

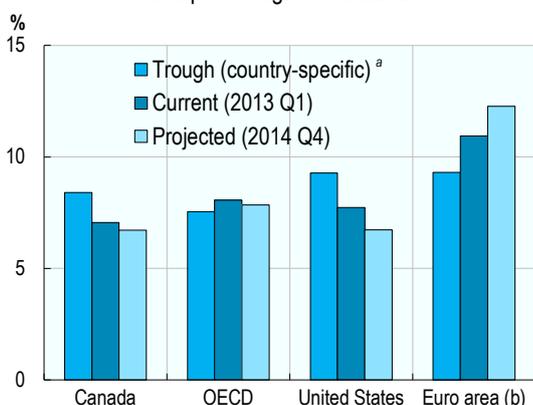
## OECD Employment Outlook 2013

The OECD Employment Outlook 2013 looks at labour markets in the wake of the crisis. It includes chapters on the experience of different labour market groups since 2007; employment protection legislation; benefit systems, employment and training programmes and services; and re-employment, earnings and skills after job loss. As always, it includes an extensive statistical annex.

For further information: [www.oecd.org/employment/outlook](http://www.oecd.org/employment/outlook)  
DOI : [10.1787/empl\\_outlook-2013-en](https://dx.doi.org/10.1787/empl_outlook-2013-en)

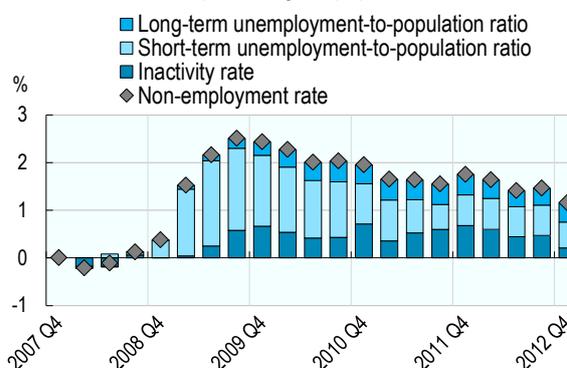
**Unemployment is falling in Canada, but a rising share of the unemployed have been out of work for a year or longer**

### A. Unemployment rates at the business-cycle trough, in Q1 2013 and Q4 2014 as a percentage of the labour force



a) Country-specific trough is derived in terms of the output gap.  
b) Aggregate of the 15 OECD countries of the euro area.  
Source: OECD calculations based on the *OECD Economic Outlook Database* (<http://dx.doi.org/10.1787/eo-data-en>).

### B. Evolution of non-employment since the onset of the crisis, percentage-point changes since Q4 2007 as a percentage of population<sup>a</sup>



a) Short-term and long-term unemployment refer, respectively, to unemployment durations of less than 12 months and one year or more.

Source: OECD calculations based on the *OECD Short-Term Labour Market Statistics Database* (<http://dx.doi.org/10.1787/lfs-lms-data-en>) and national labour force surveys.

**Canada's labour market recovery is not yet complete, but continues to outpace that seen in many other OECD countries**

The unemployment rate (ILO definition) was 7.1% in the first quarter of 2013, down from a peak of 8.5% in the third quarter of 2009 (Figure A). According to the 2013 *OECD Employment Outlook*, the recovery will continue in Canada bringing unemployment down to 6.7% by the end of 2014, still moderately above its pre-crisis level of 6.1%. By comparison, the average unemployment rate for the OECD area was a full percentage point higher at 8.1% in the first quarter of 2013 and will remain close to this level through the end of next year, due to the continued worsening of labour market conditions in the Euro area. Since 2009, unemployment has

been consistently lower in Canada than in the United States.

**The share of the unemployed who have been jobless for a year or longer has nearly doubled since the beginning of the recession and this group needs additional assistance to be able to benefit from an improving labour market**

The number of short-term unemployed grew rapidly early in the recession, when many workers were laid-off, and then receded as workers either found jobs in the recovering labour market or fell into long-term unemployment (Figure B). By contrast, the number of long-term unemployed has yet to decline. A possible reason that the long-term unemployed have been so slow to benefit from the recovery is that employers recruiting new

workers often prefer to hire new labour market entrants and the short-term unemployed. The *Outlook* argues that public labour market programmes need to provide targeted assistance to the long-term unemployed to help them to find new jobs or access training that will improve their employability.

**Youth and low-skilled workers also require special attention from labour market authorities**

Job losses during the recession particularly affected youth and low-skilled workers. In the first quarter of this year, the unemployment rate of youth (aged 16 to 24 years) was more than double that of prime-aged workers (aged 25 to 54 years), 13.8% as compared to 5.9%. At the same time, the unemployment rate for low-skilled workers (those not having finished high school) was also 13.8%, much higher than the 6.3% rate for medium-skilled workers (those who finished high school but are without a tertiary degree) and the 5.4% rate for high-skilled workers (those with at least a Bachelor's degree). The *Outlook* argues that it is especially important to improve labour market outcomes of these groups in preparation for the retirement of the large baby boom cohort from the labour market, since this demographic transition could otherwise weaken the economic outlook. Canada should also reduce barriers to geographical and occupational mobility, for example by promoting greater cross-provincial recognition of vocational qualifications.

**A number of other OECD countries have reduced the strictness of employment protection legislation in recent years, but Canadian regulations are still among the least restrictive**

The 2013 *OECD Employment Outlook* compares employment protection regulations of regular workers and finds that the rules for employers implementing individual and collective dismissals in Canada are among the least

restrictive in all OECD countries, notably due to the less restrictive regulations governing the dismissal of workers on permanent contracts in most jurisdictions. Only New Zealand and the United States provide a lower level of protection for permanent workers. Canada imposes the lightest regulation of temporary contracts found in any OECD country, although regulations in the United States, the United Kingdom, and common law countries more generally, are only slightly more constraining. Lower levels of employment protection help ensure that labour markets respond more flexibly to economic change, but also create the risk that some workers will experience significant losses.

**Job displacement rose during the recession**

Among Canadian workers with at least a year of job tenure, 2.1% experienced permanent lay-offs every year during 2000-08, about the average rate for the 7 countries for which comparable data are presented in the 2013 *Outlook*. The global recession pushed the displacement rate up to 2.7% during 2009-10. Whether in good times or bad, it can be difficult for displaced workers to locate a suitable new job, especially older and less skilled job losers. About one-half of Canadian displaced workers are re-employed within one year of losing their jobs. The re-employment rate climbs to 63% in the second year, but this still leaves a risk that around one-third of all displaced workers could fall out of the national workforce for an extended period of time. Displaced workers who become re-employed show considerable flexibility with 60% changing occupation. Many in this group move to occupations that require similar skills, but others do not, and about 6% experience significant occupational downgrading. It is inevitable that some workers will be displaced every year in a flexible labour market, but governments should consider whether they can do more to help these workers find suitable new jobs quickly.

**OECD Employment Outlook 2013** is available to journalists on the **password-protected** website or on request from the **Media Relations Division**. For questions on Canada, journalists are invited to contact Mark Keese (+33 1 45 24 87 94; [mark.keese@oecd.org](mailto:mark.keese@oecd.org)) or Paul Swaim (+33 1 45 24 19 77; [paul.swaim@oecd.org](mailto:paul.swaim@oecd.org)) from the OECD Employment Analysis and Policy Division.