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Eleanor Scerri
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. . .	to indicate that data are not available;
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-	to indicate that data are not applicable or cannot be determined;
—	to indicate that the figure is negligible;

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Section	**Description**
A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
E	Water supply, sewerage, waste management and remediation activities
F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
I	Accomodation and food service activities
H	Transportation and storage
J	Information and communication
K	Financial and insurance activities
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public Administration and defence; compulsory social security
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities
T	Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use
U	Activities of extraterritorial organisations and bodies

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Executive **Summary**

During 2024, global economic conditions improved, particularly in Europe, following a period of slow growth. Tight monetary policy and stabilising commodity prices helped reduce inflation, with the Euro Area (EA) returning to the European Central Bank's (ECB) target, raising expectations of further rate cuts. However, new risks emerged from geopolitical tensions in the Middle East and increased trade restrictions, which led to supply chain disruptions and higher freight rates. Notably, the outcome of the 2024 United States (US) presidential election and the subsequent escalation of global tensions in 2024 had a significant impact on stock markets, with European stocks, especially those in green energy, electric vehicles, and defence, experiencing sharp declines. The imposition of reciprocal tariffs by the US on steel and aluminium exports from the European Union (EU) further heightened uncertainty, although a trade deal later in 2025 imposed a tariff ceiling and included commitments for EU investment in the US economy.

The Maltese economy continued to perform strongly during the first half of 2025, with nominal growth of 5.6 per cent and real growth of 3.1 per cent, outpacing the EU average. Growth was primarily driven by domestic demand, supported by a robust labour market and tourism, while net exports also contributed positively despite broader external slowdowns. Private consumption grew by 2.8 per cent in real terms, aided by recovering household purchasing power, while public consumption rose by 5.9 per cent. Gross Fixed Capital Formation (GFCF) declined slightly, mainly due to changes in intellectual property and housing investment. Export activity remained resilient, growing by 5.2 per cent, while imports increased by 5.7 per cent, reflecting strong domestic demand.

Malta's nominal Gross Value Added (GVA) grew by 6.0 per cent in the first half of 2025, reaching €11.0 billion. The strongest growth was observed in non-manufacturing industrial sectors, Public administration,

and Information and communication. The Manufacturing sector showed resilience despite global challenges, with growth driven by China, Europe and North America, supported by increased defence spending. However, Malta's export-oriented manufacturing was negatively affected by the contraction in the global automotive industry and US tariffs. The Financial services sector, typically a major contributor to Malta's GVA, contracted by 6.4 per cent, although its insurance sub-sector rebounded. Digital services continued to be a key growth driver, with strong performance in gambling and betting services and ongoing improvements in connectivity and AI adoption. Gross National Income (GNI) grew by 7.7 per cent in the first half of 2025, narrowing its gap with the Gross Domestic Product (GDP) as net property income paid abroad declined.

Tourism in Malta saw robust growth in 2025, with inbound visitors rising by 12.9 per cent over 2024 and expenditure reaching €2.0 billion between January and July 2025. The United Kingdom (UK) remained Malta's top market, followed by Italy and Germany, with notable increases from Poland and Spain.

In terms of competitiveness, real unit labour cost increased, although other productivity and price level indicators remained relatively strong. Inflation in Malta reached 2.7 per cent in August 2025, driven mainly by services and food prices, with the Retail Price Index (RPI) showing an upward trend. Residential property prices continued to rise, outpacing the EU average.

At the end of 2024, the Maltese population stood at 574,250 individuals, representing a 1.9 per cent increase compared to 2023. Relative to 2013, Malta's population grew by 34.1 per cent. Net migration remained the main driver of this growth; however, levels in 2024 (10,614 individuals) were around half those recorded in 2023 and 2022.

Labour market conditions remained strong, with activity rates exceeding 80.0 per cent among the working-age population as at end-June 2025. Participation remained highest among individuals aged 25–54, while the largest increase in participation was registered in the 55–64 age cohort, up by 7.6 percentage points over the twelve-month

period ending June 2025. Unemployment remained at historically low levels, at 2.9 per cent, around half the EU average.

Employment in the private sector increased by 3.7 per cent in the twelve-month period ending April 2025. This growth was mainly attributed to the Manufacturing and Construction sectors in direct production, and Wholesale and retail trade activities and Administrative and support service activities in market services.

Malta's average equivalised household income continued to grow, although the gap with the EU average widened slightly in 2024 due to faster income growth in other Member States. Income inequality, as measured by the income quintile share (S80/S20) ratio and the Gini coefficient, showed modest improvement. Malta's poverty indicators, including the At-Risk-Of-Poverty or Social Exclusion (AROPE) rate, registered a slight decline, remaining below the EU average and supported by the continued effectiveness of social transfers. While the Severe Material and Social Deprivation (SMSD) rate declined slightly, the Low Work Intensity (LWI) rate increased compared to the previous year, however, both remain lower than EU levels. This reflects Malta's overall progress in addressing poverty and social exclusion relative to other EU countries.

Comparing data from 2023 with 2013, Malta achieved absolute decoupling, as per capita greenhouse gas (GHG) emissions declined by 33.9 per cent while GDP per capita grew by 47.7 per cent. This reflects major investments in the energy sector during 2015–2016, further reinforced by reduced emissions linked to COVID-19 impacts on the aviation sector. In 2023, fuel combustion accounted for 82.5 per cent of total emissions, mainly from electricity generation and transport.

In 2023, Malta's final energy consumption stood at 592.8 thousand tonnes of oil equivalent, nearly unchanged from the previous year. Over the 2013-2023 period, the share of renewable energy in final consumption showed a long-term upward trend, increasing by 4.2 percentage points, supported by biofuel quotas and policies promoting photovoltaics and heat pumps. In 2023, road transport continued to

represent the largest energy-consuming sector, accounting for 40.5 per cent of total final energy use.

Environmental taxes reached €315.6 million (1.5 per cent of GDP), with energy tax revenues dominated by transport-related fuels, particularly petrol and diesel. Annual circulation tax receipts (€86.1 million) and registration taxes made up the bulk of total transport taxes, which are distinct from fuel taxes under the energy category. Although pollution taxes remained the smallest category, their share nearly doubled since 2015, reaching 9.7 per cent of overall environmental taxes in 2023.

In 2024, Malta's imports reached €9.1 billion, and exports reached €5.2 billion, resulting in a trade deficit of €4.7 billion. The trade gap widened further in the first seven months of 2025, primarily due to weaker export activity. Headline trade figures are heavily influenced by volatile categories such as fuels, aircraft, and ships; when these are excluded, the underlying trade deficit narrows.

In early 2025, Malta saw significant declines in imports of fuels, durable goods, and finished industrial supplies, while capital goods and food imports increased. Europe remained Malta's main trading partner, accounting for over 70.0 per cent of imports. On the export side, there was a broad-based contraction, with notable drops in capital goods, semi-finished supplies, and fuels. The EU remained Malta's primary export destination, accounting for over one-third of total exports.

Within the balance of payments, the current account balance remained in positive territory, driven by a strong surplus in services that offset deficits in goods and primary income. Malta's financial account has seen shifts between net borrowing and lending, influenced by direct and portfolio investments. The country's net international investment position remains robust, reflecting its status as a net lender. Exchange rate movements, particularly the appreciation of the Euro against major currencies, influenced export competitiveness, although export market shares remained stable, with services exports playing a crucial role in sustaining Malta's external position.

During the period under review, Maltese monetary financial institutions (MFIs) contributed positively to the EA Broad Money (M3) stock, which increased by 2.3 per cent. This development was primarily driven by a rise in overnight deposits. Deposits with an agreed maturity of up to three months had a negligible contribution, while deposits with an agreed maturity of up to two years contributed negatively towards M3. Furthermore, both the credit counterpart component and net claims on non-residents of the EA contributed positively to M3, although these developments were partially offset by a negative contribution from the 'other counterparts' component. Given the evolving interest rate environment, a depositor preference was observed towards holding more liquid, shorter-term deposits.

In the first seven months of 2025, the credit counterpart increased by 5.6 per cent, bringing its balance to €29,468.1 million. This growth was primarily driven by higher credit to both local residents and other EA residents. Credit to local residents reached €21,854.1 million in July 2025, while credit to other EA residents rose to €7,614.0 million, registering growth rates of 4.7 per cent and 8.5 per cent, respectively.

In recent years, the Maltese Government has implemented a series of fiscal policy measures in response to evolving global economic and geopolitical dynamics. These measures aim to sustain economic growth while maintaining a sound and sustainable fiscal framework. One principal factor shaping fiscal policy adjustments has been the emergence of inflationary pressures. In response, the Government recalibrated its expenditure priorities, directing resources strategically to sustain economic activity and mitigate the impact of rising prices. These actions reflect the Government's continued commitment to balancing economic resilience with price stability, ensuring that fiscal policy remains responsive to both domestic and external developments.

In 2024, Malta's Consolidated Fund recorded a deficit of €432.7 million, representing a decline of €373.2 million compared to the previous year. Recurrent revenue increased significantly by €1,446.6 million, though this was in part offset by a €1,073.4 million increase in expenditure. By year-end, central Government debt reached €10,645.1 million, an increase of €821.7 million over 2023. In accordance with the European System of Accounts (ESA 2010), Malta's general Government deficit

for 2024 amounted to €811.9 million, equating to 3.5 per cent of GDP. This reflects an improvement of €115.0 million compared to the preceding year. General Government revenue increased by 19.3 per cent, supported by robust private consumption and a strong labour market, while expenditure increased primarily due to higher capital transfers. The general Government debt-to-GDP ratio declined by 0.8 percentage points to 46.2 per cent, remaining well below the EU's reference value of 60.0 per cent.

For the January-September 2025 period, the Consolidated Fund recorded a deficit of €253.1 million, as higher revenue was offset by expenditure. Recurrent revenue increased by 3.1 per cent, primarily driven by higher tax revenues from social security contributions. Total Government expenditure increased by €565.0 million, largely due to increased recurrent expenditure driven by increased outlays on social security benefits, higher interest on public debt and capital spending.

During the first half of 2025, the general Government deficit widened from €112.9 million in the corresponding period of 2024 to €242.3 million in 2025. Meanwhile, the Government's debt increased from €10,647.4 million at the end of the second quarter of 2024 to €11,117.5 million in 2025, reflecting increased borrowing requirements.

CHAPTER 1

Macroeconomic Developments

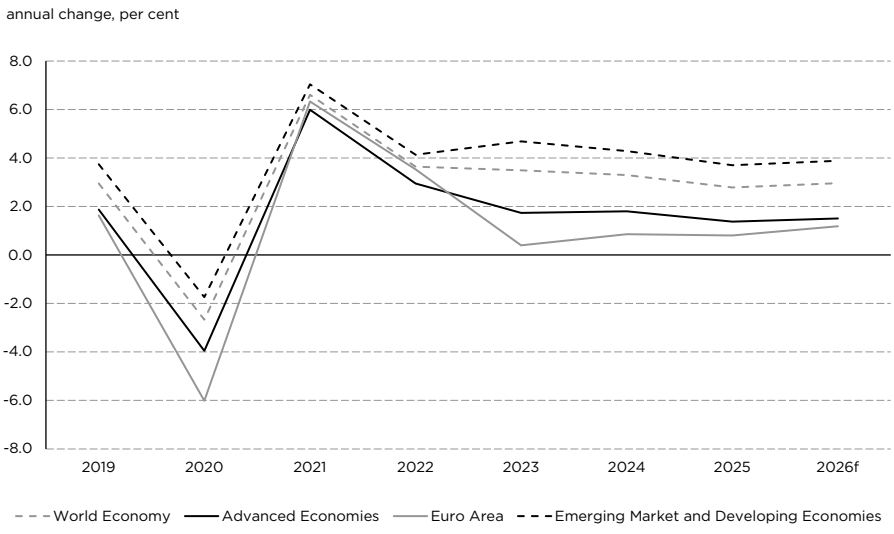
Chapter 1

Macroeconomic Developments

1.1 International Context

Global economic conditions began improving gradually in 2024, with modest growth returning to Europe following a period of economic stagnation. Tight monetary policy and a stabilisation in commodity prices were successful in bringing down elevated inflation and anchoring inflation expectations, in fact, inflation in the Euro Area (EA) has broadly returned to the European Central Bank's (ECB) target, leading to the expectation of further cuts. Easing monetary conditions bode well for investment and global trade activity. Geopolitical

Chart 1.1
GDP Growth, Constant Prices



Source: IMF World Economic Outlook

tensions in the Middle East and the growing trade restrictions led to the emergence of new risks, with the possibility of lower-than-expected economic growth among Malta's main trading partners and the negative impact on external demand conditions. Indeed, in 2024 supply chain issues have resurfaced, and freight rates increased significantly due to tensions in the main shipping routes.

The change in the United States (US) administration, together with the escalation of geopolitical tensions in 2024 have had a notable impact on global stock markets. Whilst, US markets did relatively well, European stocks plummeted, especially those related to green energy, EVs and defence. The European Union (EU) faced high uncertainty on its trade relations with the US and other countries due to the tariff impositions. As a result, the EU is also facing the possibility of a large inflow of Chinese goods entering EU markets and undercutting its products.

In the beginning of April 2025, Trump imposed "reciprocal tariffs" on several countries worldwide, hitting the EU with a 10.0 per cent tariff on steel and aluminium exports. Previously there was a threat that these tariffs could rise to 30.0 per cent if an agreement was not to be reached by August 2025 which could significantly impact the bloc's export competitiveness in the large US market, and negatively influence income levels, especially in manufacturing-dependent economies.

Around June 2025, a conflict arose between Israel, the US and Iran, during which Iranian nuclear plants were targeted and hit by US military. At that time, Iran threatened to close the Strait of Hormuz which is a very important shipping route. If closed, it would have significantly impacted oil prices which were low due to OPEC+'s commitment to increase supply.

The uncertainty stemming from tariffs declined following the trade deal reached between the US and the EU whereby a tariff ceiling of 15.0 per cent for most EU exports was imposed by the end of July 2025. The EU also agreed to purchase military equipment from the US and also committed to investing in the US economy.

With regards to monetary policy, both in July and in September of this year, the ECB maintained its main policy interest rates unchanged. It kept the interest rate on the deposit facility at 2.0 per cent, the rate on the main refinancing operations at 2.2 per cent and the marginal lending facility rate at 2.4 per cent. This decision took into account the fact that inflation was at the 2.0 per cent medium-term target. The Governing Council's assessment of the inflation outlook remains broadly unchanged.

Against this backdrop, global economic activity is forecasted to expand by 2.8 per cent in 2025 and 3.0 per cent in 2026, according to the International Monetary Fund's (IMF) World Economic Outlook Database. This pace of growth is below historical standards (2000-2019), where global economic growth increased by an annual average of 3.7 per cent, reflecting the waning effects of tight monetary policies, the withdrawal of fiscal support, as well as low productivity growth. On the upside, inflation is expected to continue converging slowly towards the target, despite price pressures in services and tariff related spikes in the US. For advanced economies, the US is expected to slow down as the effects of the tariffs start materialising. This should be compensated by an improvement in economic conditions in the EU, led by a rebound in consumption with the recovery in real wages, though in a few Member States the recovery in real wages is still lagging behind. Emerging markets and developing economies are expected to maintain a stable pace in 2025 and 2026, although inflation is expected to remain higher than in advanced economies.

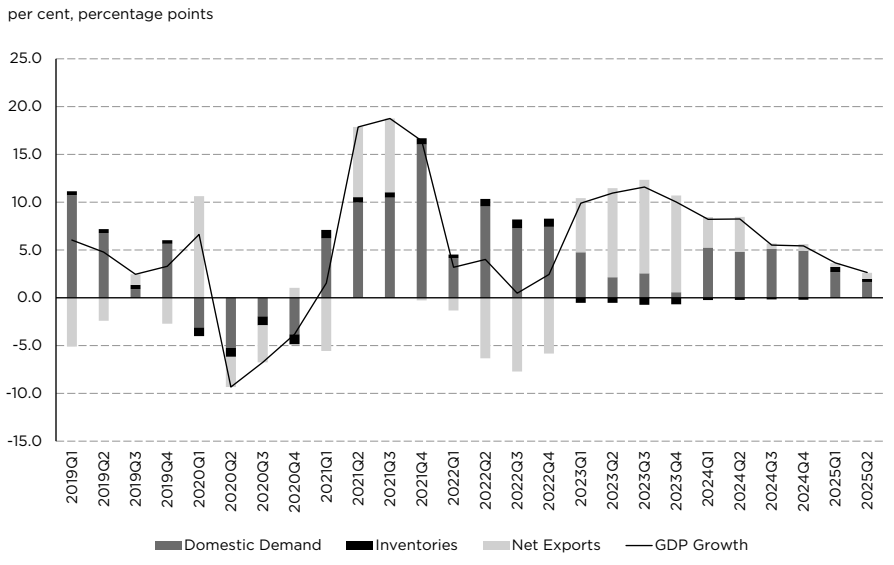
The European Commission's Spring Forecast projects Gross Domestic Product (GDP) growth in the EA for 2025 to be at the same rate as 2024 (0.9 per cent), only to accelerate at a growth rate of 1.4 per cent in 2026. Harmonised Index of Consumer Prices (HICP) inflation is projected to fall from 2.4 per cent in 2024 to 2.1 per cent in 2025 and 1.7 per cent in 2026. Easing inflation should support the recovery in real wages, positioning consumption as the primary driver of growth, whereas investment is expected to rebound.

1.2 GDP: Expenditure Approach

The Maltese economy maintained its positive performance in the first half of 2025, growing by 5.6 per cent in nominal terms and 3.1 per cent in real terms, with growth significantly outpacing the 1.4 per cent growth rate registered in the EU. This modest performance was underpinned by increases (albeit at a slower pace) in private consumption, which remained supported by a strong labour market and tourism. In this context, in the first half of 2025, domestic demand emerged as the principal driver of growth, contributing 2.2 percentage points. Export activity also contributed positively, as net exports contributed 0.5 percentage points to growth, remaining relatively unaffected from the broader external slowdown.

Private consumption expenditure, encompassing both household final consumption expenditure and consumption expenditure of

Chart 1.2
Contributions to Gross Domestic Product



Source: National Statistics Office, Ministry for Finance

Table 1.1: Main Macroeconomic Indicators

	2022	2023	2024	2024 Jan-June	2025 Jan-June
GDP growth at current market prices (%)	7.7	16.3	10.3	12.2	5.6
GDP growth at Chain Linked Volumes by period (Reference year 2020) (%)[1]	2.5	10.6	6.8	8.2	3.1
Expenditure Components of GDP at Current Market Prices by period (%)					
Private final consumption expenditure[2]	15.5	20.1	9.4	11.9	5.1
General Government final consumption expenditure	3.6	8.4	13.6	7.8	11.3
Gross fixed capital formation	20.3	-10.9	6.7	7.8	1.6
Exports of goods and services	16.5	8.3	9.3	10.7	7.6
Imports of goods and services	23.9	1.2	8.4	8.4	8.3
Expenditure Components of GDP at Chain Linked Volumes by period (Reference year 2020) (%)					
Private final consumption expenditure[2]	9.6	13.0	6.2	7.8	2.8
General Government final consumption expenditure	-0.2	3.8	9.2	3.7	5.9
Gross fixed capital formation	14.4	-15.9	3.6	4.7	-0.1
Exports of goods and services	11.7	4.9	6.2	7.3	5.2
Imports of goods and services	19.0	-2.2	5.3	5.3	5.7
Inflation rate (%)	6.1	5.6	2.4	2.7	2.3
Employment growth (National Accounts Definition) (%)	5.1	6.8	5.0	6.6	4.4
Unemployment rate (Harmonised definition, Eurostat) (%)	3.5	3.5	3.1	3.1	2.6
Compensation per employee (% change)	6.8	2.4	7.0	4.5	5.2
Labour productivity (% change)	-2.4	3.6	1.7	2.5	-1.1
Nominal Unit Labour Cost (% change)	9.5	-1.1	5.2	1.0	1.1
Real Unit Labour Costs (% change)	4.2	-5.9	1.9	-1.6	3.8

[1] Users should note that chain-linking gives rise to components of GDP not adding up to the aggregate real GDP series. This non-additivity, similar to that in other countries' national accounts, is due to mathematical reasons and reflects the fact that chain-linked volumes are calculated by separately extrapolating both totals and their sub-components.

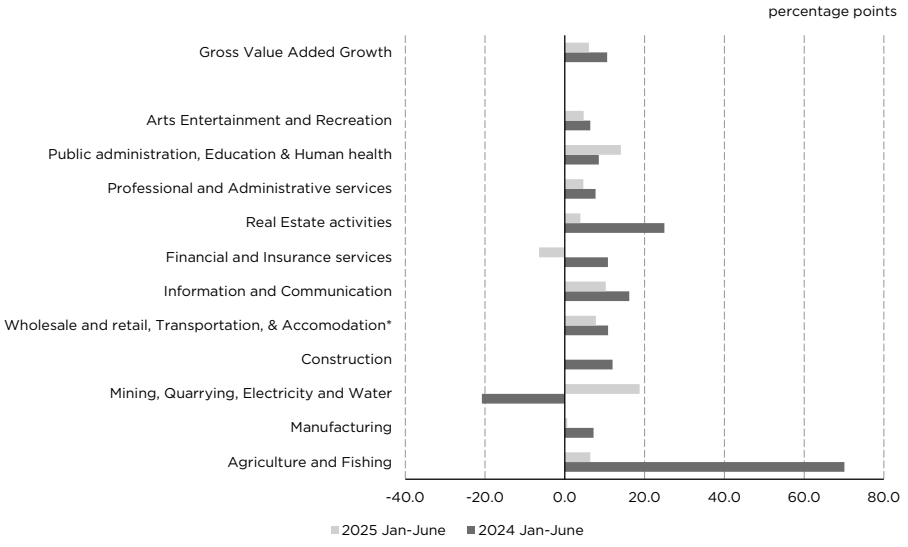
[2] Includes NPISH final consumption expenditure.

non-profit institutions serving households (NPISH), recorded a real growth rate of 2.8 per cent. The strong labour market, along with easing inflation, contributed to the partial recovery in households' purchasing power, thereby supporting private consumption. Public consumption expenditure increased by 5.9 per cent in the first half of 2025. Moreover, Gross Fixed Capital Formation (GFCF) declined by -0.1 per cent, driven by lower investments in transport equipment, which was partly offset by rising investment in intellectual property products. From the external side, exports grew by 5.2 per cent, while imports increased by 5.7 per cent, reflecting strong domestic demand, including the recovery in investment. Further details on exports and imports can be found in Chapter 3.

1.3 Maltese Economy – Sectoral Analysis (Gross Value Added)

During the first half of 2025, nominal Gross Value Added (GVA) grew by 6.0 per cent compared to the same period in 2024, totalling €11.0 billion. The main drivers of this growth were the non-manufacturing industrial sectors (18.8 per cent), the Public administration (14.1 per cent) and Information and communication (10.3 per cent). Increases in GVA growth were recorded across multiple sectors, with the exception of the Construction sector which saw no growth during the first half of 2025, and the Financial services sector, which contracted by 6.4 per cent.

Chart 1.3
Sectoral Contribution to Growth in Gross Value Added



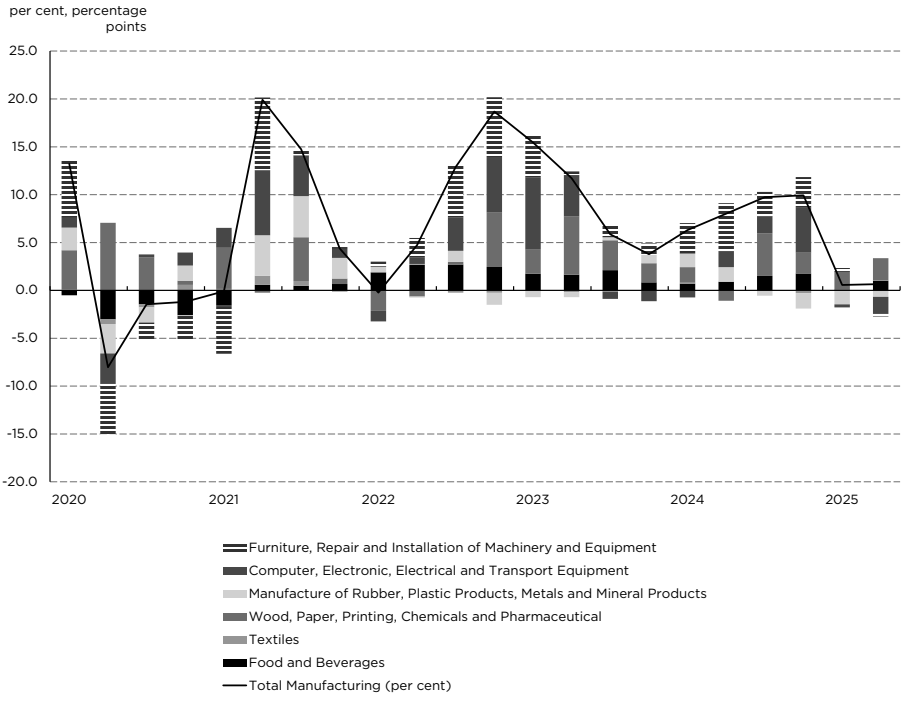
* Includes food services activities

Source: National Statistics Office

1.3.1 Manufacturing Performance

Despite ongoing challenges, including inflation, political instability and supply chain issues, the global manufacturing industry proved resilient, growing by 1.3 per cent in the first quarter of 2025 relative to the same period in 2024. Manufacturing activity was mainly driven by China, Europe and Northern America[1]. This was supported by increased defence spending as well as military enhancement efforts undertaken by major economies. A key challenge lies in aligning the demand for highly skilled labour with the available supply, especially in the face of rapidly changing AI-powered innovations. The EU's manufacturing sector recorded positive growth of 3.7 per cent in the first half of the year relative to the corresponding period in 2024.

Chart 1.4
Sectoral Developments in GVA - Contribution to Manufacturing Growth



Source: National Statistics Office, Ministry for Finance

The sub-sectors which contributed positively to growth in the second quarter of 2025 were Food and beverages (1.0 per cent); and Wood, paper, printing, chemicals and pharmaceuticals (2.3 per cent). No growth was recorded by the Textiles industry, whereas Manufacture of rubber, plastic products, metals and mineral products; Computer electronic, electrical and transport equipment; and Furniture, repair and installation of machinery equipment contributed negatively towards overall GVA growth of the manufacturing industry. On average, employment in the Manufacturing industry increased by 2.2 per cent in the first half of 2025 when compared to the same period in 2024.

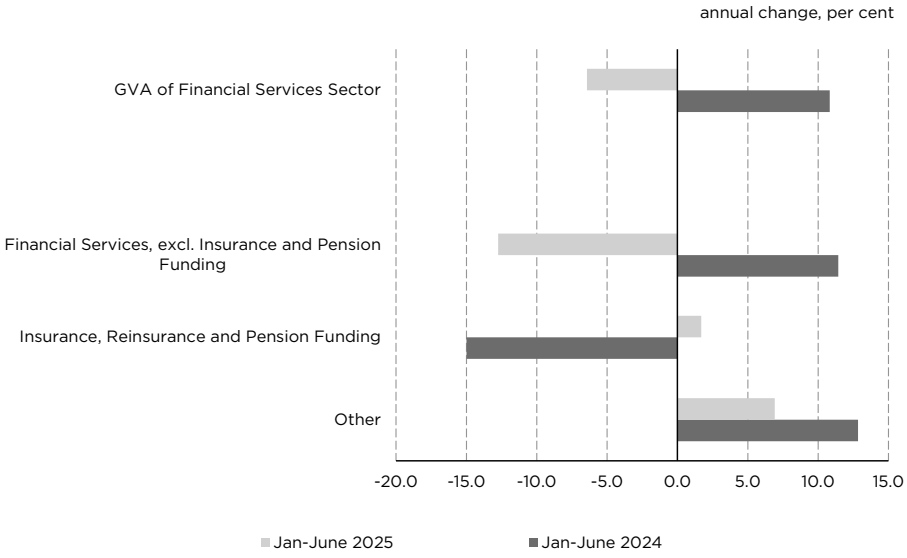
The export-oriented manufacturing sector was particularly hit by the contraction of the global automotive industry. The outlook for the global automotive industry is quite pessimistic, owing to a phasing out of subsidy schemes for electric vehicles in some countries, as well as a complete cut in others, factory closures, and price competition from China. Moreover, the tariffs imposed by the US administration are anticipated to further dampen demand for European exports.

1.3.2 Financial Services

The Financial services sector is typically one of the sectors that contributes the most to Malta's GVA. However, in the first half of 2025, the GVA of the Financial services sector contracted by 6.4 per cent. While in the first half of 2024, financial services contributed to 0.9 per cent of Malta's GVA growth, in the first half of 2025, it contributed negatively by 0.5 per cent. In the first half of 2025, the sector accounted for 5.0 per cent of total employed persons in the economy and employment continued to grow by 3.0 per cent relative to the same period in 2024. Productivity, as measured by real output per person employed by the sector, increased by 0.9 per cent compared with the corresponding period in the previous year.

The Insurance sector grew by 1.7 per cent between January and June 2025, compared to a 15.0 per cent contraction during the corresponding period in 2024. During the first half of the year, Financial services excluding insurance recorded a decline of 12.7 per cent. The decline in GVA of financial services is largely attributable to the more

Chart 1.5
Sectoral Developments in GVA - Financial Services



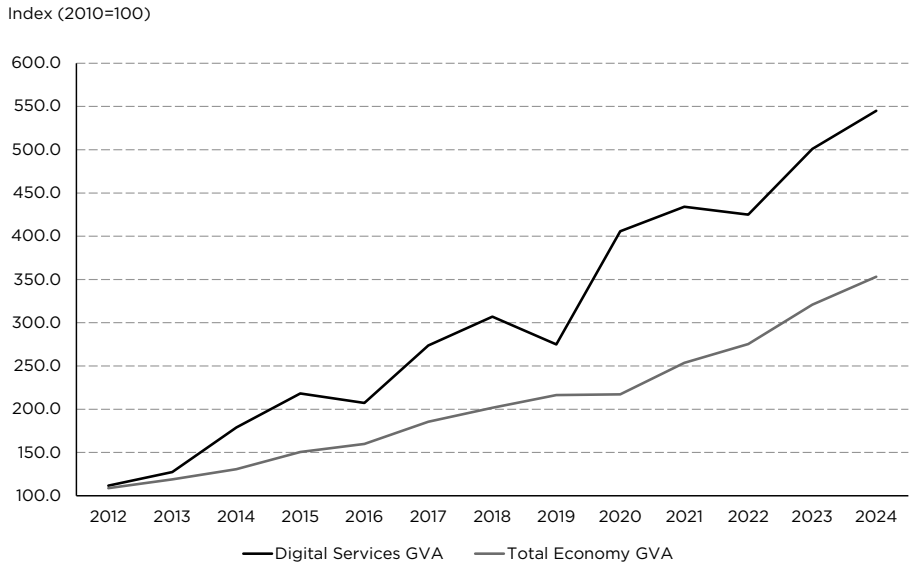
Source: National Statistics Office

volatile subsectors, which have played an increasingly significant role in driving the sector's overall growth in recent years.

1.3.3 Digital Services

Malta's Digital services sector is a crucial element of the country's economic performance. A time series comparing GVA growth in Digital services with the total economy (as an index), displayed in Chart 1.6, shows that the former consistently outpaces the latter. In 2024, the GVA of Digital services grew by 8.8 per cent. Gambling and betting services is a strong driver of growth in Digital services considering its close ties with other sub-sectors of the Information and communication sector. Employment in Digital services increased by 1.1 per cent in the second quarter of 2025 compared to the same quarter in 2024.

Chart 1.6
Sectoral Developments in GVA - Digital Services



Source: National Statistics Office, Ministry for Finance

Strong growth of 7.4 per cent was seen in Digital services during the first half of 2025 relative to the same period a year ago. Additionally, the Information and communication sector has seen a lot of progress over the past decade, especially in connectivity infrastructure, establishing fibre-to-the-premises (FTTP) networks and the increased use of Artificial Intelligence by businesses. The European Commission notes Malta's strong contribution to the EU's Digital Decade objectives as well as its adoption of a human-centred approach which focuses on the digital needs across society, enterprises and government.

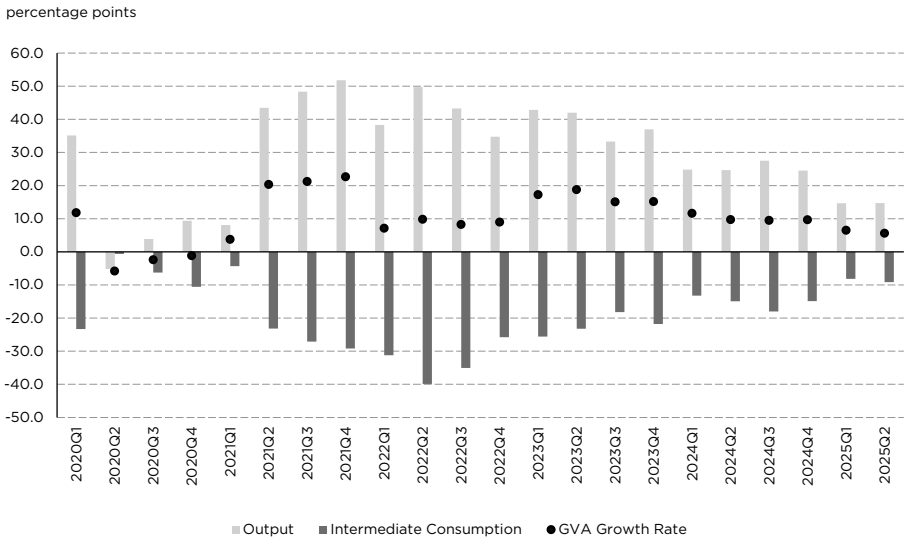
1.3.4 Contributors to GVA

From the output perspective, GVA represents the net contribution of production to an economy. It is calculated by taking the total value of all goods and services produced during a specific period and deducting the value of intermediate consumption, which includes all

goods and services used up or transformed in the production process. This measure highlights the additional value created at each stage of production and serves as a key indicator of economic performance within industries and sectors.

Chart 1.7 shows a time series of annual growth rates in GVA and the relative contributions of output and intermediate consumption to GVA over time. In the first half of 2025, output contributed approximately 14.7 percentage points to growth, partly offset by a negative contribution from intermediate consumption of about 8.7 percentage points, leading to a more modest net effect of 6.0 per cent growth. Compared with the same period in 2024, output and intermediate consumption levels increased by roughly 5.4 per cent, respectively, resulting in a GVA growth of approximately 6.0 per cent. This suggests that output growth has outpaced growth in intermediate consumption.

Chart 1.7
Growth in GVA and its Contributors



Source: National Statistics Office

Box 1.1

Tourism Developments[1]

In 2025, Malta's tourism sector consolidated its post-pandemic recovery and continued to record robust growth. Between January and July 2025, total inbound visitors reached 2.2 million, an increase of 12.9 per cent over 2024 and nearly 38.0 per cent above 2023 levels. Compared to the rebound years of 2020 and 2021, this performance illustrates a complete turnaround: from close to 770,000 arrivals in 2020, inbound tourism has more than tripled within five years.

Holiday travel remained the dominant purpose of visit, rising by 13.4 per cent over 2024 to surpass 2 million tourists. Business and professional travel showed only modest gains, increasing by 2.0 per cent, a trend consistent since the pandemic as remote and hybrid work practices persist. Conversely, other travels related to education, religion, and health, declined by 8.9 per cent.

In terms of age distribution, tourists aged 65+ rose by 26.4 per cent, 45–64 by 19.0 per cent, 25–44 by 9.2 per cent, and 0–24 by 2.5 per cent in 2025, with older groups growing fastest but younger visitors remaining key to Malta's appeal. Malta continued to appeal strongly to younger generations, reflecting the island's positioning as a destination for affordable short breaks, events, and cultural activities.

