FOCUS No. 24

Employment at international organisations: finally included in the labour market statistics

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The international role of the Brussels-Capital Region is well established. There is no doubt that the numerous European and international institutions based in Brussels for several decades are crucial contributors to that international role. But how many jobs do these institutions generate? Does the profile of the people working for international organisations match that of the other employees working in the Region? What is the impact of accounting for these employees on the activity rate, the employment rate and the unemployment rate? For the first time, this Focus brings precise quantitative answers to all these questions, thanks to a joint study conducted by HIVA KU Leuven and the Brussels Institute for Statistics and Analysis.

Measuring international employment in the Brussels-Capital Region

The Brussels-Capital Region (BCR) is the seat of many European institutions and the host of several other intergovernmental institutions. According to various sources, the Brussels-Capital Region is also the region with the largest number of diplomats in the world [BLBE, 2009; Struelens, 2016].

The impact of the presence of European and international institutions on the Region is undeniable. Aside from boosting the cosmopolitan make-up of the Region (which counted 180 different nationalities in 2017), these institutions also have a significant influence on economic activity and regional employment. The economic importance of the Region’s international role is already well documented [Struelens, 2016; Dotti, 2015; Biot, Van Hamme and Vandermotten, 2007].

Until now, there were no detailed, reliable and accurate statistics that allowed to measure the importance of the presence of international institutions for the Region. One of the ways in which this can be done, is by measuring employment at these international institutions. However, that information is never accurately and exhaustively included in the Belgian labour market statistics, no matter what data source is used to calculate them. As international institutions are mainly based in the Brussels-Capital Region, it is also there where the impact of this vacuum in the administrative labour market statistics is the most significant. Furthermore, the very absence of international employment from employment statistics creates a bias in the traditional labour market indicators (such as the activity rate, employment rate and unemployment rate).

In order to improve the quality of the statistics on the Brussels labour market, BISA commissioned HIVA KU Leuven to:

- develop a methodology to produce recurrent and accurate statistics on international employment. This entailed:
  - clearly outlining the concept of "international employment" (→ Box 1);
1. Who is included in international employment statistics?

The international organisations in the Brussels Region are the target population of this study. The people working there are the statistical unit.

Literature defines an international institution as “An organization established by a treaty or other instrument governed by international law and possessing its own international legal personality. International organizations may include as members, in addition to States, other entities [International Commission of Law, quoted in Cogan, Hurd, and Johnstone, 2016].”

According to this definition, an international organisation (1) has a public status and (2) has concluded a legal agreement under international law with the State in which the institution is based.

Thus, in the context of this study, it was decided to include in the target population all the organisations that have a seat agreement with Belgium (or a multilateral agreement that Belgium has signed up to) and are registered with the FPS Foreign Affairs, including any embassies, consulates and diplomatic representations.

The population of international organisations can be divided into four categories:

- The first category includes the European institutions, which all have a seat agreement with Belgium. Aside from the European Commission, the European Parliament and the Council of the European Union, this category also includes the EU executive agencies and many other European institutions such as the European Central Bank and the Court of Justice of the European Union;
- The second category includes the international institutions that concluded a seat agreement with Belgium as defined by the Interministerial Committee for Hosty Nations Policy (CIPS [French acronym]) of the FPS Foreign Affairs. Eurocontrol, NATO and the NATO Communications and Information Agency (an autonomous NATO entity) are all major institutions in this category;
- The third category includes the embassies and diplomatic personnel. Consulates, missions and the permanent representatives to the EU and NATO also fall into this category;
- The fourth category includes the European schools, which also feature on the CIPS list of institutions with a seat agreement. The Brussels Region hosts five European schools attached to the Office of the Secretary-General of the European Schools. Some 12,000 pupils attend a European School in Brussels [Struelens, 2016].

The staff employed by these international organisations are all considered salaried employees*. The NSSO (National Social Security Office), to which all employers have to submit their quarterly staff returns for the payment of social contributions, is therefore unquestionably the best existing data source to compile international employment statistics. However, the NSSO database has very little information on people working for international organisations, as those employees often fall under the social security system of the organisation for which they work.

The employees of these international organisations, hereafter referred to as “international employees” were included in our international employment statistics if:

- they were not already included in the current administrative statistics of the NSSO. This ensures that the international employment statistics are complementary to the existing NSSO statistics and that employees are not counted twice;
- the employee has a status that is comparable to a status included in the NSSO statistics (including, for instance, employees on sick leave, part-time employees...).

This Focus discusses the results of this first measurement.

