OECD Employment Outlook 2024

THE NET-ZERO TRANSITION AND THE LABOUR MARKET

Launch event with OECD Berlin Office and IAB

11 July 2024

Stéphane Carcillo
Head of the Jobs and Income Division
Directorate of Employment, Labour and Social Affairs

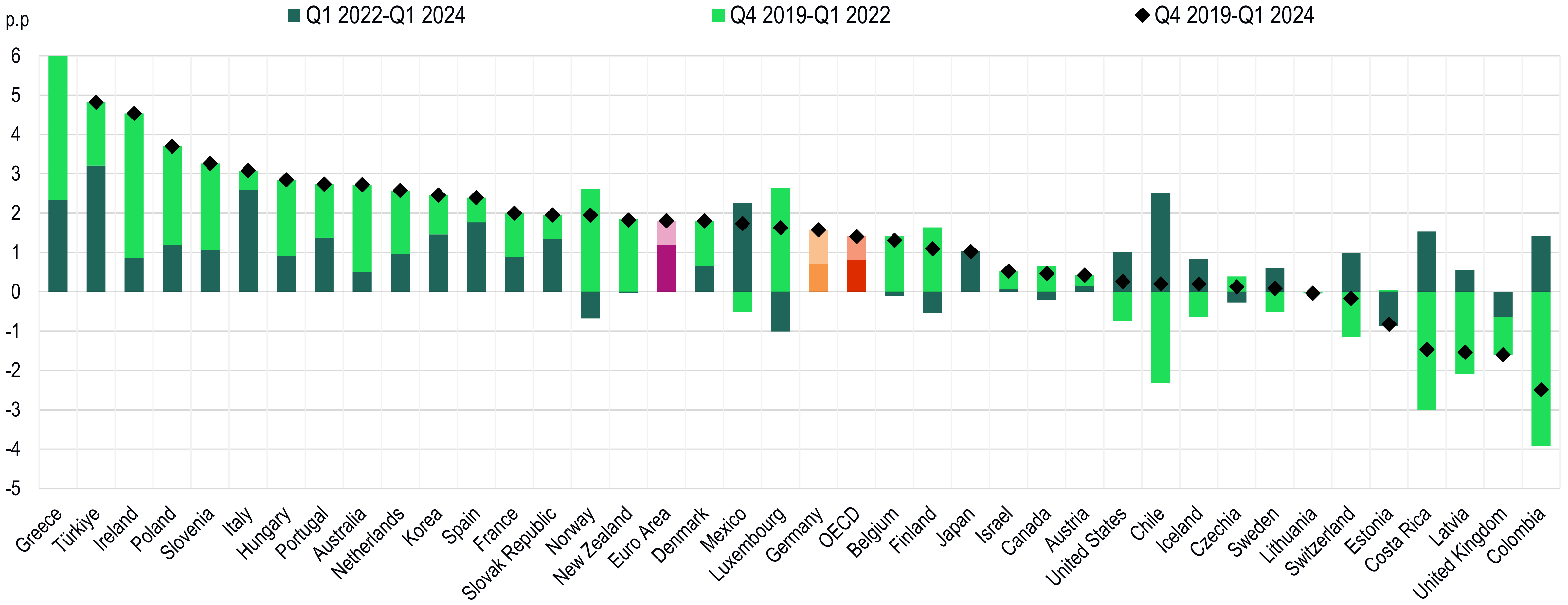
OECD

I. The Labour Market Situation

Total employment stabilised

Change in employment rates

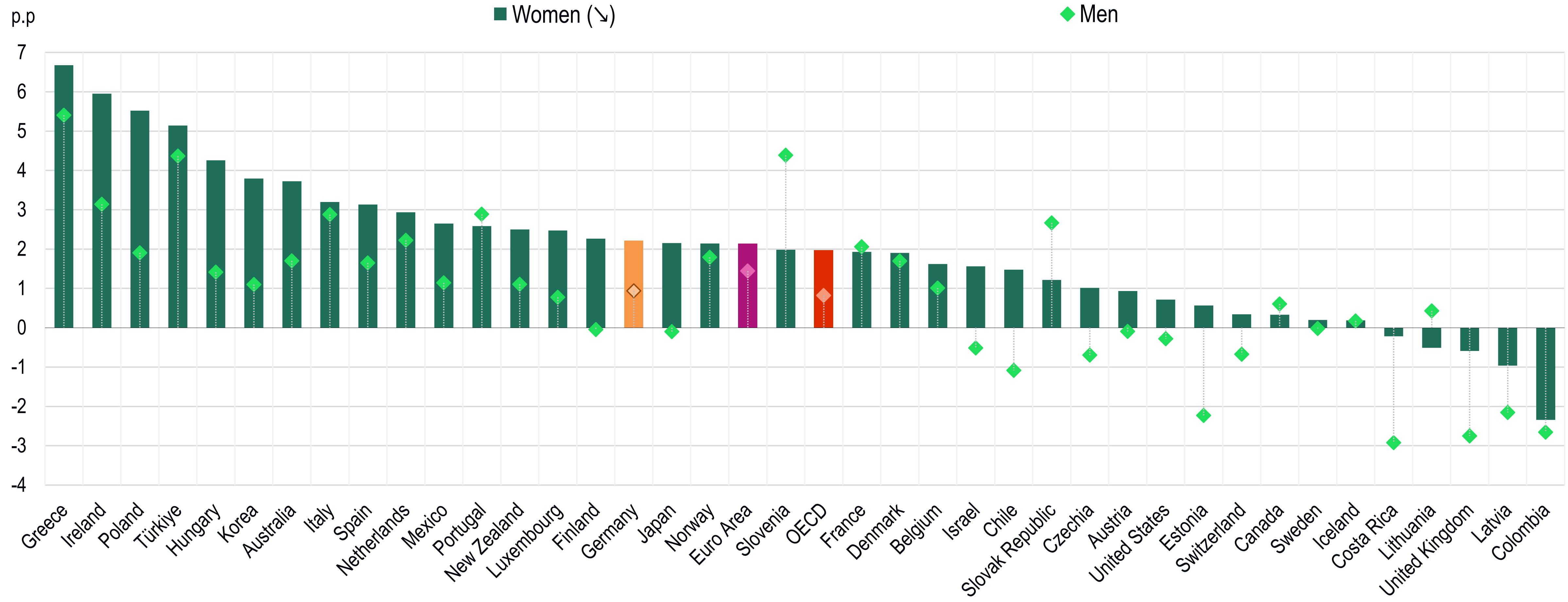
% point change in employment rates (persons aged 15-64), seasonally adjusted data



