



**University of Minho**  
School of Economics and Management

# The impact of the COVID-19 crisis on labour markets around the world: The case of Portugal

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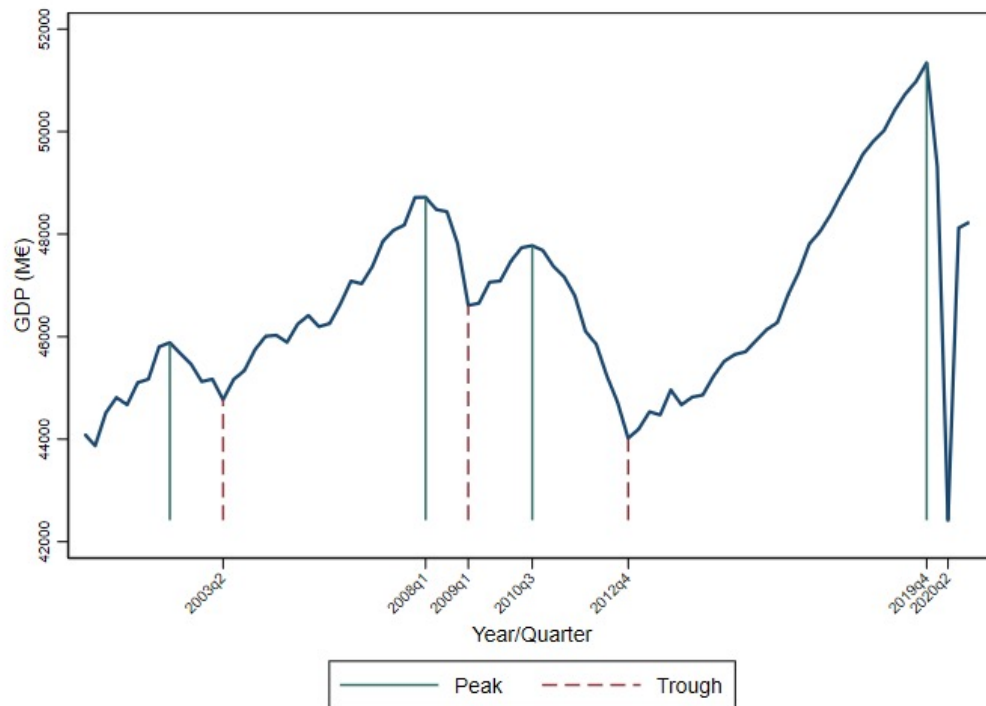
IZA-ILO WEBINAR ON “TAKING STOCK OF THE COVID-19 CRISIS: THE IMPACT ON THE LABOUR MARKET AND HOW COUNTRIES HAVE RESPONDED” (28 MAY 2021)

