

COMMENTARY

At present Structural Business Statistics data cover all industries and services classified to NACE Rev. 1 Sections C to K, and NACE Groups 92.1 to 92.4 of Section O. They, therefore, exclude public administration, education, health and social services (NACE Rev. 1 sectors L, M, N, O (Groups 90.0 – 91.3), P, Q. In principle, according to the regulations concerning structural business statistics, they can cover all sectors except public administration (NACE Rev. 1 sector L), but so far the effort has been concentrated on collecting data for the enterprise sector, i.e. on market rather than non-market activities (see Appendix A on the division of economic activity by NACE sector).

Within the sectors covered, activities are disaggregated to a NACE 4-digit level within industry and services, though data are more complete at a NACE 3-digit level. The variables contained in the SBS include the number of enterprises, turnover, the value of production, value-added, wages and salaries, gross investment and hours worked as well as the number of persons employed and the number of employees. They also include a number of ratios and calculated variables, such as the share of employment in particular industries in the total of manufacturing, investment per worker, social charges as a share of personnel costs and the growth of employment. Therefore, requests are accepted for SBS data which are not available in this publication.

The data within this publication reflect the situation of the SBS (Structural Business Statistics) database as of 31 March 2004. All enterprises are surveyed irrespective of any size or threshold except for NACE Section 55 – Hotels and restaurants, surveyed by stratified random sampling. Dormant units are excluded.

Table 1. Key variables and statistical indicators

Year	Variable	Sector				Total
		14	15-37	50-52	45	
		Mining & Quarrying	Manufacturing	Wholesale & Retail	Construction	
1999	Number of enterprises	70	2,987	10,285	2,875	16,217
	Number of births	3	135	493	200	831
	Number of deaths	3	80	404	68	555
	Number of persons employed	259	31,133	24,411	7,564	63,367
	Number of employees	197	28,736	15,434	4,803	49,170
	Turnover (Lm000)	3,259	1,023,157	1,108,764	92,313	2,227,494
	Value Added at Factor Cost (Lm000)	2,048	308,109	183,281	39,486	532,924
	Personnel Costs (Lm000)	763	152,667	61,621	19,402	234,453
	Gross Operating Surplus (Lm000)	1,286	155,444	121,660	20,084	298,474
	Gross Investment in tangible goods (Lm000)	228	48,162	16,890	3,225	68,505
	2000	Number of enterprises	72	3,057	10,450	3,099
Number of births		2	169	555	298	1,024
Number of deaths		0	74	321	58	453
Number of persons employed		289	31,030	24,711	7,493	63,523
Number of employees		229	28,558	15,553	4,498	48,838
Turnover (Lm000)		3,957	1,290,617	1,147,482	105,478	2,547,534
Value Added at Factor Cost (Lm000)		2,444	371,900	202,672	47,086	624,103
Personnel Costs (Lm000)		1,033	159,129	64,610	19,083	243,855
Gross Operating Surplus (Lm000)		1,412	212,771	138,063	28,003	380,248
Gross Investment in tangible goods (Lm000)		122	100,910	22,727	4,876	128,634
2001		Number of enterprises	72	3,080	10,650	3,244
	Number of births	3	132	642	242	1,019
	Number of deaths	0	50	257	52	359
	Number of persons employed	358	30,657	25,194	7,754	63,963
	Number of employees	293	28,177	15,889	4,629	48,988
	Turnover (Lm000)	4,648	1,078,381	1,194,018	112,459	2,389,507
	Value Added at Factor Cost (Lm000)	2,688	302,320	191,313	42,060	538,381
	Personnel Costs (Lm000)	1,343	160,011	67,956	19,658	248,968
	Gross Operating Surplus (Lm000)	1,345	142,309	123,357	22,402	289,412
	Gross Investment in tangible goods (Lm000)	232	56,446	19,790	2,738	79,207

Lm000

The total turnover value of Malta's industry, construction and wholesale and retail trade activities added up to Lm2,389.5 million in 2001 (industry activities include mining and quarrying, manufacturing but excludes electricity, gas and water supply activities) against Lm2,547.5 million obtained during 2000, a decrease of Lm158 million or 6.2 per cent.

Table 2. Turnover per person employed (in thousands of EUR), 2000

	Industry	Construction	Trade	Services (1)
Bulgaria	16	12	39	13
Czech Republic	43	31	83	29
Estonia	30	35	78	44
Cyprus	86	:	136	:
Latvia	22	28	58	27
Lithuania	24	15	47	18
Hungary	62	44	:	31
Malta	96	34	111	50
Poland(*)	52	44	136	34
Romania	13	10	c	:
Slovenia (2) (*)	34	38	96	25
Slovak Republic	43	26	102	19

(1) Services here only include NACE branches H and I; (2) 1999

Source: Eurostat, Statistics in Focus 21/2003 Theme 4.

(*) Turnover per employee instead of Turnover per person employed

Table 2 shows that in terms of turnover per person, Cyprus, Malta and Poland registered the highest figures from among the accession countries during 2000. One needs to bear in mind, however, that the accession countries' financial structural business statistics are expressed in current ECU/EUR. Average market conversion rates do not reflect actual purchasing power of the various countries' currencies. The gross operating rate (share of gross operating surplus to turnover) is a useful indicator of success of an economic activity. Table 3 shows that Latvia, Malta and Poland reported the highest operating rates among the accession countries.

Table 3. Gross operating rate (in %), 2000

	Industry	Construction	Trade	Services (1)
Bulgaria	10	7	3	16
Czech Republic	12	6	4	:
Estonia	10	5	4	16
Cyprus	:	:	7	:
Latvia	17	27	8	27
Lithuania	8	6	4	19
Hungary	12	8	:	:
Malta	15	26	14	46
Poland	15	14	7	26
Romania	6	11	c	:
Slovenia (2)	4	4	3	:
Slovak Republic	9	1	4	13

(1) Services here only include NACE branches H and I; (2) 1999

Source: Eurostat, Statistics in Focus 21/2003 Theme 4.A5

Moreover, Malta was the most expensive accession country in terms of unit personnel costs. Table 4 shows also that Poland, the Czech Republic, Hungary and the Slovak Republic bore the next most expensive unit personnel costs followed by the Baltic States. Bulgaria and Romania offered the least expensive unit personnel costs among the accession countries.

Table 4. Unit personnel costs (in thousands of EUR per employee), 2000

	Industry	Construction	Trade	Services (1)
Bulgaria	2	3	2	3
Czech Republic	:	6	6	6
Estonia	5	4	4	5
Cyprus	:	:	:	:
Latvia	4	3	3	4
Lithuania	4	3	3	4
Hungary	6	4	:	6
Malta	14	10	10	11
Poland	8	7	69	8
Romania	3	2	c	:
Slovenia (2)	:	:	:	:
Slovak Republic	5	5	5	5

(1) Services here only include NACE branches H and I; (2) 1999

Source: Eurostat, Statistics in Focus 21/2003 Theme 4.

