

BOX 1: MERCHANDISE TRADE BETWEEN MALTA AND SELECTED MENA COUNTRIES (2011-2021)^{1,2}

As a member state of the European Union (EU), Malta trades heavily with other EU member states. However, Malta's merchandise trade with countries in the Middle East and North Africa (MENA) is also significant. This study presents an analysis of merchandise trade flows between selected MENA countries and Malta. Furthermore, it presents Malta's goods trade with the MENA countries as a proportion of total Maltese trade with the rest of the world.

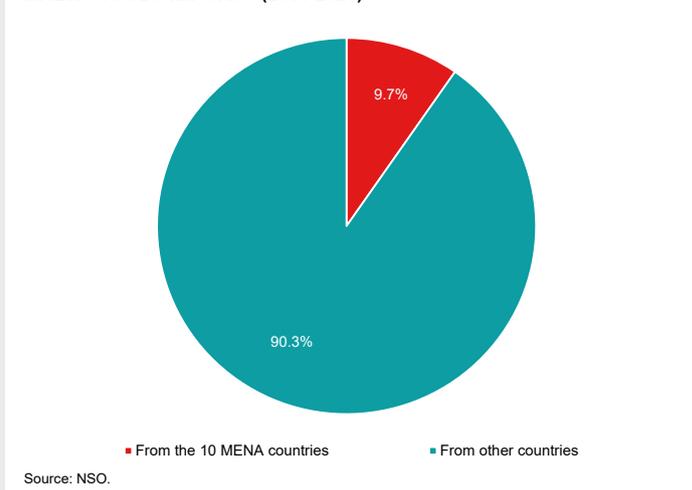
For comprehensibility, and since Malta had little to no trade volume with several countries of the MENA region, the MENA countries considered in this box were limited to the ten countries in the region having the highest trade with Malta. These are Algeria, Egypt, Israel, Libya, Morocco, Qatar, Saudi Arabia, Tunisia, Turkey and the United Arab Emirates.

Imports

During the period from 2011 to 2021, Malta imported an average of €6,206.7 million worth of goods a year, of which 9.7% originated from the ten selected MENA countries, with an annual average worth of €602.1 million (see Chart 1). The share of imports from the ten MENA countries increased significantly from 5.0% in 2011 to 13.1% of the total in 2014. The share then dropped to 8.8% in 2016, before increasing to 9.9% in 2017. It has then remained around that level in the following years.

Merchandise imports from the ten MENA countries increased significantly from 2011 to 2012. In fact, in nominal terms, imports more than doubled from around €264.4 million in 2011 to around €597.5 million in 2012. This increase was mainly driven by the increase in oil imports.³ The value of goods imported from the ten MENA countries continued to increase until 2014, when it reached a high of €838.9 million, of

Chart 1
MALTA GOODS IMPORTS (2011-2021)



¹ Data in this Box uses the Harmonised System (HS) classification (2 digits) retrieved from the National Statistics Office (NSO) on 23 May 2022.

² Prepared by Ahmed Hnesh, Research Officer within the Monetary Policy, Eurosystem and International Relations Department of the Central Bank of Malta. Reviewed by Kalina Koleva and John Caruana. The views expressed in the Box are the author's own and do not necessarily reflect the views of the Bank.

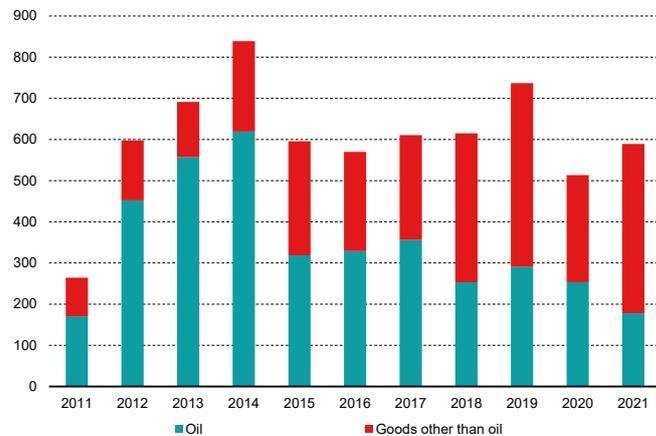
³ Oil consists of mineral fuels, mineral oils and products of their distillation, bituminous substances, and mineral waxes. Oil trade figures include oil bunkering.

which €619.3 million were imports of oil. Moreover, imports of goods other than oil have also substantially increased from 2011, when such imports stood at around €93.8 million, to around €411.2 million in 2021. From 2011 to 2017, oil was the dominant imported good. However, since 2018 Maltese imports mostly reflected trade in goods other than oil, although the latter remained the single most important traded category (see Chart 2 and Chart 5).