Female employment rate growth generally outperformed men's

Change in employment rates by gender

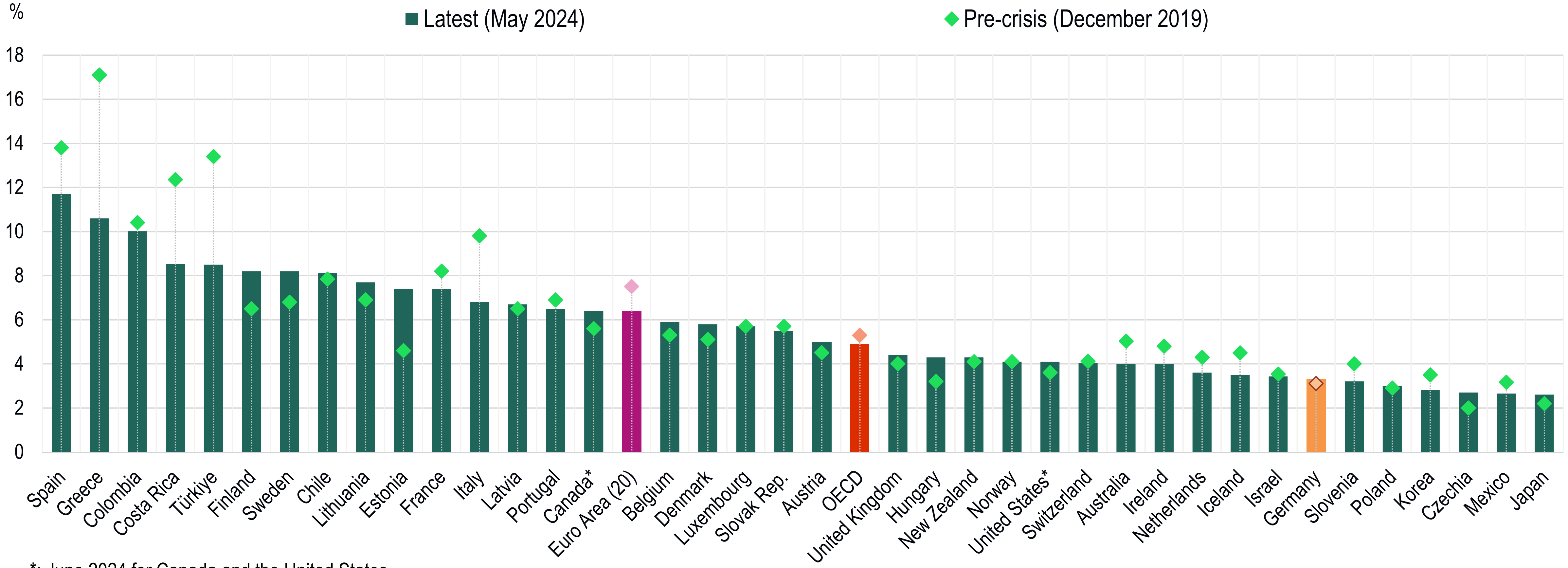
% point change, Q4 2019-Q1 2024



Unemployment remains at historically low levels and often below 2019

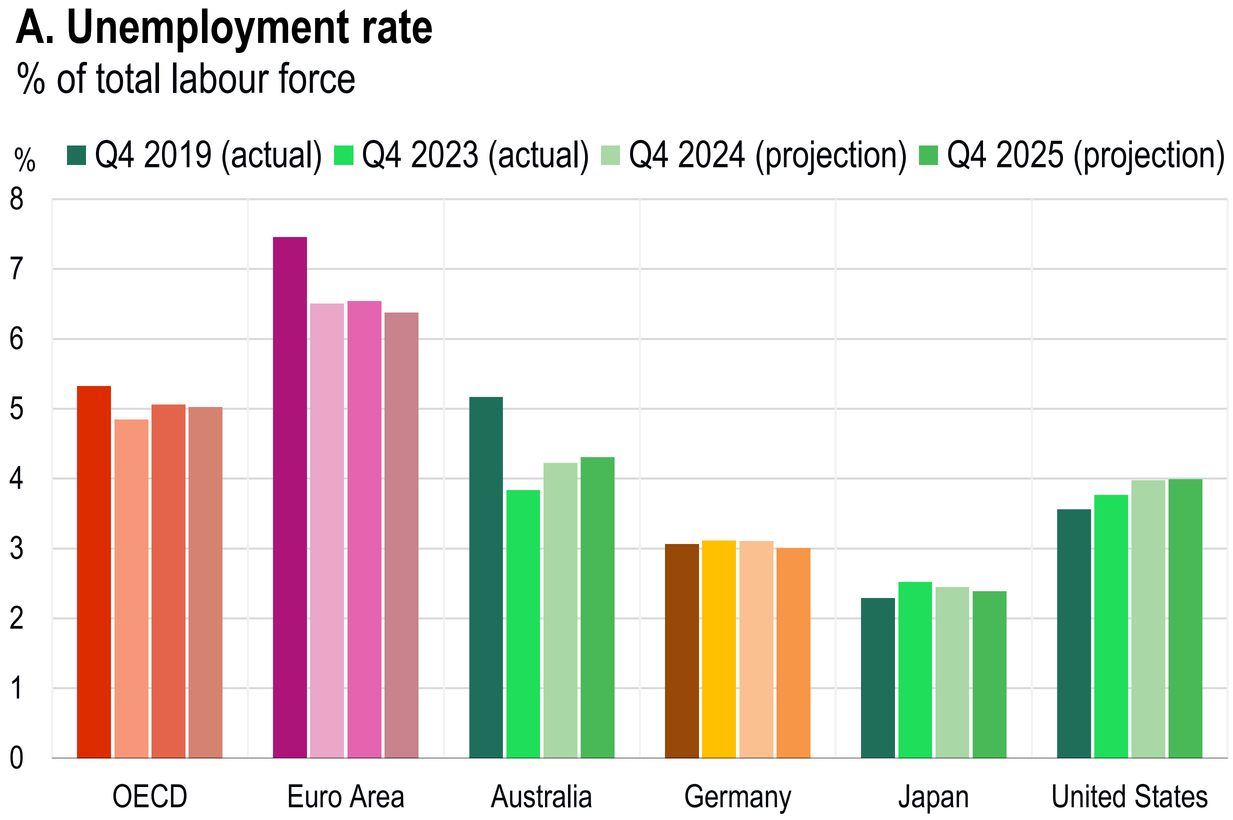
Monthly unemployment rates

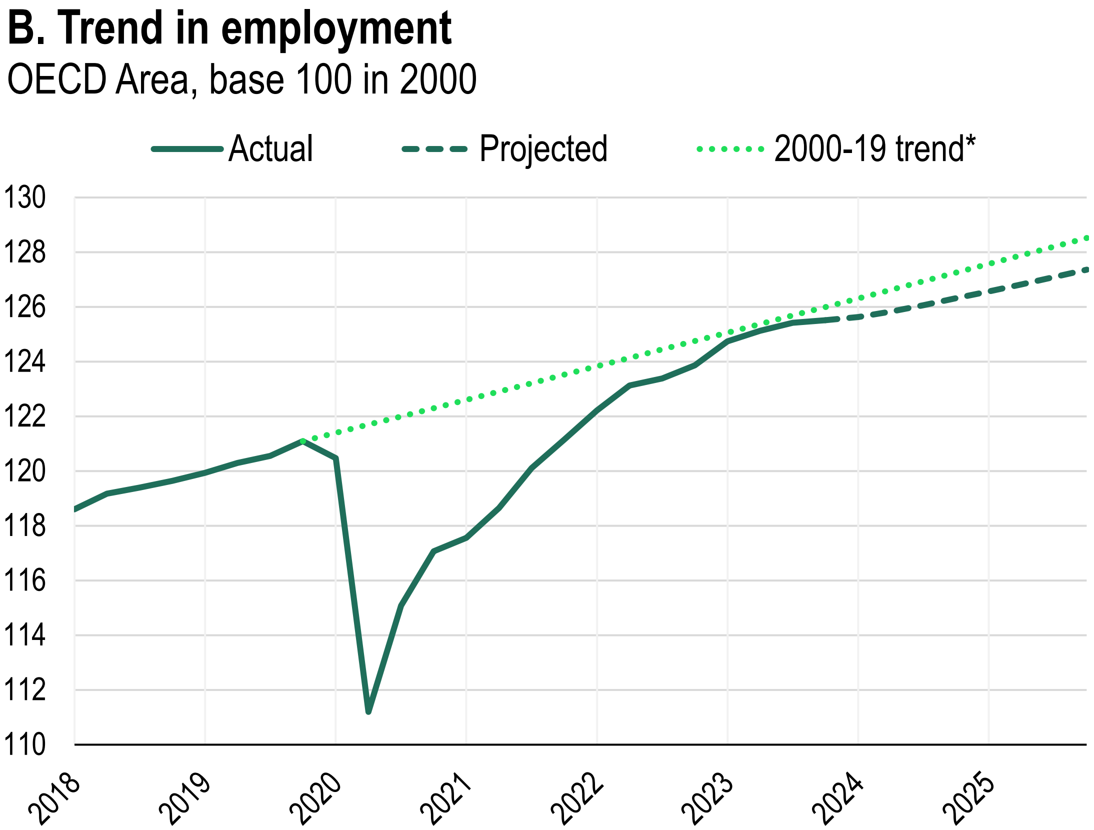
% of total labour force, seasonally adjusted data



*: June 2024 for Canada and the United States.

Employment in the OECD is projected to continue to grow in 2024 and 2025, with the unemployment rate also inching up slightly



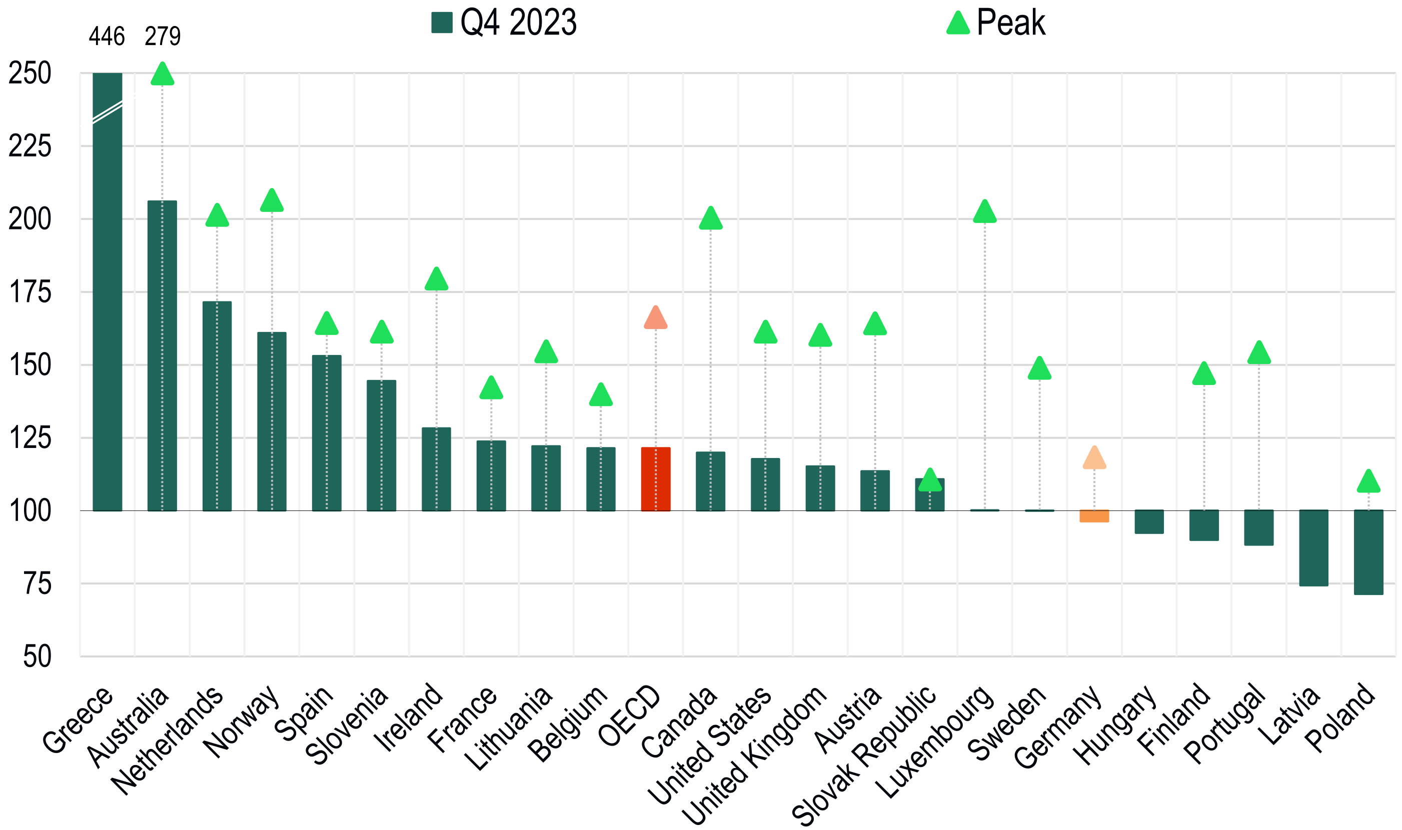


*: The 2000-19 trend refers to the average quarterly employment growth rate in Q1 2000 to Q4 2019

