

At the end of June 2010, the stock position of Foreign Direct Investment in Malta stood at €11.8 billion while that of Direct Investment abroad stood at €1.2 billion.

## Direct Investment in Malta and Abroad: January-June 2010

Cut-off date:  
**17 December 2010**

Foreign Direct Investment (FDI) flows in Malta from the rest of the world during the first half of 2010 amounted to €551.4 million. This corresponds to an increase of €305.5 million over the corresponding period in 2009 (Table 1). This is mainly attributable to a rise of €649.9 million in equity capital invested in Malta which was partly offset by a decrease in reinvested earnings amounting to €305.8 million.

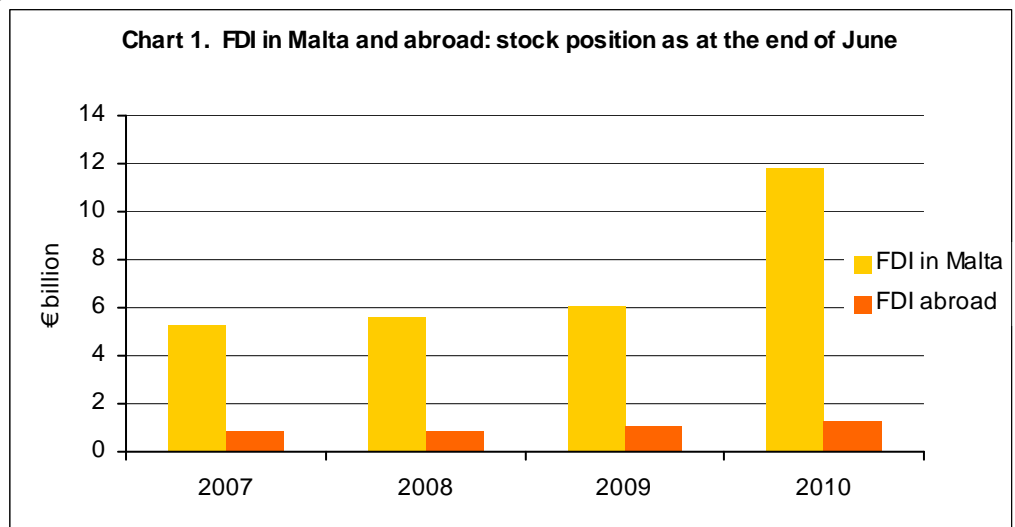
During the first six months, 15.4 per cent of the net FDI inflows in Malta originated from European Union Member States (EU27). During the corresponding period in 2009, the EU27 contributed 46.3 per cent of the net inflows in Malta (Table 2).

During the first half of 2010, enterprises involved in financial intermediation contributed €475.2 million (86.2 per cent) of the net FDI inflows while in the comparative period of 2009, this sector contributed €102.5 million (41.7 per cent, Table 3).

The stock position of FDI in Malta at the end of June stood at €11.8 billion. The EU countries contributed 70.4 per cent of the FDI stock position in Malta as at the end of June 2010 (Table 5).

The net direct investment flows abroad during the first half of 2010 amounted to €55.3 million, while flows reported during the corresponding period of 2009 amounted to €32.5 million (Table 6). Table 7 illustrates that 87.0 per cent of direct investment abroad took place within the EU.

The stock position of direct investment abroad at the end of June 2010 amounted to €1,213.3 million, an increase of €169.3 million over the position at the end of June 2009, as shown in Table 9. The direct investment stock position within the EU stood at €762.1 million, or 62.8 per cent of the total stock position. As shown in Table 10, 41.7 per cent of the outward FDI stock position at the end of June is attributable to the financial intermediation sector ■



Compiled by:  
**Unit A3: Balance of Payments**  
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Table 1. Foreign Direct Investment flows in Malta

€000

Partner Country - World	2007	2008	2009	2007 Q1-Q2	2008 Q1-Q2	2009 Q1-Q2	2010 Q1-Q2
	Inward FDI			Inward FDI			
Equity capital	525,095	317,308	201,246	206,517	101,424	94,059	743,984
Reinvested earnings	188,204	250,880	397,415	143,311	111,885	82,050	-223,788
Other capital	18,429	61,321	45,745	-10,240	21,275	69,777	31,215
Claims on direct investors	-106,588	-92,014	-82,050	-40,576	-73,630	3,582	-72,978
Liabilities to direct investors	125,015	153,335	127,794	30,336	94,905	66,195	104,193
<b>Total</b>	<b>731,728</b>	<b>629,513</b>	<b>644,410</b>	<b>339,587</b>	<b>234,586</b>	<b>245,886</b>	<b>551,411</b>

