

4. Productive Activities

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The local manufacturing industry is characterised by a significant number of locally-owned small and medium-sized enterprises (SMEs), as well as a number of relatively large foreign-owned export-oriented subsidiaries. This industry has been facing a number of challenges in recent years, mainly because of the increasingly competitive international environment and the consequent need to restructure. The removal of levies on imported industrial products and on imported agro-industrial products has put pressure on the locally-oriented enterprises. Furthermore, export-oriented firms face continuous challenges from developments in the international markets, in particular intensified competition from emerging countries, changing patterns in foreign demand and the general international economic conditions.

The subdued international economic environment prevailing since 2001 has not yet recovered fully, although Malta's main trading partners have registered moderate improvements during the past year. Furthermore, the global market for electronic components showed signs of recovery during 2004, underpinning the increased exports levels within the local electronics sub-sector during the Survey period. Meanwhile, the economic situation in Malta's main trading partners continued to improve. This performance contributed to the 1.2 per cent increase in exports, while developments in the local economic environment as well as the complete dismantling of the levy regime affected the demand for local sales, which declined by 4.9 per cent. As a result of these developments total turnover declined marginally by 0.2 per cent. During the period under review, investment increased by 10.3 per cent, mainly reflecting increased capital outlays in the chemicals and chemical products, textiles and textile products and publishing and printing sectors. Employment income declined by 2.4 per cent, reflecting job-shedding in a number of sectors within the industry during the nine months to September 2004.

Value added at factor cost is one of the main indicators used to measure the wealth generation capability of the manufacturing industry. Value added at factor cost per capita for the total manufacturing industry increased by 11.9 per cent between 2002 and 2003. This reflected an increase in gross operating surplus per capita coupled with a less significant increase in personnel costs per capita. The sectors which contributed most to aggregate value added were the radio, TV, and communication equipment, food and beverages, publishing and printing, furniture and other manufacturing, rubber and plastic products and wearing apparel and clothes sectors.

Although the agriculture and fisheries sector is not a major contributor towards the domestic economy, its importance in the economy stems from its linkages to other sectors such as tourism as well as environmental. During the Survey period, the wholesale value of fruit and vegetables sold through official markets declined by 5.0 per cent, while the volume of agricultural production increased by 8.5 per cent when compared to the level recorded during the same period last year. On the other hand, both the volume and value of fish landings increased when compared to the corresponding figures of last year.

The Maltese ship repair and shipbuilding industry continued to experience difficulties resulting from low levels of productivity and significant competitive pressures. As part of the restructuring programme, in November 2003, Malta Shipyards Ltd was set up to manage the previously Government-owned ship repair and shipbuilding entities. The restructuring plan involves turning Malta Shipyards Ltd from a net beneficiary of state aid into a commercially viable enterprise, and to enable it to withstand international competitive pressures in the ship repair market.

This Chapter first analyses the local manufacturing industry's performance during January-September 2004. Data presented in this Chapter are not directly comparable with those found in other Chapters of this Economic Survey, since the data provided by the National Statistics Office (NSO) are based on the results of a monthly survey conducted amongst a representative sample of manufacturing firms. Furthermore, as from 1999, data for the manufacturing industry are classified by the NSO according to the General Industrial Classification of Economic Activities within the European Community (NACE). Thus, they are not directly comparable with the manufacturing data that is found in previous Economic Surveys which had been based on the International Standard Industrial Classification of Economic Activities (ISIC). Furthermore, in 2001 the NSO adopted a new methodology with respect to the compilation of employment and wages and salaries for the manufacturing industry.

It is pertinent to note that the sectoral performance presented in this Chapter is affected by the re-classification of a number of enterprises among the different sectors reflecting a shift in their main reported activity. Moreover, a number of enterprises were no longer classified as undertaking manufacturing activity but rather market services and thus were excluded from the manufacturing industry by the NSO. Furthermore, due to this re-classification exercise, the enterprises which were previously classified in the office machinery and basic metals sectors, were all re-classified to other sectors. Consequently, no data for these sectors is provided after December 2003.

Moreover, as from May 2004, the NSO changed the methodology used for the collection of data on trade of goods between the EU Member States from the Customs Declaration to the Intrastat Supplementary Declaration. Thus, with the introduction of the Supplementary Declaration as a source document for trade statistics, total exports can no longer be broken down into domestic exports and re-exports. This implies that export figures for 2004 featured in this Chapter may include elements of re-exports.

The second part of this Chapter analyses sectoral value added at factor cost for the total manufacturing industry. Data for this section is compiled by the NSO from annual business surveys. Data on value added at factor cost is classified by the NSO according to NACE and is thus not directly comparable with data on value added found in previous publications of the Economic Survey, which had been based on ISIC. Furthermore, during 2000 the NSO has changed the methodology adopted in data collection and compilation of value added at factor cost. This new methodology has been applied to data as from 1999 and is in line with the Structural Business Statistics Council Regulation 58/97, making it comparable to European Union methodology.

Finally, the Chapter reviews activity in the agriculture and fisheries sector and concludes with an analysis of activities in the shipyards during the January-September 2004 period.

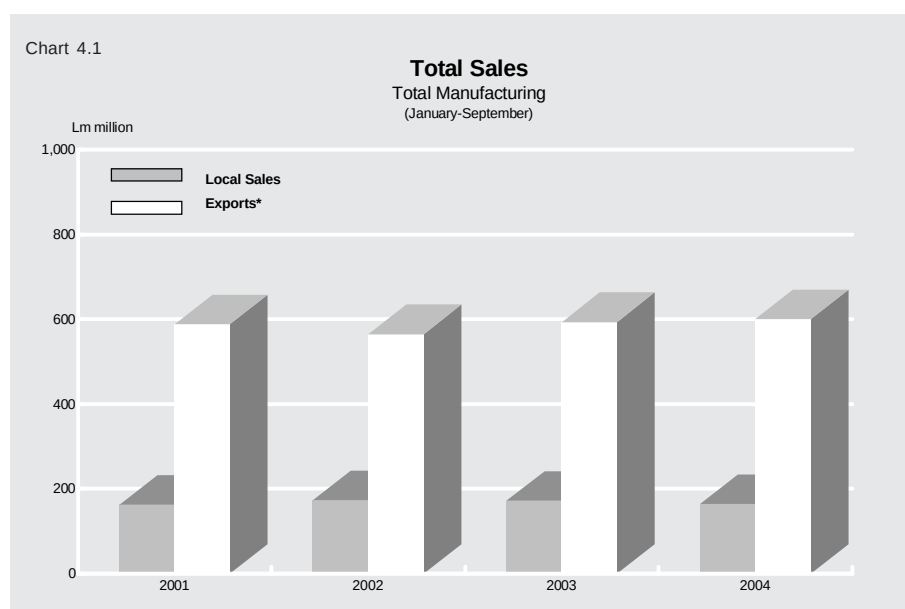
Domestic Manufacturing Performance

During the January-September 2004 period, total turnover for the manufacturing industry registered a marginal decline of 0.2 per cent as compared to the first nine months of 2003 and stood at Lm764.5 million. The performance of the industry was characterised by a decline in local sales which outweighed the marginal increase in exports. Noticeable improvements were registered in exports by a number of sectors, namely, textiles and textile products, radio, TV, and communication equipment and medical, precision and optical instruments. Meanwhile, sectors such as food and beverages, wearing apparel and clothes, leather and leather products, chemicals and chemical products and furniture and other manufacturing registered declines in total turnover.

Local sales for the manufacturing industry declined to Lm163.7 million, down from Lm172.2 million recorded in the nine months to September 2003. The level of local sales was negatively affected by the relatively subdued domestic economic activity as well as by the trade liberalisation process which resulted

in increased competition from imports. The major declines in local sales were recorded in the textiles and textile products, radio, TV, and communication equipment, furniture and other manufacturing and food and beverages sectors. It is interesting to note that of these sectors, the former two are almost entirely export-oriented. On the other hand, the food and beverages and furniture and other manufacturing sectors are mostly locally-oriented and both were influenced by changes in the trade regime during the past months. Moreover, the results for the first nine months of 2003 of the food and beverages sector should be viewed against higher than average performance in the corresponding 2001-2004 period. The share of local sales in total manufacturing turnover declined by 1.1 percentage point to 21.4 per cent. On the other hand, the share of exports in total turnover increased from 77.5 per cent to 78.6 per cent. The performance of exports and local sales is presented in Chart 4.1.

During the Survey period, earnings from employment in the manufacturing industry declined by 2.4 per cent and stood at Lm90.8 million, as shown in Chart 4.2. This reflected a drop in employment from the level recorded in September 2003. The upward trend registered during the past years in capital outlays in the manufacturing industry was sustained during the period under review. In fact, as illustrated in Chart 4.3, net investment increased by 10.3 per cent in the nine months to September 2004, reaching Lm40.0 million. Increased investment was mainly registered in the chemicals and chemical products, publishing and printing and textiles and textile products sectors, all mainly export-



*As from 2004, data on exports may include re-exports

Chart 4.2

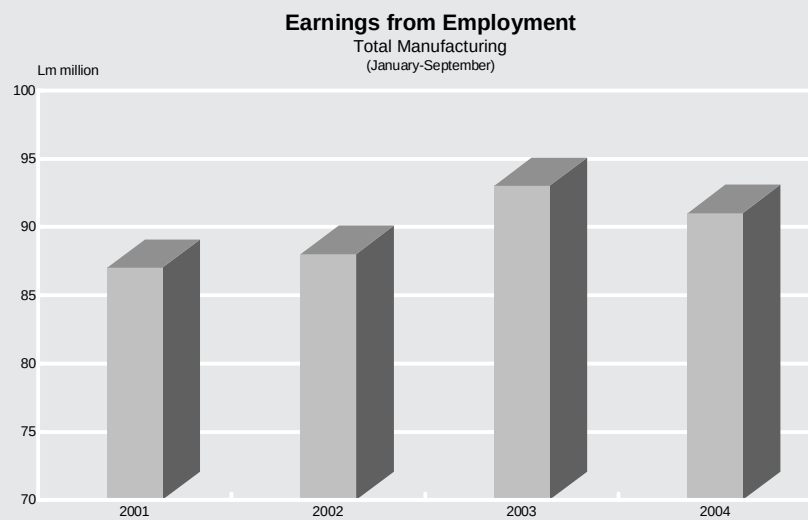
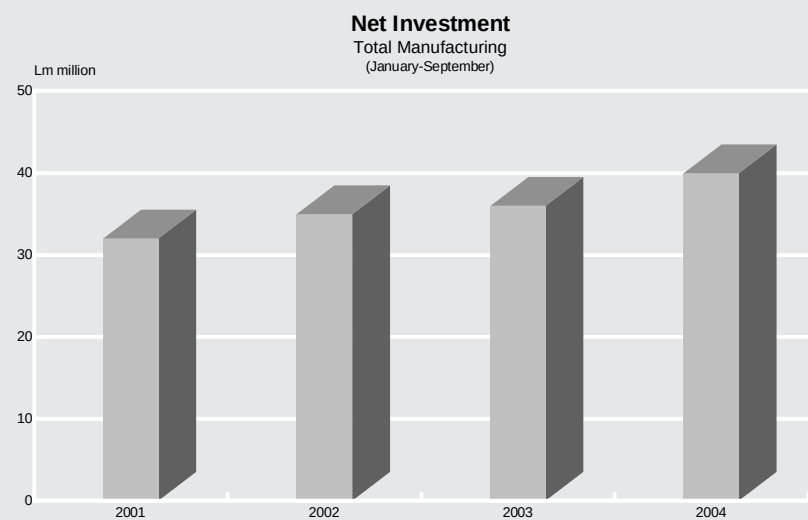
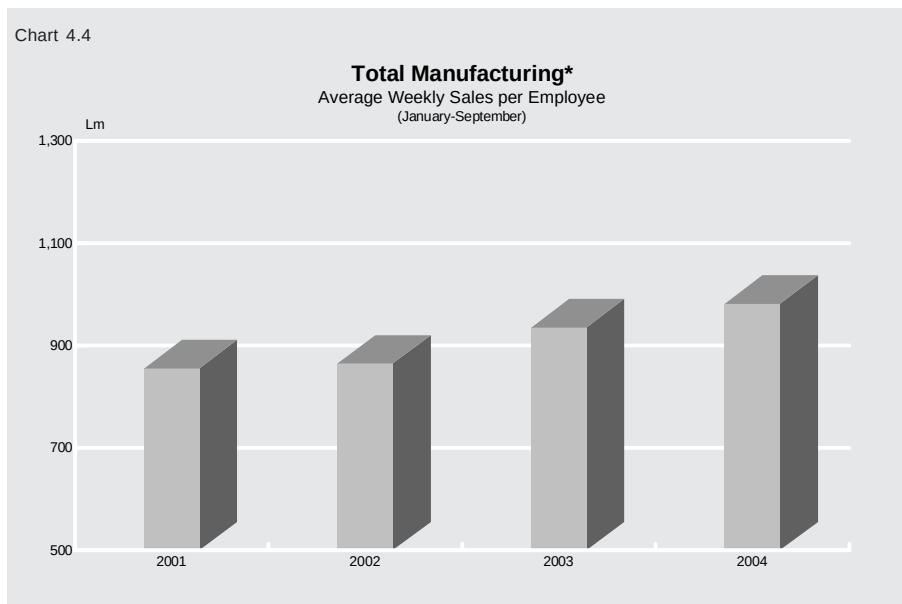


Chart 4.3





*As from 2004, data on exports may include re-exports

oriented. On the other hand, a contraction in investment was particularly registered by the food and beverages, rubber and plastic products and other transport equipment sectors.

