

Employment trends in all sectors related to the sea or using sea resources

Cyprus



European Commission
DG Fisheries and Maritime Affairs

An exhaustive analysis of employment trends in all sectors related to sea or using sea resources

Country report – Cyprus

C3135 / August 2006

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1.0 Summary^I

This report begins by summarising employment trends in the maritime sectors in Cyprus and is followed by a more detailed employment analysis of each individual sector.

Coastal tourism and shipping are not only major maritime industries but some of the most important economic sectors in the country as a whole. The direct and indirect employment in coastal tourism accounts for a quarter of total employment in the country with a total of 72,192 employees. Without coastal tourism, the traditional maritime activities generate some 29,000 jobs. The sector has also demonstrated strong growth over the past decade; indeed some studies revealed a growth of 18% between 1995 and 2000. The shipping sector employs a total of 24,200 workers, of which a great majority however are non-EU nationals working as seafarers.

Table 1.1 Employment in sea related sectors, 1995 - 2005

	1995	1999	2000	2001	2002	2003	2004	2005
Direct								
Shipbuilding	80	58	100	100	100	100	100	100
Shipping	-	-	-	-	-	-	-	24,200
Seaports	2,150	-	3,909	-	-	-	-	-
Maritime works	321	-	97	-	-	-	-	-
Rec. boating	64	-	72	-	-	-	515 ^{II}	-
Coastal tourism ^{III}	-	-	-	-	-	-	-	43,255
Public sector - government	-	-	-	-	-	-	116	-
Indirect								
Coastal tourism	-	-	-	-	-	-	-	42,781

^I This study excludes employment related to fishing.

^{II} Based on the figures from British Marine Federation.

^{III} Data source for 2005 is different to the one from 1995 and 2000, therefore not directly comparable.

2.0 Shipbuilding

There is no shipbuilding activity in Cyprus; only some marginal ship repair activity takes place. Although the national statistics office CYSTAT provides data for employment in the shipbuilding sector, this is however an over-estimation of employment generated by ship repair activities. This is because the data also includes employment related to the repair of recreational vessels, which is estimated to account for over half of employment in the sector. This study however uses the total figure since no exact estimations are available.

If we look at trends in employment on the basis of this data, employment in the shipbuilding sector has remained stable over the past decade. The sector has provided employment for 100 individuals between 2000 and 2005. More fluctuations in employment were detected in the nineties. In 1995 the sector employed 80 persons, thus in comparison to 2005 employment has increased by 25%.

Table 2.1 Employment in the shipbuilding sector

Employment	1995	1999	2000	2001	2002	2003	2004	2005
Total (repair of ships and leisure boats)	80	58	100	100	100	100	100	100

Source: Source for the years 2001-2005: CYSTAT estimates based on the Quarterly Sample Survey of Businesses. This figure does not distinguish between ships and pleasure boats. Other sources: CYSTAT Business Census 1995 and 2000.

3.0 Marine equipment

No information has been obtained from Cyprus about employment in the marine equipment sector. Employment in the sectors is estimated to be very marginal since no new shipbuilding activity takes place in Cyprus.

4.0 Shipping

Cyprus ranked 32nd in the list of maritime nations in the early 1980s. It now ranks among the top ten and the merchant fleet of Cyprus exceeds 23 million gross tons. Cyprus is the 3rd largest shipping fleet in the European Union, and is considered to be the largest third-party ship management centre in Europe.

The Cypriot ship registry has shown impressive growth over the past 20 years. During this time the Cypriot government has assigned great importance to the sector and has driven a concerted strategy to establish sound infrastructure for ship registration, ship-management

and other shipping related activities. The contribution of shipping to the Cypriot economy is estimated to be between 2-4 % of GDP, which exceeds € 350 million per year.

There has been a great effort to increase the registration of ships in Cyprus over the past thirty years. Following the Turkish invasion of Cyprus in 1974 and the subsequent occupation of the port of Famagusta, Limassol replaced Famagusta as the port of registration of Cypriot ships. At the same time the port of Famagusta was declared closed to the international maritime traffic.

