

**LAPSE OF
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To: Members of the Executive Board

From: The Secretary

Subject: **Malta—Staff Report for the 2020 Article IV Consultation—Informational Annex**

Board Action:	Executive Directors' consideration on a lapse of time basis
Publication:	Yes*
Questions:	Mr. Natal, EUR (ext. 35983) Mr. Salas, EUR (ext. 35549) Mr. Foda, EUR (ext. 34359) Ms. Shi, EUR (ext. 37438) Ms. Fernando, LEG (ext. 38658)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	Forthwith—European Central Bank Thursday, March 26, 2020—European Commission After Board Consideration—European Investment Bank, Food and Agriculture Organization, United Nations Development Programme, World Trade Organization

***Unless an objection from the authorities is received prior to the conclusion of the Board's consideration, the document will be published.**



MALTA

STAFF REPORT FOR THE 2020 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

March 25, 2020

Prepared By

European Department
(In Consultation with Other Departments)

CONTENTS

FUND RELATIONS	2
STATISTICAL ISSUES	4

FUND RELATIONS

(As of January 31, 2020)

Membership Status

Joined: September 11, 1968; Article VIII

General Resources Account	SDR Million	Percent Quota
Quota	168.30	100.00
Fund holdings of currency	139.68	81.21
Reserve Tranche Position	31.65	18.81

SDR Department	SDR Million	Percent Allocation
Net cumulative allocation	95.40	100.00
Holdings	87.48	91.70

Outstanding Purchases and Loans

None

Financial Arrangements

None

Projected Obligations to Fund ^{1/}

(SDR million; based on existing use of resources and present holdings of SDRs)

	Forthcoming				
	2020	2021	2022	2023	2024
Principal					
Charges/Interest	0.06	0.06	0.06	0.06	0.06
Total	0.06	0.06	0.06	0.06	0.06

1/ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Exchange Rate Arrangement

Member of the euro area since January 1, 2008. Malta maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions with the exception of restrictions notified to the Fund in accordance with decision No. 144-(52/51).

Article IV Consultation

Malta is on the standard 12-month consultation cycle. The previous consultation discussions took place during January 7–16, 2019, and the staff report (Country Report No.19/68) was brought for the Executive Board’s consideration. The Article IV Consultation with Malta was concluded on February 22, 2019.

Technical Assistance

Date	Department	Subject
September 2018- January 2019	MCM	FSAP missions
September 2018	FAD	Fiscal Transparency
April 2015	FAD	Revenue Administration
November 2014	FAD	Revenue Administration
March 2014	FAD	Strengthening Public Financial Management
May 2013	STA	Balance of Payments
April 2009	STA	SDDS subscription finalization
November 2006	STA	Producer price index/SDDS preparations
April and December 2007		Expert visits
June 2005	STA	ROSC Data Module
October 2002– January 2003	MFD	FSAP missions (joint with World Bank)
March 2001	STA	Money and banking statistics
February 1999	MAE	Monetary operations and liquidity Forecasting

Resident Representative

None

STATISTICAL ISSUES

(As of February 27, 2020)

I. Assessment of Data Adequacy for Surveillance

General: Data provision is adequate for surveillance purposes. Significant progress in improving macroeconomic statistics has been made in close cooperation with the European Central Bank (ECB) and Eurostat while upgrading statistical systems to meet the euro area standards. Most macroeconomic statistics can now be accessed through Eurostat and Haver Analytics.

National Accounts: In September 2014, Malta together with all other EU Member States introduced the European System of Accounts 2010 and performed a benchmark revision for reference years 1995 to 2014:Q2. Data on retail and consumer prices, labor market indicators, and tourism arrivals are released monthly, usually with a short lag. These data are available through Eurostat and Haver Analytics as well as via the Internet at the Central Bank of Malta (CBM) and the National Statistical Office (NSO) websites. The NSO releases quarterly national accounts data in current and constant prices with a lag of about two months, annual nonfinancial sectoral accounts in current prices with a lag of about 10 months, and a monthly index of industrial production with a lag of just over a month. However, national accounts data have been subject to substantial revisions, often affecting several years. The reasons for revisions include large statistical discrepancies (captured under changes in inventory stocks), particularly on the first release and revisions of deflators. Furthermore, supply-side GDP estimates by type of economic activity are only available at current prices and compilation of volume measures is currently progressing. Volume estimates of expenditure GDP are obtained using annual-chain linking with 2010 as the reference year. National accounts imports and exports data are not disaggregated into goods and services. Annual financial balance sheets and transactions by sectors are published on the Eurostat website. However, data on household savings are not available.

