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The stock position of Foreign Direct Investment in Malta as at the end of June 2014 stood at €136.8 billion, while Direct Investment abroad amounted to €35.7 billion.

Direct Investment in Malta and Abroad: January-June 2014

Cut-off date:
26 January 2015

As from 2014, the Foreign Direct Investment (FDI) statement is being compiled in accordance with the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). However, FDI is being presented on a directional basis, in Malta and abroad, in this release. Moreover, for the first time this statement is incorporating special purpose entities. Consequently, these updates do not allow for comparison with data from the previous FDI News Releases.

Foreign Direct Investment in Malta

As at June 2014, foreign direct investment in Malta was estimated at €136.8 billion, with 97.9 per cent originating from financial and insurance activities, which now include special purpose entities (Table 3). This amounts to an increase of €5.6 billion over the corresponding month in 2013.

There was a net increase of €1.5 billion in FDI flows, whereas the corresponding period in 2013 showed an increase of €4.1 billion (Table 1). These were mainly the result of decreases in equity capital.

Direct Investment abroad

During the first six months of 2014, direct investment abroad increased by €0.7 billion, which follows an increase of €0.9 billion during the corresponding period of the previous year. This was mainly the result of increases in claims on direct investors of €1.2 billion (Table 4).

In terms of stock position, in June 2014 direct investment abroad by resident enterprises was estimated at €35.7 billion (Table 6) ■

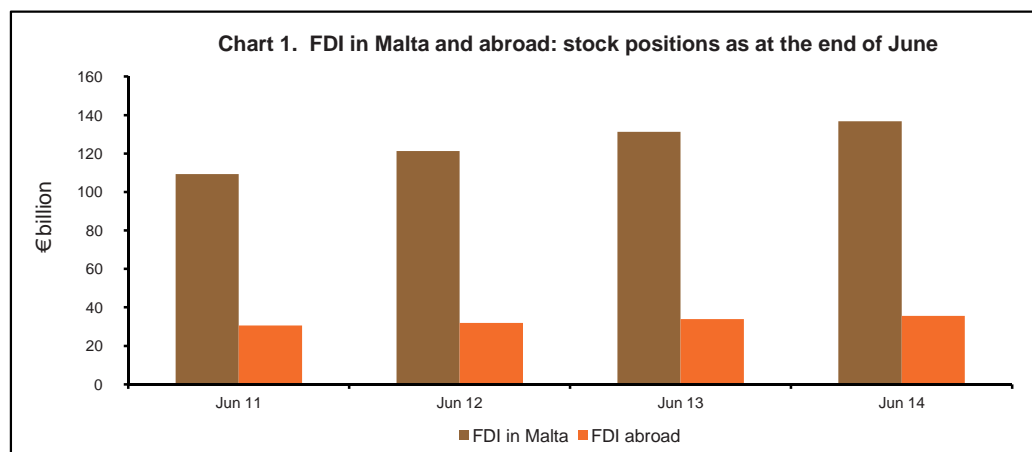
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Table 1. Foreign Direct Investment flows in Malta

€000

	2011	2012	2013	2011 Q1-Q2	2012 Q1-Q2	2013 Q1-Q2	2014 Q1-Q2
	Inward FDI			Inward FDI			
Equity capital	-2,784,911	-1,463,560	-3,802,379	-1,619,058	-766,655	-1,079,786	-3,923,684
Reinvested earnings	927,436	474,090	396,811	287,125	-73,289	-51,252	138,458
Other capital	13,091,752	10,340,721	10,727,098	6,547,270	5,216,259	5,267,182	5,246,161
Claims on direct investors	11,859,454	8,429,057	8,711,821	5,891,216	4,182,309	4,276,291	4,174,890
Liabilities to direct investors	1,232,298	1,911,664	2,015,277	656,055	1,033,950	990,891	1,071,271
Total	11,234,277	9,351,251	7,321,530	5,215,337	4,376,315	4,136,143	1,460,935

Provisional

Notes:

Figures may not add up due to rounding.

Increase in assets and decrease in liabilities are denoted as negative (Debit flows).

Decrease in assets and increase in liabilities are denoted as positive (Credit flows).