In terms of turnover value, wholesale trade – Lm540.1 million in 2001 against Lm518.7 million in 2000, manufacture of radio, television and communication equipment and apparatus - Lm476.7 million in 2001 against Lm703.1 million in 2000 and retail trade – Lm448.7 million in 2001 against Lm421.7 million in 2000 are the most important. These three together represented 61.3 per cent of total turnover generated during 2001 against 64.5 per cent in 2000.

When the importance of the different industrial activities is calculated on the basis of the number of employed persons, the picture is slightly different.

Whilst the average turnover per head for all industrial and services activities was Lm33,590, activities yielding turnover levels above Lm50 thousand per person employed during 2001 accounted for 52.9 per cent of total turnover and 12.6 per cent of total enterprises.

It is to be noted that SBS employment data are compiled on a different basis from those compiled by the Labour Force Survey (LFS), reflecting the different methods of collecting the basic information, the former being based on data collected directly from enterprises, the latter on a survey of private households. Whereas the SBS data relate to the number employed in local enterprises, the LFS relate to the number of residents in employment in the country, irrespective of whether they work in the country or abroad. Moreover, the LFS essentially counts the number of people in employment irrespective of the number of jobs which they might have, while the SBS counts the number employed in different enterprises and makes no allowance for people who might work in more than one enterprise. In other words, the SBS essentially records jobs, the LFS people.

Difference between SBS and LFS data on number employed in the market economy for 2000 for EU Member States except Greece, for which there are no data, are as follows:

SBS relative to LFS(%)	Total	Industry (NACE C to F)	Services NACE (G,H,I,K)
B	-0.2	-9.9	7.2
DK	9.3	1.4	15.4
D	-13.4	-16.4	-10.2
E	11.5	-6.9	27.3
F	-0.2	-7.2	5.5
IRL	-21.7	-38.1	-8.3
I	1.7	-2.6	5.8
L	66.6	61.6	70.3
NL	-0.6	-14.0	6.8
A	-11.8	-18.6	-6.0
P	-7.3	-17.9	6.2
FIN	-18.9	-14.9	-22.4
S	2.8	4.0	1.9
UK	2.5	-18.3	16.6

Source: Eurostat. SBS

The difference between SBS and LFS data for Malta during 2001 was:

Total: +9.2% Industry: -8% Services: +22.5%

Personnel costs in the manufacturing sector increased slightly by 0.6 per cent to Lm160 million in 2001, compared with Lm159.1 million in 2000. This amounts to 52.9 per cent of value added at factor cost. Personnel costs in the construction sector amounted to Lm19.7 million in 2001 against Lm19.1 million recorded in 2000, an increase of Lm0.6 million or 3.1 per cent.

Looking at the personnel costs per employee (unit personnel cost), one can see that they broadly follow each economic activity's level of wages. Shipbuilding and ship repair has the highest wages among all economic activities. Wages in shipbuilding and ship repair are about 34 per cent higher in 2001, than the average for all manufacturing industries.

As already stated, gross operating rate (share of gross operating surplus to turnover) is a useful indicator of success of an economic activity. The manufacture of textiles reports one of the highest operating rates among the economic activities. The manufacture of textiles had a gross operating rate of 30 per cent in 2001, well above the average of the whole manufacturing sector (with an operating rate of 13 per cent). The rest of the economic activities (apart from shipbuilding and ship repair) display identically high gross operating rates of between 7 per cent to 32 per cent. Disparities between various economic activities are pronounced in the manufacturing sector.

Investment is a key factor for maintaining and improving competitiveness. The manufacture of paper and paper products shows one of the highest investment-to-turnover ratios, 26 per cent in 2001. In most other economic activities, gross investment in tangible goods amounts to 5 per cent of turnover or less. These ratios tend to be smaller in economic activities having more rapidly restructured their industry such as the manufacture of food, beverages and tobacco.

In a report by Eurostat 'Business in Europe', it is stated that an alternative way to study the structure of European manufacturing is to look at the geographical concentration of output. A concentration measure can be calculated by the taking the share of the four largest countries in terms of value added for each NACE Group. Looking at the geographical concentration of manufacturing, the ratio of the four largest countries (Germany, France, Italy and the United Kingdom) was above 80 per cent in eight NACE Groups in 2000 (see table 5).

Table 5. Geographical concentration of manufacturing, 2000
(cumulative share of the four largest producing countries) ⁽¹⁾

		Largest values				Largest countries			
3530	Aircraft & spacecraft	39.8	24.2	20.9	6.1	UK	F	D	I
3120	Electricity distribution & control apparatus	63.9	12.8	8.4	6.0	D	F	UK	I
2840	Forging, pressing, stamping & roll forming of metal; powder metallurgy	37.0	18.7	16.8	12.3	D	F	I	UK
2940	Machine-tools	51.9	17.2	8.8	6.4	D	I	UK	F
3320	Instruments & appliances for measuring, checking, testing, navigating & other purposes	36.7	23.6	18.4	6.7	D	UK	F	I
3430	Parts, accessories for motor vehicles	45.5	13.5	13.2	9.4	D	F	UK	I
2910	Machinery for the production & use of mechanical power	41.3	15.8	13.7	11.2	D	I	UK	F
2970	Domestic appliances n.e.c.	33.9	23.9	12.3	10.8	D	I	UK	F
3410	Motor vehicles	45.7	17.8	8.6	5.6	D	F	UK	I
2750	Casting of metals	33.7	15.9	15.1	15.1	D	I	F	UK

⁽¹⁾ The following NACE Groups are excluded, 15.2, 16.0, 18.1, 18.3, 23.1, 23.2, 28.2, 35.2 and 35.5; only NACE Groups >0.65% if EU manufacturing are included.

Source: Eurostat, Structural Business Statistics (theme 4/sbs/enterpr/ent_1_ms)

The report states that as globalisation widens the horizon for purchasing and production related decision making, it also increases the speed with which information and technology are diffused and ultimately competition spread. Countries that have a dynamic manufacturing industry that can adapt to these new challenges will benefit.

Table 6. Manufacturing specialisation in the Member States, 2000 ⁽¹⁾

B	DK	D	EL	E
Accumulators, cells & batteries	Fish	Electricity distribn. & control app.	Cement, lime & plaster	Cement, lime & plaster
Other first processing of iron & steel	Games & toys	Machine tools	Textile fibres	Ceramic tiles & flags
Other textiles	Optical & photographic equipment	Motor vehicles	Oils & fats	Stone
F	IRL	I	L	NL
Aircraft & spacecraft	Basic chemicals	Ceramic tiles & flags	Basic iron & steel (ECSC)	Audio-visual household goods
Processing of nuclear fuel	Office machinery & computers	Motorcycles & bicycles	Other textiles	Oils & fats
Steam generators	Reproduction of recorded media	Tanning & dressing of leather	Rubber products	Other transport equipment n.e.c.
A	P	FIN	S	UK
Railway rolling stock	Footwear	Pulp, paper & paperboard	Pulp, paper & paperboard	Aircraft & spacecraft
Sawmilling & planing of wood	Knitted & crocheted fabrics	Sawmilling & planing of wood	Sawmilling & planing of wood	Pesticides & other agro-chemical products
Sports goods	Other wood products	Telecommunications equipment	Tubes	Publishing

