Malta

Tourism in the economy

Tourism is a very important contributor to Malta's economy. Current inflows consist of 2 million tourists, rising consistently from 1.4 million arrivals in 2010, and 630 000 cruise passengers against a resident population of around 430 000. There has been above average growth in the low season.

In 2016, total expenditure by inbound tourists was estimated at EUR 1.7 billion. Tourism is estimated to generate 25 000 jobs directly accounting for 14% of total employment.

The top three inbound markets are the United Kingdom, Italy, and Germany which together account for 52.5% of arrivals. British and Italian arrivals have grown consistently in the past six years, while the German market has fluctuated.

The domestic market in Malta is relatively small and is only partially measured. It consists mainly of tourism flows between the main island of Malta and the second island of Gozo, although there is a small but growing tendency for residents of the main island to spend overnights in local hotels.

Tourism governance and funding

Tourism is directly represented in the Cabinet of Ministers through a dedicated Minister for Tourism who is also responsible for aviation policy. The Ministry has political responsibility for various agencies and companies, including the Malta Tourism Authority (MTA), the Institute for Tourism Studies (ITS), Air Malta, Malta Air Traffic Services, the National Aerospace Centre, the Mediterranean Conference Centre, and the Malta Film Commission.

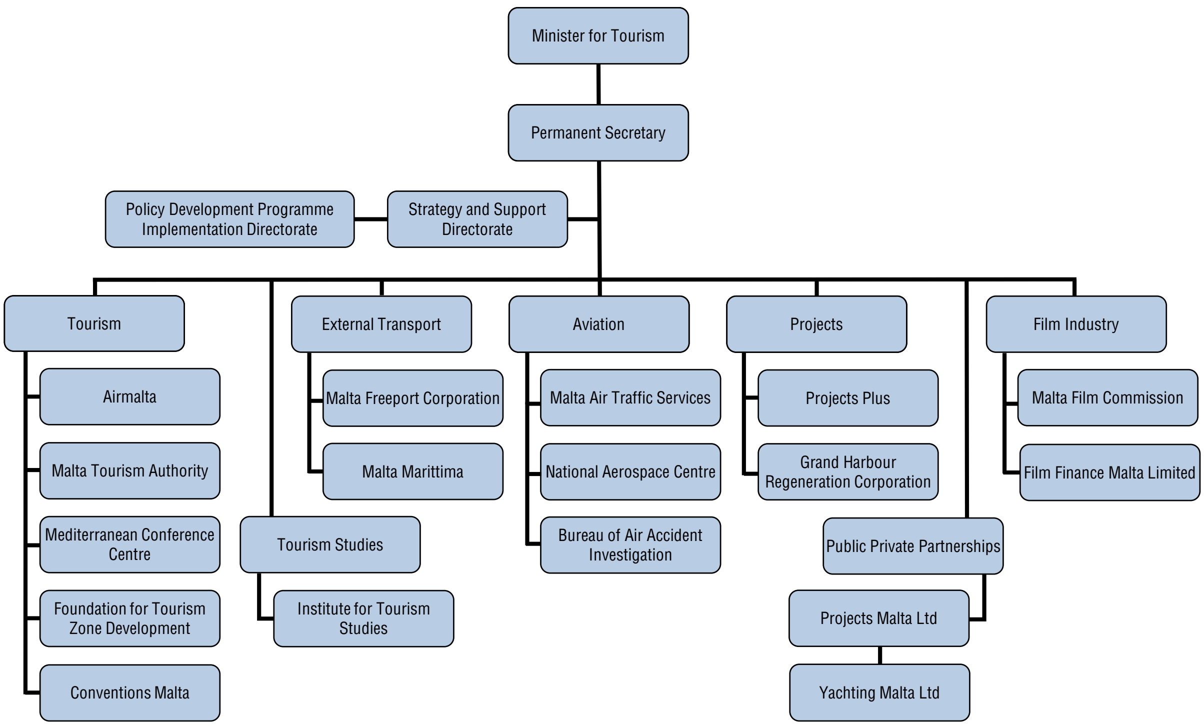
In the new legislature, the Ministry for Tourism (the "Ministry") has been given responsibility for entities such as the Grand Harbour Regeneration Corporation (GHRC), Projects Malta and Projects Plus, which implement projects aimed at improving the local tourism product including through private public partnerships. Projects underway include the Valletta Entrance and Ditch Project by GHRC, and the Transport Links project by Projects Malta and Projects Plus. This contributes to the aim of improving overall coordination and implementation of national projects relevant to the tourism sector.

