

UNEMPLOYMENT IN THE NAFTA COUNTRIES

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Country	Average unemployment rate in 2007 (Jan to Dec)	Average unemployment rate in 2013 (Jan to June or July)	Increase or (decrease) as a percentage
USA	4.62%	7.61%	64.9%
Mexico	3.72%	4.98%	34.0%
Canada	6.04%	7.11%	17.8%
European Union	7.21%	10.93%	51.7%
Greece	8.29%	26.88%	224.2%
Spain	8.28%	26.38%	218.5%
Ireland	4.70%	13.62%	189.7%
Italy	6.11%	11.98%	96.2%
United Kingdom	5.29%	7.74%	46.3%
France	8.38%	10.85%	29.6%
Poland	9.63%	10.65%	10.7%
Germany	8.69%	5.40%	(37.9%)
Japan	3.83%	4.16%	8.5%

In the last days the figures for unemployment in different countries have been released. In the case of the NAFTA countries (Canada, USA and Mexico) we have the information up to July 2013. The unemployment in the USA this last month was 7.4%, in Canada it was 7.2% and in Mexico it was 5.1%. These figures are not directly comparable among each other since the definition of unemployment can be different between countries. Nevertheless, some parameters like the following ones can be compared.

We can compare the figures of unemployment for each country for the month of July 2013 with the average rate in 2007 (July 2013 divided by average 2007). This way we can see how much the unemployment has increased (or decreased if it's the case) in the last six and a half years. The index for the USA is 1.65, for Mexico it is 1.34 and for Canada it is 1.18. This comparison let us see that in the last month the unemployment in the USA is 65% larger than it was six and a half years ago. In the case of Mexico it is 34% larger and in the case of Canada it is only 18% larger.

There are several economic indices, but at the end if the economic policies do not imply a better income for the population as well as a lower unemployment then we can question its effectiveness. Based on this parameter, Canada seems to be the country with a better situation in the NAFTA area and the worst one is that of the USA.

Now we can see the changes and trends in the short range. In the last twelve months, from July 2012 to July 2013, the unemployment rate in the USA decreased from 8.2% to 7.4% (this is an unemployment reduction of 10%). In the case of Canada the unemployment rate decreased from

7.3% to 7.2% (this is an unemployment reduction of 1%). In Mexico the unemployment rate has slightly increased, having gone from 5.0% to 5.1% (this is an unemployment increase of 2%).

But, what is the situation of each country in respect to 2009, the year of the crisis? Let us compare (a) the average rate of 2007, a good year in economic figures before the world crisis and that can be a reference of which is the unemployment rate that we would like to have again, (b) the average rate in 2009, the year of the crisis, and (c) the average rate from January to July of 2013.

In the case of Canada, the average unemployment rate in 2007 was 6.0%, in 2009 it was 8.3% and in 2013 it has been 7.1%. This means that the rate is 14% lower today than in 2009 but it is still 18% higher than in 2007.

In the case of Mexico, the average unemployment rate in 2007 was 3.6%, in 2009 it was 5.5% and in 2013 it has been 5.0%. This means that the rate is 9% lower today than in 2009 but it is still 33% higher than in 2007.

In the case of the USA, the average unemployment rate in 2007 was 4.6%, in 2009 it was 9.3% and in 2013 it has been 7.6%. This means that the rate is 18% lower today than in 2009 but it is still 65% higher than in 2007.

As a final reference, a comparison of the average rates from January to June of 2013 from other OECD countries. Greece 26.7% unemployment, Spain 26.4%, Ireland 13.6%, Italy 12.0%, the European Union 10.9%, United Kingdom 7.7%, Germany 5.4% and Japan 4.2%. But guess how this figures are compared with the average rate in 2007. Greece has 224% more unemployment, Spain has 219% more unemployment, Ireland 190%, Italy 96%, the European Union 52%, United Kingdom 46% more and Japan 9% more. But, Germany has 38% less unemployment in 2013 than it had in 2007!

About Acus Consulting. This firm supports companies, organizations and government agencies in financial and strategic analysis, investment project evaluations, financial planning and in decision making. The firm has been in business for more than 20 years. It is based in Toronto.

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