



L-ERBATAX-IL LEGIŻLATURA

P.L. 2475

Dokument imqiegħed fuq il-Mejda tal-Kamra tad-Deputati fis-Seduta Numru 164 tas-6 ta' Novembru 2023 mill-Ministru għall-Finanzi u x-Xogħol.

Raymond Scicluna
Skrivan tal-Kamra

POPOLAZZJONI - TNAQQIS

***13021. L-ONOR IVAN CASTILLO** staqsa lill-Ministru għall-Finanzi u x-Xogħol: Jista' l-Ministru jgħid x'soluzzjonijiet għandu biex inaqqas il-popolazzjoni?

02/11/2023

ONOR. CLYDE CARUANA: Ninforma lill-Onor. Interpellant li l-ħsibijiet tiegħi fuq dawn it-temi huma fid-dominju pubbliku tant li f'Ġunju kont wieħed minn tal-ewwel li tkellimt fuq din it-tema, kopja ta' dan qed titpogġa fuq il-Mejda tal-Kamra.

Seduta Numru 164

06/11/2023

Malta's population could increase to 800,000 by 2040 – Clyde Caruana

Finance minister's forecast based on current economic model, urges change

[National](#)[Population](#)[Statistics](#)[Finance](#)

June 4, 2023 | Neville Borg |  290

 4 min read

According to the most recent census, Malta's population stands at just under 520,000. Caruana's prediction would represent a 55% increase in the number of people living in Malta. File photo: Chris Sant Fournier

Malta's population will have to balloon to 800,000 over the next 17 years if the country is to keep its economy growing at the current rate, unless a new economic model is devised, Finance Minister Clyde Caruana has warned.

Caruana argued that the country needs to overhaul its economic model if it wants to remain competitive in the face of local and international challenges.

"We don't just need to rethink and reform, we need to reinvent ourselves. We need structural change, not mere reform," Caruana said, warning a new economic model needs to produce more value with less input and fewer pressures on Malta's infrastructure.

According to the most recent census, Malta's population stands [at just under 520,000](#). Caruana's prediction would represent a 55% increase in the number of people living in Malta. Malta's population increased by some 25% over the past years, partly driven by the importation of foreign workers to bolster Malta's economy.

Caruana was speaking at the Malta Institute of Accountants' biennial conference, titled 'Rethink and Reform', which explored the future of the financial sector, as outlined in the recently published strategy by the Malta Financial Services Advisory Council.

He referred to a recent, as yet unpublished, exercise carried out by Malta's Economic Policy Department using SAMM, an economic model used to predict how economies will evolve over time.

RELATED STORIES

- **Malta grew more over the past 10 years than any other EU country**
- **Sliema now most densely populated locality, census shows**

The exercise found that in order to maintain an average economic growth rate of 4.2%, roughly what was experienced over the past years, Malta's population would have to increase to 800,000 by 2040, unless a new economic model was developed.

Caruana invited conference delegates to ask themselves what the repercussions of such a drastic population increase would be on Malta's environment, infrastructure and resources.

New tax regimes

Ongoing international developments, such as the EU's increasing homogeneity, are set to place greater strain on Malta's economic model, according to Caruana, who pointed to the new corporate tax regulations set to come into effect next year as one of the key challenges that will shape Malta's economic future.

A new EU-wide minimum corporate tax rate of 15% for companies that have a turnover of over €750m is due to come into effect early next year – although the directive allows for a delay in adopting the change under certain circumstances. This change is expected to impact multi-national companies that employ over 20,000 people locally. Caruana had previously [announced](#) that Malta will implement the change over a gradual period of time.

The minister had scathing words for people who were resistant to change.

“Two years ago I said we need to move away from our current tax regime and was widely mocked as a fearmonger, but now many are having a Damascene moment, with new tax regulations set to come into effect in just a few months' time.”



Clyde Caruana. File Photo: Karl Andrew Micallef

He warned that not only do we need to change our economic structure, but that “our pace of change needs to be faster than that of our competitors”, with the upskilling of Malta’s workforce as key to retaining a competitive advantage.

Previous warnings

This is not the first time that Caruana has called for Malta’s economic model to be revamped. Earlier this year, he [argued](#) that Malta needs to find ways to grow the economy that “must rest on everything except construction”.

He had previously made a [similar claim](#) in 2021, saying that Malta needed to find ways to generate growth without damaging its environment.

Previously at the helm of JobsPlus, Caruana is widely regarded to be one of the architects of Malta’s strategy to import foreign labour over the past years. He has since said that while this strategy was crucial to growing Malta’s economy, it “[has been exhausted](#)”, with the cyclical nature of the economy now calling for a different approach.