Table 2. Foreign Direct Investment flows in Malta: Economic activity

€000

Economic Activity	2011	2012	2013	2011 Q1-Q2	2012 Q1-Q2	2013 Q1-Q2	2014 Q1-Q2
	Inward FDI			Inward FDI			
Manufacturing	133,091	-81,960	98,391	78,217	-81,390	59,892	20,519
Transportation, Accommodation and Real Estate Activities	-6,202	49,368	56,701	-2,512	12,787	26,541	28,647
Financial and Insurance Activities	11,093,815	9,307,461	7,072,758	5,230,070	4,427,797	3,961,661	1,442,004
Information and Communication	-16,370	676	-8,448	-8,002	1,376	-15,479	-2,299
Professional, Scientific and Technical Activities	-109,646	-8,534	13,015	-54,818	-5,135	6,616	6,339
Other Activities	139,588	84,241	89,114	-27,619	20,880	96,912	-34,275
Total	11,234,277	9,351,251	7,321,530	5,215,337	4,376,315	4,136,143	1,460,935

Provisional

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Increase in assets and decrease in liabilities are denoted as negative (Debit flows).

Decrease in assets and increase in liabilities are denoted as positive (Credit flows).

Table 3. Foreign Direct Investment in Malta - stock position: Economic activity

€000

Economic activity	Dec 11	Dec 12	Dec 13	Jun 11	Jun 12	Jun 13	Jun 14
	Inward FDI			Inward FDI			
Manufacturing	893,621	799,614	889,414	832,038	808,688	861,422	984,703
Transportation, Accommodation and Real Estate Activities	1,027,857	1,074,462	1,133,393	1,032,133	1,040,445	1,101,635	1,159,300
Financial and Insurance Activities	112,710,725	124,036,824	130,965,428	106,838,574	118,857,598	128,582,239	133,917,950
Information and Communication	-34,920	34,135	27,803	-26,739	34,970	21,066	25,292
Professional, Scientific and Technical Activities	297,062	348,290	372,420	320,686	343,806	366,649	378,762
Other Activities	300,816	257,707	332,163	281,645	279,595	291,880	338,175
Total	115,195,162	126,551,032	133,720,620	109,278,338	121,365,102	131,224,891	136,804,180

Provisional

Note:

Figures may not add up due to rounding.

Table 4. Direct Investment flows abroad

€000

	2011	2012	2013	2011 Q1-Q2	2012 Q1-Q2	2013 Q1-Q2	2014 Q1-Q2
	Outward FDI			Outward FDI			
Equity capital	2,520,291	244,201	196,226	1,261,680	90,814	104,861	492,779
Reinvested earnings	-19,511	-8,857	-9,698	-10,087	-4,407	-6,039	-5,002
Other capital	-3,165,081	-2,239,515	-2,147,124	-1,454,768	-1,118,297	-1,006,431	-1,182,996
Claims on direct investors	-3,743,037	-2,223,890	-2,152,010	-1,731,616	-1,090,653	-1,042,773	-1,175,640
Liabilities to direct investors	577,956	-15,625	4,886	276,849	-27,644	36,342	-7,356
Total	-664,301	-2,004,171	-1,960,596	-203,175	-1,031,890	-907,608	-695,219

Provisional

Notes:

Figures may not add up due to rounding.

Increase in assets and decrease in liabilities are denoted as negative (Debit flows).

Decrease in assets and increase in liabilities are denoted as positive (Credit flows).

Table 5. Direct Investment flows abroad: Economic activity

€000

Economic activity	2011	2012	2013	2011 Q1-Q2	2012 Q1-Q2	2013 Q1-Q2	2014 Q1-Q2
	Outward FDI			Outward FDI			
Manufacturing	-2,668	3,769	401	-3,619	1,045	-582	-807
Transportation, Accommodation and Real Estate Activities	-8,966	4,132	-5,179	-4,089	5,894	-5,261	-3,760
Financial and Insurance Activities	-661,825	-1,996,622	-1,956,433	-183,974	-1,016,892	-902,621	-707,493
Information and Communication; Professional, Scientific and Technical Activities	-7,261	-5,766	-1,597	-3,679	-3,651	-728	-3,793
Other Activities	16,419	-9,684	2,212	-7,814	-18,286	1,584	20,633
Total	-664,301	-2,004,171	-1,960,596	-203,175	-1,031,890	-907,608	-695,219

Provisional

Notes:

Figures may not add up due to rounding.

Increase in assets and decrease in liabilities are denoted as negative (Debit flows).

Decrease in assets and increase in liabilities are denoted as positive (Credit flows).

Table 6. Direct Investment abroad - stock position: Economic activity

€000

Economic activity	Dec 11	Dec 12	Dec 13	Jun 11	Jun 12	Jun 13	Jun 14
	Outward FDI			Outward FDI			
Manufacturing	18,361	18,522	13,175	24,465	22,699	15,638	78,583
Transportation, Accommodation and Real Estate Activities	120,561	147,432	166,614	118,697	141,203	159,074	172,043
Financial and Insurance Activities	30,383,913	32,408,409	34,331,726	29,829,851	31,414,184	33,287,758	35,026,537
Information and Communication; Professional, Scientific and Technical Activities	24,630	26,206	25,582	140,781	25,956	25,461	28,599
Other Activities	368,532	381,206	368,958	391,144	387,831	355,115	348,112
Total	30,915,998	32,981,775	34,906,054	30,504,937	31,991,873	33,843,046	35,653,874

Provisional

Note:

Figures may not add up due to rounding.

