

Labour markets in selected Danube Region countries

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Selected countries of the Danube Region

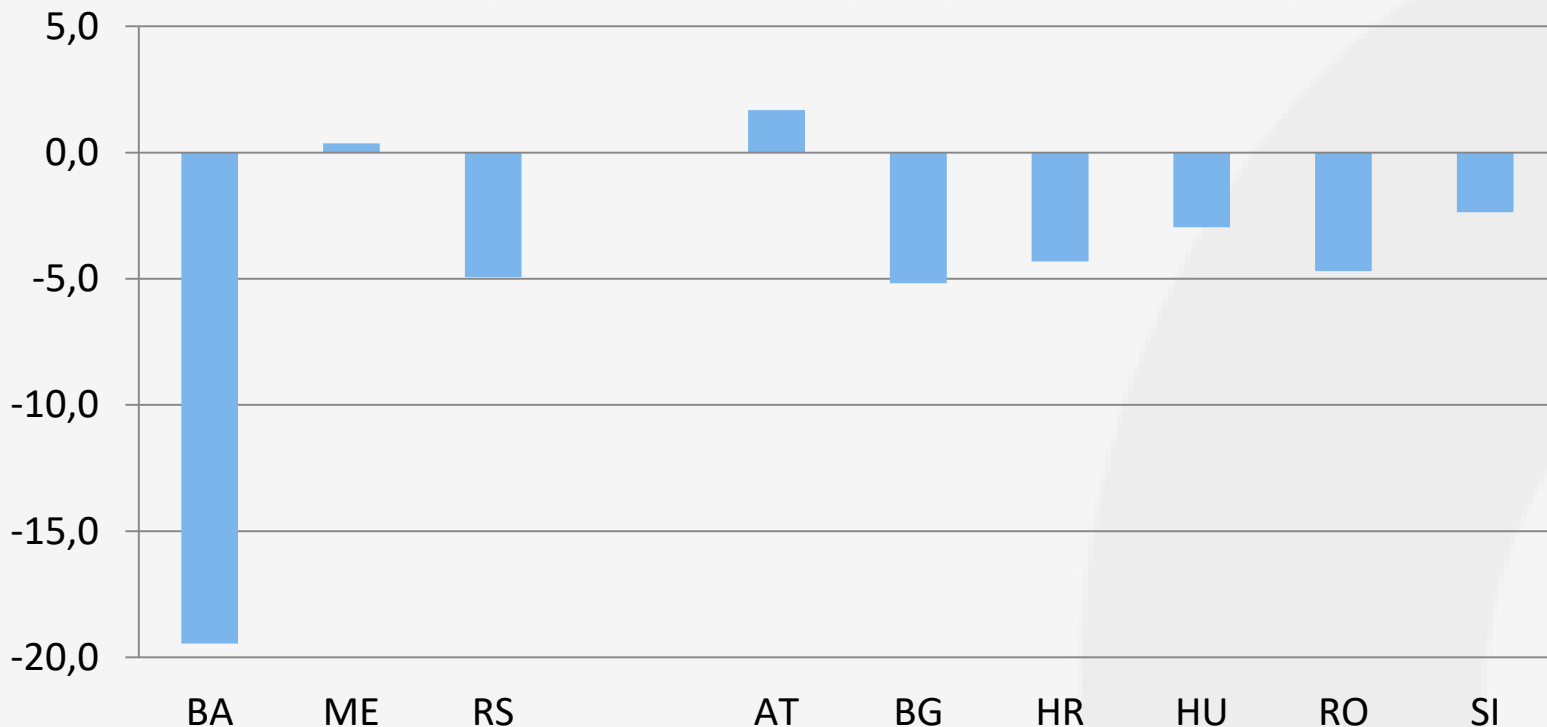
- Western Balkan countries: Bosnia and Herzegovina, Montenegro, Serbia
- EU countries: Austria (1995), Slovenia, Hungary (2004), Bulgaria and Romania (2007) and Croatia (2013)

Overview – labour market

- Working age population
- Labour markets' characteristics
- Migration
- Impact of COVID-19 – first results
- Conclusions

Shrinking working age population (15-64 years) driven by low birth rates, population aging and continued emigration