Between 2011 and 2021, Maltese imports of goods excluding oil averaged €4,298.2 million a year, of which 6.0% originated from the ten MENA countries with an average value of €258.6 million annually (see Chart 3).

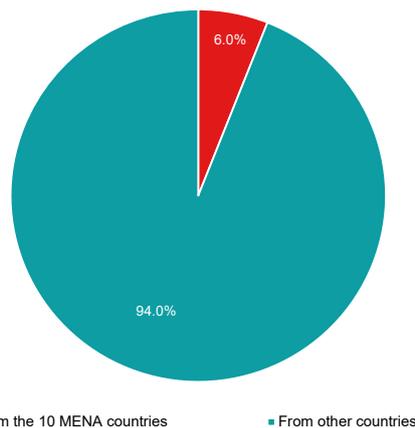
Looking at trade in oil in 2011, Malta imported €1,943.9 million worth of oil, of which 8.8% came from the ten MENA countries with a value of €170.6 million. Oil imports from the MENA countries continued to increase, reaching a peak of €619.3 million in 2014, representing 24.2% of Malta's total oil imports in that year. However, by 2018, the percentage went down to 13%. The

Chart 2
MALTA GOODS IMPORTS FROM THE 10 MENA COUNTRIES
(EUR millions)



Source: NSO.

Chart 3
MALTA GOODS IMPORTS EXCLUDING OIL (2011-2021)



Source: NSO.

Chart 4
MALTA OIL IMPORTS
(per cent)



Source: NSO.

share of imports from these selected countries reached 15.6% in 2019, and 20.6% 2020.⁴ In 2021, Malta imported €1,435.9 million of oil, with the selected MENA countries accounting for 12.4% (see Chart 4).

Looking at imports by product category in more detail, in the 2011 to 2021 period, oil made up the biggest share of goods imported. It accounted for 57.0% of total goods

imported. Other imports included ships, boats and floating structures, which accounted for 7.4% of the total, while organic chemicals accounted for 6.7%. Electrical machinery and equipment accounted for 4.5% and fish and crustaceans made up 4.0% of imports over the reviewed period. When grouped together, other goods imported in small values made up the remaining 20.4% (see Chart 5).

Exports

As regards exports of goods, the ten MENA countries accounted for 15.7% of Malta's total exports in the years extending from 2011 to 2021. Malta's goods exports to the ten MENA countries had an average annual value of €592.1 million out of an average of €3,775.6 million worth of total Maltese goods exported annually from 2011 to 2021 (see Chart 6). The share of exports to the ten MENA countries stood at 13.9% of the total in 2011 and reached a high of 25.1% in 2014. Since then, however, it decreased, reaching a low of 7.8% in 2021.

Chart 5
MOST IMPORTED GOODS FROM THE 10 MENA COUNTRIES

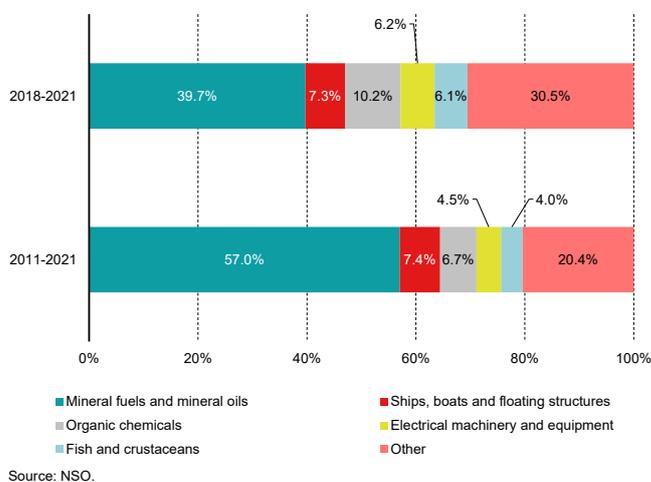
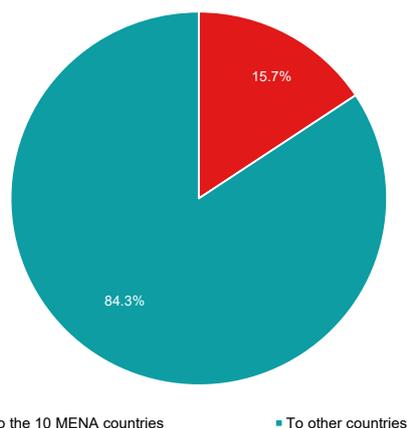


