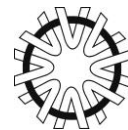


# Estonian labour market

Summer 2018



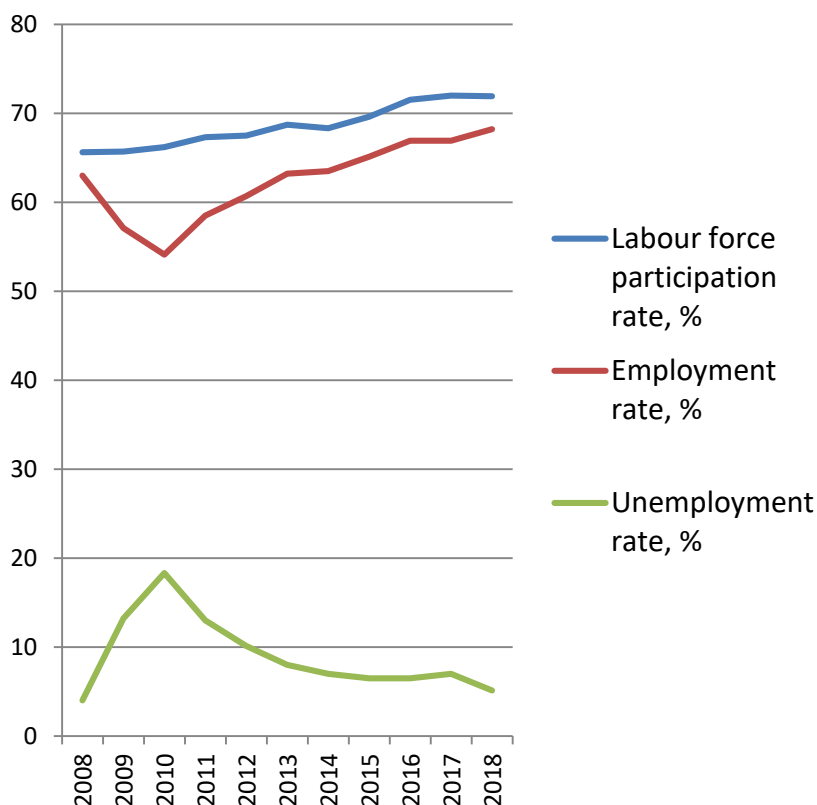
**Eesti Ametiühingute Keskkliit**

# Labour force participation rate at highest for 20 years

Statistics Estonia, Q2 2018

**Unemployment rate 5.1%,  
Employment rate 68.2%  
Labour force participation rate 71.9%.**

## Labour force participation rate at highest for 20 years



- the employment rate
  - increase (1.3% comparing Q2 2017) mainly on account of part-time employment
  - 12.5% employed part-time
  - 87.5% employed full-time
  - 25-54-year old people is the most active group, employment rate for men 90.2, women 77.9%
- the unemployment rate
  - for Estonians 4.3%
  - for non-Estonians 6.7%
  - 15-24 years old 8.7% (15.9% 2017)



**Eesti Ametiühingute Keskliit**

# The labour market remains favourable for employees

- The share of employers who cite labour shortages as the main factor limiting production is on the increase
  - ✓ Tax and Customs Board data show that number of waged employees rose by > 2% in the first half of 2018; at the same time the number of vacancies remains high (slight fall in the vacancy rate from 2 to 1,8%).
- Companies' employment expectations are increasing only in the industrial sector
  - ✓ Labour shortages are restricting the expansion of production at an increasing share of employers (service and industrial employers increasing, construction companies at the level of last year – migrant workforce).
- The share of white-collar jobs requiring higher qualifications is growing
  - ✓ increase in the number of professionals working in ICT and business and administration sectors.
  - ✓ According to Töötukassa the fastest growth in the past year jobs advertised at Töötukassa has been in those that require higher qualifications.

