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

Spain

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 – Spain

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1.0 Summary[I]

This country report begins by summarising employment in the Spanish sea related sectors, followed by a more detail analysis of each individual sector[II]. The core maritime sectors (shipbuilding, marine equipment, shipping, seaports[III], maritime works and recreational boating) employed some 90,486 persons in 2004/2005. Recreational boating and seaports are the largest employers. Employment in the shipbuilding sector has seen the proportionally largest decline from nearly 10,000 employees in 1995 to just over 5,000 in 2004. Employment in the marine equipment sector increased until 2002 (at its peak generated over 41,000 jobs) but employment fell to 15,000 in 2004.

Table 1.1 Employment in the Spanish maritime cluster

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Direct employment											
Shipbuilding	9,807	-	8,675	7,602	6,967	6,668	6,459	6,232	5,861	5,419	-
Marine equipment	25,120	32,436	23,041	35,214	34,465	37,289	36,781	41,520	32,751	14,523	-
Shipping	9,000	-	-	-	-	8,500	-	-	-	-	8,000
Seaports	-	-	-	-	-	35,000	-	-	-	-	-
Maritime works	-	-	-	-	-	-	-	-	-	-	742
Rec. boating	-	-	-	-	-	-	-	-	25,240	-	-
Maritime services	-	-	-	-	-	-	-	-	-	1,562	-
Coastal tourism	-	-	-	-	1,252,086	1,364,178	1,378,370	1,450,966	1,536,430	1,576,377	1,665,234
Indirect employment											
Shipbuilding	1,885	-	1,755	1,548	1,555	1,541	1,524	1,509	1,488	1,483	-
Shipping	-	-	-	-	-	2,600	-	-	-	-	1,500
Seaports	-	-	-	-	-	110,000	-	-	-	-	-
Rec.boating	-	-	-	-	-	-	-	-	43,575	-	-

Although no studies have been carried out regarding employment in the coastal tourism sector, it is by far the largest sector in the marine and coastal economy in Spain. Statistics on employment in the wider tourism economy in the Spanish coastal regions showed that

[I] This report excludes employment related to fishing.
[II] Please note that fishing and seafood processing sectors are excluded from this study.
[III] Refers to the year 35,000.

the sector currently employs some 1.7-1.8 million people, and employment in the sector has seen a major increase between 1999 and 2005, both in absolute and relative terms.

2.0 Shipbuilding

The Spanish shipbuilding industry builds multifunctional ships and offshore crafts, combining a variety of the most complex technologies. New advanced materials, modern propulsion systems, electronic and navigational equipment are being developed in close cooperation with the supply and manufacturing industry in an increasing integrated process. New generations of integrated design methods and manufacturing processes are resulting in advanced and specialised ships, from modern LNGs, cargo ships and passenger vessels to advanced fishing and other non-cargo carrying ships as well as sophisticated naval and off-shore units.

Spanish shipbuilders have their market share mainly in the segment of sophisticated ship types with a high added value component, such as Ro-Pax ferries, multi purpose and advanced shuttle tankers, offshore platforms and FPSO's, chemical and gas carriers, dredges of all types and high standard tugs and fishing vessels. The possibility of maintaining a high degree of research and development in shipbuilding is vital for the development of this kind of ships and indeed to the future of the Spanish shipbuilding industry.

SWOT ANALYSIS OF THE SPANISH SHIPBUILDING INDUSTRY	
Strengths • Specialisation of the companies (large fishing and factory vessels, oceanographic research vessels and reefers) • High quality products • Good international reputation • Good training schemes	**Weaknesses** • Not enough investment in R&D
Opportunities • Development of new markets such as cruise vessels, passenger and ro-ro ferries, chemical and product tankers, gas carriers and containers.	**Threats** • Intensifying global competition

2.1 Economic importance

Spanish shipbuilding deliveries made up 2.0% of the global newbuild completions in 2003, thus taking the fourth place in the European Union, behind Germany, France and Italy. New orders for the Spanish shipbuilding sector constituted 0.5% of global new orders (the fifth place in the EU - behind Germany, Poland, Italy and Denmark). The general shipbuilding order book reached 0.9 per cent of the total in the world at the end of 2003. This was the fourth highest figure in the EU, behind Germany, Italy and Poland. The value of Spanish ship completions exceeded €1,900million in 2003, of which €900million are exported mainly to Norway, the United Kingdom, the Netherlands and Belgium[I].

