



**Job Creation and Local Economic Development 2020: Rebuilding Better** examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

# Spain<sup>1</sup>

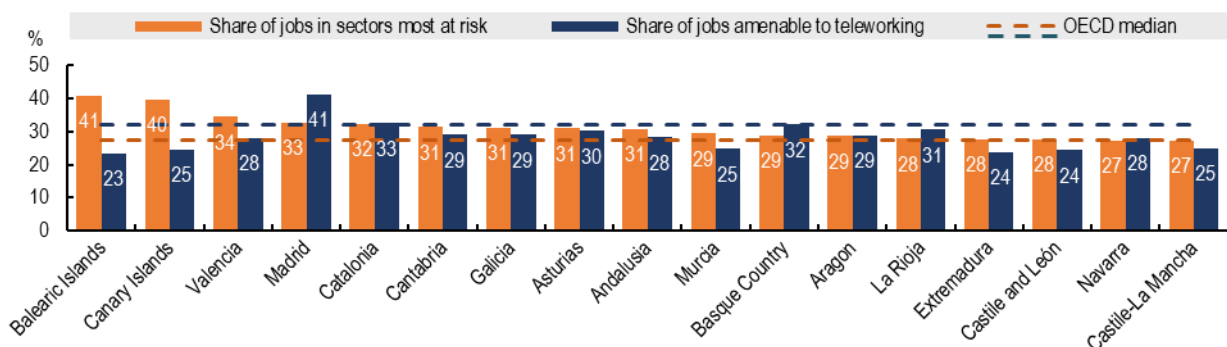
In Spain, the share of jobs in sectors most at risk from COVID-19 ranges from 27% in Castile La Mancha and Navarra to 41% in the Balearic Islands.

All Spanish regions had higher unemployment rates in 2018 compared to 2008, a trend seen in less than one-third of OECD countries.

All regions in Spain have a higher share of jobs at high risk or risk of significant change from automation than the OECD median region.

## The potential impacts of COVID-19 on local labour markets

Jobs in sectors most at risk and amenable to teleworking



Note: Share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017 or latest available year. Share of jobs amenable to teleworking is based on the types of tasks performed in different occupations, and the share of those occupations in regional labour markets. These figures do not account for gaps in access to IT infrastructure across regions, which could further restrict teleworking potential. The OECD median presented here is the median of OECD regions with available data for each indicator.

Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6b288ab8-en>; and OECD (2020), *OECD Regions and Cities at a Glance 2020*, <https://doi.org/10.1787/959d5ba0-en>.

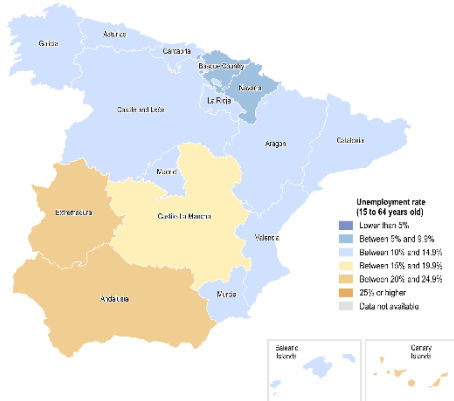
**COVID-19 has put unprecedented pressure on local labour markets and economies.** The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Spain, disparities between the Autonomous Communities are relatively large: the share of jobs in sectors most at risk ranges from 27% in Castile La Mancha and Navarra to 41% in the Balearic Islands. In all Autonomous Communities, the share of jobs at risk was close to or higher than the OECD median region.

**While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs.** Widespread teleworking is more feasible in some regions than others. The share of jobs amenable to teleworking varies roughly 18 percentage points across Autonomous Communities, from 23% in the Balearic Islands to 41% in Madrid.