⁽¹⁾ Three most specialised manufacturing activities per country; based on NACE Groups and their specialisation ratios in terms of value added at factor cost; excluding recycling; only NACE Groups with a share >0.5% of national manufacturing are included; Source: Eurostat, Structural Business Statistics (theme4/sbs/enterpr/ent_1_ms)

Table 7. Three largest manufacturing activities, 2000 ⁽¹⁾

	Largest	Second largest	Third largest
EU-15	Machinery & equipment	Food & beverages	Chemicals
B	Chemicals	Food & beverages	Basic metals
DK	Food & beverages	Machinery & equipment	Chemicals
D	Machinery & equipment	Motor vehicles	Chemicals
EL	Food & beverages	Textiles	Coke, petroleum & nuclear
E	Food & beverages	Fabricated metals	Chemicals
F	Food & beverages	Chemicals	Fabricated metals
IRL	Chemicals	Food & beverages	Publishing & printing
I	Machinery & equipment	Fabricated metals	Food & beverages
L	Basic metals	Rubber & plastics	Fabricated metals
NL	Food & beverages	Chemicals	Publishing & printing
A	Machinery & equipment	Coke, petroleum & nuclear	Food & beverages
P	Food & beverages	Other non-metallic minerals	Textiles
FIN	Radio, TV, communication	Pulp and paper	Machinery & equipment
S	Motor vehicles	Machinery & equipment	Pulp and paper
UK	Food & beverages	Publishing & printing	Chemicals

⁽¹⁾ Based on value added for NACE Divisions 15 to 37; estimates.

Source: Eurostat, Structural Business Statistics (theme4/sbs/enterpr/ent_1_ms)

Moreover, the geographical concentration of manufacturing, as shown in table 6 provides information on the three most specialised manufacturing activities per country, based on NACE Groups and specialization ratios in terms of value added at factor cost. The general trend is to see a higher level of specialisation in a limited number of activities for smaller countries. For example, Denmark is specialised in games and toys, Ireland in office machinery and computers, Austria in sports goods (notably winter sports), Portugal in footwear and certain wood processing activities. Table 7 presents the three largest manufacturing activities for each Member State in absolute terms, based on value added.

Turning to the local scene, the manufacturing sector (NACE Section D) of the Maltese economy generated Lm302.3 million of value added in 2001 against Lm371.9 million in 2000.

The structure of the EU and Malta's manufacturing sector is provided in table 8.

Table 8. Share of manufacturing value added in the EU and Malta (%)

Economic activity	NACE Rev. 1	EU	Malta		
		2000	1999	2000	2001
Food, beverages and tobacco	Subsection DA	11.3 ⁽¹⁾	18.2	13.9	15.9
Textiles, clothing, leather and footwear	Subsection DB and DC	4.5	11.3	10.3	12.6
Wood, paper, publishing and printing	Subsection DD and DE	10.4	8.0	6.8	8.4
Coke, refined petroleum products and nuclear fuel	Division 23	2.2	0.1	0.0	0.1
Chemicals, rubber and plastic	Subsection DG and DH	16.2	9.8	9.0	10.2
Non-metallic mineral products	Division 26	4.4	3.3	2.9	3.0
Metals	Division 27	4.2	0.2	0.1	0.2
Metal products	Division 28	7.6	2.6	2.4	3.3
Machinery and equipment n.e.c.	Division 29	10.5	2.0	1.4	1.8
Electrical machinery and electronics	Subsection DL	13.7	30.6	40.8	30.3
Transport equipment	Subsection DM	12.0	4.6	3.6	5.5
Other manufacturing industries	Division 36	2.9 ⁽¹⁾	9.2	8.5	8.3
Recycling	Division 37	0.1	0.2	0.3	0.4

⁽¹⁾ Estimate

Source: Eurostat. Structural Business Statistics (theme4/sbs)

The fastest growing activity (as measured by share in value added at factor cost) during 2001 was recycling, with average growth rate of 41.6 per cent per annum between 1999 and 2001. Among the remaining activities, the manufacture of textiles, clothing, leather and footwear, metal products and transport equipment, increased their share of manufacturing value added between 1999 and 2001.

The number of active enterprises in the manufacturing sector was 3,080 during 2001 against 2,987 in 1999 and 3,057 in 2000, with small businesses in the majority.

The average size of enterprise is the micro enterprise with less than 5 persons employed. The figure for enterprise density (number of enterprises per 10,000 inhabitants in the population) was 80.2 during 2001. A further analysis of the manufacturing sector shows a predominance of micro-enterprises (with less than 5 persons employed) in the 15 main activities of the sector. In most activities more than 90 per cent of enterprises in manufacturing employ between 1 and 5 persons. The absolute number of enterprises in food manufacture is the highest of all manufacturing activities.

Although micro-enterprises are most numerous in manufacturing activities, the larger enterprises (with 50 or more persons employed) provide a substantial number of jobs in various manufacturing activities.

With regard to turnover, the pattern in the manufacturing sector is similar to that of employment: a small number of large enterprises generates a substantial part of the sector's turnover.

Table 9 gives an overview of the productivity per capita values reached in the different size classes of various economic activities including the manufacturing sector. The values measuring simple labour productivity (also called apparent labour productivity) are obtained by dividing value added by the total number of persons employed.

Table 9. Selected data by size of enterprise for the manufacturing sector

Year	Variable	Employment size						Grand Total	
		large	medium		micro		small		
		250 plus	050-099	100-249	000-005	006-009	010-019		020-049
1999	Number of enterprises	17	41	32	2,403	200	180	114	2,987
	Number of births	0	1	1	124	5	3	1	135
	Number of deaths	0	0	1	74	2	2	1	80
	Number of persons employed	12,330	2,699	4,850	3,825	1,431	2,478	3,520	31,133
	Number of employees	12,330	2,699	4,850	1,582	1,343	2,417	3,515	28,736
	Turnover (Lm000)	606,554	61,459	146,699	45,926	23,690	44,863	93,965	1,023,157
	Value Added at Factor Cost (Lm000)	147,339	25,398	54,224	19,289	10,202	18,891	32,766	308,109
	Personnel Costs (Lm000)	79,152	13,167	24,970	5,142	4,608	9,797	15,830	152,667
	Gross Operating Surplus (Lm000)	68,187	12,231	29,255	14,146	5,596	9,093	16,936	155,444
	Gross Investment in tangible goods (Lm000)	26,718	2,031	7,910	1,241	823	3,761	5,679	48,162
2000	Number of enterprises	17	44	28	2,481	213	157	117	3,057
	Number of births	0	0	0	160	6	3	0	169
	Number of deaths	0	0	0	65	5	2	2	74
	Number of persons employed	12,732	3,033	4,179	3,848	1,536	2,155	3,547	31,030
	Number of employees	12,732	3,033	4,179	1,503	1,439	2,132	3,540	28,558
	Turnover (Lm000)	882,803	60,442	131,170	44,258	23,065	41,330	107,548	1,290,617
	Value Added at Factor Cost (Lm000)	216,539	24,610	50,941	19,211	9,435	17,085	34,077	371,900
	Personnel Costs (Lm000)	85,165	15,759	22,630	5,021	5,013	9,028	16,513	159,129
	Gross Operating Surplus (Lm000)	131,375	8,852	28,310	14,190	4,422	8,057	17,565	212,771
	Gross Investment in tangible goods (Lm000)	81,339	3,136	7,370	1,357	1,023	2,819	3,865	100,910
2001	Number of enterprises	18	40	25	2,519	219	147	112	3,080
	Number of births	0	1	0	126	4	1	0	132
	Number of deaths	0	0	0	47	1	0	2	50
	Number of persons employed	13,234	2,741	3,761	3,874	1,589	2,008	3,450	30,657
	Number of employees	13,234	2,741	3,761	1,532	1,491	1,975	3,443	28,177
	Turnover (Lm000)	662,418	66,164	134,626	45,594	28,897	43,941	96,742	1,078,381
	Value Added at Factor Cost (Lm000)	152,679	23,897	47,213	18,619	10,415	15,632	33,865	302,320
	Personnel Costs (Lm000)	86,617	14,627	22,129	5,195	5,585	9,043	16,814	160,011
	Gross Operating Surplus (Lm000)	66,062	9,270	25,084	13,424	4,829	6,589	17,051	142,309
	Gross Investment in tangible goods (Lm000)	36,926	3,515	6,051	2,323	2,486	1,312	3,833	56,446