Labour markets remain tight in many countries even as pressure is easing

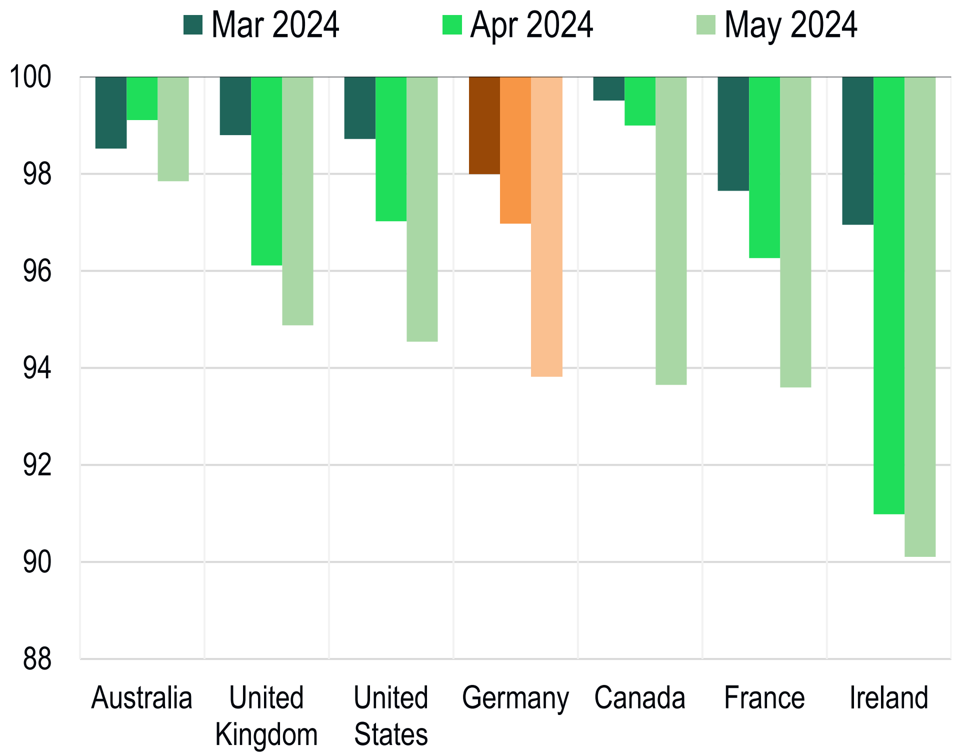
A. Vacancies per unemployed person

National definitions, seasonally adjusted, base 100 in Q4 2019



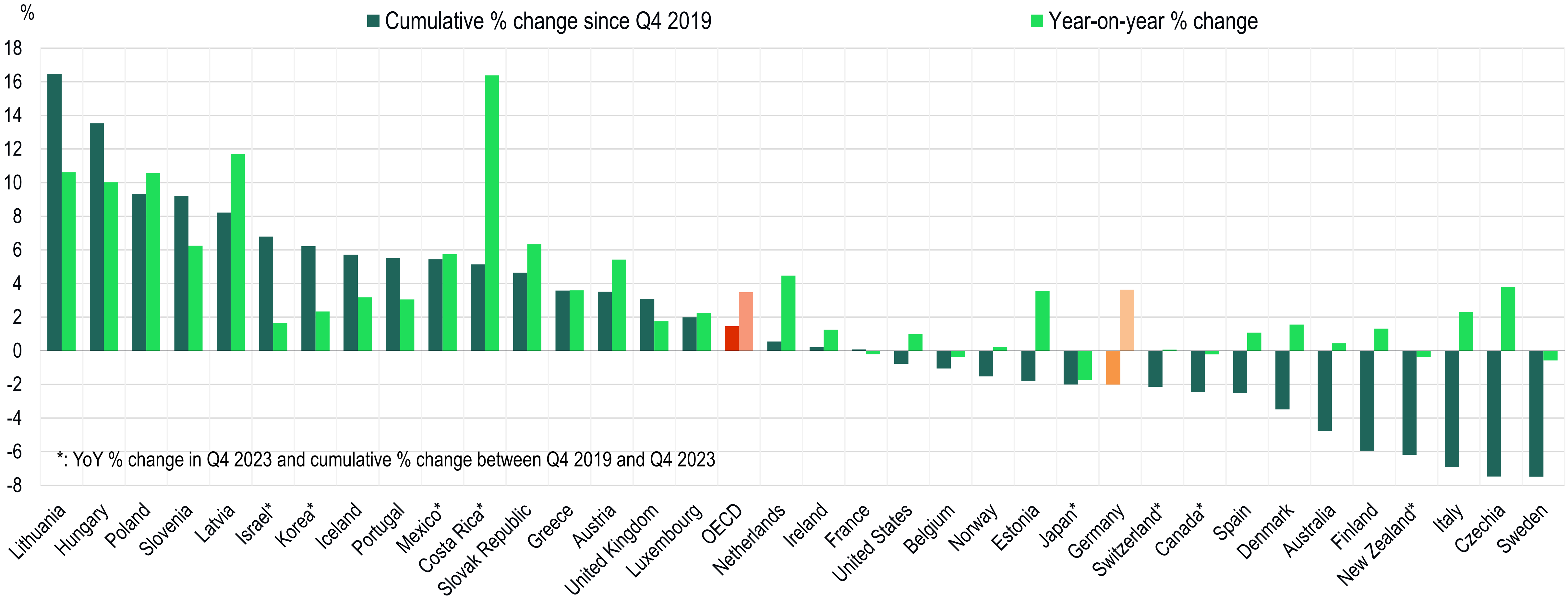
B. Online job postings

February 2024 = 100, seasonally adjusted



Real wages growth has turned positive in several countries but real wages often remain below 2019 levels

Change in real hourly wages, Q1 2024 or latest



Real minimum wages are above 2019 levels in virtually all countries

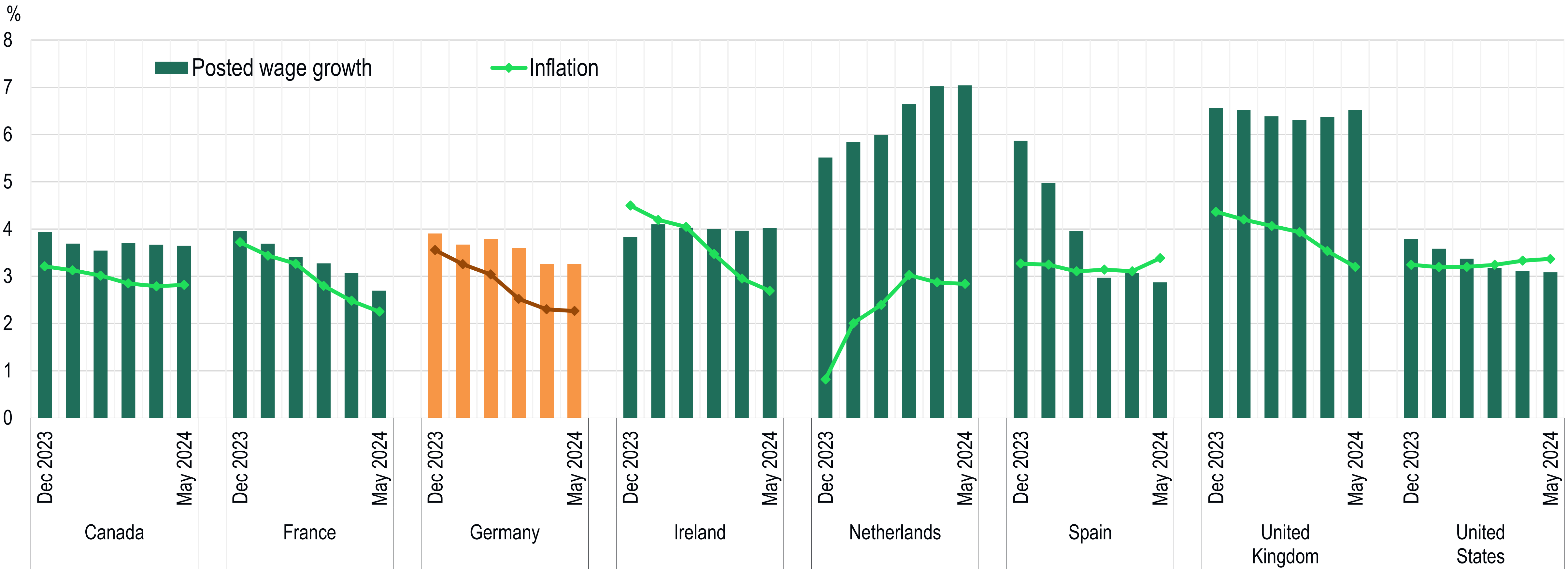
Percentage change in nominal and real minimum wages in May 2024 relative to May 2019

Fed.: Minimum wage at Federal level. Wgt.: Employee-weighted indices based on minimum wages of Provinces/territories (Canada) or States (United States). "OECD (Average.)" is the unweighted average of 30 OECD countries with a statutory minimum wage shown in this chart, except the United States (weighted); "OECD (Median) is the median values across the same countries.