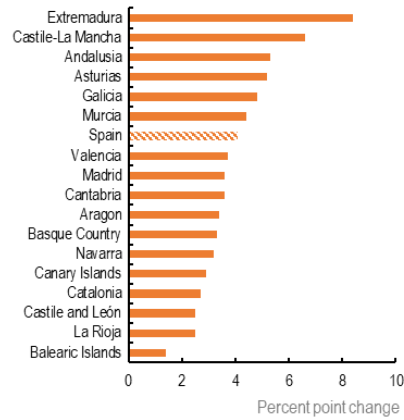
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Local labour market performance prior to COVID-19

Unemployment rate, 2019



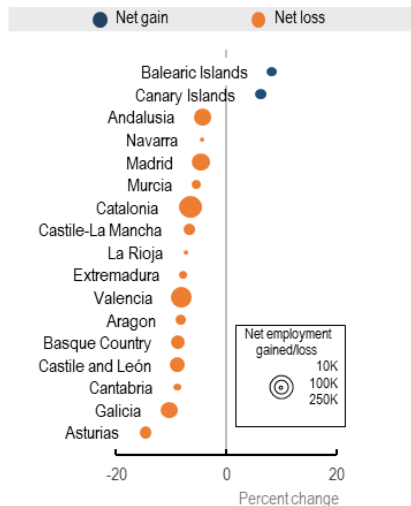
Change in unemployment rate, 2008-2018



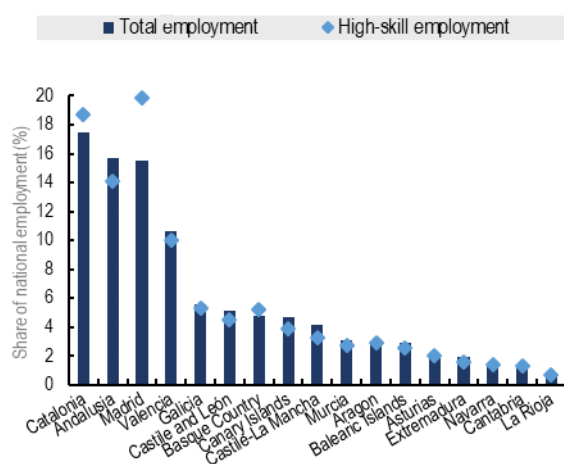
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.  
 Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

**Prior to the COVID-19 pandemic, unemployment rates in Spain were generally high.** Rates varied almost three-fold across Autonomous Communities, from a low of 8.3% in Navarra to a high of 21.7% in Extremadura in 2019. Looking at the decade following the 2008 crisis, no regions had unemployment rates lower in 2018 than in 2008, a pattern seen in less than one-third of OECD countries. Regional gaps in unemployment also grew over this period, due to relatively larger increases in the Autonomous Communities with the highest rates in 2008. For example, the unemployment rate increased by 3.3 percentage points in the Basque Country, which had the lowest rate in 2008, but by 8.3 percentage points in Extremadura, which had one of the highest rates in 2008.

Change in net employment, 2008-2018



Employment by region and skill level, 2018



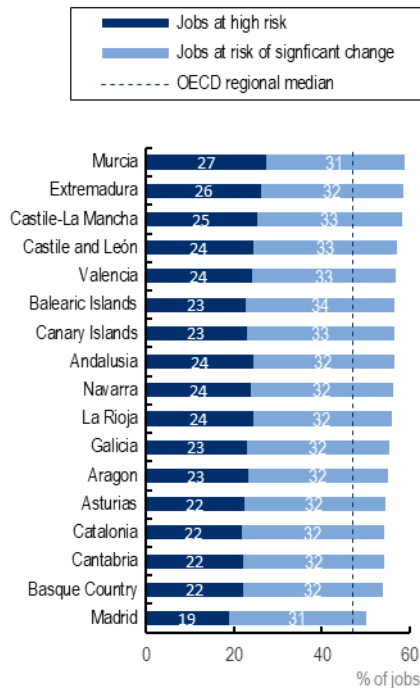
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en> and EU Labour Force Survey.

