

## 4. Productive Activities

A relatively large number of locally-owned small and medium-sized enterprises (SMEs) and a number of relatively large foreign-owned export-oriented subsidiaries make up the local manufacturing industry. Over the recent years, the industry has been facing increased challenges which impinged on the performance of both locally- and export-oriented firms. The protection previously enjoyed by locally-oriented firms has been lifted by the removal of levies on imported industrial products and on imported agro-industrial products, leading to the restructuring process that has been undergoing in a number of sectors in the industry. Furthermore, export-oriented firms continuously face challenges from international market forces, including competition arising from emerging countries.

A review of the performance of the manufacturing industry clearly shows that various sub-sectors have managed to register very positive results notwithstanding the sluggish international environment. However, the semi-conductor international business remains difficult and very subdued and given its share in total manufacturing, its performance somewhat offset the positive results registered in other sub-sectors. In fact, in the period under review, total turnover in the manufacturing industry registered a decline of 8.6 per cent when compared to that recorded in the previous Survey period, and stood at Lm700.9 million. This was mainly attributed to a 10.6 per cent decline in exports which were recorded at Lm540.0 million. The decrease in exports reflected the performance of the radio, TV and communication equipment sector. It is pertinent to note that internationally sales revenue of semi-conductor products grew at a substantially lower rate in the seven months to July 2005 compared with the same period in 2004, being partly due to weak average semi-conductor prices.

On the other hand, exports by all the other sectors (excluding the radio, TV and communication equipment sector) registered an increase of 6.9 per cent. Increases in exports were mainly recorded in the food and beverages (a traditionally highly locally-oriented sector), textiles and textile products, chemicals and chemical products and electrical machinery and apparatus sectors. It is worth noting that local operators in the food sub-sector are succeeding in taking advantage of opportunities abroad.

Local sales by the manufacturing industry declined marginally to Lm161.0 million during the Survey period. The lower level of local sales was partly a result of increased competition from imports, mainly related to food and beverage

products. However, modest increases in local sales were recorded in the other non-metallic mineral products, fabricated metal products and the furniture and other manufacturing products sectors. It is noteworthy that the furniture sub-sector is mostly locally-oriented and was subjected to the dismantling of protective levies on imported furniture products. Capital outlays fell by 19.1 per cent and were recorded at Lm33.0 million. Employment income practically remained at the same level recorded in the previous Survey period, at Lm89.8 million.

The wealth generation capability of the manufacturing industry can be measured by value added at factor cost. Value added at factor cost per capita for the total manufacturing industry increased by 1.5 per cent between 2003 and 2004, mainly reflecting an increase in gross operating surplus per capita although a marginal increase was also recorded in personnel costs per capita. The sectors contributing most to aggregate value added were the radio, TV, and communication equipment, food, beverages and tobacco, furniture and other manufacturing, rubber and plastic products, publishing and printing and wearing apparel and clothes sectors.

The agriculture and fisheries sector, though not directly contributing significantly to the economy's output, remains important when considered as one of the contributors towards the tourism industry and the country's general environment. During the period under review, the wholesale value of fruit and vegetables sold through official markets increased by 1.5 per cent, while the volume of agricultural production declined by 2.8 per cent when compared to the level registered in the same period last year. On the other hand, both the volume and value of fish landings increased substantially when compared to the figures recorded last year.

Although the ship repair and ship building industry is increasingly being affected by shipyards in the Black Sea, Croatia and Turkey, the implementation of the restructuring plan at Malta Shipyards Limited aims to make this company viable by 2008. To this intent, Malta Shipyards Limited has sought to expand the services it offers as well as to seek strategic alliances with established specialised service providers. In fact, the first six months of 2005 have been extremely busy for the shipyard, and although the summer period has seen a drop in activity, the coming months are expected to register increased activity at the yard.

This Chapter first reviews the performance of the local manufacturing industry in the nine months to September 2005. Data analysed 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, the data for the industry are classified by the NSO according to the General Classification of Economic Activities within the European Union (NACE), thus not being directly comparable with manufacturing data presented in previous Economic Surveys which had been based on the International Standard Industrial Classification of Economic Activities (ISIC). Moreover, as from 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 a re-classification exercise was carried out by NSO last year to reflect the fact that a number of enterprises among different sectors shifted their main reported activity while others stopped carrying out manufacturing-related activities and started operating in the services industry. As a consequence of this re-classification exercise, the enterprises which were previously classified in the office machinery and basic metals sector have been re-classified to other sectors.

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. Since the Supplementary Declaration is a source document for trade statistics, total exports can no longer be broken down into domestic exports and re-exports. Thus, export figures for 2004 and 2005 featured in this Chapter may include elements of re-exports.

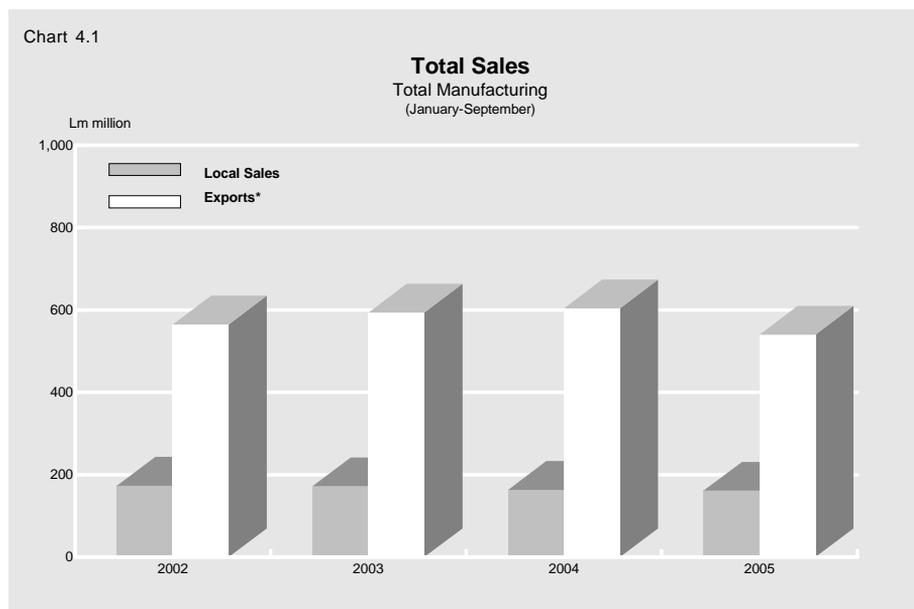
The second part of this Chapter reviews sectoral value added at factor cost for the total manufacturing industry. Data for this section are compiled by the NSO from annual business surveys and are classified according to NACE thereby not directly comparable with data on value added found in previous Economic Surveys which were based on ISIC. Moreover, during 2000 the NSO changed the methodology adopted in data collection and compilation of value added at factor cost. This methodology which was applied to data as from 1999, is in line with the Structural Business Statistics Council Regulation 58/97, thereby being comparable to European Union methodology.

This Chapter subsequently provides a review of activity in the agriculture and fisheries sector and concludes with a review of developments in the shipyards.

## Domestic Manufacturing Performance

During the Survey period, total turnover for the manufacturing industry declined by 8.6 per cent when compared to the January-September 2004 period, and stood at Lm700.9 million. This outcome was mainly underpinned by a decline in exports. The decrease in exports reflected the performance of the radio, TV and communication equipment sector. However, when omitting exports by this sector from total manufacturing exports, an increase of 6.9 per cent is recorded. Increases in exports were mainly recorded in the food and beverages (a traditionally highly domestic oriented sector), textiles and textile products, chemicals and chemical products and electrical machinery and apparatus sectors. It is noteworthy that in the food sub-sector, local operators are succeeding in taking advantage of opportunities abroad.

Local sales for the manufacturing industry declined marginally to Lm161.0 million during the Survey period. The lower level of local sales was partly a result of increased competition from imports, mainly related to food and beverage products. However, modest increases in local sales were recorded in the other non-metallic mineral products, fabricated metal products, the furniture and other manufacturing products, publishing and printing and machinery and equipment sectors. It is noteworthy that the furniture sub-sector is mostly locally-oriented



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

and was subjected to the dismantling of protective levies on imported furniture products.

The share of local sales in total manufacturing turnover advanced by 1.7 percentage points, to 23.0 per cent, while the share of exports in total turnover fell by 1.7 percentage points, to 77.0 per cent. Chart 4.1 presents developments of exports and local sales.

Earnings from employment in the manufacturing industry, presented in Chart 4.2, maintained the level recorded in the comparable period last year and stood at Lm89.8 million. Chart 4.3 depicts the level of capital outlays in the industry, which recorded a 19.1 per cent decline in the nine month to September 2005.

Chart 4.4 illustrates the trend followed by average weekly sales per employee, which fell by 7.5 per cent and stood at Lm914.85 in the Survey period. This is mainly attributable to the radio, TV and communication equipment sector as when excluding this sector, there is an increase of 4.9 per cent. Chart 4.5 presents average weekly per capita compensation levels, which increased marginally to Lm117.24. Weekly per capita compensation increased in some sectors and decreased in others, thus reflecting a degree of wage flexibility in the manufacturing sector.

