

Cut-off date: 16 January 2026



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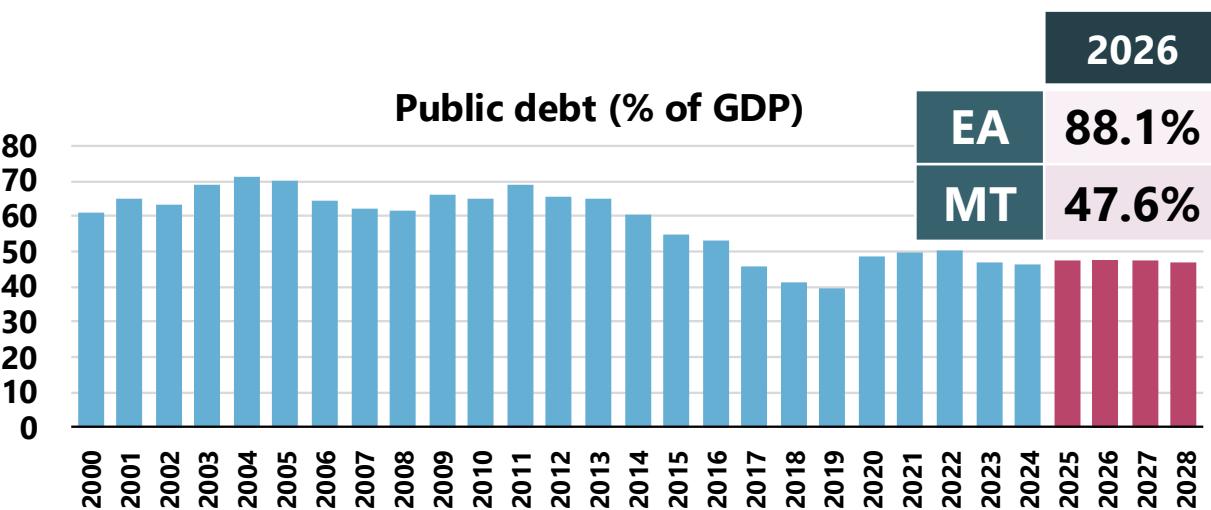
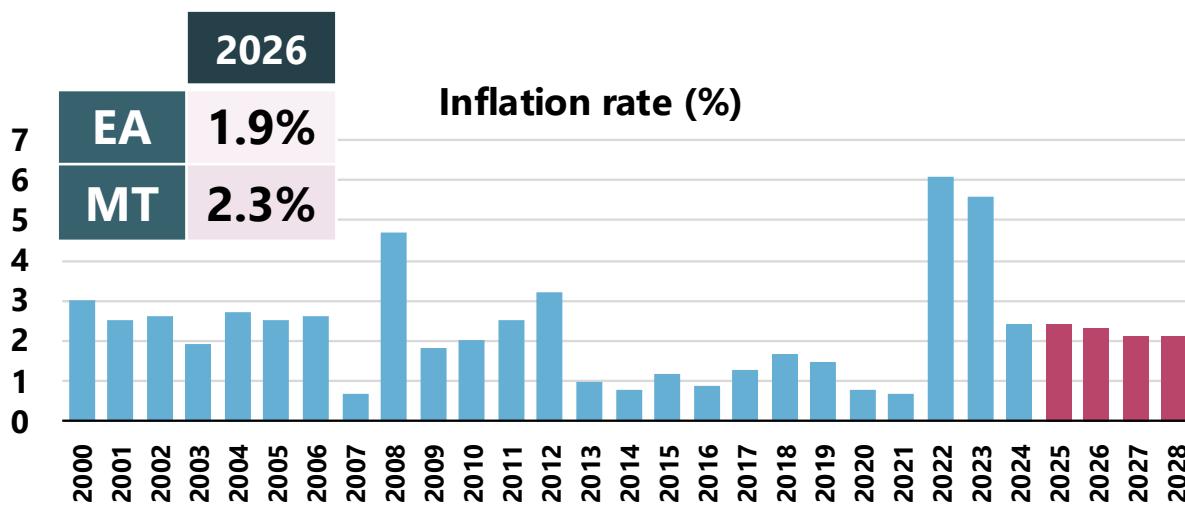
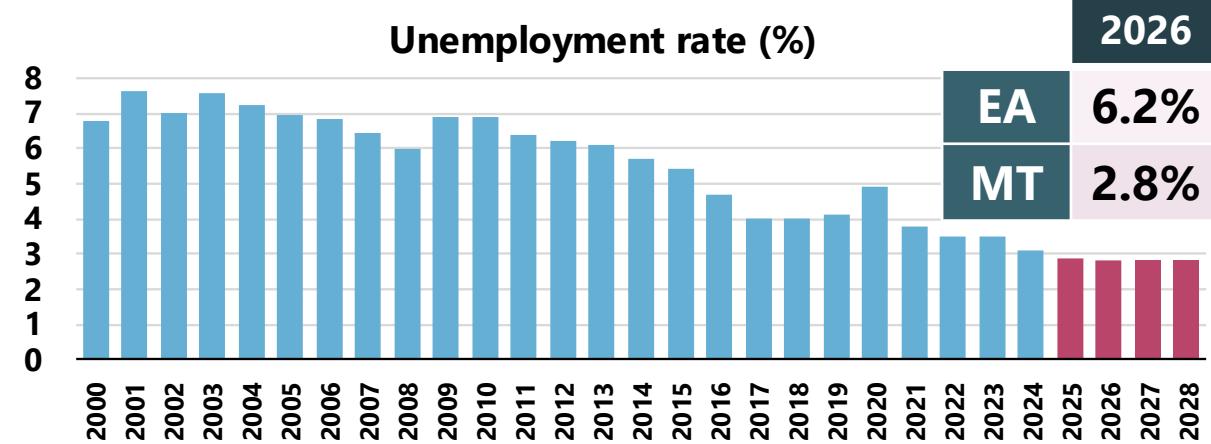
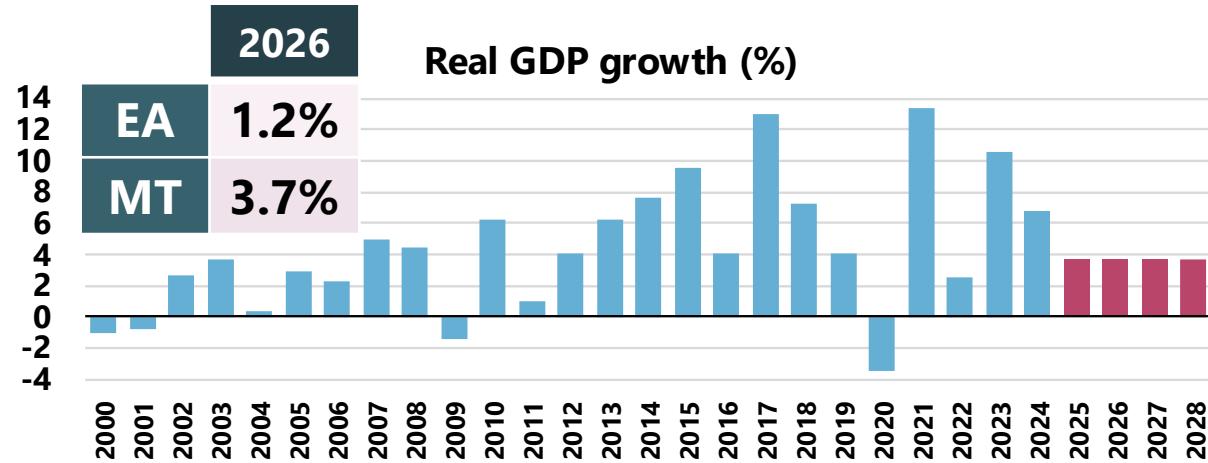
Malta's Economic Compass 2026

Malcolm Bray

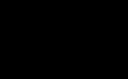
The context

- ❑ The world is becoming increasingly **unpredictable**, with rapid changes across economic, political, technological, and environmental domains.
- ❑ **Shocks** are becoming more frequent and complex. Each new shock pushes an economy away from its equilibrium.
- ❑ While economies can return to **equilibrium** on their own, the equilibrium they settle into may be socially undesirable.
- ❑ **Incentives** play a central role in shaping economic behaviour, guiding the actions of households, firms, and institutions, and ultimately influencing economic outcomes.
- ❑ **Economic growth** remains essential, but it is not sufficient on its own to ensure broad **wellbeing**. Social, environmental, and institutional factors matter.

