

3. Employment

3. Employment

The twelve months to September 2004 presented a number of challenges to the economy, as a combination of domestic and international factors affected the domestic labour market. Whilst the gainfully occupied population increased, the restructuring initiatives as well as the subdued performance of the domestic economy and slow growth in Malta's main trading partners may have contributed to the rise in the number of unemployed persons. However, the increase in unemployment was lower than that registered in the previous two years.

The labour supply stood at 145,414 at the end of September 2004, reflecting an increase of 492 over September 2003. The gainfully occupied population increased by 294 reaching 137,274 at the end of September 2004. The number of unemployed persons registering under Part I of the Register increased by 149, reaching a level of 7,382 at the end of the Survey period. As shown in Table 3.1, the unemployment rate edged up marginally by 0.1 percentage points, thus rising to 5.1 per cent.

Employment trends in Malta point towards increased reliance on the private sector and particularly market services as the main generator of employment. Employment in the private sector, inclusive of temporary employment, stood at 90,625, an increase of 938 or 1.0 per cent over September 2003. This was mainly due to an expansion of 1,135 jobs in the private market services category which was slightly offset by a decline of 132 in private direct production. As a result of these developments, the share of total private sector in the gainfully occupied population increased by 0.5 percentage points, reaching 66.0 per cent at the end of September 2004. Employment in the public sector, inclusive of temporary employees, declined by 644 or 1.4 per cent over the same period last year. Consequently, the share of public sector in the gainfully occupied population declined by 0.5 percentage points to 34.0 per cent. This decline was mainly due to restructuring efforts at Malta Shipyards Ltd, Public Broadcasting Services Ltd, Maltapost plc and Malta Enterprise Corporation.

The analysis on labour market developments contained in this Chapter is based on the latest employment statistics compiled by the Employment and Training Corporation (ETC). During 2004 the ETC, in line with its policy for the revision of provisional data, has revised employment statistics published earlier, with the aim of attaining a continuous update of labour market data. As a result, the data in this Chapter are not directly comparable to those presented in previous issues of the Economic Survey.

Labour Market Performance

Table 3.1

	2000 Sep	2001 Sep	2002 Sep	2003 Sep	2004 Sep
Labour Supply	144,246	145,236	145,241	144,922	145,414
Males	103,911	104,172	103,854	103,233	103,197
Females	40,335	41,064	41,387	41,689	42,217
Gainfully Occupied	136,993	138,252	137,721	136,980	137,274
Males	97,776	98,402	97,780	96,968	96,692
Females	39,217	39,850	39,941	40,012	40,582
Total Private Sector	88,831	89,304	89,750	89,687	90,625
Private Direct Production	37,438	37,855	38,025	36,818	36,686
Private Market Services	50,622	50,700	50,954	52,177	53,312
Temporary Employment	771	749	771	692	627
Total Public Sector	48,162	48,948	47,971	47,293	46,649
Public Sector	47,915	48,694	47,692	47,000	46,386
Temporary Employment	247	254	279	293	263
Registered Unemployed*	7,253	6,984	7,520	7,942	8,140
Males	6,594	5,770	6,074	6,265	6,505
Females	659	1,214	1,446	1,677	1,635
% of Labour Supply of which unemployment under Part I (%)	5.0 4.6	4.8 4.3	5.2 4.7	5.5 5.0	5.6 5.1
Self-Employed**	15,926	15,342	15,472	15,645	15,907
Males	13,969	13,402	13,465	13,568	13,752
Females	1,957	1,940	2,007	2,077	2,155
% of Gainfully Occupied	11.6	11.1	11.2	11.4	11.6
Memorandum:					
Total Direct Production***	38,482	38,881	38,923	37,715	36,865
Total Market Services****	60,337	61,308	61,905	62,747	64,346
Total Private Sector Share	64.8%	64.6%	65.2%	65.5%	66.0%
Total Public Sector Share	35.2%	35.4%	34.8%	34.5%	34.0%

*Includes both Parts I and II of the registered unemployed

**Included in the Private Sector

***Excluding temporary employees and public sector employees in the electricity and gas sector

****Excluding temporary employees and Malta Drydocks Corporation up to 2003 and Malta Shipyards Ltd in 2004

Source: Employment and Training Corporation

Box 3.1

The Labour Force Survey for the Maltese Islands

The Labour Force Survey (LFS) is a study carried out by the National Statistics Office (NSO) in accordance with the methodologies of the International Labour Organisation and Eurostat. The LFS provides detailed information on a range of labour market indicators, however it is not directly comparable to statistics emanating from the Employment and Training Corporation (ETC) mainly due to differences in definitions and methodologies of the two datasets.

As from the beginning of this year, the LFS published by NSO are not comparable on a like-with-like basis to those published earlier. This is because the data is based on a survey extended over the thirteen weeks of the quarter, in contrast with the methodology previously in place that referred to a single reference week. In this context, this section will focus on the LFS covering December 2003. Additionally, one must express caution in comparing Survey results over time as changes in employment of 1,800 or less may be the result of sampling error.

At the end of December 2003, the number of employed persons (inclusive of self-employed and part-timers) stood at 147,042, reflecting a decrease of 1,361 or 0.9 per cent over December 2002. At the end of December 2003, the total employment rate declined by 0.8 percentage points, and stood at 53.7 per cent. The number of male employees stood at 101,159, a decline of 961 or 0.9 per cent over the same period last year. Female employment declined by 1.0 per cent and amounted to 45,883 at the end of December 2003.

At 53.7 per cent, the total employment rate in Malta was 9.3 percentage points below the EU 25 average. As shown in the Table, at the end of December 2003, the male employment rate stood at 73.3 per cent, 2.4 percentage points higher than the EU 25 average. Meanwhile, at 33.7 per cent the female employment rate was 21.4 percentage points below the EU 25 average. Interestingly the employment gender gap, defined as the difference in the employment rates between females and males is the lowest for the 15-24 years cohort at 1.0 percentage points, rising to 52.7 percentage points and 40.1 percentage points for the 25-54 years cohort and 55-64 years cohorts, respectively.

According to the LFS, during December 2003, the number of unemployed persons stood at 12,596, an increase of 1,721 over the corresponding month of 2002. Males made up 67.5 per cent of total unemployed persons. This corresponds to an unemployment rate of 7.9 per cent, 1.2 percentage points below the EU 25 average. It is pertinent to note that in December 2003 the unemployment rate in EU 25 rose by 0.3 percentage points to 9.1 per cent.

The LFS provides also an interesting insight into gender differences in relation to work and pay. At the end of December 2003, the number of persons in full time job stood at 133,750, of which 72.7 per cent were males and 27.3 per cent females. Full-time employment with reduced hours and part-time employment were more prevalent among females. In fact females made up 68.7 per cent and 70.5 per cent of all persons in full-time employment with reduced hours and part-time employees respectively.

Box 3.1 continued

On an occupational basis, female clerks exceed the number of males by 1.4 per cent, however they are under-represented in all other categories. In particular, among the occupations having the highest average salary, the number of males exceeds females. In the case of legislators, senior officials and managers and professionals, males exceed females by 5.9 per cent whilst for professionals the corresponding figure is 0.8 per cent.

These gender differences in occupation are reflected in the average salary. The gender pay gap, defined as the average gross weekly earnings of males and females as a percentage of male average gross hourly earnings stood at 10.3 per cent. Furthermore, females tend to work shorter hours compared to males, as at the end of December 2003 the average number of hours worked by females stood at 38.5, or 1.8 hours less than males. This working pattern may also be reflected in the gender pay gap.