In 2016, almost 48,000 people were working for international organisations in Brussels

The primary goal of this study was to measure how many people are working for international institutions in Brussels. While the question is quite simple, the answer is not so obvious*. For the four categories of international organisations combined, the number of employees on 31 December 2016 amounts to 47,912*. In comparison, according to the NSSO database, salaried work in the Brussels Region accounts for 619,293 jobs, of which 234,969 in the public sector. This means that close to one employee in 14 is working for an international organisation in the Brussels Region.

Most of these international organisations have less than 200 employees. However, a limited number of the major institutions also provide most of the jobs in international employment. The three largest European institutions (the Commission, the Council and the Parliament) are responsible for almost two thirds of all international employment (65%). If we include the other European institutions and European executive agencies, the number of employees working at a European Institution rises to 36,706, i.e. 77% of the total.

Embassies and diplomatic personnel account for 16% of all international employment, divided across a wide range of diplomatic services. The employees included here belong to one of the next four categories: diplomats and consuls, technical and administrative staff, domestic staff and visiting officials. The largest subgroup consists of the diplomats and consuls who, together, amount to 5,297 employees.

The third place is occupied by the other international institutions, which together make up for 6% of international employment*.
International employment in the Brussels Region is stable. Between 2012 and 2016, it barely dropped by 1%.

<table>
<thead>
<tr>
<th>Category of institution</th>
<th>Number of employees</th>
<th>in absolute values</th>
<th>in % of the total</th>
</tr>
</thead>
<tbody>
<tr>
<td>European institutions</td>
<td>36,706</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>International institutions</td>
<td>3,086</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Embassies and diplomatic personnel</td>
<td>7,669</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>European schools</td>
<td>451</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>47,912</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: BISA–HIVA KU Leuven
Note: Military personnel are not included in the statistics on international employment.

2. Data collection method

The data were collected through a comprehensive census of all the European and international institutions, identified as part of the statistical population. The approach used depended on whether the international organisation was a small or large employer. The threshold to distinguish between small and large employers was 200 employees, by analogy with the categories used by the NSSO.

- In the case of large employers (14 institutions), the HR Departments were contacted directly. The institutions in question provided statistics on total employment on 31 December 2016, and included pseudonymised data about the employees’ gender, age group, nationality, place of residence (by municipality) and place of work. Seven of these institutions were also able to provide data that went back as far as 2012;
- The small employers were contacted by email and, failing response, contacted again by phone. They were only asked to provide total employment numbers broken down by gender. Of the 56 employers that were contacted, 30 organisations supplied figures. Where no data could be obtained from another source (website, annual report...), the figures of these employers were not included in the statistics.

For small employers, there was no information about the employees’ nationality, age or municipality of residence. When creating the database, it was assumed that these employees on average had the same characteristics as the employees employed by the large employers. Anyone interested in further details or an analysis of the error margins is welcome to refer to the methodological report (in French) [Desiere et al., 2018].

Employees of international organisations are older than the rest of the salaried employees in the Brussels Region

International institutions employ slightly more women (52%) than men (48%). This distribution is somewhat more balanced in the NSSO figures, i.e. 51% women as against 49% men.

More women (57%) than men (43%) are employed by the three largest European institutions (Commission, Council and Parliament). On the other hand, embassies employ more men (63%) than women (37%).

Graph 2 depicts the distribution of employment with international organisations and employment registered with the NSSO by five-year age groups. The graph shows that the international institutions employ relatively few people under the age of 30 (4%) and over the age of 60 (6%). The percentage of employees of international organisations peaks between the ages of 40 and 44.
In the NSSO population, this peak appears before, i.e. in the 35- to-39 age group. Relatively speaking, international and European institutions employ substantially fewer employees under the age of 30 than employers subjected to the NSSO. To put it differently, 86 % of international employees are over 35, while, within the NSSO population, this proportion drops to 69 %.

One employee in five working for an international organisation has the Belgian nationality

Quite expectedly, employees of international organisations form an extremely heterogeneous group in terms of nationalities.

Employees of international organisations mainly work in the City of Brussels, Ixelles and Etterbeek...

Map 4 provides information about the municipality where people employed by an international organisation work: the red circles show the number of international employees working in each of the Region’s 19 municipalities. The associated relative indicator refers to the number of international employees in relation to the total number of employees working in the municipality (the municipalities’ coloured surfaces). Embassy personnel are not included in these figures.