Working age population 2015 vs 2019, change in %



Labour market characteristics

Western Balkan countries

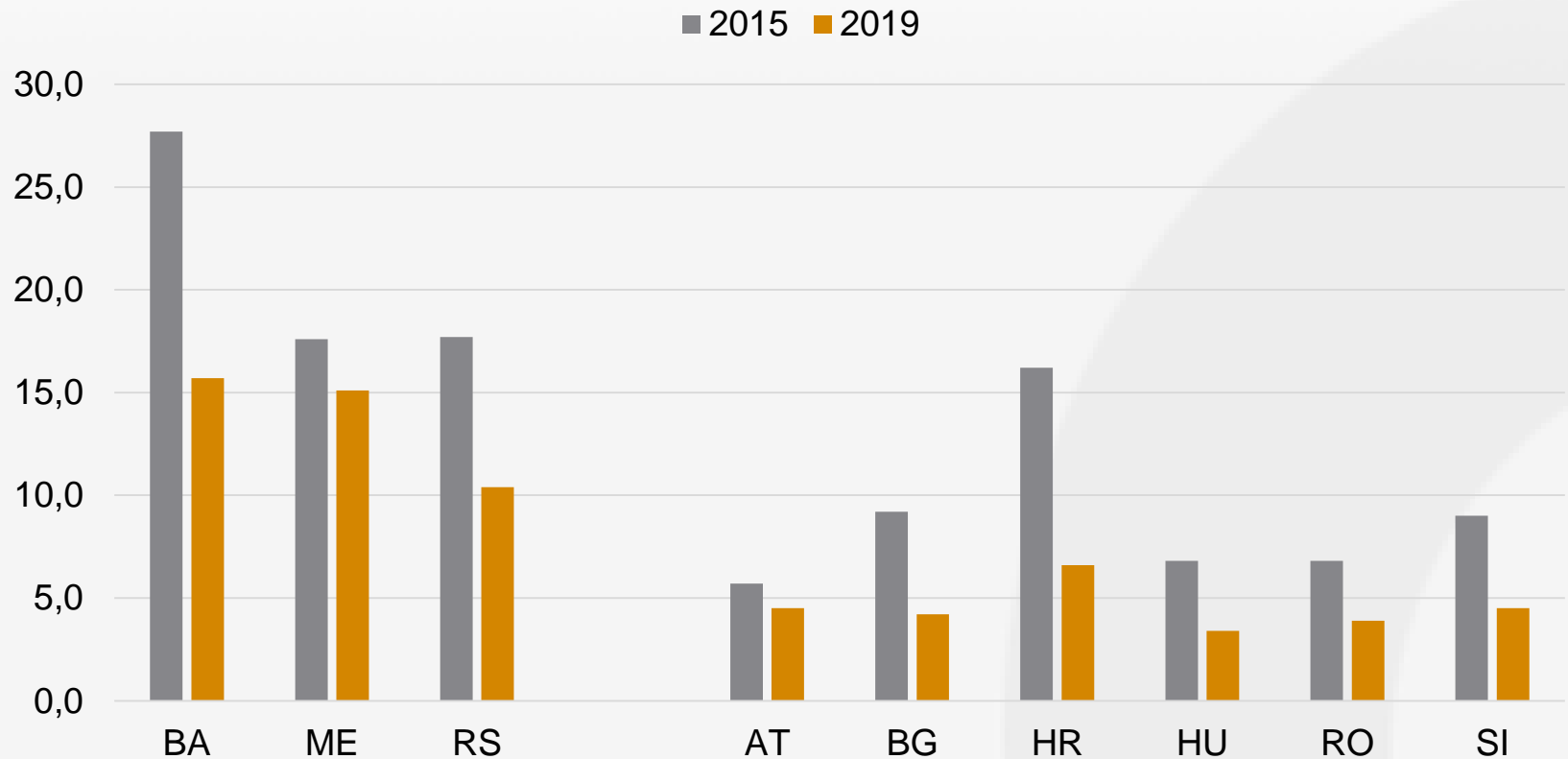
- Low labour force participation, particularly of females
- Declining unemployment in the past couple of years, but still much higher than the EU average; high share of long-term unemployment and young people neither in employment, education or training (NEETs)
- Still high share of ‘informal employment’ (self-employed in unregistered businesses, unpaid family workers, workers without written contract), accounting for 20-30% of total employment
- Ongoing migration of (skilled) labour