Today the shipbuilding and ship repair sector has important links with not only the rest of the maritime industry but also other industrial and service sectors, such as: the electrical industry, iron and steel manufacturing, the chemical industry, electronics, plastics, energy transformation, land transport, communications, textiles, education, information technology and many more. This creates an important added value chain and is not only socially and economically very important but of high strategic value for the country as a whole.

2.2 Employment trends

In 2004, the shipbuilding sector provided employment for 5,419 persons directly and indirectly for 1,438 workers. The total employment level of the shipbuilding sector therefore was 6,857 employees.

The sector has experienced a very strong decline in total employment since the mid-seventies. In the last decade employment in the sector reduced by nearly 45%, (from 11,692 persons to 6,857 workers in 2004).

Table 2.1 Employment in the shipbuilding sector

Employment	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Direct	9,807	-	8,675	7,602	6,967	6,668	6,459	6,232	5,861	5,419
Indirect	1,885	-	1,755	1,548	1,555	1,541	1,524	1,509	1,488	1,483
Total	11,692	-	10,430	9,150	8,522	8,209	7,983	7,741	7,349	6,857

Source: Gernaval, 2005

2.3 Employment projections

The main reasons for the declining employment trend have been stated to be the restructuring of the sector and reductions in state aids. Spanish stakeholders in the shipbuilding industry have, however, predicted that employment in the sector is likely to stabilise in the next few years, as restructuring has now been nearly completed and

[I] Information extracted from the UNINAVE website: http://www.uninave.es/presentacion.asp

Spanish shipyards have been receiving a constant flow of new orders. It was also mentioned that the shipbuilding industry is now characterised by a high degree of outsourcing and many parts are now prepared by companies belonging to the maritime equipment sector rather than shipbuilding sector (see next section). Therefore, some increases in employment are more likely to take place in the equipment than in the shipbuilding sector.

2.4 Skills and training

The sector demands well trained staff and evidence suggests that these labour market skill demands are well matched by the Spanish labour force and training schemes; the sector is not experiencing skill or labour shortages at the moment. This finding is backed up by low unemployment rates the sector[I].

In order to meet the changing skill needs, ESF funds have been used in Spain to help set up different training schemes (particularly in relation to lifelong learning) to ease adaptation to new technologies and the transferability of workers to related sectors. These courses reached 20,000 people during 2004.

3.0 Marine equipment

The marine equipment sector in Spain has been increasing in its importance mainly because Spanish shipyards tend to subcontract a growing proportion of their production. The phenomena of subcontracting is taking place mainly because:

- It was the only way to reduce fixed costs that reduce the competitiveness of shipyards.
- Introduction of new and more complex technologies require further specialised skills and only specialised companies are able to produce these high tech items.

A large majority of companies working in the marine equipment sector in Spain are highly diversified and specialised SMEs. Economic impact of the Spanish maritime sector has not been calculated, however, it has been assessed that its value is today approximately 6.7 times higher than the value of the direct shipbuilding industry. Thus, employment in the sector is characterised by a very strong dependence on the shipbuilding sector.

SWOT ANALYSIS OF THE SPANISH MARINE EQUIPMENT INDUSTRY	
Strengths	**Weaknesses**

[I] Spanish National Statistics Office, 2005

• Highly specialised companies. • Adaptability of companies in the sector.	• High dependence of the shipbuilding sector • Low levels of entrepreneurship in the country
Opportunities • New European and international recommendations (IMO, LeaderSIP 2015) related to environmental rules, ballast, etc. (these can be either threat or opportunity depending on how well companies –with the help of public administration - prepare and finally adapt themselves to the changes). • European initiatives such as the European technology platform Waterborne.	**Threats** • Stagnation of Spanish productivity – which could potentially be overcome with more public investment in R&D in this sector and with a correct transposition of the EU legislation aimed at fostering shipbuilding, like in the case of Germany). • Competition from Asia (namely Japan, China and South Korea)

3.1 Employment trends

According to the Spanish Association of Marine Auxiliary Industries the sector provided employment approximately for 14,523 people in 2004. Employment in the sector has fluctuated heavily since the early nineties.

