

SPRING 2012 REFORM BAROMETER – MALTA

	Level			Rank			Gap		Areas of Action	
	2010	2011	Change	2010	2011	change	EU top 5	Gap ¹		
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	20166	20793	3,1%	22	21	1	NL AT IE SE DK	-35%	
	2 GDP per capita (€ at 2000 prices)	12879	13084	1,6%	23	23	0	DK IE SE NL AT	-63%	
	3 Labour productivity per hour worked (PPP)	27,8	28,6	3,1%	18	18	0	NL BE FR IE DE	-36%	
	4 Labour productivity per person employed (PPP)	50244	51535	2,6%	20	20	0	IE BE AT FR NL	-26%	
	5 Private investment (excluding non residential, %GDP)	7,1	7,1	0,0	7	7	0	SK AT BE IT CZ	-1,3	
	6 Industrial activity (% total value added)	N/A	N/A	N/A	N/A	N/A	N/A	SK CZ IE RO HU	N/A	
	7 R&D expenditure (% GDP) *	0,5	0,6	0,1	29	26	3	FI SE DK DE AT	-2,6	
	8 Operating surplus (% total value added)	50,7	50,8	0,1	9	8	1	BG GR RO LT IE	-4,3	
Pillar II	9 Current Account (% GDP)	-4,0	-3,1	0,8	24	21	3	SE DK NL LU DE	-8,8	
	10 Export market share (gain from 2000)	-3,5	-3,8	-0,3	19	20	-1	LT RO HU BG CZ	-66,9	
	11 Net export contribution to GDP	4,1	1,6	-2,5	2	10	-8	PT IE GR SK HU	-1,4	
	12 Relative yearly gain in global trade share (% total trade)	-0,13	-0,03	0,1	28	20	8	EE LT LV BG CZ	-0,14	
	13 Relative unit labour cost (gain from 2000)	12,1	11,6	-0,5	24	24	0	DE SE AT PL GR	18,6	
	14 High-tech exports (% total exports) **	44,6	43,8	-0,8	1	1	0	MT LU HU IE CY	13,8	
Pillar III	15 Employment rate (% working age population)	56,1	57,4	1,2	7	8	-1	AT NL LU DE CY	-13,0	
	16 Employment rate 15-24 (% population 15-24)	44,8	43,0	-1,8	10	10	0	NL DK AT DE UK	-10,4	
	17 Employment rate 55-64 (% population 55-64)	30,2	32,2	2,0	32	31	1	SE DE DK UK FI	-28,4	
	18 Annual hours worked (per capita)	1808	1799	-0,5%	11	11	0	PL PT CZ GR HU	-9%	
	19 Labour participation (% working age population)	61,1	61,7	0,6	32	32	0	SE DK NL PT DE	-18,0	
	20 Working age population (as % total population)	69,2	68,8	-0,4	8	11	-3	SK PL CY LT RO	1,0	
	21 Unemployment rate (% labour force)	6,6	6,6	0,0	7	8	-1	AT NL LU DK MT	1,2	
Pillar IV	22 Gross debt - general government (% GDP)	69,0	69,6	0,6	18	18	0	EE BG LU RO SE	47,0	
	23 Net debt - general government (% GDP)*	-51,8	-51,7	0,0	21	19	2	EE DK BG RO SE	-57,1	
	24 Government budget balance (% GDP)	-3,6	-3,0	0,6	9	10	-1	HU SE EE LU FI	-1,6	
	25 Primary balance (% GDP)	-0,6	0,2	0,7	7	8	-1	HU SE DE EE IT	-2,3	
	26 Tax burden (% GDP)	34,6	34,7	0,0	15	14	1	BG LT LV RO SK	6,8	
	27 Highest marginal tax rate, individual rate (%)	35,0	35,0	0	12	12	0	BG CZ LT RO SK	1	
	28 Public investment (% total public expenditure)	5,5	5,9	0,1	25	20	5	RO PL BG LV LT	-9,0	
	29 Net foreign assets (% GDP) *	-5,4	-1,3	4,1	6	9	-3	LU NL CY BE DE	74,4	
Pillar V	30 Net financial assets, households (% GDP) *	175,6	174,5	-1,1	4	4	0	BE IT MT NL CY	3,6	
	31 Net financial liabilities, non financial corporations (% GDP)*	N/A	N/A	N/A	N/A	N/A	N/A	SK DE NL GR DK	N/A	
	32 Regulatory tier 1 capital to risk weighted assets *	15,9	15,3	-0,6	4	6	-2	EE BE MT LU RO	0,4	
	33 Non performing loans to total gross loans	2,4	7,3	4,9	9	19	-10	FI LU SE AT BE	-4,6	
	34 Loans to private sector (% GDP) *	160,2	158,0	-2,2	19	19	0	RO SK PL CZ LT	106,3	
	35 Bank liabilities (%GDP) *	372,7	380,3	7,5	21	21	0	RO SK PL LT BG	300	

■ Five best
■ Lowest third

1. Percentage points, when not indicated otherwise

* 2009/ 2010 data
** 2008/ 2009 data

A methodological note can be found in the report or [here](#).