Chart 4.4 presents average weekly sales per employee, which increased by 4.9 per cent in the January-September 2004 period and stood at Lm982.06. Despite a decline in total manufacturing turnover, average weekly sales per employee increased reflecting a higher cash-generating capability by employees in manufacturing activity. Chart 4.5 presents average weekly per capita compensation levels, which increased by 2.6 per cent and reached Lm116.63 per week.

The average rates of change in exports and local sales in eleven major sectors within the manufacturing industry during the first nine months of the 2000-2004 period are presented in Chart 4.6. Growth rates in exports were registered in the food and beverages, textiles and textile products, publishing and printing, machinery and equipment, electrical machinery and apparatus, medical, precision and optical equipment and other transport equipment sectors. Local sales by these sectors also registered positive rates of growth except for the textiles and textile products, electrical machinery and apparatus, other transport equipment and furniture and other manufacturing sectors which recorded negative rates

Chart 4.5

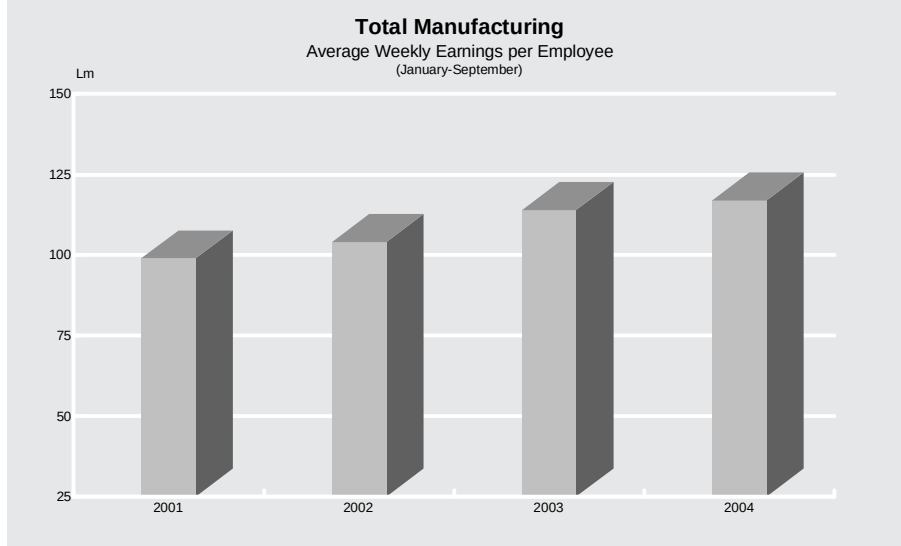
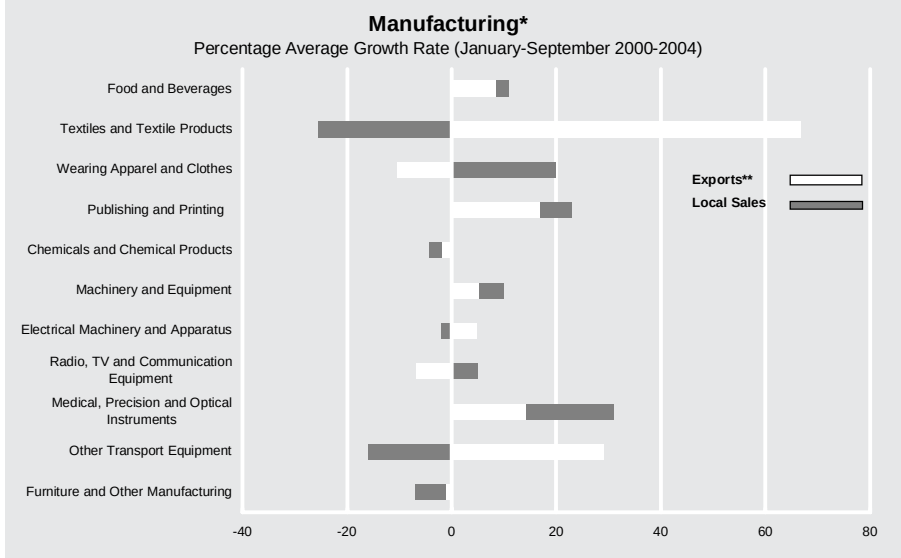


Chart 4.6



*Data reflects re-classification of enterprises according to their main manufacturing activity

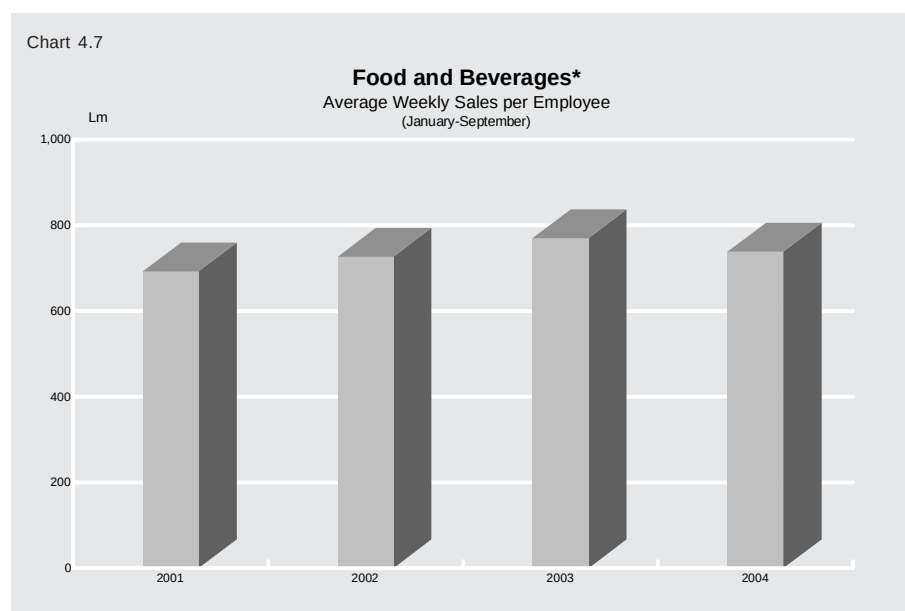
**As from 2004, data on exports may include re-exports

of growth. Growth rates in local sales were also registered by the wearing apparel and clothes sector and radio, TV and communication equipment sector although, on the other hand, negative growth rates in exports were registered by these two sectors.

The performance of the main manufacturing sectors within the industry is analysed in the following section. Appendix Table 4.1 provides statistical data on the industrial performance at a sectoral level.

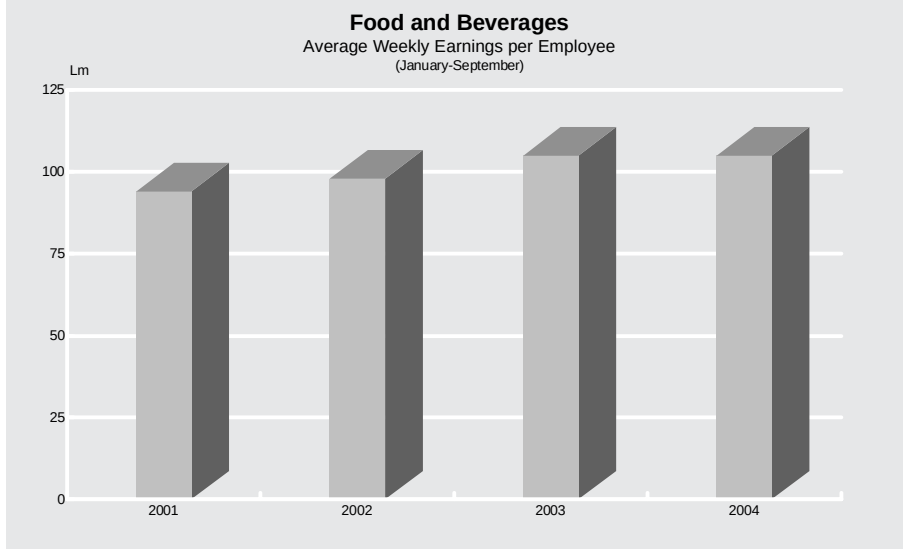
Food and Beverages

The food and beverages sector remained one of the most locally-oriented sectors in the manufacturing industry, with 82.9 per cent of production directed towards the local market. While the beverage sub-sector is largely local-oriented, the food sub-sector exported around 25 per cent of its output during the Survey period. Total sectoral turnover accounted for 11.7 per cent of total manufacturing sales, thus maintaining its position as the sector with the second largest share of total turnover in the industry, after the radio, TV and communication equipment sector, though the gap in the share of these two sectors is significant.



*As from 2004, data on exports may include re-exports

Chart 4.8



A decline of 6.0 per cent was registered in total turnover which stood at Lm89.3 million. This decline was underpinned by a 6.1 per cent decline in local sales and a 5.1 per cent decrease in exports. It is pertinent to note that the remaining levies on imported agro-industrial products were removed as from 1st May 2004 and this liberalisation process has affected the performance of local sales by this sector during the period under review. Following a marked increase in net investment by this sector to Lm5.4 million during the first nine months of 2003, capital outlays declined to Lm4.0 million during the Survey period.

During the period under review, average weekly sales per employee fell by 4.0 per cent and stood at Lm738.56 as shown in Chart 4.7. This reflected the fact that despite the decline in turnover, employment was not significantly affected. At Lm105.39, per capita compensation levels practically remained at the levels registered during the first nine months of 2003, as illustrated in Chart 4.8.

Tobacco Products

The tobacco products sector, which is dependent upon sales to the local market, registered an increase of 7.8 per cent in total turnover and reached Lm24.9 million. This increase in total turnover by this sector mainly reflects the increase in excise duties on tobacco products as well as the increase in the standard Value Added Tax (VAT) rate which became applicable during 2004. Net

investment in the sector practically maintained the level registered during the previous Survey period and stood at Lm0.1 million.

Average weekly sales per employee rose by 9.4 per cent and reached Lm4,027.89 in January-September 2004, reflecting the increase in sectoral turnover. Meanwhile, average weekly earnings per capita increased marginally to Lm146.35.

Textiles and Textile Products

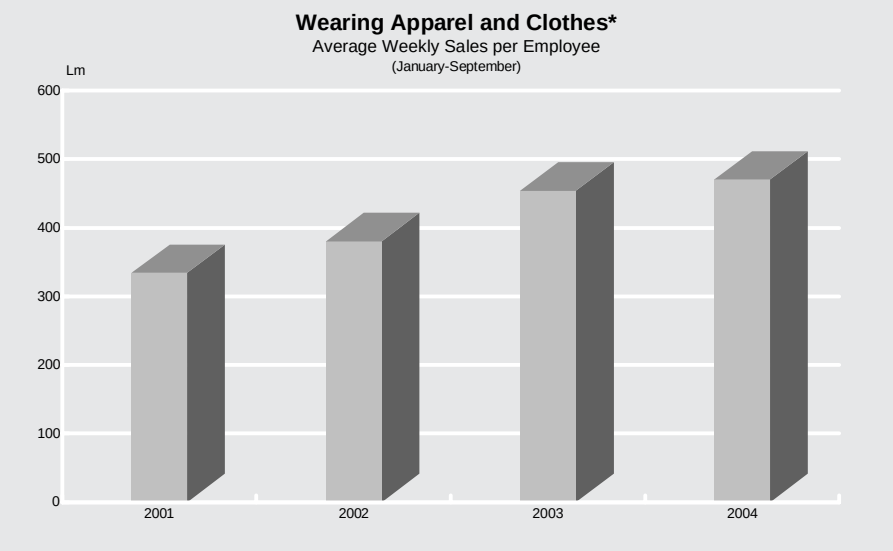
Turnover in the textiles and textile products sector increased by 59.8 per cent and stood at Lm20.0 million, reflecting a significant increase in exports by the sector. This was affected by the re-classification of export-oriented enterprises to this sector as a result of a shift in their main manufacturing activity. Local sales stood at Lm0.8 million, down from Lm2.6 million recorded in January-September 2003. Capital outlays in the sector increased from Lm0.3 million to Lm1.1 million.

