

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

Latvia



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 – Latvia

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ECOTEC Research & Consulting together with Latvian Maritime
Academy

► Priestley House
12-26 Albert Street
Birmingham
B4 7UD
United Kingdom

T +44 (0)121 616 3600
F +44 (0)121 616 3699
www.ecotec.com

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1.0 Summary^I

The Latvian maritime sectors generated a total of 60,500 jobs in 2004^{II}. Total employment reached just over 39,000 in traditional maritime sectors (excludes coastal tourism).

Table 1.1 Employment in the Latvian maritime industries, 1997-2006

Sector	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Shipbuilding	3,394	3,522	3,062	2,736	2,712	2,543	2,539	2,542	-	-
Marine equipment	1,285	1,580	1,249	1,226	1,183	1,074	1,399	1,376	1,435	-
Shipping	-	-	-	-	-	-	-	18,842	-	-
Seaports and related services	-	-	-	-	-	-	-	11,046	-	-
- Of which cargo handling	6,990	6,790	6,478	6,315	6,166	6,644	6,564	6,954	-	-
Maritime services	-	-	-	-	-	-	-	-	-	3,243
Maritime works	-	-	-	-	-	-	-	-	-	1,700
Recreational boating	-	-	-	-	-	-	-	-	-	491
Coastal tourism	12,372	13,469	14,602	14,387	14,804	16,182	16,872	21,336	24,300	-

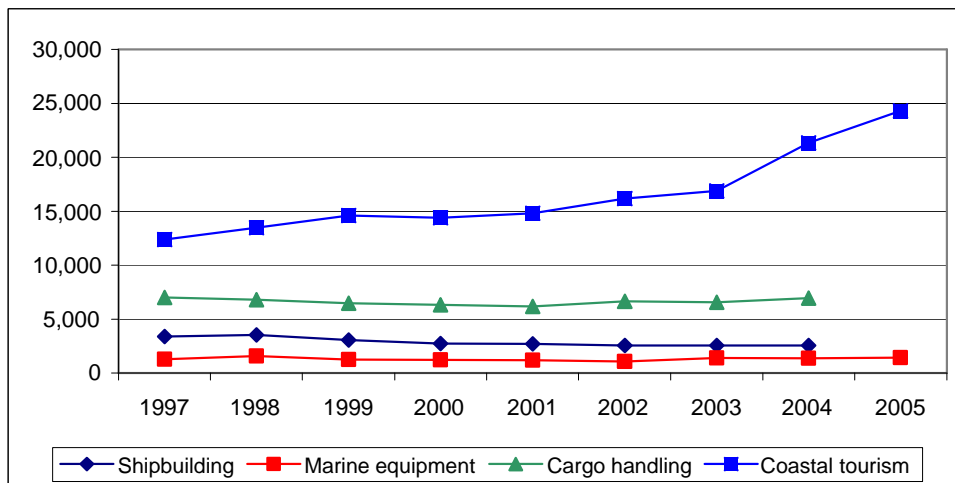
Source: ECOTEC Research & Consulting, 2006

Coastal tourism has been a clear growth sector during the past decade and 7,500 new jobs have been created in this sector since 2003. As shown in the figure 1.1 employment in most other sectors has remained relatively stable.

^I This report excludes employment related to fishing.

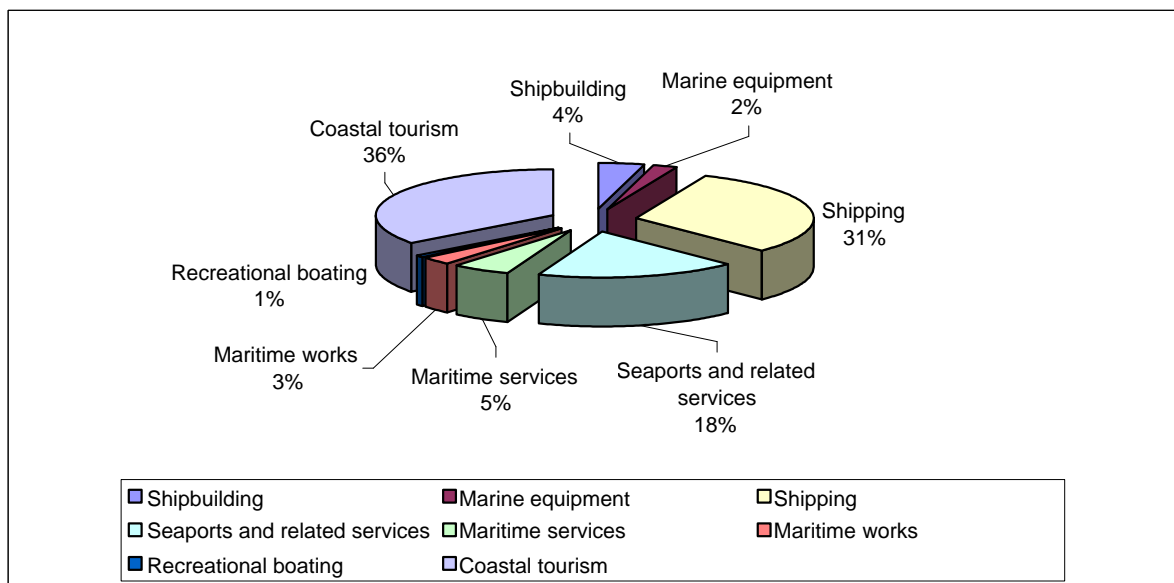
^{II} Figures for maritime services, maritime works and recreational boating refer are from 2006.

