

News Release



Date: 30 June 2008
No. : 118/2008
Time of release: 11.00 hrs

Balance of Payments

International Economic and Financial Transactions: January-March 2008

During the first quarter of 2008, the current account balance of Malta stood at a net deficit of €68.6 million.

January - March 2008: Balance of Payments Transactions with the World

Provisional statistics on the external transactions of Malta with the world during the first quarter of 2008 reveal an improvement in the current account balance of €8.8 million, from a net deficit of €77.5 million during the March 2007 quarter to one of €68.6 million during the same quarter this year.

Causing this amelioration in the current account balance were essentially the combined shifts recorded in the net balances of both the income account as well as the current transfers account of the statement. Indeed, the net negative balance in the income account contracted by €49.7 million, from a net deficit of €56.2 million during the January to March 2007 quarter to one of €6.5 million during the comparable quarter this year; whereas that in the current transfers account shifted by €48.7 million, from a net deficit of €8.0 million during the March 2007 quarter to a net surplus of €40.6 million during the corresponding period this year. The income account was favourably affected by lower dividend payments to foreign shareholders having a direct ownership in locally-operating entities as well as by a decline in retained profits that are due to the same direct foreign investors; while the current transfers account was influenced by higher transfer receipts that were received by the Government from non-resident entities abroad.

On the contrary, however, the current account balance was adversely affected by unfavourable shifts in the goods account and the services account of the statement. The net negative balance in the goods account expanded by €65.5 million, from a net deficit of €183.1 million during the January to March 2007 period to one of €248.6 million during the same period in 2008; whereas the net positive balance in the services account shrunk by €24.1 million, from a net surplus of €170.0 million during the March 2007 quarter to one of €145.8 million during the relative quarter this year. Indeed, as can be seen in Table 1, the goods account was influenced by the dual effect of a drop in merchandise receipts of €23.4 million as well as by a rise in outlays on merchandise imports of €42.1 million. On the other hand, the services account was affected by a rise in expenditure by Maltese travellers going abroad of €11.6 million that was higher than the increase in receipts from tourists visiting the Maltese Islands of €4.0 million. Also, the same account was marked by a fall in revenue of €14.3 million from a selection of services provided to non-residents abroad as well as by an increase of €13.9 million in outlays on services acquired from foreign entities abroad.

As regards the capital and financial account of the statement, the capital account was characterised by net inflows of €3.3 million as opposed to net inflows of €3.9 million during the first quarter of 2007; while the financial account was characterised by net outflows of €16.3 million as against net inflows of €162.1 million during the first three months of 2007.

Indeed, the direct investment abroad was shaped by net outflows of €51.4 million as opposed to net inflows of €7.1 million during the January to March period of 2007; whereas the direct investment in Malta was marked by net inflows of €93.1 million as against net inflows of €142.2 million during the March quarter last year.

The portfolio investment account was characterised by net outflows of €13.0 million as opposed to net outflows of €133.0 million during the March quarter of 2007; while the other investment account was shaped by net inflows of €151.6 million as against net outflows of €2.9 million. Also, during the period under review, the reserve assets of the country rose by €69.4 million. Nevertheless, it should be pointed out that, as explained in the methodological note 12 at the end of this release, the figures recorded in the latter three accounts of the statement are not strictly comparable to those recorded in the same accounts during the corresponding quarter last year ■

Cut-off date for data presented:
24 June 2008

Theme:
Economy and Finance

Compiled by:

Balance of Payments Unit
Economic Statistics Division
e-mail: bop.nso@gov.mt
Tel: 25997269

The monthly calendar of NSO News Releases may be consulted on the Office's website at www.nso.gov.mt

National Statistics Office
Library & Information Unit
Lascaaris, Valletta CMR 02, Malta
Tel: (+356) 25997219
Fax: (+356) 25997205
e-mail: nso@gov.mt
<http://www.nso.gov.mt>

