

KCCI - Country Wrap: Maldives (Jan.'19)

Maldives – a brief overview

In the mid-16th century, Maldives was dominated by the Portuguese Empire. In the mid-17th century, the Dutch Empire (Malabar) dominated Maldives for four months. Finally, in the late 19th century, on the brink of war, Maldives became a British protectorate from 1887 until 1965. The islands gained independence from the British Empire in 1965 and became a republic in 1968, ruled by a president and an authoritarian government.

Economy of Maldives

Maldives has quickly become a middle-income country, driven by the rapid growth of its tourism and fisheries sectors, but the country still contends with a large and growing fiscal deficit. Infrastructure projects, largely funded by China, could add significantly to debt levels. Political turmoil and the declaration of a state of emergency in February 2018 led to the issuance of travel warnings by several countries whose citizens visit Maldives in significant numbers, but the overall impact on tourism revenue was unclear.

In 2015, Maldives' Parliament passed a constitutional amendment legalizing foreign ownership of land; foreign land-buyers must reclaim at least 70% of the desired land from the ocean and invest at least \$ 1 billion in a construction project approved by Parliament. Diversifying the economy beyond tourism and fishing, reforming public finance, increasing employment opportunities, and combating corruption and cronyism are near-term challenges facing the government. Over the longer term, Maldivian authorities worry about the impact of erosion and possible global warming on their low-lying country; 80% of the area is 1 meter or less above sea level.

Key Industries of Maldives

Key industries of Maldives are tourism, fish processing, shipping, boat building, coconut processing, woven mats, rope, handicrafts, coral and sand mining.

Maldives's major trading commodities and partners

Major export commodity of Maldives is fish, while its major export partners are Thailand (42.8%), Sri Lanka (8.7%), Bangladesh (6.4%), France (6.2%), US (6.1%), Germany (5%), Ireland (4.6%). Moreover, major import commodities of Maldives are petroleum products, clothing, intermediate and capital goods while its major import partners are UAE (17.1%), India (13.5%), Singapore (13.3%), China (10.8%), Sri Lanka (6.7%), Malaysia (6%) and Thailand (4.5%).

Economic Relations between Pakistan and Maldives

Pakistan and Maldives have traditionally enjoyed close and cordial relations in the bilateral and regional context, characterized by shared perceptions on global and regional issues. Pakistan offers scholarships and training courses for the Maldivian nationals. Islamabad supports the Minicoy Island as being part of the country and rejects Indian territorial claims over the island. The economic relations with Maldives are minimal due to lack of direct shipping services between the two countries. Both the countries are members of South Asian Free Trade Areas (SAFTA) Agreement.

Bilateral Trade Relations between Pakistan and Maldives

The trade volume between Pakistan and Maldives stood at \$ 7.22Mn in 2017. Maldives's exports to Pakistan stood at \$ 1.50Mn in 2017 against \$6.32Mn in 2016, a decline of 76.3%, whereas its imports from Pakistan stood at \$ 5.72Mn in 2017 against \$ 6.40Mn in 2016, a decrease of 10.6%.

Potential for enhancing bilateral trade relations between Maldives and Pakistan

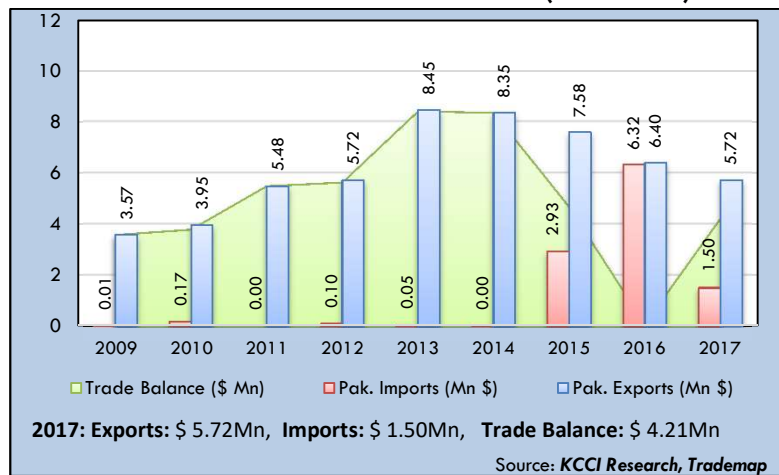
- Trade platforms and trade promotion events can be well utilized.
- Effective utilization of SAFTA agreement can benefit trade of both sides.
- Pakistan can find a market for its engineering and electrical products in Maldives, while also exploring the iron and steel sector in the country.
- Signing of MoUs on tourism, trade promotion, higher education and human resource capacity building would help in further consolidating bilateral relations.

Economic Indicators

Indicators	Unit	2016	2017	Change
GDP (PPP)	\$ Bn	6.58	6.90	4.83%
GDP per Capita	\$	18,600	19,200	3.23%
GDP growth	%	4.50	4.80	0.30%
Forex Reserves	\$ Bn	0.58	0.48	-17.00%
External Debt	\$ Bn	0.85	N/A	N/A
Exports of Goods	\$ Bn	0.14	0.20	42.79%
Imports of Goods	\$ Bn	2.13	2.36	10.87%
Trade Balance	\$ Bn	-1.99	-2.16	-8.63%
Current Account	\$ Bn	-1.03	-0.88	14.95%
CPI	%	0.80	2.30	1.50%
Prime Lending Rate	%	N/A	N/A	N/A
Population	Mn	N/A	0.39	N/A
Unemployment	%	3.2	2.9	-0.30%

Sources: KCCI Research, CIA Factbook, Trademap

Trade between Pakistan & Maldives (2009-2017)



Maldives's Trade with World - Top 10 Trade Items (2017)

Export Items	(\$ Mn)	Import Items	(\$ Mn)
Fish & crustaceans	169.97	Mineral fuels & oils	314.25
Preparations of meat	24.52	Machinery & appliances	272.88
Food industries waste	1.67	Electrical mach. & equip.	202.37
Iron & steel	1.61	Salt, sulphur & stone	121.15
Copper & articles thereof	0.85	Wood & wood articles	109.72
Electrical mach. & equip.	0.34	Furniture & bedding	82.19
Aluminium & articles	0.17	Plastics & articles	76.04
Printed books,newspapers	0.08	Articels-Iron,steel	74.44
Plastics & articles thereof	0.06	Iron & steel	69.31
Edible fruit & nuts	0.02	Aircraft & parts thereof	60.75

Sources: KCCI Research, Trademap

Pakistan - Maldives Top 10 Trade Items (2017)

Export Items	(\$ Mn)	Import Items	(\$ Mn)
Cereals	2.39	Ships & boats	1.401
Prep. of vege., fruit, nuts	1.32	Mics. chemical products	0.102
Pharma. products	1.28	Iron & steel	0.001
Salt; sulphur; earths and stone;	0.36		
Edible fruit & nuts	0.22		
Edible vege. & roots	0.05		
Misc. edible preparations	0.04		
Machinery & appl.	0.04		
Sugars & confectionery	0.03		
Other made-up textiles	0.02		

Sources: KCCI Research, Trademap