

# **Non-Irish National Workers in the Irish Economy**

## **Update**

The CSO today released its Quarterly National Household Survey for Q4 2005. The release includes a breakdown of employment by nationality. On the basis of this release we have updated some of the findings of our recent report : *Non-National Workers in the Irish Economy\**.

**In general, the Q4 2005 data confirm the trends we had earlier identified, with :**

- A continued strong inflow of non-Irish national workers, particularly from the EU Accession States.
- A strong increase in non-Irish national workers in the construction sector in the year to Q4 2005. Non-Irish national workers, however, continued to be well distributed across all sectors of the economy.
- Continued strong growth in employment and a low unemployment rate amongst Irish national workers, despite the increase in non-Irish nationals in employment.

**In Q4 2005 :**

- There were an estimated 171,100 non-Irish nationals in employment, representing 8.6% of total employment of 1,980,600.
- Non-Irish nationals accounted for 50% of the increase in total employment of 86,500 in the year to Q4 2005. Workers from the EU Accession States accounted for 39% of the increase in total employment and now account for 36% of non-Irish national workers.

**On a sectoral basis :**

- There continues to be a relatively wide and even distribution of non-Irish national workers by sector in Ireland in both absolute and percentage terms.
- The number of non-Irish nationals employed in the construction sector continues to increase. It rose by 9,600 or 61% in the year to Q4 2005. 60% of the non-Irish national workers in construction now come from the Accession States. The pace of growth of overall construction employment, though, slowed in H2 2005.
- The number and percentages of non-Irish nationals in other sectors also continue to grow strongly.

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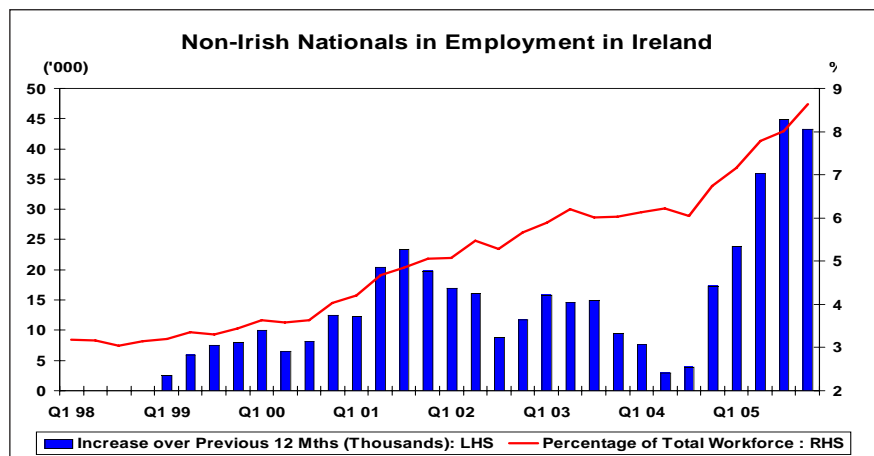
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*16 February 2006*