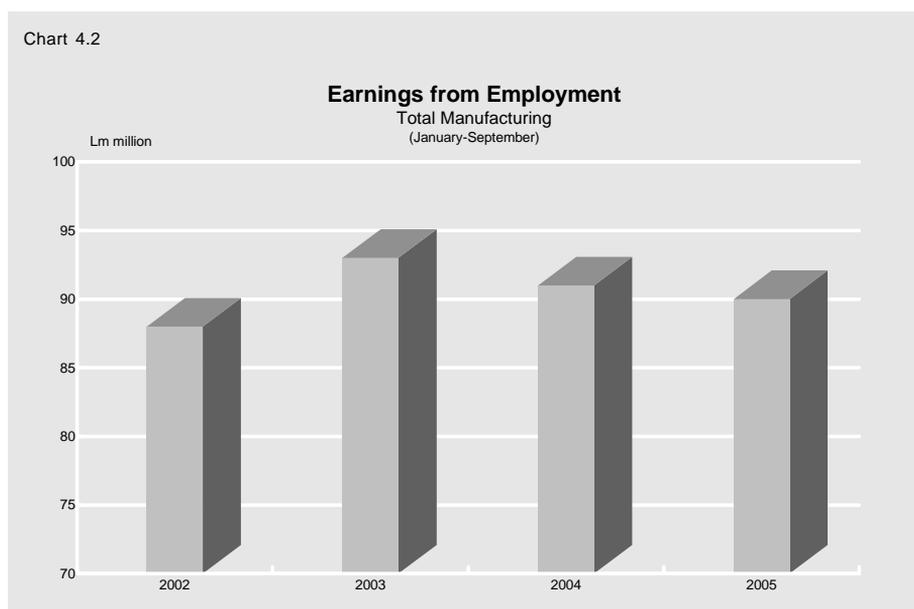


Chart 4.3

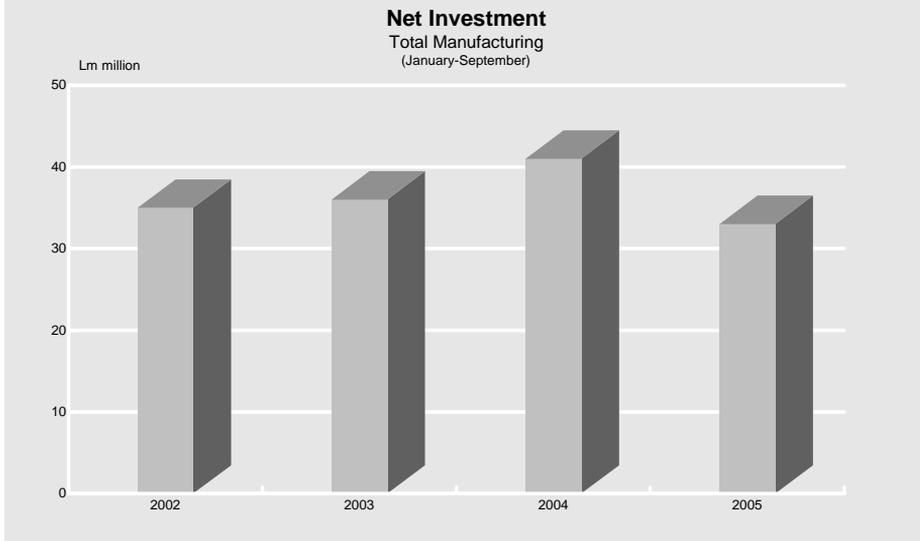
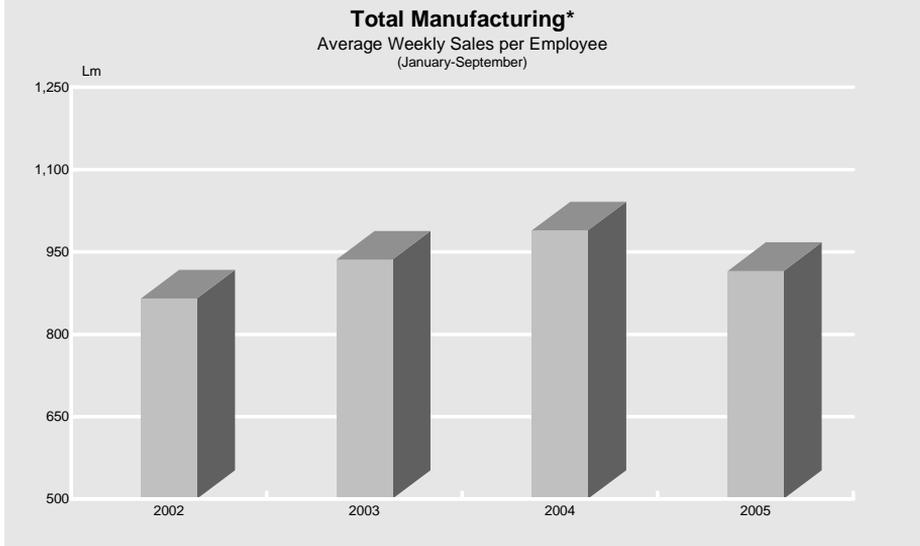


Chart 4.4



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

Chart 4.5

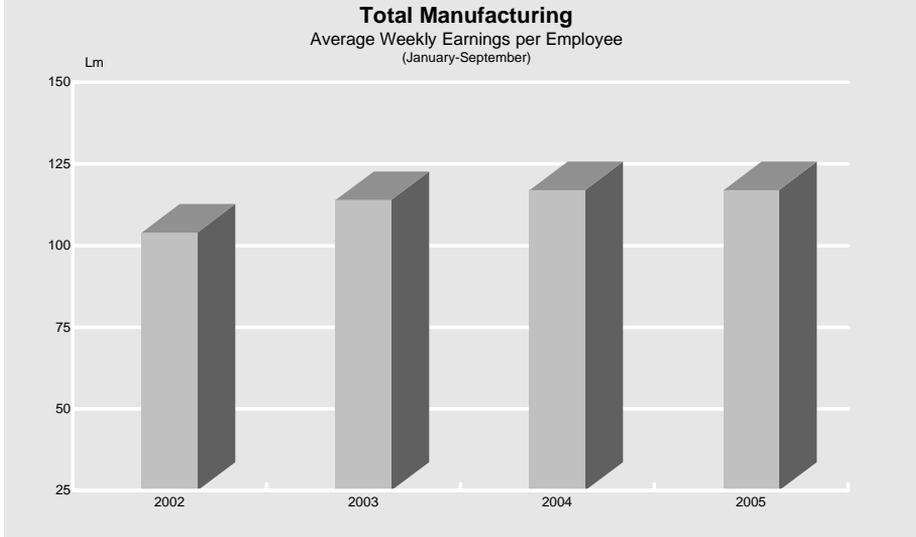
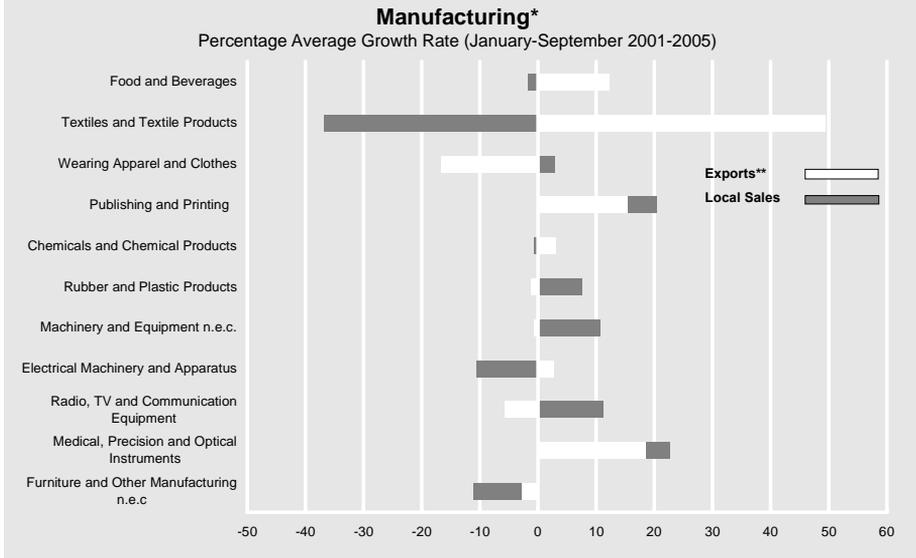


Chart 4.6



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

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

The average rates of change in exports and local sales in eleven major sectors within the manufacturing industry during January-September 2001-2005 are depicted in Chart 4.6. Growth rates in exports were recorded in the food and beverages, textiles and textile products, publishing and printing, chemicals and chemical products, electrical machinery and apparatus and medical, precision and optical instruments sectors. Local sales by these sectors registered negative growth rates of different magnitudes except for the publishing and printing and medical, precision and optical instruments sectors which recorded positive rates of growth. Growth rates in local sales were also registered in the wearing apparel and clothes, rubber and plastic products, machinery and equipment and radio, TV and communication equipment sectors. Marginal negative growth rates in exports were recorded in the rubber and plastic products and machinery and equipment sectors, while negative growth rates in wearing apparel and clothes, radio, TV and communication equipment and furniture and other manufacturing sectors were of a greater magnitude.

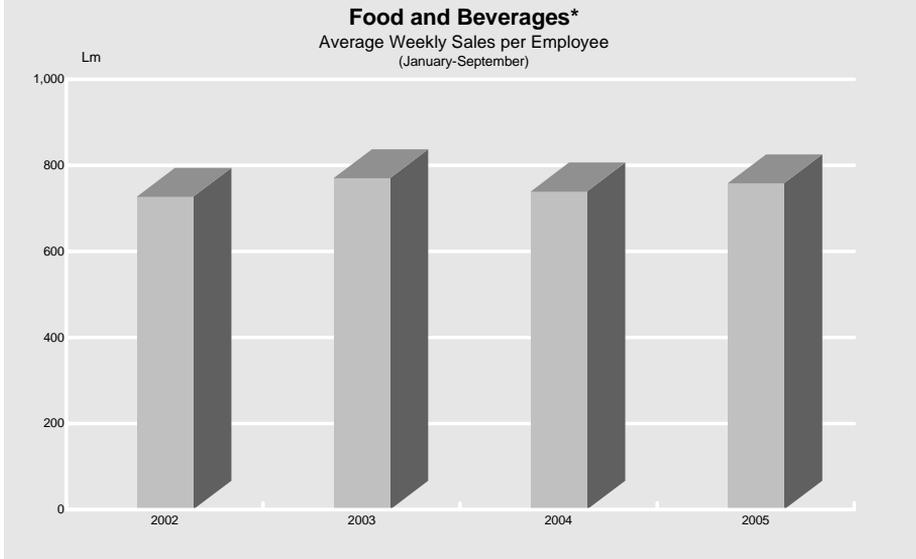
The following section provides a review of sectoral performance in the manufacturing industry. Statistical data on the industry's performance at a sectoral level is presented in Appendix Table 4.1.

## **Food and Beverages**

The food and beverages sector remained one of the most locally-oriented sectors in the manufacturing industry. This sector directed over 78 per cent of its production to the local market during the Survey period. The beverages sub-sector is largely locally-oriented, while the food sub-sector exported nearly 31 per cent of its output. The sector's share in total manufacturing turnover stood at 12.5 per cent, remaining the sector with the second largest share of turnover in the industry, after the radio, TV and communication equipment apparatus sector, although the difference between the shares of these two sectors is significant.

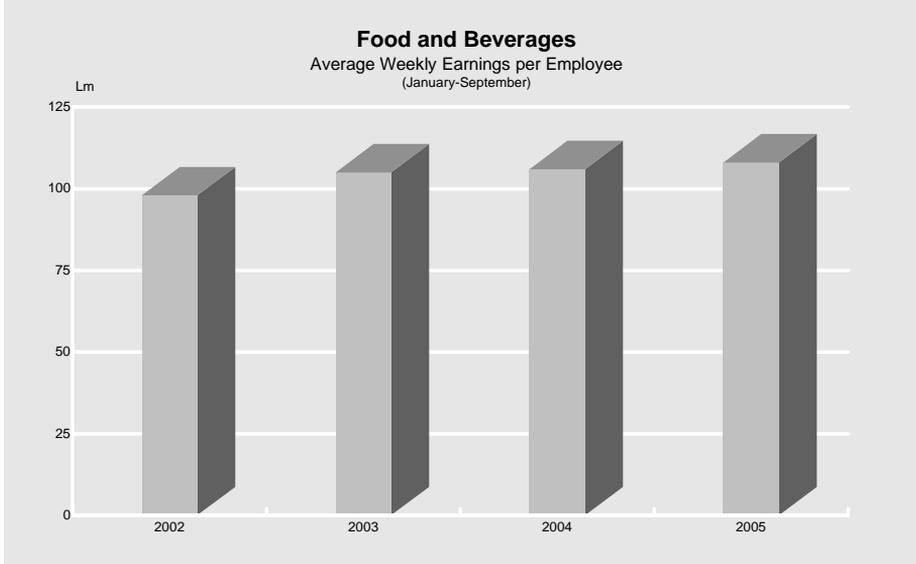
Total sectoral turnover registered a decline of 1.7 per cent and stood at Lm87.6 million. This was underpinned by a 6.8 per cent decline in local sales. The liberalisation process which led to the removal of levies on imported agro-industrial products last year has contributed to the decline in this sector's local sales. However, this has also encouraged the sector to expand internationally, as a number of companies in this sub-sector restructured their operations enabling them to expand their foreign markets. As a result, exports in the food sub-sector increased considerably during the period under review, contributing to a 22.9 per cent rise in the sector's exports which reached Lm18.8 million. Net

Chart 4.7



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

Chart 4.8



investment by the sector practically maintained the level recorded in the same period last year and stood at Lm3.3 million.

Average weekly sales per employee rose by 2.6 per cent and stood at Lm758.36 as shown in Chart 4.7. Per capita compensation levels rose marginally to Lm107.57 during the Survey period, as illustrated in Chart 4.8.

## **Textiles and Textile Products**

Turnover in the textiles and textile products sector increased by 26.8 per cent and reached Lm25.3 million, reflecting a 29.8 per cent increase in exports. It is noteworthy that the export-oriented enterprises that were re-classified to this sector in the previous Survey period registered an improvement in performance in the period under review. This resulted in an increase in the sector's export-orientation. Capital outlays recorded a marginal increase and stood at Lm1.5 million.

