

4. THE BALANCE OF PAYMENTS

During the third quarter of 2025, the current account surplus increased when compared to the same quarter of 2024. This mostly reflected higher net receipts from services and, to a much lesser extent, a narrower merchandise trade deficit. These outweighed higher net outflows on the primary income account and a shift in the secondary income account from net inflows to outflows.

In the quarter under review, net inflows on the capital account decreased when compared to the corresponding quarter of 2024, while the financial account showed higher net lending.

In the year to September 2025, the current account balance registered a surplus equivalent to 6.8% of GDP. This compares with a current account surplus of 1.8 % of GDP in the euro area.

Meanwhile, the cyclically-adjusted current account balance is estimated to have recorded a surplus of 8.8% during the quarter under review.

In the third quarter of 2025, the tourism sector reported further gains. The number of inbound tourists, nights stayed, and tourist expenditure in Malta all increased when compared with a year earlier. Nevertheless, the annual rates of change moderated when compared to both the third quarter of 2024 and the second quarter of 2025. Among the three headline indicators, only expenditure continued to increase at double-digit rates.

The current account

The current account surplus increases

Between July and September 2025, the current account of the balance of payments recorded a surplus of €642.3 million, €108.0 million more than the surplus recorded in the same quarter of 2024 (see Table 4.1). This reflected higher net receipts from services and, to a lesser extent, a narrower merchandise trade deficit. These outweighed higher net outflows on the primary income account and a shift in the secondary income account from net inflows to outflows.

On a four-quarter moving sum basis, the current account surplus narrowed to €1,648.4 million, from €1,834.8 million a year earlier. This mainly reflects a considerable shift in the secondary

Table 4.1
BALANCE OF PAYMENTS

EUR millions

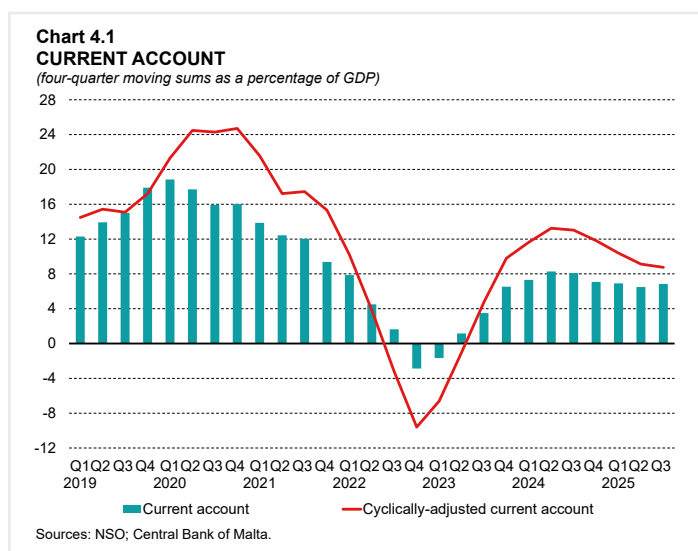
	Four-quarter moving sums					2024 Q3	2025 Q3
	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3		
Current account	1,834.8	1,637.7	1,619.8	1,540.4	1,648.4	534.3	642.3
Goods	-2,889.9	-2,748.6	-2,884.9	-3,048.8	-3,040.2	-816.1	-807.5
Services	7,226.0	7,043.9	7,089.4	7,181.4	7,379.4	1,978.7	2,176.7
Primary income	-2,568.3	-2,677.6	-2,605.2	-2,569.3	-2,621.2	-644.6	-696.4
Secondary income	66.9	19.9	20.6	-22.8	-69.6	16.3	-30.5
Capital account	407.7	350.3	350.5	302.9	264.4	97.7	59.3
Financial account⁽¹⁾	2,027.8	1,837.5	1,850.2	1,929.7	2,005.3	562.5	638.1
Errors and omissions	-214.8	-150.5	-120.1	86.4	92.5	-69.5	-63.5

Sources: NSO; Central Bank of Malta.