# COVID-19 crisis: The case of Portugal

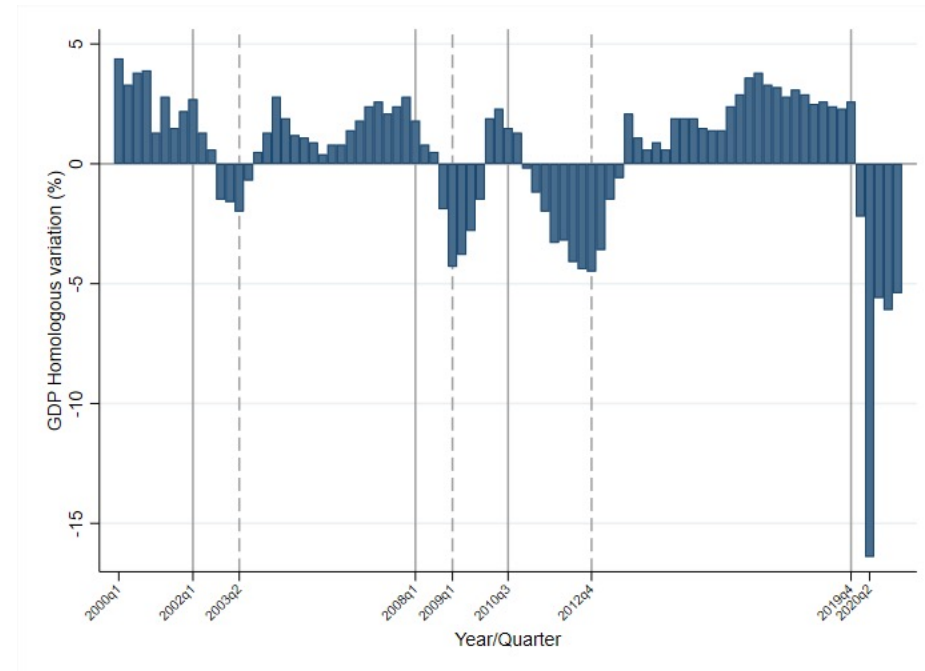
- ▶ The first cases of Covid-19 were confirmed on March 2<sup>nd</sup>
- ▶ A State of Emergency was declared on March 18<sup>th</sup> and strict lockdown measures were imposed (March - April 2020; January - March 2021)
- ▶ The State of Emergency was renewed 15 times and terminated on April 30<sup>th</sup> 2021 (over this period lockdown restrictions have varied in intensity)
- ▶ State intervention covered a variety of areas: health sector (increase capacity: HR and equipment), social and economic support (to families, enterprises, social sector institutions), and other measures to support local authorities and foreign affairs (TC, 2021)
- ▶ Covid-19 support measures have cost 3,106ME in 2020 and 1,895ME from January to April 2021 (DGO, 2021a,b)
- ▶ GDP plummeted, yet labour market indicators remained fairly stable

# COVID-19 crisis: The case of Portugal

- Following an increase in GDP of 2.5% in 2019, GDP fell by 7.6% in 2020

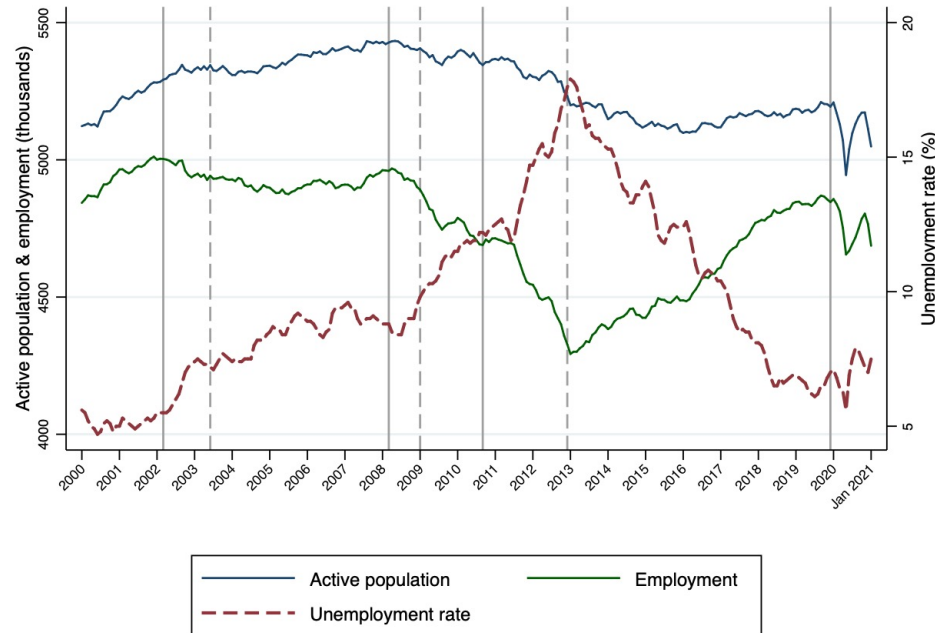


GDP chained volume series (base 2016)  
Source: INE (2021b)