Average weekly sales per capita increased by 34.0 per cent, to Lm504.57 in the period under review. Meanwhile, average weekly exports per employee increased by 63.2 per cent to Lm484.97. These significantly higher ratios reflect increased exports which more than offset higher employment levels, resulting from the re-classification exercise highlighted earlier. Average weekly per capita compensation levels increased by 15.5 per cent to Lm95.22, reflecting increased sectoral wages.

Wearing Apparel and Clothes

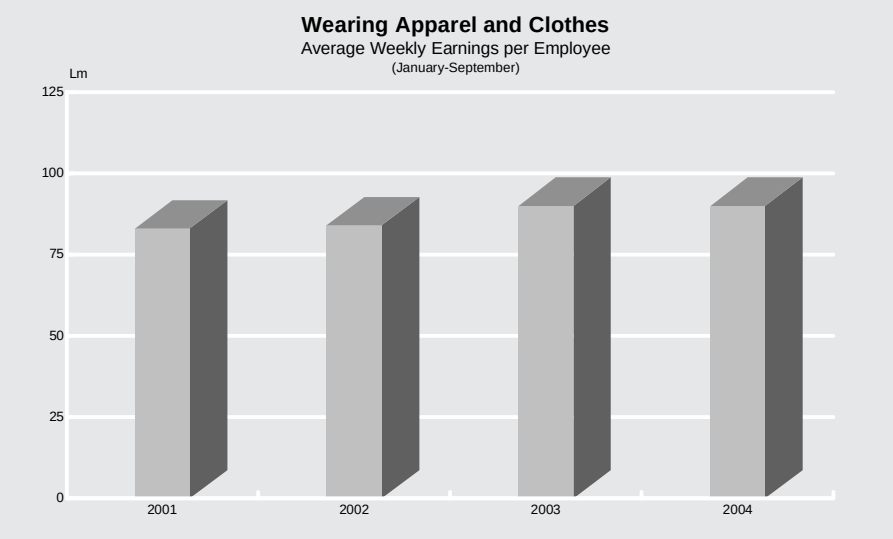
The wearing apparel and clothes sector is largely export-oriented, with nearly 80 per cent of its total production directed towards the export market. Total turnover declined by 20.2 per cent to Lm31.4 million during the Survey period. This was underpinned by a fall of 29.1 per cent in exports to Lm25.0 million. The decline in employment levels which has been recorded since 2002, persisted during the period under review and was reflected in a 22.7 per cent decline in aggregate wages paid by the sector. This sector continued to be affected by increased international competition which led to a fall in foreign demand for local products. Domestic wearing apparel and clothes manufacturers had to respond to similar developments by adopting measures which increased productivity, including at times downsizing. Local sales advanced by Lm2.3 million to reach Lm6.5 million.

Chart 4.9



*As from 2004, data on exports may include re-exports

Chart 4.10

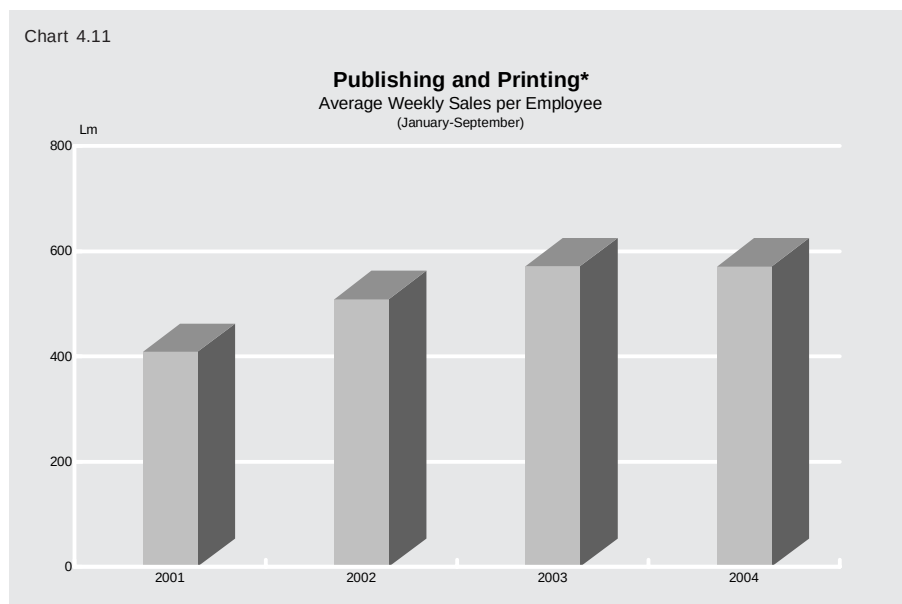


As shown in Chart 4.9, average weekly sales per employee increased by Lm15.93, reaching Lm470.21. Average weekly exports per capita fell by 8.0 per cent and were recorded at Lm373.63. At Lm90.45, average weekly compensation levels practically remained at the level registered during the first nine months of 2003 as presented in Chart 4.10.

Publishing and Printing

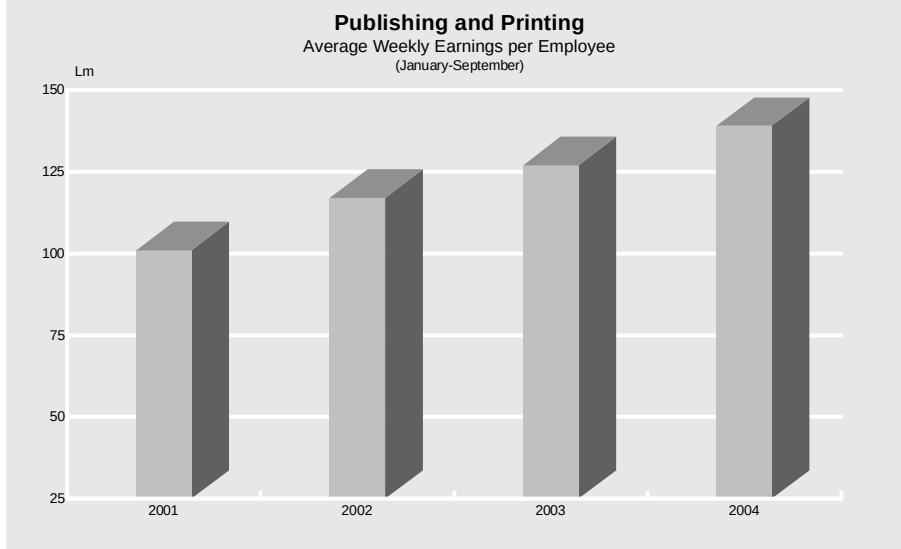
The publishing and printing sector registered a marginal decline in total turnover and stood at Lm36.4 million in January-September 2004. This was underpinned by a 1.8 per cent decline in exports which were recorded at Lm23.8 million. On the other hand, local sales increased by 2.7 per cent to Lm12.6 million. Capital outlays during the January-September 2004 period increased by Lm2.3 million, reaching Lm4.7 million.

Average weekly sales per employee declined marginally and stood at Lm570.92, as presented in Chart 4.11. Average weekly exports per capita declined by Lm6.32 and were recorded at Lm372.95. As shown in Chart 4.12, average per capita compensation levels followed the upward trend registered during recent years and stood at Lm138.62 up from Lm127.29 recorded in the previous Survey



*As from 2004, data on exports may include re-exports

Chart 4.12



period. This was 18.9 per cent higher than the average recorded for the total manufacturing industry.

Chemicals and Chemical Products

The chemicals and chemical products sector exported over 70 per cent of its output during the first nine months of 2004. A number of firms within the sector produce pharmaceuticals and toiletries mainly for the export market, while a number of other companies within this sector which produce products such as paints, detergents and insecticides are mainly locally-oriented.

Turnover in the sector declined by 15.4 per cent and reached Lm22.1 million during the Survey period. This performance was mainly attributable to a decline in exports reflecting the fact that a number of export-oriented firms which used to be incorporated within the chemicals and chemical products sector are now included within the textiles sector. Local sales increased by 11.1 per cent and reached Lm6.5 million. Net investment increased by Lm4.5 million and stood at Lm7.9 million, reflecting higher capital outlays by the pharmaceutical sub-sector.

Average weekly sales per capita increased by Lm65.96 and reached Lm700.65. Per capita compensation levels followed an upward trend, increasing to Lm128.30, being Lm11.67 more than the average for the total manufacturing

industry. Average weekly exports per employee also increased when compared to the level registered in the previous Survey period and stood at Lm493.52. These developments reflect a fall in employment levels.

Rubber and Plastic Products

Turnover in the rubber and plastic products sector increased by 1.6 per cent reaching Lm29.4 million in the first three quarters of 2004. This was underpinned by a 3.0 per cent increase in exports, which made up nearly 80 per cent of total production, and stood at Lm23.5 million. On the other hand, local sales declined by 3.7 per cent to Lm5.9 million. This performance was influenced by the re-classification of a number of enterprises in this sector to other manufacturing sectors. Capital outlays during the period under review dropped by Lm1.3 million to Lm1.0 million.

Average weekly sales per employee declined by 2.2 per cent and stood at Lm419.75 during the period under review. An increase of 5.1 per cent was recorded in per capita compensation levels which reached Lm123.97, being Lm7.34 higher than the average for the total manufacturing sector. Average weekly exports per employee declined marginally to Lm335.11.

Electrical Machinery and Apparatus

Turnover in the electrical machinery and apparatus sector, which is highly export-oriented, declined by 3.1 per cent during the first three quarters of 2004 to Lm27.4 million. This was underpinned by a decline of 1.2 per cent in exports, whilst local sales declined from Lm0.9 million to Lm0.4 million during the Survey period. This performance was registered despite the fact that a number of export-oriented firms underwent a re-classification by statistical authorities following a change in their activity and were thus included with the electrical machinery sector for the first time. At Lm1.5 million, net investment practically remained at the level registered during the first nine months of 2003.

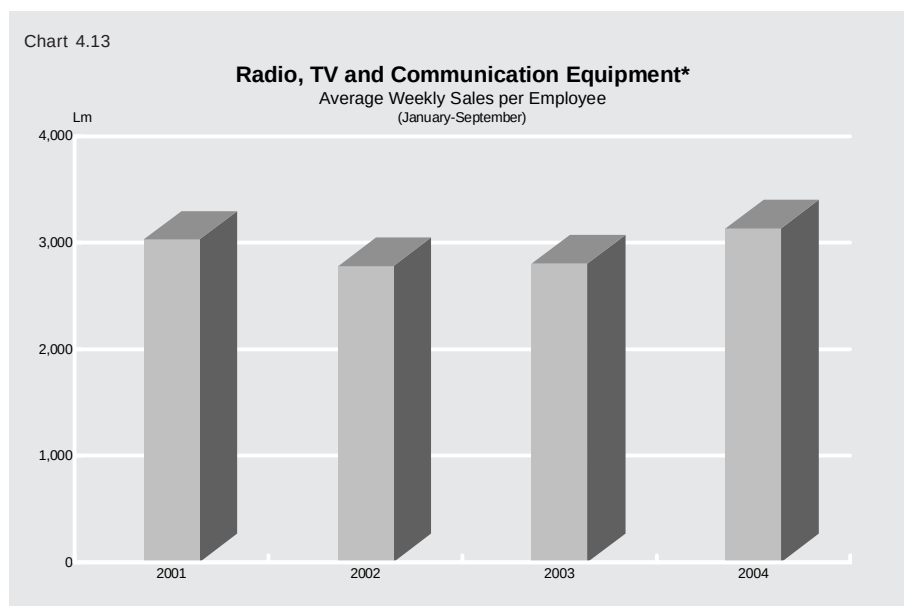
Average weekly sales per employee recorded an increase of Lm9.45 and reached Lm612.36. Average per capita compensation levels followed the upward trend registered during recent years and reached Lm124.21. This was Lm7.58 more than that recorded for the total manufacturing industry. Average weekly exports per employee registered an increase of Lm21.20 and stood at Lm604.00 during the Survey period.

