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

Portugal

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 – Portugal

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ECOTEC Research & Consulting

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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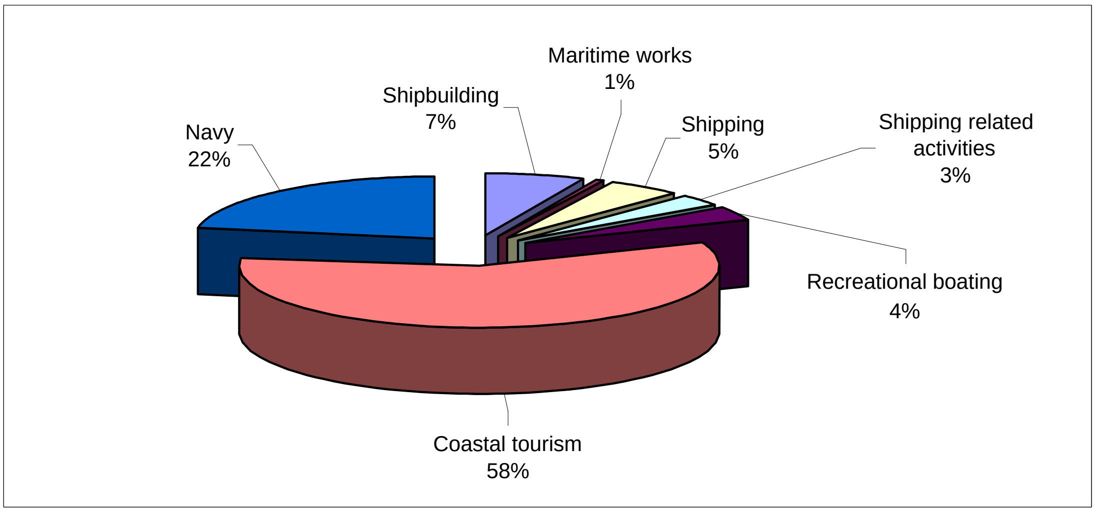
1.0 Summary[I]

A lack of availability of employment data for the Portuguese maritime sectors has prevented researchers from providing a complete picture of sea related employment. Different sources have been used to provide the most accurate picture possible but a lot of the industries heavily depend on data from the national statistics office which often differs significantly from any industry level data. Estimations for employment in coastal tourism are likely to be a significant under-estimation of total actual employment in the sector, as data was only available for accommodation facilities (mostly hotels). No data was available for employment in restaurant or tourist services sectors (e.g. travel agencies and tour operators). Furthermore, no data was available for employment in the marine equipment sector, maritime services and port authorities.

On the basis of available statistics sea related sectors provided just over 66,000 jobs in Portugal in 2003[II]. Coastal tourism, in this case hotel sector related employment, is by far the largest sector, representing a remarkable 58% of total employment in 2003.

Navy is the second largest sector with over 14,000 employees, followed by shipbuilding with 4,300 jobs. Shipping and related services generated over 5,000 jobs in 2003 altogether - making up some 8% of total employment in sea related sectors.

Figure 1.1 Share (%) of total employment in maritime sectors, 2003



[I] This report excludes employment related to fishing.
[II] Navy employment refers to 2004/2005.

The sharpest decrease in employment occurred in 1997 with a reduction of more than 4,000 employees in the shipbuilding sector. For the following maritime sectors employment increased between the years 1995 and 2004:

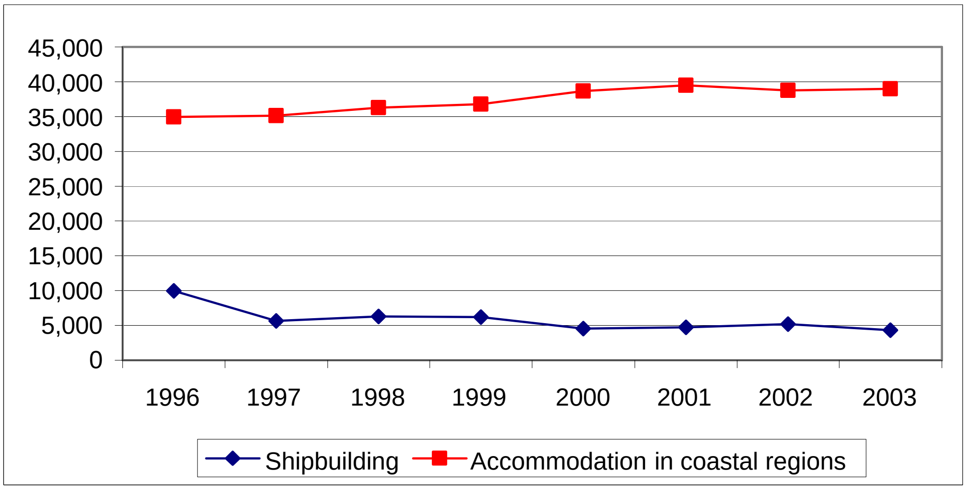
- Shipping related activities by 181%.
- Accommodation (mainly hotels) by 10.9% (between 1994 and 2004).

