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МАКРОЭКОНОМИЧЕСКОЕ РАЗВИТИЕ МАЛЬДИВСКИХ ОСТРОВОВ

Аннотация: в статье рассмотрены основные тенденции макроэкономического развития Мальдив. Наибольший экономический рост в стране обусловлен двумя основными секторами: туризмом и рыболовством, из которых туризм является наиболее значительным. Мальдивские острова продемонстрировали устойчивый рост ВВП с 1980 по 2018 год, при этом темпы роста в среднем составили 7% за этот период. Инфляция на Мальдивах в среднем составила 1,8% в период 2001-2006 гг, с резким увеличением до 6,8% в 2007 году и затем до 12% в 2018 году. Это обусловлено, главным образом, ростом мировых цен на продовольствие, а также цен на топливо. Исследование экономического развития Мальдивских островов показало, как очень маленькая островная страна, которой угрожает повышение уровня моря и нехватка природных ресурсов, может стать страной со средним уровнем дохода, даже несмотря на риски и трудности, с которыми она сталкивается.

Ключевые слова: макроэкономическое развитие, Мальдивы, ВВП

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MACROECONOMIC DEVELOPMENT OF MALDIVES

Abstract: the article describes the main trends of macroeconomic development of Maldives. Most of the economic growth of the country has resulted from two main sectors: tourism and fisheries, of which tourism has been the most significant. The Maldives has shown a steady GDP growth from 1980 – 2018, with a growth rate averaging 7% in that period. Inflation in Maldives averaged 1.8% between 2001 – 2006, with a surge to 6.8% in 2007 and then 12% in 2018. These surges mainly resulted from increases in global food prices and also fuel prices. The development of the Maldives has shown us how a very small island country threatened by rising sea-levels and a lack of natural resources can propel itself to become a middle-income country even through the risks and difficulties it has faced.

Key words: macroeconomic development, Maldives, GDP

The Republic of Maldives is a country consisting of over 1192 tropical islands, consisting of cross-strategic shipping routes and a rich diverse marine environment. Maldivians while being inheritors of a tropical paradise, are not blessed when it comes to an economic standpoint, the Maldives is one of the smallest countries by land area, and being a country restricted to only islands and coastlines, they aren't blessed with many natural resources [1]. There are no resources such as minerals, ore, fossil fuels, and no land to take advantage of for farming on a large or profitable scale. This meant the Maldives is unable to produce any goods apart from those based in fisheries. The

Maldives became a middle-income country in 2012, and had a per-capita income of about \$6300 at the time [2].

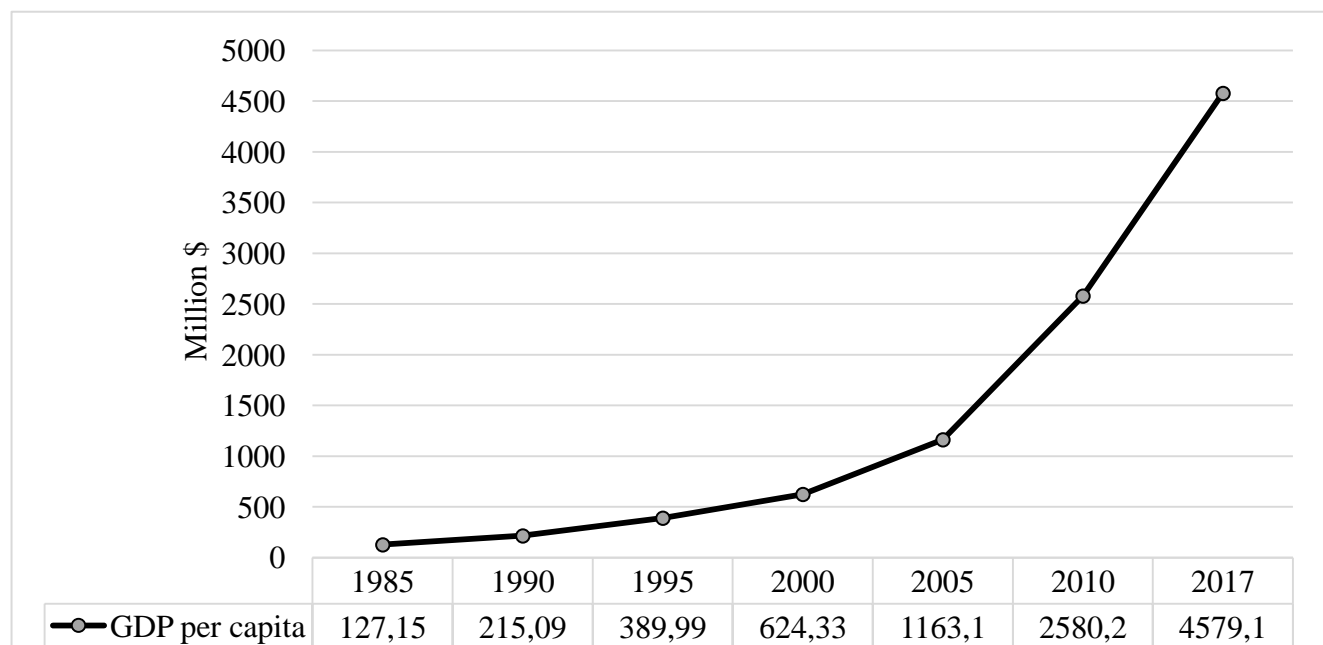
Most of this economic growth has resulted from two main sectors: Tourism and Fisheries, of which Tourism has been the most significant. The Maldives is a major tourist destination in Asia, and the country has taken advantage of its natural beauty by building many modern resorts and even whole islands being dedicated only to tourism. Unfortunately having such a large portion (28%) of its GDP depend on a single industry can have its downside. Tourism is a volatile industry and simple things such as political unrest or natural disasters can have a negative impact on tourism. A good example of this is, the tsunami in 2004, with over \$470 million in financial damages excluding environmental costs, which is over 44% of the country's GDP at the time [4].