Radio, TV and Communication Equipment

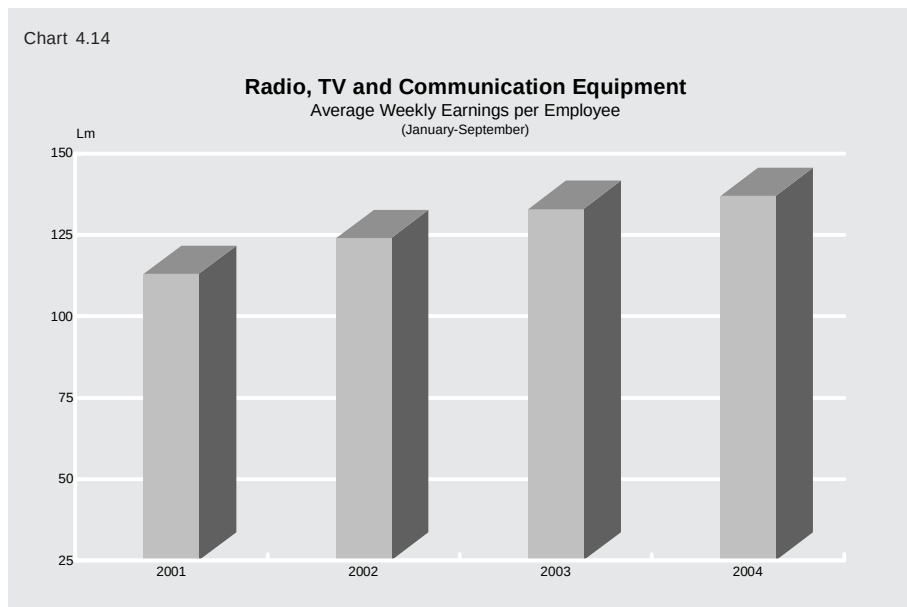
With sales accounting for almost half of total manufacturing turnover, the radio, TV and communication equipment sector remains the largest sector in the manufacturing industry. Production mainly consists of electronic components and other precision communication products. This sector is characterised by a limited number of relatively large export-oriented foreign subsidiaries. Its performance depends on international economic conditions, particularly on the market conditions for electronic products.

Turnover in the sector improved by 3.0 per cent in the period under review advancing to Lm371.8 million, reflecting the sustained recovery in the global semi-conductor market which commenced in 2003. This performance was underpinned by a 3.4 per cent increase in exports to Lm371.1 million. Increased exports were recorded despite the re-classification of export-oriented firms previously included in this sector to other sectors in the industry, reflecting a shift in their main manufacturing activity. On the other hand, local sales fell from Lm2.0 million to Lm0.8 million during the Survey period. Investment levels were slightly higher than those recorded in the previous Survey period and stood at Lm14.6 million.

Chart 4.13 presents sectoral average weekly sales per employee, which rose by Lm332.31 up to Lm3,133.35, being Lm2,151.29 higher than the average for



*As from 2004, data on exports may include re-exports



the aggregate manufacturing industry. Per capita weekly compensation levels increased by Lm3.60 to Lm136.51 as shown in Chart 4.14. Average weekly exports per employee were the highest recorded in the manufacturing industry and stood at Lm3,126.94, up from Lm2,785.31. These developments reflect an increase in total turnover and exports as well as a drop in employment levels within the sector.

Medical, Precision and Optical Instruments

Over 99 per cent of turnover of the medical, precision and optical instruments sector is exclusively directed to the export market. Total sectoral turnover increased by 35.8 per cent, being accounted for by an increase in exports which rose from Lm19.4 million to Lm26.2 million. This mainly reflected the inclusion of a number of export-oriented enterprises in the sector. Local sales increased marginally to Lm0.2 million in the same period. On the other hand, investment increased from Lm0.4 million to Lm1.0 million.

Average weekly sales per employee and average weekly exports per capita both increased by around 11 per cent, underpinned by an increase in turnover and exports which more than offset higher sectoral employment. Average per capita compensation levels fell by 10.7 per cent to Lm114.46.

Other Transport Equipment

The other transport equipment sector has become increasingly export-oriented with over 95 per cent of its turnover directed towards foreign markets. Following a significant increase in total turnover by this sector during the first nine months of 2003, turnover declined by 21.1 per cent to Lm9.5 million during the Survey period. This was mainly underpinned by a 15.6 per cent decline in exports. Meanwhile, local sales declined by Lm0.9 million to Lm0.4 million. This performance partly reflected the fact that some enterprises falling under the other transport equipment sector were re-classified to other sectors in the manufacturing industry. Following an investment of Lm0.6 million registered during the first nine months of 2003, capital outlays were negligible during the Survey period.

Even if average weekly sales per employee and average weekly exports per capita declined when compared to previous levels, these exceeded the levels of other manufacturing sectors. Similarly, despite remaining significantly above the average for the manufacturing industry, average weekly earnings per employee fell by Lm16.74 to Lm146.31.

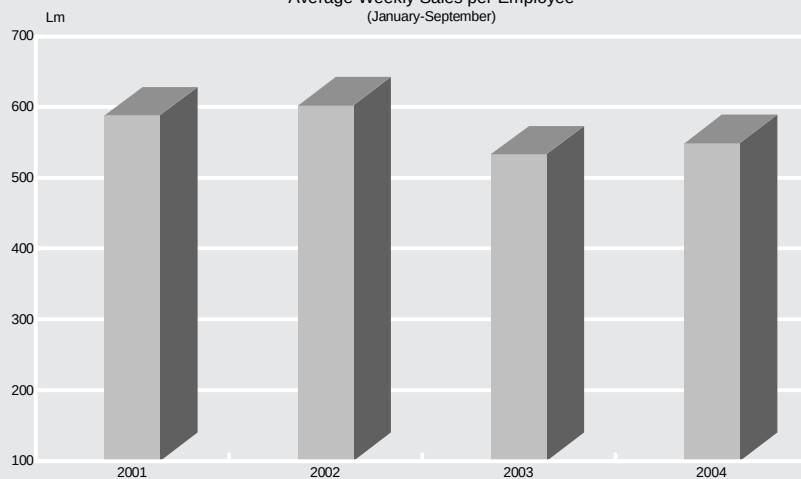
Furniture and Other Manufacturing

This sector mainly consists of a number of locally-oriented firms producing furniture and a cluster of other firms engaged in the manufacture of toys, games and jewellery items directed towards the export market.

Turnover in the sector declined by 6.6 per cent during the Survey period and stood at Lm33.8 million, mainly underpinned by a 20.7 per cent decline in local sales. This performance was primarily due to a decline in local sales by the furniture sub-sector. Certainly, the dismantling of protective levies is presenting manufacturers in the sector with new challenges. This may be the result of further consolidation and an adjustment process that has been characterising this sub-sector for the past two years in the wake of increased foreign competition brought about by the removal of the protective levies. The decline in exports, from Lm26.1 million to Lm25.8 million, mainly reflects a drop in exports of jewellery and miscellaneous goods which outweighed an increase in exports of furniture, games and toy products. It is pertinent to note that, a small number of companies within the sector were re-classified to other sectors in the manufacturing industry, due to a change in their main production.

Chart 4.15

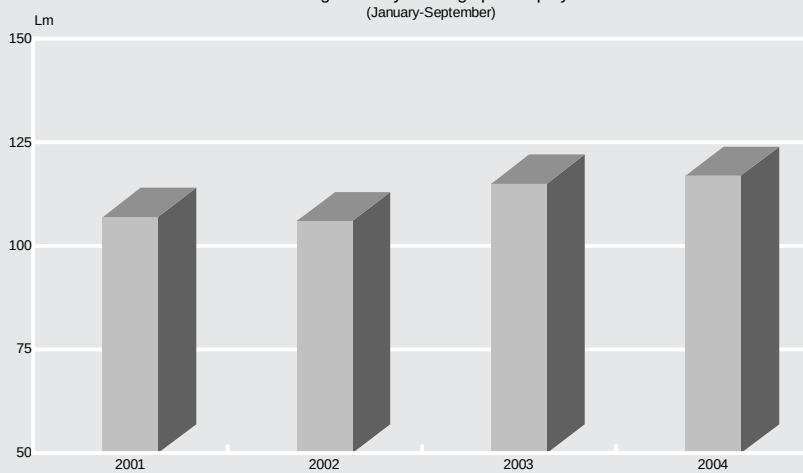
Furniture and Other Manufacturing*
Average Weekly Sales per Employee
(January-September)



*As from 2004, data on exports may include re-exports

Chart 4.16

Furniture and Other Manufacturing
Average Weekly Earnings per Employee
(January-September)



Sectoral capital outlays declined from Lm4.0 million to Lm3.2 million, mainly reflecting the decline in investment in the jewellery and games and toys sub-sector. However, it is pertinent to note that this reflects the fact that during the first nine months of 2003 investment levels in the sector peaked, following capital outlays by a particular foreign-owned company operating in the toys and games sub-sector which expanded its operation.

Average weekly sales per employee increased by Lm16.43 and stood at Lm549.25 in the Survey period, as shown in Chart 4.15, reflecting a fall in employment levels which outweighed the decline in turnover. Furthermore, Chart 4.16 presents average weekly compensation levels per capita which increased by 2.1 per cent and stood at Lm117.37. Average weekly exports per capita rose by 9.1 per cent and stood at Lm419.30.

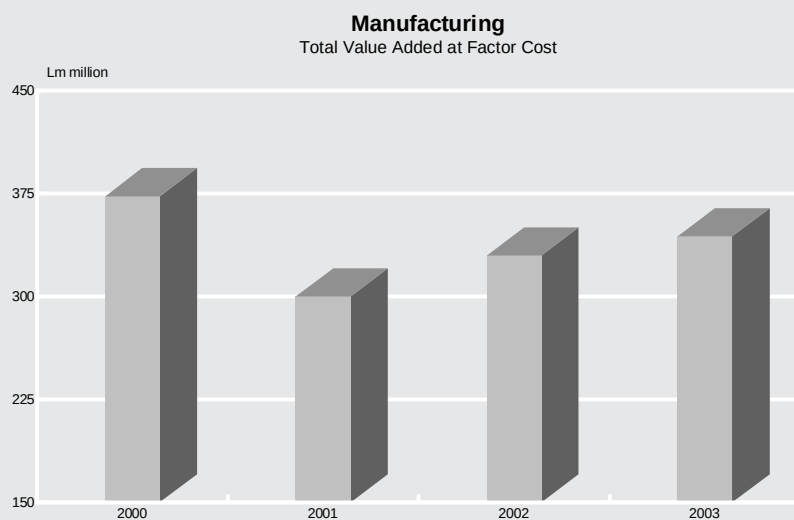
Value Added

A review of developments in value added of the manufacturing industry during the 2000-2003 period is included in the section below. Data compiled for this analysis is based on the manufacturers' responses to an annual business statistics questionnaire, in line with the Structural Business Statistics Council Regulation 58/97. According to this methodology value added at factor cost comprises personnel costs and gross operating surplus. Personnel costs are made up of wages and salaries and employers' social security costs, whilst gross operating surplus refers to the surplus generated by operating activities net of labour costs. Data compiled according to this methodology featured for the first time in the Economic Survey January-September 2002, and thus, the data presented here are not directly comparable to that published in previous Economic Surveys.

Value added data provides an indication of the contribution of various sectors to the local manufacturing industry. The trend followed by total manufacturing value added at factor cost during the four years to 2003 is presented in Chart 4.17. Total manufacturing value added at factor cost increased by 4.2 per cent in 2003, thus maintaining the recovery recorded in the previous year when value added at factor cost rose by 10.2 per cent. Changes in gross operating surplus underpinned the fluctuations recorded in value added at factor cost, since personnel costs registered marginal fluctuations in the 2000-2003 period.

