Employment

In France, non-farm market payroll employment continued to grow in Q3 2019 (+33,000, after +43,000 in Q2) and should achieve a fairly similar pace in Q4 (+41,000). Across the whole of 2019, it is expected that 215,000 non-farm market payroll jobs will be created, after +164,000 in 2018. In H1 2020, market employment should slow (+68,000 after +74,000 in H2 2019), probably due mainly to the earlier drop in activity. In addition, the effect on employment of the transformation of the CICE into a reduction in social contributions, introduced at the beginning of 2019, is likely to lessen in 2020 (+10,000 after +30,000 in 2019).
In the non-market sector, employment should pick up slightly in 2019 (+14,000, after –4,000 jobs in 2018), with the drop in the number of beneficiaries of subsidised employment contracts being much less pronounced than in 2017 and 2018.
All in all, 263,000 jobs should be created in 2019, a slight increase over 2018 (+230,000). In H1 2020, total employment is likely to slow very slightly: +88,000 jobs after +94,000 in H2 2019.

Market payroll employment is expected to slow slightly at the end of 2019 and into H1 2020

In 2019, the increase in payroll employment in the non-farm market sectors in France (excluding Mayotte), is set to be stronger than in 2018 (+215,000 at the end of the year, year on year, after +164,000, *Table 1*). In Q1 2019, employment was particularly buoyant (+98,000). In Q3, payroll employment continued to grow steadily (+33,000 after +43,000), increasing in construction (+9,000), industry (+1,000) and the tertiary sector excluding temporary work (+26,000). However, temporary work continued to slip back (–3,000, the same as in Q2).

Based on business leaders' responses to questions in the business tendency surveys about their workforce size, the employment climate improved once again in November 2019 to a level of 108, higher than its long-term average (*Graph 1*). It is therefore likely that the rise in payroll employment in the market sector will continue into Q4 2019. However, after a dynamic H1, employment is expected to slow in H2 2019 (+74,000 after +141,000) and in H1 2020 (+68,000). This slowdown will probably be due mainly to the earlier deceleration in activity, but also to the lesser effect of policies designed to reduce the cost of labour. In particular, the transformation of the CICE tax credit into reductions in employers' contributions at the beginning of 2019 would seem to have contributed to improving growth by about 15,000 jobs per half-year in 2019 and should contribute around 5,000 jobs in H1 2020 (*Focus* in the December 2018 issue of *Conjoncture in France*, p. 64).

Tertiary employment is expected to increase further but temporary employment is likely to drop back a little

After a slight rebound in H1 2019 (+9,000), temporary employment is expected to drop back again moderately in H2 2019 (–6,000) then in H1 2020 (–10,000; *Graph 2*).

Table 1 -Change in employment
in thousands, SA at the end of the period

	2019				2020		2019		2020	2018	2019	Level end 2019
	Q1	Q2	Q3	Q4	Q1	Q2	H1	H2	H1			
Mainly non-agricultural market sectors:	**98**	**43**	**33**	**41**	**35**	**33**	**141**	**74**	**68**	**164**	**215**	**17 119**
Industry	8	1	1	2	2	3	9	3	5	12	12	3 162
Construction	18	8	9	7	3	2	25	16	5	28	41	1 429
Temporary employment	12	–3	–3	–3	–5	–5	9	–6	–10	–28	3	788
Market services excl. tempory employment	61	37	26	35	35	33	98	61	68	152	159	11 740
Agricultural workers	**1**	**1**	**1**	**1**	**1**	**1**	**2**	**2**	**2**	**–1**	**4**	**304**
Mainly non-market service sectors	**1**	**11**	**–2**	**4**	**2**	**6**	**12**	**2**	**8**	**–4**	**14**	**8 058**
Self-employed	**8**	**8**	**8**	**8**	**5**	**5**	**15**	**15**	**10**	**71**	**30**	**2 972**
TOTAL EMPLOYMENT	**107**	**62**	**40**	**53**	**43**	**45**	**170**	**94**	**88**	**230**	**263**	**28 454**

Forecast
* Sectors DE to MN and RU
Scope: France excluding Mayotte.
Source: INSEE

However, employment in the tertiary market sector excluding temporary work should increase in the same way as in 2019 (+159,000, after +152,000 in 2018). Business leaders in the sector remain optimistic about changes in their workforce, judging by the business tendency surveys. In H1 2020, employment should therefore maintain a similar pace to that of H2 2019 (+68,000, after +61,000; *Graph 3*).