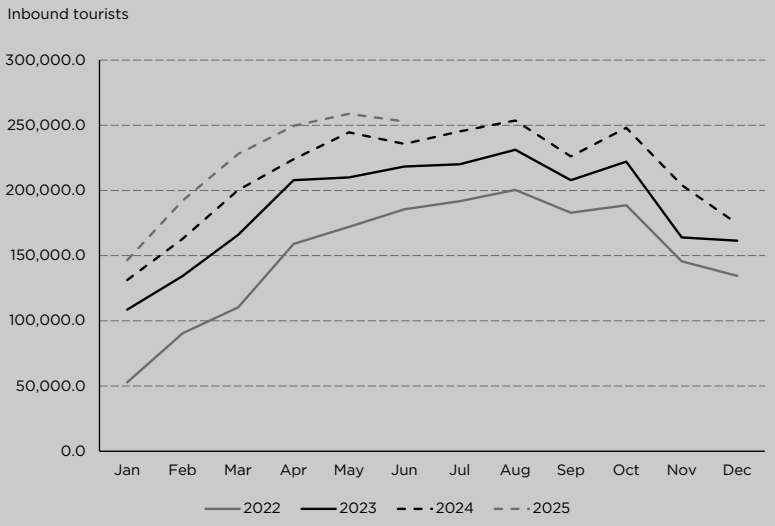
The EA remains the largest source of tourism, but diversification outside Europe is becoming increasingly evident since visitors from the EU grew by 10.1 per cent, while non-EU arrivals accelerated by 16.2 per cent.

The average length of stay edged slightly lower to 6.1 nights in 2025, down from 6.2 in 2024 and 6.6 in 2023. This decline reflects the rising share of shorter breaks, supported by improved air connectivity and competitive low-cost carriers. Still, the absolute number of longer-stay visitors (7+ nights) remained high at 781,795, a gain of 16.6 per cent over 2024.

Monthly arrivals reached new highs in 2025, peaking at 258,737 in May. Growth was broad-based across all months, confirming both strong seasonal peaks and a steady rise in off-peak travel.

In 2025, the EU remained the largest source of inbound tourism to Malta, accounting for 67.5 per cent of arrivals, though growth was stronger among non-EU markets.

Chart 1
Inbound Tourism



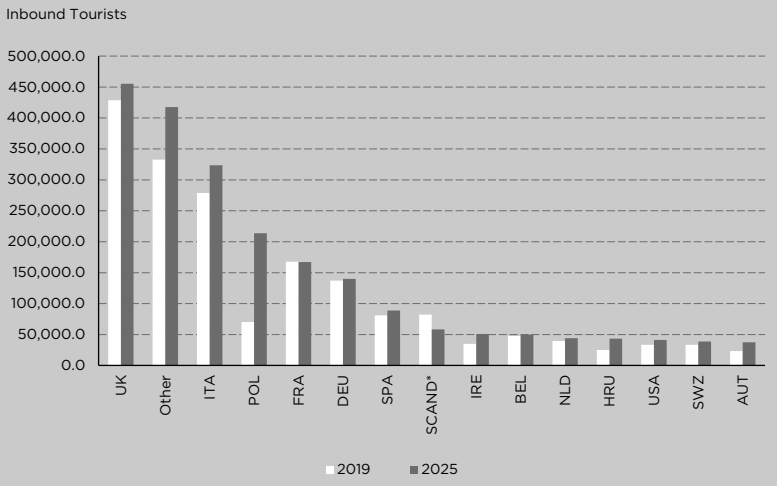
Source: Eurostat

Between January and July 2025, EU visitors increased by 10.1 per cent, while non-EU arrivals grew by 16.2 per cent, continuing the diversification trend observed since 2020.

In the first seven months of 2025, the United Kingdom (UK) strengthened its position as Malta's top market, reaching 455,236 visitors, an increase of 17.8 per cent compared with 2024, while Italy followed with 323,660 visitors, though this represented a 4.7 per cent decline.

When comparing the first seven months of 2025 to those in 2024, other EU markets also performed strongly, with Poland rising to 213,783 visitors, a 46.3 per cent increase and Spain reaching 88,959 visitors, an 18.1 per cent increase. In

Chart 2
Inbound Tourism by Country
Jan - July 2025



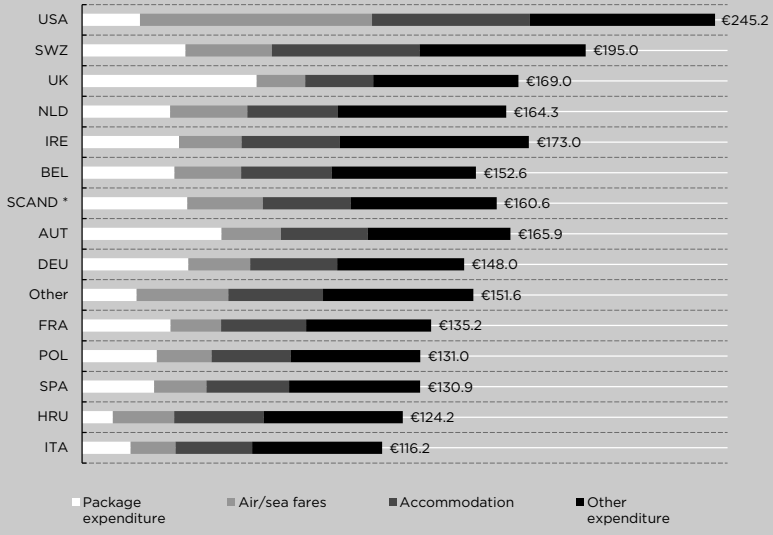
* Scandinavia includes Denmark, Finland, Norway and Sweden

Source: National Statistics Office

contrast, arrivals from France fell to 167,242 visitors, leading to a 1.9 per cent decline.

In 2025, tourist expenditure in Malta continued to rise strongly, reaching €2.0 billion between January and July, a 19.1 per cent increase over 2024 and significantly higher than the levels recorded in 2020–2023. On average, spending per night stood at €157, with notable variations across source markets. Visitors from the USA registered the highest average (€245.2 per night), driven by higher airfares and elevated spending on accommodation and leisure activities. Other long-haul markets such as Switzerland (€195.0) and

Chart 3
Average Expenditure per Night
Jan - July 2025



* Scandinavia includes Denmark, Finland, Norway and Sweden

Source: National Statistics Office, Ministry for Finance

Austria (€165.9) also ranked above the overall average. By contrast, tourists from Italy, Poland, Spain and Hungary spent less, ranging between €116.2 and €131.0 per night.

The UK remained the largest contributor to total expenditure, with spending rising to €486.5 million, an increase of 28.8 per cent compared to 2024, followed by Italy at €191.0 million and Germany at €148.0 million. Strong growth was also observed from Poland (+45.7 per cent), Spain (+22.4 per cent) and Switzerland (+33.7 per cent). Meanwhile, France registered a modest increase of 5.5 per cent, while expenditure from the Netherlands remained broadly stable. Despite accounting for a smaller share, expenditure from Ireland surged by 76.1 per cent, reflecting both increased arrivals and higher per-night spending.

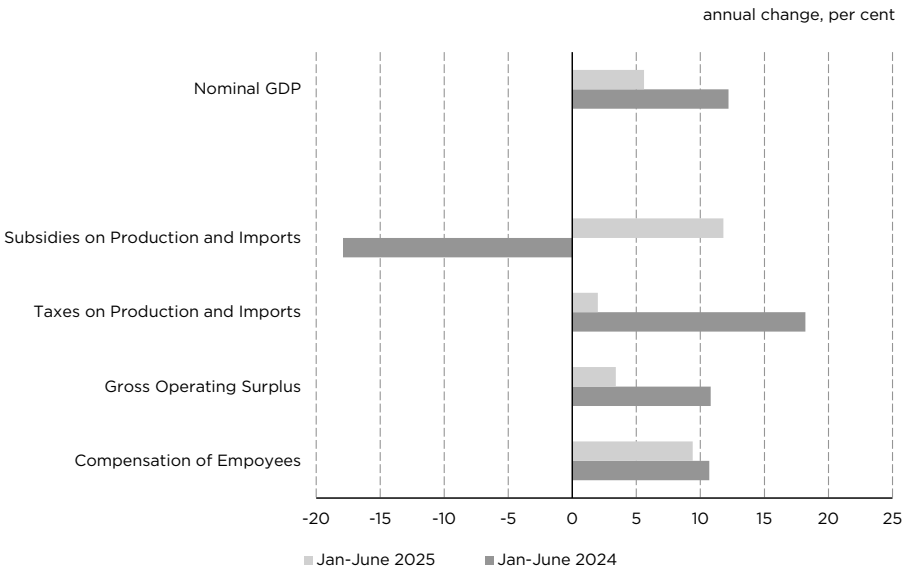
Footnote

[1] Based on the Inbound Tourism News Release 161/2025 published on the 12th of September 2025.

1.4 Gross Domestic Product: Income Approach

In the first half of 2025, the distribution of income gains favoured compensation of employees, as they grew by €441.4 million (9.4 per cent), compared to the €192.7 million (3.4 per cent) increase in gross operating surplus. Consequently, profits constituted 49.6 per cent of GDP, slightly down from 50.6 per cent in the previous year. Compensation of employees as a share of GDP increased by 1.5 percentage points, standing at 43.1 per cent during the first half of 2025. The wage share remains below pre-pandemic levels, reflecting the strong performance of profits during the recent period. Over the same period, taxes on production and imports increased by €22.2 million or 2.0 per cent, whilst subsidies on production and imports increased by €26.4 million (11.8 per cent). Chart 1.8 illustrates the developments

Chart 1.8
Factor Distribution of Income Gains



Source: National Statistics Office

in the factor distribution of income throughout the first six months of both 2024 and 2025.

1.5 Gross National Income

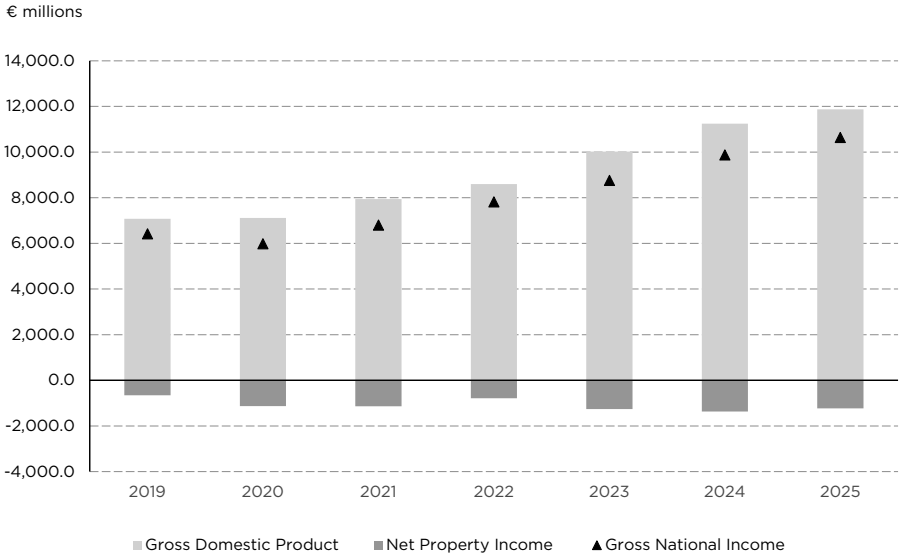
Gross National Income (GNI) is a measure of a country's total economic output that takes into account the income earned by its residents and businesses both domestically and abroad. It is calculated by adding GDP with net property income earned from foreign investments and deducting net income earned by foreign residents and businesses within the country. It essentially calculates the income due to Maltese nationals in a given year, irrespective of the location of their investments.

Over the past decade, Malta's GNI has consistently trailed behind nominal GDP, primarily due to substantial net property income paid abroad. This reflects the strong presence of foreign investors in Malta, whose returns on domestic investments have regularly outpaced the income distributed to Maltese residents from their investments overseas. As a result, the gap between GDP and GNI has become a structural feature of the Maltese economy, and which is also a common feature to other financial centres.

Recent years have seen Malta's GNI grows steadily, in line with the overall expansion of the economy as seen in Chart 1.9. Comparing Malta's GNI during the first half of 2025 with that of 2024, one notes an increase of 7.7 per cent. The contribution of net property income remains a key factor influencing GNI growth relative to GDP. In the first half of 2025, net property income paid abroad amounted to €1,230.7 million, marking a 9.8 per cent decrease compared to the first half of 2024. This reduction in net outflows has helped narrow the gap between GDP and GNI, suggesting a temporary improvement in Malta's external income balance.

Overall, while Malta's GDP continues to benefit from the country's economic dynamism, Malta's income as measured by GNI remains sensitive to trends in net property income flows. Any significant changes in foreign investment returns or in the international investment

Chart 1.9
Gross National Income
Jan - June



Source: National Statistics Office

position of Maltese residents can have a pronounced impact on the evolution of income earned by Maltese residents.

Box 1.2

Unit Labour Cost and Competitiveness

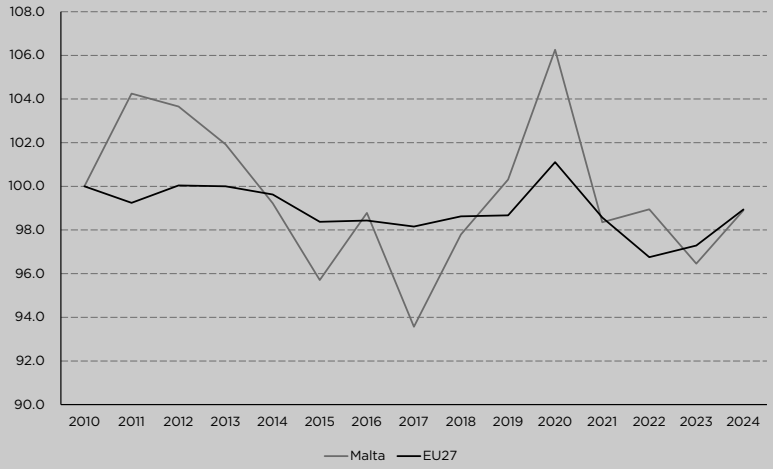
This section is going to assess Malta's competitiveness against that of the EU27 Member States. By using unit labour cost as an indicator of the relation between productivity and wages, one may gauge a country's competitiveness over time. Nominal unit labour costs are deflated by the GDP deflator to arrive at the Real Unit Labour Costs (RULC). An increase in the RULC might indicate competitiveness losses as compensation per employee would be increasing at a higher rate than the value of output per worker (that is the price of production as measured by the GDP deflator and labour productivity as measures by real GDP per person employed). This measure is particularly suited to small open economies which are generally price takers on the international markets.

Malta's RULC declined from 2010 to 2017, supported by a persistent increase in productivity which surpassed the growth in wages per employee. However, from 2018 to 2020, this trend did not continue as a spike in RULC is observed. This was a period of low growth or decline in productivity culminating in a substantial drop in 2020 due to the restrictions imposed by the pandemic. As wages remained rather sticky in the upward direction, RULC increased. A similar dynamic was also experienced on an EU level but to a much lesser extent. Subsequently, as the economy recovered real unit labour costs decreased.

From 2011 to 2024, on average, RULC have not changed while at the EU level they have declined by 0.1 per cent each year.

Chart 2 below analyses year-on-year changes in Malta's RULC over time by decomposing it into three components,

Chart 1
Developments in Real Unit Labour Costs
(Index, 2010 = 100)



Source: Eurostat, Ministry for Finance

the growth in compensation per employee, the growth in productivity and growth in the GDP deflator. The latter component captures changes in the price level of domestic production. When isolating each component, an increase in compensation per employee will increase RULC, thereby reducing overall competitiveness. An increase in productivity increases the efficiency with which output is produced and increase in the GDP deflator increases firms' profitability, both of which reduce pressure from unit cost of production and are conducive to higher competitiveness and profitability. In other words, to preserve competitiveness and maintain profitability, any rise in wages must either be compensated by higher labour productivity or a rise in product prices.

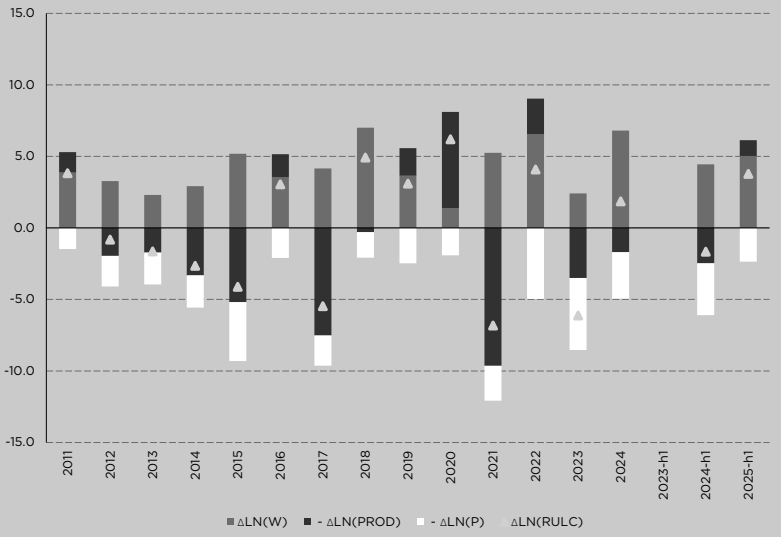
The decomposition of the changes in RULC is based on the following:

$$\Delta\log(RULC) = \Delta\log(\text{Compensation per Employee}) - \Delta\log(\text{Labour Productivity}) - \Delta\log(\text{Product Prices})$$

The log difference approximates the compounded growth rate of a variable from one period to another.

The evolution of RULC and its determinants is shown in Chart 2. Between 2011 and 2017, RULC generally declined as rising wages were compensated by higher labour productivity and an ability to fetch higher prices on domestic products. Between 2018 and 2022, labour productivity weakened whilst

Chart 2
Decomposition of the Real Unit Labour Cost Changes
(Δlog(RULC)=Δlog(CPE)−Δlog(Prod)−Δlog(P))



Source: Eurostat, Ministry for Finance

wages continued to grow. The consequent rise in unit costs were not compensated sufficiently by rising product prices leading to a deterioration in RULC during this period. In 2023, a recovery in labour productivity was evident whilst price levels increased significantly leading to lower RULC and an increase in profitability.

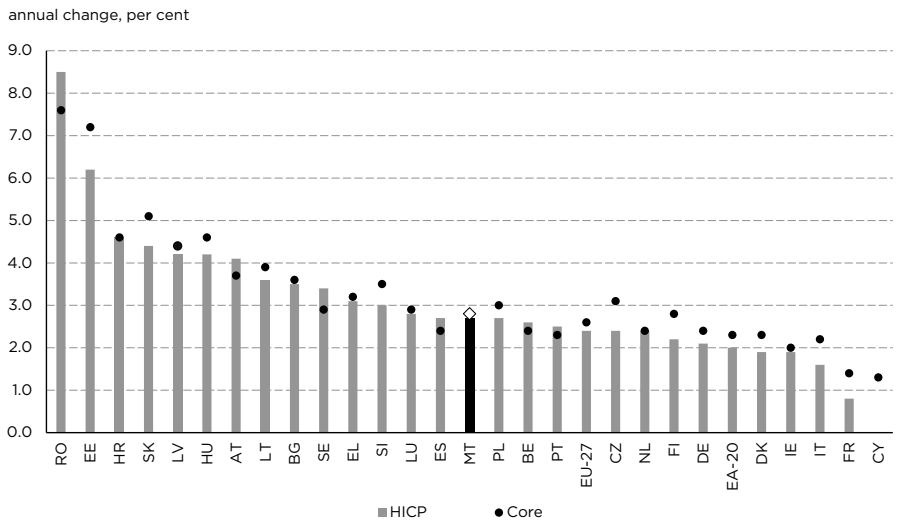
RULC increased significantly in 2024 when compared to 2023, owing to a large increase in compensation per employees. Whilst, productivity and the GDP deflator increased, this was not sufficient to stem the rise in real unit labour costs, increasing the costs of employers and reducing Malta's competitiveness.

Comparing the first half of 2025 with the corresponding period in 2024, shows that RULC increased further by 3.8 per cent. The biggest contributor to this increase was compensation per employees which grew by 5.0 per cent. Exacerbating this, was the decline in productivity in the first half of 2025 of 1.1 per cent relative to the previous period whilst the GDP deflator increased to mitigate some of the increase in the overall RULC.

1.6 Inflation

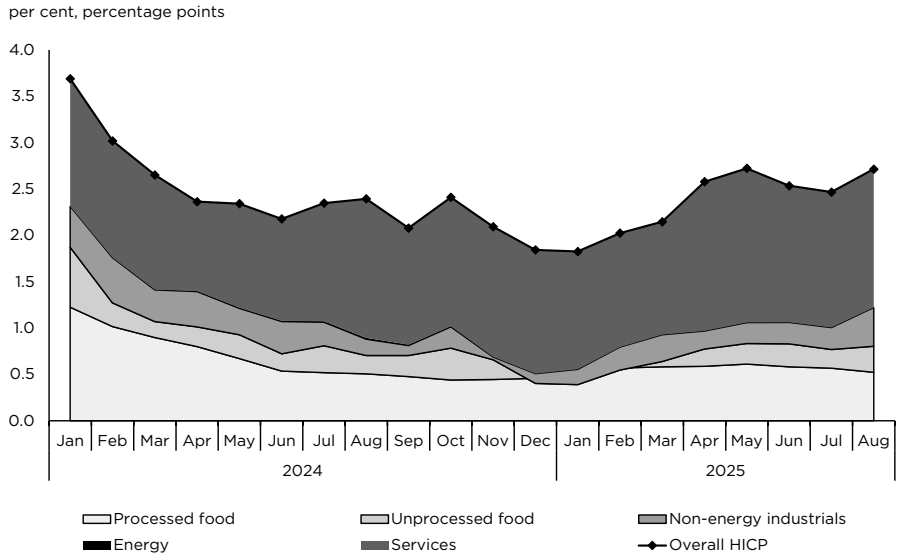
Global inflation is steadily declining, with rates expected to fall further in the coming years, although outcomes will differ across countries. Tariff increases, particularly in the US, may gradually push up consumer prices and influence inflation elsewhere, acting as both supply and demand shocks. Persistent risks include the escalation of trade barriers, ongoing policy uncertainty, and geopolitical tensions, all of which could undermine global growth and keep inflation elevated. Possible escalation in geopolitical tensions particularly in the Middle East and Ukraine may contribute to new global supply shocks together with disruptions in supply chains and shipping routes which could enhance commodity prices. On a positive note, progress in trade negotiations and reductions in barriers could stimulate investment, boost productivity, and support medium-term economic growth.

Chart 1.10
Harmonised Index of Consumer Prices (HICP) and Core Inflation
Jan - Aug 2025



Source: Eurostat

Chart 1.11
Contributions to Year-on-Year HICP Inflation - Malta



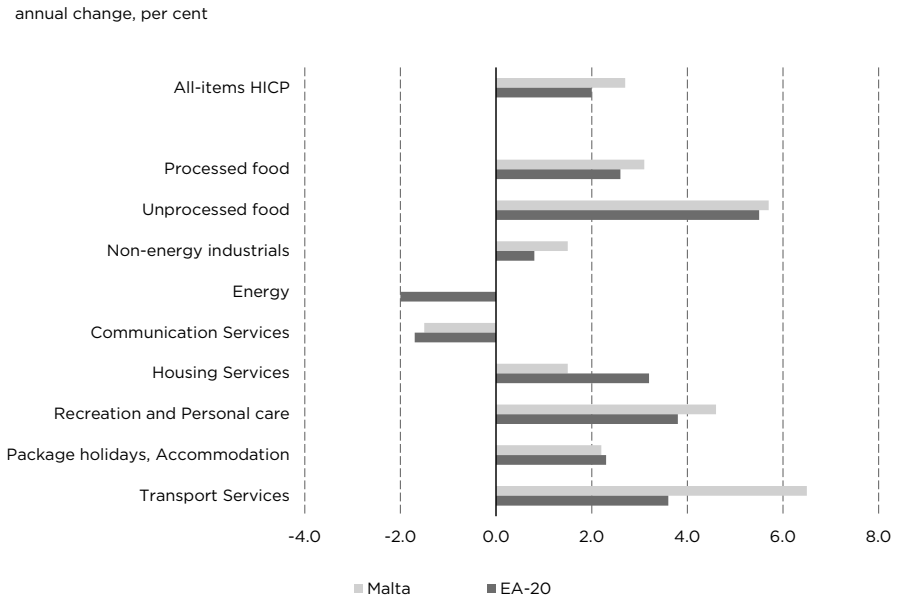
Source: Eurostat, Ministry for Finance

Inflation in the EU, as measured by the HICP, was slightly volatile during the first months of 2025, reaching 2.4 per cent in August[2]. Similarly, inflation in the EA recorded mild fluctuations, recording the rate of 2.0 per cent in August, in line with the reference target for price stability. Despite ongoing uncertainty, EA inflation is declining faster than expected. A temporary rise in economic activity, mainly in early 2025 due to exports and US trade policy, briefly boosted growth but also helped reduce inflation. The euro's appreciation and lower oil prices, both shaped by US decisions, further eased inflation. Furthermore, services inflation that posed a challenge in various European countries has gradually eased during last months to August. Wage growth remains high, but moderating, with profits offsetting some inflationary effects, where as a result labour costs are more under control. At the same time, ECB lowering key policy rates may put some pressure on inflationary developments. Chart 1.10 shows HICP headline and core inflation within the EU countries.

In Malta, the HICP inflation rate reached 2.7 per cent during August, while the twelve-month moving average stood at 2.3 per cent. Chart 1.11 shows that headline inflation has been gradually increasing during 2025 and this has been particularly driven by services and to a lesser extent by unprocessed food price developments. In fact, services inflation has recorded the rate of 3.2 per cent in August with a contribution of 1.58 percentage points, mainly reflecting an increase in recreation and personal care as well as transport-related services. Upward pressures in services are slightly tapered by deflationary developments in communication services.

Chart 1.12 compares inflationary developments across selected sectors in Malta with the EA average. Despite the continued strong performance in the tourism sector, prices for package holidays and accommodation services remained slightly below the EA average.

Chart 1.12
HICP by Component: Jan - Aug



Source: Eurostat

Housing services recorded lower inflationary growth while the negative annual changes in the Communication services category was mainly due to lower prices for mobile telephony equipment.

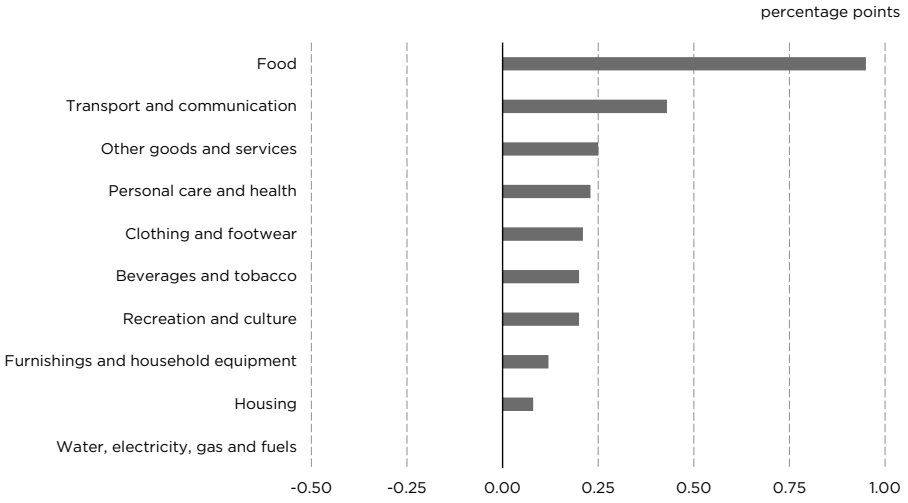
By contrast, food inflation continues to outpace the EA average in both processed and unprocessed foods. Higher food inflation is in line with historical trends due to Malta's dependency on importation, making it more susceptible to international prices and increased freight rates in view of limited alternative transportation systems, as well as its small market. Higher domestic inflation is also observed in transport services, a result of higher prices in air transport. Recreation and personal care as well as non-energy industrials also recorded higher changes during the same period.

1.6.1 Retail Price Index

The Retail Price Index (RPI) tracks the cost of a representative basket of goods and services consumed by private households. This is the primary metric for indexing wages, social benefits and rents. It is also used to compute the Cost-of-Living Adjustment (COLA). One should note that the weight composition of the HICP, which is a standard methodology across EU Member States, are updated annually thus capturing changes in consumption patterns over time, while RPI weights depend on latest Household Budgetary Survey. Moreover, the RPI only captures consumption by private households, while HICP also encompasses purchasing behaviour of institutional household and tourists in Malta.

Chart 1.13 shows the contributions to the RPI's annual change from January to August. The RPI showed an upward trend in price growth over the first eight months of 2025, increasing from 1.4 per cent in January to 2.7 per cent in August. This increase in inflation was mostly driven by the Food category, which contributed around 0.7 percentage points on average, with an average annual increase of 3.3 per cent during this period. There was also an overall increase across the remaining RPI sub-components with Transport and communication, Other goods and services and Personal care and health registering

Chart 1.13
Contributions to RPI Annual Change (Jan - Aug)



Source: National Statistics Office

the highest average contribution of 0.29, 0.27 and 0.26 percentage points, respectively.

Footnotes

[1] United Nations Industrial Development Organisation https://stat.unido.org/portal/storage/file/publications/qiip/World_Manufacturing_Production_2025_Q1.pdf

[2] Euro Area monetary policy: Quarterly Overview June 2025.

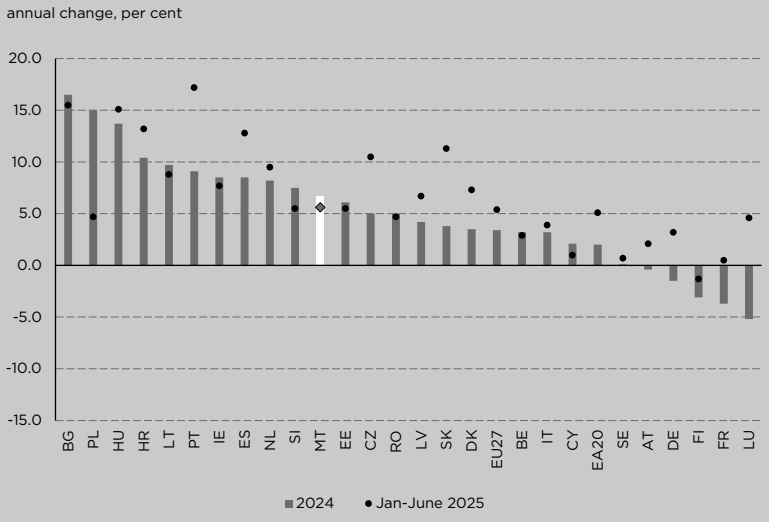
Box 1.3

Residential Property Prices

Based on the Property Price Index (PPI), gathered from official administrative records and compiled by the National Statistics Office (NSO), property prices in Malta recorded an increase of 6.7 per cent in 2024 compared to the previous year. One should note that the average rate of change is higher than the average rate of change in property prices across the EU, which registered an increase of 3.4 per cent.

Over the past year, Bulgaria registered the highest growth rate in property prices at 16.5 per cent, followed by Poland at 15.0 per cent and Hungary at 13.6 per cent. Conversely,

Chart 1
Property Price Index



Source: Eurostat

five countries recorded a decline in the rate of change in the PPI, with Luxembourg recording the largest decline of 5.2 per cent. Chart 1 illustrates developments in the property market across the EU in 2024 and the second half of 2025. Property prices continued to increase in Malta during the first half of 2025, with the PPI increasing by 5.6 per cent compared to the same half of the previous year. At the same time, both the EU27 and EA20 averages recorded slightly lower growth rates of 5.4 per cent and 5.1 per cent, respectively, while Finland was the only MS to register a negative annual rate.

CHAPTER 2

Labour Market and Social Developments

Chapter 2

Labour Market and Social Developments

2.1 Introduction

Malta continues to register steady growth in average equivalised household income. Income inequality, measured by the income quintile share ratio (S80/S20) and the Gini coefficient, showed slight improvement, though both indicators remain marginally above the European Union (EU) average. At the same time, poverty indicators such as the At-Risk-Of-Poverty-or-Social-Exclusion (AROPE[1]) rate have continued to improve, underlined by a decline in the At-Risk-Of-Poverty (AROP) rate before social transfers and supported by effective social transfers. This reflects Malta's sustained efforts to address poverty and social exclusion.

Despite international uncertainties and new developments in the labour market, mainly linked to the implementation of stabilising measures such as the Malta Labour Migration Policy, Malta's labour market has maintained its strong performance, characterised by high activity rates and historically low unemployment. Demographic challenges, however, continue to persist, as declining fertility rates and an ageing population place growing pressure on Malta's demographic structure. In terms of basic wages, growth was largely driven by mid-level occupations, with the most significant growth recorded in Public administration and defence, as well as the Education sector, mainly due to new collective agreements.

Over the past decade, greenhouse gas emissions have declined even as the economy has expanded, providing clear evidence of absolute decoupling and reflecting the success of major investments in cleaner energy. The share of renewable energy in final consumption has increased consistently, supported by the uptake of biofuels and solar technologies, while environmental taxation has complemented these efforts by encouraging greener choices.

2.2 Labour Supply

Malta's labour supply is central to Malta's economic prosperity, forming the foundation of both its economy and social structure. It encompasses both the quantity and quality of workers available for work and plays a pivotal role in shaping a nation's economic competitiveness and overall development. In this regard, understanding the factors shaping the country's workforce dynamics is crucial, especially in light of the demographic challenges that the economy faces.

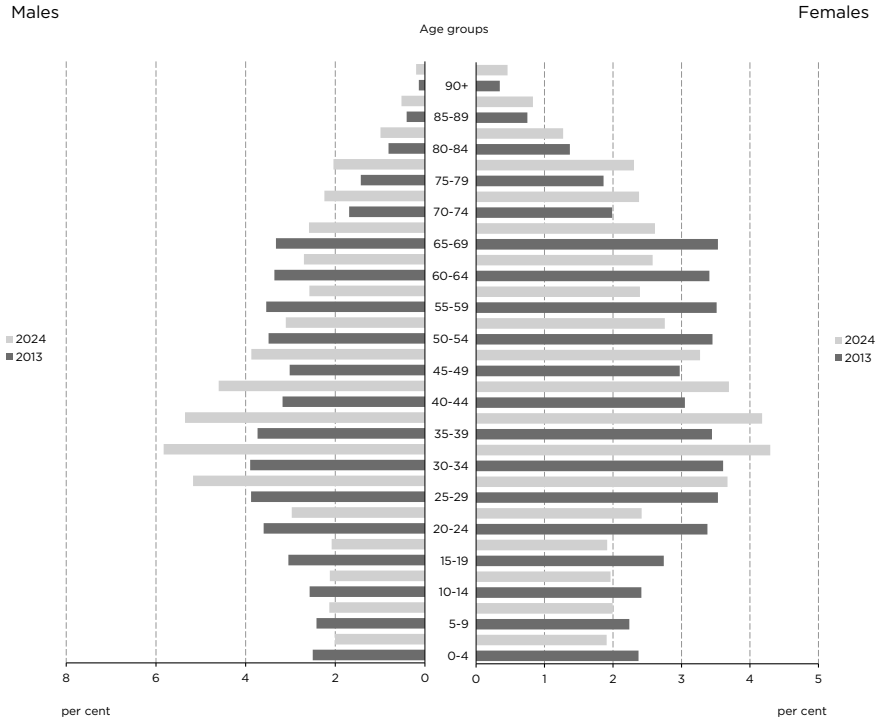
2.2.1 Dependency Ratios

In 2024, Malta's population reached 574,250 individuals, a 34.1 per cent increase from 2013. This growth was mainly driven by net migration and improvements in life expectancy. Demographic shifts continue to underscore Malta's ageing population, intensified by the declining fertility rates. These phenomena are illustrated in Chart 2.1, which shows the increasing share of individuals at older ages and, conversely, the decreasing share at younger ages as compared to 2013. In fact, in 2024, people aged 65 years and over accounted for 18.4 per cent of the population, an increase of 0.8 percentage points since 2013. Latest Eurostat data shows that life expectancy at birth stood at 83.3 years, 1.6 years higher than the EU average, ranking Malta's life expectancy the seventh highest within the block.