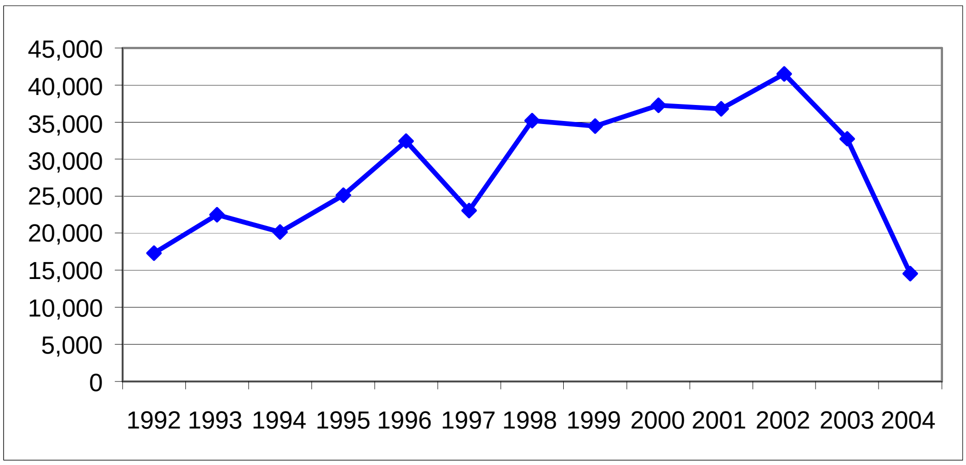
Table 3.1 Employment in the marine equipment sector, 1992 - 2004

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
17,294	22,483	20,135	25,120	32,436	23,041	35,214	34,465	37,289	36,781	41,520	32,751	14,523

Source: AEDIMAR, 2006

The following graph illustrates employment trends from the past 15 years. Employment peaked in 2002 when the sector generated over 41,000 jobs.

Figure 3.1 Employment trends in the marine equipment sector, 1992 - 2004



Source: AEDIMAR, 2006

4.0 Shipping

Spain is the European Union member state with the longest coastline, 8,000km. This fact together with its geographical situation close to the axis of the major shipping routes is progressively developing the status of Spain as a strategic hub for international shipping and as a maritime logistical platform for the South of Europe. An analysis of strengths and weaknesses together with opportunities and threats of the Spanish shipping sector has been provided below.

SWOT ANALYSIS OF THE SPANISH SHIPPING SECTOR	
Strengths • Geographical location (close to one of the major shipping axis of the world).	**Weaknesses** • Companies too focused in the shortsea shipping sector neglecting other areas of activity • New technologies are not being applied as promptly as it would be desirable. • Lack of coherent, integrated transport policies.
Opportunities • The Mediterranean Sea is developing as a key transport route between Europe-Asia and Europe-North Africa. • Congestion at north European ports, consolidation of Spanish ports and the enlargement of Europe (especially Turkey) could be expected to foster the development of south Europe as a new European entrance. • Potentials of shortsea shipping and cruise market.	**Threats** • Labour shortage • A lack of investment in the sector • A growing dependency on foreign workforce

In 2005, Spain had 189 ships with 2,395,745 GT and the Spanish shipping companies controlled over 300 ships with 4,176,997 GT. An average age of a ship was 14.8 years in 2005[i]. The Spanish maritime transport sector consists of:

- 15 cargo ships
- 27 container ships
- 59 passenger and cargo ships
- 9 liquefied gas ships
- 16 petroleum tanker ships
- 10 refrigerated cargo ships
- 36 roll on/roll off ships

[i] Information extracted from: ANAVE, *Merchant marine and shipping 2004-2005.* http://www.anave.es/Vinc%20Recientes/MMTM-05.pdf

- 26 of other types.

Though during 2004 there have not been important changes in Spanish transport policy, the Government is currently working on several new legislative initiatives with very high relevance for the maritime industry, including a review of the Law on the economic and fiscal regime of Spanish Ports; a new Strategic Plan for infrastructures and transport which establishes a course of action for all the Ministry of Public Works activities up to 2020; and a new Code of Maritime Law compiling and in many aspects introducing important changes in the existent private and public regulation[I].

4.1 Employment trends

The Spanish shipping sector employed (in vessels under the Spanish flag) 8,000 persons directly in 2005, and a further 1,500 workers indirectly. Indirect employment in this sector is constituted by the jobs created by the ship agents (consignees) who deal with invoices, bill loading, taxes, etc. Employment of seafarers has continuously decreased since the early 1980s. The decline was particularly drastic between 1980 and 1990 when the sector witnessed a decline of 38%. Over the past decade (1995-2005) further 2,100 jobs were lost (18% decline). Over the same period the number of foreign seafarers as a proportion of the total workforce has increased.