Chart 6
MALTA GOODS EXPORTS (2011-2021)



⁴ In 2020, Malta imported its oil from: Italy 20%, Spain 9.9%, Algeria 9.1%, Trinidad and Tobago 8.4%, United Kingdom 7.4%, France 6.4%, Russian Federation 5.1%, Turkey 4.2%, Israel 3.8%, Netherlands 3.6%, Greece 3%, Egypt 2.9%, Belgium 2.1%, Croatia 2%, United States 1.9%, remaining partners 10.3%.

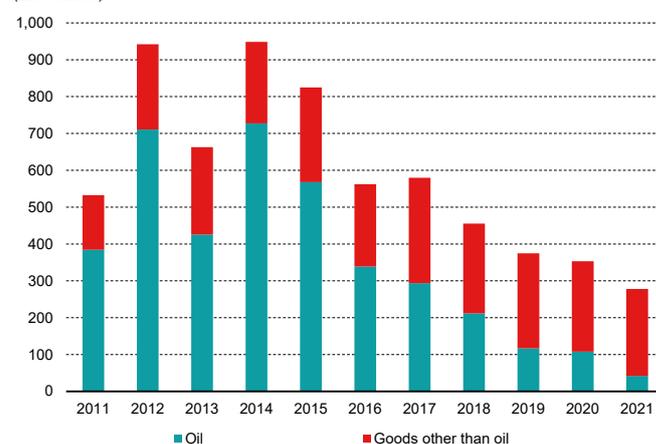
In contrast to imports from the region, exports to the region have fallen over time. This reflects a decrease in the importance of oil-related exports.⁵ By contrast, Malta's exports of goods other than oil to the ten MENA countries remained relatively stable over the period under consideration. However, oil re-exports changed widely, resulting in the fluctuation of overall exports to the selected MENA countries. Exports of goods other than oil were valued at around €147.7 million in 2011 out of total exports worth €532.3 million. The value of exports of goods other than oil peaked at €285.8 million in 2017, while oil stood at €293.9 million, with total goods exported that year amounting to €579.8 million. Exports of goods declined in the following years. In 2020, re-exports of oil were valued at €107.8 million while goods other than oil were valued at €245.2 million resulting in total goods exports of €353.1 million. In 2021, Malta re-exported €42.1 million of oil to the MENA countries, while exporting €235.9 million of goods other than oil resulting in total of goods' exports of €278.0 million (see Chart 7).

When it comes to exports excluding oil, the ten MENA countries imported 9.8% of the Maltese merchandise exports over the period from 2011 to 2021. On average, over this period, Malta exported €235.0 million of goods other than oil to the ten MENA countries annually. This compared with total Maltese exports of goods other than oil averaging €2,392.6 million annually (see Chart 8).

Malta's oil re-exports to the ten MENA countries fluctuated more than imports. In 2011, Malta re-exported a total of €1,620.7 million worth of oil, of which around 23.7%, valued at €384.5 million, went to the ten MENA countries. Oil re-exports to these countries

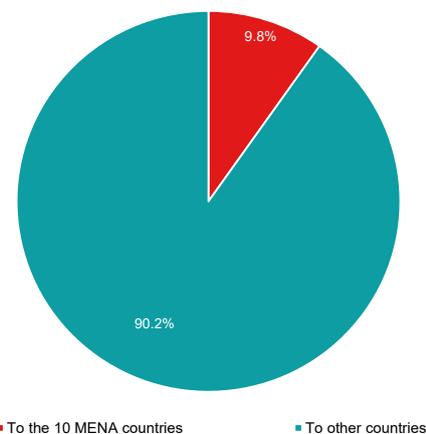
⁵ As Malta produces no oil, all oil exports are re-exports.

Chart 7
MALTA GOODS EXPORTS TO THE 10 MENA COUNTRIES
(EUR millions)



Source: NSO.