(New) EU members of the Danube region

- Unemployment below the EU average in many countries
- Growing labour and skill shortages (recruitment of third country nationals)
- Labour Mobility to EU-15

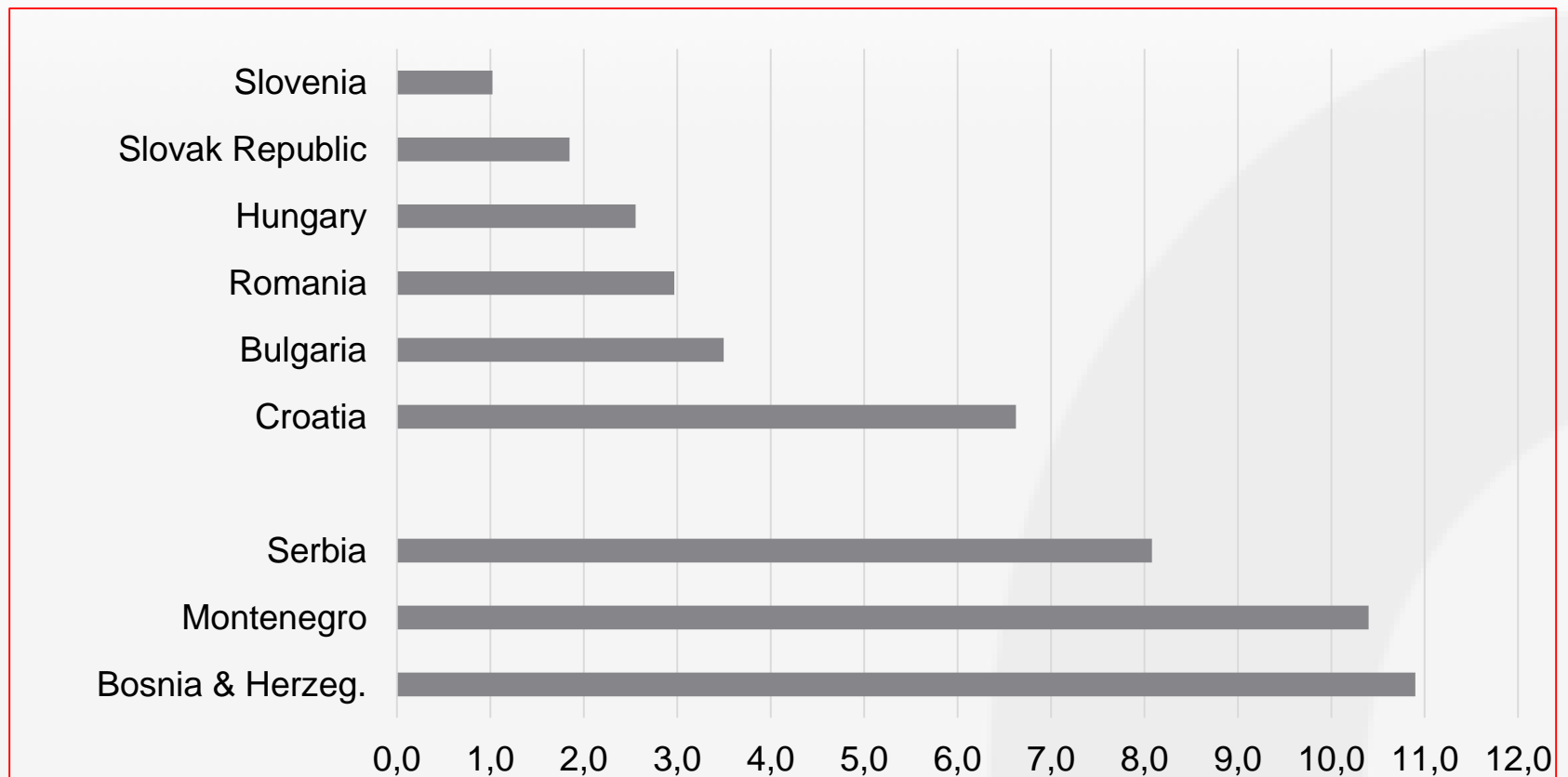
Strong improvement in the labour markets in recent years

