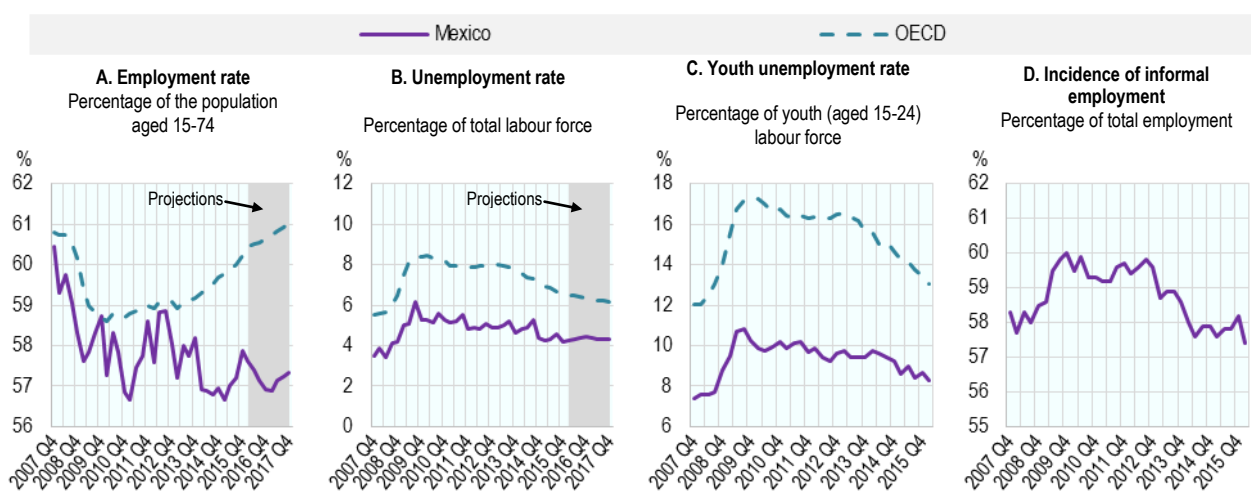


The 2016 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects, with a focus on vulnerable youth. It also contains chapters on: skills use at work; the short-term effects of structural reforms; and gender labour market gaps in emerging economies.

[DOI: 10.1787/empl_outlook-2016-en](https://doi.org/10.1787/empl_outlook-2016-en)

Labour market developments in Mexico



Note: OECD weighted average.

Source: OECD Economic Outlook No 99, June 2016, <http://dx.doi.org/10.1787/9572784d-en>; OECD Employment database (www.oecd.org/employment/database).

RECENT LABOUR MARKET TRENDS AND PROSPECTS

OECD labour market conditions continue to improve and the OECD average employment rate is projected to return to its pre-crisis level in 2017, nearly ten years after the global financial crisis erupted. The recovery remains very uneven across both countries and different groups within the workforce.

- In the last quarter of 2015, 58% of the Mexican population aged 15-74 were employed compared with 61% at the end of 2007 and 60% for the OECD as a whole. The drop in the employment rate is mainly driven by a decline in the effective retirement age of persons aged 65-74, whereas the employment rate of people aged 15-64 has been more stable.
- Open unemployment has been declining since the end of 2009 and remains much lower (at 4.1% in Q1 2016) than the OECD average (6.5%). It is projected to remain at around the same low level in 2016 and 2017, in contrast to the substantial

rise in unemployment that has occurred in some other Latin American countries such as Brazil.

- There has also been a more pronounced fall in the youth unemployment rate, which remains well below the OECD average.
- Despite these favourable developments, the incidence of informal work remains high in Mexico at 57% in the last quarter of 2015, only slightly lower than at the start of the crisis.
- Many informal workers face considerable labour market insecurity and financial hardship in the event of job loss. Therefore the OECD welcomes the Mexican government's proposals to establish universal unemployment insurance. Renewed efforts should be made to break the current political deadlock and put these proposals into law.

