, Managing Director of the Birmingham Small Arms Co. Ltd, and Viscount Hampden, Director of Lazard Brothers.

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