



THE SITUATION FOR OLDER WORKERS IN ESTONIA

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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

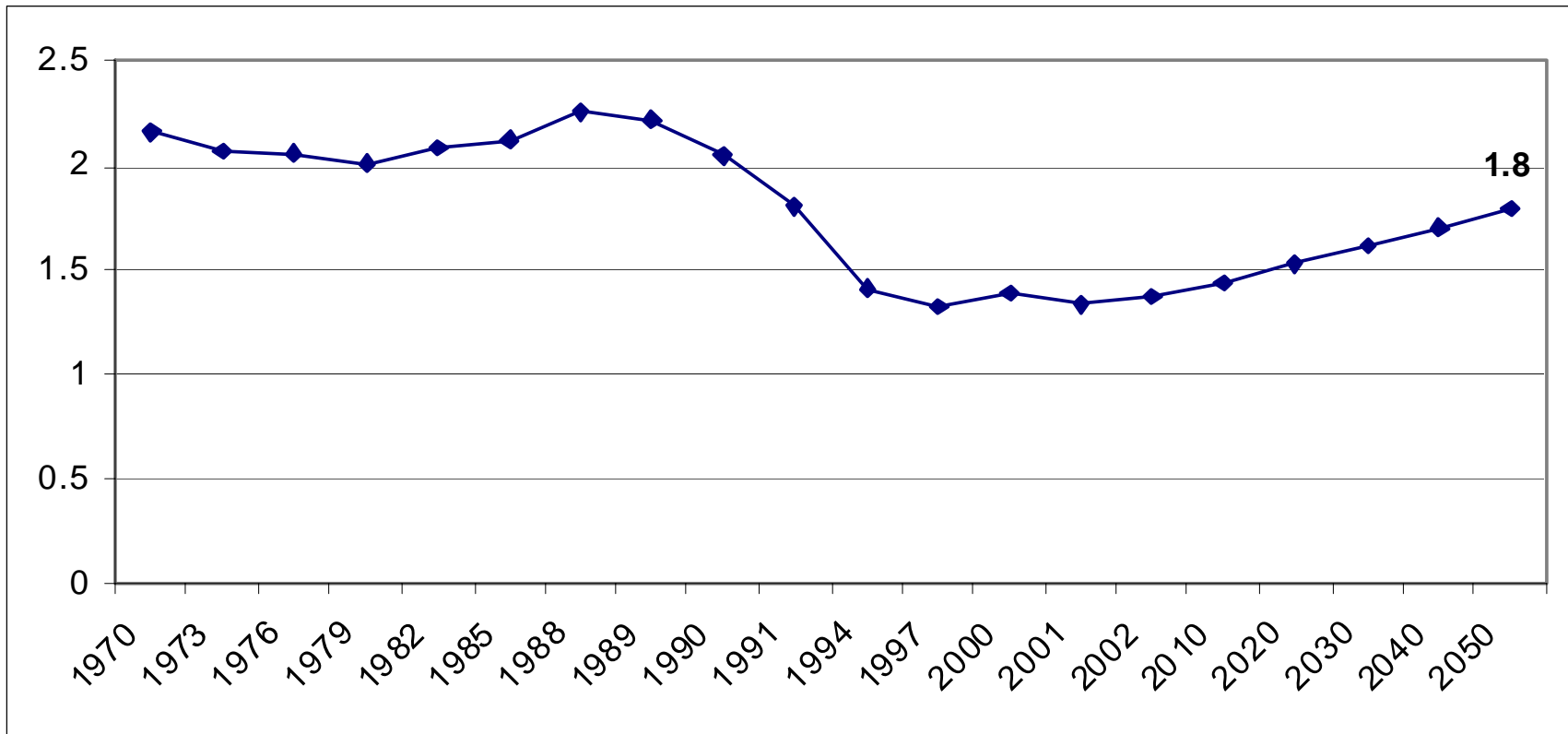
Outline of the presentation

- **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

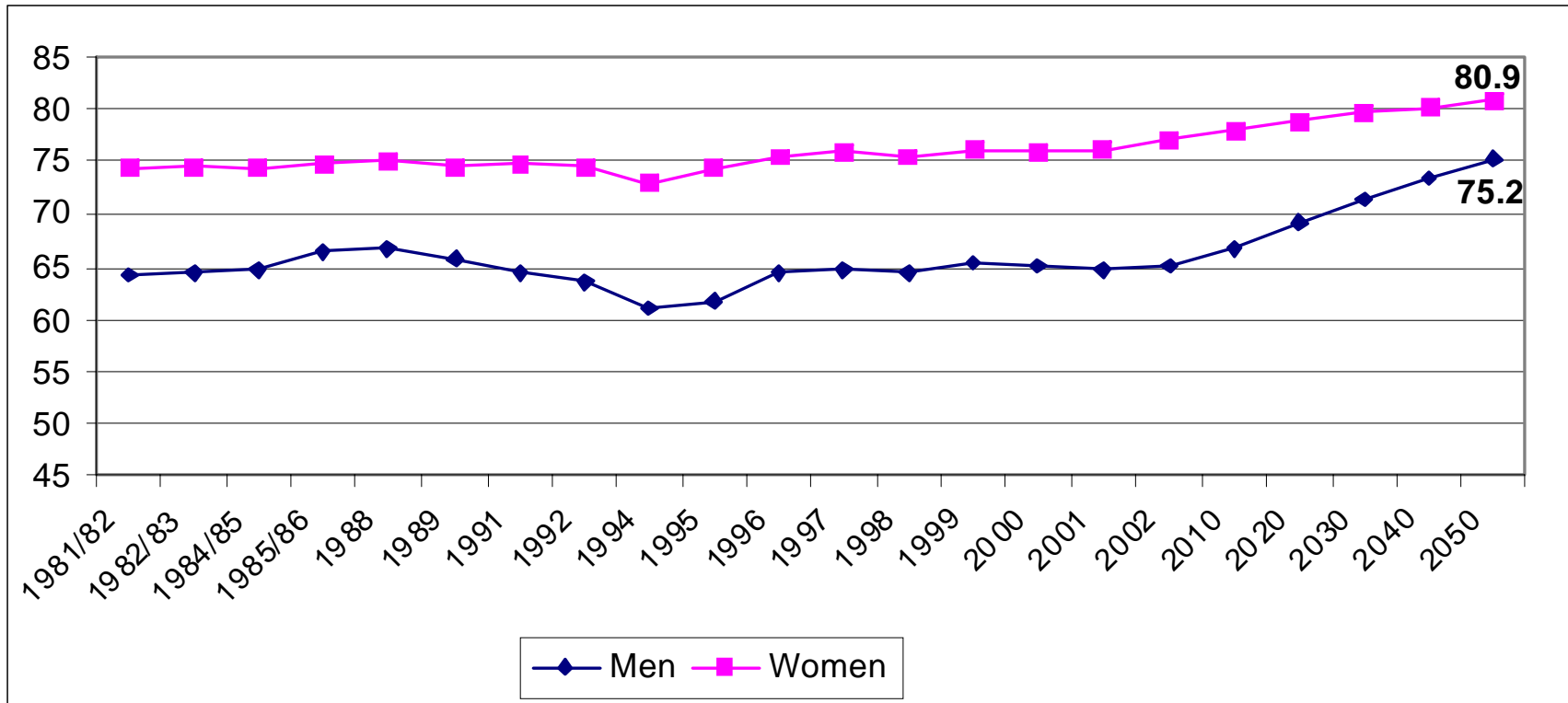
- **Population ageing**
 - share of people over 60 will increase from 21,6% in 2002 to 35% in 2050
 - median age of the population will increase from 38 years in 2002 to 47 years in 2050
- **Fertility rates** over 2 in 1970-1990, rapid decline in nineties (1,37 - 2002)
- **Low life expectancy at birth**, 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