The demographic challenge is further exacerbated by Malta's low fertility rate which fell to 1.1 in 2024, the lowest in the EU, down from 1.4 in 2013. The share of children aged 14 years or less declined by 2.4 percentage points in the same period, amounting to 12.1 per cent of the population.

Meanwhile, the working age population in Malta (15-64) accounted for 69.4 per cent of the total population, up from 67.8 per cent in 2013. This increase is mainly attributed to the inflow of working age migrants and has helped to offset the effects of an ageing workforce and declining birth rates.

Chart 2.1
MT - Population by Age Groups and Sex as a Share of Total Population

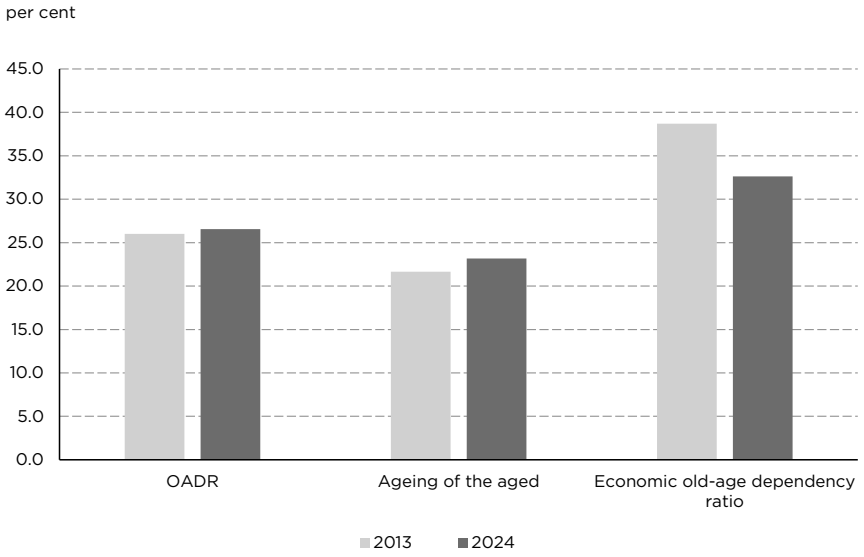


Source: National Statistics Office

The developments in the dependency ratios shed light on the dynamics of the ageing process by comparing the number of individuals that are likely to be 'dependents' on the support of others for their daily living (youths and elderly) with the working population. Key indicators of age dependency are the old-age-dependency ratio (OADR - which shows persons aged 65+ in relation to the number of individuals aged between 15-64 years), the ageing of the aged ratio (80+ age bracket as a percentage of the 65+ age bracket) and the economic old-age dependency ratio (inactive population aged 65+ as a percentage of the employed population 15 to 64).

While the ageing of the aged ratio has continued to increase in 2024, migration helped to ensure that the old age dependency ratio

Chart 2.2
Dependency Ratios (%)



Source: National Statistics Office

increased only marginally between 2013 and 2024. More importantly the economic old age dependency ratio declined notably from 38.7 per cent in 2013 to 32.6 per cent in 2024. A lower economic old-age dependency ratio indicates that each inactive older person is supported by a greater number of active workers, thereby reducing pressure on the welfare system. The decrease in this metric was supported by the increasing labour participation of those aged less than 65 years, underlining the effectiveness of the changes in labour market policies.

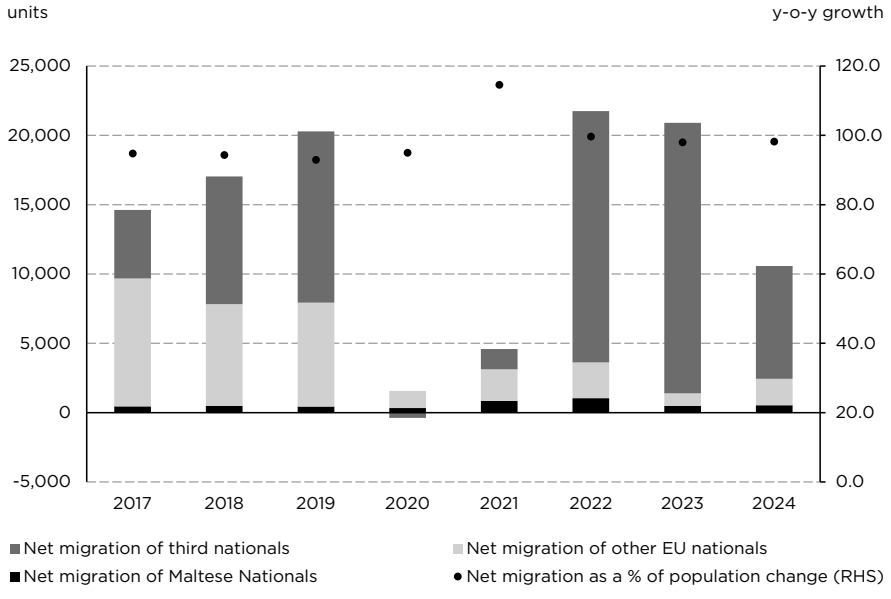
2.2.2 Regional Overview

Gozo's population as at end of 2024 stood at 41,253 individuals, equivalent to 7.2 per cent of the total population. Notably, Gozo's demographic profile is older, as nearly one in four individuals (22.8 per cent) is aged 65 and over, a share which is 4.4 percentage points higher than in Malta.

2.2.3 Net Migration

In 2024, net migration (immigration less emigration) dropped to 10,614 individuals, nearly half of the 20,960 recorded in 2023. This reduction brings levels similar to those observed in 2015 and can be primarily linked to recent policy changes, including the Employment Agencies Regulation (effective 1 June 2024) and the anticipation of the Labour Migration Policy, which was introduced in January 2025. Net migration still accounted for 98.2 per cent of Malta's population growth over the year and remains an important factor in easing the demographic challenges discussed earlier.

Chart 2.3
Net Migration Flows



Source: National Statistics Office

2.2.4 Activity Rates

According to the Labour Force Survey (LFS), activity rates for the working age cohort (15 to 64 years) reached 82.3 per cent in the second quarter of 2025, an increase of 1.2 percentage points compared to the same quarter in the previous year. This is 6.5 percentage points higher than the rate recorded in the same quarter at EU level.

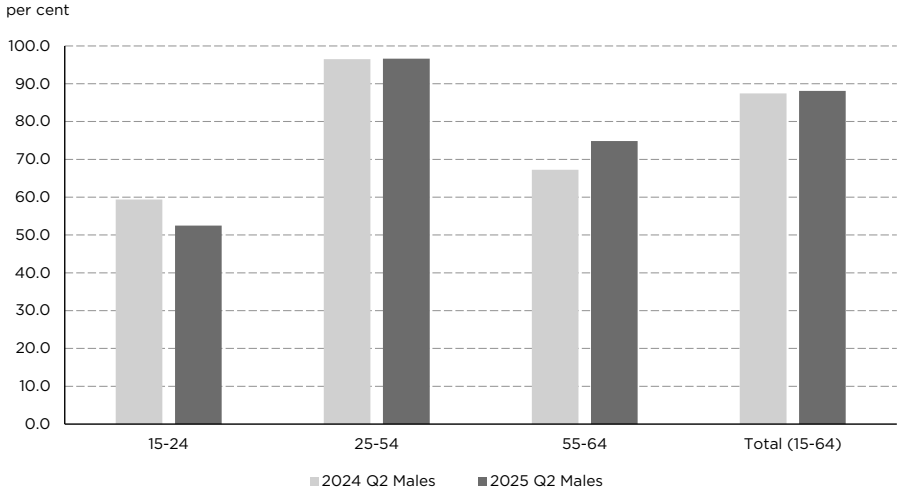
Among the main age groups, the 25-54 cohort continues to register the highest activity rate, at 91.7 per cent in Q2 2025. Despite a marginal 0.1 percentage points decline over the previous year, participation continues at an exceptionally high level. The 15-24 age cohort registered a more notable decrease of 1.8 percentage points, bringing the activity rate down to 52.5 per cent in 2025. This drop however is linked to more young people pursuing further education and thus bodes well for future productivity gains. In contrast, the 55-64 age bracket registered a significant increase in its activity rate, rising from 54.9 per cent in 2024 to 62.6 per cent in 2025, a gain of 7.6 percentage points. This improvement reflects the policy measures designed to encourage older workers to remain in employment.

Analysing the activity rates by gender, the greatest improvement was registered by the 55-64 male cohort with an increase of 7.6 percentage points, closely followed by females in the same age bracket, who registered a similar increase of 7.5 percentage points. The only male cohort that registered a decline was aged 15–24, with a reduction of 6.9 percentage points. Females aged 25-54 registered a marginal decline of 0.4 percentage points.

2.3 Labour Market Outcomes

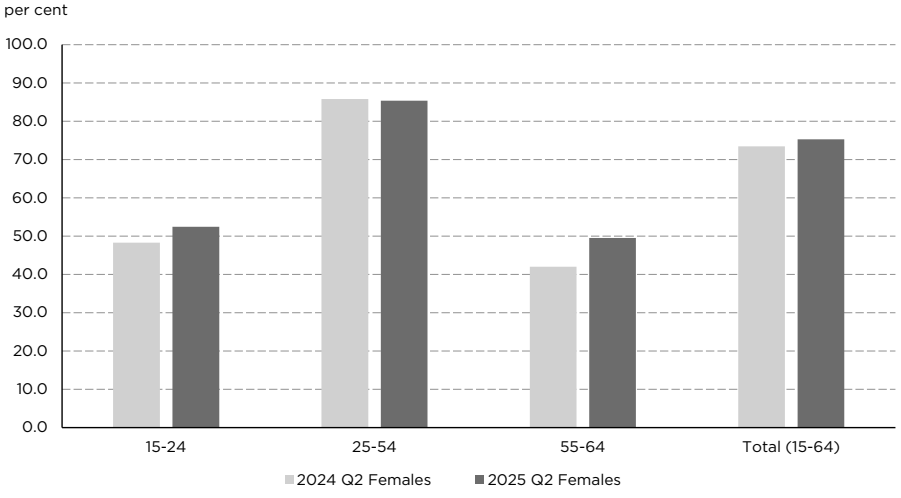
Between June 2024 and June 2025, the number of employed individuals (aged 15-64) increased by 13,789 individuals reaching an employment rate of 79.9 per cent. These positive developments further widened the gap between Malta's employment rate and the EU27 average to 8.7 per cent. Such progress is a result of a combination of demand and supply-side factors, influenced by the National Employment Policy

Chart 2.4
Activity Rates, Males



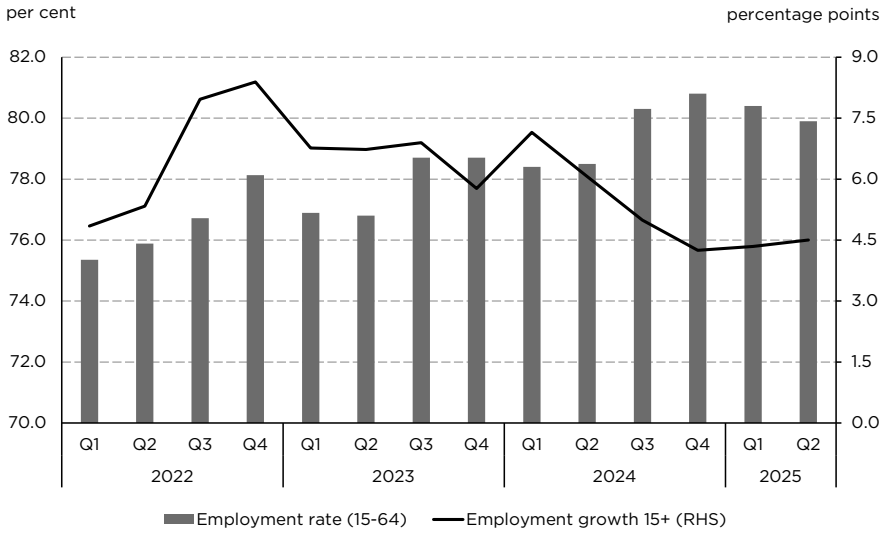
Source: National Statistics Office

Chart 2.5
Activity Rates, Females



Source: National Statistics Office

Chart 2.6
Employment Growth and Employment Rate



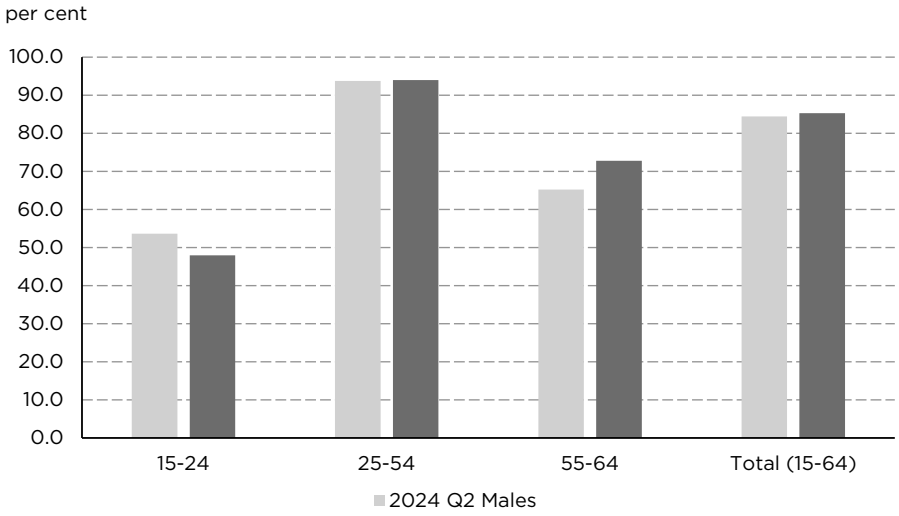
Source: National Statistics Office

2021-2030, which emphasises upskilling, active employment, and the retention of foreign workers.

The highest employment rates observed are for individuals aged 25 to 54, where out of 100 individuals, around 89 are in employment, marking a slight improvement of 0.1 percentage points compared to the same quarter of the previous year. In contrast, the 15-24 age cohort registered the lowest employment rate at 47.9 per cent, a decrease of 1.8 percentage points from the previous year. This overall decrease reflects a 5.7 percentage points drop among males, offset by a 2.8 percentage points improvement among females, mirroring the patterns observed in the activity rates of the same cohort.

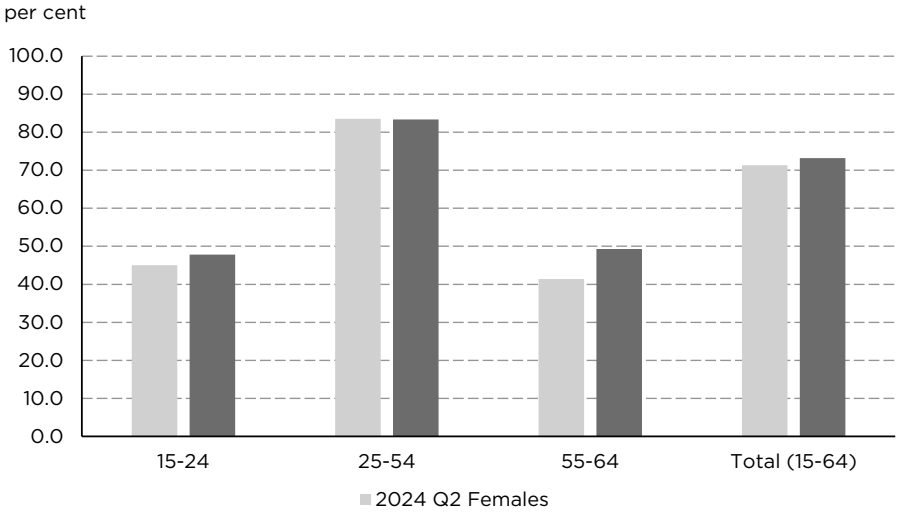
The largest gains in employment rates were registered by the 55-64 age bracket with an increase of 7.8 percentage points difference over the previous year.

Chart 2.7
Employment Rates, Males



Source: National Statistics Office

Chart 2.8
Employment Rates, Females



Source: National Statistics Office

Significant improvements have been recorded in female employment rates, which increased by 1.9 percentage points to 73.2 per cent. Nonetheless, the rate remains 12.1 percentage points lower than that of males. The gender employment gap widens with age, from a marginal 0.1 percentage points higher among the 15–24 age cohort to a difference of 23.5 percentage points in the 55–64 age cohort.

Full-time employment in the private sector as at end of April 2025 increased by 3.7 per cent compared to the same month of the previous year. Further sectoral analysis shows that this increase is attributed to a 1.1 percentage points increase in direct production and a 4.4 percentage points increase in market services.

Growth in direct production, as highlighted in Table 2.1, was mainly attributed to the growth in the Manufacturing sector (1.4 percentage points) followed by the Construction sector (0.2 percentage points) and Agriculture, forestry and fishing (0.1 percentage points). On the other hand, the increase in market services is mainly driven by the growth in the Wholesale and retail trade (0.6 percentage points), Administrative and support services activities (0.6 percentage points) and Professional, scientific and technical activities (0.6 percentage points).

Jobsplus administrative data shows that foreign employees accounted for 38.4 per cent of full-time and part-time employees as at April 2025. This represents an increase of 1.8 percentage points, or 10,535 individuals, compared with twelve months earlier.

As outlined in Chart 2.9, showing sectoral employment shares, the highest share of total foreign workers is in Administrative and support services (17.3 per cent), followed by the Accommodation and food service activities (15.9 per cent) and Construction (10.7 per cent).

Focusing on the share of citizens from EU Member States working in different sectors, the largest share is registered in Arts, entertainment and recreation (15.6 per cent), Professional, scientific and technical activities (13.5 per cent) and Accommodation and food service activities (9.9 per cent), respectively.

Table 2.1: Contribution to Growth in Private Sector Employment*

percentage points

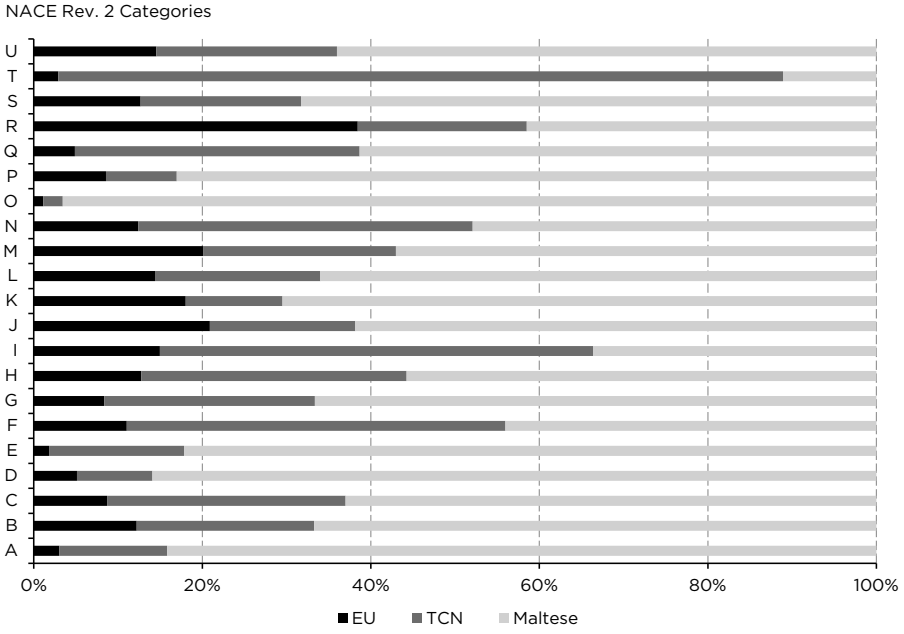
		Dec 2023/ Dec 2022	Dec 2024/ Dec 2023	April 2025/ April 2024
	Direct Production	**5.8**	**1.3**	**1.1**
C	Manufacturing	6.0	1.3	1.4
F	Construction	2.0	0.4	0.2
A	Agriculture, forestry and fishing	0.4	0.1	0.1
B	Mining and quarrying	0.2	0.0	0.1
D	Electricity, gas, steam and air conditioning supply	0.0	0.0	-0.0
E	Water supply; sewerage, waste management and remediation activities	-2.8	-0.6	-0.6
	Market Services	**9.4**	**4.1**	**4.4**
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	1.4	0.9	0.6
N	Administrative and support service activities	1.9	-0.0	0.6
M	Professional, scientific and technical activities	1.1	0.7	0.6
H	Transportation and storage	0.9	0.4	0.5
I	Accommodation and food service activities	1.9	0.6	0.5
Q	Human health and social work activities	0.5	0.4	0.4
K	Financial and insurance activities	0.4	0.3	0.2
S	Other service activities	0.2	0.2	0.2
J	Information and Communication	0.5	-0.0	0.2
L	Real estate activities	0.2	0.1	0.2
P	Education	0.3	0.2	0.2
R	Arts, entertainment and recreation	0.1	0.2	0.1
T	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.1	0.0	0.0
U	Activities of extraterritorial organisations and bodies	0.0	0.0	0.0

* including temporary employment

Source: National Statistics Office

Maltese citizens record the highest share in the Public administration and defence, compulsory social security sector (17.7 per cent), the Wholesale and retail trade (including the Repair of motor vehicles and motorcycles) sector (13.7 per cent) and Administrative and support activities (8.9 per cent).

Chart 2.9
Sectoral Employment Shares (%)
(As at April 2025)



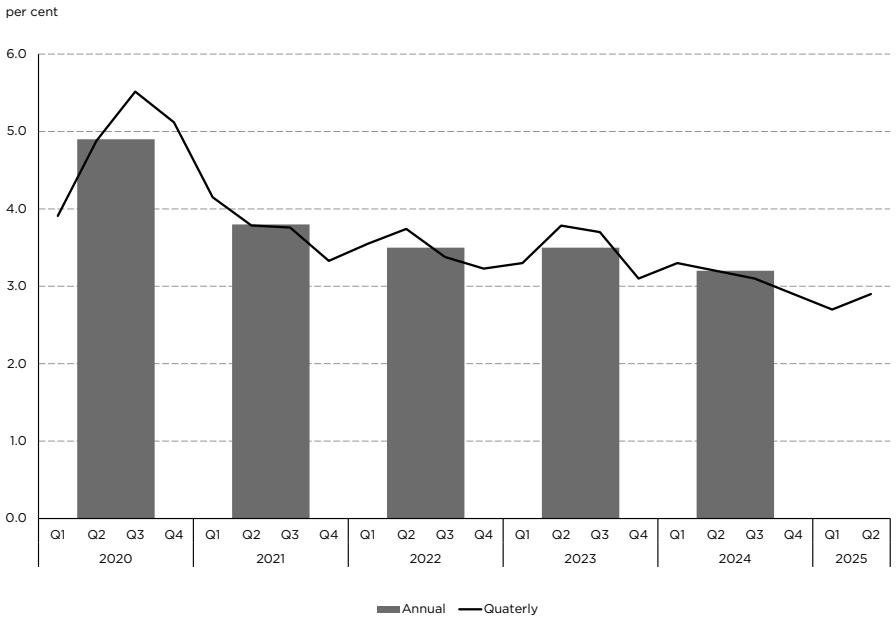
Source: National Statistics Office

Unemployment rates have continued to decline even further reaching 2.9 per cent at the end of the second quarter of 2025, 0.3 percentage points lower than the corresponding period in 2024 (Chart 2.10). As evidenced in Chart 2.11, Malta continued to outperform its European peers, registering an unemployment rate of 2.9 per cent in August 2025, compared to 5.9 per cent across the EU.

2.4 Negotiated Wages

The section below analyses the changes in average weekly wage rates based on collective agreements filed with the Department of Industrial and Employment Relations (DIER), covering the period from August 2024 to August 2025. This analysis focuses exclusively

Chart 2.10
Unemployment Rate (15-74)

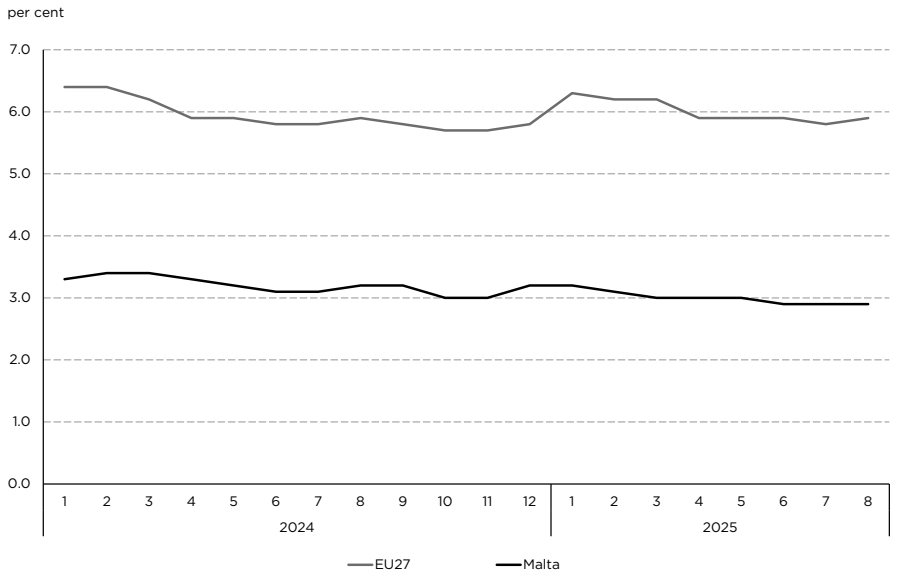


Source: National Statistics Office

on basic wage rates and does not include additional earnings such as overtime, allowances, bonuses, or other incentives. Furthermore, the wages shown in the tables below reflect the weekly basic wage rates for full-time employment. The basic wages, classified by NACE codes, are further divided into three distinct skill levels. Box 2.1 provides a comprehensive explanation of the methodology and assumptions used.

Based on our sample of collective agreements, the aggregate weighted average basic weekly wage was €438.01 as of August 2024 (see Table 2.2) and €452.02 as of August 2025 (see Table 2.3). This represents an increase of 3.2 per cent over 2024, equivalent to €14.01. This compares to a weekly Cost-of-Living Adjustment (COLA) for full-time workers of €5.24 per week and an increase in the minimum wage of €8.24 per week. As of August 2025, the weighted average basic wage for employees in direct production stood at €397.14, while that

Chart 2.11
Monthly Unemployment Rate



Source: Eurostat

for the services sector amounted to €464.55, resulting in a sectoral wage gap of €67.41. At the sectoral level, the Financial and insurance sector registered the highest weighted average weekly wage at €686.22, followed by the Education sector at €556.73. In contrast, the Accommodation and food service activities sector recorded the lowest weighted average weekly wage at €327.00. At occupational level, the lowest basic wage reported was at Level 1 within the Administrative and support service activities sector, at €238.26, which is €16.48 (or 7.4 per cent) above the 2025 national minimum wage. Conversely, the highest basic wage was observed at Level 3 in the Financial and insurance sector, reaching €858.97.

Table 2.4 and Table 2.5 present the percentage change and actual change in average weekly wages between August 2024 and August 2025, respectively, while Chart 2.12 illustrates the contributions to the sectoral growth rates. The overall weighted average percentage increase for all sectors amounted to 3.2 per cent, with the growth

Table 2.2: Average Basic Weekly Wages (August 2024)

€

Statistical classification of economic activities (NACE)		Level 1	Level 2	Level 3	Weighted Average
C	Manufacturing	340.78	404.91	495.70	421.65
E	Water supply; sewerage, waste management and remediation activities	269.22	374.90	539.99	386.54
F	Construction	306.27	341.03	370.38	335.72
H	Transportation and storage	343.99	387.05	612.49	439.83
I	Accommodation and food service activities	268.33	313.80	363.06	316.64
J	Information and communication	276.19	355.68	442.10	421.19
K	Financial and insurance activities	344.96	493.56	840.40	671.85
M	Professional, scientific and technical activities	281.07	396.55	593.32	517.69
N	Administrative and support service activities	230.63	335.60	605.38	356.06
O	Public administration and defence; compulsory social security	266.93	385.29	576.55	489.18
P	Education	291.27	397.19	620.75	536.79
QB*	Residential care and social work activities	269.89	339.41	540.62	408.02
R	Arts, entertainment and recreation	312.25	409.78	519.03	450.91
S	Other service activities	311.97	386.16	566.74	440.18
All sectors		278.59	376.65	563.20	438.01
Direct production		317.29	381.73	458.47	386.97
Services		264.42	375.20	577.00	449.67

*Sector QB is part of sector Q Human health and social work activities

Source: Economic Policy Department using data provided by the Department of Industrial and Employment Relations and Jobsplus

primarily driven by increases in Level 2 wages. In direct production, the average basic wage increased by 2.6 per cent (€10.17), with Level 2 wages contributing 1.4 percentage points to this increase. In the services sector, the average basic wage increased by 3.3 per cent (€14.89), with Level 3 wages contributing 1.5 percentage points to this rise.

The Public administration and defence, compulsory social security sector recorded the largest weekly increase in basic wages, at €24.61, followed by the Education sector at €19.94. These outcomes reflect the new collective agreement agreed in the past year, which introduced substantial upward revisions in basic wages for both sectors. At the other end, the Construction sector recorded the lowest increase in weekly basic wages at €7.74. By occupational levels, the Public administration and defence; compulsory social security sector recorded the highest increases in basic wages for Level 2 and Level

Table 2.3: Average Basic Weekly Wages (August 2025)

€

Statistical classification of economic activities (NACE)		Level 1	Level 2	Level 3	Weighted Average
C	Manufacturing	351.39	415.89	509.89	433.51
E	Water supply; sewerage, waste management and remediation activities	276.80	383.57	553.58	396.12
F	Construction	313.49	348.86	378.75	343.46
H	Transportation and storage	354.00	396.70	633.75	452.67
I	Accommodation and food service activities	278.45	324.02	373.87	327.00
J	Information and communication	285.12	365.55	454.30	432.86
K	Financial and insurance activities	353.18	503.38	858.97	686.22
M	Professional, scientific and technical activities	287.36	406.49	609.35	531.37
N	Administrative and support service activities	238.26	348.61	620.19	367.73
O	Public administration and defence; compulsory social security	273.18	405.14	606.12	513.79
P	Education	297.49	407.68	646.13	556.73
QB*	Residential care and social work activities	276.74	347.90	555.11	418.60
R	Arts, entertainment and recreation	321.96	420.21	533.80	463.08
S	Other service activities	318.30	395.67	579.56	450.44
All sectors		286.87	388.23	581.95	452.02
Direct production		325.82	391.53	470.82	397.14
Services		272.62	387.29	596.59	464.55

*Sector QB is part of sector Q Human health and social work activities

Source: Economic Policy Department using data provided by the Department of Industrial and Employment Relations and Jobsplus

3 at €19.85 and €29.57, respectively. Meanwhile, the Manufacturing sector registered the highest increases for Level 1 wages, at €10.61.

It is observed that for some sectors, adjustments to overall remuneration were affected predominantly through increases in allowances and bonuses rather than through changes in basic wages. Since this analysis focuses on basic wage developments, such components are not captured, implying that the actual growth in employee remuneration in these sectors is likely understated.

Table 2.4: Percentage Change in Average Basic Weekly Wages (August 2024 - August 2025)

per cent

Statistical classification of economic activities (NACE)		Level 1	Level 2	Level 3	Weighted Average
C	Manufacturing	3.1	2.7	2.9	2.8
E	Water supply; sewerage, waste management and remediation activities	2.8	2.3	2.5	2.5
F	Construction	2.4	2.3	2.3	2.3
H	Transportation and storage	2.9	2.5	3.5	2.9
I	Accommodation and food service activities	3.8	3.3	3.0	3.3
J	Information and communication	3.2	2.8	2.8	2.8
K	Financial and insurance activities	2.4	2.0	2.2	2.1
M	Professional, scientific and technical activities	2.2	2.5	2.7	2.6
N	Administrative and support service activities	3.3	3.9	2.4	3.3
O	Public administration and defence; compulsory social security	2.3	5.2	5.1	5.0
P	Education	2.1	2.6	4.1	3.7
QB*	Residential care and social work activities	2.5	2.5	2.7	2.6
R	Arts, entertainment and recreation	3.1	2.5	2.8	2.7
S	Other service activities	2.0	2.5	2.3	2.3
All sectors		3.0	3.1	3.3	3.2
Direct production		2.7	2.6	2.7	2.6
Services		3.1	3.2	3.4	3.3

*Sector QB is part of sector Q Human health and social work activities

Source: Economic Policy Department using data provided by the Department of Industrial and Employment Relations and Jobsplus

Table 2.5: Change in Average Basic Weekly Wages (August 2024 - August 2025)

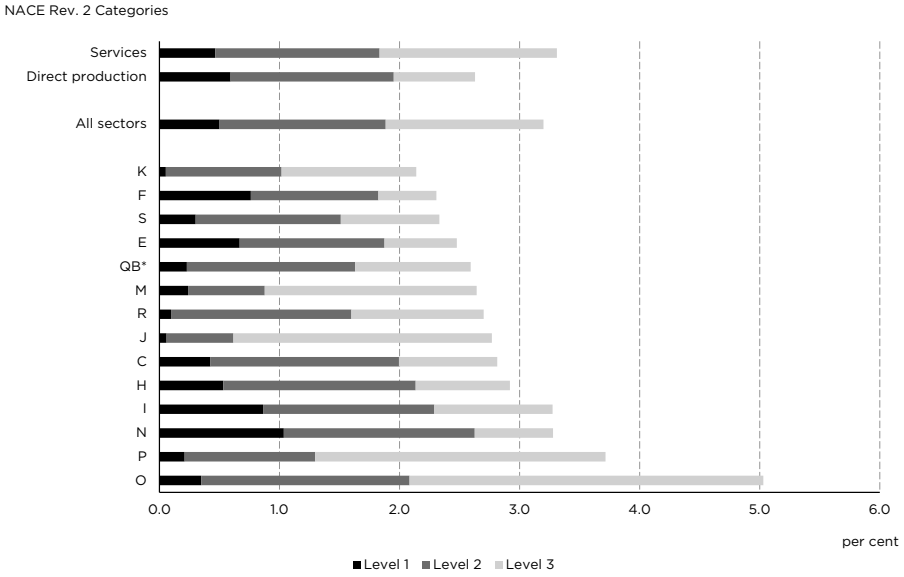
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Statistical classification of economic activities (NACE)		Level 1	Level 2	Level 3	Weighted Average
C	Manufacturing	10.61	10.99	14.19	11.86
E	Water supply; sewerage, waste management and remediation activities	7.58	8.67	13.59	9.57
F	Construction	7.22	7.83	8.37	7.74
H	Transportation and storage	10.01	9.65	21.26	12.84
I	Accommodation and food service activities	10.12	10.22	10.80	10.37
J	Information and communication	8.93	9.87	12.20	11.66
K	Financial and insurance activities	8.22	9.82	18.57	14.37
M	Professional, scientific and technical activities	6.29	9.94	16.03	13.68
N	Administrative and support service activities	7.63	13.02	14.81	11.67
O	Public administration and defence; compulsory social security	6.26	19.85	29.57	24.61
P	Education	6.22	10.49	25.38	19.94
QB*	Residential care and social work activities	6.85	8.49	14.49	10.58
R	Arts, entertainment and recreation	9.71	10.43	14.78	12.18
S	Other service activities	6.33	9.51	12.82	10.26
All sectors		8.28	11.58	18.75	14.01
Direct production		8.53	9.81	12.34	10.17
Services		8.20	12.09	19.59	14.89

*Sector QB is part of sector Q Human health and social work activities

Source: Economic Policy Department using data provided by the Department of Industrial and Employment Relations and Jobsplus

Chart 2.12
Contribution to the Weighted Average Growth Rate in Basic Weekly Wages
(August 2024-August 2025)



* Sector QB [Residential care and social work activities] is part of sector Q

Source: Economic Policy Department using data provided by the Department of Industrial and Employment Relations and Jobsplus

Box 2.1

Collective Agreements Methodology

The sample under review comprises of 176 firms employing 77,417 full-time employees: 31 firms are engaged in direct production, employing 9,595 individuals, while the remaining 145 firms operate in the services sector with 67,822 employees. The total coverage ratio is around 32.0 per cent of total employment. The basic weekly wages are classified into three levels according to the International Standard Classification of Occupations (ISCO-08) ten-skill group framework, excluding military occupations. ISCO is a system for classifying and aggregating occupational information developed by the International Labour Office (ILO). Level 1 corresponds to ISCO major group 9, which includes elementary occupations. Level 2 includes ISCO major groups 4 to 8, which cover clerical support, service and sales workers, skilled agricultural and fishery workers, craft and related trades workers, and plant and machine operators and assemblers. Lastly, Level 3 includes ISCO major groups 1 to 3, covering managers, professionals, technicians, and associate professionals. Employment data disaggregated by ISCO level were provided by Jobsplus.