⁽¹⁾ Net lending (+) / net borrowing (-).

income account from net inflows to net outflows. In addition, net outflows on the primary income account rose when compared to a year earlier. Meanwhile, the trade balance stood largely unchanged as a higher merchandise trade deficit almost offset a higher services surplus.

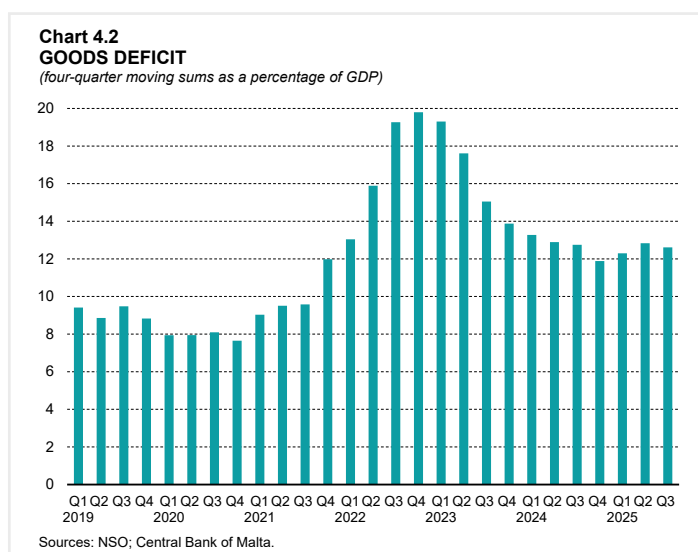
The current account surplus-to-GDP ratio decreased to 6.8% from 8.1% a year earlier (see Chart 4.1). Malta's cyclically-adjusted current account surplus is estimated to have stood at 8.8% of GDP in the third quarter of 2025, and thus wider than the headline measure (see Chart 4.1).¹



The merchandise trade deficit narrows

In the third quarter of 2025, the merchandise trade deficit stood at €807.5 million, down slightly from €816.1 million in the corresponding period of 2024. The smaller deficit was mainly driven by lower imports, which outweighed a decrease in exports. This dynamic mostly reflects lower imports of mineral fuels, lubricants and related materials, and to a lesser extent, machinery and transport equipment.

The visible trade gap increased when measured on a four-quarter cumulative basis, reaching €3,040.2 million, from €2,889.9 million in the same period a year earlier. This mostly reflected a decrease of €265.0 million in exports, due to lower exports of mineral fuels, lubricants and related materials, and to a lesser extent, machinery and transport equipment. This offset a decrease in imports of €114.7 million, mainly due to a drop in imports of the same product categories. The share of the goods deficit in GDP declined slightly to 12.6% during the third quarter of 2025, from 12.7% a year earlier (see Chart 4.2).



The surplus on services widens

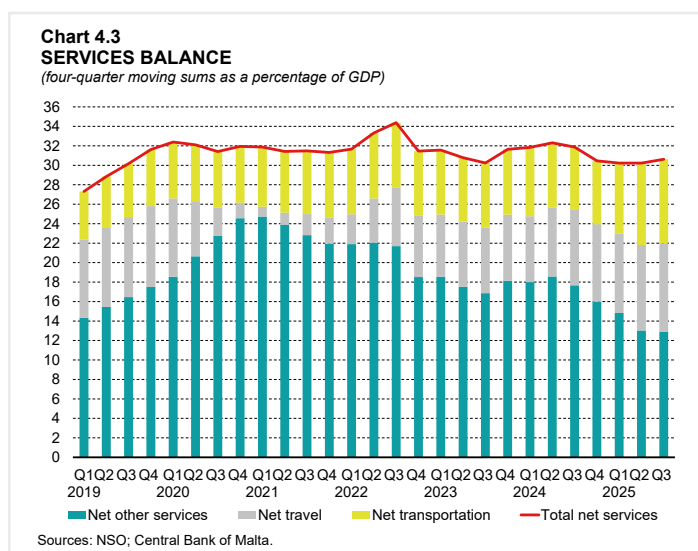
In the quarter under review, net receipts on the services account amounted to €2,176.7 million, €198.0 million more than in the

¹ For more information on Malta's cyclically-adjusted current account, see Grech, A. G., & Rapa, N., "An evaluation of recent shifts in Malta's current account position", in Grech, A.G., & Zerfa, S. (eds.), *Challenges and Opportunities of Sustainable Economic Growth: the Case of Malta*, Central Bank of Malta, 2017.

corresponding period of 2024. Both services exports and imports increased on a year earlier however, the increase in the former was larger.