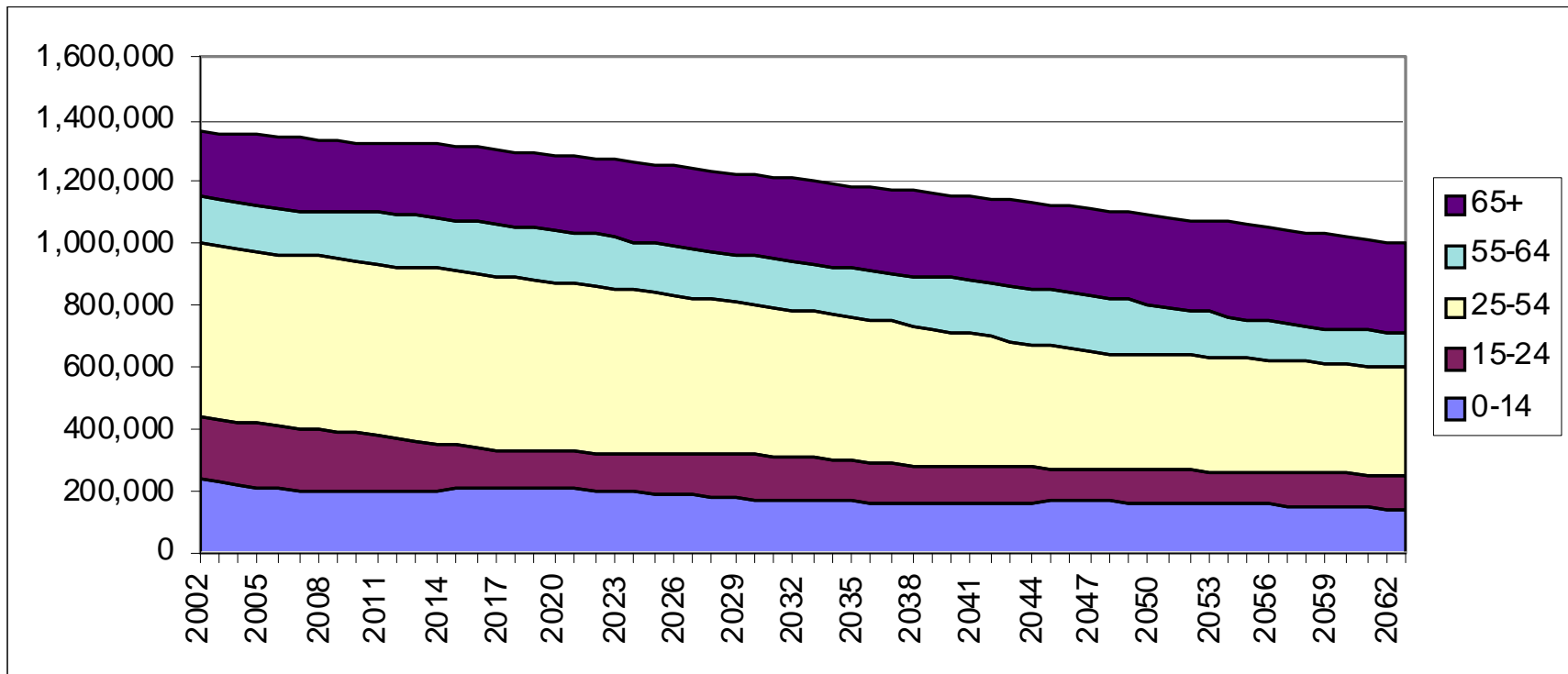
Source: Statistical Office of Estonia, projections by PRAXIS

Life expectancy at birth



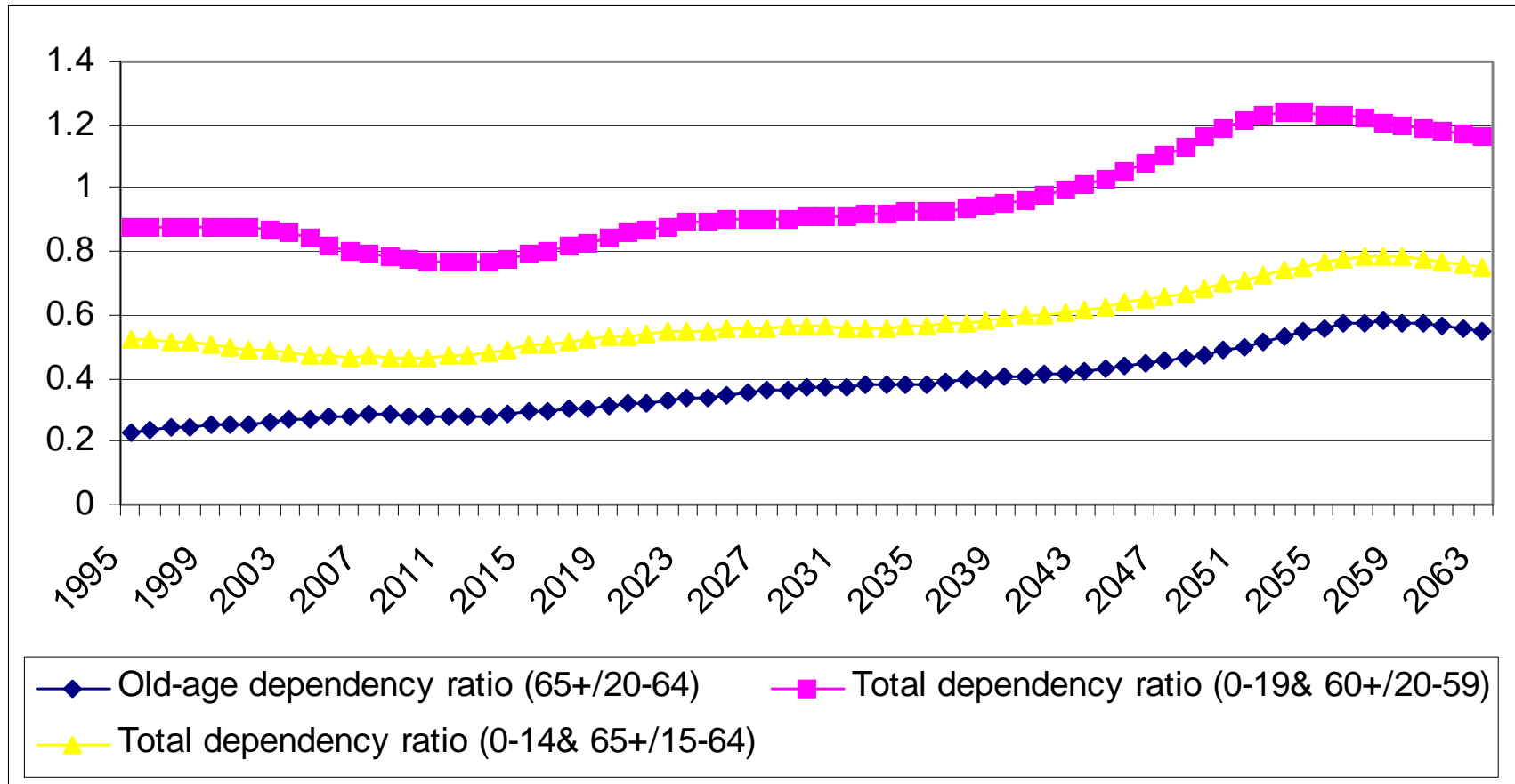
Source: Statistical Office of Estonia, projections by PRAXIS

