THE SITUATION FOR OLDER WORKERS IN ESTONIA

Reelika Leetmaa
11.11.2003
Aim and structure of the study

• To analyze the labour market situation and workability of the older workers (45+) in Estonia

• Issues to be covered
  - The demographic situation and trends
  - The labour market situation of older workers
  - Health and work ability of the older workers
  - Social security system as an exit option from the labour market
  - Recommendations and examples of promoting the status of ageing workers
Outline of the presentation

• The demographic situation
  - Age structure of the labour force and projections
  - Dependency ratios
  - Labour force change under various scenarios

• Labour market situation of the older workers
  - General overview of the main labour market indicators
  - Employment situation of the older workers compared to other age groups
  - Unemployment
  - Inactivity
  - EU targets for older workers and Estonia: employment rate and average exit age
Demographic trends

• Population ageing
  - share of people over 60 will increase from 21.6% in 2002 to 35% in 2050
  - median age of the population will increase from 38 years in 2002 to 47 years in 2050

• Fertility rates over 2 in 1970-1990, rapid decline in nineties (1.37 - 2002)

• Low life expectancy at birth, decrease in nineties, currently 65.2 years for men and 77 years for women

• Population is decreasing by 363 thousand people by 2062 (2050 – fertility rate 1.8; life expectancy men 75.5, women 81.5; no migration)

• Old-age dependancy ratio will increase from 26% to 49% in 2050 (EU-53%, OECD-46%)
Total fertility rate

Source: Statistical Office of Estonia, projections by PRAXIS
Life expectancy at birth

Source: Statistical Office of Estonia, projections by PRAXIS
Age structure of the population

Source: Statistical Office of Estonia, projections by PRAXIS
Dependancy ratios

Source: Statistical Office of Estonia, projections by PRAXIS
Labour force growth under various scenarios, thousands

Source: Statistical Office of Estonia, projections by PRAXIS
Labour market trends

• Participation and employment rates declined during 1992-2002 (from 75.1 to 69.0 and 72.3 to 61.7)
• Unemployment rose from 3.7 to 10.5 during 1992-2002
• Unemployment has been traditionally higher among men than women (men 11.0, women 10.1 in 2002)
• In absolute terms (15-64, 2002)
  - size of the labour force 632 000
  - number of employed 566 000
  - number of unemployed 67 00
Age dependent participation rates: 1995 and 2002
Men

Source: Statistical Office of Estonia
Age dependent participation rates: 1995 and 2002
Women

Source: Statistical Office of Estonia
Age dependent participation rates: men and women
2002

Source: Statistical Office of Estonia
Employment rates by age groups

Source: Statistical Office of Estonia
Unemployment rates by age group

Source: Statistical Office of Estonia
Long-term unemployment by age groups, % of all unemployed in each age group
2001

Source: Statistical Office of Estonia
Reasons for inactivity by age groups

Source: Statistical Office of Estonia
EU targets for older workers (55-64)

- To increase the employment rate of older workers (55-64) to 50% by 2010

- To increase the average exit age from the labour force by 5 years (to 65 years)
EU targets: employment rate 55-64, 2001

Source: Statistical Office of Estonia; Commission of the European Communities, 2003
EU targets: employment rate 55-64 by gender, 2001

![Bar chart showing employment rate by gender for various EU countries in 2001.](chart)

Source: Statistical Office of Estonia; Commission of the European Communities, 2003
EU targets: average exit age 2001

Source: Statistical Office of Estonia; Commission of the European Communities, 2003
Conclusions

• Population is ageing rapidly
• Dependancy ratios increase, in 2050 the change is in the same range as in EU on average
• Labour force is decreasing
• Employment and participation rates of the older workers have increased during the past 7 years
• Long-term unemployment is prevalent among older workers
• Compared to EU targets, the employment situation of the older workers (55-64) is better in Estonia than in EU on average
• Unused labour potential (2001):
  - Retired 43 000 (60-64), 14 000 (55-59)
  - Unemployed 82 000
  - Discouraged workers 12 000
THANK YOU !!!