All in all, employment in the tertiary market sector, including temporary employment, should increase by 162,000 in 2019 (of which +55,000 in H2 2019). The slowdown in the course of 2019 looks set to continue into H1 2020 (+58,000 jobs).

Since 2018, industry has once again been creating jobs

After a virtually uninterrupted decline in industrial employment between the end of 2001 and the end of 2016, levels have been increasing since 2018. The first three quarters of 2019 confirmed this trend. Industry would appear to have created 12,000 jobs in 2019 and also in 2018, mainly in the food industry. Expectations of business leaders concerning their workforce size suggest that jobs in industry should continue to increase over the next few quarters (+5,000 in H1 2020).

In 2019, employment in the construction sector is expected to be buoyant

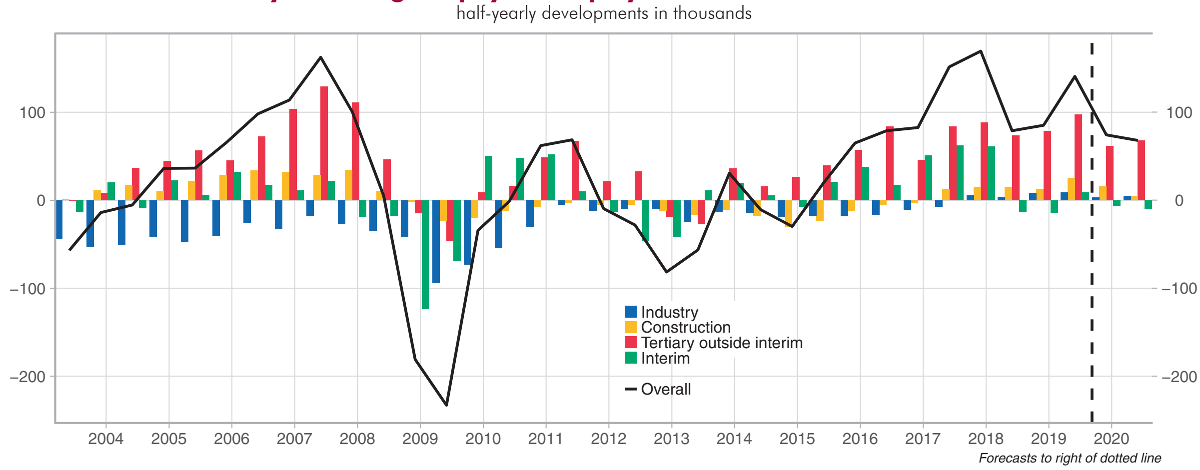
Since 2017, employment in construction has been on the rise once again, after falling continuously between 2009 and 2016. In 2019, it should be particularly dynamic (+41,000 after +28,000 in 2018 and in 2017) mainly because of the approach of the municipal elections in March 2020 (see *Special Analysis, "The cycle of municipal elections"*). Employment in the construction sector increased by 35,000 over the first three quarters of 2019; since the electoral cycle effect is at its maximum three quarters before the elections, this employment is now expected to slow slightly from Q4 2019 (+7,000) and again during Q1 and Q2 2020 (+3,000 then +2,000).

1 - Managers' balance of opinion on the expected number of employees

Source: INSEE

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

half-yearly developments in thousands



Scope: France excluding Mayotte
Source: INSEE

Non-market employment should bounce back moderately in 2019, after being held back by the drop in subsidised contracts

