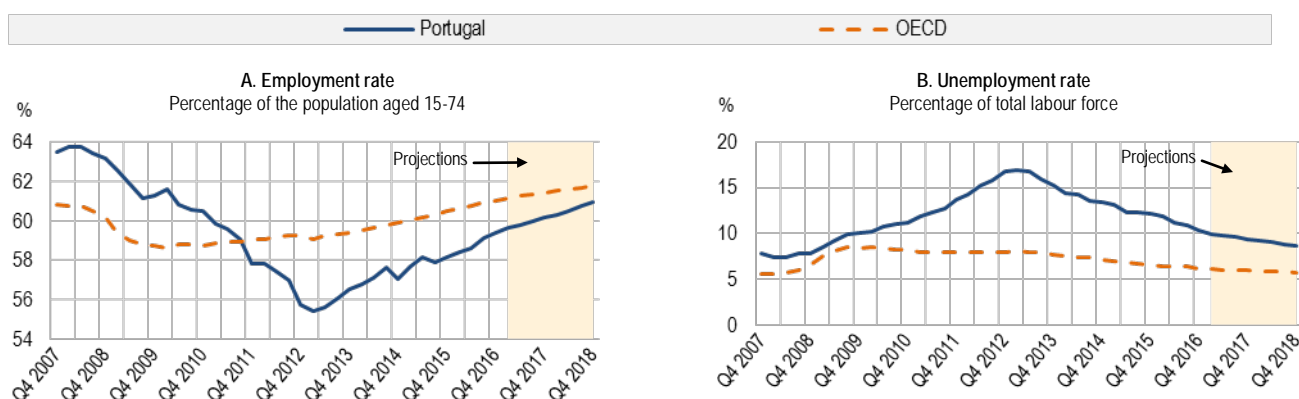


The 2017 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects. It also contains chapters on: benchmarking labour market performance based on the new OECD Jobs Strategy scoreboard; labour market resilience in the wake of the 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 Portugal



Note: OECD weighted average.

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

RECENT LABOUR MARKET TRENDS AND PROSPECTS

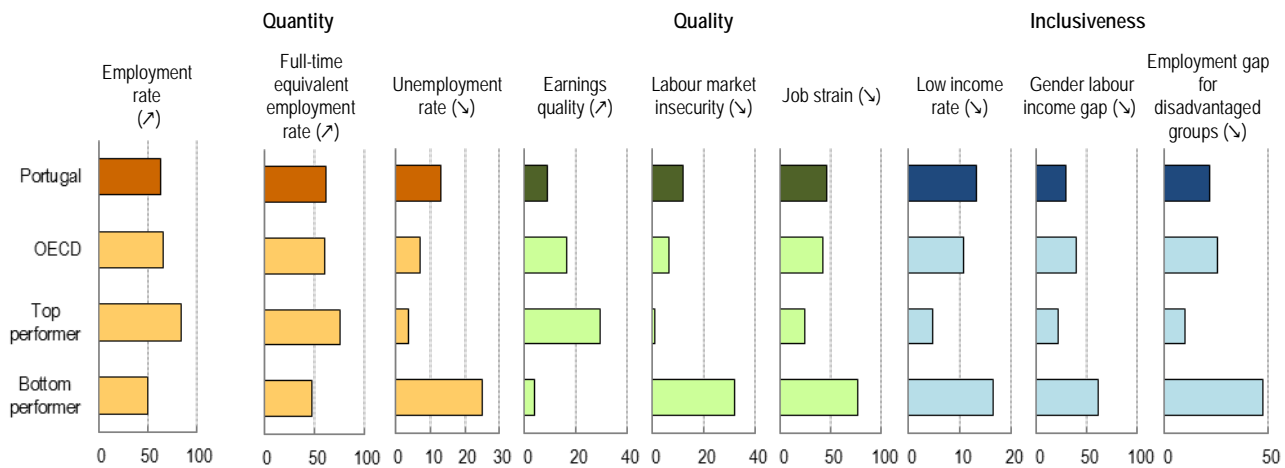
Labour market conditions continue to improve and the OECD average employment rate finally returned to its pre-crisis rate in 2016, nearly ten years after the global financial crisis erupted. The OECD-average unemployment rate continues its slow descent, but remains slightly above its pre-crisis level 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 has fallen faster in Portugal than on average across OECD countries. However, at 9.8% in April 2017, it remains above its pre-crisis level in 2007, as well as significantly above the OECD average (5.9%).
- Similarly, the employment rate in Portugal has increased faster in the past years than on average across OECD countries. Again, however, the employment rate (at 59.4% at

the end of 2016) remains both below the OECD average and its pre-crisis level.

- OECD projections suggest that the unemployment rate in Portugal will continue to fall, while the employment rate will improve, gradually converging towards the OECD average.
- While Portugal was hard-hit by the crisis, labour market performance had been worsening even prior to 2008, pointing towards some deep-rooted structural weaknesses.
- Portugal implemented a comprehensive set of labour market reforms over the period 2011 to 2015 to address these structural weaknesses. These reforms were a step in the right direction, and partly helped explain the rapid recovery of the Portuguese labour market in recent years. However, despite the progress made, many challenges remain – including the need to tackle the widespread labour market segmentation.

Scoreboard of labour market performance for Portugal



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

Earnings quality: Gross hourly earnings in USD adjusted for inequality. **Labour market insecurity:** Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. **Job strain:** Percentage of workers in jobs characterised by a combination of high job demands and few job resources to meet those demands. **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 PORTUGUESE 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, labour market 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.

- Portugal's labour market performance is generally below the OECD average, although it scores better than a number of other, Southern European countries, like Spain, Italy and Greece.
- The most significant challenge in Portugal remain improving job quantity, as the country ranks in the bottom third of performers. This is also an area where Portugal's performance has worsened over

the period 2006-2015, largely due to the significant impact of the crisis.

- Job quality could also be improved in Portugal. This includes both earnings quality (the level and distribution of earnings) as well as labour market insecurity. With regards to the latter, Portugal should aim to improve the coverage of its unemployment benefit system to provide greater protection to the unemployed but also link benefits to effective job search.
- There are also some areas where Portugal performs relatively well compared to other OECD countries. For example, the gender labour income gap is below the OECD average, and so is the employment gap for disadvantaged groups.
- But labour market segmentation (not captured by the scoreboard) remains a significant challenge in Portugal and, to the extent that certain groups are more likely to be employed on temporary and other forms of atypical contracts, also raises concerns about inclusiveness.

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