**Selection of Labour Force Survey
Indicators - December 2003**

	per cent	
	Malta	EU-25
Total Employment Rate	53.7	63.0
Male	73.3	70.9
Female	33.7	55.1
Total Unemployment Rate	7.9	9.1

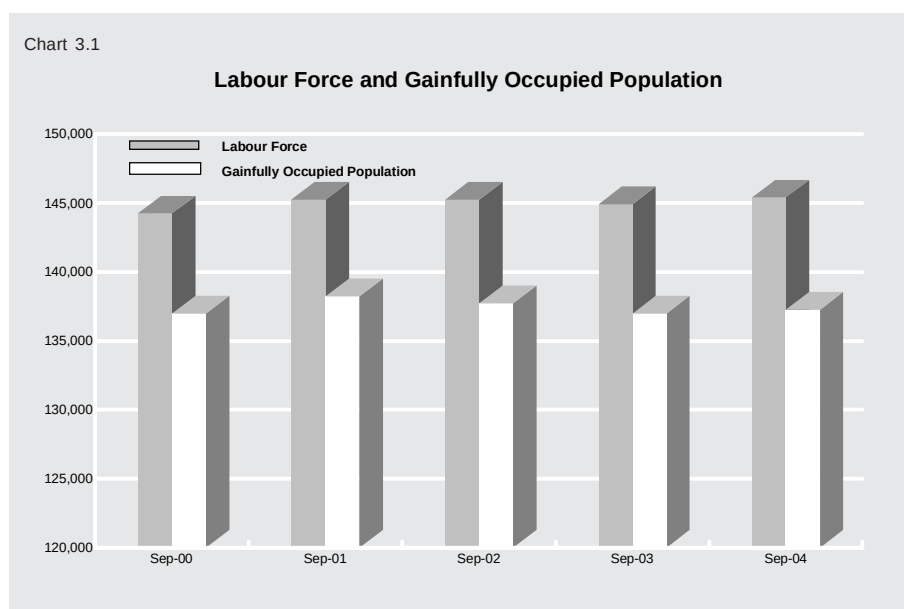
Source: National Statistics Office, Eurostat

It is important to note that the data on registered unemployment is composed of both Part I and Part II of the Register. Part I of the Register includes those people who are eligible for work and registering with the ETC as unemployed while Part II incorporates other categories of persons searching for work but who are not eligible to register under Part I. Such categories include those who were dismissed from work due to disciplinary action or who left employment at their free will, those who refused work and training opportunities, those who failed to submit the necessary documents required for registration under Part I and those who were struck off after an inspection by the Law Enforcement Personnel. In this context, unemployment under Part I of the Register is used as the measure of economic developments in the domestic labour market.

Labour Market Developments

This section provides an overview of the salient labour market developments that occurred during the period covering September 2000 to September 2004. As shown in Chart 3.1, the labour supply rose by 1,168 or 0.8 per cent between September 2000 and September 2004, reaching a level of 145,414 at the end of September 2004. During this period, the labour supply registered a general upward trend, except for the twelve months to September 2003, mainly due to the economic restructuring.

On a gender basis, the increase in the labour supply recorded over the recent years was driven by a higher number of females, as the males category recorded a decline. In fact the male component in the labour force declined by 714 or 0.7 per cent between September 2000 and September 2004, with drops recorded during every year except in 2001. The number of females in the labour force stood at 42,217 in September 2004 thus reflecting an increase of 1,882 or 4.7 per cent over September 2000. As a consequence, the share of males in the labour force declined by a percentage point to 71.0 per cent while the share of females in the labour force rose from 28.0 to 29.0 per cent at the end of September 2004. Raising the employment rate, especially among females is one of the objectives of the Maltese Government, which is also highlighted in the draft National Action Plan for Employment published recently.



At the end of the Survey period, the gainfully occupied population stood at 137,274 reflecting an increase of 281 or 0.2 per cent over September 2000. This reflects increases recorded in the twelve months to September 2001 and September 2004 of 1,259 and 294, respectively that countered the drops of 531 and 741 in the year ending September 2002 and 2003, respectively.

The number of males in the gainfully occupied population declined by 1,084 over the period under review, reaching 96,692 at the end of September 2004. In contrast, the number of females in the gainfully occupied population stood at 40,582 at the end of September 2004, representing an increase of 1,365 or 3.5 per cent over September 2000.

As a result of these developments, the number of unemployed persons under Part I of the Register in the four years to September 2004 rose by 788. The number of unemployed persons declined by 379 between September 2000 and September 2001, however increases were recorded over the subsequent years. Nevertheless one should note that the increase in unemployment under Part I recorded during September 2004 was the lowest in the three years to September 2004 and that the increase in the number of unemployed persons appears to have decelerated. Hence the unemployment rate under Part I stood at 5.1 per cent at the end of September 2004, an increase of 0.5 percentage points over September 2000, whilst compared to September 2003, the unemployment rate rose marginally by 0.1 percentage points.

Private Sector Employment

Private sector employment, inclusive of temporary employment, registered increases over the period from September 2000 to September 2004, except for the twelve months to September 2003. Over the four-year period to September 2004, private sector employment increased by 1,794 or 2.0 per cent, reaching 90,625 at the end of September 2004. This increase was driven by higher employment in both private market services throughout this period and private direct production between September 2000 and September 2002. However, declines in private direct production were recorded in both the twelve months to September 2003 and September 2004.

Private direct production stood at 36,686, a decrease of 752 or 2.0 per cent over September 2000. Although an increase of 587 was recorded over the twenty-four months to September 2002, this increase was offset by declines of 1,207 and 132 during the years ending September 2003 and September 2004, respectively. These developments reflect mainly restructuring especially in the

local manufacturing industry. As a result, the share of private direct production in total employment declined from 27.3 per cent in September 2000 to 26.7 per cent in September 2004. The decline in private direct production was more than offset by the strong job creation registered in private market services over the period under review. Private market services stood at 53,312 at the end of September 2004, representing an increase of 2,690 or 5.3 per cent over the period September 2000 to September 2004. This increase registered over the four years to September 2004 was mainly concentrated in the community and business sub-sector. Consequently the share of private market services in the gainfully occupied population stood at 38.8 per cent at the end of September 2004, 1.8 percentage points higher than that for September 2000.

As a share of total private sector employment, private direct production stood at 40.5 per cent at the end of September 2004, around 1.7 percentage points less than September 2000. Conversely, the share of private market services out of total private sector employment stood at 58.8 per cent in September 2004, up from 57.0 per cent recorded at the end of September 2000. These figures are consistent with the long-term trend towards greater reliance on private market services that is being experienced by the Maltese economy.

The number of temporary employed in the private sector was on a downward trend over the period September 2000 to September 2004, except for an increase in the twelve months to September 2002. Temporary employment in the private sector stood at 627 at the end of September 2004, a decline of 144 over September 2000.

After a drop in the twelve months to September 2001, the number of self-employed increased consistently in the subsequent years although ending at almost the same level recorded in September 2000. In fact the number of self-employed at the end of September 2004 stood at 15,907. The share of self-employment in the gainfully occupied population in September 2004 continued to follow an upward trend, following the drop in 2001. This reached 11.6 per cent in September 2004.

On a gender basis, the number of male self-employed stood at 13,752 at the end of September 2004, a decline of 217 when compared to September 2000. Meanwhile the number of female self-employed stood at 2,155 representing an increase of 10.1 per cent over September 2000. Consequently, the share of female self-employed in total self-employed stood at 13.5 per cent at the end of September 2004, up from 12.3 per cent recorded four years earlier, but still

relatively low when compared to the share of females in the gainfully occupied population.

Public Sector Employment

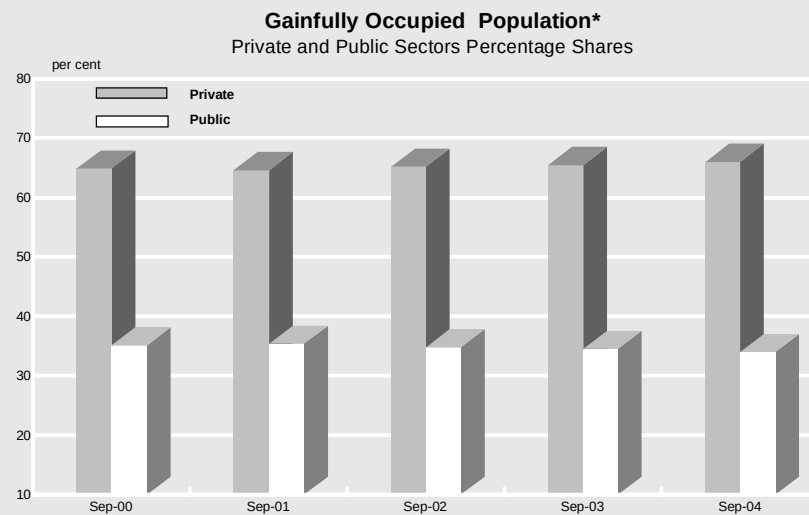
During the period September 2001 to September 2004, public sector employment was generally on a downward trend. At the end of September 2004 total employment in the public sector, inclusive of temporary employment, stood at 46,649, representing a decrease of 1,513 over the same period in 2000. Consequently, as shown in Chart 3.2, the share of total public sector employment in the gainfully occupied population stood at 34.0 per cent, 1.2 percentage points below the share recorded in September 2000. This drop was mainly due to privatisation as well as restructuring initiatives in public sector entities carried out during this period. As shown in Table 3.2, during September 2004 public sector employment declined by 644 when compared to the same period in 2003. Employment in Government Departments stood at 30,022, a marginal decline of 60 over September 2003 but some 700 persons less than in 2000.