Real wage growth is generally driven by a deceleration in inflation

Posted wages point to a recent slowdown in nominal wage growth

Year-on-year percentage change, three-month moving averages, from December 2023 to May 2024



II. The labour market impact of the transition to net zero

What impact on OECD labour markets?

Limited aggregate effects on employment but major shifts across occupations, sectors and regions.

No agreed definition of "green jobs". We adopted a broad definition → "green-driven occupations":

(1) New and emerging green occupations

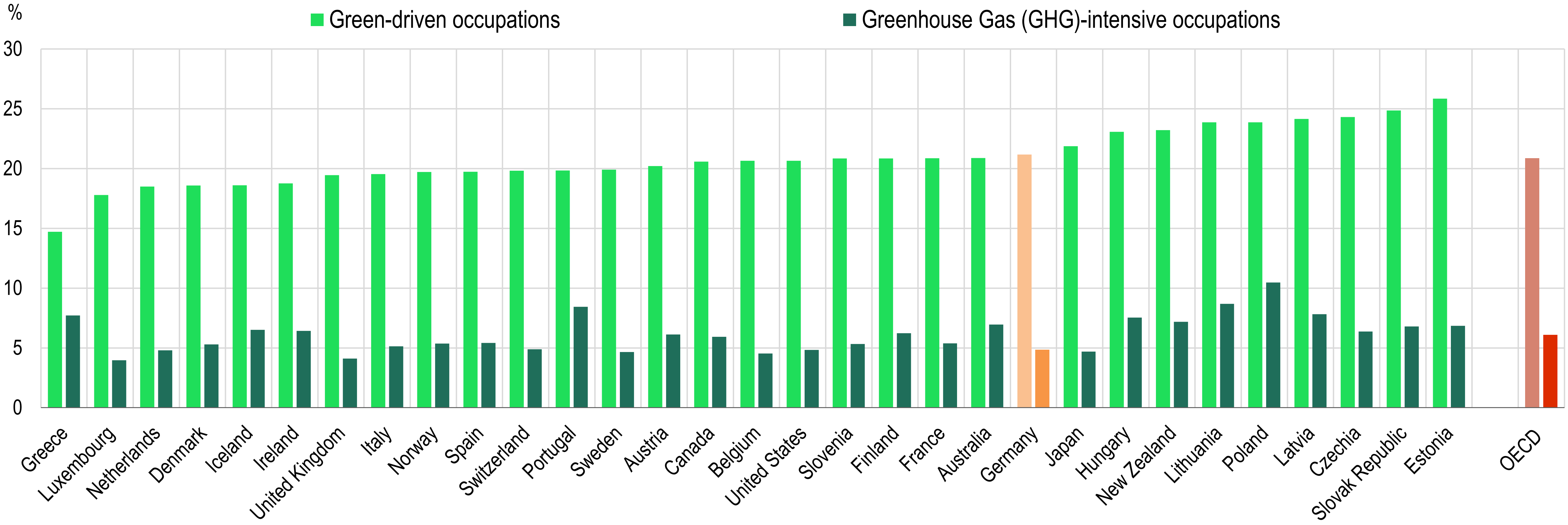
(2) Green-enhanced skills occupations

(3) Green-increased demand occupations

+ *Greenhouse Gas (GHG)-intensive occupations:* occupations that are particularly concentrated in industries in the upper two deciles of the average GHG-intensity distribution

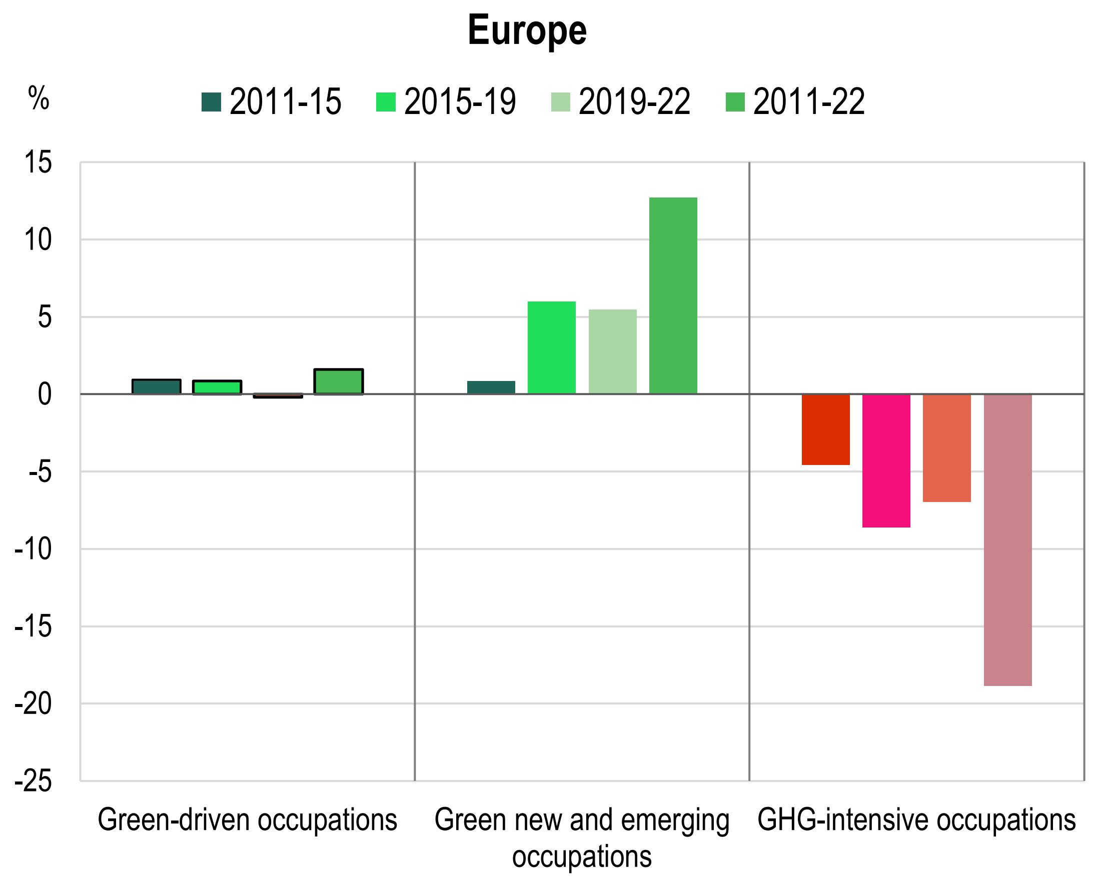
One out of five workers are employed in green-driven occupations while 7% are in emission-intensive industries

