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International Living

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The winners—and losers— in our 15th annual Quality of Life Index



by Jane Francis Lears,
United States

If you could live anywhere, where would you live?

Every year, we here at *International Living* call upon all of our many resources worldwide to help you answer that question.

Beginning in the summer and up until the minute your January issue goes to press, we work furiously, gathering the most current statistics, crunching literally thousands of numbers, and interviewing dozens of contacts in cities

around the world.

The survey that results, and that you now hold in your hands, is unique. No one else produces such a complete, comprehensive overview of what it's like to live in nearly every country on earth.

This year's index, our 15th, considers 192 countries. And, as longtime readers of *International Living* will attest, the winner is a complete surprise.

Our 1996 Quality of Life Index awards top honors to the nation-state of **Liechten-**

stein, a tiny country hidden in an Alpine valley between Switzerland and Austria.

Switzerland won first prize in our 1995 Index. The United States came in first the previous nine years.

What pulled Liechtenstein out in front this year?

Liechtenstein scores highest in our economy category. Its citizens are the richest people in the world. Liechtenstein uses the Swiss franc, the world's strongest currency, as its own. (One

Liechtenstein bank even prints Swiss franc notes.)

The Swiss have tried to keep Liechtenstein a secret for years. They consider Liechtenstein banks more secretive than their own. Liechtenstein is where the Swiss go when they're looking for complete banking and financial privacy. (See the sidebar on page 11.)

The country ranks second in infrastructure. The railroad system is owned, operated, and paid for by

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IMPORT/EXPORT

Profits in paradise—how someone else's hard work can make you rich in one of the world's last great emerging markets

by Karim Rahemtulla,
United States
US\$1 equals 2,287 rupiah

Our correspondent, traveling recently in Indonesia, discovered a money-making opportunity that offers huge returns, low risk, and a

way to get into the very profitable import/export business.

This business is so lucrative that even if you decide it's not for you personally, you may want to hire someone to run an operation for you, and sit back and enjoy the profits.

Why Indonesia? As our correspondent explains, this country offers an extremely inexpensive labor force that is willing to work very hard. Read on...

Furniture, 90% off

During a recent trip to Bali, I came upon a street in a suburb of Kuta lined with furniture and antique shops.

Normally, this would be little cause for excitement.

But after looking through the shops and comparing the prices to those in the United States (where furniture is still cheaper than in Europe), I was dumbfounded.

The prices in Bali, at retail level, mind you, are typically 10% of what you would expect to pay for similar-quality products at reputable furniture or antique dealers in the West.

The most striking comparison I made was between prices for a child's rocking horse. As it happened, I was in the market for one at the time and was

familiar with the prices in the United States and England.

The price for a carousel-type horse, 4 feet high and weighing about 150 pounds, is about US\$4,000 at retail in the United States and about US\$5,000 in Great Britain (Stevenson Brothers at Harrods). A good rocking horse can cost even more than this, depending on the type of wood—putting it out of reach for most shoppers, including me.

By comparison, the price in Indonesia, at retail, is Rp800,000, or about US\$355.

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Retire to this affordable Mediterranean paradise—and take advantage of new offshore tax laws

by **Bradford Boyle,**
United States
US\$1 equals Lm0.35

Thirty-eight miles south of Sicily, just a short plane ride from Western Europe, you'll discover an affordable Mediterranean paradise with sunny beaches and friendly, English-speaking people. It's called Malta.

Real estate prices are lower here than in most European countries. Perched right on top of the hillside of Gozo, for example, large two-bedroom apartments with magnificent panoramic sea and country views start at Lm15,000 (US\$43,000).

Retirement properties are not only relatively inexpensive but also easy to buy. You need no special residency permit to buy property in Malta.

You can open a bank account—even by mail—and transact your business in any major currency. New, liberal offshore laws make Malta attractive as an offshore tax haven.

Malta receives an exceptionally high score for health and health care (94) in this year's Quality of Life Index. The country's hospitals are equipped with modern facilities that meet Western standards. (See the sidebar on page 8.)

Right now, Malta is one of our favorite European money and retirement havens.

The lay of the islands

Malta consists of three populated islands, the largest of which is also called Malta. Valletta, the capital, is a major port with a 429-year-old walled fortress intact. Valletta and the sub-

urbs of the city are home to a small but lively community of foreign retirees.

Go northwest of the island of Malta, to the island of Gozo, to find a private, tranquil retirement Eden. Restored farmhouses, many with swimming pools and other modern amenities, are newly popular choices among expatriates and foreign retirees.

Comino, the third island, is tiny and can barely be called populated, with only a handful of farmers and a single hotel.

A legacy of foreigners

Foreigners have colonized Malta for centuries. The Phoenicians, Romans, Arabs, Normans, French,

and Spanish all occupied it. Napoleon conquered it without a shot in 1798. Four years later, the British took over and ruled until the country's independence in 1964.