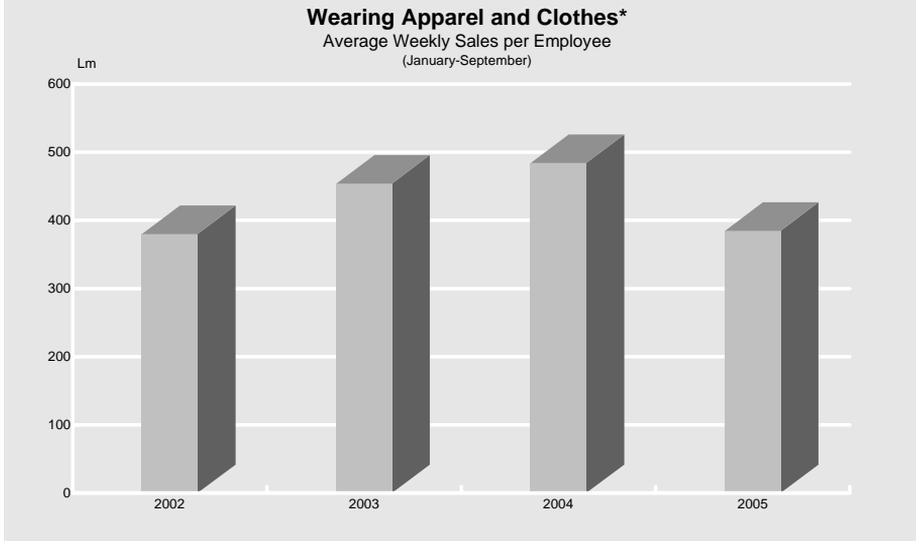
Average weekly sales per capita increased by 17.5 per cent, to Lm591.17, while average weekly exports per employee rose by 20.2 per cent to Lm583.10 in January-September 2005. This reflects the increase in exports which outweighed the higher employment levels in the sector. Average weekly per capita compensation levels rose by 7.9 per cent to Lm105.75, reflecting increased sectoral wages.

## **Wearing Apparel and Clothes**

The wearing apparel and clothes sector directed nearly 79 per cent of its production towards the export market, maintaining the sector's export-orientation. In the period under review, total turnover fell by 24.7 per cent to Lm23.5 million. This decline was made up of a 25.2 per cent decline in exports, which stood at Lm18.5 million and a 22.8 per cent decline in local sales, which reached Lm5.0 million. This reflects the increased international competition especially from manufacturers in cheap labour locations. Furthermore, sectoral local sales were also affected by foreign competition in the local market. Total sectoral wages maintained the level recorded in the previous Survey period, mainly due to a reduction in the rate of decline in the level of employment when compared to that recorded in recent years.

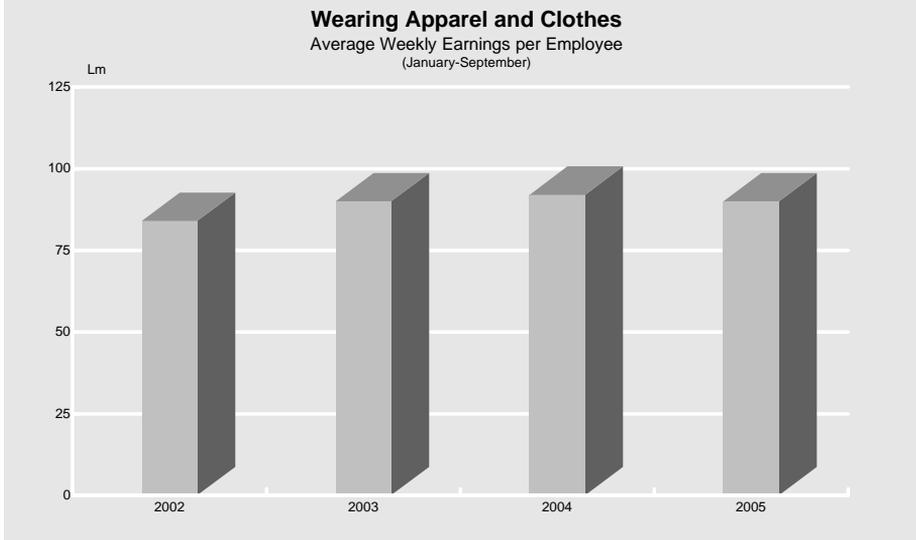
Chart 4.9 presents average weekly sales per employee which declined by Lm98.77 to reach Lm384.99. Average weekly exports per capita fell by Lm80.35

Chart 4.9



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

Chart 4.10

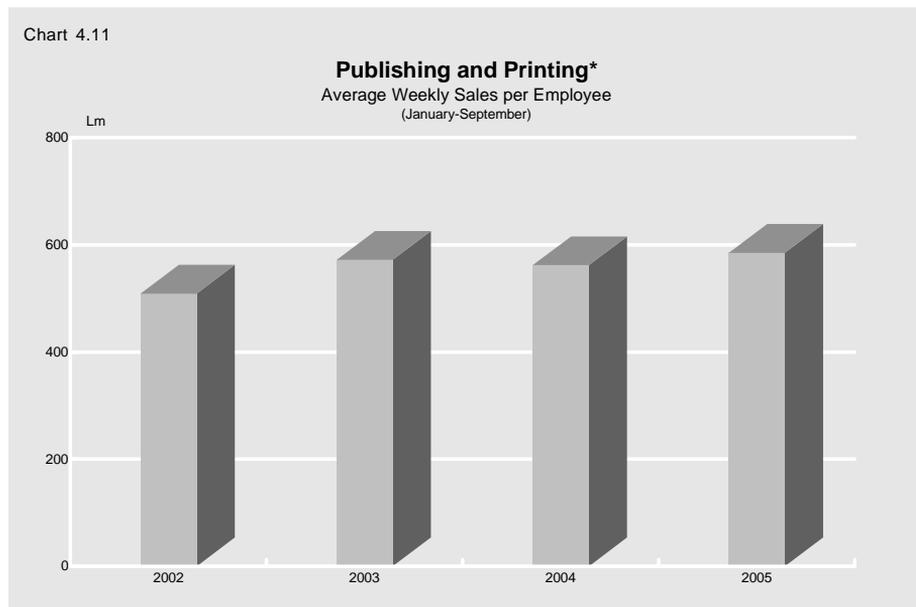


and stood at Lm303.43. Chart 4.10 presents average weekly compensation levels which fell by Lm1.79 when compared to the previous Survey period and stood at Lm90.40.

## Publishing and Printing

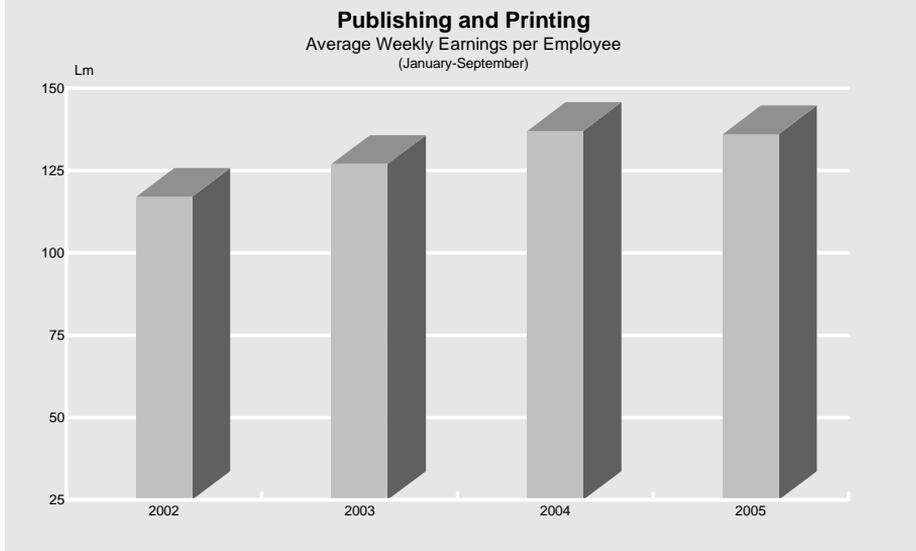
Around 64 per cent of total turnover in the publishing and printing sector was directed towards the export market during the Survey period. Exports remained practically at the level registered in the comparable period last year and stood at Lm23.3 million. Local sales increased to Lm13.1 million. Capital outlays returned to the level registered in the January-September 2003 period and stood at Lm2.3 million.

Average weekly sales per employee increased by Lm22.96 and reached Lm585.03, as shown in Chart 4.11. Average weekly exports per capita rose marginally to Lm374.56. Chart 4.12 presents average compensation levels per capita, which practically maintained the level recorded in the previous Survey period and stood at Lm136.17, being 16.1 per cent higher than the average recorded for the total manufacturing industry.



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

Chart 4.12



## Chemicals and Chemical Products

During the Survey period, over 80 per cent of output in the chemicals and chemical products sector was directed towards the export market. Export-oriented enterprises within the sector produce pharmaceuticals and toiletries, while the locally-oriented firms produce products such as paints, detergents and insecticides.

Sectoral turnover registered a 29.4 per cent increase when compared to that recorded in the previous Survey period, and stood at Lm28.6 million, being the highest level recorded in recent years. This performance was underpinned by a 48.6 per cent increase in exports which reached Lm23.1 million. Local sales stood at Lm5.5 million. Capital outlays registered a decline of Lm2.9 million to Lm5.0 million, when compared to the previous Survey period where higher capital outlays mainly reflected investment carried out by the pharmaceutical sub-sector.

Average weekly sales per capita registered an increase of Lm202.40 and reached Lm903.99. Per capita compensation levels fell slightly to Lm125.43, being Lm8.19 more than the average for the total manufacturing industry. Average weekly exports per employee rose by 48.0 per cent to reach Lm730.21, being 3.6 per cent higher than the average for the total manufacturing industry.

## **Rubber and Plastic Products**

Around 78 per cent of total turnover in the rubber and plastic products sector was exported in the Survey period. At Lm29.2 million, turnover remained at nearly the level recorded in the first nine months of 2004. This performance was reflected in exports which also maintained the level recorded in the January-September 2004 period, and stood at Lm22.9 million. On the other hand, local sales improved marginally to Lm6.3 million. Capital outlays dipped slightly to Lm0.9 million.

During the period under review, average weekly sales per employee declined by Lm16.29 and stood at Lm404.13. Average weekly earnings per employee declined by Lm4.43 and reached Lm116.23. Average weekly exports per capita fell by 5.3 per cent to Lm317.18.

## **Electrical Machinery and Apparatus**

Turnover in the electrical machinery and apparatus sector was almost entirely directed to the export market. In fact, during the period under review, turnover increased by 21.1 per cent to reach Lm36.8 million, being underpinned by an increase of 21.7 per cent in exports which stood at Lm36.5 million. On the other hand, local sales remained at the level recorded in the January-September 2004 period and amounted to Lm0.3 million. Net investment remained at the level recorded in the first nine months of 2004 and reached Lm1.1 million.

Average weekly sales per employee registered an improvement of Lm187.46 and advanced to Lm866.14. Average per capita compensation levels maintained the upward trend followed in recent years and reached Lm131.07, being Lm13.83 more than the average for the total manufacturing industry. Average weekly exports per employee rose by Lm189.06 to reach Lm859.19, being 21.9 per cent more than the average recorded for the total manufacturing industry.