Table 1.1 Employment in the maritime sectors in Portugal 1996 - 2003

Sector	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Shipbuilding	-	9,984	5,626	6,270	6,195	4,550	4,739	5,193	4,336	-
Maritime works (water construction)	-	965	972	1, 032	973	1, 240	1, 153	566	509	-
Maritime transport	-	-	-	-	-	-	-	-	3,206	-
Shipping related activities	-	713	685	673	973	901	1,525	1,988	2,002	-
Recreational boating	-	-	-	-	-	-	-	-	2,480	-
Accommodation in coastal regions	35,079	34,958	35,138	36,258	36,789	38,674	39,510	38,778	39,006	38,894
Navy	-	-	-	-	-	-	-	-	-	14,745

Source: ECOTEC Research & Consulting, 2006

Figure 1.2 Employment trends in coastal tourism and shipbuilding sectors, 1996-2003



Source: Ecotec Research & Consulting, 2006

2.0 Shipbuilding

At present, the shipbuilding sector in Portugal is relatively small accounting only for 0.1% of the world's market share. However one of the world's largest ship repair companies is Portuguese. Lisnave, which is located in Setúbal, is the largest ship repair company in Europe. Although the sector has four major shipyards (Viana do Castelo, Mondengo, Sao Jacinto and Peniche), it is considered to be highly fragmented.

An important strength of the sector is the presence of a specialised workforce and expertise, further strengthened by the existence of the necessary infrastructure. The major weaknesses in terms of the workforce are the high average age profile of the workforce and low productivity. The situation is further weakened by an inadequate research and development (R&D) base; there is a shortage of research centres or universities devoted to shipbuilding R&D. Other weaknesses include the small size of the market and the dependence on imported raw materials. The sector has also experienced difficulties in obtaining credit.

The main opportunity for the sector is the growth in maritime transport and the development of short sea shipping and maritime highways. Another opportunity is the consolidation of national markets (passenger, military and chemical carrier ships) and new market opportunities.

The main threat has been said to be unfair competition and the lack of a national strategic vision for the sector. Another significant threat is the growing number of qualified workers leaving Portugal to work in other EU countries.

2.1 Employment trends

Employment in the Portuguese shipbuilding sector amounted to 4,336 in 2003. This was the lowest figure in the period between 1996 and 2003. The highest figure was in 1996, with 9,984 employees. This figure dropped sharply in 1997 to 5,626 employees. Although in 1998 and 1999 the figure rose above 6,000, subsequent years – with the exception of 2002 – saw a further decrease to 4,300+ employees. The total decline between 1996 and 2003 was 56.6% (5,648 persons).

Table 2.1 Employment in the shipbuilding sector

1996	1997	1998	1999	2000	2001	2002	2003
9,984	5,626	6,270	6,195	4,550	4,739	5,193	4,336

Source: National Institute of Statistics, 2005

The reasons for the decline in employment can be found in the low competitiveness of the sector, reflected in its difficulties in attracting new clients. Furthermore, the sector is perceived as antiquated and labour intensive and national policies have not assisted its modernisation and development since the direct subsidies were banned. The growth of marine transport, together with national and European policies fostering it, could potentially trigger increases in employment.

Employment figures provide by CESA (covering CESA members only) show lower employment figures for the sector. According to this data the sector provided employment for a total of 4,171 persons in 1996 (in comparison to 9,984 from the National Institute of Statistics) and 2,184 in 2003. This data indicates a decline of 47.6%.

2.2 Training and skills

Some reports have suggested difficulties in recruiting qualified workers in the sector.