Until recently, British retirees were the biggest foreign buyers of homes in Malta. Now Dutch, South African, German, and

Austrian retirees are buying, too. Russian, Asian and Middle Eastern buyers are investing in commercial and residential properties in the country.

Maltese mansions

Unusual homes—for example, a 400-year-old

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Situated in a much-sought-after area of Malta, maisonettes in this elegant building cost Lm35,000 (US\$98,000).

When to go

Winter is a great time to go to Malta. The days are sunny and mild. Highs average 63 F in December, lows about 54 F.

In the summer, Malta attracts more than its share of European travelers, but they disappear at the end of the season. In July, highs average 83 F and lows average 70 F. Summer days are hot but nearly perfect.

—B.B.

Residency benefits

As a resident, you may import all your belongings, including your car, duty-free. You must wait three years before selling your car, however, once you have imported it.

Your pet must be quarantined for six months unless you are coming from a country that, like Malta, is rabies-free. Discuss importing your personal property with your real estate agent before you move in. Rules are different for nonresidents and temporary residents.

—B.B.

A low-cost abode on our favorite Maltese island

Due to development and a consistent market, you will find as many as 800 properties currently available on Gozo, our recommended retirement Eden in Malta. Following are examples of the most attractive bargains currently on the market:

- A fully furnished two-bedroom flat in one of the most sought-after spots on Gozo, with a magnificent panoramic view of the sea and most of the island, US\$43,000
- A house of character right on a village square, with nine rooms, two courtyards, external stone staircase, and loads of old original features, US\$65,436
- A small two-bedroom village house with wooden beams and arched ceilings, US\$66,010
- A newly redecorated two-bedroom, two-bath flat with lounge, dining room, fitted kitchen-breakfast room, washroom, large balcony, garage space, and use of a large garden, US\$77,490

Contact the following companies for lists of residential properties currently for sale, as well as up-to-date literature on residency, tax, and purchase:

- **Frank Salt Real Estate Limited**, 2 Paceville Ave., St. Julians, Malta; tel. (356)336-175, fax (356)318-037
- **DHALIA Group** 52 St. George's Road, St. Julians, Malta; tel. (356)344-825, fax (356)344-960
- **Perry Estate Agents**, 198 Tower Road, Sliema, Malta; tel. (356)316-880, fax (356)345-391
- **Grands Real Estate**, Grands Building, 50 Msida Road, Gzira, Malta; tel. (356)345-136, fax (356)310-196
- **John Ellul Real Estate**, 13 St. George's Road, St. Julians, Malta; tel. (356)344-280, fax (356)344-283
- **K.B. Real Estate Limited**, Dingli St., Sliema, Malta; tel. (356)344-541, fax (356)343-693

—B.B.

Malta,

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stone castle-like building, overlooking a garden and with its own central courtyard—go for Lm35,000 (US\$98,700).

The most desirable properties are large, restored farmhouses overlooking the sea. On Gozo, we found one farmhouse on a high cliff with great views, facing south with plenty of sunshine, for Lm50,000 (US\$141,000).

We discovered a farmhouse, in need of some repair, for Lm26,000 (US\$73,300) in a small country village on the island.

We recommend that you contact several real estate companies before you visit Malta. See the sidebar on page 6, which lists experienced agents, all well-established in the country. They will send you illustrated property listings.

You can buy property on Malta no matter what your residency status. As a non- or temporary resident, you must pay at least Lm15,000 (US\$42,300) for a home. As a resident, you must pay a minimum of Lm20,000 (US\$56,400) for an apartment and Lm30,000 (US\$84,600) for a home.

A new money haven

Malta tightly controls its currency, but the country has recently liberalized its offshore financial laws. As a result, it is fast becoming an international money haven. You can bring an unlimited amount of foreign currency into the country, but you can only export Lm50.

Before you visit, you can open an offshore account. Write to a Maltese bank stating your intentions. Your affairs will be kept private.

Maltese banks offer complete discretion and security. As long as your funds originate from outside the country, you will be allowed to deposit an unrestricted amount of money into your account.

You'll get competitive interest rates linked to the international money market. And, you'll pay no tax on your interest. As a non-resident, you will not be liable for the Malta income tax.

Residency tax benefits

You can get any one of three kinds of residency, each with different tax benefits and consequences.

Nonresident status is your best option, unless you plan to live in Malta indefinitely. No permits govern non-residents. You will pay no local income tax.

You will be granted a **non-resident visa** (tourist visa) upon arrival, which is good for three months. You can leave the country and re-enter immediately to obtain another nonresident visa. With Sicily so

RETIREMENT

close, by boat or air, this is a simple procedure.