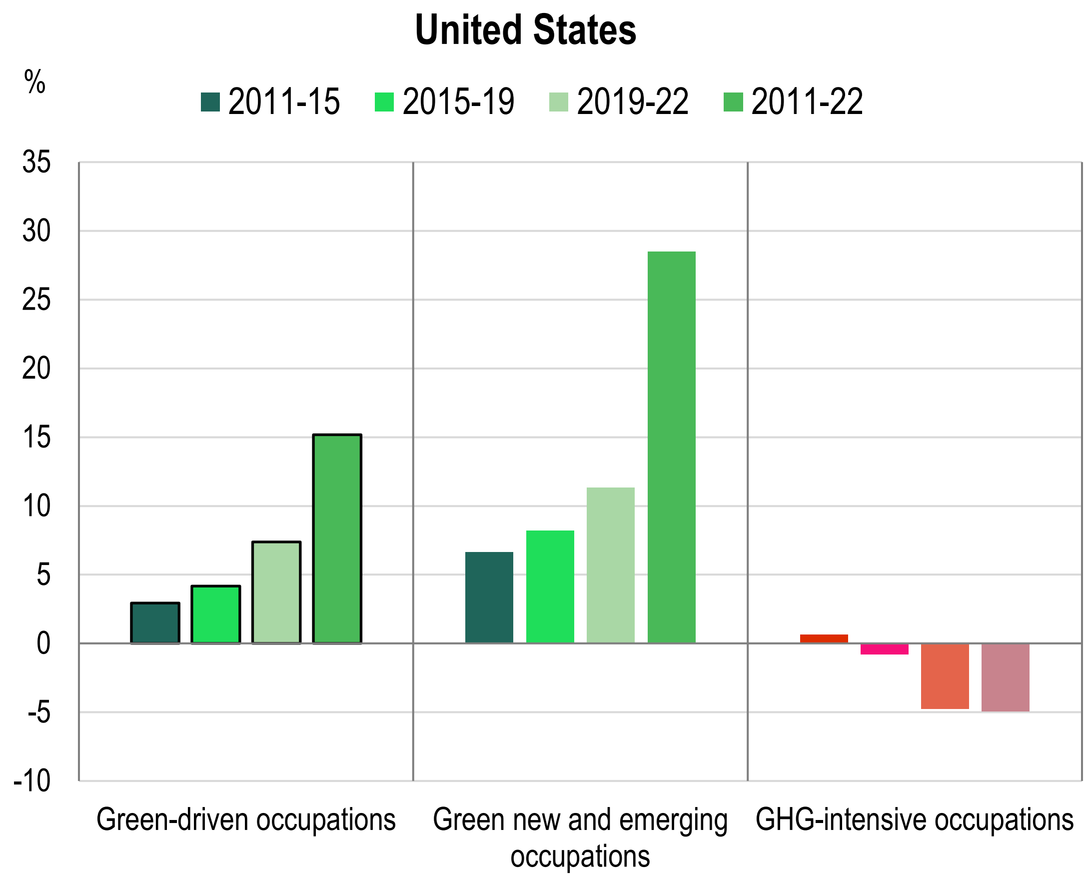
Percentages, average 2015-19



Green new and emerging occupations are growing fast

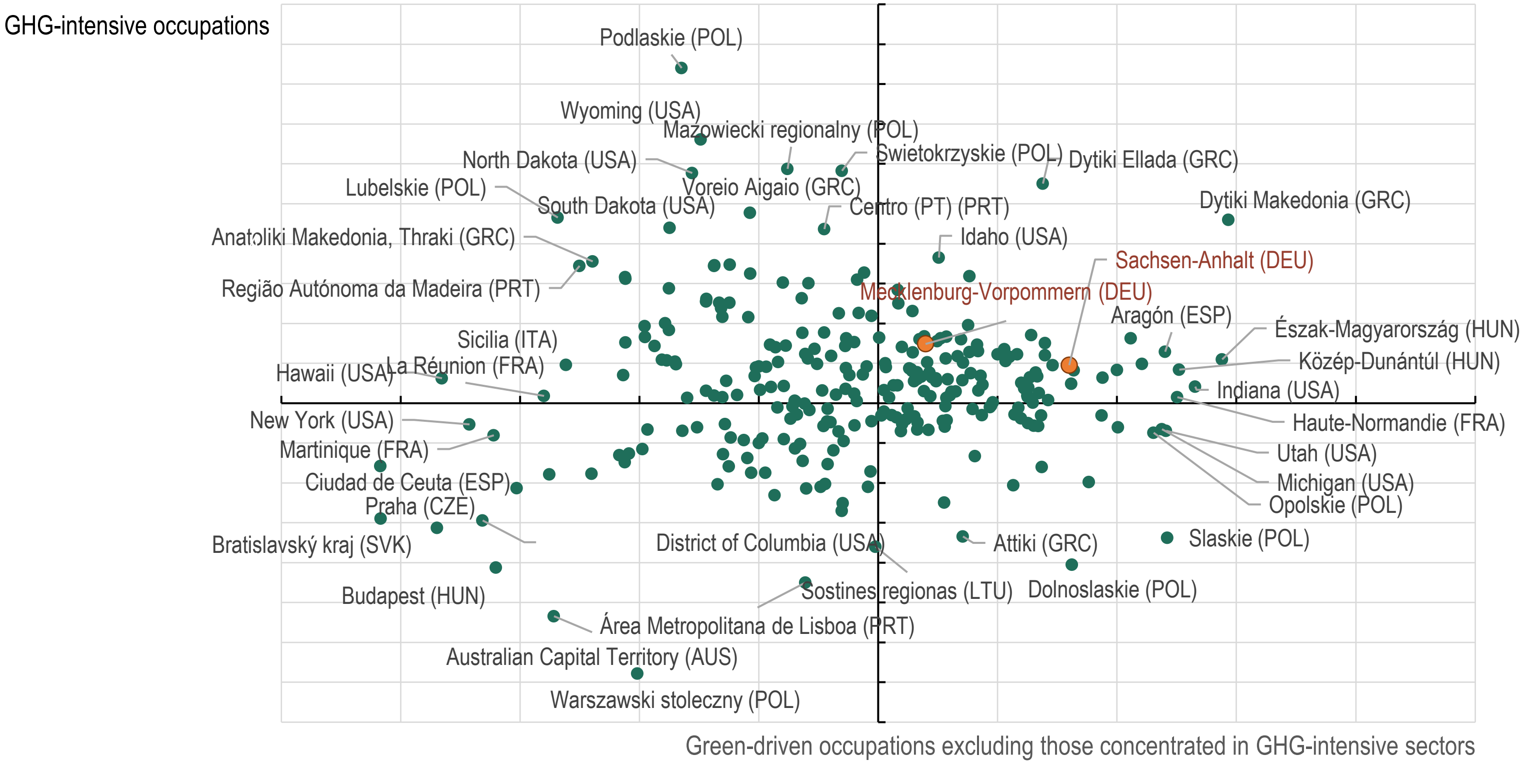
Percentage change in the share of green-driven and greenhouse gas (GHG)-intensive occupations in total employment





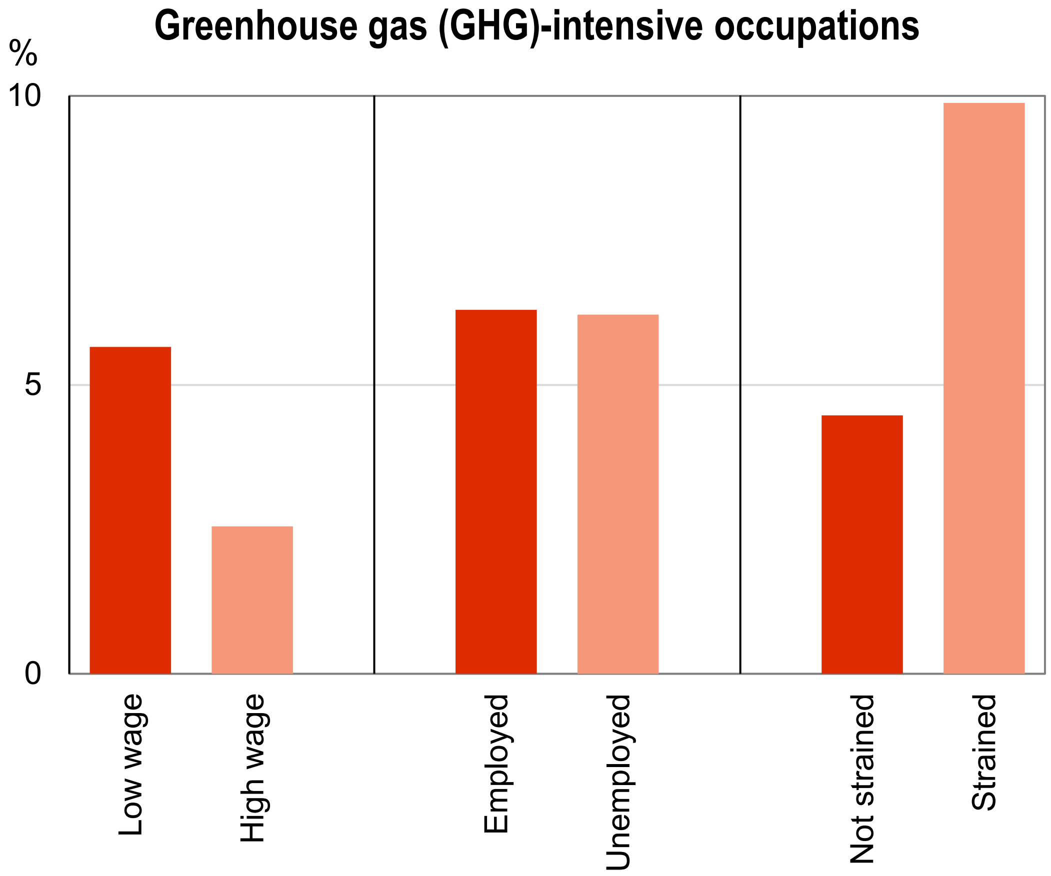
Emission-intensive occupations and green-driven occupations are not spread evenly across regions

Share of green-driven occupations net of greenhouse gas (GHG)-intensive occupations and GHG-intensive occupations at regional/state level in deviation of the national average, percentage points, average 2015-19



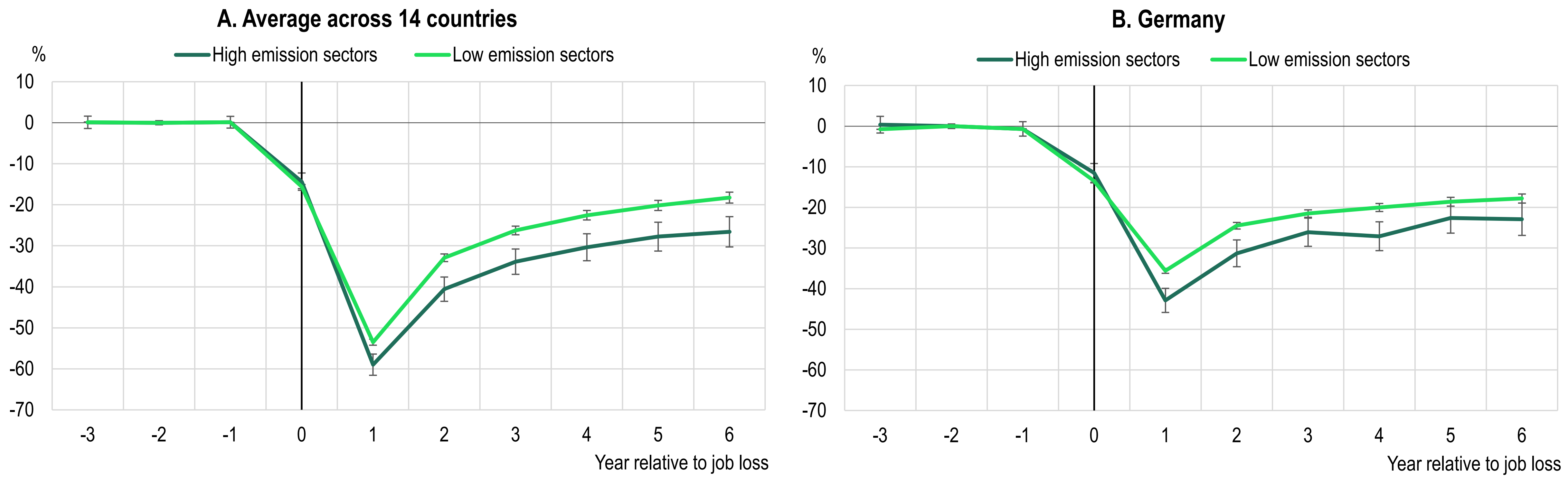
Are green-driven jobs good jobs?