Table 4.1 presents a sectoral analysis of the manufacturing industry, based on value added per capita. The performance of aggregate value added was reflected in the trend followed by total value added per capita. Total value added per capita registered a decline of 18.3 per cent in 2001 which was followed by an

Chart 4.17



Value Added at Factor Cost per capita

Table 4.1

Lm

	2000	2001	2002	2003*
Food and Beverages	11,587	10,758	12,170	12,468
Tobacco Products	32,430	23,894	15,436	15,527
Textiles and Textile Products	13,211	12,019	11,546	14,510
Wearing Apparel and Clothes	8,103	6,024	7,036	8,560
Leather and Leather Products	6,121	5,940	6,621	6,358
Wood and Wood Products	5,418	5,806	6,273	7,575
Paper and Paper Products	8,740	7,119	9,277	10,676
Publishing and Printing	11,895	11,066	13,799	15,403
Chemicals and Chemical Products	9,950	12,860	10,362	10,925
Rubber and Plastic Products	12,017	10,295	12,848	13,483
Other Non-Metallic Mineral Products	7,636	7,055	7,636	8,443
Basic Metals	5,693	7,016	7,088	6,145
Fabricated Metal Products	7,017	7,369	8,634	9,039
Machinery and Equipment	9,232	12,745	7,403	8,501
Electrical Machinery and Apparatus	10,761	12,364	13,721	14,088
Radio, TV and Communication Equipment	39,884	21,708	23,393	24,735
Medical, Precision and Optical Instruments	11,940	9,546	12,141	13,118
Motor Vehicles, Trailers and Semi-Trailers	7,113	6,492	7,390	6,577
Other Transport Equipment	3,538	4,436	4,534	6,086
Furniture and Other Manufacturing	8,683	7,702	8,653	9,463
Recycling	12,176	9,250	14,486	14,880
Total Manufacturing	12,122	9,909	10,971	12,272

* Provisional

Source: National Statistics Office

upward trend in the subsequent two years. In fact, increases of 10.7 per cent and 11.9 per cent were registered in 2002 and 2003, respectively.

Personnel costs per capita, shown in Table 4.2, increased consistently throughout the four years to 2003. Indeed, per capita personnel costs rose by 2.3 per cent and 3.0 per cent in 2001 and 2002, respectively. This was followed by a more significant increase of 7.4 per cent registered in 2003. Table 4.3 presents developments in gross operating surplus per capita which influenced changes in the value added at factor cost per capita. In fact, this component increased in 2002 and 2003 following a significant decline in 2001. Chart 4.18 presents developments in the two components of value added at factor cost per capita during the 2000-2003 period.

The share of personnel costs in value added at factor cost per capita increased from 44.8 per cent in 2000 to 56.1 per cent in the following year. Subsequently,

Personnel Costs per capita				
Table 4.2				
	Lm			
	2000	2001	2002	2003*
Food and Beverages	4,882	5,002	5,091	5,315
Tobacco Products	8,776	9,176	8,114	8,994
Textiles and Textile Products	5,184	5,685	4,816	5,471
Wearing Apparel and Clothes	4,759	4,645	4,106	4,465
Leather and Leather Products	4,135	4,556	4,606	4,726
Wood and Wood Products	2,765	2,950	3,359	3,897
Paper and Paper Products	5,273	5,418	5,763	6,646
Publishing and Printing	5,481	5,287	6,374	7,041
Chemicals and Chemical Products	5,133	6,089	6,221	6,316
Rubber and Plastic Products	6,335	5,989	5,969	6,651
Other Non-Metallic Mineral Products	3,822	4,067	4,189	4,460
Basic Metals	5,126	5,710	5,710	5,997
Fabricated Metal Products	4,026	4,570	4,859	5,236
Machinery and Equipment	4,406	5,147	5,011	4,714
Electrical Machinery and Apparatus	5,934	6,435	6,701	7,642
Radio, TV and Communication Equipment	6,951	6,309	7,161	7,860
Medical, Precision and Optical Instruments	5,700	5,656	5,991	6,290
Motor Vehicles, Trailers and Semi-Trailers	3,641	3,856	4,215	3,649
Other Transport Equipment	7,008	7,608	7,720	7,663
Furniture and Other Manufacturing	4,240	4,509	4,763	5,349
Recycling	4,167	4,317	4,692	4,517
Total Manufacturing	5,435	5,560	5,727	6,151
* Provisional				
Source: National Statistics Office				

Gross Operating Surplus per capita

Table 4.3

Lm

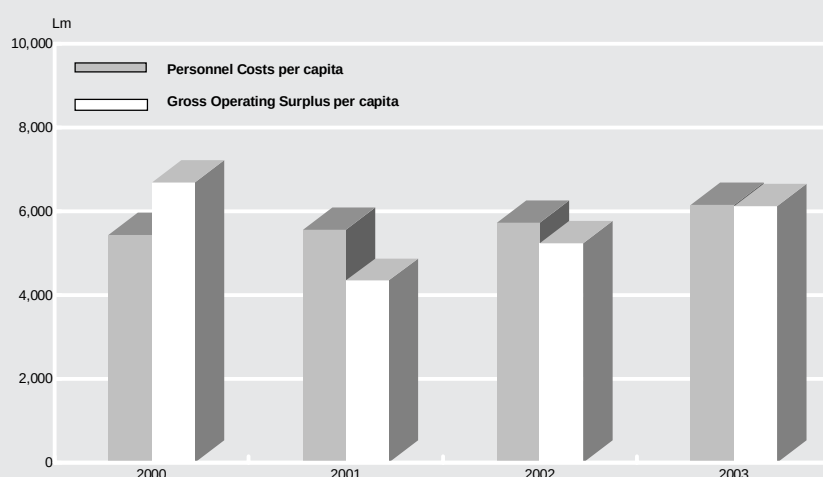
	2000	2001	2002	2003*
Food and Beverages	6,706	5,755	7,079	7,153
Tobacco Products	23,654	14,718	7,321	6,533
Textiles and Textile Products	8,028	6,333	6,730	9,039
Wearing Apparel and Clothes	3,344	1,379	2,930	4,095
Leather and Leather Products	1,986	1,384	2,015	1,632
Wood and Wood Products	2,653	2,856	2,914	3,678
Paper and Paper Products	3,467	1,702	3,515	4,030
Publishing and Printing	6,413	5,779	7,425	8,362
Chemicals and Chemical Products	4,816	6,771	4,140	4,609
Rubber and Plastic Products	5,682	4,306	6,879	6,832
Other Non-Metallic Mineral Products	3,814	2,988	3,446	3,983
Basic Metals	567	1,306	1,378	148
Fabricated Metal Products	2,991	2,799	3,775	3,803
Machinery and Equipment	4,825	7,599	2,392	3,787
Electrical Machinery and Apparatus	4,827	5,929	7,020	6,446
Radio, TV and Communication Equipment	32,933	15,399	16,232	16,875
Medical, Precision and Optical Instruments	6,239	3,891	6,150	6,828
Motor Vehicles, Trailers and Semi-Trailers	3,472	2,636	3,175	2,928
Other Transport Equipment	(3,470)	(3,172)	(3,186)	(1,576)
Furniture and Other Manufacturing	4,442	3,193	3,891	4,114
Recycling	8,009	4,933	9,794	10,363
Total Manufacturing	6,687	4,349	5,244	6,121

* Provisional

Source: National Statistics Office

Chart 4.18

Composition of per capita Value Added at Factor Cost



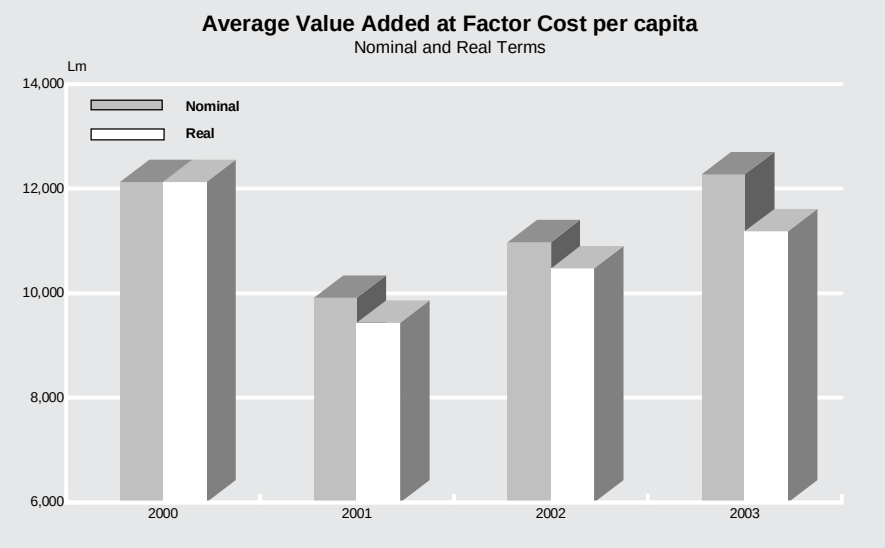
in 2002 and 2003, this share stood at around 52 per cent and 50 per cent, respectively. The significant decline in gross operating surplus in 2001 resulted in a drop in its share in value added at factor cost. Subsequently, in 2002 and 2003 gross operating surplus accounted for around half of total value added at factor cost per capita.

An analysis of productivity changes in the manufacturing industry is conducted by netting the effects of prices using the implicit Gross Domestic Product (GDP) deflator having 2000 as the base year, in line with the methodology applied by the NSO for national accounts data, from value added. Data on real value added at factor cost per capita are presented in Table 4.4 and Chart 4.19. Real value added per capita declined by 22.2 per cent in 2001. However, this decline was partly reversed in the following two years to reach Lm11,181 in 2003, but declined in 2004 to Lm11,048.

Nominal and real average value added at factor cost per capita for the aggregate manufacturing industry are shown in Table 4.5. A statistical estimate of annual

Value Added at Factor Cost per capita in real terms				
Table 4.4				
	2000	2001	2002	2003*
Food and Beverages	11,587	10,240	11,623	11,360
Tobacco Products	32,430	22,743	14,742	14,147
Textiles and Textile Products	13,211	11,440	11,027	13,220
Wearing Apparel and Clothes	8,103	5,734	6,720	7,799
Leather and Leather Products	6,121	5,654	6,323	5,793
Wood and Wood Products	5,418	5,526	5,991	6,902
Paper and Paper Products	8,740	6,776	8,860	9,727
Publishing and Printing	11,895	10,533	13,179	14,034
Chemicals and Chemical Products	9,950	12,241	9,896	9,954
Rubber and Plastic Products	12,017	9,799	12,271	12,285
Other Non-Metallic Mineral Products	7,636	6,716	7,292	7,692
Basic Metals	5,693	6,678	6,770	5,599
Fabricated Metal Products	7,017	7,014	8,245	8,236
Machinery and Equipment	9,232	12,132	7,070	7,746
Electrical Machinery and Apparatus	10,761	11,768	13,104	12,836
Radio, TV and Communication Equipment	39,884	20,662	22,341	22,537
Medical, Precision and Optical Instruments	11,940	9,086	11,595	11,952
Motor Vehicles, Trailers and Semi-Trailers	7,113	6,179	7,057	5,992
Other Transport Equipment	3,538	4,222	4,331	5,545
Furniture and Other Manufacturing	8,683	7,331	8,264	8,622
Recycling	12,176	8,804	13,835	13,557
Total Manufacturing	12,122	9,432	10,478	11,181
* Provisional				
Source: National Statistics Office				

Chart 4.19



Average Value Added at Factor Cost per capita
nominal and real terms

Table 4.5

	2000	2001	2002	2003*	2004 ⁽¹⁾
Average Value Added at factor cost per capita (Lm) at current prices	12,122	9,909	10,971	12,272	12,520
Average Value Added at factor cost per capita (Lm) at constant prices	12,122	9,432	10,478	11,181	11,048
Percentage Change	...	-22.2	11.1	6.7	-1.2
Productivity Index 2000=100	100	78	86	92	91

* Provisional
(¹) Forecasted

Source: National Statistics Office
Own Calculations

value added at factor cost for 2004 was derived applying econometric techniques. The resultant average value added at factor cost per capita is estimated at Lm11,048, representing a decline of 1.2 per cent in real terms in 2004.

A productivity index with 2000 as a base year was compiled to reflect developments in real per capita value added for the 2000-2004 period. The productivity index increased by 8.0 percentage points in 2002 and by 6.0 percentage points a year later. The index declined by 1.0 percentage point in 2004.