A **temporary resident permit** is an extended tourist visa that lets you stay for one year without renewing your permit. You must prove that your income is sufficient to support yourself. As a temporary resident, your income will be taxed at standard Maltese rates, as much as 35%.

To be considered a **resident**, you must obtain a residency permit from the Department of Citizenship and Expatriate Affairs in Valletta. This permit does not

allow you to work in the country. (As a foreigner, you will find it difficult to work in Malta anyway.)

As a resident, you can leave and return to Malta as you wish. The advantage of permanent residency is that it establishes, beyond any doubt, that you have left your former tax regime and taken up a new abode (in the words of the tax man). You must

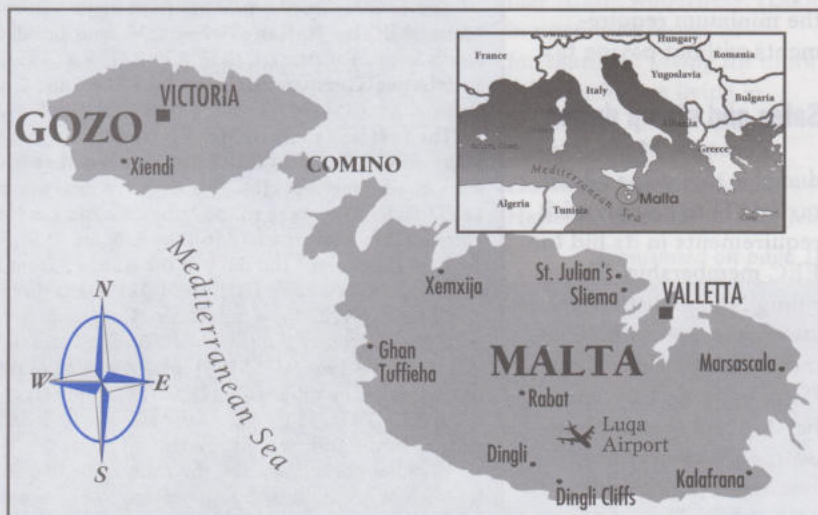
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The world's oldest freestanding monuments

The history of Malta goes back for millennia. The oldest monumental freestanding structures in the world rise from the earth in Malta. Stonehenge-type temples at Hagar Qim predate the Egyptian pyramids by 1,000 years.

All over the islands, ancient megaliths thrust out of the rocky, flat ground into clear blue skies.

—B.B.



Buying your Maltese home

Once you agree on a price with the seller, you will need a notary public to draw up a preliminary agreement. You must pay a 10% deposit to the agent or the seller; either way, the money goes into an escrow account.

You will also need a permit from the Ministry of Finance, which takes at least two to three months. The notary public will research the title while you are waiting for your permit.

Once you have your permit and the title is clear, the notary public will draw up the deed of sale and ask for the balance of the purchase price.

Title insurance is available but is rarely used in Malta. One real estate agent we talked to said he has never seen anyone use title insurance in his 26 years in the business! No one bothers with it, he vows, because purchasing property in Malta is so easy.

You will not ordinarily need to hire a lawyer, as most public notaries are also lawyers.

Most properties are freehold, meaning they are free of any annual ground rent; properties that aren't freehold require small annual installments averaging Lm50 (US\$141).

The seller pays your agency expenses, but you, the buyer, must pay a 17% duty, a 1% notary fee, and a Lm100 (US\$282) fee to the Ministry of Finance.

As a foreigner, you may own only one property in Malta.

—B.B.

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have an annual income of Lm10,000 (US\$28,200) or assets of Lm150,000 (US\$423,000) to become a permanent resident. You need not keep your assets in a Maltese bank, but they must be properly documented.

In addition, you must bring Lm6,000 (US\$16,920), plus Lm1,000 (US\$2,820) for each dependent, into Malta annually. This adds up to Lm7,000 (US\$19,740) per married couple each year.

As a resident, you will pay a flat 15% tax for income brought into the country. You may repatriate income above the minimum requirements without paying tax.

Sales and stamp duties

Recently, Malta introduced a 15% value added tax (VAT) to comply with requirements in its bid for EEC membership. The ruling Nationalist Party strongly supports EEC membership. The Labour Party opposes EEC membership and the tax, however, so VAT may be rescinded (along with Malta's pending EEC membership) if Labour wins

the next election, which is in February 1997.

Malta abolished the inheritance tax in November 1992, but replaced it with a 7% stamp duty that applies to immovable property, such as your house. The stamp duty is imposed only once per owner, but it will be imposed upon the next owner when the property is sold or passed on to one of your heirs.