unemployment in % of labour force



Workers' remittances important source of income in a number of countries

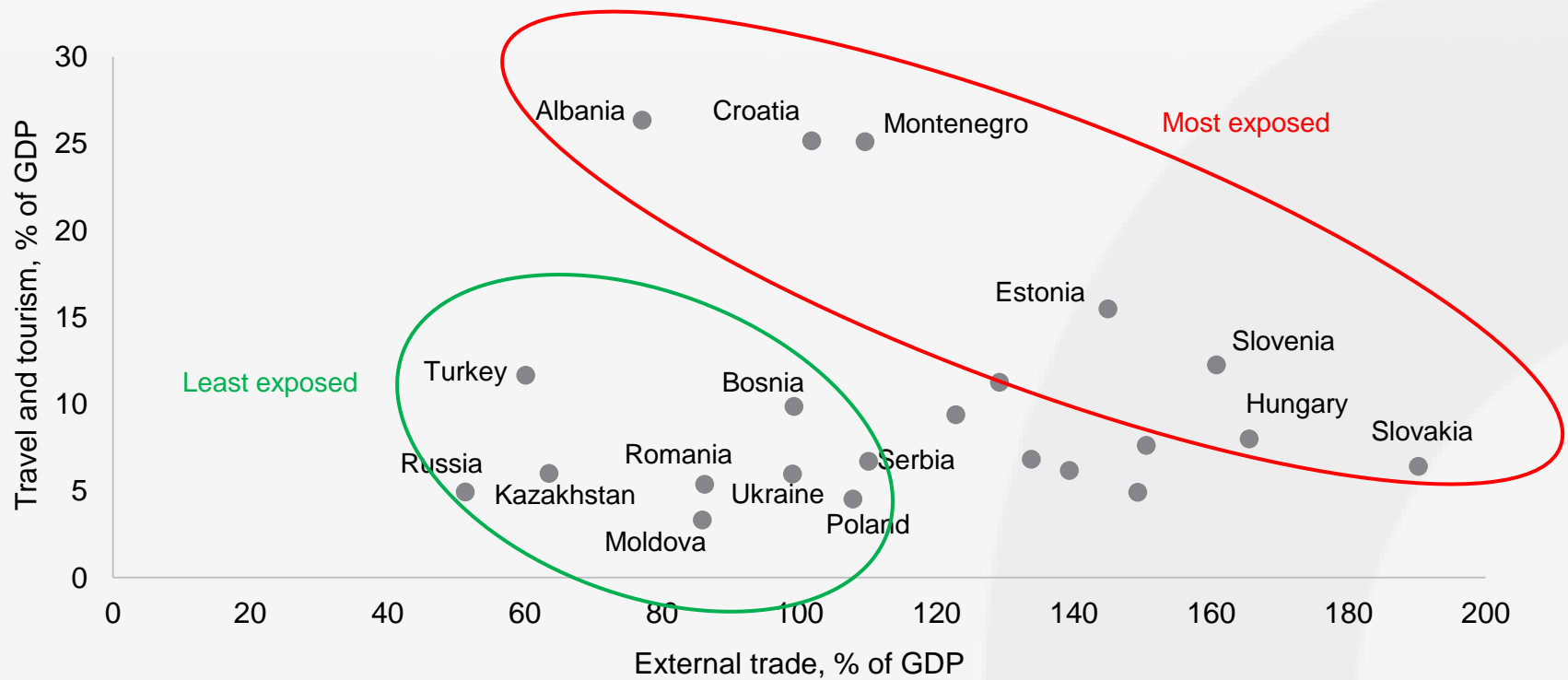
Remittances as a share of Gross Domestic Product (GDP), 2019



Impact of the crisis

Trade and tourism dependence leaves some countries particularly exposed to initial fallout

Exposure to external trade, tourism and travel services



Measures to combat the impact of the COVID-19 crisis

- Short time work: share of workers (actual or applied for) participating in STW and similar schemes (ETUI, Policy Brief No 7/2020)
 - Slovenia: 35.6%
 - Croatia: 34.2%
 - Austria: 31.6%
 - Romania: 15.3%
 - Slovakia: 4.6%
 - Bulgaria: 3.6%
- Temporary increase of minimum wage
- Support to self-employment
- State guarantees
-