Price Statistics: Data on retail and consumer prices are released monthly, usually with a short lag. A harmonized index of consumer prices has been published since May 2004. These data are available through Eurostat and Haver Analytics and via the Internet at the Central Bank of Malta (CBM) and the National Statistical Office (NSO) websites. Malta also publishes a quarterly residential property price index and a monthly industrial producer price index (PPI) with base year 2015. The PPI does not currently cover services activities.

Government finance statistics: Fiscal statistics meet requirements, with quarterly accrual-based data on general government operations compiled in accordance with the *ESA2010* methodology and disseminated with a one-quarter lag. The general government comprises data from the consolidated fund of government adjusted to include other accounts of government, the accruals

elements, and the financial performance of the Extra Budgetary Units and of the Local Councils. The NSO also publishes monthly statistics on the cash operations of the central government with a lag of one month, for which the authorities plan to utilize the targeted timeliness flexibility option in light of additional time required for the final month of the fiscal year.

Monetary and Financial Statistics: Monetary statistics are timely and of good quality. Since the entry into the euro area in January 2008, monetary data for IMF statistical publications on central bank and other depository corporations balance sheet have been obtained through a gateway arrangement with the ECB.

Malta reports data on several series and indicators of the Financial Access Survey (FAS), including gender disaggregated data on the use of financial services and the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).

Financial Sector Surveillance: Malta has reported Financial Soundness Indicators beginning from 2005 up to 2019:Q3 along with metadata, which are available on the IMF's website (<http://data.imf.org/>).

External sector statistics: BOP and IIP data are released quarterly, with a lag of about three months. Summary trade statistics are released monthly with a lag of about 40 days. The CBM publishes the external debt templates in line with requirements of the SDDS, including both gross and net external debt. In line with the European regulation, Malta has transitioned to *BPM6* and has revised the BOP and IIP estimates back to 2004 and 2008, respectively. In line with the *BPM6* requirements, the new data include estimates for the SPEs and other coverage improvements, affecting in particular the primary incomes and the financial account (direct and portfolio investments), as well as position data (IIP). The *BPM6* implementation and data back casting entailed a series of data revisions recently.

II. Data Standards and Quality

The country has subscribed to the SDDS since December 1, 2009, with the metadata posted on the IMF's Dissemination Standards Bulletin Board.

A data ROSC was published in August 2006.

Malta: Table of Common Indicators Required for Surveillance

(As of February 27, 2020)

	Date of latest observation	Date received	Frequency of Data ^{7/}	Frequency of Reporting ^{7/}	Frequency of Publication ^{7/}
Exchange Rates	Current	Current	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ^{1/}	Dec 2019	Feb 2020	M	M	M
Central Bank Balance Sheet	Dec 2019	Feb 2020	M	M	M
Consolidated Balance Sheet of the Banking System	Dec 2019	Feb 2020	M	M	M
Interest Rates ^{2/}	Dec 2019	Feb 2020	M	M	M
Consumer Price Index	Dec 2019	Jan 2020	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ^{3/} – General Government ^{4/}	2019Q3	Jan 2020	Q	Q	Q
Revenue, Expenditure, Balance and Composition of Financing ^{3/} – Central Government	2019Q3	Jan 2020	M	M	M
Stocks of General Government and General Government-Guaranteed Debt ^{5/}	Sep 2018	Jan 2019	Q	Q	Q
External Current Account Balance	Sep 2019	Jan 2019	Q	Q	Q
Exports and Imports of Goods and Services	Sep 2019	Jan 2019	Q	Q	Q
GDP/GNP	Sep 2019	Feb 2020	Q	Q	Q
Gross External Debt	Sep 2018	Dec 2018	Q	Q	Q
International Investment Position ^{6/}	Sep 2019	Jan 2019	Q	Q	A

1/ Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

2/ Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

3/ Foreign, domestic bank, and domestic nonbank financing.

4/ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

5/ Including currency and maturity composition.

6/ Includes external gross financial asset and liability positions vis-à-vis nonresidents.

7/ Daily (D); weekly (W); monthly (M); quarterly (Q); annually (A); irregular (I); and not available (NA).