

Employment

In France, non-farm market payroll employment continued to rise steadily in Q4 (+79,000 after +45,000 in Q3), taking advantage of the buoyancy of economic activity. 257,000 market-sector jobs were created over 2017 as a whole (after 213,000 in 2016), the most substantial growth since 2007. The hiring intentions of business leaders as expressed in the business tendency surveys suggest that market employment is likely to increase at virtually the same pace in H1 2018 (+129,000).

In the non-market sector, employment is expected to slip back again in H1 2018 (-21,000 after -13,000 jobs in H2 2017) with the sharp decline in the number of beneficiaries of assisted contracts.

Because of the downturn in non-market employment, the increase in payroll employment and self-employment was less sustained in the second part of the year (+114,000 in H2 2017 after +157,000 in H1), bringing the total for 2017 to 271,000 net job creations, virtually the same as in 2016. In H1 2018, employment should continue to grow at a similar pace to that at the end of 2017 (+113,000), again driven by the market sectors.

In H1 2018, market payroll employment is set to increase at the same pace as in 2017

In 2017 in France (excluding Mayotte), payroll employment in the non-farm market sectors increased by 257,000 (year-on-year at the end of the year), a ramp-up compared with 2016 (+213,000). The pace barely dipped in the second half of the year (+124,000 after +133,000 in H1; *Table 1*), the slight decrease being mainly the result of the end of the hiring premium for SMEs at the end of June 2017. In Q4 2017, non-farm market employment increased by 79,000: employment increased in industry for the first time since 2001 and continued to grow in construction (+13,000) as well as in the tertiary sector, excluding temporary work (+44,000). In the temporary work sector, job creations remained buoyant (+16,000).

Payroll employment should continue to rise in the market sectors through to mid-2018, keeping a sustained pace as in the previous half-year (*Graph 1*), as economic activity is still improving steadily. Policies to reduce labour costs are likely to have a neutral effect overall on the employment intensity of growth. The Tax Credit for Encouraging Competitiveness and Jobs (CICE) and the Responsibility and Solidarity Pact (PRS) are expected to continue to boost growth in employment, creating around 15,000 jobs in H1 2018, or slightly less than at the end of 2017.

Table 1

Change in employment in thousands, SA

	2017				2018		2017 H1	2017 H2	2018 H1	2016	2017	Level end 2017
	Q1	Q2	Q3	Q4	Q1	Q2						
Mainly non-agricultural market sectors (1)	56	77	45	79	70	59	133	124	129	213	257	16,713
Industry	-3	-2	0	6	3	3	-5	6	6	-25	1	3,144
Construction	8	6	3	13	5	5	14	16	10	-14	30	1,358
Temporary employment	2	28	11	16	13	7	30	26	20	98	56	743
Market services excl. tempory employment	49	45	32	44	49	44	93	76	93	154	170	11,469
Agricultural workers	4	0	0	1	2	2	4	1	3	1	5	304
Mainly non-market service sectors	12	8	-5	-8	-12	-9	19	-13	-21	46	7	8,056
Self-employed	1	1	1	1	1	1	1	1	1	-6	2	2,811
TOTAL EMPLOYMENT	72	85	41	73	60	52	157	114	113	254	271	27,884

Forecast

(1) Sectors DE to MN and RU

Source: INSEE

However, the impact of discontinuing the hiring premium for SMEs on 30 June 2017 is likely to continue into the start of 2018, and in similar proportions.

Employment in the tertiary sector should remain sound

In 2017, temporary employment continued to rise sharply (+56,000) albeit a little more slowly than in 2016 (+98,000, *Graph 2*). It increased significantly in both H2 2017 (+26,000) and H1 (+30,000). As temporary employment responds particularly quickly to fluctuations in activity, it recovered sooner than the other components of employment and in 2017 exceeded the high levels it had achieved before the economic crisis of 2008-2009. Given the prospects declared by business leaders in the sector, temporary work should continue to grow at a similar pace in the first half of 2018 (+20,000 in H1).