Figure 1.1 Employment trends, 1997-2005



Coastal tourism employment represents over a third of total employment in sea related sectors (see figure 1.2 below). Shipping is another significant employer with seafarers making up nearly another third of total employment. Seaports cover approximately 18% of total sea related employment.

Figure 1.2 Share of employment by different sub-sectors, 2004¹



¹ Figures for maritime services, maritime works and recreational boating refer are from 2006.

2.0 Shipbuilding

The Latvian shipbuilding sector comprises of four enterprises (Riga Ship Yard, Tosmare Ship Yard, Bolderaya Ship Yard, Mangali Ship Yard), predominantly active in the ship repair sector, although some amount of new build work has been carried out at two of the enterprises (Riga Ship Repair Yard and Tosmare). All enterprises have been privatised since 1995. No institution (including the State Ministry of Transport and Communication) can give precise macroeconomic data on sector. The economic impact of the sector is approximately 0.4% of the GDP.

In terms of strength and weaknesses of the Latvian shipbuilding sector, labour costs are low in comparison to Western European yards (see next table). This provides a clear cost advantage, although this is undermined in part by higher levels of overhead costs and lower productivity. Shipyard prime labour costs appear to be at the level of US\$ 2.5 Eur/hour from information provided by the shipyards. Productivity is extremely difficult to measure in ship repair and no simple and universally accepted measure exists. In terms of capacity in both ship repair and shipbuilding there is physical scope to increase outputs, either through improving productivity or increasing employment. All the yards in the sector are currently working below their full capacity.

Table 2.1 Strengths and weaknesses of Latvian shipbuilding industry

Strengths	Weaknesses
<ul style="list-style-type: none"> - State policy stability - Reliable client base - Experienced marine and naval ship building engineers and labour force - Financial resource availability, banking sector trust 	<ul style="list-style-type: none"> - Limited understanding of efficient work organization - Ageing assets (floating docks, cranes, machinery etc) - Labour environment and safe working practices
Opportunities	Threats
<ul style="list-style-type: none"> - Growing dominance of convergence between shipbuilding and other “know how” intensive activities - High added value service development - Developing middle income person layer, which will be potential customers for leisure yachts, sports yachts and other boat repairs, new buildings 	<ul style="list-style-type: none"> - Constantly growing salary levels decrease competitiveness - Inflation - Labour migration to other EU countries for higher salaries

2.1 Employment trends^I

Shipyard related employment has been calculated at 2,542 employees in 2004, as shown in the table 2.2 below. Employment for the sector dropped by approximately 500 workers between 1999 and 2002. The reduction first took place in 1998 at Tosmare Yard, which saw a dramatic drop in its market as a naval base in the mid-nineties. Employment in the shipyards has remained stable in recent years but an overall decline in employment between 1997 and 2004 stands at around 25%.

Table 2.2 Employment in shipbuilding sector, 1997 - 2004^{II}

1997	1998	1999	2000	2001	2002	2003	2004
3,394	3,522	3,062	2,736	2,712	2,543	2,539	2,542

Source: Latvian Bureau of Statistics, 2006

The sector is more significant in employment terms than in financial terms and is a major employer in the Latvian manufacturing industry^{III}. In geographical terms the industry is primarily concentrated in Riga where all three main enterprises are located. Most of the employment is consequently also located in Riga; however this is also the centre of much of the country's population, which may offset any regional effect of the sector.

As already mentioned there has been a considerable reduction in employment at both former naval repair bases which now operate in the commercial vessels sector (Tosmare and Bolderaya Ship Repair Yard). During the privatisation process the yards have been predominantly taken over by domestic investors. One of the yards, the Riga Ship Yard has in fact acquired Tosmare, and an increase in activity has been detected following the development of the facilities at Tosmare under the new ownership. Indeed, Tosmare yard appears to be having some success with shipbuilding orders for small ships and hulls from Scandinavian clients.

Within the sector, the activities currently relate to merchant vessels, with little activity in the military/naval sub-sector. The customer base is dominated by ship repair rather than new build activity although Riga Ship Yard provides a full ship building service from keel to maiden voyage. At three of the yards, the customer base is still predominantly domestic, Eastern European and from the Former Soviet Union, reflecting in part the historical relationships prior to the political changes. However, there is a significant increasing element of work from Western European, Nordic and international customers.

^I Data based on telephone interviews with key shipyards, European Commission Eastern European Shipbuilding Industry Study (Latvia Final Country Report November 2000) and data from the Latvian Bureau of Statistics.

^{II} The data also includes employees in small specialist sub-contractors for shipyards.

^{III} It should be recognised that ship repair activity whilst an engineering activity is however a service rather than manufacturing activity.

