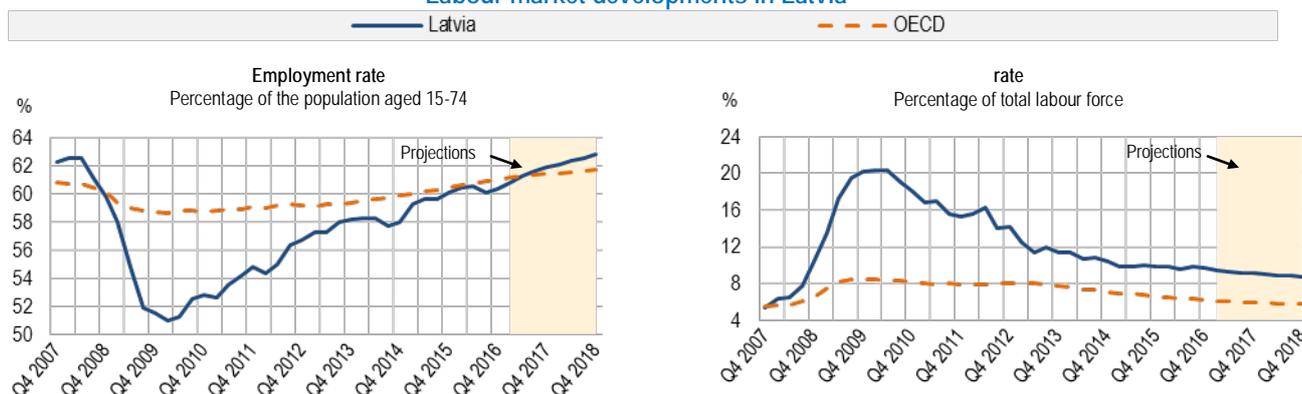




The 2017 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects. It also contains chapters on: benchmarking labour market performance based on the new OECD Jobs Strategy scoreboard; labour market resilience in the wake of the global crisis; the role of technological change and globalisation in transforming labour markets; and key country differences in collective bargaining arrangements.

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Labour market developments in Latvia



Note: OECD weighted average.

Source: OECD calculations based on OECD Economic Outlook Database (No. 101), June 2017.

RECENT LABOUR MARKET TRENDS AND PROSPECTS

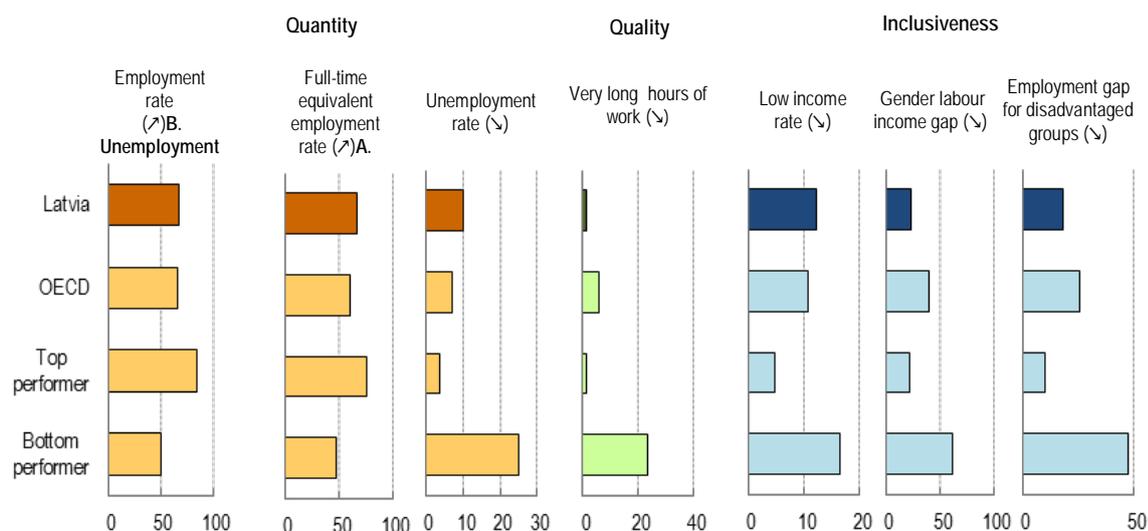
Labour market conditions continue to improve and the OECD average employment rate finally returned to its pre-crisis rate in the first quarter of 2017, nearly ten years after the global financial crisis erupted. The OECD-average unemployment rate continues its slow descent, but remains slightly above its pre-crisis level because employment has not increased enough to fully offset a rising trend in participation rates. The unemployment rate is projected to fall back to its pre-crisis level in late 2018 or early 2019. The recovery remains very uneven across countries and different groups within the workforce.

- Unemployment in Latvia has been on a downward trajectory since it reached a record high of 20.4% at the height of the global financial crisis (Q1 2010). It is now 9.7%, but it remains above the OECD average of 6.2%.
- The unemployment rate, however, has slowed its decline over the past two years, and OECD projections suggest that it will

remain close to 9% through to the end of 2018.

- The employment rate, as a share of the population aged 15-74, is on a strong upward trajectory. After falling to 51% at the peak of the crisis (Q1 2010), it has increased at a rate of about 1.6 percentage points a year, and it is now just above 60% (very close to its pre-crisis level).
- The employment rate is projected to reach nearly 63% at the end of 2018, overtaking the OECD average (62%).
- While the jobs gap that opened during the crisis has now largely closed, the mix of jobs has changed, continuing a longer-term trend towards a rising share of service sector jobs and a declining share of employment in manufacturing. These shifts have also been accompanied by a polarisation in jobs by skill levels. The share of middle-skill/middle-wage jobs has declined relative to the shares of low- and high-skill jobs.

Scoreboard of labour market performance for Latvia



Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance.

Very long hours of work: Percentage of workers of workers usually working 60 or more hours in their main job. *Low income rate*: Share of working-age persons living with less than 50% of median equivalised household disposable income. *Gender labour income gap*: Difference between average per capita annual earnings of men and women divided by average per capita earnings of men. *Employment gap for disadvantaged groups*: Average difference in the employment rate for prime-age men and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities) as a percentage of the employment rate for prime-age men.

Source and definitions: OECD calculations using data for 2015 or latest year available from multiple sources. See [OECD Employment Outlook 2017](#), Table 1.2. for further details

NEW OECD SCOREBOARD SHOWS RELATIVE STRENGTHS AND WEAKNESSES OF THE LATVIAN LABOUR MARKET

The 2017 issue of the *OECD Employment Outlook* presents a comparative scoreboard of labour market performance that provides a rich overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quality (pay, employment security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- Latvia is close to the OECD average in all the dimensions that capture the quantity of available jobs. It also performs relatively well in several aspects of labour market inclusiveness, but it has a higher than average incidence of low-income workers.

- Latvia's employment rate has been increasing steadily since the height of the financial crisis and it is now projected to overcome the OECD average by the end of 2018. By contrast, the unemployment rate has been steadily falling.
- Data on job quality is relatively limited for Latvia, but it shows that the country has a low incidence of long working hours (a proxy of stressful working conditions), which only affect 1.4% of workers, as opposed to 5.6% in the OECD on average.
- In the area of labour market inclusiveness, Latvia's performance is better than the OECD average in two respects: a lower gender labour income gap (21.9% compared with an OECD average of 39%) and a lower employment gap between prime-age men and different groups of disadvantaged workers (18.1% compared with 25.4%). The incidence of working age persons with less than 50% of median disposable income, however, is relatively high in Latvia (12.3%, compared to an OECD average of 10.6%).

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