PRIORITIES FOR REFORM IN 2012

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	17	Accountability for performance of specific functions; enhance efficiency in public health provision; enhance accessibility to EU business funding schemes		X
Priority 2	1	Implementing Better Regulation initiatives; effectively rationalising and streamlining environmental planning procedures	X	
Priority 3	3	Effective resourcing of National Innovation Strategy; Strategic focus on specific sectors with potential innovation multipliers incl. gaming, health, ICT.	X	
Priority 4	16	Curtailement of unnecessary welfare programmes; rationalisation in health expenditure.	X	
Priority 5	12	The need to study at greater depth the requirements of industry and incentivise students to take up education in those fields.	X	

Policy areas

1. Business Environment - Regulatory barriers to entrepreneurship
2. Business Dynamics - Start-up conditions
3. R&D and Innovation
4. ICT
5. Competition policy framework
6. Sector specific regulation (telecom, energy)
7. Market integration - Openness to trade and investment
8. Active labour market policies
9. Job protection
10. Labour supply measures for specific groups (older workers, women...)
11. Wage bargaining and wage-setting policies
12. Labour market mismatch and labour mobility
13. Making work-pay: interplay of tax and benefit system
14. Pension and health care reforms
15. Quality of fiscal institutions and budgetary framework
16. Consolidation of public expenditures
17. Public sector efficiency
18. Public investment
19. Tax reforms
20. Access to bond markets
21. Access to equity markets
22. Venture capital and SME financing instruments
23. Bank lending conditions
24. Long term investment instruments

REFORM PROGRESS IN 2011

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?		How do you assess reform progress over the past year? (1 for excellent progress; 5 for no progress) *	Are these priorities properly identified in the National Reform Programme submitted by your government in 2011?		
			Yes	No		Comments	Rank	Yes
Priority 1	17	Accountability for performance of specific functions; enhance efficiency in public health provision; enhance accessibility to EU business funding schemes		X	Little has been done to increase government accountability and reduce bureaucracy for accessing EU funds.	4		X
Priority 2	1	Implementing Better Regulation initiatives; effectively rationalising and streamlining environmental planning procedures	X		Better regulation is adequately addressed in the NRP with added focus being given to the plan to reduce administrative burdens by 15% by 2012. In addition the opening up of two Business Support Units will reduce the obstacles. Lastly, the SBA will introduce an SME Test for all new legislation.	2	X	
Priority 3	3	Effective resourcing of National Innovation Strategy; Strategic focus on specific sectors with potential innovation multipliers incl. gaming, health, ICT.	X		Notwithstanding problems related to critical mass, R&D and Innovation are adequately targeted in the NRP with a new National R&I Strategy developed that will run through to 2020. Four priority sectors have been identified, however, the national target is at 0.67% of GDP (up from the current 0.54% of GDP) is not considered to be ambitious enough.	3	X	
Priority 4	16	Curtailement of unnecessary welfare programmes; rationalisation in health expenditure	X		addressed but policy concerning the sustainability of public finances hovers more around the discussions for a pension reform than on altering the health system	3		X
Priority 5	13	Tightening of unemployment benefit eligibility rules; linking unemployment benefits to skills acquisition; elimination of minimum wage		X	A large number of measures have been implemented in recent years and are considered within the NRP to <u>curtail the abuse of unemployment benefits</u> . However, the need to link unemployment benefits to skills acquisition is still lacking.	2	X	

* Please see list of areas on page 2 "reform priorities for 2012"

* Rank of reform progress: 1. Excellent/ no further progress needed; 2. Satisfactory; 3. Mixed; 4. Unsatisfactory; 5. No progress

REFORM PROGRESS IN OVERALL POLICY AREAS 2011

	<i>Excellent</i>	<i>Satisfactory</i>	<i>Mixed</i>	<i>Unsatisfactory</i>	<i>No progress</i>
Productivity and investment			X		
International competitiveness				X	
Labour market		X			
Public finances			X		
Financial stability			X		

EUROPEAN SEMESTER

1. Do you believe the European Semester will bring a real change to policy coordination in Europe?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

2. Basing your analysis on the National Reform Programme submitted by your government, would you consider that it reveals a greater commitment from your country to this process?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

3. Do you believe the National Reform Programme submitted by your government properly reflects the key challenges in your county?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		X		

4. The Commission's country specific recommendations for your country are:

<i>Excessively complacent</i>	<i>Slightly too positive</i>	<i>Absolutely appropriate</i>	<i>Slightly too negative</i>	<i>Excessively harsh</i>
		X		

5. Are the country-specific recommendations being properly implemented?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		X		

6. Are commitments concerning the euro plus pact properly addressed by your government in the NRP?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		X		

7. Do you believe the Commission recommendations in this area to be appropriate?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		X		