## Rising Trend of Non-Irish Nationals in Employment Continues

171,100 non-Irish nationals in employment in Ireland in Q4 2005

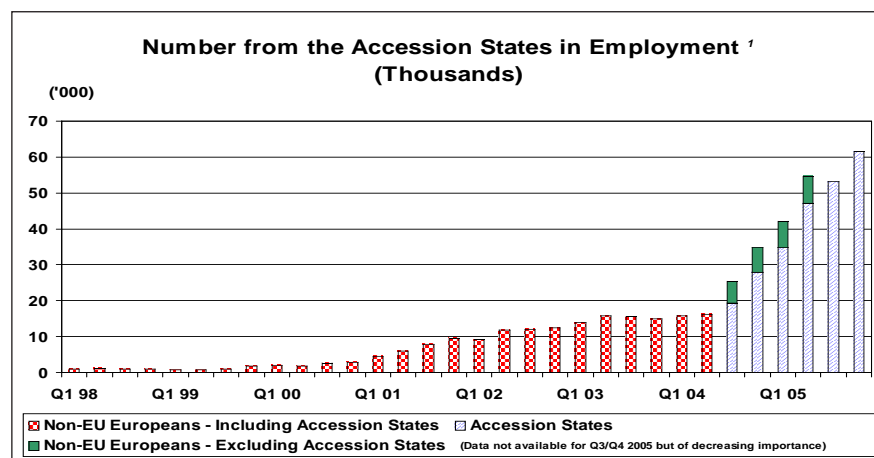
There were an estimated 171,100 non-Irish nationals in employment in Ireland in Q4 2005. This represents 8.6% of total employment of 1,980,600. There was an increase of 43,300 in the number of non-Irish nationals in employment in Ireland in the year to Q4 2005. This represented 50% of the total increase in employment of 86,500 over the period.



## Further Increase in Workers from the EU Accession States

Workers from Accession States account for 36% of non-Irish nationals in employment

In Q4 2005, there were 61,600 workers from the Accession States in employment in Ireland<sup>1</sup>, up from 28,100 in Q4 2004. Those from the Accession States accounted for 36% of non-Irish national workers in Q4 2005, compared to 22% a year earlier.



## Employment of Non-Irish Nationals in the Construction Sector Continues to Increase

25,300 non-Irish nationals employed in construction sector

In Q4 2005, there were 25,300 non-Irish nationals employed in the construction sector in Ireland. This represents an increase of 9,600 or 61% on year earlier levels. The construction sector accounted for 22% of the increase in overall non-Irish nationals in employment in the year.

1: Prior to May 2004 workers from the Accession States were classified as part of the non-EU European category.

## Strong Representation in Construction by those from the EU Accession States

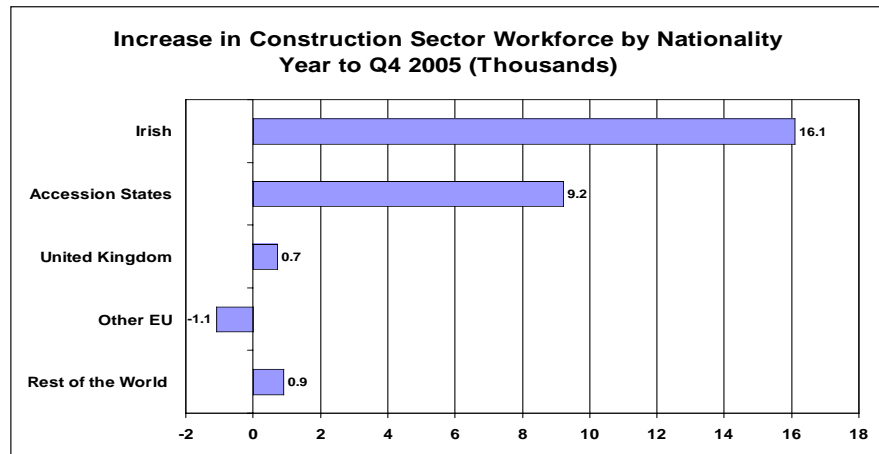
*25% of workers from Accession States employed in construction ...*

Of this 9,600 increase in non-Irish nationals in employment in construction in the year to Q4 2005, 9,200 or 96% came from the EU Accession States. In total, there were 15,200 workers from the Accession States employed in the construction sector in Q4 2005 (25% of workers from this region).

