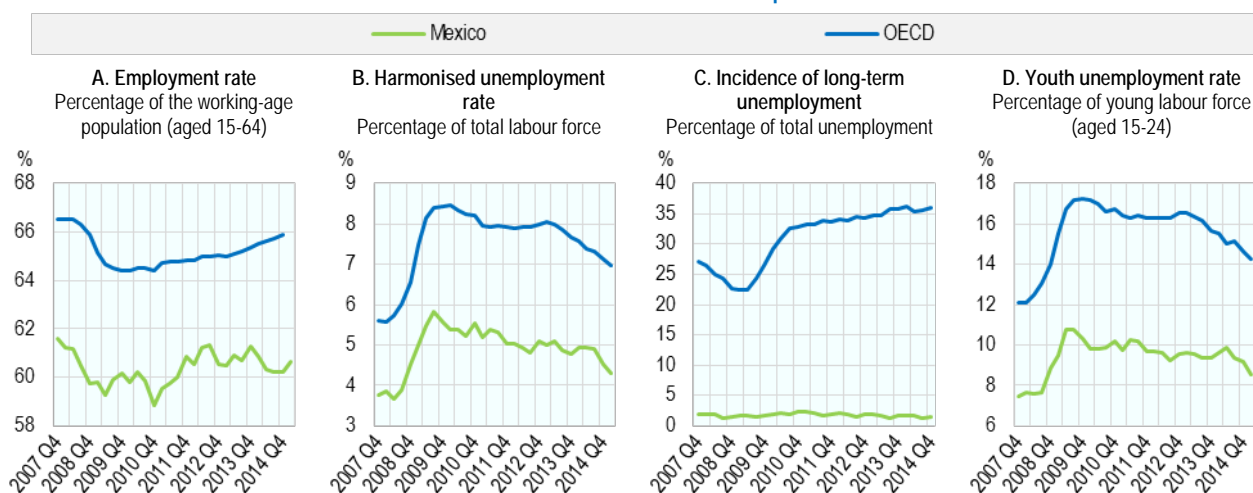


The 2015 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects with a special focus on statutory minimum wages. It also contains chapters on: skills and wage inequality; the role of activation policies to connect people with jobs; earnings mobility, labour market risk and long-term inequality; and job quality in major emerging economies.

[DOI: 10.1787/19991266](https://doi.org/10.1787/19991266)

### Labour market developments in Mexico



Note: OECD is the weighted average of 33 OECD countries excluding Chile for Panel C.

Source: OECD Short-Term Labour Market Statistics database, <http://dx.doi.org/10.1787/data-00046-en>.

### RECENT LABOUR MARKET TRENDS AND PROSPECTS

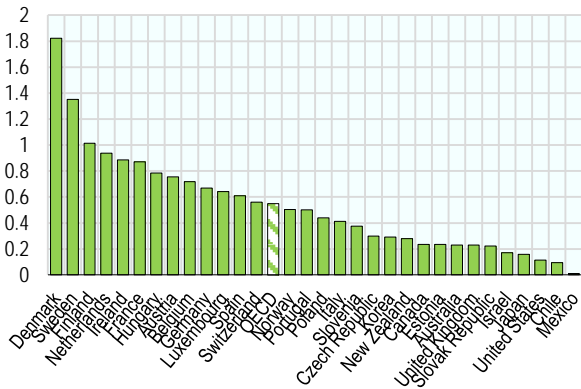
Labour market conditions are improving in many OECD countries but the recovery from the recent economic crisis remains very uneven. Unemployment for the OECD as a whole is projected to continue its slow decline, reaching 6.6% by the end of 2016.

- Unemployment in Mexico is low (4.3% in Q1 2015) relative to the OECD average (7%), and has been declining in recent years.
- The incidence of long-term unemployment is extremely low (1.5% in Q4 2014) and it has remained fairly constant in the recent past, while it has reached alarming levels in the rest of the OECD (36% in Q4 2014).
- Youth unemployment, at 8.6% (Q1 2015), is considerably below the OECD average (14.2%) and on a slow downward trend.