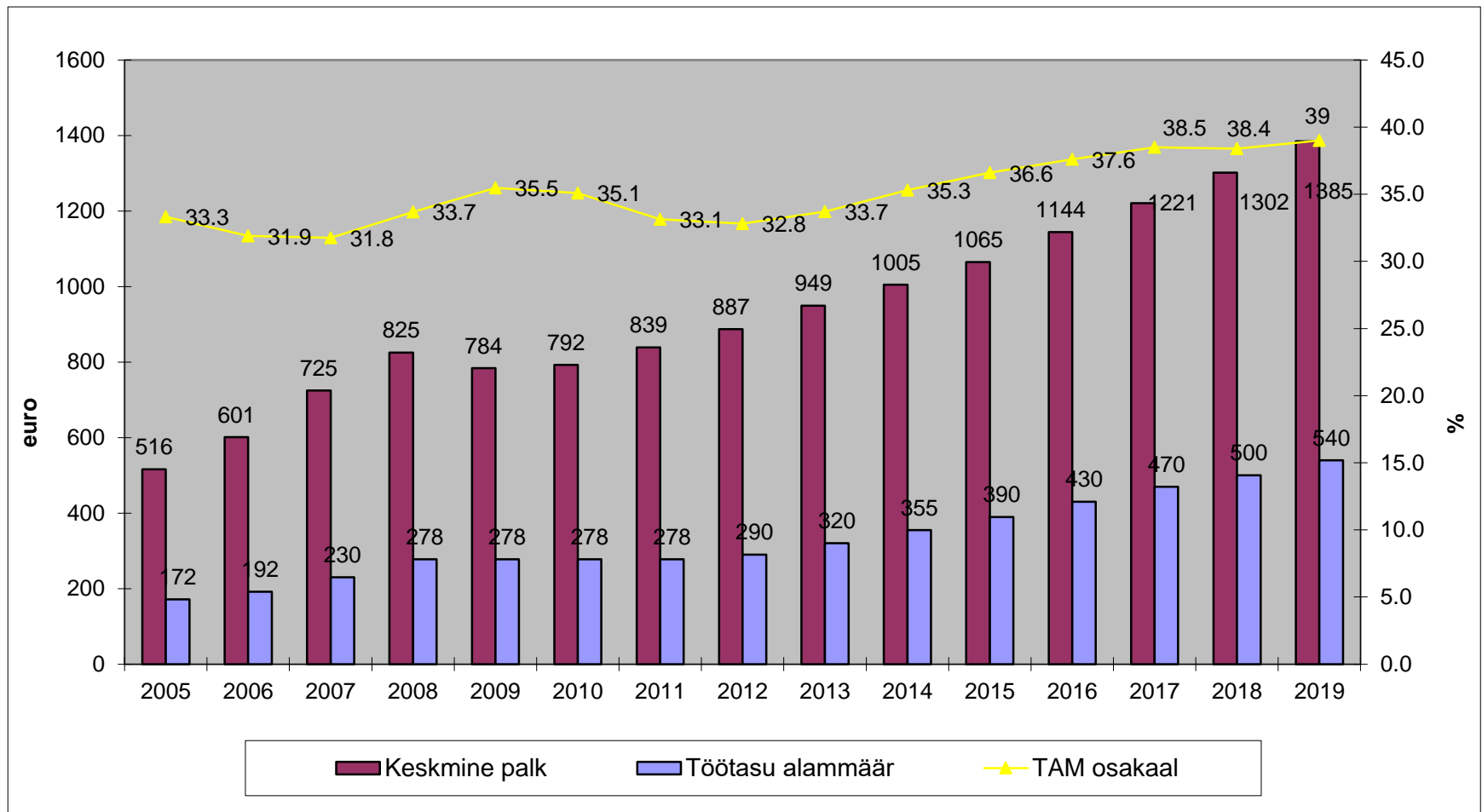
# Minimum wage is negotiated between social partners, agreement is extended to all employees

- Minimum wage for the 2018 and the methodology until 2022, was agreed in November 2017, based on the following criteria:
  - Forecast for productivity growth multiplying it by two, is the basis for raising the minimum wage, for the year the minimum wage is agreed for;
  - Minimum wage is not raised faster than the forecast for real GDP growth (upper limit), for the year the minimum wage is agreed for;
  - Minimum wage in relation to forecasted average gross wage shall not fall below 40% (lower limit) as of 2019;
  - In extraordinary circumstances, the minimum wage will not be agreed considering the above points 1-3, when:
    - Forecasted gross monthly salary (lower limit) grows faster than the forecasted real GDB growth multiplying it by two (upper limit);
    - In four consecutive quarters the real GDP growth has been negative, according to Statistics Estonia (Statistikaamet)
- As a general rule, Bank of Estonia summer Economic Forecast is used as a basis for calculating the minimum wage.
- Considering the above, as of 1 January 2018, the hourly minimum wage is 2,97 euros and monthly (full time employment) minimum wage is 500 euros.