Age structure of the population



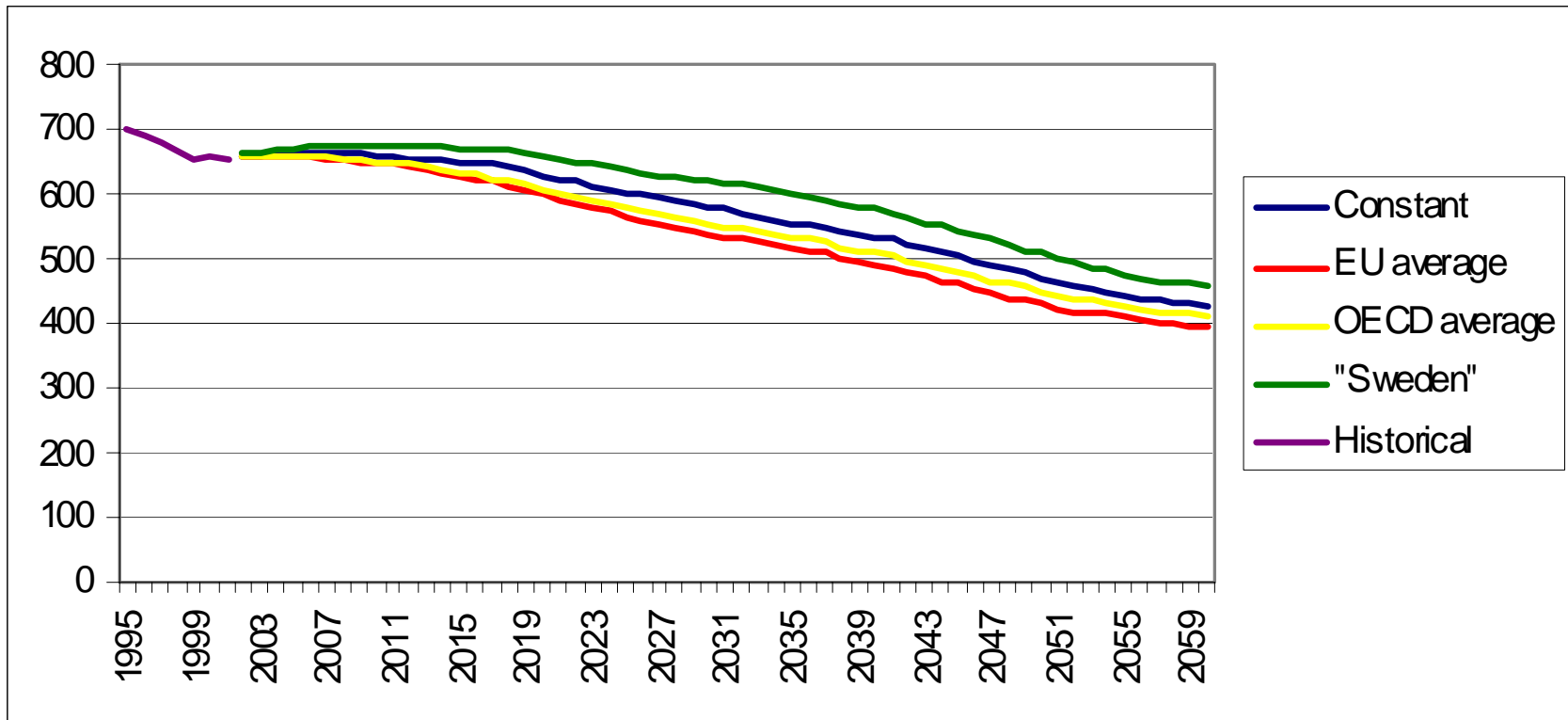
Source: Statistical Office of Estonia, projections by PRAXIS