Kindly indicate source when quoting from this release

Table 1. Balance of Payments Summary: March Quarter

€ thousands

	March 2007 Quarter*			March 2008 Quarter*			Change in balance
	Credit	Debit	Net	Credit	Debit	Net	
CURRENT ACCOUNT		77,480	-77,480		68,647	-68,647	8,833
GOODS, SERVICES AND INCOME	1,513,381	1,582,812	-69,431	1,534,188	1,643,482	-109,294	-39,863
GOODS AND SERVICES	1,082,312	1,095,496	-13,184	1,056,194	1,158,981	-102,787	-89,603
GOODS	564,901	748,040	-183,139	541,518	790,119	-248,601	-65,462
SERVICES	517,411	347,456	169,955	514,676	368,862	145,814	-24,141
Transport	65,445	49,232	16,213	73,032	45,196	27,836	11,623
Travel	84,421	46,646	37,775	88,422	58,235	30,187	-7,588
Other Services	367,545	251,578	115,967	353,222	265,431	87,791	-28,176
INCOME	431,069	487,316	-56,247	477,994	484,501	-6,507	49,740
Compensation of Employees	6,964	8,244	-1,280	6,628	8,711	-2,083	-803
Investment Income	424,105	479,072	-54,967	471,366	475,790	-4,424	50,543
CURRENT TRANSFERS	56,954	65,003	-8,049	132,649	92,002	40,647	48,696
CAPITAL AND FINANCIAL ACCOUNT	166,072		166,072		13,018	-13,018	-179,090
CAPITAL ACCOUNT	3,924		3,924	3,319		3,319	-605
FINANCIAL ACCOUNT	162,148		162,148		16,337	-16,337	-178,485
Direct Investment	149,358		149,358	41,686		41,686	-107,672
Abroad	7,146		7,146		51,384	-51,384	-58,530
In Malta	142,212		142,212	93,070		93,070	-49,142
Portfolio Investment		132,983	-132,983		13,016	-13,016	119,967
Assets		133,073	-133,073		10,339	-10,339	122,734
Liabilities	90		90		2,677	-2,677	-2,767
Financial Derivatives	5,396		5,396		127,174	-127,174	-132,570
Other Investment		2,900	-2,900	151,589		151,589	154,489
Assets		2,098,556	-2,098,556		1,675,040	-1,675,040	423,516
Liabilities	2,095,656		2,095,656	1,826,629		1,826,629	-269,027
Reserve Assets	143,277				69,422		
NET ERRORS AND OMISSIONS		88,592		81,665			

*provisional

The figures may not add up due to rounding.

Table 2. The Current Account, geographical breakdown: January to March ...

€ thousands

CURRENT ACCOUNT	2006Q1*			2007Q1*			2008Q1*		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Current A/c - World		169,776	-169,776		77,481	-77,481		68,644	-68,644
of which: EU		197,632	-197,632		216,104	-216,104		169,800	-169,800
of which: France	13,365		13,365	15,792		15,792	9,745		9,745
Germany		19,221	-19,221	37,974		37,974	83,149		83,149
Italy		151,283	-151,283		171,089	-171,089		171,807	-171,807
United Kingdom	12,094		12,094	1,769		1,769	27,606		27,606
Extra-EU	27,857		27,857	138,623		138,623	101,156		101,156
of which: Other European Countries		3,513	-3,513	38,142		38,142	45,693		45,693
Africa		37,200	-37,200	35,874		35,874	36,218		36,218
America	52,711		52,711	53,879		53,879	41,871		41,871
Asia	736		736	3,719		3,719		7,510	-7,510
Oceania and Polar Regions		17,807	-17,807		6,950	-6,950		11,483	-11,483
Goods, Services & Income - World	1,339,498	1,540,208	-200,710	1,513,380	1,582,812	-69,431	1,534,188	1,643,481	-109,293
of which: EU	728,155	948,850	-220,696	801,037	1,013,889	-212,853	827,650	1,041,883	-214,233
of which: France	99,828	85,985	13,844	99,685	83,387	16,298	95,199	84,615	10,584
Germany	131,221	165,077	-33,856	153,734	120,675	33,059	150,137	130,617	19,519
Italy	88,886	239,378	-150,492	72,782	242,677	-169,895	81,388	251,420	-170,032
United Kingdom	197,223	203,500	-6,278	272,032	271,168	864	274,586	247,104	27,483
Extra-EU	611,344	591,359	19,986	712,343	568,923	143,422	706,538	601,598	104,940
of which: Other European Countries	217,569	212,713	4,857	285,422	247,450	37,973	317,044	275,977	41,068
Africa	50,387	87,449	-37,063	58,499	21,958	36,541	58,560	22,261	36,300
America	156,506	116,562	39,944	151,269	97,578	53,690	130,444	90,540	39,904
Asia	146,321	133,488	12,833	178,660	174,728	3,931	179,431	186,666	-7,235
Oceania and Polar Regions	6,762	35,743	-28,981	12,974	22,414	-9,440	6,389	18,778	-12,388
Goods & Services - World	1,016,638	1,118,131	-101,493	1,082,311	1,095,495	-13,184	1,056,194	1,158,980	-102,787
of which: EU	626,461	716,941	-90,479	669,468	753,076	-83,607	649,026	825,216	-176,189
of which: France	93,753	68,723	25,030	89,853	65,335	24,518	86,432	76,509	9,923
Germany	120,123	103,289	16,834	130,717	101,628	29,089	131,660	110,720	20,940
Italy	82,258	237,422	-155,163	61,913	238,230	-176,317	69,270	246,183	-176,913
United Kingdom	178,534	139,876	38,658	234,256	172,631	61,625	214,597	186,705	27,893
Extra-EU	390,176	401,191	-11,014	412,843	342,420	70,423	407,168	333,765	73,402
of which: Other European Countries	31,130	55,506	-24,376	38,585	74,222	-35,636	39,909	78,858	-38,949
Africa	48,883	80,030	-31,147	56,630	13,592	43,038	56,908	12,357	44,552
America	140,427	104,378	36,048	123,438	78,043	45,395	115,608	69,736	45,872
Asia	139,804	129,086	10,718	167,201	168,712	-1,512	168,087	166,436	1,651
Oceania and Polar Regions	2,328	30,371	-28,043	8,320	6,270	2,050	3,662	3,981	-318