Activities related to vessel scrapping is very limited and it is not considered to be a sector as such in Latvia. The largest Latvian ship owner LASCO (Latvian Shipping Company PLC) carries out this activity in India as well in other countries, which specialise in this activity.

2.2 Employment projections

The employment level is estimated to remain approximately at 2,500 workers at least until 2007. No major changes are foreseen. However, an increase in orders from Western European, Nordic and international customers is expected. In particular the forward order book for shipbuilding work indicates a significant increase in both hulls and completed vessels for the Scandinavian markets.

It is believed that there is potential to improve the productivity of the sector by strengthening managerial and organisational skills and developing a stronger base of skilled workers for more complex ship repair/conversion activities. In terms of environmental and health and safety aspects, it is believed that there is room for significant improvement and some changes will be required to meet the existing EU environmental legislation. Some of these reflect common issues with other shipyards both worldwide and within the EU, however it is believed that the level of both environmental control and health & safety practices is weaker than in the larger EU shipyards. This is expected to have an influence in the sector in the upcoming years.

2.3 Skills and training

Skill supply of the Latvian labour force for the shipbuilding industry is considered to be 'moderate', although the sector has suffered substantially in the past few years from labour migration to other EU countries. In recent years the yards have struggled to find auxiliary workers.

With regards to the qualifications of the workers in the industry, technical and managerial staff are regarded to be very highly qualified with diplomas from prestigious Ukrainian institutes like Admiral Makarov Academy or Odessa Institute of Marine Fleet (either the Soviet Union ship navigator, ship mechanic or specialised ship constructor). On the other hand, no shipbuilding specialists are educated in Latvia (apart from ship navigators and engineers that are educated in Latvian Maritime Academy). And most of the specialists are coming towards the end of their working careers so the Latvian shipbuilding industry is also faced with similar problem than many Western European yards that are trying to tackle the ageing workforce.

The rest of the workforce, such as welders are taught in local colleges. Other auxiliary workers such as rack installation workers, abrasive sand pneumatic system operators, painters, pipers, fitters, signal men, crane operators are being taught in shipyards when/if needed. No special training programmes have been designed or implemented.

3.0 Marine equipment

Employment related to the production or trade of marine equipment has not been calculated in Latvia. Seaborne container production does not take place in Latvia but there is one company producing the IMO 5 type tank containers and another company is in the process of starting to produce bulk roll trailers and IMO tanks. There are around 5 companies doing the business in the sector of crane dismantling and construction – also related to shipyards. Employment related to instruments designed for navigation purposes is closely monitored by the national statistical office.

3.1 Employment trends

As employment in this sector is not clearly identified in Latvia, the Latvian Maritime Academy has identified the most appropriate codes from the Latvian Bureau of Statistics to provide an estimate of employment related to marine equipment. However, this can not be regarded as a fully accurate picture of employment in the sector as it is likely to be an overestimation of employment in these sub-sectors (see table below) - but at the same time it also excludes workers from some key shipyard sub-contractors. Further data collection on employment in marine equipment sector in Latvia is therefore recommended.

According to this information, 1,400 persons are employed in the marine equipment sector in Latvia, demonstrating a moderate growth of nearly 12% between 1997 and 2005.

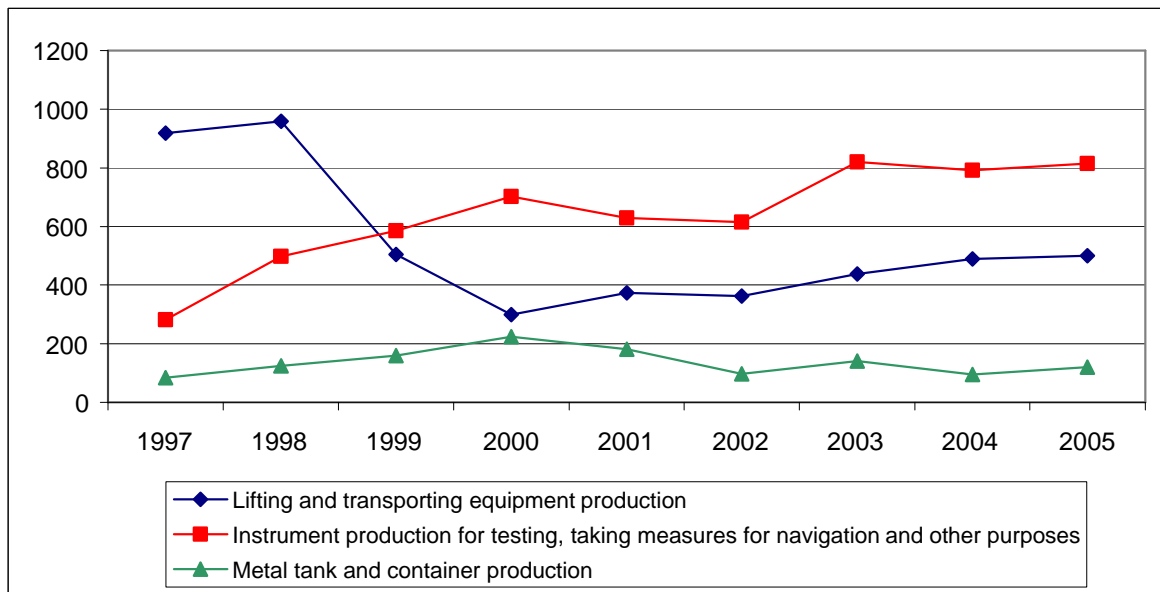
Table 3.1 Employment in marine equipment sector, 1997 - 2005