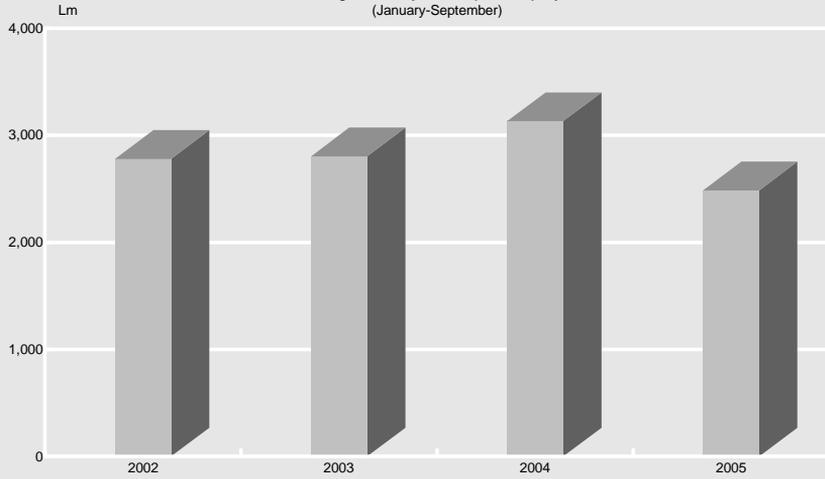
## **Radio, TV and Communication Equipment**

Turnover in the radio, TV and Communication equipment made up over 41 per cent of total manufacturing turnover in the Survey period. The main manufacturing activity consists of electronic components and other precision communication products. The sector's turnover is mainly influenced by the performance of a small number of relatively large foreign subsidiaries, which in turn are affected by international economic developments.

Chart 4.13

### Radio, TV and Communication Equipment\*

Average Weekly Sales per Employee  
(January-September)

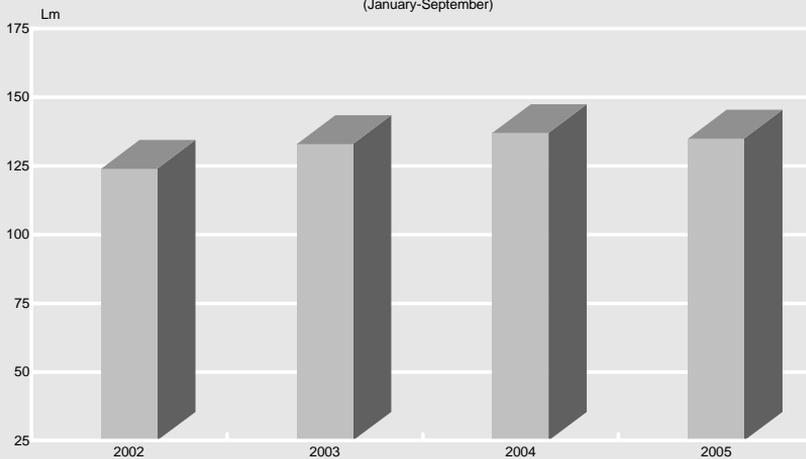


\*As from 2004, data on exports may include re-exports

Chart 4.14

### Radio, TV and Communication Equipment

Average Weekly Earnings per Employee  
(January-September)



At Lm291.9 million, turnover in the sector declined by 21.5 per cent during the Survey period. This was underpinned by a decline in exports by the same percentage to reach Lm291.3 million. This fall in exports is explained by a decline in sales of a leading export-oriented firm in the sector coupled with a decline in the international price of semi-conductor products.

Local sales in the sector practically remained at the level recorded in the previous Survey period and stood at Lm0.6 million. Furthermore, at Lm14.0 million, capital outlays also remained unchanged from the level recorded in the nine months to September 2004.

As evident in Chart 4.13, average weekly sales per employee amounted to Lm2,484.32 in the period under review, Lm647.30 less than that recorded in the January-September 2004 period. However, sectoral average weekly sales per capita are Lm1,569.47 higher than the average for the manufacturing industry. Chart 4.14 depicts the sector's average weekly per capita earnings, which declined slightly to Lm134.70 in the Survey period and were Lm17.46 higher than the average for the aggregate manufacturing sector. Average weekly exports per employee which declined by Lm645.92, remained the highest recorded in the manufacturing industry, and stood at Lm2,479.31.

## **Medical, Precision and Optical Instruments**

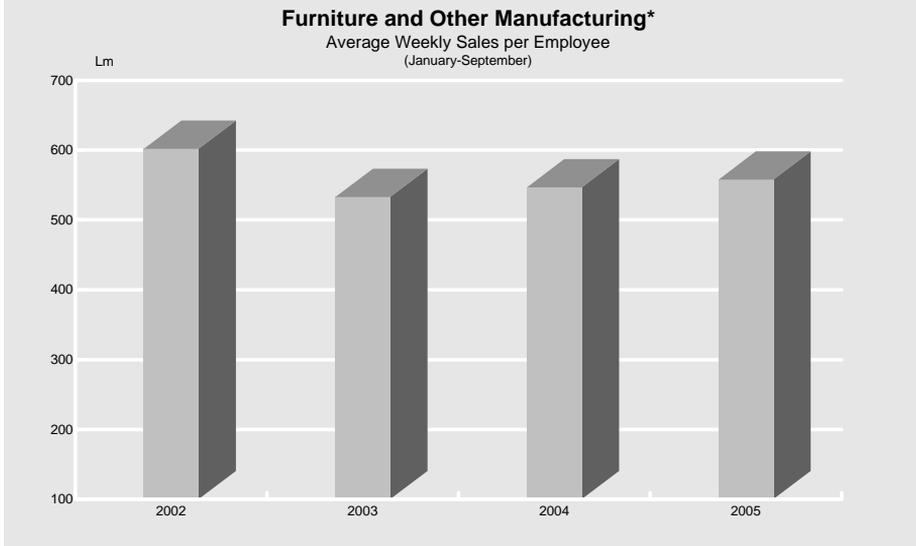
Almost all output by the medical, precision and optical instruments sector is directed to the export market. Total sectoral turnover practically remained at the level registered in the previous Survey period and was recorded at Lm26.0 million, being underpinned by exports which reached Lm25.8 million, when compared to Lm26.2 million in the nine months to September 2004. Local sales remained stable at Lm0.1 million. Net investment declined to Lm0.3 million.

Average weekly sales per employee increased by Lm3.40 to reach Lm573.31, while average weekly exports per capita rose by Lm5.18 in the period under review and stood at Lm570.78. Average per capita compensation levels fell marginally by Lm2.02 and stood at Lm112.84.

## **Furniture and Other Manufacturing**

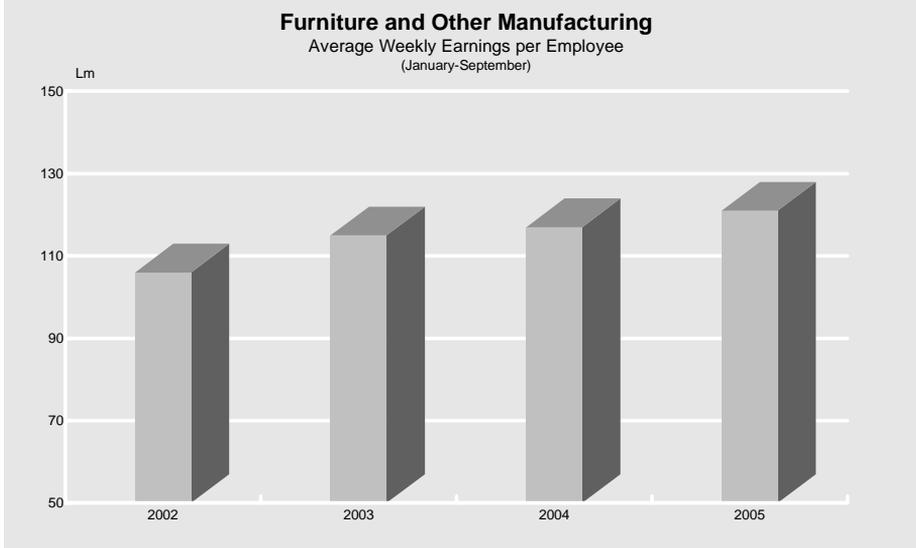
This sector mainly consists of a cluster of firms producing furniture primarily for the local market, while a number of other firms in the manufacturing of toys, games and jewellery items are export-oriented.

Chart 4.15



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

Chart 4.16



During the Survey period, sectoral turnover recorded an increase of 3.2 per cent and reached Lm34.6 million, being underpinned by an increase in local sales which in turn rose by 17.8 per cent to Lm9.2 million. Developments in local sales were primarily recorded in the furniture sub-sector, although the jewellery and miscellaneous sub-sectors registered marginal increases in local sales. Following the complete dismantling of levies on imported furniture products which took place in October 2002, the furniture sub-sector registered a decline in local sales which has been partly reversed in the current Survey period. Exports in the sector remained practically at the level recorded in the January-September 2004 period and stood at Lm25.5 million. Capital outlays, mainly in the games and toys sub-sector in the period under review, increased marginally to reach Lm3.4 million.

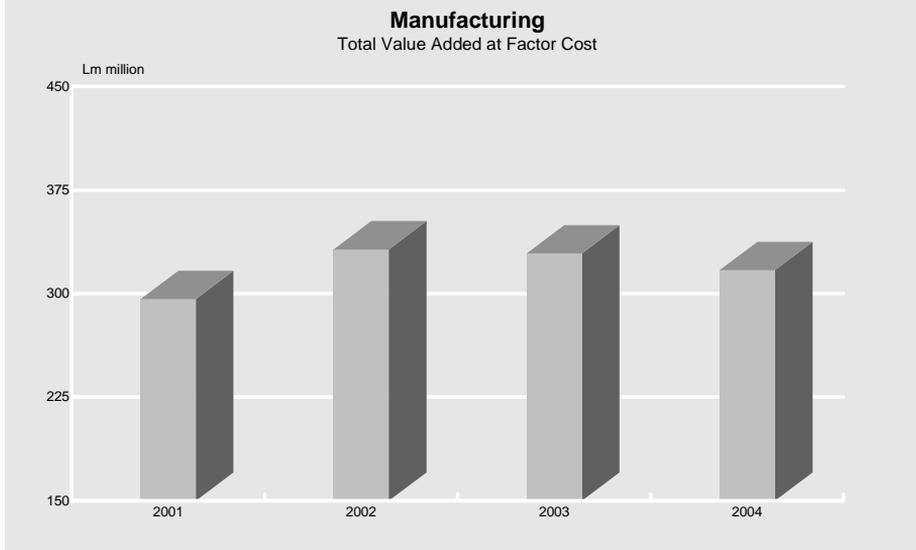
Chart 4.15 presents average weekly sales per employees, which increased by Lm10.93 and stood at Lm558.35 in the period under review, reflecting a rise in turnover. Average weekly per capita compensation levels, illustrated in Chart 4.16, registered an increase of Lm3.69 in the Survey period and stood at Lm121.13, being 3.3 per cent higher than the average for the total manufacturing industry. Average weekly exports per capita declined by Lm9.89 and stood at Lm410.65.

## **Value Added**

This section reviews developments in value added of the manufacturing industry during the 2001-2004 period. The 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 is made up of personnel costs and gross operating surplus. Personnel costs are made up of wages and salaries and employers' social security costs, whilst gross operating surplus is the surplus generated by operating activities net of labour cost. Since data compiled according to this methodology featured for the first time in the Economic Survey January-September 2002, the data presented in this Chapter are not directly comparable to that published in previous Economic Surveys.

