Malta

Tourism in the economy

The year 2014 marked the fifth consecutive record year for inbound tourism to Malta, reaching 1.7 million tourists. This reflects an increase of 6.8% or 107 656 more tourists when compared to year 2013. The United Kingdom remained Malta's main source tourism market with a share of 28.9%. This was followed by Italy with a share of 15.5%. Germany ranked third with a share of 8.5%.

Overnights by international visitors amounted to 13.5 million in 2014, an increase of 4.9% on 2013. The cumulative average length of stay stood at 8.0 nights. Nights spent in collective accommodation encompassed the largest share at 65.6% and increasing by 2.8% when compared to the previous year. Nights spent in private accommodation, with a share of 34.4%, also registered a positive performance, increasing by 9.2%.

Balance of Payment estimates for the year 2014 indicate that earnings from tourism amounted to USD 1.7 billion, an increase of 5.9% compared to 2014 and equivalent to 17% of total service exports. Over 22 000 people were employed in the tourism industries in 2014, accounting for 13.5% of total employment.

Tourism to Malta is highly diversified with lower than average seasonality when compared to other Mediterranean destinations.

Tourism governance and funding

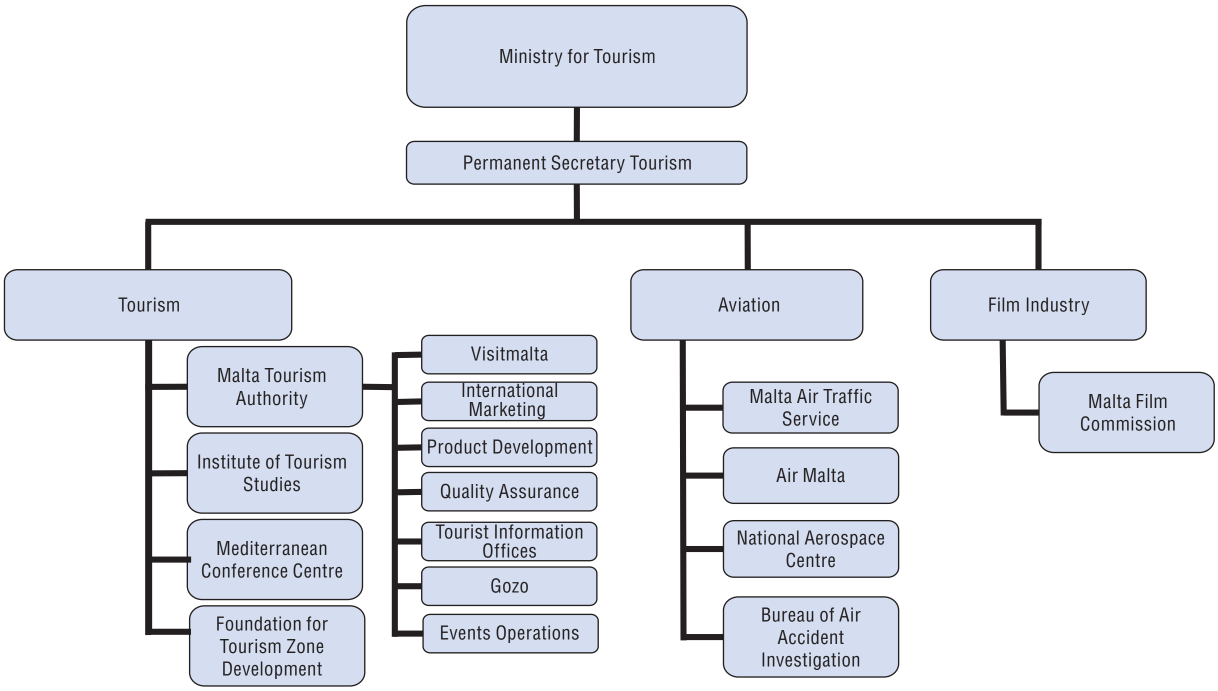
Tourism is directly represented in Cabinet through a dedicated Minister for Tourism who is also responsible for aviation policy. The Ministry for Tourism has political responsibility for a number of agencies and companies, including the Malta Tourism Authority, the Institute for Tourism Studies, Air Malta, Malta Air Traffic Services, National Aerospace Centre, Mediterranean Conference Centre and Malta Film Commission. Strong synergies exist among all these players.