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Lifting and transporting equipment production	919	959	504	299	373	362	438	489	500
Instrument production for testing, taking measures for navigation and other purposes	282	497	586	703	629	615	820	792	815
Metal tank and container production	84	124	159	224	181	97	141	95	120
Total	1,285	1,580	1,249	1,226	1,183	1,074	1,399	1,376	1,435

Source: Latvian Bureau of Statistics, 2006

Employment in the navigation equipment field has seen a major increase, in fact employment in this sector has nearly tripled (see Figure 3.1). Employment in the sub-sector of 'lifting and transporting equipment production' declined dramatically between 1998 and 2002 and has failed to fully recover.

Figure 3.1 Employment trends in different sub-sectors, 1997-2005



3.2 Employment projections

Employment in container production has fluctuated over the past decade but it is expected to grow slightly over the next few years. Employment related to production of navigation tools is expected to grow at an annual rate of 5 %.

Overall, Latvian manufacturing is associated with a fairly positive outlook. In the past few years manufacturing activity as a whole has been growing (e.g. in 2005 the GDP growth rate was 6 %, mainly constituted from the manufacturing indicators).

4.0 Shipping

Latvia introduced one of the most attractive shipping taxation regimes in the European Union in 2001 and since then the number of vessels flying Latvian flag has been in strong increase. On 1 January 2005, the Latvian flag fleet consisted of 224 ships (over 100 GT)

totalling 430 031 DWT^I. The fleet grew nearly three times between 2004 and 2005 in DWT but the number of ships has slightly decreased, mainly due to the scrapping of ageing vessels. At the same time, Latvian shipowners have placed more than ten orders for new builds, which are expected to fly the Latvian flag.

In June 2005, the Latvian Parliament accepted changes to Latvian Maritime Code, making it even more convenient and easier for international shipowners to register their fleet under the Latvian flag to gain benefits of local shipping taxation regime.

The Latvian owned fleet consists mainly of micro dry bulk type vessels ranging from 1000-5000 DWT and they are operated in Baltic Sea. The main shipping company in Latvia is public-private Latvian Shipping Company (LASCO). The ocean towage sector is not developed in Latvia with no special fleet for dredging works.

The following table provides a brief overview of strengths and weaknesses of the Latvian shipping sector.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Skilled labour - Fairly low cost - Great tradition in the shipping sector - Shipping taxation regime 	<ul style="list-style-type: none"> - Poorly developed hinterland water transport - Poorly developed own vessel fleet - Old methodology and material base for teaching
Opportunities	Threats
<ul style="list-style-type: none"> - More international companies are crewing in Latvia - Development of small shipping companies 	<ul style="list-style-type: none"> - Unwillingness of young people to go for work at sea, to learn engineering sciences - Old teaching staff - Labour migration to other EU countries

4.1 Employment trends

Latvia is famous for providing skilled seamen to the international shipping market. There are currently 52 crewing agencies registered in Latvia. The total amount of active seafarers employed in the merchant fleet was about 18,000 in March 2005^{II}. Some 3,400 were employed onboard EU/EEA registered fleet, mainly on ships flying the Latvian flag.

Ocean towage is not a big employer in the shipping sector but it generates 200 jobs directly and further 50 jobs indirectly.

Table 4.1 Direct employment in the shipping sector, 2004/2005

Number of employees

^I ECSA, 2006

^{II} ECSA, 2006

Active seafarers	18,642
- Of which Latvian or EU/EEA citizens	3,400
- Of which masters	1,068
- Of which officers	7,147
- Of which ratings	10,427
Ocean towage	200
Total	18,842

Source: ECSA, 2005 and interviews with sectoral stakeholders

Latvian owned vessels are mainly manned by national crew, and all seafarers working under the Latvian flag must be registered in the Latvian Shipping register. But it must be mentioned that in terms of ethnicity of Latvian seafarers, due to the historic seafaring traditions in the former Soviet Union approximately 70% of Latvian seafarers are ethnic Russian, Belarusian or Ukrainian¹. The number of seafarers registered under Latvian flag has seen a moderate increase over the past decade. The following table 4.1 shows that the number of seafarers in vessels flying the Latvian flag has increased from nearly 1,800 to just over 2,000 seafarers between 1995 and 2005. The Latvian Maritime Administration has issued a total of 19,560 licences for seafarers. According to the Seaman Register of Latvia approximately 16,626 Latvian seafarers are still active and in employment on the sea.