BETTER WAYS TO IMPLEMENT STRUCTURAL REFORMS

Structural reforms are needed to enhance growth and reduce labour market segmentation. However, they

can be disruptive in the short run. The 2016 *Employment Outlook* provides new evidence that structural reforms, while leading to better long-term labour market outcomes, are sometimes associated with short-term employment losses, but shows how these losses can be minimised or even avoided.

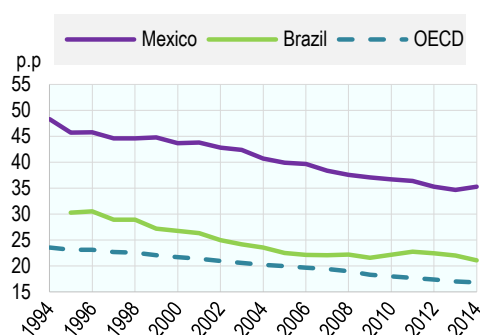
- The OECD welcomes the recent reforms by the government to bolster competition in network industries (e.g. energy, telecommunications). The OECD estimates that these reforms have the potential to increase business sector employment by 1.4% in the long-run. However, to reap their full benefits, it will be important to ensure that these reforms are fully implemented.

CLOSING GENDER GAPS

Despite considerable progress, gender gaps in the labour market persist throughout the world and are especially marked in emerging economies. While more women are working, they tend to have worse jobs than men. An effective strategy to curb gender gaps needs to encompass a number of policy domains, including measures to help reconcile work with family responsibilities.

- In Mexico, the gap in labour force participation between men and women remains large: 35% in 2014 compared with about 21% in Brazil and 17% for the average OECD country.

Gender gap in participation
Percentage-point difference in labour force participation rates between men and women of working-age



Source: OECD *Employment Outlook 2016*, Chapter 4.

- Nevertheless, considerable progress has been made in narrowing the gap from 48% in 1994 to 35% in 2014. Over the same period, the gender gap in school enrolment at all levels has been closed. However, Mexico will need to step up its efforts in order to meet the G20 target of

reducing the gender gap in labour force participation by 25% by 2025.

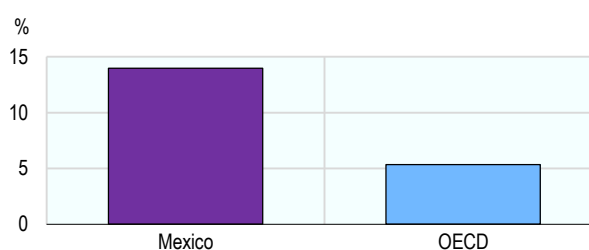
- This will require concentrating on the content and quality of education, providing effective counselling about school, subject and career choices and extending the availability of good and affordable child care.

VULNERABLE YOUTH ARE OF PARTICULAR CONCERN

Young people who are neither employed nor in education or training (“NEETs”) risk being left permanently behind in the labour market. This risk is especially high for the relatively large share of low-skilled NEETs (i.e. those who have not finished upper secondary schooling). Effective policies are needed to reconnect members of this group with the labour market and improve their career prospects.

- In Mexico, more than 14% of young people aged 15-29 are low-skilled NEET compared with under 6% in the OECD as a whole. The low-skilled account for more than half of all young NEETs. There is also a large gender gap as young women are three times as likely to be NEET as young men.
- Further measures are needed to promote skills and reduce the number of high-school drop-outs, particularly among youth in low-income households. This requires further progress in promoting access to education especially among the most disadvantaged groups, enhancing the quality of teaching and promoting school-to-work transitions.

Low-skilled NEETs are a particularly vulnerable group
Percentage of youth population aged 15-29, 2015



Note: Low-skilled NEETs are youth neither in employment nor in education or training who have not finished upper secondary schooling.

Source: OECD *Employment Outlook 2016*, Chapter 1.

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