Projected economic performance

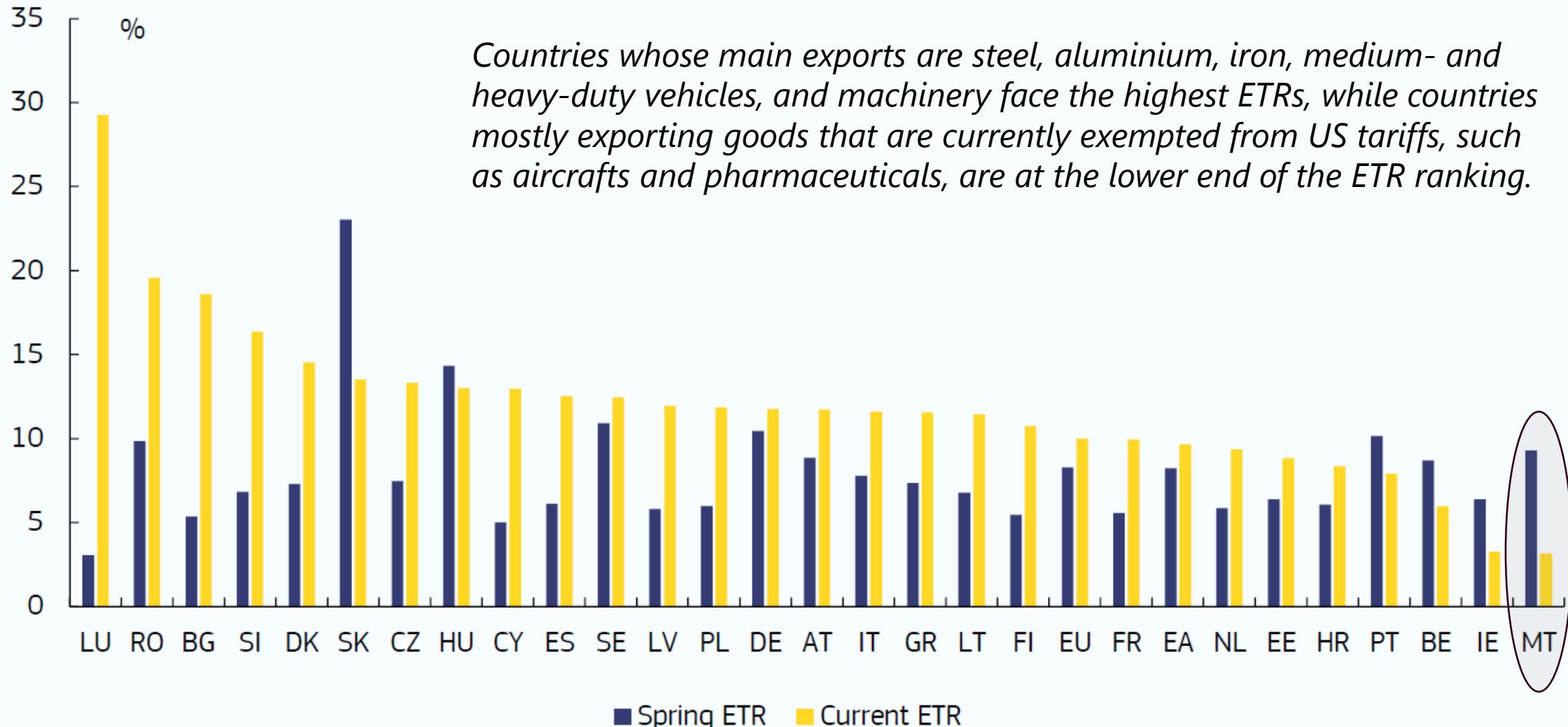


United States Effective Tariff Rates

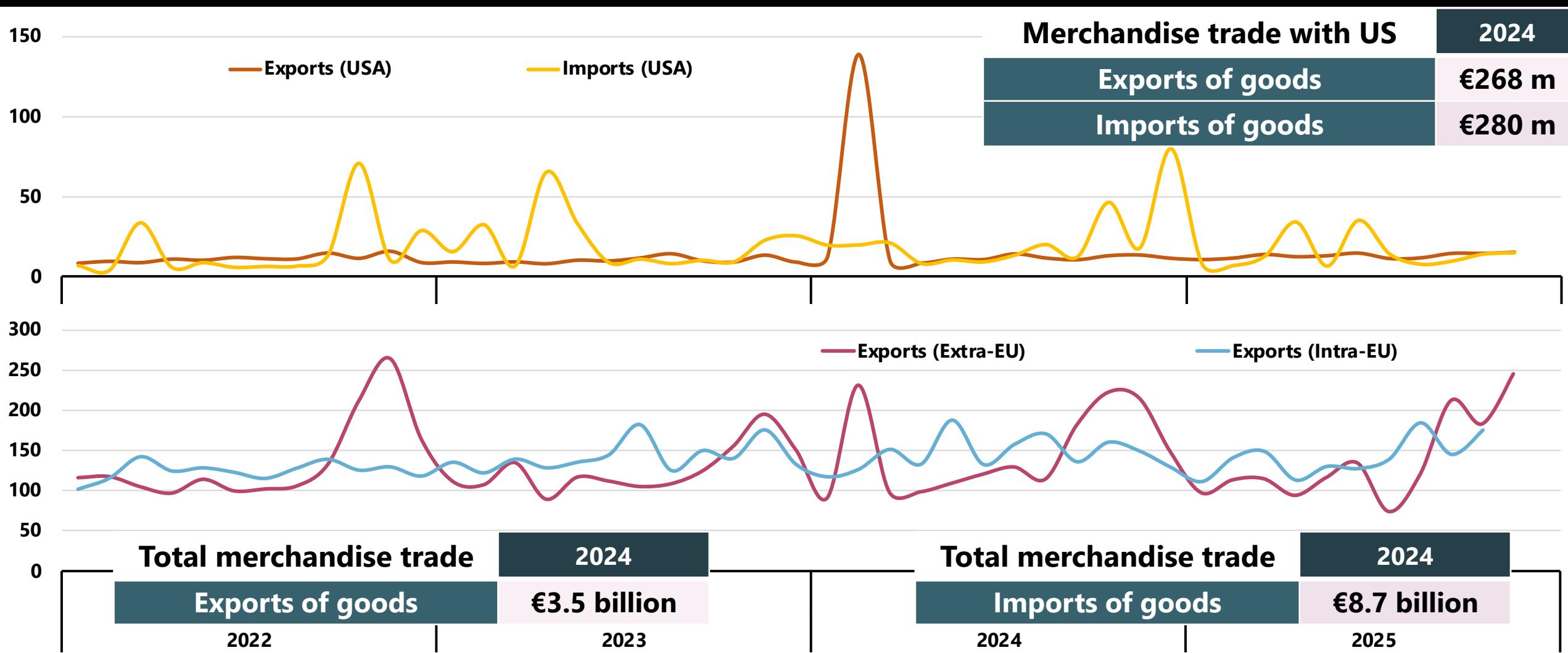


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