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As at the end of June 2010, the Maltese economy recorded an estimated net international investment position (IIP) of €900.2 million.

International Investment Position of Malta: June 2010

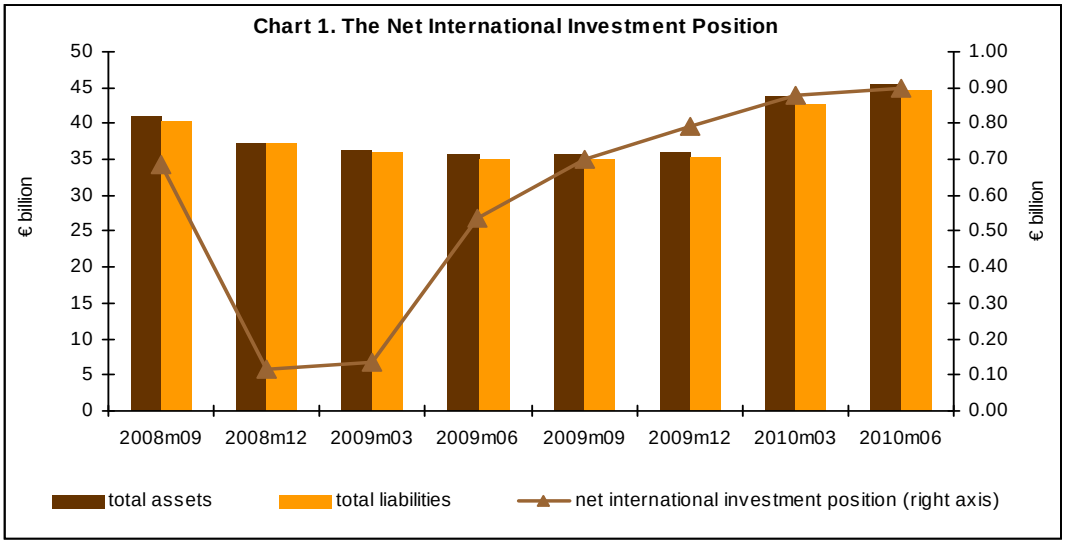
The total holding of foreign assets owned by domestic residents was €45.5 billion compared to €44.6 billion in liabilities to foreign residents as at June last year.

Over the course of a year, between June 2009 and June 2010, foreign assets advanced by 27.7 per cent. The increase was due to improvements in portfolio and other investments of €4.7 billion and €5.0 billion respectively. These increases were mainly driven by cross-border asset positions in foreign debt securities and loans by the banking sector.

On the liabilities side, foreign direct investment in Malta amounted to €11.9 billion by end June 2010, an increase of €5.8 billion from the position a year before. Furthermore, Malta's other investment liabilities went up by €3.6 billion over the same time period due to changes recorded in currency and deposits and loans.

The country's reserve assets decreased by €71.6 million during the period under review, standing at €290.2 million as at the end of June 2010.

The IIP statement is a summary balance sheet showing the stock of external assets and liabilities of Malta vis-à-vis the rest of the world as at the end of a particular period. The compilation of the IIP is in line with international statistical standards ■



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Unit A3: Balance of Payments

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Table 1. International Investment Position: March 2008-June 2010 …