As mentioned earlier, several restructuring programmes were implemented during the Survey period in a number of state-owned enterprises. Early retirement schemes as well as redeployment of surplus staff with the Public Sector were implemented at Maltapost plc and in Public Broadcasting Services Ltd. Additionally during the first quarter of 2004, Malta Enterprise Corporation took over the functions previously held by the Malta Development Corporation, the Institute for the Promotion of Small Enterprises and the Malta External Trade Corporation. A voluntary early retirement scheme was introduced and subsequently, employees who were not recruited by Malta Enterprise Corporation or Malta Industrial Parks Ltd and who did not take up early retirement were retained in the Public Sector for eventual re-deployment.

Moreover, the setting up of Malta Shipyards Ltd during the fourth quarter of 2003 absorbed around 1,700 employees out of approximately 2,600 previously employed with the Malta Shipbuilding Co Ltd and Malta Drydocks Corporation. The remaining employees were either transferred to a new company, Industrial Project and Services Ltd (IPSL), or opted for early retirement schemes, some of which allowed those eligible to register for unemployment.

The developments described above had a considerable impact on employment in companies with public sector majority shareholding and Independent Statutory Bodies. Indeed, employment with public sector majority shareholding companies dropped by 974 during the twelve months to September 2003 mainly due reforms

Chart 3.2



*including temporary employees

Public Sector Employment

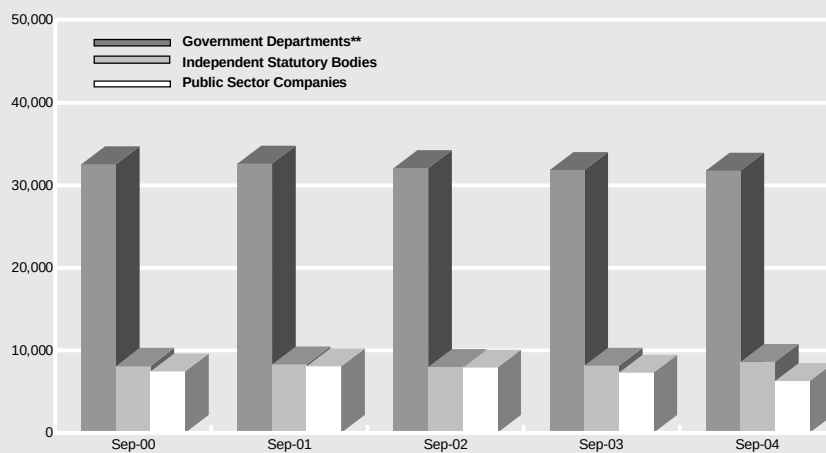
Table 3.2

	2000 Sep	2001 Sep	2002 Sep	2003 Sep	2004 Sep
Government Departments	30,714	30,825	30,349	30,082	30,022
Companies with public sector majority shareholding	7,457	7,990	7,841	7,199	6,225
Independent Statutory Bodies	8,085	8,267	7,895	8,066	8,510
Armed Forces & Revenue Security Corps.	1,659	1,612	1,607	1,653	1,629
Temporary Employees	247	254	279	293	263
Total	48,162	48,948	47,971	47,293	46,649

Source: Employment and Training Corporation

Chart 3.3

Public Sector Employment*



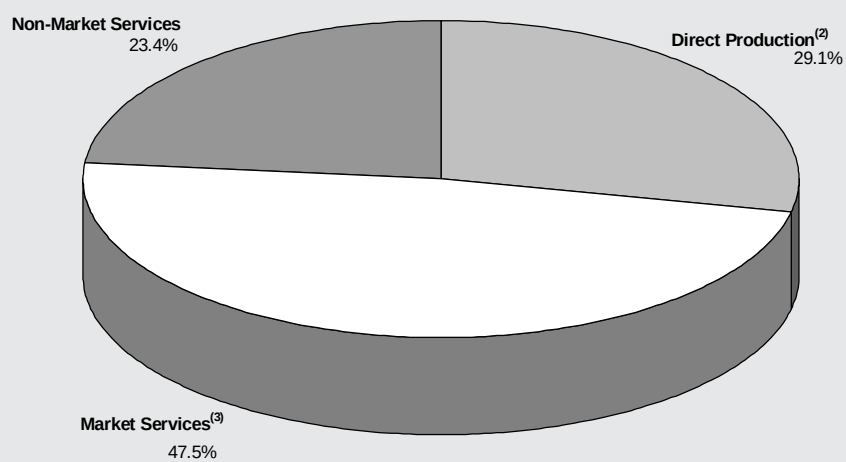
*including temporary employees

**Government Departments include Armed Forces and Revenue Security Corps

Chart 3.4

Gainfully Occupied by Broad Sectors⁽¹⁾ - September 2004

Percentage Share



(1) excluding temporary employees

(2) including electricity and gas services

(3) including Malta Shipyards Ltd

carried out in Malta Shipyards Ltd, restructuring reforms in Maltapost plc and Public Broadcasting Services Ltd and changes related to the establishment of Malta Enterprise Corporation. Consequently, the share in the public sector accounted for by public sector majority shareholding companies stood at 13.3 per cent, 1.9 percentage points lower than September 2003.

At the end of September 2004, employment with Independent Statutory Bodies stood at 8,510, an increase of 444 over the same period last year. These changes were attributed to recruitment at the Malta College for Arts Science and Technology (MCAST) as well as the establishment of Malta Shipyards Ltd and IPSL that resulted in a re-classification of workers from the companies with public sector majority shareholding category. Consequently, the share of Independent Statutory Bodies in public sector employment rose by 1.1 percentage point to 18.2 per cent. These developments are highlighted in Chart 3.3. During the twelve months to September 2004, a drop of 30 was recorded in the number of temporary employees engaged in the public sector, ending the period at a level of 263.

Sectoral Employment

Chart 3.4 highlights the share of market services, direct production and non-market services in the gainfully occupied population as at September 2004. As shown in the Chart, the share of the market services category, stood at 47.5 per cent, and at the end of Survey period it was the major contributor to employment in Malta. Moreover, the share of employment in direct production and non-market services stood at 29.1 and 23.4 per cent respectively.

The following analysis gives a detailed overview of the main employment developments in clusters of economic activity in both direct production and market services categories recorded during the twelve months ending September 2004.