4.1 Employment trends

The data available for workers onboard Cypriot ships and ashore has been provided by the Cyprus Shipping Council. According to this data in 2005 the shipping sector employed a total of some 24,200 people, the great majority of them being third country nationals working onboard^I. Only 70 of these seamen were Cypriots, while another 7,196 seamen were EU nationals. The remainder are nationals of third countries; a big proportion of them from the Philippines and Ukraine.

The Cyprus Shipping Council confirmed that 2,314 office workers from the EU were employed ashore by Cypriot shipping companies (based in Cyprus). A majority of these employees (1,870) were Cypriots.

4.2 Employment projections

According to the forecasts of HRDA^{II}, over the past five years there has been a moderate decline of 2.1% in the number of people employed in middle-level professions related to shipping. These professions include officers and seamen, individuals employed in overseeing cargo loading and unloading etc. But the HRDA forecasts that there will be a moderate increase of about 9% in the middle-level shipping-related professions by 2015. This study also forecasts a significant increase in employment in 'transport, storage and communication'. This sector however does cover all transport, storage and communication sectors of which maritime related transport, storage and communications is the most significant.

^I Cyprus Shipping Council, 2006

^{II} *Human Resource Development Agency Forecasts 2005-2015 for middle level professions*

4.3 Skills and training

The maritime transport sector has a high demand for lower-skilled seafarers - employment which is not attractive to the Cypriot workforce from the skills or working conditions perspective. The companies in the sector face labour shortages because Cypriot nationals are reluctant to take jobs onboard of Cypriot ships. These shortages are usually covered by other EU or third country nationals. As a consequence, the Shipping Council organised for the first time, the “Day of the Sea” event in 2004 with the aim of increasing public awareness of the shipping Industry in general and at the same time to promote the image of the Council in Cyprus, as well as maritime employment both onboard and ashore. More than 4,000 people attended the event.

Training for the shipping sector is provided by two technological institutes that offer training to 4-5 level mechanics each year. Additionally, another 10 officers are trained each year in Greece. These persons are immediately upon graduation absorbed by the labour market.

Employment in the sector does provide possibilities for career development as officers and managers both onboard Cypriot ships and ashore. A lot has to be done however, to make these professions attractive to the Cypriot workforce. The long term objectives for the further development of human resources in the maritime sector in Cyprus include the following:

- The overall improvement of the quality of crew employed on Cypriot ships
- The establishment of economic and other incentives to attract more Cypriot nationals to merchant shipping professions
- The establishment of training facilities in Cyprus for both officers and ratings.
- The improvement of safety standards and living/working conditions for seamen on board of Cypriot ships.

5.0 Seaports

More information on employment in the seaports sector is available for staff of the port authorities than for any other port related activities. Employment has remained fairly stable in the Cypriot Port Authorities with 365 employees in 1995 and 371 in 2005. Employment, however, was in gradual decline between 1999 and 2003 but saw a relatively substantial increase in 2005.

Information on employment in cargo handling, pilotage and shipping related activities including storage is more fragmented. From available data it can be concluded that employment fell in cargo handling activities from 645 to 403 between 1995 and 2000 and

remained fairly stable in pilotage activities. But employment in shipping related activities witnessed a major increase of 183% (from 1,118 employees to 3,163).

Table 5.1 Employment in the seaport sector, 1995 - 2005

	1995	1999	2000	2001	20001	2003	2005
Cargo handling	645	n.a	403	n.a	n.a	n.a	n.a
Shipping related activity ¹	1,118	n.a	3,163	n.a	n.a	n.a	n.a
Port authorities	365	306	320	313	311	315	371
Pilotage	22	n.a	23	n.a	n.a	n.a	n.a
Total	2,150	n.a	3,909	n.a	n.a	n.a	n.a

Sources: Cyprus Port Authority, 2005 and CYSTAT Business Census 1995 and 2000.

