



HALF-YEARLY NOTE

The foreigners' labour market in Italy

SUMMARY OF THE KEY FACTS

by the
General Directorate for Immigration and Integration Policies



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Summary of key facts

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Half-yearly Note on the Foreigners' Labour Market in Italy | 2017

This Half-yearly Note on the Foreigners' Labour Market provides an overview of the labour market during the first six-month period of 2017, updating the employment trends described in the Seventh Annual Report, published in July 2017.

As known, employment rates experienced a turnaround in 2015 which were then confirmed in 2016.

Compared to the second quarter of 2016, the main statistical indicators in the second quarter of 2017 registered a sharp increase in employment rates exceeding +153 thousand units (of whom +21 thousand and 350 foreigners). At the same time, continuing the comparison, unemployment rates dropped considerably with about -153 thousand and 700 individuals in search of a job (of whom -9 thousand and 850 foreigners). Moreover, the Statistical Information System on Mandatory Communications (Sistema Statistico Informativo delle Comunicazioni Obbligatorie – SISCO) registered a sensible increase in both labour inflows and outflows. Indeed, employment has experienced a sharp expansion mainly owing to fixed-term contracts and requirement contracts.

➤ Labour market trends in the second quarter of 2017

In the second quarter of 2017 the employment rate of EU foreign workers amounted to 63.5%, a percentage higher than that of the Italians (57.8%) – however in increase compared to the second quarter of 2016 – and higher than that of the Non-EU citizens (59.0%), in increase as well.

At the same time, the unemployment rate of the foreign population in the second quarter of 2017 amounted to 14.2% for EU citizens and 14.8% for Non-EU citizens, against 10.5% for the Italian labour force. Comparing these data with those of the same quarter of 2016, the percentage concerning the EU component decreased by 1 point, as well as the percentages related to the Italians and Non-EU citizens that dropped by 0.6% and 0.1% respectively.

Basically, when comparing the second quarter of 2016 with that of 2017, it is possible to observe the following phenomena:

- The number of employed Italians increased (about +132 thousand units, equal to +0.6%), as well as that of employed EU citizens (about +9 thousand units, equal to +1.1%) and employed Non-EU citizens (about +12 thousand and 500 units, equal to +0.8%).
- The number of individuals in search of a job dropped by 0.2% for Non-EU citizens, 5.6% for Italian citizens and 6.7% for EU citizens.
- The number of inactive foreigners aged 15-64 decreased, passing from a little more than 1.2 million in the second quarter of 2016 to about 1 million and 156 thousand in the same period of 2017, with a 3.0% drop among EU citizens and a 4.1% drop among Non-EU citizens.

With reference to age brackets, the rise in the employment rates of the "15-24 year olds" involved only the Non-EU foreigners, for a value equal to about +8,350 units; whereas, EU citizens experienced a drop equal to -6,383 units. Considering the "25-34 year olds," employments decreased both for Non-EU citizens (-2.0%) and EU citizens (-4.4%). Whereas, with reference to the "45-54 year olds," the decrease in the number of the employed involved only Non-EU citizens (-3.3%), while EU citizens experienced an increase equal to +6.7%. Finally, all of the values involving the "55 year olds and over" experienced an increase.

The number of EU citizens under 25 years of age in search of a job dropped sharply (-13,683 units), as well as that of Non-EU citizens (-1,994). Whereas, the amount of 25-34 year olds in search of a job increased as regards both EU citizens (+8,171 units) and Non-EU citizens (+22,044 units).

Lastly, disaggregating the trends per sectors it is possible to observe:

- ✓ an increase in the employment of Non-EU foreigners in the sectors of *Agriculture, Financial and Insurance activities, IT and Communication services*.
- ✓ an increase in the employment of EU foreigners in the sectors of *Commerce, Transport and Warehousing, Accommodation and Food services*.
- ✓ a clear contraction in the employment of EU foreigners in the sectors of *IT and Communication services, Real estate activities, Business services, etc.*
- ✓ a decrease in the employment of Non-EU foreigners in the sectors of *Education, healthcare and other social services, Real estate activities, Business services, etc., Constructions, Other collective and personal services and the Industry strictly speaking*.

➤ **Subordinate and semi-subordinate work demand**

The data collected by the Statistical Information System on Mandatory Communications highlight a sharp rise in employments of EU and Non-EU citizens during the second quarter of 2017, clearly against the contraction registered in 2016.