\*provisional

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: geographical breakdown\*

€000

Geographical breakdown	2007	2008	2009	2007Q1-Q2	2008Q1-Q2	2009Q1-Q2	2010Q1-Q2
	Inward FDI			Inward FDI			
<b>World</b>	<b>731,728</b>	<b>629,513</b>	<b>644,410</b>	<b>339,587</b>	<b>234,586</b>	<b>245,886</b>	<b>551,411</b>
of which:							
<b>EU27</b>	<b>483,286</b>	<b>331,740</b>	<b>255,877</b>	<b>171,071</b>	<b>122,839</b>	<b>113,932</b>	<b>84,542</b>
of which:							
Austria	91,214	111,178	11,438	50,233	-5,701	-25,623	-16,213
Belgium	1,648	2,984	21,764	904	179	24,849	-1,322
Denmark	1,086	-1,766	-1,709	548	-869	-842	-778
France	16,120	18,015	3,212	3,356	8,700	4,878	-13,380
Germany	80,116	36,975	34,596	30,752	15,670	20,349	23,438
Italy	16,846	15,625	9,753	10,152	-2,804	-397	4,152
Luxembourg	131,079	16,311	20,212	8,818	11,298	15,852	2,718
Netherlands	13,486	6,512	65,746	10,931	3,748	47,158	52,993
Spain	507	12,361	285	292	9,238	-293	337
United Kingdom	105,860	17,904	24,450	39,703	5,309	11,717	13,806
<b>Extra-EU27</b>	<b>248,442</b>	<b>297,774</b>	<b>388,533</b>	<b>168,516</b>	<b>111,747</b>	<b>131,954</b>	<b>466,868</b>
of which:							
<b>Other European Countries</b>	<b>-8,123</b>	<b>147,971</b>	<b>235,722</b>	<b>46,634</b>	<b>53,579</b>	<b>31,022</b>	<b>-299,312</b>
of which:							
Switzerland	-41,272	-43,839	6,435	-20,685	-8,112	-12,193	8,572
Turkey	60,058	133,348	204,231	79,602	69,230	25,750	-308,315
<b>Africa</b>	<b>26,615</b>	<b>15,156</b>	<b>18,168</b>	<b>17,482</b>	<b>7,097</b>	<b>7,947</b>	<b>76,759</b>
of which:							
Libya	15,332	15,049	18,344	8,013	7,282	8,554	76,088
<b>America</b>	<b>13,770</b>	<b>44,518</b>	<b>39,531</b>	<b>2,297</b>	<b>21,998</b>	<b>22,568</b>	<b>23,055</b>
of which:							
Canada	6,764	27,945	24,608	-1,939	9,572	10,414	26,555
United States	26,745	15,751	15,054	1,753	7,928	8,576	-8,127
<b>Asia</b>	<b>228,716</b>	<b>70,960</b>	<b>82,730</b>	<b>115,596</b>	<b>23,505</b>	<b>85,521</b>	<b>-56,193</b>
<b>Australia and Oceania</b>	<b>-15,993</b>	<b>15,731</b>	<b>26</b>	<b>-15,388</b>	<b>3,638</b>	<b>-14,643</b>	<b>722,368</b>

\*provisional

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 3. Foreign Direct Investment flows in Malta: Economic activity

€000

Partner Country - World	2007	2008	2009	2007 Q1-Q2	2008 Q1-Q2	2009 Q1-Q2	2010 Q1-Q2
<b>Economic activity</b>	<b>Inward FDI</b>			<b>Inward FDI</b>			
Manufacturing, Electricity, Gas, Water, Construction, Trade and Repairs	-28,234	63,580	43,660	-23,340	14,302	47,019	1,877
Hotels and Restaurants, Real Estate, Renting and Business Activities	85,241	46,461	46,635	30,115	21,389	21,589	27,629
Transport, Storage and Communications	215,361	53,477	35,263	23,140	17,777	29,917	-835
Financial Intermediation	195,302	387,449	437,805	160,289	137,898	102,507	475,198
Other activities	264,059	78,547	81,048	149,383	43,220	44,853	47,542
<b>Total</b>	<b>731,728</b>	<b>629,513</b>	<b>644,410</b>	<b>339,587</b>	<b>234,586</b>	<b>245,886</b>	<b>551,411</b>