3.0 Marine equipment

No data could be obtained from Portugal in relation to employment in the marine equipment sector.

4.0 Shipping

The Portuguese shipping sector has shown a very negative development during the last 20 years. Portuguese fleet transported barely 15% of the tonnage of 1980 in 2002. The sector has undergone evolution in three different phases.

Before 1974 strong public protection dominated the national shipping sector, especially regarding merchant shipping to Portugal's overseas territories. In that period, shipping policy was regarded as an instrument of integration for the colonies and therefore the Portuguese fleet received large subsidies. In the second phase, when Portugal lost most of its overseas territories, as a consequence it also lost most of the merchant shipping trade with those territories. It was possible, however, to keep some mechanisms for flag preferences, which allowed the Portuguese fleet to maintain its activity.

The third phase was characterised by the application of the acquis communautaire to the internal market, prohibiting illegal state aid and introducing a strict competition regime. As a consequence, the existing systems of flag preferences had to be phased out. This had a direct negative effect on merchant shipping.

As a result of these developments maritime transport has declined drastically in recent years. In the last decade, Portugal has reduced its fleet by almost 50%, with 30% being lost in the last five years. As a result Portuguese merchant shipping has been limited to vessels operating almost exclusively on a short sea shipping basis to the autonomous regions of the Açores and Madeira, where a state aid regime can be applied to ensure regular supply to these areas.

No studies were found on the economic impact of the sector. However, some 52% of Portugal's imports and 77% of its exports are shipped.

Opportunities for the sector lie mainly in the general boost to merchant shipping in the EU: merchant shipping is a natural alternative to road and rail transportation of merchandise. Another important opportunity relates to the current need to diversify merchant shipping towards other, non-European countries.

4.1 Employment trends

According to the Portuguese ship owners association a total of 3,200 seafarers are currently active in fleet registered under Portuguese or other flags. From these 871 are of Portuguese origin (27%), 1,171 are other EU/EEA nationals (36.5%) and 1,164 are from non-EU/EEA countries (36%).

	Employment
Officers	1,122
nationals other EU/EEA non – EU/EEA	308 420 394
Ratings	1,586
nationals other EU/EEA non – EU/EEA	440 481 665
Cadets/Trainees	22
nationals other EU/EEA non – EU/EEA	22
Non-nautical staff	476
nationals other EU/EEA non – EU/EEA	101 270 105
Total all nationals	**3,206**

According to data from the national statistics office 835 people were employed in the shipping sector in Portugal in 2003. According to these statistics employment fell by nearly 35% between 1996 and 2003.

Table 4.1 Employment in the shipping sector in Portugal, 1996 - 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Maritime transport	1,282	1,190	1,427	1,347	1,208	1,246	1,080	835

Source: National Institute of Statistics, 2005

It is expected that the number of unqualified workers will decrease in the future, whereas the demand for highly skilled staff will increase. These trends will occur as a result of the growth in maritime transport and the automation of ships.

4.2 Training and skills

Companies' high demand for skilled staff is not currently matched by local labour supply. Shipowners in Portugal have reported serious labour shortages. This situation is a result of the lack of students in relevant maritime fields. At present workforce gaps are filled by foreign staff and workers from the fishing sector. However, in the longer term this workforce shortage is likely to become a serious problem, especially for highly qualified employees.

The lack of sufficient numbers of students in the fields relevant to shipping is a consequence of the low attractiveness of the sector in general. The main reasons for unattractiveness are low salaries and difficult working conditions.

5.0 Seaports and related activities

The strategic importance of the port sector in Portugal has been decreasing since the country lost its overseas territories. However, national ports still constitute a basic political instrument and an essential infrastructure for the development of the Portuguese economy. In 2002, Portuguese ports handled over 55 million tonnes of merchandise, which constitutes about 62% of the volume of merchandise exchanged that year[I].

As regards the autonomous regions of the Açores and Madeira, they are almost entirely supplied by merchandise handled in Portuguese ports, with over 3.5 million tonnes transported annually. In terms of exports, Portuguese ports are used for over 35% of the country's exported merchandise. They also receive over 400,000 tourists on cruise ships

[I] Report of the strategic Commission for the Oceans part II. http://www.emam.mdn.gov.pt/EMAMWebEnglish/links.htm every year, thus making Lisbon the Atlantic city of Europe and the city of Funchal one of the most visited cities in Portugal.