*provisional figures

The figures may not add up due to rounding.

... Table 2. The Current Account, geographical breakdown: January to March

€ thousands

CURRENT ACCOUNT	2006Q1*			2007Q1*			2008Q1*		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Goods - World	520,063	785,149	-265,086	564,901	748,040	-183,139	541,518	790,119	-248,601
of which: EU	273,550	508,635	-235,084	301,218	520,383	-219,165	264,320	578,867	-314,547
of which: France	74,616	63,626	10,990	67,222	57,879	9,343	61,934	68,263	-6,328
Germany	69,594	67,221	2,373	82,338	64,641	17,698	79,184	72,834	6,350
Italy	21,688	202,433	-180,745	27,322	203,704	-176,382	31,766	208,692	-176,927
United Kingdom	65,296	76,700	-11,404	69,303	96,923	-27,620	49,846	110,855	-61,008
Extra-EU	246,513	276,514	-30,002	263,683	227,657	36,026	277,198	211,252	65,946
of which: Other European Countries	5,610	39,666	-34,057	6,861	38,628	-31,767	11,632	26,268	-14,637
Africa	29,945	24,376	5,570	42,627	5,476	37,151	39,831	4,357	35,475
America	79,744	68,698	11,045	71,352	41,763	29,589	66,382	29,737	36,645
Asia	127,642	116,984	10,658	135,590	139,808	-4,218	149,768	149,306	462
Oceania and Polar Regions	793	27,404	-26,612	2,539	2,326	213	1,106	2,183	-1,077
Services - World	496,575	332,981	163,593	517,411	347,456	169,955	514,676	368,862	145,815
of which: EU	352,912	208,305	144,606	368,251	232,693	135,558	384,706	246,348	138,359
of which: France	19,137	5,096	14,041	22,631	7,456	15,175	24,498	8,246	16,252
Germany	50,529	36,069	14,460	48,379	36,987	11,392	52,476	37,886	14,591
Italy	60,571	34,989	25,582	34,591	34,525	66	37,504	37,491	13
United Kingdom	113,239	63,176	50,062	164,953	75,709	89,244	164,751	75,850	88,901
Extra-EU	143,663	124,676	18,986	149,160	114,762	34,397	129,970	122,513	7,457
of which: Other European Countries	25,520	15,838	9,682	31,724	35,594	-3,869	28,277	52,589	-24,312
Africa	18,938	55,654	-36,716	14,003	8,116	5,887	17,077	8,000	9,077
America	60,683	35,680	25,003	52,086	36,279	15,806	49,226	39,999	9,227
Asia	12,162	12,102	60	31,611	28,904	2,706	18,319	17,130	1,189
Oceania and Polar Regions	1,535	2,967	-1,432	5,782	3,944	1,838	2,556	1,798	758
Income - World	322,861	422,077	-99,217	431,069	487,316	-56,247	477,994	484,500	-6,507
of which: EU	101,693	231,910	-130,218	131,569	260,815	-129,246	178,624	216,668	-38,044
of which: France	6,076	17,262	-11,187	9,832	18,052	-8,220	8,767	8,106	660
Germany	11,098	61,788	-50,689	23,017	19,048	3,970	18,477	19,897	-1,421
Italy	6,627	1,956	4,671	10,869	4,447	6,422	12,117	5,237	6,881
United Kingdom	18,689	63,624	-44,935	37,776	98,537	-60,761	59,989	60,399	-410
Extra-EU	221,168	190,167	31,001	299,500	226,502	72,999	299,370	267,833	31,537
of which: Other European Countries	186,440	157,207	29,232	246,837	173,228	73,610	277,135	197,119	80,017
Africa	1,504	7,420	-5,916	1,869	8,366	-6,498	1,653	9,905	-8,252
America	16,079	12,183	3,896	27,831	19,535	8,295	14,835	20,804	-5,968
Asia	6,517	4,402	2,115	11,459	6,017	5,443	11,344	20,230	-8,887
Oceania and Polar Regions	4,434	5,371	-937	4,654	16,144	-11,490	2,727	14,797	-12,070
Transfers - World	101,613	71,394	30,220	56,954	65,003	-8,049	132,649	92,002	40,646
of which: EU	56,794	33,730	23,064	35,588	38,839	-3,251	101,005	56,573	44,432
of which: France	64	542	-479	40	546	-506	209	1,048	-839
Germany	15,914	1,279	14,635	12,604	7,688	4,916	66,592	2,963	63,629
Italy	2,649	3,440	-791	359	1,554	-1,194	476	2,250	-1,774
United Kingdom	33,296	14,924	18,371	18,760	17,855	905	29,586	29,463	123
Extra-EU	44,819	37,664	7,156	21,366	26,164	-4,798	31,644	35,429	-3,785
of which: Other European Countries	24,326	32,696	-8,370	31,970	31,801	169	36,344	31,719	4,625
Africa	1	139	-138	1	667	-667	1	82	-82
America	14,503	1,735	12,768	4,235	4,046	189	4,661	2,694	1,968
Asia	333	12,430	-12,096	363	575	-212	397	672	-275
Oceania and Polar Regions	12,756	1,582	11,174	4,449	1,959	2,490	3,582	2,677	905