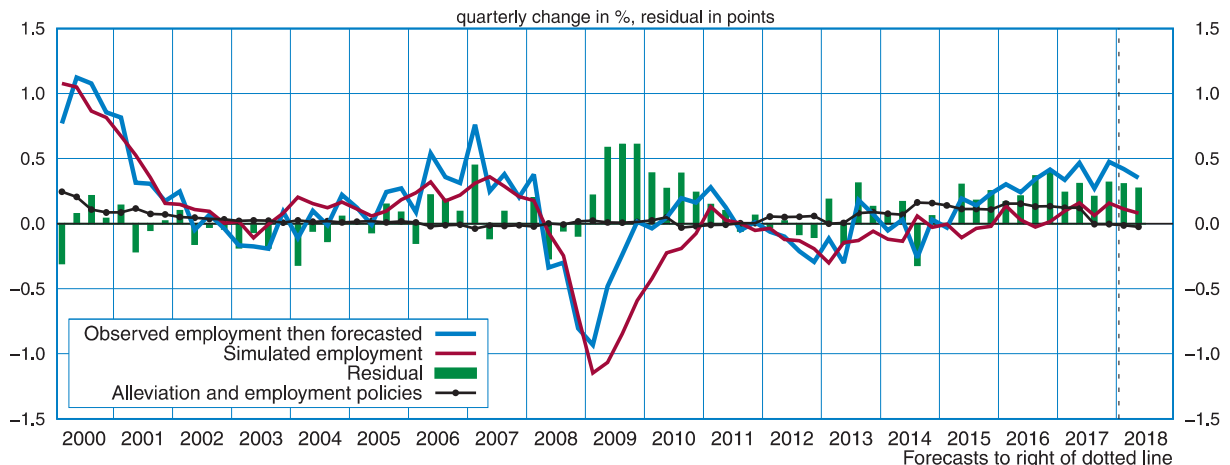
Employment in the tertiary market sector excluding temporary work picked up slightly in 2017 (+170,000 after +154,000 in 2016). Growth in activity should be sustained and business leaders remain optimistic about the growth of their workforce: these sectors are therefore likely to maintain a similar pace in H1 2018 (+93,000 over the half-year, *Graph 3*).

All in all, including temporary work, net job creations in the tertiary market sector reached 226,000 in 2017 (+123,000 in H1 2017, then +102,000 in H2) and should remain solid in the first half of 2018 (+113,000 in H1).

Industry is creating jobs anew

In 2017, industry returned to growth (+1,000 net job creations over one year after -25,000 the year before and -35,000 in 2015). The expectations of business managers in industry regarding their workforces suggest that employment in industry is

1 - Employment observed in the non-agricultural market sector, simulated and residual employment

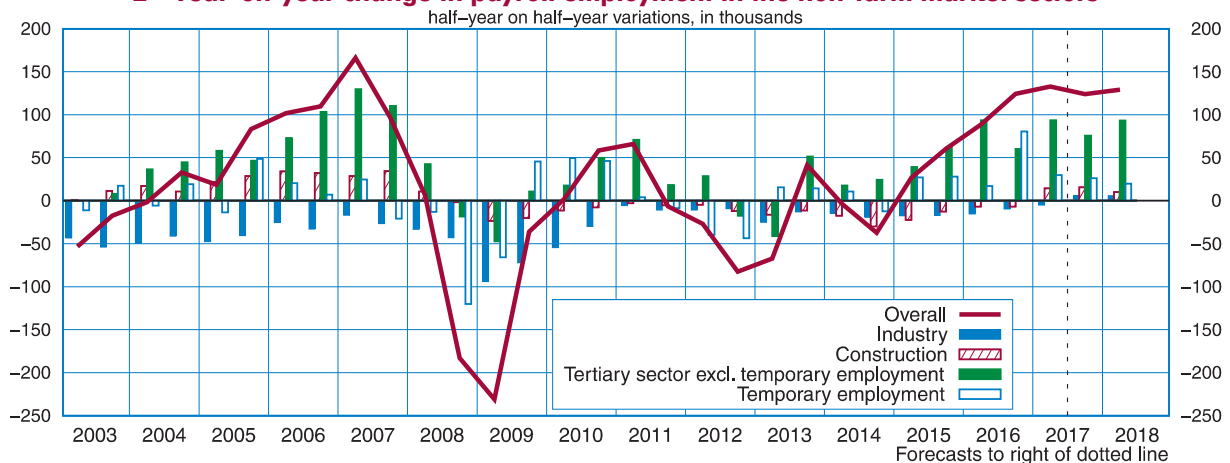


Note: The equation residual for employment is the spread between the observed employment and the simulated employment from past and current variations in employment and activity and from effects of employment policies (included, over the recent period, the effects of the CICE, the PRS and the employment plan). A positive residual, such as that observed in 2015, indicates that observed employment showed better growth than past behaviour would lead us to expect. Estimation period: 1984-2009.

Scope: France excluding Mayotte

Source: INSEE

2 - Year-on-year change in payroll employment in the non-farm market sectors



Scope: France excluding Mayotte

Source: INSEE

French developments

likely to continue to grow in H1 2018 (+6,000), as in H2 2017.