In short, Portuguese ports are at present in a state of stagnation brought about by competition from other means of transport and foreign ports. The capacity of Portuguese ports is not optimised and plans for their further expansion often face severe pressures from urban planning, tourism development and leisure.

One weakness of the sector is the lack of sufficient links with the transport infrastructure outside the ports. However, some of the infrastructural works will be completed shortly, which will improve connections between ports and the rail network. But the main weaknesses have been reported to be a lack of strategic planning for the port system and inefficient coordination. This has resulted in the loss of market share despite public investment targeted at modernising the ports. From the management point of view, new mechanisms similar to holdings have recently been created to integrate and improve the competences of port management. Also, recent studies have been carried out focusing on reducing the burden of bureaucracy. The sector also has good prospects for harmonising and simplifying procedures for companies operating in the sector, namely through the introduction of a one-stop shopping service.

One opportunity is the consolidation of Portugal as an international platform, following the example of Sines where a whole range of activities generating added value for the cargo are provided, fully integrated into the logistic and intermodal transport chains in order to be the gateway for the merchandises in Europe.

5.1 Employment trends

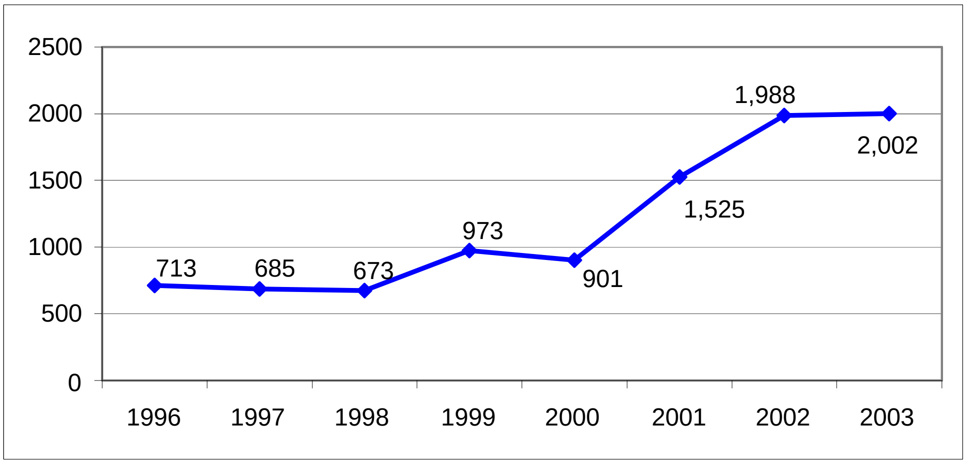
One of the reasons for the adverse situation of Portuguese ports is the stagnation caused by competition from other means of transport and from foreign ports, which is only partly counterbalanced by internal demand[I]. No statistics were obtained on employment in port administrations. But according to data from the National Institute of Statistics, employment however has increased fairly rapidly in shipping related activities between 1996 and 2003 – which are classified in this study as seaport related employment. Employment indeed more than doubled over this seven year period from 713 persons to 2,002 persons in 2003. These activities include:

- Activities related to water transport of passengers, animals or freight:
- Operation of terminal facilities such as harbours and piers
- Operation of waterway locks, etc.

[I] Report of the strategic Commission for the Oceans

- Navigation, pilotage and berthing activities
- Lighterage, salvage activities
- Lighthouse activities

Table 5.1 Employment in shipping related activities (storage etc.), 1996 – 2003



Source: National Institute of Statistics, 2006

6.0 Maritime services

No information was available on employment in the maritime services sector.

7.0 Maritime works

According to the information from the National Institute of statistics, just over 500 people worked in water based construction projects in 2003. These data refer to all water based projects, both by inland waterways and by the sea. Employment in the sector peaked in 2000 with 1,240 employees but has seen a significant drop since 1996 (47.3%).

Table 7.1 Employment in water based construction projects

1996	1997	1998	1999	2000	2001	2002	2003
965	972	1,032	973	1,240	1,153	566	509

Source: National Institute of Statistics, 2006

8.0 Recreational boating

According to the study carried out by the British Marine Federation on employment in the recreational boating sector in 2003/4, some 450 people in Portugal were engaged in boatbuilding industry, 265 in marine equipment manufacturing for recreational boats, and 1,770 in service activities related to recreational boats – a total of 2,480 people.

