



Labour Market

2nd quarter 2016

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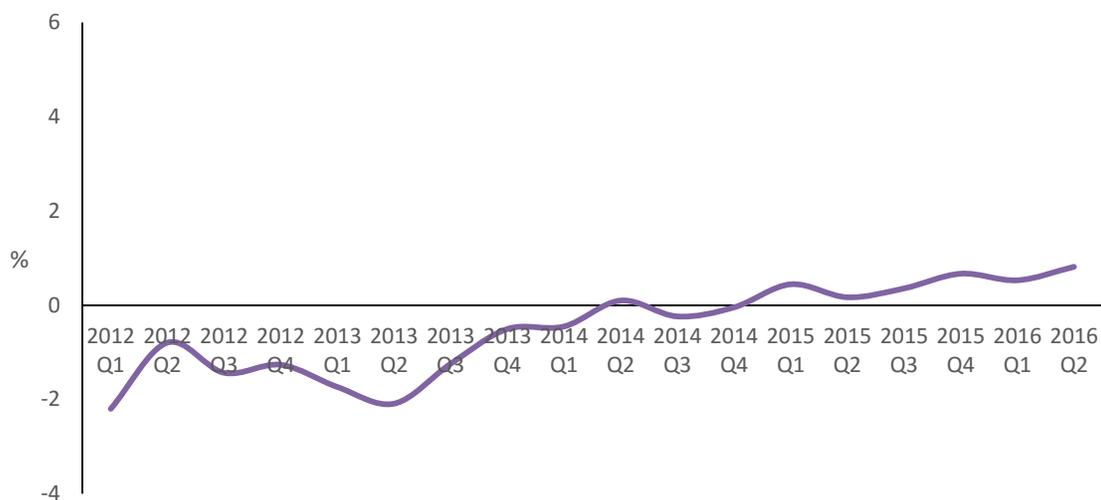
Active Labour Market Policies

1. LABOUR SUPPLY

The indications in the labour market are promising due to the increase of employment (persons and hours worked) and in parallel in the reduction of unemployment, underemployment and inactivity rates. These trends validate the signs of restoring conditions of a comprehensive decline of the unemployment rate, which the 2nd quarter of 2016 declined to 12.1% of the labour force from 14.1% the previous quarter and 14.6% one year earlier. The half year average is equal to 13.1% (Labour Force Survey, Statistical Service).

In the 2nd quarter of 2016, labour market indicators have exhibited a significant improvement, thus employment¹ in persons (in seasonally adjusted terms) denoted an increase by 0.8 percentage points (p.p) as illustrated below in Figure 1.1 compared with the previous quarter of the same year. The number of persons employed in the 2nd quarter of 2016 increased by 3.012 persons compared with the 1st quarter of 2016 and by 8.698 persons in comparison with the corresponding quarter of the previous year. In seasonally adjusted terms, the average unemployment rate of the 1st half of 2016 was reduced by 2.1 p.p. in relation to the 1st half of 2015.

Figure 1.1: Employment -persons (SA, % change)



Source: Cystat

¹ Source: Cystat-National Accounts.

In the 2nd quarter of 2016 the number of jobs has risen by 3.012 which are by 1.065 more than in the 1st quarter of 2016.

Hours in seasonally adjusted terms of the 2nd quarter of 2016 have increased by 0.7 p.p. in relation to the previous quarter implying 1.223 more hours worked (Figure 1.2).



Source: Cystat

In flexible² forms of employment in the second quarter of 2016 110.500 persons were employed, consisting of 30% of total employment while the number of under employed reduced to 83.225, which was 22.2% of employment denoting a decline by 4.1% p.p. compared with the previous quarter and a decline by 2.5 p.p. compared with the corresponding quarter of the previous year.