Value added data provides an indication of the contribution of sectoral performance to developments in the total manufacturing industry. Chart 4.17 depicts the trend followed by total manufacturing value added at factor cost during the four years to 2004. Total manufacturing value added at factor cost fell by 3.7 per cent in 2004, following a decline of 0.7 per cent recorded in the previous year. This reflected a 4.0 per cent decline in personnel costs and a 3.3

Chart 4.17



Value Added at Factor Cost per capita

Table 4.1

Lm

	2001	2002	2003	2004*
Food, Beverages and Tobacco Products	11,303	12,094	12,760	13,219
Textiles and Textile Products	12,370	11,241	11,669	11,232
Wearing Apparel and Clothes	6,017	7,361	7,376	6,765
Leather and Leather Products	5,928	6,606	6,904	6,669
Wood and Wood Products	5,882	6,491	5,994	6,361
Paper and Paper Products	7,174	9,398	10,638	10,677
Publishing and Printing	11,211	13,716	11,768	10,114
Chemicals and Chemical Products	11,376	10,613	13,780	14,058
Rubber and Plastic Products	10,301	12,745	12,300	12,530
Other Non-Metallic Mineral Products	7,268	7,561	8,903	8,272
Basic Metal Products	7,304	7,301	6,212	7,206
Fabricated Metal Products	7,698	8,784	8,563	7,277
Machinery and Equipment n.e.c.	11,250	9,020	11,927	10,840
Electrical Machinery and Apparatus	12,340	13,717	14,335	16,587
Radio, TV and Communication Equipment	21,725	23,388	24,653	27,035
Medical, Precision and Optical Instruments	9,590	11,624	10,667	9,691
Motor Vehicles, Trailers and Semi-Trailers	6,627	7,707	7,175	6,844
Other Transport Equipment	4,401	4,615	3,353	2,832
Furniture and Other Manufacturing n.e.c.	8,167	9,043	10,004	11,331
Recycling	9,251	14,909	16,990	15,526
<b>Total Manufacturing</b>	<b>9,971</b>	<b>11,006</b>	<b>11,541</b>	<b>11,718</b>

\* Provisional

Source: National Statistics Office

per cent decline in gross operating surplus in 2004 when compared to the level recorded in 2003.

A sectoral analysis of the manufacturing industry, based on value added per capita, is provided in Table 4.1. Despite the decline in total value added, value added per capita registered a marginal increase in 2004 reflecting lower employment levels. The growth rate in value added per capita declined from 10.4 per cent in 2002 to 1.5 per cent in 2004.

Personnel costs per capita for the 2001-2004 period are presented in Table 4.2. Per capita personnel costs rose by 2.8 per cent and 6.5 per cent in 2002 and 2003 respectively, while a 1.0 per cent increase was recorded in 2004. Table 4.3 illustrates the performance of gross operating surplus per capita, which was reflected in changes in the value added at factor cost per capita. This component recorded a 20.4 per cent rise in 2002, followed by a 3.0 per cent and a 2.2 per cent increase in the following two years. Chart 4.18 depicts the trend followed between 2001 and 2004 in the two components of value added at factor cost per capita.

	2001	2002	2003	2004*
Food, Beverages and Tobacco Products	5,193	5,162	5,366	5,625
Textiles and Textile Products	5,807	4,765	5,441	5,516
Wearing Apparel and Clothes	4,680	4,714	5,341	5,646
Leather and Leather Products	4,559	4,597	4,681	4,716
Wood and Wood Products	3,062	4,106	3,586	3,618
Paper and Paper Products	5,471	5,810	6,003	6,013
Publishing and Printing	5,416	6,419	6,815	7,171
Chemicals and Chemical Products	6,207	6,149	6,225	5,968
Rubber and Plastic Products	5,997	6,090	6,696	6,394
Other Non-Metallic Mineral Products	4,232	4,144	4,408	4,476
Basic Metal Products	6,016	5,754	5,765	6,280
Fabricated Metal Products	4,894	5,040	5,043	5,368
Machinery and Equipment n.e.c.	5,412	5,133	6,018	5,986
Electrical Machinery and Apparatus	6,457	6,712	7,174	6,993
Radio, TV and Communication Equipment	6,321	7,162	7,702	7,852
Medical, Precision and Optical Instruments	5,676	5,923	6,092	5,970
Motor Vehicles, Trailers and Semi-Trailers	3,923	4,327	5,390	5,642
Other Transport Equipment	7,634	7,685	8,009	7,389
Furniture and Other Manufacturing n.e.c.	4,948	5,117	5,593	5,659
Recycling	4,475	4,745	5,163	3,908
<b>Total Manufacturing</b>	<b>5,676</b>	<b>5,835</b>	<b>6,216</b>	<b>6,278</b>

\* Provisional

Source: National Statistics Office

### Gross Operating Surplus per capita

Table 4.3

Lm

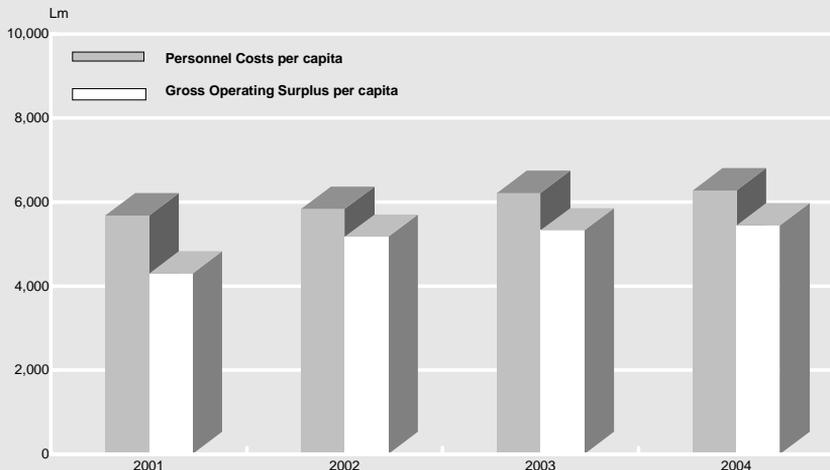
	2001	2002	2003	2004*
Food, Beverages and Tobacco Products	6,109	6,932	7,394	7,594
Textiles and Textile Products	6,563	6,476	6,228	5,715
Wearing Apparel and Clothes	1,337	2,647	2,036	1,120
Leather and Leather Products	1,369	2,009	2,224	1,953
Wood and Wood Products	2,820	2,385	2,409	2,743
Paper and Paper Products	1,703	3,589	4,635	4,665
Publishing and Printing	5,795	7,298	4,952	2,943
Chemicals and Chemical Products	5,169	4,464	7,555	8,090
Rubber and Plastic Products	4,304	6,655	5,604	6,136
Other Non-Metallic Mineral Products	3,036	3,417	4,495	3,796
Basic Metal Products	1,288	1,547	446	926
Fabricated Metal Products	2,804	3,744	3,521	1,909
Machinery and Equipment n.e.c.	5,839	3,886	5,908	4,855
Electrical Machinery and Apparatus	5,883	7,005	7,161	9,593
Radio, TV and Communication Equipment	15,404	16,225	16,951	19,183
Medical, Precision and Optical Instruments	3,914	5,701	4,574	3,722
Motor Vehicles, Trailers and Semi-Trailers	2,705	3,379	1,785	1,203
Other Transport Equipment	(3,233)	(3,070)	(4,656)	(4,557)
Furniture and Other Manufacturing n.e.c.	3,219	3,926	4,411	5,672
Recycling	4,777	10,164	11,827	11,618
<b>Total Manufacturing</b>	<b>4,295</b>	<b>5,171</b>	<b>5,325</b>	<b>5,440</b>

\* Provisional

Source: National Statistics Office

Chart 4.18

### Composition of per capita Value Added at Factor Cost

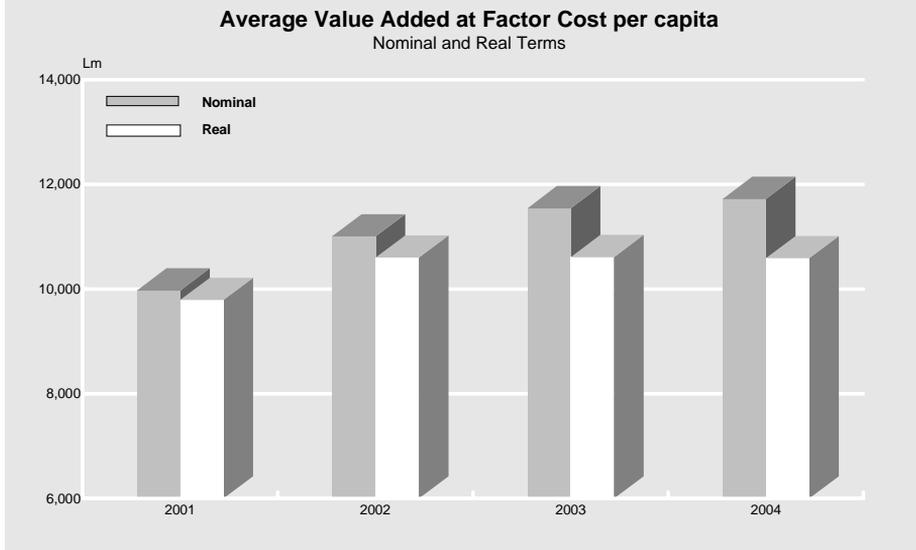


The share of personnel costs in value added at factor cost per capita fell from 56.9 per cent in 2001 to 53.0 per cent in 2002, which was followed by an increase of 0.9 percentage points in 2003 and a marginal decline of 0.3 percentage points, reaching 53.6 per cent in 2004. The share of gross operating surplus in 2002 stood at 47.0 per cent, being 3.9 percentage points higher than the share recorded in the preceding year. This share declined to 46.1 per cent in 2003 and increased marginally to 46.4 per cent in the following year. Thus personnel costs per capita outweighed gross operating surplus per capita.

Productivity changes in the manufacturing industry are analysed after taking into account the effects of prices in value added 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. Data on real value added at factor cost per capita are found in Table 4.4 and Chart 4.19. Real value added per capita registered a subdued rise in 2003, when compared to that recorded a year earlier. In 2004, real value added fell by 0.2 per cent and stood at Lm10,586.

<b>Value Added at Factor Cost per capita</b>					
in real terms					
Table 4.4					Lm
	2001	2002	2003	2004*	
Food, Beverages and Tobacco Products	11,099	11,646	11,731	11,943	
Textiles and Textile Products	12,148	10,824	10,728	10,147	
Wearing Apparel and Clothes	5,909	7,088	6,782	6,112	
Leather and Leather Products	5,821	6,361	6,347	6,025	
Wood and Wood Products	5,776	6,250	5,511	5,747	
Paper and Paper Products	7,045	9,050	9,780	9,646	
Publishing and Printing	11,009	13,208	10,819	9,138	
Chemicals and Chemical Products	11,171	10,220	12,669	12,701	
Rubber and Plastic Products	10,116	12,273	11,308	11,320	
Other Non-Metallic Mineral Products	7,137	7,281	8,185	7,473	
Basic Metal Products	7,173	7,030	5,711	6,510	
Fabricated Metal Products	7,560	8,459	7,873	6,574	
Machinery and Equipment n.e.c.	11,048	8,685	10,965	9,793	
Electrical Machinery and Apparatus	12,118	13,208	13,180	14,985	
Radio, TV and Communication Equipment	21,334	22,521	22,665	24,424	
Medical, Precision and Optical Instruments	9,418	11,193	9,807	8,755	
Motor Vehicles, Trailers and Semi-Trailers	6,508	7,421	6,596	6,183	
Other Transport Equipment	4,322	4,444	3,083	2,559	
Furniture and Other Manufacturing n.e.c.	8,020	8,708	9,198	10,237	
Recycling	9,085	14,356	15,620	14,026	
<b>Total Manufacturing</b>	<b>9,791</b>	<b>10,598</b>	<b>10,610</b>	<b>10,586</b>	
* Provisional					
<i>Source: National Statistics Office</i>					

Chart 4.19



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

Table 4.5

	2000	2001	2002	2003	2004*	2005 <sup>(1)</sup>
Average Value Added at factor cost per capita (Lm) at current prices	12,122	9,971	11,006	11,541	11,718	12,792
Average Value Added at factor cost per capita (Lm) at constant prices	12,122	9,791	10,598	10,610	10,586	11,206
Percentage change	...	-19.2	8.2	0.1	-0.2	5.9
Productivity Index 2000=100	100	81	87	88	87	92

\* Provisional  
<sup>(1)</sup>Forecasted

Compiled from data provided by the National Statistics Office

Nominal and real average value added at factor cost per capita for the aggregate manufacturing industry are presented in Table 4.5. Estimated average value added at factor cost per capita at constant prices for 2005 stood at Lm11,206, rising by 5.9 per cent over that recorded in 2004.