Data show that the manufacturing sector records higher labour productivity values than the other industrial activities. This can be explained by the characteristics of the activity itself, which is more capital intensive than the other activities. Table 10 shows that Cyprus, Malta and Poland showed the highest figures in terms of apparent labour productivity among the accession countries during 2000. One needs to bear in mind however, that the accession countries' financial structural business statistics are expressed in current ECU/EUR. Average market conversion rates do not reflect the actual purchasing power of the various accession countries' currencies.

Table 10. Apparent labour productivity (in thousands of EUR per person employed), 2000

	Industry	Construction	Trade	Services ⁽¹⁾
Bulgaria	4	3	2	4
Czech Republic	11	6	7	8
Estonia	8	6	8	12
Cyprus	31	:	23	:
Latvia	8	11	7	12
Lithuania	6	4	5	7
Hungary	13	8	:	13
Malta	27	15	21	33
Poland(*)	15	13	16	16
Romania	4	3	c	:
Slovenia (2) (*)	15	12	15	14
Slovak Republic	9	5	9	8

(¹) Services here only include NACE branches H and I; (2) 1999

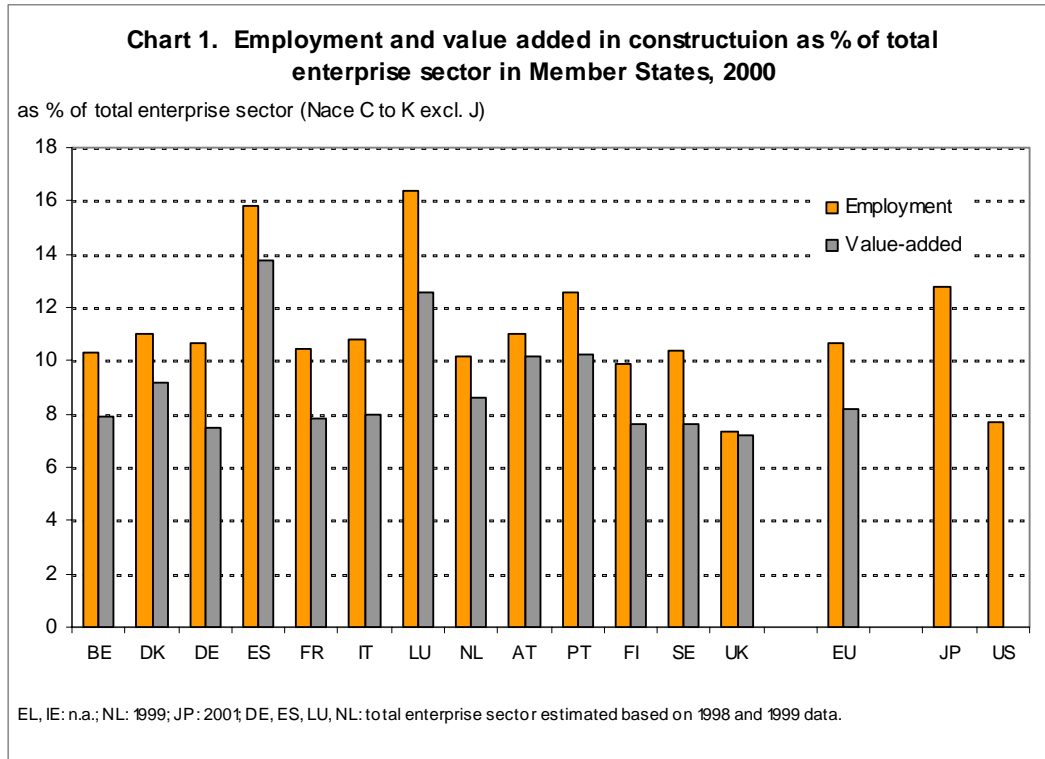
(*) Apparent labour productivity computed using no. of employees instead of no. of persons employed.

Source: Eurostat, Statistics in Focus 21/2003 Theme 4.

The food manufacture activity has the lowest labour productivity of all activities. However, it should be borne in mind that the higher number of part-time workers and working owners in some activities influences these values.

Larger enterprises (50 or more persons employed) generally record the highest labour productivity in all manufacturing activities, which is assumed to be due to their rationalisation capacity.

'Statistics in focus – The construction industry in the EU (Theme 4 – 25/2003) reports that close to 10 million people were employed in the construction industry (NACE Section F) in the EU in 2000, according to the Structural Business Statistics (SBS). This represents almost 11% of the total number employed in the enterprise sector NACE Sections C to K excluding J, a larger proportion than in the US (around 8 per cent) but a smaller one than in Japan (13 per cent). Construction accounts for a smaller share of value added in the EU than of employment – only just over 8 per cent of the total generated in the enterprise sector in 2000 – reflecting the relatively low level of productivity per person employed (see chart 1)



Source: Eurostat; Japan Statistics Bureau, US Bureau of Labour Statistics.

There were about 7,754 people employed in the construction industry (NACE Section F) in Malta during 2001 against 7,493 in 2000 and 7,564 in 1999. Just over half of all those employed in the construction industry worked in the building and civil engineering sector in 2001. A large number of those working in the construction industry tend to be self-employed rather than employees. The self employed represented some 40.3 per cent of the total number employed in the construction industry in 2001 as compared with just under 40 per cent of the total employed in 2000. Enterprises employing 50 or more persons in 2001 numbered 12 whilst those employing less than 50 persons are in excess of 3,200.

Value added per person employed in construction (per capita productivity) was significantly lower than in other activities. In most instances, this reflects the limited scope for mechanisation and for increasing the capital intensity of production in the many occupations of this industrial sector. Investment per worker in construction, according to the Structural Business Survey, was only 19 per cent the overall level in manufacturing during 2001. Average turnover per enterprise during 2001 was estimated at Lm34,667. The number of enterprise births registered in 2001 was 242 whilst enterprise deaths numbered 52 against 298 and 58 respectively registered during 2000.

