

GRDA NOTE

Foreign Nationals Employed in Gozo

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A Note on Foreign Nationals Employed in Gozo

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The increase in immigration to the Maltese Islands over the last years has left a remarkable impact on the economic and social fabric of the Islands. At the end of 2019, the resident population of Malta and Gozo already stood at over half a million persons, an increase of 24 per cent since 2010. Data from the National Statistics Office (NSO) shows that the share of foreigners in the resident population grew from nearly five per cent at the end of 2010 to around 20 per cent by the end of 2019. This development was also evident in Gozo.

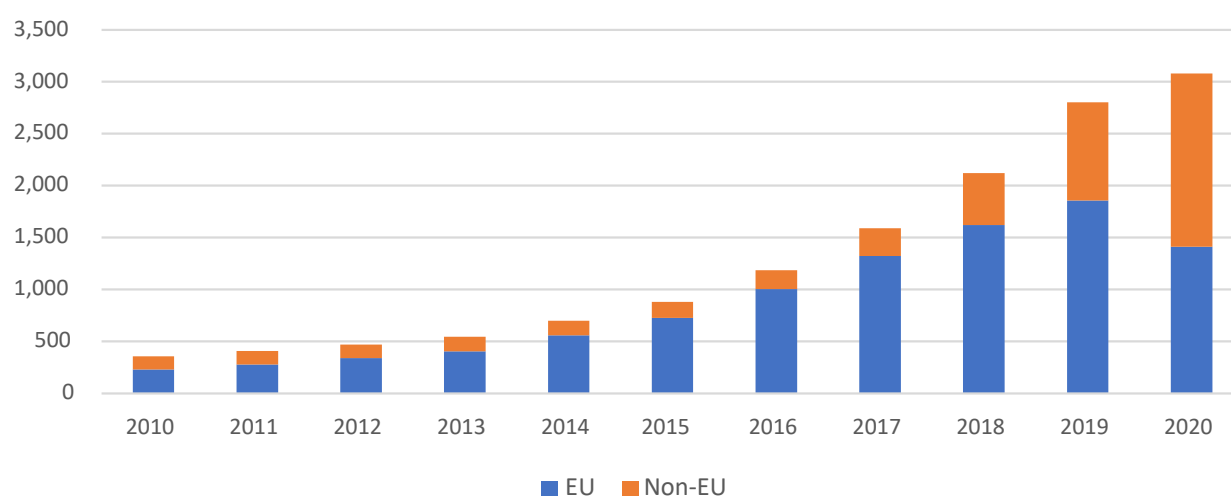
Among the localities with the highest ratios of foreign residents across the Maltese Islands, one finds Żebbuġ (Marsalforn), Munxar (Xlendi) and San Lawrenz, with 28.3%, 22.7% and 20.1% respectively.

Development over the last 10 years

The Gozo Regional Development Authority (GRDA) has looked at the data for foreign nationals employed in Gozo over a period of ten years between 2010 and 2020. Some interesting points emerge, that have linkages with other factors of relevance to Gozo including the economic composition of the Island, its labour market and the demand for residential units.