Share of green-driven and greenhouse gas (GHG)-intensive occupations among high and low-wage employees, employed and unemployed and strained and non-strained workers (%)



Workers in high-emission sectors face a cost of displacement 24% higher than that of low-emission sectors

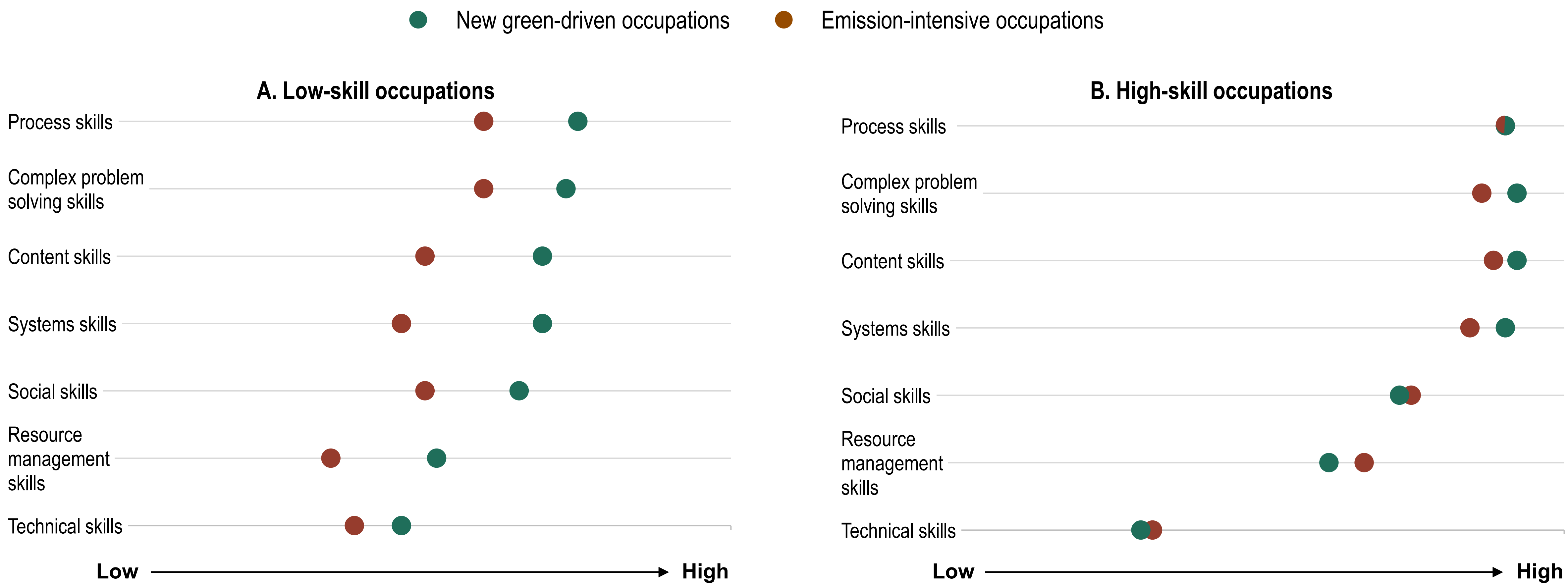
Loss in annual earnings after displacement in high-emission and low-emission sectors, average across countries (%)



Note to Panel A: The countries included are Australia, Austria, Canada, Denmark; Estonia, Finland, France, Germany, Hungary, the Netherlands, Norway, Portugal, Spain, and Sweden.

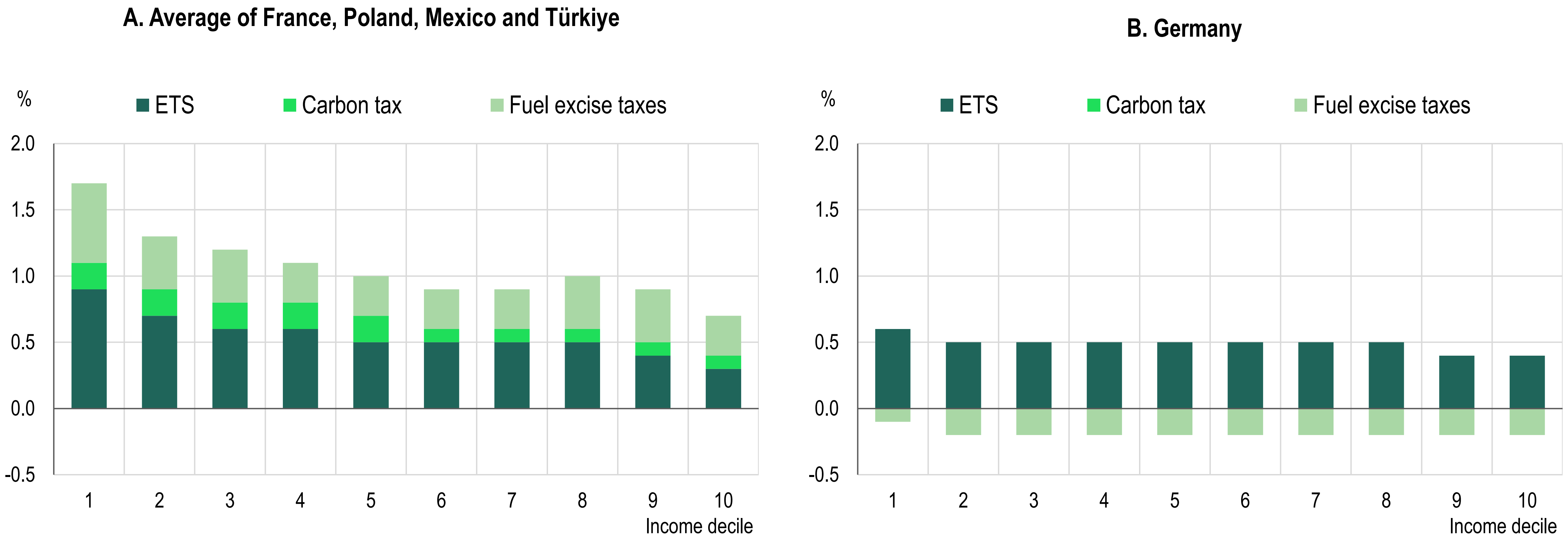
Transitions out of emission-intensive occupations are possible with the necessary retraining

Required skill level by type of occupation



In most countries, low-income groups are the most affected by carbon pricing reforms

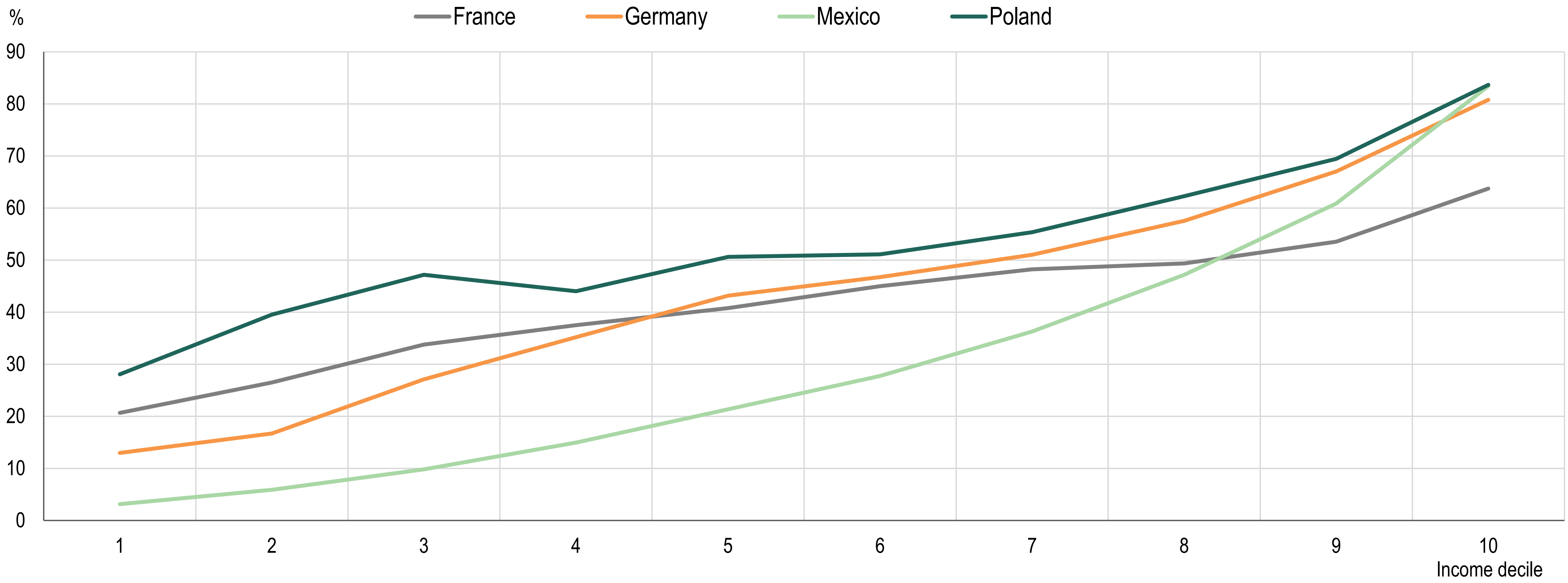
Change in the cost of household-specific consumption baskets by income decile, percentage of income, 2012-21



