labour market and worker mobility between Portugal and Spain (2008-2017)

This report is the result of cooperation between teams from the Centre for Labour Relations at the Portuguese Ministry of Labour, Solidarity and Social Security and the Employment Observatory from the State Public Employment Service at the Spanish Ministry of Labour, Migration and Social Security. These two teams have been working together since 2009 to provide relevant information on the labour market and worker mobility between Portugal and Spain.

The report is published annually and, given the warm reception that it has received since its first issue, it has consolidated itself as a benchmark document for employment-related information for both countries. Its production has continued despite the internal changes within each organisation, including Portugal’s transition from the former Observatory of Employment and Training to the current Centre for Labour Relations. It is therefore testament to a strong, dynamic and very successful partnership.

The collaboration between the two organisations has involved harmonising various statistical sources in order to compare the information available in each country, using data from EUROSTAT, the respective National Institutes for Statistics, Social Security, Public Employment Services and, in the case of Portugal, the Borders and Foreigners Service.

To coincide with the tenth anniversary of this publication, the time reference has been extended, with the annual data for 2017 supplemented with the time series for 2008. The data confirm a continuation in the improvement in labour indicators that had already become apparent over the previous three years, following the European economic and financial crisis of 2008 that severely affected Portugal and Spain. These signs of recovery are likely to continue and grow stronger over the next few years.

The aim of this report is to aid analysis and diagnosis of labour market phenomena in both countries and we hope that it will be useful in providing support for the design of proposals and plans to improve performance.

SYNTHESIS

THE LABOR MARKET: PORTUGAL, SPAIN AND THE EUROPEAN UNION (2008-2017)

Eurostat data enables us to confirm a trend toward an ageing population in the EU, which is particularly evident in Portugal and Spain. The resident population increased between 2008 and 2017 in both the EU and Spain, while it decreased in Portugal.

In terms of the labour market, the effects of the financial crisis appear to have finally been overcome. Between 2008 and 2017, the activity rate increased both in the EU as a whole and in the Iberian Peninsula. This increase was almost exclusively due to growth in the numbers of working women, working persons aged 55 to 64 years and those with educational levels from 5 to 8. These categories also saw a corresponding increase in employment. Nevertheless, in contrast to the European Union, the employment rate was still lower in 2017 than in 2008 in Portugal and Spain.

Between 2008 and 2017 in the EU and Spain, the number of part-time employees increased and the number of full-time employees decreased, while in Portugal, both categories registered declining numbers, with a slightly more marked decrease in full-time employees. Within the EU, temporary workers continued to account for around 14% of the total number of employed workers, while this figure decreased in Portugal and Spain to stand at 26.8% in Spain and 22% in Portugal in 2017.

Between 2008 and 2017, both in the EU and in the Iberian Peninsula, there was a clear decline in occupational groups including artisans and skilled workers in manufacturing, construction, mining and elementary occupations, as well as skilled workers in the agriculture, livestock, forestry and fishing sectors. At the same time, there was a clear increase in technicians, professionals, scientists and academics, as well as workers in catering, personal and sales services.

Over the 10 years of analysis, the sectors of activity that have seen the largest increases in the EU, Spain and Portugal are health and social services, as well as arts, recreation and entertainment, while the most significant decreases have been recorded in construction and extractive industries.

The unemployment rate increased between 2008 and 2013 in both the EU and the Iberian Peninsula and then fell, although in 2017 it was still higher than in 2008. Both the increases and decreases were particularly noticeable in Portugal and even more so in Spain. Between 2008 and 2017, both in the EU and in Portugal, the number of unemployed men increased more than the number of unemployed women, while in Spain, the number of unemployed women saw a sharper increase. Between 2008 and 2017, unemployment increased most in the 55-64 age group. In the EU and Spain, unemployment fell in the under-25 age group.

Portugal and Spain have a very similar business structure with respect to the main areas of economic activity. In 2017, the overwhelming majority of companies were involved in the services sector, although the percentage was higher in Spain.

Between 2008 and 2017, according to Social Security data, the number of companies increased by 14% in Spain, while the number decreased by 8.3% in Portugal. In both countries, the greatest decline was registered in the construction sector. In Portugal and Spain, companies with up to 26 workers accounted for about 95% of the total, and companies with more than 100 employees accounted for approximately 1%. The sectors of activity with most weight were wholesale and retail trade, motor vehicle and motorcycle repair, manufacturing, hotel trade and construction.

WORKER MOBILITY BETWEEN SPAIN AND PORTUGAL

According to Spain’s National Statistics Institute, there were approximately 18% fewer Portuguese residents in Spain in 2017 than at the beginning of the data series. At the same time, according to the Portuguese Borders and Foreigners Service, the number of Spanish nationals living in Portugal increased by approximately 74%.

In 2017, there were more Portuguese men living in Spain than women, and the number of Portuguese women has fallen considerably compared to 2008, with the 35-44 age group most representative. The number of Spanish men and women living in Portugal, meanwhile, has always remained balanced. In 2017, the most representative age group was the over-55s. For Portuguese residents in Spain, the under-35 age group decreased the most compared to 2008, which was the same age group that saw the greatest increase for Spanish nationals in Portugal.

In 2017, there were 27% fewer Portuguese workers in Spain than in 2008. Portugal, however, recorded a 115% increase in Spanish workers. In both countries, the number of employed men from the neighbouring country was greater than the number of women and the 35-44 age group was the most representative. With respect to 2008, Spain saw a decrease only in the number of Portuguese working men, whereas in Portugal the numbers of both sexes increased by more than 100%. For Portuguese workers in Spain, the under-25 age group saw the greatest decrease - the same age group which saw the greatest increase for Spanish workers in Portugal.

In 2017, Portuguese workers in Spain were mainly employed in sectors of activity including wholesale and retail trade, motor vehicle and motorcycle repair (15.3%), hotel trade (14%) and construction (13%). At the same time, Spanish workers in Portugal were employed in health and social services (24.8%), manufacturing industries (11.8%) and professional, scientific and technical activities (10%).

In geographical terms, Portuguese nationals in Spain were still concentrated in Madrid (21.2%), Catalonia (15.8%) and Galicia (15.1%), while Spanish nationals in Portugal lived mainly in Lisbon (45%), Portalegre (12%) and Viana do Castelo (9.9%).

In 2017, Spain had 40% fewer Portuguese unemployed persons registered with the public employment services than in 2008, while in Portugal, the number of registered unemployed Spanish persons increased by 63.4%. In Spain, this decline affected mostly men, while in Portugal, the number of unemployed women saw the greater increase. In both countries, in 2017, the age group with most unemployed people from the neighbouring country was 35-54 years. Compared to 2008, the number of Portuguese unemployed persons in Spain fell across all age groups, but most noticeably in the under-25s. This was, in contrast, the age group with the greatest increase in numbers for Spanish unemployed persons in Portugal, while only the 25-34 age group registered a decrease.

In both countries, in 2017, the majority of unemployed persons from the neighbouring country came from the services sector. Compared to 2008, the number of unemployed Portuguese workers fell across all sectors of activity, except the agriculture, livestock, forestry and fishing sectors (82.5%). In contrast, the number of Spanish unemployed workers in Portugal increased across all sectors of activity, particularly in the agriculture, livestock, forestry and fishing sectors (85.7%).