Graph 3 represents international employment by nationality and distinguishes between Belgian citizens, EU-15 citizens (i.e. all the states that were members in 1995, excluding Belgium), the nationalities of all the other EU-28 countries (the new member states since 2004) and the other nationalities. These statistics do not include embassy personnel (7,669 employees) or staff employed by the European schools (451 employees). This indicates that the nationalities of employees of the European institutions are overrepresented in this graph.

About 20 % of employees employed by the European institutions and other international institutions have the Belgian nationality. The Belgian nationality is the most common one, followed by the Italian (11 %), French (9 %), Spanish (8 %) and German (7 %) nationalities. Taken together, employees with the Belgian nationality and those with a nationality of one of the other EU-15 countries account for 77 % of all people employed by an international organisation. Employees of the member states that joined the Union in more recent times are also well represented: 5 % of the employees employed by an international organisation have the Polish nationality, while 4 % have the Romanian nationality. The Netherlands and the Scandinavian countries, on the other hand, are less well represented: 2 % of international employees have the Dutch nationality, 2 % are Finnish, 2 % Swedish, 1 % Danish and 0.1 % Norwegian. The last figure can be explained by the fact that Norway is not a member of the European Union. In addition, 1,600 people working for European and international institutions have the British nationality. In the wake of Brexit, this proportion may very well change in the coming years.
International employment in the Brussels Region is concentrated in a small number of municipalities: the various international institutions all have their offices in eight Brussels municipalities. The City of Brussels is by far the most important: 62% of all international employees work there. Next are Ixelles (12%), Etterbeek (9%), Saint-Josse-ten-Noode (7%), Auderghem (5%) and Evere (4%). Less than 1% of employees employed by an international organisation work in Uccle or Woluwe-Saint-Lambert.

International employment can represent more than 12% of a municipality’s paid employment, as is the case in Etterbeek and Auderghem.

...and by and large also live in the City of Brussels, Ixelles and Etterbeek

The place of residence of international employees is not limited to the Brussels Region, as shown in graph 5. The majority of people employed by an international organisation live in the Brussels Region (72%). The rest commute every day: 19% of employees live in the Flemish Region, 9% in the Walloon Region. Those commuters mostly live in one of the two Brabants: Flemish Brabant is the most popular province (16%), followed by Walloon Brabant (5%).

Graph 5 also shows that commuting from another region is rarer for international employees than for the rest of the Brussels Region workforce. This is due to the larger proportion of international employees living closer to their workplace. Only 41% of employees registered with the NSSO working in the Brussels-Capital Region also live there. 37% live in the Flemish Region, 21% in the Walloon Region. If we look at the situation by province, Flemish Brabant once again proves to be the most popular province of residence outside of Brussels (20% of the rest of the workforce), followed by Walloon Brabant (7%).

Which Brussels municipalities do employees of international organisations live in? Map 6 provides the answer to this question for those employees who live in one of the 19 municipalities of the Brussels Region.
Map 6 shows the absolute magnitude (red circles) and their share in the employed population living in the municipality (coloured surfaces).

The number of municipalities where employees of international organisations set up home exceeds the number of municipalities they work in. The municipalities with most international employees are Ixelles (5,959 international employees), City of Brussels (5,128) and Etterbeek (4,743), followed by Woluwe-Saint-Lambert (3,948), Woluwe-Saint-Pierre (3,145), Schaerbeek (2,637), Uclee (2,420), Auderghem (1,506) and Saint-Gilles (1,266). Each of the other 10 municipalities of the Brussels Region is home to less than 1,000 international employees.

The coloured surfaces represent the proportion of international employees living in a municipality in relation to the employed people living in that same municipality. In most of the municipalities, international employees account for between 5 % and 8 % of all employed people living in that municipality. Greater concentrations (>13 %) can be found in Etterbeek, Ixelles, Woluwe-Saint-Lambert and Woluwe-Saint-Pierre, and to a lesser extent in Auderghem.

Some 30,800 employees are incorrectly counted as inactive in the official administrative statistics

Table 7 explains how the data on international employees was processed to correct the administrative employment statistics in the Brussels-Capital Region. At the moment, 30,802 people are classified as inactive in the administrative labour market statistics while they are in fact working for an international organisation. As a result, they should also be included in the employed population. As it happens, 89 of the 47,912 employees employed by an international organisation are over the age of 65 and therefore no longer form part of the “working age population” (15–64 years). The 5,297 consuls and diplomats should not be included in this total either, given that they are not registered in the national register. That leaves us with 42,526 employees employed by an international organisation, 72 % of whom live in the Brussels Region, i.e. 30,802 people who need to be included in the employed population of the Brussels Region. The reasons for this correction are explained in box 3.