Table 4.2 Seafarers working in vessels registered under Latvian flag

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1,786	1,441	1,565	1,794	1,899	1,861	1,675	1,917	1,649	1,782	2,021

Source: Maritime Administration of Latvia, 2006

The Latvian Shipping Company LASCO employs approximately 1,800 staff (Including the company board members), out of which 1,300 are vessel crew members, 450 working ashore.

4.2 Employment projections

Over the past few years there has been a decline in the number of young people who want to work on board vessels. One of the reasons is that salary *rises* have been fairly low in this field and young people feel that shore based jobs give more opportunities for career development. A new concept for Latvian Maritime professional education has recently been developed and this was confirmed in July 2005. The new system has been aimed to help to attract more young people to go to sea and prepare highly educated, skilled officers and ratings. However, the Latvian Maritime Academy has reported that regardless

¹ Southampton Solent University (2005) The mapping of career paths in the maritime industries. ECSA and ETF,

of these changes they have not been able to fill appropriate programmes with students in recent years, whilst the student demand for these same programmes still exceeded training supply in the mid-nineties. Still, regardless the age profile of the Latvian seafaring crew is more balanced than that of crews in many other EU Member States.

On the other hand, the Latvian shipping industry benefits from a very positive taxation regime and recently the Parliament accepted changes to the Maritime code making it even more convenient and easier for international shipowners to register their fleet under the Latvian flag. Consequently, the number of seafarers in vessels flying Latvian flag is demonstrating growth.

Employment in the ocean towage sector is expected to decline or remain stable.

4.3 Skills and training

As mentioned above, Latvian seafarers are known for their strong skill base and are globally sought after due to their experience in working in specialised vessels such as reefers, gas, chemical and oil tankers¹. Traditional training programmes are well developed as well as simulator courses, radio navigation, GMDSS and STCW trainings. The highest level maritime engineering educating is provided by the Latvian Maritime Academy, first level professional programmes are taught in 2 different schools, 5 educational institutions provide professional high school diplomas for seafaring and 6 commercial training centres provide professional college diplomas. In addition, Imo courses and other commercial courses are taught in 7 institutions. All professional programmes are monitored by the Maritime Authority of Latvia.

The number of young people choosing to study maritime related studies is however decreasing as also proved by the number of training certificates issued the maritime authorities (see table below). The number of certificates issues has gone down from over 15,000 certificates in 2002 to just 9,500 certificates in 2005. The number of newly qualified officers and ratings has also gone down, apart from stewards, pumpmen and cooks.

Table 4.3 Certificates of competency

	2002	2003	2004	2005
Registered training certificates	15,300	15,685	14,426	9,519
Master	260	292	255	249
Deck officers	343	234	252	334
Engineer officers	748	502	523	556
Electrical engineers	96	81	82	66

¹ Ibid.

	2002	2003	2004	2005
Reefer engineers	39	22	45	16
GMDSS, radiotelephone operators	602	334	411	419
Endorsement of certificates	591	868	626	397
Deck Ratings	1203	1231	1229	1049
Engine Room Ratings	582	491	519	447
Cooks	151	82	168	154
Pumpmen, fitter, etc.	104	166	233	162
Stewards	29	43	47	39
Pilots, VTS Operator	7	5	2	1

Source: Latvian Maritime Academy, 2006

Career development and employment of Latvian seafarers is strongly influenced by the relatively high salaries earned on foreign flagged vessels¹. This nevertheless has also led to a higher retention rate of seafarers at sea, a rate that is a significantly higher than in most other EU Member States.

4.4 Transferability of skills

Skills and knowledge of seafarers are regarded as highly transferable and experienced seafarers have found employment in ports, shipping transport management duties and education. It was confirmed by the shipping sector stakeholders from Latvia that ex-professional seamen are able to compete over transport related jobs ashore together with economists and other highly educated specialists. It has been estimated that some 500 former seagoing officers are employed now ashore in the Latvian maritime sector, mainly for crewing agencies, ship agents, classification societies, surveyors, education etc^{II}. A lot of former seafarers indeed set up small maritime related businesses after the transitional period to independence of Latvia – even if some have now returned to the sea. A number of former officers on the sea have also taken up superintendent posts in foreign shipping and ship management companies, for example in Norway, Cyprus and the UK.

5.0 Seaports and related services

Latvia has three large ports: Ventspils, Riga, and Liepaja and seven small ports that handle mainly timber products. Ventspils port deals mainly with oil and chemical cargo, the port of Riga handles mainly general and bulk cargo but it also turns over oil products and

^I Ibid.

^{II} Southampton Solent University (2005) The mapping of career paths in the maritime industries. ECSA and ETF,

reefer cargoes and caters for passenger ships and RoRo cargo units. Liepaja port handles transshipment of timber, metals, bulk and liquid cargo and fish.

The biggest challenges for the Latvian ports are related to the removal of the central terminals and operations to more favourable locations closer to the sea and away from inhabited areas. There are plans to move cargo handling to a newly constructed deepwater port by seashore (the Freeport of Riga). The realization of these plans lays still far a way in the future, but with current traffic volume growth rates the first step might be taken earlier than anticipated.