Dependency ratios



Source: Statistical Office of Estonia, projections by PRAXIS

Labour force growth under various scenarios, thousands

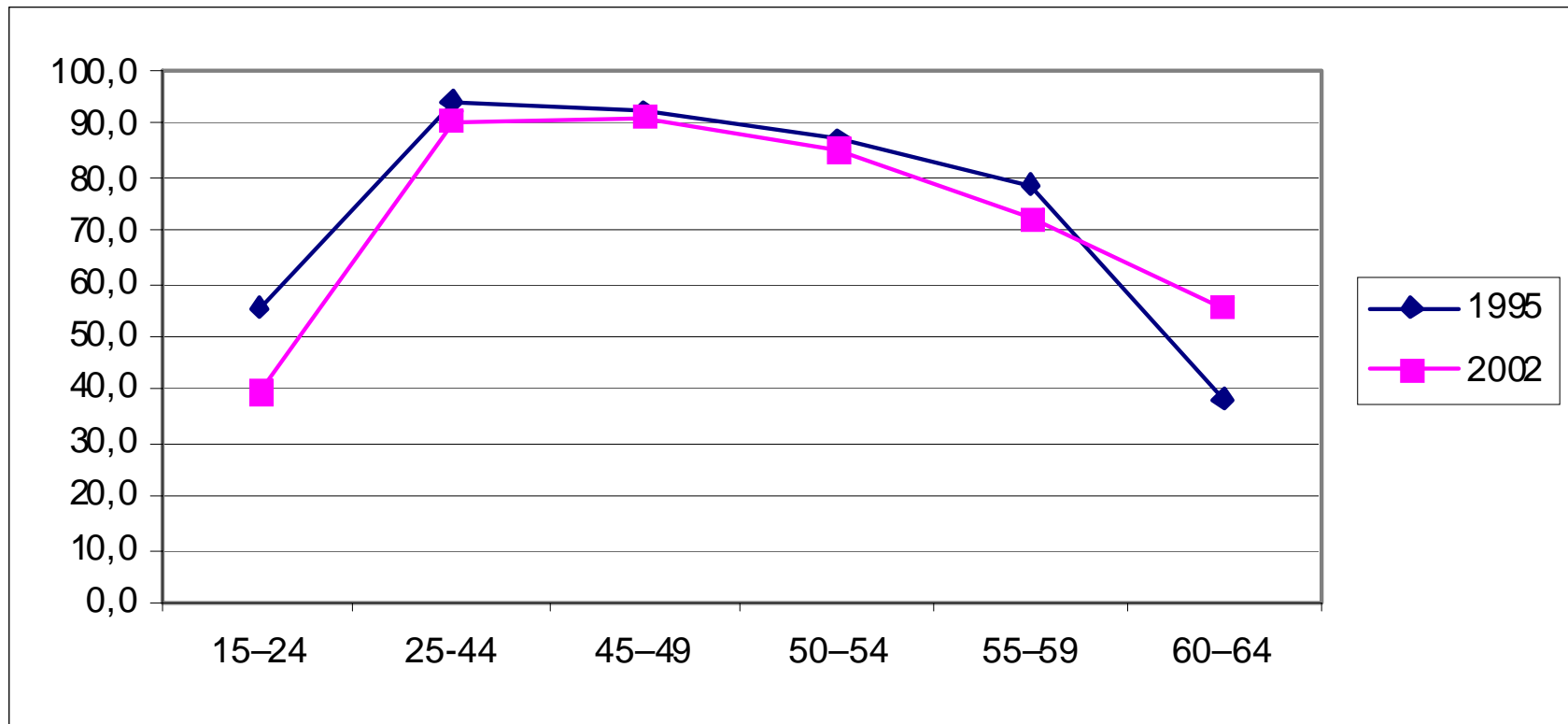


Source: Statistical Office of Estonia, projections by PRAXIS

Labour market trends

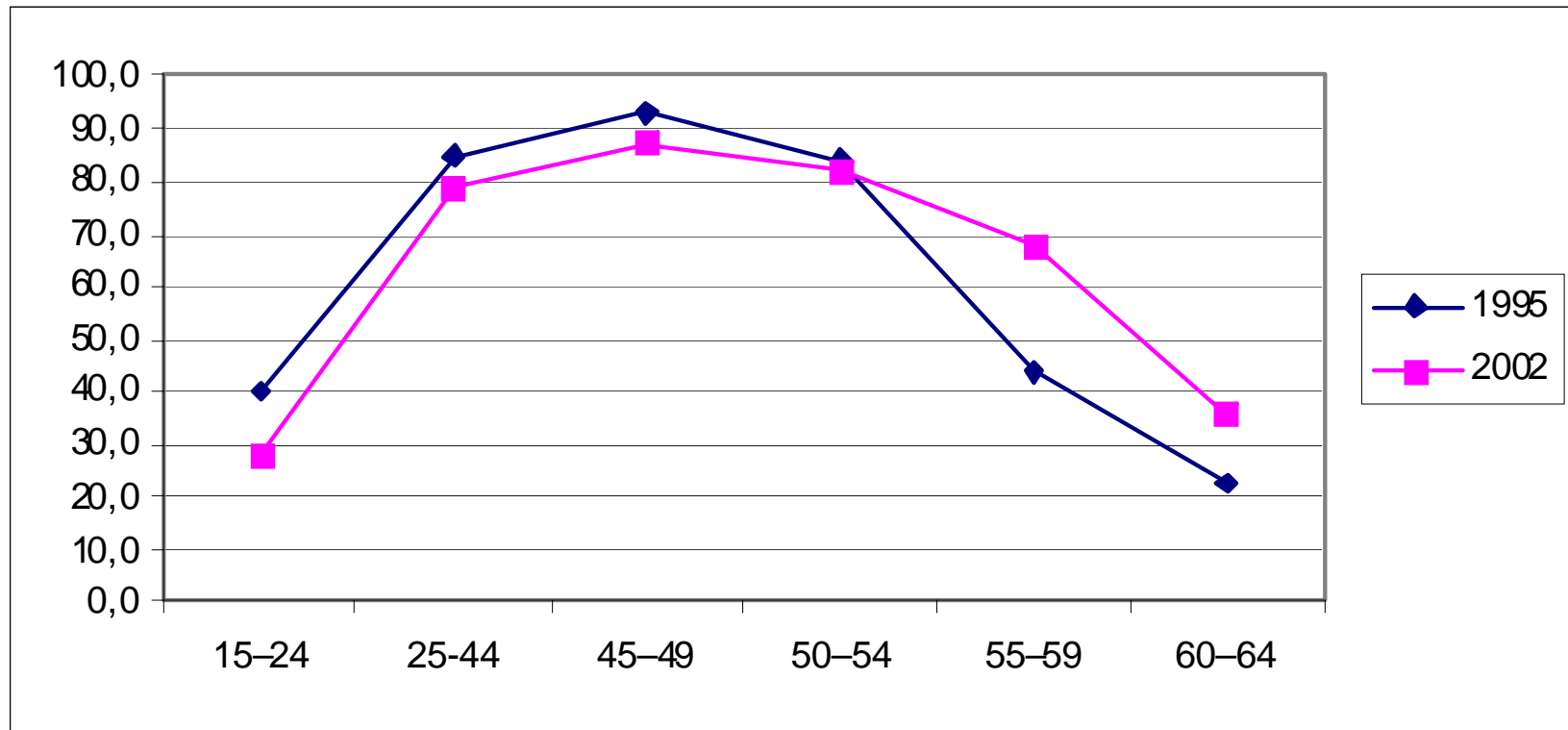
- **Participation and employment rates declined during 1992-2002 (from 75.1 to 69.0 and 72.3 to 61.7)**
- **Unemployment rose from 3.7 to 10.5 during 1992-2002**
- **Unemployment has been traditionally higher among men than women (men 11.0, women 10.1 in 2002)**
- **In absolute terms (15-64, 2002)**
 - **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



