

# European Commission projects Malta's Economy to remain strong

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In its Spring Forecast, issued on Tuesday 5 May, the European Commission projected that Malta's economic performance will remain robust with a favourable macroeconomic outlook and a further decline in the budget deficit.

The EC recognised that the deficit targets of 2.7 per cent and 2.1 per cent, for both 2013 and 2014 respectively, were met and expects the deficit to continue declining to 1.8 per cent in 2015 and 1.5 per cent in 2016.

Robust growth in private consumption, stronger investment and government expenditure in productive sectors were the main contributors behind the robust growth attained in 2014.

The Commission expects the main drivers of growth to be investment in a number of large-scale construction and energy projects as well as private consumption reflecting an increase in disposable incomes and favourable consumer sentiment. A substantial increase in EU funds absorption, mostly in 2015, is also expected to be a main driver of growth.

The Commission expects the falling interest rates to ease access to finance for firms bringing about a reduction in the cost of financing for micro and small enterprises.

Job creation and the unemployment rate are expected to outperform euro-area peers. The Commission expects the dynamic job creation to continue to contribute to the increased level of economic activity in Malta.

“Very pleased that the Commission acknowledges investment to be the main driver behind Malta's economic growth,” said Minister for Finance, Prof. Edward Scicluna. He added that economic stability, brought about by good fiscal governance, is what has attracted and will continue to attract this investment. The rankings for this year group Malta in the category of the most advanced economies including Switzerland, Germany Denmark, Sweden, UK, Japan and the United States worldwide with our country comparing at par with other countries on key competitiveness criteria particularly on the performance of our Macro Economy, the quality of development of our Financial market including the Banking sector, the level of Health and primary education as well as the country's technological readiness.

Meanwhile, more emphasis needs to be placed on the level of innovation and the quality of our Infrastructure including the state of our roads that, following years of neglect, require further investment and improved management.

The Minister for the Economy, Investment and Small Business, Chris Cardona said that this ranking confirms Malta's position as an Advanced Economy and within the top 50 in competitiveness among the World's most competitive economies.

Government notes with satisfaction that Malta ranks in the top 40 on a number of indices including the soundness of our banks (15), the transparency of government policy making (34), and the availability and affordability of our financial services industry (23).

Referring to media reports highlighting the response by businesses of the most problematic factors for business in Malta, Minister Cardona said that more work is required to reduce and curb the level of bureaucracy in Malta, a challenge that other advanced economies including Austria and Finland, are facing.

“The rankings provide an interesting indicator of Malta's overall global competitiveness positioning world-wide – it is to our satisfaction that in this report Malta is grouped amongst the most advanced economies worldwide. This is of great satisfaction for a small island state such as ours” said Minister Cardona.

[Click here to read the entire World Economic Forum Global Competitiveness Report 2015/16](#)

*(Source: Ministry for the Economy, Investment and Small Business)*