Availability of and competition in the port services market is good in the Port of Riga, where a large amount of port operators, stevedoring companies and agencies compete for customers. In other Latvian ports the situation is not as competitive and access to market may be more limited.

The following table provides a short summary of strengths and weaknesses of the Latvian ports.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Good specialists - Cheap labour force - A good range of services 	<ul style="list-style-type: none"> - Political situation with Russia - Underdeveloped warehousing logistics services
Opportunities	Threats
<ul style="list-style-type: none"> - Stable, developing sector - EU accession 	<ul style="list-style-type: none"> - Labour migration - No training programmes for dockers

5.1 Employment trends

In 2004 Latvian ports generated just over 11,000 jobs. Of this total figure over half were employed in cargo handling and just under 2,000 were employed in storage activities. Employment in cargo handling activities witnessed a fairly strong decline until 2001, after which employment has been on increase and has now reached the same level than in 1997.

Jobs in storage activities have increased between 1997 and 2004 mainly in conjunction with a growing demand for services like packaging, labelling and grouping activities, particularly because geographically Latvia is the last stop for EU cargo on the way to Russia (transit activities)¹. Each year employment in this sub-sector has risen by about

¹ Employment created in cargo repackaging, regrouping and loading to another mode (railway, trucks) on the way to Russia.

10% and is somewhat more labour intensive than many other EU Member States as equipment used is rather old (e.g. no hi-tech computer storage systems are used).

The logistics sector has also seen growth in Latvia with the industry in total employing 4,555 employees in 2004. Approximately 1,200 of these workers have been estimated to work in maritime logistics sector. According to the National Association of Ship Brokers and Agents (NALSA), there are about 50 different ship agencies in Latvia employing a total of 110 persons. Most of the senior staff in these agencies are former seafarers, whilst the more junior staff are business and logistics graduates.

Table 5.1 Employment in the seaport sector in Latvia, 1997 - 2004

	1997	1998	1999	2000	2001	2002	2003	2004
Cargo Handling	6,990	6,790	6,478	6,315	6,166	6,644	6,564	6,954
Storage	1,153	1,254	1,387	1,136	1,471	1,378	1,564	1,771
Ship Agency	-	-	-	-	-	-	-	110
Maritime logistics and expedition	-	-	-	-	-	-	-	1,200
Management and administration of ports	-	-	-	-	-	-	-	932
Pilotage and VTC operations	-	-	-	-	-	-	-	79
Total	-	-	-	-	-	-	-	11,046

Source: Latvian Maritime Academy, 2006

5.2 Employment projections

At the moment some major investments have been planned for the ports of Latvia and in recent years a lot of investment has also gone into the redevelopment of the port system. The Riga's Freeport has been reconstructed and several new berths have been put into operation. The aim is to deepen the navigational channel to 15 meters. The port of Liepaja plans to invest close to USD 100 million into new facilities, which would include both basic port infrastructure improvements as well as building of a complex of value added services centre in the port area.

Employment in the storage sub-sector has experienced strong growth over the past decade but no further clear increases are expected because no new warehouses are being built and technology is expected to improve in the future. Ship agency related employment has been forecasted to remain stable.

5.3 Skills and training

Many individuals working in port administration, stevedoring company administration, operational administration or in agency or brokerage tend to have a background in ship navigation or engineering sciences. There is also the possibility to acquire a port management specialisation with a diploma in economic sciences. These specialists also carry out practical work experience and study in Western European maritime transport management programmes. These individuals are demanded in the port sector, but there is a harsh competition for jobs in most prestigious companies.

Currently the main problem for the sector is the lack of relevant training for dockers. Skills proofing documents are outdated and stevedoring companies teach employees internally. Labour migration and unwillingness to work in manual rather than management duties is also becoming a real problem for stevedoring companies.

Agents and brokers are trained in employment after which they obtain a certificate from NALSA. Two-year work practice is an obligatory requirement. All the VTC operators and pilots hold maritime engineering diplomas (navigators) and their qualification documentation are issued by the Maritime Authority of Latvia. No labour shortages have been reported in these fields.

6.0 Maritime services

No employment figures have been calculated for the maritime service sector in Latvia. For the purpose of this study a number of sources have been used to obtain this data, including information from the statistical service of Latvia and estimations by the sectoral stakeholders on the share of maritime related service employment. Furthermore, direct contacts have been made with relevant companies to obtain information on the number of employees in different sub-sectors.

Just over 3,200 workers are working in the wider maritime service sector with the related government services being a major employer with 1,000 workers.