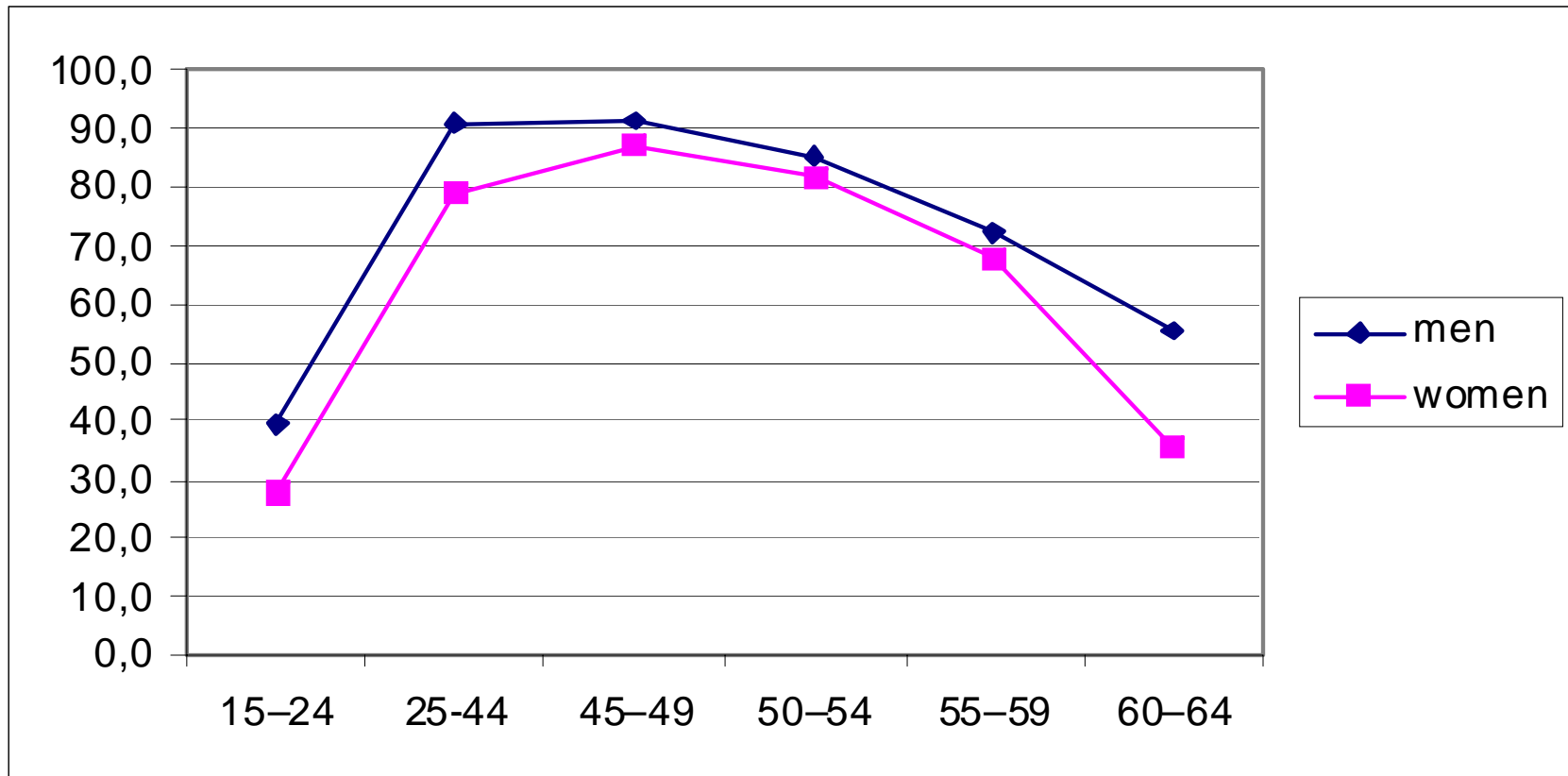
Source: Statistical Office of Estonia

Age dependent participation rates: 1995 and 2002 Women



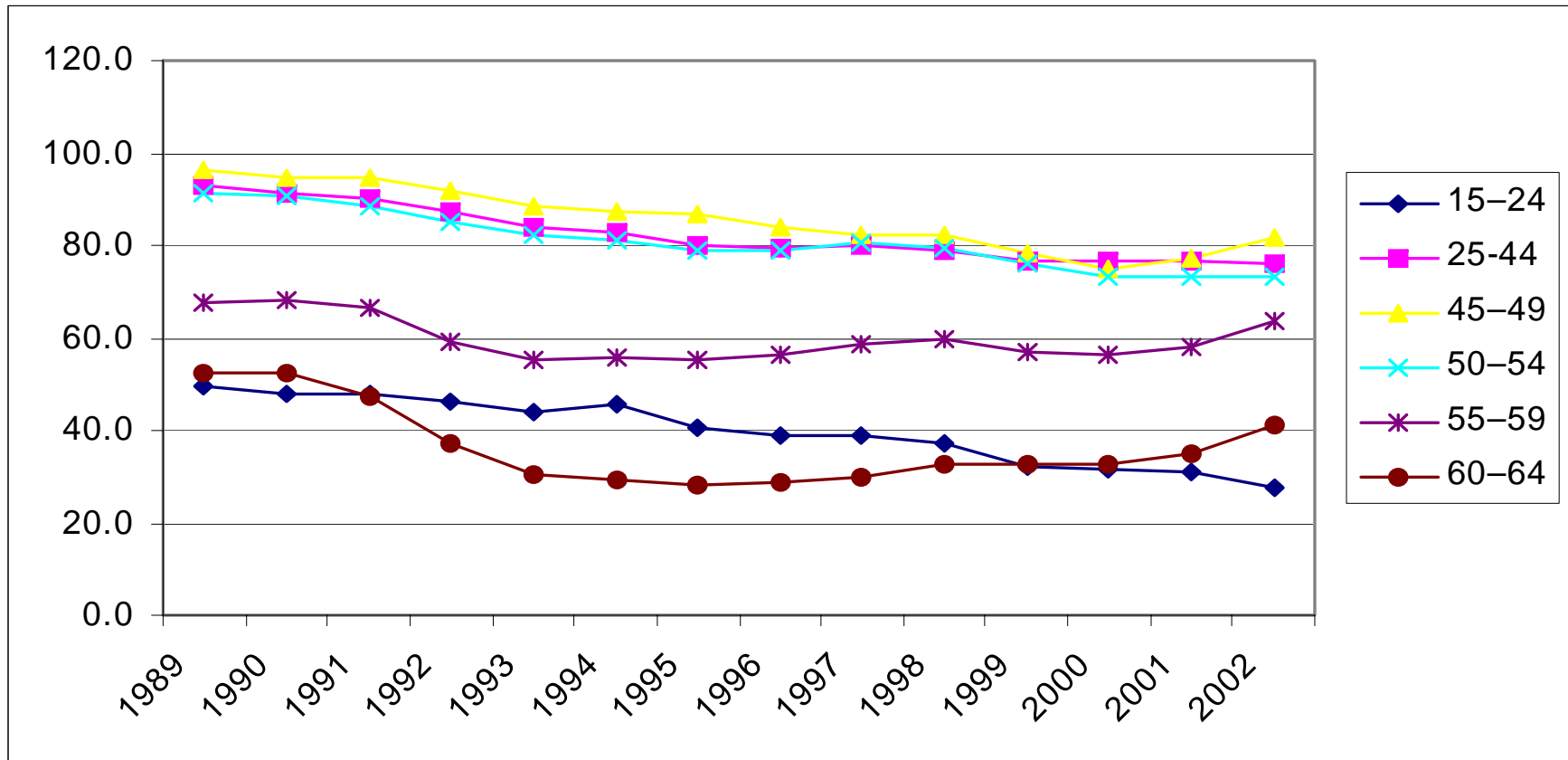
Source: Statistical Office of Estonia

Age dependent participation rates: men and women 2002