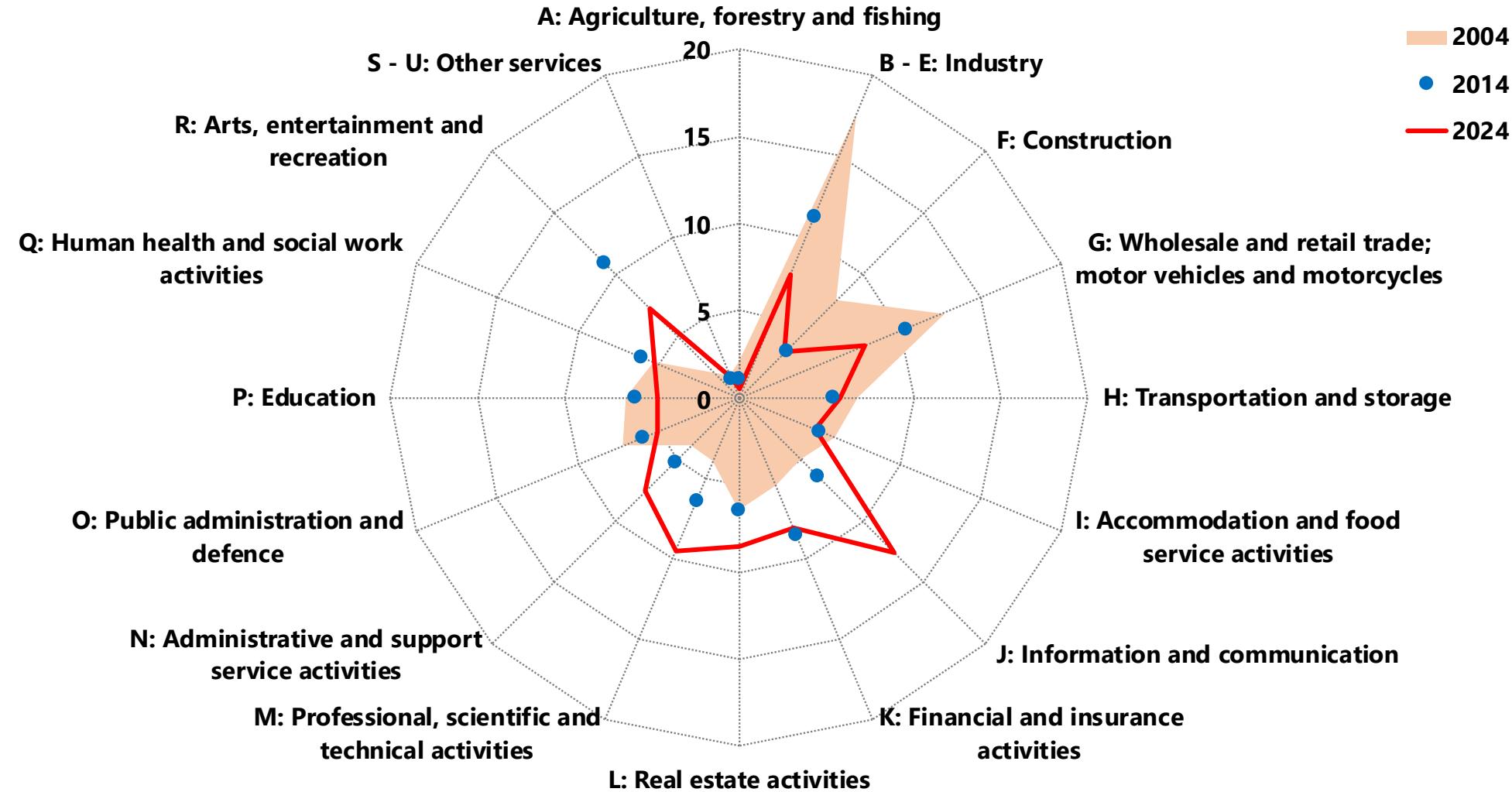
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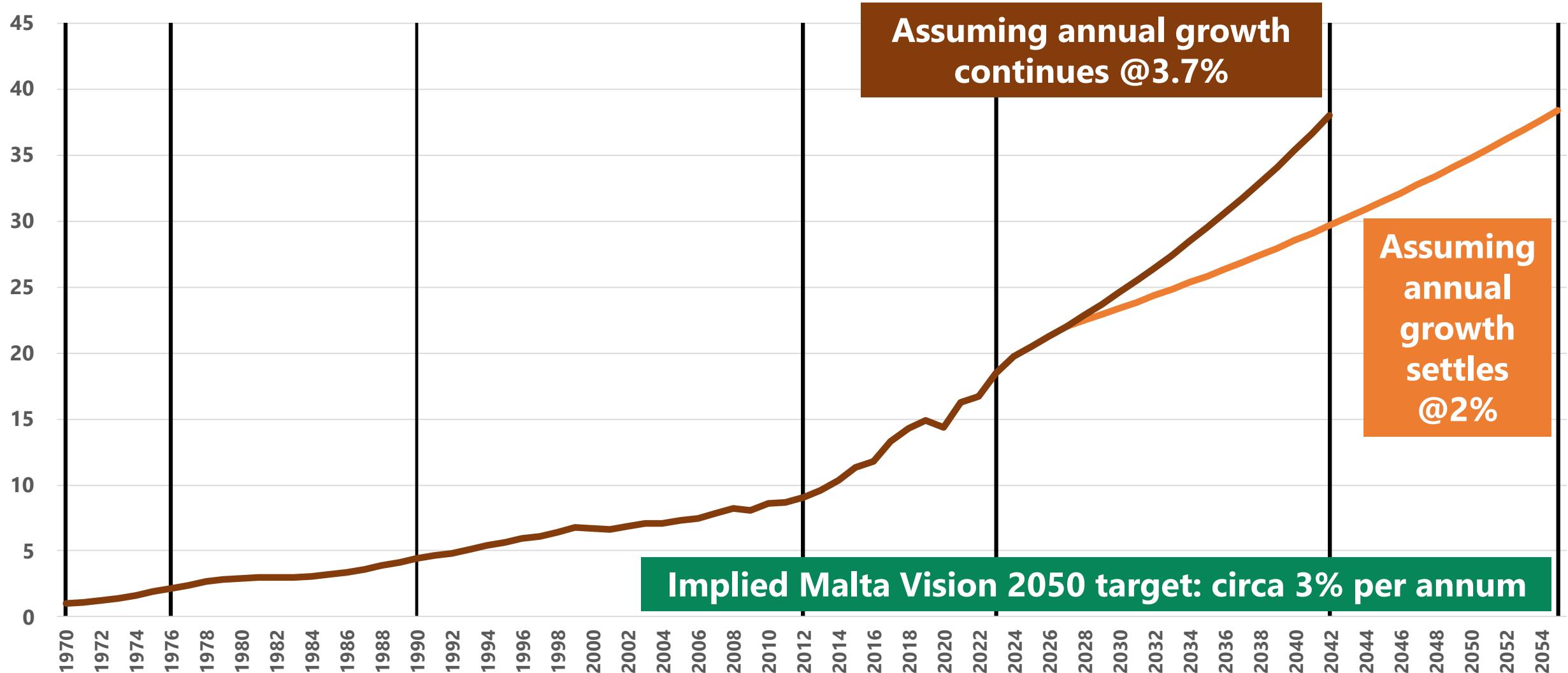
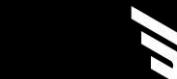
Malta's merchandise trade