The relatively low level of labour productivity in construction is reflected in relatively low wage levels. In 2001, average wages per employee (unit personnel cost) in construction were 25.2 per cent lower than in total manufacturing. The lower capital-intensity of production in

construction than in manufacturing, therefore, is a factor underlying both the lower productivity and the higher wage share.

An indication of developments in the construction industry over time can be obtained from Structural Business Statistics divided by industrial branch. The value added of the construction sector during 2001 decreased by Lm5 million or 11 per cent to Lm42.1 million against Lm39.5 and Lm47.1 obtained in 1999 and 2000 respectively. A negative growth also results in gross operating surplus during 2001 (Lm22.4 million) when compared with Lm20.1 million and Lm28 million registered in 1999 and 2000 respectively. These negative trends registered by the construction sector in value added and gross operating surplus were mainly due to an increase in material purchases during 2001 which rose by an estimated Lm11.9 million to Lm63.6 million against purchases amounting to Lm51.7 million in 2000. Personnel costs amounted to Lm19.7 million in 2001 against Lm19.1 million paid in 2000. Estimated personnel costs per head remained about the same, at Lm4,247 in 2001 against Lm4,243 in 2000.

Services activities account for a substantial proportion of the total economic activity in every country, whether in terms of the contribution of the sector to the gross domestic product or in terms of its share to total employment. These activities are widely scattered within a country and the economic function they perform in channeling the flow of goods and services from the producer to the consumer is of great significance.

It should be noted that there has already been a rapid improvement in data availability for services during the last few years and most EU Member States now compile annual statistics for the majority of the service activities. At the national level, the SBS data for services activities started with reference year 1999, and from experience it is generally easier to compile activity and product statistics about goods/merchandise than it is to collect information relating to knowledge or information-based services. Therefore, it will take a number of years to build up a robust time-series and considerable work still needs to be done in the area of product statistics for services.

The increasing importance of the services sector may in part be attributed to industrial manufacturers switching from in-house supply to demanding external services from specialist suppliers (for example, management, financial, information and technology services, training, security, catering and cleaning), a phenomenon that is often referred to as out-sourcing. According to a study on the EU's business economy, ***'there are a number of theories that explain why this trend has developed in recent years. Firstly, changes in the structure of Europe's economy favour the services sector, as efficient organization, high-technological know-how, innovation, brand creation and customized services figure amongst sources of competitive advantage. It is also pointed out that the manufacturing sector has been restructured, with high wages and increasingly free trade driving out price sensitive segments of production to lower labour cost regions of the world. Finally, the demand for manufactured goods is affected by physiological limits to further consumption (for example, food). As a result, many EU markets for manufactured goods are saturated, presenting little opportunity for rapid growth. On the other hand, the income elasticity of demand for immaterial sources of well-being is thought to be much higher and so as disposable income rises, consumers tend to devote an increasing share of their expenditure to services'***.

A traditional and still common model of distribution involves one or several wholesalers and retailers intervening at various stages between a product leaving the manufacturer and reaching the final consumer. However, some large manufacturers undertake their own wholesaling and retailing and these enterprises may only rely on traditional distributors for order processing and/or delivery. Distribution is undergoing structural changes, partly through the adoption of information technologies, and this has an impact on part of the workforce for whom technical skills requirements have increased.

In comparison with other economic activities, distributive trades record a high turnover per person employed. The high turnover per person employed in distributive trades can be explained by the fact that turnover includes the value of goods purchased for resale, except in

some specific 'service' activities (e.g. repair activities), which are also classified in distributive trades. Differences are evident in turnover per person employed and apparent labour productivity (valued added per person employed) across the three main activities that make up distributive trades.

It is normal that wholesaling shows the highest values for both indicators and retailing the lowest. This is due mainly to the different natures of the two activities: enterprises engaged in wholesaling tend to be more capital-intensive and more highly automated, while retailing is more labour-intensive, so that labour productivity tends to be lower. The motor trade values for these two indicators are generally between those of the other two activities.

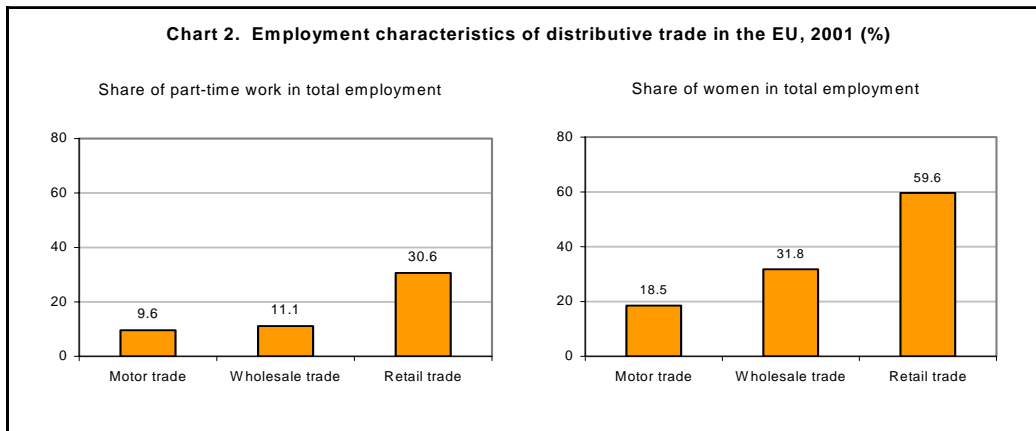
Distributive trades is a sector where investments are not particularly high in comparison, for example, industrial activities. The distributive trades sector is the link between industrial producers of goods and end-users, be they private enterprises, public administrations or consumers. Like most sectors of the economy, the sector faces a number of challenges, which include the effects of the introduction of information and communication technologies, which are in the process of revolutionising storage facilities, logistics and delivery schedules. According to a Eurostat report 'Structure of the distributive trades sector' the number of active enterprises in the distributive trades sector of the EU totaled some 4.5 million enterprises in 2000 which together generated EUR 5.7 billion of turnover, employing around 22 million persons. Retail trade accounted for 59 per cent of the enterprises operating in this sector, while generating 28 per cent of turnover. On the other hand, 27 per cent of all enterprises operated within the wholesale trade sector, generating as much as 55 per cent of total turnover, while motor trade accounted for a relatively small share of total activity, with 13 per cent of the total number of enterprises and 16 per cent of turnover (see table 11).