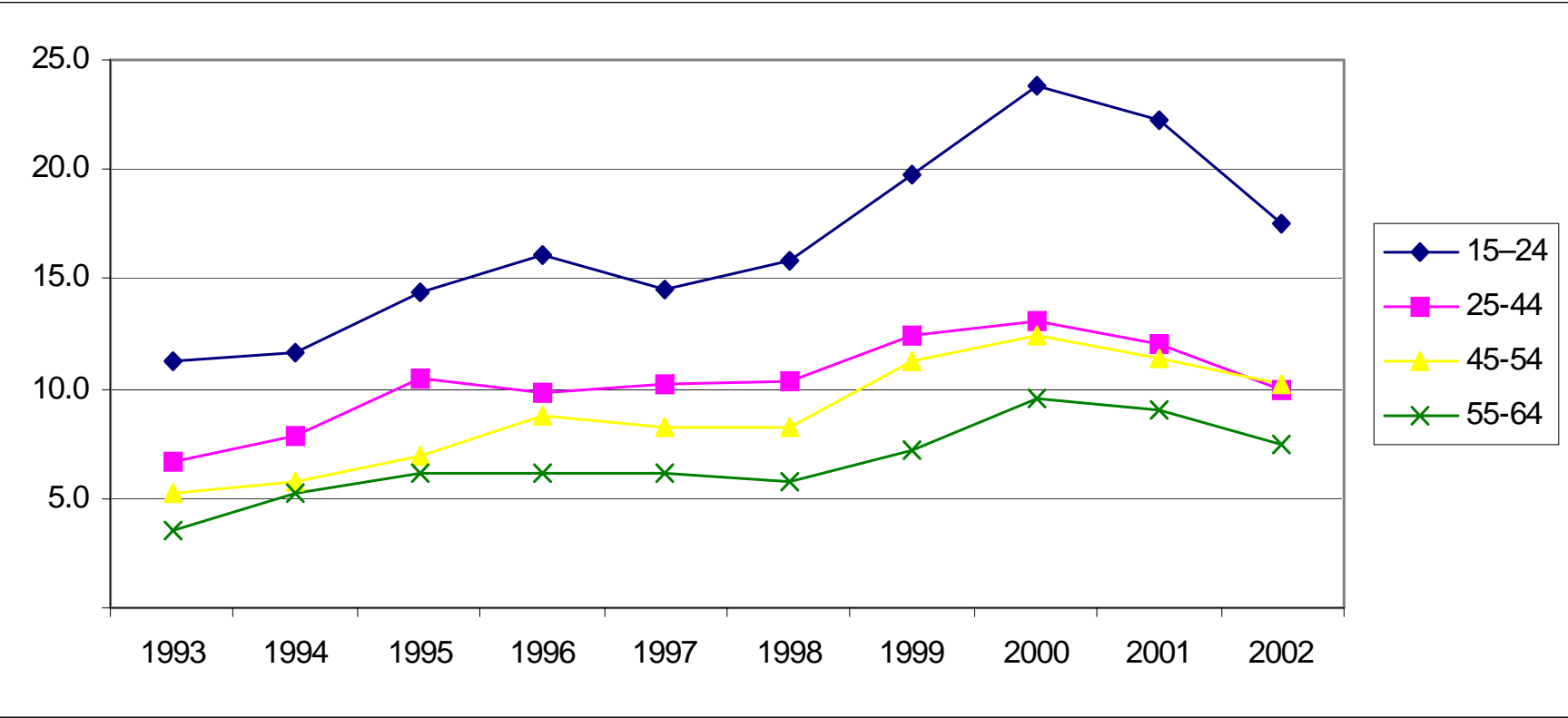
Source: Statistical Office of Estonia

Employment rates by age groups



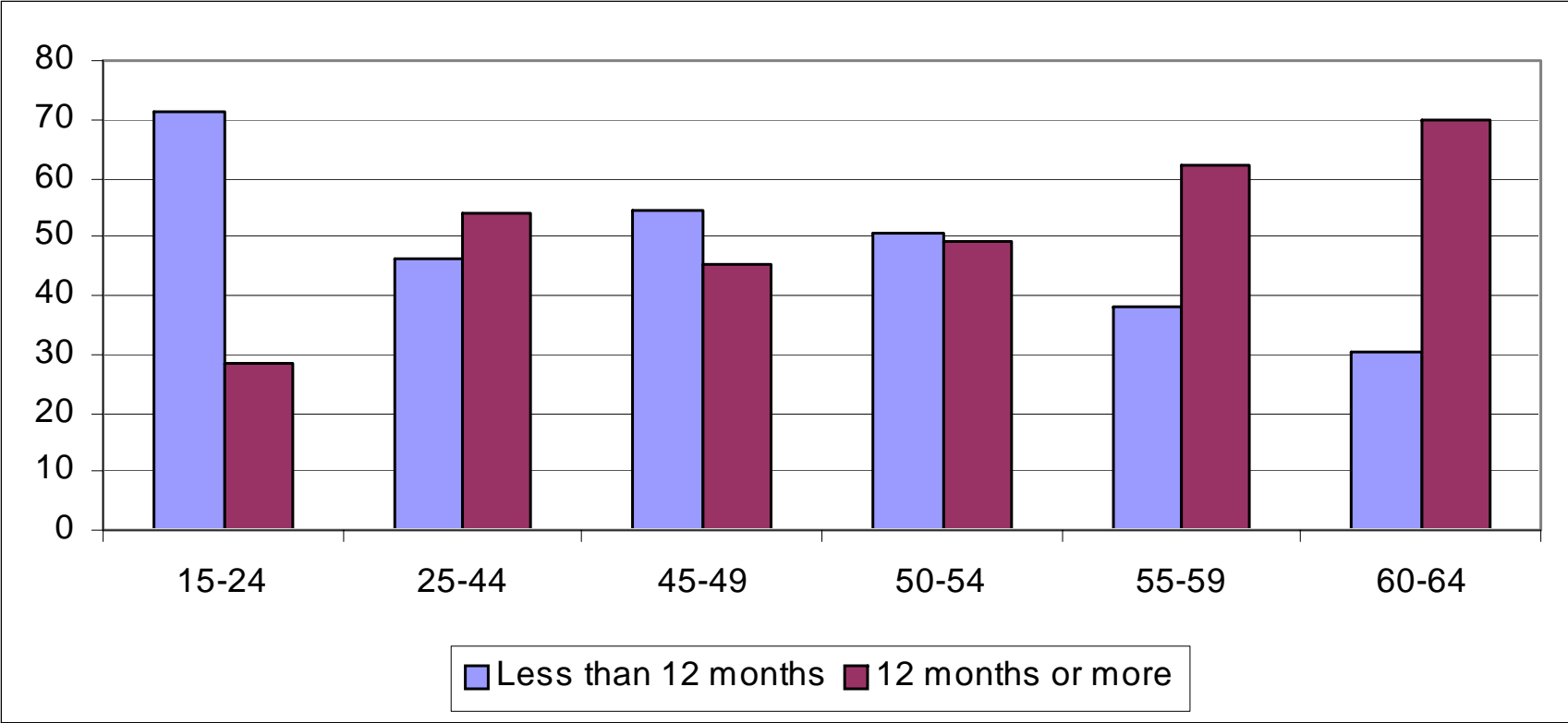
Source: Statistical Office of Estonia

Unemployment rates by age group