## Minimum wage in 2018 and 2019

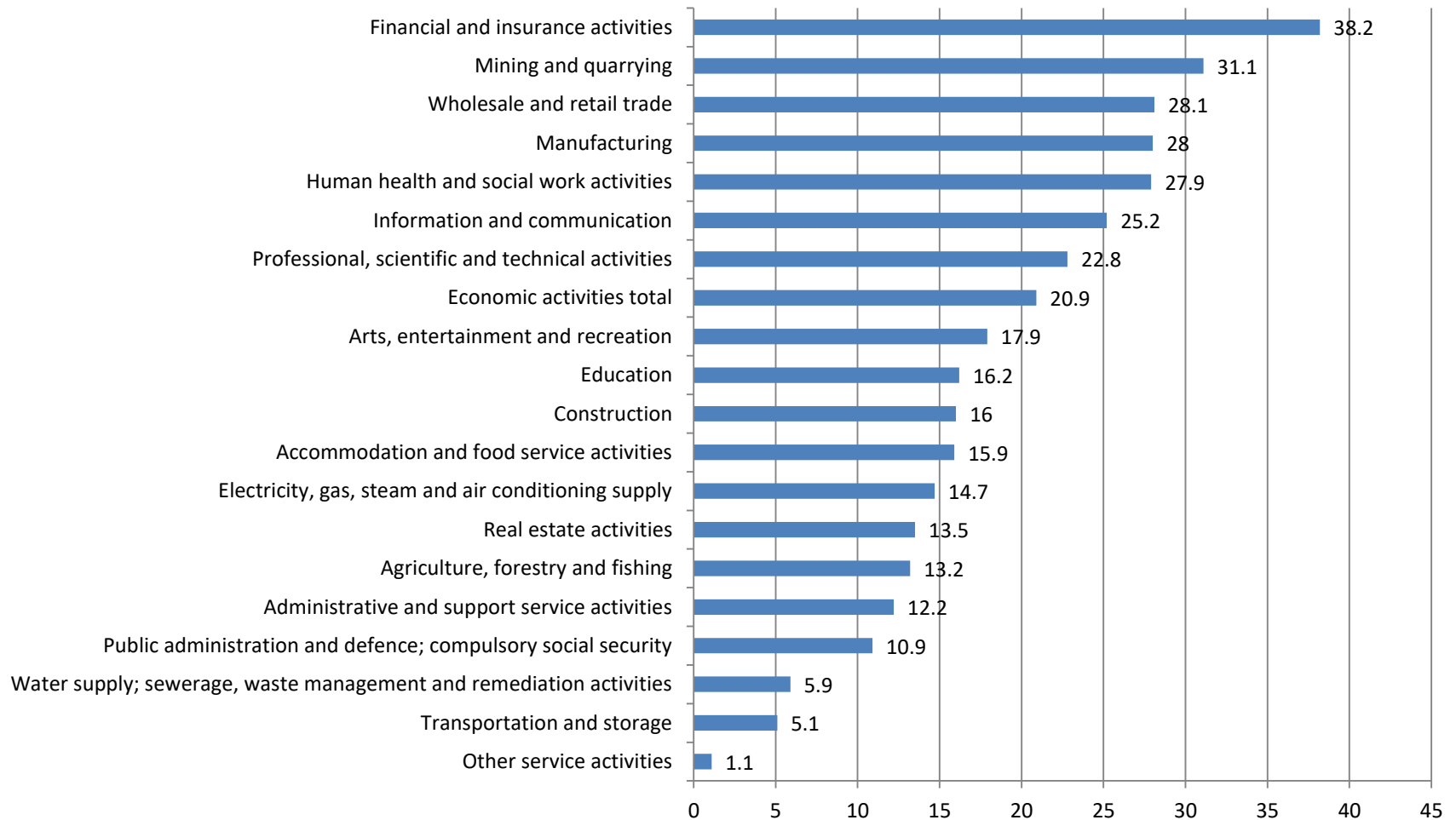
	2018	2019
Minimum wage	500 €	540 €
From the gross average wage	38 %	53 %
From the net average wage	44 %	58 %
From the gross median wage	39 %	
From the net median wage	45 %	

# Average wage, minimum wage and minimum wage share, %



# The gender pay gap 20,9%.

## Gap fell three years, but remained on the last year level in 2017



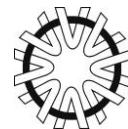
## Sectoral level collective agreements

Sector	Number of agreements	Covered TU members	Covered employees
Health care	1	15 000	25 000
Road transport	2	1226	17500
	3	16226	42500