Methodological Notes

1. The collection, compilation and presentation of both the International Investment Position (IIP) and the Balance of Payments (BoP) statements of Malta fall under the responsibility of the National Statistics Office (NSO), with the co-operation of the Central Bank of Malta (CBM). Direct Investment is extracted from both statements, compiled in accordance with the international guidelines set out in the sixth manual of the International Monetary Fund (BPM6).

However, for the current news release Direct Investment is being presented on a directional basis, ie. inward and outward, rather than on an asset and liability basis. In addition, as from this release, the statement incorporates data relating to special purpose entities which are classified under financial service activities. This inclusion has brought about significant changes in the FDI statement, hence, resulting in non-comparability of data from previous news releases.

2. Direct Investment is defined as “a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy.” (BPM6).

a. Direct investment is sub-divided into two categories:

- Foreign Direct Investment (FDI) in Malta – where a foreign investor owns 10% or more of the ordinary shares (or voting power) of an enterprise in Malta; and
- Direct Investment Abroad – where a Maltese resident entity (or an individual, government or association) owns 10% or more of the ordinary shares of an enterprise in another economy. These companies can be subsidiaries, affiliates or branches.

b. Direct Investment is made up of three basic components:

- Equity Capital - comprising equity investment in subsidiaries, associates and branches. Capital contributions (e.g. provisions of machinery) and purchase of immovable property are also classified under equity capital.
- Reinvested Earnings - consisting of the direct investor's share of earnings not distributed as dividends by subsidiaries and associates; and earnings that branches do not remit to the direct investor. Losses are regarded as negative reinvested earnings.
- Other Capital - including inter-company transactions such as borrowing and lending of funds; and trade debits and credits between direct investors and direct investment enterprises. Transactions between enterprises in different economies that share the same direct investor are also considered as direct investment and included under other capital.

3. Direct Investment flows include transactions occurring during a particular period. Besides accumulated flows, the Direct Investment Stock Position takes into account any market value revaluations, reclassifications and exchange rate changes prevailing at the end of the reporting period.

4. The type of data collection system used to compile the Direct Investment is a composite system based on monthly, quarterly and annual direct reporting (DR) enterprise surveys, as well as various other sources that are identified from time to time by the BoP compilers. No major sectors of the economy are excluded from the aggregate data. The data for all components are compiled from these surveys. Where not directly available, preliminary figures on reinvested earnings are estimates based on an average of the previous four years. The final data on reinvested earnings are then compiled from the annual DR survey.

5. The classification used for economic activity is NACE Rev. 2, which corresponds to the Statistical Classification of Economic Activities in the European Community. Both the data on direct investment abroad and foreign direct investment in Malta are classified on the basis of the industrial activity of the resident direct investment enterprises. Due to confidentiality issues, aggregate economic activities are grouped as follows:

Manufacturing include:

Manufacturing industry

Transportation, Accommodation and Real Estate Activities include:

Land, sea and air transport

Warehousing and support activities for transportation

Postal and courier activities

Accommodation and food service activities

Real estate activities

Financial and Insurance Activities include:

Financial service activities

Insurance, reinsurance and pension fundings

Activities auxiliary to financial services

Information and Communication Activities include:

Publishing activities

Activities connected to audio and video productions

Telecommunications

Computer programming, consultancy and related activities

Information service activities

Professional, Scientific and Technical Activities include:

Legal and accounting activities

Business and management consultancy activities

Architectural, engineering and other technical activities

Scientific research and development

Advertising and market research

Other professional, scientific and technical activities

Veterinary activities

Other Activities include:

Agriculture and fishing

Mining and quarrying

Electricity, gas, steam and air conditioning supply

Water supply; sewerage, waste management and remediation activities

Construction industry

Wholesale and retail; repair of motor vehicles and motorcycles

Administrative and support service activities

Education, health and social work activities

Arts, entertainment and recreation

Other activities not allocated elsewhere

6. Data are to be considered provisional.

7. More information relating to this news release may be accessed at:
Statistical Concepts: <http://nso.gov.mt/metadata/concepts.aspx>
Metadata: <http://nso.gov.mt/metadata/reports.aspx?id=6>

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

[EUROSTAT Website/Homepage/Statistics/Data Navigation Tree/Database by themes](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

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