GDP growth (% qoq)  
Source: INE (2021b)

# COVID-19 crisis: the Portuguese labour market



Note. Own calculations. Source: INE, Monthly Labour Market Statistics (May 2021)

- ▶ Government measures tried to sustain the impact of the shock and avoid mass job destruction and firm closures
- ▶ Minimum unemployment rate in May 2020 (5.6%), but Employment and Active population also fell between January and May 2020 (Lack of registry? Discouraged workers? Flows into retirement?)
- ▶ Details on unemployment flows in the next slide

# COVID-19 crisis: the Portuguese labour market

	Stock	Stock	Stock	Change		Change	
	Apr-21	Apr-20	Apr-19	Apr 2021 vs. Apr 2020		Apr 2020 vs. Apr 2019	
				Abs.	%	Abs.	%
Registered unemployment (stock)	396 707	368 925	297 625	+27 782	<b>+7,5</b>	+71 300	<b>+24,0</b>
< 12 months	231 904	244 142	167 289	-12 238	<b>-5,0</b>	+76 853	<b>+45,9</b>
>= 12 months	164 803	124 783	130 336	+40 020	<b>+32,1</b>	-5 553	<b>-4,3</b>
Registered unemployment (inflow)	35 615	63 643	35 691	-28 028	-44,0	+27 952	<b>+78,3</b>
Employed job seekers	45 735	37 729	42 768	+8 006	<b>+21,2</b>	-5 039	<b>-11,8</b>
Job offers (stock)	16 544	10 668	12 000	+5 876	<b>+55,1</b>	-6 381	<b>-37,4</b>
Job offers (inflow)	12 578	3 040	10 016	+9 538	<b>+313,8</b>	-6 976	<b>-69,6</b>
Job placements	7 589	2 233	6 905	+5 356	<b>+239,9</b>	-4 672	<b>-67,7</b>

Source: IEFP (2021)

- ▶ Registered unemployment increased by almost 100k between April 2019 and April 2021
- ▶ Short term unemployment increased in 2020 (45%), but in 2021 the share of long-term unemployment increased (32%)
- ▶ Labour market stagnated in April 2020 w.r.t. April 2019 (reduced job offers and job placements). LM dynamics are improving in 2021

# COVID-19 crisis: the Portuguese labour market

## Unemployment contrast: May 2020 vs May 2019

- ▶ **Education** - Workers without a higher education degree were the most affected
  - ▶ no significant differences by gender across levels of educational attainment
- ▶ **Occupations** - the worst hit groups were: Plant and machine operators and assemblers (62% increase); Sales and services workers (50% increase); Craft and related trades workers (42% increase); and Clerks (36% increase)
- ▶ **Sector of economic activity** - unemployment increased by 44.7% in the tertiary sector, 27.8% in the secondary sector, and by 3.5% in the primary sector
  - ▶ These averages, however, hide important differences across the activities that compose the sectors (for further details see Ferreira et al (2020))
- ▶ Over 1,4M workers (115k firms) under partial or full-time layoff (this endured until January 2021)

# COVID-19 crisis: some adopted measures in Portugal

- ▶ Reducing workers' exposure to COVID-19 in the workplace (compulsory telework / lagged schedules / shadow teams)
- ▶ Income support to sick workers and their families, and quarantined workers who cannot work from home (social security subsidies)
- ▶ Income support to persons losing their jobs (automatic extension of unemployment benefits and of social inclusion income) or self-employment income (disruption of economic activity)
- ▶ Helping firms to adjust working time and preserve jobs (simplified layoff, support to economic recovery, incentive to normalization, credit lines -> ban on dismissals of permanent workers)
- ▶ Financial support to firms affected by a drop in demand (Apoiar)
- ▶ Financial support for training (Ativar), investment in R&D, and adjustment in work organization methods and CRM by SMEs (Adaptar)
- ▶ Risk of credit defaults by households and businesses (Moratoriums on bank loans and rents)

