



OECD Employment Outlook 2012

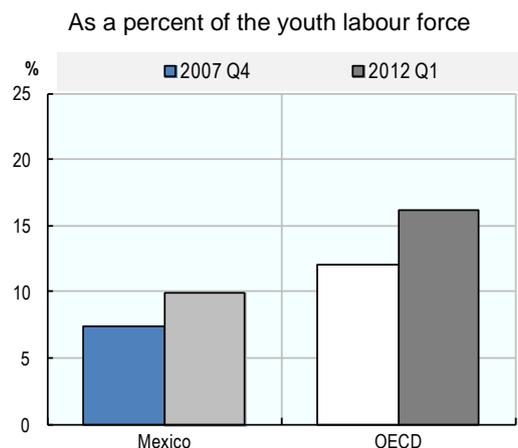
How does Mexico compare?

Mexico has experienced a stronger economic recovery than most other OECD countries accompanied by strong employment growth. However, the unemployment rate has not yet fallen back to its pre-crisis level. After peaking at 5.8% in the third quarter of 2009, the unemployment rate declined to 5.1% in the first quarter of 2012, still more than one percentage point higher than before the crisis. According to the 2012 *OECD Employment Outlook*, Mexico's unemployment rate is expected to remain stable over 2012 before falling again in 2013.

A high incidence of informal employment remains an issue of concern in Mexico. The absence of a public system of unemployment benefits partly accounts for Mexico's relatively low unemployment rate in comparison with many other OECD countries. Instead, many Mexicans who lose their job in the formal sector in times of recession turn to informal employment to compensate for the resulting loss of income. However, the strong formal employment growth in the recovery has led to a decline in the incidence of informal employment since the third quarter of 2011.

As in most other OECD countries, more needs to be done to improve job prospects for youth in Mexico. The youth unemployment rate in Mexico has increased significantly since the start of the crisis, and relatively more than in most other OECD countries. At 10% in the fourth quarter of 2011, the youth unemployment rate was twice that of the total unemployment rate. While this is much lower than in the OECD area as a whole, the share of youth not in employment or education and training (NEET) is considerably higher in Mexico, reflecting the challenge that Mexico faces in terms of raising educational attainment among youth. Young people were also more affected than older workers by the increase in the incidence of informal employment that occurred as a result of the crisis.

Youth (15-24) unemployment rate in Mexico and the OECD area, 2007-12



Source: OECD Main Economic Indicators Database.



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A comprehensive reform of the labour market is needed to tackle the key structural problems in the Mexican labour market. This should include measures to promote access to more jobs and better working conditions for under-represented groups; increasing incentives for formalisation of employment relations by firms, including creating stronger incentives for firms to register their activities in the first place, but also strengthen their incentives to affiliate their workers to social security; and strengthening the enforcement capacity of the labour inspectorate, tax and social security institutions.

OECD Employment Outlook 2012 is available to journalists on the **password-protected** website or on request from the **Media Relations Division**. For further comment on Mexico, journalists are invited to contact Mark Keese (tel: +33 1 45 24 87 94; e-mail: mark.keese@oecd.org) or Anne Vour'ch (tel: +33 1 45 24 17 27; e-mail: ann.vourch@oecd.org) from the OECD Employment Analysis and Policy Division. For further information: <http://www.oecd.org/employment/outlook>.