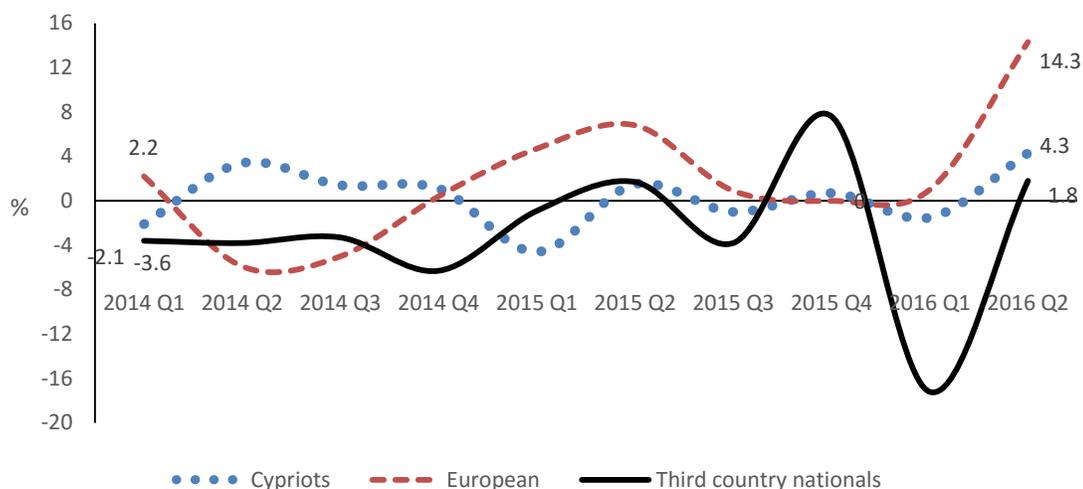
Employment in the public sector based on Public Administration and Personnel Department (PAPD) data remained unchanged to 48.013 persons compared with the corresponding quarter of 2015.

According to data by Social Security Services (SSS), Cypriots employed in the 2nd quarter of 2016 increased by 4.3%, Europeans by 14.3% and citizens from third countries by 1.8% compared with the previous quarter of the same year as shown in figure 1.3. Comparing with the 2nd quarter of 2015, the rise was 1.5%, 6.8% and 1.7% respectively. According to data by SSS, the distribution of employees by nationality was 80% Cypriots, 12.6% European and 7.1% from third countries. As shown in Cypriots were employed mostly in the sectors of: Wholesale and Retail Trade, Repair of Automobiles and Motor Vehicles,

² Flexible forms of employment include the number of employees working with part time and temporary contracts.

Construction, Manufacturing, Education and to Professional, Scientific and Technical activities. European Union nationals were employed mainly in the sectors of Food and Accommodation activities, Wholesale and Retail Trade, Repair of Automobiles and Motor Vehicles, and Constructions. Lastly, third country nationals were employed to activities of households as employers, constructions and agriculture, forestry and fishing.

Figure 1.3: Quarterly employment rate by nationality, 2014-2016

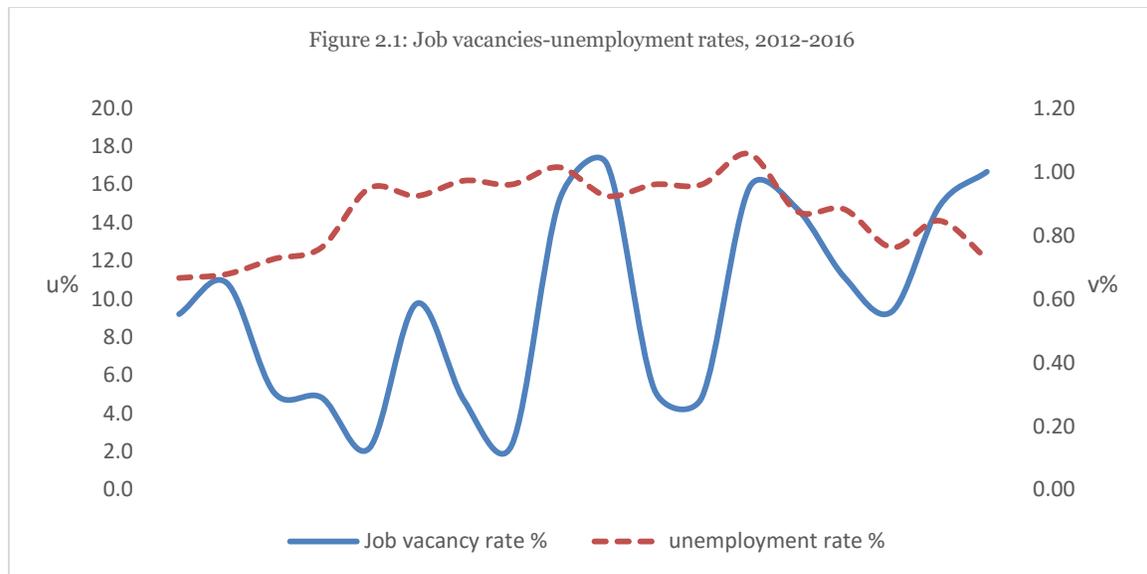


Source: SSS

2. LABOUR DEMAND

In the demand side, the vacancy rate increased by 1% compared with the previous quarter. In relation to the reduction of the unemployment rate that has led the Beveridge³ curve to shift up and leftwards causing the labour market to adjust to a new equilibrium point (Figure 2.1).