Direct Production

As highlighted in Table 3.3, total employment in direct production stood at 36,865 at the end of September 2004, a decline of 850 or 2.3 per cent over the same period last year. Employment in direct production is almost entirely provided by the private sector with a share in total employment in direct production of 99.5 per cent at the end of September 2004, an increase of 1.9 percentage points over September 2003. The decline in total direct production employment is

Employment in Direct Production*

Table 3.3

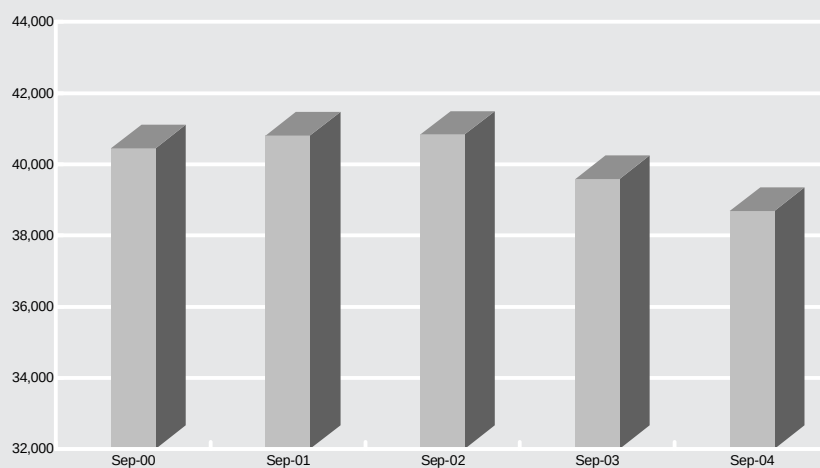
	2000 Sep	2001 Sep	2002 Sep	2003 Sep	2004 Sep
Agriculture & Fisheries	2,199	2,162	2,219	2,292	2,278
Private	2,199	2,162	2,219	2,292	2,278
Public	-	-	-	-	-
Stone and non-Metallic Quarrying, Construction & Oil Drilling	6,433	6,759	6,986	6,977	7,144
Private	6,297	6,624	6,853	6,844	7,016
Public	136	135	133	133	128
Manufacturing	29,850	29,960	29,718	28,446	27,443
Private	28,942	29,069	28,953	27,682	27,392
Public	908	891	765	764	51
Total Employment in Direct Production	38,482	38,881	38,923	37,715	36,865
Private	37,438	37,855	38,025	36,818	36,686
Public	1,044	1,026	898	897	179

* Excluding temporary employees and public sector employees in the electricity and gas sector

Source: Employment and Training Corporation

Chart 3.5

Direct Production* Total Sector Employment



*including electricity and gas services

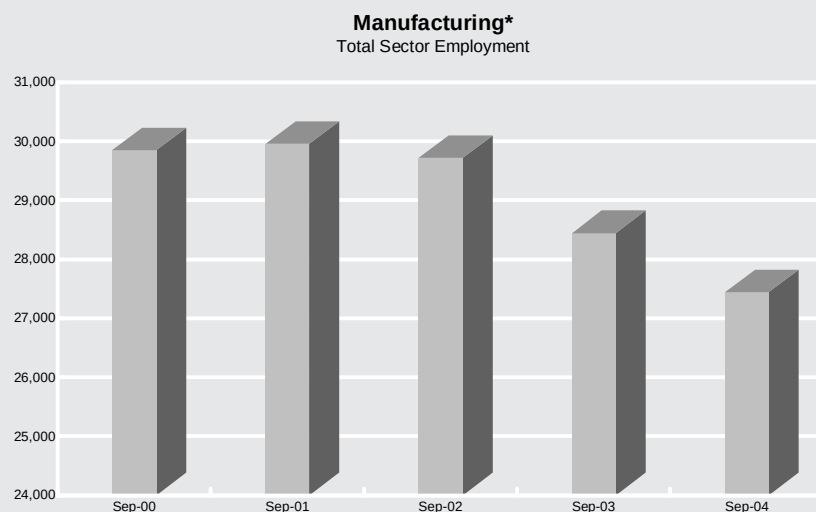
mainly due to a lower public sector complement of 718 over September 2003, mainly as a result of the implementation of restructuring programmes in a number of public entities. Meanwhile employment in the private sector declined by 132. Chart 3.5 shows the employment levels in direct production over the period covering September 2000 to September 2004.

Employment in agriculture and fisheries stood at 2,278 at the end of September 2004, a marginal decline of 14 over the same month of 2003. The share of agriculture and fisheries in total employment in direct production stood at 6.2 per cent, a marginal increase of 0.1 percentage points over September 2003. The labour complement in the stone and non-metallic quarrying, construction and oil drilling increased by 167 or 2.4 per cent over September 2003. This increase in employment is attributed to the private sector and at the end of September 2004 the share of stone and non-metallic quarrying, construction and oil drilling in total employment in direct production stood at 19.4 per cent.

Employment in manufacturing stood at 27,443, a decline of 1,003 over September 2003. This outcome is mainly due to a drop in public sector employment of 713 over the same period last year, as a result of the restructuring at the shipyards. In particular, a number of workers were transferred to the market services category following the setting up of IPSL. Private sector employment in manufacturing declined by 290, ending the year at the level of 27,392. This is mainly due to drops recorded in footwear and clothing, machinery and transport equipment. However, this decline was much lower than that registered in the twelve months to September 2003. At the end of September 2004 the share of manufacturing employment in direct production stood at 74.4 per cent, 1.0 percentage points below that recorded twelve months earlier. Chart 3.6 depicts the employment levels in manufacturing during the period September 2000 – September 2004.

Total sectoral job gains in manufacturing during the twelve months to September 2004 amounted to 503, up from 223 recorded in the same month of 2003. The increases arose in the private sector primarily in textiles and electrical machinery. As shown in Table 3.4, sectoral job losses in the private sector amounted 793, significantly below the level recorded during the twelve months to September 2003. These were concentrated in footwear and clothing, beverages, furniture and fixtures, machinery and transport equipment. Job losses in the public sector stood at 713 and were mainly due to the restructuring at the shipyards. Further detailed information about employment developments in manufacturing is found in Table 3.5.

Chart 3.6



*including private sector electricity and gas services

Changes in Manufacturing Employment*

Table 3.4

	2001-00 Sep	2002-01 Sep	2003-02 Sep	2004-03 Sep
Total Change	110	-242	-1,272	-1,003
Private	127	-116	-1,271	-290
Public	-17	-126	-1	-713
Total Sectoral Increases	606	703	223	503
Private	606	702	223	503
Public	-	1	-	-
Total Sectoral Decreases	496	945	1,495	1,506
Private	479	818	1,494	793
Public	17	127	1	713

* Excluding temporary employees and public sector employees in the electricity and gas sector

Source: Compiled from Employment and Training Corporation data

Manufacturing Employment*

Table 3.5

	2000 Sep	2001 Sep	2002 Sep	2003 Sep	2004 Sep
Food mfg	3,116	3,055	3,063	3,046	3,038
Private	3,094	3,034	3,044	3,027	3,024
Public	22	21	19	19	14
Beverages mfg	1,269	1,278	1,214	1,263	1,224
Private	1,269	1,278	1,214	1,263	1,224
Public	-	-	-	-	-
Tobacco mfg	163	177	168	167	161
Private	163	177	168	167	161
Public	-	-	-	-	-
Mfg of Textiles	1,084	1,498	1,675	1,407	1,581
Private	1,084	1,498	1,675	1,407	1,581
Public	-	-	-	-	-
Mfg of Footwear, Clothing etc	3,264	3,275	2,882	2,137	1,650
Private	3,264	3,275	2,882	2,137	1,650
Public	-	-	-	-	-
Mfg of Wood & Cork	39	30	27	22	18
Private	39	30	27	22	18
Public	-	-	-	-	-
Mfg of Furniture & Fixtures	2,384	2,322	2,270	2,173	2,110
Private	2,384	2,322	2,270	2,173	2,110
Public	-	-	-	-	-
Mfg of Paper products	302	322	320	307	304
Private	302	322	320	307	304
Public	-	-	-	-	-
Printing & Allied mfg	1,569	1,576	1,677	1,728	1,716
Private	1,518	1,528	1,628	1,680	1,682
Public	51	48	49	48	34
Mfg of Leather & Leather Goods	215	215	192	184	173
Private	215	215	192	184	173
Public	-	-	-	-	-
Mfg of Rubber products	985	966	942	938	923
Private	985	966	942	938	923
Public	-	-	-	-	-
Mfg of Chemical products	1,197	1,174	1,163	1,032	1,022
Private	1,197	1,174	1,163	1,032	1,022
Public	-	-	-	-	-
Mfg of Non-Metallic products	1,014	999	1,033	1,009	1,007
Private	1,014	999	1,033	1,009	1,007
Public	-	-	-	-	-
Mfg of Metal products	1,382	1,423	1,425	1,389	1,371
Private	1,382	1,423	1,425	1,389	1,371
Public	-	-	-	-	-
Mfg of Machinery	643	618	858	746	614
Private	643	618	858	746	614
Public	-	-	-	-	-

Manufacturing Employment*

Table 3.5

continued

	2000 Sep	2001 Sep	2002 Sep	2003 Sep	2004 Sep
Mfg of Electrical Machinery, Appliances & Supplies	5,803	5,867	6,006	6,052	6,166
Private	5,803	5,867	6,006	6,052	6,166
Public	-	-	-	-	-
Mfg of Transport Equipment	2,683	2,694	2,511	2,582	2,000
Private	1,862	1,885	1,822	1,893	2,000
Public	821	809	689	689	-
Miscellaneous and other mfg	2,738	2,471	2,292	2,264	2,365
Private	2,724	2,458	2,284	2,256	2,362
Public	14	13	8	8	3
Total Manufacturing Employment	29,850	29,960	29,718	28,446	27,443

* Excluding temporary employees and public sector employees in the electricity and gas sector

Source: Employment and Training Corporation

Food and Beverages

Employment in the food and beverages sector stood at 4,262 at the end of September 2004, a decline of 47 or 1.1 per cent over the previous twelve months. The share of the food and beverages sector in total manufacturing employment stood at 15.5 per cent, 0.4 percentage points above the same period last year. The performance of this sector was influenced by the increased competition arising from the removal of all remaining protective levies on agro-industrial products. Chart 3.7 illustrates the main developments in the food and beverage sector during the period September 2000 – September 2004.

