

NEWS

Medserv seeking inroads to Egypt

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ticularly because of METS's so-called VAM licence, a relatively rare certification which allows it to test and do maintenance on oil pipes. Soon after the acquisition, Medserv secured a contract in Malta which was carried out through the expertise of people brought over from the Middle East. Mr Diacono said this type of work would ideally be carried out in a free-trade zone or customs area to spare clients the red tape associated with normal ports.

He admitted that Medserv had looked into the government's request for proposals for a logistics hub in Hal Far – which could have posed a solution – but decided that it “did not fit into the way Medserv want to do business”.

“There is too much baggage,” he said, declining to comment any further. There were no bids for the hub, and a new RFP is currently open.

“It is very important for Malta to build on its reputation for being a good place to do business. If we get that right, then it is easier for me to sell my product to the international market. If my country's reputation is not good, then I would not be able to do anything here.

“And by reputation, I mean that the ports actually work, that the rates can be slashed, that we can be competitive so that our prices will beat those of the ports around us.”

Mr Diacono said that the Oman contract was one of the main reasons that Medserv went after METS – apart from its strategic importance in giving a presence in the Middle East and the clients it brought with it.

“We knew about this contract and have been working on this for the past year. It was a calculated gamble. We had the advantage of having bought a company that was well known and well respected. It also had the VAM licence – so we were in a strong position.

“Investors will now realise why we paid what we did for the company,” he smiled.

Medserv's presence in the Middle East has come at an important time: it is what they call ‘easy oil country’ because it costs much less to bring up fossil fuel. The next big step will be to solidify its position in all the three countries where it is already present: Oman, UAE, and Iraq. The latter had been fairly static but with BP and Lukoil moving back in, Medserv last year started to quote again.

“We are cautiously optimistic that the worst may be over and that Iraq may contribute towards the business.”

It has also been making progress in Iran,

although its hands are bound by the difficulty of ensuring that operations are fully compliant with US sanctions.

“It looks good. A site has been identified and drawings and feasibility studies have been done. I think we are compliant but no final decision has yet been made,” he said.

To reduce compliancy risks, Medserv decided to go it alone, using agents – rather than partners – to help navigate the Iranian system.

“We definitely do not want to expose ourselves to any possible compliance issues as many of the sanctions are down to people; we try to be as careful as we can but you never know in life so we try to minimise the risk.”

The company has not limited its geographical expansion to the Middle East and has also been trying to make inroads in Trinidad and Tobago. It got to the final stages of a tender there and although it was not successful, the experience did raise its profile. In fact, it has submitted another tender and will be participating in another two in the coming months.

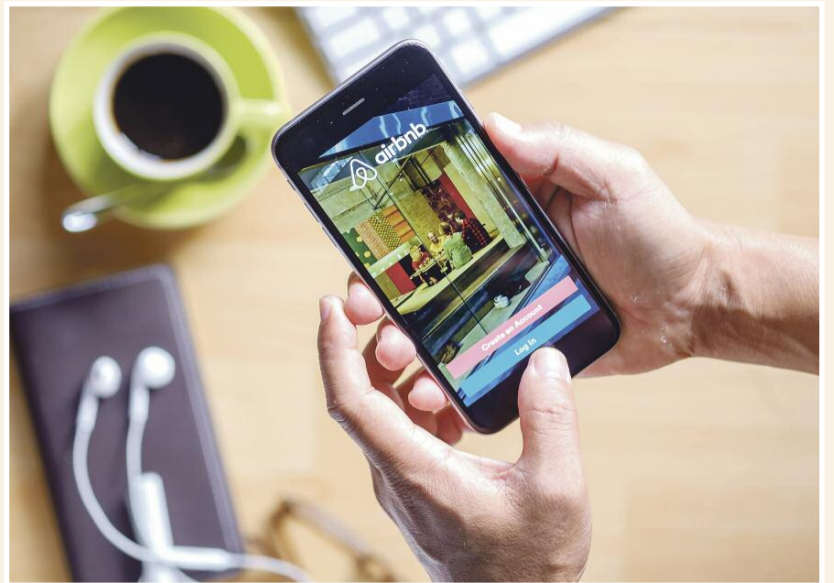
“I hasten to add that we have not won any contracts yet but our business takes time. You are dealing with projects which cost billions of dollars and if we are get it wrong, it would have a huge impact. So we are building up our credibility. I am still cautiously optimistic that Trinidad will come through.”

Medserv is also hoping for momentum to build up in Cyprus, where everything was in mothballs since the low-point for the industry in 2015 which saw almost all exploration come to a halt. There was the added political complication of deciding which port should be used to support the offshore industry. However, Medserv's client was given acreage in the latest round of bids which made the operation in Cyprus particularly interesting thanks to its proximity to the Zohr field of Egypt – an offshore natural gas field discovered in 2015 by concessionaire Eni, which is estimated to be the largest-ever natural gas find in the Mediterranean Sea.

Mr Diacono said that he expected operations to resume in the third or last quarter of this year.

Medserv is also working hard in Egypt, and expects to put in an offer for the first tender within the coming weeks.

“This meant a lot of preparatory work over the past year. We managed to identify a site, not easy in a country where security is so important and everything is controlled by the military. You have to approach this in a different way. But we are making progress and hope to break into this market,” he said.



3,824 properties on AirBnB

Vanessa Macdonald

There were almost 4,000 properties in Malta available at the end of December to host tourists via AirBnB, according to research obtained by CasaRooms.

This marks a dramatic increase over the past five years, when around two dozen were listed on the site when it first went international.

It is also nearly four times what it was just two year earlier.

However, if hosts are listing their property in the hope of raking in guaranteed money, they will be surprised to learn that demand already far outstrips supply, with occupancy in 2016 ranging from 23 per cent in the winter months to a high of only 71 per cent in the peak month of August.

The average for the whole year was only 44.9 per cent occupancy.

The number of properties is far less than the 2,600 licensed with the Malta Tourism Authority last November but, when he had given these figures to *The Business Observer*, MTA chief executive Paul Bugeja had challenged the assumption that all AirBnB hosts were unlicensed. Under pressure from the Malta Hotels and Restaurants Association which has been complaining for years of unfair competition, the MTA

has increased its enforcement officers from eight to 18.

However, being licensed does not automatically translate into tax compliance, and the MHRA has repeatedly warned the government that it was losing taxes from hosts who did not declare their income, whereas its members paid their due.

CasaRooms research, however, sheds light over the real impact of AirBnB on hotel accommodation. Managing director Thomas Cremona pointed out that in the best case scenario, with full occupancy throughout August, this represented 39 per cent of the bed nights for that month.

But while hotels traditionally lower their rates in winter and low season, the already-low AirBnB rates do not have much flexibility, meaning the premium for staying in a hotel will be much narrower.

Airbnb currently lists over three million options, in more than 65,000 cities and 191 countries.

CasaRooms is holding a conference entitled *Optimising Rental Property Earnings* at the Palace Hotel in Sliema on March 22 during which this and other research on the state of the market will be presented. For more information contact info@casarooms.com



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