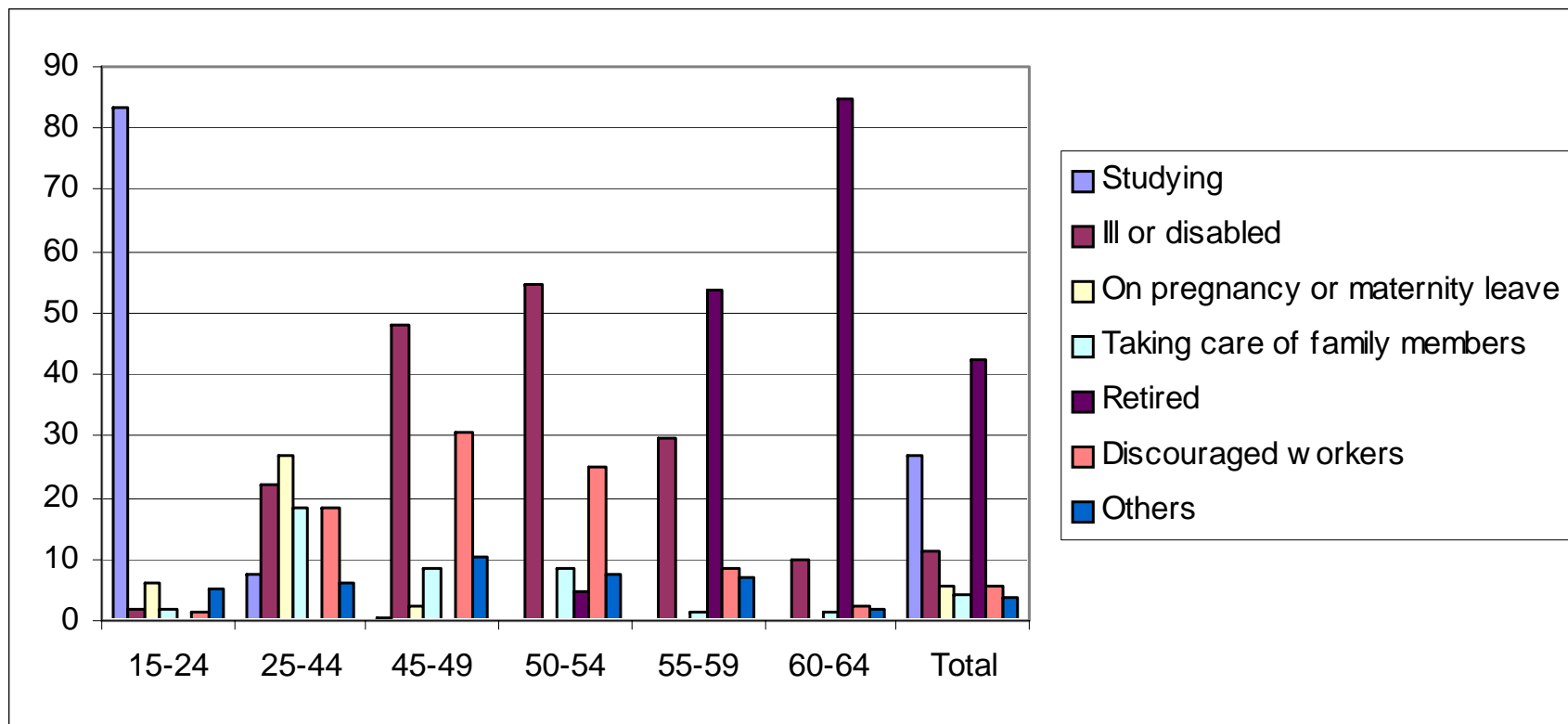
Source: Statistical Office of Estonia

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

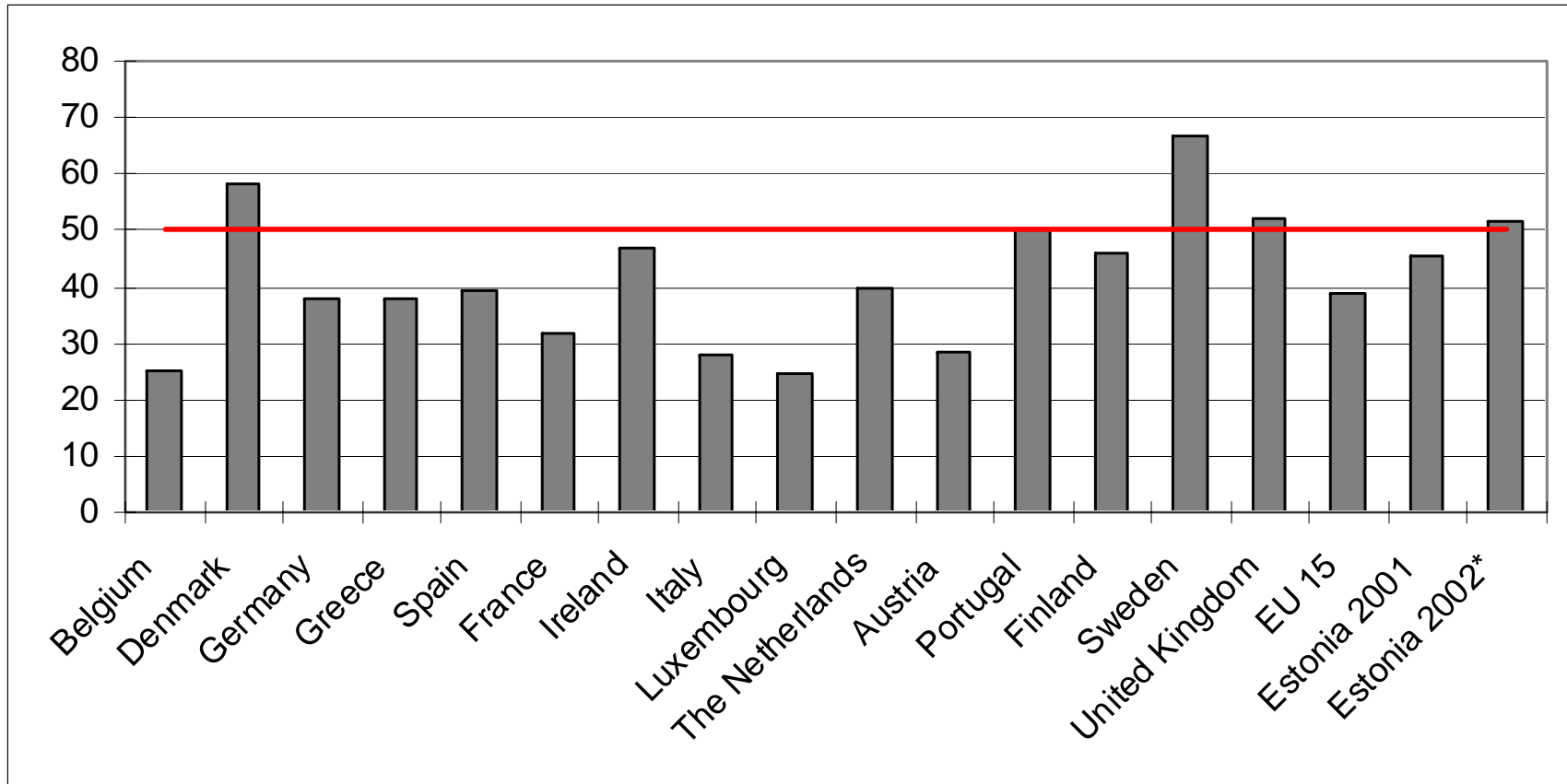


Source: Statistical Office of Estonia

EU targets for older workers (55-64)