## Employment of Irish Nationals in Construction Also Growing Strongly

*... but Irish nationals still account for 90% of employment in the sector*

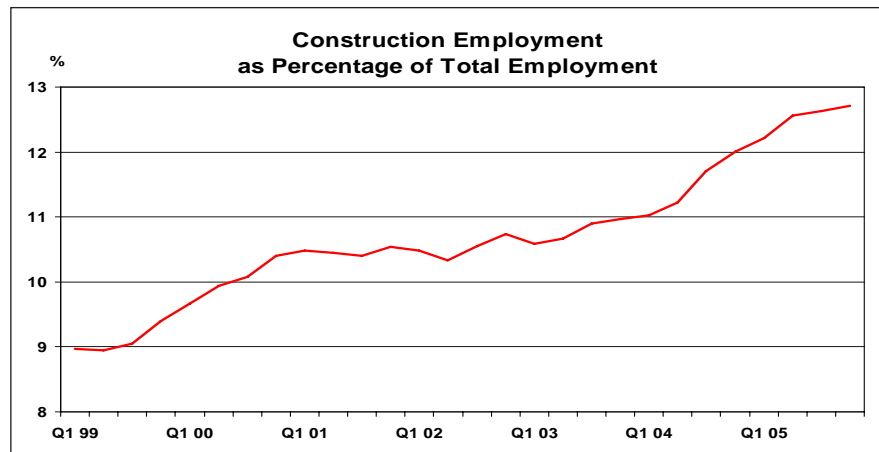
However, the majority of the increase in employment in the construction sector over the year to Q4 2005 was by Irish nationals. These saw a 16,100 (+8%) increase in employment in the year to Q4 2005, or 62% of the total increase in employment in the sector. Irish nationals still account for 90% of total employment in the construction sector.



## Construction Employment Remains a Major Driver of Overall Employment Growth

*Construction sector accounts for 13% of total employment*

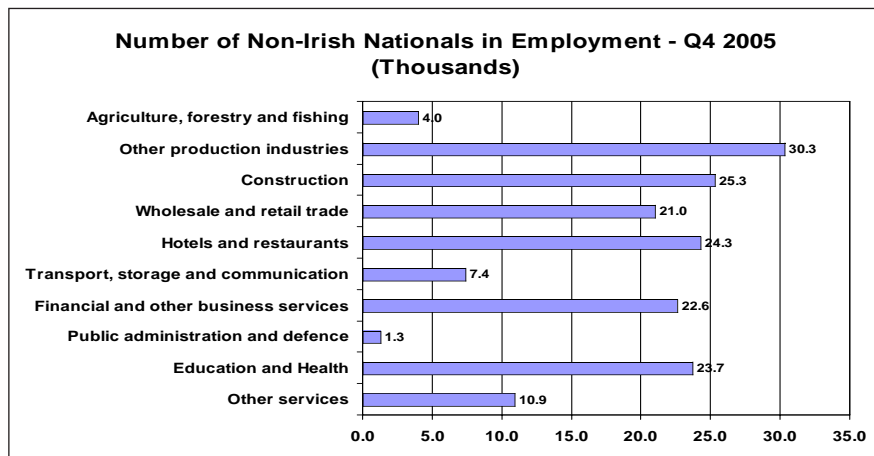
In the year to Q4 2005, of the 85,600 additional jobs created in the Irish economy, 25,800 (30%) were in the construction sector. Generally, though, the pace of growth of construction employment has slowed since mid-year. Construction now accounts for 13% of total employment, up only slightly from 12% a year ago.