**In all of the Autonomous Communities except for the Balearic Islands and the Canary Islands, the number of people employed shrunk between 2008 and 2018.** Catalonia was responsible for almost 20% of net employment loss over this period, but still accounted for almost 18% of all employment in Spain and roughly 19% of all high-skill employment in 2018. Looking at a longer time period (2000-2018), the geographic

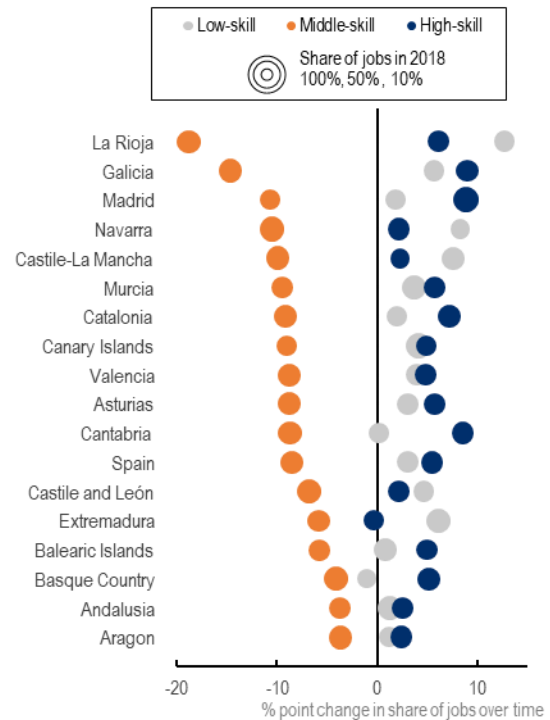
concentration of jobs (as measured by the number of people employed) increased in Spain, and more so for high-skill jobs than jobs in general.

## Local labour market transitions

Share of jobs at risk of automation, 2018



Job polarisation, 2000-2018



Note: In Panel A "high risk" refers to the share of workers whose job faces a risk of automation of 70% or above. "Significant risk of change" reflects the share of workers whose job faces a risk of automation between 50% and 70%.

In Panel B, high-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations).

Source: OECD calculations based on Survey of Adult Skills (PIAAC) (2012); and EU Labour Force Survey; Nedelkoska L. and G. Quintini (2018), "Automation, skills use and training", <https://doi.org/10.1787/2e2f4ee4-en>; and OECD (2020), *OECD Employment Outlook 2019: The Future of Work*, <https://doi.org/10.1787/9ee00155-en>.

**COVID-19 will likely accelerate automation, putting additional pressures on places with relatively high shares of jobs at risk.** All Autonomous Communities in Spain have a higher share of jobs at high risk or risk of significant change from automation than the OECD median region. The share of jobs at risk ranges from 50% in Madrid to 59% in Murcia.

**Following general OECD patterns, in Spain, all Autonomous Communities saw the share of middle-skill jobs decrease between 2000 and 2018.** The share of middle-skill jobs decreased by 10 percentage points or more in La Rioja, Galicia, Madrid, and Navarra. In Galicia, this represents a net decrease of over 100 000 middle-skill jobs. In most places, decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skill jobs, although in almost one-third of the Autonomous Communities, the share of low-skill jobs grew relatively more.

## Active labour market policies: institutional arrangements

**Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions.** The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

	<i>Centralised, including branch offices of national ministry / agency</i>	The Government coordinates the employment policy via the Ministry of Labour and Social Economy. This Ministry is also responsible for outlining the Spanish Strategy of Employment Activation – in partnership with the Autonomous Communities, trade unions and business organisations – and the Annual Labour Policy Plans, which includes the forecasts for the Autonomous Communities and the State Public Employment Service. The State Public Employment Service (SEPE) is responsible for the management, implementation and monitoring of employment policy. This organ designs employment standards and drafts the Strategy for Employment Activation and the Annual Labour Policy Plans. This agency also coordinates the Public Employment Service Information System and has a coordinating and initiating role in the National Employment System. The Autonomous Communities are involved in designing active labour market policies and participate in the outlining of the Spanish Strategy for Employment Activation and the Annual Labour Policy Plans. The Autonomous Communities are responsible for the implementation and management of active labour market policies.
X	<b>Decentralised to subnational governments</b>	
	<i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i>	
	<i>Combined system with shared competences, or different systems for different target groups</i>	

Source: OECD (forthcoming), “Local and regional variations in labour market and skills policies: A cross-country comparison”, *OECD Local Economic and Employment Development (LEED) Papers*.

### Notes

<sup>1</sup> Data is presented at the TL2 level, which typically corresponds to the first administrative tier of subnational government. Due to low sample sizes, Melilla and Ceuta have been excluded from this country profile. See Reader's Guide of the full report for more information on the methodologies behind the calculations.