- Mexico continues to be plagued by relatively low participation rates, reflected in an employment rate of 60.7% (Q1 2015), which shows no signs of converging to the OECD average (65.9%).
- Mexico continues to be among the OECD countries with the highest rates of youth not in employment, education or training (NEET). This group represents 22.4% of the 15-29 population, well above the 14% OECD average.
- Mexico is also the OECD country that spends the least on Active Labour Market Policies (ALMPs). Effective activation measures help connect unemployed and inactive people with jobs, and could play a pivotal role in reducing inactivity. To achieve this goal, ALMPs would need to strengthen the motivation to seek work, while also improving the employability of jobseekers and their job opportunities.

## Expenditure on active labour market programmes

As a percent of GDP, 2013



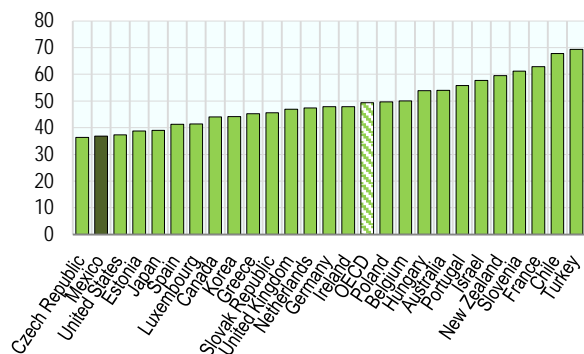
Source: OECD Employment Outlook 2015, Chapter 3.

## MINIMUM WAGES

A growing majority of countries use minimum wages as a tool to raise wages at the bottom of the wage distribution and to prevent workers' families from falling into poverty. The effectiveness of these policies depends upon the level of the minimum wage, which could lead to job losses or encourage informality if set too high.

### Minimum wage

Minimum wages as a percent of full-time median earnings, 2013



Note: For Germany, the data refer to 2015 (projections for median earnings).

Source: OECD Employment Outlook 2015, Chapter 1.

- In 2013 Mexico was the OECD country with the second lowest minimum wage as a percent of full-time median earnings.
- The social levies and payroll taxes paid by employers for minimum wage workers are

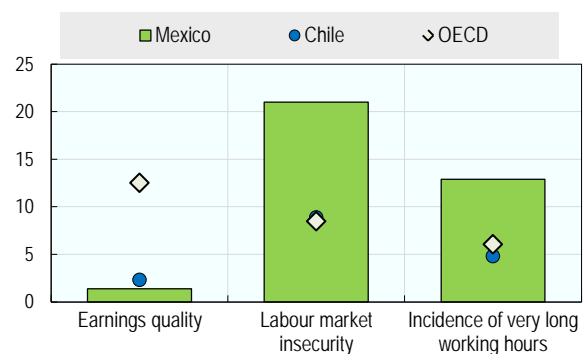
relatively high and may encourage informality.

## JOB QUALITY IN EMERGING ECONOMIES

Poor job quality is a major policy concern in emerging economies. While constrained by limited data availability, job quality in key emerging economies can be compared along the three dimensions identified in the OECD's job quality framework: earnings quality (a combination of average earnings and inequality); labour market security (capturing the risk of unemployment and extreme low pay); and the quality of the work environment (measured as the incidence of job strain or very long working hours).

- Mexico's levels of job quality are much lower than the OECD average.
- Labour market insecurity – especially the risk of extreme low pay – is particularly high in Mexico.
- Job quality is lowest for low-skilled workers and those employed in informal occupations, which still account for over half of total employment. Raising skill levels and discouraging informality should be priorities for policy makers.

### Job quality in Mexico



Source: OECD Employment Outlook 2015, Chapter 5.

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