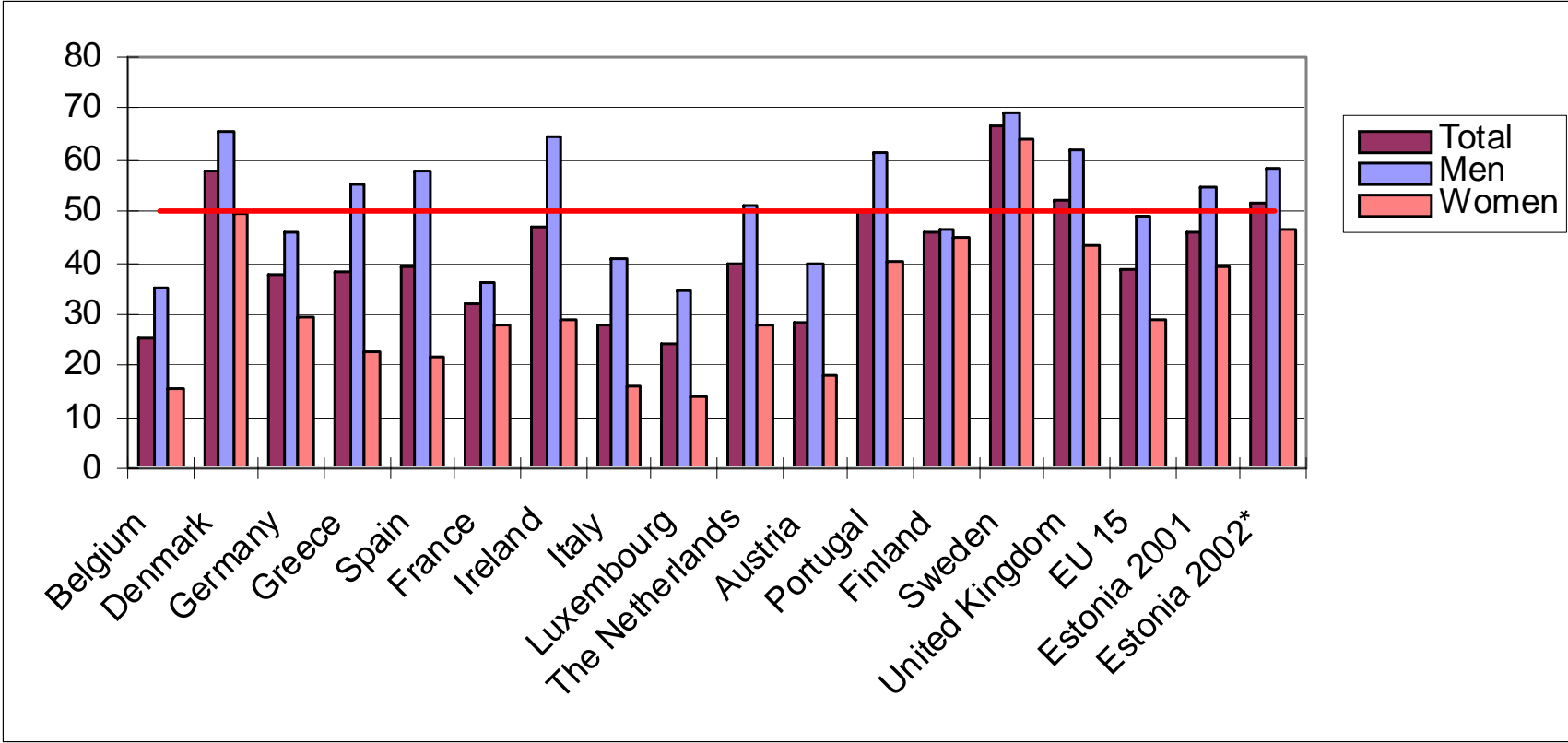
- To increase the **employment rate** of older workers (55-64) to **50%** by 2010
- To increase the **average exit age** from the labour force by 5 years (to **65** years)

EU targets: employment rate 55-64, 2001



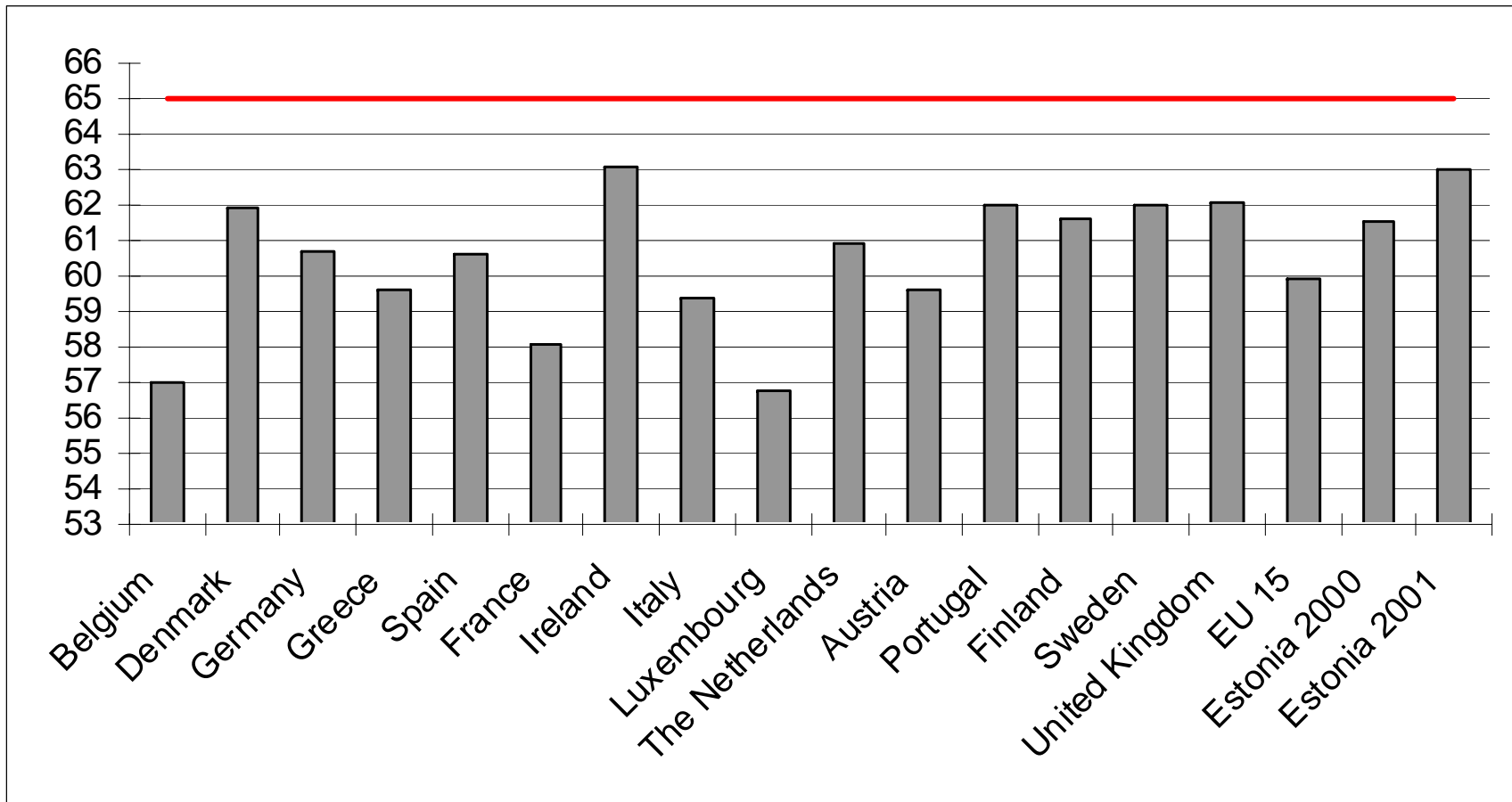
Source: Statistical Office of Estonia; Commission of the European Communities, 2003

EU targets: employment rate 55-64 by gender, 2001



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 !!!