In this analysis, definite contracts of employment are not considered, and any employment benefits over and above the basic wage such as production bonuses, overtime payments, social security, allowances, and other non-wage income, are excluded. These additional sources of income can be quite significant for some sectors of employment, such that employees' actual average weekly remuneration and increases thereof may be considerably higher than the average weekly basic wages reported in this study.

The results presented, comparing the 2025 figures with those of 2024, are directly comparable because the analysis uses the same employment weighting structure and sample of firms. Therefore, the difference represents the actual change in wages over the year. However, the wage estimates published in previous editions of the Economic Survey are not directly comparable to these estimates. This lack of comparability is primarily due to differences in methodology and sampling procedures, such as the inclusion of additional firms and the exclusion of others, which alter the weighting of individual firms in each category as employment levels change. Additionally, the average basic wage rate may be affected by the reclassification of grades within new collective agreements and the reclassification of NACE codes for certain businesses.

The methodology relies on compiling collective agreements by NACE category, which classifies economic activity. For each agreement, the average wage is estimated across the three ISCO skill levels. Where the COLA is not included in an agreement, the figures are adjusted accordingly. For agreements where the basic wage increase is less than the 2025 COLA (€5.24 per week), it is assumed that the basic wage increment matches this amount across all skill levels. However, if the increase is higher than the COLA, no adjustments were made.

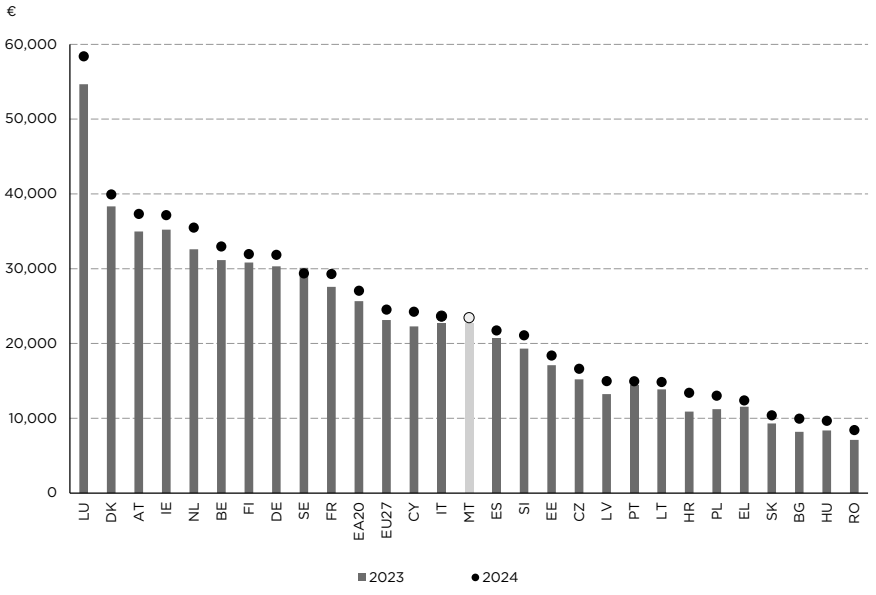
2.5 Social Conditions

The following section examines how the average equivalised disposable income of Maltese households compares with that of other EU Member States. It also explores recent changes in poverty and social exclusion, and analyses income inequality in Malta through various indicators including the Gini coefficient and the S80/S20 ratio.

2.5.1 Average Equivalised Household Income

In 2024, the average equivalised household income[2] in Malta reached €23,460, as illustrated in Chart 2.13. This represents a 3.6 per cent increase over the 2023 figure, continuing the steady upward trend observed in recent years. The difference between Malta's average

Chart 2.13
Average Equivalised Household Income



Source: Eurostat

income and that of the EU27 stood at around €1,089, compared with €492 in 2023, reflecting that incomes across the EU grew at a faster pace over the past year. Despite this, Malta's consistent income growth highlights its ongoing progress towards closing the gap with the EU27 average.

Between 2016 and 2024, Malta recorded a 51.3 per cent increase in average household income. When expressed as a percentage of the Euro Area (EA) average, Malta's household income rose by 11.2 percentage points during this period, from 75.4 per cent in 2016 to 86.7 per cent in 2024. The overall trend continues to show a narrowing gap between Malta's average equivalised household income and that of the EA.

2.5.2 Income Distribution

Income distribution in Malta may be assessed using two principal indicators: the S80/S20 ratio and the Gini coefficient. The S80/S20 ratio measures income inequality by comparing the total income of households in the highest income quintile (80th percentile) with that of households in the lowest income quintile (20th percentile), obtained by dividing the former by the latter.

As shown in Table 2.6, in 2024, the S80/S20 ratio in Malta recorded a slight improvement, falling from 5.3 in 2023 to 4.9. This suggests that, on average, households in the highest income quintile earned 4.9 times more than those in the lowest quintile in 2024. This indicates a modest reduction in income inequality compared to the previous year. At the EU27 level, the S80/S20 ratio stood at 4.7 in 2024, a marginal decline from the preceding year. These developments point to a general decrease in income inequality both in Malta and across the EU.

Breaking down the S80/S20 ratio by age group shows that the overall reduction in inequality in Malta was driven by improvements in both the 'less than 65 years' and '65 years or over' cohorts. For the former age cohort, the ratio declined by 0.3 points, from 5.3 in 2023 to 5.0 in 2024. For the 65 years or over cohort, the ratio also fell by 0.2 points, reaching 4.1 in 2024. A similar pattern was observed at the

Table 2.6: Income Distribution

	EU27		Malta	
	2023	2024	2023	2024
S80/S20 ratio	4.7	4.7	5.3	4.9
Less than 65 years	4.9	4.8	5.3	5.0
65 years or over	4.1	4.1	4.3	4.1
Gini-coefficient (%)	29.6	29.4	33.0	30.8

Source: Eurostat

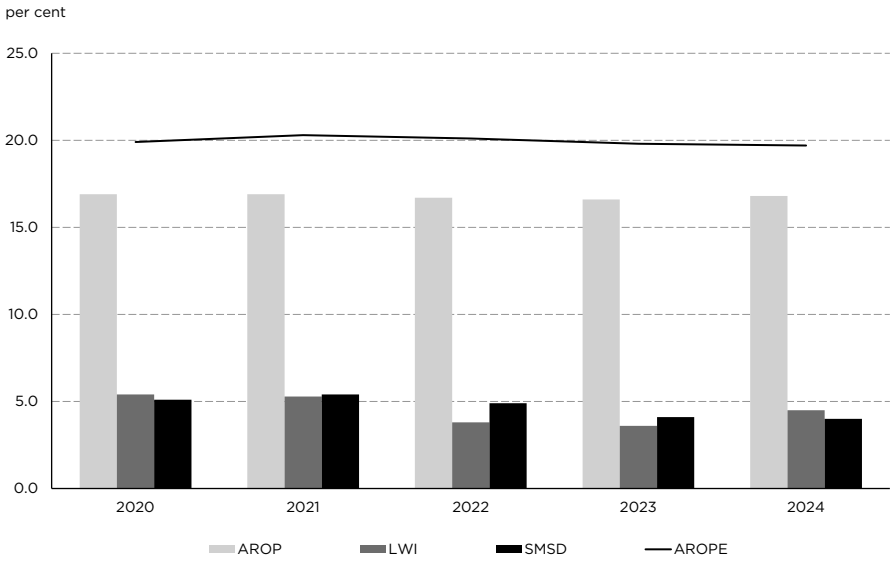
EU27 level, where the S80/S20 ratio for the less than 65 years group also declined by 0.1 points compared to 2023. Meanwhile, the ratio of the 65 years or over cohort at EU level remained unchanged to that of the previous year.

The Gini coefficient, measured after social transfers, declined by 2.2 percentage points in Malta in 2024 when compared to 2023, falling from 33.0 per cent to 30.8 per cent. When compared to the EU27, Malta's Gini coefficient in 2024 remained 1.4 percentage points higher than the EU average. However, this marks a notable improvement from the 3.4 percentage point gap observed in 2023. This indicates that, while income inequality in Malta remains higher than the EU27 average, the disparity is narrowing relative to the previous year.

2.5.3 Poverty and Social Exclusion

The key indicator used to monitor progress towards the EU's 2030 target on poverty and social exclusion is the AROPE rate. This indicator reflects the proportion of the population considered to be at risk of poverty or social exclusion. In 2024, as illustrated in Chart 2.14, Malta recorded an AROPE rate of 19.7 per cent, a slight decline of 0.1 percentage points from the 19.8 per cent observed in 2023, continuing the gradual downward trend observed over recent years. Compared with the EU27 average, Malta's rate in 2024 was 1.3 percentage points lower, as the EU average stood at 21.0 per cent.

Chart 2.14
At Risk-of-Poverty Indicators



Source: Eurostat

The AROPE is composed of three main indicators, namely:

1. At-Risk-Of-Poverty rate (AROP): This indicator outlines the share of individuals falling below a threshold set at 60.0 per cent of the median household disposable income.
2. Severe Material and Social Deprivation (SMSD): This indicator represents the share of individuals that are unable to afford certain necessities from a predetermined list of goods and services.
3. Low Work Intensity (LWI): This indicator measures households' work intensity in terms of hours worked per week. It estimates the share of persons living in a household where the members of a working age worked a working time equal to or less than 20.0 per cent of their total work-time potential during the previous year.

Before accounting for social transfers, Malta's AROP rate in 2024 stood at 32.9 per cent, compared to 42.7 per cent for the EU27, a difference

of 9.8 percentage points in Malta's favour. This suggests that, based purely on income and financial conditions, a smaller share of Malta's population was considered at risk of poverty relative to the EU27 average. When social transfers are taken into account, Malta's AROP rate, a component of the broader AROPE rate, fell by 16.1 percentage points, reaching 16.8 per cent in 2024. This highlights the important role that social benefits play in supporting individuals and households and mitigating poverty risk. A similar but even more substantial decline was observed across the EU, where the rate dropped by 26.5 percentage points, resulting in a final figure of 16.2 per cent.

In recent years, Malta's AROP rate, after accounting for social transfers, has been decreasing gradually each year from 2020, with the sole exception for 2024. Notably, the AROP thresholds, or poverty line, for single-person households and families with two adults and two children under 14 years increased by 25.8 per cent over the five-year period examined. This reflects the increase in the median equivalised income[3]. The growth in income is largely driven by earnings from employment, which rose at a faster pace than social benefits or other income sources. As a result, the higher poverty line may have led to an increase in the AROP rate, as more individuals fell below the poverty threshold.

The other two components of the AROPE rate are the SMSD and LWI. As shown in Chart 2.14, the SMSD rate in Malta for individuals living in households stood at 4.0 per cent in 2024, representing approximately 21,752 people. This figure represents a slight decline of 0.1 percentage points compared to the 2023 figure of 4.1 per cent. Furthermore, Malta's SMSD rate was 2.4 percentage points below the EU27 average, suggesting that a smaller share of the population in Malta faced severe material and social deprivation relative to the EU27 average.

In 2024, 4.5 per cent of individuals in Malta were living in households with LWI, representing a 0.9 percentage points increase compared to the 2023 rate of 3.6 per cent. This indicates that there is a greater share of the population in Malta residing in households with limited or no paid employment in 2024 when compared to the previous year. Although labour participation and activity rates have increased as shown in sections 2.2 and 2.3, the number of households with LWI has also increased suggesting a decline in the average amount of hours

worked undertaken by household members. Nevertheless, this rate remains 0.9 percentage points below the 5.4 per cent level recorded in 2020, pointing to a generally improving trend in work engagement over the years. In comparison, the EU27 average for individuals living in LWI households in 2024 was 7.9 per cent, placing Malta's rate at 3.4 percentage points below the EU average.

2.6 Energy and Climate Change

2.6.1 Introduction

Building awareness of environmental issues and their connection to the economy is critical to ensuring that present and future generations can meet their needs in a sustainable manner. Global frameworks, including the 2016 Paris Agreement, the European Commission's objective of achieving a climate-neutral EU, and the European Green Deal, underscore the increasing priority of addressing climate-related challenges.

At the national level, Malta is advancing its Low Carbon Development Strategy, which reflects the country's commitment to pursuing a low-carbon and climate-resilient development pathway. This strategy is fully aligned with EU climate legislation as well as the objectives of the Paris Agreement.

These initiatives highlight the need for ongoing monitoring through indicators that measure progress in addressing climate challenges. In line with this, the section introduces a series of indicators tracking climate change and energy consumption in Malta, offering insight into recent developments across both climate and energy.

2.6.2 Greenhouse Gas Emissions

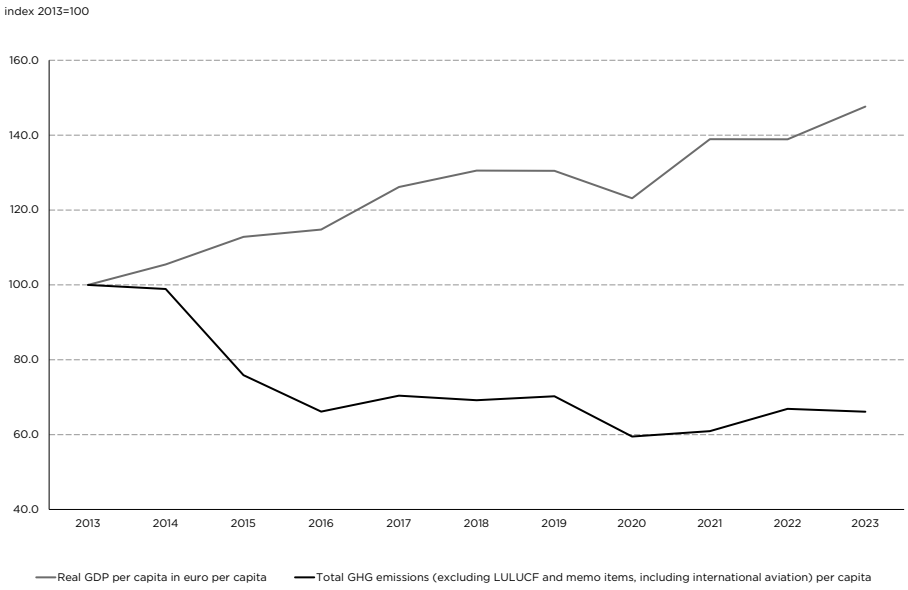
This sub-section reviews greenhouse gas (GHG) emissions as reported in national inventories submitted to the United Nations Framework Convention on Climate Change (UNFCCC). These inventories serve as the official source of information for international climate policy, compiling GHG emission estimates derived from a variety of data inputs. Emissions are grouped primarily by the technological origin of their sources, in line with the methodology outlined by the Intergovernmental Panel on Climate Change (IPCC). The five key sectors include energy (covering transport), industrial processes and product use (IPPU), agriculture, waste management, and land use, land-use change, and forestry (LULUCF). LULUCF, which accounts for both carbon uptake and release, is excluded here to ensure clearer interpretation. Since emissions from international aviation and maritime transport cannot be easily assigned to an individual country, they are reported separately as memo items to prevent duplication or misallocation within national inventories.

Between 2013 and 2023, Malta experienced a notable decline in GHG emissions, falling by roughly 441.0 thousand tonnes of CO_2-equivalents. To understand what drives these changes, trends in factors such as economic activity and population growth are examined.

Up until 2019, Malta recorded strong economic expansion, alongside steady population increases over the preceding eight years. Chart 2.15 shows that real Gross Domestic Product (GDP) per capita rose consistently, except for the years 2019 and 2020, when the COVID-19 pandemic caused a temporary slowdown. However, this was followed by a rebound in 2021 and 2022.

Over the period of 2013 to 2023, Malta achieved absolute decoupling whereby GHG emissions per capita dropped by 33.9 per cent, while GDP per capita grew by 47.7 per cent. Absolute decoupling occurs when environmental pressures decline while economic activity continues to expand. This achievement is largely linked to major Government investments in the energy sector during 2015 and 2016, notably the shift from heavy fuel oil to natural gas for electricity generation and the

Chart 2.15
Index of Real GDP per capita and GHG Emissions



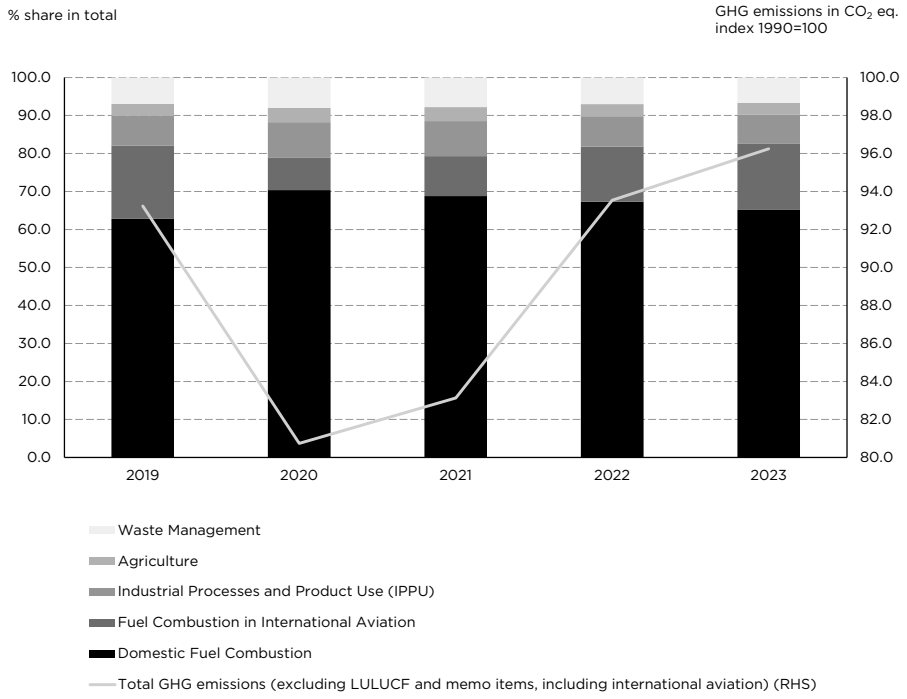
Source: Eurostat

completion of the interconnector with the European grid. To clarify the drivers of the reduction, the remainder of this section examines sectoral emission sources from 2018 to 2023, using IPCC sector definitions.

As illustrated in Chart 2.16, fuel combustion accounted for 82.5 per cent of GHG emissions in 2023. Within this category, domestic fuel combustion represented 65.2 per cent, largely from electricity generation and transportation of goods and persons, while international aviation contributed to the remaining 17.4 per cent. More detailed breakdowns show that household fuel use and the commercial and institutional sectors made up 1.7 and 3.2 per cent, respectively, of the domestic combustion total.

The remaining share of GHG emissions is linked to industrial processes and product use (IPPU) at 7.7 per cent, waste management at 6.7 per cent, and agriculture at 3.1 per cent, none of which involve fuel

Chart 2.16
Greenhouse Gas Emissions by Source Sector

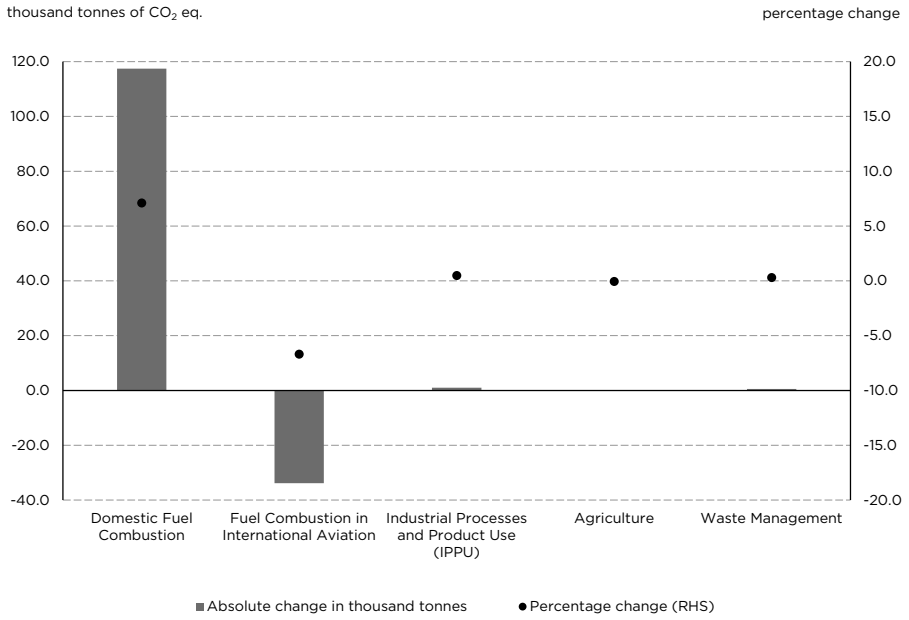


Source: Eurostat

combustion. Within IPPU, hydrofluorocarbons (HFCs) represent the dominant component, primarily released from refrigeration and air conditioning systems. Waste management, by contrast, constitutes a major source of methane, contributing roughly 80.0 per cent of Malta's total methane emissions, while most of the remainder originates from agricultural activities.

As illustrated in Chart 2.17, overall GHG emissions rose by 3.2 per cent between 2019 and 2023, driven largely by a 7.1 per cent increase in domestic fuel combustion. This growth stemmed mainly from higher emissions in electricity generation, construction, and road transport. Emissions from waste management grew marginally, rising by 0.3 per

Chart 2.17
Changes in GHG emissions, by IPCC source sector, from 2019 to 2023



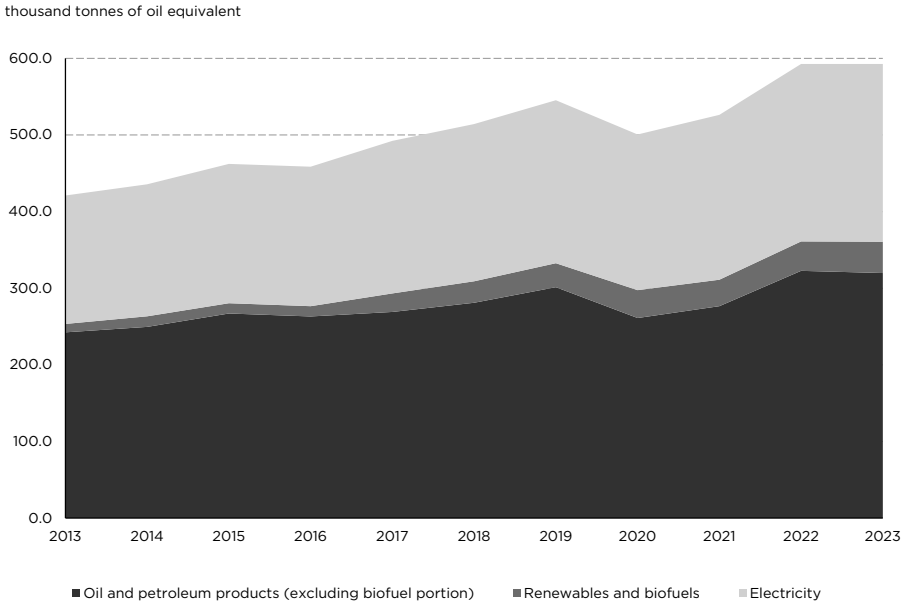
Source: Eurostat

cent between 2019 and 2023, whereas emissions from international aviation declined by 6.7 per cent over the same period. Despite these developments, total GHG emissions in 2023 remained 14.0 per cent below their 2013 level.

2.6.3 Final Energy Consumption

Malta's final energy consumption relates to the energy delivered to end users, excluding the portion consumed within the energy sector itself. During 2023, it totalled 592.8 thousand tonnes of oil equivalent, remaining practically unchanged compared to the previous year. This outcome was mainly driven by higher demand for motor gasoline, renewables and biofuels and electricity, which was offset by lower demand for gas oil. As illustrated in Chart 2.18, oil and petroleum

Chart 2.18
Final Energy Consumption, by fuel source

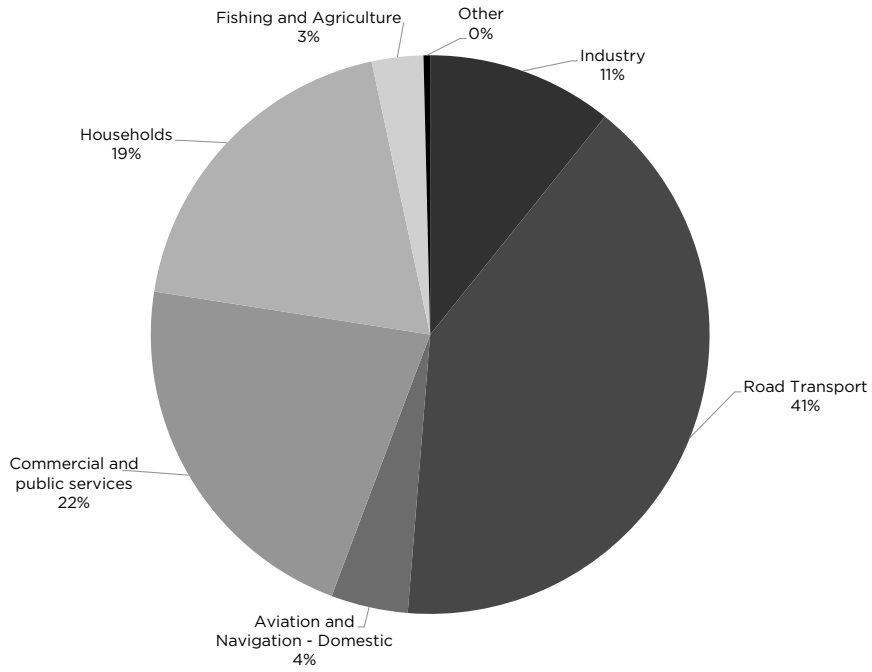


Source: Eurostat

products comprised 54.0 per cent of total consumption, while electricity accounted for 39.2 per cent. Over the 2013–2023 period, the share of renewable energy in final use increased by 4.2 percentage points, supported by biofuel quotas and Government measures encouraging investment in photovoltaic installations and heat pump systems. During the same period, the shares of oil and petroleum products and electricity declined by 3.6 and 0.7 percentage points, respectively.

Chart 2.19 highlights that road transport was the largest consumer of energy in 2023, representing 40.5 per cent of final energy consumption. Compared with 2022, this sector used an additional 8.1 thousand tonnes of oil equivalent. The commercial and public services sector, which held a 21.7 per cent share, recorded a higher final end-use of 0.4 thousand tonnes for 2023. Households hold a share of 19.2 per cent but recorded

Chart 2.19
Final Energy Consumption, by sector, in 2023
% Share in Total



Source: Eurostat

a fall in consumption of 1.4 thousand tonnes of oil equivalent from 2023. Energy use in the fishing and agriculture sectors which representing only 3.0 per cent of total final energy consumption, declined by 3.2 thousand tonnes of oil equivalent in the same period.

2.6.4 Environmental Taxation

Environmental taxation serves as a key instrument for meeting environmental objectives. Such taxes encourage shifts in production and consumption patterns toward more sustainable practices while simultaneously generating Government revenue. In this context, environmental taxes apply to physical units (or their equivalents)

of products that have a negative impact on the environment. This definition, consistent with the European System of Accounts, illustrates how these taxes influence both the costs of activities and the prices of environmentally harmful products. Environmental taxation spans energy, transport, pollution, and natural resources, but excludes value-added taxes, which are levied broadly on all goods and services.

Energy taxes are imposed on energy products for both transport and non-transport uses. In 2023, 70.5 per cent of such revenue stemmed from fuels used in transportation, particularly petrol and diesel. The auctioning of emissions trading permits generated €40.1 million, or 25.8 per cent of energy tax revenue, while the remaining 3.6 per cent came from excise duties on bunkering and electricity. Altogether, energy taxes represented 0.7 per cent of GDP in 2023, compared with the EU27 average of 1.5 per cent.

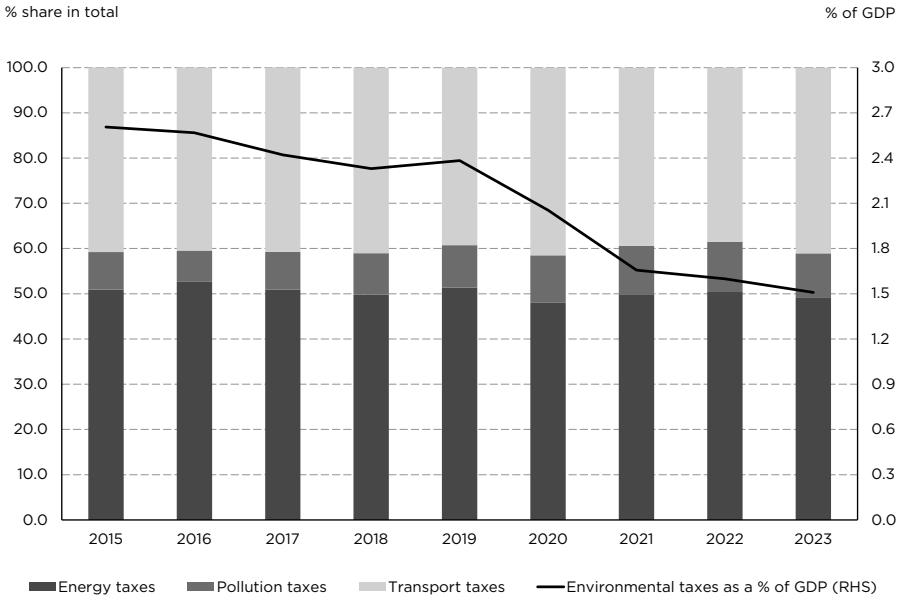
Transport taxes primarily concern the ownership and use of motor vehicles. Fuel-related taxes are classified under energy taxation and are therefore excluded from this category. In 2023, revenue from the annual circulation tax reached €86.1 million, making up 66.4 per cent of total transport tax receipts. The motor vehicle registration tax contributed €39.4 million in Government revenue, equivalent to 30.4 per cent of total transport receipts. The remaining portion consisted of charges for driving licenses and vehicle testing (1.8 per cent) and license plate sales (1.3 per cent). Overall, transport taxes amounted to 0.6 per cent of GDP, exceeding the EU27 average of 0.4 per cent.

Pollution taxes cover levies on measured or estimated emissions into air and water, as well as those associated with solid waste and noise pollution. Within this group, excise duties on cement account for the largest share, representing 65.2 per cent of the total receipts from pollution taxes. Additional pollution levies in Malta are applied on non-alcoholic beverages, construction materials and fixtures, pneumatic tires, plastic bags, and on other selected products. In total, pollution taxes represented 0.2 per cent of GDP in 2023, slightly above the EU27 average of 0.1 per cent.

As illustrated in Chart 2.20, the structure of environmental tax categories has remained broadly stable over the years considered. Although absolute revenues from energy taxes increased by €10.6 million, the share in overall environmental taxation declined by 1.2 percentage points. On the other hand, the share of transport taxes in the total environmental taxation increased by 2.5 percentage points, representing an increase of €18.9 million in absolute revenues. Revenue from pollution taxes was €1.3 million less than that collected in the previous year.

In 2023, total receipts from environmental taxes amounted to €315.6 million, equivalent to 1.5 per cent of GDP, compared with 2.0 per cent across the EU27. During this same year, environmental taxes represented 5.7 per cent of overall tax and social contribution revenues, higher than the EU27 average of 5.0 per cent.

Chart 2.20
Environmental Taxes by Type



Source: Eurostat

Footnotes

[1] Further detail on the AROPE can be found in the following link: Glossary:At risk of poverty or social exclusion (AROPE) - Statistics Explained (europa.eu).

[2] Equivalised income refers to household income adjusted to identify different household compositions and income requirements. The equivalised scale is based on the weight specified by the OECD, in which the reference person takes a value of one and all other adults in the household take a value of 0.5 each. Children take a weighting value of 0.3. Thus, larger households' total disposable income is penalised using an established weighting system to reflect further income requirements to cater for dependent children and additional adults.

[3] AROP threshold is defined as 60.0 per cent of the median national equivalised income.

CHAPTER 3

International Trade and the Balance of Payments

Chapter 3

International Trade and the Balance of Payments

3.1 International Trade

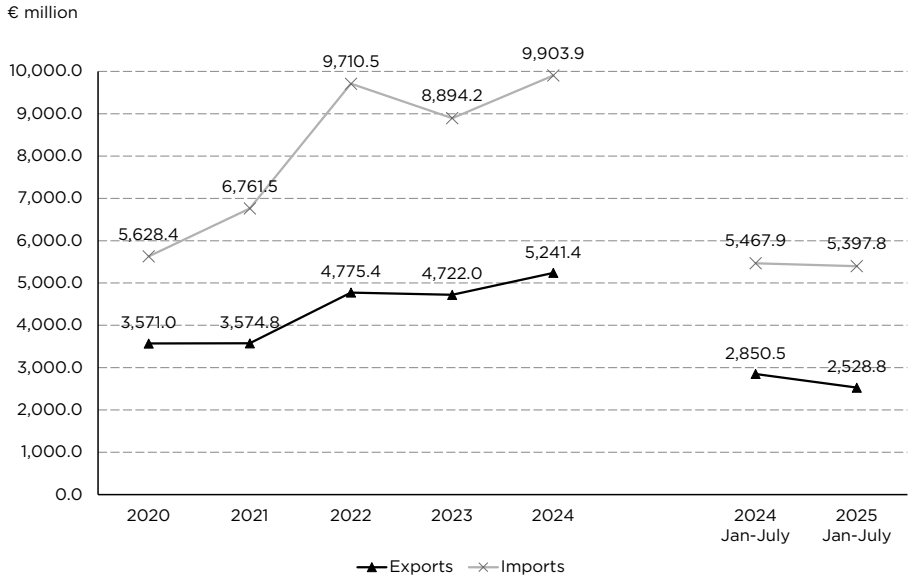
As a small, open economy, Malta remains highly reliant on imported goods and services to meet the economy's needs. Given its deep integration with global markets, trade statistics serve as a vital tool for monitoring the country's commercial exchanges with the rest of the world. These figures not only capture the value and volume of imports and exports but also shed light on their composition, helping to identify key trends.

In 2024, Malta's imports totalled €9,903.9 million, while exports reached €5,241.4 million. Compared with 2023, this marked growth of 11.4 per cent in imports and 11.0 per cent in exports. As illustrated in Chart 3.1, the resulting trade deficit stood at €4,662.5 million, representing an 11.8 per cent increase from the previous year, largely driven by stronger export performance relative to imports.

More recent figures show that between January and July 2025, imports amounted to €5,397.8 million, whereas exports came in at €2,528.8 million. This produced a trade gap of €2,869.0 million, a deterioration of 9.6 per cent when compared with the same period in 2024. The widening was primarily due to weaker export activity.