Table 6.1 Employment in the maritime service sector, 2005/2006

Sub-sector	Number of employees
Maritime consultancy	50
Research and development	50
Nautical training and education	300
Classification, inspection, testing, laboratories	150

Sub-sector	Number of employees
Brokerage	20
Bunkering	600
Ship supply	130
Rescue	35
Diving	60
Maritime insurance	300
Medical services	12
Crewing	456
Maritime associations	80
Maritime government services	1,000
Total	3,243

Next we turn to look at employment in different sub-sectors more closely:

- There are around 10 certified shipbrokers in Latvia. In addition, some large Scandinavian timber companies and some other companies that need brokerage services on a regular basis have their own brokers who do not need the license. Therefore the total number of brokers in Latvia is around 20.
- The crewing industry is well developed industry in Latvia providing employment in 52 companies for some 150 former seafarers. The industry developed after the regime change in the country from small independent crewing agencies to the current situation where a handful of the companies are agencies of large foreign shipping companies. Employment in this sub-sector has seen a clear increase over the past 15 years and currently generates nearly 500 jobs in Latvia. Employment has been forecast to grow by 5-7% per year.
- Maritime education and training generates about 300 jobs and the Latvian Maritime Academy is the largest employer.
- The Latvian consultancy service sector^I is developing fast with employment in the sector doubling from 3,325 in 1997 to 7,831 employees in 2004^{II}. Consultancy related to maritime services is a small sector in Latvia with an estimated 50 consultants working in this sphere. Employment in this sub-sector has seen a clear growth over the past decade although no more detailed statistics are available and in the future the

^I Law, legal accountancy and taxes, market research and public relations, consultancy in commercial entrepreneurship

^{II} Latvian Statistics Bureau, 2006

growth is expected to remain at the same level than employment in the consultancy market as a whole.

- In terms of research and development in the marine field, the Latvian Maritime Academy is the only major institute focussed on marine science. The institute has established a Research and Development Centre for marine science. At the moment the Centre employs 2 researchers directly and then other academic staff. A few more institutes carry out research in engineering sciences, also including marine.
- Classification and inspection: the Maritime Safety Department (MSD) is the structural unit of the Maritime Administration of Latvia that controls the implementation of the safety standards on ships and ports of Latvia. The Department also approves and controls ship classification societies. There are 6 classification societies, which are authorised to serve in Latvian ports for vessel classification. Total employment in this sub-sector is around 100. There are also specialised laboratories which serve the shipping industry employing approximately 50 maritime specialists.
- Around ten companies provide bunkering services in Latvia. These companies vary in their size. Direct employment in sector stands currently at about 600 persons and indirect employment at around 1,500. Employment in this sector is not expected to grow even if in the last years some companies have developed fast.
- It has been estimated by the Latvian Maritime Academy that there are 31 companies in the ship supply market in Latvia. Profit margins in this sector are low due to intense competition and employment is estimated at 130 persons directly and 400 indirectly. Indirect employment is explained by production, transportation, administration and other supporting activities for the sector. Employment in this sub-sector is expected to grow in upcoming years by around 10% per year.
- The Ministry of Defence, National Armed Forces Coast Guard Service, carries out search and rescue operations/accident and disaster response. Coast Guard is competent for the coordination and performance of SAR operations, the elimination of the consequences resulted from ship accidents and disasters, leakage of oil, dangerous and hazardous substances into the sea. Moreover, it ensures the operation of the coastal communication network of the Global Maritime Distress Safety System (GMDSS). Direct employment here is 35 persons. Indirect is estimated to be about 300 persons due the fact, that Coast Guard Service is using different National ministry of defense forces in case of distress.

- The Baltic Diving School was established in Liepaja in 2001 at the Latvian National Armed Forces Naval Training Center. The school also trains mine-clearing divers, diving task leaders and altitude chamber operators. At this moment, approximately 12 companies are offering the maritime diving services. Employment is estimated to be around 60 persons. Indirect employment is about 100 persons.
- Almost all insurance companies in Latvia are providing the transport insurance including sea born cargo, vessel insurance, reinsurance and other related services. State Finance and Capital Market Commission control all insurance companies including all 9 maritime insurance companies. Direct employment here is estimated about 300 persons, indirect employment 4000 people. An annual employment growth rate is around 14 %.
- Medical services: Maritime Authority of Latvia authorises all the doctors which are allowed to work with seamen. They are recognized in accordance with the regulation I/9 of the STCW 78 Convention, as amended and approved by director of The Maritime department of The Ministry of Transport of The Republic of Latvia. There are 12 seamen's doctors who have undertaken the seafarers' medical examination in Latvia, which are working in 6 health care institutions. Indirect employment here is considered to be about 400 persons, which are serving maritime personnel together with official maritime doctors. Employment is predicted to grow in this sector. Healthcare system is becoming more advanced and client oriented. Tendency is to provide more advanced service for different client needs, thus employment is expected to increase.
- There are around 12 active maritime associations. Direct employment here is estimated at about 80 persons. Employment is not expected to grow in this sub-sector.
- Transport and Communication Ministry of Latvia, Maritime Administration of Latvia, Port Authorities, Sea Environment Agency are main governmental and municipal institutions, which are related to maritime service sector. Total employment here is estimated about 1000 persons in total and employment is not expected to grow in this sector.

7.0 Maritime works

The Latvian companies in the maritime works sector provide services such as dredging, river works, construction of dykes, harbour canals, support vessels, excavation and mining.

Dredging is mainly done by small dredging companies, which do contract work for Port authorities. All the dredging works must be authorised by the Sea Environment Agency.

Agency information shows that approximately 20 companies are working in this sphere. They employ around 600 people.

