

Maltese Economy

The Maltese economy continued to grow robustly during 2016, reaching a 5.5% growth. This extended the strong pace of activity recorded in recent years and marked the highest growth in real gross domestic product (GDP). This was the highest recorded among EU member states. Economic growth was primarily driven by net exports, though domestic demand also contributed to higher GDP, as an increase in private consumption offset negative contributions from government consumption, investment and changes in inventories.

Sector data show that services continued to be the main driver of growth in gross value added (GVA). The strongest contributions were recorded in the sectors incorporating professional and scientific activities, arts and entertainment, and public administration. The manufacturing sector also contributed positively, though to a lesser extent. In contrast, GVA in the construction sector declined from the peak recorded in 2015, but remained high from a historical perspective.

In the third quarter of 2017, the rate of real economic growth rose to 7.2% compared to the corresponding quarter of 2016. The average rate of real economic growth in the first nine months of 2017 reached 7.2%.

Tourism

The positive performance in the tourism sector observed since 2010 persisted during 2017 as the total number of visitors rose by around 14% to over two million (2,273,837) over the previous year. Visitors spent almost 16.5 million nights in Malta last year. Tourist expenditure reached €1.9 billion in 2017, a 14% increase over the previous year.

Labour market

During the third quarter of 2017, Labour Force Survey estimates indicate an increase of 3.1 per cent in employment when compared to the corresponding quarter of 2016. Total employment reached 200,636. Unemployed persons stood at 8,377 (2.3 per cent). The average three-year unemployment rate in Malta in 2016 stood at 5.3%, the third lowest among EU member states.

Balance of Payments

During the first three quarters of 2017 the current account of the balance of payments was more than doubled at €1.1 billion compared to €0.5 billion in the corresponding months of 2016. The positive balance was split between the EU and non-EU countries. These excellent results were posted following higher earnings from services at €2.7 billion compared to €2.3 billion in the corresponding months of 2016. Earnings from services from EU countries reached €1.9 billion compared to €0.8 billion from non-EU countries during the same timeframe. In the goods sector Malta faced a deficit of €1.3 billion in the first nine months of 2017 compared to a shortfall of €1.5 billion in the corresponding months of 2016. The average current account balance for the last three years was 6.7% in 2016, the fourth highest in the European Union.

Malta – India relations including business and investment opportunities

Bilateral trade with India continued to grow strongly as it reached €131 million (m) in 2016 from €118m in 2013. This positive trend was maintained between January and November 2017 when trade flows rose to €130.80 compared with €116.8m during the same period in 2016.

There is scope for improvement in trade with India, particularly in view of its rising economic growth, its population size, its economic potential and its capability in producing organic chemicals, computing technology and the demand for dram microchips, which are product categories among Malta's largest exports.

Malta has established business in finance and insurance, internet gaming, health, aviation and maritime, education and training. Many large foreign banks and insurance businesses have additionally established subsidiaries in Malta. Malta provides maintenance for fixed wing and rotary aircraft, and yacht repair. It offers transshipment and a logistics hub in the Mediterranean, has the largest ship register in Europe.

Malta is a growing centre for higher education and vocational training attracting an increasing number of Indian students with internship schemes and collaborations with Indian Universities also proving to be particularly popular. Malta is also a major centre for teaching of English as a foreign language.

Malta offers a rich and diverse tourist package attracting all types of visitors as well as for MICE (Meetings, incentives, conferences, exhibitions), weddings, entertainment and culture. Tourist arrivals from India have been increasing consistently in recent years reaching 2,885 in 2016.

Malta has become increasingly attractive as a location for foreign film productions for several reasons including a cash rebate of up to 27%, a workforce with many years of experience in the sector and locations that can stand in for several other cities around the globe. Malta features in several renowned films, some of which are blockbuster movies.

There are over 200 foreign direct investments in Malta in precision engineering, electronic and automotive components, plastics, medical devices, generic pharmaceuticals and software development.

Private investment by world-renowned health care systems and health-related academic institutions such as Partners Healthcare International of Boston, Bart's Medical School, and Johnsons and Johnsons are giving an impetus to the government's efforts in establishing Malta as a leading hub for high quality healthcare. The construction of new and the rehabilitation of old hospitals is supplemented by an emphasis on research, tuition and training. The Medical School at the University of Malta offers specialized courses and has a high presence of foreign students enrolled in such courses.

A Life Sciences Centre is also located alongside Malta's main general hospital and the university. The Centre specialises in advanced pharmaceutical research and business development with its goal being to intensify cooperation in the areas of education, research and innovation by providing state of the art infrastructures, creating access to scarce expertise and increasing access to grants and funds. The Life Sciences Park incorporates pharmaceutical and biotech laboratories with research facilities aimed at supporting knowledge-based companies.

Malta – India: Comparative Economic Indicators – 2016

Economic Indicator	Malta	India
Population – 2017	440,433	1,326,801,576
Population growth rate (%) - 2017	1.4	1.2
Real GDP 2016 in PPS (€ millions)	12,190	7,842,825
Real GDP growth rate 2016 - %	5.5	7.1
Real GDP growth rate 2017 estimate (%)	5.6	7.2
Average real GDP growth rate 2012-2016	5.6	6.9
Gross Fixed Capital Formation as % of GDP - 2016	23.7	31.1
Unemployment rate – November 2017 (%)	3.6	3.5
Inflation rate – November 2017	1.5	4.9
Government gross debt as % of GDP – 2016	58.3	69.7
Government fiscal balance as % of GDP - 2016	1.0	-6.8
Foreign direct investment as % of GDP	22.3	1.7
GDP per capita in 2012 in PPP - €	22,400	4,524
GDP per capita in 2015 in PPP - €	25,500	5,990
Current account balance as % of GDP - 2016	6.6	-0.9
Exports of goods and services as % of GDP – 2016	140.9	19.2