Table 4.1 Employment in the shipping sector, 1980 - 2005

Employment	1980	1985	1990	1995	2000	2005
Direct	20,000	-	-	9,000	8,500	8,000
Indirect	5,000	-	-	2,600	-	1,500
Total	25,000	17,000	15,500	11,600	-	9,500

Source: ANAVE, 2006

Bankruptcies, low wages, the perceived 'unattractiveness' of the sector and the lack of investment by companies as well as by competent authorities have been said to be some of the reasons for the decline in employment in the Spanish shipping sector.

4.2 Skills and training

Employment in the shipping sector i a growing number of workers with specialist skills, particularly technical skills. Some authorities, particularly in the Basque region, are concerned that there will not be enough skilled personnel in the Spanish shipping industry in the future to meet the labour demand.

[I] ECSA

It has been estimated that only 2 out of 10 students in the maritime field end up taking up a seafaring post. Young people do not find a career on sea an attractive option due to the long periods spent working away from home, poor salary (€2,300 a month for an official position) and due to poor career progression opportunities as it takes on an average 10 to 15 years to become captain. However, there are some good possibilities of promotion in other sectors with better wages, which many former seafarers choose to take up. For example, engineering officers have good possibilities of finding well paid jobs in other sectors requiring engineering skills, and other officials can easily find better paid jobs in administrative, maritime security or monitoring related jobs. Approximately 90% of employees of SASEMAR, a government funded maritime search and rescue service, are ex-seafarers.

The Spanish dual route system for academic and professional qualifications means that graduates can pursue good careers ashore in maritime related professions with a minimum amount of sea time. This has the benefit of ensuring that some necessary maritime posts, for example, in the Administration are not dependent on ex-seafarers. However, the disadvantage is that posts that do require sea experience are harder to fill and/or are filled with personnel with little practical experience at sea.

5.0 Seaports

In 2000, over 20 million people used Spanish ports facilities. In terms of trade, 51% of Spanish exports and 78% of imports were shipped by sea, in addition to 15% of the country's domestic trade. On the European level, the Spanish Port System plays an important role in the supply of vessels and specifically in the provision of bunkering services.

The state-owned Port System in Spain consists of 50 Ports of General Interest, managed by 27 Port Authorities, with the Public Entity "Puertos del Estado" responsible for their coordination and control. Puertos del Estado is responsible to the Spanish Ministry for Transport and Public Works and is charged with the execution of the Government's port policy. The legislation provides the Spanish port system with the necessary instruments to improve its competitive position in the global market, by allowing the set up of extended self-management faculties for the Port Authorities, which must be run on commercial business terms. Within this framework, the General Interest Ports are intended to respond to the 'landlord' model, whereby the Port Authority does no more than provide the port land and infrastructure and regulate the use of this public property, whereas the port services are essentially provided by private sector operators under an authorization or concession regime. Today, the functions of ports is moving beyond their traditional role as mere points of cargo loading and unloading and passenger transfer, to become commercial platforms where a whole range of activities generating added value for the cargo are provided, fully integrated into the logistic and intermodal transport chains.

The number of ships using Spanish ports has risen. It is interesting to highlight, however, that while the number of vessels has increased by an annual rate of 3%, the volume of their cargo has grown four times faster, by an annual rate of around 12%.This means that the average ship size shifted from 5,000 GT (in 1993) to 8,600 GT (in 2000). This larger vessel size calls for investment in deeper ports, increased infrastructure and better equipped quays and terminals. The following table provides a more detailed overview of weaknesses, strengths, opportunities and threats of Spanish ports.

<table>
<tr><th colspan="2">SWOT ANALYSIS OF THE SPANISH SHIPPING SECTOR</th></tr>
<tr><td>Strengths
• Maritime transport is one of the most important means of transport for exports and imports.
• Spain is becoming an international shipping and logistical platform in the South of Europe.</td><td>Weaknesses
• National land-based transport networks tend to be very much centralised around Madrid not reflecting the natural movement of people and merchandises in Spain. This has a direct effect on ports as most of them are poorly connected with other transportation means (trains, roads).
• National ports are centrally managed and there is a need for more decentralised management with authorities closer to the day-to-day problems of ports. However, possible decentralisation should always be backed by efficient coordination in order to ensure complementarity.</td></tr>
<tr><td>Opportunities
• Within the context of marine transport, the Mediterranean Sea has developed as a key transport route between Europe-Asia and Europe-North Africa.
• Congestion at north European ports, consolidation of Spanish ports and the enlargement of Europe (especially Turkey) can be expected to foster the development of south Europe as the new entrance to Europe.
• Other potential markets, which can also foster the development of the Spanish ports are shortsea shipping and cruises markets.</td><td>Threats
• Efficiency and competitiveness of the ports.
• Lack of coordination which makes some Spanish ports to compete with each other
• Lack of investment in infrastructure.</td></tr>
</table>

5.1 Economic impact

According to the web site of "Puertos del Estado"[I], the direct, indirect and induced activities of Spanish ports account for some 20% of the transport sector's GDP in Spain, and 1.1% of the country's GDP as a whole. It also directly sustains over 35,000 jobs and indirectly contributes to the creation of further 110,000 jobs.