Higher net receipts from travel, transport and 'other' services such as transactions related to professional and management consulting services, were the key factors behind the increase in the overall surplus on the services account.

On a four-quarter cumulative basis, the overall surplus from services stood at €7,379.4 million, an increase of €153.3 million over the surplus recorded a year earlier. Once again, transport and travel services contributed most to the increasing surplus, offsetting the higher deficit recorded on 'other' services mostly due to professional and management consulting services. The share of net services receipts in GDP stood at 30.6%, down from 31.9% registered during the same period of 2024 (see Chart 4.3).



Net outflows on the primary income account increased²

During the quarter under review, net outflows on the primary income account stood at €696.4 million, €51.9 million more than in the third quarter of 2024. This was due to higher net payments related to direct investment and a decrease in net income receipts on portfolio investment. Together these outweighed lower net payments related to other investment.

In the four-quarter period to September 2025, net outflows on the primary income account increased by €52.9 million, to stand at €2,621.2 million. This reflected higher net payments in all three primary income components. Within the investment income component, higher net payments related to 'other' and direct investment offset an increase in net income receipts on portfolio investment. Transactions relating to primary income continued to be strongly influenced by internationally-oriented institutions, which transact predominantly with non-residents. During this period, net outflows on the primary income account amounted to 10.9% of GDP, down from 11.3% a year earlier.

Net flows on the secondary income account turn negative³

In the third quarter of the year, net flows on the secondary income account turned negative to -€30.5 million from €16.3 million a year earlier.

During the year to September 2025, net outflows stood at €69.6 million, compared with net inflows of €66.9 million in the same period of last year. Their share in GDP remained small, at 0.3%.

Tourism

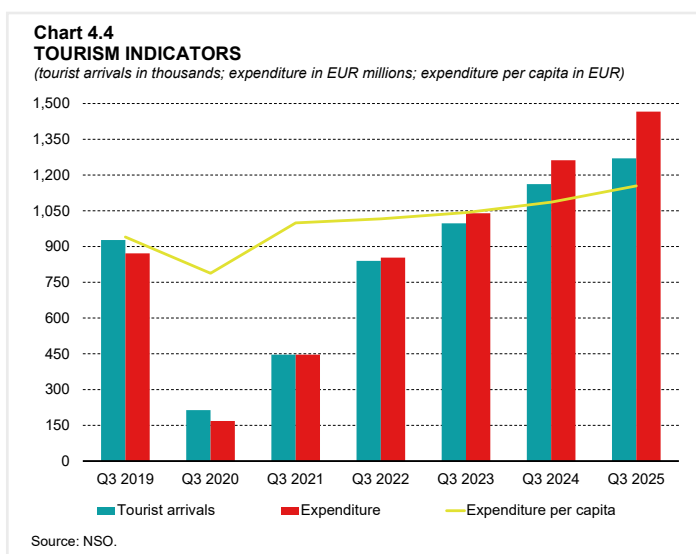
The number of inbound tourists amounted to 1,269,753 in the third quarter of 2025, up from 1,161,924 a year earlier (see Chart 4.4). This implies an increase of 9.3% in annual terms. Although strong,

² The primary income account shows income flows related mainly to cross-border investment and compensation of employees.

³ The secondary income account shows current transfers between residents and non-residents.

growth has moderated from the 16.5% registered in the third quarter of 2024.

Visitors from the United Kingdom accounted for most of the increase in year-on-year arrivals. They were followed by those coming from Poland, who made up almost a third of the rise. In absolute terms, tourists coming over for holiday purposes accounted for most of the increase in arrivals. Those visiting for business purposes also rose though to a much lower extent, while visitors for 'other' motives decreased.