Table 11. Main economic indicators for distributive trade, 2000

	EU-15 (*)	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Motor trade (NACE Division 50)																
Number of enterprises (thousands) (2)	568.5	20.3	8.7	62.1	:	72.3	80.6	4	159.2	0.9	23.4	7.8	29.6	9.1	18.9	71.6
Turnover (EUR billion) (3)	929.6	46.7	20.1	147.5	:	76.3	125.2	10.9	131.3	3.0	63.1	21.1	26.3	13.3	31.7	213
Value added at factor cost (EUR billion) (3)	120.6	3.3	2.4	32.1	:	8.8	15.5	1.0	12.0	0.3	6.1	3.2	2.3	1.5	3.5	28.6
Wholesale trade (NACE Division 51)																
Number of enterprises (thousands) (4)	1,259.4	42.2	16.9	125.1	:	184.3	162.8	3.2	421.0	2.9	55.2	19.4	50.3	16.3	41.7	118.1
Turnover (EUR billion) (5)	3,114.1	152.6	73.5	558.8	:	274.3	528.0	21.1	344.1	8.6	239.0	84.5	56.2	45.0	100.4	628
Value added at factor cost (EUR billion) (5)	372.9	13.4	9.8	78.5	:	31.5	52.8	3.0	42.4	0.9	28.0	11.0	6.4	5.2	13.1	76.8
Retail trade (NACE Division 52)																
Number of enterprises (thousands) (2)	2,625.7	81.5	24.5	284.5	:	530.8	378.9	13.5	741.4	2.8	85.7	35.0	150.5	23.6	57.4	215.4
Turnover (EUR billion) (3)	1,609.5	48.4	27.3	313.6	:	141.4	299.4	14.9	203.4	3.0	68.8	36.6	27.8	23.4	44.5	357.0
Value added at factor cost (EUR billion) (3)	310.0	7.5	5.1	70.7	:	27.1	52.2	2.9	32.5	0.5	14.3	7.2	4.0	3.8	7.8	74.3

(*) Estimates based on the sum of available data, excluding EL (2) B, DK, D and IRL: 1999. (3) DK, D and IRL: 1999. (4) B, D, IRL and L: 1999. (5) DK, D, IRL and L: 1999
Source: Eurostat, Structural Business Statistics

As well as offering a large number of employment opportunities, the distributive trades labour force also provides a relatively high share of part-time employment, a share which rose to almost one-third of those working in the retail trade sector in the EU in 2001. Retail trade also provided employment to a relatively high proportion of women, some 60 per cent of those employed in 2001 (see chart 2).



Source: Eurostat, Labour Force Survey

Estimates for 2001 show that about three quarters (over 75 per cent) of Maltese businesses operate in services, while the other quarter is engaged in industrial activities. These different proportions are due mainly to the far greater fragmentation of the service sector than of industry. Industrial firms tend to be larger in terms of employee numbers, but there are fewer enterprises than in the service sector, where small businesses dominate. More than 50 per cent of service enterprises are in distributive trades. The distribution sector is characterised by micro and small enterprises. Data for Structural Business Statistics indicate that these enterprises, with less than 50 persons employed, accounted for 88 per cent of distribution turnover and 91 per cent of employment in 2001. Looking in more sectoral detail, motor trades tend to be particularly dominated by very small and small enterprises and wholesale trade by small and a number of medium-sized enterprises. Retail comprises almost entirely of very small enterprises less than 5 persons employed.

Employment in distribution in 2001 was an estimated 25,194 persons, an increase of 483 persons or 2 per cent over 2000. SBS estimates for 2001 indicate that, in employment terms, retail trade accounted for 53 per cent of distribution, wholesale trade 33 per cent and motor trade 14 per cent. Compared with the split of turnover this is a reversal in the positions of wholesale and retail where wholesale represents 45 per cent, retail trade 38 per cent and motor trade 17 per cent.

Another possible way of measuring the importance of an economic activity is the density of enterprises, which is to be looked at together with the average size. Density is expressed as the number of enterprises per 10 000 inhabitants.

There were 479 enterprises engaged in the sale of motor vehicles during 2001. These activities cover the wholesale, retail and commission sale of new and used motor vehicles (Group 50.1) and motor cycles (Group 50.4), as well as parts and accessories (Group 50.3), including specialist vehicles, lorries, trailers and caravans. In addition, data also covers the maintenance and repair of motorcycles, but not independent maintenance and repair services of motor vehicles (Group 50.2 dealt with separately in the next paragraph). Turnover generated by the motor trade excluding group 50.2 was Lm191.5 million, a decrease of Lm2.1 million or 1.1 per cent during 2001 against Lm193.6 million earned in 2000. Employed persons numbered an estimated 1,971 persons against 1,957 employed during 2000. Personnel costs incurred amounted to Lm8.4 million in 2001 against Lm8.1 million in 2000 whilst value added decreased appreciably by Lm5.8 million or 19.5 per cent.

There are a large number of generally small, independent repair shops that carry out repairs and servicing, roadside assistance and vehicle testing (NACE Group 50.2). These enterprises compete amongst themselves and with motor vehicles dealers (classified in NACE Group 50.1). Also competing with motor sales dealers are enterprises replacing parts that normally wear out once or more during the lifetime of a vehicle, such as tyres, filters, wiper blades, batteries and sparkplugs. Enterprise units in group 50.2 numbered 1050 during 2001. Turnover generated by this group increased by 1.5% estimated Lm13.7 million for 2001 against Lm13.5 million registered in 2000. Employment remained the same level as 2000, at 1587 persons. Most of the persons employed in this sector are working owners who represented 64.7 per cent of the total in 2001 against 63.8 per cent in 2000. Employees numbered 560 and their salaries and wages bill amounted to an estimated Lm2.03 million during 2001, slightly higher than was registered in 2000 for 574 employees. Value added reached Lm7.03 million against Lm7.1 million in 2000 whilst investment registered a healthy increase of 44.7 per cent to Lm0.77 million.

The role of service stations (NACE Group 50.5) in the retailing network has changed during the last years, with a broader mix of goods and services being offered by service stations and increased competition, normally from other retailers. During 2001 an increase of Lm2.1 million or 3.7 per cent was recorded in turnover by these retailers of automotive fuel, turnover reaching Lm57.1 million whilst employment stood at 332, an increase of 18 persons. Persons employed represent 0.01 per cent of total persons employed in the whole distributive trades sector. An increase of Lm0.12 million was recorded in the amount of personnel costs paid to employees during 2001. Gross operating surplus registered a decrease of Lm1.74 million or

31.8 per cent from Lm5.47 million obtained in 2000. Investment during 2001 stood at Lm0.7 million.

Enterprises which make up that part of the wholesale division covering agents trading on behalf and on account of others; those involved in bringing sellers and buyers together and those undertaking commercial transactions on behalf of a principal (NACE Group 51.1) represent just 4 per cent of enterprise units in the wholesale division during 2001. These enterprises generally make up a disproportionately small share of wholesaling in turnover terms as this measure only includes their commissions, whereas the turnover of own account wholesalers relates to the value of the goods resold not just the margin on these goods. Turnover registered by enterprises in group 51.1, was Lm8.4 million during 2001, representing 1.6 per cent of total turnover of wholesaling, against Lm5 million and Lm7.4 million during 1999 and 2000 respectively. Persons employed within this group were 368 in 2001, 1.5 per cent of total persons employed in the whole of the distribution trade.