# COVID-19 crisis: Portugal - The Future Ahead

## **The crazy years or complete disaster?**

- ▶ Prevent the laid-off workers from being made redundant and dismissed permanently
- ▶ Social climate is quiet, yet the measures do not fully address the income loss suffered by all economic agents:
  - ▶ temporary workers, the self-employed, small business owners and labour market entrants are particularly vulnerable groups (both in terms of income loss and of labour market status)
- ▶ As lockdown measures are progressively lifted, and firms restart their activity, it is likely that a discussion about measures aimed at creating jobs will surface
- ▶ It is also being argued that unless withdrawal of financial support to firms is progressive, the economic damages can be large (firm closures, large scale job redundancies)
- ▶ Challenge: Combine support to economic agents and accounts balance

# COVID-19 crisis: Portugal - The Future Ahead

## Economic forecast for Portugal

Indicators	2019	2020	2021	2022
GDP growth (% , yoy)	2,5	-7,6	3,9	5,1
Inflation (% , yoy)	0,3	-0,1	0,9	1,1
Unemployment (%)	6,5	6,9	6,8	6,5
General government balance (% of GDP)	0,1	-5,7	-4,7	-3,4
Gross public debt (% of GDP)	116,8	133,6	127,2	122,3
Current account balance (% of GDP)	0,2	-1,1	-0,8	-0,4

European Commission(2021)

**Thank you**

# References



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- ▶ INE (2021b) **Produto interno bruto dados encadeados em volume (B.1\*g) (Base 2016 - €)** (online at <http://www.ine.pt>).
- ▶ Ferreira, P., Silva, J., Portela, M. (2020) **IZA COVID-19 Crisis Response Monitoring: Portugal**, IZA, Bonn.
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- ▶ Tribunal de Contas (2021) **Relatório N.º 1/2021–AEO, 2.ª Secção**, Lisbon, Portugal.

# Expenditures in COVID-19 measures (Jan-Dez 2020)

Despesa efetiva	1 083,9	1 621,1	189,6	211,4	3 106,0
Recursos humanos (contratações, horas extra e outros abonos)	101,4	0,6	43,4		145,5
Saúde: Equipamentos de proteção individual (EPI), medicamentos e outros	386,4		60,6	102,8	549,9
EPI, adaptação dos locais de trabalho, produtos e serviços de limpeza	85,1	2,6	3,2		90,9
Instrumento de apoio a emergências (estratégia europeia de vacinas)	11,2				11,2
Apoio excecional à família		82,9			82,9
Apoio extraordinário à redução da atividade económica trabalhador independente		280,0			280,0
Apoio extraordinário à retoma progressiva de atividade		158,7			158,7
Isolamento Profilático		62,6			62,6
Layoff		823,2			823,2
Complemento estabilização trabalhadores layoff		58,3			58,3
Prorrogação desemprego		53,8			53,8
Incentivo extraordinário à normalização	284,1				284,1
Ventiladores e outros SNS	85,0		2,8		87,7
Programa Adaptar	35,8		1,3		37,1
Outros	94,8	98,4	78,3	108,6	380,1