\*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 4. Direct Investment in Malta - stock position: Economic activity\*

€000

Partner Country - World	Dec-07	Dec-08	Dec-09	Jun-07	Jun-08	Jun-09	Jun-10
<b>Economic Activity</b>	<b>Inward FDI position</b>			<b>Inward FDI position</b>			
Manufacturing, Electricity, Gas, Water, Construction, Trade and Repairs	668,968	748,215	786,923	715,517	682,474	776,590	752,916
Hotels and Restaurants, Real Estate, Renting and Business Activities	723,905	785,067	831,787	670,254	761,118	806,702	858,506
Transport, Storage and Communications	371,367	441,360	462,192	296,440	403,894	459,761	482,261
Financial Intermediation	3,320,804	3,241,131	3,896,041	3,016,921	3,135,275	3,405,539	9,107,662
Other activities	573,543	640,214	628,132	530,494	604,785	642,738	636,127
<b>Total</b>	<b>5,658,587</b>	<b>5,855,987</b>	<b>6,605,075</b>	<b>5,229,626</b>	<b>5,587,546</b>	<b>6,091,329</b>	<b>11,837,472</b>

\*provisional

Figures may not add up due to rounding

Table5. Foreign Direct Investment in Malta: Stock position

€000

Geographical breakdown	Dec-07	Dec-08	Dec-09	Jun-07	Jun-08	Jun-09	Jun-10
	Inward FDI position			Inward FDI position			
<b>World</b>	<b>5,658,587</b>	<b>5,855,987</b>	<b>6,605,075</b>	<b>5,229,626</b>	<b>5,587,546</b>	<b>6,091,329</b>	<b>11,837,472</b>
of which:							
<b>EU27</b>	<b>3,054,049</b>	<b>3,385,117</b>	<b>3,387,063</b>	<b>2,881,501</b>	<b>3,194,388</b>	<b>3,293,197</b>	<b>8,328,322</b>
of which:							
Austria	1,232,307	1,348,114	1,294,158	1,198,529	1,226,760	1,250,952	1,287,199
Belgium	-18,087	-13,340	8,471	-18,874	-15,999	11,561	-6,787
Denmark	33,035	34,632	24,473	32,650	35,742	33,599	23,503
France	101,122	121,746	105,591	88,257	111,300	121,263	105,465
Germany	330,005	346,199	353,792	289,185	325,280	338,885	5,079,156
Italy	328,173	275,925	341,122	330,472	274,753	245,498	360,498
Luxembourg	126,039	167,293	165,433	117,243	165,562	166,526	168,052
Netherlands	412,368	398,705	451,671	415,524	389,336	412,525	673,297
Spain	14,588	17,361	17,878	14,870	22,486	17,302	17,839
United Kingdom	388,419	495,113	414,461	317,622	480,884	502,797	400,996
<b>Extra-EU27</b>	<b>2,604,538</b>	<b>2,470,869</b>	<b>3,218,012</b>	<b>2,348,125</b>	<b>2,393,157</b>	<b>2,798,132</b>	<b>3,509,149</b>
of which:							
<b>Other European Countries</b>	<b>547,340</b>	<b>593,165</b>	<b>1,085,077</b>	<b>576,155</b>	<b>384,067</b>	<b>771,284</b>	<b>506,076</b>
of which:							
Switzerland	164,467	66,518	99,201	204,002	95,145	56,845	98,226
Turkey	327,208	417,098	733,574	301,351	242,060	470,844	428,520
<b>Africa</b>	<b>215,939</b>	<b>210,478</b>	<b>225,122</b>	<b>203,077</b>	<b>201,375</b>	<b>215,657</b>	<b>288,885</b>
of which:							
Libya	163,631	178,558	196,775	156,302	165,717	187,117	258,604
<b>America</b>	<b>218,326</b>	<b>256,606</b>	<b>272,001</b>	<b>210,226</b>	<b>237,850</b>	<b>265,144</b>	<b>278,976</b>
of which:							
Canada	90,978	115,698	118,647	80,562	101,997	115,409	129,454
United States	77,397	91,054	104,175	49,421	83,227	98,949	96,604
<b>Asia</b>	<b>545,336</b>	<b>583,134</b>	<b>613,897</b>	<b>324,814</b>	<b>570,594</b>	<b>623,838</b>	<b>567,279</b>
<b>Australia and Oceania</b>	<b>1,049,012</b>	<b>801,190</b>	<b>999,138</b>	<b>1,006,424</b>	<b>970,522</b>	<b>911,710</b>	<b>1,837,856</b>