Sector Analysis

The following analysis reviews the largest sectoral contributions to value added at factor cost generated within the manufacturing industry. Table 4.6 presents the shares of the sectors within the manufacturing industry in total value added at factor cost.

Composition of Value Added at Factor Cost				
Table 4.6	per cent			
	2000	2001	2002	2003*
Food and Beverages	12.7	14.4	14.9	15.0
Tobacco Products	1.4	1.2	0.7	0.7
Textiles and Textile Products	2.5	3.1	4.3	4.6
Wearing Apparel and Clothes	6.3	6.5	6.6	5.5
Leather and Leather Products	1.4	1.7	1.5	1.1
Wood and Wood Products	0.3	0.3	0.3	0.3
Paper and Paper Products	0.8	0.8	0.9	0.9
Publishing and Printing	6.0	7.6	8.1	9.0
Chemicals and Chemical Products	2.3	3.5	2.7	2.8
Rubber and Plastic Products	6.7	6.9	7.4	6.7
Other Non-Metallic Mineral Products	2.7	2.8	2.9	3.1
Basic Metals	0.1	0.1	0.1	0.1
Fabricated Metal Products	2.5	3.2	3.5	3.4
Machinery and Equipment	1.2	1.8	0.9	1.1
Electrical Machinery and Apparatus	3.6	5.3	5.3	4.8
Radio, TV and Communication Equipment	32.5	22.2	21.6	22.0
Medical, Precision and Optical Instruments	4.6	4.1	4.1	4.6
Motor Vehicles, Trailers and Semi-Trailers	0.2	0.2	0.2	0.1
Other Transport Equipment	3.6	5.4	5.0	5.2
Furniture and Other Manufacturing	8.4	8.5	8.7	8.7
Recycling	0.2	0.2	0.3	0.3
Total Manufacturing	100.0	100.0	100.0	100.0
* Provisional				
Source: National Statistics Office				

The food and beverages sector's share to total value added remained the second largest in the industry. The sector's share in total value added followed a gradual upward trend during the three years to 2002, reaching 14.9 per cent up from 12.7 per cent in 2000. During 2003, the contribution of the food and beverages sector to total value added remained at around 15.0 per cent. Personnel costs per capita followed a gradual upward trend between 2000 and 2003. Gross operating surplus per capita registered a decline in 2001 and increased thereafter. This is reflected in the developments of value added per capita, which followed a similar trend. The share of gross operating surplus in value added per capita reached 57.4 per cent in 2003, being slightly below the share registered in 2000. Value added at factor cost per capita in the sector was marginally higher than the average for the manufacturing industry in 2003.

The share in value added at factor cost of the wearing apparel and clothes sector stood at around 6.5 per cent between 2000 and 2002, falling slightly to 5.5 per cent in 2003. On the other hand, value added at factor cost per capita fell by 25.7 per cent in 2001, but increased in the subsequent two years. This reflected the trend in the sector's gross operating surplus per capita which fell in 2001 but increased thereafter. In fact, in 2003 gross operating surplus per capita increased by 39.8 per cent, exceeding the level recorded in 2000. Personnel costs per capita, which made up 52.2 per cent of the sector's value added per capita in 2003, increased by 8.7 per cent in 2003, following declines recorded in the previous two years. Value added per capita in the wearing apparel and clothes sector was 30.2 per cent lower than the average for the manufacturing industry.

In 2003, the publishing and printing sector was the third largest contributor to total manufacturing value added. Its share in total value added reached 9.0 per cent in 2003. The sector's value added at factor cost per capita was 25.5 per cent more than the average for the aggregate manufacturing sector in 2003. Following a 7.0 per cent decline in 2001, value added at factor cost per capita increased by 24.7 per cent in 2002 and by 11.6 per cent in the following year. Gross operating surplus followed a similar trend during the four years to 2003, while sectoral personnel costs were relatively stable in 2000 and 2001, increasing thereafter. The share of personnel costs per capita in the sector's value added at factor cost per capita declined marginally since 2001 to 45.7 per cent in 2003.

At 6.7 per cent, the share in total manufacturing value added at factor cost of the rubber and plastic products sector declined to the level recorded in 2000. The increase in value added at factor cost per capita in 2003 was underpinned

by the 11.4 per cent increase in personnel costs per capita. Meanwhile, gross operating surplus per capita remained at the level recorded in 2002. The share of personnel costs in the sector's value added per capita increased to 49.3 per cent in 2003, up from 46.5 per cent recorded a year earlier. Sectoral value added per capita was 9.9 per cent higher than the average for the manufacturing industry.

The major contributor towards total manufacturing value added at factor cost remained the radio, TV and communication equipment sector whose share in total value added at factor cost stood at around 22 per cent in the three years to 2003. This followed a peak of 32.5 per cent in 2000 reflecting the sector's exceptional performance in that particular year. Sectoral value added per capita registered an increase of 5.7 per cent in 2003, following an increase of 7.8 per cent recorded a year earlier. This performance in value added at factor cost per head was underpinned by a similar pattern recorded in gross operating surplus and personnel costs per capita. Although this sector is the most capital-intensive sector within the local manufacturing industry, the share of personnel cost per capita increased gradually from 17.4 per cent in 2000 to 31.8 per cent in 2003 reflecting the significant drop in gross operating surplus during this period. These developments may have been influenced by the depressed international prices of electronic products.

The furniture and other manufacturing sector was the fourth largest contributor to aggregate manufacturing value added, registering a share of 8.7 per cent. Sectoral value added per capita during the four years under review stood at around three-fourths of the average for the industry. The sector's value added per capita declined in 2001 but increased by 9.4 per cent in 2003, exceeding the level registered in 2000. This performance in 2003 mainly reflects changes in the sector's personnel costs per capita. Indeed, personnel costs per capita increased by 12.3 per cent in 2003, following relatively stable levels between 2000 and 2002. Personnel costs accounted for around 57 per cent of the sector's value added per capita in 2003.

Agriculture and Fisheries

Although the agriculture, hunting and forestry and fishing sectors' contribution towards total economic activity remained rather low in the period under review, at 2.3 per cent of Gross Value Added excluding FISIM, the sector still maintains its importance in the local economy. The welfare of the farming community, which generally is made up of family-owned concerns, depends on the activity in this sector. Moreover, agricultural services enhance the islands' limited rural

landscape, while the fisheries sector enhances the traditional seascape in the main fishing villages, thus providing a tourist attraction.

Agriculture

The performance of the Maltese agricultural sector is hampered by various factors, such as scarce water supply, limited size of holdings which prevents producers from reaping economies of scale, scarcity of forage for livestock and undeveloped export distribution facilities. In line with Government's agriculture policy reform agenda, import levies on a number of agricultural and agro-food products were entirely removed by 1st May 2004. In a bid to assist producers adapt to these new circumstances, the Special Market Policy Programme for Maltese Agriculture (SMPPMA) provides various financial assistance schemes as well as incentive schemes earmarked to enable operators in the sector to carry out the necessary capital outlays leading to the restructuring of the sector. During the first nine months of 2004, Lm3.9 million were provided by Government under the agriculture support scheme.

Table 4.7 presents monthly data on the volume of fresh beef, pork and broilers slaughtered at the Civil Abattoir and in private slaughterhouses. The amount of livestock slaughtered during the Survey period was lower than that recorded in the same period in 2003. The amount of slaughtered pork fell by 15.4 per cent to 6,232 tonnes, whilst the slaughtering of beef declined by 12.8 per cent. Meanwhile, the amount of slaughtered broilers fell by a lower 7.9 per cent to 4,984 tonnes in the period under review. The production of pork was the single

Slaughterings						
Beef, Pork and Broilers						
Table 4.7	tonnes					
	Beef		Pork		Broilers	
	2003	2004	2003	2004	2003	2004
January	135	86	992	745	734	904
February	129	87	810	687	621	718
March	113	127	885	748	604	734
April	131	110	913	778	684	614
May	106	108	821	640	509	530
June	123	87	719	677	571	364
July	85	84	802	635	642	362
August	92	117	673	638	521	333
September	128	103	748	684	527	425
Total	1,042	909	7,363	6,232	5,413	4,984
Source: National Statistics Office						

most important activity, accounting to 51.4 per cent of total meat production. On the other hand, bovine meat production accounted for the least share in total meat production, since the production of milk is the main activity of the local cattle industry.

During the nine months to September 2004, 36.1 million kgs of fruit and vegetables were sold, being 8.5 per cent more than the quantity sold in the previous Survey period. Nevertheless, the wholesale value of fruit and vegetables sold through organised markets stood at Lm5.8 million, 5.0 per cent less than the value recorded in the same period a year earlier. This reflected the fact that, during January-September 2004, most of the monthly price indices of fresh fruit and vegetables were lower than those recorded in the same period last year, as shown in Table 4.8.

Further analysis of the fresh vegetable index shows that only the price index for January was higher than that recorded in the same period of the previous year. In fact, indices recorded in the following eight months were generally significantly lower than those recorded in the same months for 2003. A marked decline in the price index was registered in April, reflecting cheaper prices of marrows, cucumbers and bellpepper. Similarly, the price index for May fell possibly reflecting the effect of the removal of levies on agriculture products. The main price

Fresh Fruit and Vegetables Indices				
Table 4.8			1995=100	
	Fresh Fruit Index		Fresh Vegetables Index	
	Price Index	Volume Index	Price Index	Volume Index
2003				
January	180.85	50.31	121.41	95.76
February	189.96	27.31	179.21	76.90
March	169.43	26.38	182.60	82.44
April	110.41	54.34	170.72	108.73
May	176.10	74.29	175.39	118.06
June	137.80	160.14	73.95	174.42
July	158.81	122.89	69.49	193.61
August	135.94	169.58	77.99	153.74
September	166.47	142.37	105.58	122.77
2004				
January	182.84	29.90	193.32	79.04
February	197.01	14.18	156.59	84.62
March	162.75	26.41	152.79	100.72
April	92.44	70.29	127.41	120.28
May	152.26	71.12	83.65	128.40
June	102.96	218.36	53.95	161.57
July	133.99	175.58	64.86	219.96
August	107.71	251.15	61.98	182.93
September	144.06	193.91	71.48	133.67
Source: National Statistics Office				

drops were recorded in water and sugar melons and pumpkins. Lower prices for vegetables reflected high production levels of vegetable crops during the Survey period. The volume index for vegetables was higher in the first nine months of 2004 except in January and June. The highest rise in the volume index was recorded in July, reflecting increased supply of water melons, potatoes, dry onions and marrows. The volume index for August was also relatively high, reflecting higher production of potatoes, tomatoes, sugar melons, dry onions and lettuce.

Between March and September 2004 monthly average price indices for fresh fruit were lower than the corresponding figures for 2003. Significant declines were registered between May and September due to lower prices of nectarines, peaches, cherry plums and lemons. The fruit volume index registered increases in most months during the Survey period with the exception of January, February and May. The largest increases were recorded between June and September on account of higher supply of nectarines, peaches and strawberries.

Major agricultural imports for the first nine months of the 2001-2004 period are presented in Table 4.9. The value of imported agricultural commodities increased by 1.4 per cent over the level recorded in the previous Survey period and reached Lm86.6 million. Higher import values were registered for meat and edible offals, cereal preparations, beverages, spirits and vinegar and dairy produce. On the

Imports of Major Agricultural Commodities
(January-September)

Table 4.9	Lm million			
	2001	2002	2003	2004
Live Animals	0.31	0.35	0.32	0.57
Meat and Edible Offals	6.31	6.65	7.84	10.17
Fish	4.36	9.34	5.78	4.06
Dairy Produce	9.17	8.78	8.95	9.64
Edible Fruits and Nuts	6.30	6.10	6.18	5.80
Cereals	7.69	7.01	9.26	4.13
Preparations of Meat, Fish	6.45	6.14	6.43	6.84
Sugar & Confectionery	3.87	3.89	3.74	3.34
Cereal Prep.	8.20	8.43	8.67	10.85
Veg. and Fruit Prep.	4.76	5.19	5.63	6.47
Misc. Edible Prep.	6.73	7.85	8.43	7.80
Beverages, Spirits, Vinegar	7.72	8.27	9.36	11.20
Feeds	5.46	5.21	4.81	5.76
Total	77.33	83.21	85.40	86.63

Source: National Statistics Office

Box 4.1

Economic Accounts for Agriculture

In August 2004, the National Statistics Office (NSO) has launched agriculture statistics based on the new methodologies for the Economic Accounts for Agriculture, as per the European System of Accounts (ESA95) as well as the revised methodology on Agriculture Labour Input Statistics. It is pertinent to note that the agriculture statistics cover private enterprises and are thus not directly comparable with other chapters in this Economic Survey.