Chart 8
MALTA GOODS EXPORTS EXCLUDING OIL (2011-2021)



Source: NSO.

reached a peak of €727.4 million in 2014, equivalent to 45.3% of total Maltese oil re-exports. The share of the ten MENA countries in total oil re-exports then started to decrease from 2015 and reached 20% in 2017. The share then experienced a slight increase to 20.2% in 2018 before halving in 2019 to 10.1%. In 2020, Malta re-exported €107.8 million of oil to the ten MENA countries, which represents 10.0% of total Maltese oil re-exports in that year. Subsequently, in 2021, Malta re-exported a total of €1,014.4 million of oil, of which only 4.2%, or €42.1 million, went to the ten MENA countries (see Chart 9).

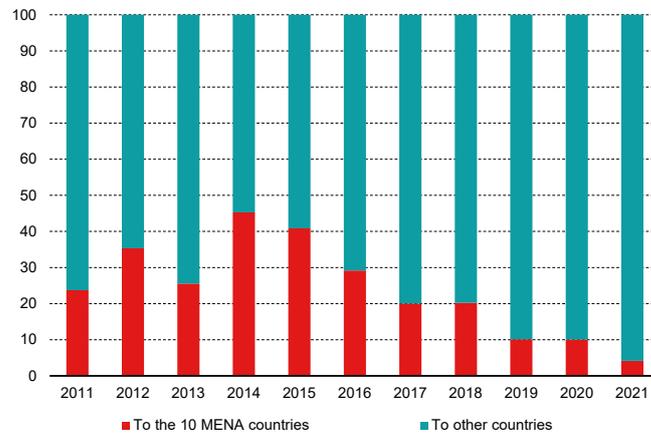
A more detailed breakdown of Maltese goods exports to the ten selected MENA countries shows that during the same period these mainly consisted of oil, which represented 60.3%

of the total goods export value. Other goods contributed to a much lesser extent to exports when compared to mineral fuels, with the categories of electrical machinery and equipment accounting for 5.0% and machinery and mechanical appliances accounting for 4.3% of the total. Miscellaneous edible preparations amounted to 2.9% of Maltese exports of goods, while tobacco and tobacco substitutes accounted for 2.5%. Other goods exported in small values made up the remaining 25.0% of the total value of goods exported by Malta to the ten MENA countries (see Chart 10).

Conclusion

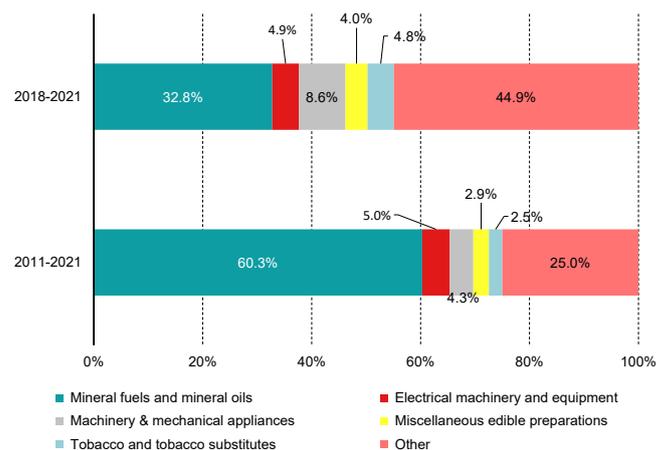
Malta's trade in goods with the ten selected countries of the MENA region held a relatively significant weight between 2011-2021. However, the region's relative share in Malta's

Chart 9
MALTA OIL RE-EXPORTS
(per cent)



Source: NSO.

Chart 10
MOST EXPORTED GOODS TO THE 10 MENA COUNTRIES



Source: NSO.

merchandise trade peaked in 2014 and then decreased over the remainder of the period reviewed.

Although as a trading partner it is less significant than the EU, the share of trade with the selected MENA countries is still relevant. Malta's merchandise trade with the selected MENA countries for the period from 2011 to 2021 was broadly in balance, with average annual net imports of just €10.0 million. Imports from the selected countries of the region represented almost 9.7% of total Maltese goods imports over the reference period, while exports represented 16.2% of total Maltese goods exports. Between 2011 and 2017, trade was dominated by oil. However, from 2018 onwards, goods other than oil accounted for a larger share of overall trade, which indicates a shift in trade patterns with the MENA region.