\*provisional

Figures may not add up due to rounding

Negative figures imply that net assets exceed net liabilities

**Table 6. Direct Investment flows abroad\***

€000

Partner Country - World	2007	2008	2009	2007 Q1-Q2	2008 Q1-Q2	2009 Q1-Q2	2010 Q1-Q2
	Outward FDI			Outward FDI			
Equity capital	5,546	-163,500	-35,382	-3,637	-79,477	6,791	-11,401
Reinvested earnings	8,696	-3,454	-3,802	4,598	-1,726	-1,988	-1,620
Other capital	-19,424	-33,035	-42,335	7,535	-14,651	-37,313	-42,321
Claims on direct investors	-17,728	-57,964	-54,550	-3,767	-25,261	-38,886	-49,930
Liabilities to direct investors	-1,695	24,928	12,216	11,294	10,610	1,573	7,610
<b>Total</b>	<b>-5,182</b>	<b>-199,987</b>	<b>-81,516</b>	<b>8,495</b>	<b>-95,853</b>	<b>-32,509</b>	<b>-55,339</b>

\*provisional

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 7. Direct Investment flows abroad: geographical breakdown\***

€000

Geographical breakdown	2007	2008	2009	2007Q1-Q2	2008Q1-Q2	2009Q1-Q2	2010Q1-Q2
	Outward FDI			Outward FDI			
<b>World</b>	<b>-5,182</b>	<b>-199,987</b>	<b>-81,516</b>	<b>8,495</b>	<b>-95,853</b>	<b>-32,509</b>	<b>-55,339</b>
of which:							
<b>EU27</b>	-18,007	-159,148	-83,741	8,251	-80,225	-29,281	-48,124
<b>Extra-EU27</b>	12,825	-40,836	2,226	244	-15,628	-3,228	-7,216

\*provisional

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 8. Direct Investment flows abroad: Economic activity\***

€000

Partner Country - World	2007	2008	2009	2007 Q1-Q2	2008 Q1-Q2	2009 Q1-Q2	2010 Q1-Q2
	Outward FDI			Outward FDI			
<b>Economic Activity</b>							
Manufacturing, Electricity, Gas, Water, Construction, Trade and Repairs	6,931	-8,888	-9,951	3,510	-4,708	-4,611	-2,940
Hotels and Restaurants, Real Estate, Renting and Business Activities	-29,477	6,139	72	-7,781	2,154	-819	-657
Transport, Storage and Communications	6,301	-104,213	11,521	6,902	-49,163	10,723	-5,890
Financial Intermediation	7,844	-3,230	-37,621	-3,931	-2,856	-3,970	-12,547
Other activities	3,220	-89,792	-45,535	9,795	-41,281	-33,832	-33,306
<b>Total</b>	<b>-5,182</b>	<b>-199,987</b>	<b>-81,516</b>	<b>8,495</b>	<b>-95,853</b>	<b>-32,509</b>	<b>-55,339</b>

\*provisional

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 9. Direct Investment Abroad: Stock Position\***

€000

Geographical breakdown	Dec-07	Dec-08	Dec-09	Jun-07	Jun-08	Jun-09	Jun-10
	Outward FDI position			Outward FDI position			
<b>World</b>	<b>816,575</b>	<b>769,275</b>	<b>1,078,026</b>	<b>862,499</b>	<b>853,137</b>	<b>1,043,996</b>	<b>1,213,260</b>
of which:							
<b>EU27</b>	304,826	579,770	638,518	374,782	507,885	651,090	762,117
<b>Extra-EU27</b>	511,749	189,505	439,509	487,717	345,252	392,906	451,143