Impact of the crisis – first results

- **Economic growth:** rise in Bulgaria, Hungary, Romania, Serbia in first quarter 2020, strong declines in Slovenia, Slovakia
- **Industrial production:** massive drop in March and particularly in April; car production down up to 80%
- **Unemployment:** rising in all (new) EU member states of the Danube Region (most in Bulgaria), while dropping in Serbia and Bosnia and Herzegovina
- ‘Structural adjustments’ in the wake of the crisis (e.g. lay-offs at Gorenje or Revoz in Slovenia)
- **Return migration:** e.g. Romania, Bulgaria

Conclusions

- Many countries of the Danube Region face the worst recession since early 1990s
- Crisis stronger for countries with high dependence on foreign trade (e.g. Slovenia, Hungary, Slovakia) and/or tourism (Croatia, Montenegro)
- Contractions will be least severe in economies that are likely to use fiscal resources to counteract the downturn such as e.g. Serbia
- Deterioration of the labour market situation after the expiry of the measures taken to alleviate the crisis, differing by sectors/skills – gradual improvement along with the recovery of economic growth
- Economic development in Germany will be decisive for the recovery in the entire region – including the labour market - due to the strong interlinkages of the economies

Thank you for your attention!

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New wiiw real GDP forecasts and revisions

		Forecast, %			Revisions, pp		
		2019	2020	2021	2019	2020	2021
EU-CEE11	BG	3.4	-6.3	1.7	↓ -0.1	↓ -9.1	↓ -0.6
	CZ	2.6	-4.8	2.5	↑ 0.2	↓ -7.0	↑ 0.1
	EE	4.3	-7.0	4.0	↑ 0.4	↓ -9.7	↑ 1.4
	HR	2.9	-11.0	4.0	↓ -0.1	↓ -13.7	↑ 1.3
	HU	4.9	-5.5	2.0	→ 0.0	↓ -8.8	↓ -0.6
	LT	3.9	-6.5	4.3	→ 0.0	↓ -9.3	↑ 1.7
	LV	2.2	-8.0	4.5	→ 0.0	↓ -10.0	↑ 2.2
	PL	4.1	-4.0	3.0	↑ 0.1	↓ -7.6	↓ -0.3
	RO	4.1	-7.0	3.0	→ 0.0	↓ -10.2	↑ 0.2
	SI	2.4	-9.5	4.0	↓ -0.2	↓ -12.1	↑ 1.3
	SK	2.3	-9.0	4.6	→ 0.0	↓ -11.0	↑ 2.2
WB6	AL	2.2	-5.0	3.8	↓ -0.4	↓ -8.2	↑ 0.4
	BA	2.6	-5.0	3.0	↓ -0.1	↓ -7.5	↑ 0.2
	ME	3.6	-8.0	5.0	↑ 0.3	↓ -10.8	↑ 2.1
	MK	3.6	-5.0	4.0	↑ 0.2	↓ -8.3	↑ 0.7
	RS	4.2	-4.0	4.0	↑ 0.2	↓ -7.7	↑ 0.5
	XK	4.2	-4.4	4.0	↑ 0.1	↓ -8.7	↓ -0.2
Turkey	TR	0.9	-6.0	5.5	↑ 0.4	↓ -9.9	↑ 1.4
CIS4+UA	BY	1.2	-5.3	-0.7	→ 0.0	↓ -6.3	↓ -2.0
	KZ	4.5	-3.0	2.0	→ 0.0	↓ -6.7	↓ -1.8
	MD	3.6	-3.0	3.0	↓ -1.0	↓ -7.0	↓ -1.0
	RU	1.3	-7.0	1.5	→ 0.0	↓ -9.1	↓ -0.8
	UA	3.2	-6.0	2.5	↓ -0.1	↓ -9.6	↓ -1.7

Note: Current forecast and revisions relative to the wiiw Spring forecast 2020. Colour scale variation from the minimum (red) to the maximum (green). Source: wiiw forecast.