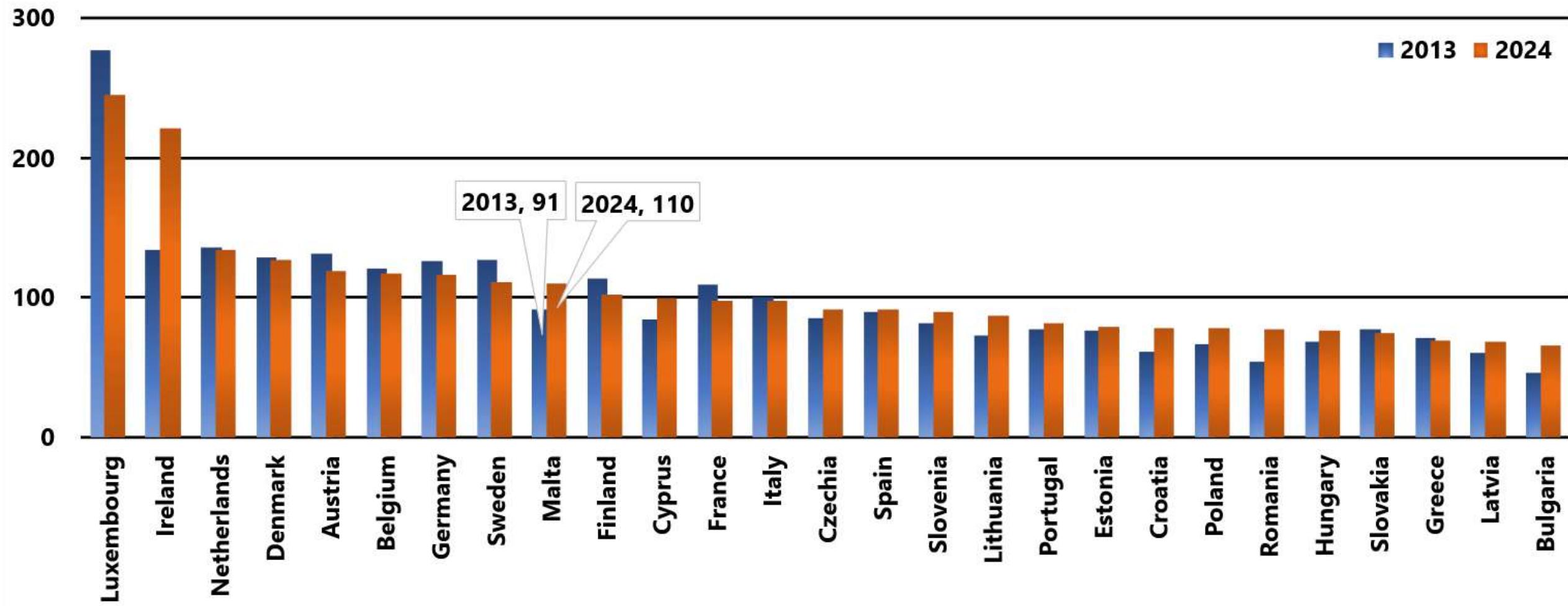
Sectoral composition of the economy



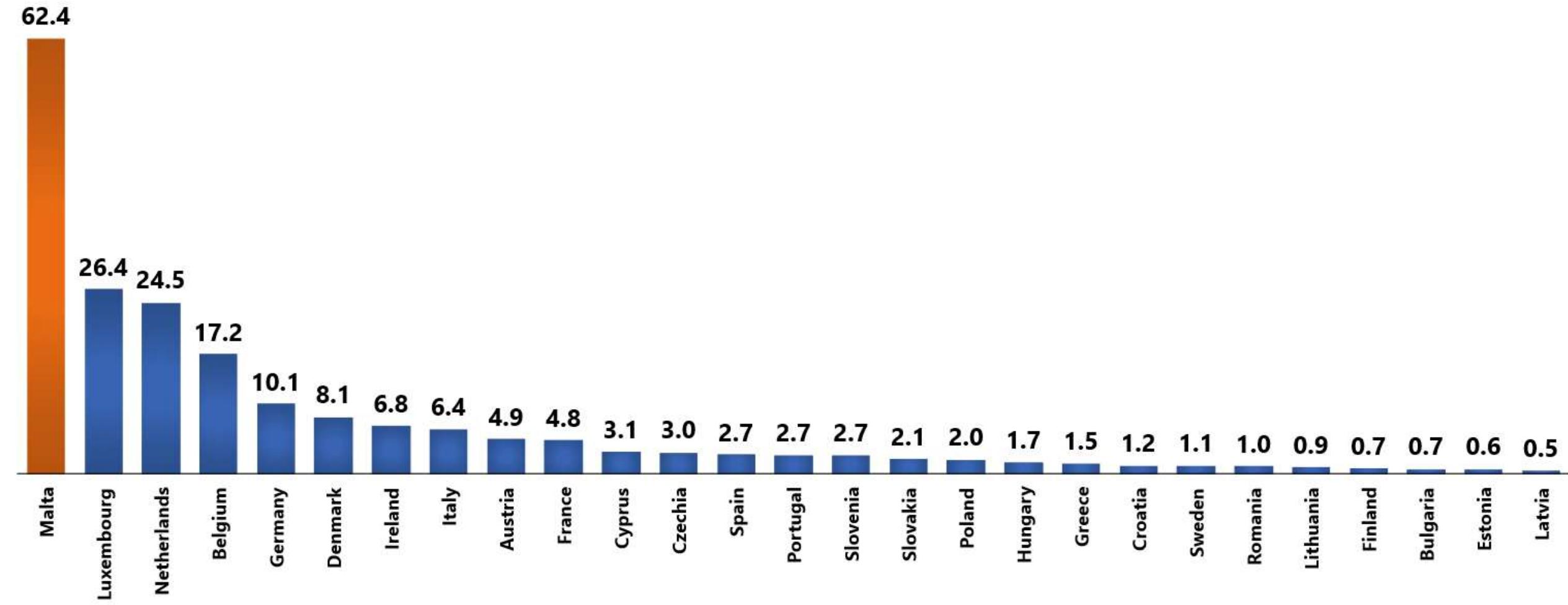
The evolution of real GDP



Real GDP per capita in Purchasing Power Standards



Real GDP per square kilometre

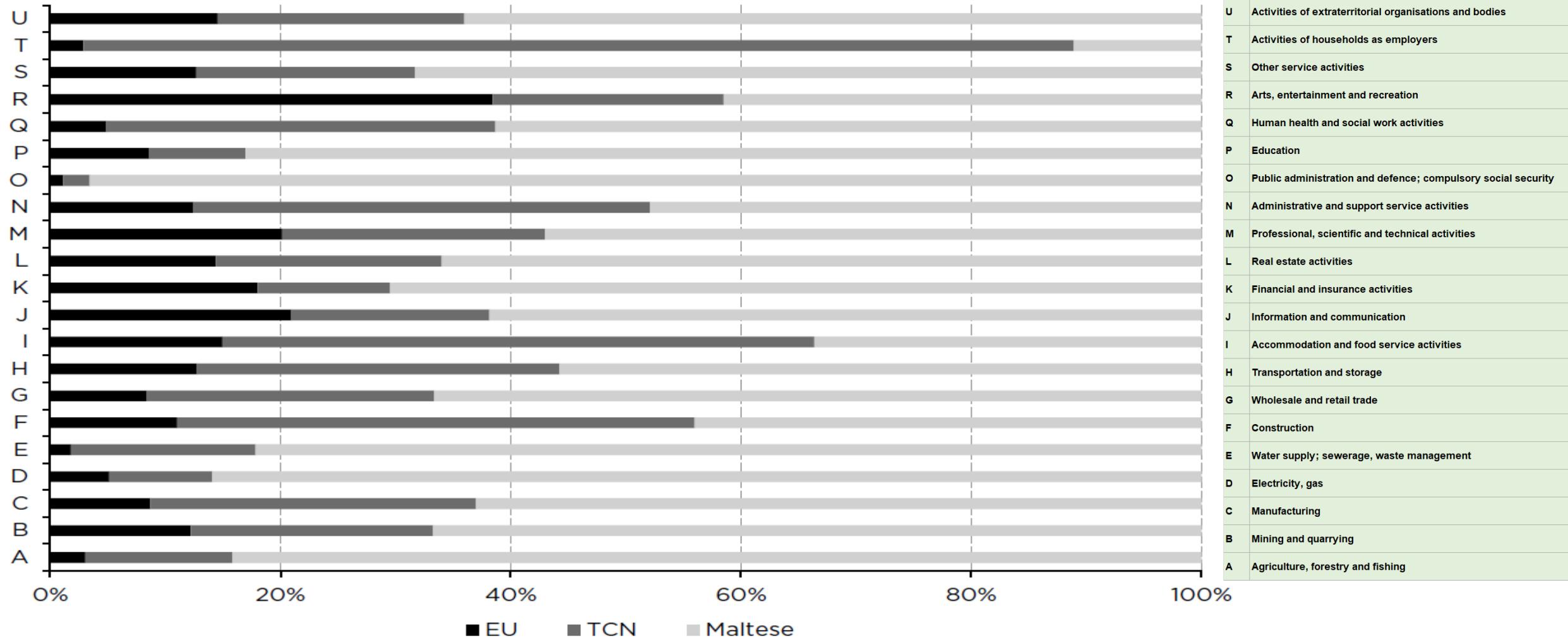


Drivers of real GDP per square kilometre

$$\frac{Y}{A} = \frac{Pop}{A} \times \frac{Emp}{Pop} \times \frac{Y}{Emp}$$

	Real GDP per sq km	Density	Employment rate	Productivity
2000	€21.2 million	1,230	0.40	€43,171
2024	€62.4 million	1,783	0.58	€60,587
Malta multiple	2.94x	1.45x	1.45x	1.40x
EU average	1.79x	1.08x	1.15x	1.47x

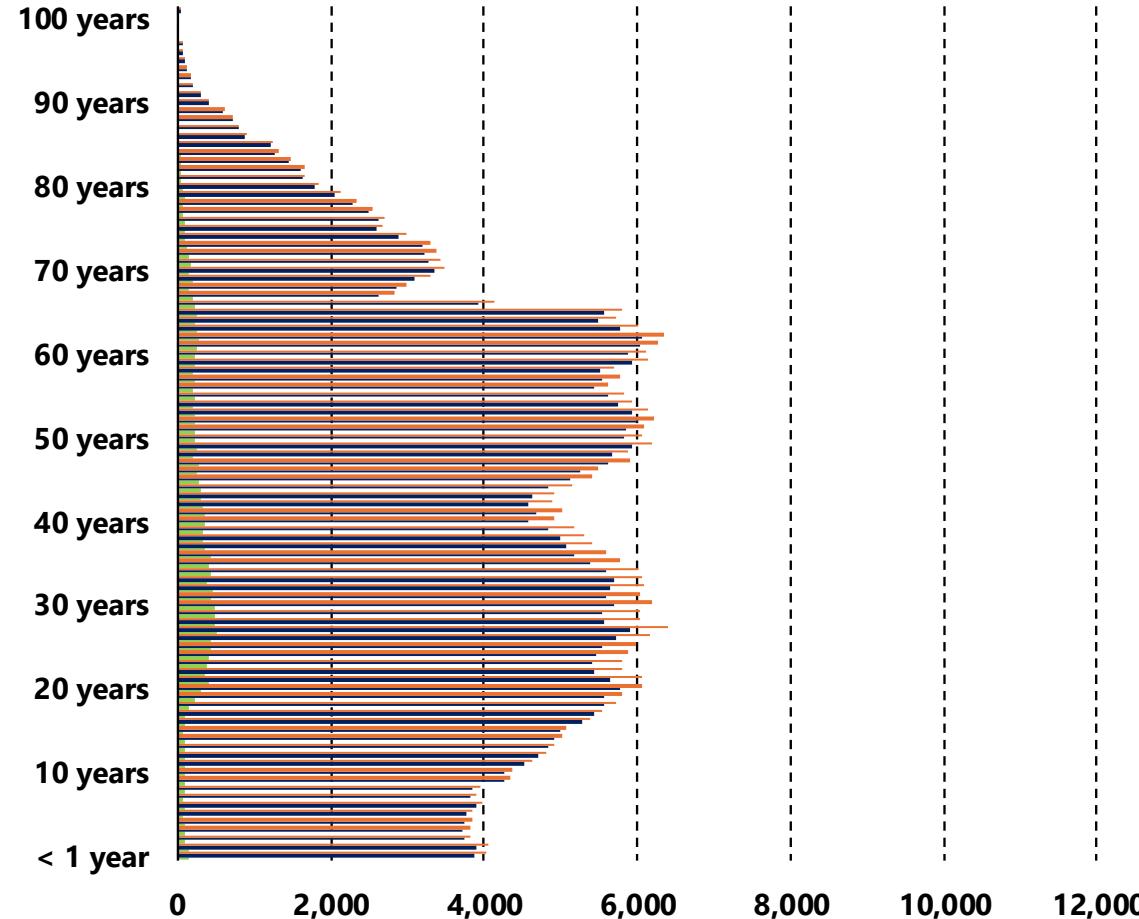
Sectoral employment shares by nationality



