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## 6. Gibraltar

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### 6.1 General description

572. The peninsula of Gibraltar is situated adjacent to the southern tip of the Spanish mainland and lies just 16 kilometres across the Strait of Gibraltar from the north east coast of Africa. Gibraltar is approximately 5 kilometres long and 1.2 kilometres wide, clearly marked by its famous Rock, which rises to a height of over 425 metres and overlooks the Mediterranean Sea to the east and the Atlantic Ocean to the west. It covers an area of 614 hectares and supports a population of some 28,000 people.
573. The whole of the territory of Gibraltar will be eligible for funding under the Competitiveness and Employment Objective for the 2007-2013 programming period.

### 6.2 Labour market analysis

574. Gibraltar has a base labour force of around 17,000 workers. The expansion of the private sector and the contraction of the public sector have created a mismatch of skills. Most of the workers released from the traditional public sector jobs, mainly the Ministry of Defence, are not equipped with the skills needed to find employment in the tourism, financial services and service sectors that have the potential to expand. As an example, the skills previously acquired in the MOD/ship repair operations bear no relationship to those that are required in the above private sector activities. This mismatch in skills is further aggravated by the impact of cross-border competition for employment in Gibraltar, particularly given the very high levels of unemployment found in neighbouring countries, especially Morocco and the Spanish hinterland where, in the case of the latter, unemployment is among the highest in Europe.
575. Evidence of emerging skill shortages comes from the substantial proportion of construction workers in Gibraltar who originate from the United Kingdom and Spain and the recruitment of specialists in other sectors, particularly the finance sector and the gambling sector, from outside Gibraltar.
576. Large numbers of frontier workers (relative to the size of the Gibraltar job market) compete for jobs with local residents. This further reduces the chances of Gibraltar residents to find employment locally. It is not an option for residents of Gibraltar to try and find employment in Spain, given the levels of unemployment in the hinterland.
577. There is little labour mobility in Gibraltar given its physical size and its peripheral position at the southernmost tip of Europe. The need to have adequate training and re-training programmes to meet the skills needs of the labour market cannot be over-emphasised. The re-training must be aimed at equipping the workforce with a wide range of skills and improved flexibility.
578. The labour market is subject to volatility, from causes outside Gibraltar's control. They include decisions made in London in respect of the size and make-up of the MOD establishment in Gibraltar, and the impact of the land frontier with Spain when frontier movements are less fluid.

### 6.2.1 Employment

579. Total employee jobs in Gibraltar amounted to 14,266 in October 2002, 31% of which were in the Ministry of Defence and the Government of Gibraltar. By 2005, the number of employee jobs had risen to 16,874, but now only 24% of them were in the public sector. Employment is dominated by service activities, with manufacturing of only minimal significance. The most important industry sectors are: the wholesale and retail trade, public administration and defence, construction, real estate, business activities, the gambling sector and financial intermediaries.
580. Between 1993 and 2002 the number of employee jobs fell sharply by 9% to 13,000 before growing to the level of 14,266 in 2002 and 16,874 in 2005. The most important fall was in construction. During this time, both financial and other services recorded growth, albeit on a very modest scale.
581. In 2005, the number of men in employment represented 58.1% as compared to women who represented 41.9% of the total workforce. This compares to 69% and 31% respectively, in 1990. There has been an increase in employment across the majority of sectors, most notably in other services, hotel and restaurants, shipbuilding and financial intermediaries.
582. In 2005 a total of 8,707 vacancies were opened with the Employment Service. 27.9% of the vacancies were in Elementary Occupations, 13.2% in the Administrative and Secretarial Occupations, 17.1% in the Sales and Customer Service and 16.8% in the Skilled Trades Occupations. 29% of the vacancies have been taken up by Spanish frontier workers.
583. The most important occupations in terms of employment share are administrative and secretarial, elementary and associated professional and technical trades. It is in the areas of sales and customer services and in process, plant and machine operatives where there has been a noticeable increase in employment between 1998 and 2005.
584. The frontier situation has also had significant impacts on levels of employment and investment. It has clearly had some specific effects through its impacts on visitor numbers and expenditure.