Cabinet meetings ensure that tourism is constantly on the national agenda, while the direct representation of industry stakeholders on the boards of organisations such as MTA and ITS ensure direct coordination with the private sector.

Given the small size of the country, there are no regional authorities. However, the country is sub-divided into over 60 local councils with whom there is strong coordination, particularly in the fields of zone management and product-related interventions. A Foundation for Tourism Zone Development was recently established by the Ministry to enable more effective coordination between national bodies, local authorities and private operators.

The budget for tourism administration is allocated by the central government. The government provided a total budget of EUR 49 million in 2016 and EUR 69 million in 2017, for the entities under the Ministry for Tourism.

Malta: Organisational chart of the tourism bodies



Source: OECD, adapted from the Ministry of Tourism, 2018.

Tourism policies and programmes

The Ministry has published a revised National Tourism Policy for the period 2015-2020, which gives strong and clear directions to the sector, on the basis of which specific strategic plans are formulated.

The Ministry also finalised a film policy which was launched in January 2016. This articulates a vision up to 2020, with the aim of maximising the potential of both Malta's film servicing industry as well as the promising local film sector. This policy will serve to transform Malta into a unique film destination.

Three fundamental principles guide the National Tourism Policy, namely:

- Managing visitor numbers,
- Raising the level of quality across the entire tourism value chain,
- Reducing seasonality.

These three principles will form the basis of the continued and successful sustainable development of tourism over the forthcoming years.

Issues and challenges include: the risk of economic instability in source markets; political instability in the region particularly due to proximity to North Africa; 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 whilst channelling growth into off-peak months.

In response to these challenges, priority objectives include:

- Improved airline connectivity,
- Continued market diversification to attract new geographic source markets and year-round motivational segments so as to further ease seasonal skews in tourism inflows
- The upgrade of the product and service offer to allow for the delivery of a quality experience to all visitors
- Optimising the relationship between volume growth and value growth to strengthen economic returns.

The achievement of these objectives requires a national effort since some of the responsibilities sit directly within the Ministry and the Malta Tourism Authority, while others, especially those related to infrastructure and staff training, fall within the greater remit of other Ministries. Air Malta as the national carrier also remains pivotal.

National development policies aim to integrate fully the requirements of sustainable development and they feed into sectoral sustainable development strategies covering different sectors which directly or indirectly influence the harmonious growth of the tourism sector.

Given the small size of its domestic tourism market, Malta's tourism industry almost exclusively depends on foreign inflows for its sustained wellbeing and profitability, which in turn relies on air transport. The Malta Tourism Authority has recognised the strong relationship between growth of inbound tourism and the number of routes and seat capacity. In response, Malta has embarked on a strategy to increase the number of direct airline routes, which have risen from around 45 in 2006 to over 92 in 2016 (Box 1.16).

Over the years Malta has accumulated a vast body of regulations to govern tourism service providers, including hotels and similar accommodation, catering establishments, travel agents and tourist guides. A major exercise has recently been undertaken with the dual objective of:

- Revisiting the extensive regulatory framework with a view to simplify, remove overlaps, and reduce the number of relevant legal notices to a more manageable and reasonable quantity.
- Changing the spirit of the law to ensure that the regulatory framework is better equipped to react and adapt to a rapidly changing tourism industry, rather than acting as a deterrent.

Following a period of extensive consultation, the next step involves a Parliamentary Debate to discuss and eventually approve the proposed changes to the Malta Travel and Tourism Services Act (CAP409).