€ million

	2008				2009				2010	
	March	June	September	December	March	June	September	December	March	June
International Investment Position, net	**841.5**	**599.5**	**684.9**	**115.4**	**136.3**	**534.5**	**699.2**	**793.3**	**878.4**	**900.2**
A. Assets	**33,771.7**	**37,087.2**	**40,980.3**	**37,206.6**	**36,156.3**	**35,628.6**	**35,778.4**	**35,941.5**	**43,650.7**	**45,482.1**
1. Direct Investment abroad	**825.0**	**853.1**	**836.5**	**769.3**	**875.4**	**1,133.3**	**1,022.2**	**1,078.0**	**1,169.6**	**1,213.3**
1.1 Equity capital and reinvested earnings	691.2	706.0	681.2	618.7	599.9	838.3	811.4	868.6	881.1	891.3
1.1.1 Claims on affiliated enterprises	691.2	706.0	681.2	618.7	599.9	838.3	811.4	868.6	881.1	891.3
1.1.2 Liabilities to affiliated enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Other capital	133.7	147.1	155.2	150.5	275.5	294.9	210.8	209.4	288.5	322.0
1.2.1 Claims on affiliated enterprises	194.6	206.3	217.0	225.6	348.4	368.9	285.8	294.4	379.3	414.5
1.2.2 Liabilities to affiliated enterprises	60.9	59.2	61.7	75.1	72.8	74.0	75.0	85.0	90.9	92.6
2. Portfolio Investment	**10,701.2**	**12,198.9**	**13,364.6**	**10,187.6**	**9,914.7**	**10,393.3**	**11,491.6**	**12,437.0**	**13,487.6**	**15,128.8**
2.1 Equity securities	855.6	841.0	1,278.9	807.4	780.7	808.3	831.2	844.3	879.0	873.4
2.1.1 Monetary authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.2 General government	0.0	0.0	0.0	0.0	1.5	1.5	1.5	1.5	1.5	1.5
2.1.3 Banks	25.5	15.8	454.6	77.7	74.4	78.6	69.8	53.0	47.4	38.0
2.1.4 Other sectors	830.1	825.1	824.3	729.7	704.8	728.1	759.9	789.8	830.1	833.8
2.2 Debt securities	9,845.5	11,358.0	12,085.8	9,380.1	9,134.0	9,585.1	10,660.3	11,592.7	12,608.6	14,255.5
2.2.1 Bonds and notes	9,845.5	11,358.0	12,069.1	9,370.9	8,967.2	9,394.9	10,430.5	11,389.7	12,376.5	14,233.2
2.2.1.1 Monetary authorities	696.6	763.0	904.4	964.8	1,059.4	1,108.6	1,073.7	1,076.7	1,105.4	1,291.6
2.2.1.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.3 Banks	8,530.7	9,975.0	10,538.6	7,762.5	7,268.3	7,603.4	8,625.0	9,549.0	10,509.6	12,166.2
2.2.1.4 Other sectors	618.2	620.0	626.1	643.7	639.5	682.9	731.8	764.1	761.5	775.4
2.2.2 Money market instruments	0.0	0.0	16.7	9.2	166.8	190.1	229.8	203.0	232.1	22.3
2.2.2.1 Monetary authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.3 Banks	0.0	0.0	16.7	9.2	166.4	185.8	219.0	202.2	231.4	21.9
2.2.2.4 Other sectors	0.0	0.0	0.0	0.0	0.4	4.4	10.8	0.8	0.7	0.4
3. Financial derivatives	**173.3**	**126.7**	**155.2**	**276.8**	**376.6**	**113.7**	**173.3**	**138.1**	**206.6**	**218.5**
3.1 Monetary authorities	5.2	2.8	0.1	19.3	1.8	3.4	2.2	0.0	0.0	0.0
3.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3 Banks	166.7	122.5	155.1	257.5	373.6	108.8	170.1	137.5	206.0	216.4
3.4 Other sectors	1.5	1.5	0.1	0.0	1.3	1.5	1.1	0.5	0.6	2.1
4. Other Investment	**21,640.0**	**23,522.8**	**26,274.8**	**25,704.7**	**24,691.6**	**23,626.5**	**22,738.8**	**21,914.7**	**28,422.0**	**28,631.3**
4.1 Trade credits	577.5	611.7	635.8	666.2	692.6	716.8	788.5	903.7	876.0	897.5
4.1.1 General government:	0.1	0.0	0.1	0.1	0.0	0.0	6.6	11.0	0.1	18.0
4.1.1.1 long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.0
4.1.1.2 short-term	0.1	0.0	0.1	0.1	0.0	0.0	6.6	11.0	0.1	0.0
4.1.2 Other sectors:	577.4	611.6	635.7	666.1	692.5	716.8	781.9	892.8	875.8	879.5
4.1.2.1 long-term	30.8	38.5	37.1	47.5	39.2	38.8	38.8	38.8	38.8	38.8
4.1.2.2 short-term	546.6	573.2	598.7	618.6	653.3	678.0	743.1	854.0	837.0	840.8
4.2 Loans[(i)]	16,127.9	17,639.3	19,602.3	19,343.3	19,229.2	17,090.6	15,922.2	15,091.4	15,076.0	26,807.9
4.2.1 Monetary authorities:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2.1.1 long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2.1.2 short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2.2 General government:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.8
4.2.2.1 long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.8
4.2.2.2 short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2.3 Banks[(i)]:	16,008.1	17,513.4	19,471.2	19,206.9	19,116.0	16,973.8	15,800.4	14,959.8	14,943.9	26,659.1
4.2.3.1 long-term	15,247.0	15,356.7	17,586.9	17,684.8	17,407.8	16,097.6	15,129.0	13,709.5	13,631.8	18,921.0
4.2.3.2 short-term	761.0	2,156.6	1,884.3	1,522.0	1,708.1	876.2	671.3	1,250.4	1,312.1	7,738.1
4.2.4 Other sectors:	119.8	125.9	131.1	136.5	113.3	116.8	121.8	131.5	132.1	134.1
4.2.4.1 long-term	60.4	60.8	65.6	27.4	67.9	66.0	65.4	67.4	70.6	75.1
4.2.4.2 short-term	59.3	65.1	65.4	109.1	45.3	50.8	56.4	64.1	61.5	59.0