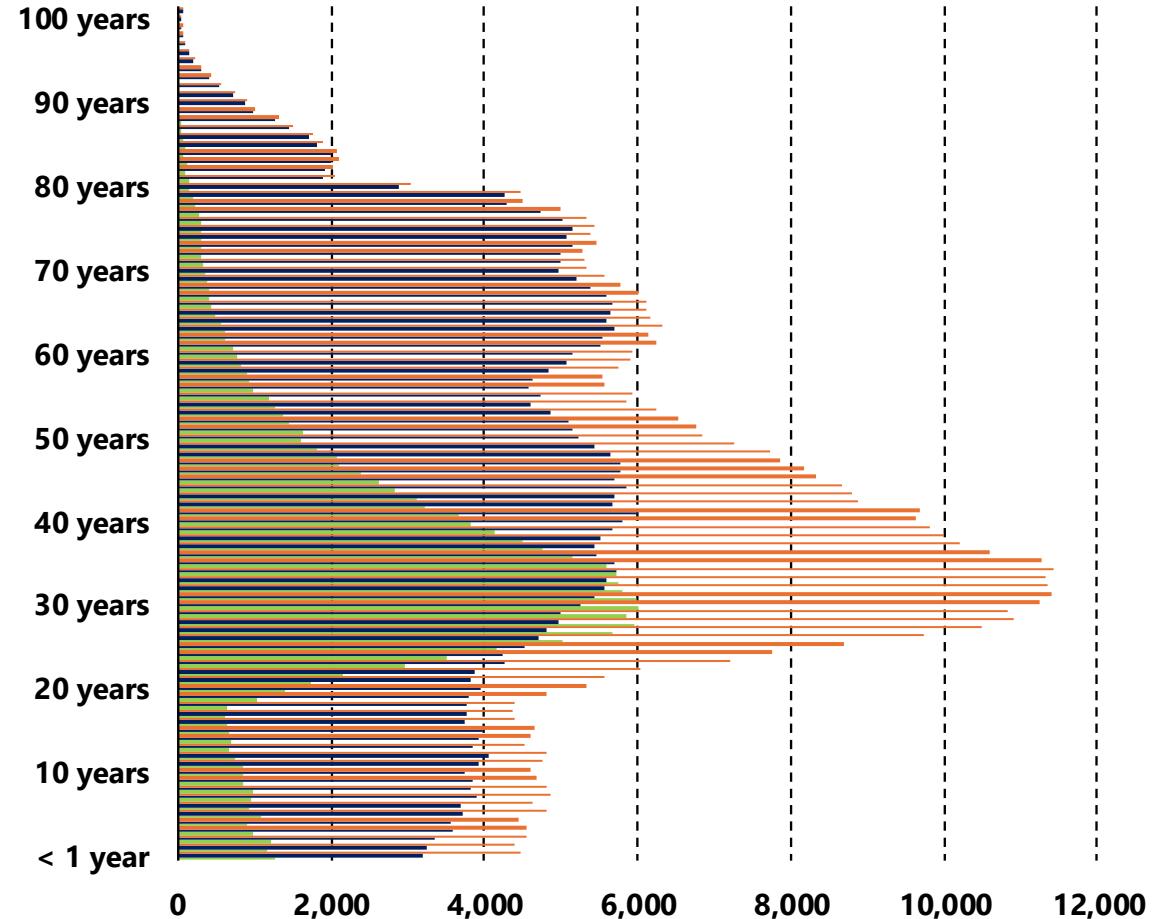
Population by citizenship



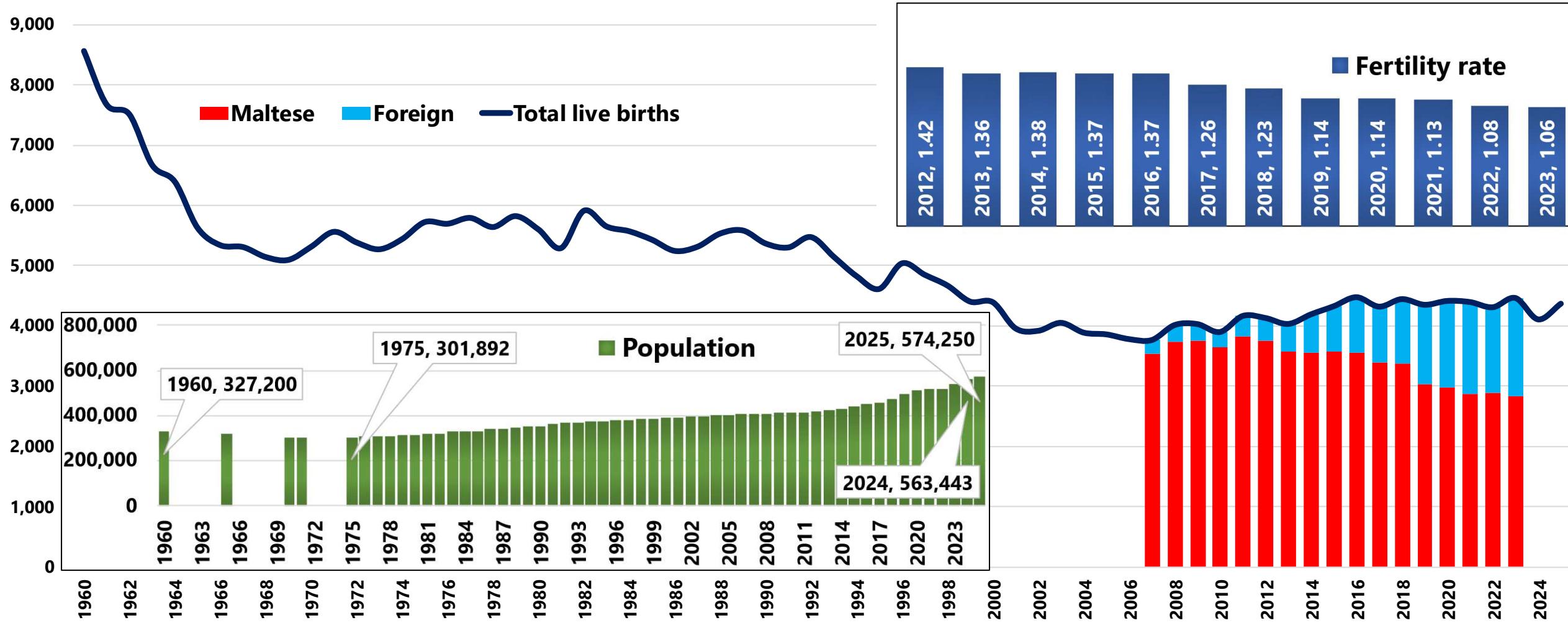
■ Total - 2010 ■ Maltese ■ Foreign



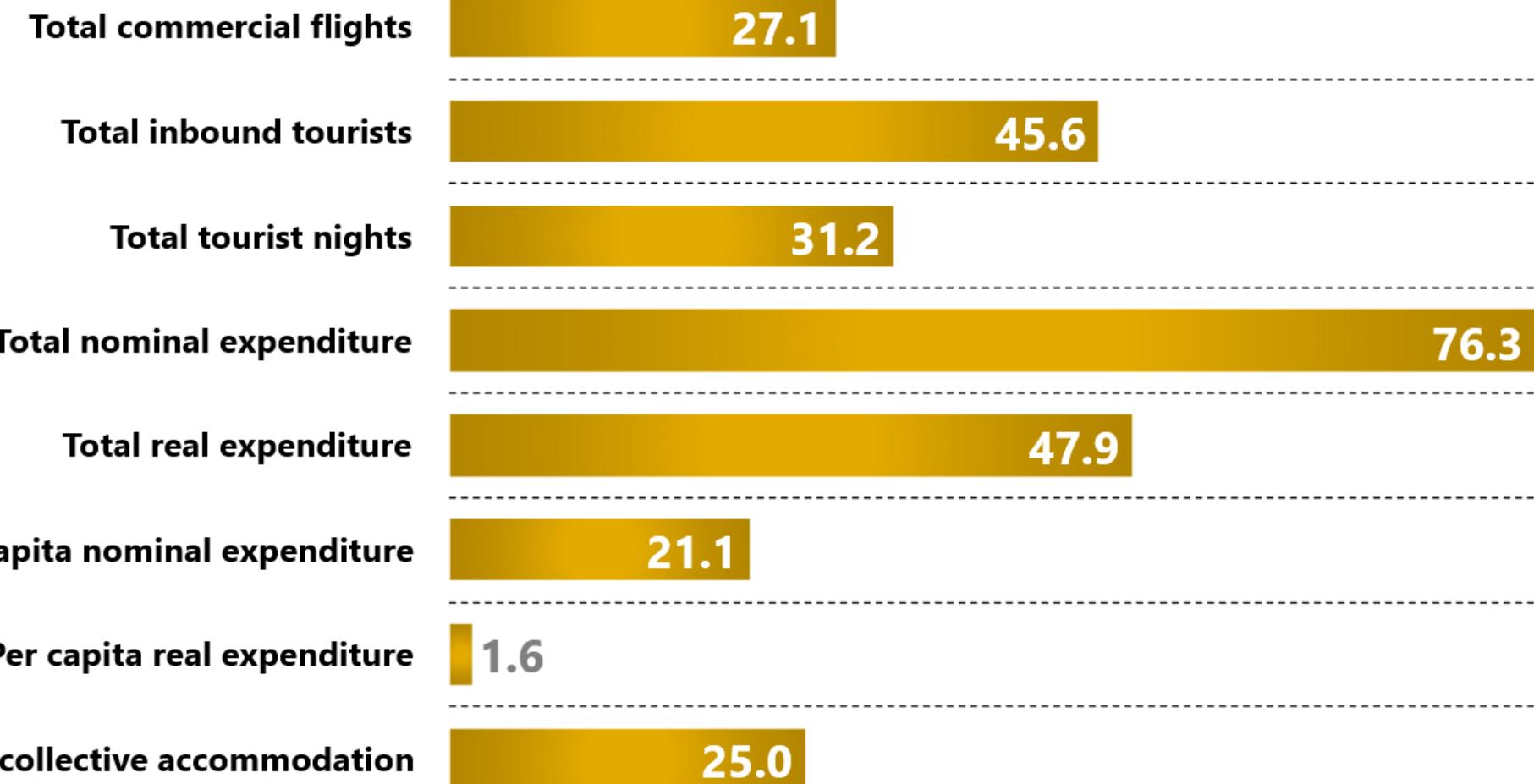
■ Total - 2024 ■ Maltese ■ Foreign