<table>
<thead>
<tr>
<th>Correction BCR</th>
<th>47,912</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over the age of 65</td>
<td>- 89</td>
</tr>
<tr>
<td>Consuls and diplomats</td>
<td>- 5,297</td>
</tr>
<tr>
<td>Registered in the national register (15–64 years)</td>
<td>* 42,526</td>
</tr>
<tr>
<td>Living in the BCR</td>
<td>72 %</td>
</tr>
<tr>
<td>Correction</td>
<td>30,802</td>
</tr>
</tbody>
</table>

Source: BISA – HIVA KU Leuven.

Following this correction, the activity and employment rates in the Brussels Region increase by 4 per cent

Figure 8 represents the usual administrative labour market statistics and shows to what extent the values for the Brussels-Capital Region change when international employees are classified correctly. As a result of this correction, the employed population increases while the number of inactive people decreases by 30,802 people, even though the number of job seekers and the overall working age population remain unchanged.

### 8 BCR LABOUR MARKET STATISTICS WITH AND WITHOUT CORRECTION FOR INTERNATIONAL EMPLOYMENT (15–64 YEARS) (2016)

| Activity rate | 61 % – 65 % |
| Employment rate | 49 % – 53 % |
| Unemployment rate | 20 % – 19 % |

By virtue of this correction, the activity rate in the Brussels Region rises from 61 % in the current statistics to 65 %, the employment rate from 49 % to 53 % while the unemployment rate drops from 20 % to 19 %.

### 7 CORRECTIONS FOR INTERNATIONAL EMPLOYMENT IN THE BRUSSELS REGION IN THE ADMINISTRATIVE EMPLOYMENT STATISTICS (31 DECEMBER 2016)

The correction to the usual statistics by introducing international employment is even more significant when it comes to calculating the labour market statistics for the Brussels Region by nationality. Table 9 gives an estimate of the activity, employment and unemployment rates in the Brussels Region among Belgian citizens, EU-15–citizens (excluding Belgians) and among citizens of the other EU-28 countries (member states since 2004).
3. Why a correction for international employment?

The three main labour market indicators are the activity rate, the unemployment rate and the employment rate:

- The **activity rate** is the ratio between the active population (employed and unemployed population) and the working age population (15–64 years);
- The **unemployment rate** is the ratio between the number of unemployed job seekers and the active population;
- The **employment rate** is the ratio between the employed population and the working age population.

International employees are registered in the population register (with the exception of diplomats and NATO military personnel), which is used to determine the working age population in the administrative labour market statistics. However, the overall majority of people employed by international institutions based in our country are not included in the administrative sources on employment in Belgium. As a result, they are not counted as employees in the administrative labour market statistics. Consequently, these people employed by European and international institutions are currently incorrectly included in the inactive population.

As they are not deemed as being employed, but form part of the working age population, they inflate the unemployment rate and activity rate denominator (i.e. the working age population), in view of the fact that they are not included in the numerator. This results in a systematic underestimation of the activity and employment rates. Conversely, this mechanism leads to an overestimation of the unemployment rate (because employees employed by an international organisation are not included in the active population). This calculation is particularly unfavourable for the Brussels indicators, given that the Brussels-Capital Region has the highest number of international employees while it also has the smallest active population.

The correction for international employment pushes the activity rate for Belgian citizens up from 68 % to 69 %; for EU-15 citizens from 52 % to 64 %, and for citizens of the new member states from 60 % to 70 %. The employment and unemployment rate also show a more significant improvement among citizens of the EU-15 and EU-28 countries than among Belgian nationals following a correction for international employment. This proves that, in the Brussels Region, this correction has a largely positive impact on the labour market indicators of EU-15 and EU-28 citizens while it has a noticeably more moderate impact among Belgian nationals.

**Conclusion**

This Focus provides the first quantified and accurate picture of employment with European and international organisations in the Brussels Region. The main conclusions of this first measure are:

- On 31 December 2016, 47,912\(^{13}\) people were working for an international organisation in the Brussels Region, the majority of whom were employed by one of the European institutions.
- Their place of work is highly concentrated in the municipalities of the City of Brussels, Ixelles and Etterbeek.
- Close on three quarters of employees employed by an international organisation live in the Brussels-Capital Region.
- International employees are older than other paid employees working in the Brussels-Capital Region. Men and women are nearly evenly represented.
- One employee in five has the Belgian nationality.

This study also shows that a thorough annual count of international employment and its integration into the administrative labour market statistics are essential to obtain a more accurate picture of the labour market. Especially, if one wants to compare the activity rate and the employment rate in the Brussels Region with those of other cities and other Regions.