… Table 1. International Investment Position: March 2008-June 2010

€ million

	2008				2009				2010	
	March	June	September	December	March	June	September	December	March	June
4.3 Currency and deposits[i]	4,849.5	5,192.5	5,806.0	5,529.3	4,610.4	5,659.1	5,846.6	5,741.2	12,312.1	797.4
4.3.1 Monetary authorities	943.1	1,042.9	903.2	312.6	111.3	468.9	182.4	142.8	172.8	199.4
4.3.2 General government	0.4	0.1	0.3	0.1	0.2	0.1	0.1	0.1	0.3	0.2
4.3.3 Banks[i]	3,324.6	3,571.7	4,319.6	4,640.7	3,923.4	4,610.6	5,086.9	5,013.6	11,558.1	6.7
4.3.4 Other sectors	581.3	577.9	583.0	575.9	575.4	579.5	577.2	584.6	581.0	591.1
4.3.4 Other assets	85.3	79.4	230.7	165.8	159.5	159.9	181.6	178.4	158.0	128.4
4.4.1 Monetary authorities:	11.7	11.6	11.7	12.3	12.0	12.0	12.0	13.2	12.0	14.2
4.4.1.1 long-term	11.7	11.6	11.7	11.5	12.0	12.0	12.0	13.2	12.0	14.2
4.4.1.2 short-term	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0
4.4.2 General government:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.2.1 long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.2.2 short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.3 Banks:	66.9	61.1	212.3	146.8	140.9	141.3	163.0	158.6	139.3	107.6
4.4.3.1 long-term	4.8	10.2	13.5	104.9	13.7	80.5	73.2	65.2	63.6	0.0
4.4.3.2 short-term	62.1	50.9	198.8	41.9	127.1	60.8	89.8	93.4	75.7	107.6
4.4.4 Other sectors:	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
4.4.4.1 long-term	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
4.4.4.2 short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Reserve assets	**432.2**	**385.6**	**349.1**	**268.3**	**297.9**	**361.8**	**352.4**	**373.7**	**364.9**	**290.2**
5.1 Monetary gold	3.5	3.5	3.7	3.7	10.6	10.2	10.5	4.5	4.9	3.1
5.2 Special drawing rights	39.9	40.2	42.8	12.9	13.2	13.0	103.8	104.3	107.9	115.4
5.3 Reserve position in the Fund	41.9	41.7	43.8	44.6	45.2	44.2	35.8	36.1	37.2	33.0
5.4 Foreign exchange	346.9	300.3	258.8	207.1	229.0	294.4	202.4	228.8	214.9	138.7
5.4.1 Currency and Deposits	203.8	170.5	153.9	107.5	56.5	107.5	37.8	90.2	69.8	5.0
5.4.1.1 With monetary authorities	2.0	2.4	36.4	42.9	1.8	2.6	1.3	1.3	1.5	3.5
5.4.1.2 With banks	201.8	168.1	117.4	64.5	54.6	104.9	36.5	88.9	68.2	1.5
5.4.2 Securities	120.7	124.4	111.2	88.7	161.3	180.6	160.5	145.7	162.2	172.1
5.5 Other claims	22.4	5.4	-6.2	10.9	11.2	6.3	4.2	-7.0	-17.0	-38.4