Chart 1

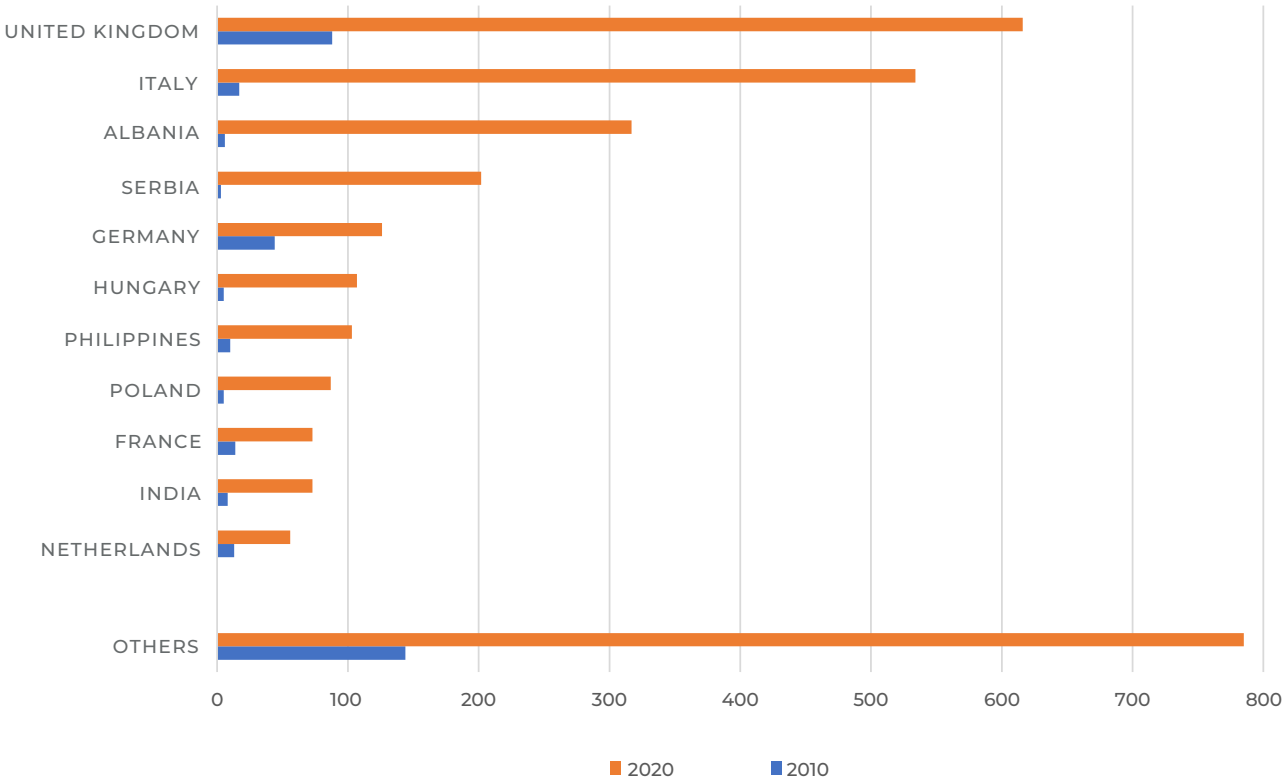
EU and Non-EU Workers in Gozo



Source: Jobsplus

Over the ten year period, the number of foreigners employed in Gozo increased by an annual average rate of 24%, mirroring the developments identified earlier in the note. In 2010 the number of foreign workers in Gozo amounted to 357 with more than one third of these workers being from the UK and Germany. Following a decade of persistent increases, the number of foreign individuals employed in Gozo reached 3,079 by the end of 2020. The nationalities with the highest representation of workers in Gozo were the UK with 616 and Italy with 534. This was followed by Albania and Serbia with 317 and 202 workers respectively (see Chart 2).

Chart 2: Foreign Employment

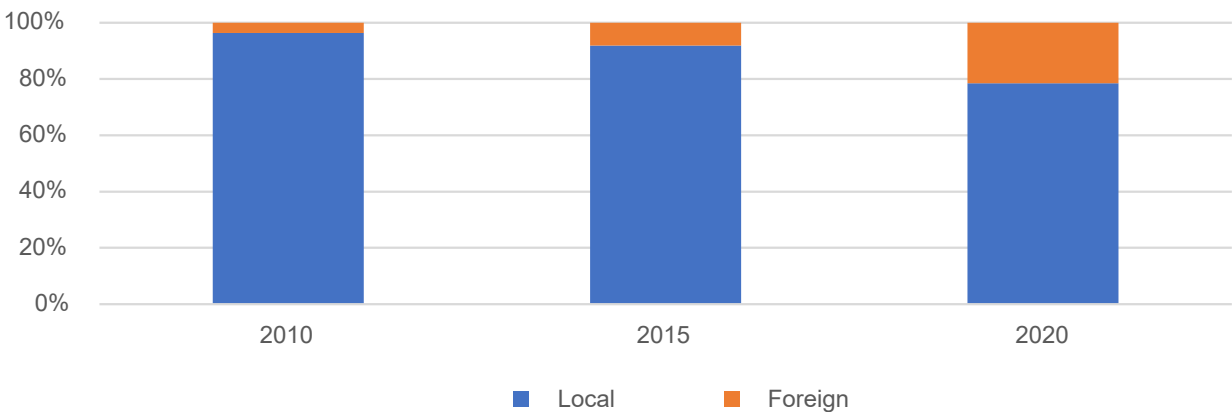


Source: Jobsplus

The rapid rise in foreign workers in Gozo comes on the back of an influx of workers from both EU and Non-EU nationals. A notable increases over the last ten years were recorded for British and Italian workers which increased by 528 and 517 respectively when compared to the levels registered in 2010. Other significant increases were recorded for workers from Albania, Serbia and Hungary (which increased by 311, 199 and 102 respectively). The rapid rise in foreign employment was one of the main drivers behind the increase in total employment in Gozo over the last decade. Infact the share of