It is worth noting that the trade data above includes certain categories that are significantly influenced by volatile trade chapters, such as mineral fuels, oils and related products, aircrafts/spacecrafts, and their parts, as well as ships, boats, and floating structures. These categories can heavily impact the overall headline figures. For a clearer analysis of underlying economic trends, it is more appropriate to consider data that excludes these specific categories. When such specific categories

Chart 3.1
Trade Gap



Source: National Statistics Office

are excluded, imports in 2024 stood at €5,573.4 million, while exports reached €3,201.7 million. Relative to 2023, this represented a decline of 0.5 per cent and an increase of 3.3 per cent, respectively. Consequently, the adjusted trade deficit narrowed by 2.9 per cent, settling at €2,371.7 million.

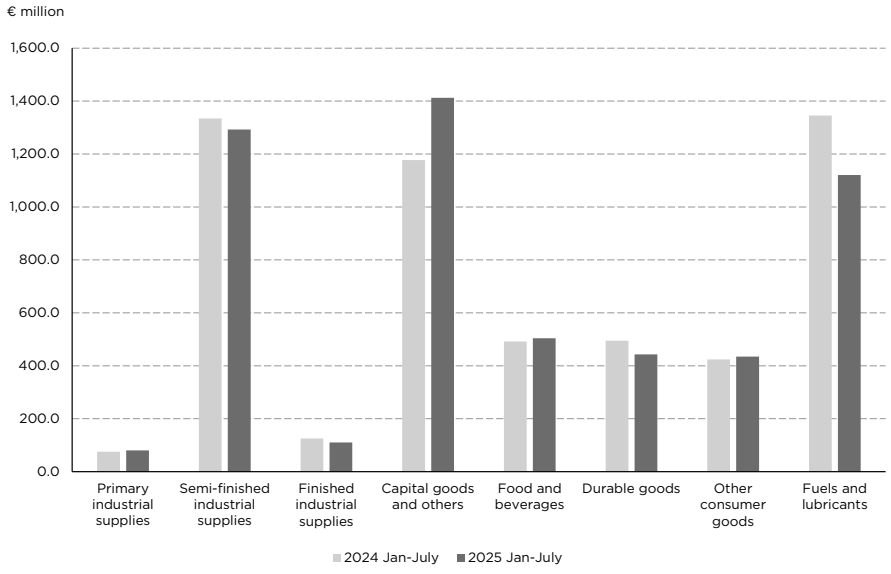
For the first seven months of 2025, imports excluding volatile categories were €3,305.0 million, while exports totalled €1,572.7 million. Compared with the corresponding period in 2024, this reflected declines of 0.7 per cent in imports and 4.9 per cent in exports. As a result, the underlying deficit widened by 3.5 per cent, amounting to €1,732.3 million.

3.1.1 Imports

Chart 3.2 illustrates import values by Broad Economic Categories (BEC), as classified by the United Nations Statistical Division.

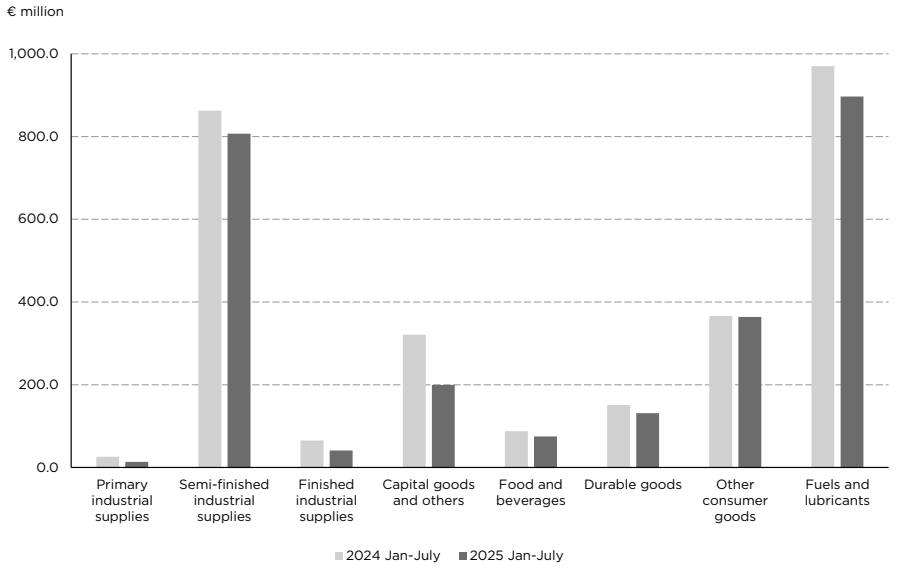
During the first seven months of 2025, the largest drops were recorded in fuels and lubricants (down €224.4 million, or -16.7 per cent), durable goods (down €51.8 million, or -10.5 per cent), and finished industrial supplies (down €14.7 million, or -11.7 per cent) when compared with the corresponding period in 2024. On the other hand, notable increases were observed in capital goods and others (up €234.9 million, or 20.0 per cent), food and beverages (up €12.2 million, or 2.5 per cent), and other consumer goods (up €10.1 million, or 2.4 per cent). Semi-finished industrial supplies declined by €41.6 million, or 3.1 per cent.

Chart 3.2
Imports by Broad Economic Category



Source: National Statistics Office

Chart 3.3
Exports by Broad Economic Category



Source: National Statistics Office

Europe remained Malta's primary source of imports, supplying €3,948.6 million worth of goods in the January–July 2025 period, equivalent to 73.2 per cent of total imports.

3.1.2 Exports

During the first seven months of 2025, Malta's exports reached €2,528.8 million, marking a decline of €321.7 million, or 11.3 per cent, compared with the corresponding period in 2024.

The contraction was broad-based and was largely attributable to steep declines in the export of capital goods and others (−€121.5 million, −37.8 per cent), semi-finished industrial supplies (−€55.6 million, −6.4 per cent), and fuels and lubricants (−€73.5 million, −7.6 per cent). Further reductions were observed in durable goods (−€19.6 million, −13.0 per

cent), finished industrial supplies (−€24.2 million, −37.0 per cent), food and beverages (−€12.7 million, −14.5 per cent), and other consumer goods (−€2.3 million, −0.6 per cent).

Exports to the European Union (EU) totalled €917.0 million between January and July 2025, accounting for 36.3 per cent of Malta's overall exports, thereby reaffirming the EU's role as Malta's primary trading destination.

3.1.3 Trade Balances

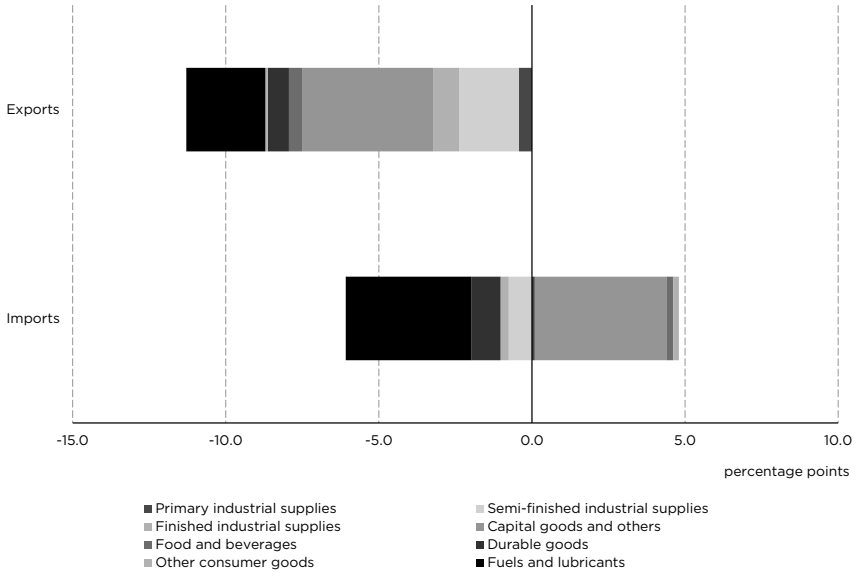
Malta has long operated with a trade deficit, which over recent years has averaged about 21.1 per cent of Gross Domestic Product (GDP) at current prices, rising slightly to 22.5 per cent when 2020 is excluded. For the period spanning January to July 2025, the shortfall in trade widened to €2,869.0 million, representing a 9.6 per cent increase over the comparable period in 2024 (Chart 3.4).

The largest drag on the trade balance came from the capital goods and others category, where the deficit expanded by €356.5 million (41.6 per cent). Additional pressures were felt in semi-finished industrial supplies (deficit up by €14.0 million), finished industrial supplies (deficit up by €9.5 million), food and beverages (down by €25.0 million) and other consumer goods (up by €12.4 million).

At the same time, several categories recorded improvements that partially offset these losses. The deficit for fuels and lubricants narrowed by €150.9 million and that for durable goods improved by €32.2 million.

The EU remained Malta's main counterpart in trade, accounting for most of the imbalance. By July 2025, the deficit with the EU had reached €2,497.7 million.

Chart 3.4
Contributions to Rate of Change Jan-Jul 2025 over Jan-Jul 2024



Source: National Statistics Office

3.2 Balance of Payments

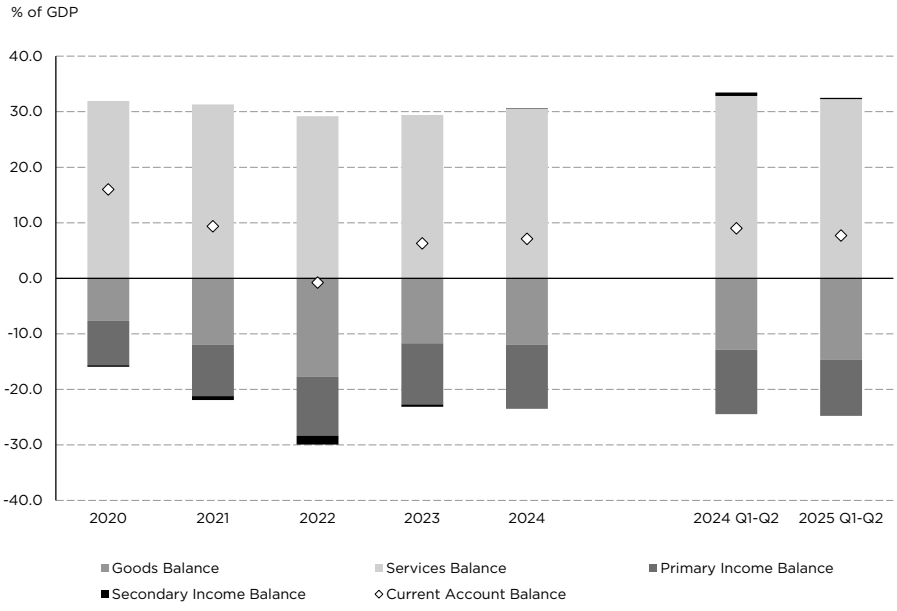
The Balance of Payments (BoP) accounts systematically record all transactions between Malta and the rest of the world, providing a comprehensive overview of the country's economic interactions. These accounts are typically divided into three main components. The Current Account which captures flows related to goods, services, and income, reflecting Malta's trade balance and cross-border earnings. The Capital Account which records capital transfers between residents and non-residents, as well as the acquisition or disposal of non-produced, non-financial, and intangible assets. The Financial Account which details the flows associated with the acquisition of financial assets or the incurrence of liabilities by both Maltese and foreign investors in Malta.

In addition to these, the International Investment Position (IIP) forms an integral part of the BoP framework. The IIP records the stock values of investments found in the financial account, offering a snapshot of Malta's foreign assets and liabilities at a specific point in time. This provides valuable insight into the extent of Malta's financial integration with the global economy and its exposure to external risks.

3.2.1 Current Account

Malta's current account has generally remained in surplus since 2017, with the exception of 2022, when a small deficit of -0.8 per cent of GDP was recorded. To better understand the trends in the current account, it is important to examine its subcomponents. As shown in Chart 3.5, the services balance is the main driver of the overall surplus, with

Chart 3.5
Current Account Balance and its Components



Source: National Statistics Office

net exports reaching 30.5 per cent of GDP in 2024, a strong position that has persisted over the past decade. In contrast, the goods and primary income balances have consistently dampened the current account surplus. Due to Malta's status as a small island state with limited resources, the goods balance has historically been negative, reaching a net import position of 14.7 per cent of GDP in the second half of 2025. Additionally, the primary income account recorded net payments amounting to 10.1 per cent of GDP in the first half of 2025, further reducing the surplus generated by the services balance. The secondary income account has had only a marginal impact on the current account, typically fluctuating between a net payment position of 0.9 per cent of GDP and a net receivables position of 1.4 per cent of GDP.

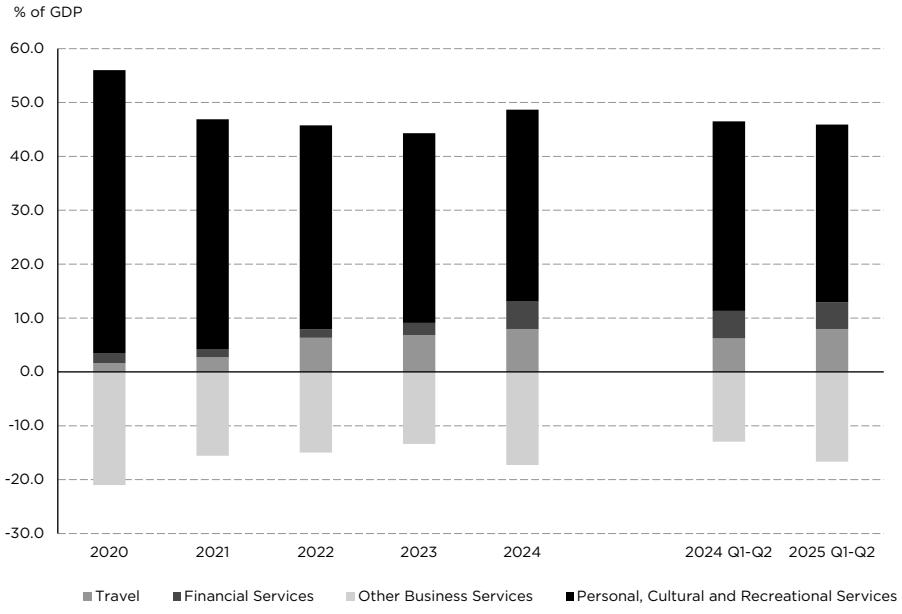
3.2.1.1 Goods and Services Balance

Over the past decade, Malta's goods balance has consistently remained in a net import position, averaging around 12.6 per cent of GDP. This persistent deficit reflects the country's limited natural resources and its reliance on imported goods to meet domestic demand. In contrast, the services balance has been a key driver of Malta's external strength, consistently recording substantial net exports. This robust performance is largely attributable to several high-performing service sectors, most notably personal, cultural, and recreational activities, which alone contributed 35.6 per cent of GDP in net exports in 2024. Other service categories have also played a significant role: the travel sector generated net exports equivalent to 8.0 per cent of GDP, financial services contributed 5.1 per cent, and transport services added 6.5 per cent of GDP. These figures underscore Malta's position as a regional hub for tourism, finance and logistics.

However, not all service categories have contributed positively. Telecommunications services registered a net import position of 2.9 per cent of GDP, while Other business services, reflecting Malta's integration into global value chains, recorded a more pronounced net import position of 17.3 per cent of GDP. These import balances highlight areas where Malta's economy remains dependent on foreign expertise and technology.

Travel exports have increased substantially from 9.5 to 10.7 per cent of GDP in 2024 whilst in the first half of 2025, a growth rate of 10.4 per cent was registered. This is reflective of the strong tourism sector whose growth has consistently surpassed expectations. Tourism imports, on the other hand, reached 2.7 per cent of GDP in 2024 and 2.4 per cent of GDP in the first half of 2025. The Financial Services sector exports also registered an increase from 3.6 per cent of GDP in 2023 to 6.3 per cent of GDP in 2024 whilst a slight moderation in the first half of 2025 was registered (6.0 per cent). Imports by the same sector have been growing in a relatively stable manner at around 1.2 per cent in 2024 and the first half of 2025. Other business services consistently registered a net import figure over the last five years, reaching 36.6 per cent of GDP in 2024 and 40.1 per cent of GDP in the first half of 2025. Exports, on the other hand, amounted to 23.5 per cent of GDP in the first half of 2025. These developments are typically linked to activity

Chart 3.6
Services Components



Source: National Statistics Office

relating to Gaming companies. The Personal, cultural and recreational activities category (which incorporates the gaming sector) registered an increase of 1.2 percentage points of GDP in 2024 compared to 2023 reaching 40.6 per cent of GDP and 37.8 per cent of GDP in the first half of 2025. Interestingly, imports from this category only accounted for 4.8 per cent of GDP in the first half of 2025, making this category the main contributor towards the strong services net export figure for Malta.

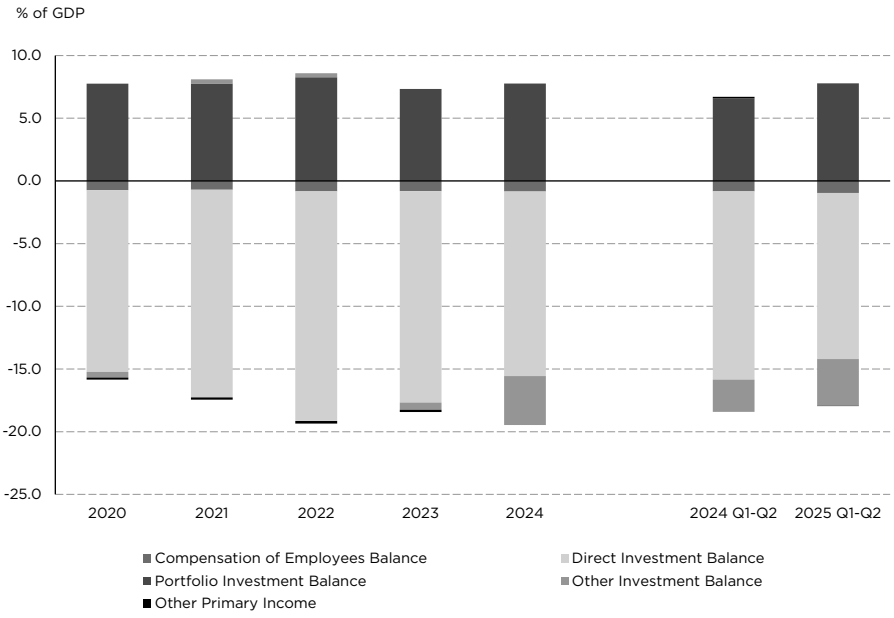
Overall, the strong surplus in services has more than offset the persistent deficit in goods, underpinning Malta's generally positive current account balance in recent years. This dynamic illustrates the country's successful transition towards a service-oriented economy.

3.2.1.2 Primary Income Account

The primary income account records the inflows and outflows of income between Malta and the rest of the world, serving as a key component of the country's current account. This account is divided into two main categories. The first is compensation of employees, which captures income flows related to wages, salaries, and other remuneration paid to resident workers for work performed in the domestic economy. The second, and typically more significant component, is investment income. This includes income derived from direct investment, portfolio investment, financial derivatives, and other investments.

In Malta's case, the primary income account has historically registered a net payment position. In the first half of 2025, the net payment balance in the primary income account reached 10.1 per cent of GDP, highlighting the scale of income flows leaving the country. This outcome is largely driven by substantial net payments on direct investments, which in the first half of 2025 alone amounted to 13.2 per cent of GDP. This negative balance is partly offset by net receivables from portfolio investment, which stood at around 7.8 per cent of GDP during the same period. Portfolio investment income reflects returns on Malta's holdings of foreign securities, and its positive contribution helps mitigate the overall deficit in the primary income account. The evolution of these components underscores the dual nature of Malta's external sector.

Chart 3.7
Primary Income Account Components



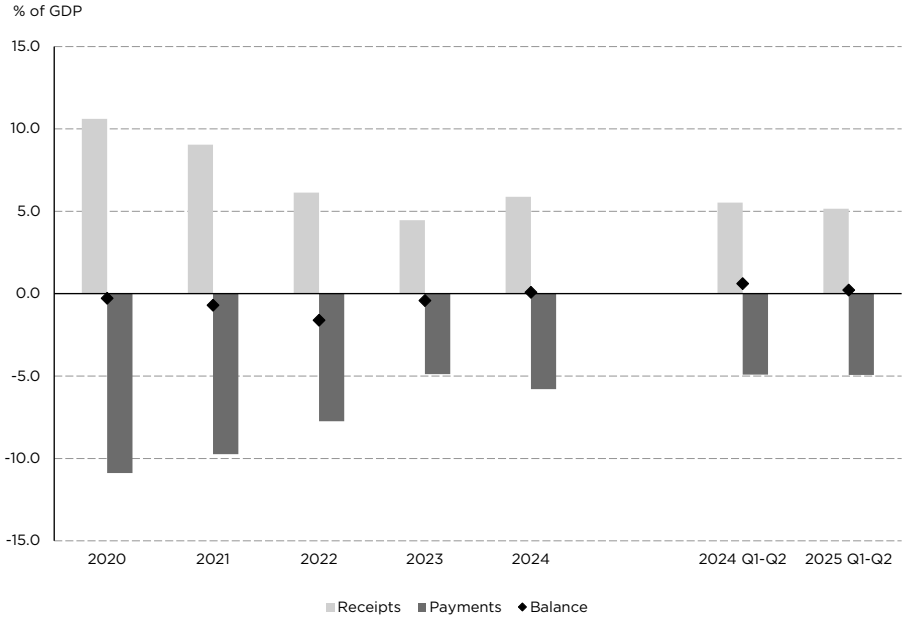
Source: National Statistics Office

While the country benefits from attracting foreign investment and hosting multinational enterprises, it also faces significant outflows as profits and investment returns are remitted abroad.

3.2.1.3 Secondary Income Account

The secondary income account records transfers of income that do not entail a direct quid pro quo, such as personal remittances and Government transfers related to pension obligations. For Malta, the secondary income account is relatively modest in scale compared to other components of the current account, and its impact on the overall balance is typically limited. In recent years, the secondary income balance has fluctuated, reflecting both inflows and outflows, but has generally remained within a narrow range. For example, in the

Chart 3.8
Secondary Income Account



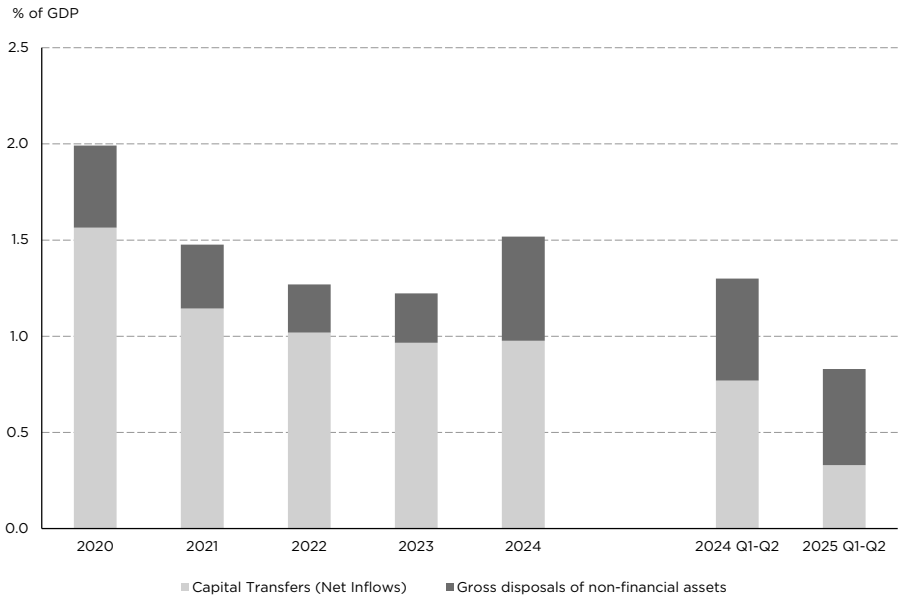
Source: National Statistics Office

first half of 2025, Malta recorded a net receivables position of 0.2 per cent of GDP in this account, indicating a slight net inflow of secondary income. This modest surplus can help cushion the effects of larger deficits in other current account components, but overall, secondary income remains a minor factor in shaping Malta's external balance. Its stability, however, provides a degree of predictability to the current account, especially when compared to the more volatile goods and primary income balances.

3.2.2 Capital Account

The capital account is also relatively modest compared to other components of the BoP, but it still plays an important role in reflecting the country's cross-border capital flows. The majority of Malta's capital

Chart 3.9
Capital Account



Source: National Statistics Office

account activity is influenced by transfers to Malta from the rest of the world, with most of these transactions stemming from capital transfers by other governments. These transfers can include EU funding for infrastructure projects, investment grants, or other forms of capital support, which are vital for supporting long-term development and public investment. In the first half of 2025, capital transfer inflows reached 0.3 per cent of GDP whilst gross disposals of non-financial assets reached 0.5 per cent of GDP.

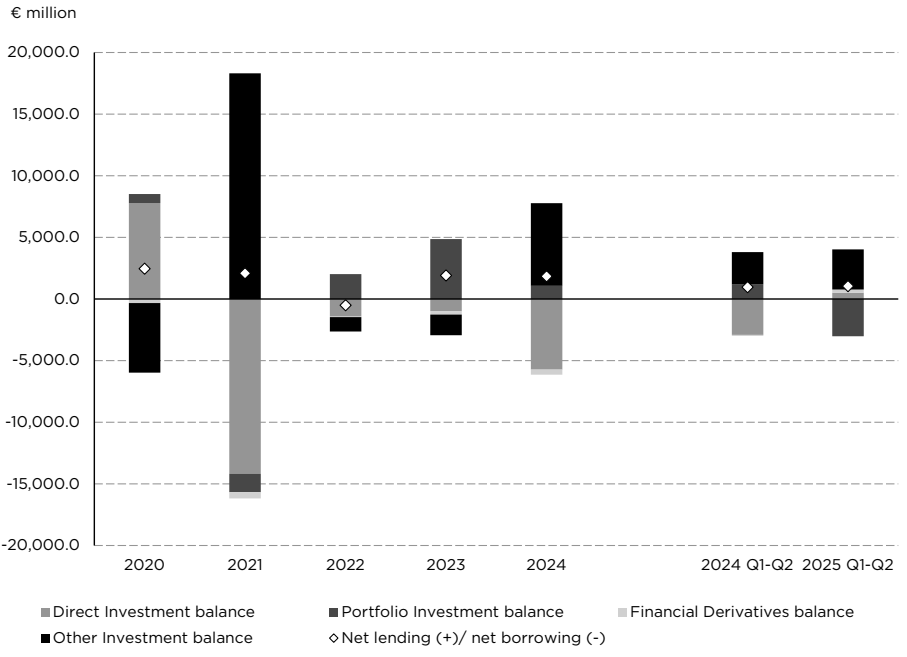
3.2.3 Financial Account

The financial account reflects changes in Malta's ownership of international assets and liabilities, capturing the country's financial interactions with the rest of the world. This account is primarily

divided into four categories: direct investment, portfolio investment, financial derivatives, and other investments. Over the past five years, the financial account has exhibited notable shifts, as illustrated in Chart 3.10. In 2024, direct investment liabilities saw significant growth, with both asset and liability holdings by local investors increasing - though liabilities outpaced assets. This led to a rise in Malta's net borrowing position by approximately €5,719.6 million. However, this trend reversed in the first half of 2025, when Malta registered an increase in its net lending position of €505.2 million.

Portfolio investment also played a dynamic role. In 2024, Malta achieved a net lending position of €1,079.8 million, driven by a substantial increase in the acquisition of financial assets, particularly debt securities. This

Chart 3.10
Financial Account Components



Source: National Statistics Office

growth in assets outpaced the incurrence of liabilities, which were mainly in the form of equity and investment fund shares. Conversely, in the first half of 2025, a decrease in net asset holdings combined with a rise in net liability holdings resulted in a net borrowing position of €3,015.2 million, highlighting the volatility inherent in portfolio flows.

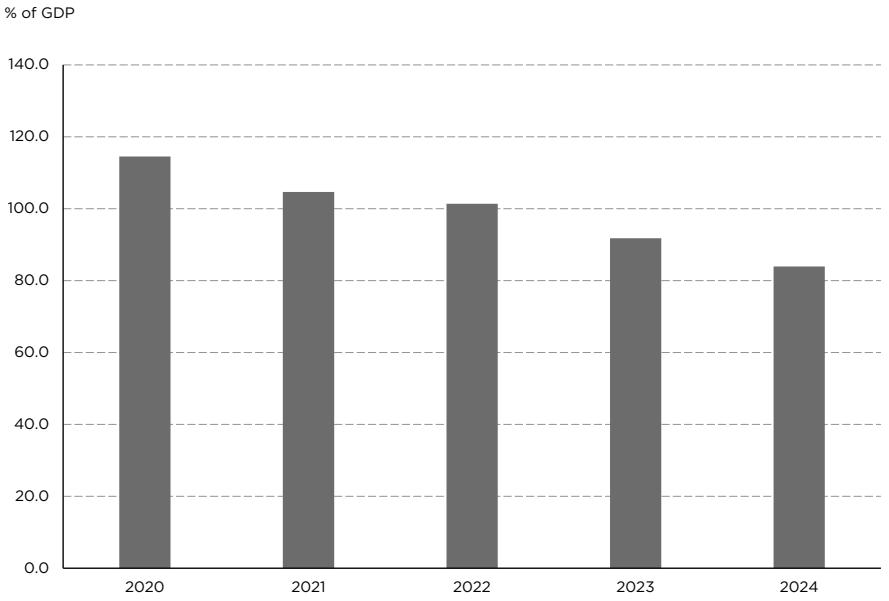
Financial derivatives, though a relatively small component of Malta's financial account, also contributed to the overall picture. In the first half of 2025, financial derivatives were in a net lending position of €272.3 million, reflecting Malta's participation in global financial markets and its ability to manage specific financial risks.

The 'other investment' serves as a residual category, encompassing all investments not classified under the previous headings. In the first half of 2025, Malta recorded a net lending position of €3,257.0 million in this category, driven by an increase in the net acquisition of financial assets by €867.9 million and a notable decline in the net incurrence of liabilities by €2,389.1 million.

3.3 International Investment Position

The IIP records the stock of Malta's foreign assets and liabilities at a specific point in time and is closely linked to the Financial Account within the BoP. Theoretically, the asset stock for a given period can be calculated by adding the previous period's asset stock to the flows recorded in the financial account, while also accounting for any valuation changes. A positive Net International Investment Position (NIIP) indicates that Malta is a creditor nation, meaning it is a net lender to other countries. As shown in Chart 3.11, Malta's NIIP is substantial, reaching 83.9 per cent of GDP in 2024. This strong position highlights Malta's significant integration into the global economy and reflects the country's role as a financial centre.

Chart 3.11
Net International Investment Position



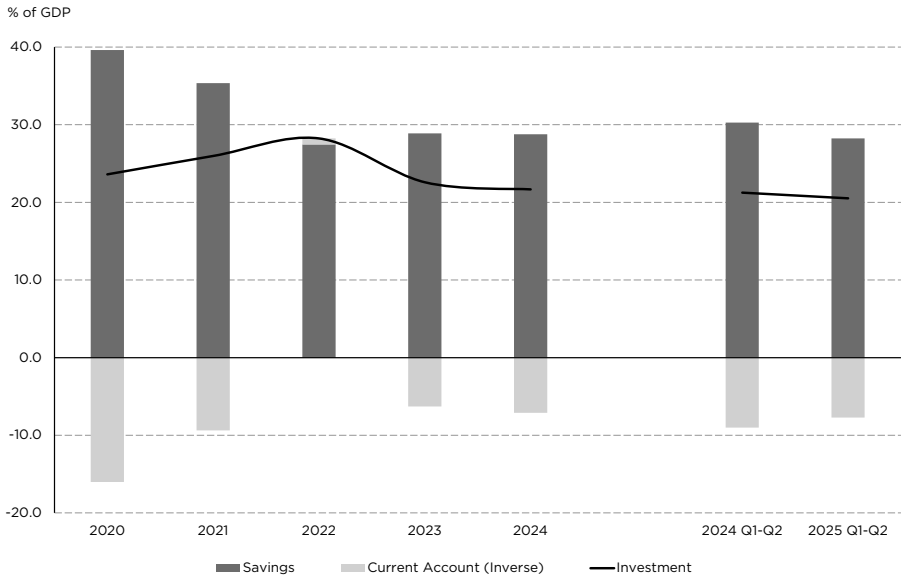
Source: National Statistics Office

3.4 Savings and Investment Gap

Investment is financed by domestic savings or borrowing from abroad as represented by a current account deficit. Conversely, any excess domestic savings over investment represent an investment abroad and would be equivalent to a current account surplus. This means that the gap between how much a country is investing domestically and how much a country is borrowing or lending abroad (the current account balance) is equivalent to domestic savings. Chart 3.12 shows the evolution of these balances.

An examination of Malta's savings and investment trends as a percentage of GDP from 2021 to 2024 reveals important insights into the country's macroeconomic dynamics. Over this period, Malta's

Chart 3.12
Savings and Investments



Source: National Statistics Office

average savings rate stood at 30.1 per cent of GDP, consistently outpacing the average investment rate of 24.6 per cent. This resulted in an average savings-investment gap of 5.5 per cent of GDP, which is directly reflected in the positive current account balance. The savings-investment gap narrowed in more recent years, particularly in 2022, when savings and investment converged and the current account briefly moved into deficit. By 2024 and into the first half of 2025, both savings and investment trended downward, but savings continued to exceed investment, maintaining a positive - though reduced - gap.

3.5 Exchange Rate Developments

Exchange rates play an important role in Malta's economy as they affect trade and financial flows with countries outside the Euro Area (EA). Monitoring exchange rate trends is essential, since fluctuations can strongly influence competitiveness. For example, a depreciation of the Euro against Malta's trading partners' currencies makes exports cheaper and more attractive while raising the cost of imports, whereas an appreciation has the opposite effect. Exchange rate shifts also impact investment returns, external borrowing costs, inflation, and interest rates. These dynamics create wide-ranging consequences for individuals, businesses, and governments, shaping the overall economy.

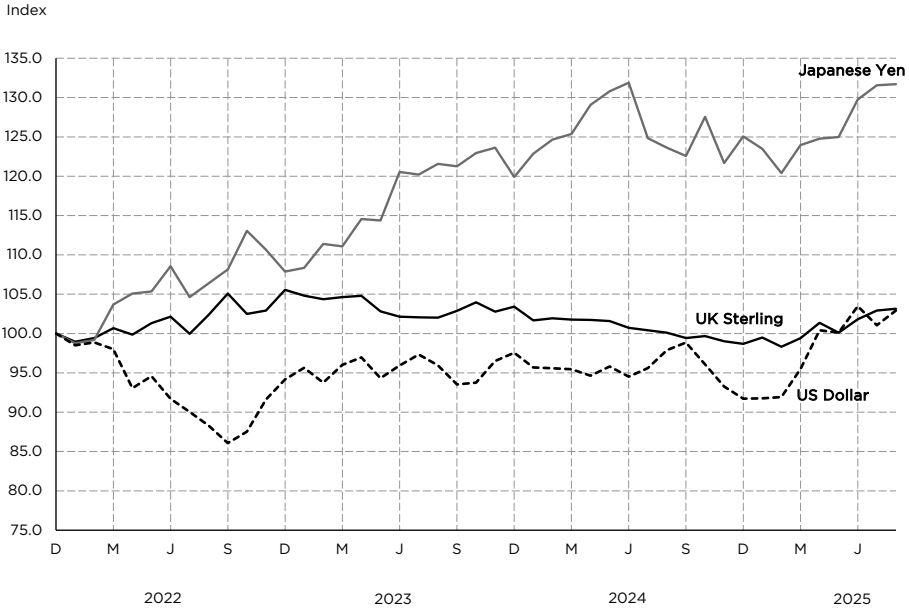
3.5.1 Euro Exchange Rate Movements

The developments in an indexed Euro exchange rate against the United Kingdom (UK) Sterling, the United States (US) Dollar and the Japanese Yen between December 2021 and August 2025 are demonstrated in Chart 3.13.