For more information on the terms of the stamp duty and other taxation, contact the **Ministry of Finance**, in Malta, tel. (356) 236-6306; fax (356) 224-377, or the **Embassy of Malta**, 2017 Connecticut Ave., N.W.,

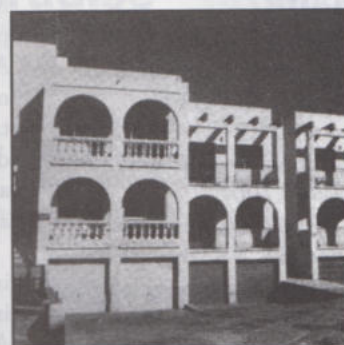
Washington, DC 20008, USA; tel. (202)462-3611, fax (202)387-5470. **IL**

Contacts

The **Malta Tourist Office (in Malta)**, 280 Republic St., Valletta, Malta; tel. (356)237-747, fax (356)220-401.

In the United States, contact the **Malta Tourist Office**, Empire State Building, 350 Fifth Ave., Suite 4412, New York, NY 10118, USA; tel. (212)695-9520, fax (212)695-8229. George Vella, the director, will make sure you receive the information you need.

—B.B.



Overlooking the sea, and situated in a tranquil neighborhood with gardens all around, this building offers ground-floor, three-bedroom apartments (perfect for retirement living) for about US\$79,000.

Maltese banking

You can open an account in a Malta bank in any major currency. With a multicurrency checking account, you can write checks on the currency of your choice.

Savings accounts have a Lm50 (US\$141) minimum. You need US\$7,500 to open a checking account. Term-deposit accounts for one-, three-, six-, or 12-month periods guarantee your interest rates. The minimum is US\$1,250 except for the one-month account, for which the minimum is US\$25,000.

You can also get a VISA and a Eurocard/MasterCard through your Maltese bank.

For more information, contact the following:

• **Bank of Valletta**, Offshore Banking Services, 86 South St., Valletta, VLT 11, Malta; tel. (356)244-274, fax (356)222-132

• **Mid-Med Bank**, 15 Republic St., Valletta, VLT 04, Malta; tel. (356)249-801, fax (356)249-805

—B.B.

Getting there

You can fly directly to Malta from major European cities on Air Malta, **Alitalia-Italian Airlines**, Valletta Building, 19th floor, South Street, Valletta; tel. (356)232-211, fax (356)240097, or **Lufthansa-German Airlines**, 143 Street and Christopher Street, Valletta; tel. (356)241-178/234-026/235-100, fax (356)232-991.

The best way to fly to Malta is from Sicily; Air Malta flies from Palermo and Catania. The flight takes less than one hour and costs the same from either city. This winter, a one-way ticket costs Lm37 (US\$104) and a round-trip one costs Lm48 (US\$135). Contact **Air Malta**; tel. (356)223-596, fax (356)673-769.

Fast catamarans run daily in the summer from Palermo, Catania, and Pozzallo. Each trip takes about three hours and you'll pay US\$102 for a round-trip ticket with an open return.

Or you can take the slow boat. A round-trip ticket from Catania costs Lm65 (US\$183) for a car and Lm30 (US\$85) for a passenger in the off-season (Oct. 1 to March 31). From Calabria, it costs Lm70 (US\$197) for a car and Lm40 (US\$113) for a passenger. In the summer, all rates go up Lm5.

If you are bringing a car, the ferry is the logical choice; in fact, it's your only option in the off-season. We recommend the following ferry company for the Sicily to Malta voyage: **S.M.S. (Southern Malta Southern)**, 131 East St., Valletta, Malta; tel. (356)233-127, fax (356)234-180.

—B.B.

Changing money

Exchange money when you arrive at the 24-hour exchange facility at Luqa International Airport. Or use ATMs, which are plentiful. Most places accept credit cards (VISA and MasterCard more so than American Express).

You can take only Lm25 (US\$70) out of the country. Be sure to keep your exchange receipts. You may be asked to show them at the airport when you depart.

—B.B.

Health and safety

You can drink tap water safely, but sometimes it has an unpleasant taste, due to the country's desalination system. Buy bottled water, which is available everywhere.

Hospitals match Western standards and are equipped with modern facilities. The major hospital is **St. Lukes Hospital**, Guardamangia, Malta; tel. (356)24-1251, located just outside of Valletta.

For a list of hospitals, contact your nearest Maltese Embassy. In the United States, contact **Vanessa Grima, Embassy of Malta**, 2017 Connecticut Ave. N.W., Washington, DC 20008, USA; tel. (202)462-3611, fax (202)387-5470.

As a retiree to Malta, you will not qualify for the free national health insurance offered to the citizens of Malta. You will need to get insurance from a private agency, such as the **British United Provident Association (BUPA)**, 32 St. Paul St., Valletta VLT 07, Malta; tel. (356)244162, fax (356)234795. As the major health insurance agency of Malta, BUPA offers standard coverage for as little as Lm57 (US\$160) quarterly.

—B.B.