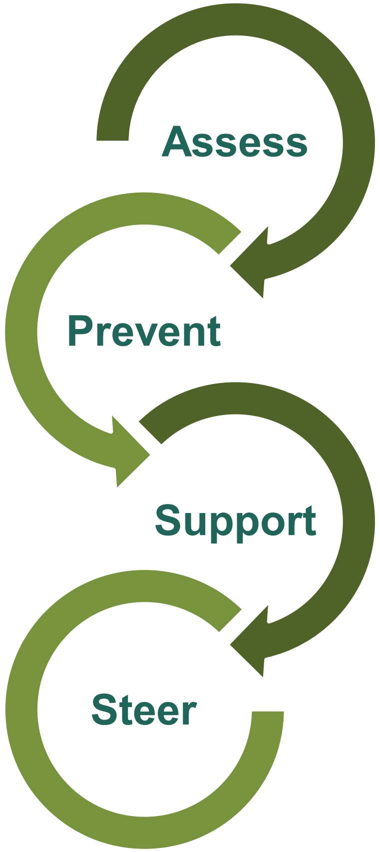
Note: Carbon taxes and emissions trading systems (ETS) are explicit forms of carbon prices, as they directly price CO_2 (or GHG) emissions, or a tax base that is proportional to emissions. Fuel excise taxes are economically similar to explicit carbon prices, as the tax increases proportionally with fuel use and the associated emissions.

Recycling carbon price revenues can make carbon price reforms progressive

Shares of individuals with net losses with full recycling as an equal lump-sum transfer to all households, by income group, 2012-21



Smoothing transitions for both firms and workers will require a comprehensive approach



- “Stress-testing” existing instruments, including skills anticipation
- Equipping workers with the right skills and intervening early
- Supporting the livelihoods of displaced workers
- Helping displaced workers, as well as people at risk, in the job-search in expanding segments of the economy, including support for geographical mobility

\+

- Place-based policies
- Redistributing carbon revenues

Thank you

Find out more about our work at:

http://oe.cd/employment-outlook

@stephancarcillo
@OECD_Social

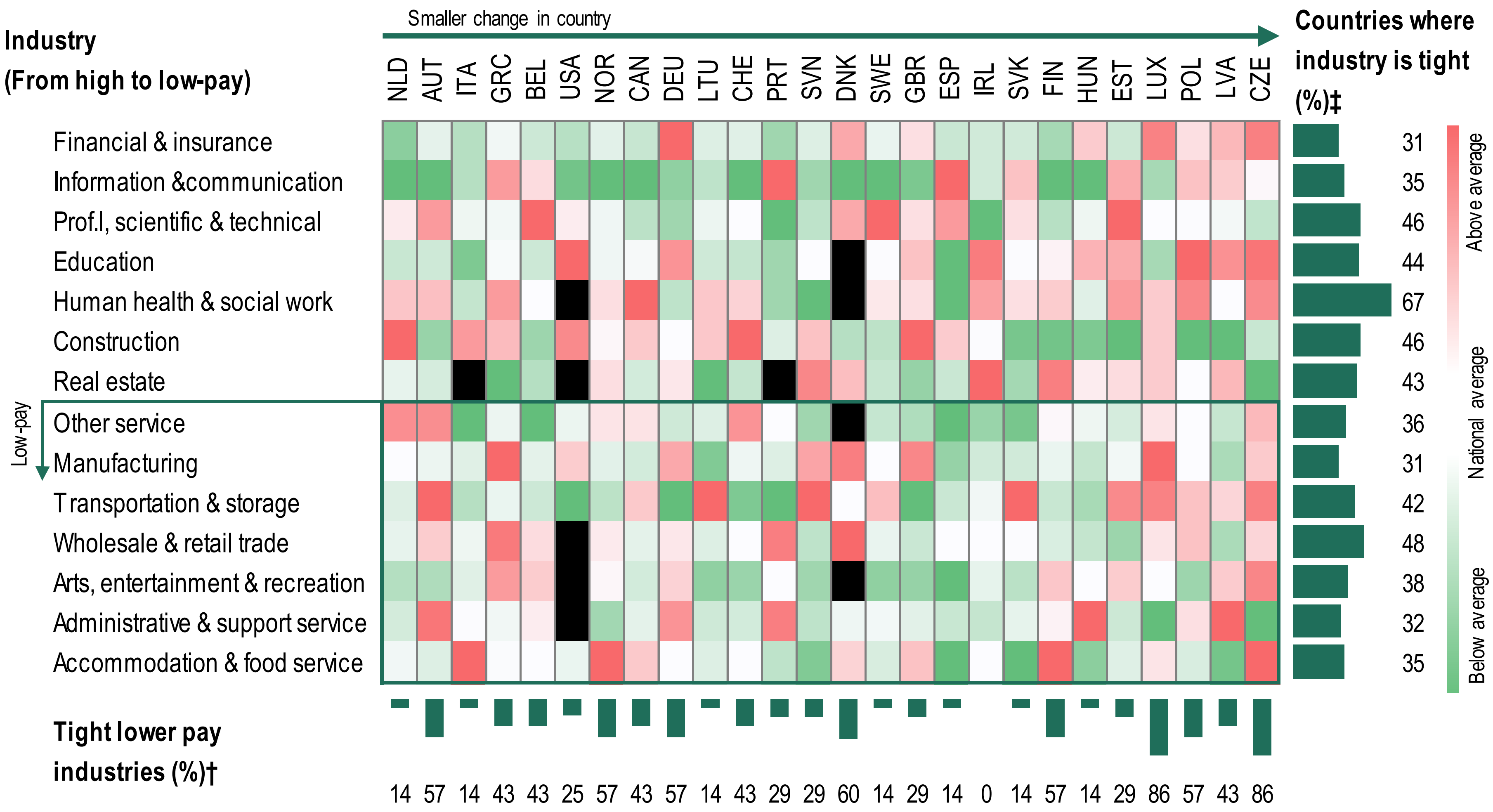
OECD

ANNEX

Labour shortages evolved differently across sectors

Changes in vacancy rates by industry

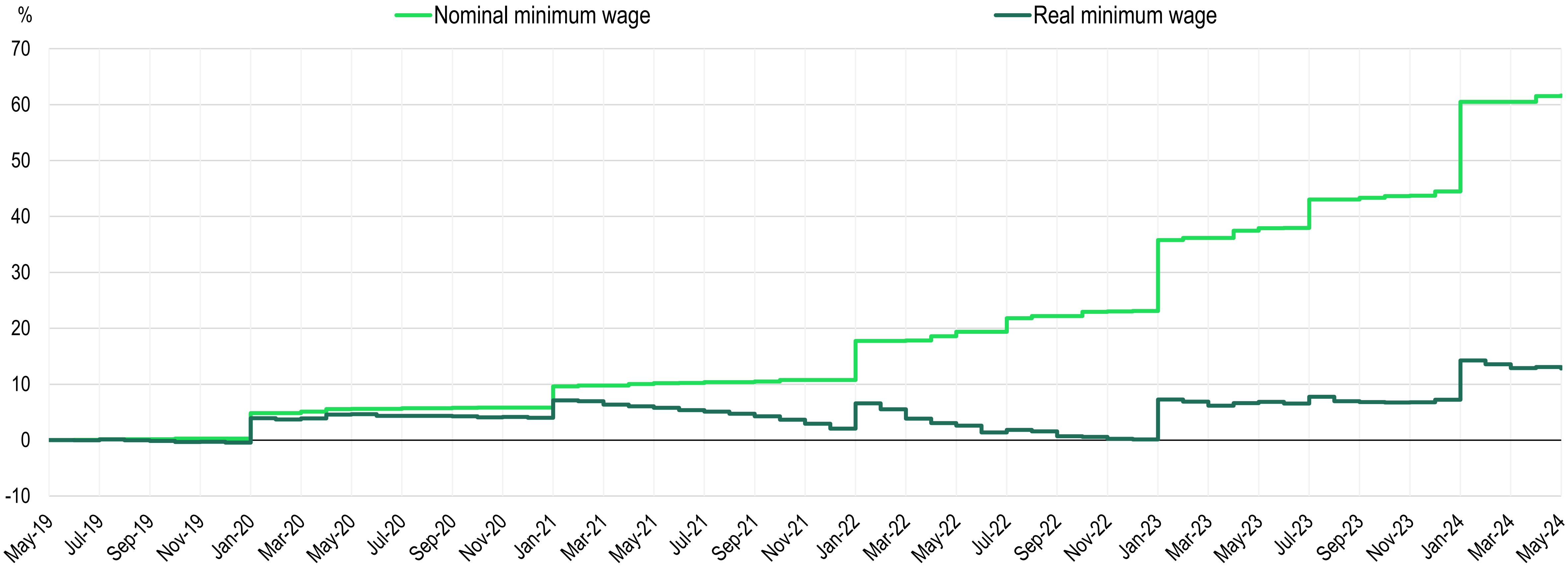
Changes in vacancy rates by industry relative to the country average, Q4 2023 vs Q4 2019