A productivity index with 2000 as a base year was compiled to reflect developments in real per capita value added for the 2000-2005 period. The productivity index increased by 1.0 percentage point in 2003 and fell by the same magnitude a year later. The index is expected to rise by 5.0 percentage points in 2005.

## Sector Analysis

The following section provides a review of 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.

The contribution of the food, beverages and tobacco sector to total value added remained the second largest in the industry. The sector's share in total value added fell marginally to 15.3 per cent in 2002 from 15.6 per cent a year earlier.

	per cent			
	2001	2002	2003	2004*
Food, Beverages and Tobacco Products	15.6	15.3	16.6	16.8
Textiles and Textile Products	3.2	4.2	4.2	4.1
Wearing Apparel and Clothes	6.5	7.0	5.5	3.8
Leather and Leather Products	1.7	1.5	1.3	1.0
Wood and Wood Products	0.3	0.5	0.3	0.2
Paper and Paper Products	0.9	0.9	1.0	1.0
Publishing and Printing	7.6	8.1	6.9	6.3
Chemicals and Chemical Products	3.1	2.8	3.9	3.3
Rubber and Plastic Products	7.0	7.0	6.5	7.3
Other Non-Metallic Mineral Products	2.7	3.0	3.4	3.3
Basic Metal Products	0.1	0.1	0.1	0.1
Fabricated Metal Products	3.2	3.5	3.4	2.6
Machinery and Equipment n.e.c.	1.7	1.2	1.5	1.6
Electrical Machinery and Apparatus	5.4	5.2	5.1	6.2
Radio, TV and Communication Equipment	22.5	21.7	23.3	25.0
Medical, Precision and Optical Instruments	4.2	4.0	4.0	3.5
Motor Vehicles, Trailers and Semi-Trailers	0.2	0.1	0.1	0.2
Other Transport Equipment	5.4	5.1	3.1	2.9
Furniture and Other Manufacturing n.e.c.	8.6	8.4	9.3	10.2
Recycling	0.2	0.3	0.4	0.5
<b>Total Manufacturing</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* Provisional

Source: National Statistics Office

However this decline was reversed in the following year when the share rose to 16.6 per cent in 2003. In 2004, the food, beverages and tobacco products sector's contribution in total value added rose by a further 0.2 percentage points, to 16.8 per cent. Personnel costs per capita fell marginally in 2002. However this decline was reversed in the following year with a further rise registered in 2004. The share of gross operating surplus in the sector's value added per capita rose from 54.0 per cent recorded in 2001 to 57.4 per cent in 2004. Developments in gross operating surplus were reflected in the performance of value added per capita, which followed a similar trend. It is noteworthy that the sector's value added per capita was 12.8 per cent higher than the average for the manufacturing industry in 2004.

The share in value added at factor cost of the wearing apparel and clothes sector rose from 6.5 per cent in 2001 to 7.0 per cent in the following year, subsequently falling to 3.8 per cent in 2004. The sector's value added at factor cost per capita, which registered an average annual growth rate of 10.7 per cent between 2001 and 2003, fell by 8.3 per cent in 2004. Since 2002, the share of personnel costs per capita in the sector's value added per capita has increased from 64.0 per cent to 83.5 per cent in 2004. The sector's gross operating surplus per capita nearly doubled in 2002 when compared to the level registered a year earlier, but declined by 23.1 per cent in 2003 and nearly fell by half in 2004. Value added per capita in the wearing apparel and clothes sector was 42.3 per cent less than the average for the manufacturing industry.

The publishing and printing sector's share in total value added reached 6.3 per cent in 2004. The sector's personnel costs per capita registered an annual average growth rate of 9.7 per cent between 2001 and 2004, exceeding the average for the total manufacturing industry by 14.2 per cent in 2004. Gross operating surplus rose by 25.9 per cent in 2002, and fell subsequently in the following two years to nearly half the level recorded in 2001. Following a 22.3 per cent rise in the sector's value added at factor cost per capita in 2002, a decline of 14.2 per cent was recorded in 2003, followed by a decline of nearly the same magnitude in the following year.

With a share of 7.3 per cent, the rubber and plastic products sector was the fourth largest contributor to total manufacturing value added in 2004, reversing the decline recorded in 2003 and exceeding the share recorded in 2001 and 2002. The sector's value added at factor cost per capita exceeded the average for the manufacturing industry by 6.9 per cent in 2004. The trend in value added per capita was underpinned by developments in gross operating surplus, which made up 49.0 per cent of the sector's value added per capita in 2004, up

from 45.6 per cent recorded a year earlier. Personnel costs per capita made up 51.0 per cent of value added per capita in 2004, being 3.4 percentage points lower than that recorded in the previous year.

The radio, TV and communication equipment sector's share in total manufacturing value added remained the major contributor towards total manufacturing value added at factor cost. This share was the highest registered in recent years and reached 25.0 per cent in 2004. This performance is reflected in value added at factor cost per capita which rose steadily at an annual average growth rate of 7.5 per cent. The sector remained the most capital intensive sector in the industry, with gross operating surplus per capita as a share of the sector's value added per capita making up around 70 per cent between 2001 and 2004. Personnel costs per capita reached 29.0 per cent of value added per capita in 2004, declining by 2.2 percentage points from the share recorded in the previous year.

At 10.2 per cent, the third largest contributor to aggregate manufacturing value added was the furniture and other manufacturing sector. The sector's value added per capita registered an average annual growth rate of 11.4 per cent between the 2001-2004 period. This was underpinned by an increase in personnel costs and gross operating surplus per capita, which registered average annual growth rates of 4.5 per cent and 20.6 per cent respectively. In 2004, gross operating surplus made up 50.1 per cent of the sector's value added per capita while the remaining 49.9 per cent consisted of personnel costs. It is noteworthy that during recent years, the share of gross operating surplus per capita has increasingly outweighed the share of personnel costs per capita.

## **Agriculture and Fisheries**

Agriculture and fisheries in Malta exist on a small scale in line with the small island setting of the country, such that in total, the sectors' contribution towards total economy remained rather low in the period under review, at 2.6 per cent of Gross Value Added excluding Financial Intermediation Services Indirectly Measured (FISIM). Nonetheless, agriculture exhibits an integrated framework encompassing the economy of cropping and horticulture, the economy of dairy, livestock and animal husbandry, and the economy of marketing, distribution and agro-processing. Meanwhile, fishing has been practised in Malta for a long time and has come to form part of the island's heritage and social fabric.

## Agriculture

Maltese agriculture revolves around fruit and vegetable production, livestock and dairy production and the processing of such produce, such as meat and meat preparation, canning of fruit and vegetables, wines and beer, and animal feeds. The sector still maintains its importance in the local economy, though its small-scale reality hampers the performance of this sector. To this intent, as well as in a bid to assist the Maltese agricultural sector adapt to new circumstances following the removal of import levies on agricultural and agro-food products, the Special Market Policy Programme for Maltese Agriculture provides various financial assistance and incentive schemes. In fact, during the first nine months of 2005, Lm4.7 million were granted to local producers 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 in Malta and Gozo. The amount of livestock slaughtered during the Survey period was less than that recorded in the same period in 2004. The amount of slaughtered pork increased by 3.5 per cent to 6,453 tonnes, whilst the amount of slaughtered beef increased from 909 tonnes to 1,015 tonnes. Meanwhile, the amount of slaughtered broilers decreased by 30.0 per cent to 3,490 tonnes in the period under review.

The slaughtering of pork amounted to 58.9 per cent of total slaughtering, hence accounting for the majority of slaughtering that took place between January and September 2005. Furthermore, the relevance of pork slaughtering to the

<b>Slaughtering</b>						
Beef, Pork and Broilers						
Table 4.7	tonnes					
	Beef		Pork		Broilers	
	2004	2005	2004	2005	2004	2005
January	86	146	745	676	904	417
February	87	121	687	650	718	375
March	127	112	748	763	734	301
April	110	115	778	696	614	360
May	108	132	640	712	530	388
June	87	98	677	700	364	420
July	84	88	635	726	362	400
August	117	108	638	804	333	410
September	103	95	684	726	425	419
Total	909	1,015	6,232	6,453	4,984	3,490

*Source: National Statistics Office*

total amount of slaughtering has increased compared to the same period last year. Concurrently, cattle slaughtering accounted for the least share in total meat production, in line with the importance of the local cattle industry for the production of dairy products.

During the nine months to September 2005, 35.1 million kilograms of fruit and vegetables were sold, being 2.8 per cent less than the quantity sold in the previous Survey period. However, the wholesale value of fruit and vegetables sold through official markets stood at Lm5.9 million, thereby increasing minimally by 1.5 per cent. As shown in Table 4.8, fresh fruit availability increased, however the wholesale value of fresh fruit obtained by farmers remained at the same level registered during the same period last year. As regards the production of vegetables, lower production volumes were reflected in higher prices than those recorded during the same period last year.

Analysis of the fresh vegetables index indicates that except for January and March, price indices for the rest of the period were significantly higher than those recorded for the same period of the former year. A significant increase in the price index was particularly notable in May, resulting from substantially higher prices of tomatoes, pumpkins, and water and sugar melons. On the other

	Fresh Fruit Index		Fresh Vegetables Index	
	Price Index	Volume Index	Price Index	Volume Index
<b>2004</b>				
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
<b>2005</b>				
January	177.97	87.19	159.72	94.72
February	181.90	47.82	173.24	70.80
March	134.43	43.22	121.98	96.99
April	86.16	71.87	142.82	116.10
May	136.07	76.31	137.07	128.19
June	116.23	236.46	73.39	171.71
July	115.89	162.18	71.21	188.59
August	103.07	249.71	76.11	181.02
September	97.49	145.58	85.06	121.33

*Source: National Statistics Office*

hand, a marked decline in the vegetables price index was registered in January reflecting a considerable increase in the volume of traded vegetables, principally higher production levels of cauliflower. Higher prices for vegetables registered between January and September this year reflected the low volume of production of vegetable crops. In fact, the volume index for vegetables was lower during the Survey period, except for January and June, with the highest decline being registered in July, mainly due to lower production of water melons and tomatoes.

Between January and September 2005 the fresh fruit price index was lower than that for the corresponding months in 2004, except for June. Significant declines were registered in March and September, mainly the result of lower prices of sweet oranges and strawberries. A higher fresh fruit price index was registered in June reflecting an increase of average unit prices of strawberries and peaches. The fresh fruit volume index registered increases in most months, but particularly in the first quarter of 2005, reflecting the abundance of sweet oranges on the market.

Major agricultural imports for the first nine months of the four-year period between 2002 and 2005 are presented in Table 4.9. At Lm92.8 million, the value of imports of major agricultural commodities increased by 7.1 per cent, from Lm86.7 million recorded in the previous Survey period. Substantially higher import levels were recorded for edible fruit and nuts, and cereals. Other increases resulted with respect to preparations of meat and fish, sugar and confectionery,

	2002	2003	2004	2005
Live Animals	0.35	0.32	0.57	0.25
Meat and Edible Offals	6.65	7.84	10.18	10.72
Fish	9.34	5.78	4.09	4.06
Dairy Produce	8.78	8.95	9.64	9.67
Edible Fruits and Nuts	6.10	6.18	5.80	7.80
Cereals	7.01	9.26	4.51	7.24
Preparations of Meat, Fish	6.14	6.43	6.84	7.86
Sugar & Confectionery	3.89	3.74	3.39	3.64
Cereal Prep.	8.43	8.67	10.85	11.57
Veg. and Fruit Prep.	5.19	5.63	6.48	5.61
Misc. Edible Prep.	7.85	8.43	7.80	8.62
Beverages, Spirits, Vinegar	8.27	9.36	10.76	9.89
Feeds	5.21	4.81	5.77	5.87
<b>Total</b>	<b>83.21</b>	<b>85.40</b>	<b>86.66</b>	<b>92.79</b>

*Source: National Statistics Office*

## Box 4.1

### Economic Accounts for Agriculture

The Economic Accounts for Agriculture published by the National Statistics Office (NSO), capture agricultural statistics based on methodologies according to the European System of Accounts (ESA 95) as well as the revised methodology on Agriculture Labour Input Statistics. The following analysis is based on agriculture statistics covering private enterprises and is thus not comparable with data presented in other Chapters in this Economic Survey.