### 6.2.2 Activity rate for male and female workers

585. The total number of women who could be potentially active in the labour market is 7,043. The total number of women in employment as at October 2005 was 7,068 of which 1,594 were frontier workers. Actual resident employment was 5,474. The activity rate for women is 77.7% (5,474 out of 7,043).
586. The total number of men who could be potentially active in the labour market is 9,776. The total number of males in employment as at October 2005 was 9,806 of which 2,328 were frontier workers. Actual resident employment was 7,478. The activity rate for men is 76.5% (7,478 out of 9,776).

### 6.2.3 Unemployment

587. After rising sharply to a peak of 16.5% in 1995, unemployment fell to 3.73% in 2002 and 3.3% in 2005.

Figure 6.1: Unemployment figures, 1996-2005

Year	Unemployed	Total (Employed & Unemployed)	Unemployed Rate (%)
1996	2001	14,913	13.42
1997	1796	14,790	12.15
1998	944	13,944	6.67
1999	575	13,511	4.25
2000	481	13,862	3.50
2001	533	14,464	3.68
2002	552	14,818	3.73
2003	542	15,961	3.40
2004	502	16,496	3.04
2005	557	16,874	3.30

Source: Ministry of Employment.

588. The downtrend in unemployment has been attributable to a number of factors. The unemployment registration lapsing time was reduced, a voluntary repatriation deal was offered to Moroccan workers and new employment opportunities have started to emerge from investment projects.
589. It has been difficult to establish indicative trends as to the performance of the working population in relation to qualifications. This is due to the deficit in the data available. The Department of Education and Training has identified the need to carry out a training needs analysis to find out the skills mismatch within the community and this will be addressed during the course of this Programme.

#### 6.2.4 Equal Opportunities

590. The Government of Gibraltar attaches great importance to issues relating to Equal Opportunities.
591. The historical disparity has to be considered in the context of the traditional main sector of the economy, which was dependent on the Ministry of Defence establishment in Gibraltar. The MOD workforce was predominantly male. A substantial number of frontier workers who work in the Gibraltar economy are men, a large proportion being employed in the construction industry.
592. A further factor is that women in Gibraltar have in the past followed the Mediterranean tradition whereby women used to stay at home to look after the children. This situation is one that has been changing, particularly over the last decade; this could be partly influenced by families moving into the home ownership market.
593. In relation to women in the labour market, there are plans to address these issues aggressively with the view to educate and encourage employers and women themselves that they must look beyond 'traditional jobs for women' and try to move away from rigid traditional practices.

594. The incorporation of the Job Club within the Employment Service, during the latter part of 1999, is endeavoring to instill these concepts. The Job Club provides facilities and services to the long-term unemployed and other groups who are disadvantaged in the labour market in order to assist them back to work. Services offered by the Job Club include job workshops, interactive learning, video presentations, IT, interview skills training, information on training courses and so on. It is important to recognise the vital and growing contribution of women to the labourforce. The promotion of equal opportunities for men and women is central to a successful human resource strategy.
595. The importance of good quality care for dependants in order to encourage women to attend training courses or employment is recognised and assistance for such care or creating such facilities, if necessary, will be eligible for funding under this Programme.
596. The issue of equal opportunities will be reflected in the project selection criteria. A particular effort will be made to encourage women to participate in the Programme.
597. The aim is to support women and disadvantaged groups who suffer from exclusion, poor access to training and a lack of employment opportunities.

**Figure 6.2: Adult full and part-time employment by Industry Groups, 2005**

Industry Groups	Adult Full-Time		Adult Part-Time	
	Male	Female	Male	Female
Shipbuilding	244	8	4	0
Other manufacturing	99	42	2	12
Electricity & Water Supply	252	21	0	0
Construction	1659	89	43	22
Wholesale & Retail	1365	801	64	244
Hotels & Restaurants	446	285	68	188
Transport & Communications	674	198	16	13
Financial Intermediaries	550	691	1	6
Real Estate & Business Activity	612	576	23	66
Public Admin & Defence	1425	604	0	1
Education	196	337	5	157
Health & Social Work	359	829	2	41
Other Services	1193	629	12	51
<b>TOTAL</b>	<b>9074</b>	<b>5110</b>	<b>240</b>	<b>801</b>
	<b>63.98%</b>	<b>36.02%</b>	<b>23.06%</b>	<b>76.94%</b>

Source: Employment Survey, October 2005.