*provisional figures

The figures may not add up due to rounding.

Methodological Notes

1. The National Statistics Office (NSO), with the cooperation of the Central Bank of Malta (CBM), is responsible for the collection, compilation and presentation of both the Balance of Payments (BoP) as well as the International Investment Position (IIP) Statement of Malta. Both statements are compiled in accordance with the international guidelines set in the fifth manual of the International Monetary Fund as well as with the (similarly-set) methodological guidelines established by the European Union statistical agency, Eurostat.
2. The type of data collection system used to compile the above statistics is a composite system based on a monthly and annual direct reporting enterprise survey, customs data as well as various other sources that are identified from time to time by the BoP compilers. The monthly and annual survey provides both current account as well as financial account transactions conducted by all entities operating in Malta. Also, merchandise transactions conducted by Malta with its world trading partners are captured through INTRASTAT forms as well as through customs documents.
3. The majority of the transactions that are collected through the above-mentioned sources are broken down by country. The data are subsequently compiled using a standard format and published at a quarterly frequency.
4. The current account is also being presented broken down with more geographical detail. The EU here refers to the 27 Member States.
5. The date for the publication of data carried in this News Release is within 90 days from the end of the reference period. This is in line with Eurostat requirements for data compilation and dissemination.
6. The data carried in this News Release do not necessarily correspond to the latest published National Accounts data for the same reference period. This is due to different cut-off dates for the two sets of data.
7. Revisions are conducted on a quarterly basis with the previous years' data remaining subject to revision. Data are considered to be final once published in the annual NSO publication for the BoP of Malta.
8. The figures published in this release include revised and updated data for previous periods.
9. The quarterly figure for re-invested earnings (a component of both the income account as well as the direct investment account) reported as from 2004 is mostly collated annually. Where actual figures are not available, an average of the re-invested earnings quoted for the previous four years is apportioned on a quarterly basis. This figure is then revised once the annual questionnaires are submitted by the surveyed entities.
10. Shipment data (freight and insurance) is being extracted from the c.i.f. INTRASTAT import figure (as from 2004). Previously, when shipment data was not available separately, the shipment content of the merchandise import c.i.f value was taken as 10%. This has resulted in a break in series, with the goods account and transportation account not strictly comparable to previous data.
11. The source for gross earnings from tourism are the surveys TOURSTAT and CRUISTAT carried out by the NSO. This has replaced the previous source, that used to be collected from foreign currency transactions reported to the CBM by the banking institutions and other authorized dealers.
12. As from 1 January 2008, following Malta's entry into the euro area, a reclassification of the external reserves of the country has been carried out. Indeed, this meant that, as from this date, all cross-border claims that Malta has within the euro area as well as all claims that the country has in euro-denomination are no longer considered as being part of Malta's reserve assets. In addition, as happened in other euro area Member States, Malta has transferred a fraction of its external reserves to the European Central Bank (ECB) in exchange for a claim on the ECB; which, being an intra-Eurosystem asset, is also not considered as being part of the country's external reserves. As a result of this, the portfolio investment account, the financial derivatives account and the other investment account recorded significant changes in their net balances.
13. For more detailed metadata, please refer to the Balance of Payments publication published annually by the NSO.

European statistics comparable to data in this News Release are available at:

[EUROSTAT Website/Homepage/Economy&Finance/data](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

>Economy & Finance

>Balance of payments - International transactions

>Balance of payments statistics

For further assistance send a request from:

http://www.nso.gov.mt/adhoc/adhoc_contact_details.aspx