In particular, in the second quarter of 2017, the variation of the employment trend was equal to +6.2% in the case of EU citizens and to +17.3% in the case of Non-EU citizens. Both these values are in line with the trend of the Italian component and of new employments in general.

With reference to EU citizens, negative trend variations were registered in the *Construction* sector both in Central Italy and in the North West, -5.1% and -6.5% respectively. Also the *Agriculture* sector registered negative variations. Whereas, with reference to Non-EU citizens, employments experienced a rise in the *Agriculture* sector throughout the whole national territory (with the highest value equal to +27.1% in the South). Noteworthy is the rise in employments in the *Services* sector in the North-East (+29.4%) and in the South (+24.1%). A slight contraction, instead, was evidenced in the *Constructions* sector in the North-Eastern regions (-0.7%).

The sharp rise in foreign citizens' employments involved almost all contractual typologies with the exception of permanent contracts. In fact, between the second quarter of 2017 and the same period of the previous year, EU workers experienced an increase in the number of collaboration contracts (+9.6%), fixed-term contracts (+7.3%) and contracts falling within "other" typologies (+73.7%); whereas, there was a drop in permanent

contracts (-10.7%). With reference to Non-EU citizens, the trend registered an +18.3% increase in apprenticeship employments, +29.1% in collaborations, +23.9% in fixed-term contracts, +143.7% in other typologies, against a drop in permanent contracts equal to -8.0%.

This relevant increase in other types of contracts (including the so-called "on call" job relationships) is due to «the sharp rise in on-call employments, which began in the last quarter of 2016».¹ Therefore, a consequence of the review of the rules and regulations on casual employment which abolished the old voucher system.²

Alongside the clear rise in employments - in particular under fixed-term contracts - also employment terminations registered an increase, highlighting a greater overall dynamicity of the Italian economy in 2017. In fact, in the second quarter of 2017, the number of foreigners that terminated job relationships amounted to 425,693, that is an additional 45,422 compared to the same quarter of 2016.

At aggregated level, between the second quarter of 2016 and the second quarter of 2017, the job relationships terminated increased by 35,721 units (equal to +15.5%) in the case of Non-EU citizens, +9,701 units (equal to +6.5%) in the case of EU citizens and 226,306 units (equal to +12.4%) in the case of Italian citizens.

When examining the reasons for these contract terminations, 5 cases out of 10 referred to a natural expiry of the job relationship and thus strictly dependent on the greater amount of employments based on time contracts. Moreover, in the second quarter of 2017, the terminations due to *resignation* - in considerable increase - involved Non-EU citizens for an amount equal to 19.0% of the total, against 13.0% for the EU component. Also the amount of dismissals was higher among foreigners, with double-digit percentages.

As mentioned, trend variations indicate a rise in the number of resignations (+6,057 units in the case of Non-EU citizens and +2,077 in the case of EU citizens), and a contraction in dismissals (-2,983 units in the case of Non-EU citizens and -1,660 units in the case of EU-citizens).

All these data highlight a recovery of the labour market trends during the first six months of 2017 - after the contraction phase in 2016 - owing to an increase in employments and to an expansion of terminations, especially due to fixed-term contracts. Balancing the first two quarters of 2017 with the relevant transformations, the final value results to be positive with +1,231,703 job relationships, of which +113,371 involving EU citizens and +204,535 involving Non-EU citizens.

¹ To this regard, see: *I rapporti di lavoro nel II trimestre 2017*, Sistema delle Comunicazioni Obbligatorie ("Job relationships in the second quarter of 2017"), Statistical Information System on Mandatory Communications - Ministry of Labour and Social Policies, September 2017 - No. 22.

² Decree-law No. 25 of 17 March 2017, "Urgent provisions for abrogating the voucher system provisions as well as for amending the provisions on joint liability in contracts," provided for the abrogation - under Article 1, paragraph 1 - of Articles 48, 49 and 50 of Legislative Decree No. 81 of 15 June 2015, concerning rules and regulations on the voucher system. Consequently, regulations on casual employment - the so-called "PrestO" - were introduced by Art. 54 bis, Law No. 96 of 21 June 2017, converting Decree-law No. 50 of 24 April 2017. Moreover, INPS's Circular No. 107 of 5 July 2017 provided the first operational instructions on the so-called new vouchers - that is, the new casual contracts PrestO and Libretto Famiglia - representing the overcoming of INPS's old vouchers after their abolition in March 2017.



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