In 2003, agricultural factor income at current market prices, presented in Table 4.A, registered a marginal increase over the level recorded in 2002 and stood at Lm27.9 million, which was mainly due to a decline in intermediate consumption. In fact, intermediate consumption declined by 5.2 per cent when compared to the level recorded in 2002 and stood at Lm27.2 million in 2003. This was underpinned by a decline in the value of all goods and services used as inputs in the production process.

Furthermore, final production at basic prices fell by 2.3 per cent and stood at Lm56.6 million in 2003. This decline mainly reflected a drop in the value of crop production from Lm20.8 million to Lm18.8 million as well as a decline of Lm0.7 million in livestock production. On the other hand, an increase of Lm1.4 million was registered in the value of the production of other animal products.

In 2003, final production at producer prices fell by 8.0 per cent and stood at Lm52.5 million. Government compensated farmers for this drop through various subsidy schemes which made up for the loss of income from lower prices obtained due to the gradual dismantling of levies on agro-food products. Indeed, subsidies increased from Lm0.8 million in 2002 to Lm4.1 million in 2003.

Total factor income in real terms declined by 0.8 per cent and stood at Lm24.7 million in 2003, since the marginal increase in nominal income was offset by an increase in the general price level. Nominal factor income in terms of wages registered the largest increase and reached Lm1.3 million, up from Lm1.1 million registered in 2002, as illustrated in Table 4.B. On the other hand, nominal entrepreneurial income registered a marginal decline when compared to the level recorded in 2002 and stood at Lm25.3 million. Nominal income in terms of interest and rents remained at the level recorded in the previous year, at Lm0.8 million and Lm0.5 million, respectively.

Table 4.A		Factor Income at Current Prices			
		Lm thousand			
		2000	2001	2002	2003
Total final production at producer prices		55,008	57,513	57,107	52,548
add subsidies on production		119	128	799	4,051
Total final production at basic prices		55,127	57,641	57,906	56,599
less intermediate consumption		27,258	28,354	28,680	27,200
Gross value added at basic prices		27,869	29,287	29,226	29,399
less fixed capital consumption		1,706	1,790	1,800	1,729
Net value added at basic prices		26,163	27,497	27,426	27,670
add other subsidies not directly linked with production		300	300	429	268
Factor income at current prices		26,463	27,797	27,855	27,938

Source: National Statistics Office

Box 4.1 continued

**Distribution of Factor Income at
Current Prices**

Table 4.B	Lm thousand			
	2000	2001	2002	2003
Factor Income	26,463	27,797	27,855	27,938
Entrepreneurial income (profits)	24,025	25,520	25,528	25,349
Compensation of employees (wages)	1,015	995	1,081	1,344
Interest	897	755	755	755
Rents	526	526	490	490

Source: National Statistics Office

other hand, significant declines in import values were recorded for cereals, fish and miscellaneous edible preparations. These notable decreases partly offset the effect of increased imports due to the removal of levies as from May 2004.

Fisheries

The Maltese fishing industry relies on both fish farming techniques as well as traditional fishing methods. The fish farming industry, whose main produce consists of sea-bass and sea-bream, is mainly export-oriented.

Traditional fishing methods supply the local market with a variety of fish, mainly blue fin tuna, dorado (*lampuki*) and swordfish. In January-September 2004, total fish landings increased by 1.8 per cent over the level recorded during the same period last year, and stood at 742 tonnes. This reflected an increase in landings of swordfish, dog-fish and blue fin tuna. On the other hand, there was a decline in landings of shrimps, bogue and stone bass. At Lm1.5 million, the wholesale value of fish remained at the level recorded during the first nine months of 2003.

Table 4.10 presents monthly data on average fish prices and volume, expressed as an index (1995=100). When compared to the first nine months of 2003, increases in the fresh fish price index were registered in February and March and between July and September. On the other hand, the price index registered a decrease during January as well as between April and June when compared to the corresponding periods of 2003. As indicated by the volume index, similar to previous years, the largest quantities of fish were caught between May and September.

Fresh Fish Indices

Table 4.10

1995=100

	Fresh Fish Index	
	Price Index	Volume Index
2003		
January	144.24	12.81
February	124.37	10.38
March	112.60	26.59
April	158.50	12.62
May	169.76	106.53
June	150.93	84.61
July	124.20	56.94
August	111.75	63.60
September	111.94	137.61
2004		
January	113.52	32.63
February	159.77	21.94
March	129.67	20.00
April	133.11	16.69
May	159.47	126.86
June	128.04	84.00
July	125.56	46.07
August	129.49	75.29
September	117.01	97.46

Source: National Statistics Office

Exports of Fish (January - September)

Table 4.11

	2003		2004	
	Qty (Kg)	Value Lm 000	Qty (Kg)	Value Lm 000
Sea-bream/Sea-bass	751,283	1,421.7	706,699	1,629.9
Tuna	287,498	1,196.9	365,764	1,685.8
Total	1,038,781	2,618.6	1,072,463	3,315.7

Source: National Statistics Office

As shown in Table 4.11, during the Survey period, exports of fish totaled 1,072,463 kgs, 3.2 per cent more than the exports registered during the same period last year. However, the value of these exports registered an increase of 26.6 per cent and reached Lm3.3 million. This reflects higher average prices for fish exports. While the volume of exported sea-bream and sea-bass declined by 5.9 per cent, the value of these exports increased by 14.6 per cent. As a consequence, the ratio of sea-bream and sea-bass to the total volume of fish-exports decreased from 72.3 per cent to 65.9 per cent. On the other hand, a higher volume of tuna was exported. In fact, the value and volume of exports of tuna increased when compared to the first nine months of 2003.

Shipyards

The Maltese ship repair and ship building industry experienced difficulties over the past years primarily due to low levels of productivity and significant pressures from the international market. Over the years, the shipyards registered significant losses and relied heavily on Government financial assistance. A Task Force was set up in September 2001, primarily entrusted with drawing up and implementing a restructuring plan for the shipyards. This plan envisaged amongst other things that over a period of seven years, a gradual scaling down of the capacity of the yards in terms of both human and physical resources was to be undertaken as well as the introduction of various schemes related to training of staff and support to employees who seek alternative occupation.

In 2002, around 700 persons accepted early and voluntary retirement schemes. After the signing of an agreement between the management and the union representing the employees in November 2003, 1,700 employees were absorbed

Government Assistance (Contributions through the Consolidated Fund)					
Table 4.12	Lm million				
	2001	2002	2003	2003 Jan/Sep	2004 Jan/Sep
Malta Shipbuilding	5.0	5.5	4.7	4.5	-
Malta Drydocks	5.1	15.2*	15.1*	12.2*	-
Malta Shipyards Ltd	-	-	-	-	6.1
*Includes funds which in previous years were provided for from the Treasury Clearance Fund					
Source: The Treasury					

into a newly formed company – Malta Shipyards Ltd, whilst another 900 were offered different types of early retirement schemes and resignation schemes. Those who refused the schemes were entrusted to another new wholly-owned Government company, Industrial Projects and Services Ltd. These workers have been posted within the public sector.

The major aim of the restructuring programme is to fully eliminate the need for further reliance by this industry on public funds. As the shipyards are currently a major beneficiary of financial assistance, the plan seeks to eliminate subsidies to this industry by the end of 2008. This phasing out path is in line with the transition period agreed upon during Malta's accession negotiations.

As illustrated in Table 4.12, public funds financed by appropriations from the Consolidated Fund directed to Malta Shipyards totaled Lm6.1 million during the Survey period. Furthermore, Government provided Lm1.7 million to finance the pensions of persons who opted for the early retirement scheme in 2002.

Employment in Malta Shipyards Ltd in September 2004 stood at 1,776, down from 2,651 as show in Table 4.13. It is pertinent to note that in the period under review, a number of employees were transferred to Industrial Projects and Services Ltd reflecting the restructuring programme implemented at the shipyards. The company's turnover for the January-September 2004 period stood at Lm7.1 million while net losses for the same period were recorded at Lm7.0 million.

The commercial ship repair market was affected by the high freight rates which discouraged owners from docking their ships except for emergency repairs and

Employment					
Table 4.13	2001	2002	2003	2003 Sep	2004 Sep
Malta Shipbuilding	813	692	-	690	-
Malta Drydocks	2,654	1,973	-	1,961	-
Malta Shipyards Ltd	-	-	1,743	-	1,776
Total	3,467	2,665	1,743	2,651	1,776
Source: Employment and Training Corporation					

maintenance. Furthermore, the offshore market in the Mediterranean remained rather subdued this year. Moreover, competition in the sector remained intense with the traditional ship repair market currently being dominated by low cost countries such as Turkey and Croatia.

However, Malta Shipyards Ltd succeeded in securing a number of important contracts, including one for the building of a barge which is to be used in the Caspian sea oilfields, the refurbishment of a cruise liner, as well as major repairs on two tug boats. Furthermore, the Company was commissioned to undertake extensive repairs on a damaged oil rig.

Moreover, the servicing of super yachts in the yard, which commenced last year, proved to be successful during 2004, resulting in a number of yachts visiting the facility for maintenance and repair reasons. The facility's competitive advantage is derived from its unique location, which lies between the Far East and the western Mediterranean and the efficient service which is provided.

Malta Shipyards Ltd intends to attract enough business to thrive, particularly in the context of the planned reduction in Government assistance. This can be achieved through further diversification into higher value added sectors of the ship repair and conversions market. To this end, the Company is strengthening its marketing efforts so as to enter into new alliances with specialised service providers in order to establish itself in new markets, such as liquefied natural gas (LNG) vessel repair and tank coating.

Sampled Manufacturing Firms*

(January-September)

Appendix Table 4.1

	2001	2002	2003	2004** ⁽¹⁾
TOTAL MANUFACTURING				
Sales (Lm 000)	752,101	738,118	765,848	764,490
Wages (Lm 000)	86,632	88,365	93,034	90,790
Net Investment (Lm 000)	31,705	34,952	36,277	40,024
Exports (Lm 000)	589,354	565,225	593,682	600,773
Local Sales (Lm 000)	162,747	172,893	172,166	163,717
Avg. Weekly Sales/Employee (Lm)	856.27	864.51	935.77	982.06
Avg. Weekly Earnings/Employee (Lm)	98.63	103.50	113.68	116.63
Avg. Weekly Exports/Employee (Lm)	670.98	662.01	725.40	771.75
FOOD AND BEVERAGES				
Sales (Lm 000)	85,215	89,332	94,915	89,263
Wages (Lm 000)	11,556	12,027	12,986	12,737
Net Investment (Lm 000)	3,652	2,293	5,414	3,958
Exports (Lm 000)	11,803	14,413	16,089	15,262
Local Sales (Lm 000)	73,412	74,918	78,826	74,001
Avg. Weekly Sales/Employee (Lm)	693.14	727.24	769.52	738.56
Avg. Weekly Earnings/Employee (Lm)	94.00	97.91	105.28	105.39
Avg. Weekly Exports/Employee (Lm)	96.01	117.34	130.44	126.28
TOBACCO PRODUCTS				
Sales (Lm 000)	27,339	23,067	23,075	24,872
Wages (Lm 000)	1,098	817	907	904
Net Investment (Lm 000)	662	484	99	134
Exports (Lm 000)	3,398	177	26	43
Local Sales (Lm 000)	23,941	22,890	23,049	24,829
Avg. Weekly Sales/Employee (Lm)	4,601.70	3,943.10	3,682.59	4,027.89
Avg. Weekly Earnings/Employee (Lm)	184.83	139.62	144.73	146.35
Avg. Weekly Exports/Employee (Lm)	571.92	30.31	4.22	6.94
TEXTILES AND TEXTILE PRODUCTS				
Sales (Lm 000)	7,174	12,808	12,496	19,967
Wages (Lm 000)	1,516	2,387	2,737	3,768
Net Investment (Lm 000)	459	1,438	306	1,142
Exports (Lm 000)	5,006	7,909	9,862	19,191
Local Sales (Lm 000)	2,167	4,900	2,634	775
Avg. Weekly Sales/Employee (Lm)	358.08	429.87	376.51	504.57
Avg. Weekly Earnings/Employee (Lm)	75.67	80.12	82.47	95.22
Avg. Weekly Exports/Employee (Lm)	249.90	265.44	297.14	484.97