5.2 Employment trends

No studies have been carried out to calculate employment in the Spanish seaport sector, only estimations have been obtained from the trade union CC.OO. It has been estimated that in 2000 Spanish seaports employed some 35,000 workers directly and further 110,000 indirectly. Indirect employment is deemed to cover all activities related to ports and shipping, thus is an over-estimation of the total indirect employment of the Spanish ports.

Table 5.1 Employment in the Spanish seaports in 2000

Year	Direct	Indirect	Total
2000	35 000	110 000	145 000

Source: CC.OO, 2005

In terms of trends in employment, the port sector in Spain witnessed a decline in employment during the period of restructuring of the sector (in the early 90's) due to higher levels of outsourcing. As it has been mentioned above, port authorities today only focus on provision of land and infrastructure and regulate the use of the property. Most port services are today provided by private sector operators.

After a period of decline in the sector, the Spanish stakeholders confirmed that the situation is improving and employment is expected to slightly increase in the upcoming years.

There are currently 225 maritime pilots operating in Spanish ports[II]. The occupation is seen a prestigious one and salaries are high so the retention rate is extremely high. However, experts have forecasted a shortage of sufficiently experienced candidates in 5-8 years time.

[I] http://www.puertos.es/index2.jsp?langId=1&catId=1014805434023&pageId=1039711108471

[II] Southampton Solent University: The mapping of career paths in the maritime industries. ECSA and EFT.

5.3 Employment projections

As stated above, predictions for employment in the sector for the coming decade are fairly positive. Economic activities in the Spanish seaports are expected to grow by 4.7% until 2007, by another 4.2% until 2010 and by another 2.8% until 2020[I]. However, it has to be kept in mind that employment is only created through open public competitions and the number of jobs offered through these competitions tends to be much lower than the actual demand. It must also be remembered that due to technological developments, employment in the port sector is not expected to grow as rapidly as the port traffic. For example, employment in cargo handling activities is expected to increase, but only very slightly.

The main factor affecting employment development in the sector is the growing importance of the maritime transport sector. However, if the growth of the maritime transport is not accompanied by improvements in appropriate infrastructure, impact on employment will be more limited.

5.4 Skills and training

Port management demands a trained workforce. However, in Spain the demand for labour in port authorities is currently not matched by appropriate training supply as the average training of the workforce is relatively low. Furthermore, the sector is currently experiencing labour shortages. The shortage is not due to the poor image of the sector as civil servant positions offer far more security than positions in the private sector. Furthermore, wages are said to be competitive but yet the companies in the sector find it difficult to fill in posts with highly qualified labour.

Employment in cargo handling demands both highly qualified as well as low skilled employees and according to the Spanish stakeholders this demand is well matched by the labour and training supply. Companies in this sector do not experience particular problems in recruitment mainly due to the fact that salaries and general working conditions are quite attractive.

Workforce mobility from the port sector to other maritime sectors has been stated to be low. This is explained by the civil service based employment in port authorities and attractive working conditions (in terms of salary) in cargo handling duties. Promotion possibilities are assured under civil servants regime and are fair in the case of stevedores.

[I] Information extracted from the magazine of the Ministry for public works nº 538, *Un futuro prometedor,* March 2005.

6.0 Maritime works

DRACE, Construcciones Especiales y Dragados, S.A. is one of the leading Spanish companies in the field of dredging and marine works. It employs 354 technicians, 51 administrative personnel and 337 persons in operational management – a total of 742 employees.

7.0 Maritime services

No studies exist on employment in the maritime service sector in Spain. For the purpose of this study, estimations have been obtained on some segments of the wider maritime service sector. For example, salvage operation employ some 400 persons and VTS services in ports employ further 250 workers. Employment in the Spanish Maritime Administration is an attractive option for those graduates from University who are seeking a shore-based occupation in the marine field with a minimum of seagoing commitment. In addition to the seven universities providing maritime related studies, there are 12 technical colleges in this field in Spain. Together they employ about 500 people, with 200 of these being maritime education and training lecturers in the universities. There are about 150 technical staff working in Classification Societies. Of these, approximately 25-30% are ex-seafarers who are seen as being desirable employees because of their knowledge of how ships work.