According to the administrative sources, the 2016 employment rate of the Brussels Region, once corrected, rose from 49 % to 53 %. The activity rate rose from 61 % to 65 %.

As far as non-Belgian Europeans are concerned, activity and employment rates of the Brussels Region rose by more than 10 percentage points.

As these indicators are mainly used to implement and assess a host of employment policies, international employment should be integrated into the administrative labour market statistics.

**PRINCIPAL LABOUR MARKET INDICATORS IN THE BRUSSELS REGION BY NATIONALITY, WITH AND WITHOUT CORRECTION FOR INTERNATIONAL EMPLOYMENT (15–64 YEARS) (31 DECEMBER 2016)**

<table>
<thead>
<tr>
<th></th>
<th>Activity rate (%)</th>
<th>Employment rate (%)</th>
<th>Unemployment rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Belgium</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without correction</td>
<td>67.7</td>
<td>52.3</td>
<td>22.7</td>
</tr>
<tr>
<td>With correction</td>
<td>68.9</td>
<td>53.5</td>
<td>22.3</td>
</tr>
<tr>
<td><strong>Other EU-15 countries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without correction</td>
<td>51.8</td>
<td>42.6</td>
<td>17.7</td>
</tr>
<tr>
<td>With correction</td>
<td>63.7</td>
<td>54.5</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>Member states since 2004</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without correction</td>
<td>59.8</td>
<td>53.7</td>
<td>10.3</td>
</tr>
<tr>
<td>With correction</td>
<td>70.0</td>
<td>63.9</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Sources: BISA – HIVA KU Leuven, Steunpunt Werk

Note: The current administrative statistics ("without correction") relate to the year 2014 and the 15–64 age group. More recent statistics were not yet available in April 2018. These statistics also include a fourth group, i.e. “non-EU” employees, whom were not dealt with here.

This correction does not take military personnel or staff working at the embassies and European schools into account.
The statistics compiled in the context of this analysis are based on the concepts that the NSSO and Steunpunt Werk use for their labour market statistics.

Other data sources can be used to study the labour market, such as surveys (the Labour Force Survey, for instance) or administrative sources (the regional accounts of the ICN, Dynam, HERMREG, INASTI...). These may use different concepts and definitions which are not directly comparable to the ones used in the context of this study.

We would never have been able to present you the results in this issue of Focus without the invaluable contribution of the various European and international institutions, the Brussels Commissioner for Europe and the members of this study’s Support Committee.
Bibliography


Notes

1. The terms “Brussels-Capital Region”, “Brussels Region” and “Brussels” are used interchangeably to designate the Region discussed in this issue of Focus. “City of Brussels” refers to the municipality of Brussels.

2. There are two different data sources on the basis of which labour market statistics are compiled:
   - Survey data (mainly the Labour Force Survey) from which the statistics are extrapolated. The Brussels sample size is usually quite small, which makes it difficult to analyse the region accurately and in great detail.
   - Administrative data, such as the NSSO data, which are used to measure paid employment. These statistics do not/seldom include international employment.

3. A seat agreement is a bilateral treaty that defines an institution’s “privileges and immunities”. One of these privileges is that the staff employed by these institutions are not subjected to the NSSO.

4. This is a reasonable hypothesis based on an analysis of the various statuses that prevail within the international organisations identified in the context of this study.

5. Please refer to the methodology note (in French) for further details.

6. As we were unable to make a correction for people working for two different institutions, the statistics refer, strictly speaking, to jobs (NSSO concept) and not to employees.

7. The major international institutions, aside from the European institutions, based in Brussels are Eurocontrol, NATO and the MCI Agency. For security reasons, there are no details on the number of military personnel NATO employs.

8. These only represent 5% of the studied population.

9. Calculations based on the information obtained from the major employers who accounted for 76% of the international employment in 2016.

10. This is the total sum of all the employees working in the Brussels-Capital Region, registered with the NSSO.

11. The EU-15 comprises all the countries that were members of the European Union in 1995 or earlier. The EU-28 refers to all the current European Union member states.

12. These corrections to the labour market indicators are estimates. In the administrative labour market statistics, corrections are made to prevent that employees who have several jobs or have both the status of employee and self-employed are counted twice. In the context of this study, no such corrections were made. Furthermore, people working for an international institution based outside of the Region were not included either. The effective integration of these new statistics on international employment into the official administrative labour market statistics and their expansion to include institutions based outside of the Region will be the next step in this project.

13. All the statistics on employment with international organisations in the Brussels Region have been published on the BISA website, under the theme Labour market/Domestic employment.