Textiles, Footwear and Clothing

Employment in textiles, footwear and clothing amounted to 3,231 at the end of September 2004, a decline of 313 when compared to the same period of 2003. This drop is due to a decline of 487 in employment in footwear and clothing following redundancies by some firms operating in this sub-sector, as a consequence of international competition from low-wage countries in this highly labour-intensive sub-sector. Meanwhile, employment in the textiles sub-sector increased by 174 over September 2003. At the end of September 2004, the share of textiles, footwear and clothing in the manufacturing employment stood at 11.8 per cent, down from 12.5 per cent recorded in the previous twelve

Chart 3.7

Food & Beverages
Total Sector Employment

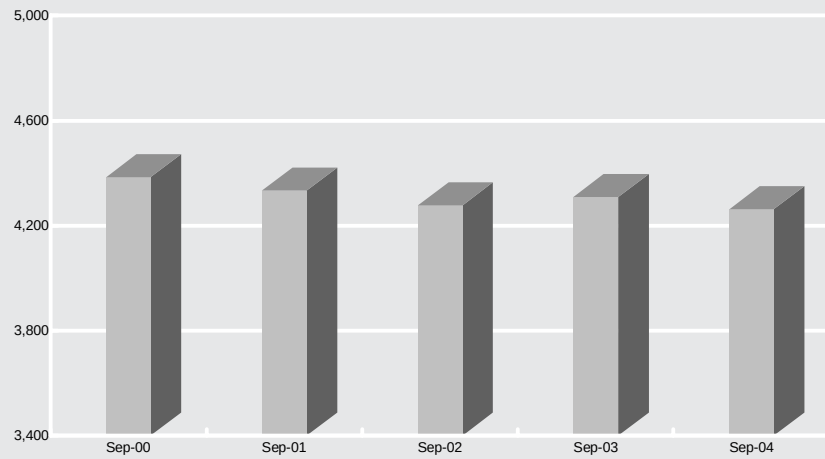
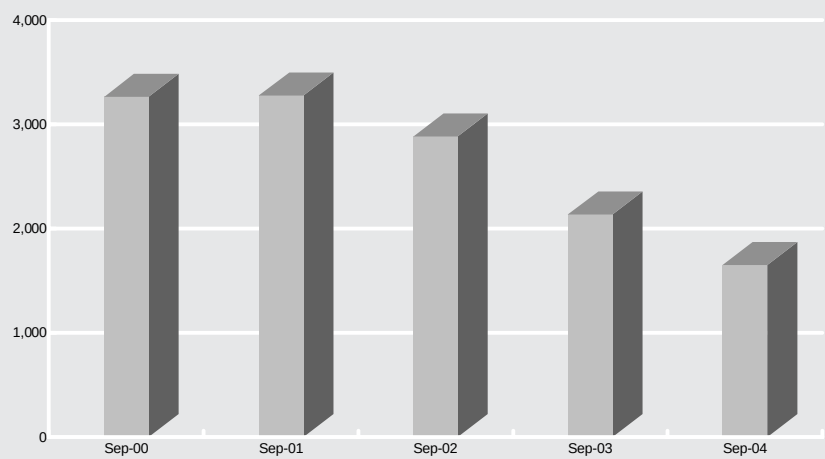


Chart 3.8

Footwear & Clothing
Total Sector Employment



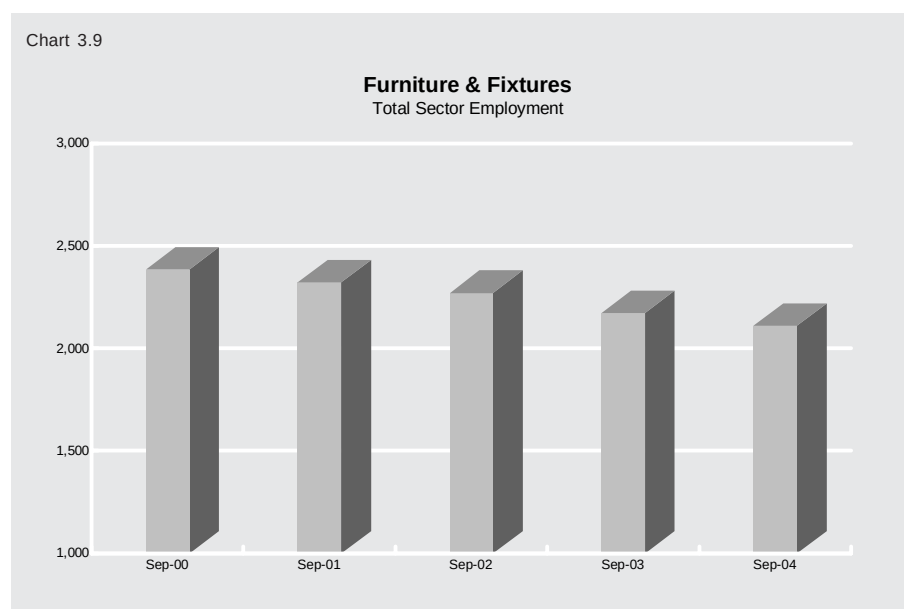
months. Chart 3.8 depicts the main developments in the footwear and clothing sub-sector over the recent years, thus showing continuous decreases since September 2001.

Furniture and Fixtures

At the end of September 2004, the number of employees in the furniture and fixtures sector stood at 2,110, a decline of 2.9 per cent over the same month in 2003. As shown in Chart 3.9, the number of employees in the furniture and fixtures sector followed a downward trend over the recent years, reflecting the restructuring of this sector triggered by the liberalisation of imported furniture products. The share of furniture and fixtures in total manufacturing employment stood at 7.7 per cent, 0.1 percentage points higher than the same period last year.

Paper Products and Printing

Aggregate employment in the paper products and printing sector stood at 2,020 at the end of September 2004, a marginal decline of 15 over September 2003. One notes, however, that this sector has experienced a steady rise in employment in recent years. The paper products and printing sector accounted for 7.4 per cent of total employment in manufacturing, an increase of 0.2 percentage points over September 2003.



Chemical Products

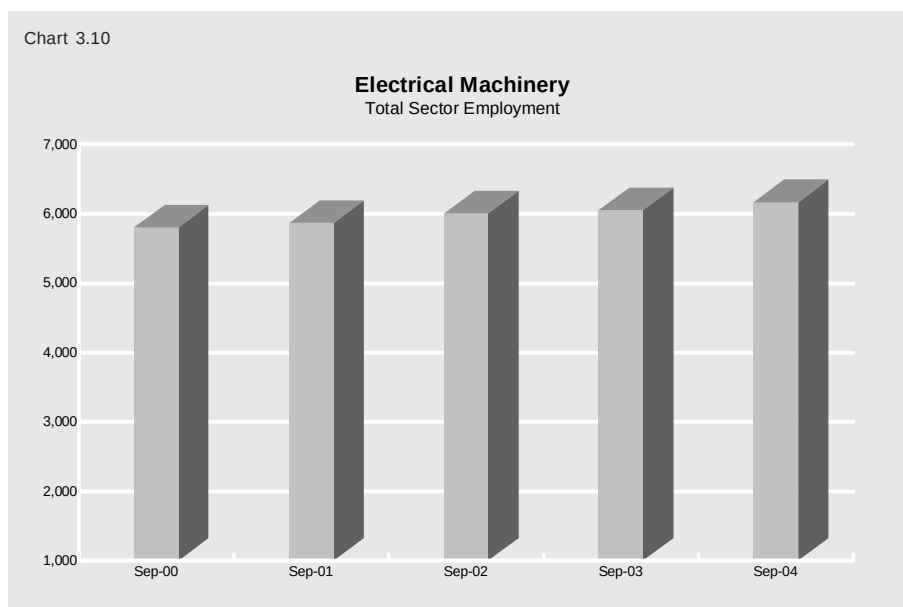
At the end of September 2004, employment in the chemical products sector stood at 1,022, a marginal decline of 10 employees over the same period last year. The share of the chemical products sector in total manufacturing stood at 3.7 per cent, almost unchanged from the share recorded in September 2003.