598. Figure 6.2 shows that in terms of full-time adult employment, men in employment represent 63.98% as compared to women who represent 36.02% of the full-time workforce. However, with regard to part-time employment, women represent 76.94% as compared to men who represent 23.06% of the part-time workforce.

599. The local education system now provides for children to remain in school over the lunch period. This should assist in encouraging women returners to the labour market.

### 6.2.5 SWOT analysis

600. The economy of Gibraltar has many unusual features, most of which stem from its small size in terms of area and population. Its land and other indigenous resources are small, for virtually no part of Gibraltar is capable of sustaining any kind of agriculture or horticulture and there is no commercial fishing.

601. Gibraltar is unable to benefit from any economies of scale. This applies notably to the provision of essential infrastructural services such as electricity, telecommunications and water supply. The Gibraltarian workforce has to adapt to changing demands within its own economy; it does not have the opportunity to travel to work elsewhere.

602. In the absence of domestic manufacturing activity of any significance, the economy is heavily dependent on imports, not only for its food and consumer goods but also for building materials, construction equipment and fuel.

603. Despite the constraints on the economy outlined above, Gibraltar does possess a number of strengths. These include good educational facilities, a population which is bilingual in English and Spanish, mercantile and engineering skills, established financial and shipping services sectors, a significant retail sector, an advanced telecommunications network, an airport, a harbour, an attractive location at the mouth of the Mediterranean, a fine climate and a distinctive heritage.

604. Gibraltar is a beneficiary of the Generalised System of Preferences, and its duty free zone Industrial Park offers an opportunity to establish a manufacturing base, which would assist in diversifying the economy, through attracting outside investment in manufacturing.

605. The Government considers that the weaknesses are generally within its ability to address, whilst the opportunities and threats elements are outside its control. It nonetheless considers that these can, to some extent, be influenced by effective planning and promotion.

606. The major impediments are seen as those of difficulty of access and lack of space. Gibraltar's physical limitation, its peripheral location and its local market limitation require manufacturing companies to export their products to the international markets.

607. The Port is a major asset and provides opportunities for further development and generating new sources of economic activity. However, this will require major infrastructural investments. Gibraltar enjoys a beneficial geographical location to provide a wide range of services to the maritime industry. It is not, and is unlikely to become, a cargo hub. Its fortes are the provision of services notably the provision of bunkers. This sector provides opportunities and some prospects for generating wealth.

608. Tourism is a major contributor to the economy with prospects for expansion. Gibraltar has a wealth of resources in terms of its fascinating heritage, natural history and natural environment, which require to be exploited to their full potential to enable the tourism industry to expand and create jobs.

609. Further growth in Gibraltar's SME sector is needed, both through new start-ups and expansion of existing SMEs, to achieve the objective of sustainable economic diversification. The rapid development of the electronic age has opened new possibilities for business development in E-Commerce and the exploitation of the Internet. E-Commerce represents the best prospects for business growth in this sector. These opportunities have been taken into account in formulating the Government's strategy to encourage economic growth and in the preparation of this plan.

Figure 6.3: Table of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Stable political and economic administration committed to private sector development</li> <li>• Bilingual population with English as the official language</li> <li>• A port with facilities to handle cargo and passenger services and an airport with scheduled flights to the UK</li> <li>• Established tourism, financial services, retail and shipping services sector</li> <li>• Large turnover of job vacancies</li> <li>• Good educational facilities</li> <li>• Increasing proportion of people with qualifications</li> <li>• Good telecommunication network</li> <li>• Falling unemployment</li> <li>• Unique culture and strong sense of community and place</li> <li>• Notable religious tolerance</li> </ul>	<ul style="list-style-type: none"> <li>• Small local market and no significant track record in export development</li> <li>• Unable to benefit from economies of scale, particularly in respect of essential infrastructural services</li> <li>• Indigenous resources are limited</li> <li>• Relative dependency on a few activities</li> <li>• Space limitation</li> <li>• Poor maritime, air and land communications</li> <li>• Advancement in career difficult: waiting for “dead men’s shoes”</li> <li>• Little labour mobility</li> <li>• Mismatch of skills</li> <li>• The employment market in a particular sector can easily be saturated</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Attracting and developing tourism-related light manufacturing</li> <li>• Enhancement to tourism product</li> <li>• A harbour, with potential to expand and generate new sources of activity</li> <li>• Strong local partnership arrangements</li> <li>• Further encouraging female participation rates given their labour market flexibility (willingness to work part-time)</li> <li>• Beneficiary of the Generalised System of Preferences</li> </ul>	<ul style="list-style-type: none"> <li>• Volatile frontier access. Frontier controls and delays are holding back development that could benefit both sides of the frontier</li> <li>• Strong competition for jobs from non-resident labour from neighbouring towns (where unemployment is high)</li> <li>• Higher operating and staff costs than the hinterland</li> <li>• High cost of living in Gibraltar, including expensive property prices and high rentals for businesses and domestic properties</li> <li>• Protection of the environment</li> <li>• Attracting highly qualified locals to enter the Gibraltar labour market</li> <li>• Improving the range and quality of new business start-ups</li> </ul>