Source, DGO, 2021a

# Expenditures in COVID-19 measures (Jan-Apr 2021)

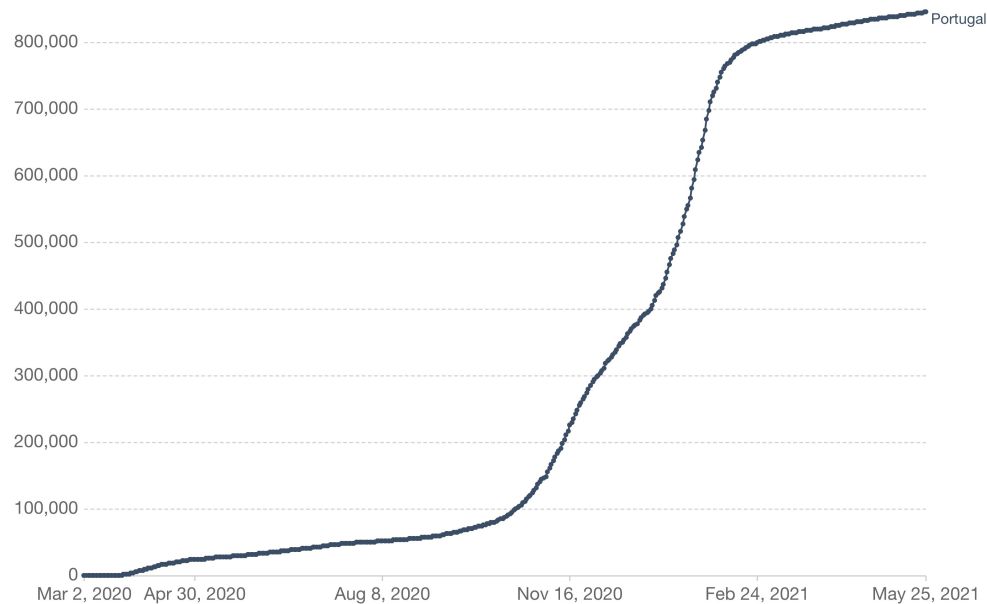
<b>Apoio às empresas</b>	<b>1 712,7</b>
<b>Apoios aos custos com trabalhadores</b>	<b>808,2</b>
Layoff simplificado	336,7
Apoio extraordinário à retoma progressiva da atividade	314,9
Incentivo à normalização	156,6
<b>Apoios a outros custos fixos das empresas</b>	<b>798,0</b>
Programa Apoiar (APOIAR.PT, APOIAR Rendas e APOIAR + Simples)	798,0
<b>Outros</b>	<b>106,5</b>
Programa Ativar (inclui bolsas de formação)	76,4
Programa Adaptar	7,9
Incentivos à inovação e à Investigação e Desenvolvimento	22,2
<b>Apoio ao rendimento das famílias</b>	<b>462,3</b>
Apoios extraordinários ao rendimento dos trabalhadores	226,5
Isolamento profilático	63,7
Subsídio doença	51,2
Prestações por doenças profissionais	2,9
Apoio excecional à família	50,5
Subsídios de assistência a filho e a neto	12,6
Outros apoios de proteção social	55,1
<b>Saúde</b>	<b>381,9</b>
Recursos humanos (contratações, horas extra e outros abonos)	107,1
Aquisição de doses de tratamento de Remdesivir	16,0
Testes COVID-19	60,4
Aquisição de vacinas	48,2
EPI, medicamentos e outros	127,6
Equipamentos e outros	22,6
<b>Outros</b>	<b>141,7</b>
Outras despesas	141,7
<b>Despesa</b>	<b>2 698,6</b>