Non-Metallics and Metal Products

Aggregate employment in the non-metallics and metal products sector declined by 20 during the year ending in September 2004, down to a level of 2,378. The main drop in employment was attributed to the metal products sub-sector. The share of employment in non-metallics and metal products sector stood at 8.7 per cent, 0.3 percentage points less than that recorded in September 2003.

Machinery, Electrical Machinery, Appliances and Supplies

At the end of September 2004, employment in the machinery, electrical machinery, appliances and supplies sector declined marginally by 18 to 6,780 over the same period last year. This decline was mainly due to a drop of 132 in the machinery sub-sector, while an increase of 114 employees in the electrical machinery, appliances and supplies sub-sector partly mitigated this drop in employment. The better employment results reported by the electrical machinery, appliances and supplies sub-sector reflected the recovery of the global semiconductors industry. Employment in the electrical machinery, appliances and supplies sub-



sector was on a gradually rising trend over the period September 2000 – September 2004 as highlighted in Chart 3.10. At the end of the Survey period, the share of the machinery, electrical machinery, appliances and supplies sector stood at 24.7 per cent, up from 23.9 per cent recorded at the end of September 2003.

Market Services

In line with the trends noted in past years, market services remained the generator of employment in the Maltese economy. Chart 3.11 illustrates the main developments in market services employment between September 2000 and September 2004. At the end of September 2004, employment in market services stood at 64,346 representing an increase of 1,599 or 2.5 per cent over September 2003. As shown in Table 3.6 and Table 3.7, higher employment was mainly driven by the private sector market services that recorded an increase of 1,135. Employment in the public sector market services was up by 464 mainly as a result of a transfer of employees from the direct production category following the setting up of IPSL.

Total sectoral job gains in the market services category amounted to 1,876 of which 1,253 originated from the private sector and 623 took place in the public sector. The latter reflects the above mentioned shift of employees due to the restructuring of the shipyards. Meanwhile, total sectoral job losses stood at 277 mainly as a result of declines of 118 and 159 in the private and public sectors, respectively. Job increases arose mainly in community and business, wholesale

Changes in Employment in Market Services*

Table 3.6

	2001-00 Sep	2002-01 Sep	2003-02 Sep	2004-03 Sep
Total Change	971	597	842	1,599
Private	78	254	1,223	1,135
Public	893	343	-381	464
Total Sectoral Increases	2,271	1,564	1,478	1,876
Private	1,258	1,000	1,478	1,253
Public	1,013	564	-	623
Total Sectoral Decreases	1,300	967	636	277
Private	1,180	746	255	118
Public	120	221	381	159

* Excluding temporary employees and Malta Drydocks Corporation up to 2003 and Malta Shipyards Ltd in 2004

Source: Compiled from Employment and Training Corporation data

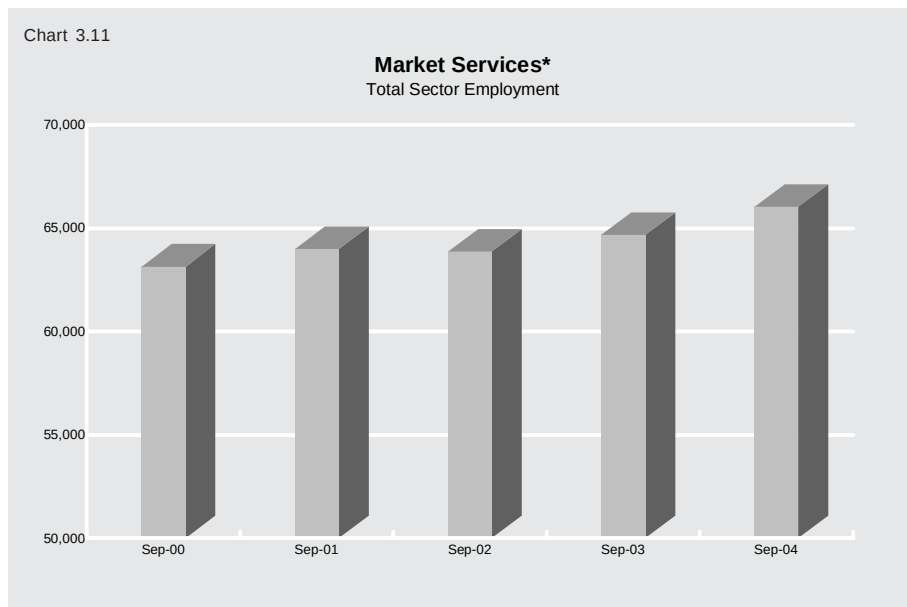
Employment in Market Services*

Table 3.7

	2000 Sep	2001 Sep	2002 Sep	2003 Sep	2004 Sep
Wholesale & Retail trades	15,633	15,289	15,593	15,993	16,430
Private	15,633	15,289	15,593	15,993	16,430
Public	-	-	-	-	-
Banks & Financial institutions	4,228	4,140	4,052	4,039	4,017
Private	3,827	3,721	3,598	3,588	3,553
Public	401	419	454	451	464
Insurance	816	852	842	831	852
Private	811	845	835	824	847
Public	5	7	7	7	5
Real Estate	492	492	486	507	480
Private	454	456	455	477	460
Public	38	36	31	30	20
Transport	8,300	7,712	7,564	7,496	7,583
Private	5,855	5,236	5,171	5,115	5,219
Public	2,445	2,476	2,393	2,381	2,364
Storage & Warehousing	694	740	759	769	751
Private	170	137	147	158	148
Public	524	603	612	611	603
Communications	2,383	2,572	2,537	2,277	2,142
Private	667	806	886	732	676
Public	1,716	1,766	1,651	1,545	1,466
Community & Business	14,315	15,762	16,843	17,594	18,739
Private	10,347	11,053	11,614	12,615	13,150
Public	3,968	4,709	5,229	4,979	5,589
Recreation services	840	1,143	941	924	943
Private	693	1,012	822	810	835
Public	147	131	119	114	108
Hotels & Catering establishments	9,812	9,962	9,599	9,584	9,590
Private	9,443	9,501	9,144	9,132	9,175
Public	369	461	455	452	415
Other personal services	2,824	2,644	2,689	2,733	2,819
Private	2,722	2,644	2,689	2,733	2,819
Public	102	-	-	-	-
Total Employment in Market Services	60,337	61,308	61,905	62,747	64,346

* Excluding temporary employees and Malta Drydocks Corporation up to 2003 and Malta Shipyards Ltd in 2004

Source: Employment and Training Corporation



*including Malta Drydocks Corporation up to September 2003 and Malta Shipyards Ltd in September 2004

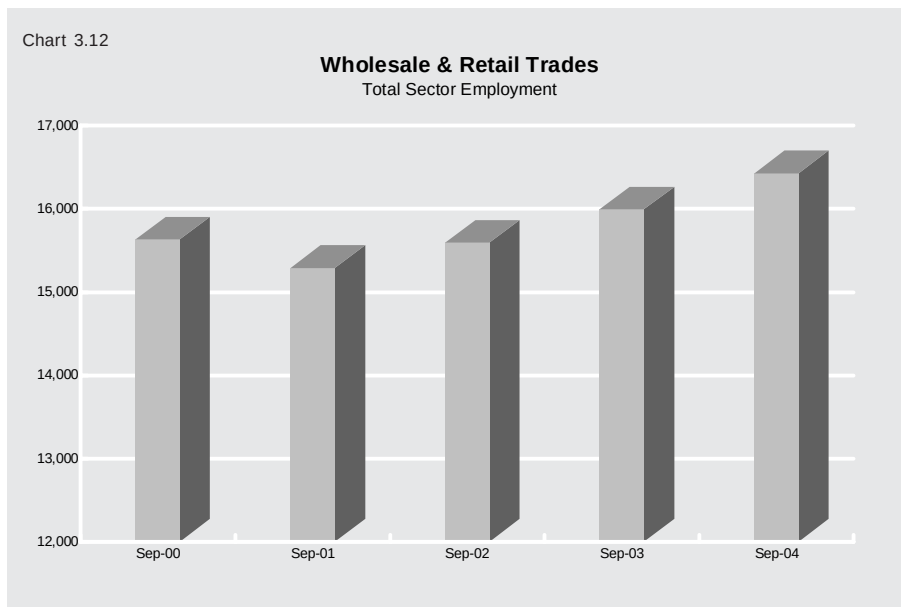
and retail trades, transport and other personal services. Job losses mainly occurred in the communications, real estate and banks and financial institutions.