Against the US Dollar, the Euro experienced high volatility in 2024. It declined from $1.08 in January to $1.07 in June, before briefly strengthening to $1.12 in September 2024. This trend did not sustain itself for long, though, with the Euro depreciating again in the final quarter, ending the year at $1.04, thus reversing earlier gains. In 2025, the Euro rebounded strongly, averaging $1.04–$1.08 in the first quarter before appreciating heavily in the second quarter, reaching a peak of $1.17 in June. In August, it stabilised at around $1.17. These fluctuations reflected shifting expectations of US monetary policy and uncertainty in the run-up to the US presidential elections. The election outcome and rekindled tariff negotiations also weighed on sentiment, causing bouts of volatility in the Euro-Dollar exchange rate.

Against the Pound Sterling (GBP), the Euro weakened steadily through 2024, slipping from £0.85 in January to £0.83 by December, slightly below its long-term average. The Sterling was supported by stronger UK growth prospects, a resilient labour market, and easing inflation

Chart 3.13
Euro Exchange Rate Movements (Index of End of Month Rates, End 2021=100)



Source: Eurostat

pressures in 2024. Heading into 2025, however, the Euro began to recover modestly, moving from about £0.83 in early months to £0.87 by August. More recently, the Sterling has come under renewed pressure as markets anticipate further Bank of England rate cuts and worry over the Autumn Budget. Although the Bank held rates unchanged in September, its dovish tone reinforced expectations of continued easing, pushing EUR/GBP lower toward £0.86. Strategists warn that fiscal risks and a softer policy outlook leave the Sterling vulnerable, suggesting that the Euro could hold its gains into year-end.

The Euro continued to appreciate against the Japanese Yen (JPY), rising from ¥156.33 at the end of 2023 to ¥171.94 in June 2024 before easing to ¥163.06 by year-end, well above its historical average of around ¥132.00. The move reflected Japan's weaker growth outlook, subdued inflation, and the Bank of Japan's cautious approach to

policy normalisation. In 2025, the Euro has remained elevated, trading between ¥160.99 and reaching ¥171.72 in August. Political uncertainty ahead of the October 4 Liberal Democratic Party leadership election has added to pressure on the Yen, with speculation that the Bank of Japan may delay further rate hikes, keeping the JPY on the defensive.

3.5.2 Real Effective Exchange Rate

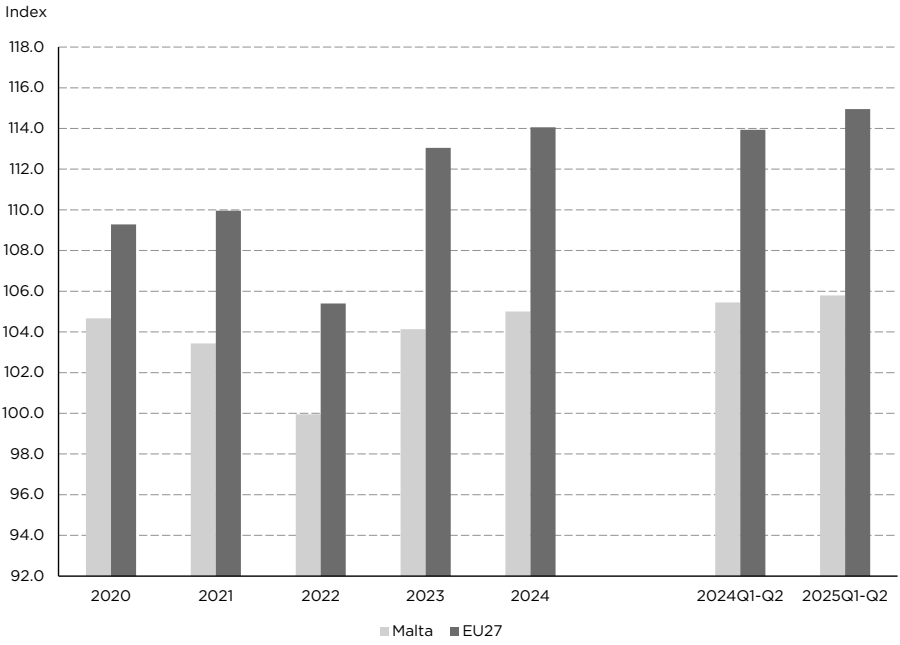
The Real Effective Exchange Rate (REER), evaluates a country's international competitiveness by comparing the value of its currency against a basket of major currencies, weighted according to their share in the country's trade. By reflecting both exchange rate movements and trade patterns, the REER provides insights into export and import competitiveness, helping to determine whether a currency is undervalued, overvalued, or aligned with its trading partners. This makes it a useful tool for assessing potential impacts on economic growth and guiding cross-border investment decisions.

Chart 3.14 highlights changes in Malta's REER relative to 42 trading partners, using the Consumer Price Index (CPI) as a deflator. It also compares these developments with the EU27's REER.

Malta's REER stood at 104.66 in 2020. It then declined over the following two years, falling to 103.43 in 2021 and further to 99.95 in 2022, reflecting an improvement in trade competitiveness during that period. However, the trend altered thereafter, when the REER increased to 104.13 and to 105.00 in 2023 and 2024, respectively. These upward movements point to a potential loss of export price competitiveness, as Maltese goods and services became more expensive compared to previous years. The rise in Malta's REER after 2022 reflects the combined impact of exchange-rate developments and relative price and cost dynamics.

Comparing the first half of 2025 with the same period in 2024 shows that, on average, the REER appreciated slightly, rising from 105.45 in the first half of 2024 to 105.79 in the first half of 2025.

Chart 3.14
Real Effective Exchange Rate (CPI Deflator) for Malta and EU



Source: Eurostat

In Chart 3.14, during the first half of 2025, Malta's REER persisted at levels lower than that of the EU27. However, one must note, that in the second quarter specifically, the REER increased above the levels registered in the EA, owing to an appreciation of the Euro relative to other currencies.

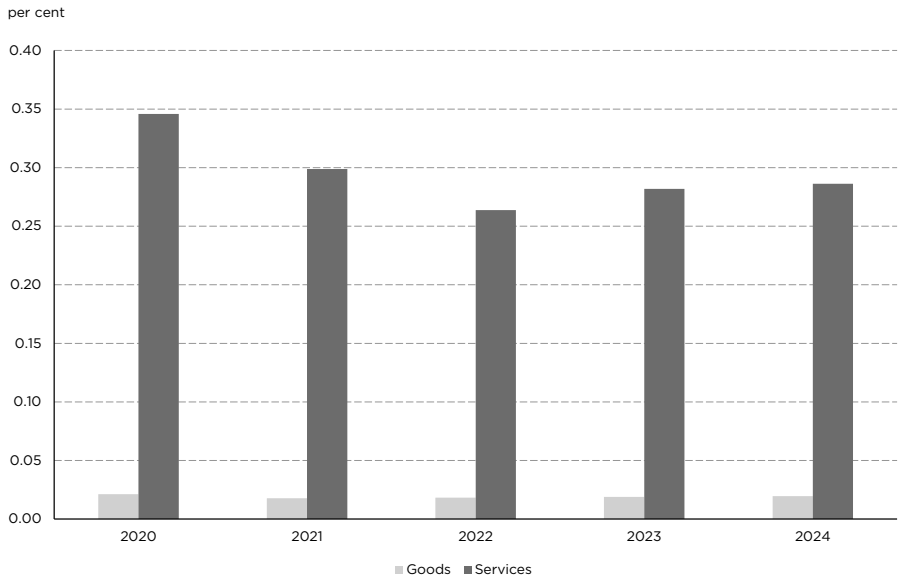
3.5.3 Export Market Shares

Export market shares provide further insight into competitiveness and includes non-price competitiveness developments. Due to the influence of export prices, the CPI-based REER index does not necessarily represent the final selling price to customers particularly for small open economies like Malta where producers are predominantly price takers on the international markets. Furthermore, the REER may be erratic

due to transient price swings and short-term changes in the exchange rate. Thus, export market shares provide a more comprehensive and accurate view of the nation's position in global trade by capturing performance in the commodities, services, and goods markets.

Chart 3.15 illustrates the evolution of Malta's export market shares in goods and services over the past five years until 2024. Goods exports have remained broadly unchanged, holding steady at around 0.02 per cent of global exports since 2020. Services exports stood at 0.35 per cent in 2020. Their share declined in the following years, reaching 0.30 per cent in 2021 and 0.26 per cent in 2022, before recovering slightly to 0.28 per cent in 2023 and 0.29 per cent in 2024. Taken together, Malta's combined share of global exports in goods and services has been relatively steady over the period, averaging around 0.10 per cent.

Chart 3.15
Export Market Shares



Source: Eurostat

CHAPTER 4

Monetary Developments

Chapter 4

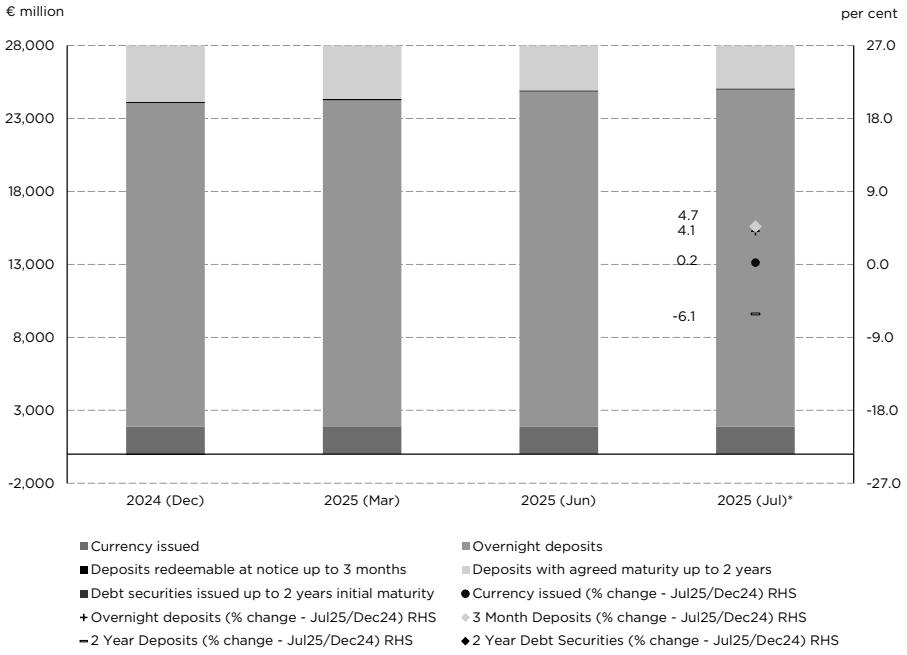
Monetary Developments

During the first seven months of this year, the contribution of Maltese Monetary Financial Institutions (MFIs) to the Euro Area's (EA) Broad Money (M3) stock increased. This was primarily driven by a noteworthy positive contribution stemming from an increase in overnight deposits, which outweighed a negligible change in redeemable at notice deposits with a maturity of up to three months and the negative effect of a reduction in deposits with an agreed maturity of up to two years. The expansion in the money supply was also impacted through a significant contribution from the other counterparts component. The credit counterpart component and net claims on non-residents of the EA also contributed positively towards M3, albeit to a lower extent. In view of the current economic outlook and interest rate environment, the public sentiment towards holding more short-term liquid deposits is more pronounced.

4.1 Contribution of Resident MFIs to EA Monetary Aggregates[1]

As illustrated by Chart 4.1, in the period between January and July 2025, the contribution of Maltese resident MFIs to total monetary aggregates of the EA (M3)[2] rose by 2.3 per cent, from €28,608.8 million in December 2024 to €29,256.6 million in July 2025. This was mainly attributable to a noticeable increase in overnight deposits[3]. Moreover, the contributions from currency issued and from deposits redeemable at notice up to three months were negligible, while deposits with an agreed maturity of up to two years had a negative contribution towards M3. Similarly, despite a nominal increase from negative €1.9 million registered in December 2024 to nil in July 2025, debt securities issued up to two years initial maturity had a negligible contribution towards M3 given their low share.

Chart 4.1
Contribution of Resident MFIs to Euro Area Monetary Aggregates (M3)



* provisional

Source: Central Bank of Malta

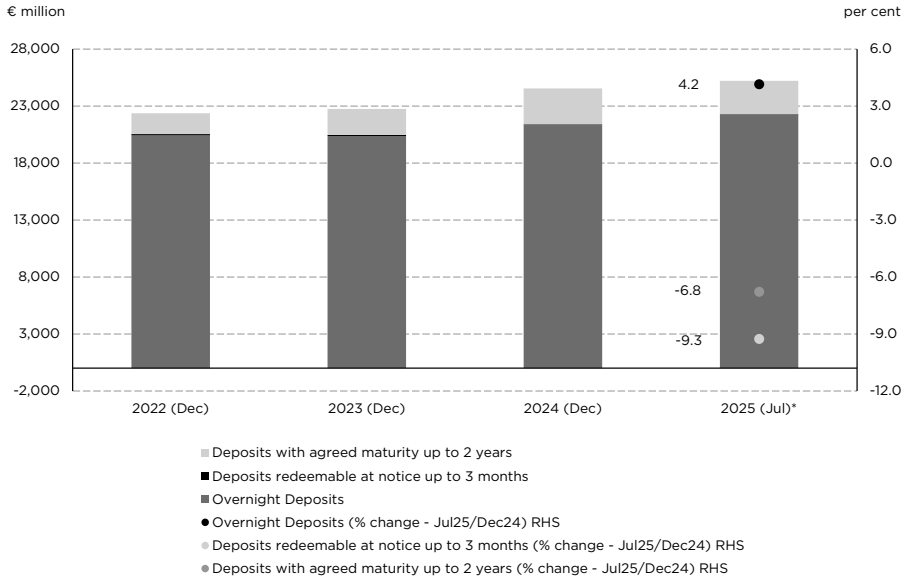
During the first seven months of 2025, Narrow Money (M1) stood at €24,981.1 million, rising by 3.8 per cent from €24,065.3 million registered as at December 2024. Such an increase was primarily due to a 4.1 per cent growth in overnight deposits, as their level of €22,188.8 million which was recorded in December 2024, reached €23,100.5 million in July 2025. Overnight deposits from Maltese residents were the main driver of such development with their 4.2 per cent increase being higher than the 2.9 per cent growth registered by other EA residents. Moreover, currency issued[4] grew slightly by 0.2 per cent, although their contribution towards M1 was negligible due to their small share.

Between January and July 2025, deposits redeemable at notice up to three months increased by 4.7 per cent, reaching €75.2 million

in July, up from €71.8 million registered in December 2024. Such development was mainly driven by an increase of €10.0 million in these deposits coming from other EA residents, which outweighed a 9.3 per cent decline in those held by Maltese residents. Nonetheless, this component had a negligible contribution towards M2 due to its small share. Contrastingly, during the same review period, two-year maturity deposits experienced an overall 6.1 per cent reduction, declining from €4,473.6 million in December 2024 to €4,200.3 million in July 2025, thereby contributing negatively towards M2. This was driven by comparable contractions in deposits of Maltese residents and other EA residents of 6.8 per cent and 4.5 per cent, respectively.

As shown in Chart 4.2, total resident deposits rose by 2.7 per cent to €25,212.4 million in July 2025, up from their level of €22,361.3 million

Chart 4.2
Total Resident Deposits (Dec)



* provisional

Source: Central Bank of Malta

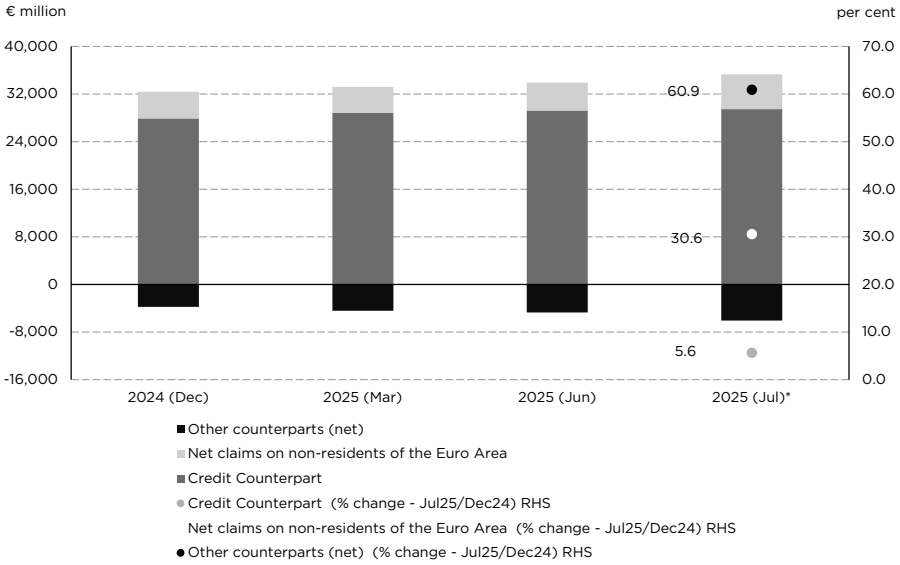
registered in December 2024. This resulted mostly from a 4.2 per cent increase in overnight deposits[5], which offset the slight negative contributions from three-month and two-year maturity deposits towards total resident deposits. Notwithstanding declines of 9.3 per cent and 6.8 per cent in these deposits respectively, their contribution towards total resident deposits was negligible over the review period.

4.2 Contribution of Resident MFIs to Counterparts to EA Monetary Aggregates

Chart 4.3 portrays the developments in contributions made by resident MFIs to counterparts to EA monetary aggregates (M3) between December 2024 and July 2025. The stock of Broad Money (M3)[6] grew by 2.3 per cent, increasing from €28,608.8 million in December 2024 to €29,256.6 million in July 2025. Driving such development was a significant contributory effect from an increase in other counterparts[7], which exceeded the still positive, albeit to a lower extent, contributions from both the credit counterpart[8] and net claims on non-residents of the EA.

The credit counterpart grew by 5.6 per cent, reaching €29,468.1 million in July 2025, up from €27,893.4 million reported in December 2024. Increases in both credit to local residents and credit to other EA residents drove such growth. Specifically, in the first seven months of 2025, credit to Maltese residents rose by 4.7 per cent from €20,875.3 million in December 2024 to €21,854.1 million in July 2025. This stemmed from similar increases in credit to general Government and credit to other residents, of 4.4 per cent and 4.8 per cent, respectively. In addition, over the same review period, credit to other EA residents registered an increase of 8.5 per cent, where the level of €7,018.1 million recorded in December 2024 reached €7,614.0 million in July 2025. This was attributable to increases of 11.1 per cent in credit to general Government and 3.6 per cent in credit to other residents.

Chart 4.3
Contribution of Resident MFIs to Counterparts to Euro Area Monetary Aggregates (M3)



* provisional

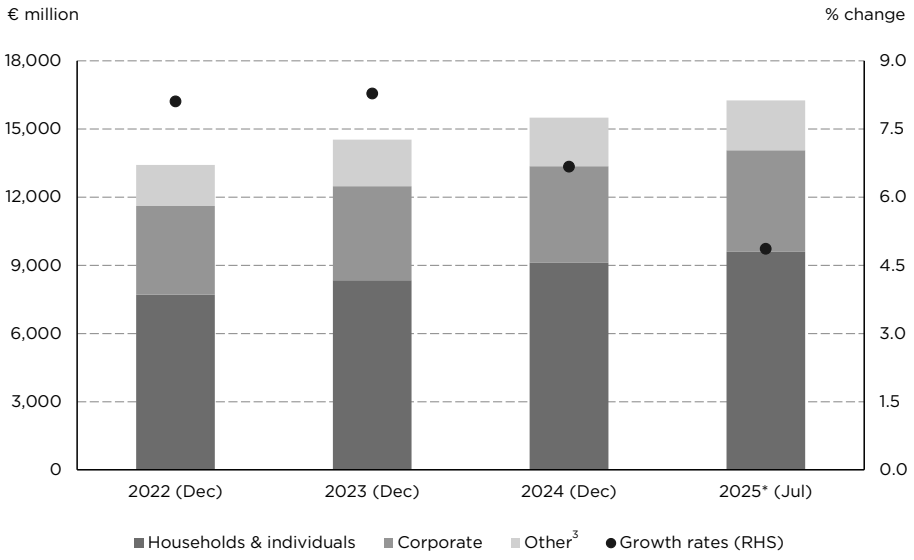
Source: Central Bank of Malta

Net claims on non-residents of the EA capture foreign capital flows that exert external influences upon M3. During the review period, these grew by 30.6 per cent from €4,490.6 million in December 2024 to €5,864.0 million in July 2025. Changes in net claims represent the dynamic nature of liabilities held by local credit institutions, which are due to other EA banks. Furthermore, the other counterparts component comprises interbank transactions across the EA and contributes negatively to M3. The latter stood at €6,075.5 million in July 2025, reflecting an increase of 60.9 per cent from its December 2024 level of €3,775.2 million.

4.3 Sectoral Credit Developments

Chart 4.4 portrays the sectoral credit developments of Maltese residents, excluding the general Government. Between December 2024 and July 2025, total loans to the private sector increased by 4.8 per cent, compared to a rise of 3.8 per cent over the same period one year earlier. The private sector is made up of three main categories, namely: (i) 'Households and individuals', (ii) 'Corporate', and (iii) 'Other'.

Chart 4.4
Credit to Other Residents[1]
(Loans by Economic Activity)[2]



* provisional
[1] Credit to other residents consist mainly of loans and holdings of securities, including equities, issued by the non-bank private sector and public non-financial companies, and financial derivatives. Interbank claims are excluded. Data only include credit to residents of Malta.
[2] Data presented is compiled in accordance with NACE Rev2.
[3] Includes agriculture, mining & quarrying, public administration, education, health & social work, community recreation & personal activities, extra-territorial organisations & bodies and non-bank financial institutions.

Source: Central Bank of Malta

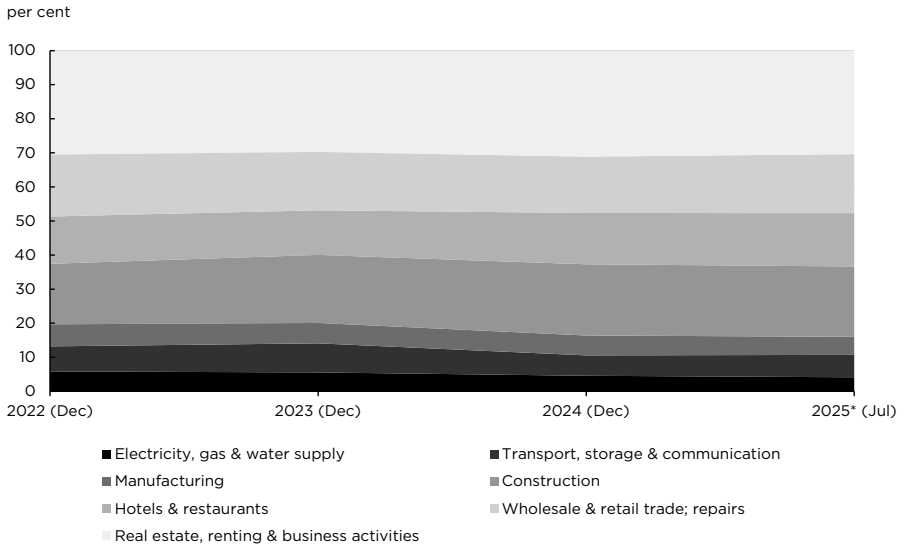
‘Households and individuals’ contributed to 3.1 per cent of the overall 4.9 per cent rise in total loans, making it the main driver behind this growth between December 2024 and July 2025.

The loans given to the ‘Corporate’ category rose by 5.3 per cent between December 2024 and July 2025, recording a credit expansion higher than the 2.5 per cent registered during the same timeframe one year prior. When looking at the different subsectors of the ‘Corporate’ category, the largest contributors to credit growth stemmed from ‘Wholesale and retail trade, including repairs’ and ‘Hotels and restaurants’. These two sub-categories have registered increases of 10.5 per cent and 9.1 per cent, respectively. Credit to ‘Transport, storage and communication’, ‘Construction’, as well as ‘Real estate, renting and business activities’ also registered increases of 16.2 per cent, 4.1 per cent and 2.7 per cent respectively over the period December 2024 to July 2025. Conversely, over the same comparative period, only two sub-categories have experienced a decline, more specifically, ‘Manufacturing’ and ‘Electricity, gas and water supply’, which recorded declines of 4.7 per cent and 5.2 per cent, respectively. A slight increase in credit of 2.1 per cent during the period under review was also observed in relation to the ‘Other’ category, which had recorded a decline of 0.3 per cent in the same period of the previous year.

The credit distribution among the seven sub-categories of the ‘Corporate’ category for the period ranging between December 2022 and July 2025 is portrayed in Chart 4.5. As of July 2025, the majority of the loans provided to the ‘Corporate’ category went towards the ‘Real estate, renting and business activities’ sub-category, with a share of 30.4 per cent. The share of credit provided to the ‘Construction’ and ‘Wholesale and retail trade; repairs’ sub-categories stood at 20.7 per cent and 17.4 per cent, respectively. The overall credit distribution remained relatively similar compared to a year earlier, when the credit shares of ‘Construction’ and ‘Wholesale and retail trade; repairs’ sub-categories stood at 20.6 per cent and 16.9 per cent, respectively. On the other hand, the credit share of ‘Real estate, renting and business activities’ had been higher at 31.0 per cent in July 2024.

Out of the seven sub-categories within the ‘Corporate’ category, five recorded higher loan amounts between December 2024 and July

Chart 4.5
Corporate Credit Shares



* provisional

Source: Central Bank of Malta

2025 compared to the same period in the previous year. Indeed, the most significant credit expansion, with an increase of 16.2 per cent, could be observed within the 'Transport, storage and communication' sub-category, which more than reversed a decline of 14.3 per cent that was experienced between December 2023 and July 2024. The second largest increase in the loans received was registered in the 'Wholesale and retail trade; repairs' sub-category with a 10.5 per cent increase. Similarly, this statistic is higher than the loan increase of 0.9 per cent that this sub-category had received over the same period of the previous year. A much smaller change was recorded in 'Hotels and restaurants', which recorded an increase of 9.1 per cent during the period under review, compared to a credit increment of 7.2 per cent a year prior. Conversely, both 'Construction' and 'Real estate, renting and business activities' sub-categories have experienced lesser increases in credit at 4.1 per cent and 2.7 per cent, respectively, during the December 2024 and July 2025 period. In comparison, the credit in 'Construction'

had seen an increment of 5.5 per cent over December 2023 and July 2024, while the credit in 'Real estate, renting and business activities' had increased by 6.7 per cent over that same period. Between December 2024 and July 2025, a contraction in the volume of loans received was observed in two sub-categories only, namely, 'Manufacturing', which declined by 4.7 per cent, and 'Electricity, gas and water supply', which contracted by 5.2 per cent. These two had also recorded decreases of 2.1 per cent and 6.4 per cent respectively, over the same period a year prior.

4.4 The Money Market

The announcement of trade tariffs earlier this year by the new administration of the United States of America (USA) led to volatility in financial markets, which had a bearing on market valuations. Changes in tariff policies impacted the geopolitical environment and trade, in turn, also impinging on economic and financial uncertainty within the EA. These developments emphasised the importance of stable and resilient banking systems in Europe to cushion adverse effects of unexpected shocks. In its May 2025 Financial Stability Review, the European Central Bank (ECB) highlighted that the prevailing regulatory and supervisory framework, including the macroprudential sphere, has been effective in maintaining financial stability while also supporting economic growth. By fulfilling its mandate, the ECB provides adequate liquidity to banks, and maintains the proper functioning of financial markets, conducive to price stability and economic growth.

At the end of January 2025, the ECB Governing Council lowered the three key ECB interest rates by 25 basis points in comparison to the levels registered at the end of 2024, whereby the rates of the deposit facility, the main refinancing operations and the marginal lending facility were decreased to 2.75 per cent, 2.90 per cent and 3.15 per cent, respectively. Such key ECB rates kept declining gradually during this year, reaching the levels of 2.00 per cent, 2.15 per cent, and 2.40 per cent respectively in June and remaining unchanged thereafter up till September 2025. During the same period, the ECB also noted that the Asset Purchase Programme (APP) and the Pandemic Emergency

Purchase Programme (PEPP) portfolios were declining in line with expectations.

In terms of inflation outlook, ECB staff macroeconomic projections for the EA in September forecast inflation to average 2.1 per cent in 2025, before declining to 1.7 per cent in 2026 and then increasing to 1.9 per cent in 2027. This marked a slightly upward revision for both 2025 and 2026, and a marginally downward revision for 2027, when compared to estimates computed in the June exercise. However, the ECB noted that further escalation of international trade tensions over the coming months could result in both growth and inflation being below the baseline projections.

Interbank rates, which are interest rates charged between banks on short-term loans, are generally indicative of the risk appetite in financial markets. Theoretically, as levels of risk aversion increase, financial institutions would be less willing to exchange credit amongst themselves in the interbank market. The Euro short-term rate (€STR), which is a measure of the EA one-day interbank interest rate, has registered a decline of 1.00 percentage point between January and July 2025. Furthermore, data for the last twelve months revealed that all the other short-term rates for fixed-term deposits (EURIBOR), have experienced a downward trend. The one-month rate registered the largest decline, as it stood at 1.89 per cent in July 2025, representing a decline of 1.73 percentage points when compared to the rate of 3.62 per cent the same month a year earlier. Moreover, both the six-month and one-year rates decreased by 1.58 and 1.45 percentage points, respectively, when compared to their July 2024 levels. The one-year rate has been steadily decreasing since reaching a peak of 4.16 per cent in October 2023, standing at 2.08 per cent as of July 2025, down from an average of 3.27 per cent registered during the course of 2024.

EA interbank money markets interest rates have a bearing on Maltese Treasury Bills (T-Bills), as they offer a different portfolio investment opportunity to local investors. Total T-Bills issued on the primary market by the Maltese Government between January and August this year amounted to €1.2 billion, reflecting an increase of €273.9 million when compared to the level measured throughout the same period in 2024. Yields in the primary market for the three and six-month Malta T-Bills

have experienced a downward trend over the last twelve months. By July 2025, the yield on three-month bills in the primary market stood at 2.00 per cent. This meant that there was an overall decrease of 1.37 percentage points, when compared to the rate of 3.37 per cent in the same month a year prior. Similarly, the yield on six-month bills has registered a total decrease of 1.30 percentage points during the same period. Indeed, it stood at 1.96 per cent in July 2025, which is relatively lower when compared to the rate of 3.26 per cent recorded during the same month of 2024. Developments in the secondary market between January-July 2025 were also characterised by declines in the T-Bills rates which averaged at 1.82 per cent as of July. This meant that the secondary market yields for T-Bills were, on average, around 0.62 percentage points lower in July 2025 when compared to the same month of 2024. Hence, international developments have led yields for T-Bills on both the Maltese primary and secondary markets to decrease during the first seven months of 2025.

For the period from January to August 2025, trades in T-Bills summed up to €20.4 million, whilst during the same period in 2024 the total trades in T-Bills had amounted to €3.9 million.

4.5 The Capital Market

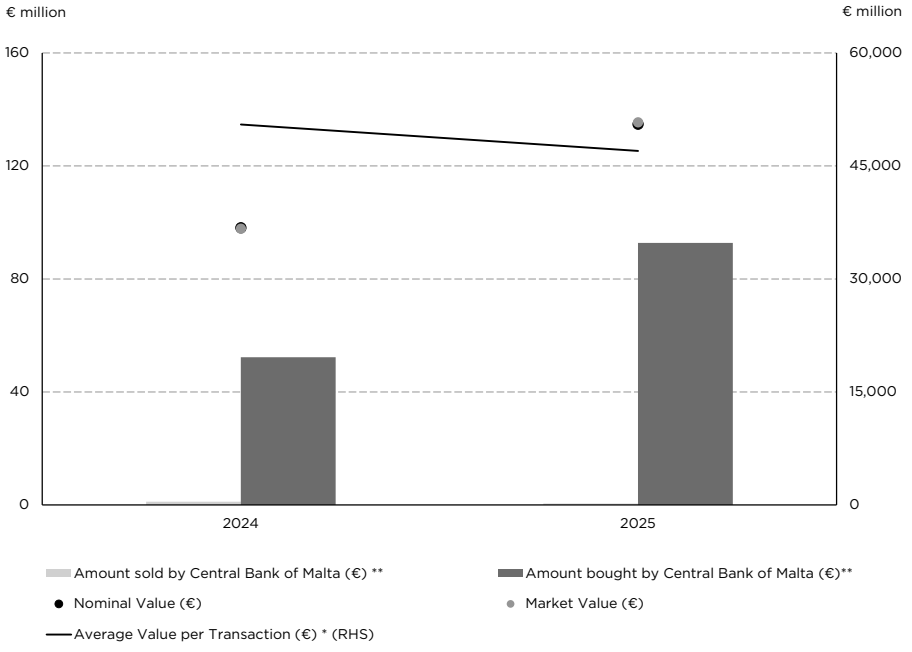
Over the period January to August 2025, the Maltese Government issued a total of €837.8 million worth of stocks on the primary market, while redeemed stocks accumulated to €141.0 million.

New issuance of corporate bonds increased from €231.0 million during the first eight months of 2024 to €367.3 million from January to August 2025. Meanwhile, corporate bond redemptions decreased by €38.2 million, from €70.3 million as at August 2024 to €32.2 million as at August 2025. No deductions were registered during the first eight months of both 2024 and 2025. Rollover of corporate bonds increased from €71.3 million between January and August 2024 to €89.9 million in the same period of 2025. Furthermore, buy-backs decreased to €4.4 million in the period January to August 2025 in comparison to €14.9 million in the same period of the year prior. While during the first

eight months of 2024, de-listings of €9.3 million were recorded, no de-listings were observed during the same period of the current year.

The secondary market trading activities related to Government stocks are illustrated in Chart 4.6, demonstrating a 38.5 per cent increase in trading activity, with turnover rising from €97.8 million during January to August 2024 to €135.4 million during the same period in 2025. In addition, the number of transactions increased from 1,943 during the first eight months of 2024 to 2,869 for the same period of 2025. Trading during the period January to August 2025 was focused around 4.0 per cent MGS 2032 (VII), which registered 241 deals, while 209 deals

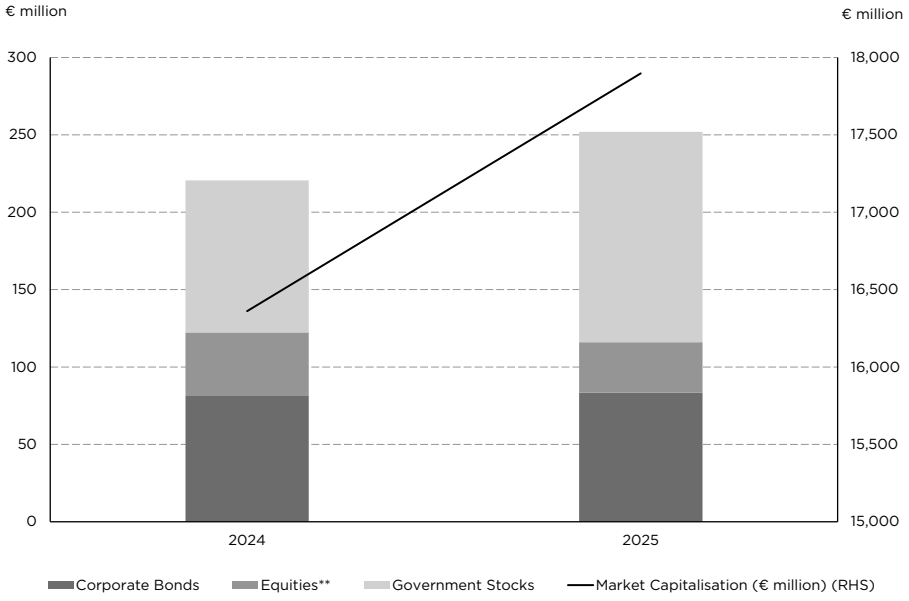
Chart 4.6
Turnover in Government Stocks
(Jan-Aug)



* Based on Nominal Values
** Based on Market Values

Source: Central Bank of Malta

Chart 4.7
Total Turnover
(Jan-Aug)



** Including the alternative companies listings

Source: Malta Stock Exchange

were recorded for 3.55 per cent MGS 2026 (V). The Central Bank of Malta (CBM) bought and sold Government stocks totalling €93.3 million during the period January to August 2025.

