

CHART OF THE WEEK

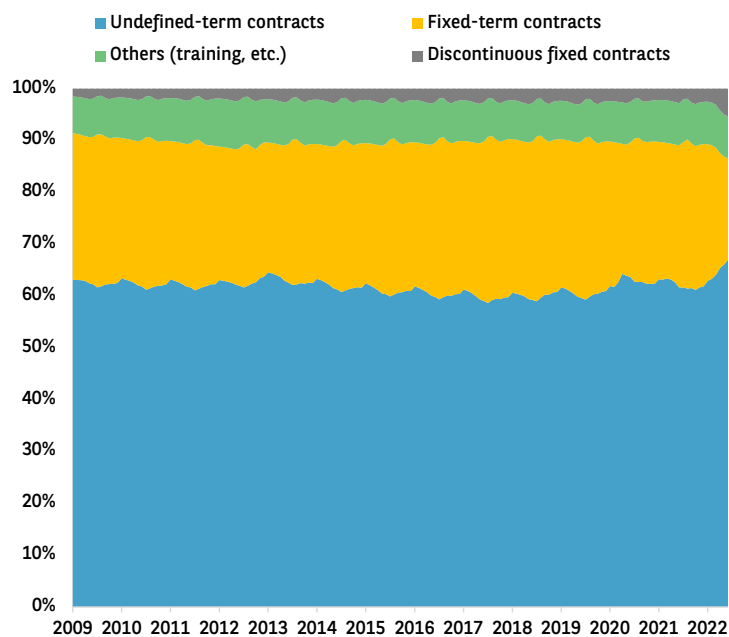


20 July 2022

THE EFFECTS OF THE LABOUR-MARKET REFORMS IN SPAIN ARE CLEARLY VISIBLE

Guillaume Derrien

Spain: share of employment, by type of contract (% of total)



Source: SEPE, BNP Paribas

Spain's labour market is still delivering pleasant surprises, with a net job creation rate of almost 263,000 during the first half of 2022¹. However, beyond these rising numbers, the major change on the labour market was in recruitment processes in February as a result of employment law reforms, which most notably set out to tighten the conditions for using precarious short-term contracts.

These reforms have produced immediate results, with a leap of more than 1,130,000 in the number of permanent contracts since the beginning of the year, which is an increase of 12%. These increases have been particularly large in the accommodation/restaurant (+32.5% over the last six months), construction (+30.8%) and arts and leisure activity (+18.9%) sectors, which have traditionally been the main users of these precarious short-term contracts. By contrast, the number of fixed-term contract jobs has fallen by 1,083,000 (-26%) during the first half-year. « Discontinuous fixed contracts » also grew very strongly (+118%), with this type of contract offering more flexibility around organising working time than permanent contracts. Against the current challenging economic backdrop, tightening recruitment conditions could have been an obstacle to recruitment. However, this has not happened and shows how well the Spanish economy is holding up against the economic shocks so far.

¹ Source: Spanish Public Employment Service (SEPE)

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