According to the Portuguese Marine Industry & Commerce Association APICAN the future of the boatbuilding industry is uncertain due to the major changes taking place in the market place. However, a number of new small enterprises have been established in recent years, but the further development of the sector could be in jeopardy because of relatively poor port infrastructure (particularly in terms of marinas in the northern parts of the country.

According to APICAN even if employment in the higher skilled segments of the sector are highly paid, there is a labour shortage of highly qualified workers (mainly naval architects). This is mainly due to the changes in the markets and technologies.

9.0 Coastal tourism

Portugal lies sixteenth in the ranking of worldwide tourist destinations[I]. Tourism is responsible for 11% of the GDP and approximately 10% of total employment. It therefore has a very significant impact to the economy of the country.

The main product of the Portuguese tourism sector is ‘sun and beach tourism’. It is, therefore, the coastal zone of the country that attracts about 90% of the tourists who visit Portugal. The sea is a key factor in the location of the hotel and entertainment infrastructure, national and foreign leisure residences and activities.

However, although the sea is a basic element for attracting tourists, Portugal still does not offer a product called ‘ocean tourism’. This is in spite of the fact that all tourism activities in Portugal are closely related to the sea, for example spas, maritime museums, leisure fishing, cruises, boat trips and diving. One of the reasons for this situation is that maritime tourism in Portugal is still relatively young. Also, the highest concentration of tourism comes in the period from May to October and in specific regions such as the Algarve, Setúbal, Lisbon, Peniche (Berlenga), the Azores and Madeira.

[I] Information extracted from: Report of the strategic Commission for the Oceans part II.
http://www.emam.mdn.gov.pt/EMAMWebEnglish/links.htm

One of the strengths of the Portuguese coastal tourism sector is its infrastructure base, especially the hotel and restaurant base. Also, Portugal is widely known as a sun and beach destination. The country has rich and diverse natural resources (forest, wildlife, landscapes, etc.) and unexploited development potential. However, as it is stated above these resources are limited and thus, exploitation should be controlled in order not to trespass the point of no return[I].

One weakness of the sector is the seasonal demand. Another important problem is the lack of recreational ports, which has an adverse impact on the expansion of recreational boating.

9.1 Employment trends

No studies have been carried out in Portugal on employment in sectors related to coastal tourism. For this study, the only source of data obtained from the Portuguese stakeholders was employment in the hotels and other accommodation facilities in the coastal regions[II]. Consequently these figures on employment are an underestimation of the total employment in the coastal tourism sector in Portugal (statistics do not take into consideration, for example restaurant related employment, travel agencies or tour operators).

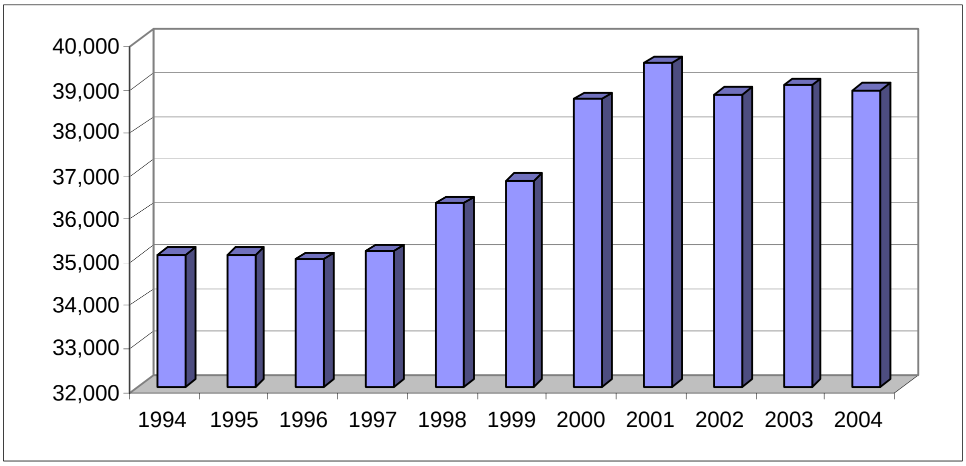
The statistics show that over the period from 1994 to 2004 employment in hotels in the coastal zone of Portugal gradually increased from 34,329 to 38,196 people (increase of 11.3%). Employment in all different accommodation facilities went up by nearly 11% (10.9%) between 1994 and 2004.