Table 7.1 Employment in the maritime service sector, 2004

Sub-sector	Employment
Maritime search and rescue, salvage operations	400
VTS services in ports	250
Spanish Maritime Administration	262
Maritime education and training	500
Classification societies	150
Total	**1,562**

Source: Southampton Solent University

8.0 Recreational boating

The recreational boat and yacht industry in Spain includes the following sub-sectors:

- Recreational vessels
- Recreational services

- Ports (321 yachting ports in Spain).

8.1.1 Economic impact

According to the ADIN 2005 economic report[XI], economic growth in the sector has been above the average growth of the Spanish economy (2.7% in 2004). This constitutes an average production growth of over 10% for the period 2000-2003. Furthermore, direct, indirect and induced activities of the Spanish recreational boat and yacht industry accounted for 0.22% of the country's industry GDP in 2004.

8.2 Strengths and weaknesses[XII]

SWOT ANALYSIS OF THE SPANISH SHIPPING SECTOR	
Strengths • Almost new market in Spain far from being as saturated as the markets of other European countries. • Good weather conditions.	**Weaknesses** • Geographic dispersion of the companies. • Market composed of SMEs which find it hard to compete in a globalised market and which do not collaborate together enought because of their geographic dispersion. • Strong dependence on prices of raw materials and oil fuels.
Opportunities • Growing purchasing power of the citizens.	**Threats** • Employment in the sector vulnerable to changes of the overall global political situation (oil crisis, etc.). • Growing pressures from environmental groups against the construction of recreational ports.

8.3 Employment trends

The following table outlines the number of people directly or indirectly employed in the recreational boating industry in 2003[XIII]. The table shows that the sector provided employment for just over 25,000 people in 2003 of which 23.8% (6,000 persons) were directly involved in manufacturing or repair of recreational boats. Distribution and sales were the largest sub-sector by employing 8,000 persons in 2003. Indirectly the sector provided employment for further 43,575 persons in port related activities (mainly leisure services).

[XI] ADIN (2005) *Economic report: recreational boating in Spain.*
[XII] Information obtained from the ADIN, "Economic report: recreational boating in Spain", 2005 and an interview with the president of the Spanish Marine Industries Association (ADIN)
[XIII] ADIN (2005) *Economic report: recreational boating in Spain.*

Table 8.1 Employment in the recreational boating industry, 2003

Sector	No of employees
Construction and repair of recreational boats	6,000
Distribution and commerce	8,000
Manufacturing of accessories and related equipment	2,500
Suppliers or importers of material linked to the recreational boating industry[XIV]	1,000
Yachting ports	3,720
Staff outside yachting ports[XV]	3,420
Charters	600
Total direct employment	**25,240**
Indirect employment in ports (leisure services)	43,575
Total direct and indirect employment	**68,815**

Turning to look at trends from the past decade, according to ADIN[XVI] from 1993 to 1997 the sector was in a crisis, which affected mainly companies focused in the construction of recreational boats. However, since 1998 employment in the sector has grown by 4% annually.

8.4 Employment projections

According to the president of the Spanish Marine Industries Association the employment forecast for the next years is positive. If no major changes will take place in relation to the global political situation or environmental concerns, employment is expected to grow in the companies providing services in this sector. This positive forecast is strongly linked to the growing purchasing power of the local population in Spain and backed up by Spain's popularity as a tourist destination (which is not expected to decrease in the next few years).

8.5 Skills and labour market

The industry representatives from Spain have reported skill shortages, mainly radio technicians and electricians. Some regions are setting up bespoke training schemes to address this problem. However, the root cause for the shortage in the service side of the

[XIV] Aluminium, rustproof materials, resin, etc.
[XV] Staff related to recreational boating but working in places different from the yachting ports (clubs without yachting port, nautical resorts, etc.)
[XVI] Interview with Miguel Company Martorell president of the Spanish Marine Industries Association (ADIN)

industry is the seasonal nature of the sector, which makes it somewhat unattractive for some workers in the sector. The regions wish to receive further support from the State to solve the problem.

9.0 Coastal tourism

Long, attractive coastal regions have traditionally been the main attractions for international tourists to Spain. Today the short break and city tourism segments are also growing areas of the Spanish tourism industry.