Wholesale and Retail Trades

The labour complement in the wholesale and retail trades sector rose by 437, reaching 16,430 at the end of September 2004. As shown in Chart 3.12, employment in the wholesale and retail trade was on rising trend except for a decline recorded in the twelve months to September 2001 attributed to the closure of a major supermarket chain. This rise was distributed among a number of operators within the private sector. The share of employment in the wholesale and retail trades sector in total market services stood at 25.5 per cent, unchanged from September 2003.

Banks, Financial Institutions, Insurance and Real Estate

Aggregate employment in the banks, financial institutions, insurance and real estate sector stood at 5,349, a marginal decline of 28 or 0.5 per cent over the comparable month of 2003. This decline was mainly due to reductions of 22 and 27 employees in the banks and financial institutions and the real estate sub-sectors, respectively. In contrast, an increase of 21 persons was recorded in the insurance sub-sector. Consequently the share of the banks, financial institutions, insurance and real estate sector in total market services stood at



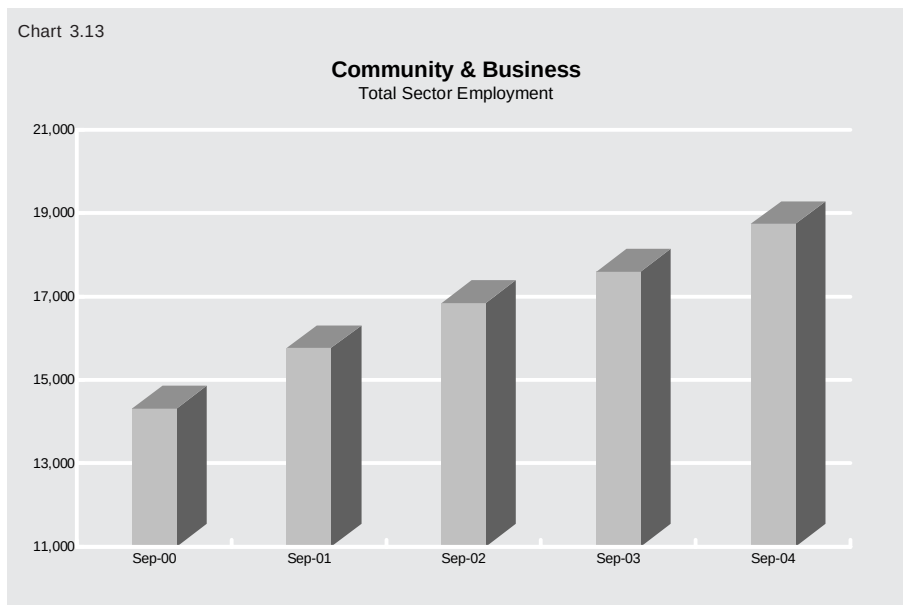
8.3 per cent at the end of September 2004, a drop of 0.3 percentage points over September 2003.

Transport

Employment in the transport sector stood at 7,583, an increase of 87 or 1.2 per cent over September 2003. This mainly reflected an increase of 104 in private sector employment, whilst the public sector complement declined by 17. The share of transport in market services stood at 11.8 per cent, practically unchanged from September last year.

Storage, Warehousing, Communications and Community and Business

During the twelve months to September 2004, employment in storage, warehousing, communications and community and business sector increased by 992 or 4.8 per cent to 21,632. This increase is mainly due to a rise in community and business employment by 1,145 of which 535 arose in the private sector and 610 in the public sector. The rise in private sector employment was spread among several operators within the sub-sector, while the rise in public sector employment was due to the transfer of employees from the direct production category following the setting up of IPSL and recruitment in MCAST. As depicted

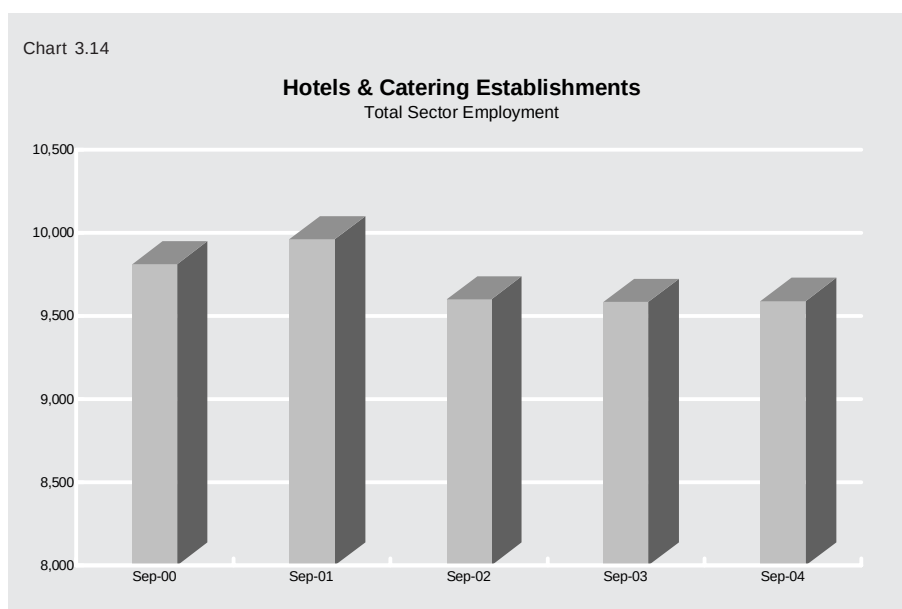


in Chart 3.13, employment in the Community and Business category followed an upward trend over the recent years.

Employment in the storage and warehousing sub-sector declined by 18 when compared to September 2003. Meanwhile, employment in the communications sub-sector fell by 135, following a reduction of 56 and 79 persons from the private and public sector complement respectively. The decline in public sector employment was mainly a result of the restructuring effort at the Public Broadcasting Services Ltd. At the end of September 2004, the share of the storage, warehousing, communications and community and business sector in the market services category stood at 33.6 per cent, up from 32.9 per cent recorded during the comparable month of 2003.

Recreation Services, Hotels, Catering Establishments and Others

Aggregate employment in recreation services, hotels, catering establishments and others stood at 13,352 at the end of September 2004, a rise of 111 or 0.8 per cent over September 2003. This increase was mainly as a result of higher employment in all three sub-sectors. Employment in recreation services rose by 19 persons as a result of an increase of 25 in the private sector and a decline of 6 persons in the public sector. The labour complement in the hotels and catering establishments sub-sector increased marginally by 6, due to an increase of 43 in the private sector and a decline of 37 recorded in the public sector.



Employment in the other personal services category rose by 86, mainly as a result of relatively small-scale recruitment by several employers in the private sector. As illustrated in Chart 3.14, the declines in employment in the hotels and catering establishments sub-sector experienced during the previous two years seems to have been arrested during the period under review. At the end of September 2004 the share of recreation services, hotels, catering establishments and others sector stood at 20.8 per cent, a decrease of around 0.3 percentage points over the share recorded in September 2003.