Chart 4.7 represents data on secondary market indicators relative to the capital market. Aggregate turnover for equities decreased by 20.6 per cent from €41.1 million as at August 2024, to €32.6 million for the same period in 2025. From January to August 2025, the highest trading levels were recorded for Bank of Valletta (BOV) at 1,978 deals and Malta International Airport (MIA) at 602 deals. Furthermore, new issuances of green bonds increased slightly from €25.3 million in the first eight months of 2024 to €25.5 million in the same period during 2025.

Similarly to the period January to August 2024, there was no Institutional Financial Securities Market (IFSM) activity on the secondary market during the same period in 2025. Exchange Traded Funds (ETFs) activity increased by 12.0 per cent, reaching €0.4 million for the period January to August 2025 when compared to the same period of the previous year. Meanwhile, green bond activity decreased from €0.9 million as at August 2024 to €0.6 million from January to August 2025.

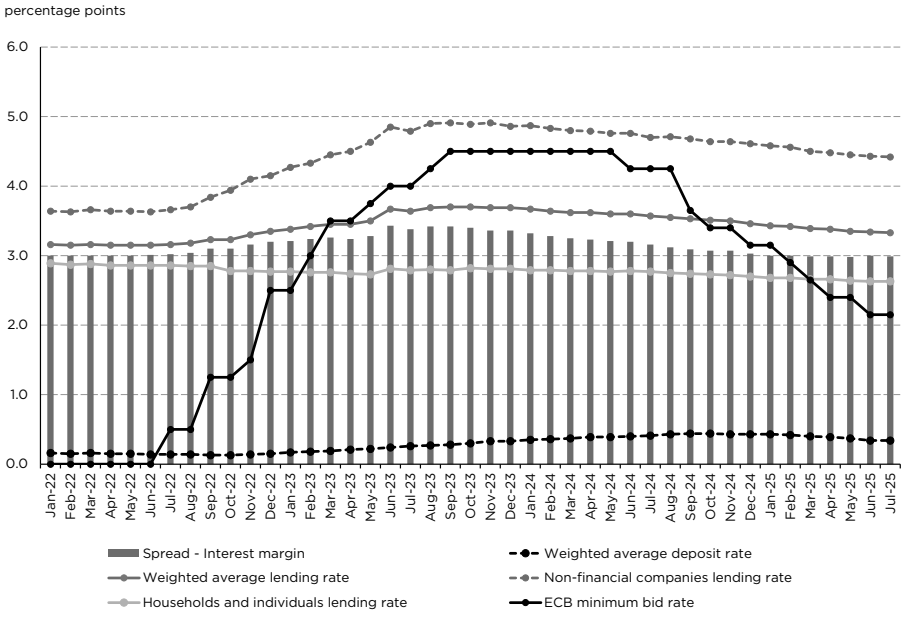
The Share Index of the Malta Stock Exchange increased by 5.4 per cent from 8,509.5 registered during the first eight months of 2024 to 8,968.1 as of August 2025.

Total market capitalisation rose from €16,360.7 million during the period January to August 2024 to €17,897.7 million for the same period of the current year, thus representing a €1,536.9 million increase. This growth was contributed to increases in the market capitalisation for corporate bonds, green bonds, MGSs, T-Bills and ETFs, whereas equities registered a decrease of 1.1 per cent from €4,542.3 million at the end of August 2024 to €4,492.6 million registered during the period January to August 2025.

4.6 Deposit and Lending Rates

Chart 4.8 illustrates the weighted average deposit and lending rates in addition to their relative spread, the lending rates for non-financial companies, the lending rates for households and individuals, and the ECB minimum bid rate starting from January 2022 and up to July 2025. When comparing the rates for the first seven months of 2025 with those of the previous year, several developments can be detected. The weighted average deposit rate declined from 0.43 per cent in January 2025 to 0.34 per cent in July 2025. In contrast, in the previous year, the weighted average deposit rate rose from 0.35 per cent in January 2024 to 0.41 per cent by July 2024. The weighted average lending rate averaged 3.38 per cent during the period January to July 2025, whereas during the same period of the year prior, a higher average of 3.62 per cent was observed. The relative spread between the weighted average lending rates and the weighted average deposit rates decreased by

Chart 4.8
Local Interest Rates and Margins



Source: Central Bank of Malta

0.01 percentage points, from 3.00 per cent at the start of 2025 to 2.99 per cent in July 2025, unlike during the first seven months of 2024, when the spread declined by 0.16 percentage points. From January to July 2025, there was a decrease of 0.16 percentage points in the non-financial companies lending rate and a decrease of 0.05 percentage points in the households and individuals lending rate. Similarly, during the period January to July 2024, the lending rate for non-financial companies declined by 0.17 percentage points. The ECB minimum bid rate decreased to 3.15 per cent in January 2025, from 4.25 per cent in July 2024. The ECB minimum bid rate continued to decline further to 2.15 per cent by end of July 2025.

Footnotes

[1] Figures show the contribution of Maltese MFIs to the EA totals, and include deposit liabilities to both residents of Malta and other EA residents.

[2] M3-M2 comprises repurchase agreements and debt securities up to two years' maturity issued by MFIs in Malta less holdings by MFIs in Malta of such securities issued by MFIs anywhere in the EA. Figures also include MMFs shares/units issued less holdings in such units by MMFs and credit institutions resident in the EA and holdings by non-residents of the EA.

[3] Deposits with MFIs exclude interbank deposits and deposits held by central Government.

[4] Comprises the Central Bank of Malta's share of Euro banknotes issued by the Eurosystem, plus coins issued by the Bank on behalf of the Treasury, less holdings of issued Euro banknotes and coins held by the MFI sector.

[5] Overnight deposits are deposits withdrawable on demand and exclude interbank deposits and deposits held by central Government.

[6] This does not represent holdings of M3 by residents of Malta but rather the contribution of MFIs in Malta to the EA aggregate.

[7] Includes net interbank claims/liabilities within the MFI sector. These counterparts make a negative contribution to M3.

[8] Credit includes, besides lending, claims in the form of debt securities and shares and other equity.

CHAPTER 5

Public Finances

Chapter 5

Public Finances

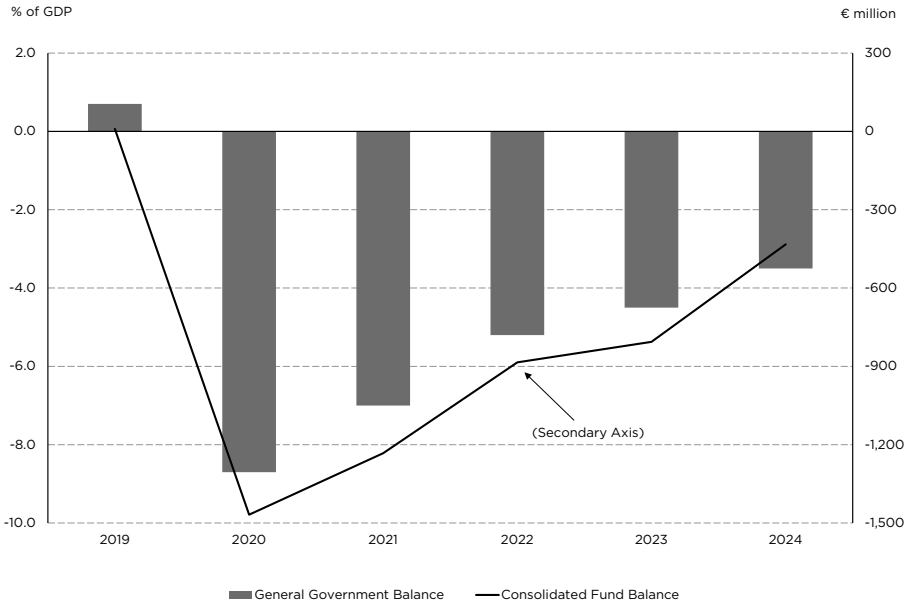
The following section provides a detailed overview of Malta's fiscal performance and developments during 2024 and the first nine months of 2025. It examines key trends in Government revenue, expenditure, and borrowing, highlighting the factors that have shaped fiscal outcomes in the wake of domestic and international economic challenges. The analysis provides a comprehensive understanding of the evolving fiscal landscape, setting the stage for a more in-depth exploration of the Consolidated Fund and related financial indicators.

In recent years, the Government of Malta has adapted its fiscal policy in response to global economic and geopolitical developments, with a focus on sustaining growth and ensuring fiscal responsibility. Notable adjustments have been made to address rising inflation, including reallocating resources to support the economy and mitigate the impact of increased prices. These measures underscore Malta's commitment to preserving economic resilience and maintaining price stability amidst evolving conditions.

In 2024, the Consolidated Fund registered a deficit of €432.7 million, representing a reduction of €373.2 million from the previous year. Recurrent revenue increased by €1,446.6 million, which was partially offset by an increase in expenditure of €1,070.9 million. Central Government debt reached €10,645.1 million, reflecting an annual rise of €821.7 million from 2023. The general Government deficit stood at €811.9 million (3.5 per cent of Gross Domestic Product (GDP)), marking an improvement of €115.0 million. The debt-to-GDP ratio declined to 46.2 per cent.

Between January and September 2025, the Consolidated Fund recorded a deficit of €253.1 million. Recurrent revenue recorded a 3.1 per cent increase, primarily driven by higher social security contributions. Total expenditure grew by €565.0 million (or 10.6 per cent), largely

Chart 5.1
Developments in Public Finances



Source: National Statistics Office

due to increased allocations for social security payments, debt interest, and capital investments.

During the first half of 2025, the general Government deficit expanded to €242.3 million (up from €112.9 million in 2024), while Government debt increased to €11,117.5 million, reflecting higher borrowing requirements.

5.1 Consolidated Fund Developments

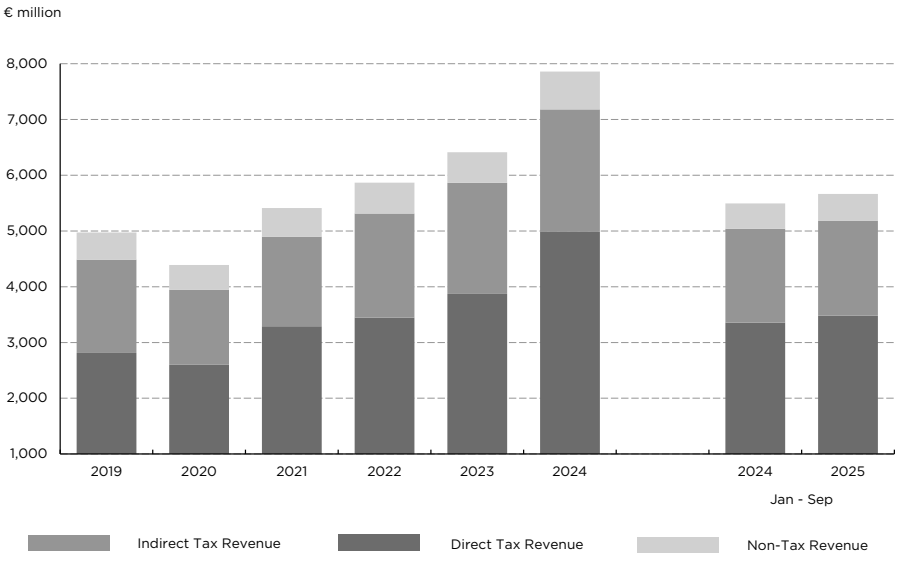
The analysis presented in this section is based on Government finance data as reported in the Consolidated Fund statement, which is compiled on a cash basis, rather than an accrual-adjusted basis. Consequently,

developments in the Government's net financial position may not fully capture actual spending and revenue flows on an accrual basis. During the first nine months of 2025, recurrent revenue increased by €169.6 million, while total spending increased by €565.0 million. As a result, the Government's Consolidated Fund balance deteriorated by €395.4 million, shifting to a deficit of €253.1 million. The public sector borrowing requirement increased from €463.4 million to €501.8 million, as a lower Equity Acquisition was offset by a negative balance of recurrent revenue and total expenditure.

5.1.1 Recurrent Revenue

During the first nine months of 2025, recurrent revenue increased by 3.1 per cent, primarily reflecting higher revenues from social security contributions. Developments in the components of the Government

Chart 5.2
Government Total Revenue



Source: National Statistics Office

Table 5.1: Government Revenue and Expenditure (January - September)

€ million

	2022	2023	2024	2025
Recurrent Revenue	4,072.6	4,746.8	5,494.5	5,664.1
Tax Revenue	3,748.1	4,349.0	5,040.0	5,186.5
Direct Tax Revenue	2,376.0	2,867.1	3,355.0	3,479.2
Indirect Tax Revenue	1,372.2	1,481.9	1,685.0	1,707.2
Non-Tax Revenue	324.5	397.7	454.5	477.7
Total Expenditure	4,575.5	4,794.6	5,352.3	5,917.3
Recurrent Expenditure	4,014.0	4,158.3	4,647.6	5,112.4
Interest on Public Debt	126.2	154.2	194.3	221.5
Capital Expenditure	435.2	482.1	510.4	583.5
Balance of recurrent revenue and total expenditure	-502.9	-47.8	142.3	-253.1
Financed by:				
Receipts from sale of shares	0.9	0.9	0.0	0.0
Sinking Funds of Converted Loans	0.0	0.0	0.0	0.0
Sinking Fund Contribution and Direct Loan Repayments	-474.0	-256.4	-313.8	-248.9
Equity Acquisition	0.0	-5.5	-291.8	0.0
Repayment of Loan made by Government	1.5	0.3	0.0	0.3
Public Sector Borrowing Requirement	-974.5	-308.6	-463.4	-501.8
Local Loans	536.1	1,052.3	859.8	971.4

Source: National Statistics Office

revenue for the first nine months between 2022 and 2025 are presented in Appendix Table 5.1. Furthermore, Chart 5.2 illustrates recent trends in the components of Government revenue.

Revenue from taxes accounted for 91.6 per cent of total recurrent revenue. Tax revenue increased by 2.9 per cent, reaching €5,186.5 million, driven by a €124.2 million increase in direct taxes and a €22.2 million increase in indirect taxes. Higher tax revenue is primarily driven by higher revenues from social security contributions, which increased by €119.0 million.

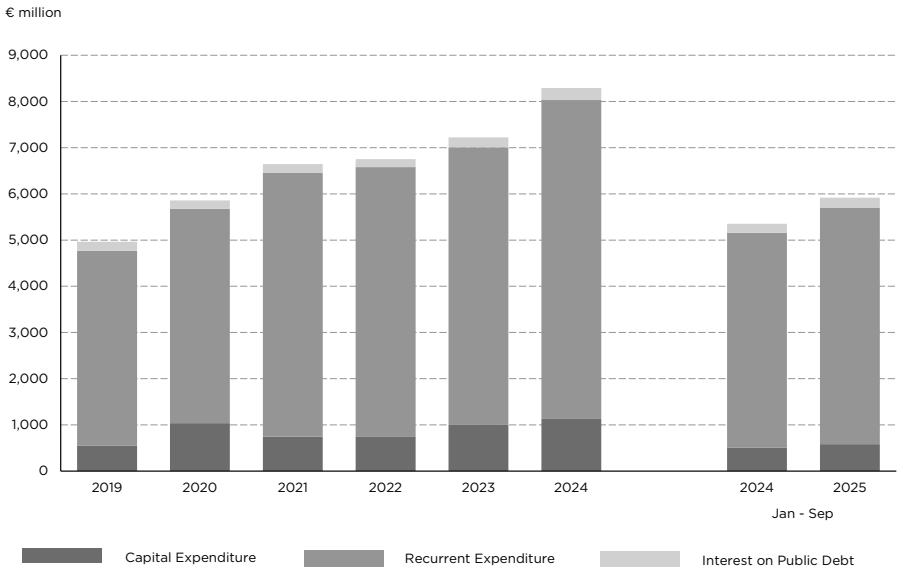
Non-tax revenues increased by €23.2 million compared to 2024, mainly due to higher fees of office and reimbursements.

The increase in indirect tax revenue was supported by higher revenue from licences, taxes and fines (up by €31.4 million), and from customs and excise duties, which increased by €9.5 million. These gains were partly offset by an €18.6 million decline in the Value Added Tax (VAT) receipts.

5.1.2 Expenditure

Total Government expenditure increased by €565.0 million in the first nine months to September 2025, with recurrent and capital expenditure increasing by €464.8 million and €73.0 million, respectively. Interest payments on public debt increased by €27.2 million. Chart 5.3 presents the recent trend in the Government expenditure disaggregated by components.

Chart 5.3
Government Total Expenditure



Source: National Statistics Office

Recurrent Expenditure

Recurrent expenditure comprises four categories: (i) Personal emoluments, (ii) Operational and maintenance expenditure, (iii) Programmes and initiatives, and (iv) Contributions to Government entities. The Programmes and initiatives category remains the largest component, accounting for 59.7 per cent of recurrent expenditure, €3,053.5 million during the nine months to September 2025. This category includes social transfers, subsidies, and contributions to the European Union (EU) budget. Expenditure on Programmes and initiatives increased by €189.0 million, mainly reflecting higher outlays on social security benefits, including pensions, children's allowance and the additional Cost-of-Living Adjustment (COLA), as well as EU own resources. These were partly offset by lower spending on airline restructuring assistance, tax relief measures and electricity support schemes.

Contributions towards Government entities totalled €707.7 million, representing an increase of €99.3 million over the same period in 2024. Expenditure on Personal emoluments increased by €133.3 million to €1,055.8 million, reflecting wage growth and collective agreements. Operational and maintenance expenditure, which includes payments for utilities, contractual services, materials and supplies, transport, and rent, increased by €43.3 million to €295.4 million during the first nine months of 2025.

Developments in the Government's recurrent expenditure on a cost centre basis for the January to September 2025 period are presented in Appendix Table 5.2. The nomenclature of Ministries and cost centres mentioned in this chapter align with the current allocation of portfolios and assignment of responsibilities for the Government Departments and Entities. As a result, direct comparisons with data from previous years may not always be feasible.

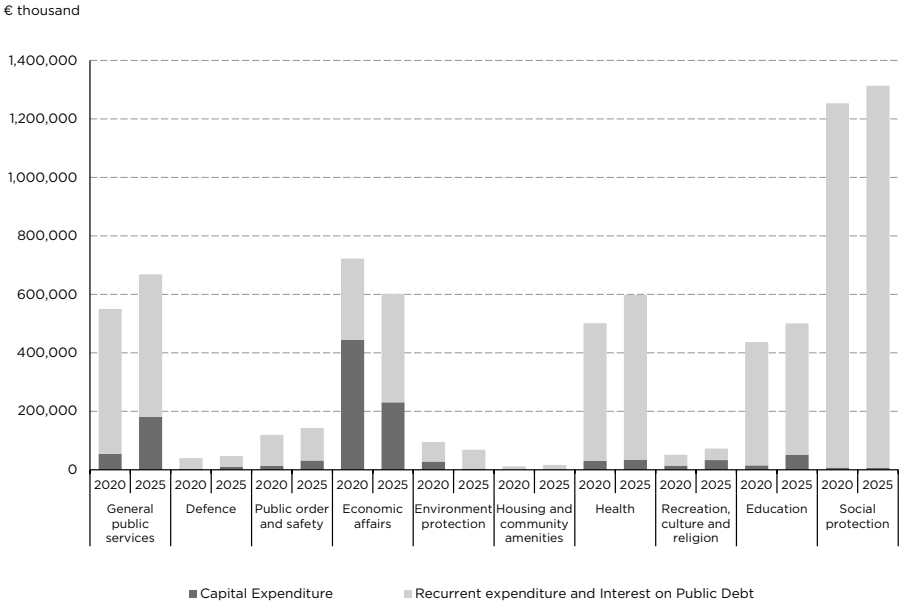
Social security benefits accounted for 23.6 per cent of recurrent expenditure. Contributory benefits, which represent around 80.0 per cent of social security spending, increased by €78.3 million, mainly due

to higher outlays on retirement pensions. Non-contributory benefits increased by €27.7 million to €256.6 million.

Analysis of Recurrent Expenditure by Functional Classification

The structure of recurrent expenditure is also analysed by the main socio-economic functions of the Government, as defined by the Classification of the Functions of Government (COFOG). Developments in the main components of the Government expenditure for the main COFOG categories are presented in Chart 5.4 and Appendix Table 5.3.

Chart 5.4
Expenditure by Functional Classification
January-September



Source: National Statistics Office

Over the medium-term, social protection remains the economic function absorbing the largest share of public resources. Nevertheless, its relative weight within recurrent expenditure (including interest payments on public debt) has been gradually declining in recent years. During the nine months to September 2025, the share of social protection declined by 1.4 percentage points to 37.9 per cent, compared to the same period in 2020. Similarly, the shares of expenditure on general public services declined by 1.5 percentage points. Expenditure on education declined by 0.4 percentage points, while environmental protection declined by 0.2 percentage points. Spending on public order and safety, defence and recreation, and culture and religion each declined by 0.1 percentage points when compared to 2020. Conversely, the share of recurrent expenditure on economic affairs increased by 2.0 percentage points, while that on health increased by 1.5 percentage points. Expenditure on housing and community amenities also registered a marginal increase of 0.1 percentage points relative to 2020.

In nominal terms, recurrent expenditure (including interest on public debt) increased by €274.5 million during the first nine months of 2025 compared with the same period in 2020, reflecting higher outlays across most expenditure categories. The largest increases were recorded in health (+€92.6 million) and economic affairs (+€91.7 million).

Capital Expenditure

Total capital expenditure for the period from January to September 2025 amounted to €583.5 million. Over the first nine months of the year, capital expenditure increased by €73.0 million, accounting for 9.9 per cent of total Government spending.

Based on the latest available data categorised by economic function, 39.5 per cent of capital spending was allocated to economic affairs, while 31.0 per cent was directed towards general public services. The remaining 29.5 per cent was distributed among the remaining functions.

During this period, capital spending increased significantly in economic affairs (+€107.7 million) and health (+€9.6 million). However, these

increases were partly offset by a €51.5 million reduction in capital expenditure related to general public services.

Capital expenditure continues to be financed primarily through national funds. Nationally funded capital programmes (excluding investments and equity acquisitions) accounted for 76.7 per cent of total capital expenditure, representing an increase of 3.5 percentage points compared with 2024. The remaining 23.3 per cent was financed through foreign sources, namely from EU funds.

5.2 Main Budgetary Developments

The general Government accounts published quarterly are prepared in line with the harmonised accounting system used by EU Member States, known as the ESA 2010 methodology. Under this methodology, adjustments are made to the cash-based Consolidated Fund data to incorporate all Government accounts, exclude financial transactions, and account for accrual adjustments. The net operating balances of EBUs and local councils are also included. Conformity to the use of ESA 2010 methodology, in line with the procedure defined in Article 104 of the Maastricht Treaty, ensures the international comparability of fiscal data for reporting purposes. It should, however, be noted that data presented under ESA 2010 are not directly comparable with the cash-based data reported in the Consolidated Fund in the preceding sections.

5.2.1 Fiscal Developments in 2024

The general Government balance for 2024 amounted to a deficit of €811.9 million, an improvement of €115.0 million over the deficit recorded in 2023. Total revenue increased by €1,268.7 million to €7,833.6 million, while expenditure amounted to €8,645.5 million, increasing by €1,153.7 million. As a share of GDP, the general Government balance was equivalent to a deficit of 3.5 per cent, decreasing by 0.9 percentage points from the previous year.

In line with the increase in the level of the general Government revenue, its ratio-to-GDP increased by 2.6 percentage points. It is worth noting that this increase in revenue was primarily driven by higher collections from current taxes on income and wealth from international corporations. This was also complemented by stronger tax collection efficiency brought about by reforms within Malta's tax administration. All other categories of income registered an increase, except for capital transfers, which declined marginally compared to the previous year.

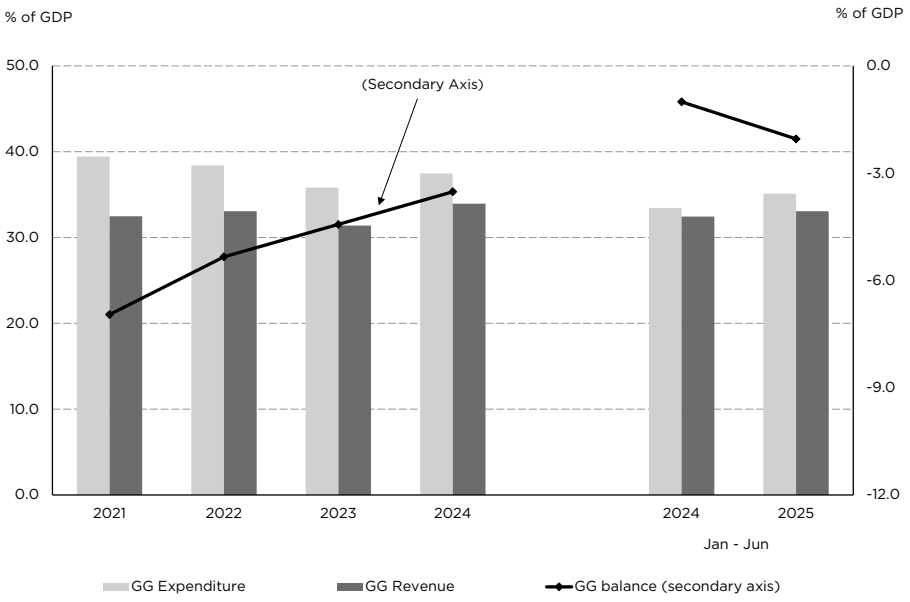
The ratio of the general Government expenditure to GDP increased by 1.6 percentage points to 37.5 per cent in 2024. This primarily reflected exceptional capital transfers, partly due to the capital injection in the newly established national airline for the financing of aircraft, and an increase in compensation of employees following new sectoral agreements, including the settlement of arrears in relation to the education sectoral agreement. Expenditure, on the other hand, declined due to lower subsidies paid in relation to energy support measures.

5.2.2 Budgetary Developments during the first half of 2025

This section analyses fiscal developments for the first half of 2025 based on ESA 2010 data. Due to seasonal factors, a larger proportion of revenue and, to a lesser extent, expenditure typically materialises during the second half of the year. As a result, in-year budgetary developments are not evenly distributed across quarters, and temporary variations in the timing of payments and receipts may affect short-term comparisons. Chart 5.5 presents public finance developments in accordance with ESA 2010 methodology over recent years.

In the first half of 2025, the general Government deficit stood at €242.3 million, compared to €112.9 million recorded during the same period in 2024. General Government revenue increased by €278.2 million, or 7.6 per cent, while expenditure was €407.6 million higher, or 10.8 per cent, relative to the same period in 2024.

Chart 5.5
Public Finance Developments
(in accordance with ESA 2010 methodology)



Source: National Statistics Office

The growth in revenue was broad-based, with higher inflows across nearly all components except for other current transfers and property income. Taxes on production and imports increased by €16.2 million, or 1.5 per cent, while current taxes on income and wealth increased by €125.0 million (8.1 per cent). During the same period, revenue from social contributions increased by 6.7 per cent, equivalent to €37.4 million.

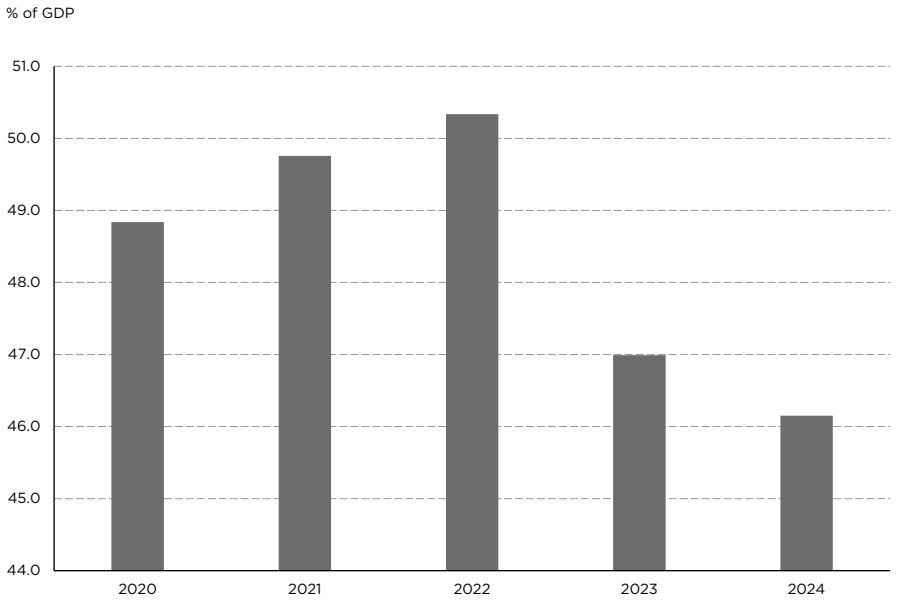
On the expenditure side, higher outlays were recorded in intermediate consumption, compensation of employees and social benefits. These were partially offset by lower spending on other current transfers. Expenditure on subsidies and capital transfers increased by €22.9 million and €15.7 million, respectively, compared to the first half of 2024. It should be noted that several one-off expenditure items were

implemented during the second half of 2024, therefore, year-on-year comparisons for the first half of 2025 may not accurately capture underlying trends.

5.3 General Government Debt Developments

In 2024, the general Government debt-to-GDP ratio remained well below the 60.0 per cent reference value established by the Maastricht Treaty. In line with improvements in the general Government balance, the debt-to-GDP ratio decreased to 46.2 per cent of GDP, from 47.0 per cent in 2023. Total general Government debt amounted to €10,647.4

Chart 5.6
Debt-to-GDP ratio



Source: National Statistics Office

million in 2024. Chart 5.6 shows developments in the debt-to-GDP ratio in recent years.

At the end of June 2025, the general Government debt totalled €11,117.5 million, representing an increase of €1,010.3 million over the corresponding quarter of 2024. Currency and deposits amounted to €430.7 million, a slight decrease of €2.3 million compared to June 2024. This category includes Euro coins issued in the name of the Treasury, which are considered a liability of central Government, as well as the 62+ Malta Government Savings Bonds. Over the same period, long-term loans increased by €92.0 million, while short-term loans increased slightly by €1.5 million to €27.5 million.

Appendix Table 5.1: Government Revenue (January - September)

€ thousand

	2022	2023	2024	2025
Tax Revenue	**3,748,142**	**4,349,024**	**5,040,026**	**5,186,479**
Direct Tax Revenue	2,375,979	2,867,088	3,355,025	3,479,237
Income Tax	1,481,721	1,892,797	2,274,004	2,279,229
Social Security	894,258	974,291	1,081,021	1,200,008
Indirect Tax Revenue	1,372,164	1,481,936	1,685,001	1,707,242
Customs and Excise Duties	209,910	221,578	234,646	244,099
Licences, Taxes and Fines	259,356	288,153	319,798	351,213
Value Added Tax	902,897	972,205	1,130,557	1,111,930
Non-Tax Revenue	**324,475**	**397,735**	**454,490**	**477,658**
Fees of Office	62,012	55,000	92,729	106,497
Sales - goods	1,580	1,564	1,781	1,851
Sales - services	23,466	27,748	32,034	37,419
Sales - others	3,077	34,692	38,790	41,160
Reimbursements	2,129	3,301	4,495	17,844
Central Bank of Malta	22,173	-	-	-
Rents	23,894	22,498	25,027	26,918
Dividends on Investments	19,878	21,496	25,533	34,093
Repayment of Government Loans	1	1,081	845	675
and interest	-	-	-	-
Miscellaneous Receipts	110,147	187,309	22,450	28,760
Grants	56,117	43,046	210,806	182,442
Recurrent Revenue	**4,072,617**	**4,746,758**	**5,494,515**	**5,664,138**
Extraordinary Receipts	889	889	-	-
Loans	536,114	1,052,344	859,807	971,360
Repayment of Loans made by Government	1,517	250	-	250
Total Revenue	**4,611,138**	**5,800,241**	**6,354,322**	**6,635,748**

Source: The Treasury, Ministry for Finance

Appendix Table 5.2: Government Recurrent Expenditure (January - September)

€ thousand

	2022	2023	2024	2025
Office of the President	3,434	3,967	3,809	3,383
Parliamentary Service	6,187	8,548	9,141	10,582
Office of the Ombudsman	1,420	1,449	1,000	1,000
National Audit Office	3,300	3,500	3,450	3,750
Commissioner for Standards in Public Life	759	-	225	500
Office of the Prime Minister	39,151	46,028	38,155	45,953
Information	1,023	929	953	1,073
Government Printing Press	1,293	1,344	1,406	1,895
Electoral Office	8,039	2,398	10,433	3,713
Public Service Commission	430	500	546	672
European Funds, Equality, Reforms and Social Dialogue	-	-	-	19,759
Industrial and Employment Relations	1,321	1,384	1,468	1,633
Ministry for Foreign Affairs and Tourism	30,767	29,404	37,624	170,355
Ministry for the National Heritage, the Arts and Local Government	39,347	46,461	52,517	71,643
Local Government	37,859	38,478	46,271	58,742
Ministry for Social Policy and Children's Rights	44,014	47,310	57,483	56,829
Social Policy	283,320	311,652	341,055	383,840
Social Security Benefits	901,329	978,780	1,102,139	1,208,142
Pensions	77,477	76,908	81,188	77,331
Ministry for Agriculture, Fisheries, and Animal Rights	32,149	45,121	46,130	50,990
Ministry for Social and Affordable Accommodation	23,170	27,965	41,663	47,534
Ministry for the Economy, Enterprise and Strategic Projects	27,037	30,723	53,010	43,642
Commerce	1,272	1,285	1,346	1,460
Ministry for Inclusion and the Voluntary Sector	37,251	38,283	39,305	41,809
Ministry for Gozo and Planning	40,981	43,815	50,123	59,463
Ministry for Home Affairs, Security and Employment	48,110	54,298	113,917	124,335
Armed Forces of Malta	44,557	50,072	54,674	59,426
Police	58,453	62,587	70,544	80,265
Probation and Parole	989	966	985	1,190
Civil Protection	7,108	7,427	9,052	11,137
Ministry for the Environment, Energy and Public Cleanliness	312,605	271,361	252,873	267,229
Ambjent Malta	12,170	10,766	12,656	13,956
Ministry for Finance	219,437	188,422	252,708	216,270
Economic Policy	1,347	1,468	1,317	1,304
Treasury	82,824	39,911	41,732	12,740
Malta Tax and Customs Administration	28,471	34,668	37,489	41,744
Contracts	2,321	2,267	2,164	2,533
Ministry for Education, Sport, Youth, Research and Innovation	266,754	285,578	308,975	377,747
Education	249,276	269,730	291,946	346,281
Ministry for Lands and the Implementation of the Electoral Programme	-	-	-	3,881
Ministry for Justice and Reform of the Construction Sector	34,441	40,319	49,170	60,295
Ministry for Health and Active Ageing	630,513	646,852	660,811	755,959
Active Ageing	153,038	182,498	227,722	247,654
Ministry for Transport, Infrastructure and Public Works	77,563	84,239	99,348	122,713
[Ministry for Tourism [and Consumer Protection]	105,535	112,567	116,524	-
[Ministry for Public Works and Planning]	-	26,089	22,519	-
[Ministry for Equality, Research and Innovation]	4,867	-	-	-
[Ministry for the Environment, Climate Change and Planning]	31,338	-	-	-
Recurrent Expenditure	**4,014,047**	**4,158,316**	**4,647,568**	**5,112,352**

Note: [ ] denotes change in name of cost centres

Source: The Treasury, Ministry for Finance

Appendix Table 5.3: Government Expenditure by COFOG category (January - September)

€ thousand

COFOG	Personal Emoluments			Operational and Maintenance Expenses			Programmes and Initiatives			Contributions to Government Entities		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
General public services	104,883	119,970	135,970	42,767	50,636	66,350	351,207	454,629	404,603	130,963	135,367	148,873
Defence	42,233	46,205	49,515	7,193	7,794	9,253	646	675	672	-	-	-
Public order and safety	72,235	81,543	93,873	9,189	11,855	12,855	11,801	46,537	61,620	34,339	57,576	52,075
Economic affairs	48,911	54,462	59,651	19,846	12,025	12,905	228,985	244,782	223,718	134,929	149,894	193,388
Environment protection	0	-	898	26	28	196	16,129	32	-	27,606	7,350	12,200
Housing and community amenities	-	-	-	-	-	-	21,498	29,208	32,269	2,000	5,250	5,750
Health	269,291	299,658	334,671	70,549	75,079	92,381	235,188	219,808	249,917	71,824	66,274	78,992
Recreation, culture and religion	6,710	7,628	9,173	1,287	1,437	2,231	14,502	19,836	20,474	24,892	24,571	40,838
Education	224,606	251,082	304,310	18,846	21,430	23,738	190,585	202,173	253,273	121,271	126,226	142,697
Social protection	54,363	61,978	67,717	51,828	71,777	75,477	1,471,463	1,646,901	1,806,989	23,725	35,890	32,839
Total	823,233	922,526	1,055,779	221,531	252,061	295,387	2,542,004	2,864,582	3,053,535	571,548	608,398	707,652

	Interest Expenditure			Capital Expenditure			Total expenditure		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
General public services	154,195	194,280	221,461	250,639	232,228	180,756	1,034,655	1,187,110	1,158,013
Defence	-	-	-	3,011	3,344	9,788	53,084	58,018	69,229
Public order and safety	-	-	-	25,243	34,845	31,768	152,807	232,357	252,191
Economic affairs	-	-	-	92,817	123,024	230,704	525,488	584,187	720,366
Environment protection	-	-	-	12,295	140	4,232	56,057	7,550	17,526
Housing and community amenities	-	-	-	1,360	14	17	24,858	34,473	38,036
Health	-	-	-	34,532	25,224	34,788	681,384	686,043	790,749
Recreation, culture and religion	-	-	-	13,188	31,544	33,028	60,578	85,015	105,744
Education	-	-	-	44,241	53,542	51,700	599,549	654,454	775,718
Social protection	-	-	-	4,733	6,508	6,673	1,606,113	1,823,054	1,989,696
Total	154,195	194,280	221,461	482,060	510,414	583,455	4,794,571	5,352,261	5,917,269

Statistical Annex

Table I: Population

	2017	2018	2019	2020	2021	2022	2023	2024
Total Population	**474,837**	**492,968**	**514,855**	**516,125**	**520,174**	**542,051**	**563,443**	**574,250**
Males	240,738	252,181	266,559	267,614	270,469	284,821	298,746	304,947
Females	234,099	240,787	248,296	248,511	249,705	257,230	264,697	269,303
% Increase per annum	3.4%	3.8%	4.4%	0.2%	0.8%	4.2%	3.9%	1.9%
Natural increase per annum	748	756	662	323	232	79	432	193
Crude Birth Rate (per 1,000 population)	9.3	9.2	8.6	8.6	8.5	8.1	8.1	7.7
Crude Mortality Rate (per 1,000 population)	7.7	7.6	7.3	7.9	8.0	8.0	7.3	7.3
Crude Marriage Rate (per 1,000 population)[1]	6.3	5.9	5.3	2.2	4.4	4.8	4.2	4.1
Infant Mortality Rate (per 1,000 births)	6.7	5.6	6.7	3.9	3.9	5.3	3.6	4.8
Life Expectancy (at birth)	82.5	82.6	83.0	82.4	82.4	82.3	83.4	83.3
Males	80.3	80.5	81.4	80.4	80.8	80.2	81.6	81.6
Females	84.6	84.6	84.6	84.5	84.1	84.4	85.2	85.1
Life Expectancy (at age 65)	20.8	20.9	21.1	20.6	20.6	20.5	21.1	21.2
Males	19.1	19.3	19.6	19.0	19.3	19.0	19.7	19.8
Females	22.2	22.3	22.5	22.0	21.6	21.8	22.3	22.5

(1) The numerator corresponds to marriages registered in Malta and occurring in the reference year. This includes marriages occuring abroad and marriages occuring in Malta between non-residents.