The tourism sector in Spain (which according to the World Tourism Organisation[XVII] is the second world destination just after France) is together with the building and construction sector one of those sectors that has fostered economic growth during the last decades. The seventies saw a major boost in tourism to Spain, mainly from Europe. Since then the sector has grown rapidly, so strongly that it has been described 'uncontrolled'. This explosive expansion of infrastructure and superstructure to cater for the demands of the tourism industry has led to over-exploitation of nature and sea resources. The following figure provides a more detailed analysis of strengths, weaknesses of the Spanish tourism sector.

SWOT ANALYSIS OF THE SPANISH TOURISM SECTOR	
Strengths • A great variety of resources to cater for different types of tourism demand (historic and cultural value, climate, natural resources, etc.) • Security of the country (compared to some other destinations). • Established tourist infra- and superstructure (hotels, restaurants, museums, etc.)	**Weaknesses** • Uncontrolled exploitation of natural resources • Limited natural resources • Overcrowding • Stagnation of the sector
Opportunities • Development of new markets (elder people, domestic market, cultural tourism, rural tourism, etc.)	**Threats** • More intense competition from other Mediterranean countries • Exploitation of natural resources • Increasing house prices

[XVII] Quoted in the Report from the Spanish Institute for tourism studies, 2004. http://www.iet.tourspain.es/informes/documentacion/publicaciones/TurisCifras2004_b_Esp.pdf

9.1 Economic impact

The direct, indirect and induced activity of the tourism industry accounted for 11.1% (€90 million) of the country's GDP in 2004[XVIII]. The economic impact of the tourism sector has increased sharply over the last decade; According to a report from the Spanish Institute for tourism studies[XIX] the country GDP coming from the tourism sector has grown from 70 million € in 2000 to 90 million € in 2004, which accounts for a 28.57% growth of the economic impact of the tourism activity over a four year period.

According to the Spanish Tourism Institute 61% of foreign tourists can be classified as tourists in coastal regions, whilst just over 31.1% of the domestic tourism can be classified as coastal tourism. Even though coastal tourism still continues to be one of the main contributors to the economic growth in the country, it is starting to slow down.

9.2 Employment trends

According to the active population survey[XX], 2,042,350 people where employed in tourism activities in Spain in 2003, which represents 12.2% of total employment. Just over a third of this employment (35.9%) was related to employment in restaurants and bars and 12.8% was related to employment in hotels.

No studies have been carried out on employment in the coastal tourism sector in Spain, even if in many Spanish regions coastal tourism is the key employment generating sector. The following table 8.1 outlines employment in the Spanish coastal regions which has been drafted together with Instituto de Estudios Turísticos and the Spanish Statistics Office. These statistics cover all the tourism related employment in the Spanish regions situated by the coast but the figures are likely to be an over-estimation of total employment in coastal tourism sector as such as only a few regions are within 50km from the sea. Especially the region of Andalucía covers a substantial part of the Southern Spain, and only a proportion of tourism employment in this region can be regarded as employment related to coastal tourism. On the other hand, all tourism employment in the Balearic or Canary Islands tends to be coastal tourism related. It must also be noted here that these statistics cover the wider tourism economy, including transportation industry.

[XVIII] Information extracted from a report from the Spanish Institute for tourism studies, 2004. http://www.iet.tourspain.es/informes/documentacion/publicaciones/TurisCifras2004_b_Esp.pdf
[XIX] Information extracted from the report from the Spanish Institute for tourism studies, 2004. http://www.iet.tourspain.es/informes/documentacion/publicaciones/TurisCifras2004_b_Esp.pdf
[XX] Information extracted from: Spanish statistical institute, *Active population survey,* 2003. http://www.iet.tourspain.es/informes/documentacion/Epa/Informe_Empleo_2003.pdf

According to this data, just over 1.6million people were employed in the Spanish coastal tourism sector in 2005. An increase in employment since 1999 has been strong. Today the sector employs over 400,000 people more than in 1999. This indicates a growth of 33% over a seven-year period. Employment in the region of Valencia has nearly doubled.