The other sector which has been a main component in the Maldivian economy is Fisheries, which employs around 20% of the work force and produces 3% of the GDP. Maldives is a country that focuses heavily on the environment and is an advocate of sustainable fishing. Hence all fishing is done by line and using nets is illegal. 50% of all fish caught is exported usually in the dried/canned fish, 31% frozen and 10% exported fresh. Before the use of outboard motors, Maldivian fishing boats relied on sails, which were slower and less efficient, since the introduction of motors there has been 1380% increase in the annual tuna catch per fisherman since 1983 [4].

The agriculture industry in the Maldives is rather limited due to the quality of soil and the availability of arable land. Its limited to subsistence farming, tropical plants like coconut, banana, breadfruit, papayas, and mangoes are grown. Agriculture forms 6% of the GDP [3].

Industry in Maldives was not such a large component until recently, but it has developed into areas such as garment production, boat building, and handicraft, some of these include tradition arts such as weaving and pottery as well. The current GDP of the Maldives is \$4.597 billion which is 155th in the world. This is an increase of 10,826% from just \$42.46 million in 1980 [5].

Figure 1- GDP of Maldives from 1985 until 2017



The Maldives has shown a steady GDP growth from 1980 – 2018, With a growth rate averaging 7% in that period [4].

Since 1995, The Maldives has maintained a higher GDP per capita than all South Asian countries. This includes India, Bangladesh, Nepal, Bhutan, Pakistan, Sri Lanka, Afghanistan and Palestine. The GDP per capita was more than twice of the average of