## Non-Irish Nationals Continue to Have a Broad Based Representation Across Economy

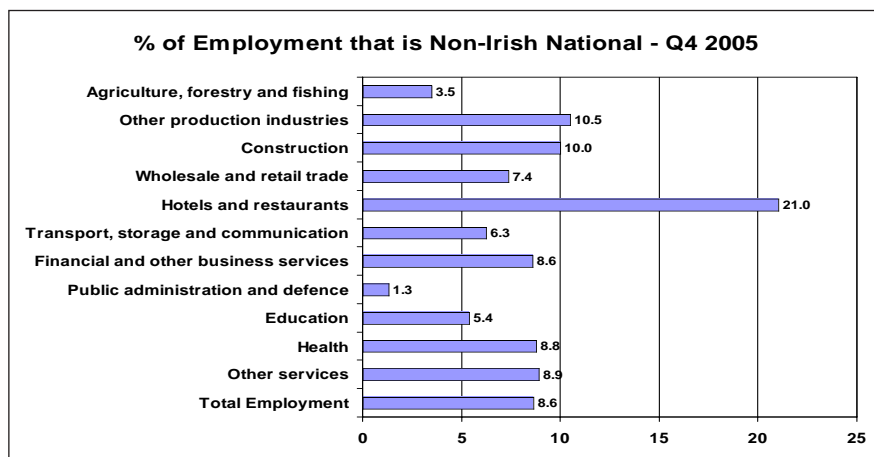
*Manufacturing has highest level of non-Irish nationals in employment*

The sector with the highest number of non-Irish nationals in employment remains manufacturing, where there were 30,300 employed in Q4 2005. Meantime, the numbers of non-Irish nationals employed in education and health combined (23,700), financial and other business services (22,600), hotel and restaurants (24,300) and the wholesale and retail trades (21,000) in Q4 2005 were only slightly below the number of non-Irish nationals employed in the construction sector (25,300).



*Highest percentage in the hotel and restaurant sector*

The sector with by far the biggest percentage of non-Irish national workers is the hotel and restaurant sector at 21% in Q4 2005. The manufacturing sector had the next largest representation of non-Irish national workers at 10.5%, followed by the construction sector at 10%.



## Evidence of Rising Employment of Non-Irish Nationals but Falling Employment of Irish Nationals in Manufacturing

The trend identified in our earlier report of rising non-Irish employment but falling employment of Irish nationals in some sectors of the economy is still very much in evidence in the manufacturing sector. There was a decrease in employment by Irish nationals of 19,900 in this sector in the year to Q4 2005 but an increase in employment by non-Irish nationals of 7,100.

*Manufacturing sees sharp fall in employment of Irish nationals...*

However, according to the CSO, this trend appears to be generally confined to the food processing sector. Meanwhile, outside of manufacturing there was a similar, but much less pronounced, trend in the hotel and restaurant sector. Here there was a net increase of 2,900 jobs. Employment of Irish nationals decreased by 800 but employment of non-Irish nationals rose by 3,700. ***We reiterate, though, that on the basis of this data, whether or not job displacement has taken place is unproven (apart from, possibly, in food processing).***

Meanwhile, in contrast, in the construction sector only 38% (9,700) of the increased employment in the year to Q4 2005 went to non-Irish nationals with an additional 16,100 Irish nationals employed in construction over the period.

| Increase in Irish Employment by Sector Year to Q4 2005 * |                 |                     |               |
|--|-----------------|---------------------|---------------|
| Sector   | Irish Nationals | Non-Irish Nationals | Total         |
| Agriculture Forestry and Fishing                         | 2,000           | 700                 | 2,800         |
| Other Production Industries                              | -19,900         | 7,100               | -12,800       |
| Construction   | 16,100          | 9,700               | 25,800        |
| Wholesale and Retail Trade                               | 14,000          | 5,500               | 19,600        |
| Hotels and Restaurants                                   | -800            | 3,700               | 2,900         |
| Transport, Storage and Communication                     | 1,300           | 1,300               | 2,600         |
| Financial and Other Business Services                    | 9,100           | 6,100               | 15,300        |
| Public Administration and Defence                        | 6,100           | 100                 | 6,300         |
| Education  | 8,300           | 1,100               | 9,400         |
| Health   | 4,900           | 4,200               | 9,000         |
| Other Services   | 2,400           | 3,300               | 5,800         |
| <b>Total Employment</b>                                  | <b>43,100</b>   | <b>43,300</b>       | <b>86,500</b> |