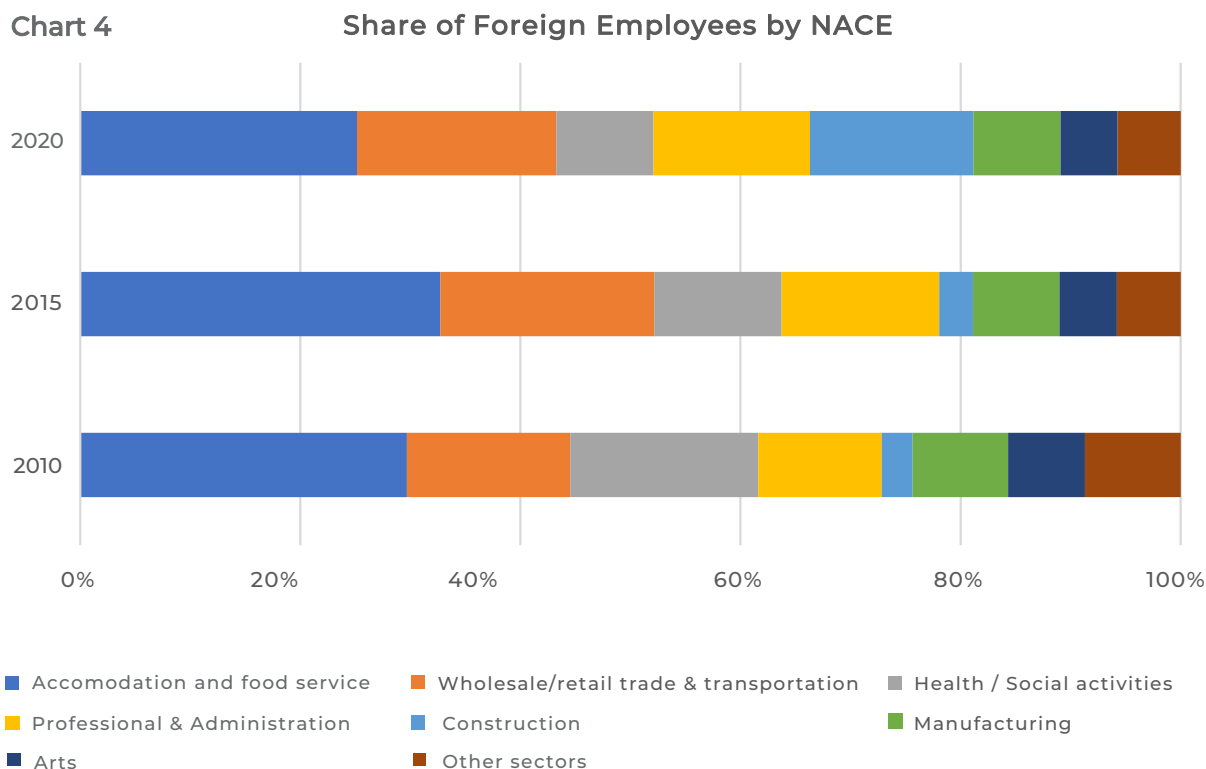
foreign worker to total employment in Gozo increased from around 4% in 2010 to around 21% by 2020 (see Chart 3). This development largely reflects the economic growth and the resulting increase in demand for workers which the local market could not fill in. As a result, the influx of workers enabled Gozitan businesses to fill in labour shortages particularly, in elementary occupations. By the end of 2020, 26% of foreign workers occupied elementary jobs while only 10% had a managerial role.

Chart 3 Share of total Employment in Gozo



Source: Jobsplus

The increase in foreign workers was observable across all sectors of the Gozitan economy, although the increase in some sectors was more prevalent than in others. On average, between 2010 and 2020, over 30% of foreign workers were employed within the accommodation and food services activities sector (see Chart 4). However, this share dropped slightly in recent years as the yearly increase in foreign employment in this sector was outpaced by a stronger increase in other sectors. In particular, the number of foreign workers within the construction sector increased strongly in 2019 and 2020, with the share of foreign employees in the construction sector rising to 15% in 2020. Other notable sectors which employ several non-local employees include the wholesale and retail trade sector and the professional, scientific, technical, administration and support services sector.



Source: Jobsplus

Summary Observations and Suggestions

The increase in net migration is bound to have consequences, some of which are already reflected in today's reality. These can be summarised as follows:

1. They have contributed to the recent economic expansion registered in Gozo with notable increase in domestic consumption.
2. The presence of a significant number of foreign workers had an impact on the demand for residential units, adding upward pressure to prices and rents. This demand was mainly across property of low-to-medium quality.
3. The economy of Gozo is now more open than any other instances in its history. Economic openness is likely to help productivity and as a consequence impacts positively on economic growth. However, it negatively influence social cohesion and identity.
4. The increased number of residents in Gozo must also be viewed vis-a-vis the carrying capacity of the Island and the additional pressures that it adds on its infrastructure.

Some points and suggestions that merit further attention include:

1. The impact that foreign workers might have on wage dynamics in the Gozitan labour market.
2. The demand for such workers might also reflect a mismatch in terms of skills. A skill-gap analysis will be crucial in identifying current and future needs.
3. The changes in the labour market in Gozo points towards a rather drastic change in the outlook of the local population with regards employment in certain activities. This needs to be analysed further as it could have strong ramifications for the years to come and will influence the development trajectory of the Island.
4. The number of non-locals living in Gozo impact the social fabric and identity of the Island. It necessitates attention. Setting up of an integration hub in Gozo and the design and launch of a Gozo inter-cultural day will provide a platform for managing this reality.



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