Agricultural factor income at current market prices increased by 8.3 per cent and reached Lm27.8 million in 2004, registering the highest level in recent years, as illustrated in Table 4.A. This increase was mainly underpinned by higher subsidies on production, reflecting compensation by Government for farmers' loss of income from lower prices for the produce, following the removal of levies on agro-food products. Moreover, other subsidies not directly linked with production also increased in 2004. Total factor income of the agricultural sector in real terms (constant 2000 prices) rose by 6.2 per cent from Lm23.5 million in 2003 to Lm25.0 million in 2004.

In 2004, final production at basic prices rose marginally and stood at Lm54.9 million in 2004. While the value of crop production increased by Lm2.2 million to Lm21.1 million, the value of livestock products and other animal products declined by Lm1.1 million and Lm0.6 million respectively.

	Factor Income at Current Prices				Lm thousand
	2001	2002	2003	2004	
Total final production at producer prices	55,786	55,329	50,430	50,177	
add subsidies on production	128	799	4,051	4,758	
Total final production at basic prices	55,914	56,128	54,481	54,934	
less intermediate consumption	28,297	28,588	27,380	27,167	
Gross value added at basic prices	27,617	27,540	27,101	27,767	
less fixed capital consumption	1,787	1,795	1,742	1,756	
Net value added at basic prices	25,830	25,745	25,360	26,011	
add other subsidies not directly linked with production	300	429	268	1,742	
Factor income at current prices	26,130	26,174	25,628	27,754	

Source: National Statistics Office

## Box 4.1 continued

At Lm50.1 million, final production at producer prices in 2004 remained at relatively the same level registered in 2003, although lower than the levels registered in previous years. In fact, in both 2003 and 2004, Government compensated for this decline in farmers' loss of income through subsidies on production, which reached Lm4.1 million and Lm4.8 million in 2003 and 2004 respectively. In 2004, other subsidies not directly linked with production, increased from Lm0.3 million in 2003 to Lm1.7 million in 2004, mainly reflecting subsidies in respect of rubble walls aid and least favoured area aid.

Table 4.B presents the distribution of factor income at current prices. Nominal entrepreneurial income increased by Lm2.2 million and stood at Lm25.6 million. Meanwhile, nominal income in terms of wages, rents and interest remained at the level registered in 2003.

### Distribution of Factor Income at Current Prices

	Lm thousand			
	2001	2002	2003	2004
Factor Income	26,130	26,174	25,628	27,754
Entrepreneurial income (profits)	23,915	24,011	23,335	25,574
Compensation of employees (wages)	995	1,082	1,344	1,274
Interest	694	591	458	415
Rents	526	490	490	490

Source: National Statistics Office

and cereal preparations. On the other hand, import values declined most significantly for live animals, vegetable and fruit preparations, and beverages, spirits and vinegar, while minor reductions resulted in the import values of fish.

## Fisheries

The fishing industry in Malta is relatively small, though it still maintains its importance, particularly in the social aspect, given the traditional nature of local fisheries. Apart from the traditional fishing methods, the local fishing industry relies as well on aquaculture, whose produce is mainly exported.

Traditional fishing methods supply the local market with a variety of fish, mainly dolphin-fish (*lampuki*), blue-fin tuna, and swordfish. During the period under review, total fish landings increased from 742 tonnes during the first nine months of 2004 to 1,048 tonnes during the period under review. At the same time, the wholesale value of fish landings increased from Lm1.5 million during the first nine months of 2004 to Lm2.0 million during the same period this year.

Table 4.10 presents monthly data on average fish prices and volume expressed as an index (1995=100). During the first nine months of 2005, a substantial increase in the fresh fish price index was recorded in January, April and June, reflecting higher prices of shrimps and blue-fin tuna. On the other hand, a sizeable reduction in the fresh fish price index was registered in February, as a result of lower prices of swordfish and dogfish. Significant increases in the fresh fish volume index were registered as from May, mainly reflecting increases in the landings of blue-fin tuna between May and July and increases in the landings of dolphin-fish (*lampuki*) in August and September.

Exports of fish increased significantly from 1,144,036 kilograms to 1,847,693 kilograms during the Survey period. However, as illustrated in Table 4.11, the

<b>Fresh Fish Indices</b>		
Table 4.10		1995=100
	Fresh Fish Index	
	Price Index	Volume Index
<b>2004</b>		
January	103.17	32.63
February	145.60	21.94
March	118.71	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
<b>2005</b>		
January	131.33	14.99
February	104.31	8.69
March	114.65	21.98
April	204.96	23.55
May	153.29	170.95
June	149.26	97.58
July	120.45	77.02
August	104.00	145.87
September	106.65	175.30

*Source: National Statistics Office*

**Exports of Fish**  
(January - September)

Table 4.11

	2004		2005	
	Qty (Kg)	Value Lm 000	Qty (Kg)	Value Lm 000
Sea-bream/Sea-bass	727,464	1,694	785,076	1,341
Tuna	416,518	1,702	1,032,202	1,717
Swordfish	54	—	30,415	127
Total	1,144,036	3,396	1,847,693	3,185

Source: National Statistics Office

value of these exports declined by 6.2 per cent. This decline in the value of exports mainly reflected a reduction in the price for sea-bass and sea-bream, as well as drops in the price of tuna. A significant increase in the amount of exports was registered for tuna, such that tuna has the highest ratio of the total volume of fish exports, amounting to 55.9 per cent.

## The Shipyard Sector

Over the past years, the ship repair and ship building industry has experienced substantial competition from low cost shipyards. In fact, Mediterranean shipyards are increasingly being affected by expanding shipyards in the Black Sea, Croatia and Turkey. The local shipyard is to date a major beneficiary of public funds. However, the implementation of the restructuring plan for the shipyard aims to fully eliminate the reliance of this industry on Government financial assistance. Positive signs have been registered by the newly formed company, Malta Shipyards Limited, during the first six months of 2005, reflecting efforts to improve productivity and achieve higher turnover targets with a significantly reduced workforce.

Turnover by Malta Shipyards Limited for the first nine months of 2005 has reached Lm13.2 million, while losses for the same period amounted to Lm6.8 million. The restructuring programme implemented at the shipyard aims to phase out subsidies by the end of 2008. In fact, as illustrated in Table 4.12, Government assistance directed to Malta Shipyards Limited during the Survey period amounted to Lm5.8 million, slightly less than the amount granted between January and September 2004. Furthermore, Government provided Lm1.2 million to finance

**Government Assistance**  
(Contributions through the Consolidated Fund)

Table 4.12 Lm million

	2002	2003	2004	2004 Jan/Sep	2005 Jan/Sep
Malta Shipbuilding	5.5	4.7	-	-	-
Malta Drydocks	15.2	15.1	-	-	-
Malta Shipyards Ltd	-	-	8.7	6.1	5.8

Source: *The Treasury*

**Employment**

Table 4.13

	2002	2003	2004	2004 Sep	2005 Sep
Malta Shipbuilding	692	-	-	-	-
Malta Drydocks	1,973	-	-	-	-
Malta Shipyards Ltd	-	1,743	1,693	1,700	1,682
Total	2,665	1,743	1,693	1,700	1,682

Source: *Employment and Training Corporation*

the early and voluntary retirement schemes accepted by retirees of Malta Shipbuilding Co. Ltd. and Malta Drydocks.

As at the end of September 2005, employment at Malta Shipyards Limited stood at 1,682, decreasing minimally over the same month last year, as illustrated in Table 4.13. As part of the restructuring plan for the shipyard, various labour reforms have been implemented in order to improve the productivity of the yard as well as to increase flexibility in the work practices.

Towards the end of 2004, Malta Shipyards Limited won three major contracts, namely repair works on an oil rig, a conversion job on a cruise liner, and the construction of an offshore power-generation barge. In order to meet the peak demands in production, Malta Shipyards Limited made use of subcontracted labour. Work by Malta Shipyards Limited on these contracts resulted in significant activity at the yard during the first six months of 2005. Despite low activity during the third quarter, the company was commissioned a number of major projects towards the end of the summer period, promising significant activity at the yard in the coming months.

During the course of this year, Malta Shipyards Limited has sought to equip itself adequately to diversify in the Liquefied Natural Gas (LNG) repair and tank coating market. In fact, this year the shipyard has won a contract for repair works of a LNG vessel. Furthermore, active steps have been taken by the company to adopt a modern approach to steel repairs which improves efficiency and reduces difficult and unsafe working conditions in confined spaces. Consequently, Malta Shipyards Limited expects to attract more ship repair business by being able to offer a highly competitive approach to major steel reinstatement.

**Sampled Manufacturing Firms\*<sup>(1)</sup>**  
(January-September)

Appendix Table 4.1

	2002	2003	2004	2005**
<b>TOTAL MANUFACTURING</b>				
Sales (Lm 000)	738,118	765,848	766,788	700,944
Wages (Lm 000)	88,365	93,034	90,537	89,826
Net Investment (Lm 000)	34,952	36,277	40,814	33,010
Exports (Lm 000)	565,225	593,682	603,732	539,973
Local Sales (Lm 000)	172,893	172,166	163,055	160,972
Avg. Weekly Sales/Employee (Lm)	864.51	935.77	988.50	914.85
Avg. Weekly Earnings/Employee (Lm)	103.50	113.68	116.72	117.24
Avg. Weekly Exports/Employee (Lm)	662.01	725.40	778.30	704.76
<b>FOOD AND BEVERAGES</b>				
Sales (Lm 000)	89,332	94,915	89,108	87,604
Wages (Lm 000)	12,027	12,986	12,782	12,427
Net Investment (Lm 000)	2,293	5,414	3,963	3,340
Exports (Lm 000)	14,413	16,089	15,262	18,760
Local Sales (Lm 000)	74,918	78,826	73,846	68,844
Avg. Weekly Sales/Employee (Lm)	727.24	769.52	738.95	758.36
Avg. Weekly Earnings/Employee (Lm)	97.91	105.28	106.00	107.57
Avg. Weekly Exports /Employee (Lm)	117.34	130.44	126.57	162.40
<b>TOBACCO PRODUCTS</b>				
Sales (Lm 000)	23,067	23,075	24,872	23,865
Wages (Lm 000)	817	907	904	892
Net Investment (Lm 000)	484	99	134	96
Exports (Lm 000)	177	26	43	277
Local Sales (Lm 000)	22,890	23,049	24,829	23,589
Avg. Weekly Sales/Employee (Lm)	3,943.10	3,682.59	4,027.89	3,848.65
Avg. Weekly Earnings/Employee (Lm)	139.62	144.73	146.35	143.90
Avg. Weekly Exports/Employee (Lm)	30.31	4.22	6.94	44.61
<b>TEXTILES AND TEXTILE PRODUCTS</b>				
Sales (Lm 000)	12,808	12,496	19,917	25,261
Wages (Lm 000)	2,387	2,737	3,879	4,519
Net Investment (Lm 000)	1,438	306	1,346	1,534
Exports (Lm 000)	7,909	9,862	19,191	24,916
Local Sales (Lm 000)	4,900	2,634	726	345
Avg. Weekly Sales/Employee (Lm)	429.87	376.51	503.31	591.17
Avg. Weekly Earnings/Employee (Lm)	80.12	82.47	98.02	105.75
Avg. Weekly Exports/Employee (Lm)	265.44	297.14	484.97	583.10

