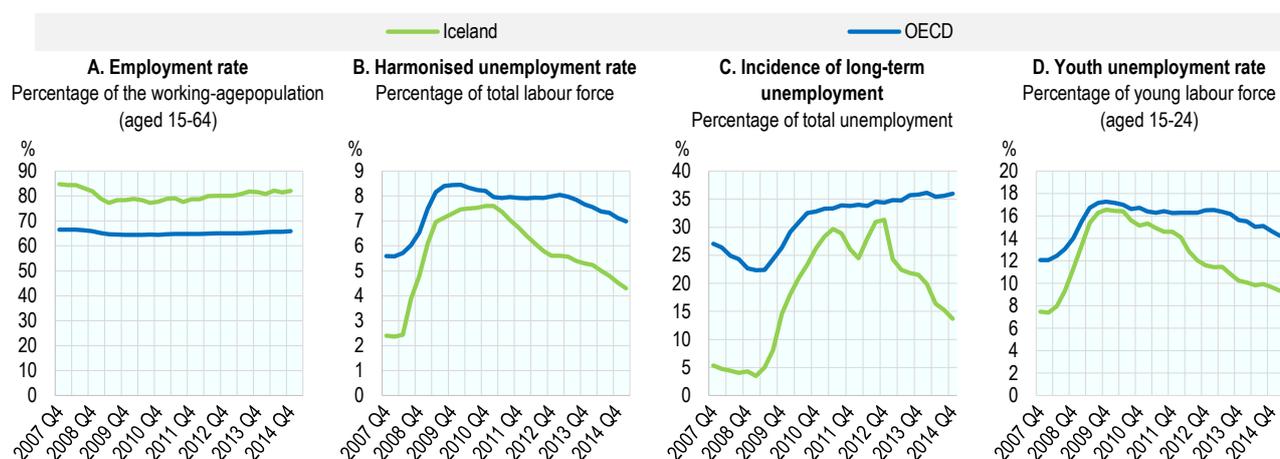


The 2015 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects with a special focus on statutory minimum wages. It also contains chapters on: skills and wage inequality; the role of activation policies to connect people with 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 Iceland



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. Employment is still growing too slowly in the OECD area to close the jobs gap induced by the crisis, even by the end of 2016. Consequently, unemployment for the OECD as a whole is projected to continue its slow decline, reaching 6.6% by the end of 2016.

- Labour market conditions in Iceland further improved during the last year. In March 2015 the harmonised unemployment rate stood at 4.2% of the labour force, 1 percentage point lower than a year earlier. The number of unemployed persons declined from its peak level of 14 thousand to 8 thousand on average during the first quarter of 2015.

- The employment rate of the working age population stood at 82.1% in the last quarter of 2014, 0.4 percentage points higher than a year before, one of the highest rates among OECD countries.
- Despite the steady progress in the job market recently, both the unemployment rate and the share of long-term unemployed are still higher than before the crisis. The unemployment rate is projected to decline further to 4.1% of the labour force by the end of 2016. Net employment growth is projected to be vigorous, at 4%, in the current year, driving the employment rate close to its pre-crisis level by the end of 2016. Real GDP growth is projected to be 3.7% in 2015, before slowing to 3% in 2016.

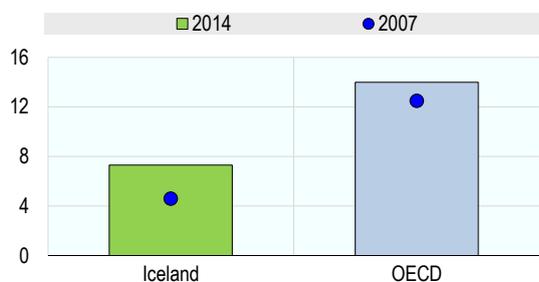
THE LABOUR MARKET PROSPECT OF YOUTH

During the financial crisis a majority of OECD countries experienced a steady increase in the unemployment rate of young people. The youth unemployment rate in Iceland was 14.2% in March of 2015, 3.2 percentage-points lower than the peak of April 2010, but still 1.9 percentage-points higher than the pre-crisis level. Young people neither employed nor in education or training (NEETs) are of particular concern. NEETs represent 14% of the 15-29 age group in 2014, 1.5 percentage points higher than the pre-crisis level.

- Youth unemployment rate in Iceland is well below the OECD average, despite a big surge during the crisis to a peak of 16.6% at the end of 2009. It stood at 9.3% of the labour force aged 15-24 in March of 2015, 0.7 percentage points lower than a year earlier but still higher than the pre-recession level of 7.4%.
- In Iceland, young people neither employed nor in education or training represented 7.3% of the 15-29 age group in 2014, up from 4.6% of 2007. The sharp proportionate rise in the number of NEETs suggests that some youth affected by the crisis may face permanently diminished career prospects.

NEET rates among youth

Percentage of population aged 15-29, 2007 and 2014



Note: OECD is the weighted average of 31 countries (excluding Chile, Israel and Korea).

Source: OECD Employment Outlook 2015, Chapter 1.

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