\* Note: Figures may not total due to rounding errors

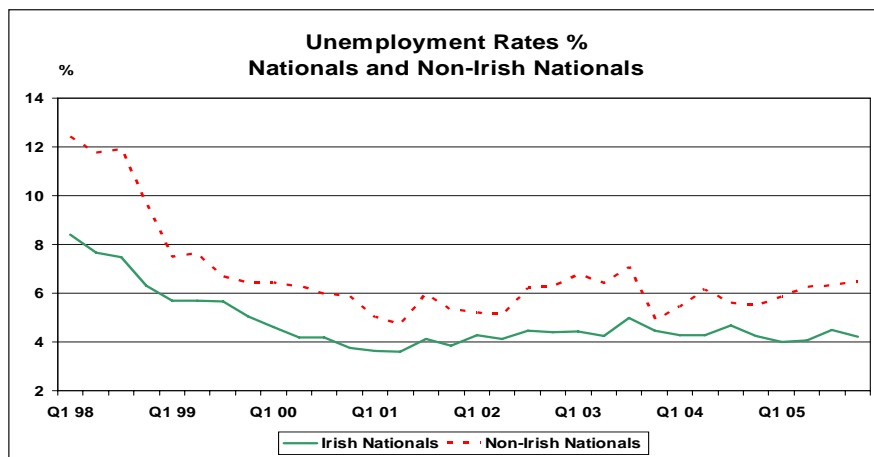
## Non-Irish Nationals Remain an Important Driver of Overall Employment Growth

The QNHS data show that overall employment grew by 4.6% year-on-year in Q4 2005, slightly lower than the Q3 growth rate of 5.1% but still well up from an average of 3.0% in 2004. Non-Irish nationals remain an important driver of this overall employment growth with employment by Irish nationals increasing by a more modest 2.4% year-on-year in Q4 2005, down slightly from 2.7% on average in 2004.

## Unemployment Remains Low Despite the Influx of Non-Irish National Workers

*Unemployment rate of 6.5% amongst non-Irish nationals probably reflecting strong inflows*

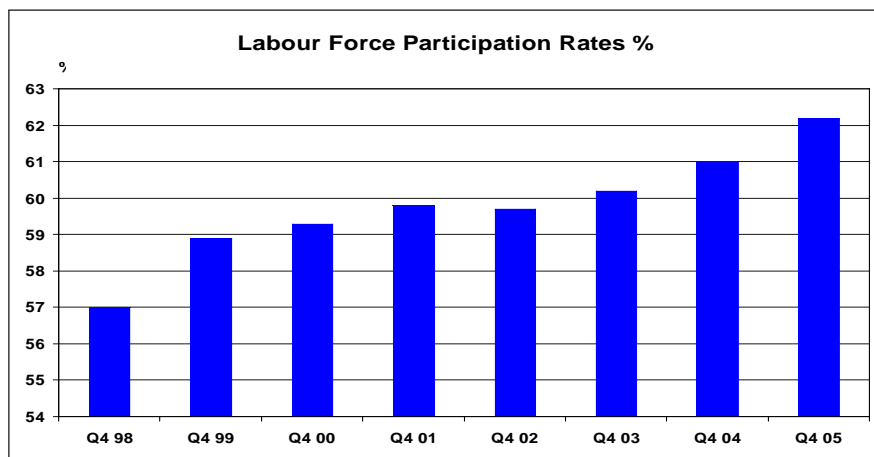
The Q4 2005 data confirm that unemployment in Ireland remains low at 4.4% of the labour force. Amongst Irish nationals the unemployment rate was 4.2%. The unemployment amongst non-Irish nationals remains somewhat above that for Irish nationals at 6.5%. This probably reflects the scale of the inflows by non-Irish national workers and the time taken for new immigrants to find employment. These comparisons relate to non-seasonally adjusted data.



## Participation Rates Continue to Increase

The Q4 2005 data also confirm that continued job opportunities for both Irish nationals and non-Irish nationals are attracting more workers into the labour force.