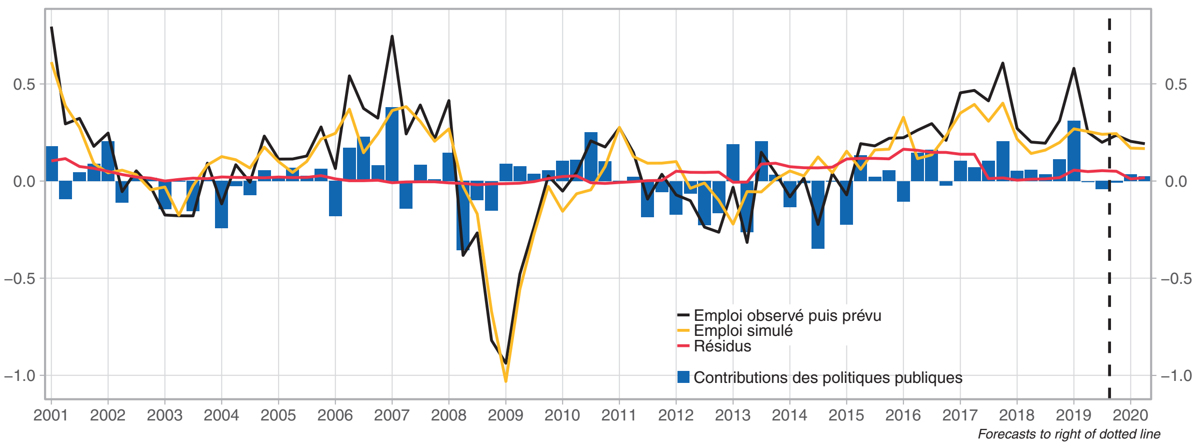
After a downturn in 2018 (–4,000), non-market employment is expected to pick up again in 2019 (+14,000). The decline in 2018 was due mainly to the reduction, starting in mid-2017, in the number of beneficiaries of "Contrats uniques d'insertion" (single integration contracts, CUI) – despite their being replaced by the "Parcours emploi compétences" system (employment skills pathway, PEC) – and "Emplois d'avenir" (future jobs contracts) (*Table 2*). However, the drop in the number of these contracts was offset to a degree by an increase in the number of employees on unsubsidised contracts (see *Focus*). The decline in the number of beneficiaries of subsidised contracts should lessen in 2019 and 2020: non-market employment is then expected to increase by 2,000 in H2 2019 (after +12,000 in H1) then by 8,000 in H1 2020.

Total employment should rise by 88,000 in H1 2020

Taking self-employed and agricultural workers into account, net job creations, in all sectors combined, should reach 263,000 in 2019, i.e. more than in 2018 (+230,000) but less than in 2017 (+343,000). However, in the course of the year, total employment is likely to shift: it should increase less quickly in H2 2019 than in H1 (+94,000 after +170,000) as a result of a particularly dynamic Q1 2019 (+107,000). In H1 2020, total employment should continue to slow (+88,000) due to the earlier slight deceleration in activity and a lesser effect on employment by the CICE reform than in 2019. ■

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

quaterly change in %, residual in points



Scope: France excluding Mayotte
Source: INSEE

2 - Change in subsidised employment and civic service in the non-marked sector

in thousands

	2019				2020		2018		2019		2020	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	H1	H2	H1	H2	H1		
Supported non-market contracts, excluding ACI	–7	–7	–17	–10	–17	–4	–73	–26	–15	–27	–21	–99	–42
job of the future	–6	–3	–3	–3	–5	0	–16	–12	–8	–5	–5	–28	–13
Single integration contract (CUI-CAE)	–5	–1	–1	0	0	0	–106	–68	–6	–1	0	–174	–7
Competence employment parth (PEC)*	3	–4	–14	–7	–12	–4	50	54	–1	–21	–16	104	–22
Workshops and insertion sites (ACI)	0	1	–1	–1	3	0	–3	0	1	–1	3	–3	0
Civic services	0	–3	2	1	0	–3	2	5	–3	3	–3	7	0
Total	**–8**	**–8**	**–16**	**–10**	**–14**	**–7**	**–73**	**–21**	**–16**	**–26**	**–20**	**–95**	**–42**

Forecast
Note: including renewal amendments
* From January 2018, new entries into assisted non-market contracts are mainly in «Skills Employment Path» (PEC) instead of the old CUI-CAEs and jobs of the future.
** Since July 2014, hiring in workshops and integration projects (ACI) is no longer carried out in the form of CUI-CAE but as CDDI (fixed-term integration contract).
Scope: Metropolitan France
Source: INSEE