6.0 Maritime services

No meaningful information is currently available for employment in the maritime services sector. However, the Government Department of Merchant Shipping employed 116 persons in 2004.

7.0 Recreational boating

Information about employment in the recreational boating is only available for 1995 and 2000. According to the data from CYSTAT Business Census, employment fell between 1995 and 2000 in the activities related to the operation of marine facilities. During the same period employment increased in activities related to the manufacturing and repair of recreational vessels. The recreational boating related employment experienced a total growth of 12.5% between 1995 and 2000.

Table 7.1 Employment in the recreational boating industry, 1995, 2000 and 2003

	1995	2000
Manufacturing and repair of recreational vessels	47	60
Marine facilities	17	12
Total	64	72

Source: CYSTAT Business Census, 1995 and 2000

According to a study on the recreational boating by the British Marine Federation the sector provided 515 jobs in 2003, of which 55 were involved in boat building, another 50 in equipment manufacturing and the rest in trade and services related to the industry.

¹ Storage, agency and logistics.

8.0 Maritime works

Data from CYSTAT^I shows that 321 workers were working in water construction projects in 1995, with employment dropping to just 97 in 2000.

9.0 Coastal tourism

Tourism is vital for the economy of Cyprus with roughly 1 in 3.5 jobs being in the wider tourism industry. The main weakness of the sector is its seasonality - because most of tourism on the island is related to seaside areas and the sea. The tourist season runs for seven months; from April to October. Hotels and restaurants are the 5th most important sector in Cyprus in terms of employment.

9.1 Employment trends

A total of 107,546 persons were employed in the wider tourism industry in Cyprus in 2005 (includes indirect and direct employment)^{II}. This makes up 29% of total employment in the country. In terms of direct employment 54,069 persons were directly employed in the travel and tourism industry in 2005. This translates 14.6% of total employment.

The following table 9.1 provides a summary of total and coastal related tourism in Cyprus. Approximately 80% of total employment in the island's hotels and other accommodation facilities are estimated to be in seaside areas, while about 60-70% of all jobs in cafes, restaurants and clubs are estimated to be in seaside areas.

Table 9.1 Total and coastal related employment in travel and tourism, indirect and direct^{III}

Region	Direct	Indirect	Total
Cyprus	54,069	53,477	107,546
Coastal areas only	43,255	42,781	86,036

Source: ACTE, 2006

When looking at employment levels by different sub-sectors of the tourism industry over the past decade based on data from the CYSTAT Business Census, the table below shows that employment in the sector has remained relatively stable over the past 5 years

^I Business Census 1995 and 2000.

^{II} These total figures for 2005 were supplied by ACTE; they refer to 'direct jobs in travel & tourism' and 'jobs in the wider travel & tourism industry' respectively.

^{III} These total figures for 2005 were supplied by ACTE; they refer to 'direct jobs in travel & tourism' and 'jobs in the wider travel & tourism industry' respectively.

(2000-2005). But the sector witnessed a more substantial growth between 1995 and 2000 when employment increased from 38,000 to just over 45,000 employees (a growth of 18%). However, it must be noted that these statistics cover total tourism employment, not only coastal tourism.

Data provided by the Association of Cyprus Tourism Enterprises (ACSE) is somewhat different to the data provided by the national statistics office. According to ACSE employment in hotels and restaurants was in the region of 32,500 between 2000 and 2005 with a fluctuation of plus or minus 500 jobs (2001 was the best year with 33,200 jobs while 2003 was the worst with 31,900 jobs in the sector).