The overall participation rate increased to 62.2% in Q4 2005 from 61.0% in the same period a year earlier. The male participation rate rose from 71.5% to 72.5%, while the female participation rate climbed from 50.8% to 52.1%.



**SUMMARY : The Scale of Non-Irish Nationals in Irish Employment by Sector in Q4 2005 \***

| Sector                                | Total            | Irish Nationals  |             | Non-Irish Nationals |             |
|---------------------------------------|------------------|------------------|-------------|---------------------|-------------|
|                                       |                  | Number           | % of Sector | Number              | % of Sector |
| Agriculture, Forestry and Fishing     | 115,300          | 111,200          | 96.4        | 4,000               | 3.5         |
| Other Production Industries           | 288,200          | 258,000          | 89.5        | 30,300              | 10.5        |
| Construction                          | 253,200          | 227,900          | 90.0        | 25,300              | 10.0        |
| Wholesale and Retail Trade            | 285,000          | 263,900          | 92.6        | 21,000              | 7.4         |
| Hotels and Restaurants                | 115,500          | 91,200           | 79.0        | 24,300              | 21.0        |
| Transport, Storage and Communication  | 118,300          | 110,900          | 93.7        | 7,400               | 6.3         |
| Financial and Other Business Services | 263,000          | 240,300          | 91.4        | 22,600              | 8.6         |
| Public Administration and Defence     | 100,700          | 99,300           | 98.6        | 1,300               | 1.3         |
| Education                             | 127,900          | 121,000          | 94.6        | 6,900               | 5.4         |
| Health                                | 191,500          | 174,800          | 91.3        | 16,800              | 8.8         |
| Other Services                        | 122,100          | 111,100          | 91.0        | 10,900              | 8.9         |
| <b>Total Employment</b>               | <b>1,980,600</b> | <b>1,809,500</b> | <b>91.4</b> | <b>171,100</b>      | <b>8.6</b>  |

\* Figures may not total due to rounding errors

**SUMMARY : Numbers Employed in Q4 2005 by Sector and Nationality (Thousands) ^**

| Sector                                | Irish Nationals | UK          | Other EU-15 | Accession States | Rest of World | Total          |
|---------------------------------------|-----------------|-------------|-------------|------------------|---------------|----------------|
| Agriculture, Forestry and Fishing     | 111.2           | 0.7         | 0.8         | 2.2              | 0.3           | 115.3          |
| Other Production Industries           | 258.0           | 6.2         | 2.4         | 15.9             | 5.8           | 288.2          |
| Construction                          | 227.9           | 5.0         | 0.8         | 15.2             | 4.3           | 253.2          |
| Wholesale and Retail Trade            | 263.9           | 5.0         | 1.8         | 8.0              | 6.2           | 285.0          |
| Hotels and Restaurants                | 91.2            | 2.3         | 3.0         | 8.6              | 10.4          | 115.5          |
| Transport, Storage and Communication  | 110.9           | 2.5         | 1.2         | 1.9              | 1.8           | 118.3          |
| Financial and Other Business Services | 240.3           | 6.4         | 6.3         | 4.5              | 5.4           | 263.0          |
| Public Administration and Defence     | 99.3            | 1.0         | *           | *                | *             | 100.7          |
| Education                             | 121.0           | 3.2         | 1.8         | *                | 1.5           | 127.9          |
| Health                                | 174.8           | 5.1         | 1.4         | 1.3              | 9.0           | 191.5          |
| Other Services                        | 111.1           | 3.2         | 1.8         | 3.6              | 2.3           | 120.1          |
| <b>Total Employment</b>               | <b>1,809.5</b>  | <b>40.7</b> | <b>21.6</b> | <b>61.6</b>      | <b>47.2</b>   | <b>1,980.6</b> |

\* Too few to be shown separately

^ Figures may not total due to rounding errors



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