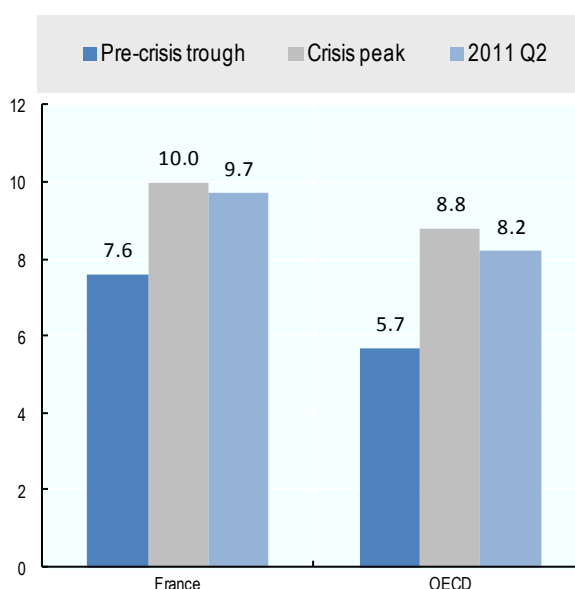




Employment Outlook 2011 – How does FRANCE compare?

The 2011 *OECD Employment Outlook* shows that **a modest recovery is underway in France which is translating into a slow decline in the unemployment rate**. France's unemployment rate (ILO definition) has declined from its peak of 10% in the fourth quarter of 2009 to 9.7% in the second quarter of 2011 (Figure 1). Over the same period, the average OECD unemployment rate fell slightly more rapidly, from a peak of 8.8% to 8.2%. The recent faltering of the economic recovery in several of the OECD's major economies suggests that the decline in unemployment back towards its pre-crisis level may temporarily slow.

Figure 1. **Unemployment rate during the recent downturn, France and OECD average**
 OECD harmonised unemployment rates as a percentage of labour force^a



a. Peaks and troughs are determined using real GDP series in levels.
 Source: *OECD Main Economic Indicators*.

According to the OECD, **a high proportion of the newly unemployed in France have been able to access unemployment benefits..** During the first four quarters following the onset of the crisis, the increase in the number of persons receiving support from the unemployment benefit programme was more than 60% of the increase in the number of unemployed. This ratio rose to close to 80% during the second year of the crisis, substantially higher than in the majority of OECD countries.

France's high long-term unemployment rate is putting pressure on its newly introduced means-tested welfare benefit, the *Revenu de solidarité active (RSA)*, which was introduced in June 2009. Prior to the crisis, about 40% of the unemployed had been unemployed for more than a year compared to about 26% in the OECD area as a whole. The number of long-term unemployed persons has since increased by about 30%. Many in this group are no longer (or never were) eligible for unemployment benefits and may need to turn to the RSA for income support. Such an increase in the number of recipients could seriously test the new program's efficacy in providing income support while improving incentives to work and thus reducing the risk of benefit dependency, as it is intended to do.



The 2011 *OECD Employment Outlook* argues that **a number of structural labour market challenges remain to be tackled** in France. **These include:**

- **France's employment rates for youth (15-24 years of age) and older workers (55 to 64 years of age) are relatively low.** In the first quarter of 2011, youth employment rate stood at 29% compared to the OECD average of 38%. The employment rate for France's older workers held up well during the crisis, rising by 2.4 percentage point between the first quarters of 2008 and 2011. Nonetheless, their employment rate remains significantly below the OECD average (40% in France in the first quarter of 2011, compared to an OECD average of 54%).
- **The sharp differentiation between temporary and permanent employment contracts in France may increase income volatility for those with less employment protection.** New OECD analysis of earnings volatility reported in the 2011 *Employment Outlook* shows that workers in temporary employment are more likely than permanent employees to have both large increases and large decreases in earnings from year to year, even if they work full-time.
- **Close to half of France's workers feel that their skills are underutilised.** OECD analysis for the 2011 *Employment Outlook* of skills mismatch found that about 45% of workers in France felt that their skills were underutilized on their current job, substantially higher than the OECD average of about 35%. The report cautions that this finding is based on self-reported data and involves a significant element of subjectivity. Based on qualification mismatch, as measured by comparing workers' formal qualifications with the qualifications required by their occupations, about 20% of France's workers appear to be over-qualified, somewhat below the OECD average of about 25%.

OECD Employment Outlook 2011 is available to journalists on the **password-protected** website or on request from the **Media Relations Division**. For further comment on the United Kingdom, journalists are invited to contact Mark Keese (tel: +33 1 45 24 87 94 or e-mail: mark.keese@oecd.org) or Paul Swaim (tel: +33 1 45 24 19 77 e-mail: paul.swaim@oecd.org) from the OECD Employment Analysis and Policy Division. For further information: www.oecd.org/els/employment/outlook.