Statistical profile

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

	2012	2013	2014	2015	2016
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	..	..	..	..	..
Overnight visitors (tourists)	205	190	200 |	220	241
Same-day visitors (excursionists)	..	..	..	..	..
Nights in all types of accommodation	598	468	510 |	584	630
Hotels and similar establishments	284	93 e	109 |	127	109
Specialised establishments	..	..	..	..	..
Other collective establishments	173	180	12 |	15	12
Private accommodation	142	196	389 |	442	510
Inbound tourism					
Total international arrivals	1 960	1 962	2 115	2 313	2 534
Overnight visitors (tourists)	1 443	1 582	1 690	1 783	1 966
Same-day visitors (excursionists)	516	380	425	530	568
Top markets					
United Kingdom	441	455	488	526	560
Italy	202	234	263	283	315
Germany	138	147	143	142	157
France	108	117	126	128	145
Spain	60	53	42	47	55
Nights in all types of accommodation	11 860	12 890	13 522	14 152	14 961
Hotels and similar establishments	7 039	7 605	8 363	8 290	8 287
Specialised establishments	..	..	..	..	..
Other collective establishments	1 010	1 022	504	511	600
Private accommodation	3 810	4 263	4 655	5 350	6 075
Outbound tourism					
Total international departures	368	404	430	474	549
Overnight visitors (tourists)	331	363	391	428	497
Same-day visitors (excursionists)	37	41	39	46	53
Top destinations					
Italy	98	109	123	137	166
United Kingdom	78	89	92	89	96
Germany	19	19	22	24	32
Spain	19	20	18	19	23
France	17	17	22	21	17
TOURISM RECEIPTS AND EXPENDITURE, MILLION USD					
Inbound tourism					
Total international receipts	1 471	1 649	1 521	1 664	1 437 e
International travel receipts	1 271	1 403	1 521	1 369	1 437 e
International passenger transport receipts	200	246	..	295	..
Outbound tourism					
Total international expenditure	340	384	397	359	398 e
International travel expenditure	340	384	397	359	398 e
International passenger transport expenditure	..	..	..	..	..

.. Not available; | Break in series; e Estimated value
Source: OECD Tourism Statistics (Database).

StatLink http://dx.doi.org/10.1787/888933641982

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

	Number of establishments[1]	Number of persons employed				
	2015	2012	2013	2014	2015	2016
Total	..	..	..	..	..	..
Tourism industries	**5 605**	**22 243**	**23 604**	**22 822**	**25 368**	**25 013**
Accommodation services for visitors	225	7 322	7 577	6 198	5 856	5 594
Hotels and similar establishments	..	..	..	..	..	..
Food and beverage serving industry	2 351	4 638	4 958	5 530	6 684	6 561
Passenger transport	784	4 145	3 986	3 534	4 179	3 800
Air passenger transport	17	1 090	1 096	1 161	1 563	1 486
Railways passenger transport	0	..	..	..	..	..
Road passenger transport	684	2 200	2 201	1 745	1 878	1 674
Water passenger transport	83	854	689 e	628 e	738 e	640 e
Passenger transport supporting services	224	1 771	1 985	2 210	2 144	3 119
Transport equipment rental	151	379 e	327 e	325 e	447 e	501 e
Travel agencies and other reservation services industry	543	575 e	739	1 044	1 287	953
Cultural industry	966	3 413	4 032	3 981	4 771	4 485
Sports and recreation industry	361	678 e	799	907	1 081	814
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	..	..	..	..	..	..
Other industries	..	..	..	..	..	..

.. Not available; e Estimated value

1. Data refer to number of enterprises.

Source: OECD Tourism Statistics (Database).

StatLink http://dx.doi.org/10.1787/888933642001

Table 3. **Malta: Internal tourism consumption**

Million EUR

	2010		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
Total	..	..	..
Consumption products	**112**	**1 033**	**1 150**
Tourism characteristic products	99	859	963
Accommodation services for visitors	7	232	243
Food and beverage serving services	17	258	275
Passenger transport services	31	256	287
Air passenger transport services	29	231	260
Railways passenger transport services	..	..	..
Road passenger transport services	2	25	26
Water passenger transport services	..	..	..
Passenger transport supporting services	..	..	..
Transport equipment rental services	0	19	19
Travel agencies and other reservation services industry	44	36	80
Cultural services	0	13	13
Sports and recreation services	0	23	23
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	..	..	..
Other consumption products	13	174	187
Tourism connected products	4	104	108
Non-tourism related consumption products	9	70	79
Non-consumption products	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink http://dx.doi.org/10.1787/888933642020

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