B. Liabilities	**32,930.2**	**36,487.8**	**40,295.3**	**37,091.2**	**36,019.9**	**35,094.1**	**35,079.3**	**35,148.2**	**42,772.3**	**44,581.9**
1. Direct Investment in reporting economy	**5,522.3**	**5,587.5**	**5,627.7**	**5,856.0**	**6,011.9**	**6,121.3**	**6,467.7**	**6,597.0**	**11,163.0**	**11,925.1**
1.1 Equity capital and reinvested earnings	5,184.2	5,217.1	5,326.6	5,473.3	5,603.5	5,707.8	6,029.0	6,214.2	10,792.8	11,549.8
1.1.1 Claims on direct investors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.1.2 Liabilities to direct investors	5,184.2	5,217.1	5,326.6	5,473.3	5,603.5	5,707.8	6,029.0	6,214.2	10,792.8	11,549.8
1.2 Other capital	338.0	370.5	301.1	382.7	408.4	413.5	438.6	382.8	370.3	375.3
1.2.1 Claims on direct investors	651.4	673.5	770.6	698.4	694.3	673.4	663.9	734.4	789.1	797.4
1.2.2 Liabilities to direct investors	989.5	1,044.0	1,071.7	1,081.0	1,102.7	1,086.9	1,102.6	1,117.2	1,159.4	1,172.7
2. Portfolio Investment	**414.1**	**467.5**	**562.4**	**551.1**	**541.1**	**527.9**	**494.1**	**492.6**	**542.6**	**498.7**
2.1 Equity securities	171.0	173.8	176.3	158.2	151.0	143.6	138.3	135.0	144.9	166.8
2.1.1 Banks	113.9	123.8	125.9	124.9	123.7	118.1	113.7	110.6	111.8	118.8
2.1.2 Other sectors	57.1	50.0	50.5	33.3	27.3	25.5	24.6	24.4	33.1	48.0
2.2 Debt securities	243.1	293.7	386.1	392.9	390.0	384.2	355.8	357.5	397.7	331.9
2.2.1 Bonds and notes	231.8	252.7	313.1	316.3	319.0	319.6	326.1	322.7	330.5	331.9
2.2.1.1 Monetary authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.1.2 General government	5.7	27.8	79.2	89.9	88.4	93.7	97.0	98.1	99.3	102.7
2.2.1.3 Banks	13.6	13.6	18.7	13.7	13.6	14.1	14.2	13.9	15.0	15.8
2.2.1.4 Other sectors	212.5	211.3	215.3	212.8	217.0	211.8	214.9	210.6	216.2	213.4
2.2.2 Money market instruments	11.4	41.0	73.0	76.6	71.1	64.6	29.7	34.9	67.1	0.0
2.2.2.1 Monetary authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2.2 General government	11.4	41.0	73.0	76.6	71.1	64.6	26.3	31.4	63.4	0.0
2.2.2.3 Banks	0.0	0.0	0.0	0.0	0.0	0.0	3.4	3.4	3.7	0.0
2.2.2.4 Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Financial derivatives	**197.2**	**57.9**	**145.2**	**281.7**	**280.8**	**202.9**	**224.4**	**177.8**	**222.4**	**333.3**
3.1 Monetary authorities	0.0	0.0	13.5	1.2	1.0	0.0	0.0	2.2	6.2	9.3
3.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3 Banks	197.2	57.9	131.7	280.5	276.5	199.6	221.1	175.7	212.9	324.0
3.4 Other sectors	0.0	0.0	0.0	0.0	3.3	3.3	3.3	0.0	3.3	0.0