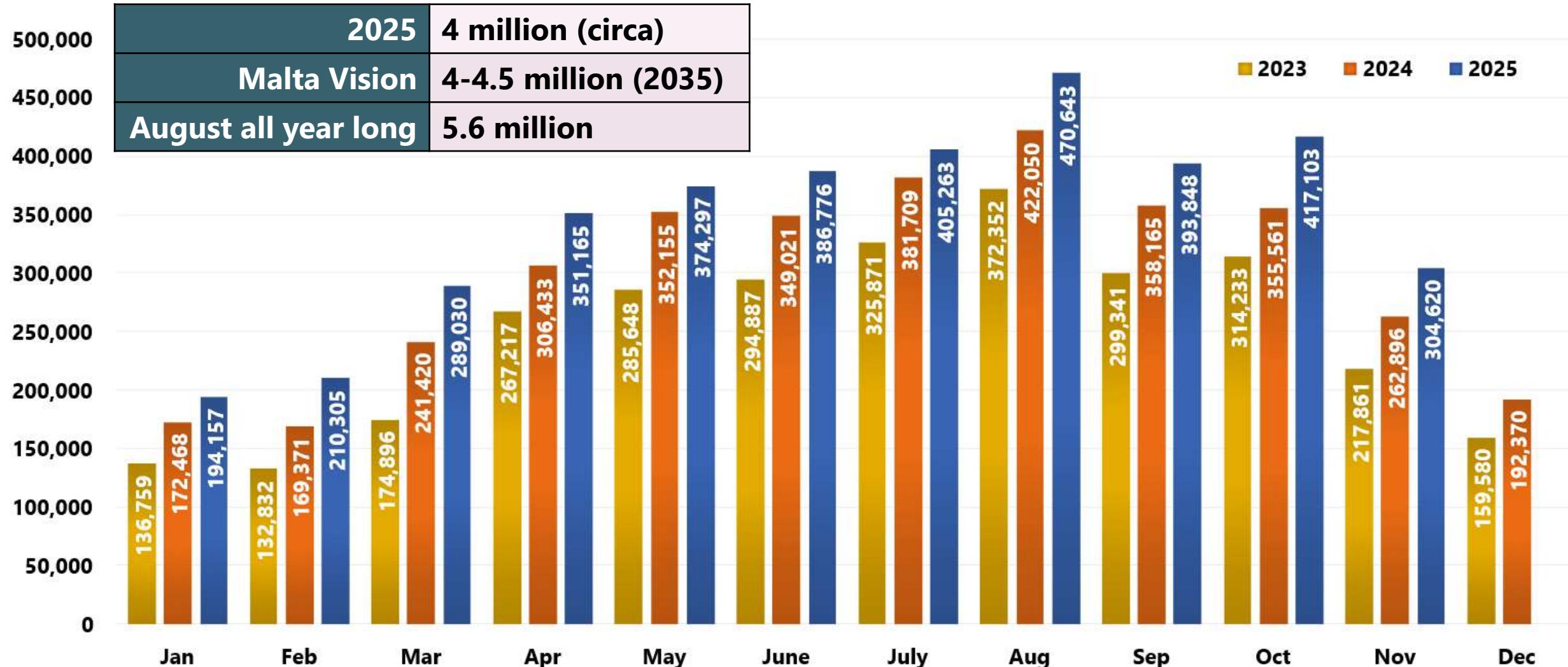
Demographic developments



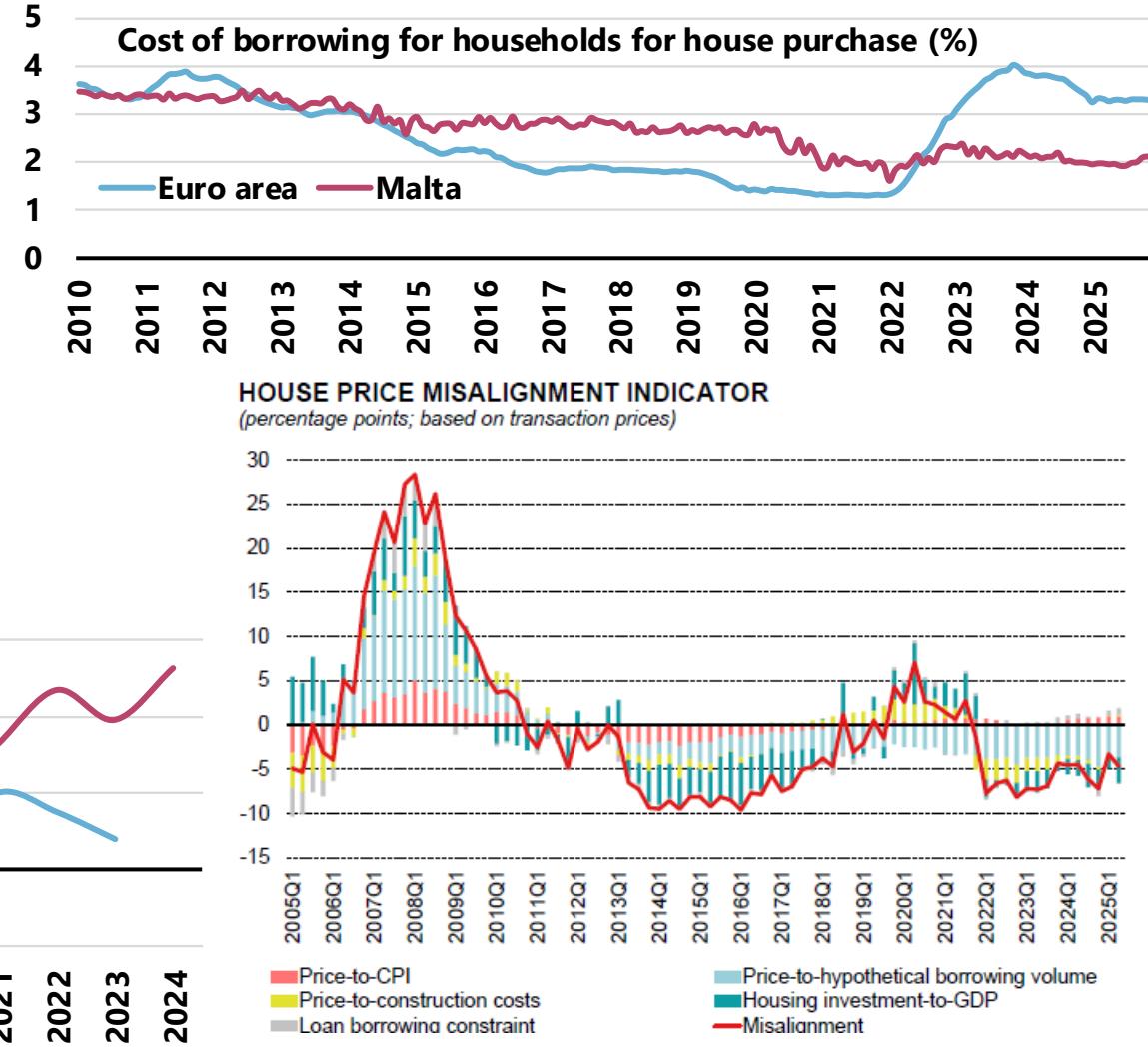
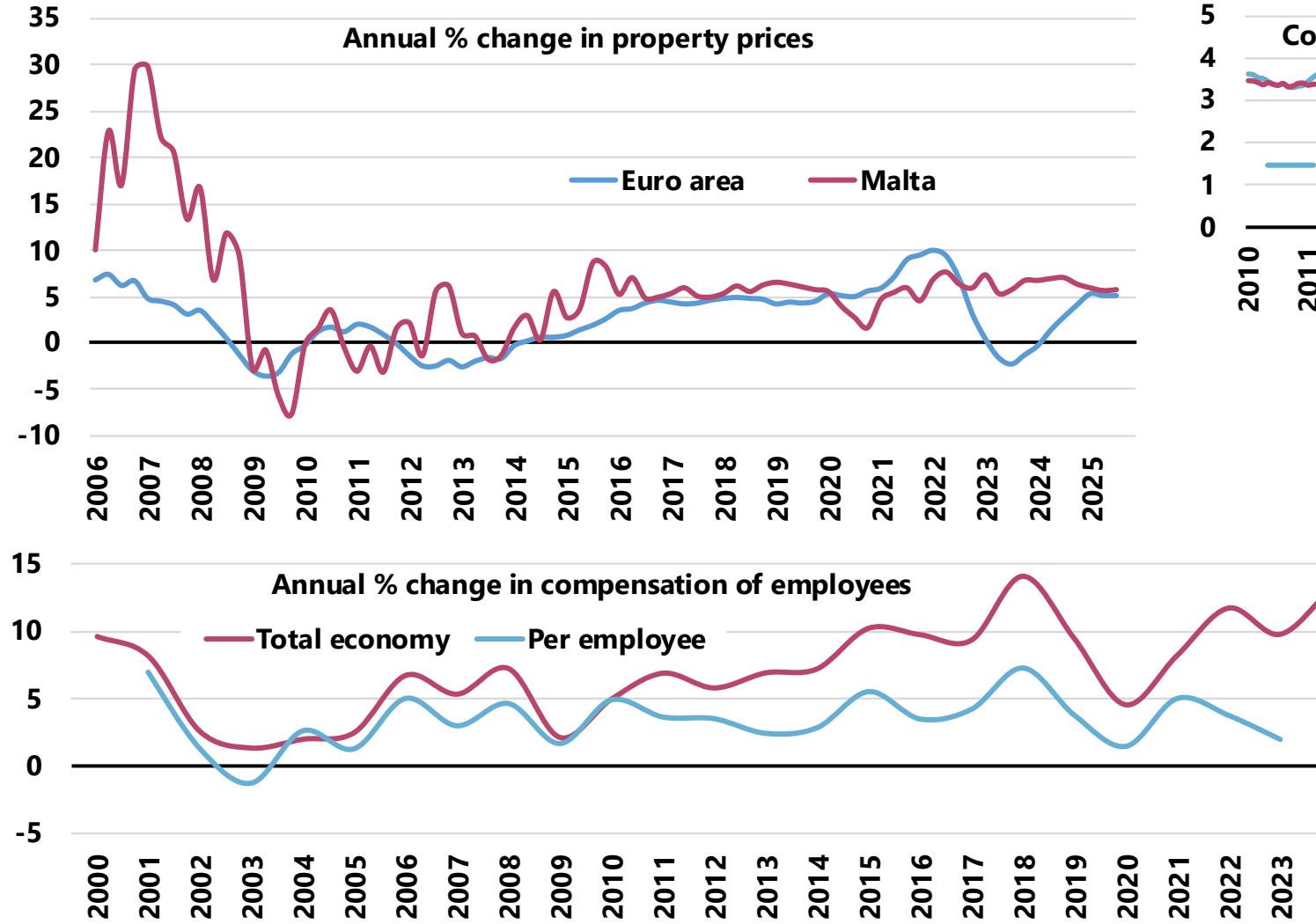
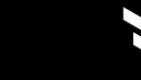
Tourism sector