³ The Beveridge curve or UV curve represents a graphical illustration of the relationship between the unemployment rates with vacancy rate (the number of empty jobs to the labour force).



Registered unemployment denoted further downswing in September 2016 and reached 34.007 persons. It reduced by 1.779 compared with the previous month while compared with September 2015 the reduction was up to 4.358 persons. The restraint of registered unemployment is expected to lead to further reduction in unemployment benefit outlays improving the Social Insurance Fund's liquidity and confining public expenditure of the general government and containing pressures on the fiscal stance of the broader public sector.

Based on the 2nd quarter of 2016, LFS results the unemployment rate shrank to 12.1% or to 51.070 persons compared with 14.1% of the labour force in the last quarter. In the 1st half of 2016 the average unemployment rate was 13.1% of the labour force.

Unemployment for the ages 15-24 was reduced by 519 persons or 3 p.p and reached 26.8% from 29.8% that was during the first quarter of 2016. It is noted that the youth unemployment rate exceeded 40% in 2013/2014.

In parallel, long term unemployed of above 12 months as a ratio of the labour force declined to 5.6% of the labour force from 5.8% in the 1st quarter of 2016, despite remaining constant in absolute terms, validating its tendency to fall that has begun since 2015 (Diagram 2.2). In the 1st half of 2016 the average long term unemployment rate was equal to 5.7% of the labour force.

Figure: 2.2: Long - term unemployed/labour force



Source: LFS

3. ACTIVE LABOUR MARKET POLICIES

The Active Labour Market Policies is a significant tool used to contain the number of unemployed persons and thus the unemployment rate. The purpose of these schemes is the reentering of unemployed in the labour market, so as not to miss contact with it through maintaining and improving their skills. This is one way at some later stage and when the economy shall experience a sound recovery to be recruited.

It is noted that the role of these schemes is catalytic amid high unemployment and also in periods of relatively low unemployment, thereby raising training and acquiring additional skills for all participants.

The active labour market policies reflected in specific schemes are targeted depending on the priorities set by the government in association with the needs of the economy while many of these policies are financed by national funds and/or co-financed by the European Social Fund of the European Union.

In the Appendix, it is presented the current active employment schemes for which the total budgeted amount is €16.708.060 and covers 5.660 participants corresponding to about 1.5 percentage point of employment (Source: Human Development Authority Authority).

APPENDIX

ACTIVE LABOUR MARKET POLICIES

SCHEME	DESCRIPTION	DURATION	2016 BUDGET	COMMENTS
Training Programmes for the unemployed	This Scheme aims at providing training opportunities to the unemployed for the acquisition, enrichment and/or upgrade of their knowledge and skills, according to labour market needs, in order to increase their prospects for the best possible integration in employment, as well as to meet their expectations for a new career.	2015-2021	€1.000.000 400 participants	Contractors (Training Institutions) are appointed by the HRDA to provide the training programmes, following a tendering procedure. 6 training programmes are under implementation for specialisations of the hotel and catering sector.
Scheme for the employment and training of tertiary education graduates	The Scheme aims at strengthening the management capacity of enterprises and organisations through the employment and training of qualified tertiary education graduates, while helping the smooth integration of graduates in suitable job positions.	2015-2021	€4.000.000 720 participants	Implemented on a continuous basis.
Scheme for the training of the long term unemployed in enterprises/organizations	This Scheme offers training opportunities to the long-term unemployed in order to enter/re-enter employment with the parallel acquisition of the necessary knowledge and skills according to the needs of specific job positions.	2016-2021	€1.500.000 540 participants	The HRDA accepts applications for participation in the Scheme from 1/7/2016 until 31/12/2016.
Multi-company training programmes-participation of the unemployed	The Scheme aims at providing opportunities to the long-term unemployed to participate in training programmes implemented by Vocational Training Centres within the framework of the Scheme "Multi-Company Training Programmes".	2015-2021	€600.000 4.000 participants	Implemented on a continuous basis. As of 1/1/2016, the scheme has been modified to include long-term unemployed persons who are non-recipients of the Guaranteed Minimum Income.
Job placement of unemployed young tertiary education graduates for the acquisition of work experience in enterprises/organizations -scheme co-financed by the HRDA /ESF during the programming period 2014-2020	The Scheme offers job placements to young unemployed tertiary education graduates, in order to improve their employability, providing at the same time the opportunity to enterprises/organisations to utilise unemployed persons. The Scheme is directed to tertiary education graduates less than 35 years old registered with the PES.	2014-2020	€6.370.990	The latest call to enterprises and the unemployed took place in 2015. In 2016 implementation of the job placement programmes continued.