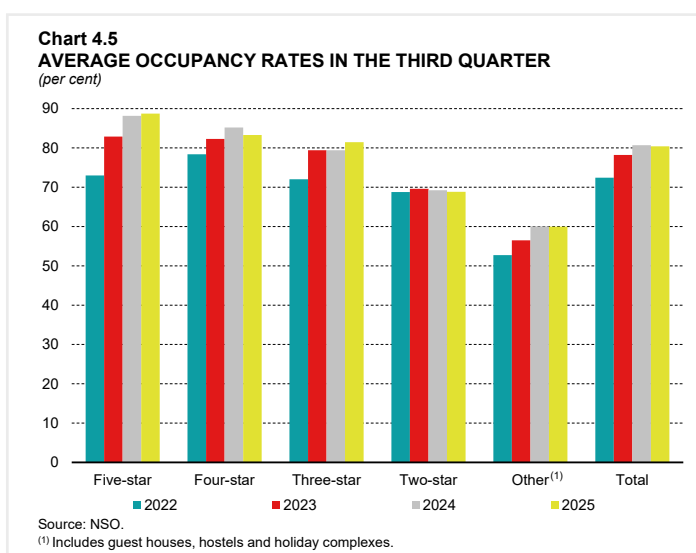


Tourists spent 8.9 million nights in Malta during the third quarter of 2025, an increase of almost 7% over the corresponding period of 2024. The increase was primarily driven by nights stayed in rented accommodation. Stays in non-rented accommodation also increased, but the rise was less pronounced.⁴

The total occupancy rate in collective accommodation establishments in the third quarter of 2025 declined to 80.4%, from 80.7% a year earlier (see Chart 4.5). The four-star category registered the largest fall of 1.9 percentage points. It was followed by the two-star category which showed a decline of 0.4 percentage points. The occupancy rate outside the hotel category was largely unchanged, while the three-star and five-star categories registered gains. The highest occupancy rate of 88.7% was registered in the five-star category, while the "other" category recorded the lowest occupancy rate, of 60.0%.

Tourist expenditure in Malta totalled €1,465.8 million in the third quarter of 2025, up from €1,262.1 million a year earlier, an increase of 16.1%. All expenditure categories registered gains over this period.

Expenditure per capita increased to €1,154.4, from €1,086.2 in the third quarter of 2024, reflecting an increase



⁴ Accommodation is divided into two categories – rented accommodation and non-rented accommodation. Rented accommodation is further divided into collective accommodation (comprising hotels, guesthouses, hostels, tourist villages, holiday complex, bed & breakfast and campsites), and 'other rented' accommodation (holiday furnished premises, host families, marinas, paid-convents, rented yachts and student dormitories). Non-rented accommodation comprises own private residence, staying with friends or relatives and other private accommodation.

in expenditure per night as the length of stay decreased (see Chart 4.4 and Chart 4.6).

According to Malta International Airport data, in the quarter under review, average seat capacity stood at 1,138,857 seats per month, up from 1,044,388 a year earlier (see Chart 4.7).

A total of 140 cruise liners visited Malta in the third quarter of 2025, 16 more than a year earlier. Foreign passengers totalled 341,178 persons, an increase of 8.6% over the third quarter of 2024 (see Chart 4.8).

Italy, the United Kingdom and the United States were the most important source markets, together accounting for more than half of total cruise passenger arrivals. However, in absolute terms, visitors from Spain registered the largest increase, followed by those coming from Italy and France. By contrast, those coming from the United States, Germany, Canada and the United Kingdom decreased.

The capital account

Net inflows on the capital account closed the quarter under review at €59.3 million, down from €97.7 million a year earlier (see Table 4.1). When measured on a four-quarter cumulative basis, capital inflows also decreased to €264.4 million, from €407.7 million a year earlier. Their share in GDP decreased to 1.1% from 1.8% in the third quarter of 2024.