Unemployment

The analysis in this section is based on the registered unemployed statistics pertaining to Part I of the unemployment Register. The number of Registered Unemployed persons stood at 7,382 at the end of September 2004, an increase of 149 over the same period last year. As a result, the unemployment rate stood at 5.1 per cent, a marginal increase of 0.1 percentage points over September 2003. It is noteworthy that the rise in unemployment was mainly the result of higher unemployment among males, while the number of females registering for unemployment declined. In fact male unemployment rose by 186 thus reaching 5,933 or 80.4 per cent of total unemployment as at the end of September 2004. In contrast, the number of female unemployed stood at 1,449 or 19.6 per cent of total unemployment, a decline of 37 or 2.5 per cent over September 2003. These developments partly capture the effect of the early retirement

Registered Unemployed*
by age distribution

Table 3.8

	Registered Unemployed	16 - 24 years %	25 - 49 years %	over 49 years %
1999	7,695	28.6	57.0	14.4
2000	6,583	27.5	56.8	15.7
2001	6,753	29.2	55.4	15.4
2002	6,774	28.3	56.2	15.5
2003	7,494	28.4	55.1	16.5
2003 (Sep)	7,233	30.1	55.5	14.4
2004 (Sep)	7,382	27.1	55.7	17.2

*Includes Part I of the registered unemployed

Source: Employment and Training Corporation

schemes that occurred in some public sector enterprises during the period under review and which were mostly taken up by male employees. Moreover, during the year ending in September 2004, the age distribution of registered unemployed shifted towards older workers as the share of persons aged 49 and over in total unemployment stood at 17.2 per cent, 2.8 percentage points more than September 2003 as shown in Table 3.8. In contrast, the share of youth unemployment in total employment, defined as the group of persons aged between 16 and 24, stood at 27.1 per cent, a decline of 3.0 percentage points over the same period last year. The share of the 25-49 age group increased only by a margin of 0.2 percentage points over September 2003.

As shown in Table 3.9, the share of persons registering for work for 9 to 48 weeks rose by 2.9 percentage points, reaching 37.3 per cent at the end of September 2004. This change in the distribution of registered unemployed by duration coincides with the timing of reforms in some public sector enterprises. Over the year ending September 2004, the share of persons registering for employment for more than 49 weeks stood at 41.8 per cent, an increase of 1.2 percentage points over the same month last year. In contrast, the share of persons registering for 8 weeks or less stood at 21.0 per cent, a decline of 4.1 percentage points over September 2003.

Around 79 per cent of the males registering for unemployment are looking for manual employment, while 53.4 per cent of the females are seeking non-manual employment. The increase in unemployment recorded in the twelve months to September 2004 is the combined effect of slight increases in the number of persons seeking both manual and non-manual employment. During September

Registered Unemployed*
by duration of registration

Table 3.9

	Registered Unemployed	under 8 weeks %	9 - 48 weeks %	over 49 weeks %
1999	7,695	13.0	34.6	52.5
2000	6,583	14.9	29.8	55.3
2001	6,753	19.1	35.4	45.5
2002	6,774	15.8	37.3	46.9
2003	7,494	20.8	41.2	38.0
2003 (Sep)	7,233	25.1	34.4	40.6
2004 (Sep)	7,382	21.0	37.3	41.8

*Includes Part I of the registered unemployed

Source: Employment and Training Corporation

Registered Unemployed Classified by Occupation*
at September 2004

Table 3.10

	Registered Unemployed			Percentage Share		
	Males	Females	Total	Males	Females	Total
Non-Manual						
Clerical & related workers	377	399	776	6.4	27.5	10.5
Supervisory	49	11	60	0.8	0.8	0.8
Technological & professional	303	107	410	5.1	7.4	5.6
Miscellaneous non-manual	278	257	535	4.7	17.7	7.2
Total Non-Manual	1,007	774	1,781	17.0	53.4	24.1
Manual						
Agriculture	105	0	105	1.8	0.0	1.4
Construction	540	1	541	9.1	0.1	7.3
Textiles	7	7	14	0.1	0.5	0.2
Wood working	0	0	0	0.0	0.0	0.0
Printing	16	1	17	0.3	0.1	0.2
Metal working	277	0	277	4.7	0.0	3.8
Catering	202	27	229	3.4	1.9	3.1
Other services	77	92	169	1.3	6.3	2.3
Labouring	1,432	210	1,642	24.1	14.5	22.2
Miscellaneous	2,027	266	2,293	34.2	18.4	31.1
Total Manual	4,683	604	5,287	78.9	41.7	71.6
Disabled persons	243	71	314	4.1	4.9	4.3
Total	5,933	1,449	7,382	100.0	100.0	100.0

*Includes Part I of the registered unemployed

Source: Employment and Training Corporation

2004, manual unemployment stood at 5,287, reflecting an increase of 75 or 1.4 per cent over September 2003. Males made up 88.6 per cent of manual unemployment, 0.7 percentage points more than September 2003. The main increases in manual unemployment were recorded in the construction, catering and labouring categories. As shown in Table 3.10, manual unemployment represented 71.6 per cent of total unemployment at the end of September 2004, a decrease of 0.5 percentage points over the same month last year.

Non-manual unemployment stood at 1,781 at the end of September 2004, an increase of 55 or 3.2 per cent over September 2003. This mainly reflects higher unemployment within the technological and professional and the miscellaneous categories, while a slight decline was recorded in the clerical and related workers category. The share of non-manual unemployment in total unemployment stood at 24.1 per cent at the end of September 2004, an increase of 0.2 percentage points over the share recorded in the previous year. Non-manual unemployment was evenly split across genders as the share of males and females stood at 56.5 and 43.5 per cent respectively.

At the end of September 2004, the number of disabled persons registering for employment stood at 314 or 4.3 per cent of total unemployment, an increase of 19 or 6.4 per cent over the same month last year.

Part-Time Activity

Total part-time employment stood at 37,488 at the end of September 2004, an increase of 3,320 or 9.7 per cent over the same month of 2003. Total part-time employment rose steadily over the period September 2001 – September 2004, as the level recorded at the end of September 2004 was 6,681 above September 2001. During this period, the increase in part-time employment is due to increases in both part-timers holding a full-time job as well as persons holding a part-time job as their main occupation. This might imply that a higher level of flexibility is being gradually embedded in the domestic labour market with positive effects on the level of engagement by persons in the economy.

The number of part-timers holding a full-time job rose by 1,063 during the twelve months to September 2004. Of these, the number of males rose by 546 representing a share in the number of part-timers holding full-time employment of 74.8 per cent in September 2004. Conversely, the number of females stood at 4,081, a rise of 517 over September 2003. The share of females in the number

Part-Time Employment

Table 3.11

	2001 Sep	2002 Sep	2003 Sep	2004 Sep
Part-Timers holding a full-time job	14,048	14,781	15,159	16,222
Males	11,137	11,454	11,595	12,141
Females	2,911	3,327	3,564	4,081
Single	1,644	1,921	2,184	2,602
Married	1,267	1,406	1,380	1,479
Part-Timers as a primary job	16,759	17,729	19,009	21,266
Males	6,447	6,788	7,297	8,284
Females	10,312	10,941	11,712	12,982
Single	3,746	4,059	4,674	5,617
Married	6,566	6,882	7,038	7,365
Total Part-Time Employment	30,807	32,510	34,168	37,488
Males	17,584	18,242	18,892	20,425
Females	13,223	14,268	15,276	17,063
Single	5,390	5,980	6,858	8,219
Married	7,833	8,288	8,418	8,844
Part-Timers as a primary job as % of total gainfully occupied				
Males	6.2	6.5	7.1	8.0
Females	25.1	26.4	28.1	30.8
Total	11.5	12.2	13.1	14.6

Source: Employment and Training Corporation

of part-timers holding a full-time job rose by 1.7 percentage points to 25.2 per cent.

As shown in Table 3.11, the number of persons holding a part-time job as their main occupation stood at 21,266 at the end of September 2004, an increase of 2,257 persons over the same period last year. The number of females rose by 1,270 over September 2003. At 61.0 per cent of the total, this type of work arrangement is more common among females since it favours a better reconciliation of work and private life. On the other hand the number of male part-timers on a primary job stood at 8,284 representing an increase of 987 over the comparable month of 2003. At the end of September 2004, the share of persons holding a part-time job as their main occupation in total gainfully occupied stood at 14.6 per cent and followed a rising trend throughout the Survey period.