Table 9.2 Employment in the tourism sector in Cyprus

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Accommodation ^I	19,785	19,785	19,785	22,888	22,493	22,983	23,553	24,677	25,380	n.a	n.a
Tour operators	2,522	n.a	n.a	n.a	n.a	3,187	n.a	n.a	n.a	n.a	n.a
Restaurants ^{II}	15,449	n.a	n.a	n.a	n.a	17,933	17,841	17,764	17,327	17,300	17,800
Tourist attractions ^{III}	219	n.a	n.a	n.a	n.a	474	n.a	n.a	n.a	n.a	300
Leisure ^{IV} services	24	n.a	n.a	n.a	n.a	70	n.a	n.a	n.a	n.a	n.a
Other recreational activities ^V	94	n.a	n.a	n.a	n.a	169	n.a	n.a	n.a	n.a	n.a
Employees at Cyprus Tourist Board	n.a	n.a	212	207	211	214	223	227	237	n.a	n.a
Total	38,093	n.a	n.a	n.a	n.a	45,030	n.a	n.a	n.a	n.a	n.a

^I Source: Cyprus Tourism Organisation (CTO). These figures are estimated employment in 'hotels and other accommodation' in Greek Cyprus (not just Seaside-Coastal areas), but roughly 80% of these jobs are in Seaside and Coastal areas. The figures are extrapolated from a sample survey carried out every year

^{II} Source: Association of Hotellers (ACTE). Figures refer to employees in restaurants, bars, pubs, and cabarets in the whole of Greek Cyprus, not just Seaside-Coastal areas, but roughly 60-70% of these jobs are in Seaside and Coastal areas

^{III} This is the number of employees of the Pafos Waterpark. They are seasonal workers from April to October and then receive unemployment benefit

^{IV} CYSTAT Business Census, 1995 and 2000.

^V Ibid.

Sources: See footnotes.

9.2 Employment projections

Cyprus has enjoyed high growth rates in tourism during the 1980s and 1990s and further - if somewhat slower - growth is expected in the coming decade. The employment forecast for the sector for 2015 is a total of 122,288 jobs in the wider tourism economy and 62,805 jobs in the travel and tourism industry^I. A significant increase of 25.8% in employment in the hotels and restaurants sector is forecast for the next decade. Jobs in hotels and restaurants are forecasted to increase from 31,170 in 2005 to 39,207 in 2015^{II}. In the sector 'auxiliary transport services, assisting transport and travel agents' employment is forecast to increase from 7,466 in 2005 to 10,432 in 2015.

The increase in employment is anticipated to come from two sources:

- The government is offering incentives for businesses to develop marinas and golf courses in Cyprus. Two marinas already exist and these will be developed further while there are plans for the development of three additional marinas. This is expected to lead to associated increases in beds in these seaside areas, leading to increases in employment
- The Strategic Plan for tourism also includes the strategic aim of increasing beds in Cyprus by 2010.

The growth is foreseen even if the Cyprus tourism industry has been negatively affected by competition from other locations in the South and South-East Mediterranean. Many competing regions offer lower prices but often lower quality tourist product. On the other hand the fall of communist regimes has opened up new opportunities from Central and Eastern European countries. There has been a clear increase in the number of visitors from the Eastern block. Other international crises such as September 11th and the war in Iraq have affected the tourism industry less than might have been anticipated, with 2001 recording the best year ever for tourism in the country. Moreover, Cyprus has been able to increase winter tourism substantially in recent years.

9.3 Skills and training

Cyprus is a tight labour market with low unemployment (5.2% in 2004). The Cypriot labour force is relatively highly skilled (the youth education attainment level has already surpassed EU targets) and usually fluent in both English and Greek. Skill demands in

^I HRDA.

^{II} Ibid.

tourism are low, with many positions available for cleaners, waiters, etc. which many Cypriots are reluctant to take on. Another reason for the unwillingness of Cypriot nationals to take on these jobs are demanding hours, weekend work etc. even though provisions for remuneration are in place. This leads to labour shortages in seaside tourist areas, especially during the peak of the tourist season. Labour shortages are to some extent covered by workers commuting from rural areas to the seaside towns. However, more frequently the shortages are covered by third country nationals.

The most important skills possessed by workers in the Cyprus tourism industry that could be transferable to other maritime sectors are:

- Entrepreneurial spirit.
- Fluency in English.
- Good general levels of educational attainment.
- Positive attitude and work ethics.