# EAKL's main initiatives

Summer 2018

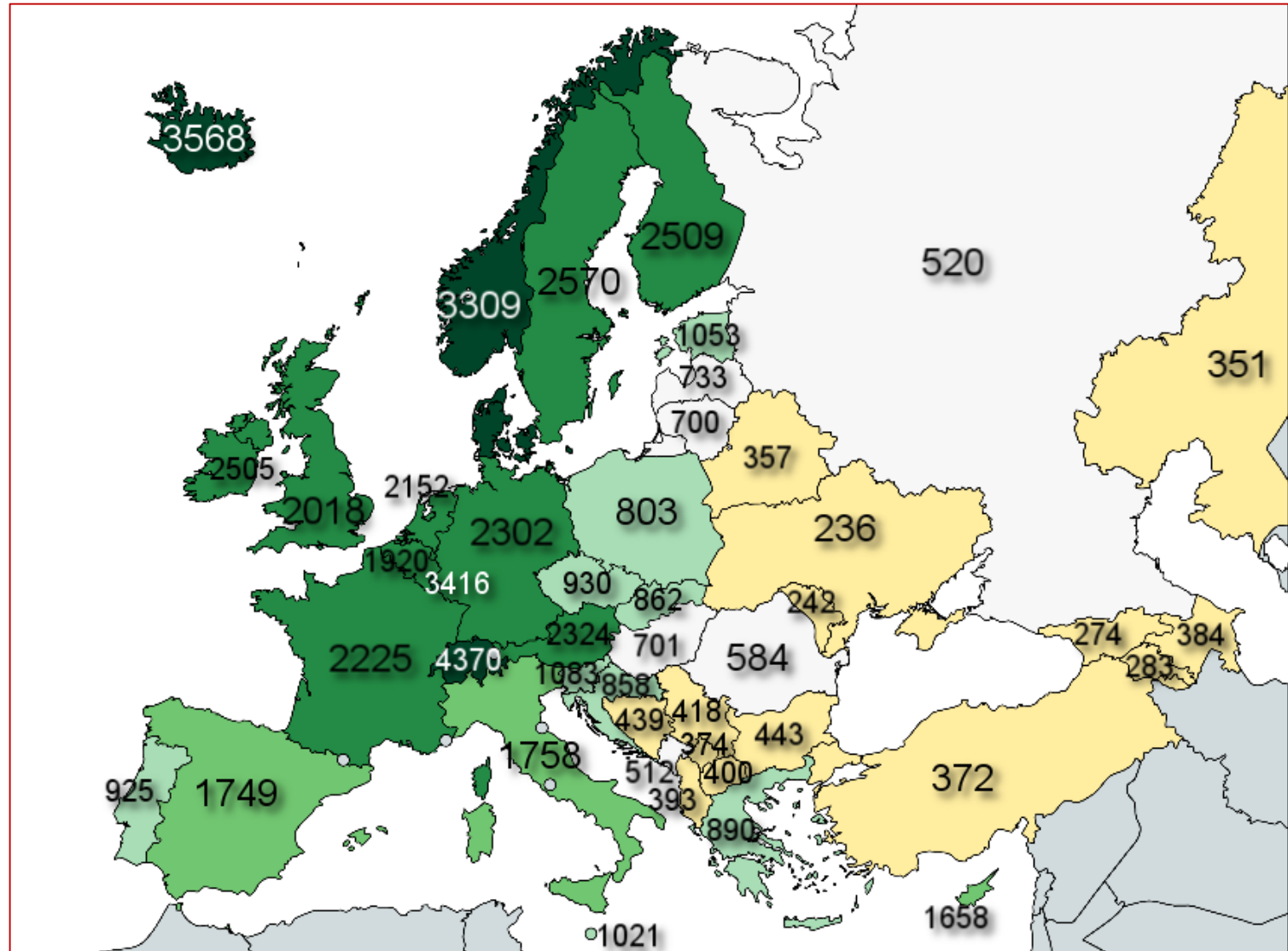


**Eesti Ametiühingute Kesklit**

# Main Trends of the Labour Market

1. Income convergence to EU average
  - It takes 18 more years to reach EU average wage
  - Need to keep pace by 6% as average growth in a year
2. Ageing – growing pension age
  - Currently the pension age is at 65 years
  - New law makes it grow in accordance with growing life expectancy
3. Health issues
  - Healthy life expectancy not growing
  - Only 42 years for men
4. Skills mismatch
5. Growing segmentation of the labour market