Sampled Manufacturing Firms*
(January-September)

Appendix Table 4.1

Continued

	2001	2002	2003	2004** ⁽¹⁾
WEARING APPAREL AND CLOTHES				
Sales (Lm 000)	42,602	45,921	39,379	31,407
Wages (Lm 000)	10,622	10,156	7,813	6,042
Net Investment (Lm 000)	1,116	505	400	76
Exports (Lm 000)	38,166	40,896	35,215	24,956
Local Sales (Lm 000)	4,436	5,025	4,164	6,451
Avg. Weekly Sales/Employee (Lm)	334.09	380.24	454.28	470.21
Avg. Weekly Earnings/Employee (Lm)	83.30	84.09	90.14	90.45
Avg. Weekly Exports/Employee (Lm)	299.30	338.63	406.24	373.63
LEATHER AND LEATHER PRODUCTS				
Sales (Lm 000)	12,050	10,808	8,454	5,936
Wages (Lm 000)	2,670	2,182	1,853	1,430
Net Investment (Lm 000)	154	223	103	44
Exports (Lm 000)	11,468	10,642	8,316	5,809
Local Sales (Lm 000)	582	166	138	127
Avg. Weekly Sales/Employee (Lm)	362.36	388.50	394.11	354.81
Avg. Weekly Earnings/Employee (Lm)	80.30	78.44	86.41	85.45
Avg. Weekly Exports/Employee (Lm)	344.87	382.53	387.69	347.21
WOOD AND WOOD PRODUCTS				
Sales (Lm 000)	374	377	375	238
Wages (Lm 000)	127	119	122	82
Net Investment (Lm 000)	2	1	0	0
Exports (Lm 000)	24	34	21	0
Local Sales (Lm 000)	350	343	355	238
Avg. Weekly Sales/Employee (Lm)	195.83	211.61	201.94	182.88
Avg. Weekly Earnings/Employee (Lm)	66.32	66.64	65.54	63.26
Avg. Weekly Exports/Employee (Lm)	12.55	19.18	11.07	0.00
PAPER AND PAPER PRODUCTS				
Sales (Lm 000)	5,624	5,503	5,610	5,645
Wages (Lm 000)	1,287	1,256	1,324	1,372
Net Investment (Lm 000)	68	7	18	402
Exports (Lm 000)	302	234	92	141
Local Sales (Lm 000)	5,322	5,269	5,518	5,504
Avg. Weekly Sales/Employee (Lm)	453.48	454.68	510.70	504.34
Avg. Weekly Earnings/Employee (Lm)	103.74	103.76	120.57	122.57
Avg. Weekly Exports/Employee (Lm)	24.33	19.34	8.41	12.57

Sampled Manufacturing Firms*
(January-September)

Appendix Table 4.1

Continued

	2001	2002	2003	2004**(1)
PUBLISHING AND PRINTING				
Sales (Lm 000)	23,872	30,416	36,540	36,442
Wages (Lm 000)	5,920	7,000	8,135	8,848
Net Investment (Lm 000)	522	3,241	2,471	4,721
Exports (Lm 000)	13,103	19,104	24,238	23,806
Local Sales (Lm 000)	10,769	11,312	12,302	12,636
Avg. Weekly Sales/Employee (Lm)	408.97	509.06	571.76	570.92
Avg. Weekly Earnings/Employee (Lm)	101.43	117.15	127.29	138.62
Avg. Weekly Exports/Employee (Lm)	224.48	319.74	379.27	372.95
CHEMICALS AND CHEMICAL PRODUCTS				
Sales (Lm 000)	26,133	26,288	26,073	22,052
Wages (Lm 000)	4,700	4,883	5,110	4,038
Net Investment (Lm 000)	1,456	3,885	3,415	7,906
Exports (Lm 000)	20,498	20,222	20,207	15,533
Local Sales (Lm 000)	5,635	6,066	5,866	6,519
Avg. Weekly Sales/Employee (Lm)	638.77	641.55	634.69	700.65
Avg. Weekly Earnings/Employee (Lm)	114.88	119.16	124.38	128.30
Avg. Weekly Exports/Employee (Lm)	501.04	493.50	491.89	493.52
RUBBER AND PLASTIC PRODUCTS				
Sales (Lm 000)	28,684	29,846	28,963	29,423
Wages (Lm 000)	8,169	8,055	7,957	8,690
Net Investment (Lm 000)	2,494	2,303	2,270	1,009
Exports (Lm 000)	23,983	23,895	22,804	23,490
Local Sales (Lm 000)	4,701	5,951	6,159	5,933
Avg. Weekly Sales/Employee (Lm)	335.23	393.53	429.28	419.75
Avg. Weekly Earnings/Employee (Lm)	95.47	106.21	117.94	123.97
Avg. Weekly Exports/Employee (Lm)	280.28	315.07	337.99	335.11
OTHER NON-METALLIC MINERAL PRODUCTS				
Sales (Lm 000)	9,351	10,671	10,284	10,439
Wages (Lm 000)	2,030	2,107	2,307	2,328
Net Investment (Lm 000)	189	318	295	68
Exports (Lm 000)	1,585	1,929	1,229	1,368
Local Sales (Lm 000)	7,766	8,741	9,055	9,072
Avg. Weekly Sales/Employee (Lm)	384.06	417.30	383.45	396.75
Avg. Weekly Earnings/Employee (Lm)	83.37	82.39	86.02	88.48
Avg. Weekly Exports/Employee (Lm)	65.11	75.44	45.81	51.98

Sampled Manufacturing Firms*
(January-September)

Appendix Table 4.1

Continued

	2001	2002	2003	2004** ⁽¹⁾
BASIC METALS				
Sales (Lm 000)	455	297	218	-
Wages (Lm 000)	244	220	201	-
Net Investment (Lm 000)	0	2	0	-
Exports (Lm 000)	122	126	107	-
Local Sales (Lm 000)	333	171	111	-
Avg. Weekly Sales/Employee (Lm)	185.39	135.12	117.37	-
Avg. Weekly Earnings/Employee (Lm)	99.41	100.34	108.34	-
Avg. Weekly Exports/Employee (Lm)	49.69	57.23	57.55	-
FABRICATED METAL PRODUCTS				
Sales (Lm 000)	9,804	11,639	11,658	9,803
Wages (Lm 000)	2,621	2,788	2,814	2,966
Net Investment (Lm 000)	173	156	351	99
Exports (Lm 000)	4,104	6,601	5,178	4,454
Local Sales (Lm 000)	5,701	5,039	6,480	5,349
Avg. Weekly Sales/Employee (Lm)	359.14	436.11	444.15	387.11
Avg. Weekly Earnings/Employee (Lm)	96.02	104.48	107.20	117.12
Avg. Weekly Exports/Employee (Lm)	150.32	247.31	197.27	175.89
MACHINERY AND EQUIPMENT				
Sales (Lm 000)	10,592	8,383	9,841	9,752
Wages (Lm 000)	1,633	1,588	1,652	1,829
Net Investment (Lm 000)	242	247	380	134
Exports (Lm 000)	8,403	6,172	7,350	7,395
Local Sales (Lm 000)	2,189	2,211	2,491	2,357
Avg. Weekly Sales/Employee (Lm)	634.57	547.41	677.69	591.60
Avg. Weekly Earnings/Employee (Lm)	97.83	103.68	113.80	110.93
Avg. Weekly Exports/Employee (Lm)	503.42	403.03	506.17	448.63
OFFICE MACHINERY				
Sales (Lm 000)	807	909	591	-
Wages (Lm 000)	81	77	66	-
Net Investment (Lm 000)	0	0	1	-
Exports (Lm 000)	64	332	131	-
Local Sales (Lm 000)	743	577	460	-
Avg. Weekly Sales/Employee (Lm)	1,089.31	1,185.49	826.10	-
Avg. Weekly Earnings/Employee (Lm)	108.83	100.86	92.54	-
Avg. Weekly Exports/Employee (Lm)	86.05	433.18	183.23	-

Sampled Manufacturing Firms*
(January-September)

Appendix Table 4.1

Continued

	2001	2002	2003	2004** ⁽¹⁾
ELECTRICAL MACHINERY AND APPARATUS				
Sales (Lm 000)	33,324	30,226	28,240	27,353
Wages (Lm 000)	5,625	5,372	5,719	5,548
Net Investment (Lm 000)	1,951	1,313	1,449	1,494
Exports (Lm 000)	32,863	29,117	27,298	26,979
Local Sales (Lm 000)	461	1,109	942	374
Avg. Weekly Sales/Employee (Lm)	649.13	635.95	602.91	612.36
Avg. Weekly Earnings/Employee (Lm)	109.56	113.03	122.10	124.21
Avg. Weekly Exports/Employee (Lm)	640.14	612.62	582.80	604.00
RADIO, TV AND COMMUNICATION EQUIPMENT				
Sales (Lm 000)	368,930	337,773	361,004	371,816
Wages (Lm 000)	13,747	15,108	17,129	16,198
Net Investment (Lm 000)	15,856	15,157	14,357	14,634
Exports (Lm 000)	368,544	335,308	358,977	371,055
Local Sales (Lm 000)	385	2,466	2,027	761
Avg. Weekly Sales/Employee (Lm)	3,028.09	2,778.59	2,801.04	3,133.35
Avg. Weekly Earnings/Employee (Lm)	112.83	124.28	132.91	136.51
Avg. Weekly Exports/Employee (Lm)	3,024.92	2,758.30	2,785.31	3,126.94
MEDICAL, PRECISION AND OPTICAL INSTRUMENTS				
Sales (Lm 000)	13,179	16,758	19,453	26,417
Wages (Lm 000)	4,491	4,140	4,875	5,303
Net Investment (Lm 000)	1,763	602	362	951
Exports (Lm 000)	13,081	16,680	19,401	26,220
Local Sales (Lm 000)	98	77	51	197
Avg. Weekly Sales/Employee (Lm)	293.17	420.30	511.22	570.17
Avg. Weekly Earnings/Employee (Lm)	99.89	103.84	128.12	114.46
Avg. Weekly Exports/Employee (Lm)	291.00	418.36	509.87	565.92
MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS				
Sales (Lm 000)	874	579	541	429
Wages (Lm 000)	170	148	131	161
Net Investment (Lm 000)	16	7	0	0
Exports (Lm 000)	741	441	385	270
Local Sales (Lm 000)	133	139	156	159
Avg. Weekly Sales/Employee (Lm)	332.92	257.54	291.13	207.48
Avg. Weekly Earnings/Employee (Lm)	64.62	65.96	70.50	78.00
Avg. Weekly Exports/Employee (Lm)	282.23	195.90	207.28	130.67

Sampled Manufacturing Firms*

(January-September)

Appendix Table 4.1

Continued

	2001	2002	2003	2004** ⁽¹⁾
OTHER TRANSPORT EQUIPMENT ⁽²⁾				
Sales (Lm 000)	4,151	5,477	11,989	9,455
Wages (Lm 000)	776	714	1,393	1,328
Net Investment (Lm 000)	23	25	617	44
Exports (Lm 000)	3,408	4,839	10,683	9,012
Local Sales (Lm 000)	743	638	1,306	443
Avg. Weekly Sales/Employee (Lm)	638.59	858.07	1,403.66	1,042.00
Avg. Weekly Earnings/Employee (Lm)	119.44	111.83	163.05	146.31
Avg. Weekly Exports/Employee (Lm)	524.25	758.19	1,250.79	993.21
FURNITURE AND OTHER MANUFACTURING				
Sales (Lm 000)	41,566	41,040	36,150	33,781
Wages (Lm 000)	7,551	7,219	7,801	7,219
Net Investment (Lm 000)	907	2,744	3,969	3,207
Exports (Lm 000)	28,688	26,154	26,072	25,788
Local Sales (Lm 000)	12,878	14,886	10,078	7,993
Avg. Weekly Sales/Employee (Lm)	587.87	602.23	532.82	549.25
Avg. Weekly Earnings/Employee (Lm)	106.79	105.94	114.99	117.37
Avg. Weekly Exports/Employee (Lm)	405.73	383.79	384.28	419.30

* Data reflects re-classification of enterprises according to their main manufacturing activity

** Provisional

⁽¹⁾As from 2004, data on exports may include re-exports

⁽²⁾Data for 2001-2003 excludes Malta Shipbuilding Co. Ltd.

Source: National Statistics Office