Cabinet meetings ensure that tourism is constantly on the national agenda, while the representation of industry stakeholders on the boards of organisations such as Malta Tourism Authority and the Institute for Tourism Studies ensures direct co-ordination with the private sector.

A Foundation for Tourism Zone Development has been set up recently by the Ministry of Tourism to improve co-ordination between national bodies, local authorities and private operators. Given the small size of the country, there are no regional authorities.

The budget for tourism administration is allocated by the Central Government. In 2015, the Government provided a budget of around EUR 48 million to the entities under the Ministry for Tourism.

Malta: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Tourism, 2016.

Tourism policies and programmes

Tourism in Malta faces a number of tourism development issues, including the risk of economic instability in source markets, political instability in the region, a heavy dependence on air travel to sustain tourism inflows, the small size of the domestic market, the peripheral nature of the destination in relation to its source markets and the challenge of maintaining peak volumes at current levels while channelling growth into off-peak periods.

Three main priority issues guide the National Tourism Policy for 2015-20: managing visitor numbers, raising quality levels across the entire tourism value chain and reducing seasonality. These three principles are individually pivotal and jointly inter-related, forming the basis of the continued and successful sustainable development of tourism activity in the Maltese Islands.

The Policy specifically talks about managing visitor numbers as distinct from capping them. This is a more fluid approach to this sensitive issue by allowing the market to seek and find sustainable equilibria by taking into account a mix of factors including the utilisation of fixed and variable components of tourism supply such as bedstock, airline seats, restaurant covers, visitor attraction capacities, transportation networks and coastal resorts and beaches, among others.

The main policy challenges for Malta relate to: improved airline connectivity, continued market diversification to attract new geographic source markets and year-round motivational segments to further ease seasonal skews in tourism inflows, and upgrading the product and service offer to allow for the delivery of a quality experience to all visitors.

In terms of connectivity, Malta's tourism industry depends almost exclusively on visitor inflows by air for its sustained wellbeing and profitability. It is considered futile to stimulate tourism demand unless that demand can be satisfied by adequate airlift. Thus the link between the well-being of Malta's tourism industry and the extent and nature of its air route network is critical. Malta has embarked on a strategy to increase the number of direct airline routes which have risen from around 45 in 2006 to over 90 in 2014. Malta has subsequently grown its tourism volume, overnights and expenditure by annual record points almost every year since 2006. A strong and synergetic relationship has been established between the Malta Tourism Authority and Malta International Airport. These two organisations share market intelligence, devise joint strategies and complement each other's activities to ensure maximised use of resources and maximised results and returns.

Malta has one of the least seasonal skews in tourism flows in the region with the island being one of a minority of destinations whose tourism industry remains active twelve months a year. This is due to the successful presentation and selling of Malta as a destination offering year round attractions. During the summer months the coastal and maritime dimensions of the destination gain precedence while during the rest of the year the rich cultural city offer, mild weather, meetings and conferences facilities and range of outdoors, wellness and short-break attractions together ensure that the accommodation bedstock is utilised throughout the entire year. Maltese tourism is also firmly integrated within the community which hosts it thus ensuring strong synergies between the industry and the host population.

Supporting English language learning as a niche market for Malta

In year 2014, a total of 77 550 students followed courses at local English language specialised schools recording an increase of 3.4% or 2 558 more students compared to 2013. The number of student weeks amounted to 245 587, an increase of 8.8% over 2013. Students studying English as a foreign language accounted for 4.4% of total foreign nationals visiting Malta in 2014.

Italy remained the main source market for English language travel with a share of 23.9%. Germany was in second place with a share of 13.5% overtaking Russia in third place with a share of 12.2%. Together, the top three markets accounted for nearly half (49.6%) of total student visits. As in the previous years, the peak summer months of July to September attracted the majority of students (45.3%). This was followed by the spring months of April to June which attracted 28.3% of students.