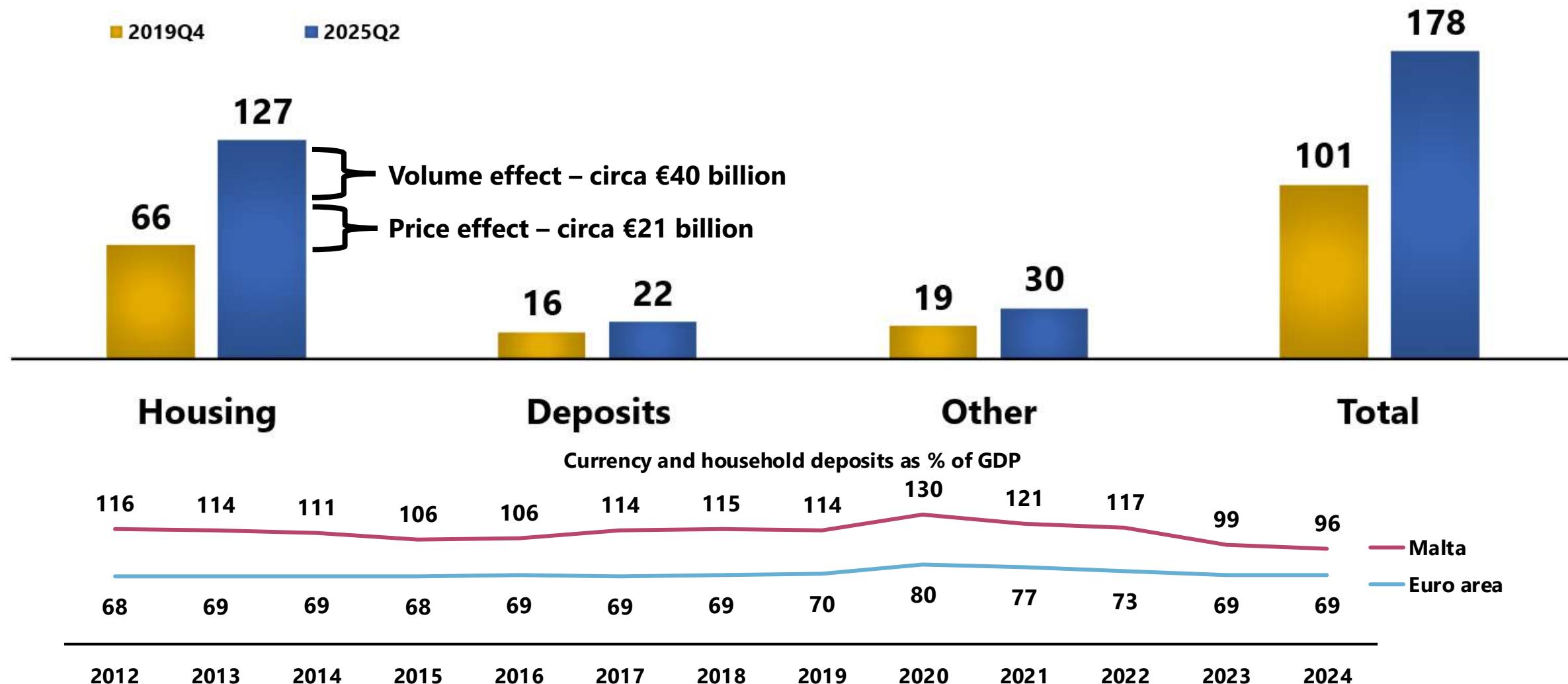
Inbound tourists



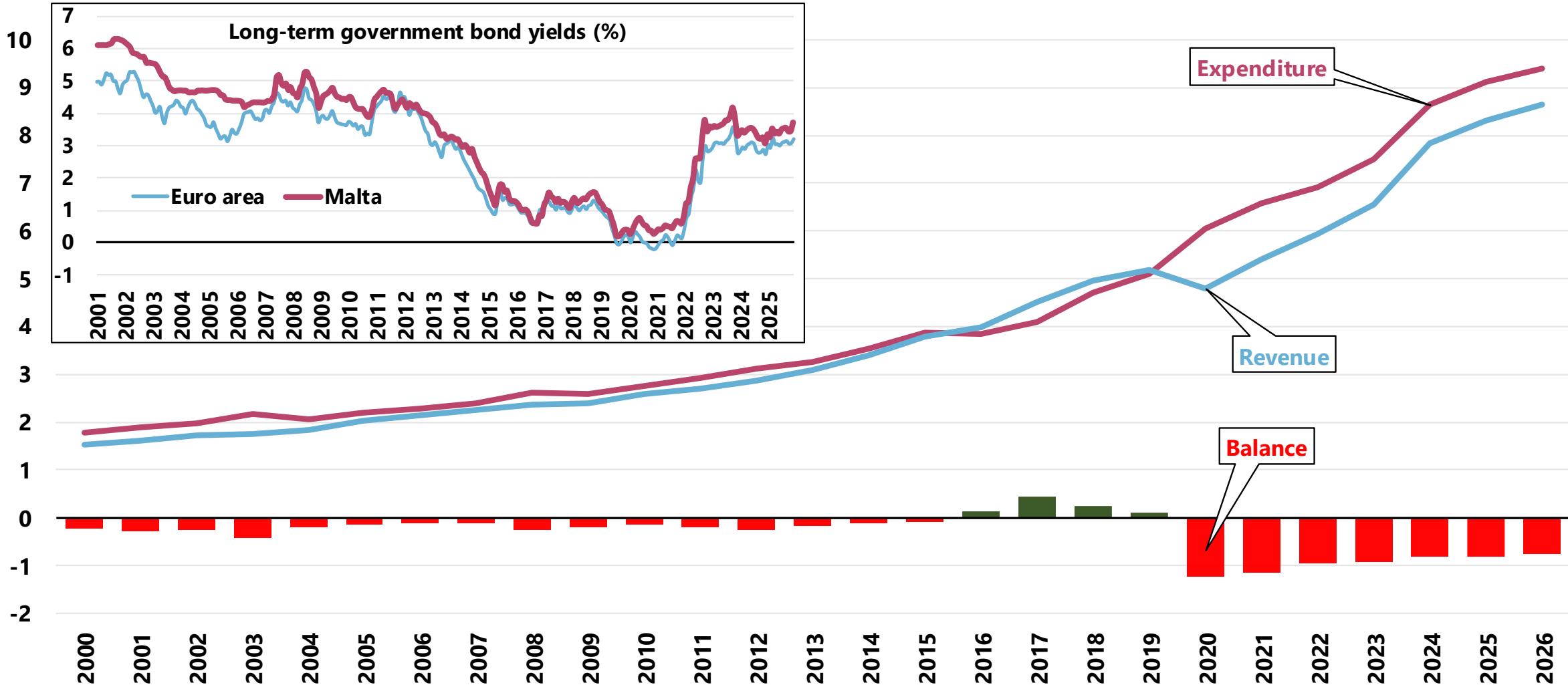
Residential property market



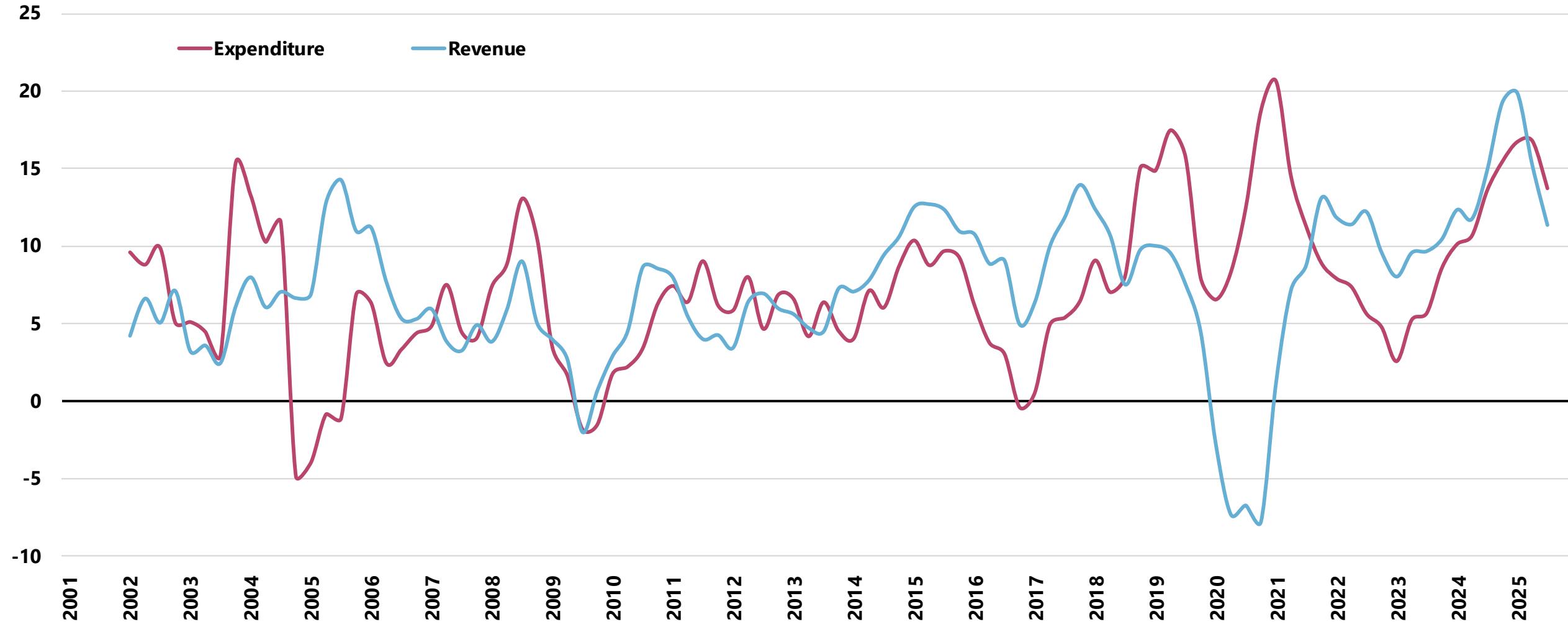
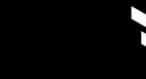
Household wealth