Source: National Statistics Office

Table II: Social Indicators

	2017	2018	2019	2020	2021	2022	2023	2024
GDP at current market prices per capita (€)	26,400.1	27,747.4	28,346.2	27,827.3	32,085.3	33,160.6	37,113.2	40,175.9
Quality of Life								
Motor vehicle licences per 1,000 population[1]	784	782	772	780	794	784	778	776
Internet subscriptions per 1,000 population*	181	192	203	213	221	229	236	240
Mobile phone subscriptions per 1,000 population*	605	616	634	633	650	702	749	767
Fixed telephone lines per 1,000 population*	240	254	256	258	259	260	260	256
Education[2]								
Number of teachers (000)	9	9	9	10	10	10	10	10[(p)]
Number of pupils/students (000)	80	83	84	85	86	87	91	93[(p)]
of which:								
University students (all courses)[3]	11,092	11,014	11,024	10,676	11,081	10,312	10,522	10,200[(p)]
Electricity[4]								
Total generated (000 MWh[5]	2,376.8	2,394.8	2,514.7	2,320.1	2,499.1	2,642.6	2,674.4	2,820.3
Number of consumers (000)[5]	301	308	317	326	335	344	366	376
Domestic consumption (million kwh)[5]	774.3	805.3	882.8	892.0	959.8	1,019.6	1,016.1	1,070.3
Water								
Total annual production (million m^3)	33.1	33.5	34.7	34.6	34.2	35.4	36.8	38.8
Average daily consumption (000 m^3)	79.9	81.3	84.3	85.4	84.4	87.2	90.9	96.5
Social Security								
Total payments (€ million)	1,607.0	1,687.4	1,813.8	2,027.9	2,099.3	2,318.4	2,507.7	2,812.1
Total contributions (€ million)	875.1	967.8	1,046.1	1,064.1	1,201.7	1,306.2	1,411.8	1,566.0
Welfare gap (€ million)	731.9	719.5	767.6	963.7	897.6	1,012.2	1,095.9	1,246.1

[1] Amount of motor vehicles irrespective of whether they are commercial or not.

[2] Education figures include students enrolled in formal education at all levels with a minimum duration of one semester of full-time study (or the equivalent in part-time), delivered from Malta.

[3] Amounts refer to the number of students attending the University of Malta only and not other Universities in Malta.

[4] Electricity generation from power plants and the interconnector.

[5] Data refer to the financial year rather than the calendar year.

[(p)] Provisional data

Source: National Statistics Office

[(*)] **Source:** Malta Communications Authority

Table III: Factor Incomes in Gross National Income

€ million

	2017	2018	2019	2020	2021	2022	2023	2024	2019 Jan-Jun	2020 Jan-Jun	2021 Jan-Jun	2022 Jan-Jun	2023 Jan-Jun	2024 Jan-Jun	2025 Jan-Jun
Compensation of Employees	4,951.0	5,646.4	6,179.4	6,457.7	6,984.3	7,833.2	8,602.5	9,685.3	3,038.7	3,224.4	3,454.4	3,820.8	4,226.6	4,677.4	5,118.7
Gross Operating Surplus and Mixed Income	6,307.3	6,628.6	6,977.9	7,172.5	8,815.8	9,169.6	11,013.4	11,776.5	3,349.4	3,518.8	4,072.4	4,226.0	5,136.6	5,692.5	5,885.2
Taxes on production and imports	1,424.3	1,590.8	1,639.8	1,415.9	1,598.2	1,814.0	1,973.8	2,139.9	786.2	652.0	732.5	854.1	927.0	1,095.3	1,117.5
Subsidies	146.9	187.2	202.9	683.7	708.4	842.1	678.6	530.7	98.9	284.1	320.3	300.6	272.5	223.7	250.1
Gross Domestic Product at market prices	**12,535.7**	**13,678.6**	**14,594.2**	**14,362.4**	**16,689.9**	**17,974.7**	**20,911.2**	**23,071.0**	**7,075.3**	**7,111.1**	**7,938.9**	**8,600.2**	**10,017.7**	**11,241.4**	**11,871.3**
Net Income from Abroad	-927.6	-1,256.6	-1,374.7	-2,167.4	-2,157.1	-1,563.2	-2,528.8	-2,813.5	-658.3	-1,127.8	-1,138.1	-782.7	-1,258.8	-1,364.8	-1,230.7
Gross National Income at market prices	**11,608.2**	**12,422.0**	**13,219.4**	**12,195.0**	**14,532.8**	**16,411.5**	**18,382.3**	**20,257.5**	**6,416.9**	**5,983.3**	**6,800.8**	**7,817.5**	**8,758.9**	**9,876.6**	**10,640.6**
Sectoral Percentage Contribution to Gross Value Added (at basic prices)															
Agriculture, Hunting and Forestry [1]	0.8%	0.7%	0.5%	0.9%	1.0%	0.9%	0.1%	0.2%	0.6%	0.7%	0.6%	0.8%	0.2%	0.4%	0.4%
Industry [2]	12.8%	12.9%	13.4%	13.3%	12.4%	12.2%	11.9%	11.5%	13.3%	13.1%	12.9%	12.1%	12.0%	11.3%	11.0%
Service Activities	86.5%	86.4%	86.0%	85.8%	86.6%	86.9%	88.0%	88.2%	86.1%	86.2%	86.5%	87.2%	87.8%	88.3%	88.7%

[1] Includes fishing and operation of fish hatcheries and fish farms

[2] Includes energy and construction

Source: National Statistics Office

Table IV: Gross National Income and Expenditure

€ million

	2018	2019	2020	2021	2022	2023	2024	2022 Jan-Jun	2023 Jan-Jun	2024 Jan-Jun	2025 Jan-Jun
GNI at current market prices (m.p.)	12,422.0	13,219.4	12,195.0	14,532.8	16,411.5	18,382.3	20,257.5	7,817.5	8,758.9	9,876.6	10,640.6
% annual increase of GNI	7.0%	6.4%	-7.7%	19.2%	12.9%	12.0%	10.2%	14.9%	12.0%	12.8%	7.7%
GDP at current market prices	13,678.6	14,594.2	14,362.4	16,689.9	17,974.7	20,911.2	23,071.0	8,600.2	10,017.7	11,241.4	11,871.3
% annual increase of GDP	9.1%	6.7%	-1.6%	16.2%	7.7%	16.3%	10.3%	8.3%	16.5%	12.2%	5.6%
GDP at constant prices[1]	14,292.8	14,876.7	14,362.4	16,288.6	16,693.1	18,466.1	19,721.8	8,082.3	8,925.3	9,659.1	9,962.5
Total Final Consumption Expenditure											
current market prices	8,446.1	9,203.2	8,952.9	9,944.8	11,119.5	12,987.3	14,356.4	5,300.6	6,157.1	6,821.3	7,279.1
constant prices[1]	8,784.2	9,360.0	8,952.9	9,796.4	10,441.7	11,529.0	12,332.6	5,052.2	5,528.3	5,896.7	6,108.4
Ratio (%) of consumption to GDP at m.p.	61.7%	63.1%	62.3%	59.6%	61.9%	62.1%	62.2%	61.6%	61.5%	60.7%	61.3%
General Government Final Consumption Expenditure											
current market prices	2,192.4	2,465.0	2,828.2	3,059.2	3,169.7	3,436.9	3,905.9	1,577.0	1,665.6	1,795.5	1,998.7
constant prices[1]	2,314.7	2,525.3	2,828.2	2,989.3	2,984.5	3,098.7	3,382.9	1,496.2	1,508.1	1,563.4	1,655.0
Ratio (%) of Government consumption to GDP at m.p.	16.0%	16.9%	19.7%	18.3%	17.6%	16.4%	16.9%	18.3%	16.6%	16.0%	16.8%
Private Final Consumption Expenditure[2]											
current market prices	6,253.7	6,738.2	6,124.8	6,885.7	7,949.8	9,550.4	10,450.5	3,723.7	4,491.5	5,025.8	5,280.5
constant prices[1]	6,464.1	6,830.2	6,124.8	6,807.1	7,459.5	8,432.2	8,953.1	3,556.6	4,021.3	4,333.9	4,454.9
Ratio (%) of private consumption to GDP at m.p.	45.7%	46.2%	42.6%	41.3%	44.2%	45.7%	45.3%	43.3%	44.8%	44.7%	44.5%
Gross Fixed Capital Formation											
current market prices	2,614.2	2,930.1	2,863.3	3,726.1	4,482.6	3,994.2	4,260.5	2,014.4	1,936.9	2,087.3	2,120.1
constant prices[1]	2,719.2	2,977.2	2,863.3	3,545.8	4,054.9	3,410.3	3,532.8	1,851.0	1,662.7	1,741.4	1,739.8
Ratio (%) fixed investment to GDP at m.p.	19.1%	20.1%	19.9%	22.3%	24.9%	19.1%	18.5%	23.4%	19.3%	18.6%	17.9%

[1] In chain-linked volumes (reference year 2020).

[2] Including NPISH final consumption expenditure.

Source: National Statistics Office

Table V: Labour

	2020	2021	2022	2023	2024	2023 March	2024 March	2025 March	2023 April	2024 April	2025 April
Labour Supply	**235,839**	**240,553**	**254,245**	**274,432**	**288,588**	**269,481**	**285,280**	**295,814**	**270,128**	**285,964**	**296,609**
Gainfully Occupied	**232,679**	**238,759**	**253,247**	**273,464**	**287,460**	**268,468**	**284,136**	**294,757**	**269,162**	**284,762**	**295,571**
Males	141,780	144,654	153,302	165,858	173,881	162,883	171,969	177,631	163,288	172,166	178,063
Females	90,899	94,105	99,945	107,606	113,579	105,585	112,167	117,126	105,874	112,596	117,508
Private Direct Production	**39,745**	**40,710**	**42,416**	**45,336**	**46,950**	**44,849**	**46,858**	**47,184**	**44,817**	**46,780**	**47,297**
of which:											
Construction	14,435	15,383	16,825	18,377	19,136	18,193	19,241	19,200	18,177	19,119	19,219
Manufacturing	22,246	22,196	22,369	23,488	24,267	23,255	24,039	24,639	23,230	24,080	24,729
Others	3,064	3,131	3,222	3,471	3,547	3,401	3,578	3,345	3,410	3,581	3,349
Private Market Services	**143,084**	**146,882**	**159,551**	**176,790**	**188,012**	**172,631**	**185,421**	**193,600**	**173,326**	**186,022**	**194,209**
of which:											
Wholesale and Retail (including Repair of Motor Vehicles, Motorcyles and Personal and Household Goods)	28,840	29,369	30,651	32,887	34,905	32,285	34,314	35,802	32,340	34,600	35,803
Accomodation and Food Services	15,443	15,006	17,374	20,630	22,943	19,693	22,291	23,183	19,850	22,342	23,228
Financial and Insurance Activities	11,359	11,634	12,350	13,145	13,711	12,974	13,743	14,114	13,039	13,768	14,146
Others	87,442	90,873	99,176	110,128	116,453	107,679	115,073	120,501	108,097	115,312	121,032
Public Sector	**49,850**	**51,167**	**51,280**	**51,338**	**52,498**	**50,988**	**51,857**	**53,973**	**51,019**	**51,960**	**54,065**
of which:											
Government Departments	34,658	35,291	35,105	35,075	35,569	35,045	35,334	36,289	35,028	35,374	36,307
Independent Statutory Bodies	12,799	13,514	13,756	14,170	14,865	14,046	14,618	15,564	14,074	14,684	15,655
Companies with Public Sector majority shareholding	2,393	2,362	2,419	2,093	2,064	1,897	1,905	2,120	1,917	1,902	2,103
of which Temporary Employment											
Registered Unemployed*	**3,160**	**1,794**	**998**	**970**	**1,128**	**1,013**	**1,144**	**1,057**	**966**	**1,202**	**1,038**
Males	1,990	1,208	704	672	773	709	783	713	682	827	702
Females	1,170	586	294	298	355	304	361	344	284	375	336
Self Employed	26,946	28,250	29,010	29,897	30,765	29,549	30,551	31,430	29,630	30,607	31,510

Note: Employment data is subject to revisions.

* Includes both Parts I and II of the registered unemployed.

Annual data refer to averages for the years shown (2020–2024). Figures for March and April, for the years 2023 to 2025 reflect end-of-month observations.

Source: National Statistics Office based on JobsPlus' database

Table VI: Tourism

	2017	2018	2019	2020	2021	2022	2023	2024	2023 Jan-Jul	2024 Jan-Jul	2025 Jan-Jul
Inbound Tourists (000's)	**2,274**	**2,599**	**2,753**	**659**	**968**	**2,287**	**2,981**	**3,564**	**1,618**	**1,973**	**2,211**
of which from:											
United Kingdom	561	641	650	136	214	427	539	704	291	386	455
Italy	364	391	393	94	128	398	552	616	296	339	324
Germany	193	227	212	72	97	169	219	249	114	133	140
Libya	3	3	3[u]	:	:	3.4[u]	7	7	4[u]	4	4[u]
Scandinavian Countries*	135	128	124	18	31	76	89	96	49	54	58
Other	1,018	1,209	1,372	337	498	1,212	1,576	1,890	865	1,056	1,230
Cruise Passengers (000's)[1]	**668**	**623**	**754**	**59**	**139**	**478**	**788**	**837**	**414**	**445**	**472**
Expenditure from Inbound Tourism (€ million)	**1,947**	**2,102**	**2,221**	**455**	**871**	**2,013**	**2,675**	**3,291**	**1,373**	**1,693**	**2,016**
Total Sector Employment in Hotels and Restaurants[2]	**12,678**	**14,033**	**15,258**	**15,443**	**15,006**	**17,374**	**20,630**	**22,943**	**19,850**	**22,342**	**23,228**
% of Gainfully Occupied	6.5	6.7	6.8	6.6	6.3	6.9	7.5	8.0	7.4	7.8	7.9
									Jan-Jun	**Jan-Jun**	**Jan-Jun**
Outbound Tourists (000's)	**572**	**667**	**707**	**197**	**303**	**602**	**823**	**844**	**352**	**368**	**390**
Days Stayed / Nights Spent (000's)	**3,922**	**4,478**	**4,609**	**1,654**	**2,832**	**4,216**	**5,684**	**5,745**	**2,352**	**2,409**	**2,815**
% of which spent in :											
5 star	5.6%	5.2%	4.9%	3.0%	3.3%	4.1%	4.1%	4.3%	3.9%	4.1%	3.2%
4 star	18.4%	19.4%	20.1%	9.8%	8.8%	14.2%	16.5%	17.7%	15.8%	16.8%	16.2%
3 star	12.8%	15.0%	12.8%	7.0%	5.8%	10.1%	13.5%	11.2%	13.7%	11.5%	10.2%
2 star	1.0%	0.8%	1.0%	0.5%	0.4%	0.7%	0.7%	0.6%	0.7%	0.6%	0.5%
1 star	:	0.2%	:	:	:	:	0.1%	:	0.1%	0.1%	0.0%
Unclassified	4.4%	:	:	:	1.8%	5.5%	:	:	:	:	:
Guest Houses	0.9%	0.8%	0.9%	0.5%	0.7%	0.7%	0.4%	0.6%	0.4%	0.8%	0.6%
Flats/Private Residences	50.1%	51.2%	53.5%	74.0%	73.3%	58.1%	58.8%	59.4%	59.9%	60.0%	63.3%
Tourist Village/Aparthotels/Hostels/Holiday Complex/Camp Sites/Bed & Breakfast	6.7%	7.3%	6.6%	5.2%	6.0%	6.6%	5.8%	6.2%	5.5%	6.0%	6.0%

: Unreliable, less than 20 sample observations.

[u] Under-represented - between 20 and 49 sample observations.

* Denmark, Finland, Norway and Sweden.

[1] Excluding embarkations and Maltese cruise passengers.

[2] Jan-Jul Data shows April data for each year.

Source: National Statistics Office, JobsPlus

Table VII: Foreign Trade

€ million

	2017	2018	2019	2020	2021	2022	2023	2024	2023 Jan-Aug	2024 Jan-Aug	2025 Jan-Aug
Imports and Exports											
Imports (c.i.f.)	**6,200.6**	**6,381.2**	**7,549.9**	**5,628.4**	**6,761.7**	**9,713.9**	**8,916.0**	**9,917.2**	**6,121.3**	**6,786.8**	**6,166.4**
Consumer goods[1]	1,362.0	1,483.8	1,578.7	1,490.7	1,653.5	2,028.3	2,274.0	2,397.6	1,501.2	1,591.5	1,582.2
Industrial supplies[1]	1,341.9	1,501.9	1,707.4	1,427.0	1,656.9	2,300.2	2,401.2	2,591.5	1,577.0	1,745.2	1,696.1
Capital goods and others[1]	1,724.9	1,461.0	2,421.5	1,484.8	2,021.6	2,788.9	2,228.8	2,481.5	1,724.1	1,883.7	1,586.1
Fuels and lubricants	1,771.8	1,934.5	1,842.4	1,225.9	1,429.7	2,596.6	2,012.0	2,446.5	1,318.9	1,566.3	1,302.0
Total Exports (f.o.b.)	**3,709.2**	**3,460.4**	**3,813.2**	**3,571.0**	**3,574.8**	**4,822.4**	**4,722.1**	**5,241.9**	**2,951.9**	**3,280.5**	**2,924.5**
Consumer goods[1]	903.3	1,019.5	995.2	993.9	1,026.3	1,213.5	1,157.9	1,227.2	654.4	698.8	675.0
Industrial supplies[1]	1,128.5	1,162.5	1,389.1	1,170.3	1,212.4	1,655.8	1,706.9	1,798.6	1,104.7	1,098.3	987.9
Capital goods and others[1]	257.4	291.9	300.3	332.6	320.8	375.3	377.3	447.2	276.0	343.7	219.4
Fuels and lubricants	1,419.9	986.6	1,128.6	1,074.2	1,015.3	1,577.7	1,480.1	1,768.9	916.8	1,139.7	1,042.3
Trade Gap	**-2,491.4**	**-2,920.8**	**-3,736.7**	**-2,057.4**	**-3,186.9**	**-4,891.6**	**-4,193.9**	**-4,675.3**	**-3,169.4**	**-3,506.3**	**-3,241.9**
as % of GDP at m.p.	-19.9%	-21.4%	-25.6%	-14.3%	-19.1%	-27.2%	-20.1%	-20.3%	-20.6%[2]	-17.6%[2]	-16.6%[2]
Selected Groupings											
EU											
Imports	3,387.8	4,249.7	5,042.1	3,574.2	3,842.6	5,100.8	5,068.7	5,820.7	3,533.6	4,088.1	3,882.1
Exports	1,432.8	1,511.0	1,634.7	1,288.3	1,270.9	1,554.2	1,768.1	1,867.4	1,157.6	1,207.1	1,102.3
United Kingdom											
Imports	415.6	531.5	1,309.9	439.7	501.5	402.9	535.1	481.1	385.9	356.4	342.9
Exports	78.7	62.4	58.1	47.3	106.2	164.2	101.6	130.1	73.4	89.8	82.8
Italy											
Imports	1,278.0	1,475.3	1,373.8	1,216.1	1,550.0	1,956.6	1,781.0	1,976.7	1,225.7	1,358.7	1,259.8
Exports	403.1	337.0	295.7	182.8	204.7	177.2	176.7	215.7	110.8	113.4	155.1
Germany											
Imports	435.4	458.8	521.3	354.4	338.5	459.3	700.8	467.9	546.8	324.2	285.5
Exports	402.8	426.0	495.7	427.3	359.8	530.8	866.7	788.8	567.1	523.0	467.0
France											
Imports	236.5	303.8	471.3	342.1	409.4	550.7	704.8	1,191.4	536.2	954.8	850.5
Exports	238.3	271.7	269.4	241.5	164.4	236.1	64.0	77.9	43.2	57.3	49.2
America											
Imports	976.6	500.7	524.9	501.1	743.5	1,513.7	706.0	674.1	503.1	409.2	360.2
Exports	195.4	230.6	219.1	163.3	197.4	251.4	221.4	359.2	143.3	274.9	164.6
Africa											
Imports	283.8	265.8	174.9	238.8	137.7	300.3	317.3	302.0	207.1	228.0	139.1
Exports	591.9	466.9	435.1	423.8	360.1	375.5	411.5	462.5	233.1	276.0	202.0
Asia											
Imports	943.7	932.9	1,021.8	962.9	1,088.2	1,845.5	1,708.0	2,106.1	1,121.2	1,297.4	1,142.6
Exports	638.6	713.3	766.9	798.5	690.9	918.8	781.2	764.0	405.2	350.7	356.2

[1] Treated differently from other parts in the Survey.
[2] Values are computed for the January to June period.

Source: National Statistics Office

Table VIII: Balance of Payments

€ million

	2018	2019	2020	2021	2022	2023	2024	2023 Jan-Jun	2024 Jan-Jun	2025 Jan-Jun
Goods Balance[1]	-1,114	-1,289	-1,099	-1,998	-3,177	-2,447	-2,749	-1,334	-1,446	-1,746
Imports (f.o.b.)	4,439	4,823	4,261	5,252	7,348	6,457	6,981	3,178	3,441	3,467
Exports (f.o.b.)	3,325	3,534	3,162	3,254	4,170	4,010	4,233	1,844	1,995	1,721
Services Balance	3,558	4,614	4,587	5,223	5,245	6,153	7,044	2,884	3,693	3,830
Transport balance	649	849	829	1,110	1,217	1,380	1,508	649	736	1,227
Travel balance	1,121	1,212	231	454	1,139	1,429	1,841	548	700	947
Other Services balance	1,787	2,553	3,527	3,659	2,889	3,344	3,695	1,687	2,257	1,657
Primary Income Balance	-707	-726	-1,148	-1,545	-1,916	-2,303	-2,678	-1,126	-1,303	-1,195
Compensation of Employees balance	-93	-107	-107	-117	-149	-172	-195	-81	-94	-114
Investment Income balance	-592	-593	-1,018	-1,397	-1,731	-2,093	-2,489	-1,025	-1,222	-1,078
Secondary Income Balance	88	13	-41	-117	-289	-88	20	-38	69	27
General Government balance	122	41	-18	-132	-84	-45	74	-2	77	16
Private balance	-34	-28	-23	15	-205	-43	-54	-36	-8	10
Current A/C Balance	1,825	2,612	2,300	1,564	-138	1,316	1,638	386	1,013	916
Goods Balance[1] as % of GDP at m.p.	-8.1%	-8.8%	-7.7%	-12.0%	-17.7%	-11.7%	-11.9%	-13.3%	-12.9%	-14.7%
Primary Income a/c Balance as % of GDP at m.p.	-5.2%	-5.0%	-8.0%	-9.3%	-10.7%	-11.0%	-11.6%	-11.2%	-11.6%	-10.1%
Secondary Income a/c Balance as % of GDP at m.p.	0.6%	0.1%	-0.3%	-0.7%	-1.6%	-0.4%	0.1%	-0.4%	0.6%	0.2%
Current a/c Balance as % of GDP at m.p.	13.3%	17.9%	16.0%	9.4%	-0.8%	6.3%	7.1%	3.9%	9.0%	7.7%
Capital A/C-Net	287	370	286	246	228	256	350	91	146	99
Financial A/C-Net	2,313	2,969	2,463	1,896	-502	1,917	1,838	812	960	1,052
Direct Investment net	150	-1,068	7,790	-14,175	-1,418	-1,004	-5,720	-712	-2,906	505
Portfolio Investment net	-4,800	-2,511	723	-1,498	2,022	4,873	1,080	2,835	1,209	-3,015
Financial Derivatives net	227	-222	-329	-512	-47	-258	-421	-99	-84	272
Other Investment net	6,525	6,884	-5,646	18,120	-1,168	-1,677	6,696	-1,283	2,595	3,257
Reserve Assets	212	-113	-76	-40	110	-17	202	72	147	33

[1] For Balance of Payments purposes, both imports and exports are taken at f.o.b., thus the trade balance is different from that shown under Table VII.

Note: The balance of payments is compiled in accordance with the sixth edition of the International Monetary Fund's Balance of Payments Manual (BPM6).

Source: National Statistics Office

Table IX: Government Revenue and Expenditure

€ million

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2022 Jan-Sep	2023 Jan-Sep	2024 Jan-Sep	2025 Jan-Sep
Government Recurrent Revenue	3,807.0	4,291.2	4,559.8	4,972.9	4,389.3	5,413.2	5,867.8	6,413.0	7,859.6	4,072.6	4,746.8	5,494.5	5,664.1
Increase/(Decrease) % per annum	4.7	12.7	6.3	9.1	-11.7	23.3	8.4	9.3	22.6	11.7	16.6	15.8	3.1
of which:													
Tax Revenue	3,446.0	3,829.3	4,167.8	4,485.8	3,942.5	4,898.2	5,314.0	5,864.8	7,182.4	3,748.1	4,349.0	5,040.0	5,186.5
Direct Tax Revenue	2,132.7	2,372.5	2,541.0	2,811.9	2,600.1	3,291.0	3,446.2	3,871.5	4,982.7	2,376.0	2,867.1	3,355.0	3,479.2
Indirect Tax Revenue	1,313.3	1,456.7	1,626.8	1,673.9	1,342.4	1,607.2	1,867.9	1,993.3	2,199.7	1,372.2	1,481.9	1,685.0	1,707.2
Non-Tax Revenue	361.0	461.9	392.0	487.0	446.8	515.0	553.8	548.2	677.3	324.5	397.7	454.5	477.7
Total Government Expenditure	3,798.1	4,108.5	4,630.0	4,963.5	5,857.2	6,645.7	6,752.7	7,218.9	8,292.3	4,575.5	4,794.6	5,352.3	5,917.3
Increase/(Decrease) % per annum	-1.9	8.2	12.7	7.2	18.0	13.5	1.6	6.9	14.9	0.8	4.8	11.6	10.6
of which:													
Recurrent Expenditure	3,264.3	3,543.3	3,821.4	4,216.2	4,638.9	5,714.7	5,839.6	6,006.5	6,890.3	4,014.0	4,158.3	4,647.6	5,112.4
Capital Expenditure	310.3	350.2	605.0	555.0	1,037.1	746.7	739.5	998.1	1,140.6	435.2	482.1	510.4	583.5
% of Total Government Expenditure	8.2	8.5	13.1	11.2	17.7	11.2	11.0	13.8	13.8	9.5	10.1	9.5	9.9
Interest on Public Debt	223.5	215.1	203.6	192.3	181.2	184.3	173.6	214.3	261.4	126.2	154.2	194.3	221.5
Balance of recurrent revenue and total expenditure	8.9	182.7	-70.2	9.4	-1,467.9	-1,232.5	-884.9	-805.9	-432.7	-502.9	-47.8	142.3	-253.1
Financed by:													
Extraordinary Receipts	1.1	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.0	0.0
Receipts from sale of shares	1.1	0.9	0.9	1.0	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.0	0.0
Sinking Funds of Converted Loans	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sinking Fund Contribution & Direct Loan Repayment	-545.1	-427.9	-444.0	-489.7	-485.8	-492.5	-500.8	-482.0	-524.4	-474.0	-231.4	-313.8	-248.9
Equity Acquisition	-13.0	-71.4	-63.5	-18.8	-37.0	-34.5	-28.0	-5.5	-385.7	0.0	-5.5	291.8	0.0
Repayment of Loans made by Government	12.2	0.0	0.0	0.0	0.9	2.2	5.7	5.3	7.9	1.5	0.3	298.8	0.3
Public Sector Borrowing Requirement	-535.9	-315.7	-576.7	-498.2	-1,988.8	-1,756.4	-1,407.1	-1,287.2	-1,334.9	-974.5	-283.6	419.1	-501.8
Loans	597.9	357.4	243.5	449.7	1,549.8	1,854.1	1,044.7	1,536.3	1,259.2	536.1	1,052.3	859.8	971.4

Source: National Statistics Office

Table X: Contribution of Resident MFIs to Euro Area Monetary Aggregates and Counterparts[1]

€ million

	2017	2018	2019	2020	2021	2022	2023	2024	2025* Jan-Jul
Broad Money (M3)[2]	19,426.1	19,671.1	20,663.4	22,411.3	24,800.0	26,160.2	26,975.0	28,608.8	29,256.6
Intermediate Money (M2)	18,643.3	19,610.6	20,609.1	22,464.6	24,845.0	26,160.2	26,979.9	28,610.7	29,256.6
% Increase/ (Decrease)		5.2	5.1	9.0	10.6	5.3	3.1	6.0	2.3
of which:									
Narrow Money (M1)	14,904.4	15,881.4	16,986.0	18,601.6	20,748.9	22,723.7	22,618.7	24,065.3	24,981.1
Currency issued[3]	968.7	1,028.7	1,190.8	1,356.0	1,451.6	1,482.0	1,483.4	1,876.5	1,880.6
% Increase/ (Decrease)		6.2	15.8[7]	13.9	7.1	2.1	0.1	26.5	0.2
Overnight deposits[4]	13,935.7	14,852.7	15,795.2	17,245.6	19,297.4	21,241.7	21,135.4	22,188.8	23,100.5
Deposits redeemable at notice up to 3 months[4]	46.8	77.6	91.2	121.6	373.2	134.8	87.8	71.8	75.2
Deposits with agreed maturity up to 2 years[4]	3,692.0	3,651.6	3,531.9	3,741.5	3,722.9	3,301.6	4,273.4	4,473.6	4,200.3
Credit Counterpart[5]	17,407.5	18,318.7	18,847.1	20,079.1	20,897.5	23,104.1	25,119.0	27,893.4	29,468.1
of which:									
Credit to residents of Malta	12,943.9	13,560.6	14,212.2	15,759.6	17,080.9	18,370.3	19,389.5	20,875.3	21,854.1
Credit to other Euro area residents	4,463.6	4,758.1	4,634.8	4,319.5	3,816.6	4,733.8	5,729.5	7,018.1	7,614.0
Net claims on non-residents of the Euro Area	6,718.4	5,440.8	4,756.5	5,066.5	4,853.9	5,294.3	5,393.8	4,490.6	5,864.0
Other counterparts (net)[6]	4,699.9	4,115.7	2,964.5	2,734.3	951.3	2,238.2	3,537.8	3,775.2	6,075.5

* Provisional

[1] Figures show the contribution of Maltese Monetary Financial Institutions (MFIs) to the Euro Area (EA) aggregates.

[2] M3 comprises M2, repurchase agreements and debt securities with agreed maturity of up to 2 years. This does not represent holdings of M3 by residents of Malta but rather the contribution of MFIs in Malta to the EA aggregate. As from December 2008, figures also include MMFs shares/units issued less holdings in such units by MMFs and credit institutions resident in the EA and holdings by non-residents of the EA.

[3] Comprises the Central Bank of Malta's share of Euro banknotes issued by the Eurosystem, plus coins issued by the Bank on behalf of the Treasury, less holdings of issued Euro banknotes and coins held by the MFI sector.

[4] Deposits with MFIs exclude interbank deposits and deposits held by Central Government.

[5] Credit includes, besides lending, claims in the form of debt securities and shares and other equity.

[6] Includes net interbank claims/liabilities within the MFI sector. These counterparts make a negative contribution to M3.

[7] This significant increase occurred between Dec-18 and Jan-19 as a result of a change in the ECB Capital Key.

Source: Central Bank of Malta