Real minimum wages are above 2019 levels in virtually all countries

Evolution of nominal and real minimum wages

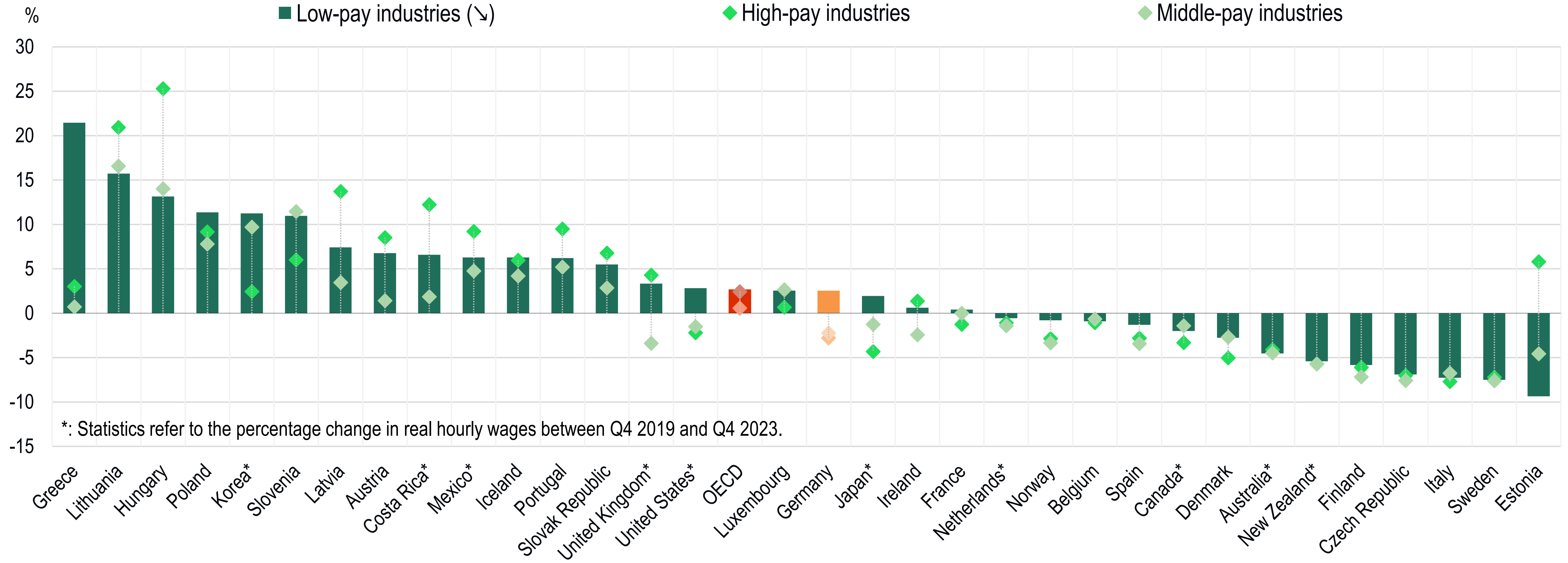
Cumulative percentage change since May 2019, OECD unweighted average



Real wages in low-pay industries have performed relatively better in most countries

Real hourly wages by industries aggregated in three broad groups

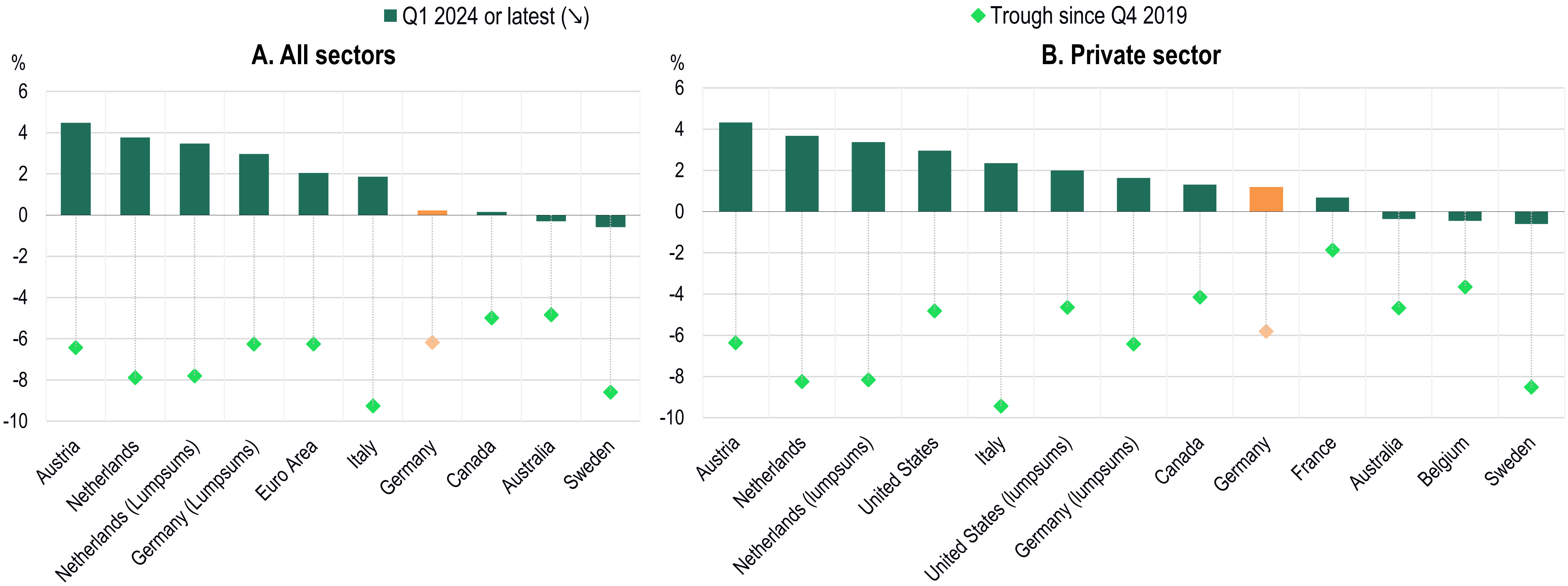
Percentage change in real hourly wages between Q4 2019 and Q1 2024 or latest



The growth of negotiated wages have turned positive in real terms in 2024

Real negotiated wages in selected OECD countries

Year-on-year percentage change in negotiated wages (i.e. resulting from collective agreements)



Job quality generally better compared to 2015

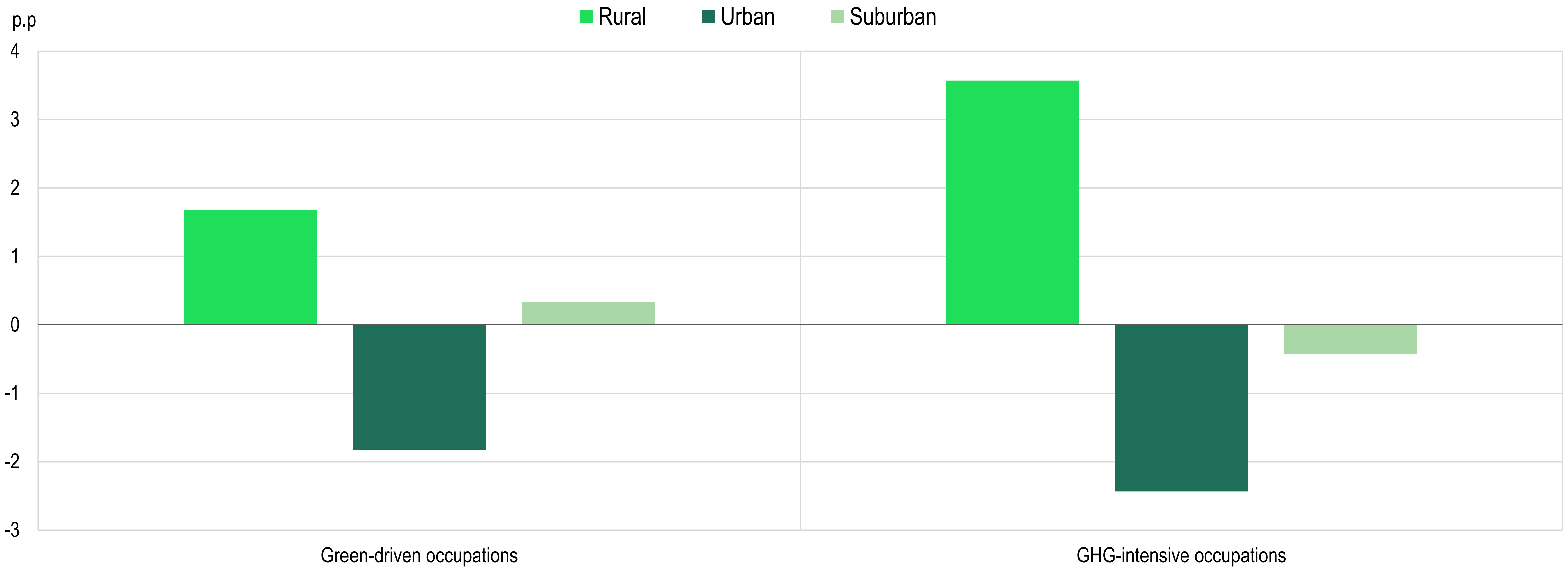
Earnings quality was generally better across the OECD in 2022 than in 2015

Labour market security generally improved across the OECD between 2015 and 2022

13% of workers experienced **job strain** in 2021 on average for the 25 OECD European countries

Both green-driven and GHG-intensive occupations are more widespread in rural areas

Difference in p.p. in the share of green-driven or GHG-intensive occupations compared to the total share



Transitions out of GHG-intensive occupations are possible with the necessary retraining