There is one stable and developing building company, which is doing the construction of hydro technical buildings (bridges, breakwaters, key constructions etc.). This company employs around 600 persons. There are also few relatively small companies, which are specialised in the sector. Total employment is estimated at around 1,100 persons.

Table 7.1 Employment in the maritime works sector in Latvia, 2006

Sub-sector	Employment
Dredging	600
Water-based construction	1,100
Total	1,700

Source: Latvian Maritime Academy, 2006

8.0 Recreational boating

Sailing activities have been on a strong increase between 2002 and 2005 on the basis of the number of new sailing boats/yachts registered in Latvia. On the other hand the registration of motor boats has been declining.

Table 8.1 The number of sailing and leisure boats registrations, 2002-2005

Class of yachts	2002	2003	2004	2005
Sail yachts	180	202	275	305
Motor yachts	228	290	17	30

Source: LSR

8.1 Employment trends

Employment in the sector is marginal in Latvia although the rate of employment is rising together with the average incomes of inhabitants. According to data from the Latvian Statistics Bureau, employment related to the construction and repair of recreational vessels has grown from 58 employees in 1997 to 141 employees in 2004. Employment related to recreational services has been estimated at 350.

	1997	1998	1999	2000	2001	2002	2003	2004
Construction, operation and repair of yachts, sporting, sailing and rowing boats, canoes, inflatable boats etc.	58	18	-	65	78	68	65	141

	1997	1998	1999	2000	2001	2002	2003	2004
Recreational services ^{XVI}	-	-	-	-	-	-	-	350
Total	-	-	-	-	-	-	-	491

Source: Latvian Statistics Bureau and estimations

8.2 Employment projections

Sea related recreation services are developing in Latvia, but the average income levels of Latvians do not provide room for major developments in the short term future. On the other hand, not long ago Latvia adopted new rules and regulation for small and medium sized leisure boats. All the navigators will have to have the licenses issued by State Road and Traffic Department, thus employment in the teaching sector can be expected to grow.

9.0 Coastal tourism

No studies have been carried out on employment in the coastal tourism sector in Latvia. According to the statistics from the Latvian Statistics Bureau on employment in travel agencies, tour operators, hotels and restaurants, employment stood at just under 21,000 in 1997 and grew rapidly to just over 40,000 workers by 2005. According to these statistics employment nearly doubled over this 9 year period.

According to the tourism satellite accounts, the Latvian travel and tourism industry generated 12,000 jobs in 2006, and the wider tourism economy employment is estimated at 51,000 in 2006.

On the basis of estimations^{XVII} that 60% of all tourism related employment is within 50km from the sea in Latvia, employment in the coastal tourism sector can be estimated at around 24,300 in 2005. Again the number of jobs in this sector has nearly doubled between 1997 and 2005.

Table 9.1 Employment in tourism and coastal tourism industry in Latvia, 1997-2005

Sub-sector	1997	1998	1999	2000	2001	2002	2003	2004	2005
Tourism enterprises, tour operators, travel agencies	658	1,001	1,054	958	1,104	1,450	1,289	1,626	2,000

^{XVI} Based on estimations from Latvian Maritime Academy.

^{XVII} Based on estimations by the Latvian Maritime Academy and tourism stakeholders in Latvia that 60% of total tourism employment is situated approximately within 60km from the sea – the main reason is that the largest city, Riga, is situated by the coast.

Sub-sector	1997	1998	1999	2000	2001	2002	2003	2004	2005
Restaurants	17,859	19,190	20,963	20,677	21,368	23,286	24,456	30,973	35,000
Hotels	2,103	2,258	2,320	2,343	2,201	2,234	2,375	2,961	3,500
Total tourism related employment in Latvia	20,620	22,449	24,337	23,978	24,673	26,970	28,120	35,560	40,500
Total coastal tourism¹	12,372	13,469	14,602	14,387	14,804	16,182	16,872	21,336	24,300

Source: Latvian Statistics Bureau

The main reason for the striking increase in employment in this sector is that Latvia, and Riga in particular, is becoming an important tourism attraction in the Baltic sea region. There has been a major boom in the development of hotels and other tourism infrastructure. Also cruise tourism to Riga has seen a remarkable growth and this summer Riga is expecting 50 cruise vessels each carrying approximately about 700 passengers. This alone brings a considerable income for local retailers and tourist companies. New Riga-Stockholm cruise line has been opened carrying about 500 passengers to and from Sweden each week.

Tourism to Jurmala city is also developing very fast. New attractions have also been opened close to the coast for example, water park opened in Liepaja last autumn and is the largest waterpark in the Baltic region.

9.1 Employment projections

Stakeholders from Latvia have projected employment in the wider tourism industry and in the coastal tourism sector to grow by 10% per year. Employment forecasts provided by the Tourism Satellite Accounts are much more conservative expecting 3,000 new jobs in the tourism industry as well as in the wider tourism economy by 2016, a growth rate of 5.8% over the next 10 year period.

¹ Based on estimations by the Latvian Maritime Academy and tourism stakeholders in Latvia that 60% of total tourism employment is situated approximately within 60km from the sea – the main reason is that the largest city, Riga, is situated by the coast.