Activities in NACE Groups 51.2 to 51.7 cover all wholesale trade except that undertaken by agents and that concerning motor trades. These cover resale (sale without transformation) of new and used goods to retailers, industrial, commercial, institutional and professional users, as well as other wholesalers, and also known as merchant wholesaling. The number of enterprises operating in groups 51.2 to 51.7 of wholesale for 2001 is estimated to be 1799, representing 16.9 per cent of total distributive trades' enterprises. With regard to turnover, merchant wholesaling is by far the most important activity within distributive trades. With Lm531.7 million in 2001, it accounts for 44.5 per cent of the total distributive trades turnover. Turnover during 2001 increased by Lm20.4 million or 4 per cent over Lm511.3 million in 2000. The number of employed persons stood at 7809 of which 6772 were employees whose wages and salaries amounted to Lm32.4 million in 2001 against Lm30.4 million for 6660 employees in 2000. Valued added rose to Lm84.5 million in 2001 from Lm83.3 million in 2000 whilst gross operating surplus fell by Lm0.8 million or 1.5 per cent to Lm52.2 million in 2001 from Lm53 million in 2000.

In Malta, the number of retailers was estimated to be at 7248 enterprises which represent the largest proportion of distributive trades enterprises, 68.1 per cent in 2001. This high proportion is in line with the principal characteristics of the retailing activity itself, which is constituted by a large number of small-sized enterprises. As previously observed, retail trade dominates also for employment and employs more than half of the workforce in distributive trades.

All food retailing (NACE Group 52.2 and 52.11) is to final consumers and most of these items sold by this sector are essential goods of relatively low unit value which tend to be less influenced by consumer confidence than non-food items. The high proportion 18.8 per cent of household expenditure accounted for by items typically sold by this sector can be seen from the Household Budgetary Survey (HBS) 2000. It may be noted that volumes of products retailed, include both local production as well as direct imports of the product consumed. Turnover in food retailing increased by Lm12.7 million or 7.9 per cent during 2001 to Lm174.1 million against Lm161.4 million obtained in 2000. Employment in this sector stood at 3,373 persons which is 21 persons fewer than in 2000.

Table 12. Retail Trade in non-food items

Year	Variable	Sector					Total
		52.12	52.3	52.4	52.5	52.6	
2000	Number of enterprises	258	258	3,092	56	1,398	5,062
	Number of births	4	7	190	2	66	269
	Number of deaths	15	7	100	0	56	178
	Number of persons employed	295	773	6,690	71	1,625	9,454
	Number of employees	27	582	4,001	25	207	4,842
	Turnover (Lm000)	4,967	25,945	197,041	871	29,541	258,365
	Value Added at Factor Cost (Lm000)	1,063	5,295	42,089	226	6,659	55,332
	Personnel Costs (Lm000)	63	1,789	14,705	58	669	17,284
	Gross Operating Surplus (Lm000)	999	3,507	27,385	168	5,990	38,048
Gross Investment in tangible goods (Lm000)	4	348	5,887	13	190	6,441	
2001	Number of enterprises	261	257	3,138	56	1,407	5,119
	Number of births	12	10	201	5	103	331
	Number of deaths	7	7	74	1	31	120
	Number of persons employed	306	764	6,831	69	1,739	9,709
	Number of employees	38	576	4,115	17	317	5,063
	Turnover (Lm000)	5,694	26,883	201,188	841	37,873	272,478
	Value Added at Factor Cost (Lm000)	849	4,561	38,674	253	5,766	50,103
	Personnel Costs (Lm000)	107	1,868	15,003	53	968	18,000
	Gross Operating Surplus (Lm000)	742	2,693	23,671	200	4,797	32,102
Gross Investment in tangible goods (Lm000)	4	375	4,776	39	162	5,358	

Retail trade in non-food items covers retail sale other than food, beverages and tobacco. (NACE Groups 52.3,52.4,52.12,52.5,52.6). Retail sales may be in the form of new goods from specialized stores (Groups 52.3 and 52.4), new goods from non-specialised stores (Group 52.5) or sales not in stores (Group 52.6). Whilst some of the goods sold by this sector are small items purchased frequently, even daily, for example newspapers, many of the items can be regarded as semi-durables or durables. The sale of durable items, such as furniture and household appliances, are cyclical and are strongly influenced by consumer confidence. As well as being cyclical, non-food retailing is also seasonal, and a large proportion of sales are made in the period leading up to Christmas. There were 5119 enterprises engaged in this type of trading during 2001 and these generated turnover of Lm272.5 million against Lm258.4 million in 2000. The number of persons employed stood at 9,709 and employees numbered 5,063 and these were paid Lm18 million in wages and salaries. Value added decreased by Lm5.2 million or 9.5 per cent during 2001, while gross operating surplus reached Lm32.1 million against Lm38 million in 2000.

NACE Group 52.7 covers those enterprises engaged principally in the repair of personal and household goods including household electricals. Over 300 business units comprise this sector and turnover generated during 2001 amounted to Lm2.2 million which is just 0.2 per cent of total turnover of the whole distribution sector. Persons employed numbered 377 of which 66 employees, and personnel costs were Lm0.2 million. Value added was slightly above Lm1 million whilst gross operating surplus reached Lm0.8 million during 2001.

Tourism has developed in the second half of the 20th Century, supported by a dramatic improvement in means of communications and a growing internationalization of the world economy. The growth of tourism can be seen in the evolution of the number of international tourism trips made every year. The weight of hotels and restaurants (NACE Section H) in national economies is significant. This branch of the economy can create a large number of jobs in areas that are of particular importance to certain groups of the population for example people with very few skills or persons interested in working part-time. The branch encompassing hotels, restaurants and cafes is sometimes known by its acronym: **HoReCa**. It is often associated with the tourism industry. However, tourism is a demand-side concept involving a much wider range of industries and services, which is hence better viewed a market than a services branch. It is however true that a significant part of **HoReCa** supplies the 'tourism market'. Estimates indicate that total valued added generated by this branch of the economy was equal to Lm111.7 million in 2001. According to SBS data, the breakdown of the hotels, restaurants and cafes turnover between accommodation and the provision of

food and drinks is weighted in favour of the latter. The provision of food and drinks covered by NACE Groups 55.3 to 55.5 accounted for 22.2 per cent of the valued added of NACE Section H in 2001. As of NACE Groups 55.1 and 55.2 the total turnover of both food and drinks and accommodation services represented 77.8% of the turnover for section H.

There were 17,342 persons employed in the hotels and restaurants sector in 2001. Work patterns found within the tourism sector are generally different from those found in other activities. The jobs available can often be characterized as being more flexible, and there may also be a high seasonal component to them. An estimated 71.6 per cent of the total number of persons in employment in hotels and restaurants in Malta in 2001 worked full-time.

SBS report average personnel costs per employee in hotels and restaurants generally lower than in other service sectors. In 2001, they were Lm3,154 per employee. Flexible working patterns and a high presence of unskilled manpower may explain these levels. This ratio may also be influenced by the importance of part-time and seasonal work.

There were 218 hotels and similar establishments in 2001, with a capacity of some 40,000 bed places. The average number of bed places per establishment exceeded 180. The hotel sector has experienced in recent years a general trend towards a gradual increase in accommodation capacity in absolute terms as well as in terms of the average size of each establishment.