… Table 1. International Investment Position: March 2008-June 2010

€ million

	2008				2009				2010	
	March	June	September	December	March	June	September	December	March	June
4. Other Investment	**26,796.7**	**30,374.8**	**33,960.0**	**30,402.5**	**29,186.2**	**28,242.0**	**27,893.1**	**27,880.8**	**30,844.3**	**31,824.8**
4.1 Trade credits	495.6	514.4	503.5	493.4	463.7	482.9	506.8	543.4	557.4	563.0
4.1.1 General government:	3.7	4.8	3.0	7.1	4.9	1.7	2.5	5.3	3.8	4.9
4.1.1.1 long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.1.1.2 short-term	3.7	4.8	3.0	7.1	4.9	1.7	2.5	5.3	3.8	4.9
4.1.2 Other sectors:	491.9	509.5	500.5	486.3	458.8	481.2	504.4	538.1	553.5	558.1
4.1.2.1 long-term	11.8	14.5	14.0	14.7	16.6	16.6	6.5	19.3	18.1	4.8
4.1.2.2 short-term	480.1	495.1	486.5	471.6	442.3	464.6	497.9	518.8	535.4	553.3
4.2 Loans[ii]	14,024.6	14,701.9	18,010.9	14,898.8	14,810.2	14,256.0	13,426.9	12,984.4	14,781.9	610.8
4.2.1 Monetary authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2.1.1 Use of Fund credit and	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
loans from the fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2.1.2 Other long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2.1.3 Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.2.2 General government	128.0	125.9	123.4	119.0	117.1	108.2	106.2	102.3	101.4	92.7
4.2.2.1 long-term	128.0	125.9	123.4	119.0	117.1	108.2	106.2	102.3	100.6	92.7
4.2.2.2 short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0
4.2.3 Banks[ii]	13,404.0	14,134.8	17,390.5	14,277.2	14,213.6	13,663.1	12,884.2	12,411.0	14,194.9	0.0
4.2.3.1 long-term	6,496.4	7,636.4	9,244.1	4,986.1	4,581.2	5,446.5	5,036.0	5,111.1	5,474.7	0.0
4.2.3.2 short-term	6,907.6	6,498.4	8,146.3	9,291.0	9,632.4	8,216.6	7,848.2	7,299.9	8,720.2	0.0
4.2.4 Other sectors:	492.6	441.2	496.9	502.7	479.5	484.8	436.5	471.1	485.6	518.0
4.2.4.1 long-term	457.3	405.8	417.5	425.7	436.4	438.2	395.7	433.8	445.8	479.9
4.2.4.2 short-term	35.3	35.4	79.5	77.0	43.1	46.6	40.8	37.3	39.8	38.1
4.3 Currency and deposits[ii]	11,784.9	14,449.4	14,624.7	13,914.5	12,768.6	13,287.3	13,763.6	14,127.5	15,337.1	30,494.6
4.3.1 Monetary authorities	785.8	863.9	984.3	677.8	66.9	10.9	323.5	826.3	818.8	865.8
4.3.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.3.3 Banks[ii]	10,902.1	13,479.1	13,526.0	13,116.8	12,581.9	13,156.6	13,320.3	13,181.4	14,398.5	29,509.0
4.3.4 Other sectors	96.9	106.3	114.4	119.8	119.8	119.8	119.8	119.8	119.8	119.8
4.4 Other liabilities	491.6	709.2	820.9	1,095.7	1,143.7	215.8	195.8	225.5	167.9	156.4
4.4.1 Monetary authorities	21.4	62.1	0.3	0.0	0.0	0.3	0.0	0.0	0.0	0.0
4.4.1.1 long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.1.2 short-term	21.4	62.1	0.3	0.0	0.0	0.3	0.0	0.0	0.0	0.0
4.4.2 General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.2.1 long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.2.2 short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.3 Banks	470.2	647.1	820.6	1,095.7	1,143.7	215.5	195.8	225.5	167.9	156.4
4.4.3.1 long-term	103.3	156.2	211.1	231.9	78.2	96.2	94.6	93.4	47.5	0.0
4.4.3.2 short-term	366.9	490.9	609.5	863.9	1,065.6	119.3	101.2	132.1	120.4	156.4
4.4.4 Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.4.1 long-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4.4.2 short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes:
(i) As from June 2010, deposits of the banking sector are being classified under loans.
(ii) As from June 2010, loans of the banking sector are being classified under currency and deposits.

Methodological Notes

1. The National Statistics Office (NSO), with the cooperation of the Central Bank of Malta (CBM), is responsible for the collection, compilation and presentation of both the International Investment Position (IIP) as well as the Balance of Payments (BoP) statements of Malta. Both statements are compiled in accordance with the international guidelines set in the fifth BoP Manual of the International Monetary Fund as well as with the (similarly-set) methodological guidelines set by the European Union statistical agency, Eurostat.

2. The IIP is compiled periodically to show the position of foreign assets and liabilities, by instrument, at the end of a particular month. These are classified under direct investment; portfolio investment; financial derivatives; other investment; and reserve assets.

3. The IIP at the end of a specific period reflects the financial transactions, valuation changes, and other adjustments, denoted by instrument.

4. Data are collected through a direct reporting (DR) survey covering all sectors of the economy, excluding the household sector. The latter is partly obtained from administrative data, which is also used to complement the DR system.

5. Data are provisional and are subject to change.

6. For the first time, the IIP is being presented at the end of each quarter, with the commentary being made for the latest period with the correcsponding period a year before.

Note for Users:

As from 1 January 2008, following Malta's entry into the euro area, a reclassification of the external reserves of the country has been carried out. Indeed, this meant that, as from this date, all cross-border claims that Malta has within the euro area as well as all claims that the country has in euro-denomination are no longer considered as being part of Malta's reserve assets. In addition, as happened in other euro area Member States, Malta has transferred a fraction of its external reserves to the European Central Bank (ECB) in exchange for a claim on the ECB; which, being an intra-Eurosystem asset, is also not considered as being part of the country's external reserves. As a result of this, the portfolio investment account, the financial derivatives account and the other investment account recorded significant changes in their net balances.

In March 2010, a company previously classified as a special purpose entity (and considered as a non-resident entity), was reclassified as a financial intermediary company. This classification primarily contributed to the increase in the FDI position for Malta.