Over the years Malta has accumulated a vast body of regulations which seek to govern tourism service providers such as accommodation, catering establishments, travel agents and tourist guides. As tourism has evolved, the need to revisit the regulatory framework has risen to the top of the list of priorities. In 2014-15 a major exercise has been undertaken with the dual objective of:

- Simplifying the extensive regulatory framework by removing overlaps and narrowing the number of relevant legal notices to a more manageable and logical quantity,
- Changing the spirit of the law to ensure that the regulatory framework is better equipped to react and adapt to the rapid change prevailing in the industry rather than continue to act as some sort of deterrent against it.

Statistical profile

Table 1. **Malta: Domestic, inbound and outbound tourism**

	2010	2011	2012	2013	2014
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	..	..	..	..	..
Overnight visitors (tourists)	..	..	205	190	..
Same-day visitors (excursionists)	..	..	..	..	..
Nights in all types of accommodation	..	..	598	468	..
Hotels and similar establishments	..	..	284	93	..
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	173	180	..
Private accommodation	..	..	142	196	..
Inbound tourism					
Total international arrivals	1 800	1 860	1 960	1 962	2 115
Overnight visitors (tourists)	1 339	1 415	1 443	1 582	1 690
Same-day visitors (excursionists)	462	445	516	380	425
Top markets					
United Kingdom	415	439	441	455	488
Italy	220	202	202	234	263
Germany	126	134	138	147	143
France	87	104	108	117	126
Spain	68	63	60	53	42
Nights in all types of accommodation	11 148	11 241	11 860	12 890	13 522
Hotels and similar establishments	6 809	7 001	7 039	7 605	8 363
Specialised establishments	..	..	..	..	..
Other collective establishments	854	829	1 010	1 022	504
Private accommodation	3 485	3 411	3 810	4 263	4 655
Outbound tourism					
Total international departures	328	347	368	404	430
Overnight visitors (tourists)	294	308	331	363	391
Same-day visitors (excursionists)	34	39	37	41	39
Top destinations					
Italy	78	91	98	109	123
United Kingdom	75	81	78	89	92
Germany	16	17	19	19	22
France	18	14	17	17	22
Spain	15	19	19	20	18
TOURISM RECEIPTS AND EXPENDITURE, MILLION USD					
Inbound tourism					
Total international receipts	1 252	1 461	1 506	1 614	1 710
International travel receipts	1 079	1 268	1 270	1 404	1 517
International passenger transport receipts	173	193	236	210	193
Outbound tourism					
Total international expenditure	362	400	408	465	465
International travel expenditure	310	333	341	384	399
International passenger transport expenditure	52	66	67	81	66

.. Not available
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Source: OECD Tourism Statistics (Database).

StatLink http://dx.doi.org/10.1787/888933321006

Table 2. **Malta: Enterprises and employment in tourism**

	Number of establishments[1]	Number of persons employed				
	2014	2010	2011	2012	2013	2014
Total	..	..	..	..	..	..
Tourism industries	**5 301**	**21 078**	**21 978**	**22 243**	**23 604**	**22 822**
Accommodation services for visitors	205	7 234	7 110	7 322	7 577	6 198
Hotels and similar establishments	..	..	..	..	..	..
Food and beverage serving industry	2 280	3 886	4 086	4 638	4 958	5 530
Passenger transport	761	3 556	3 718	4 145	3 986	3 534
Air passenger transport	11	1 459	1 447	1 090	1 096	1 161
Railways passenger transport	0	..	..	..	..	..
Road passenger transport	679	1 315	1 427	2 200	2 201	1 745
Water passenger transport	71	783 e	845 e	854	689 e	628 e
Passenger transport supporting services	227	2 063	2 775	1 771	1 985	2 210
Transport equipment rental	146	577 e	612 e	379 e	327 e	325 e
Travel agencies and other reservation services industry	554	1 104	1 071	575 e	739	1 044
Cultural industry	819	2 657	2 606	3 413	4 032	3 981
Sports and recreation industry	309	298 e	350 e	678 e	799	907
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	..	..	..	..	..	..
Other industries	..	..	..	..	..	..

.. Not available; e Estimated value
Disclaimer: http://oe.cd/disclaimer
1. Data refer to number of enterprises.

Source: OECD Tourism Statistics (Database).

StatLink http://dx.doi.org/10.1787/888933321011

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