Table 9.1 Coastal tourism employment in the coastal regions of Spain

	1999	2000	2001	2002	2003	2004	2005	Change
Andalucía [XXI]	265,670	283,998	294,401	312,627	313,744	331,248	374,939	41%
Asturias	36,144	42,052	43,912	44,072	53,419	52,354	51,412	42%
Balearic Islands	95,516	107,261	96,275	103,182	114,422	107,846	116,342	22%
Canary Islands	137,177	145,525	146,688	152,068	165,944	180,964	182,480	33%
Cantabria	20,824	26,083	27,643	27,415	29,814	29,462	26,636	28%
Catalonia	315,813	334,321	331,152	368,653	395,438	386,512	397,094	26%
Valencia	161,552	180,828	195,034	196,871	208,230	223,210	240,789	49%
Galicia	90,477	98,773	102,649	107,292	110,803	108,943	121,100	34%
Murcia	37,385	45,031	44,360	45,162	49,548	50,910	50,036	34%
Basque country	91,528	100,306	96,256	93,624	95,068	104,928	104,406	14%
Total	**1,252,086**	**1,364,178**	**1,378,370**	**1,450,966**	**1,536,430**	**1,576,377**	**1,665,234**	**33%**

Source: Spanish Statistics Office and Instituto de Estudios Turísticos (Spanish Government)

When looking at occupational breakdown of employees in tourism industry (1,486,816 employees), it is clear to see that nearly two thirds are employed by the transport and restaurant sectors:

- 30.2% of employees work in restaurants.
- 29.9% of employees work in transports related sectors supporting tourism industry.
- 16.5% are employed by hotels.
- 9.7% are employed in tourist attractions.
- 8.3% are employed in leisure services.
- 2.7% of employees are working for tour operators.

61.3% of these employees were under 40 years old and 29.5% were under 30 years old.

When looking at the sectoral breakdown of self-employed people in the tourism sector (552,960 people), over half of entrepreneurs were restaurant owners:

[XXI] Particularly great overestimation of coastal tourism employment as Andalucías covers a substantial part of Southern Spain.

- 51,3% - restaurants
- 35,4% - transport
- 3,1% - hotels
- 1,1% - tour operators
- 9.1% - leisure services, tourist attractions etc.

9.3 Employment projections

It has been estimated[XXII] that the employment potential of the coastal tourism is very close to reaching its optimal level and indeed it is expected that in the coming years employment growth will not only slow down but either stabilise or even slightly decrease. The reasons for this forecast are three-fold:

- Stagnation of the sector (increasing competition, slight decline in international tourists, limited resources, etc.).
- Concentration of companies (it is expected that in the coming years there will be acquisitions and tourism companies will need to concentrate in order to survive).
- Unattractiveness of the sector
  - ► For entrepreneurs which have to face heavy tax burdens and low benefits when setting up a business
  - ► Because of low wages on temporary employment contracts the sector is unattractive for employees.

On the other hand, employment in the Spanish tourism industry as a whole is expected to grow – according to the latest findings from the Tourism Satellite Accounting. According to this data the Spanish travel and tourism industry currently employs 1.5 million people whilst this is expected to increase to over 1.72 million by 2016. Employment in the wider travel and tourism economy is expected to grow impressively from current 3.74million to 5.1 million by 2016.

Turning to assess the future of employment in different sub-sectors of the tourism industry, the following has been projected[XXIII]:

- Tour operators now face the threat of low cost companies offering their services and an increasing number of tourists arranging their holidays by themselves via the Internet.

[XXII] Information extracted from: Mariscal Galeano, Adela. "Mercado de trabajo y turismo en Andalucía : actividad, ocupación y paro (1990-2003). 2005.
http://www.juntadeandalucia.es/turismocomercioydeporte/absys/abwebp.exe/X6104/ID8078/G0

[XXIII] Information extracted from: Mariscal Galeano, Adela. "Mercado de trabajo y turismo en Andalucía : actividad, ocupación y paro (1990-2003). 2005.
http://www.juntadeandalucia.es/turismocomercioydeporte/absys/abwebp.exe/X6104/ID8078/G0

However, it is widely believed that tour operators will react promptly to these threats and therefore employment will not be so deeply affected.

- Employment in the accommodation sector is expected to remain strong.
- Employment forecast for the restaurants and bar sector is the worst. This is due to the fragmentation of the sector (mainly composed of small businesses), and to the heavy fiscal burdens (taxes, legal requirements) which leave small restaurants with low benefits.

9.4 Skills and training

According to the statistics from the national statistic office the tourism sector had an unemployment rate of 13% in 2005. The sector is not experiencing skill shortages due to the predominance of demand for fairly low skilled workforce (except hotels, tour operators and leisure centres where more skilled personnel is needed). However, the demand for labour is greater than supply during high seasons (from July to September).