Source, DGO, 2021b

# COVID 19 stats: cases & deaths

## Cumulative confirmed COVID-19 cases

The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

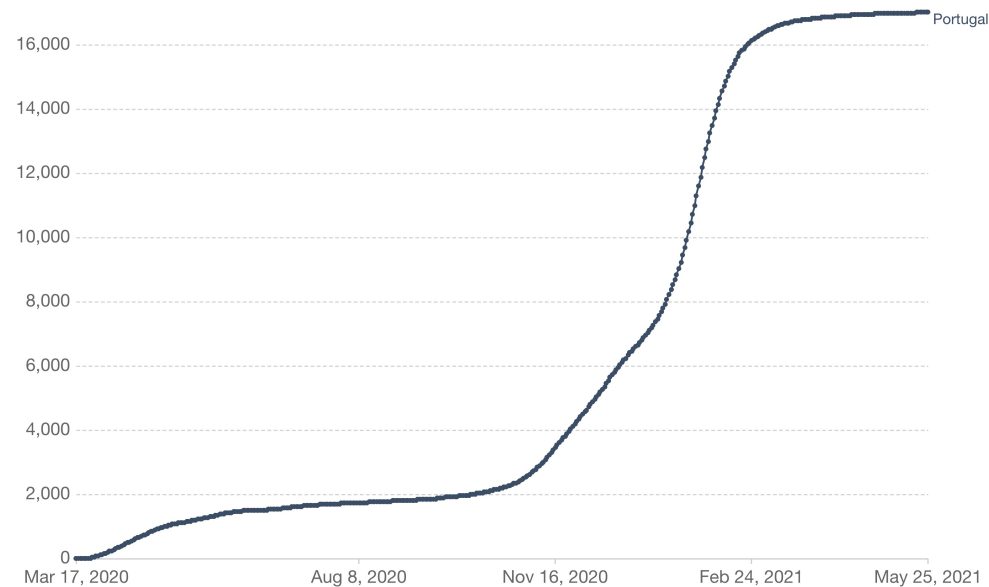


Source: Johns Hopkins University CSSE COVID-19 Data

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## Cumulative confirmed COVID-19 deaths

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.



Source: Johns Hopkins University CSSE COVID-19 Data

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# COVID 19 stats: Testing & vaccines

## Daily COVID-19 tests per thousand people

The figures are given as a rolling 7-day average.



Source: Official data collated by Our World in Data – Last updated 26 May, 11:00 (London time)

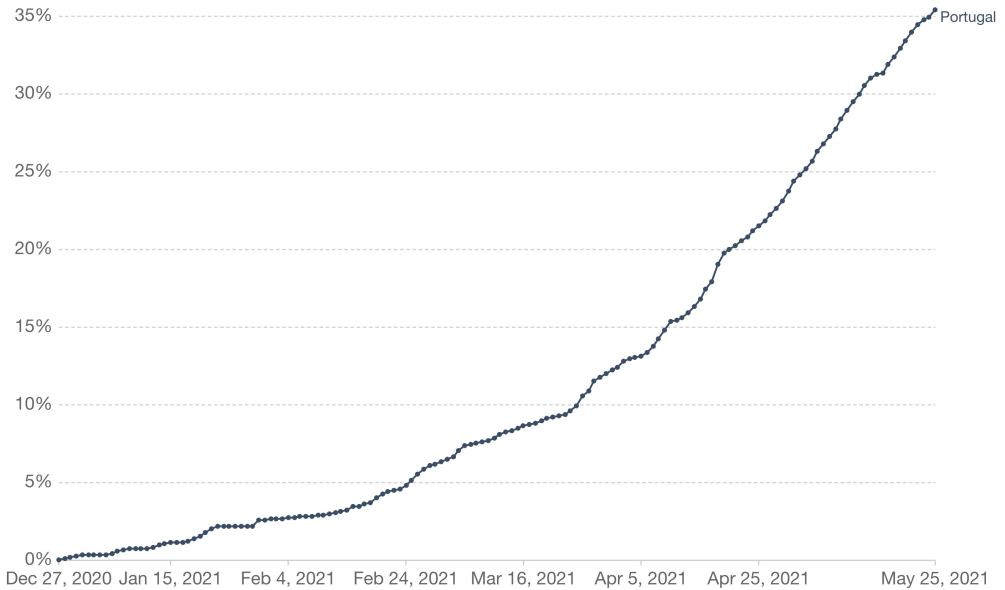
Note: Comparisons of testing data across countries are affected by differences in the way the data are reported. Daily data is interpolated for countries not reporting testing data on a daily basis. Details can be found at our Testing Dataset page.

OurWorldInData.org/coronavirus • CC BY

Our World  
in Data

## Share of people who received at least one dose of COVID-19 vaccine

Share of the total population that received at least one vaccine dose. This may not equal the share that are fully vaccinated if the vaccine requires two doses.



Source: Official data collated by Our World in Data – Last updated 26 May, 11:00 (London time)

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