Employment in the construction sector is expected to remain solid

Payroll employment in construction decreased almost continuously between the end of 2008 and the end of 2016. However, job losses have gradually decreased and since the start of 2017, the sector has returned to job creation: +30,000 in 2017, after -14,000 in 2016. In the business tendency surveys, the expectations of business leaders concerning the growth of their workforces remain very high in civil engineering and building construction. Employment in construction should therefore continue to improve significantly in H1 2018 (+10,000).

Non-market employment is expected to slip back

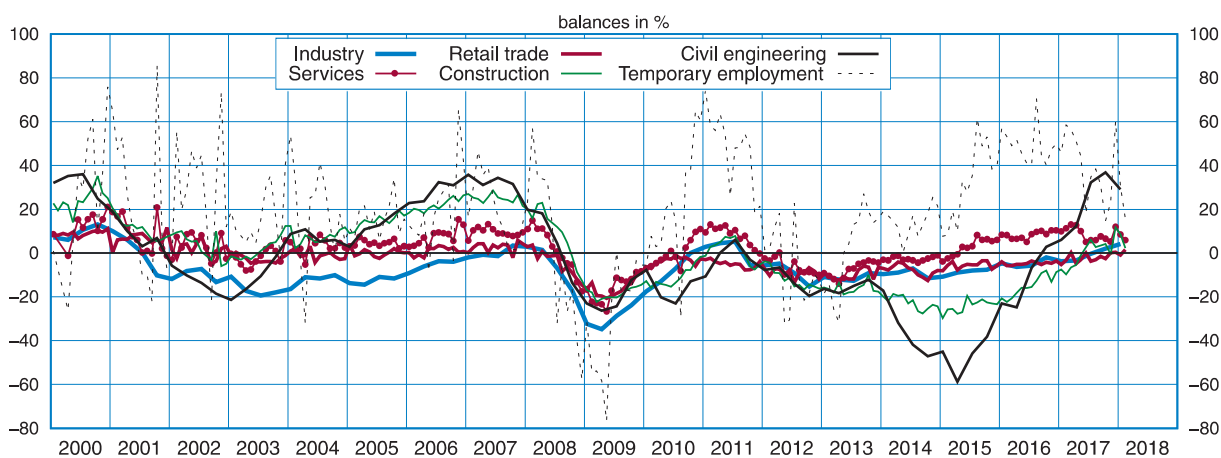
In 2017, non-market employment slowed considerably: +7,000 jobs against +46,000 in 2016. This slowdown is mainly due to the decrease from H2 onwards in the number of beneficiaries of contrats uniques d'insertion (single integration

contracts, CUI) and emplois d'avenir (future jobs contracts) (Table 2 and Focus). With 49,000 fewer assisted contracts in the first half of 2018, non-market employment is likely to fall back again (-21,000 after -13,000 in H2 2017).

Total employment should increase by 113,000 in H1 2018

Including the self-employed and agricultural employees, net job creations across all sectors combined reached 271,000 in 2017, a slight acceleration compared with 2016 (+254,000). Over the year, total employment slowed significantly in H2: +114,000 after +157,000 in H1. This dip was the result of market payroll employment on the one hand, with the end of the hiring premium for SMEs in mid-2017, and non-market payroll employment on the other hand, with the drop in the number of beneficiaries of assisted contracts. In H1 2018, total employment should not slow further, with 113,000 net job creations, driven by the buoyancy of economic activity, and with the impact of the reduction in the number of assisted contracts being slightly less pronounced. ■

3 - Balance of opinion of business leaders on expected workforce



Source: INSEE, Business tendency surveys

Table 2

Change in subsidised employment and civic service in the non-market sector

in thousands

	2017				2018		2017 H1	2017 H2	2018 H1	2016	2017
	Q1	Q2	Q3	Q4	Q1	Q2					
"Future Jobs"	-4	-4	-13	-10	-10	-8	-8	-23	-18	-21	-31
CUI-CAE incl. ACI*	4	3	-41	-35	-16	-14	7	-76	-31	14	-69
Civic service contracts	3	6	5	0	1	0	10	4	1	5	14
Total	3	6	-50	-45	-26	-22	9	-95	-47	-2	-86

Forecast

* Since July 2014, recruitment by integration workshops and sites (ACI) no longer takes the form of a CUI-CAE (Contrat unique d'insertion - Contrat d'accompagnement dans l'emploi - Single integration contract - Employment support contract) but instead a CDDI (Contrat à durée déterminée d'insertion - Fixed-term integration contract). Nevertheless, in order to ensure that the scope of this analysis remains constant when tracking subsidised jobs, the CUI-CAE forecasts given here include ACIs.

Scope: Metropolitan France

Sources: DARES, INSEE calculations