**Sampled Manufacturing Firms<sup>(1)</sup>**  
(January-September)

Appendix Table 4.1

continued

	2002	2003	2004	2005**
<b>WEARING APPAREL AND CLOTHES</b>				
Sales (Lm 000)	45,921	39,379	31,162	23,463
Wages (Lm 000)	10,156	7,813	5,938	5,509
Net Investment (Lm 000)	505	400	119	28
Exports (Lm 000)	40,896	35,215	24,721	18,492
Local Sales (Lm 000)	5,025	4,164	6,441	4,970
Avg. Weekly Sales/Employee (Lm)	380.24	454.28	483.76	384.99
Avg. Weekly Earnings/Employee (Lm)	84.09	90.14	92.19	90.40
Avg. Weekly Exports/Employee (Lm)	338.63	406.24	383.78	303.43
<b>LEATHER AND LEATHER PRODUCTS</b>				
Sales (Lm 000)	10,808	8,454	5,936	4,346
Wages (Lm 000)	2,182	1,853	1,433	1,121
Net Investment (Lm 000)	223	103	44	10
Exports (Lm 000)	10,642	8,316	5,809	4,230
Local Sales (Lm 000)	166	138	127	116
Avg. Weekly Sales/Employee (Lm)	388.50	394.11	353.70	338.75
Avg. Weekly Earnings/Employee (Lm)	78.44	86.41	85.36	87.37
Avg. Weekly Exports/Employee (Lm)	382.53	387.69	346.13	329.68
<b>WOOD AND WOOD PRODUCTS</b>				
Sales (Lm 000)	377	375	239	331
Wages (Lm 000)	119	122	79	80
Net Investment (Lm 000)	1	0	0	0
Exports (Lm 000)	34	21	0	26
Local Sales (Lm 000)	343	355	239	306
Avg. Weekly Sales/Employee (Lm)	211.61	201.94	200.09	280.21
Avg. Weekly Earnings/Employee (Lm)	66.64	65.54	66.34	67.53
Avg. Weekly Exports/Employee (Lm)	19.18	11.07	0.00	21.57
<b>PAPER AND PAPER PRODUCTS</b>				
Sales (Lm 000)	5,503	5,610	5,669	4,449
Wages (Lm 000)	1,256	1,324	1,373	1,365
Net Investment (Lm 000)	7	18	404	58
Exports (Lm 000)	234	92	141	152
Local Sales (Lm 000)	5,269	5,518	5,529	4,297
Avg. Weekly Sales/Employee (Lm)	454.68	510.70	508.27	403.09
Avg. Weekly Earnings/Employee (Lm)	103.76	120.57	123.09	123.67
Avg. Weekly Exports/Employee (Lm)	19.34	8.41	12.61	13.74

**Sampled Manufacturing Firms<sup>\*(1)</sup>**  
(January-September)

Appendix Table 4.1

continued

	2002	2003	2004	2005**
<b>PUBLISHING AND PRINTING</b>				
Sales (Lm 000)	30,416	36,540	35,811	36,415
Wages (Lm 000)	7,000	8,135	8,753	8,476
Net Investment (Lm 000)	3,241	2,471	5,101	2,260
Exports (Lm 000)	19,104	24,238	23,807	23,314
Local Sales (Lm 000)	11,312	12,302	12,004	13,100
Avg. Weekly Sales/Employee (Lm)	509.06	571.76	562.07	585.03
Avg. Weekly Earnings/Employee (Lm)	117.15	127.29	137.38	136.17
Avg. Weekly Exports/Employee (Lm)	319.74	379.27	373.66	374.56
<b>CHEMICAL AND CHEMICAL PRODUCTS</b>				
Sales (Lm 000)	26,288	26,073	22,081	28,569
Wages (Lm 000)	4,883	5,110	4,041	3,964
Net Investment (Lm 000)	3,885	3,415	7,915	5,020
Exports (Lm 000)	20,222	20,207	15,533	23,077
Local Sales (Lm 000)	6,066	5,866	6,548	5,492
Avg. Weekly Sales/Employee (Lm)	641.55	634.69	701.59	903.99
Avg. Weekly Earnings/Employee (Lm)	119.16	124.38	128.39	125.43
Avg. Weekly Exports/Employee (Lm)	493.50	491.89	493.52	730.21
<b>RUBBER AND PLASTIC PRODUCTS</b>				
Sales (Lm 000)	29,846	28,963	29,486	29,158
Wages (Lm 000)	8,055	7,957	8,463	8,386
Net Investment (Lm 000)	2,303	2,270	1,049	912
Exports (Lm 000)	23,895	22,804	23,490	22,885
Local Sales (Lm 000)	5,951	6,159	5,996	6,273
Avg. Weekly Sales/Employee (Lm)	393.53	429.28	420.42	404.13
Avg. Weekly Earnings/Employee (Lm)	106.21	117.94	120.66	116.23
Avg. Weekly Exports/Employee (Lm)	315.07	337.99	334.93	317.18
<b>OTHER NON-METALLIC MINERAL PRODUCTS</b>				
Sales (Lm 000)	10,671	10,284	10,609	14,123
Wages (Lm 000)	2,107	2,307	2,322	2,508
Net Investment (Lm 000)	318	295	76	275
Exports (Lm 000)	1,929	1,229	1,365	1,467
Local Sales (Lm 000)	8,741	9,055	9,244	12,656
Avg. Weekly Sales/Employee (Lm)	417.30	383.45	404.59	507.20
Avg. Weekly Earnings/Employee (Lm)	82.39	86.02	88.56	90.08
Avg. Weekly Exports/Employee (Lm)	75.44	45.81	52.04	52.70

## Sampled Manufacturing Firms<sup>\*(1)</sup>

(January-September)

Appendix Table 4.1

continued

	2002	2003	2004 <sup>(1)</sup>	2005**
<b>FABRICATED METAL PRODUCTS</b>				
Sales (Lm 000)	11,936	11,876	9,957	13,014
Wages (Lm 000)	3,009	3,015	2,973	2,911
Net Investment (Lm 000)	158	351	108	585
Exports (Lm 000)	6,726	5,285	4,477	5,910
Local Sales (Lm 000)	5,210	6,591	5,479	7,104
Avg. Weekly Sales/Employee (Lm)	413.40	422.54	391.96	508.18
Avg. Weekly Earnings/Employee (Lm)	104.21	107.28	117.05	113.65
Avg. Weekly Exports/Employee (Lm)	232.96	188.02	176.25	230.79
<b>MACHINERY AND EQUIPMENT n.e.c.</b>				
Sales (Lm 000)	8,383	9,841	9,721	11,466
Wages (Lm 000)	1,588	1,652	1,826	1,967
Net Investment (Lm 000)	247	380	137	50
Exports (Lm 000)	6,172	7,350	7,395	8,171
Local Sales (Lm 000)	2,211	2,491	2,326	3,295
Avg. Weekly Sales/Employee (Lm)	547.41	677.69	586.02	643.78
Avg. Weekly Earnings/Employee (Lm)	103.68	113.80	110.05	110.42
Avg. Weekly Exports/Employee (Lm)	403.03	506.17	445.81	458.77
<b>ELECTRICAL MACHINERY AND APPARATUS</b>				
Sales (Lm 000)	31,135	28,830	30,359	36,775
Wages (Lm 000)	5,449	5,785	5,548	5,565
Net Investment (Lm 000)	1,313	1,450	1,510	1,060
Exports (Lm 000)	29,449	27,429	29,977	36,480
Local Sales (Lm 000)	1,686	1,401	383	295
Avg. Weekly Sales/Employee (Lm)	644.51	606.26	678.68	866.14
Avg. Weekly Earnings/Employee (Lm)	112.80	121.65	124.02	131.07
Avg. Weekly Exports/Employee (Lm)	609.61	576.79	670.13	859.19
<b>RADIO, TV AND COMMUNICATION EQUIPMENT</b>				
Sales (Lm 000)	337,773	361,004	371,814	291,860
Wages (Lm 000)	15,108	17,129	16,209	15,824
Net Investment (Lm 000)	15,157	14,357	14,636	14,006
Exports (Lm 000)	335,308	358,977	371,055	291,272
Local Sales (Lm 000)	2,466	2,027	759	588
Avg. Weekly Sales/Employee (Lm)	2,778.59	2,801.04	3,131.62	2,484.32
Avg. Weekly Earnings/Employee (Lm)	124.28	132.91	136.52	134.70
Avg. Weekly Exports/Employee (Lm)	2,758.30	2,785.31	3,125.23	2,479.31

**Sampled Manufacturing Firms<sup>\*(1)</sup>**  
(January-September)

Appendix Table 4.1

continued

	2002	2003	2004	2005**
<b>MEDICAL, PRECISION AND OPTICAL INSTRUMENTS</b>				
Sales (Lm 000)	16,758	19,453	26,420	25,952
Wages (Lm 000)	4,140	4,875	5,325	5,108
Net Investment (Lm 000)	602	362	997	307
Exports (Lm 000)	16,680	19,401	26,220	25,837
Local Sales (Lm 000)	77	51	200	115
Avg. Weekly Sales/Employee (Lm)	420.30	511.22	569.91	573.31
Avg. Weekly Earnings/Employee (Lm)	103.84	128.12	114.86	112.84
Avg. Weekly Exports/Employee (Lm)	418.36	509.87	565.60	570.78
<b>MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS</b>				
Sales (Lm 000)	579	541	440	418
Wages (Lm 000)	148	131	162	248
Net Investment (Lm 000)	7	0	0	2
Exports (Lm 000)	441	385	280	144
Local Sales (Lm 000)	139	156	160	274
Avg. Weekly Sales/Employee (Lm)	257.54	291.13	210.17	179.46
Avg. Weekly Earnings/Employee (Lm)	65.96	70.50	77.42	106.69
Avg. Weekly Exports/Employee (Lm)	195.90	207.28	133.89	61.84
<b>OTHER TRANSPORT EQUIPMENT <sup>(2)</sup></b>				
Sales (Lm 000)	5,477	11,989	9,618	9,237
Wages (Lm 000)	714	1,393	1,327	1,441
Net Investment (Lm 000)	25	617	65	105
Exports (Lm 000)	4,839	10,683	9,178	9,089
Local Sales (Lm 000)	638	1,306	441	148
Avg. Weekly Sales/Employee (Lm)	858.07	1,403.66	1,061.49	1,037.28
Avg. Weekly Earnings/Employee (Lm)	111.83	163.05	146.45	161.87
Avg. Weekly Exports/Employee (Lm)	758.19	1,250.79	1,021.87	1,020.62

**Sampled Manufacturing Firms<sup>(1)</sup>**

(January-September)

Appendix Table 4.1

continued

	2002	2003	2004	2005**
<b>MANUFACTURING n.e.c.</b>				
Sales (Lm 000)	41,040	36,150	33,568	34,638
Wages (Lm 000)	7,219	7,801	7,202	7,515
Net Investment (Lm 000)	2,744	3,969	3,208	3,363
Exports (Lm 000)	26,154	26,072	25,788	25,475
Local Sales (Lm 000)	14,886	10,078	7,780	9,163
Avg. Weekly Sales/Employee (Lm)	602.23	532.82	547.42	558.35
Avg. Weekly Earnings/Employee (Lm)	105.94	114.99	117.44	121.13
Avg. Weekly Exports/Employee (Lm)	383.79	384.28	420.54	410.65

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

\*\* Provisional

<sup>(1)</sup> As from 2004, data reflects re-classification of enterprises according to their main manufacturing activity

<sup>(2)</sup> Data for 2002-2003 excludes Malta Shipbuilding Co. Ltd.

Source: National Statistics Office