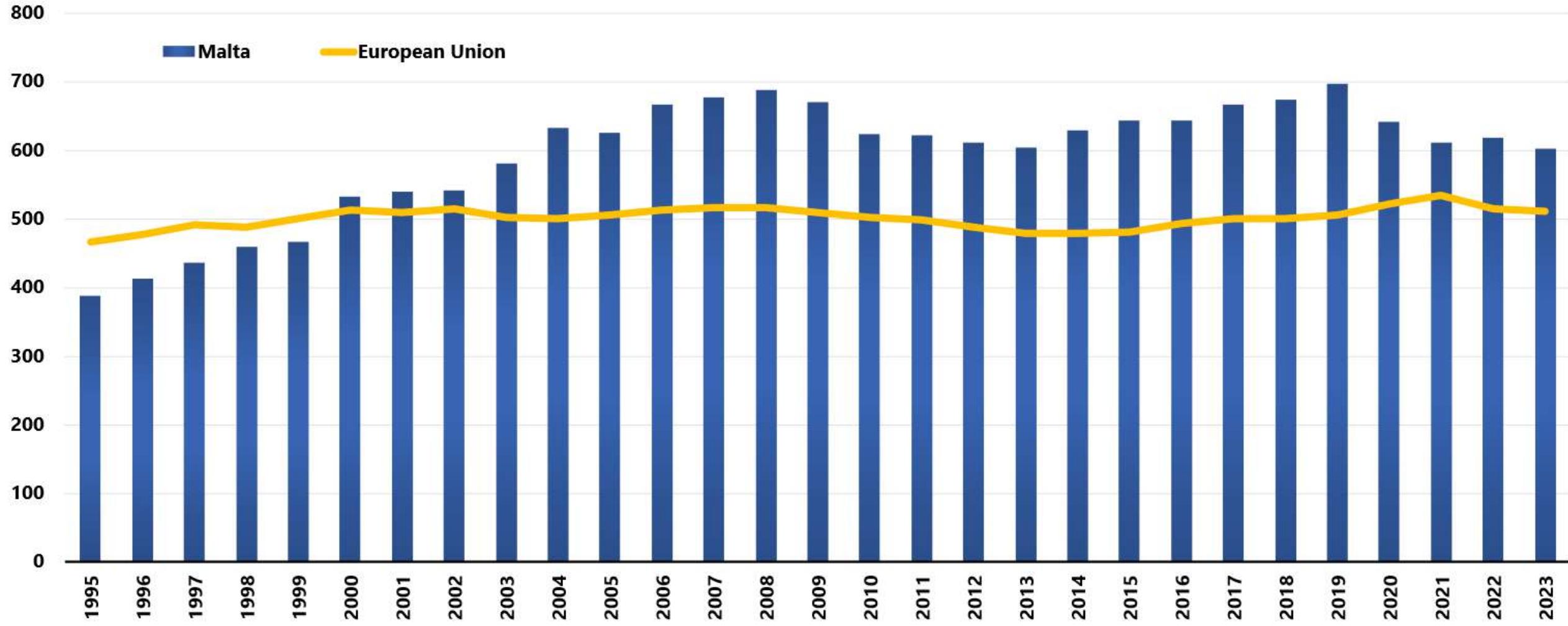
Public finances



Government expenditure and revenue dynamics



Municipal waste



Emissions

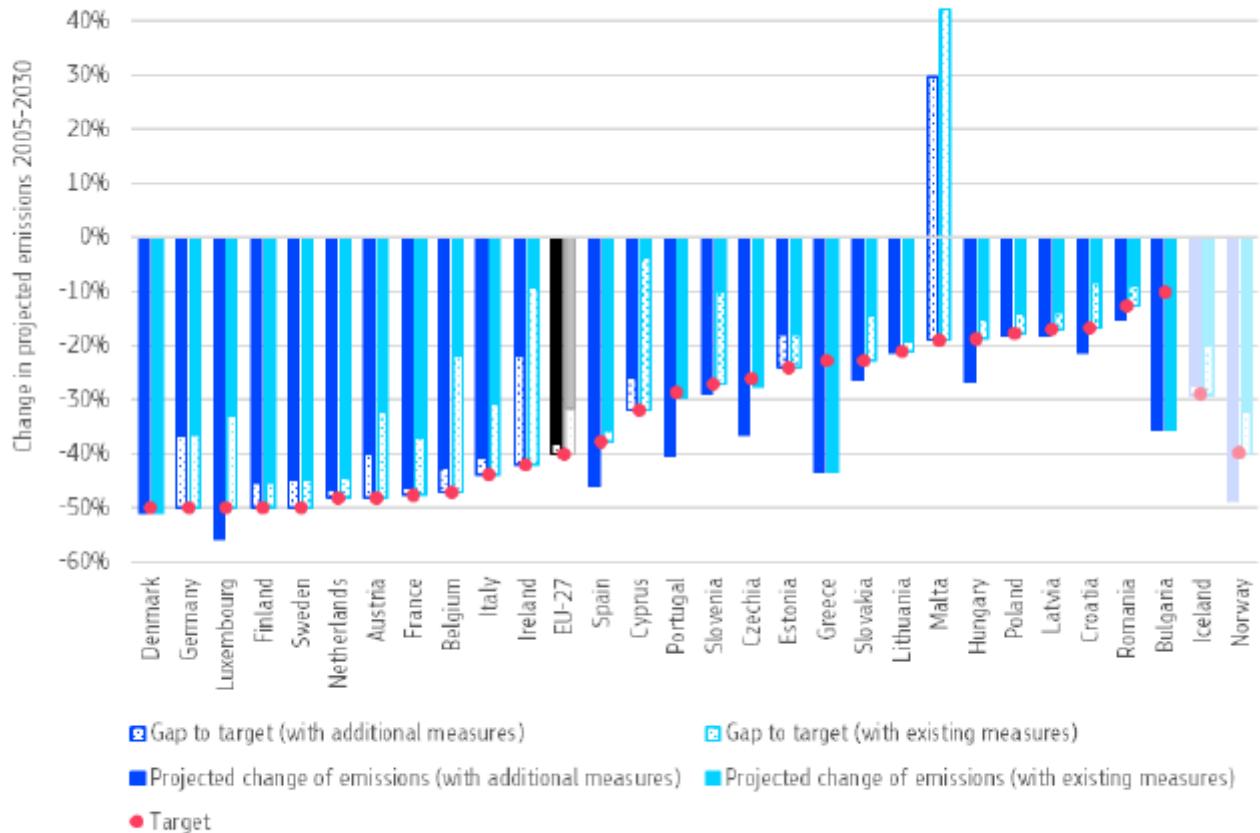


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Figure 13: Projected change of ESR emissions and gap to target in 2030 (%)

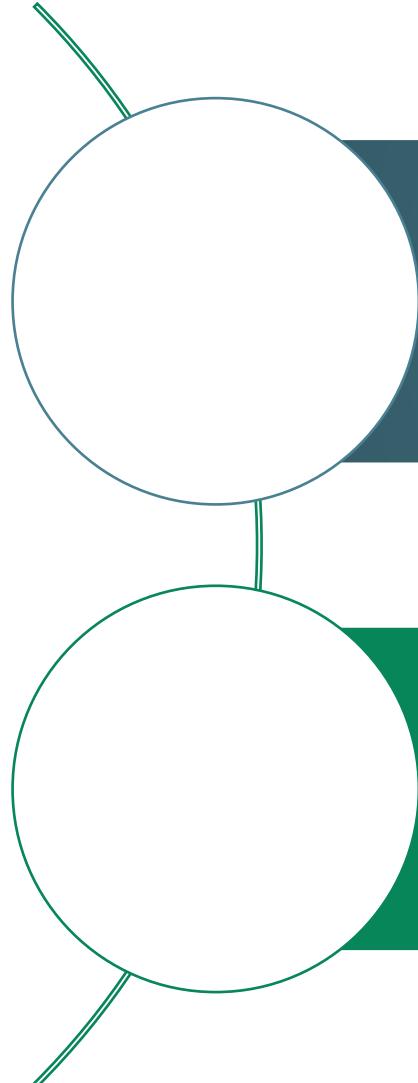


Note: Malta's gap to target is 49 and 61 percentage points, exceeding its 19% reduction target. This means Malta is projected to emit more in 2030 than in 2005.

A futures framework for Malta

FUTURES	TOURISM	PROPERTY
Business as usual	Sector is taken for granted, with infrastructure bottlenecks, resident complaints, and gradual erosion of destination attractiveness.	Expansion continues at current pace. Infrastructure lags and affordability issues persist. Developers compete on volume rather than quality, while regulatory oversight remains reactive.
Collapse	Environmental pressures and resident irritation lead to a permanent loss of destination appeal; air connectivity is scaled back; low spending tourism impedes upkeep of attractions.	Environmental degradation leads to a loss of appeal in key localities. Overbuilding and poor planning create public backlash. Lower quality of life drives residents, foreign workers, tourists, and businesses away, triggering a market contraction and vacant properties.
Discipline	Imbalanced sharing of tourism benefits among stakeholders creates calls for restraints and hard decisions. Policy unpredictability and sudden reversals create uncertainty and hamper forward looking investments.	Growing concerns prompt stricter planning controls and regulatory reforms. Development is curbed in sensitive areas, and incentives shift toward renovation and adaptive reuse. However, policy uncertainty slows down investment and innovation.
Transform	Careful planning allows for a gradual transformation into higher value-added tourism, with lower negative impacts and benefits shared by most of the population. ESG considerations underpin the core activities of tourism.	Strategic planning and ESG-driven policies reshape the property market toward long-term value creation. Mixed-use developments, green buildings, and inclusive housing models gain traction. Benefits are more evenly distributed across communities, and Malta positions itself as a high-quality property destination.

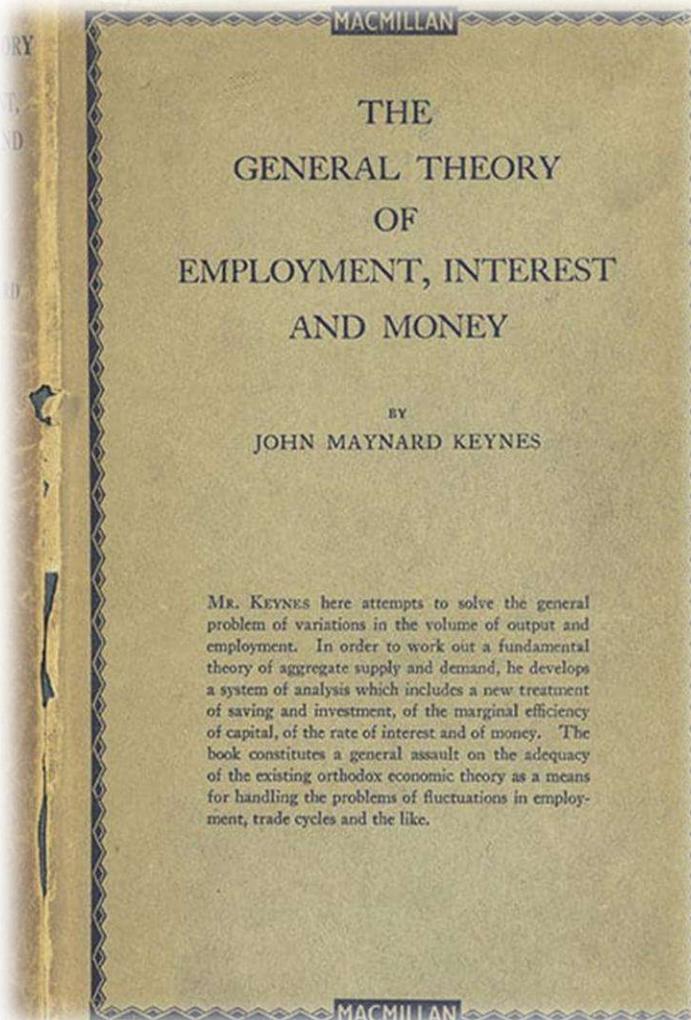
Final thoughts



How can the country afford what it aspires to have in future?

How can businesses play a key role in the transformation process?

Final quote



"The difficulty lies, not in the new ideas, but in escaping from the old ones..."



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Thank You