Restaurants and bars are present in virtually every local community where, in addition to their economic weight, they also play a significant social role. In the same way as accommodation services, this sector is also very diverse as businesses can be very different in size, from small, family-run outlets to multinational franchises, or from local bars, snack outlets and fast-food chains to high-class establishments.

All of these activities are covered by the statistics presented in so far as their principal activity is the provision of drinks and meals. Enterprises offering food and drink as a complement to their core business are not included. Most notable amongst these enterprises are hotels, cinemas, recreation parks, and ferries where, in some cases, the sale of food and drinks may represent an important proportion of revenues.

Restaurants, bars and catering together form the largest tourism activity, although, unlike for example hotels, they are not exclusively serving tourists but also local customers. The total turnover of this sector reached Lm62.9 million in 2001 as against Lm63.5 million in 2000 and Lm68.4 million in 1999.

Employment in restaurants, bars and catering enterprises was estimated to be 7,378 persons during 2001 against 6,958 in 2000 and 7,363 in 1999. The relatively low average personnel costs faced by enterprises in this sector may be the result of the low average qualification of the workforce and the importance of part-time work.

Travel services are defined as units engaged in arranging transport, accommodation and catering on behalf of travelers. The activity is covered by NACE Group 63.3 that encompasses furnishing Travel information, advice and planning, arranging made-to-measure tours, accommodation and transportation for travelers and tourists, furnishing tickets, the sale of packaged tours and the activities of tour operators and of tourist guides.

Travel agencies generated Lm18.7 million of valued added in 2001, a decrease of Lm3.9 million or 17.3 per cent over 2000. Turnover amounted to Lm82.7 million in 2001 as compared with Lm79 million earned during 2000.

Employment in travel agencies reached 1675 persons during 2001 a decrease of 0.7 per cent over 2000. Average unit personnel costs at Lm4,558 per head, tend to be somewhat lower in travel agencies when compared to other service activities, but generally higher than in other tourism related activities. Personnel costs were estimated to be Lm5.8 million during 2001, representing just under 7 per cent of turnover.

In NACE, transport services are broken down into: land transport (NACE division 60), which includes railways, urban transport, road and road freight transport, as well as transport by pipelines; water transport (NACE Division 61); air transport (NACE Division 62); and supporting and auxiliary transport activities (NACE Division 63), which cover cargo handling and storage, the operation of railway stations, ports and airports, travel agencies and tourist assistance activities. However, travel agencies (NACE Group 63.3) are covered with tourism. It should be noted that SBS data relate only to the transport industry itself, and not transport traffic. In other words, they do not cover functioning indicators such as the quantity of freight or the number of transported passengers per kilometre.

There was a strong and consistent growth witnessed by the transport services sector of the economy over the past 20 years. It is estimated that transport services generated approximately Lm155.8 million of valued added, a decrease of 0.5 per cent over 2000. On average, land transport accounted for some 8.9 per cent of the total, whilst air transport generated 56.2 per cent and water transport only 5.6 per cent. Auxiliary transport services generated the remaining 29.3 per cent of transport services value added. Turnover is estimated to have reached Lm239.9 million during 2001, a decrease of 1.49 per cent over 2000.

There were 9,232 persons employed in transport services, of whom 2,144 worked in land transport, 1,986 in air transport and 762 in water transport. Services auxiliary to transport activities employed 4,340 persons. Average unit personnel cost in the transport services was estimated to be Lm5,424 during 2001 as against Lm5,910 obtained in 2000. Total personnel costs reached Lm41.6 million, a decrease of Lm4.3 million or 9.4 per cent.

Technological advances have had a significant impact on the way financial services are provided. Home banking is becoming increasingly popular whilst bank cards now regroup several functions that required separate cards in the past, such as Europe-wide access to automated teller machines (ATMs), credit cards, telephone cards etc. The average number of branches (local units) per thousand inhabitants gives some idea of the density and accessibility of credit institutions. This indicator can be regarded as a rough measure of the proximity of credit institutions to their clients. Latest data available from credit institutions gives 0.275 local units per thousand inhabitants. To get a complete picture of the retail accessibility, the number of Automatic Teller Machines (ATMs) owned by credit institutions should also be taken in consideration. There are about 150 ATMs in Malta, on average about 0.37 ATMs per thousand inhabitants.

Besides their importance in the functioning of markets, financial services (NACE Section J) also constitute a sizeable branch of the economy. During 2001 these generated Lm197.6 million of value added. The financial services sector employed 4,713 persons in 2001, which is about 6.5 per cent of total services (NACE Section G to K) employment. Average unit personnel costs in this sector were Lm9,306 in 2001 whilst personnel costs totaled Lm43.5 million. There were 125 enterprises during 2001 of which 56 were found in financial intermediation (NACE Division 65).

There were 69 enterprises operating within the insurance and pension funding, administration security broking and fund management, in Malta during 2001. Data for employment show that these enterprises employed 727 persons in 2001. Personnel costs amounted to Lm5.6 million whilst average unit personnel costs stood at Lm9,053.

Renting enterprises are generally smaller than the average service enterprises. Average employment was generally very low, in many cases one part-timer per enterprise. Nace 71 covers the activities of renting of machinery and equipment without operators and the renting of personal and household goods. This service activity includes for example, the renting of transport equipment (automobiles, boats, aeroplanes, etc.), the renting of agricultural, construction or office equipment. The interpretation of statistical ratios within renting activities should be carried out with great caution, bearing in mind the specific nature of this activity. Renting enterprises may indeed record much higher financial income and relative costs or depreciation compared to enterprises active in other service areas. As a consequence, ratios relying on indicators such as gross value added may appear over-estimated. Apparent labour

productivity, for example, was on average one of the higher of service activities (NACE Sections G to K) at an estimated Lm10,698 gross valued added per persons employed. Turnover generated by this activity in 2001 was Lm16.6 million, an increase over 2000 of just over Lm1 million or 6.8 per cent.

Posts and telecommunication services (the sector includes units engaged in the transmission of packages, documents, images and sounds) turnover for 2001 is estimated at Lm88.8 million. From Eurostat data, in most countries the relative contribution of telecommunications services to GDP has significantly risen over a ten-year period (1987 to 1997), sometimes sharply, as in Greece (up 0.8 percentage points from 2.1 per cent in 1987) or in Luxembourg (doubling from 2.0 per cent in 1987). Moreover, according to estimates of the European Technology Observatory (EITO), the total turnover of information and communications technologies (ICT) in the EU was worth 537.5 billion EUR in 2001, of which 211 billion EUR was accounted for by telecom services alone. The competitive environment in this area of the economy has changed fast during the last years since the move towards liberalization after this sector had been for years a heavily regulated market based around state-controlled enterprises. (Paste table 21.1 on ICT turnover in the EU)

In Malta there were 45 enterprises with an average turnover of just under Lm2 million per enterprise during 2001. Persons employed in this sector numbered 3,181 of which 3,158 employees. Unit personnel costs were estimated at Lm6,532 per employee in 2001 whilst total personnel costs amounted to Lm20.6 million which is 23.2 per cent of turnover. The share of personnel costs in value added was 31.2 per cent.