Table 9.1 Employment in accommodation facilities in Portuguese coastal regions

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Hotels	34,329	34,265	34,165	34,425	35,608	36,188	37,982	38,797	37,993	38,365	38,196
Youth hostels	0	8	37	41	45	55	84	97	106	108	106
Other communal facilities	745	806	756	672	605	546	608	616	679	533	592
TOTAL	35,074	35,079	34,958	35,138	36,258	36,789	38,674	39,510	38,778	39,006	38,894

Source: National Institute of Statistics, 2005

[I] Where the damage done to the nature is irreversible.
[II] National Office of Statistics, NUTS III regions by the sea)



The data is most comprehensive for the hotel sector. On the basis of the available data for employment in youth hostels, it can be observed that regions as the Algarve recorded a growth in the number of people employed in youth hostels, from eight in 1997 to 43 in 2004. A similar trend can be observed in Grande Lisboa, with 18 people employed in 1996 and 41 in 2004.

As with youth hostels, the availability of data is poor for employment in other communal accommodation facilities. However, on the basis of the available data, trends in individual regions can be observed. Employment in other communal accommodation in Madeira rose from 32 people in 1994 to 85 in 2004. At the same time, however, such employment in Grande Lisboa fell from 332 people in 1994 to 161 in 2004.

Turning to look at employment more closely at the hotels of the Portuguese coastal regions, the regions with the strongest employment growth were Madeira and the Açores. In the Açores, employment rose from 912 people in 1994 to 1,742 in 2004. In Madeira, employment rose from 4,991 people in 1994 to 7,290 in 2004.

Table 9.2 Employment in hotels in Portuguese coastal regions (NUTS III regions by the sea)

Hotel establishments	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Minho Lima	423	424	413	432	417	423	426	397	440	428	404
Cávado	782	715	737	765	753	763	723	778	823	743	771
Ave	325	344	349	334	387	376	394	417	447	452	424
Tâmega	217	207	203	222	224	210	202	190	217	208	216
Grande Porto	2,702	2,551	2,549	2,417	2,517	2,536	2,578	2,559	2,682	2,527	2,311
Entre Douro e Vouga	94	112	117	119	111	114	100	90	119	117	113
Baixo Vouga	904	756	756	768	738	695	729	752	515	746	733

Hotel establishments	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Baixo Mondego	761	604	729	666	674	671	683	682	559	665	619
Pinhal Litoral	424	445	444	464	443	414	431	445	345	422	428
Oeste	903	787	751	687	820	805	850	839	874	875	1,115
Lezíria do Tejo	47	66	59	113	116	137	141	164	161	167	186
Grande Lisboa	8,081	8,285	7,909	7,848	8,411	8,285	8,612	8,667	8,424	8,251	8,847
Península de Setúbal	743	821	782	807	860	848	859	856	911	787	793
Alentejo Litoral	295	318	313	338	386	338	395	416	374	425	429
Algarve	11,725	11,833	11,891	12,117	12,349	12,925	13,399	13,480	12,396	12,944	11,775
Região Autónoma dos Açores	912	892	962	984	1,019	1,026	1,086	1,180	1,371	1,378	1,742
Região Autónoma da Madeira	4,991	5,105	5,201	5,344	5,383	5,622	6,374	6,885	7,335	7,230	7,290

Source: National Institute of Statistics, 2005

Reasons behind the gradual development of the tourism sector in Portugal are mainly:

- the increasing number of European citizens travelling abroad for their holidays;
- the length of the coastline; and
- the good weather conditions of the country.

Factors that could hinder employment in the coastal tourism sector are mainly the emergence of new destinations and the possible degradation of natural resources. Factors that could boost the creation of employment are the diversification of the tourism product and marketing activities aimed at new markets or target groups such as older people.

9.2 Employment projections

According to the European Tourism Satellite Accounting the Portuguese travel and tourism industry generates 373,000 jobs in 2006 and this is expected to increase to 435,000 by 2016. This represents a forecast growth in employment of 16.6% over the upcoming decade. The wider travel and tourism economy provides 907,000 jobs at the moment, but this has been forecasted to increase to 1,050,000 jobs by 2016 – a projected growth of 15.7%.

10.0 Navy

The Portuguese navy employs 14,745 persons.