610. The SWOT analysis suggests that in Gibraltar ESF should seek to help people into sustainable employment, to progress people to better quality and better-paid jobs, and to develop a skilled and adaptable workforce.
611. Gibraltar will deliver its strategy under the first three priorities of the Regional Competitiveness and Employment Objective, i.e.:
- Priority Axis 1: Extending Employment Opportunities
  - Priority Axis 2: Developing a Skilled and Adaptable Workforce
  - Priority Axis 3: Technical Assistance

## 6.3 Strategy

612. Gibraltar's Regional Development Strategy supports the Lisbon agenda whose goal is for the European Union to 'become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and a greater social cohesion'. The Council also stated that 'People are Europe's main asset and should be the focal point of the Union's policies'. Gibraltar, with the assistance of the European Social Fund, supports the Lisbon agenda by investing in people within the framework of the European Employment Strategy.
613. Gibraltar's Regional Development Strategy can be summarised as:
- consolidation of existing private sector jobs;
  - creation of new sustainable jobs;
  - diversification into new areas of activity;
  - encouragement for the introduction of new technology and IT in the labour market; and
  - encouragement for a large proportion of women to enter the job market.
614. The Government of Gibraltar recognises that in order to meet this strategy all citizens must have the chance to realise their potential, through education, training and work. Its main objectives in these areas are:
- ensuring that all young people reach the age of 16 with the required skills, attitudes and personal qualities that will give them a secure foundation for their future in a rapidly evolving labour market;
  - developing in everyone a commitment to lifelong learning; and
  - helping the unemployed access the labour market through programmes of job seeking, placements or through occupational training.

## 6.4 Implementation

615. The Managing Authority, which will be located in the European Social Fund Division of the UK Department for Work and Pensions will delegate certain functions to the Intermediate Body. The Government of Gibraltar will be the Intermediate Body with responsibility for ESF in Gibraltar. The EU Programmes Secretariat of the Government of Gibraltar will have overall responsibility for the management of ESF in Gibraltar, supported by the Gibraltar Regional Committee. The EU Programmes Secretariat will provide the secretariat and administrative support as required by EC Regulations.

### 6.4.1 Publicity

616. The Gibraltar Intermediate Body will operate a publicity strategy in accordance with the Commission Implementing Regulation. The publicity strategy for Gibraltar will include the circulation of the Gibraltar ESF Regional Strategy. At the same time, general information on other EU Funded Programmes will be promulgated. Every effort will be made to publicise the use of both ERDF and ESF in projects thereby demonstrating the synergy that exists between Programmes. The Gibraltar Regional Committee (JLAG) will determine the wider publicity strategy for Gibraltar.

### 6.4.2 Regional partnership and framework

617. The Gibraltar Regional Committee will be known as the Joint Local Advisory Group (JLAG). The Joint Local Advisory Group will include representation from Government Departments including the Department of Education and Training, the Department of Transport and the Department of Trade and Industry. Other Government Agencies will also be represented including the Environmental Agency, the Gibraltar Tourist Board and the Employment Service. The Social partners will include representatives from the Gibraltar Chamber of Commerce, the Gibraltar Federation of Small Businesses, the Gibraltar Business Network (a women's body), the Transport and General Workers Union and the Gibraltar Ornithological and Natural History Society.

618. The Joint Local Advisory Group will consider the Technical Assistance needs of Gibraltar.

619. Gibraltar will produce its own regional ESF framework.

### 6.4.3 Cross-cutting themes

620. Gender equality and equal opportunities, and sustainable development will be cross-cutting themes in Gibraltar.