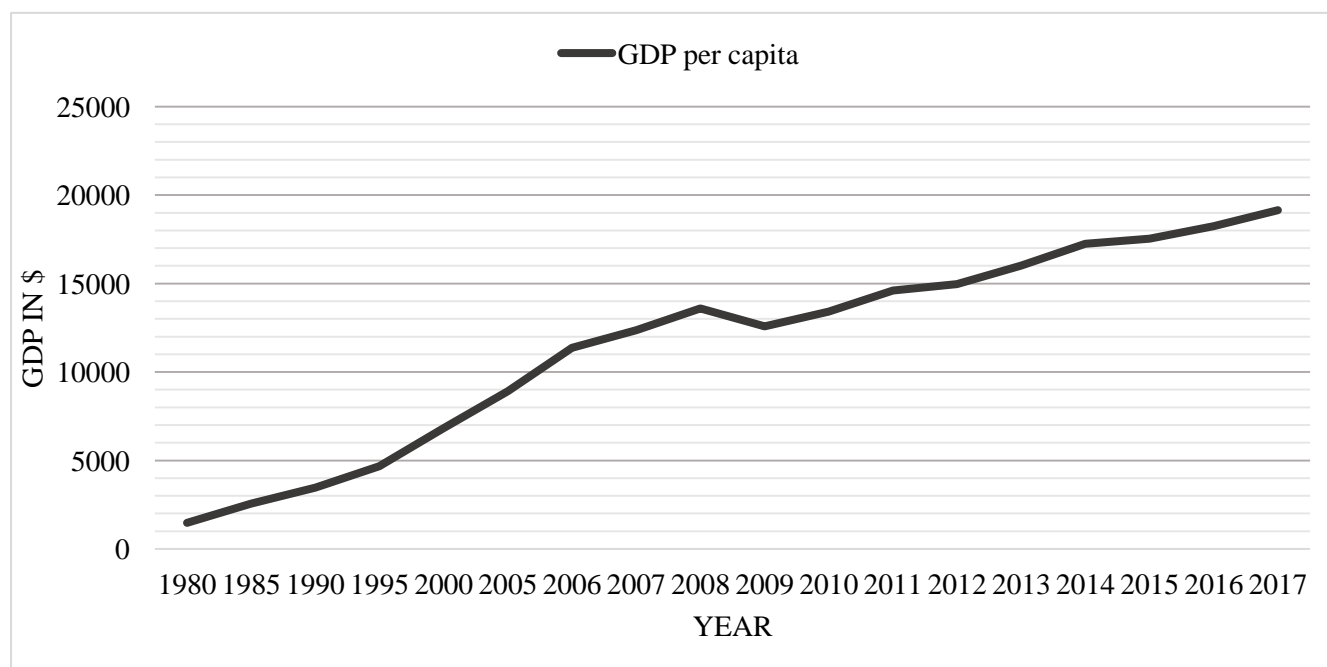


Figure 2- GDP per capita of Maldives from 1980 until 2017

the South Asian sub-region between 2002 and 2014 [4]. Inflation in Maldives averaged 1.8% between 2001 – 2006, with a surge to 6.8% in 2007 and then 12% in 2018. These surges mainly resulted from increases in global food prices and also fuel prices. Figure 1.3 below shows inflation rates for different categories between 2000 and 2014 [4].

Since 1994, the exchange rate of the Maldivian currency (Rufiyaa) has only changed twice. First a devaluation of 8.8% in 2001, then in April of 2011. This was due to a change in the structure of the foreign exchange market with the adoption of a more flexible exchange rate regime, which allowed the Maldivian rufiyaa to fluctuate within a horizontal band of 20% at 12.85 per US dollar. As of now the exchange rate is fixed at 15.42 per US dollar [2].

When it comes to the macroeconomic environment of the external sector, Maldives deals in a very small proportion of exports in comparison to its exports, this again reflects on its limit in terms of agriculture, industry and production of viable goods in international trade. Hence exports are primarily based on fish and fisheries products. In 2016, Maldives exported \$247 million products which is an increase of 6.1% from 2011 [1].

The parity between export and import is massive with \$2.33 billion in imports which makes Maldives the 153rd largest importer in the world. Since 2011 there has been an 8.4%, from 1.52 billion in 2016. The top imports include all kinds of food products, petroleum, building materials, computers [1].

Table 1- Summary of Balance of Payments of Maldives from 2008 to 2014 (Million \$)

	2008	2009	2010	2011	2012	2013	2014
Current Account Balance	-673.2	-276.0	-355.9	-393.4	-186.1	-119.8	-191.1
Overall Balance	-67.8	20.4	89.2	-15.3	-30.4	63.8	246.4
Gross Official Reserves	240.6	261.0	350.2	334.9	304.5	368.3	614.7

Employment in the Maldives has been confined to the public sector until tourism industry was introduced in late 1970s. Tourism sector accounts for 17.4% of the total employment, while the public sector continues to be the main source of employment at 25.5%. The employment growth has not kept in pace with the growth of the economy. In 1992 to 2013 the economy grew annually on average of 6.8% whereas during this period the number of employed Maldivians increased by an annual average of 4.7% [4].

The development of the Maldives has shown us how a very small island country threatened by rising sea-levels and a lack of natural resources can propel itself to become a middle-income country even through the risks and difficulties it has faced. Following this example, it can continue to take advantage of its strengths: its natural beauty and clean beaches to take a strong foothold in world tourism. Although climate change is a major threat to the Maldives, it has many opportunities to further progress its economy by: Diversifying the local industries, having the potential to use only renewable forms of energy, and developing uninhabited islands for further tourist and economic activities. An educated and skilled workforce is necessary to improve productivity and find added niche markets in economy which the country can grow into. The main purpose of this article was to summarize the economic development of Maldives and describe some of the economic challenges faced by this country over the years.

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