\*provisional

Figures may not add up due to rounding

**Table 10. Direct Investment abroad - stock position: Economic activity\***

€000

Partner Country - World	Dec-07	Dec-08	Dec-09	Jun-07	Jun-08	Jun-09	Jun-10
	Outward FDI position			Outward FDI position			
<b>Economic Activity</b>							
Manufacturing, Electricity, Gas, Water, Construction, Trade and Repairs	-3,711	7,850	17,562	-1,142	3,542	12,273	32,102
Hotels and Restaurants, Real Estate, Renting and Business Activities	42,884	34,569	35,119	48,471	41,896	36,386	36,557
Transport, Storage and Communications	11,493	144,794	145,352	35,379	87,482	147,810	217,205
Financial Intermediation	511,500	296,682	491,117	554,712	451,473	488,742	505,753
Other activities	254,409	285,380	388,877	225,079	268,744	358,786	421,643
<b>Total</b>	<b>816,575</b>	<b>769,275</b>	<b>1,078,026</b>	<b>862,499</b>	<b>853,137</b>	<b>1,043,996</b>	<b>1,213,260</b>

\*provisional

Figures may not add up due to rounding

## Methodological notes

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) statements of Malta. Direct Investment is extracted from both statements, compiled in accordance with the international guidelines set out in the fifth manual of the International Monetary Fund (BPM5) as well as with the (similarly-set) methodological guidelines established by the European Union statistical agency, Eurostat.

Direct Investment is defined as “the category of international investment that reflects the objective of a resident entity in one economy (i.e. direct investor) obtaining a lasting interest in an enterprise resident in another economy. The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and significant degree of influence by the investor on the management of the enterprise. Direct investment comprises not only the initial transaction establishing the relationship between the investor and the enterprise but also all subsequent transactions between them and among affiliated enterprises, both incorporated and unincorporated.” (BPM5).

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.

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.

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.

The type of data collection system used to compile the Direct Investment is a composite system based on a monthly, quarterly and annual Direct Reporting (DR) enterprise survey, 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. However, 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.

Direct Investment data are collected on a country breakdown basis. The debtor/creditor principle is used as the basis for the geographic allocation of the data.

More extensive breakdown by country or economic activity is not always available because of confidentiality issues. Where there are less than three contributors to a number, or where particular respondents could be identified, these would be included in a group in order to respect confidentiality. However, more detailed data not disseminated in this release could be made available upon written request, provided that confidentiality issues are not breached. EU27 refers to the current 27 Member States.

The classification used for economic activity is NACE Rev.1.1, 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, Electricity, Gas, Water, Construction, Trade and repairs include:**

Manufacturing Industry  
Electricity, Gas and Water Provision Industry  
Construction Industry  
Wholesale and Retail Activities  
Maintenance and Repair Industry

**Hotels and Restaurants, Real Estate, Renting and Business Act include:**

Hotel and Restaurants Industry  
Real Estate Activities  
Renting of machinery and equipment

**Transport, Storage and Communications include:**

Land, Sea and Air Transport  
Storage, Supporting and auxiliary transport activities  
Activities of Travel Agencies  
Post and Telecommunications  
Post and Courier Activities

**Financial Intermediation include:**

Banks  
Insurance Principals and Agencies  
Exchange Bureaux  
Investment Service Providers  
Financial Holding Companies  
Other Monetary and Financial Intermediation

**Other Activities include:**

Agriculture and Fishing  
Mining and Quarrying  
Research and Development  
Legal Activities  
Accounting, bookkeeping, audit and tax consultancy  
Market research, Advertising and Public Opinion  
Business and Management Consultancy activities  
Architectural, Engineering and Other Technical activities  
Education, Health and Social Work activities  
Sewage and Refusal Disposal  
Recreational, Cultural and Sporting Activities  
Activities of Membership Organisations  
Other Activities not allocated elsewhere

In 2010, a company previously classified as a special purpose entity (and considered a non-resident entity), was reclassified as a financial intermediary company. This classification primarily contributed to the increase in the FDI position in Malta in June 2010, compared to June 2009.

**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&code=sdg_12_10)

>Economy & Finance  
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