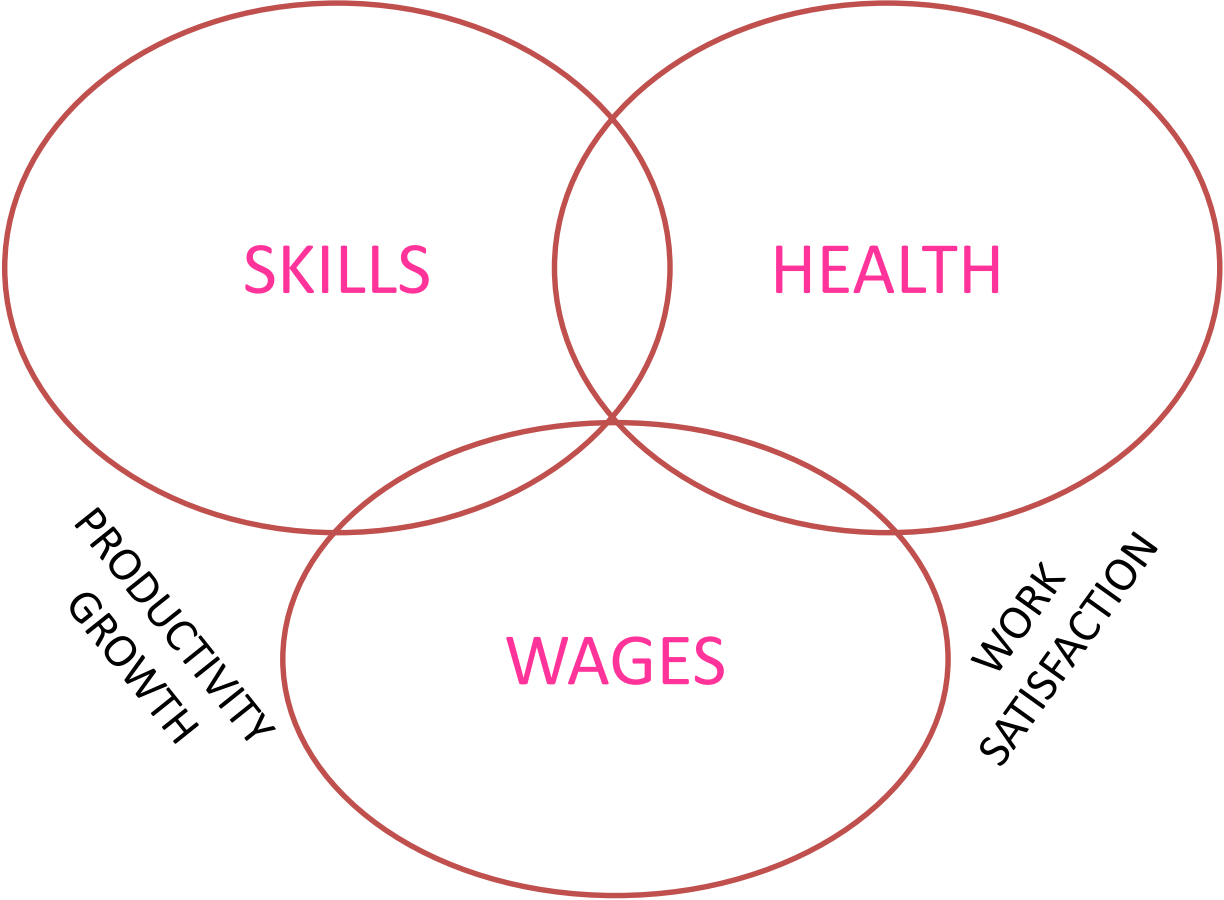
# Net Average Monthly Salary in Europe



[https://www.reddit.com/r/europe/comments/94zdtr/net\\_average\\_monthly\\_salary\\_in\\_europe/](https://www.reddit.com/r/europe/comments/94zdtr/net_average_monthly_salary_in_europe/)

# EAKL's Policy Pillars

LONG WORK LIFE  
EXPECTENCY



PRODUCTIVITY  
GROWTH

WORK  
SATISFACTION

# Main Trends of the Labour Market

## 1. Wages

- Minimum wage agreements
- Sectoral agreements
- Long term productivity policies

## 2. Skills

- Creating culture for life long learning
- Preventional upskilling scheme in Unemployment Fund
- Flexible learning opportunities in schools and universitiea

## 3. Health

- Ammendments in health and safety regulations
- Work accident Insurance
- Proactive approach in general health system

## Social Dialogue Promotion Package

1. On-going tripartite negotiations in the issues affecting the labour market;
2. Strengthening of trade unions: supplementary protection of representatives and exemption of trade union membership fee from income tax;
3. Promotion of sectoral collective agreements (incl. expansion of the derogation right);
4. Ensuring state public servants' negotiation right;
5. Bringing of the right to strike into conformity with the ILO standards;
6. Enforcement of workplace democracy.